TIM: THE BOARD OF DIRECTORS APPROVES THE RESULTS AT MARCH 31, 2023

Organic results:

TOTAL GROUP REVENUES UP 4.3% YoY DURING THE FIRST QUARTER TO € 3.8 BLN, TREND IMPROVING

GROUP ORGANIC EBITDA € 1.5 BLN DURING THE QUARTER, +3.8%YoY, TREND IMPROVING FOR THE SECOND CONSECUTIVE QUARTER

NET FINANCIAL DEBT AFTER LEASE €20.5 BLN

TIM BRASIL STRONG GROWTH CONTINUED IN THE QUARTER WITH TOTAL REVENUES AT €1.0 BLN (+19.3%) AND ORGANIC EBITDA AT €0.5 BLN (+21.8%)

26% OF THE INCREMENTAL COST CONTAINMENT TARGET ENVISAGED FOR 2023 REACHED DURING THE QUARTER

Rome, May 10, 2023

TIM's Board of Directors met today under the chairmanship of Salvatore Rossi and unanimously approved the financial reporting at March 31, 2023.

The first quarter results, during which the stabilization and relaunch of the domestic business continued, as did the acceleration of the development of TIM Brasil, are fully in line with the FY 2023 targets as disclosed to the market last February.

More specifically, compared with the first quarter of 2022, at **Group** level, **total revenues** came to 3.8 billion euros (+4.3% YoY) while **service revenues** came to 3.5 billion euros (+2.8% YoY) thanks to the improvement in the domestic trend and the positive contribution from Brazil. In **Italy** the premium "Value vs Volume" positioning strategy has been further strengthened with selective price increases for existing fixed and mobile customers. The final approval by the authorities of the 2023 wholesale tariffs, which envisage a price reduction for fiber access services and an increase in copper ones, is an additional driver for a greater rationality of the domestic market. **In Brazil**, integration of the Oi Group's mobile business was completed, and the organic growth strategy was further pursued on the fixed market.

During the first quarter, the **Domestic Business Unit** recorded a further improvement on the trend of **total revenues**, which came to 2.8 billion euros (-0.2% YoY vs -1.6% YoY in the previous quarter), while **service revenues** were 2.6 billion euros (-2.4% YoY vs -1.5% YoY in the previous quarter), a performance that was weighed down by the elimination of activation contributions for most fixed line offers. **TIM Brasil** recorded YoY growth of 19.3% in both **total revenues** and **service revenues**, which came to 1.0 billion euros.

Group EBITDA showed strong improvement, recording growth of 3.8% YoY, and came in at 1.5 billion euros, confirming the improving trend enjoyed during the previous quarters (+2.7% YoY in the fourth quarter of 2022, -6.5% YoY in the third quarter, -8.5% YoY in the second quarter and -13.3% YoY in the first quarter), thanks to both the gradual stabilization of the **Domestic Business Unit** (1.0 billion euros, -2.8% YoY vs -4.2% YoY in the fourth quarter of 2022, -16.2% YoY in the third quarter, -16.3% YoY in the second quarter and -18.3% YoY in the first quarter) and the ever stronger positive contribution made by **TIM Brasil** (0.5 billion euros, +21.8% YoY).

Group EBITDA After Lease came to 1.2 billion euros (+0.5% YoY), of which 0.9 billion euros from the Domestic business unit (-3.5% YoY, showing strong improvement on the previous quarters) and 0.3 billion euros from TIM Brasil (+13.8% 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 March 31, the reduction of operating costs with respect to the inertial trend was approximately 0.2 billion euros, around 26% of the incremental target set for 2023.

Net financial debt at March 31, 2023 came to 25.8 billion euros, up 0.5 billion euros on December 31, 2022. **Net financial debt after lease** stood at 20.5 billion euros, up 0.4 billion euros on December 31, 2022.

At March 31, 2023, the **liquidity margin** was above 8.0 billion euros and covers the debt maturities throughout 2024. In support of its liquidity position, after two years away from the capital market, in January, a five years unsecured fixed rate bond worth 0.85 billion euros offered to institutional investors was placed, and in April it was reopened for 0.4 billion euros, the greatest tap issue in the high yield market since October 2021.

In addition, in May, the European Investment Bank (EIB), assisted with a 60% guarantee by SACE, has confirmed its commitment, flanking TIM in the development of latest generation network infrastructures with a 0.36 billion euro loan dedicated to strengthening 5G coverage in Italy. The loan will allow the TIM Group to have access to a debt instrument at more favorable conditions than those offered by the bank and bond market and confirms the strategic nature of TIM's investments in extending 5G coverage on national territory by end 2025.

The **Equity free cash flow** after lease of the first quarter 2023 was negative for 0.4 billion euros, mainly due to absorption of the recurring working capital (equity free cash flow was negative for approximately 0.1 billion euros).

Below is an update on the business areas presented on July 7 during the Capital Market Day:

- **TIM Consumer** recorded total revenues and service revenues down respectively by 5.1% YoY and 5.6% YoY in the quarter, an improvement on the previous quarters. The "Volume-to-Value" strategy continued, with a progressive repositioning as premium brand: during the first quarter, TIM was found to be the best brand in terms of awareness. TIM was also the only infrastructured operator to have increased its market share of fiber customers in 2022, a leadership position that was then strengthened during the first quarter, reaching approximately 1 million active FTTH customers. Despite the repricing initiatives, during the first quarter, the trend of net adds improved sharply compared with the same quarter of 2022, both in fixed and mobile, where

TIM is once again the best Mobile Network Operator in terms of "mobile number portability" (i.e. the flow to other operators).

- During the first quarter, **TIM Enterprise** confirmed the growth trend with an increase in total revenues and service revenues respectively by 4.4% YoY and 3.9% YoY. The service revenue mix trend in the first three months was in line with expectations:
  - Connectivity (-5% YoY)
  - Cloud (+16% YoY)
  - IoT (-4% YoY)
  - Security (+17% YoY)

  As a whole, ICT services generated 58% of total revenues, in line with 2022.

  During the quarter, the mix of revenues was shifted to services offering higher margins, with a consequent improvement in the commercial margin, which, in fact, showed more solid growth than that of revenues.

- **NetCo** reported total revenues up by 3.4% YoY (also thanks to the contribution made by the commercial agreement with Open Fiber in the white areas) and a slight downturn to service revenues (-0.9% YoY), with a trend that in any case showed improvement on previous quarters and that is expected to speed up further following the final approval by the Authorities of the regulated wholesale prices for 2023, which will be applied starting from the second quarter. At March 31, 2023, NetCo managed approximately 16 million fixed accesses (of which more than 72% in UBB technologies) with a market share of 79% and FTTx coverage of over 95% of the active lines (approximately 60% with a speed of over 100 Mbps). The technical units covered by FTTH technology numbered 7.8 million, giving a coverage of 33%, up by 7 percentage points on March 31, 2022.

- Significant growth was also seen by **TIM Brasil** in the first quarter of total revenues (+19.3% YoY), service revenues (+19.3% YoY) and EBITDA (+21.8% YoY) thanks to a solid organic performance and the contribution made by the Oi assets.

MAIN DOMESTIC OPERATING INDICATORS

During the first quarter, the churn rate in both the mobile and fixed segments was stable on the same period of 2022.

In **mobile**, the customer base stabilization trend continued: during the first quarter, the reduction in Human lines was 45% lower than in the same period of 2022, while in "mobile number portability" (i.e. the flow to other operators) TIM posted the best result among infrastructured operators with a net balance of -58 thousand lines. At the same time the sector saw the portability flows reduce overall by around 14% YoY, demonstration of the cooling of competition.

In **fixed**, the reduction in accesses was 31% below the first quarter of 2022, while growth in UBB lines accelerated by 21%. During the first quarter, retail and wholesale Ultrabroadband net adds came to 105 thousand, reaching **10.7 million** units with an increase of more than 4% YoY.

The first quarter 2023 results will be presented to the financial community during the webcast and audio conference on May 11, 2023. The event will start at 11.00 a.m. (Italian time). The presentation will be followed by a Q&A session. Reporters can follow the presentation by telephone and via the web, without the option to ask questions, by calling +39 06 33444 and following the instructions for assisted conferences or by connecting to the following link. The presentation slides will be available at link.

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Financial highlights

(million euros) - reported data	1st Quarter 2023 (a)	1st Quarter 2022 (b)	% Change (a-b)
Revenues	3,847	3,644	5.6
EBITDA	1,039	1,316	(21.0)
EBITDA Margin	*27.0%*	*36.1%*	*(9.1)pp*
EBIT	(162)	209	—
EBIT Margin	*(4.2%)*	*5.7%*	*(9.9)pp*
Profit (loss) for the period attributable to owners of the Parent	(689)	(204)	—
Capital Expenditures & spectrum	837	932	(10.2)
	3/31/2023 (a)	12/31/2022 (b)	Change Amount (a-b)
Adjusted Net Financial Debt	25,820	25,364	456

Organic results [1]

(million euros) - organic data	1st Quarter 2023 (a)	1st Quarter 2022 (b)	% Change
TOTAL REVENUES	3,847	3,689	4.3
Domestic	2,843	2,849	(0.2)
Brazil	1,012	848	19.3
Other operations, adjustments and eliminations	(8)	(8)	—
SERVICE REVENUES	3,524	3,429	2.8
Domestic	2,551	2,615	(2.4)
of which Fixed	*1,986*	*2,023*	*(1.8)*
of which Mobile	*701*	*728*	*(3.8)*
Brazil	981	822	19.3
Other operations, adjustments and eliminations	(8)	(8)	—
EBITDA	1,459	1,406	3.8
Domestic	1,000	1,029	(2.8)
Brazil	461	379	21.8
Other operations, adjustments and eliminations	(2)	(2)	—
EBITDA After Lease	1,189	1,183	0.5
Domestic	872	904	(3.5)
Brazil	319	281	13.8
Other operations, adjustments and eliminations	(2)	(2)	—
CAPEX (net of telecommunications licenses)	837	944	(11.3)
Domestic	606	706	(14.2)
Brazil	231	238	(2.9)

[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	1st Quarter 2023 (a)	1st Quarter 2022 (b)	% Change
Equity Free Cash Flow	(117)	301	—
Equity Free Cash Flow After Lease	(397)	123	—
Adjusted Net Financial Debt [2]	25,820	22,639	14.1
Net Financial Debt After Lease[2]	20,455	17,673	15.7

[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.

GROUP ESG PERFORMANCE

During the first quarter of 2023, activities continued seeking to achieve the ESG targets of the Industrial Plan.

ENVIRONMENT

As regards renewable energy, TIM and Enel X have stipulated an agreement for the installation of a photovoltaic plant in the Pisa “La Figuretta” telephone exchange. The plant will be able to generate more than 1.63 GWh per year, the equivalent of the amount of energy needed to power a town of approximately 600 family units. In addition, as the energy is 100% green, it will result in savings of approximately 740 thousand kg CO_2 per year.

SOCIAL

As regards initiatives relating to TIM’s people, starting February 1, the new smart working agreement has taken effect, which envisages closing company offices on Fridays and switching from 2 to 3 days spent working from home. The new agreement will result in annual savings of approximately 35 GWh in respect of the optimized energy management of buildings and the limitation of CO_2 emissions, linked to the lesser consumption of energy and reduced home-work commutes, at the same time also guaranteeing collaboration between colleagues in the office on the other days of the week.

Implementation also continues of the training plan on skills relevant to the ICT segment. Mid-March, the Individual Training Plans were consolidated and the calendars of the days on which training will be delivered, defined. Each employee was also able to define their own individual route, choosing from a catalog of 170 courses.

In terms of inclusion, TIM has been confirmed in the top 20 of the Diversity Brand Index 2023, the only Italian research aiming to measure brands’ capacity to effectively develop a culture hinged on diversity, equity and inclusion. Under the scope of the Diversity Brand Summit, it also received the “Digital” prize for the “TIMVISION Ascolta” project, which allows blind and short-sighted children to be able to enjoy cartoons thanks to audio descriptions.

GOVERNANCE

In March, the new Group Code of Ethics was approved, an essential part of the organizational model and internal control and risk management system. The new code recognizes sustainability as a point of reference for TIM’s long-term strategy and sets, amongst the main ambitions, the energy transition, the development of business in complete respect for the environment and the rights of future generations.

TIM is also one of the 19 Italian companies included by S&P Global in the “Sustainability Yearbook 2023”, with a Top 10% S&P Global ESG Score.

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 data included in the periodic financial information of the TIM Group at March 31, 2023 has been prepared in compliance with the accounting standards, the recording and measurement criteria and the consolidation methods and criteria adopted to prepare the Consolidated Financial Statements at December 31, 2022, to which reference is made for a more extensive description; this applies with the exception of the changes to the accounting standards issued by the IASB and in force starting January 1, 2023. Such data is not audited.

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; Cash flow from operations; Cash flow from operations (net of licenses). 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.

Lastly, the section entitled "Business Outlook for the year 2023" 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, 2022 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

During the first quarter of 2023 and the first quarter of 2022, no significant changes were made to the scope of consolidation.

TIM GROUP RESULTS FOR THE FIRST QUARTER 2023

Total TIM Group revenues for the first quarter of 2023, amounted to **3,847 million euros**, +5.6% compared to the first quarter of 2022 (3,644 million euros).

The breakdown of total revenues for the first quarter of 2023, by operating segment in comparison with the first quarter of 2022 is as follows:

(million euros)	1st Quarter 2023		1st Quarter 2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	2,843	73.9	2,846	78.1	(3)	(0.1)	(0.2)
Brazil	1,012	26.3	806	22.1	206	25.6	19.3
Other Operations	—	—	—	—	—		
Adjustments and eliminations	*(8)*	*(0.2)*	*(8)*	*(0.2)*	—		
Consolidated Total	**3,847**	**100.0**	**3,644**	**100.0**	**203**	**5.6**	**4.3**

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes[1] (+45 million euros) and changes in the scope of consolidation.

TIM Group EBITDA for the first quarter of 2023 came to **1,039 million euros** (1,316 million euros in the first quarter of 2022, -21.0% in reported terms, +3.8% in organic terms).

The breakdown of EBITDA and the EBITDA margin broken down by operating segment for the first quarter of 2023 compared with the first quarter of 2022, are as follows:

(million euros)	1st Quarter 2023		1st Quarter 2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	582	56	962	73.1	(380)	(39.5)	(2.8)
% of Revenues	*20.5*		*33.8*			*(13.3)pp*	*(0.9)pp*
Brazil	459	44.2	356	27.1	103	28.9	21.8
% of Revenues	*45.4*		*44.2*			*1.2pp*	*0.9pp*
Other Operations	(2)	(0.2)	(2)	(0.2)	—		
Adjustments and eliminations	—	—	—	—	—		
Consolidated Total	**1,039**	**100.0**	**1,316**	**100.0**	**(277)**	**(21.0)**	**3.8**

Organic EBITDA - net of the non-recurring items amounted to **1,459 million euros**; the EBITDA margin was 37.9% (1,406 million euros in the first quarter of 2022, with an EBITDA margin of 38.1%).

In the first quarter of 2023 EBITDA suffered non-recurring net expenses for a total of 420 million euros mainly relating to employee benefits expenses and employee provisions also connected with the application of Art. 4 of Italian Law 92 of June 28, 2012, as per the agreement signed on March 21, 2023 by the Parent Company TIM S.p.A. with the Trade Union Organizations. Said agreement involves an incentive to take redundancy for up to 2,000 people and is valid until November 30, 2023.

In the first quarter of 2022 EBITDA suffered net non-recurring charges for a total of 71 million euros mainly connected to corporate reorganization/restructuring processes, provisions for disputes, regulatory sanctions and potential liabilities related to them and expenses related to agreements and the development of non-recurring projects.

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

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
EBITDA	**1,039**	**1,316**	**(277)**	**(21.0)**
Foreign currency financial statements translation effect		19	(19)	
Non-recurring expenses (income)	420	71	349	
ORGANIC EBITDA - excluding non-recurring items	**1,459**	**1,406**	**53**	**3.8**
% of Revenues	*37.9*	*38.1*	*(0.2)pp*	

Exchange rate fluctuations mainly related to the Brazil Business Unit.

Organic EBITDA excluding the use of the risk provisions for onerous contracts for the first quarter of 2023 came to 1,451 million euros (1,391 million euros during the first quarter of 2022).

[1] The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.57246 for the Brazilian real in the first quarter of 2023 and 5.86784 in the first quarter of 2022; for the US dollar, the average exchange rates used were 1.07301 in the first quarter of 2023 and 1.12168 in the first quarter of 2022. 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.

TIM Group EBIT for the first quarter of 2023 was **-162 million euros** (209 million euros in the first quarter of 2022).

Organic EBIT, net of the non-recurring items, amounted to **258 million euros** (286 million euros for the first quarter of 2022), with an EBIT margin of 6.7% (7.8% for the first quarter of 2022).

Organic EBIT, net of the non-recurring items, was calculated as follows:

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
EBIT	**(162)**	**209**	**(371)**	**—**
Foreign currency financial statements translation effect		6	(6)	
Non-recurring expenses (income)	420	71	349	
ORGANIC EBIT - excluding non-recurring items	**258**	**286**	**(28)**	**(9.8)**

The Net loss attributable to Owners of the Parent for the first quarter of 2023, was 689 million euros (-204 million euros in the first quarter of 2022), suffering the negative impact of net non-recurring expenses for 427 million euros (52 million euros in the first quarter of 2022).

The TIM Group **headcount** at March 31, 2023 was **50,343**, including 40,671 in Italy (50,392 at December 31, 2022, including 40,752 in Italy).

Capital expenditures and expenses for mobile telephone licenses/spectrum for the first quarter of 2023, were 837 million euros (932 million euros in the first quarter of 2022).

Capex is broken down as follows by operating segment:

(million euros)	1st Quarter 2023	% weight	1st Quarter 2022	% weight	Change
Domestic	606	72.4	706	75.8	(100)
Brazil	231	27.6	226	24.2	5
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	**837**	**100.0**	**932**	**100.0**	**(95)**
% of Revenues	*21.8*		*25.6*		*(3.8)pp*

In particular:

- the **Domestic Business Unit** presents capex for 606 million euros, with a significant portion aimed at developing the FTTC/FTTH networks, down 100 million euros compared to the first quarter of 2022, mainly due to the 2022 completion by Noovle of the regions connected with the partnership with Google;
- the **Brazil Business Unit** posted capital expenditures in the first quarter of 2023 of 231 million euros (226 million euros for the first quarter 2022). Excluding the impact of changes in exchange rates (+12 million euros), capex was essentially stable as compared with the first quarter of 2022. Technological investments represent 91% of total capex and were mainly driven by the significant coverage of capitals with new 5G SA technology and by the full completion of Oi infrastructure integration. Besides Mobile core business expansion, the Business Unit continued to develop the Ultrabroadband residential business with FTTH technology (UltraFibre).

The **Group Operating Free cash flow** in the first quarter of 2023 was positive for 298 million euros (positive for 304 million euros in the first quarter of 2022).

The **Equity Free Cash Flow** in the first quarter of 2023 amounted to -117 million euros (+301 million euros in the first quarter of 2022). 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.

Adjusted net financial debt amounted to 25,820 million euros at March 31, 2023, **an increase of 456 million euros compared to December 31, 2022** (25,364 million euros). This increase is mainly due to the operative-financial dynamics.

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)	3/31/2023 (a)	12/31/2022 (b)	Change (a-b)
Net financial debt carrying amount	**25,717**	**25,370**	**347**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*103*	*(6)*	*109*
Adjusted Net Financial Debt	**25,820**	**25,364**	**456**
Leases	*(5,365)*	*(5,349)*	*(16)*
Adjusted net financial debt - After Lease	**20,455**	**20,015**	**440**

Net financial debt carrying amount at March 31, 2023 was 25,717 million euros, up 347 million euros on December 31, 2022 (25,370 million euros). The reversal of the fair value measurement of derivatives and correlated financial assets/liabilities recorded a change of 109 million euros, essentially following the greater impact of the reduction of USD interest rates on the portion of the curve beyond 2 years with respect to EUR rates, which effectively writes back the cash flow hedges. This variation is rectified in the net financial debt carrying amount as it has 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 20,455 million euros at March 31, 2023, up by 440 million euros compared to December 31, 2022 (20,015 million euros), by virtue of the net effect of the positive operating dynamics seen during the quarter, juxtaposed against the need deriving from financial operations and the payment of dividends in Brazil.

It is also noted that, on January 27, 2023, TIM S.p.A. placed an unsecured bond in the amount of 850 million euros at fixed rate (coupon 6.875%) offered to institutional investors.

Additionally, on April 12, 2023, TIM concluded the reopening of this same bond for an amount of 400 million euros (the "Tap Issue").

The TIM Group's available **liquidity margin** amounted to 8,151 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 4,151 million euros (5,001 million euros at December 31, 2022), also including 444 million euros (nominal value) in repurchase agreements expiring by March 2024;
- 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 quarter of 2023 resulted in a positive effect on the adjusted net financial debt at March 31, 2023, amounting to 867 million euros (1,155 million euros at December 31, 2022).

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 2,843 million euros, down 3 million euros (-0.1%) compared to the first quarter of 2022. In organic terms, they reduce by 6 million euros (-0.2% on the first quarter of 2022).

Revenues from stand-alone services came to 2,551 million euros (-61 million euros compared to the first quarter of 2022, -2.3%) and suffered the impact of the competition on the customer base, as well as a difference in activation contributions; in organic terms, they dropped by 64 million euros compared to the first quarter of 2022 (-2.4%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 1,986 million euros in organic terms, with a negative change with respect to the first quarter of 2022 (-1.8%) mainly due to the decrease in accesses and the difference in activation contributions, partly offset by the growth in revenues from ICT solutions (+40 million euros compared to the first quarter of 2022, +11.3%);
- **revenues from stand-alone Mobile market services** came to 701 million euros (-27 million euros compared to the first quarter of 2022, -3.8%), mainly due to the reduction in the customer base connected with Human lines.

Handset and Bundle & Handset revenues, including the change in work in progress, were equal, in organic terms, to 292 million euros in the first quarter of 2023, up 58 million euros on the first quarter of 2022, mainly due to the part share of the commercial agreement signed in 2022 by TIM and FiberCop with Open Fiber, which envisages that Open Fiber shall purchase from FiberCop, in the so-called white areas, the right of use (IRU) for overhead infrastructure and access connections to the customer's home.

Revenues by customer segment/business area, starting from the first quarter of 2023, are stated consistently with the areas of responsibility and the related reference market focus. Consequently, the comparative data of previous periods has been restated. Below, therefore, are details of revenues divided up into: Consumer and Small Medium Business, Enterprise, Wholesale National Market, Wholesale International Market and Other, complete with the analytical description of the reference scope, as currently shown for the purpose of internal analysis.

- **Consumer and Small Medium Business (SMB).** The reference scope consists of all the voice and Internet services and products managed and developed in Fixed and Mobile for people and families (from public telephone, caring activities and administrative management of customers) and for SME (Small and Medium Enterprises) and SOHO (Small Office Home Office) customers; the TIM Retail company is included, which coordinates the activities of its stores.

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non-
Consumer and Small Medium Business	**1,379**	**1,467**	**(88)**	**(6.0)**	**(6.0)**
Service revenues	1,247	1,335	(88)	(6.6)	(6.6)
Handset and Bundle & Handset revenues	132	132	—	(0.1)	(0.1)

In organic terms, the revenues of the Consumer and SMB segment totaled 1,379 million euros (-88 million euros compared to the first quarter of 2022, -6.0%) and show a trend, compared to the first quarter of 2022, affected by the challenging competition. The trend seen in total revenues also applied to revenues from services, which amounted to 1,247 million euros, down by -88 million euros compared to the first quarter of 2022 (-6.6%).

Also:

- **revenues from Mobile services** totaled, in organic terms, 517 million euros (-28 million euros, -5.2% compared to the first quarter of 2022). 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** came to 735 million euros in organic terms (-63 million euros on the first quarter of 2022, -7.9%), mainly due to the reduction in ARPU levels and the reduction in the customer base. The difference in the activation contribution also impacts the first quarter performance, as does the application of the new Electronic Communications Code (i.e. elimination of withdrawal contributions).

Handset and Bundle & Handset revenues of the Consumer and SMB segment came to 132 million euros, -0.2 million euros compared with the first quarter of 2022 (of which Mobile -14.1 million euros, of which Fixed +13.9 million euros); the change is mainly linked to a progressive slowing of the mobile terminals market.

- **Enterprise.** The reference scope consists of all ICT solutions and connectivity products and services managed and developed for Top, Public Sector and Large Account customers. The following companies are included: Olivetti, TI Trust Technologies, Telsy and Noovle.

In organic terms, revenues for the segment amounted to 692 million euros (+25 million euros compared to the first quarter of 2022, +3.8%, of which +3.7% for revenues from the stand-alone services component).

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non-
Enterprise revenues	**692**	**667**	**25**	**3.8**	**3.8**
Service revenues	618	596	22	3.7	3.7
Handset and Bundle & Handset revenues	74	71	3	4.5	4.5

In particular:

- **Mobile service revenues** performed in line with the first quarter of 2022;
- **Fixed service revenues** changed by +23 million euros compared to the first quarter of 2022 (+4.5%), mainly driven by the increase in revenues from ICT services.

- **Wholesale National Market.** The reference scope 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 Telefonia Mobile Sammarinese.

The Wholesale National Market segment presented revenues of 494 million euros in the first quarter of 2023, an increase of +16 million euros (+3.3%) on the first quarter of 2022, also thanks to the positive impact of regulatory price dynamics.

- **Wholesale International Market.** This area 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 quarter 2023 in the Wholesale International Market segment came to 228 million euros, down on the first quarter 2022 (-11 million euros, -4.7%), mainly due to the reduction of one-off items with respect to the first quarter of 2022. The mix of revenues recorded a growth in revenues relating to mobile operator solutions flanked by a strategy seeking to rationalize voice revenues.

- **Other**. Includes:
  - **Other Operations units**: covering technological innovation and development, engineering, construction and operating processes for network infrastructures, IT, systems and properties;
  - **Staff & Other**: services provided by the Staff Departments and other support activities carried out by minor companies.

  Revenues for the first quarter of 2023 came to 103 million euros, an increase of 57 million euros compared to the first quarter of 2022. Note that revenues for the first quarter of 2023 include approximately 60 million euros relating to a portion of the commercial agreement signed in 2022 by TIM and FiberCop with Open Fiber, which requires Open Fiber to purchase from FiberCop, in the so-called white areas, the right of use (IRU) for overhead infrastructure and access connections to the customer's home.

- **Eliminations**: in the first quarter of 2023 these totaled 53 million euros (51 million euros in the first quarter of 2022).

Domestic Business Unit EBITDA for the first quarter of 2023 totaled 582 million euros (-380 million euros compared to the first quarter of 2022, -39.5%), with a margin of 20.5% (-13.3 percentage points compared to the first quarter of 2022).

Organic EBITDA, net of the non-recurring items, amounted to 1,000 million euros (-29 million euros compared to the first quarter of 2022, -2.8%). In particular, EBITDA for the first quarter of 2023 was impacted by non-recurring items in the amount of 418 million euros, whilst the first quarter of 2022 reflected a total impact of 67 million euros referring to non-recurring items.

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

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
EBITDA	582	962	(380)	(39.5)
Foreign currency financial statements translation effect		—	—	
Non-recurring expenses (Income)	418	67	351	
ORGANIC EBITDA - excluding Non-recurring items	1,000	1,029	(29)	(2.8)

Organic EBITDA excluding the use of the risk provisions for onerous contracts for the first quarter of 2023 came to 992 million euros (1,014 million euros during the first quarter of 2022).

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
EBIT	(303)	92	(395)	
Non-recurring expenses (Income)	418	67	351	
ORGANIC EBIT - excluding non-recurring items	115	159	(44)	(27.7)

Headcount at March 31, 2023 stood at 40,906 (40,984 as of December 31, 2022).

Brazil (average real/euro exchange rate 5.57246)

Revenues for the first quarter of 2023 of the **Brazil Business Unit (TIM Brasil Group)** amounted to 5,640 million reais (4,727 million reais in the first quarter of 2022, +19,3%).

The acceleration has been determined by **service revenues** (5,467 million reais vs 4,584 million reais for the first quarter of 2022, +19.3%) with mobile service revenues growing by 20.2% on the first quarter of 2022. This performance is mainly related to the continuous improvement of the pre-paid and post-paid segments, supported by the acquisition of Oi's mobile telephone business. Revenues from fixed services have grown by 6.0% compared to the first quarter 2022, determined by the growth rate of TIM Live.

Revenues from product sales totaled 173 million reais (143 million reais for the first quarter of 2022).

Mobile ARPU for the first quarter of 2023 was 27.7 reais (27.4 reais in the first quarter of 2022) and therefore back to growing (+0.9%) after having suffered the dilution effect of the integration with Oi in recent quarters.

Total mobile lines in place at March 31, 2023 amounted to 61.7 million, -0.8 million compared to December 31, 2022 (62.5 million). This decrease is attributable to the post-paid segment (-1.2 million), partially offset by the growth of the pre-paid segment (+0.4 million). Post-paid customers represented 42.2% of the customer base as of March 31, 2023 (43.6% at December 2022).

The TIM Live Broadband business recorded net positive growth at March 31, 2023 in the customer base of 16 thousand users compared to December 31, 2022. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

Broadband ARPU for the first quarter of 2023 was 97.8 reais (94.3 reais in the first quarter of 2022).

EBITDA for the first quarter of 2023 came to 2,559 million reais (2,091 million reais in the first quarter of 2022, +22.4%) and the margin on revenues is equal to 45.4% (44.2% in the first quarter of 2022).

EBITDA in the first quarter of 2023 reflects the non-recurring charges of 13 million reais (20 million reais in the first quarter of 2022), mainly related to the development of non-recurring projects.

Organic EBITDA, net of the non-recurring items, increased by 21.8% and was calculated as follows:

(million Brazilian reais)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
EBITDA	2,559	2,091	468	22.4
Non-recurring expenses (income)	13	20	(7)	
ORGANIC EBITDA - excluding non-recurring items	2,572	2,111	461	21.8

The increase in EBITDA is due to the positive performance of service revenues strengthened by the acquisition of the Oi Móvel assets.

The relative margin on revenues, in organic terms, comes to 45.6% (44.7% in the first quarter of 2022).

EBIT for the first quarter of 2023 amounted to 796 million reais (703 million reais for the first quarter of 2022, +13.2%).

Organic EBIT, net of the non-recurring items, in the first quarter of 2023 amounted to 809 million reais (723 million reais in the first quarter of 2022), with an EBIT margin of 14.3% (15.3% in the first quarter of 2022).

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

(million Brazilian reais)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
EBIT	796	703	93	13.2
Non-recurring expenses (income)	13	20	(7)	
ORGANIC EBIT - excluding non-recurring items	809	723	86	11.9

Headcount at March 31, 2023 stood at 9,424 (9,395 as of December 31, 2022).

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. In particular, following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

EBITDA AFTER LEASE - TIM GROUP

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
ORGANIC EBITDA - excluding non-recurring items	**1,459**	**1,406**	**53**	**3.8**
Lease payments	(270)	(223)	(47)	(21.1)
EBITDA After Lease (EBITDA-AL)	**1,189**	**1,183**	**6**	**0.5**

EBITDA AFTER LEASE - DOMESTIC

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
ORGANIC EBITDA - excluding non-recurring items	**1,000**	**1,029**	**(29)**	**(2.8)**
Lease payments	(128)	(125)	(3)	(2.4)
EBITDA After Lease (EBITDA-AL)	**872**	**904**	**(32)**	**(3.5)**

EBITDA AFTER LEASE - BRAZIL

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes	
			absolute	%
ORGANIC EBITDA - excluding non-recurring items	**461**	**379**	**82**	**21.8**
Lease payments	(142)	(98)	(44)	(44.9)
EBITDA After Lease (EBITDA-AL)	**319**	**281**	**38**	**13.8**

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	3/31/2023	12/31/2022	Change
Adjusted Net Financial Debt	**25,820**	**25,364**	**456**
Leases	(5,365)	(5,349)	(16)
Adjusted Net Financial Debt - After Lease	**20,455**	**20,015**	**440**

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	1st Quarter 2023	1st Quarter 2022	Change
Equity Free Cash Flow	**(117)**	**301**	**(418)**
Change in lease contracts (principal share)	(280)	(178)	(102)
Equity Free Cash Flow After Lease	**(397)**	**123**	**(520)**

BUSINESS OUTLOOK FOR THE YEAR 2023

In light of the performance of the main business segments in the first quarter of 2023, the guidance already communicated with the approval of the TIM 2023-2025 Industrial Plan, is confirmed.

EVENTS SUBSEQUENT TO MARCH 31, 2023

TIM: successfully completed a €400 million tap issue of the bond issued on January 2023

See the press release issued on April 3, 2023.

TIM: non-binding offers for the purchase of NetCo

See the press releases issued on April 18, 2023 and May 4, 2023.

Italy: EIB loan of 360 million euros to TIM, with SACE guarantee, for the development of the 5G network

See the press release issued on May 5, 2023.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation.

The TIM Group has adopted an Enterprise 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 the Group, highlighting potential synergies between the actors involved in the assessment of the internal control and risk management system. The Enterprise Risk Management process is integrated with the strategic and operative planning processes and is designed to identify potential events that may influence business activity, so as to manage the risk within acceptable limits and provide reasonable assurance on achievement of the corporate objectives.

The Enterprise Risk Management Model adopted by the TIM Group:

- identifies and updates, in collaboration with the Risk Owners, the comprehensive portfolio of risks to which the Group is exposed by means of an analysis of the Industrial Plan and the most significant investment projects, the monitoring of the reference context (e.g. macroeconomic and regulatory), specific analyses of risks to which corporate assets may be exposed, the monitoring and continuous analysis of the risk profile, so as to intercept any changes and/or new risk scenarios;
- qualitatively assesses the risks not just individually but also in terms of the portfolio, taking into account correlations;
- supports the management in defining and monitoring risk mitigation plans;
- manages the flow of information to top management and the organizations assigned to assess the Internal Control and Risk Management System (ICRMS), producing the related support reports.

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: an evolution 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, problems connected with the new networks and infrastructures, 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.

In 2022, the Italian GDP growth expectations were raised to values very close to 4%. This growth was obtained thanks to the positive contribution made by the manufacturing and tourism segment. By contrast, the continuation of the war in Ukraine and the performance of commodity prices largely above average levels, will have a negative impact over the coming months, reducing the growth forecast for 2023 to a value below half a percentage point.

The annual average inflation recorded in 2022 of above 8% is due to a more generalized increase in prices and that no longer only regards energy. Despite some early signs of a slow-down, inflation is reducing the buying power and the value of financial assets of the families and businesses. The high levels of inflation have led the ECB to confirm its interest rate policy, which has further weakened the spending power of families and businesses.

The volatility in the energy prices impacts European industry, especially the more energy-intensive sectors. The shock of the energy supply has revealed the dependency of European countries on fossil fuels. The greater uncertainty is tied to the growth of the other major world economies, possible developments of the war in Ukraine and its possible repercussions both in terms of sanctions and impacts on the energy market.

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

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 effects of the Chinese lock-down have 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.

For Brazil too, growth forecasts for 2022 have been raised, approaching 3%. In general, Brazil suffers the slow-down of the global economy, in particular the USA and China.

Also following a restrictive monetary policy that helped somewhat restore the credibility and stability of the Brazilian currency and limit inflation, a slowing of growth is expected for the Brazilian economy in 2023, which should settle at around 1%. The reduction in growth and the need to maintain subsidies for the poorer portion of the population, who are experiencing difficulty in coping with the rise in the cost of petrol and food products, coupled with the growing public and private debt are the main risks and challenges the country is facing following the presidential elections at the end of the year.

Geopolitical uncertainty

The Ukraine-Russia conflict has uncertain implications that should become clearer over time. At present, the most evident impact of the geopolitical situation on the Group's business is mainly indirect, with consequent spiraling costs of energy commodities and transport costs.

If the military, economic and political tensions should continue to grow, the situation could have major consequences on global safety with an increase in risks for the Group (staff protection and safety, cyber attacks on the computer systems and networks of both TIM and its customers, supply chain shock).

The TIM Group has no presence in Ukraine and has a very small presence in Russia, through its subsidiary Telecom Italia Sparkle S.p.A., meaning there may be some fallout in terms of commercial relations, as yet not seen, regarding the collection of trade receivables and the assets present in the country, as well as the time necessary to pursue international investment projects; at present, however, the Company believes that the relevant change, although dependent on the developments of the conflict, is not significant.

New COVID-19 variants

Although the peak of the COVID-19 pandemic has passed, the possibility of new outbreaks due to new variants cannot be excluded entirely. This could impact the TIM Group's operations and may lead to a decline in roaming volumes, lesser customer growth, an increase in bad debt, negative effects on network maintenance and the supply chain with a consequent reduction in margins, revenues or delays in cash flows.

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.