

FINANCIAL INFORMATION AT SEPTEMBER 30, 2022



*This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails.*

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TIM's Board of Directors met on November 9, 2022 chaired by Salvatore Rossi to approve the TIM Group's Financial Information at September 30, 2022.

HIGHLIGHTS

The Group's results in the third quarter, during which the stabilization and revamp of the domestic business and the acceleration of the development of TIM Brasil continued, are fully in line with the FY 2022 targets which were partly raised last August (Group organic EBITDA 'high single digit decrease' from 'low teens decrease', Group EBITDA After Lease 'low teens decrease' from 'mid to high teens decrease').

In particular, with respect to the third quarter of 2021, at Group level total revenues were up by 1.1% YoY to 4.0 billion euros (-1.4% YoY in the second quarter and -4.5% YoY in the first), service revenues increased for the second consecutive quarter (+3.0% YoY to 3.7 billion euros, +1.0% YoY in the second quarter and -2.5% YoY in the first) thanks to the positive contribution of both the Domestic Business and Brazil. In Italy the premium positioning strategy 'Value vs. Volume' continued, minimizing promotional activities and contributing to greater streamlining of both the fixed and mobile market, and in Brazil integration of the Oi assets and the organic growth strategy in the fixed segment continued.

Group EBITDA slowed the negative growth (-6.5% YoY to 1.6 billion euros, -8.5% YoY in the second quarter and -13.3% YoY in the first), despite the July-September 2021 quarter benefiting from non-recurring items. In particular, the Domestic Business Unit EBITDA came to 1.1 billion euros (-16.2% YoY) while that of TIM Brasil amounted to 0.5 billion euros. The downturn in the organic EBITDA of the Domestic Business Unit (-16.3% YoY), besides being linked to the reduction in revenues, is also linked to higher operating costs (+2.5% compared to the third quarter 2021), mainly due to an increase in employee benefits expenses, which in the third quarter of 2021 were influenced by benefits which were not repeated in the current year, as well as a higher number of solidarity days.

EBITDA After Lease was 1.3 billion euros (-11.2% YoY): 1.0 billion euros for the Domestic Business Unit (-18.0% YoY) and 0.3 billion euros for TIM Brasil (+14.3% YoY).

During the quarter, cost containment actions to increase the level of TIM Domestic's structural efficiency also continued ('Transformation Plan', cumulative target of cash cost reduction of 1.5 billion euros by 2024 versus the inertial trend). At September 30, the reduction of operating costs with respect to the inertial trend was approximately 270 million euros, around 90% of the target set for 2022.

Careful management of the risk linked to the growth of energy costs (as specified in the ESG paragraph) also continued, which will limit the expected impact for the whole of FY 2022 to 'mid single digit' growth and includes consumption containment actions in 2023 with respect to the expected increase to expand the network and Data Centers.

Net financial debt after lease at September 30, 2022 stood at 20.1 billion euros, up 2.5 billion euros on December 31, 2021. Net financial debt came to 25.5 billion euros, up 3.3 billion euros on December 31, 2021.

To support its liquidity position, in August TIM collected in 1.3 billion euros from the sale of the indirect share in Inwit and in July 2 billion euros from the syndicated loan with leading national and international banks, backed by SACE's guarantee.

The Equity free cash flow of the nine months was negative for 235 million euros on an after lease basis (equity free cash flow was positive for 261 million euros).

In terms of **strategic initiatives**, below is an update of the plan presented on July 7 during the Capital Market Day, with the objective to overcome vertical integration through the separation of the fixed network infrastructure assets (NetCo) from services (ServiceCo with TIM Consumer, TIM Enterprise and TIM Brasil) and reducing debt through the disposal and optimization of certain assets.

For each of the four entities, a summary of the performance parameters is given:

- **TIM Consumer** recorded total revenues and service revenues down respectively by 9.6% YoY and 7.4% YoY in the nine months, with an improvement in the third quarter (-8.6% YoY and -6.0% YoY respectively).

Positive operating trends in the quarter with a churn rate declining sharply in both fixed and mobile, where it recorded the lowest ever level.

Initiatives to implement the premium positioning strategy 'Value vs. Volume' continued, including the launch of a new offer portfolio with the first 10 GBPS connection available on the Italian market and the selective re-pricing of the fixed and mobile customer base, with an expected benefit of around 50 million euros when fully operational. While the re-pricing will continue in the upcoming quarters, a mechanism to index prices to inflation will be introduced into the new contracts by the end of the year.

In the third quarter, TimVision recorded a growth in the total number of customers (+2% YoY) and those who subscribed to the Calcio (Football) package (+44% YoY), despite TIM's waiver of its exclusive right to broadcast Serie A matches following the renegotiation of the agreement with DAZN.

- In the nine months, **TIM Enterprise** confirmed higher growth than that of the market with an increase in total revenues and service revenues respectively of 5.9% YoY and 8.8% YoY (+5.5% YoY and +7.4% YoY respectively in the third quarter).

The revenue mix trend in the nine months was in line with expectations:

- Connectivity (-4% YoY)
- Cloud (+56% YoY)
- IoT (+7% YoY)
- Security (+35% YoY)

In all, ICT services generated 56% of total revenues, compared with 51% in the first nine months of 2021.

Visibility of future growth further improved, which will be driven, inter alia, by the contribution of the National Strategic Hub (expected cumulative revenues of 1.1 billion euros in 13 years), from the recent awarding of the “Scuole Connesse/Sanità Connessa” tenders, the negotiations underway for a total value of 0.6 billion euros and contracts with the Public Administration being activated for a total value of 1.1 billion euros.

- **NetCo** reported total revenues and service revenues down respectively by 4.8% YoY and 3.8% YoY in the nine months, with an improvement in the third quarter (-2.6% YoY and -2.7% YoY respectively). The reduction is mainly due to one-off transactions recorded in the accounts in the first half of the previous year which had an impact of around 3.2 percentage points on the reduction of total revenues and 1.7 percentage points on the reduction of service revenues.

At 30 September, NetCo managed 16 million fixed accesses (of which more than 71% in FTTx technologies) with a market share of 82% and FTTx coverage of over 94% of the active lines (more than 57% with a speed of over 100 Mbps). The technical units covered by FTTx technology numbered 7.2 million, giving a coverage of approximately 29%, up by 4 percentage points on the end of 2021.

In October, AGCom started a public consultation to set the regulated prices on the Wholesale Market for 2023. The new tariffs, which are expected to reduce for fiber access services and increase for those in copper, aim to encourage the migration to fiber and reduce the significant gap between regulated prices for copper in the Italian market with respect to the main European countries.

Also in October, AGCom approved the start of a market test, set to last 30 days, on the price indexing mechanism introduced by TIM as part of the co-investment offer.

Lastly, as regards the integration process of TIM's and Open Fiber's networks: on October 29, TIM announced that with CDP Equity (CDPE), a company wholly owned by Cassa Depositi e Prestiti (CDP), Teemco Bidco S.à.r.l., a Luxembourg company controlled by one or more funds managed by Kohlberg Kravis Roberts & Co. L.P. (KKR), Macquarie Asset Management (Macquarie) and Open Fiber it had signed an agreement to amend the non-binding memorandum of understanding concerning the integration project between the networks of TIM and Open Fiber, signed on May 29, which postpones its effectiveness to November 30, 2022, except for some exclusive obligations which cease on October 31.

- In the nine months, **TIM Brasil** recorded total revenues and revenues from services up respectively by 18.5% YoY and 18.4% YoY and an EBITDA up by 16.2% YoY. In the third quarter there was further acceleration in the growth of revenues from services (+24.7% YoY), in the EBITDA (+24.5% YoY) and in the operating cash generation, (EBITDA-Capex, +36% YoY) thanks to a solid organic performance and the assets of Oi which, having been integrated from May, contributed for the first time to a full quarter.

Performance was supported by several factors, including integration of the mobile assets of Oi which is proceeding in line with expectations (2.3 million customer have already migrated), the re-pricing of the customer base, the competitive advantage on 5G (TIM Brasil is leader in 5G coverage) and the reduction of ICMS (tax on the movement of goods and services) which is supporting the demand of final consumers.

Main Domestic operating indicators

During the third quarter, the **churn rate** in the mobile segment came in at the lowest levels seen in the last 16 years (3.1%, -0.5pp YoY) and also improved in fixed (2.9%, -0.1pp YoY).

The total number of TIM **mobile lines** was 30.5 million, up by 88 thousand units QoQ. In a market that is still competitive in the low end (low-spending customers), the stabilization trend of the customer base continued: in terms of “mobile number portability” (i.e. the migration to other operators) TIM posted the best result among infrastructure operators with a net balance of -42 thousand lines. At the same time the sector saw the portability flows reduce overall by more than 5% YoY, demonstration of the cooling of the competitive intensity in the high end of the market (high-spending customers).

Despite the lack of the voucher plan for consumer customers, which also had a very positive impact on the performance of the third quarter 2021, the **performance of fixed lines** improved on the previous quarters (-59 thousand). Average revenues of retail customers (ARPU BB+ICT) are up 6.2% YoY. In the third quarter, over 100 thousand new retail and wholesale ultrabroadband lines were activated, reaching **10.5 million** units, up by more than 8% YoY.

Financial highlights

(million euros) - reported data	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	% Change (a-b)	9 months to 9/30/2022 (a)	9 months to 9/30/2021 (b)	% Change (a-b)
Revenues	3,972	3,797	4.6	11,529	11,340	1.7
EBITDA (1)	1,287	1,596	(19.4)	3,945	4,349	(9.3)
EBITDA Margin (1)	32.4%	42.0%	(9.6)pp	34.2%	38.4%	(4.2)pp
EBIT (1)	41	456	(91.0)	438	940	(53.4)
EBIT Margin (1)	1.0%	12.0%	(11.0)pp	3.8%	8.3%	(4.5) pp
Profit (loss) for the period attributable to owners of the Parent	(2,245)	139	—	(2,728)	(10)	—
Capital Expenditures & spectrum	856	912	(6.1)	2,762	2,720	1.5
				9/30/2022 (a)	12/31/2021 (b)	Change Amount (a-b)
Adjusted Net Financial Debt (1)				25,504	22,187	3,317

(1) Details are provided under "Alternative Performance Measures".

Organic results ⁽¹⁾

(million euros) - organic data	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	% Change	9 months to 9/30/2022 (a)	9 months to 9/30/2021 (b)	% Change
TOTAL REVENUES	3,972	3,930	1.1	11,529	11,712	(1.6)
Domestic	2,919	3,083	(5.3)	8,673	9,306	(6.8)
Brazil	1,061	853	24.4	2,880	2,426	18.5
Other operations, adjustments and eliminations	(8)	(6)	—	(24)	(20)	—
SERVICE REVENUES	3,720	3,613	3.0	10,750	10,692	0.5
Domestic	2,694	2,791	(3.5)	7,977	8,356	(4.5)
<i>o/w Wireline</i>	2,020	2,102	(3.9)	6,096	6,410	(4.9)
<i>o/w Mobile</i>	802	821	(2.2)	2,281	2,361	(3.4)
Brazil	1,034	828	24.7	2,797	2,356	18.4
Other operations, adjustments and eliminations	(8)	(6)	—	(24)	(20)	—
EBITDA	1,589	1,700	(6.5)	4,539	5,008	(9.4)
Domestic	1,085	1,295	(16.2)	3,215	3,871	(16.9)
Brazil	506	406	24.5	1,332	1,144	16.2
Other operations, adjustments and eliminations	(2)	(1)	—	(8)	(7)	—
EBITDA After Lease	1,313	1,479	(11.2)	3,785	4,362	(13.2)
Domestic	958	1,169	(18.0)	2,834	3,490	(18.8)
Brazil	357	311	14.3	959	879	8.9
Other operations, adjustments and eliminations	(2)	(1)	—	(8)	(7)	—
CAPEX (net of telecommunications licenses)	846	936	(9.6)	2,682	2,562	4.7
Domestic	660	765	(13.7)	2,068	1,990	3.9
Brazil	186	171	9.0	614	572	7.3

⁽¹⁾ The organic results exclude non-recurring items and the comparable base is calculated net of the foreign currency translation and the change in the scope of consolidation.

(million euros) - reported data	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	% Change	9 months to 9/30/2022 (a)	9 months to 9/30/2021 (b)	% Change
Equity Free Cash Flow	(77)	97	—	261	460	(43.3)
Equity Free Cash Flow After Lease	(251)	(61)	—	(235)	28	—
Adjusted Net Financial Debt ⁽²⁾				25,504	22,164	15.1
Net Financial Debt After Lease ⁽²⁾				20,100	17,613	14.1

⁽²⁾ Adjusted Net Financial Debt. The change in the fair value of derivatives and related financial liabilities/assets is adjusted by the booked Net Financial Debt with no monetary effect.

COMPLEX CONTRACTS

As detailed in the 2021 Financial Report, some contracts for the supply of multimedia contents in connection with the current partnerships, including that between TIM and DAZN, have highlighted a comprehensive negative margin throughout the entire contract duration, with the need to make a provision for a total of 548 million euros for posting a contractual risk provision for onerous contracts at December 31, 2021.

Starting 2022, use of the aforementioned Provision over the contractual term makes it possible to offset the negative item of the margin (EBITDA) - referring to both the operating performance of the business and commitments in terms of prices that TIM is contractually obliged to pay to counterparties - thereby obtaining null EBIT (organic or operative margin) for the contents business.

It should also be noted that in August 2022, TIM and DAZN reached a new agreement that - in amending the clauses previously in place - allows DAZN to distribute football rights to show the TIM Serie A championship matches through any third party, surpassing the previous system of TIM exclusivity. TIM has informed the Italian Competition Authority that the new agreement has been reached. The new contractual structure has no impact on TIM customers, who continue to enjoy matches through TIMVision, the most advantageous streaming platform with the best selection of content available on the market. At the same time, the objective is achieved of distributing rights over multiple platforms with a view to developing a more sustainable economic model that would also be less volatile.

The valuation of the Provision for onerous contracts takes the new scenario into account. The Provision at September 30, 2022 came to 213 million euros.

Below are:

- the amount used of the Provision for risks to cover the negative margin;
- the amount of the total organic margins (organic EBITDA) without using the risk provision for onerous contracts.

(million euros)

9 months to 9/30/ 2022

	TIM Group	Domestic Business Unit
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	4,539	3,215
- Use of the risk provision for onerous contracts to cover the negative margin	(338)	(338)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	4,201	2,877

The amount of 338 million euros is the negative margin, for which the provision was used. As far as the portion relating to the football contract with DAZN is concerned, this amount includes both the operating performance of the business and the component linked to the prices that TIM is contractually obliged to pay to DAZN, which is recorded at the end of each football season (June 30, each year), at the same time as use of the related provision set aside.

From a financial viewpoint, the negative margin covered by the Risks Provision has an equal impact on the Net Financial Position and cash flows. For the DAZN contract, TIM is contractually obliged to pay advance installments for each year (July 1-June 30, corresponding to each championship season).

With reference to the multi-year contracts for multimedia contents, which in some cases require TIM to pay the counterparty prices by way of guaranteed minimum, it should be recalled that the valuation of these contracts and the estimation of the associated costs is subject to numerous uncertainties that include, amongst others, market dynamics, rulings by the market regulatory authorities and the development of new technologies in support of the service. These estimates are revised from time to time on the basis of the final data in order to make sure that the provisional figures remain within the reasonably foreseeable range. Not all the factors mentioned are under the company's control hence they could have a significant impact on future forecasts regarding the performance of the contracts, the estimated amount of (positive or negative) margins and the cash flows that are generated.

RIGHTS TO USE 5G FREQUENCIES IN ITALY

On September 30, 2022, TIM paid the fifth and final installment, of 1.7 billion euros, out of the total of 2.4 billion euros due in fulfillment of the undertakings made by the Company following the award of the rights to use mobile frequency bandwidths pursuant to the “5G Auction” held in 2018 by the Ministry for Economic Development.

In detail:

In October 2018, following a public tender process in which 5 Italian mobile operators took part (Iliad, Fastweb, TIM, Vodafone and Wind3), TIM was awarded the rights of use on all bandwidths included in the auction. In particular, TIM was awarded 2x10 MHz in the 700 MHz bandwidth (blocks available from July 1, 2022), 80 MHz in the 3.6-3.8 GHz bandwidth and 200 MHz in the 26 GHz bandwidth (both bandwidths available from January 1, 2019).

The total amount of the award was **2.4 billion euros**, to be paid in five annual installments as per the forecast collections of the 2017 Budget Law, broken down as follows:

(euros)	2018	2019	2020	2021	2022	Total
Telecom Italia S.p.A.	477,473,285.00	18,342,110.83	110,052,665.01	55,026,332.50	1,738,485,952.97	2,399,380,346.32

Following payment of the last installment, on October 4, 2022 the Ministry of Economic Development notified the guarantor banks of the definitive release of the surety given at the time as guarantee of the payment obligations.

The 5G frequencies allow TIM, together with the other frequency bandwidths already in its possession, to cover all cases of use envisaged by the International Telecommunication Union (ITU) for 5G (IMT-2020 5G), thereby satisfying the needs of the world seeing very strong IoT growth thanks to the possibility of simultaneously managing thousands of connections and Industry 4.0 thanks to the very low latencies and entertainment, thanks to the high transmission speeds (over 2 Gbps) and, finally, the automotive and mission critical applications (Public Safety and Public Protection/Disaster Relief) thanks to the extremely reliable connections.

It should be highlighted that in the 3.4-3.8 GHz bandwidth, TIM is the only Italian mobile operator to have 100 MHz (20 MHz in the 3.4-3.6 GHz bandwidth and 80 MHz in the 3.6-3.8 GHz bandwidth) and is therefore able to offer significantly better latency and throughput than national competitors.

The value of the rights of use for the 5G frequency bandwidths (in Italy) and the related useful lives at September 30, 2022 are detailed as follows:

	Acquisition value (million euros)	Residual amount at 9/30/2022 (million euros)	Useful life	Maturity
700 MHz band	680	669	15 years and 6	12/31/2037
3600-3800 MHz band	1,686	1,353	19 years	12/31/2037
26 GHz band	33	27	19 years	12/31/2037
	2,399	2,049		

ESG PERFORMANCE

In the 2022-2024 Strategic Plan, TIM has strengthened its environmental, social and governance commitments, introducing new, more ambitious ESG objectives.

TIM Domestic

■ ENVIRONMENT

During the third quarter, activities continued to increase efficiency in energy consumption, operating specifically on network infrastructures and data centers thanks to decommissioning of the less efficient plants.

To date, TIM has completed its switch-off of the 3G service on the mobile network throughout Italy, ultimately reducing total emissions by 4.3%.

In order to limit energy consumption within offices, TIM has also promoted a campaign to raise awareness amongst its people and thus encourage virtuous behavior, with a booklet setting out “ten habits for a sustainable office”.

All these activities help assure a careful management of the risk linked to the growth of energy costs, limiting the expected impact of such on their increase for the whole of FY 2022 and helping limit CO₂ emissions, as per the Plan.

During the third quarter, the procurement of green energy continues as per the Plan, thanks to the PPA (Power Purchase Agreement) with ERG and the Guarantees of Origin purchase program¹.

The carpooling service for TIM employees has also been launched for certain sites, to assess an extension of this service to cover the whole territory on the basis of expected fuel and CO₂ emissions savings, considering that this initiative can help achieve the Scope 3 Plan target, which envisages -47% CO₂ to 2030.

Again with reference to the Scope 3 objective, in the third quarter, TIM stipulated a partnership with Eni on the Open-es project², with the aim of recording the sustainability performance of its suppliers, strengthening the qualification process with market ESG standards and constructing shared growth paths in this area.

Finally, during the third quarter, TIM joined the European Green Deal Coalition, the alliance made up of European ICT industry leaders, with the support of the European Commission and European Parliament, which aims to optimize the central role of digitization in reducing CO₂ emissions through innovative, low environmental impact technologies.

■ SOCIAL

Digital development

TIM aims to convey the Italian entrepreneurial system towards a transformation that brings greater efficiency, security and speed to change and wastes less in the way of resources, so as to minimize the environmental impact.

With the acquisition of Mindicity, TIM Enterprise confirms its focus on the development of smart cities, developing an urban intelligence tool proper, which can be used by all Italian administrations and improve mobility and safety in cities.

Late October, TIM teamed up with Banca Intesa and Edison to launch its “TIM Smarter City Challenge” with the aim of finding vertical solutions by which to enrich the platform to the benefit of enterprises, PA and citizens.

During the quarter, the plan for the development of connected schools and health continues, two tenders envisaged by the NRRP, which TIM has been awarded.

Activities have begun on the National Strategic Hub, the project company involving TIM, Leonardo, Cassa Depositi e Prestiti and Sogei, which by year-end, should equip our country with an efficient, reliable, secure cloud infrastructure, thanks to which public entities can go digital, simplifying bureaucracy and offering citizens better quality services.

The National Strategic Hub is one of the main activities promoted by the Department for Digital Transformation of the Presidency of the Council of Ministers under the scope of the first mission of the NRRP and will host the critical and strategic services and data of the Central Public Administrations, Local Health Authorities (ASL) and other local public administrations. The Administrations can also choose the National Strategic Hub to manage ordinary data.

Connectivity

At September 30, 2022, over 94% of customers nationally on TIM fixed networks are reached by FTTH or FTTC networks; in the white areas, the percentage stands at around 76%.

Growth of TIM's FTTH coverage also continues, now having reached approximately 29% of property units.

TIM's 4G network covers more than 99% of the national population, while TIM's 5G network at September 30, 2022 reached 261 municipalities.

¹ Data relating to procurement and efficiency will be disclosed at year-end

² Open-es, launched in early 2021 by Eni in collaboration with Boston Consulting Group and Google Cloud, now has more than 7600 companies from 66 different industries committed to the path of measuring, improving and sharing ESG performance.

In the first nine months of 2022, the volume of data handled on TIM's mobile ultrabroadband network grew by 31.4% compared to the first nine months of 2021.

Data Centers

Noovle, the TIM Group's cloud company and Benefit Corporation, has 16 data centers developed according to the highest security, protection, operating and energy efficiency standards, which managed a volume of data that at September 30, was 79.5 Pbyte, continuously optimized thanks to efficiency-enhancing operations assuring use of the least possible quantity of information technology resources, without impacting the supply of services.

■ **GOVERNANCE**

During the third quarter, TIM began an important digitization process of the processes involved in preparing the non-financial report. Deployment of European taxonomy also continues, in the manner envisaged by the European roundtables.

During the last Board Sustainability Committee meeting, the list was approved of the new ESG impact topics to be taken into account in the report and on which to focus ESG activities in 2023.

In 2022, reorganization began of the Boards of Directors to increase the number of women members. In the last quarter, the Boards were renewed of TIM Retail, Telsy and Olivetti, taking the number of women members to more than 60%.

As regards the ESG indexes, in August, TIM was confirmed by Ecovadis, international supply chain business sustainability assessment platform, in the top list of companies assessed; in September, by Refinitiv Diversity & Inclusion, one of the main reference indexes for sustainable investors, as the top group in the telecommunications segment and the top company in Italy and South America (through TIM S.A.) for its inclusion and diversity promotion policies.

Brazil

■ **CONNECTIVITY**

TIM Brasil publicly committed to extend 4G connectivity to all municipalities of Brazil by 2023. In September, the coverage percentage was 92.6%. The operator has also been expanding its fifth-generation mobile network coverage in the country. By the end of the third quarter, 22 capital cities already had TIM's 5G signal.

■ **AGRI-FOOD SEGMENT**

Since 2020, TIM has been part of the ConectaAGRO association, which aims to foster the expansion of Internet access in the most diverse agricultural and rural regions of Brazil. In 2022, TIM Brasil reached more than 7 million hectares of 4G coverage in rural areas and has a partnership with Agtech Garage, the start-up hub of LATAM Agribusiness, for the 5G network focused on the agricultural food industry. In August, the company announced the first 4G TIM in the Field project in the state of Minas Gerais, through a partnership with Usina Santa Vitória Açúcar e Alcool, a benchmark company in the sugar and ethanol sector in the country. The partnership with TIM will bring 4G coverage to 160 properties of the complex and neighboring communities, serving more than 37,000 hectares of sugarcane production, benefiting about 20,000 inhabitants and 1,500 employees.

■ **DIGITAL SERVICES AND PARTNERSHIPS**

TIM Brasil has created the first IoT Marketplace in Brazil, presenting solutions for agribusiness, smart cities, electrical utilities and Industry 4.0. In addition, to foster innovation using 5G technology, TIM Brasil inaugurated the 5G HUB, in partnership with Cubo Itaú, one of the most important centers for technological entrepreneurship in Latin America.

■ **DIGITAL SKILLS**

TIM Brasil undertakes to train more than 5,000 employees on digital skills by 2023, above all through the Journey to Cloud and the Agile Journey. By September, 3,814 employees had already been trained.



INTRODUCTION

TIM voluntarily writes and publishes periodic financial information referring to the first and third quarter of each year as part of its corporate policy on regular financial and operating performance disclosure addressed to the market and to investors, in line with the best market practices.

The consolidated figures of the TIM Group presented in this periodic financial information at September 30, 2022 have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (defined as the "IFRSs"); such figures are unaudited.

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2021, to which reference should be made, except for the amendments to the standards issued by the IASB and in force as of January 1, 2022.

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition.

Specifically, these alternative performance measures refer to: EBITDA; EBIT; organic change and impact of non-recurring items on revenues, EBITDA and EBIT; EBITDA margin and EBIT margin; Net financial debt carrying amount and adjusted net financial debt; Equity free cash flow. Following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance measures: EBITDA After Lease ("EBITDA-AL"), Adjusted net financial debt After Lease, Equity Free Cash Flow After Lease.

In line with the ESMA guidance on alternative performance measures (Guidelines ESMA/2015/1415), the meaning and contents of such are explained in the annexes and the analytical detail of the amounts of the reclassifications introduced and of the methods for determining indicators is also provided.

As described in the 2021 TIM Group Consolidated Financial Statements, during the fourth quarter of 2021, TIM refined some aspects of the booking of certain commercial agreements concerning the sale of goods with deferred delivery. This refinement entailed, for the first, second and third quarters of 2021, the redetermination of the distribution over time of revenues and acquisition of goods and services. In connection with the foregoing, the economic data of the first nine months and the third quarter of 2021 has been recalculated, shown here for comparison purposes.

Lastly, the section entitled "Business Outlook for the year 2022" contains forward-looking statements in relation to the Group's intentions, beliefs or current expectations regarding financial performance and other aspects of the Group's operations and strategies. Readers of this release are reminded not to place undue reliance on forward-looking statements; in fact, actual results may differ significantly from forecasts owing to risks and uncertainties depending on numerous factors, the majority of which are beyond the scope of the Group's control. Please refer to the chapter "Main risks and uncertainties" and the contents of the Annual Financial Report at December 31, 2021 for more information. It provides a detailed description of the major risks pertaining to the TIM Group business activity which can, even considerably, affect its ability to meet the set goals.



MAIN CHANGES IN THE SCOPE OF CONSOLIDATION OF THE TIM GROUP

The main changes in the scope of consolidation during the first nine months of 2022, were the following:

- **Cozani RJ Infraestrutura e Rede de Telecomunicações S.A.** (which joined the Brazil Business Unit scope): on April 20, 2022, TIM S.A. (Brazilian subsidiary of the TIM Group) acquired 100% of the share capital of Cozani, the company to which the business unit relating to the part share of the assets, rights and obligations of the mobile telephone business of Oi Móvel - Em Recuperação Judicial, has flowed;
- **Mindicity S.r.l.** (which joined the Domestic Business Unit scope): Olivetti S.p.A. acquired 70% share capital of the company on May 30, 2022. Mindicity manages a software platform and business under the scope of smart cities;
- **Movenda S.p.A.** (which joined the Domestic Business Unit scope): TIM S.p.A. acquired 100% share capital of the company in July 2022. Movenda offers digital identity solutions. On September 29, 2022, the TIM S.p.A. Board of Directors and the Shareholders' Meeting of Movenda S.p.A. approved the draft merger by incorporation contract of Movenda S.p.A. into TIM S.p.A., with accounting and tax effect from July 1, 2022;
- **Daphne 3 S.p.A.** (which left the Domestic Business Unit scope): on August 4, 2022, TIM S.p.A. transferred 41% of the share capital of the holding Daphne 3, which has a 30.2% investment in Infrastrutture Wireless Italiane ("INWIT") to a consortium of investors led by Ardian.

The following should also be noted:

- **Polo Strategico Nazionale S.p.A.:** on August 4, 2022, the company was established, of which TIM S.p.A. holds 45% of the share capital, dealing with the design, preparation, fitting out and management of infrastructure for the supply of cloud services and solutions for the public administration.

During the first nine months of 2021, the main corporate transactions were as follows:

- *Noovle S.p.A. (Domestic Business Unit)*: starting January 1, 2021, the conferral has been effective to Noovle S.p.A. of the TIM S.p.A. business unit comprising the assets and liabilities and employees involved in the supply of services for the Cloud and Edge Computing;
- *FiberCop S.p.A.; Flash Fiber S.r.l. (Domestic Business Unit)*: starting March 31, 2021, the conferral has been effective to FiberCop S.p.A. of the TIM S.p.A. business unit comprising the goods, assets and liabilities and legal relations organized functionally for the supply of passive access services by means of the secondary copper and fiber network. At the same time, the purchase was completed by Teemo Bidco, an indirect subsidiary of KKR Global Infrastructure Investors III L.P., of 37.5% of FiberCop from TIM and Fastweb has subscribed FiberCop shares corresponding to 4.5% of the company's capital, through the conferral of the stake held in Flash Fiber, which was simultaneously incorporated into FiberCop;
- *TIM Tank S.r.l. (Other activities)*: on April 1, 2021, it was merged into Telecom Italia Ventures S.r.l. with accounting and tax effects backdated to January 1, 2021;
- *Telecom Italia Trust Technologies S.r.l. (Domestic Business Unit)*: starting April 1, 2021, the investment in the company was conferred by TIM S.p.A. to Olivetti S.p.A.;
- *TIM S.p.A. (Domestic Business Unit)*: on June 30, 2021, the purchase of the BT Italia Business Unit was completed, offering services to public administration customers and small and medium business/enterprise (SMB/SME) customers. The purchase also included support for customers of the SMB Business Unit, supplied by Atlanet, the BT Contact Center of Palermo;
- *TIM Servizi Digitali S.p.A. (Domestic Business Unit)*: company established on July 30, 2021; the company's corporate purpose is the development and maintenance of plants for the supply of telecommunications services; to this end, we note that in September 2021, the company stipulated a rental contract with Sittel S.p.A. for a business unit consisting of the construction, delivery and assurance of telecommunications networks and plants;
- *Panama Digital Gateway S.A. (Domestic Business Unit)*: company established in July 2021 for the construction of a digital hub that seeks to offer a reference hub for the whole of Central America, the region of the Andes and the Caribbean;
- *Stær Sistemi S.r.l. (Domestic Business Unit)*: company acquired by Olivetti S.p.A. on September 30, 2021. The company's corporate purpose is the carrying out of activities connected with the production and marketing of electronic systems and programs and activities connected with energy efficiency plants.

TIM GROUP RESULTS FOR THE FIRST NINE MONTHS OF 2022

Total TIM Group revenues for the first nine months of 2022, amounted to **11,529 million euros**, +1.7% compared to the first nine months of 2021 (11,340 million euros). Excluding revenues from the Oi Group mobile business, acquired in Brazil, consolidated revenues would come to 11,349 million euros.

The breakdown of total revenues for the first nine months of 2022, by operating segment in comparison with the first nine months of 2021 is as follows:

(million euros)	9 months to 9/30/2022		9 months to 9/30/2021		Changes		
		% weight		% weight	absolute	%	% organic excluding non- recurring
Domestic	8,673	75.2	9,281	81.8	(608)	(6.6)	(6.8)
Brazil	2,880	25.0	2,079	18.3	801	38.5	18.5
Other Operations	—	—	—	—	—	—	—
<i>Adjustments and eliminations</i>	(24)	(0.2)	(20)	(0.1)	(4)	—	—
Consolidated Total	11,529	100.0	11,340	100.0	189	1.7	(1.6)

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes¹ (+372 million euros), as well as any non-recurring items.

Revenues for the third quarter of 2022 totaled 3,972 million euros (3,797 million euros in the third quarter of 2021).

TIM Group EBITDA for the first nine months of 2022 was **3,945 million euros** (4,349 million euros in the first nine months of 2021, -9.3% in reported terms, -9.4% in organic terms). Excluding the results of the Oil Group mobile business acquired in Brazil, consolidated EBITDA would come to 3,843 million euros.

¹ The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.46570 for the Brazilian real in the first nine months of 2022 and 6.37804 in the first nine months of 2021; for the US dollar, the average exchange rates used were 1.06408 in the first nine months of 2022 and 1.19616 in the first nine months of 2021. The effect of the change in exchange rates is calculated by applying the foreign currency translation rates used for the current period to the period under comparison.

The breakdown of EBITDA and the EBITDA margin broken down by operating segment for the first nine months of 2022 compared with the first nine months of 2021, are as follows:

(million euros)	9 months to 9/30/2022		9 months to 9/30/2021		Changes		
		% weight		% weight	absolute	%	% organic excluding non- recurring
Domestic	2,641	66.9	3,379	77.7	(738)	(21.8)	(16.9)
% of Revenues	30.5		36.4			(5.9) pp	(4.5) pp
Brazil	1,315	33.3	977	22.5	338	34.6	16.2
% of Revenues	45.6		47.0			(1.4) pp	(1.0) pp
Other Operations	(11)	(0.2)	(6)	(0.2)	(5)		
Adjustments and eliminations	—	—	(1)	—	1		
Consolidated Total	3,945	100.0	4,349	100.0	(404)	(9.3)	(9.4)

Organic EBITDA - net of the non-recurring items amounted to **4,539 million euros**; the EBITDA margin was 39.4% (5,008 million euros in the first nine months of 2021, with an EBITDA margin of 42.8%).

The EBITDA for the first nine months of 2022 suffered net non-recurring charges for a total of 594 million euros, mainly connected with employee benefits expenses for the corporate reorganization/restructuring processes (548 million euros, mainly for provisions and expenses relating to the leaving of managerial and non-managerial staff, also envisaged in accordance with Art. 4 of Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis of Italian Legislative Decree no. 148/2015, as per the agreements signed, in the period June-September 2022, with the trade unions and referring entirely to the Italian companies of the Domestic business unit) and expenses related to agreements and the development of non-recurring projects and provisions made and expenses for disputes, regulatory sanctions and potential related liabilities.

During the first nine months of 2021, the TIM Group had recorded non-recurring charges for a total of 493 million euros mainly relating to employee benefits expenses for corporate reorganization/restructuring as well as provisions made for disputes, settlements, regulatory sanctions and potential liabilities related to them, expenses related to agreements and the development of non-recurring projects and expenses connected with the COVID-19 emergency, mainly for provisions made for managing credits of some customers.

Organic EBITDA, net of the non-recurring component, is calculated as follows:

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%
EBITDA	3,945	4,349	(404)	(9.3)
Foreign currency financial statements translation effect		166	(166)	
Non-recurring expenses/(income)	594	492	102	
Effect of translating non-recurring expenses/(income) in currency		1	(1)	
ORGANIC EBITDA excluding non-recurring items	4,539	5,008	(469)	(9.4)
% of Revenues	39.4	42.8	(3.4) pp	

Exchange rate fluctuations mainly related to the Brazil Business Unit.

Organic EBITDA excluding the use of the risk provisions for onerous contracts came to 4,201 million euros during the first nine months of 2022.

The EBITDA of the third quarter of 2022 totaled 1,287 million euros (1,596 million euros in the third quarter of 2021).

Organic EBITDA net of the non-recurring component in the third quarter of 2022 totaled 1,589 million euros (1,700 million euros in the third quarter of 2022).

TIM Group EBIT for the first nine months of 2022 was **438 million euros** (940 million euros in the first nine months of 2021).

Organic EBIT, net of the non-recurring component, amounted to **1,032 million euros** (1,486 million euros for the first nine months of 2021), with an EBIT margin of 9.0% (12.7% for the first nine months of 2021).

Organic EBIT, net of the non-recurring component, is calculated as follows:

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%
EBIT	438	940	(502)	(53.4)
Foreign currency financial statements translation effect		53	(53)	
Non-recurring expenses/(income)	594	492	102	
Effect of translating non-recurring expenses/(income) in currency		1	(1)	
ORGANIC EBIT excluding non-recurring items	1,032	1,486	(454)	(30.6)

Other income (expenses) from investments amounted to 174 million euros (12 million euros in the first nine months of 2021) and mainly refer to the net capital gain connected with the August 2022 sale of 41% of the share capital of the holding company Daphne 3, which holds a 30.2% share in Infrastrutture Wireless Italiane ("INWIT").

During the first nine months of 2022, **income tax expense** was negative for 2,109 million euros (positive for 43 million euros in the first nine months of 2021).

On November 9, 2022, the TIM Board of Directors resolved to revoke the realignment of goodwill, as permitted by the Italian government Budget Law for financial year 2022 and as detailed in the Provision of the Director of the Italian Revenues Agency published on September 29, 2022.

More specifically - having acknowledged publication of such Measure governing the terms, conditions and operating procedures for revocation - the Company assessed economic-financial advantageousness and considered it a priority for this and the years to come, to strengthen the industrial investments to be made to support the various business areas, an alternative to the financial commitment connected with the payment of substitute tax on the realignment.

Therefore, as there was no longer any basis for entering Deferred tax assets, they have been written-off entirely for a net amount of 1,964 million euros as follows:

- expense of -2,656 million euros for the write-off of deferred tax assets of TIM S.p.A.:
 - in the TIM S.p.A. statements as at December 31, 2020, the amount of 6,569 million euros had been entered for deferred tax assets in respect of a tax recognition of higher values entered in the financial statements pursuant to Decree Law 104/2020, art. 110, subsection 8 and 8 bis, which established 18 years, starting 2021, of the deductibility of the tax amortization of the realigned value, in respect of substitute tax in the amount of 3% of the realigned value (692 million euros), to be paid in 3 annual installments of equal amount;
 - in the financial statements at December 31, 2021, a partial write-down had been entered for an amount of -3,913 million euros, connected with the extension to 50 years of the period of tax asset absorption introduced by Art. 160 of the 2022 Budget Law (Law 234/2021) and the changed assessment of the time frame for recoverability of deferred tax assets of TIM S.p.A.;
- income of 692 million euros for the reversal of substitute tax that had been allocated for the realignment; in detail, entry of a receivable of 231 million euros relative to the first installment, paid on 6/30/2021 and reversal of a payable of 461 million euros for the second and third installments, which will not be paid following revocation of the realignment. The first installment, as envisaged by the Measure, will be recovered financially, offsetting it against future tax payments made using the "F24" return, which the Company will file after filing the supplementary declaration (by November 28, 2022), which will formalize revocation of the realignment.

Net profit attributable to Owners of the Parent for the first nine months of 2022, was a loss of -2,728 million euros (-10 million euros in the first nine months of 2021); excluding the impact of non-recurring items, the net profit for the first nine months of 2022 was -361 million euros (positive for 310 million euros in the first nine months of 2021).

The TIM Group **headcount** at September 30, 2022 was **51,906**, including 42,341 in Italy (51,929 at December 31, 2021, including 42,347 in Italy).

Capital expenditures and expenses for mobile telephone licenses/spectrum for the first nine months of 2022, were 2,762 million euros (2,720 million euros in the first nine months of 2021).

Capex is broken down as follows by operating segment:

(million euros)	9 months to 9/30/2022		9 months to 9/30/2021		Change
		% weight		% weight	
Domestic	2,148	77.8	2,230	82.0	(82)
Brazil	614	22.2	490	18.0	124
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	2,762	100.0	2,720	100.0	42
% of Revenues	24.0		24.0		0.0pp

In particular:

- the **Domestic Business Unit** posts capex for 2,148 million euros (including 80 million euros for the acquisition of telecommunications licenses), down 82 million euros on the first nine months of 2021, mainly due to the development of the FTTC/FTTH networks;
- the **Brazil Business Unit** posted capital expenditures in the first nine months of 2022 of 614 million euros (490 million euros for the first nine months of 2021). Excluding the impact of changes in exchange rates (+82 million euros), capex was essentially stable as compared with the first nine months of 2021.

The Group's **operating free cash flow** of the first nine months of 2022 came to -1,128 million euros: operating cash generation, positive for 1,089 million euros, is counterbalanced by the specified payment of the last tranche of the right to use 5G frequencies in Italy (1,738 million euros) as well as other payments for the acquisition of rights of use of telecommunication service frequencies in Brazil and Italy for 479 million euros. During the first nine months of 2021, operating free cash flow was positive for 1,083 million euros (+1,378 million euros operating cash generation against 295 million euros for the acquisition of rights of use of telecommunication service frequencies).

Adjusted net financial debt amounted to 25,504 million euros at September 30, 2022, **an increase of 3,317 million euros compared to December 31, 2021** (22,187 million euros). Despite a positive cash flow deriving from the operative-financial management, the increase in debt is due to:

- the acquisition in Brazil of the mobile business of the Oi Group for a total of 1,741 million euros;
- the payment of telecommunications frequencies and related commitments in Italy and Brazil for 2,217 million euros;
- the accounting impact of the renegotiation of IFRS 16 lease contracts, 728 million euros net of IFRS 16 lease contracts considered in the Oi acquisition value (557 million euros);

the sale of 41% and the consequent deconsolidation of the holding company Daphne 3, which holds a 30.2% share in Infrastrutture Wireless Italiane ("INWIT"), for a total of 1,184 million euros, offers partial coverage.

For a better understanding of the information, the table below shows the various ways by which the Net Financial Debt can be shown:

(million euros)	9/30/2022 (a)	12/31/2021 (b)	Change (a-b)
Net financial debt carrying amount	25,499	22,416	3,083
Reversal of fair value measurement of derivatives and related financial liabilities/assets	5	(229)	234
Adjusted Net Financial Debt	25,504	22,187	3,317
Leasing	(5,404)	(4,614)	(790)
Adjusted Net Financial Debt - After Lease	20,100	17,573	2,527

Net financial debt carrying amount amounted to 25,499 million euros at September 30, 2022, an increase of 3,083 million euros compared to December 31, 2021 (22,416 million euros). Reversal of the fair value measurement of derivatives and related financial liabilities/assets recorded a change of 234 million euros, essentially following the greater impact of the rise in Euro interest rates with respect to USD rates, which effectively revalue the cash flow hedges. This change is adjusted by the booked Net Financial Debt with no monetary effect.

Adjusted Net Financial Debt – After Lease (net of lease contracts), which is a parameter adopted by main European peers, was equal to 20,100 million euros at September 30, 2022, up by 2,527 million euros compared to December 31, 2021 (17,573 million euros).

At September 30, 2022, **adjusted net financial debt** amounted to 25,504 million euros, an increase of 850 million euros compared to June 30, 2022 (24,654 million euros). The increase is mainly due to payment of the last

installment on the 5G license in Italy (1,738 million euros) and the accounting impact of the renegotiation of IFRS16 lease contracts (192 million euros): the sale of 41% and the consequent deconsolidation of the holding company Daphne 3, which holds a 30.2% share in Infrastrutture Wireless Italiane ("INWIT"), for a total of 1,184 million euros, partially covers the needs.

(million euros)	9/30/2022 (a)	6/30/2022 (b)	Change (a-b)
Net financial debt carrying amount	25,499	24,680	819
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	5	(26)	31
Adjusted Net Financial Debt	25,504	24,654	850
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	32,671	30,188	2,483
Total adjusted financial assets	(7,167)	(5,534)	(1,633)

The TIM Group's available **liquidity margin** amounted to 9,261 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 5,261 million euros (9,153 million euros at December 31, 2021), also including 306 million euros in repurchase agreements expiring by November 2022;
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

This margin is sufficient to cover Group financial liabilities (current and otherwise) falling due over the next 21 months.

It should be noted that sales without recourse of trade receivables to factoring companies completed during the first nine months of 2022 resulted in a positive effect on the adjusted net financial debt at September 30, 2022, amounting to 1,020 million euros (1,536 million euros at December 31, 2021; 1,504 million euros at September 30, 2021).

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 8,673 million euros, down by 608 million euros (-6.6%) compared to the first nine months of 2021. In organic terms, they reduce by 633 million euros (-6.8% on the first nine months of 2021).

Revenues from stand-alone services come to 7,977 million euros (-354 million euros compared to the first nine months of 2021, -4.2%) and suffer the impact of the competition on the customer base, as well as a reduction in ARPU levels; in organic terms, they drop by 379 million euros compared to the first nine months of 2021 (-4.5%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 6,096 million euros in organic terms, with a negative change with respect to the first nine months of 2021 (-4.9%) mainly due to the decrease in accesses and ARPU levels and the presence in the first nine months of 2021 of non-repeatable transactions on the Wholesale segment, partly offset by the growth in revenues from ICT solutions (+175 million euros compared to the first nine months of 2021, +20.1%);
- **revenues from stand-alone Mobile market services** came to 2,281 million euros (-79 million euros on the first nine months of 2021, -3.4%), mainly due to the reduction in the customer base connected with Human lines and ARPU levels.

Revenues for Handset and Bundle & Handset, including the change in work in progress, are equal, in organic terms, to 696 million euros for the first nine months of 2022, with a decrease of -254 million euros compared to the first nine months of 2021, for the most part attributable to the Fixed segment.

The performance of the individual market segments of the Domestic Business Unit compared to the first nine months of 2021 was as follows:

- **Consumer** (the segment consists of all Fixed and Mobile voice and Internet services and products managed and developed for individuals and families and of public telephony, caring and the administrative management of customers; it includes the company TIM Retail, which coordinates the activities of its stores): in organic terms, the revenues of the Consumer segment totaled 3,553 million euros (-424 million euros, -10.7%) and show a trend, compared to the first nine months of 2021, affected by the challenging competition. The same dynamic observed in overall revenues was also seen in revenues from services, which amounted to 3,192 million euros, down by 271 million euros on the first nine months of 2021 (-7.8%). In particular:

- revenues from Mobile services totaled, in organic terms, 1,421 million euros (-89 million euros, -5.9% compared to the first nine months of 2021). The impact of the competitive dynamic remains, albeit with a lesser reduction of the customer base calling; revenues from traffic are down due to the progressive reduction of interconnection tariffs;
- revenues from Fixed services totaled, in organic terms, 1,789 million euros (-190 million euros, -9.6% compared to the first nine months of 2021), primarily due to lower ARPU levels and the smaller customer base, which in the first nine months of 2021 benefited from government incentive programs such as voucher recognition for ISEE incomes below 20,000 euros. Growth in Ultrabroadband customers is highlighted.

Revenues for Handsets and Bundles & Handsets in the Consumer segment amounted to 362 million euros, down 154 million euros on the first nine months of 2021 (-29.8%); the difference is mainly due to the end of the phase 1 voucher program, with a reduction of sales of PCs and Tablets.

- **Business** (the segment consists of voice, data, and Internet services and products, and ICT solutions managed and developed for small and medium-size enterprises (SMEs), Small Offices/Home Offices (SOHOs), Top customers, the Public Sector, Large Accounts, and Enterprises in the Fixed and Mobile telecommunications markets. The following companies are included: Olivetti, TI Trust Technologies and Telsy and the Noovle Group): in organic terms, revenues for the Business segment amounted to 2,946 million euros (-35 million euros compared to the first nine months of 2021, -1.2%, of which +0.9% for revenues from the stand-alone services component). In particular:

- **total Mobile market revenues** showed a negative organic performance compared to the first nine months of 2021 (-1.1%), due to the negative contribution of revenues from stand-alone services (-0.8%);
- **total Fixed revenues** in organic terms changed by -29 million euros compared to the first nine months of 2021 (-1.2%), generated by the reduction in sales revenues; revenues from services grew by 1.3%, mainly driven by the increase in revenues from ICT services.

- **Wholesale National Market** (the segment consists of the management and development of the portfolio of regulated and unregulated wholesale services for Fixed-line and Mobile telecommunications operators in the domestic market and MVNOs. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese): the Wholesale National Market segment revenues in the first nine months of 2022 reached 1,459 million euros, down by -141 million euros (-8.8%) compared to the first nine months of 2021, with a

negative performance mainly driven by the presence, in the first nine months of 2021, of non-repeatable transactions.

- Wholesale International Market** (includes the activities of the Telecom Italia Sparkle group, which operates in the market for international voice, data and Internet services for fixed and mobile telecommunications operators, ISPs/ASPs (Wholesale market) and multinational companies through its own networks in the European, Mediterranean and South American markets): revenues for the first nine months of 2022 in the Wholesale International Market came to 723 million euros, up (+4 million euros +0.6%) on the first nine months of 2021, due to the positive trend of rates of exchange. The mix of revenues records a growth in data revenues (with high margins) flanked by a strategy seeking to reduce voice revenues (low margins), which ensures the safeguarding of the overall margin.

Domestic Business Unit EBITDA for the first nine months of 2022 totaled 2,641 million euros, (-738 million euros on the first nine months of 2021, -21.8%), with a margin of 30.5%, (-5.9 percentage points compared to the same period of 2021).

Organic EBITDA, net of the non-recurring component, amounted to 3,215 million euros, (-656 million euros compared to the first nine months of 2021, -16.9%). In particular, EBITDA for the first nine months of 2022 was impacted by non-recurring items in the amount of 574 million euros, whilst the first nine months of 2021 reflected a total impact of 489 million euros referring to non-recurring items, of which 20 million euros related to the COVID-19 emergency in Italy.

Organic EBITDA, net of the non-recurring component, is calculated as follows:

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%
EBITDA	2,641	3,379	(738)	(21.8)
Foreign currency financial statements translation effect		3	(3)	
Non-recurring expenses (Income)	574	489	85	
ORGANIC EBITDA excluding non-recurring items	3,215	3,871	(656)	(16.9)

EBITDA in the third quarter of 2022 was 787 million euros, (-463 million euros compared with the corresponding period of 2021, -37.0%).

Organic EBITDA excluding the use of the risk provisions for onerous contracts came to 2,877 million euros during the first nine months of 2022.

Domestic Business Unit EBIT for the first nine months of 2022 totaled 40 million euros (-591 million euros compared to the first nine months of 2021), with a margin of 0.5% (-6.3 percentage points compared to the first nine months of 2021).

Organic EBIT, net of the non-recurring component, amounted to 614 million euros (-506 million euros compared to the first nine months of 2021, -45.2%), with an EBIT margin of 7.1% (down 4.9 percentage points on the 12.0% for the first nine months of 2021).

Organic EBIT, net of the non-recurring component, is calculated as follows:

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%
EBIT	40	631	(591)	(93.7)
Non-recurring expenses (Income)	574	489	85	
ORGANIC EBIT excluding non-recurring items	614	1,120	(506)	(45.2)

EBIT in the third quarter of 2022 was -106 million euros, (-441 million euros compared with the third quarter of 2021).

Headcount at September 30, 2022 stood at 42,578 (42,591 as of December 31, 2021).

Brazil (average real/euro exchange rate 5.46570)

Revenues for the first nine months of 2022 of the **Brazil Business Unit (TIM Brasil group)** amounted to 15,706 million reais (13,259 million reais on the first nine months of 2021, +18.5%), speeding up on the levels recorded from the third quarter of 2021. Excluding revenues from the mobile business of the Oi Group (Cozani, acquired on April 20, 2022) revenues from the first nine months of 2022 are 14,756 million reais.

The acceleration has been determined by **service revenues** (15,250 million reais vs 12,877 million reais for the first nine months of 2021, +18.4%) with mobile telephony service revenues growing 19.2% on the first nine months of 2021. This performance is mainly related to the continuous recovery of the pre-paid and post-paid segments. Revenues from fixed telephony services have grown by 7.1% on the first nine months of 2021, determined above all by the growth rate of TIM Live.

Revenues from the sale of products came to 456 million reais (382 million reais in the first nine months of 2021).

Revenues in the third quarter of 2022 totaled 5,611 million reais, increased by 24.4% on the third quarter of 2021 (4,512 million reais). Excluding the revenues of Cozani, revenues of the third quarter of 2022 grew by 555 million reais (+12.3%).

The **mobile ARPU** for the first nine months of 2022 was 25.9 reais, in line with the figure recorded in the first nine months of 2021, thanks to the general repositioning in the post-paid segment and new commercial initiatives intended to promote the use of data and average expenditure per customer, which offset the reduction in ARPU connected with the acquisition of the Oi Group customer base.

Total mobile lines in place at September 30, 2022 amounted to 68.8 million, +16.7 million compared to December 31, 2021 (52.1 million), mainly following the acquisition of the Cozani customer base. This overall increase came from the pre-paid segment (+9.9 million), and the post-paid segment (+6.8 million), partly due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 43.1% of the customer base as of September 30, 2022 (43.9% at December 2021).

The TIM Live Broadband business recorded net positive growth on September 30, 2022 in the customer base of 23 thousand users compared to December 31, 2021. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

EBITDA in the first nine months of 2022 was 7,169 million reais (6,232 million reais in the first nine months of 2021, +15.0%) and the margin on revenues was 45.6% (47.0% in the first nine months of 2021).

EBITDA in the first nine months of 2022 reflects the non-recurring charges of 94 million reais mainly related to the development of non-recurring projects and the corporate reorganization processes.

Organic EBITDA, net of the non-recurring component, increased by 16.2% and was calculated as follows:

(million Brazilian reais)	9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%
EBITDA	7,169	6,232	937	15.0
Non-recurring expenses/(income)	94	21	73	
ORGANIC EBITDA excluding non-recurring items	7,263	6,253	1,010	16.2

The increase of EBITDA is due to the greater revenues as well as the consolidation of Cozani (537 million reais). The relative margin on revenues, in organic terms, comes to 46.2% (47.2% during the first nine months of 2021).

EBITDA for the third quarter of 2022, amounted to 2,657 million reais, up 23.8% compared to the third quarter of 2021 (2,146 million reais).

Net of non-recurring charges, the margin on revenues for the third quarter of 2022 was 47.8% (47.7% in the third quarter of 2021).

EBIT for the first nine months of 2022 amounted to 2,242 million reais (2,011 million reais for the first nine months of 2021, +11.5%).

Organic EBIT, net of the non-recurring component, in the first nine months of 2022 amounted to 2,336 million reais (2,032 million reais in the first nine months of 2021), with a margin on revenues of 14.9% (15.3% in the first nine months of 2021).

Organic EBIT, net of the non-recurring component, is calculated as follows:

(million Brazilian reais)	9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%
EBIT	2,242	2,011	231	11.5
Non-recurring expenses/(income)	94	21	73	
ORGANIC EBIT excluding non-recurring items	2,336	2,032	304	15.0

The EBIT of the third quarter of 2022 totaled 793 million reais (755 million reais in the third quarter of 2021).

Net of non-recurring charges, the margin on revenues for the third quarter of 2022 was 14.5% (16.9% in the third quarter of 2021).

Headcount at September 30, 2022 stood at 9,316 (9,325 as of December 31, 2021).

AFTER LEASE INDICATORS

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. Specifically, following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

EBITDA AFTER LEASE - TIM GROUP

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Changes		9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,589	1,700	(111)	(6.5)	4,539	5,008	(469)	(9.4)
Lease payments	(276)	(221)	(55)	(24.9)	(754)	(646)	(108)	(16.7)
EBITDA After Lease (EBITDA-AL)	1,313	1,479	(166)	(11.2)	3,785	4,362	(577)	(13.2)

EBITDA AFTER LEASE - DOMESTIC

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Changes		9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,085	1,295	(210)	(16.2)	3,215	3,871	(656)	(16.9)
Lease payments	(127)	(126)	(1)	(0.8)	(381)	(381)	—	—
EBITDA After Lease (EBITDA-AL)	958	1,169	(211)	(18.0)	2,834	3,490	(656)	(18.8)

EBITDA AFTER LEASE - BRAZIL

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Changes		9 months to 9/30/2022	9 months to 9/30/2021	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	506	406	100	24.5	1,332	1,144	188	16.2
Lease payments	(149)	(95)	(54)	(56.8)	(373)	(265)	(108)	(40.8)
EBITDA After Lease (EBITDA-AL)	357	311	46	14.3	959	879	80	8.9

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	9/30/2022	12/31/2021	Change
Adjusted Net Financial Debt	25,504	22,187	3,317
Leasing	(5,404)	(4,614)	(790)
Adjusted Net Financial Debt - After Lease	20,100	17,573	2,527

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Change	9 months to 9/30/2022	9 months to 9/30/2021	Change
Equity Free Cash Flow	(77)	97	(174)	261	460	(199)
Change in lease contracts (principal share)	(174)	(158)	(16)	(496)	(432)	(64)
Equity Free Cash Flow After Lease	(251)	(61)	(190)	(235)	28	(263)

BUSINESS OUTLOOK FOR THE YEAR 2022

The guidance set out in TIM Group's Half-Year Financial Report as at June 30, 2022 is confirmed.

EVENTS SUBSEQUENT TO SEPTEMBER 30, 2022

TIM: agreement signed to extend the Memorandum of Understanding with CDP Equity, Macquarie, KKR and Open Fiber

See the press release issued on October 29, 2022.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation.

The TIM Group has adopted an Risk Management model that is constantly evolving, aligned with international regulations and standards, to allow the identification, assessment and management of risks in a uniform way within Group companies, highlighting potential synergies between the actors involved in the assessment of the internal control and risk management system.

The Enterprise Risk Management process is designed to identify potential events that may affect the business, to manage risk within acceptable limits and to provide reasonable assurance regarding the achievement of corporate objectives.

The Enterprise Risk Management Model adopted by the TIM Group

- identifies the endogenous and exogenous risks, analyzing the business context, the Industrial Plan objectives and the Business Plans of the most significant investment projects;
- assesses the risks not just individually but also in terms of the portfolio (correlation analyses);
- in collaboration with the Risk Owners, updates all risks to which the Group is exposed, monitoring any changes and/or new context scenarios (macroeconomic, regulatory, etc.). The business outlook for 2022 could be affected by risks and uncertainties caused by a multitude of factors, many of which are beyond the Group's control.

In this context, we highlight the continued Russia-Ukraine conflict and the possible increases in costs connected with inflation pressure. In addition, non-exhaustively, the following additional factors are mentioned: a change in market context, entry of new potential competitors in the fixed-line and mobile sphere, the initiation of procedures by Authorities and consequent delays in the implementation of new strategies, requirements connected to the exercise of the Golden Power by the Government with effects to be assessed in terms of strategic choices and timing of the Plan objectives.

Risks related to macro-economic factors

The TIM Group's economic and financial situation, including its capacity to support the expected level of cash flows and business margins, depends on the influence of numerous macroeconomic factors such as economic growth, consumer confidence, interest rates, inflation rate and exchange rates in the markets where it operates.

These factors come in addition to the uncertainties tied to the evolution of the war in Ukraine and the structural transformation of the energy markets.

Growth expectations of the Italian GDP in 2022 have been increased (year end expected to exceed 3%) considering the good results recorded in the second quarter (+1.1% on the previous quarter, +4.7 on the second quarter of 2021), achieved thanks to the positive contribution of the manufacturing and tourism segment. By contrast, the continuation of the war in Ukraine and the performance of commodity prices, which is largely above average levels, will have a negative impact over the coming months, hence a decline in the economic activity is expected.

This latter is a consequence of the high levels of inflation (an annual average of 7.3%), no longer limited to the energy industry alone, which is reducing the buying power and the value of financial assets of the families and businesses and which led the ECB to increase interest rates on loans. The scenario hypothesized does not include a worsening of the COVID-19 virus, additional peaks in the prices of commodities and an extension of the war in Ukraine.

The increase in the prices of natural gas and crude oil impact European industry, especially the more energy-intensive sectors. The shock of the energy supply has revealed the dependency of European countries on fossil fuels. There are also risks of financial instability of businesses and banks that are dependent on investments made in the energy sectors.

Due to the uncertain outcome of the war in Ukraine and the continued pressure on prices in the energy sector, inflation should in the short-term remain at high levels.

Consumption recorded good performance in the second quarter of 2022 (+2.6% on the first quarter, +5.6% on the second quarter of 2021) thanks to the service sector; however, consumption levels equaling those pre COVID-19 are not expected any earlier than the second half of 2025. The future consequences of the conflict between Russia and the Ukraine on the world political and economic balance are evolving and at present difficult to predict in full. The European Union and a great many other countries have imposed economic sanctions on Russia and Belarus, in reference to certain economic-financial sectors and certain natural persons and legal entities close to the Russian government. Additional sanctions may be applied over the coming months.

For the TIM Group, in particular for Telecom Italia Sparkle, there may be fallout in terms of commercial relations, in the collection of trade receivables and in the assets present in the country, which, however, despite the fact that they do depend on how the conflict evolves, is not currently considered to be significant.

With regard to the cost of energy, TIM Group has implemented a program that, on the domestic perimeter, has made it possible to cover most of the 2022 and part of the 2023 requirements in advance.

For Brazil too, growth forecasts for 2022 have been increased (2.7%) but in general, Brazil is suffering the slowing of the global economy, and the USA and China in particular.

The second quarter recorded good performance thanks to private investments and consumption. Exports are down (-3.5% on the first quarter) while imports are up (+7.6% on the first quarter). The restrictive monetary policy is causing the Brazilian currency to recover credibility (the real has recorded 16% growth against the dollar) but inflation remains above 10%, penalizing the purchasing power of households and determining the risk of a sudden reduction in aggregate demand.

One point worthy of particular attention is the impact that the current geopolitical context may have on the supply chain. More specifically, a scenario of inflation affecting energy costs can impact transport costs and commodity costs too. In addition, the continued Chinese lock-down has caused congestion in the major ports, an increase in average delivery time and difficulties in procuring certain materials and devices necessary for network development and some contracts.



The Executive responsible for preparing the corporate financial reports, Adrian Calaza Noia, hereby declares, pursuant to subsection 2, Art. 154 bis of Italy's Consolidated Law on Finance, that the accounting information contained herein corresponds to the company's documentation, accounting books and records.

ATTACHMENTS

TIM GROUP – RECLASSIFIED STATEMENTS

The reclassified Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity as well as the Consolidated Net Financial Debt of the TIM Group, herewith presented, are consistent with the consolidated financial statements included in the Annual Financial Report and in the Half-Year Financial Report. Such statements were not audited by the audit firm.

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2021, to which reference should be made, except for the amendments to the standards issued by the IASB and in force as of January 1, 2022.

As described in the 2021 TIM Group Consolidated Financial Statements, during the fourth quarter of 2021, TIM refined some aspects of the booking of certain commercial agreements concerning the sale of goods with deferred delivery. This refinement entailed, for the first, second and third quarters of 2021, the redetermination of the distribution over time of revenues and acquisition of goods and services. In connection with the foregoing, the economic data of the first nine months and the third quarter of 2021 has been recalculated, shown here for comparison purposes.

TIM GROUP – SEPARATE CONSOLIDATED INCOME STATEMENTS

(million euros)	3rd Quarter 2022	3rd Quarter 2021	9 months to 9/30/2022 (a)	9 months to 9/30/2021 (b)	Changes (a-b)	
					absolute	%
Revenues	3,972	3,797	11,529	11,340	189	1.7
Other income	49	42	127	211	(84)	(39.8)
Total operating revenues and other income	4,021	3,839	11,656	11,551	105	0.9
Acquisition of goods and services	(1,810)	(1,631)	(5,195)	(4,744)	(451)	(9.5)
Employee benefits expenses	(882)	(526)	(2,436)	(2,241)	(195)	(8.7)
Other operating expenses	(183)	(201)	(525)	(625)	100	16.0
Change in inventories	19	2	54	51	3	5.9
Internally generated assets	122	113	391	357	34	9.5
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	1,287	1,596	3,945	4,349	(404)	(9.3)
Depreciation and amortization	(1,245)	(1,143)	(3,540)	(3,411)	(129)	(3.8)
Gains (losses) on disposals of non-current assets	(1)	3	33	2	31	—
Impairment reversals (losses) on non-current assets	—	—	—	—	—	—
Operating profit (loss) (EBIT)	41	456	438	940	(502)	—
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(2)	10	29	32	(3)	(9.4)
Other income (expenses) from investments	174	—	174	12	162	—
Finance income	508	413	1,281	959	322	33.6
Finance expenses	(897)	(693)	(2,356)	(1,821)	(535)	(29.4)
Profit (loss) before tax from continuing operations	(176)	186	(434)	122	(556)	—
Income tax expense	(2,007)	36	(2,109)	43	(2,152)	—
Profit (loss) from continuing operations	(2,183)	222	(2,543)	165	(2,708)	—
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—	—	—	—	—
Profit (loss) for the period	(2,183)	222	(2,543)	165	(2,708)	—
Attributable to:						
Owners of the Parent	(2,245)	139	(2,728)	(10)	(2,718)	—
Non-controlling interests	62	83	185	175	10	5.7

TIM GROUP – CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statement of Comprehensive Income, including the Profit (loss) for the period, as shown in the Separate Consolidated Income Statement, and all non-owner changes in equity.

(million euros)

	3rd Quarter 2022	3rd Quarter 2021	9 months to 9/30/2022	9 months to 9/30/2021
Profit (loss) for the period	(a) (2,183)	222	(2,543)	16
Other components of the Consolidated Statement of Comprehensive Income				
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement				
Financial assets measured at fair value through other comprehensive income:				
Profit (loss) from fair value adjustments	—	1	(4)	
Income tax effect	—	—	—	
	(b) —	1	(4)	
Remeasurements of employee defined benefit plans (IAS19):				
Actuarial gains (losses)	—	—	58	2
Income tax effect	—	—	(14)	(5)
	(c) —	—	44	1
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:				
Profit (loss)	—	—	—	
Income tax effect	—	—	—	
	(d) —	—	—	
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	(e=b+c+d) —	1	40	2
Other components that will be reclassified subsequently to Separate Consolidated Income Statement				3
Financial assets measured at fair value through other comprehensive income:				
Profit (loss) from fair value adjustments	(49)	18	(137)	
Loss (profit) transferred to Separate Consolidated Income Statement	1	(3)	15	(6)
Income tax effect	1	—	4	
	(f) (47)	15	(118)	
Hedging instruments:				
Profit (loss) from fair value adjustments	369	(140)	1,000	42
Loss (profit) transferred to Separate Consolidated Income Statement	(308)	175	(692)	(252)
Income tax effect	(15)	(9)	(74)	(42)
	(g) 46	26	234	13
Exchange differences on translating foreign operations:				
Profit (loss) on translating foreign operations	175	(244)	890	6
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement	—	—	—	—
Income tax effect	—	—	—	—
	(h) 175	(244)	890	6
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:				
Profit (loss)	—	—	—	
Loss (profit) transferred to Separate Consolidated Income Statement	—	—	—	
Income tax effect	—	—	—	
	(i) —	—	—	
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	(k=f+g+h+i) 174	(203)	1,006	19
Total other components of the Consolidated Statement of Comprehensive Income	(m=e+k) 174	(202)	1,046	21
Total comprehensive income (loss) for the period	(a+m) (2,009)	20	(1,497)	38
Attributable to:				
Owners of the Parent	(2,121)	16	(1,951)	19
Non-controlling interests	112	4	454	19

TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(million euros)	9/30/2022 (a)	12/31/2021 (b)	Changes (a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	19,082	18,568	514
Intangible assets with a finite useful life	7,847	7,147	700
	26,929	25,715	1,214
Tangible assets			
Property, plant and equipment owned	14,022	13,311	711
Rights of use assets	5,517	4,847	670
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	558	2,979	(2,421)
Other investments	105	156	(51)
Non-current financial receivables arising from lease contracts	49	45	4
Other non-current financial assets	2,091	2,285	(194)
Miscellaneous receivables and other non-current assets	2,356	2,266	90
Deferred tax assets	772	3,513	(2,741)
	5,931	11,244	(5,313)
Total Non-current assets	(a) 52,399	55,117	(2,718)
Current assets			
Inventories	344	282	62
Trade and miscellaneous receivables and other current assets	4,527	4,358	169
Current income tax receivables	336	79	257
Current financial assets			
Current financial receivables arising from lease contracts	55	56	(1)
Securities other than investments, other financial receivables and other current financial assets	1,907	2,391	(484)
Cash and cash equivalents	3,519	6,904	(3,385)
	5,481	9,351	(3,870)
Current assets sub-total	10,688	14,070	(3,382)
Discontinued operations /Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	20	—	20
	20	—	20
Total Current assets	(b) 10,708	14,070	(3,362)
Total Assets	(b+a) 63,107	69,187	(6,080)

(million euros)	9/30/2022 (a)	12/31/2021 (b)	Changes (a-b)
Equity and Liabilities			
Equity			
Equity attributable to owners of the Parent	15,461	17,414	(1,953)
Non-controlling interests	3,690	4,625	(935)
Total Equity (c)	19,151	22,039	(2,888)
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	22,804	23,437	(633)
Non-current financial liabilities for lease contracts	4,702	4,064	638
Employee benefits	972	699	273
Deferred tax liabilities	237	245	(8)
Provisions	1,010	926	84
Miscellaneous payables and other non-current liabilities	1,017	1,413	(396)
Total Non-current liabilities (d)	30,742	30,784	(42)
Current liabilities			
Current financial liabilities for financing contracts and others	4,808	5,945	(1,137)
Current financial liabilities for lease contracts	806	651	155
Trade and miscellaneous payables and other current liabilities	7,591	9,473	(1,882)
Current income tax payables	9	295	(286)
Current liabilities sub-total	13,214	16,364	(3,150)
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	—	—	—
	—	—	—
Total Current Liabilities (e)	13,214	16,364	(3,150)
Total Liabilities (f=d+e)	43,956	47,148	(3,192)
Total Equity and Liabilities (c+f)	63,107	69,187	(6,080)

TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)

	9 months to 9/30/2022	9 months to 9/30/2021
Cash flows from operating activities:		
Profit (loss) from continuing operations	(2,543)	165
Adjustments for:		
Depreciation and amortization	3,540	3,412
Impairment losses (reversals) on non-current assets (including investments)	9	(10)
Net change in deferred tax assets and liabilities	2,753	(25)
Losses (gains) realized on disposals of non-current assets (including investments)	(209)	(2)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	(29)	(32)
Change in employee benefits	474	10
Change in inventories	(55)	(73)
Change in trade receivables and other net receivables	32	150
Change in trade payables	(62)	(281)
Net change in income tax receivables/payables	(742)	(325)
Net change in miscellaneous receivables/payables and other assets/liabilities	337	(26)
Cash flows from (used in) operating activities	(a) 3,505	2,963
Cash flows from investing activities:		
Purchases of intangible, tangible and rights of use assets on a cash basis	(5,302)	(2,933)
Capital grants received	3	—
Acquisition of control of companies or other businesses, net of cash acquired	(1,183)	—
Acquisitions/disposals of other investments	(30)	(86)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	672	(290)
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of	1,278	—
Proceeds from sale/repayments of intangible, tangible and other non-current assets	4	6
Cash flows from (used in) investing activities	(b) (4,558)	(3,303)
Cash flows from financing activities:		
Change in current financial liabilities and other	(570)	(137)
Proceeds from non-current financial liabilities (including current portion)	2,230	1,920
Repayments of non-current financial liabilities (including current portion)	(3,902)	(2,885)
Change in hedging and non-hedging derivatives	(34)	—
Share capital proceeds/reimbursements (including subsidiaries)	9	(42)
Dividends paid	(53)	(354)
Changes in ownership interests in consolidated subsidiaries	(4)	1,757
Cash flows from (used in) financing activities	(c) (2,324)	259
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	(d) —	—
Aggregate cash flows	(e=a+b+c+d) (3,377)	(81)
Net cash and cash equivalents at beginning of the period	(f) 6,904	4,508
Net foreign exchange differences on net cash and cash equivalents	(g) (8)	13
Net cash and cash equivalents at end of the period	(h=e+f+g) 3,519	4,440

Purchases of intangible, tangible and rights of use assets

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021
Purchase of intangible assets	(826)	(932)
Purchase of tangible assets	(1,892)	(1,740)
Purchase of rights of use assets	(583)	(445)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(3,301)	(3,117)
Change in payables arising from purchase of intangible, tangible and rights of use assets	(2,001)	184
Total purchases of intangible, tangible and rights of use assets on a cash basis	(5,302)	(2,933)

Additional Cash Flow information

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021
Income taxes (paid) received	(43)	(262)
Interest expense paid	(1,242)	(1,140)
Interest income received	387	305
Dividends received	153	88

Analysis of Net Cash and Cash Equivalents

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents - from continuing operations	6,904	4,829
Bank overdrafts repayable on demand - from continuing operations	—	(321)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	—	—
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	—	—
	6,904	4,508
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents - from continuing operations	3,519	4,443
Bank overdrafts repayable on demand - from continuing operations	—	(3)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	—	—
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	—	—
	3,519	4,440

TIM GROUP - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2021 to September 30, 2021

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period			
Balance at December 31, 2020	11,588	2,133	20	(350)	(2,538)	(119)	—	15,481	26,215	2,625	28,840
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	(318)	(318)	(26)	(344)
Total comprehensive income (loss) for the period	—	—	7	131	46	17	—	(10)	191	192	383
Issue of equity instruments	4	—	—	—	—	—	—	18	22	—	22
FiberCop - capital increase	—	—	—	—	—	—	—	(98)	(98)	1,848	1,750
Daphne 3 - distribution of additional paid-in capital	—	—	—	—	—	—	—	—	—	(42)	(42)
Other changes	—	—	—	—	—	—	—	(2)	(2)	1	(1)
Balance at September 30, 2021	11,592	2,133	27	(219)	(2,492)	(102)	—	15,071	26,010	4,598	30,608

Changes from January 1, 2022 to September 30, 2022

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period			
Balance at December 31, 2021	11,614	2,133	49	(128)	(2,500)	(130)	—	6,376	17,414	4,625	22,039
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	—	(58)	(58)
Total comprehensive income (loss) for the period	—	—	(122)	234	621	44	—	(2,728)	(1,951)	454	(1,497)
Issue of equity instruments	—	—	—	—	—	—	—	7	7	—	7
Daphne 3 - deconsolidation	—	—	—	—	—	—	—	—	—	(1,332)	(1,332)
Other changes	—	—	—	—	—	—	—	(9)	(9)	1	(8)
Balance at September 30, 2022	11,614	2,133	(73)	106	(1,879)	(86)	—	3,646	15,461	3,690	19,151

TIM GROUP - NET FINANCIAL DEBT

(million euros)	9/30/2022 (a)	12/31/2021 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	15,761	17,383	(1,622)
Amounts due to banks, other financial payables and liabilities	7,043	6,054	989
Non-current financial liabilities for lease contracts	4,702	4,064	638
	27,506	27,501	5
Current financial liabilities (*)			
Bonds	2,755	3,512	(757)
Amounts due to banks, other financial payables and liabilities	2,053	2,433	(380)
Current financial liabilities for lease contracts	806	651	155
	5,614	6,596	(982)
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	—	—	—
Total Gross financial debt	33,120	34,097	(977)
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(49)	(45)	(4)
Financial receivables and other non-current financial assets	(2,091)	(2,285)	194
	(2,140)	(2,330)	190
Current financial assets			
Securities other than investments	(1,742)	(2,249)	507
Current financial receivables arising from lease contracts	(55)	(56)	1
Financial receivables and other current financial assets	(165)	(142)	(23)
Cash and cash equivalents	(3,519)	(6,904)	3,385
	(5,481)	(9,351)	3,870
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
Total financial assets	(7,621)	(11,681)	4,060
Net financial debt carrying amount	25,499	22,416	3,083
Reversal of fair value measurement of derivatives and related financial liabilities/assets	5	(229)	234
Adjusted Net Financial Debt	25,504	22,187	3,317
Breakdown as follows:			
Total adjusted gross financial debt	32,671	32,564	107
Total adjusted financial assets	(7,167)	(10,377)	3,210
(*) of which current portion of medium/long-term debt:			
Bonds	2,755	3,512	(757)
Amounts due to banks, other financial payables and liabilities	1,074	898	176
Current financial liabilities for lease contracts	801	648	153

TIM GROUP - CHANGE IN ADJUSTED NET FINANCIAL DEBT

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021	Change
	(a)	(b)	(a-b)
EBITDA	3,945	4,349	(404)
Capital expenditures on an accrual basis	(2,762)	(2,720)	(42)
Change in net operating working capital:	(2,389)	(258)	(2,131)
<i>Change in inventories</i>	(55)	(73)	18
<i>Change in trade receivables and other net receivables</i>	32	150	(118)
<i>Change in trade payables</i>	(485)	(440)	(45)
<i>Change in payables for mobile telephone licenses/spectrum</i>	(2,119)	(55)	(2,064)
<i>Other changes in operating receivables/payables</i>	238	160	78
Change in employee benefits	474	10	464
Change in operating provisions and Other changes	(396)	(298)	(98)
Net operating free cash flow	(1,128)	1,083	(2,211)
<i>% of Revenues</i>	<i>(9.8)</i>	<i>9.6</i>	<i>(19.4) pp</i>
Sale of investments and other disposals flow	1,283	1,765	(482)
Share capital increases/reimbursements, including incidental expenses	9	(42)	51
Financial investments	(1,775)	(88)	(1,687)
Dividends payment	(53)	(354)	301
Increases in lease contracts	(539)	(397)	(142)
Finance expenses, income taxes and other net non-operating requirements flow	(1,114)	(805)	(309)
Reduction/(Increase) in adjusted net financial debt from continuing operations	(3,317)	1,162	(4,479)
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
Reduction/(Increase) in adjusted net financial debt	(3,317)	1,162	(4,479)

Equity Free Cash Flow

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021	Change
Reduction/(Increase) in adjusted net financial debt from continuing operations	(3,317)	1,162	(4,479)
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	728	252	476
Payment of TLC licenses and for the use of frequencies	2,217	295	1,922
Financial impact of acquisitions and/or disposals of investments	589	(1,645)	2,234
Dividend payment and Change in Equity	44	396	(352)
Equity Free Cash Flow	261	460	(199)

TIM GROUP - INFORMATION BY OPERATING SEGMENTS

Domestic

(million euros)	9 months to 9/30/2022 (a)	9 months to 9/30/2021 (b)	Changes (a-b)		
			absolute	%	% organic excluding non- recurring
Revenues	8,673	9,281	(608)	(6.6)	(6.8)
EBITDA	2,641	3,379	(738)	(21.8)	(16.9)
% of Revenues	30.5	36.4		(5.9)pp	(4.5) pp
EBIT	40	631	(591)	(93.7)	(45.2)
% of Revenues	0.5	6.8		(6.3)pp	(4.9)pp
Headcount at period end (number) ^(*)	42,578	(*)42,591	(13)	—	

(*) Includes 19 agency contract workers at September 30, 2022 (16 at December 31, 2021).

(*) Headcount at December 31, 2021.

(million euros)	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	Changes (a-b)		
			absolute	%	% organic excluding non- recurring
Revenues	2,919	3,072	(153)	(5.0)	(5.3)
EBITDA	787	1,250	(463)	(37.0)	(16.2)
% of Revenues	27.0	40.7		(13.7)pp	(4.8)pp
EBIT	(106)	335	(441)	—	(49.3)
% of Revenues	(3.6)	10.9		(14.5)pp	(5.7) pp

Fixed

	9/30/2022	12/31/2021	9/30/2021
Total TIM Retail accesses (thousands)	8,383	8,647	8,729
of which NGN ⁽¹⁾	5,372	5,186	5,084
Total TIM Wholesale accesses (thousands)	7,604	7,729	7,734
of which NGN	5,147	4,819	4,619
Active Broadband accesses of TIM Retail (thousands)	7,523	7,733	7,811
Consumer ARPU (€/month) ⁽²⁾	28.4	30.1	30.6
Broadband ARPU (€/month) ⁽³⁾	34.1	33.4	32.5

(1) Ultrabroadband access in FTTx and FWA mode, also including "data only" lines and GBE (Gigabit Ethernet).

(2) Revenues from organic Consumer retail services in proportion to the average Consumer accesses.

(3) Revenues from organic Broadband services in proportion to the average active TIM retail Broadband accesses.

Mobile

	9/30/2022	12/31/2021	9/30/2021
Lines at period end (thousands)	30,515	30,466	30,473
of which Human	18,590	19,054	19,172
Churn rate (%) ⁽⁴⁾	10.0	14.7	11.1
Broadband users (thousands) ⁽⁵⁾	12,685	12,783	12,863
Retail ARPU (€/month) ⁽⁶⁾	7.0	7.5	7.5
Human ARPU (€/month) ⁽⁷⁾	11.4	11.7	11.6

(4) Percentage of total lines that ceased in the period compared to the average number of total lines.

(5) Mobile lines using data services.

(6) Revenues from organic retail services (visitors and MVNO not included) compared to the total average number of lines.

(7) Revenues from organic retail services (visitors and MVNO not included) compared to the average number of human lines.

Details of revenues for the third quarter and first nine months of 2022 for the Domestic Business Unit are presented in the following table, broken down by customer/business segment and compared to the third quarter and first nine months of 2021.

	(million euros)				% Change				
	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	9 months to 9/30/2022 (c)	9 months to 9/30/2021 (d)	(a/b)	(c/d)	organic excluding non-recurring (a/b)	organic excluding non-recurring (c/d)	
Revenues	2,919	3,072	8,673	9,281	(5.0)	(6.6)	(5.3)	(6.8)	
Consumer	1,213	1,342	3,553	3,978	(9.6)	(10.7)	(9.6)	(10.7)	
Business	966	982	2,946	2,981	(1.6)	(1.2)	(1.6)	(1.2)	
Wholesale National Market	501	495	1,459	1,600	1.3	(8.8)	1.3	(8.8)	
Wholesale International Market	239	251	723	719	(4.8)	0.6	(8.8)	(2.8)	
Other	—	2	(8)	3					



Brazil

	(million euros)		(million Brazilian reais)		Changes		
	9 months to 9/30/2022 (a)	9 months to 9/30/2021 (b)	9 months to 9/30/2022 (c)	9 months to 9/30/2021 (d)	absolute (c-d)	% (c-d)/d	% organic excluding non-recurring
Revenues	2,880	2,079	15,706	13,259	2,447	18.5	18.5
EBITDA	1,315	977	7,169	6,232	937	15.0	16.2
% of Revenues	45.6	47.0	45.6	47.0		(1.4)pp	(1.0) pp
EBIT	409	315	2,242	2,011	231	11.5	15.0
% of Revenues	14.3	15.2	14.3	15.2		(0.9) pp	(0.4) pp
Headcount at period end (number)			9,316	(*)9,325	(9)	(0.1)	

(*) Headcount at December 31, 2021.

	(million euros)		(million Brazilian reais)		Changes		
	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	3rd Quarter 2022 (c)	3rd Quarter 2021 (d)	absolute (c-d)	% (c-d)/d	% organic excluding non-recurring
Revenues	1,061	731	5,611	4,512	1,099	24.4	24.4
EBITDA	502	347	2,657	2,146	511	23.8	24.5
% of Revenues	47.4	47.6	47.4	47.6		(0.2)pp	0,1pp
EBIT	149	121	793	755	38	5.0	7.1
% of Revenues	14.1	16.7	14.1	16.7		(2.6)pp	(2.4)pp

TIM GROUP - DOMESTIC

2022-2024 INDUSTRIAL PLAN: INFORMATION ON THE NEW ENTITIES

The TIM Group operating segments reported in the Financial reporting at September 30, 2022, in line with and continuing on from the information given in the Consolidated Annual Financial Report at December 31, 2021, are represented for the part relative to the telecommunications business, on the basis of the related geographic location (Domestic and Brazil).

The TIM Group 2022-2024 Industrial Plan launched a Group transformation aiming to overcome the vertically integrated model, based on four separate entities with different industrial and economic focuses (NetCo, TIM Consumer, TIM Enterprise and TIM Brasil). These entities cannot today be considered an “operating segment” in accordance with IFRS 8 - Operating segments, insofar as on the one hand, the new entities are still in an analytical design phase and do not, therefore, have analytical economic-financial information available and, on the other, in 2022, the TIM Board of Directors is making decisions on the allocation of resources and assessing the economic-financial performance on both the basis of the historic representation of the business units and, insofar as available, the new entities being created.

The financial information of the new entities presented below has therefore been prepared by TIM management for information and explanatory purposes only; it has not been verified by any independent third parties and, therefore, should not be considered complete and comprehensive. The accounting and consolidation principles applied are consistent with those applied for the TIM Group Annual Consolidated Financial Statements at December 31, 2021, to which reference should be made, except for the changes to the accounting standards issued by the IASB and adopted as of January 1, 2022.

During the first nine months of 2022, the entities of the domestic area defined by the TIM Group 2022-2024 Industrial Plan achieved the following operative performance in organic terms:

(million euros)	NetCo			TIM Enterprise			TIM Consumer		
	9 months to 9/30/2022	9 months to 9/30/2021	Changes %	9 months to 9/30/2022	9 months to 9/30/2021	Changes %	9 months to 9/30/2022	9 months to 9/30/2021	Changes %
Revenues	3,910	4,106	(4.8)	2,185	2,063	5.9	4,943	5,470	(9.6)
Service Revenues	3,822	3,972	(3.8)	2,018	1,856	8.8	4,500	4,860	(7.4)

In particular:

- NetCo: includes the primary and secondary fixed network, as well as the domestic and international (Sparkle) wholesale businesses;
- TIM Enterprise: includes all the commercial activities in the Enterprise market, the digital companies Noovle, Olivetti and Telsy and the assets relating to the data centers;
- TIM Consumer: covers all the fixed and mobile commercial activities in the Consumer and Small and Medium Business (SMB) retail market. It also includes the mobile network assets and service platforms.

TIM GROUP - HEADCOUNT

Average salaried workforce

(equivalent number)	9 months to 9/30/2022 (a)	Year 2021 (b)	9 months to 9/30/2021 (c)	Change (a-c)
Average salaried workforce – Italy	37,411	38,826	39,163	(1,752)
Average salaried workforce – Outside Italy	8,993	9,116	9,096	(103)
Total average salaried workforce ⁽¹⁾	46,404	47,942	48,259	(1,855)

⁽¹⁾ Includes agency contract workers: 14 average employees in Italy in the first nine months of 2022; 12 average employees in Italy in 2021; 12 average employees in Italy in the first nine months of 2021.

Headcount at period end

(number)	9/30/2022 (a)	12/31/2021 (b)	9/30/2021 (c)	Change (a-b)
Headcount – Italy	42,341	42,347	42,565	(6)
Headcount – Outside Italy	9,565	9,582	9,625	(17)
Total headcount at period end ⁽¹⁾	51,906	51,929	52,190	(23)

⁽¹⁾ Includes agency contract workers: 19 employees in Italy at 9/30/2022; 16 employees in Italy at 12/31/2021; 13 employees in Italy at 9/30/2021.

Headcount at period end – Breakdown by Business Unit

(number)	9/30/2022 (a)	12/31/2021 (b)	9/30/2021 (c)	Change (a-b)
Domestic	42,578	42,591	42,811	(13)
Brazil	9,316	9,325	9,366	(9)
Other Operations	12	13	13	(1)
Total	51,906	51,929	52,190	(23)

TIM GROUP - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE CONSOLIDATED INCOME STATEMENTS

The effects of non-recurring events and transactions on the Separate Consolidated Income Statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(million euros)	9 months to 9/30/2022	9 months to 9/30/2021
Other income:		
Recovery of operating expenses	—	12
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(40)	(39)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(548)	(344)
Other operating expenses:		
Other expenses and provisions	(6)	(121)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(594)	(492)
Impact on EBIT - Operating profit (loss)	(594)	(492)
Other income (expenses) from investments:		
Net capital gain on corporate transactions	174	—
Finance income:		
Other finance income	—	1
Finance expenses:		
Other finance expenses	(5)	(1)
Impact on profit (loss) before tax from continuing operations	(425)	(492)
Tax realignment pursuant to Decree Law 104/2020 Art. 110	(1,964)	—
Income taxes on non-recurring items	18	199
Impact on profit (loss) for the period	(2,371)	(293)

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND MATURING BONDS

Revolving Credit Facility and Term Loan

The following table shows committed ^(*) credit lines available at September 30, 2022:

(billion euros)	9/30/2022		12/31/2021	
	Agreed	Drawn down	Agreed	Drawn down
Sustainability-linked RCF - May 2026	4.0	—	4.0	—
Total	4.0	—	4.0	—

(*) Under the current agreement, banks are committed to provide funds at request of the Borrower (with at least 3 days notice). Being a Committed Facility, banks must release requested funds unless a market standard mandatory cancellation provisions has been triggered (Final Maturity, Change of Control, Borrower Illegality, and Events of default).

On July 6, 2022, TIM stipulated a new loan with a pool of leading international banks, which benefits from the “Italy Guarantee” (in accordance with art. 1, subsection 1 of Decree-Law no. 23 of April 8, 2020 as subsequently amended and supplemented) for an amount of 2 billion euros.

Bonds

The change in bonds in the first nine months of 2022 was as follows:

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A 2002-2022 reserved for subscription by employees	Euro	214	1/1/2022
Telecom Italia S.p.A. 1,250 million euros 5.25% ^(*)	Euro	884	2/10/2022
Telecom Italia S.p.A. 2,000 million euros 1.125% Convertible bond	Euro	2,000	3/26/2022

^(*) Net of buy-backs totaling 366 million euros made by the company in 2015.

The nominal amount of repayment, net of the Group’s bonds buyback, related to the bonds maturing in the following 18 months as of September 30, 2022 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by TIM S.p.A.) totals 3,175 million euros. With the following detail:

- 1,000 million euros, due January 16, 2023;
- 425 million euros, due May 19, 2023;
- 1,000 million euros, due July 19, 2023;
- 750 million euros, due January 19, 2024.

Bonds issued by the TIM Group do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that result in the automatic early redemption of the bonds in relation to events other than the insolvency of the TIM Group; furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relative to the assumption of future guarantees, except for the full and unconditional guarantees provided by TIM S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..

Since the bonds were placed principally with institutional investors in major world capital markets (Euromarket and the U.S.A.), the terms which regulate the bonds are in line with market practice for similar transactions effected on these same markets. Consequently, they carry negative pledges, such as, for example, the commitment not to pledge the company’s assets as collateral for loans.

Regarding loans taken out by TIM S.p.A. from the European Investment Bank (EIB), on May 19, 2021, TIM entered into a new loan for an amount of 230 million euros, in support of projects to digitize the country. In addition, it has extended the loan signed in 2019 for an amount of 120 million euros. Therefore, at September 30, 2022 the nominal total of outstanding loans with the EIB was 1,200 million euros, all drawn down and not backed by bank guarantee.

The three EIB loans signed on December 14, 2015, November 25, 2019 and May 19, 2021 contain the following covenants:

- in the event the company becomes the target of a merger, demerger or conferral of a business segment outside the Group, or sells, disposes of or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan agreements, the EIB shall have the option to demand the immediate repayment of the loan (should the merger, demerger or contribution of a business segment outside the Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);

- TIM undertook to ensure that, for the entire duration of the loan, the total financial debt of the Group companies other than TIM S.p.A. – except for the cases when that debt is fully and irrevocably secured by TIM S.p.A. – is lower than 35% (thirty-five percent) of the Group's total financial debt;
- "Inclusion clause", under which, in the event TIM commits to uphold financial covenants in other loan contracts (and even more restrictive clauses, including, for instance, cross default clauses and commitments restricting the sale of goods) that are not present in or are stricter than those granted to the EIB, the EIB will have the right – if, in its reasonable opinion, it considers that such changes may have a negative impact on TIM's financial capacity – to request the provision of guarantees or an amendment of the loan contract in order to establish an equivalent provision in favor of the EIB;
- "Network Event", under which, in the event of the disposal of the entire fixed network or of a substantial part of it (in any case, more than half in quantitative terms) to third parties not controlled by the Company, or in the event of disposal of the controlling interest in the company in which the network or a substantial part of it has previously been transferred, TIM must immediately inform the EIB, which may then opt to demand collateral or an amendment of the loan agreement or choose an alternative solution.

The TIM S.p.A. loan agreements do not contain any financial covenants (e.g. Debt/EBITDA, EBITDA/interest ratios, etc.), failure to comply with which would entail an obligation to repay the loan in place, with the exception of the loan signed on July 06, 2022, which is backed by the "Italy Guarantee" (in accordance with art. 1, subsection 1 of Decree-Law no. 23 of April 08, 2020, as subsequently amended and supplemented).

The loan agreements contain the usual other types of covenants, including the commitment not to pledge the Company's assets as collateral for loans (negative pledge) and the commitment not to change the business purpose or sell the assets of the Company unless specific conditions exist (e.g. the sale takes place at fair market value). Covenants with basically the same content can be found in the export credit loan agreement.

In the loan agreements and the bonds, TIM is required to provide notification of change of control. Identification of the occurrence of a change of control and the applicable consequences – including, at the discretion of the investors, the establishment of guarantees or the early repayment of the amount paid in cash or as shares and the cancellation of the commitment in the absence of agreements to the contrary – are specifically covered in the individual agreements.

In addition, the outstanding loans generally contain a commitment by TIM, whose breach is an Event of Default, not to implement mergers, demergers or transfers of business, involving entities outside the Group. Such an Event of Default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the annulment of the undrawn commitment.

The documentation of the loans granted to certain companies of the TIM Group generally contain obligations to comply with certain financial ratios, as well as the usual other covenants, under penalty of a request for the early repayment of the loan.

Finally, as at September 30, 2022, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

TIM GROUP - DISPUTES AND PENDING LEGAL ACTIONS

The most significant arbitration cases and legal and fiscal disputes TIM Group companies are involved in as of September 30, 2022, including those closed during the period, are described below.

The TIM Group has posted liabilities totaling 276 million euros for those disputes described below where the risk of losing the case has been considered probable.

It should be noted that for some disputes described below, on the basis of the information available at the closing date of the Financial Information at September 30, 2022, and with particular reference to the complexity of the proceedings, to their progress, and to elements of uncertainty of a technical-trial nature, it was not possible to make a reliable estimate of the size and/or times of possible payments, if any. Moreover, in those cases in which disclosure of information on a dispute could seriously jeopardize the position of TIM or its subsidiaries, only the general nature of the dispute is described.

Lastly, as regards the proceedings with the Antitrust Authority, please note that based on Article 15, paragraph 1 of Italian Law 287/1990 ("Antitrust regulations"), the Authority has the right to impose an administrative sanction calculated on the turnover of the Group in cases of breaches considered serious.

a) Significant disputes and pending legal actions

No significant events occurred for the following disputes and legal actions compared to what was published in the 2021 Annual Financial Report:

- Antitrust Case A428;
- Eutelia and Voiceplus;
- Poste;
- Elinet S.p.A. Bankruptcy.



International tax and regulatory disputes

As of September 30, 2022, the companies forming the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 17.5 billion reais (16.3 billion reais at December 31, 2021). The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

In relation to the federal level of taxation, the following disputes should be noted:

- disallowance of the tax effects of the merger between the companies of the TIM Brasil Group;
- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself;
- challenges regarding offsetting against previous tax losses;
- further challenges regarding the tax deductibility of the amortization of goodwill;
- imposition of income tax on certain types of exchange rate differences;
- imposition of withholding taxes on certain types of payments to foreign entities (for example, payments for international roaming);
- further challenges regarding offsets made between taxes payable and group company credit positions.

Overall, the risk for these cases, considered to be possible, amounts to 3.3 billion reais (3.1 billion reais at December 31, 2021).

State taxes

Within the scope of the state levy, there are numerous challenges regarding ICMS, and in particular:

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handsets, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some States, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by the TIM Cellular, now incorporated into TIM S.A., on the basis of the aforementioned tax benefits);

- challenges relating to the use of ICMS credits claimed by Group companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance;
- challenges of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States;
- challenges of ICMS credits deriving from the “special credit” recognized by the company to its prepaid customers, against subsequent top-ups.

Overall, the risk for these cases, considered to be possible, amounts to 9.3 billion reais (8.8 billion reais at December 31, 2021).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 1.4 billion reais (around 1.2 billion reais at December 31, 2021).

FUST and FUNTTEL

The main challenges about contributions to the regulatory body (Anatel), and in particular in terms of FUST and FUNTTEL, concern whether or not interconnection revenues should be subject to these contributions.

Overall, the risk for these cases, considered to be possible, amounts to 3.5 billion reais (3.2 billion reais at December 31, 2021).

Golden Power Case

In August 2017 the Prime Minister's office brought proceedings against TIM (as well as Vivendi) in order to verify the fact that TIM has an obligation to notify, pursuant to the “Golden Power” law, Vivendi's acquisition of corporate control of TIM and the strategic assets it holds. In September 2017, the proceedings in question concluded by affirming that this obligation did exist for TIM with effect from May 4, 2017 (the date of the Shareholders' Meeting that renewed TIM's corporate boards).

As a result of this decision by the Presidency of the Council of Ministers, new and separate administrative proceedings started for the imposition on TIM of the financial penalty laid down by the Golden Power law for non-compliance with the aforementioned obligation to notify. These proceedings ended on May 8, 2018 with the imposition of a financial penalty of 74.3 million euros.

The Company, is convinced that it has the legal arguments to demonstrate that it was under no obligation to notify the control exercised over it by Vivendi, filed separate extraordinary appeals to the President of the Republic to request the abrogation of the order of September 2017 and before the Lazio Regional Administrative Court (TAR) against the aforementioned order of May 8, 2018, which imposed a financial penalty, requesting its precautionary suspension. As regards the appeal to the Lazio Regional Administrative Court (TAR) against the provision of May 8, 2018, which imposed the financial penalty, the TAR, in upholding in July 2018 the interim petition lodged by the Company, has suspended payment of the penalty. Subsequently, with a non-definitive ruling in May 2019, the Lazio Regional Administrative Court (TAR): (i) accepted TIM's request for provisional measures to suspend the fine conditional on the offer of the guarantee; (ii) granted the suspension of the procedure to wait for the final judgment in the (injurious) case pending before the President of the Republic regarding the notification obligation, pursuant to the Golden Power provisions; (iii) rejected the procedural objections raised by the defendant administrations.

It should also be noted that in May 2018 a guarantee bond for 74.3 million euros was issued in favor of the Presidency of the Council. TIM had been requested to submit such a bond for its application to Lazio TAR for precautionary suspension of the collection of the fine imposed for alleged breach of Art. 2 of Decree Law 21 of March 15, 2012 (the “Golden Power” law). This surety was renewed in May 2021.

Furthermore, TIM appealed before the Lazio TAR and then appealed before the Council of State against the provision with which Consob, on September 13, 2017, affirmed Vivendi's control over TIM. In December 2020, the Council of State issued a final judgment upholding TIM's appeal and canceling the provision by Consob, a significant premise to the entire subsequent proceedings of the Presidency of the Council in relation to the obligation to Golden Power notification as described above. On June 14, 2021, Consob submitted an extraordinary appeal to the Court of Cassation on grounds of jurisdiction; TIM filed an appearance, objecting that the appeal is unlawful and inadmissible. The hearing in chambers was held on October 11, 2022.

Colt Technology Services - A428

With writ of summons before the Milan Court served in August 2015, the operator Colt Technology Services filed a damages claim based on the A428 decision, requesting compensation for alleged damages suffered from 2009 to 2011 as a result of purportedly inefficient and discriminatory conduct by TIM in the wholesale service supply process. The damage claimed was quantified as 27 million euros in loss of profits for the alleged non-acquisition of new customers, or for the alleged impossibility of supplying new services to the customers it had already acquired; the other party also formulated a request for compensation for the damages to its image and commercial reputation. This case follows the extrajudicial claim for approximately 23 million euros, previously advanced by Colt in June 2015, which the Company rejected in its entirety. TIM filed an appearance, contesting all of the plaintiff's allegations. The hearing for discussion before the Regional Administrative Court has been scheduled for December 12, 2022.

COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) - A428

With writ of summons before the Rome Court, COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) filed a damages claim for a total of 37 million euros in compensation for alleged anticompetitive and abusive conduct over the period 2009–2011, in the form of technical boycotting (refusals to activate wholesale services – KOs); the claim was based on the contents of the decision of AGCM (the Italian Competition Authority) that settled the A428 case. TIM filed an appearance, contesting all of the plaintiff's allegations. In the judgment with ruling in April 2019, the Court of Rome partially received the petitions of COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.), sentencing TIM to pay an amount significantly lower than the amount in the counterparty's damages claim. In June 2019, TIM appealed against the judgment. In the judgment given in April 2021, the Court of Appeal of Rome partly upheld TIM's appeal, reducing the amount of the compensation due to COMM 3000, which was in any case entirely covered by the relevant provision. In November 2021, TIM has appealed to the Court of Cassation over the judgment of the Court of Appeal of Rome in. The hearing for discussion before the Regional Administrative Court has been scheduled for December 12, 2022.

Teleunit

With a writ of summons issued in October 2009 before the Milan Appeal Court, Teleunit asked that TIM alleged acts of abuse of its dominant position in the premium services market be ascertained. The plaintiff quantified its damages at a total of approximately 362 million euros. TIM filed an appearance, contesting the claims of the other party.

After the ruling of January 2014 with which the Court of Appeal declared that it was not competent in this matter and referred the case to the Court, Teleunit reinstated the case before the Milan Court the following April. TIM filed an appearance in the reinstated proceedings challenging the plaintiff's claims.

In its judgment of May 2017, the Milan Court rejected Teleunit's claim in its entirety, and ordered the company to pay the legal costs of the case. This judgment was appealed by Teleunit, in June 2017, before the Milan Court of Appeal. TIM filed an appeal challenging the arguments presented by the other party and asking that the judgment in the first instance be fully confirmed. With an order in March 2018 the Milan Court of Appeal declared Teleunit's appeal pursuant to art. 348-bis of the Italian Code of Civil Procedure to be manifestly without foundation, and hence inadmissible. In May 2018 Teleunit appealed the judgment of the Court of Appeal to the Court of Cassation. TIM lodged a counter-appeal seeking confirmation in full of the order being appealed (and thus of the judgment at first instance). The hearing was held in chambers on September 22, 2022. By order published on October 19, 2022, the Court of Cassation declared the petition lodged by Teleunit Ltd inadmissible, ordering it to pay the costs of the dispute to TIM.

Eutelia and Clouditalia Telecomunicazioni

With a writ of summons dated May 2020, Eutelia in Extraordinary Administration and Clouditalia Telecomunicazioni S.p.A., purchaser of Eutelia's TLC branch, brought an action against TIM before the Court of Rome, making claims for damages, of around 40 million euros, for damages allegedly suffered, in the period 2009–2012, following the technical boycott and margin squeeze conduct, subject of the AGCM A428 procedure. TIM filed an appearance, contesting the claims made by the opposing party and formulating a counterclaim, subject to quantification of the damages incurred during the proceedings. On April 1, 2022, AGCM (the Italian Competition Authority) deposited the opinion envisaged by Art. 14, third subsection of Italian Legislative Decree 3/2017, whereby it: (i) proposed certain benchmarks for use to define the counterfactual scenario on which basis to quantify the damages allegedly suffered by Eutelia and Clouditalia; (ii) provided some additional indication and criteria to estimate the various damage items demanded by Eutelia and Clouditalia. At the hearing held on June 15, 2022, the Investigating Judge assigned time to the parties until July 8, 2022, by which to deposit written notes on the implications of the opinion of the AGCM (the Italian Competition Authority) and the contents of any queries to be raised with the court appointed expert. On October 24, the judge lifted the reservation and ordered an expert report on the *an* of TIM's conduct and the *quantum* of any damages suffered by Eutelia and Irideos as a result of such. The hearing was therefore scheduled for November 15, 2022 for the swearing in and conferral of the appointment on the expert.

Antitrust Case A514

In June 2017 AGCM (the Italian Competition Authority) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of article 102 of the "Treaty on the Functioning of the European Union". The proceedings were started based on some complaints filed in May and June 2017, by Infratel, Enel, Open Fiber, Vodafone and Wind Tre, and concerns a presumed abuse of TIM's dominant position in the market for wholesale access services and for retail services using the Broadband and Ultrabroadband fixed network. In particular, the AGCM (the Italian Competition Authority) hypothesised that TIM had adopted conduct aimed at: i) slowing and hindering the course of the Infratel tender processes so as to delay, or render less remunerative the entry of another operator in the wholesale market; ii) pre-emptively securing customers on the retail market for Ultrabroadband services by means of commercial policies designed to restrict the space of customer contendibility remaining for the competitor operators.

After the start of the proceedings, the Authority's officials carried out an inspection at some of TIM's offices in the month of July 2017. On November 2, 2017, TIM filed a defense brief in which, in support of the correctness of its actions, it challenged all the arguments that the conduct it had allegedly engaged in, and which was the subject of the case, was unlawful.

On February 14, 2018, AGCM (the Italian Competition Authority) resolved to extend the scope of the case to investigate further behavior concerning TIM's wholesale pricing strategy on the market for wholesale access to Broadband and Ultrabroadband, and the use of the confidential information of customers of the alternative operators.

On July 5, 2018 TIM filed proposed undertakings which, if accepted by the Authority, would close the investigation without any offense being established or sanction being administered. The undertakings were considered as admissible by the Authority, that market tested them in August and September.

On October 30, 2018, TIM replied to observations made by third parties and modified its proposed undertakings. With its decision notified on December 4, 2018, AGCM (the Italian Competition Authority) once and for all rejected the proposed series of undertakings as it considered them unsuitable in light of the objections raised.

On March 4, 2019, TIM requested AGCM (the Italian Competition Authority) for an extension of the deadline for closing the proceedings (initially set for May 31, 2019).

On April 10, 2019, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until September 30, 2019. On May 17, 2019, AGCM (the Italian Competition Authority) notified TIM of the results of the investigation (CRI). In the CRI, AGCM (the Italian Competition Authority) essentially confirmed the case for the prosecution outlined in the start-up and extension of the proceedings orders.

On June 12, 2019 AGCM (the Italian Competition Authority) extended the deadline for deposit of TIM's final defense to September 20, 2019 and set the final hearing for September 25, 2019.

On September 18, 2019, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until February 28, 2020.

On March 6, 2020, TIM was notified of the decision to close the investigation: AGCM (the Italian Competition Authority) ruled that TIM had abused its dominant position, finding that TIM had put in place an anti-competitive strategy designed to hinder the competitive development of investment in Ultrabroadband network infrastructure.

The fine imposed on TIM for the anti-competitive offense is 116,099,937.60 euros. TIM appealed the aforementioned fine before the Lazio Regional Administrative Court (TAR). By judgment given on February 28, 2022, the Lazio Regional Administrative Court rejected TIM's petition; TIM now intends to lodge an appeal with the Council of State by the legal deadline.

On June 25, 2020 TIM sent AGCM (the Italian Competition Authority) the so-called compliance report as ordered in the final provision. The hearing before the Lazio Regional Administrative Court was held on November 3, 2021. By judgment 1963/2022, TIM's appeal was rejected; TIM has appealed against the decision of the regional administrative court. In August 2022, Irideos notified a deed of intervention *ad opponendum*. The related hearing for discussion has not yet been scheduled.

In May 2021, the Company paid the fine.

Open Fiber

In March 2020, Open Fiber (OF) sued TIM before the Court of Milan, claiming damages of 1.5 billion euros for alleged abuse of an exclusive and dominant position in relation to OF. The alleged actions consist of: (i) pre-emptive investments in FTTC networks in white areas; (ii) initiating specious legal action to obstruct Infratel tenders; (iii) spurious repricing of certain wholesale services; (iv) commercial lock-in offers on the retail market; (v) false disclosure to AGCom in connection with the approval of a wholesale offer and spreading rumors about TIM being interested in acquiring OF; (vi) discriminatory access conditions to TIM passive infrastructure. TIM filed an appearance, contesting the arguments of OF. Enel S.p.A. intervened in the proceedings, asking that TIM be ordered to compensate all damages suffered and being suffered by Enel and OF, without, however, quantifying such. During the course of proceedings, Open Fiber redetermined the damage allegedly suffered, taking it to 2.6 billion euros plus interest and monetary revaluation. Open Fiber has also clarified that it believes such damages are still to be suffered. Enel has quantified the damages allegedly suffered as 228 million euros, plus interest. Terms are pending for the submission of the third preliminary brief. On October 19, 2022, the hearing was held for admission of the evidence, after which the judge reserved the right to deliberate.

Irideos

In January 2022, Irideos summonsed TIM to the Court of Rome, making a claim for damages allegedly suffered as a consequence of the unlawful conduct of TIM, as sanctioned by AGCM (the Italian Competition Authority), with the provision that concluded proc. A514 ("follow-on claim"). The compensation claim comes to 23,204,079.87 euros for damages caused by the anti-competitive behavior of TIM from 2017 to 2019 (with effects also in subsequent years) on the market for services of wholesale access to the Broadband and Ultrabroadband fixed network (the "wholesale market") and on the market for retail telecommunications services on the broadband and Ultrabroadband fixed network (the "retail market"). TIM filed an appearance, contesting the opposing party's arguments. At the hearing held on June 1, 2022, the investigating judge (i) assigned the parties time for depositing the briefs with terms running from February 15, 2023 and (ii) deferred the case to the hearing of June 7, 2023.

Antitrust Case I799

At its meeting on February 1, 2017, AGCM (the Italian Competition Authority) initiated an investigation for possible breach of Article 101 of the TFEU (prohibition of agreements that restrict competition) against TIM S.p.A. and Fastweb S.p.A., following the signing of an agreement aimed at setting up a cooperative joint venture called Flash Fiber S.r.l.. TIM, in agreement with Fastweb, submitted to AGCM (the Italian Competition Authority) some amendments to the agreements signed, in the form of proposed undertakings, aimed at closing the investigation without any breach being ascertained and, therefore, without any fine.

On March 28, 2018, AGCM (the Italian Competition Authority) resolved to approve the undertakings, making them binding on the Parties, and closed the case without imposing any fine.

On January 30, 2019, TIM sent the planned annual report on the provided coverage to AGCM (the Italian Competition Authority), supplemented by a subsequent communication dated March 29, 2019. TIM transmitted further details to AGCM (the Italian Competition Authority) in July and AGCM acknowledged it on October 15, 2019. On January 31, 2020 TIM sent AGCM (the Italian Competition Authority) the third report on the implementation of the undertakings given. Finally, on January 29, 2021 TIM sent AGCM (the Italian Competition Authority) the fourth and final report on the implementation of the undertakings given.

On June 11, 2018 Open Fiber S.p.A. and Wind Tre S.p.A. filed separate appeals to the Lazio Regional Administrative Court (TAR) against the order closing case 1799 with the acceptance of the undertakings. They allege that this order has a series of procedural and substantial defects.

Open Fiber S.p.A. also asked for the precautionary suspension of the order. In a ruling of March 2020, the Regional Administrative Court rejected in full the appeal by Open Fiber.

The hearing for discussion of the merits of Wind Tre's appeal was held on October 12, 2022 and the Regional Administrative Court published the judge's extinguishing order on October 23.

28-day billing

AGCom resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, that it should be at least four-weekly. TIM appealed Resolution 121/17/CONS to the Regional Administrative Court. The judgment rejecting the appeal was published in February 2018. TIM appealed this judgment to the Council of State in June 2018. On September 23, 2020, the non-definitive ruling was published whereby the Council of State joined the appeals submitted by TIM, Vodafone, Fastweb and Wind Tre and ordered the prejudicial deferral to the European Union Court of Justice (EUCJ) on whether or not the Authority had the power to regulate the frequency of renewal of the commercial offers and invoicing periods, at the same time rejecting the other grounds of appeal submitted by the operators and suspending proceedings. In February 2021, TIM deposited the written observations on the requests for prejudicial judgment with the EUCJ. At the request of the CJEU, the Council of State, in an order published on November 23, 2021, confirmed the referral to the Court of Justice on the preliminary questions raised; the proceedings before the Council of State therefore remain suspended pending the CJEU's decision.

With its Resolution 499/17/CONS, having confirmed the breach of Resolution 121/17/CONS, AGCom fined TIM 1,160,000 euros, ordering it to make provision – when the billing cycle was restored to monthly intervals or multiples thereof – to return the amounts presumably lost from June 23, 2017 onwards, with the four-weekly billing cycle, had not been used by the users in terms of the supply of service due to the misalignment of the four-weekly and monthly billing cycles.

In March 2018 with resolution no. 112/18/CONS AGCom (i) revoked the preceding resolution 499/17/CONS in the part in which TIM was ordered to repay the amounts presumably lost from June 23, 2017 onwards, with the four-weekly billing cycle, (ii) cautioned TIM, with regard to fixed-line voice services only, against postponing the starting date of invoices issued after the return to monthly invoicing by the same number of days as those presumably deducted starting from June 23, 2017 with the four-weekly invoicing cycle.

Under Presidential Decree 9/18/PRES, AGCom amended the provisions of Decision 112/18/CONS requiring the deferral of billing once the billing cycle was restored to monthly intervals, or multiples thereof, while also ordering that the timescales for complying with the order would be identified after hearings with the operators and the main consumer protection associations.

In July 2018, AGCom issued resolution 269/18/CONS, with which it set December 31, 2018 as the date by which the operators had to return to their fixed network customers a number of days of service equal to those eroded as an effect of 28-day billing, or propose to the affected customers any alternative compensatory measures, after having notified them to AGCom. TIM has appealed all of the above resolutions.

With the judgment published in November 2018, the TAR canceled the pecuniary administrative sanction of 1.16 million euros imposed with Resolution 499/17/CONS, and confirmed the obligation of restitutio in integrum to the fixed-line customers by December 31, 2018. TIM filed its preventive appeal before the Council of State to suspend the execution of said decision and, with its ruling of December 20, 2018, the Council of State, in upholding TIM's appeal, suspended the effectiveness of the aforesaid decision for the reversal order only, until May 21, 2019 while awaiting publication of the grounds for the judgment.

The date of the hearing to discuss the introductory appeal and additional grounds submitted in the meantime by TIM is still to be set. On July 12, 2019 the ruling mechanisms with which the Council of State rejected the similar appeals made by Vodafone, Wind Tre and Fastweb were published and in February 2020 the judgments containing the grounds were published.

In September 2019, TIM also challenged resolution 221/19/CONS, before the Regional Administrative Court (TAR), with which the sanction pursuant to Resolution 499/17/CONS, canceled by the Regional Administrative Court of Lazio, was recalculated to the amount of 580,000.00 euros, with the maximum fine provided for by Art. 98, subsection 16 of the CCE in force at the time of the events applied.

In August 2019, AGCom initiated new proceedings (CONT 12/19/DTC) for failure to comply with the order to refund the days eroded by billing every 28 days for fixed network and convergent customers, according to the procedures established with resolutions nos. 112/18/CONS and 269/18/CONS. On conclusion of these proceedings, by means of Resolution 75/20/CONS, the Authority found that TIM did not comply with the above resolutions, imposing a fine of 3 million euros. The measure was challenged by TIM before the TAR in July 2020.

Moreover, since June 2019, TIM has offered its fixed network customers, active prior to March 31, 2018 and subject to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS and from September 2019 it has been accepting requests for reimbursement of eroded days. In both cases, TIM informed customers with several messages in the bill, on the web in the main newspapers. The initiatives just described were communicated to AGCom as part of the aforementioned penalty proceedings.

In the civil proceedings, by judgment published on October 14, 2021 the Court of Milan, under the scope of the case on the merits brought by Associazione Movimento dei Consumatori in 2018 regarding the pricing and 28-day renewal for fixed line and converging offers, confirmed the order given on June 4, 2018 by the same Court upon closure of the complaint brought by TIM pursuant to Art. 669 terdecies of the Italian Code of Civil Procedure and the measures set out therein, ordering TIM to fulfill the requests for repayment of prices paid as a result of customer maneuvers - including discontinued, as indeed TIM had already been doing since 2018, at the same time also extending the period relevant to the recognition of the reimbursement through to April 1, 2017 and therefore earlier than June 23, 2017, the date on which the operators will need to comply with Resolution no.

121/17/CONS. TIM has appealed the judgment of the Court of Milan, at the same time filing a request for suspension of its enforcement. With order of January 11, 2022, the Court of Appeal of Milan partially accepted TIM's request, suspending the charge in the judgment relating to the order to send a registered letter to all discontinued consumer customers that were subject to billing every 28 days to inform them of the possibility to obtain a refund of the additional amounts paid as a result of the maneuver. Following the hearing of July 5, 2022, the Court has assigned a deadline for the conclusions and the replies.

Antitrust Case I820

On February 19, 2018, AGCM (the Italian Competition Authority) initiated a I820 preliminary proceeding against the companies TIM, Vodafone, Fastweb, Wind Tre and the industry association ASSTEL to investigate the alleged existence of an agreement among the major fixed-line and mobile telephone operators to restrict competition by coordinating their respective commercial strategies, in breach of Art. 101 of the TFUE.

The presumed coordination, according to the opening provision of the proceedings by AGCM (the Italian Competition Authority), would take the form of implementation of the obligation introduced by Article 19-quinquiesdecies of Legislative Decree 148/2017 (converted by Law 172/2017) which requires operators of electronic communication services to send out monthly (or monthly multiples) bills and renewed offers for fixed and mobile services.

On March 21, 2018, AGCM (the Italian Competition Authority) issued a provisional precautionary measure against all the operators involved in the proceedings with which it ordered the suspension, pending the proceedings, of the implementation of the agreement concerning the determination of repricing communicated to users at the time of reformulating the billing cycle in compliance with Law 172/17 and to independently redetermine its commercial strategy. With its decision no. 27112 of April 11, 2018, AGCM (the Italian Competition Authority) confirmed the precautionary measure.

On June 12, 2018, TIM filed an appeal with the TAR for the quashing of said measure.

On January 31, 2020, TIM was notified of the decision to close the investigation, in which AGCM (the Italian Competition Authority) confirmed the existence of the agreement between Telecom, Vodafone, Fastweb, WindTre, but excluding Asstel from participation in the agreement. The fine imposed on TIM for participation in the anti-competitive agreement was 114,398,325 euros. In April 2020, TIM also challenged the sanction order.

In a ruling published on July 12, 2021, the Lazio Regional Administrative Court upheld the petition and the grounds added and submitted by TIM, canceling the measures taken by AGCM (the Italian Competition Authority), including that relating to the existence of the agreement and application of the sanction.

On September 11, 2021, AGCM (the Italian Competition Authority) presented a petition to the Council of State, requesting the cancellation of the judgment given by the regional administrative court; the hearing for discussion of the petition has been scheduled for January 2023.

Antitrust Case I850

By decision given on December 15, 2020, the Italian Competition Authority (AGCM) started an investigation in regard to the company Telecom Italia S.p.A., Fastweb S.p.A., Teemo Bidco S.r.l., FiberCop S.p.A., Tiscali Italia S.p.A. and KKR & Co. Inc., to ascertain the existence of any breaches of article 101 of the TFEU.

More specifically, the investigation regards the contracts governing the establishment and operation of FiberCop and the supply agreements with Fastweb and Tiscali. AGCM (the Italian Competition Authority) intends to verify that such agreements do not hinder competition between operators in the medium and long-term and assure the rapid modernization of the country's fixed telecommunications infrastructures.

On August 6, 2021, TIM submitted a proposal of undertakings to AGCM (the Italian Competition Authority) in order to resolve the competition concerns subject of the investigation and close the proceedings without any sanction being applied.

On September 7, 2021, AGCM (the Italian Competition Authority) judged these commitments to not be clearly unfounded and ruled publication on the Authority's website from September 13, 2021; thus market testing began and was completed by October 13, 2021, the date by which all subjects so wishing submitted their observations to AGCM in respect of the relevant commitments.

On December 14, 2021 AGCM (the Italian Competition Authority) extended the deadline for the conclusion of the proceedings, initially set for December 31, 2021, to February 15, 2022.

Precisely during the meeting held on February 15, 2022, AGCM (the Italian Competition Authority) finally resolved to approve the commitments insofar as they were considered suitable to eliminate the alleged anti-competition aspects investigated.

By petition notified in April 2022. Open Fiber has challenged the above AGCM provision no. 3002, whereby the proceedings were closed, before the regional administrative court of Lazio; the petitioner believes that the commitments, made mandatory by the closure, are not sufficient to remove the anticompetitive aspects identified at the start of proceedings.

Upon completion of the interim hearing of last June 1, the regional administrative court rejected the request and scheduled the merits hearing for January 25, 2023.

Antitrust Case I857

On July 6, 2021, AGCM (the Italian Competition Authority) started an investigation in regard to TIM and DAZN for a possible understanding reached with a view to restricting competition in connection with the agreement for the distribution and technological support for TV rights for Serie A football in the 2021-2024 period.

The investigation also aims to verify the restrictive nature of the understanding with reference to additional elements regarding the possible adoption by TIM of technical solutions not available for competitor

telecommunications operators and which may effectively hinder the adoption of their own technological solutions.

At the same time, the Authority has also initiated proceedings for the potential adoption of protective measures.

By resolution passed on July 27, 2021, AGCM (the Italian Competition Authority) closed the interim proceedings, considering that the initiatives and amendments to the agreement proposed by TIM and DAZN in the meantime are presently able to prevent any serious and irreparable damage to competitors while investigations are completed.

Indeed, said measures aim, as a whole, to avoid possible discrimination in the use of the DAZN service, due to its activation by users using Internet connection services other than those offered by TIM. In addition, the agreement between TIM and DAZN has been amended to guarantee DAZN complete freedom in applying discounts and promotions. TIM has also undertaken to provide DAZN with a sufficient number of white label set-top-boxes to also guarantee DAZN customers the viewing of matches over digital terrestrial TV, in the event of connection problems.

Finally, TIM has undertaken to supply wholesale services to OAOs interested therein to manage traffic peaks deriving from live data transmissions, regardless of the type of content transmitted.

On October 29, 2021 TIM submitted a proposal for undertakings to AGCM (the Italian Competition Authority) with a view to resolving the competitive concerns that were the subject of the investigation and closing the proceedings without the finding of any infringement and therefore without any sanction being applied.

On December 14, 2021, AGCM (the Italian Competition Authority) approved the publication of the aforementioned proposal for undertakings on the Authority's website, as these undertakings, taken as a whole, do not appear to be manifestly unfounded and are capable of removing the restrictions to competition hypothesized in the measure initiating the investigation in question.

On January 5, 2022, with the publication on the AGCM website, market testing began.

The deadline for rebuttal arguments and proposing any accessory amendments to the commitments presented by TIM and DAZN is scheduled for March 7.

On February 23, 2022, TIM and DAZN were convened separately to the AGCM offices. During the hearing, the Offices informed TIM - and thereafter confirmed this in the hearing meetings - that in a hearing held on February 15, the Board deemed it necessary to make certain "accessory" changes in order to approve the commitments submitted.

On March 4, 2022, TIM and DAZN requested an extension of the deadline for the submission of observations, also in view of the new aspects that had emerged on February 23. The new deadline was set as March 23.

On March 22, 2022, TIM informed the Authority that the additional changes considered necessary by the Board to approve the commitments would have entailed a complete overhaul of the contents and economic balance of the agreements signed by TIM and DAZN, such as to make it no longer possible to pursue the hypothesized business model. At the same time, TIM informed the Authority of the start of negotiations with DAZN possibly concerning the revision of the distribution exclusivity clause, which was the main object of the Authority's investigation. Considering the complexity of negotiations, TIM requested an extension of another 30 days for submission of observations. The extension was authorized and the new deadline set as April 23.

On April 20, 2022, in consideration of the extension of negotiations, also due to the complexity and economic relevance of that being negotiated, DAZN and TIM requested an additional extension. The new deadline was set as May 9.

On May 9, 2022, TIM informed the Authority that it had declared willing to DAZN to waive the exclusivity of the distribution of Serie A football rights, as currently regulated by the Deal Memo, with DAZN consequently having the faculty to distribute such rights also through third party operators and that, in exchange for the willingness to waive this right, the Parties had begun negotiations for a review of the contracted economic commitment envisaged by TIM.

On June 7, 2022, the Authority ruled on the rejection of the commitments submitted, which "would appear, both where considered comprehensively and individually, to be unable to eliminate the anticompetitive aspects identified in the resolution that started the proceedings, insofar as they do not resolve the competition concerns highlighted in the initial proceedings, where not translated into shared contractual amendments such as to eliminate the critical competition issues" highlighted by the Authority.

Again on June 7, 2022, the Authority ruled on the deferral of the deadline for the conclusion of proceedings to March 31, 2023.

On August 2, 2022, TIM informed the Antitrust Authority that it had reached a new agreement with DAZN, under which the latter has the faculty to distribute football rights through any third party, surpassing the previous system of exclusivity in TIM's favor.

Antitrust Case PS 10888 "TIM Passepartout"

On June 15, 2021, AGCM (the Italian Competition Authority) initiated proceedings against TIM for unfair commercial practice concerning the lack of transparency of the information provided by the TIM Passepartout payment management platform and alleged activations of services not requested. Although firmly convinced of the lawful nature of its conduct, on July 29, 2021, TIM chose to submit undertakings with corrective measures. The undertakings submitted consist of improving information aspects noted as falling short of expectations of the TIM Passepartout platform (only operative for customer base offers) and in implementing a communication campaign aimed at making contact with customers not acknowledging charges for services not requested, to see if conditions are met for refund. The Authority has accepted the commitments made by TIM hence the proceedings have now concluded without any assessment of the alleged unfair conduct and application of the sanction.

Antitrust Case PS 12231 “TIM fixed offers” (Premium, Executive, Magnifica)

On December 22, 2021, AGCM (the Italian Competition Authority) started proceedings against TIM for unfair commercial practices concerning the alleged failure to provide information on the consumption of the voice component of the Premium and Executive fixed offers and technical limits correlated with the method being tried out of the Magnifica fixed offer. Although convinced that its conduct was correct, on February 23, 2022, TIM submitted undertakings that overcame the technical limits disputed for the Magnifica offer on trial, improved transparency of information on the consumption components of the Premium and Executive offers and defined a communication campaign focused on customers not acknowledging charges for consumption in the voice component, so as to assess whether or not conditions are met for refund. The Authority has rejected the commitments but considered that the measures implemented by TIM were able to cease the conduct disputed. The completion of the proceedings was postponed until November 15, 2022.

Antitrust Case PS 12304 “Anomalous billing”

On April 28, 2022, AGCM (the Italian Competition Authority) initiated proceedings against TIM for unfair commercial practice, challenging alleged undue billing following a request to terminate the line, including cases of switch to another operator. Although convinced of the diligence of its conduct, TIM has submitted commitments to further improve the cases reported by the Authority. Conclusion of the proceedings has been extended to November 24, 2022.

Antitrust Case PS 12384 “Additional giga”

On August 5, 2022, AGCM (the Italian Competition Authority) initiated proceedings against TIM for unfair commercial practice, challenging the alleged incorrect application of art. 65 of Italian Legislative Decree no. 206 of September 6, 2005 for an alleged additional service (giga) present in the mobile maneuver offer with effect from September 1, 2022. TIM has rejected the allegations made by AGCM (the Italian Competition Authority), convinced that its conduct was correct. The proceedings are expected to conclude by January 05, 2023.

Universal Service

In a decision published in July 2015, the Council of State rejected the appeal lodged by AGCom and TIM against the judgment of the Lazio Administrative Court (TAR) on the financing of the universal service obligations for the period 1999-2003. With this judgment the judge had granted the appeals by Vodafone, annulling AGCom decisions 106, 107, 109/11/CONS on the renewal of the related proceedings, which included Vodafone among the subjects required to contribute, for a sum of approximately 38 million euros. Essentially, the judgment confirms that the Authority has not demonstrated the particular degree of "replaceability" between fixed and mobile telephony for mobile operators to be included among the subjects required to repay the cost of the universal service, which means that AGCom needs to issue a new ruling.

TIM has filed an application with AGCom to renew the proceedings, and an appeal against the judgment of the Court of Appeal to the Court of Cassation (which subsequently ruled that the appeal was inadmissible).

In April 2016 Vodafone appealed against the Ministry of Economic Development (MISE) and TIM to the Council of State, for non-compliance with the judgment of the Council of State. This appeal referred to AGCom decision 109/11/CONS (2003 yearly payment, on the basis of which Vodafone had paid the sum of approximately 9 million euros as contribution, restitution of which was requested).

In its judgment of November 2016, the Council of State rejected the appeal, referring to the Regional Administrative Court (TAR) the decision on the methods of compliance. In February 2017, Vodafone presented the Lazio Regional Administrative Court with four new appeals against the Ministry of Economic Development and TIM regarding observance of the ruling, upheld on appeal, countermanning the resolutions for the years 1999-2003 and repayment of the aforesaid amounts of around 38 million euros already paid to the Ministry of Economic Development as a contribution.

With a judgment issued in June 2018, the TAR rejected all of Vodafone's appeals for observance, and, as requested by TIM, expressly affirmed that AGCom must renew the proceedings, particularly with regard to the determination of the degree of replaceability between fixed and mobile telephony. Vodafone challenged the four judgments before the Council of State, which, with a decision of October 2019, upheld Vodafone's appeal and confirmed the restitutory obligation of the sums in question applicable to TIM.

With resolution no. 263/20/CIR, AGCom started proceedings to renew the investigation into the iniquity of the net cost of the universal service for 1999-2009 and the allocation of contribution expenses. Vodafone has challenged this resolution before the Regional Administrative Court. The renewal proceedings concluded with resolution 18/21/CIR, which substantively confirmed the draft order. This same resolution has only been challenged before the regional administrative court by TIM for the years 1999 and 2000, while Vodafone, Wind and Fastweb have challenged the resolution for all years concerned with opposite grounds. By judgments published in February 2022, resolution 18/21/CIR was partially canceled; indeed, the regional administrative court has rejected the main complaint reporting the lack of power of renovation and upheld only the grounds hinged on the alleged unreasonable nature of the threshold envisaged by AGCOM for the analysis of iniquity second facie. Fastweb, Vodafone, Wind and TIM have appealed to the Council of State against the judgment of the regional administrative court and the related hearings of the merits have not yet been scheduled.

Dispute relating to "Adjustments on license fees" for the years 1994-1998

With regard to the judgments sought in previous years concerning the Ministry of Communications' request for payment of the balance of the amounts paid in concession charges for the years 1994-1998 (for a total of 113 million euros), the Lazio Regional Administrative Court (TAR) rejected the Company's appeal against the request for adjustment of the license fee for 1994 in the amount of approximately 11 million euros, 9 million euros of which against turnover not received due to bad debts. TIM lodged an appeal. On the outcome of proceedings,

with the ruling of December 2019, the Council of State partially accepted TIM's position, establishing the principle, according to which, the receivables referring to 1994 not collected for reasons not attributable to the operator, could have been deducted from the tax base for calculating the concession fee. As the Ministry of Economic Development has not followed up on TIM's requests aimed at obtaining fulfillment of the judgment, TIM has submitted a further petition to the Council of State for failure to execute the judgment, but with judgment given in April 2022, the request for compliance brought by TIM was rejected.

With two further judgments the Lazio Regional Administrative Court (TAR), reiterating the reasons expressed previously, also rejected the appeals in which the Company challenged the requests for payment of outstanding balances of license fees for the years 1995 and 1996-1997-1998, in the amount of approximately 46 million euros. TIM has appealed before the Council of State also against these judgments. By judgment published in April 2022, the Council of State stressed the principles already set for 1994, namely that receivables that have become uncollectable for reasons not the fault of the operator, correctly handled in the accounts, on the financial statements and in terms of tax, can be deducted from the tax base for calculating the concession fee.

With reference to the 1998 fee adjustment (equal to about 41 million euros), the Lazio TAR, by TAR order of December 2018, suspended the judgment, raising preliminary questions with the EU Court of Justice on the correct scope of EC Directive no. 97/13 (in the matter of general authorizations and individual licenses in the field of telecommunications services on the basis of the currently pending litigation on the 1998 license fee, currently pending before the Rome Court of Appeal and illustrated in a subsequent paragraph).

The referred questions were based, *inter alia*, on the question posed to the Court of Justice on the possible conflict between the aforementioned EC Directive 97/13 and national law, which extended the obligation for telecommunications license-holders to pay the license fee for 1998 (commensurate with a portion of turnover), despite the liberalization process underway. In its judgment of March 2020, the EU Court of Justice held that the EU regulatory system must be interpreted as not allowing national legislation to extend to 1998 the obligation imposed on a telecommunications undertaking that was previously the concession holder (such as TIM) to pay a fee calculated on the basis of turnover and not only the administrative costs connected with the granting, management, control and implementation of the general authorizations and individual licenses scheme. The Court held, *inter alia*, that the Council of State – having held in its judgment 7506/2009 that the fee imposed for 1998 on TIM, the holder of an authorization existing on the date of entry into force of Directive 97/13, was due – interpreted national law in a way that was incompatible with EU law, as interpreted by the Court in its judgment of February 21, 2008. Following the judgment of the EU Court of Justice, the opinion on the final calculation of the 1998 charges was summarized before the Lazio Regional Administrative Court, which, in a judgment given last February, declared TIM's appeal as unacceptable for procedural reasons, namely due to the prevalence of the formal ruling consisting of judgment no. 7506/09; in substantive terms, on the other hand, the judgment of the EU Court of Justice once again ascertained the European Community unlawful nature of the credit claim by the PA to obtain payment of the 1998 charges and, consequently, the final balance. The company has challenged the judgment of the Lazio Regional Administrative Court.

Brazil - Opportunity Arbitration

In May 2012, TIM and Telecom Italia International N.V. (now merged in Telecom Italia Finance) were served with a notice of arbitration proceedings brought by the Opportunity group, claiming compensation for damages allegedly suffered for presumed breach of a settlement agreement signed in 2005. Based on the claimant's allegations, the damages relate to circumstances that emerged in the criminal proceedings pending before the Milan Court regarding, *inter alia*, unlawful activities engaged in by former employees of TIM.

The investigatory phase having been completed, the hearing for oral discussion took place in November 2014, after which the parties filed their concluding arguments in preparation for the decision on the case.

In September 2015, the Court of Arbitration declared the proceedings closed, as the award was going to be filed.

In September 2016 the ICC Court notified the parties of its judgment, based on which the Court of Arbitration rejected all the claims made by the Opportunity group and decided that the legal costs, administrative costs and costs for expert witnesses should be split between the parties (the "2016 Arbitration Award").

In April 2017 the Opportunity group filed an appeal against the 2016 Arbitration Award before the Paris Court of Appeal.

In November 2017, TIM and Telecom Italia Finance received from the Secretariat of the ICC's International Court of Arbitration notice of a Request for Revision of the 2016 Arbitration Award, filed by the Opportunity group, asking for a new award. A Court of Arbitration was subsequently established.

In October 2018, TIM and Telecom Italia Finance requested proceedings with the Paris Court of Appeal to be suspended, in the light of proceedings pending with the Court of Arbitration of the International Chamber of Commerce to review the same 2016 Arbitration Award. In November 2018, the Paris Court of Appeal suspended the proceedings until the decision is taken by the Court of Arbitration in the review proceedings.

As regards the proceedings to review the 2016 Arbitration Award, in October 2019 the ICC held the discussion hearing in Paris. In August 2020, the Court of Arbitration issued the award rejecting the Request for Revision presented by the Opportunity Group (the "2020 Arbitration Award"). In December 2020, the Opportunity group filed an appeal against the 2020 Arbitration Award before the Paris Court of Appeal. In May 2021 the Opportunity group asked the Paris Court of Appeal to summarize the proceedings brought against the 2016 Arbitration Award. On October 10, 2022, TIM deposited the defense briefs with the Paris Court of Appeal: on October 11, the procedural hearing was held, during which the following dates were scheduled: January 25, 2023 the deadline for filing the conclusion briefs of Opportunity; April 26, 2023 the deadline for filing the conclusion briefs of TIM; May 23, 2023 the deadline for submitting new evidence; and June 5, 2023 the debate hearing for discussion of both appeal proceedings, when the schedule for forthcoming activities will be set. The two decisions of the Court of Appeal should be made in 2023.

Iliad

By summons served during the first quarter of 2020, Iliad Italia S.p.A. sued TIM before the Court of Milan for alleged anti-competitive conduct, including through the Kena Mobile brand, which was allegedly aimed at

hindering its entry to and consolidation in the mobile phone market in Italy, seeking damages of at least 71.4 million euros.

TIM filed an appearance, fully disputing the requests of Iliad Italia S.p.A.; and, in turn, submitting a counterclaim in accordance with Art. 2598 of the Italian Civil Code, with reference to the denigration implemented by Iliad Italia S.p.A. in regard to TIM and formulating a symmetrical claim for compensation for damages. In the first preliminary brief, Iliad updated its claim for damages, taking it to 242.8 million euros. The hearing for closing arguments is scheduled for December 6, 2022.

Iliad

By writ of summons notified in September 2021, Iliad Italia S.p.A. summonsed TIM before the Court of Milan for the alleged application to customers of unlawful contractual conditions in terms of time limits and economic costs for withdrawal with reference to mobile and fixed telephone offers, with a consequent petition to order TIM to compensate damages, currently quantified as 120.4 million euros. On February 1, 2022, the first hearing was held and the terms assigned for the briefs pursuant to article 183, subsection VI of the Italian Code of Civil Procedure. The hearing for discussion of the evidence has been postponed to April 5, 2023.

T-Power

By writ of summons notified in December 2021, T-Power s.r.l., former Agent for the consumer sector, summonsed TIM before the Court of Rome to have the right acknowledged to receive payment of a total maximum amount of approximately 85 million euros by way of commission, compensation in lieu of notice and termination of employment, as well as compensation for damages. At the first hearing of April 27, 2022, the Court has granted time pursuant to Art. 183 of the Code of Civil Procedure and deferred the case to May 22, 2023 for admission of the evidence.

Fastweb (Ethernet ATM migration)

By writ of summons notified in December 2021, TIM summonsed Fastweb before the Court of Milan, asking that it be ascertained and declared that Fastweb had not achieved the minimum objectives of migration from ATM bitstream technology to Ethernet bitstream technology in any of the 30 Collection Areas into which the national territory is divided by the deadline envisaged by industry regulation and the migration plan agreed by the parties; and therefore that it ascertain and declare that Telecom is entitled to: (a) reverse the economic benefits relating to this migration granted retroactively from 4/12/2016 to Fastweb and (b) obtain from Fastweb the prices for the ATM bandwidth envisaged by the contract stipulated by the parties and the current OR in force *ratione temporis*; (c) therefore declare and order Fastweb to pay Telecom the total amount of 79,240,329.47 euros (or other amount, potentially greater, as may be assessed during the course of proceedings).

Fastweb filed an appearance and submitted a counterclaim for abuse of a dominant market position and breach of contract. Fastweb's application is essentially based on alleged delays in the development of Ethernet coverage. The counterparty complains of damages of around 81.4 million euros. Having noted that the counterclaim made by Fastweb would appear to go beyond the profile of breach of contract and that, in this case, the specialized business chambers may be competent to judge the matter, the investigating judge has returned the case to the Chambers President for due consideration. The Chambers President has submitted the case to the President of the specialized business chambers. The first hearing is scheduled for December 14, 2022.

Wind Tre

By writ of summons notified in July 2022, Wind Tre summonsed Tim, Inwit and Vodafone to trial before the Court of Milan, asking that it ascertain the obstructive conduct of INWIT, seeking to prevent Wind Tre from upgrading the devices of its mobile network currently located at INWIT sites on the basis of the hosting contracts currently in force *inter partes*. Such conduct would constitute breach of contract and unlawful exploitation of the dominant position in accordance with Art. 3 of the Antitrust Law as well as unfair competition by third party also perpetrated in the form of secondary boycotting by INWIT S.p.A., TIM S.p.A. and Vodafone Italia S.p.A.. The opposing party asks the Court to ascertain and declare INWIT S.p.A., TIM S.p.A. and Vodafone Italia S.p.A. jointly liable to compensate the damages suffered by Wind Tre as a result of such unlawful acts, to be quantified as 50 million euros. The first hearing is scheduled for March 1, 2023.

Iliad

By writ of summons notified in July 2022, Iliad Italia S.p.A. summonsed Telecom, Vodafone and Infrastrutture Wireless Italiane S.p.A. ("INWIT") before the Court of Milan to assess the alleged unlawful conduct of INWIT, Telecom and Vodafone, consisting of refusal to allow Iliad to upgrade its mobile telephone transmission systems installed on INWIT-owned infrastructures. As a result of this conduct, Iliad has asked that Telecom be ordered, together with INWIT and Vodafone, to compensate the damages allegedly suffered, which it has reserved the right to quantify during the course of proceedings. The first hearing is scheduled for February 28, 2023.

b) Other information

Mobile telephony - criminal proceedings

In March 2012 TIM was served notice of the conclusion of the preliminary inquiries, which showed that the Company was being investigated by the Public Prosecutor of Milan pursuant to the Legislative Decree n. 231/2001, for the offenses of handling stolen goods and counterfeiting committed, according to the alleged allegations, by fourteen employees of the so-called "ethnic channel", with the participation of a number of dealers, for the purpose of obtaining undeserved commissions from TIM.

The Company, as the injured party damaged by such conduct, had brought two legal actions in 2008 and 2009 and had proceeded to suspend the employees involved in the criminal proceedings (suspension later followed by dismissal). It has also filed an initial statement of defense, together with a technical report by its own expert,

requesting that the proceedings against it be suspended, and that charges of aggravated fraud against the Company be brought against the other defendants. In December 2012, the Public Prosecutor's Office filed a request for 89 defendants and the Company itself to be committed for trial.

During the preliminary hearing, the Company was admitted as civil party to the trial and, in November 2013, the conclusions in the interest of the civil party were filed, reaffirming TIM's total lack of involvement in the offenses claimed.

At the end of the preliminary hearing, which took place in March 2014, the Judge for the Preliminary Hearing committed for trial all the defendants (including TIM) who had not asked for their situation to be settled with alternative procedures, on the grounds that "examination in a trial" was needed. In April 2016, at the end of the first part of the trial, the Public Prosecutor asked for TIM to be sentenced to pay an administrative fine of 900 thousand euros, but decided not to ask for confiscation of any of the presumed profits of the offenses (quantified in the committal proceedings as totaling several million euros), based on the assumption that TIM had in any event remedied the presumed organizational inadequacies. While acknowledging the considerable redimensioning of the accusations, the Company has reiterated its total non-involvement in the facts at issue. In November 2016 the Court gave a verdict acquitting the Company on the grounds that there was no case to answer. All the individuals charged were also acquitted on various grounds.

The Public Prosecutor appealed the acquittal and appealed to the Court of Cassation "per saltum". In January 2019, the Italian Supreme Court of Cassation agreed to the appeal and therefore ordered that the documents of the proceedings be sent to the Milan Court of Appeal.

The proceedings were assigned to Chambers IV of the Milan Court of Appeal and started in May 2022; they concluded in October.

Upon completion of the phase, the Court of Appeal confirmed the judgment challenged, repeating the acquittal of TIM and dismissing the requests for sentencing of the General Prosecutor's Office in regard to the Company.

The Court also set a deadline of 15 days for filing the grounds.

Dispute concerning the license fees for 1998

TIM has issued civil proceedings against the office of the Prime Minister for compensation of the damage caused by the Italian State through appeal judgment no.7506/09 by the Council of State that, in the view of the Company, violates the principles of current European community law.

The main claim which the proceedings are founded on is based on community jurisprudence that recognizes the right to assert the responsibility of the State in relation to violation of rights recognized in community law and injured by a judgment that has become definitive, in respect of which no other remedy may be applied. The judgment of the Council of State definitively denied TIM the right to obtain restitution of the concession charge for 1998 (totaling 386 million euros for Telecom Italia and 143 million euros for the former TIM Company, plus interest), already denied by the Lazio regional administrative court despite the favorable and binding opinion of the European Court of Justice in February 2008. This judgment concerned the conflict between EC Directive 97/13 on general authorizations and individual licenses in the telecommunications services industry, and the national regulations that had deferred, for 1998, the obligation to pay the fee payable by telecommunications concession holders, despite the intervening deregulation process. The Company then proposed an alternative compensation claim, within the sphere of the same proceedings, for tort pursuant to art. 2043 of the Italian Civil Code. The compensation claimed has been quantified as approximately 529 million euros, plus legal interest and revaluation. The Avvocatura di Stato filed an appearance and submitted a counterclaim for the same sum. The case is subject to eligibility analysis by the Court, which declared the inadmissibility of TIM's main claim (case for damages for manifest breach of community law pursuant to law 117/88). However, this decision was amended in favor of the Company on appeal. In March 2015 the Rome Court issued its judgment in the first instance, declaring the Company's application inadmissible.

In 2015, TIM has appealed the decision, and the case is now pending the hearing specifying the nature of the forms of order sought. The Court of Appeal has scheduled the hearing for closing arguments for April 2, 2019. Thereafter, without any new procedural activities having taken place, the Court of Appeal incontrovertibly deferred the hearing for closing arguments first to 2020 and then to 2021 (from when the terms for conclusion and replies shall run, which will be followed shortly thereafter by the issue of the judgment). These deferrals were followed by the latest, of January 15, 2021, scheduling the new hearing for January 25, 2022.

On the matters underlying the case, the following must be noted:

- on the considered lack of jurisdiction of the Court of Rome (concerned by the judgment of the Court of Rome appealed by TIM) to judge the liability of the Italian government for the work of senior magistrates (in the case in point, the Council of State), which would have led to the declared inadmissibility of the claim in accordance with Art. 5, law no. 117/1978 (old text) - the United Chambers of the Court of Cassation ruled with judgment no. 14842 on June 7, 2018, confirming the jurisdiction of the Court of Rome and, therefore, the correctness of TIM's choice to base its lawsuit in the Court of Rome;
- on the unlawful nature of the conduct of the Italian government - and, therefore, on the liability of the State-Court in accordance with Law no. 117/1998 - once again, the EU Court of Justice has ruled, deciding on the prejudicial matter raised by the Lazio TAR in other, connected proceedings, in its judgment given on March 4, 2020 in C-34/19, stressing that TIM was not required to pay the charges demanded by the State for 1998 and, therefore, confirming the clear violation by the Council of State of European Community law (also because in clear conflict with the decision already given by the EU Court of Justice on February 21, 2008 in C-296/06, as, moreover, already ruled by the Court of Appeal of Rome, Chambers I, in Decree of January 31, 2012, which sanctioned the procedural admissibility of TIM's lawsuit);
- on the matter of the right to repeat the charges paid for 1998 - the Court of Cassation ruled in its judgment no. 18603 given on September 7, 2020, rejecting the appeal brought by the Presidency of the Council against the judgment whereby the Court of Appeal of Rome had upheld the claim for compensation made by Vodafone (payment of charges for 1998) for the same title in separate proceedings.

In short, the company paid the charges disputed in 1998; it promptly challenged the administrative provision that had unfairly required said payment, before the administrative court; the administrative proceedings before the Council of State concluded negatively in 2009 (despite the recalled opposite judgment of the European Court of Justice); the civil proceedings of first instance concluded in March 2015 with a judgment of rejection for grounds of admissibility (then solved in the sense indicated by the company with the referenced judgment of Cassation in United Chambers no. 14842/18) and more than 6 years after the first instance judgment - going from deferral to deferral - the appeal judgment (that could only uphold the mentioned judgments of the Court of Justice and the Court of Cassation) has not yet been issued (nor, on the basis of these repeated deferrals, can the company forecast when it will be given).

The company is examining the various scenarios and legal claims (national, European Community, etc.) that may contribute towards defining the appeal dispute. It is considered, in fact, that the principles of the reasonable duration of the trial, in accordance with subsection 2 of article 111 of the Constitution and in accordance with article 6 of the European Convention on Human Rights, are violated by these events, considering: (i) the year in which payment was made of the undue charges is 1998; (ii) the value of these charges is approximately 529 million euros plus interest from that date; (iii) the extremely long procedural process has not even led to an appeal judgment (started in 2015 and with an unpredictable conclusion, given the continuous deferrals); (iv) the circumstance that the legal matter appears to be readily able to be settled, as not one but two judgments have already been given by the EU Court of Justice declaring payment of the charges to be incompatible with European Community legislation (judgments that have currently been ignored by the national court).

As part of the aforementioned analyzes aimed at reaching a definition of the appeal sentence, it should be pointed out that on January 25, 2021 the Company filed a request with the Rome Court of Appeal to bring forward the hearing (postponed, as mentioned, to January 25, 2022) in order to avoid yet another postponement of the case, which, as we know, concerns the non-compliance with two inter partes decisions, on the same matter, by the Court of Justice of the European Union for a clear violation of European law by the State-Judge. With a ruling on February 8, 2021, the Rome Court of Appeal (second section specializing in corporate matters) deemed it could grant the request for an advance ruling, setting the hearing for November 30, 2021. On that date the case was taken to decision with the assignment of the legal terms for closing statements and replies. By order of 2/22/2022, having acknowledged that one of its members had chosen to abstain, the Board re-submitted the case, arranging for the deeds to be sent onto the President of the Court of Appeal. On March 4, 2022, the case was reassigned to another judge. By judgment of March 31, 2022, the Board scheduled the hearing for December 1, 2022 for closing arguments.

TIM S.A. - Arbitration proceedings no. 28/2021/SEC8

In March 2020, TIM S.A. concluded negotiations with C6 and, in April 2020, launched exclusive offers for TIM customers who had opened C6 bank accounts and used their services. As compensation for this contract, TIM S.A. receives commission for each account activated, as well as the option of obtaining an investment in the bank upon achieving certain targets connected to the number of active accounts.

The number of shares received for each target achieved varies throughout the contract term, with the initial percentages being more advantageous for TIM due to the greater effort required for a new digital company to take off.

Even with the project's success, differences between the partners resulted in the initiation of arbitration proceedings in 2021.

Arbitration proceedings no. 28/2021/SEC8 were filed with the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce, by TIM against Banco C6 S.A., Carbon Holding Financeira S.A. and Carbon Holding S.A. through which the interpretation will be discussed of certain clauses of the contracts governing the partnership. In the event of losing, the partnership may be dissolved.

TIM S.A. - Arbitration proceedings connected with the acquisition of the Oi Group mobile telephone assets

On September 19, 2022, TIM S.A., the TIM Group's Brazilian subsidiary, reported that the Buyers (TIM S.A., Telefônica Brasil S.A. and Claro S.A.) of the Oi Móvel S.A. ("Seller") mobile telephone assets had identified differences in the assumptions and criteria that under the Share Purchase Agreement and Other Covenants ("SPA") justify a proposal to change the Adjusted Closing Price ("ACP") on behalf of TIM in approximately 1.4 billion reais. In addition to those relating to the Adjusted Closing Price, differences were noted in connection with the contracts of Cozani (the company to which the business unit relating to the TIM S.A. part share in the assets, rights and obligations of the mobile telephone business of Oi Móvel has flown) with companies supplying mobile infrastructure services (site/tower rental), which, according to the provisions of the SPA, entail indemnity of approximately 231 million reais by the Seller to TIM S.A. As a result of the differences found, TIM S.A. retained an amount of 634 million reais.

On October 3, 2022, considering the Seller's express violation of the dispute resolution mechanisms provided for in the SPA, TIM S.A. communicated that the Buyers had no other alternative but to file an arbitration procedure with the Market Arbitration Chamber (Câmara de Arbitragem do Mercado) of B3 S.A. - Brasil, Bolsa, Balcão against Oi to determine the effective amount of the adjustment to the Adjusted Closing Price, in the form of the SPA.

On October 4, 2022, the Company was surprised by news published by the press and by a Material Fact released by the Seller that a preliminary decision had been handed down by the 7th Business Court of the Judicial District of Rio de Janeiro determining the deposit in court by the Buyers of approximately 1.53 billion reais - of which approximately 670 million reais by TIM S.A. - in an account linked to the court-ordered reorganization process of Oi, where it will be safeguarded until a later decision by the arbitration court. Said deposit has already been made, remaining in an account linked to the Court pending the installation of the Court of Arbitration.

TIM S.A. appealed the decision and, on October 17, 2022, the Superior Court of Justice, in a monocratic decision, rejected the appeal of TIM S.A. and the other Buyers. Thus, on October 19, 2022, TIM S.A. deposited the amount of 670 million reais in guarantee for the Court of the 7th Business Court of the Judicial District of Rio de Janeiro.

ALTERNATIVE PERFORMANCE MEASURES

In addition to the conventional financial performance measures established by IFRS, the TIM Group uses certain alternative performance measures in its internal presentations (business plan) and in external presentations (to analysts and investors) for the purposes of enabling a better understanding of the performance of its operations and its financial position. These indicators in fact represent a useful unit of measurement for assessing the operating performance of the Group (as a whole and at Business Unit level).

Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS. As these measurements are not defined by the IFRSs, their calculation may differ from the alternative indicators published by other companies. This is why comparability between companies may be limited.

The alternative performance measures normally used are described below:

- **EBITDA:** this indicator is used by TIM as the financial target, in addition to the **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations
+ Finance expenses
- Finance income
+/- Other expenses (income) from investments
+/- Share of losses (profits) of associates and joint ventures accounted for using the equity method
EBIT – Operating profit (loss)
+/- Impairment losses (reversals) on non-current assets
+/- Losses (gains) on disposals of non-current assets
+ Depreciation and amortization
EBITDA – Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets

- **Organic change and impact of the non-recurring items on revenues, EBITDA and EBIT:** these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation, the exchange differences and the non-recurring events and transactions. The TIM Group presents a reconciliation between the “accounting or reported” figures and the “organic excluding the non-recurring component”.
- **EBITDA margin and EBIT margin:** TIM believes that these margins represent useful indicator of the ability of the Group (as a whole and at Business Unit level) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively.
- **Net Financial Debt:** TIM believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. The TIM Group presents a table showing the amounts taken from the statements of financial position and used to calculate the Net Financial Debt of the Group.

To provide a better representation of the true performance of Net Financial Debt, in addition to the usual indicator (renamed “Net financial debt carrying amount”), the TIM Group reports a measure called “Adjusted net financial debt”, which neutralizes the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted net financial debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities.

Net financial debt is calculated as follows:

+	Non-current financial liabilities
+	Current financial liabilities
+	Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
A)	Gross financial debt
+	Non-current financial assets
+	Current financial assets
+	Financial assets relating to Discontinued operations/Non-current assets held for sale
B)	Financial assets
C=(A - B)	Net financial debt carrying amount
D)	Reversal of fair value measurement of derivatives and related financial liabilities/assets
E=(C + D)	Adjusted Net Financial Debt

- **Equity Free Cash Flow (EFCF):** this financial measure represents the free cash flow available for the remuneration of own capital, to repay debt and to cover any financial investments and payments of licenses and frequencies. In particular, the indicator highlights the change in adjusted net financial debt without considering the impacts of payment of dividends, changes in equity, acquisitions/disposals of equity investments, outlay for the purchase of licenses and frequencies, increases/decreases of finance lease liabilities payable (new lease operations, renewals and/or extensions, cancellations/early extinguishing of leases).

The Equity Free Cash Flow measure is calculated as follows:

	Reduction/(Increase) in adjusted net financial debt from continuing operations
+/-	Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))
-	Payment of TLC licenses and for the use of frequencies
+/-	Financial impact of acquisitions and/or disposals of investments
-	Dividend payment and Change in Equity
	Equity Free Cash Flow

Alternative performance measures after lease

Following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

- **EBITDA After Lease ("EBITDA-AL"),** calculated by adjusting the Organic EBITDA, net of the non-recurring items, from the amounts connected with the accounting treatment of the lease contracts;
- **Adjusted net financial debt After Lease,** calculated by excluding from the adjusted net financial debt the net liabilities related to the accounting treatment of lease contracts. TIM believes that the Adjusted net financial debt After Lease represents an indicator of the ability to meet its financial obligations;
- **Equity Free Cash Flow After Lease,** calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments. In particular, this measure is calculated as follows:

+	Equity Free Cash Flow
-	Principal share of lease payments

This measure is a useful indicator of the ability to generate Free Cash Flow.