

Press Release

TIM: BOARD OF DIRECTORS APPROVES FINANCIAL INFORMATION AT SEPTEMBER 30, 2023

Organic results:

GROUP TOTAL REVENUES UP BY 3.7% YoY TO €4.1 BILLION AND GROUP EBITDA UP BY 6.5% YoY TO €1.7 BILLION IN THE THIRD QUARTER

DOMESTIC TOTAL REVENUES AND EBITDA UP FOR THE SECOND CONSECUTIVE QUARTER TO €3 BILLION (+2.2% YoY) AND TO €1.1 BILLION (+3.6% YoY) RESPECTIVELY

GROWTH IN TOTAL REVENUES AND EBITDA CONTINUED FOR TIM BRASIL TO €1.1 BILLION (+7.9% YoY) AND TO €0.6 BILLION (+12.1% YoY) RESPECTIVELY IN THE THIRD QUARTER

GROUP AND DOMESTIC RESULTS FOR THE FIRST NINE MONTHS FULLY IN LINE WITH 2023 TARGETS

77% OF THE DOMESTIC COST CONTAINMENT TARGET FOR THE WHOLE OF 2023 REACHED

Rome, November 8, 2023

TIM's Board of Directors met today under the chairmanship of Salvatore Rossi and the members in attendance unanimously approved the Financial Information at September 30, 2023.

Financial results for the third quarter of 2023

The Group's results in the third quarter, during which growth of both revenues and EBITDA continued, are fully in line with the targets for 2023.

Total revenues were up by 3.7% YoY, to 4.1 billion euros, thanks to the positive contribution made both by the Domestic Business Unit and TIM Brasil. More specifically, total revenues of the Domestic Business Unit grew for the second consecutive quarter (+2.2% YoY, speeding up compared to the +0.6% YoY in the second quarter), while TIM Brasil's total revenues grew 7.9% YoY.

Service revenues increased by 1.7% compared with the same quarter of 2022, with the domestic component heading towards stabilization (-0.6% YoY, -0.9% YoY in the second quarter, -2.4% YoY in the first quarter), while TIM Brasil's strong growth continued (+7.5% YoY).

Organic EBITDA was 1.7 billion euros (+6.5% YoY) with the Domestic Business Unit growing for the second consecutive quarter (+3.6% YoY compared to +0.5% YoY in the second quarter) and with TIM Brasil reporting very positive performance (+12.1% YoY).

EBITDA After Lease was 1.4 billion euros, up 8.6% YoY, with the Domestic Business Unit up 3.4% YoY and with TIM Brasil up 21.4% YoY, also thanks to the speeding up of the mobile site decommissioning plan.

During the quarter, cost containment actions to increase the level of the Domestic Business Unit's structural efficiency continued ('Transformation Plan', cumulative target of cash cost reduction of

TIM S.p.A.

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Share Capital €11,677,002,855.10 fully paid up Certified e-mail address [Casella PEC]: telecomitalia@pec.telecomitalia.it

1.5 billion euros by 2024 versus the inertial trend). At September 30, the reduction of cash cost with respect to the inertial trend amounted to approximately 0.6 billion euros and 77% of the incremental target set for 2023.

Net financial debt after lease at September 30 stood at 21.2 billion euros, up 0.4 billion euros compared to June 30. Net financial debt was 26.3 billion euros, up 0.2 billion euros compared to June 30.

At September 30 the **liquidity margin** was 8.9 billion euros and covers the debt maturities throughout 2025. To support its liquidity position, the Group has successfully closed several refinancing initiatives since the start of the year, collecting 4.1 billion euros, of which 2.5 billion euros in the third quarter. More specifically, in September the bond issued in July was reopened, for an amount equal to 0.75 billion euros at improved conditions. For the remainder of 2023, the Group does not expect to carry out any further refinancing.

The **Equity free cash flow after lease** in the third quarter was negative for 0.3 billion euros (Equity free cash flow -0.1 billion euros). Considering the anticipations of the NRRP, from which 700 million euros are expected by the end of 2023, the Equity free cash flow after lease is foreseen flat in the for full year.

Below is an update on the four Entities:

- **TIM Consumer** total revenues and service revenues were down respectively 3.8% YoY and 3.4% YoY in the third quarter, an improvement compared with previous quarters. The “Volume-to-Value” strategy continued with price increases applied to 50% of the mobile and 70% of the fixed customer base since the beginning of the year. As a consequence of such price increases, the ARPU increased in both fixed and mobile, with limited impacts on the churn rate.

- **TIM Enterprise** total revenues and service revenues were up respectively 4.8% YoY and 4.2% YoY in the third quarter, an improvement compared with previous quarters.

The service revenues mix in the nine months was in line with expectations:

- Connectivity (-3% YoY)
- Cloud (+8% YoY)
- IoT (-3% YoY)
- Security (+9% YoY)
- Other IT services (+9% YoY)

ICT services generated 58% of total revenues, compared with 56% in the first nine months of 2022.

- **NetCo** total revenues were up by 5.8% YoY in the quarter, also thanks to the extension to the grey areas of the commercial agreement with Open Fiber. Service revenues were down 1.1% YoY in the quarter: the benefits of 2023 new regulated prices and of the improvement in the technological mix only partly offset the decline in volumes. As regards NRRP tenders, TIM confirms completion of the walk-in activities and the acceleration of FTTH deployment of the Italia 1 Giga Plan, which will enable a progressive recovery of the delays recorded on the previous milestones; the situation remains critical in Sardinia, due to the scarcity of resident specialized labor. As regards the 5G Backhauling and 5G Densification plans, deployment is in line with the targets set in the NRRP.

It is also noted that the roll-out of fiber is continuing, in line with the aim of achieving 48% coverage of property technical units by 2025. At September 30, NetCo managed approximately 15.6 million fixed accesses (of which more than 70% in UBB technologies) with a market share of 79% and FTTx coverage of approximately 95% of active lines (approximately 61% with a

speed of over 100 Mbps). The technical units covered by FTTH technology numbered 8.4 million, giving a coverage of 36%, up by 7 percentage points in the last 12 months.

- **TIM Brasil** recorded another very positive quarter, reporting 7.9% YoY growth in total revenues and 7.5% YoY growth in service revenues, thanks to the excellent performance in the mobile business, which saw the ARPU at the highest levels ever (in both pre-paid and post-paid) and thanks to the continuous increase of the TIM Live customer base in the fixed business. Third quarter EBITDA was 564 million euros (+12.1% YoY) thanks to the synergies with Oi and efficiency in costs, whose growth rate remains below inflation levels. EBITDA After Lease was 430 million euros (+21.4% YoY), also supported by the decommissioning of mobile sites. Thanks to its solid cash generation, the Company announced a dividend distribution growing from the previously announced 2.3 billion reais to 2.9 billion for fiscal year 2023 (at the current exchange rate, this translates to approximately 560 million euros).



The third quarter 2023 results will be presented to the financial community during the webcast and audio conference on November 9, 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 this [link](#).

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Financial highlights

(million euros) - reported data	3rd Quarter 2023 (a)	3rd Quarter 2022 (b)	Changes % (a-b)	9 months to 9/30/2023 (a)	9 months to 9/30/2022 (b)	Changes % (a-b)
Revenues	4,107	3,972	3.4	11,953	11,529	3.7
EBITDA	(1) 1,547	1,287	20.2	4,217	3,945	6.9
EBITDA Margin	(1) 37.7%	32.4%	5.3pp	35.3%	34.2%	1.1pp
EBIT	(1) 329	41	—	568	438	29.7
EBIT Margin	(1) 8.0%	1.0%	7.0pp	4.8%	3.8%	1.0pp
Profit (loss) for the period attributable to owners of the Parent	(311)	(2,245)	86.1	(1,124)	(2,728)	58.8
Capital Expenditures & spectrum	916	856	7.0	2,645	2,762	(4.2)
				9/30/2023 (a)	12/31/2022 (b)	Absolute Change (a-b)
Adjusted Net Financial Debt	(1)			26,338	25,364	974

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

Organic results ⁽¹⁾

(million euros) - organic data	3rd Quarter 2023 (a)	3rd Quarter (b)	Changes %	9 months to 9/30/2023 (a)	9 months to 9/30/2022 (b)	Changes %
TOTAL REVENUES	4,107	3,961	3.7	11,953	11,541	3.6
Domestic	2,978	2,915	2.2	8,745	8,670	0.9
Brazil	1,138	1,054	7.9	3,236	2,895	11.8
Other operations, adjustments and eliminations	(9)	(8)	—	(28)	(24)	—
SERVICE REVENUES	3,771	3,709	1.7	10,982	10,761	2.1
Domestic	2,675	2,690	(0.6)	7,870	7,974	(1.3)
of which Fixed	2,028	2,016	0.6	6,073	6,093	(0.3)
of which Mobile	781	802	(2.6)	2,201	2,281	(3.5)
Brazil	1,104	1,027	7.5	3,140	2,811	11.7
Other operations, adjustments and eliminations	(8)	(8)	—	(28)	(24)	—
EBITDA	1,687	1,584	6.5	4,787	4,544	5.3
Domestic	1,123	1,084	3.6	3,230	3,214	0.5
Brazil	564	502	12.1	1,562	1,338	16.7
Other operations, adjustments and eliminations	—	(2)	—	(5)	(8)	—
EBITDA After Lease	1,420	1,308	8.6	3,977	3,788	5.0
Domestic	990	957	3.4	2,835	2,833	0.1
Brazil	430	353	21.4	1,147	963	19.0
Other operations, adjustments and eliminations	—	(2)	—	(5)	(8)	—
CAPEX (net of telecommunications licenses)	916	844	8.5	2,645	2,686	(1.5)
Domestic	728	660	10.3	2,053	2,068	(0.7)
Brazil	188	184	2.1	592	618	(4.3)

⁽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 2023 (a)	3rd Quarter 2022 (b)	Changes %	9 months to 9/30/2023 (a)	9 months to 9/30/2022 (b)	Changes %
Equity Free Cash Flow	(71)	(77)	7.8	(238)	261	—
Equity Free Cash Flow After Lease	(274)	(251)	(9.2)	(907)	(235)	—
Adjusted Net Financial Debt ⁽²⁾				26,338	25,504	3.3
Net Financial Debt After Lease ⁽²⁾				21,184	20,100	5.4

⁽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.

The Group's ESG performance - third quarter of 2023

ENVIRONMENT

As part of the initiatives taken to increase the efficiency of the infrastructures, parallel to the decommissioning of approximately 15,000 telephone booths (already started in the second quarter), the project has been announced to install **low environmental impact digital booths** that will offer citizens and tourists infotainment, smartphone charging, digital payments and ticketing services, as well as free calls to national fixed and mobile numbers and the "Women+" emergency button to fight violence against women and micro crime. The city of Milan will be the first to implement the project, with approximately 450 stations starting 2024. Another 13 major Italian cities will then follow.

SOCIAL

As part of the actions with "external" social impact, and which are therefore related to the country's digitization, TIM has marked a new milestone in health care, making its **5G technology** available to Bari Polyclinic Hospital for the world's first ever corneal surgery to be carried out from a remote position. Thanks to TIM's 5G infrastructure, data transmission has been guaranteed with latency of less than 50 milliseconds. As part of the digitization initiatives, TIM has launched the "**TIM AI Challenge**" on the TIM Growth Platform, its open innovation platform. The challenge is intended for start-ups, scale-ups and national and international companies with significant innovative potential, in order to select Artificial Intelligence solutions to enhance the TIM Enterprise portfolio of services.

In terms of the "internal" social impact, various actions have been taken to ensure the well-being and appreciation of TIM's people. This year too, "**TIM Estate**" is back, an initiative that has been supporting TIM employees for more than 50 years now, in striking a life-work balance, offering their underage children a fifteen-day summer stay. This year, the initiative involved more than 2,600 children and teenagers. Starting September, the main corporate sites of Milan, Turin and Rome saw the renewed start-up of their **children's structures**, with special rates for employees' children. Finally, as regards strengthening competences, the **training offered** in schools, universities and business schools at special rates and discounts to TIM employees and their families, has been further enriched.

GOVERNANCE

In confirming its commitment to consumer protection, TIM has adhered to the new **Telemarketing Code of Conduct** approved by the AGCom to guarantee maximum transparency to customers signing telephone contracts and fight illegal and aggressive practices.

In the context of the initiatives aimed at reducing the gender gap, TIM has achieved **Gender Equality Certification (UNI/PdR 125:2022)**, one of the first Italian companies to do so. The certification attests to the implementation of a gender equality management system, which, with performance indicators and actions, seeks to bridge the existing gaps and foster women's empowerment. Consistently, the **new "Human Resources and Equal Opportunities Policy"** has been published, which highlights inclusion and equal opportunities in the belief that there is a positive relationship between inclusion and business performance.

Under the scope of the ESG ratings and indexes, validating the action taken this year too in respect of Diversity & Inclusion, TIM has been confirmed by the "**Refinitiv Diversity and Inclusion Index**" as the world's top telco company for inclusion and diversity promotion policies.

TIM was also rewarded at the **Institutional Investor Awards 2023**, where - in addition to coming first in Europe in relations with institutional investors and financial analysts - it also achieved the "Best ESG Program 2023" award for the "Small & Mid Cap" market capitalization in the "Mid Cap" category.



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 September 30, 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

The main changes in the scope of consolidation in the first nine months of 2023 were the following:

- *TS-Way S.r.l. (which joined the Domestic Business Unit scope):* Telsy S.p.A. acquired 100% share capital of the company on April 20, 2023. TS-Way operates in Information Technology security;
- *TIM Servizi Digitali S.p.A. (which has left the Domestic Business Unit scope):* TIM S.p.A. sold 100% share capital of the company on August 4, 2023.

Furthermore, in September 2023 the TIM Group, through Olivetti S.p.A., and Buffetti (Dylog Group) announced that they had signed an agreement for Buffetti to acquire Olivetti's retail cash systems business. At September 30, 2023, considering completion of the sale in the forthcoming months to be extremely likely, the business unit for sale was presented as "Asset held for sale".

In the first nine months of 2022, the main corporate transactions were as follows:

- *Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (Brazil Business Unit):* on April 20, 2022, TIM S.A. acquired 100% of the company's share capital. 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 into Cozani. The incorporation of the company into TIM S.A. took effect starting April 1, 2023;
- *Mindicity S.r.l. (Domestic Business Unit):* 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. (Domestic Business Unit):* TIM S.p.A. acquired 100% share capital of the company in July 2022. Movenda offered digital identity solutions. In 2022, Movenda S.p.A. was merged by incorporation into TIM S.p.A., with accounting and tax effects from July 1, 2022;
- *Daphne 3 S.p.A. (Domestic Business Unit):* TIM S.p.A. sold 41% of the share capital of the holding company Daphne 3 on August 4, 2022. The company holds a 29.9% share in Infrastrutture Wireless Italiane ("INWIT").

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

TIM GROUP RESULTS FOR THE FIRST NINE MONTHS OF 2023

Total TIM Group revenues for the first nine months of 2023 amounted to **11,953 million euros**, +3.7% compared to the first nine months of 2022 (11,529 million euros).

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

(million euros)	9 months to 9/30/2023		9 months to 9/30/2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	8,745	73.2	8,673	75.2	72	0.8	0.9
Brazil	3,236	27.1	2,880	25.0	356	12.4	11.8
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(28)	(0.3)	(24)	(0.2)	(4)	—	—
Consolidated Total	11,953	100.0	11,529	100.0	424	3.7	3.6

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes¹ (+12 million euros) and changes in the scope of consolidation.

Revenues for the third quarter of 2023 totaled 4,107 million euros (3,972 million euros in the third quarter of 2022).

Group EBITDA for the first nine months of 2023 was **4,217 million euros** (3,945 million euros in the first nine months of 2022, +6.9% in reported terms, +5.3% in organic terms).

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

(million euros)	9 months to 9/30/2023		9 months to 9/30/2022		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	2,668	63.3	2,641	66.9	27	1.0	0.5
% of Revenues	30.5	—	30.5	—	—	0.0pp	(0.2) pp
Brazil	1,554	36.9	1,315	33.3	239	18.2	16.7
% of Revenues	48.0	—	45.6	—	—	2.4pp	2.1pp
Other Operations	(6)	(0.2)	(11)	(0.2)	5	—	—
Adjustments and eliminations	1	—	—	—	1	—	—
Consolidated Total	4,217	100.0	3,945	100.0	272	6.9	5.3

Organic EBITDA - net of the non-recurring items amounted to **4,787 million euros**; the EBITDA margin was 40.0% (4,544 million euros in the first nine months of 2022, with an EBITDA margin of 39.4%).

EBITDA in the first nine months of 2023 was impacted by non-recurring charges in the total amount of 570 million euros (594 million euros in the first nine months of 2022), mainly relating to:

- 418 million euros for employee benefits expenses and provisions (548 million euros in the first nine months of 2022) also connected with the application of Art. 4 of Italian Law 92 of June 28, 2012, as per the agreements signed with the Trade Union Organizations by the Parent Company TIM S.p.A., by Noovle S.p.A. and by Telecom Italia Sparkle S.p.A.. Said agreements involve an incentive to take redundancy for approximately 2,000 people and are valid until November 30, 2023;
- 152 million euros (46 million euros in the first nine months of 2022) for expenses mainly linked to disputes, regulatory sanctions and potential liabilities associated thereto, as well as to agreements and the development of non-recurring projects.

¹ The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.42578 for the Brazilian real in the first nine months of 2023 and 5.46570 in the first nine months of 2022; for the US dollar, the average exchange rates used were 1.08345 in the first nine months of 2023 and 1.06408 in the first nine months 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.

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

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBITDA	4,217	3,945	272	6.9
Foreign currency financial statements translation effect		5	(5)	
Non-recurring expenses (income)	570	594	(24)	
ORGANIC EBITDA - excluding non-recurring items	4,787	4,544	243	5.3
% of Revenues	40.0	39.4	0.6pp	

Exchange rate fluctuations mainly related to the Brazil Business Unit.

Organic EBITDA - excluding the use of the risk provisions hedging onerous contracts - in the first nine months of 2023 came to 4,667 million euros (4,206 million euros in the first nine months of 2022).

The EBITDA of the third quarter of 2023 totaled 1,547 million euros (1,287 million euros in the third quarter of 2022).

Organic EBITDA net of the non-recurring items in the third quarter of 2023 totaled 1,687 million euros (1,584 million euros in the third quarter of 2022).

TIM Group EBIT for the first nine months of 2023 was **568 million euros** (438 million euros in the first nine months of 2022).

Organic EBIT, net of the non-recurring items, amounted to **1,139 million euros** (1,036 million euros for the first nine months of 2022), with an EBIT margin of 9.5% (9.0% for the first nine months of 2022).

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

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBIT	568	438	130	29.7
Foreign currency financial statements translation effect		4	(4)	
Non-recurring expenses (income)	571	594	(23)	
ORGANIC EBIT - excluding non-recurring items	1,139	1,036	103	9.9

The EBIT of the third quarter of 2023 totaled 329 million euros (41 million euros in the third quarter of 2022).

Organic EBIT net of the non-recurring items in the third quarter of 2023 totaled 472 million euros (343 million euros in the third quarter of 2022).

The **Net loss attributable to Owners of the Parent for the first nine months of 2023**, was 1,124 million euros (-2,728 million euros in the first nine months of 2022), suffering the negative impact of net non-recurring expenses for 596 million euros (2,367 million euros in the first nine months of 2022).

The TIM Group **headcount** at September 30, 2023 was **48,443**, including 38,951 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 nine months of 2023, were 2,645 million euros (2,762 million euros in the first nine months of 2022).

Capex is broken down as follows by operating segment:

(million euros)	9 months to 9/30/2023		9 months to 9/30/2022		Change
		% weight		% weight	
Domestic	2,053	77.6	2,148	77.8	(95)
Brazil	592	22.4	614	22.2	(22)
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	2,645	100.0	2,762	100.0	(117)
% of Revenues	22.1		24.0		(1.9)pp

In particular:

- the **Domestic Business Unit** presents capex for 2,053 million euros, with a significant portion aimed at deploying the FTTC/FTTH networks, down 95 million euros compared to the first nine months 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 nine months of 2023 of 592 million euros (614 million euros for the first nine months of 2022). Excluding the impact of changes in exchange rates (+4 million euros), capex was down 26 million euros compared with the first nine months of 2022. Technological investments represent 90% of total capex and were mainly driven by the significant coverage of the main cities with new 5G SA technology and by the full completion of Oi/Cozani infrastructure integration. Besides Mobile core business expansion, the Business Unit continued to develop the Ultrabroadband residential business with FTTH technology (Ultrafibre).

The Group's **Operating Free Cash Flow** for the first nine months of 2023 was positive for 1,123 million euros (-1,128 million euros in the first nine months of 2022, impacted, in particular, by payments for the acquisition of rights of use of telecommunication service frequencies in Italy and Brazil).

The Equity Free Cash Flow for the first nine months of 2023 amounted to -238 million euros (+261 million euros in the first nine months 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 came to 26,338 million euros at September 30, 2023, up by 974 million euros compared to December 31, 2022 (25,364 million euros), by virtue of the net effect of the positive operating dynamics, juxtaposed against the needs deriving from tax and financial operations, lease payables and the payment of dividends in Brazil.

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)	9/30/2023 (a)	12/31/2022 (b)	Change (a-b)
Net financial debt carrying amount	26,471	25,370	1,101
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(133)	(6)	(127)
Adjusted Net Financial Debt	26,338	25,364	974
<i>Leases</i>	(5,154)	(5,349)	195
Adjusted net financial debt - After Lease	21,184	20,015	1,169

Net financial debt carrying amount amounted to 26,471 million euros at September 30, 2023, an increase of 1,101 million euros compared to December 31, 2022 (25,370 million euros). The reversal of fair value measurement of derivatives and related financial liabilities/assets recorded a change of 127 million euros due to the market dynamics on interest rates; this change is adjusted by the Net Financial Debt carrying amount with no monetary effect.

Adjusted Net Financial Debt – After Lease (net of lease contracts) was equal to 21,184 million euros at September 30, 2023, up by 1,169 million euros compared to December 31, 2022 (20,015 million euros), by virtue of the net effect of the positive operating dynamics, juxtaposed against the needs deriving from tax and financial operations and the payment of dividends in Brazil.

In the third quarter of 2023, adjusted net financial debt increased by 175 million euros compared to June 30, 2023 (26,163 million euros).

(million euros)	9/30/2023 (a)	6/30/2023 (b)	Change (a-b)
Net financial debt carrying amount	26,471	26,210	261
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(133)	(47)	(86)
Adjusted Net Financial Debt	26,338	26,163	175
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	32,451	31,331	1,120
Total adjusted financial assets	(6,113)	(5,168)	(945)

The TIM Group's available **liquidity margin** at September 30, 2023 amounted to 8,869 million euros, equal to the sum of:

- “Cash and cash equivalents” and “Current securities other than investments” for a total of 4,869 million euros (5,001 million euros at December 31, 2022), also including 713 million euros (nominal value) in repurchase agreements expiring by June 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 24 months.

It should be noted that sales without recourse of trade receivables to factoring companies completed in the first nine months of 2023 resulted in a positive effect on the adjusted net financial debt at September 30, 2023, amounting to 986 million euros (1,155 million euros at December 31, 2022; 1,020 million euros at September 30, 2022).

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 8,745 million euros, up by 72 million euros (+0.8%) compared to the first nine months of 2022. In organic terms, they increased by 75 million euros (+0.9% on the first nine months of 2022).

Stand-alone service revenues came to 7,870 million euros (-107 million euros compared to the first nine months of 2022, -1.3%) and suffer the impact of the competition on the customer base, as well as the effects deriving from the new marketing model, which, starting from the fourth quarter of 2022, entailed the elimination of the "activation contribution"; in organic terms, they drop by 104 million euros compared to the first nine months of 2022 (-1.3%).

In detail:

- **Stand-alone Fixed service revenues** amounted to 6,073 million euros in organic terms, with a negative change with respect to the first nine months of 2022 (-0.3%) mainly due to the decrease in accesses and the difference in activation contributions, partly offset by the growth in revenues from ICT solutions (+85 million euros compared to the first nine months of 2022, +8.1%);
- **Stand-alone Mobile service revenues** came to 2,201 million euros (-80 million euros compared to the first nine months of 2022, -3.5%), 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, amounted, in organic terms, to 875 million euros in the first nine months of 2023, up 179 million euros compared to the first nine months of 2022, mainly due to the commercial agreement started in 2022 by TIM and FiberCop with Open Fiber for the white areas extended, starting the third quarter of 2023, also to part of the gray areas. This agreement envisages that Open Fiber shall purchase from FiberCop the right of use (IRU) for overhead infrastructure and access connections to the customer's home.

Revenues by customer segment/business area 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)	3rd Quarter	3rd Quarter	9 months to	9 months to	Changes %			
	2023	2022	9/30/2023	9/30/2022	(a/b)	(c/d)	organic excluding non- recurring	organic excluding non- recurring
	(a)	(b)	(c)	(d)				
Consumer and Small Medium Business revenues	1,439	1,499	4,211	4,448	(4.0)	(5.3)	(4.0)	(5.3)
Service revenues	1,321	1,369	3,840	4,049	(3.5)	(5.2)	(3.5)	(5.2)
Handset and Bundle & Handset revenues	118	130	371	399	(8.9)	(7.1)	(8.9)	(7.1)

In organic terms, the revenues of the Consumer and SMB segment totaled 4,211 million euros (-237 million euros compared to the first nine months of 2022, -5.3%) and show a trend affected by the challenging competition. The same dynamic observed in overall revenues was also seen in service revenues, which

amounted to 3,840 million euros, down by 209 million euros compared to the first nine months of 2022 (-5.2%).

Also:

- **Mobile service revenues** totaled, in organic terms, 1,632 million euros (-69 million euros, -4.1% compared to the first nine months 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;
- **Fixed service revenues** came to 2,221 million euros in organic terms (-147 million euros, -6.2% on the first nine months of 2022), mainly due to the reduction in ARPU levels and the reduction in the customer base.

Handset and Bundle & Handset revenues of the Consumer and SMB segment came to 371 million euros, -28 million euros compared with the first nine months of 2022: 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 2,107 million euros, an increase of 57 million euros compared to the first nine months of 2022 (+2.8%), of which +3.3% for stand-alone service revenues.

(million euros)	3rd Quarter 2023	3rd Quarter 2022	9 months to 9/30/2023	9 months to 9/30/2022	Changes %			
	(a)	(b)	(c)	(d)	(a/b)	(c/d)	organic excluding non- recurring (a/b)	organic excluding non- recurring (c/d)
Enterprise revenues	710	681	2,107	2,050	4.3	2.8	4.3	2.8
Service revenues	645	619	1,906	1,845	4.1	3.3	4.1	3.3
Handset and Bundle & Handset revenues	65	62	201	205	5.6	(1.7)	5.6	(1.7)

In particular:

- **Mobile service revenues** changed by +3 million euros compared to the first nine months of 2022;
- **Fixed service revenues** changed by +56 million euros compared to the first nine months of 2022 (+3.7%), 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 Telefonía Mobile Sammarinese.*

The Wholesale National Market segment presented revenues of 1,503 million euros in the first nine months of 2023, an increase of 44 million euros (+3%) on the first nine months 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 nine months of 2023 from the Wholesale International Market came to 749 million euros, up on the first nine months of 2022 (+27 million euros, +4%), mainly thanks to the revenues from sales of spectrum/fiber and the 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 nine months of 2023 came to 338 million euros, an increase of 177 million euros compared to the first nine months of 2022. Note that revenues for the first nine months of 2023 include approximately 177 million euros relating to the specified commercial agreement started by TIM and FiberCop

with Open Fiber in 2022 for the “white” areas and, starting from the third quarter of 2023, extended to include some gray areas.

- **Eliminations:** in the first nine months of 2023 these totaled 163 million euros (168 million euros in the first nine months of 2022).

Domestic Business Unit EBITDA for the first nine months of 2023 totaled 2,668 million euros (+27 million euros compared to the first nine months of 2022, +1.0%), with a margin of 30.5% (in line with the first nine months of 2022).

Organic EBITDA, net of the non-recurring items, amounted to 3,230 million euros (+16 million euros compared to the first nine months of 2022, +0.5%). In particular, EBITDA for the first nine months of 2023 was impacted by non-recurring items in the amount of 562 million euros, whilst the first nine months of 2022 reflected a total impact of 574 million euros referring to non-recurring items.

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

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBITDA	2,668	2,641	27	1.0
Foreign currency financial statements translation effect		(1)	1	
Non-recurring expenses (Income)	562	574	(12)	
ORGANIC EBITDA - excluding non-recurring items	3,230	3,214	16	0.5

Organic EBITDA - excluding the use of the risk provisions hedging onerous contracts - in the first nine months of 2023 came to 3,110 million euros (2,876 million euros in the first nine months of 2022).

The **EBITDA** of the third quarter of 2023 totaled 986 million euros (787 million euros in the third quarter of 2022).

Organic **EBITDA** net of the non-recurring items in the third quarter of 2023 totaled 1,123 million euros (+39 million euros compared to the same period of 2022).

Domestic Business Unit EBIT in the first nine months of 2023 totaled 1 million euros (-39 million euros compared to the first nine months of 2022), with a margin of virtually nil (-0.5 percentage points compared to the first nine months of 2022).

Organic EBIT, net of the non-recurring items, amounted to 564 million euros (-50 million euros compared to the first nine months of 2022, -8.1%), with an EBIT margin of 6.4% (down 0.7 percentage points on the 7.1% for the first nine months of 2022).

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

(million euros)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBIT	1	40	(39)	—
Non-recurring expenses (Income)	563	574	(11)	
ORGANIC EBIT - excluding non-recurring items	564	614	(50)	(8.1)

The **EBIT** of the third quarter of 2023 totaled 97 million euros (-106 million euros in the third quarter of 2022).

Organic **EBIT** net of the non-recurring items in the third quarter of 2023 totaled 237 million euros (192 million euros in the third quarter of 2022).

Headcount at September 30, 2023 stood at 39,186 (40,984 as of December 31, 2022).

Brazil (average real/euro exchange rate 5.42578)

Revenues for the first nine months of 2023 of the **Brazil Business Unit (TIM Brasil Group)** amounted to 17,559 million reais (15,706 million reais in the first nine months of 2022, +11.8%).

The acceleration has been determined by **service revenues** (17,037 million reais vs 15,250 million reais for the first nine months of 2022, +11.7%) with mobile service revenues growing 12.1% compared to the first nine months of 2022. This performance is mainly related to the continuous improvement of the pre-paid and post-paid segments, supported by the acquisition of the mobile telephone assets of Oi (Cozani). Fixed service revenues grew by 5.6% compared to the first nine months of 2022, determined above all by the growth rate of Ultrafibre.

Revenues from the sale of products came to 522 million reais (456 million reais in the first nine months of 2022).

Revenues in the third quarter of 2023 totaled 6,056 million reais, increased by 7.9% compared to the third quarter of 2022 (5,611 million reais).

Mobile ARPU in the first nine months of 2023 totaled 29.0 reais, +11.8% higher than the first nine months of 2022 (25.9 reais).

Total mobile lines in place at September 30, 2023 amounted to 61.3 million, -1.2 million compared to December 31, 2022 (62.5 million). The reduction is attributable to the pre-paid segment for 1.1 million and to the post-paid segment for 0.1 million. Post-paid customers represented 44.4% of the customer base as of September 30, 2023 (43.6% at December 2022).

The Ultrafibre Broadband business recorded net positive growth at September 30, 2023 in the customer base of 75 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 nine months of 2023 amounted to 97.3 reais (95.7 reais for the first nine months of 2022).

EBITDA in the first nine months of 2023 was 8,434 million reais (7,169 million reais in the first nine months of 2022, +17.6%) and the margin on revenues was 48.0% (45.6% in the first nine months of 2022).

EBITDA in the first nine months of 2023 reflects the non-recurring charges of 41 million reais (94 million reais in the first nine months of 2022), mainly related to the development of non-recurring projects.

Organic EBITDA, net of the non-recurring items, increased by 16.7% and was calculated as follows:

(million Brazilian reais)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBITDA	8,434	7,169	1,265	17.6
Non-recurring expenses (income)	41	94	(53)	
ORGANIC EBITDA - excluding non-recurring items	8,475	7,263	1,212	16.7

The increase in EBITDA is due to the positive performance of service revenues strengthened by the acquisition of the Oi - Cozani assets and the increase in prices in post-paid tariff plans and TIM Controle.

The relative margin on revenues, in organic terms, comes to 48.3% (46.2% in the first nine months of 2022).

EBITDA for the third quarter of 2023, amounted to 2,992 million reais, up 12.6% compared to the third quarter of 2022 (2,657 million reais).

Net of non-recurring charges, the margin on revenues for the third quarter of 2023 was 49.6% (47.8% in the third quarter of 2022).

EBIT for the first nine months of 2023 amounted to 3,102 million reais (2,242 million reais for the first nine months of 2022, +38.4%).

Organic EBIT, net of the non-recurring items, in the first nine months of 2023 amounted to 3,143 million reais (2,336 million reais in the first nine months of 2022), with a margin on revenues of 17.9% (14.9% in the first nine months of 2022).

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

(million Brazilian reais)	9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%
EBIT	3,102	2,242	860	38.4
Non-recurring expenses (income)	41	94	(53)	
ORGANIC EBIT - excluding non-recurring items	3,143	2,336	807	34.5

The EBIT of the third quarter of 2023 totaled 1,245 million reais (793 million reais in the third quarter of 2022).

Net of non-recurring charges, the margin on revenues for the third quarter of 2023 was 20.7% (14.5% in the third quarter of 2022).

Headcount at September 30, 2023 stood at 9,244 (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)	3rd Quarter 2023	3rd Quarter 2022	Changes		9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,687	1,584	103	6.5	4,787	4,544	243	5.3
Lease payments	(267)	(276)	9	3.3	(810)	(756)	(54)	(7.1)
EBITDA After Lease (EBITDA-AL)	1,420	1,308	112	8.6	3,977	3,788	189	5.0

EBITDA AFTER LEASE - DOMESTIC

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Changes		9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,123	1,084	39	3.6	3,230	3,214	16	0.5
Lease payments	(133)	(127)	(6)	(4.7)	(395)	(381)	(14)	(3.7)
EBITDA After Lease (EBITDA-AL)	990	957	33	3.4	2,835	2,833	2	0.1

EBITDA AFTER LEASE - BRAZIL

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Changes		9 months to 9/30/2023	9 months to 9/30/2022	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	564	502	62	12.1	1,562	1,338	224	16.7
Lease payments (*)	(134)	(149)	15	10.1	(415)	(375)	(40)	(10.7)
EBITDA After Lease (EBITDA-AL)	430	353	77	21.4	1,147	963	184	19.0

(*) In the first nine months of 2023, penalties are not included (approximately 155 million reais; approximately 29 million euros), connected with the decommissioning plan consequent to the purchase of the mobile business of the Oi Group.

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	9/30/2023	12/31/2022	Change
Adjusted net financial debt	26,338	25,364	974
Leases	(5,154)	(5,349)	195
Adjusted Net Financial Debt - After Lease	21,184	20,015	1,169

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	3rd Quarter 2023	3rd Quarter 2022	Change	9 months to 9/30/2023	9 months to 9/30/2022	Change
Equity Free Cash Flow	(71)	(77)	6	(238)	261	(499)
Change in lease contracts (principal share)	(203)	(174)	(29)	(669)	(496)	(173)
Equity Free Cash Flow After Lease	(274)	(251)	(23)	(907)	(235)	(672)

BUSINESS OUTLOOK FOR THE YEAR 2023

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

EVENTS SUBSEQUENT TO SEPTEMBER 30, 2023

Adjusted Closure Price agreement for the acquisition of Oi's mobile telephone assets

On October 4, 2023, TIM S.A., a Brazilian subsidiary of the TIM Group, reported that the Court of Arbitration had approved an agreement stipulated between the Company, Telefônica Brasil S.A. and Claro S.A. (the "Buyers") and Oi S.A. - Em Recuperação Judicial (the "Seller") to put an end to the dispute and arbitration proceedings relating to the post-closing adjustment of the purchase price assigned to Oi's mobile telephone assets. The final price for the portion of the mobile telephone assets attributed to TIM S.A., considering the post-closing adjustment negotiated in the agreement, was 6.68 billion reais, taking the closing date as reference ("TIM Adjusted Final Price").

Considering the TIM Adjusted Final Price, TIM S.A. has therefore redeemed a portion equal to half the amount that had been deposited in court and subsequently transferred to the Court of Arbitration, which was initially equivalent to approximately 317 million reais. The amount, redetermined at the closing date, will be updated with the 100% change in the CDI index until deposit in court, interest and/or monetary update applicable until the date on which the respective reimbursement is paid. The remaining amount has been collected by the Seller as part of the purchase price of the mobile telephone assets attributed to TIM S.A..

Following the agreement, all matters and disputes pending between TIM S.A. and Oi S.A. in connection with the acquisition of the mobile telephone assets, have been settled.

TIM: KKR's binding offer on NetCo

See the press releases issued on October 16, 2023, November 5 and 6, 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, the onset of the recent conflict in the Middle East between Israel and Palestine 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, the recent Israel-Palestine conflict and the structural transformation of the energy markets.

The Gross Domestic Product (GDP) in the second quarter of 2023, expressed in chain-linked values with reference year 2015, corrected for the calendar effects and deseasonalized, is down 0.4% compared with the previous quarter and has grown 0.4% compared with the second quarter of 2022. The second quarter of 2023 had three working days fewer than the previous quarter and one working day less than the second quarter of 2022. The change acquired for 2023 is +0.7%¹.

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. Moreover, the recent Israel-Palestine conflict could bring about further imbalances with problems relating to energy, considering the importance of the region that hosts the main oil producers, as well as the main sea routes through the Suez Gulf.

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, an increased sense of geopolitical risk and stress within the global procurement chains following the COVID-19 pandemic and the Russia-Ukraine conflict are contributing towards fears of a slow to global trade growth. A series of targeted interventionist policies by the West in regard to countries that depend on the import of advanced technology and growing tension between the United States and China may heighten what is already a tense situation.

As concerns Brazil, growth 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 2.9%². 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

As regards the Russia-Ukraine conflict, at present, the impact of the geopolitical situation on the TIM Group's business is indirect, mainly linked to the increase in costs for energy, materials and transport.

If military, economic and political tensions should continue to grow, the situation could have major consequences globally, causing a serious threat to global security that could increase and intensify risks for the TIM Group. Such risks include the security and protection of the TIM Group workforce, the possibility that cyber attacks may strike the networks and data of the TIM Group or its customers, an increased probability of a shock of the supply chain that would entail higher inflation in the short and medium term.

More specifically, for the Sparkle entities (a TIM Group member) that operate in the areas impacted by the Russia-Ukraine conflict, no significant repercussions have been recorded on commercial relations, the demand for international services by the areas involved by the conflict and the substantively regular collection of trade receivables. The TIM Group does not have significant assets in the countries concerned. The Russia-Ukraine conflict has indirectly also led to a general increase in energy prices and, for the third quarter of 2023, some Sparkle entities have incurred higher energy costs than in previous periods. The increase in energy prices has also entailed an increase in inflation and, ultimately, the cost of finance. The Sparkle entities are taking steps to reduce the fluctuation in energy costs in around 40 countries worldwide. In Italy, the steps taken by the Sparkle entities are in line with the TIM Group strategies to address inflation. In addition, the Russia-Ukraine conflict could entail cyber attacks against the countries supporting economic sanctions against Russia. The Sparkle entities are liaising with the National Cybersecurity Agency (ACN) to raise the ICT monitoring alert level for cyber security risks and, in line with the other TIM Group entities, have incorporated the technical indications given by the ACN.

As regards the conflict in the Middle East, between Israel and Palestine, which onset early October 2023, the implications for the Group are as yet uncertain and should become clearer over time. In any case, a preliminary examination may reveal impacts both in terms of volatility of costs (e.g. energy) and in international trade.

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

¹ ISTAT – Quarterly Economic Accounts – Quarter II 2023 – September 2023

² Banco Central do Brasil - Inflation Report - September 2023

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.