HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2024

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

SUMMARY

INTERIM REPORT ON OPERATIONS AT JUNE 30, 2024

BOARD OF DIRECTORS

The composition of the Board of Directors of TIM S.p.A. is as follows:

Chairman	Alberta Figari (independent)
Chief Executive Officer and General Manager	Pietro Labriola
Directors	Domitilla Benigni (independent); Paola Camagni (independent) Federico Ferro Luzzi (independent) Paola Giannotti De Ponti (independent) Giovanni Gorno Tempini Umberto Paolucci (independent) Stefano Siragusa (independent – pursuant to Consolidated Law on Finance)
Secretary to the Board	Agostino Nuzzolo

BOARD OF STATUTORY AUDITORS

The composition of the Board of Statutory Auditors of TIM S.p.A. is as follows:

Chairman	Francesco Fallacara
Standing Auditors	Anna Doro Massimo Gambini Francesco Schiavone Panni Mara Vanzetta
Alternate Auditors	Massimiliano Di Maria Laura Fiordelisi Paolo Prandi Carlotta Veneziani

Independent Auditors	EY S.p.A.

INTRODUCTION

The Half-Year Financial Report at June 30, 2024 of the TIM Group was prepared in compliance with Article 154–ter (Financial Reports) of Legislative Decree no. 58/1998 (Consolidated Law on Finance – CLF) as amended, and in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the recognition and measurement criteria of the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS"), and with rulings issued under Article 9, Legislative Decree no. 38/2005.

The Half-Year Financial Report includes:

- the Interim Report on Operations;
- the Half-Year Condensed Consolidated Financial Statements;
- the certification of the Half-Year Condensed Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation 11971 dated May 14, 1999, as amended.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2024 have undergone a limited scope audit.

In this Half-Year Financial Report for the period ended June 30, 2024, the assets relating to the domestic fixed-line network component (primary network and wholesale business of TIM S.p.A.), FiberCop S.p.A. and Telenergia S.r.l. ("NetCo"), are classified under IFRS 5 as Available-for-Sale Assets, since all conditions necessary for the completion of the sale have been met (including having obtained the necessary authorizations).

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2023, to which reference should be made for a full understanding, except for the amendments to the standards issued by IASB and adopted starting from January 1, 2024.

TIM Group, in addition to the conventional financial performance measures established by the IFRS Accounting Standards, 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.

Furthermore, in order to provide a better understanding of the business’s performance, organic economic and financial information is presented relating to the operating performance in the first half of 2024 and the first half of 2023 of the business in the “TIM ServCo” perimeter, restated based on operating data. Such organic like-for-like information is prepared by simulating the separation operation of the fixed network, with the creation of the NetCo component and the consequent definition of the TIM ServCo perimeter, as the it had occurred at the start of the reference period (January 1).

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

Finally, it should be noted that the section “Business Outlook for the year 2024” contains forward-looking statements regarding the Group’s intentions, beliefs and current expectations in relation to the Group’s financial results and other aspects of the Group’s activities and strategies. Readers of this Interim Report on Operations 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 "Main risks and uncertainties" section 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.

DISPOSAL OF NETCO

At its meeting of July 6, 2022, TIM's Board of Directors had approved the strategic objective of reorganizing the Company with the aim of leaving behind the Company's vertical integration.

In November 2023, the Board of Directors of TIM S.p.A., following an extensive and in-depth examination, conducted with the assistance of leading financial and legal advisors, examined and then accepted the binding offer submitted on October 16, 2023 by Kohlberg Kravis Roberts & Co. L.P. ("KKR") for the purchase of TIM's fixed network assets and the shareholdings held in FiberCop S.p.A. and Telenergia S.r.l. ("NetCo"), by Optics BidCo S.p.A. (a subsidiary of KKR).

In execution of the resolutions adopted, TIM S.p.A. therefore signed a transaction agreement with Optics BidCo that governed:

- the transfer by TIM S.p.A. of a business unit (the "Business Unit") – consisting of the activities relating to the primary network, the wholesale business and the entire shareholding in the subsidiary Telenergia S.r.l. – to FiberCop S.p.A. (FiberCop"), a company that already manages the activities relating to the secondary fibre and copper network; and
- the simultaneous purchase by Optics Bidco of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself, following the aforementioned transfer.

The transaction agreement provided that on the closing date, the master services agreements would be signed governing the terms and conditions of the services to be performed between NetCo and TIM S.p.A. following the completion of the Transaction.

The transaction agreement also provided that the consideration for the sale of the equity interest could also be partially paid through the transfer of part of the TIM Group's debt at the closing of the NetCo transaction (so-called liability management).

In particular, the three "Exchange Offers" for the bonds issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A., launched on April 18, 2024, were completed on May 21, 2024 for a nominal value of 3,669,680,000 euros for the bonds issued by TIM S.p.A. and Telecom Italia Finance S.A., and for a nominal value of USD 2,000,011,000 for the bonds issued by Telecom Italia Capital S.A.. The new notes issued by the three companies have substantially the same terms as the corresponding series of Original Notes, including insofar as their maturities, interest rates, interest payment dates and restrictive covenants. The exception will be in their Acquisition Exchange provisions and their minimum denomination provisions, where applicable. These were traded on the Closing date by means of a mandatory automatic exchange of debt from the TIM Group to the counterparty, which became the bond holder.

The authorizations required for the completion of the transaction included the following:

- authorization on distortionary foreign subsidies and authorization under the Golden Power framework (obtained in January 2024);
- authorization of the divestment from the European Commission (obtained in May 2024).

Following those authorizations, TIM S.p.A. made the transfer of the Business Unit to FiberCop with effect on July 1, 2024. Also on July 1, 2024, TIM S.p.A. sold to Optics Bidco its entire stake in the share capital of FiberCop and signed the above-mentioned master services agreement with FiberCop.

In this Half-Yearly Financial Report for the period ending June 30, 2024, NetCo is therefore classified as an Available-for-Sale Asset in accordance with IFRS 5, since all conditions for the completion of the sale of NetCo have been met, including obtaining the necessary authorizations as at the reporting date.

In addition, as a result of this classification of NetCo, the figures in the separate consolidated income statement and consolidated cash flow statement for the first half of 2023 have been consistently restated, as required by IFRS 5.

The proceeds from the sale of NetCo will be recognized as Income from Discontinued Operations net of costs of sale, in the income statement for the second half of 2024.

Below are the TIM Group's consolidated economic results for the first half of 2024 and the first half of 2023, showing the reconciliation between:

- the current view (column "a"), which classifies NetCo as an Available-for-Sale Asset/Discontinued Operations;
- the "as-is" view, with respect to the previous Financial Reports (column "a+b");
- the connection between the two views by highlighting Discontinued Operations (column "b").

1st Half 2024

(million euros)	TIM Group (a)	Discontinued Operations (b)		(a+b)
		NetCo	Adjustments and	
Revenues	**7,061**	**1,207**	**(315)**	**7,953**
Other income	49	40	(12)	77
Total operating revenues and other income	**7,110**	**1,247**	**(327)**	**8,030**
Acquisition of goods and services	(3,570)	(360)	296	(3,634)
Employee benefits expenses	(771)	(552)	(1)	(1,324)
Other operating expenses	(314)	(48)	2	(360)
Change in inventories	12	(6)	(1)	5
Internally generated assets	173	108	1	282
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**2,640**	**389**	**(30)**	**2,999**
Depreciation and amortization	(1,633)	(766)	2	(2,397)
Gains (losses) on disposals of non-current assets	—	—	—	—
Impairment reversals (losses) on non-current assets	(14)		—	(14)
Operating profit (loss) (EBIT)	**993**	**(377)**	**(28)**	**588**
Share of profit (losses) of associates and joint ventures accounted for using the equity method	(13)	—	—	(13)
Other income/(expense) from investments	2	—	—	2
Finance income	687	3	(84)	606
Finance expenses	(1,499)	(187)	84	(1,602)
Profit (loss) before tax from continuing operations	**170**	**(561)**	**(28)**	**(419)**
Income tax expense	(33)	(52)	1	(84)
Profit (loss) from continuing operations	**137**	**(613)**	**(27)**	**(503)**
Profit (loss) from Discontinued operations / Non current assets held for sale	(640)	—	640	—
Profit (loss) for the period	**(503)**	**(613)**	**613**	**(503)**
Attributable to:				
Owners of the Parent	**(646)**			**(646)**
Non-controlling interests	143			143

1st Half 2023				
(million euros)	TIM Group (a)	Discontinued Operations (b)		(a+b)
		NetCo	Adjustments and	
Revenues	**6,853**	**1,387**	**(394)**	**7,846**
Other income	69	52	(12)	109
Total operating revenues and other income	**6,922**	**1,439**	**(406)**	**7,955**
Acquisition of goods and services	(3,588)	(386)	395	(3,579)
Employee benefits expenses	(1,131)	(579)	(1)	(1,711)
Other operating expenses	(290)	(50)	2	(338)
Change in inventories	57	9	—	66
Internally generated assets	167	110	—	277
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**2,137**	**543**	**(10)**	**2,670**
Depreciation and amortization	(1,650)	(781)	2	(2,429)
Gains (losses) on disposals of non-current assets	(2)	—	—	(2)
Impairment reversals (losses) on non-current assets	—		—	—
Operating profit (loss) (EBIT)	**485**	**(238)**	**(8)**	**239**
Share of profit (losses) of associates and joint ventures accounted for using the equity method	(15)	—	—	(15)
Other income/(expense) from investments	3	—	—	3
Finance income	655	1	(61)	595
Finance expenses	(1,262)	(151)	61	(1,352)
Profit (loss) before tax from continuing operations	**(134)**	**(388)**	**(8)**	**(530)**
Income tax expense	(30)	(113)	—	(143)
Profit (loss) from continuing operations	**(164)**	**(501)**	**(8)**	**(673)**
Profit (loss) from Discontinued operations / Non current assets held for sale	(509)	—	509	—
Profit (loss) for the period	**(673)**	**(501)**	**501**	**(673)**
Attributable to:				
Owners of the Parent	**(813)**			**(813)**
Non-controlling interests	140			140

Highlights from the first half of 2024

The main financial results of the **TIM Group, in which NetCo is classified as Discontinued Operations, were as follows. "Gruppo TIM (NetCo Discontinued Operations)"** in which TIM's fixed network assets and the investments held in FiberCop S.p.A. and Telenergia S.r.l. ("NetCo") are classified as "Available-for-sale assets" in accordance with IFRS 5.

TIM Group (NetCo Discontinued Operations) financial highlights

(million euros) - reported data		1st Half 2024 (a)	1st Half 2023 (b)	% Change (a-b)
Revenues		7,061	6,853	3.0
EBITDA	(1)	2,640	2,137	23.5
EBITDA Margin	(1)	*37.4%*	*31.2%*	*6.2pp*
EBIT	(1)	993	485	—
EBIT Margin	(1)	*14.1%*	*7.1%*	*7.0pp*
Profit (loss) for the period attributable to owners of the Parent		(646)	(813)	20.5
Capital Expenditures & spectrum		1,001	1,006	(0.5)

(million euros) - reported data		1st Half 2024 (a)	1st Half 2023 (b)	% Change (a-b)
Equity Free Cash Flow	(1)	(681)	(167)	-
Equity Free Cash Flow After Lease	(1)	(1,028)	(633)	62.4
Adjusted Net Financial Debt (2)	(1)	26,488	26,163	1.2
Net Financial Debt After Lease(2)	(1)	21,507	20,815	3.3

(1) For details, please refer to the "Alternative performance measures" chapter.

(2) 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 following are the main financial results of the **like-for-like TIM Group ("like-for-like ServCo TIM Group")** in which the organic economic and financial information relating to the operating performance for the first half of 2024 and the first half of 2023, are restated based on management information. Such organic like-for-like information is prepared by simulating the separation operation of the fixed network, with the creation of the NetCo component and the consequent definition of the (new) ServCo TIM Group perimeter, as the it had occurred at the start of the reference period (January 1).

ServCo (TIM Group) like-for-like results

(million euros) - organic data (*)	1st Half 2024	1st Half 2023	% Change
Revenues	7,112	**6,871**	**3.5**
TIM Domestic	4,873	4,796	1.6
of which TIM Consumer	*2,970*	*2,970*	—
of which TIM Enterprise	*1,507*	*1,437*	*4.9*
of which Sparkle	*493*	*491*	*0.4*
TIM Brasil	2,257	2,094	7.8
Service revenues	6,658	**6,404**	**4.0**
TIM Domestic	4,489	4,391	2.2
of which TIM Consumer	*2,731*	*2,717*	*0.5*
of which TIM Enterprise	*1,384*	*1,301*	*6.4*
of which Sparkle	*471*	*474*	*(0.6)*
TIM Brasil	2,187	2,032	7.6
EBITDA	2,139	**1,956**	**9.4**
TIM Domestic	1,046	964	8.5
TIM Brasil	1,095	996	9.9
EBITDA AL	**1,802**	**1,595**	**13.0**
TIM Domestic	961	883	8.8
TIM Brasil	843	716	17.8
CAPEX (net of telecommunications licenses)	**963**	**981**	**(1.8)**
TIM Domestic	548	578	(5.2)
TIM Brasil	415	403	3.0
EBITDA AL - CAPEX (net of telecommunications licenses)	**839**	**614**	**36.6**
TIM Domestic	413	305	35.4
TIM Brasil	428	313	36.7

(*) 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.

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION OF THE TIM GROUP

During the first half of 2024, the TIM Group, through its subsidiary Telsy S.p.A. (Domestic Business Unit), acquired control of QTI S.r.l., bringing its percentage ownership in the company's share capital from 49% to 80%. QTI S.r.l. is a company engaged in the development, production and sale of innovative products and services with high technological value.

In the first half of 2023, the main change in the scope of consolidation was the acquisition by Telsy S.p.A., on April 20, 2023, of a 100% share capital in TS-Way S.r.l., a company active in the field of IT security. (Domestic Business Unit).

CONSOLIDATED OPERATING PERFORMANCE

Revenues

Total TIM Group revenues (NetCo Discontinued Operations) for the first half of 2024 amounted to **7,061 million euros**, +3.0% compared to the first half of 2023 (6,853 million euros).

The breakdown of total revenues for the first half of 2024, by operating segment in comparison with the first half of 2023 is as follows:

(million euros)	1st Half 2024		1st Half 2023		Changes		
		% weight		% weight	absolute	%	% like-for-like
Domestic	4,822	68.3	4,774	69.7	48	1.0	1.6
Brazil	2,257	32.0	2,098	30.6	159	7.6	7.8
Other Operations	—	—	—	—	—		
Adjustments and eliminations	*(18)*	*(0.3)*	*(19)*	*(0.3)*	*1*		
Consolidated Total	**7,061**	**100.0**	**6,853**	**100.0**	**208**	**3.0**	**3.5**

TIM Group like-for-like consolidated revenues are calculated as follows:

(million euros)	1st Half 2024	1st Half 2023	Changes	
			absolute	%
REVENUES	**7,061**	**6,853**	**208**	**3.0**
Foreign currency financial statements translation effect		(4)	4	
Non-recurring expenses (income)	—	—	—	
ORGANIC REVENUES excluding non-recurring items	**7,061**	**6,849**	**212**	**3.1**
Master Service Agreement (MSA)	67	67	—	
Other impacts	(16)	(45)	29	
Like-for-like ORGANIC REVENUES	**7,112**	**6,871**	**241**	**3.5**

EBITDA

TIM Group's (NetCo Discontinued Operations) EBITDA for the first half of 2024 was **2,640 million euros** (2,137 million euros in the first half of 2023, +23.5%).

EBITDA by operating segment for the first half of 2024, compared to the first half of 2023, was as follows:

(million euros)	1st Half 2024		1st Half 2023		Changes		
		% weight		% weight	absolute	%	% like-for-like
Domestic	1,547	58.6	1,149	53.8	398	34.6	8.5
Brazil	1,095	41.5	993	46.5	102	10.3	9.9
Other Operations	(4)	(0.1)	(4)	(0.3)	—		
Adjustments and eliminations	*2*	—	*(1)*	—	*3*		
Consolidated Total	**2,640**	**100.0**	**2,137**	**100.0**	**503**	**23.5**	**9.4**

TIM Group like-for-like consolidated EBITDA is calculated as follows:

(million euros)	1st Half 2024	1st Half 2023	Changes	
			absolute	%
EBITDA	2,640	2,137	503	23.5
Foreign currency financial statements translation effect		(2)	2	
Non-recurring expenses (income)	83	427	(344)	
ORGANIC EBITDA - excluding non-recurring items	2,723	2,562	161	6.3
New Master Service Agreement (MSA)	(902)	(919)	17	
Previous MSA	341	355	(14)	
Other impacts	(23)	(42)	19	
Like-for-like ORGANIC EBITDA	2,139	1,956	183	9.4

TIM Group's (NetCo Discontinued Operations) EBITDA was particularly impacted by the change in the line items analyzed below:

- **Acquisition of goods and services (3,570 million euros; 3,588 million euros in the first half of 2023):**

(million euros)	1st Half 2024	1st Half 2023	Change
Acquisition of goods	467	518	(51)
Revenues due to other TLC operators and costs for telecommunications network access services	590	601	(11)
Commercial and advertising costs	804	768	36
Professional and consulting services	100	123	(23)
Power, maintenance and outsourced services	407	412	(5)
Lease and rental costs	522	464	58
Other	680	702	(22)
Total acquisition of goods and services	**3,570**	**3,588**	**(18)**
% of Revenues	*50.6*	*52.4*	*(1.8)pp*

- **Employee benefits expenses (771 million euros; 1,131 million euros in the first half of 2023):**

(million euros)	1st Half 2024	1st Half 2023	Change
Employee benefits expenses - Italy	**585**	**956**	**(371)**
Ordinary employee expenses and costs	521	543	(22)
Restructuring and other expenses	64	413	(349)
Employee benefits expenses – Outside Italy	**186**	**175**	**11**
Ordinary employee expenses and costs	186	175	11
Restructuring and other expenses	—	—	—
Total employee benefits expenses	**771**	**1,131**	**(360)**
% of Revenues	*10.9*	*16.5*	*(5.6)pp*

The reduction of 360 million euros in personnel costs is mainly attributable to:

- the decrease of 22 million euros in the Italian component of ordinary employee expenses, mainly due to the savings resulting from the reduction of the average Italian workface by -1,470 units on average, partially offset by the lower impact caused by the reduction in hours under the Solidarity contract signed on April 12, 2024 as compared to the prior Expansion agreement signed in 2022 and terminated on February 28, 2024 (+752 average units compared to the first half of 2023);
- to the decrease of 349 million euros in the item "Restructuring costs and other expenses" of the Italian component. In 2024, 64 million euros in charges were provisioned, mainly relating to wage subsidies under the solidarity contracts and individual redundancy plans, as provided for by the union agreement signed by the Parent Company with the labor unions on March 29. In the first half of 2023, charges totaling 413 million euros were incurred in relation to the exits of non-executive personnel – as provided for in application of Article 4 of Law No. 92 of June 28, 2012, in relation to in the agreement signed on March 21, 2023 by Parent Company TIM S.p.A with the trade unions – and in relation to the top-up of provisions for charges resulting from the agreements signed by Parent Company TIM S.p.A, Telecom Italia Sparkle, Telecontact, Noovle and Olivetti in 2022;
- the greater cost of 11 million euros in the foreign component mainly related to the impact of turnover, the exchange rate change and the local salary dynamics of the Brazil Business Unit.

- **Other income (49 million euros; 69 million euros in the first half of 2023):**

(million euros)	1st Half 2024	1st Half 2023	Change
Late payment fees charged for telephone services	19	18	1
Recovery of employee benefit expenses, purchases and services	2	3	(1)
Capital and operating grants	7	4	3
Damages, penalties and recoveries connected with litigation	2	13	(11)
Estimate revisions and other adjustments	15	26	(11)
Other	4	5	(1)
Total	**49**	**69**	**(20)**

- **Other operating expenses (314 million euros; 290 million euros in the first half of 2023):**

(million euros)	1st Half 2024	1st Half 2023	Change
Write-downs and expenses in connection with credit management	108	101	7
Provision charges	26	30	(4)
TLC operating fees and charges	114	102	12
Indirect duties and taxes	42	26	16
Penalties, settlement compensation and administrative fines	4	6	(2)
Subscription dues and fees, donations, scholarships and traineeships	5	4	1
Sundry expenses	15	21	(6)
Total	**314**	**290**	**24**

Depreciation and amortization

In the first half of 2024, this item amounted to 1,633 million euros (1,650 million euros in the first half of 2023) and breaks down as follows:

(million euros)	1st Half 2024	1st Half 2023	Change
Amortization of intangible assets with a finite useful life	736	729	7
Depreciation of tangible assets	618	586	32
Amortization of rights of use assets	279	335	(56)
Total	**1,633**	**1,650**	**(17)**

Net impairment losses on non-current assets

Net impairment losses on non-current assets were -14 million euros in the first half of 2024 (nil in the first half of 2023).

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on an annual basis, when preparing the company's separate and consolidated financial statements. Moreover, if specific trigger events occur that could lead to a presumption that Goodwill has suffered impairment, impairment testing is also carried out during the preparation of the interim financial statements.
Following the reclassification of NetCo under "Discontinued Operations/Non-current Assets Held for Sale," the Domestic perimeter at the end of June 2024 includes operations relating to Domestic ServCo (Domestic - NetCo Discontinued Operations). Indeed, part of the total goodwill, held by the Domestic CGU as of December 31, 2023 (18,153 million euros), was allocated to NetCo. The allocation process resulted in goodwill of 7,920 million euros being allocated to NetCo; the remaining goodwill under the Domestic ServCo CGU is 10,233 million euros.
In accordance with the corporate procedures, in preparation of the half-year report at June 30, 2024, the company carried out impairment testing: the impairment test did not result in write-downs on the goodwill attributed to the ServCo Domestic Cash Generating Unit and the Brazil Cash Generating Unit.
Further details are provided in the Note "Goodwill" to the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 of the TIM Group.

The 14 million euros refers to the write-down of the residual value of certain network asset components related to work in progress ("plant inventory").

EBIT

TIM Group's (NetCo Discontinued Operations) EBIT for the first half of 2024 was **993 million euros** (485 million euros in the first half of 2023).

Finance income (expenses), net

Finance income (expenses) showed a net expense of 812 million euros (negative for 607 million euros in the first half of 2023). The increase is essentially attributable to the dynamics of interest rates.

Income tax expense

In the first half of 2024, the income taxes item amounted to 33 million euros (30 million euros in the first half of 2023) and mainly refers to the Brazilian subsidiary TIM S.A., which reported which recorded a positive pre-tax result.

Profit (loss) for the period

This item breaks down as follows:

(million euros)	1st Half 2024	1st Half 2023
Profit (loss) for the period	**(503)**	**(673)**
Attributable to:		
Owners of the Parent:		
Profit (loss) from continuing operations	58	(227)
Profit (loss) from Discontinued operations / Non current assets held for sale	(704)	(586)
Profit (loss) for the period attributable to owners of the Parent	**(646)**	**(813)**
Non-controlling interests:		
Profit (loss) from continuing operations	79	63
Profit (loss) from Discontinued operations / Non current assets held for sale	64	77
Profit (loss) for the period attributable to Non-controlling interests	**143**	**140**

The result of "Discontinued Operations/Non-current Assets Held for Sale" for the period relates to TIM's fixed-line network assets, FiberCop S.p.A. and Telenergia S.r.l. ("NetCo"), which are classified under IFRS 5 as Available-for-sale Assets.

Further details are provided in the Note "Discontinued operations/Non-current assets held for sale" to TIM Group's Half-Year Condensed Consolidated Financial Statements at June 30, 2024.

COMPLEX CONTRACTS

As part of a process aiming to ensure the identification and definition of the initiatives for the evolution of the internal control system for the management of corporate risks, from 2022, the TIM Group has instituted a Technical Committee to supervise complex contracts (the "Technical Committee").

The Technical Committee has defined:

- the objective criteria according to which a contract can be classified as "complex";
- a process for evaluating and authorizing complex contracts involving multiple players and expertise capable of assessing the various risk profiles (collective decision-making process);
- an update to the policy governing the formalization process of contracts within the Group by providing for a clear identification and formalization of the rationale underlying the decision-making process for awarding complex contracts, as well as the related escalation mechanisms, thus strengthening the process of identifying and reconstructing the sources, information elements and controls performed.

Since 2021, some multi-year contracts for the offer of multimedia content and a connectivity agreement have showed an overall negative margin over the entire contract term, with provisions having to be made for contractual risks for onerous contracts for the residual durations of the agreements. The residual value of the provision and the forecasts of the total contractual margin are periodically revised in order to confirm or update the initial estimates and the residual amount of the provision itself.

The utilization of the contractual risks provision for onerous contracts makes it possible to offset the negative EBITDA component (referring both to business operating performance and the commitments in terms of fees that TIM is contractually obliged to pay to counterparties) by recognizing a zero (organic) operating margin over the duration of the contract.

At June 30, 2024, the provision for contractual risks for onerous contracts totaled 69 million euros, which is sufficient to compensate the negative margins over the entire duration of the contract.

Below are:

- the amount used in the first half of 2024 and in the first half of 2023 of the Provision for risks to cover the negative margin;
- the amount of the total organic margins (organic EBITDA) without using the risk provision for onerous contracts.

	TIM Group		Domestic Business Unit	
(million euros)	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	**2,723**	**2,562**	**1,630**	**1,571**
- Use of the risk provision for onerous contracts to cover the negative margin	(110)	(140)	(110)	(140)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	**2,613**	**2,422**	**1,520**	**1,431**

The amount of 110 million euros is the negative margin, for which the provision was used.

From a financial viewpoint, the negative margin covered by the Risks Provision has an equal impact on the Net Financial Position and cash flows.

With reference to multi-year contracts which, in some cases, require TIM to pay the counterparty fees by way of a guaranteed minimum, it should be noted that the valuation of such contracts and the estimation of the costs associated with them is subject to numerous uncertainties, including market dynamics, pronouncements of market regulatory authorities and the development of new technologies to support the service. These estimates are periodically revised on the basis of the final data to ensure that the forecast figure remains within reasonably foreseeable ranges. Not all factors mentioned are under the Company's control and could, therefore, have a significant impact on future forecasts about the performance of the contracts themselves, the estimated margins (positive or negative), and the cash flows that will be generated.

TIM GROUP'S ESG PERFORMANCE

Introduction on ESG performance

This report has been prepared on a voluntary basis only with a view to providing a better understanding of the performance of key ESG indicators based on management information. More specifically, the content simulates the unbundling of the fixed-line network, with the creation of the NetCo component and the consequent definition of the TIM ServCo perimeter, as if it had taken place at the beginning of the reporting period (January 1).

The document therefore highlights for the first time some data pertaining to TIM's post-spinoff perimeter following July 1, 2024 (also hereafter referred to as TIM ServCo) with the sole aim of providing all stakeholders with an initial view on ESG developments resulting from the Group's reorganization. As a result, the data reported has not been audited. They will be formally reported according to the new ESRS standards in the Annual Report 2024.

TIM Brasil was not impacted by the NetCo transaction; this section also reports on its sustainability actions implemented in the first half of the year.

DOMESTIC - Environment

Looking at the separate ServCo-NetCo data, a new TIM **Environment identity** emerges, characterized by:

- a reduction in total emissions;
- a redistribution of emissions between Scope 1, 2 and 3, since Scope 1 and 2 decreased and Scope 3 emissions (generated before and after production activities) increased proportionally; a new emission category (8) related to shared assets managed by third parties (FiberCop) was added.

From a **risk** perspective the lower energy purchases reduce TIM's exposure to volatile energy prices.

Highlights of the first half of 2024

The factors that had the greatest impact on the Group's carbon footprint included energy, water and fuel consumption; direct and indirect management of real estate for both residential and industrial use; types of energy purchased (fossil or renewable sources); the company car fleet; goods and services purchased from the supply chain (Scope 3, categories 1 and 2) or managed by third parties on behalf of TIM (Scope 3, category 8); and the use of goods sold (Scope 3, category 11).

The KPIs for the first half of 2024 were as follows:

KPI	Total	of which
Energy purchased (GWh)	850	18 %
Water consumption (civil+industrial) (m^3)	738,000	8 %
Total operational + mixed-use vehicles (n)	11,845	20 %
Vehicle fuel consumption (l)	5,563,000	24 %
Electric generator fuel consumption (l)	99,000	10 %
Oil consumption for heating (l)	29,700	44 %
Methane consumption for heating (m^3)	1,692,000	44 %
Methane consumption for trigeneration (m^3)	5,679,235	2 %
Ozone-harming gas consumption (kg)	839	11 %
Purchases of goods and services from the	3,471,014,000	60 %

Key findings for TIM ServCo

With the sale of the business unit to FiberCop, TIM ServCo adopts a new setup for its infrastructure (Network, Data Center, Offices) and company car fleet.
With regard to Network, with the new arrangement FiberCop - which already held the fiber optic section from the cabinet (line repartition cabinet placed at street level) to the customer's home - also acquires the network section connecting the cabinet to the OLT (Optical Line Termination), the apparatus from which the optical cables originate and into which the other operators (OLOs) plug in. Therefore, FiberCop holds:

- the power plants with the power and air conditioning systems;
- the OLT equipment placed in said power plants;
- the laying infrastructure and fiber optic cables (both access and connection between exchanges);
- all older generation equipment and technologies for fixed voice and data services.

ServCo, on the other hand, maintains the entire network backbone connecting the different exchanges, over which data, voice and video services travel. The backbone is also used by Fibercop to provide connectivity services to other operators who request them directly from Fibercop. ServCo also maintains:

- the backbone consisting of all the equipment in the IP (Internet Protocol) data network and all more modern equipment in the optical transmission network;
- all Mobile Network Access equipment (present at about 22,000 sites, including about 2,400 on Fibercop buildings);

- all equipment in the Edge IP Network, Mobile and Fixed Core Network (voice and data) and all platforms for fixed, mobile data and video services;
- interconnection with other Operators;
- the telephone numbers and IP addresses for fixed and mobile services of all Customers.

The TIM ServCo network equipment mentioned above is allocated across 4,339 FiberCop buildings.

Regarding **Data Centers,** ServCo manages all 16 Data Centers:

- 7 x Core Data Centers (offering maximum-performance cloud and co-location services);
- 6 x Public Cloud Data Centers (where the platforms of the most important public cloud providers operate);
- 3 x Service Centers (secure and reliable micro data centres close to customer sites).

Of those Data Centers, 11 are allocated in properties owned or used exclusively by TIM, while the remaining 5 are allocated in FiberCop locations and shared with the FiberCop.

A new layout is outlined for **civilian buildings**, which is also affected by the downsizing of the corporate population. Specifically, in the first half of 2024, employees are allocated across 196 buildings, of which ServCo across 75 buildings. Some of these buildings are mixed-use, meaning they can also house industrial assets.

With regard to the **company car fleet**, data for the first half of 2024 show a total ServCo + NetCo fleet of 12,000 vehicles with 2,351 vehicles allocated to ServCo, which accounted for 20% of the total.

The downsizing of the vehicle fleet leads to a substantial reduction in the consumption of automotive fuel (gasoline and LPG), which in 2023 accounted for about 30% of Scope 1 emissions.

DOMESTIC - TIM social and people

Looking at the separate ServCo-NetCo data, a new TIM **Social identity** emerges, characterized by:

- a reduction in the number of employees;
- an increase in women as a percentage of total employees;
- an increase in young people (under 35 and millennials) as a percentage of total employees
- an increase in women in senior positions as a percentage of total positions available

With the new population structure, all general HR indicators have improved.

Highlights of the first half of 2024 and ServCo personnel findings

The main factors characterizing the social, people-related dimension include composition, roles, organization, working methods, training, engagement, and wellbeing.

With the transfer of the business unit to FiberCop, around 19,900 people (representing 53% of the total TIM workforce) came within the NetCo perimeter, including personnel from the Wholesale perimeter dedicated to the management of the fixed-line network and the Telenergia company.

People were concentrated across fewer locations (75 out of 196). so the dispersion index has improved: an average of 225 people per ServCo location, compared to 188 people per ServCo + NetCo location, in accordance with the minimum legal standards (1.5 m2 per employee).

In the first half of 2024, an organizational model has been adopted that integrates productivity, well-being and sustainability, with flexi-work offering 3 days at home and 2 days in the office, with offices closed on Fridays (except for the executive offices in Corso d'Italia in Rome and Via Negri in Milan) for a total saving of approximately 21,000 tC02eq for the majority of the company's workforce. The emission savings from applying flexi-work to the TIM ServCo workforce is approximately 10,000 tC02eq.

Main KPIs	Total	of which
Workforce	37,800	47 %
Average age	52.4	50.7
Women	35 %	48 %
Women in positions of responsibility	25.8 %	29.7 %
Young people (under 35)	5 %	8 %
Millenials (under 44)	17 %	20 %
Hours of training	543,000	39 %
Flexi-work	2 days in the office/3 days at home	

DOMESTIC - Social, societal impacts and business implications

The NetCo transaction has not resulted in changes to TIM's service and product portfolio aimed at the retail market. As for the wholesale market, on the other hand, the resources for providing wholesale fixed access services have been transferred to FiberCop; therefore, the related services and products offered and sold to OLOs are no longer within the TIM perimeter.

On the supply side for **Businesses** and **Public Administration**, the focus is on digital services that generate efficiency and, at the same time, contribute to the economic, environmental and social sustainability of Italy's business and administrative fabric.

TIM's key contributions to the country's development include smart cities and digitization of art and museum heritage. These two streams are closely linked to the company's profitability because they are based on offering the following services:

- **Cloud IoT & Security**. In the first half of 2024, TIM recorded significant revenues from Cloud, IoT and Security services, with overall growth of 34% on the same period last year
- **TIM Urban Genius**: the smart city offer based on the IoT platform, which collects and analyses territorial data to extract immediate and timely information that local administrations can use in decision-making**.** To strengthen its position in the Smart City arena, in the first half of the year, TIM (through Olivetti) increased its stake in Mindicity, the company that developed the platform on which TIM Urban Genius is based, from 70% to 85%.
- Digital services that amplify the value of artistic and cultural assets such as "**TIM Extended Reality**" to create metaverse, augmented and virtual reality through 5G technology and "**TIM e-Vent Platform**" to create fully digital events with the filming of real speakers and their insertion into digital sets. In June, at the Taobuk 2024 International Festival in Taormina, TIM Enterprise created - through its Extended Reality platform - an immersive experience in which visitors, wearing special visors, were able to enjoy an interactive virtual tour in which the artistic wonders of the Sicilian city were showcased by actors citing texts of famous works. June also saw the launch of the "VisitAR Bologna" app, which, again thanks to Extended Reality technology, offers visit real-meets-virtual itineraries in the history and culture of Bologna, with geolocated digital content enriched by a gamification experience to make the visit more engaging. The app has been developed in collaboration with the City of Bologna's House of Emerging Technologies.

Completing the digital offerings are:

- **Digital Identity Services**: Digital identity services such as PEC, Spid and Digital Signature have seen a 19% increase in active users on the first half of 2023;
- Cloud offering to Public Administrations through the **National Strategic Hub**. TIM continues to hold a 45% stake in the company that manages the independent, technologically advanced cloud infrastructure for Public Administration, providing four data centers operating with the highest standards of security and business continuity, powered by 100% renewable sources and interconnected via VDCN network. The goal set by the NRP is to have at least 280 public authorities using cloud services by 2026.

Commercial partnerships are also being strengthened. To stimulate the deployment of the TIM Enterprise cloud, in the first quarter an agreement was signed with Broadcom which made TIM the first VMware Cloud Service Provider in Italy at Pinnacle level, the highest in the VMware cloud hierarchy. In the second quarter, an equally important agreement was signed with Oracle to integrate the Oracle Cloud Infrastructure solution into the cloud services offering. TIM will also become the partner of Italy's second Oracle Cloud Region, which will be located in Turin and hosted in the Group's next-generation Data Center.

On the **Consumer and SME** supply side, activities to extend the useful life of products continued. In the context of customer services:

- on the modem side: 31% of replacements were made with remanufactured products;
- 81% of for smartphone replacements to business customers involved remanufactured products.

Carbon Footprint of "TIM" branded products: a new target has been set that aims to achieve certification of the carbon footprint of "TIM" branded products by 2026. This has the dual objectives of accurately calculating the emissions related to marketing those products (Scope 3) and providing customers with information on the environmental impact of the goods purchased.

Activities in the social field

Finally, we highlight the donation and fundraising activities of the TIM Foundation.

TIM Foundation. In the first half of the year, activities were dedicated to preparing and launching new tenders (described below) aimed at supporting the ideas and projects of Third Sector entities which spread the culture of innovation in the areas of Social Inclusion, Arts and Culture, Education and Scientific Research:

- "Vivere Il Prossimo" (Embrace Your Neighbor), implementing schemes to help families that have people with disabilities to meet their social, relational, and occupational needs;
- "Vivere L'arte" (Embrace Art), providing innovative visitor itineraries and tools at cultural institutions (museums, galleries and collections, monuments, archaeological areas and parks);
- "Vivere Il Talento" (Embrace Talent), promoting solutions that offer guidance to NEETs (Not in Education, Employment or Training) in Italy.

For these schemes, which closed in May and saw the participation of more than 300 entities from across the country, the TIM Foundation contributed more than 1 million euros.

In early 2024, the Foundation also monitored the implementation of projects that had won the 2023 "Call for Ideas" and will be completed this year and in part of 2025.

Finally, also in the first half of the year, 10,000 euros were donated to social awareness association ''With Giacomo against VEDS" to promote research into finding cure for Vascular Ehlers-Danlos syndrome, a rare genetic disorder.

Donation of corporate assets: In the first half of 2024, about 300 items of furniture and 500 PCs no longer in use were donated

Fundraising

For more than 20 years, TIM has been collecting solidarity funds via text messages and landline calls to support humanitarian, scientific, social and environmental protection projects of third sector organizations. Donations are made via text message worth EUR 2 and calls from a landline to a dedicated number worth EUR 5 or EUR 10. The sums donated are then paid to the fundraising sponsoring organizations.

In the first half of 2024:

- **49 solidarity** fundraising **campaigns** were activated;
- approximately 800,000 donations were made and **3.6 million euros** were collected, of which 20% were from mobile networks and 80% from fixed networks.

The largest funds were raised in favor of Humanitarian Emergencies, followed respectively

by Scientific Research and Medical and Health Care Initiatives, and

Social and Food Protection and Assistance nationally, in the following percentages:

- Humanitarian emergencies: 42%
- Scientific Research and Medical and Health Care: 28%
- Social and Food Protection and Assistance: 16%
- Human Protection (Women, Minors, the Elderly, etc.): 8%
- Education, Prevention and Social Integration: 3%
- Animal and Environmental Protection: 3%

DOMESTIC - Governance

The governance of "new TIM" has been developed through:

- a major strengthening of governance by ensuring "continuity", with the reappointment of the CEO and some board members;
- a reduction in the number of board members, making the management body more compact and operationally effective;
- a new setup of the Sustainability Committee, which is chaired by the Chairman of the Board of Directors and includes the participation of the CEO;
- the implementation of the Corporate Sustainability Reporting Directive (CSRD).

Highlights from the first half of 2024

- **Reappointment of the Board of Directors**. On April 23, 2024, TIM's Shareholders' Meeting appointed the Board of Directors for the three-year period 2024-2026, in which it reduced the number of members from 15 to 9. This took into account the business perimeter resulting from the Delayering Plan and was consistent with the long-term trend in comparable companies (the same practice is in place in several large listed companies). It also offers the opportunity to contain the overhead costs of corporate governance. The reduction in Board members also aims to achieve greater cohesion and cooperation among members, to improve decision-making efficiency, to reduce governance costs, and to ensure more active engagement of each Director. Continuity with the previous management body was ensured by continuing the tenure of the CEO and four additional directors, who were also appointed as chairs of two board committees. The new Board of Directors consists of 5 men and 4 women, thus ensuring that the presence of the least represented gender exceeds 40%. All directors have experience on the boards of directors of listed companies. Finally, the TIM Group has for the first time appointed a woman to the position of Chairman.
- **New Sustainability Committee**. A new setup of the Sustainability Committee was approved, with the Chairman of the Board of Directors as its chair and the CEO as a member, with the aim of enhancing the integration of sustainability and business objectives also from a long-term perspective.
- **New sustainability reporting and implementation of the Corporate Sustainability Reporting Directive**. The Consolidated Non-Financial Statement, which is prepared for each calendar year in compliance with Legislative Decree 254/2016, discloses environmental, social and governance information. The 2023 Statement was prepared according to the Global Reporting Initiative (GRI) standards on March 26, 2024. Legislative Decree No. 125 of September 6, 2024 is currently being implemented; the Decree transposes the Corporate Sustainability Reporting Directive (CSRD). The EU Directive places new rules on sustainability reporting and introduces new reporting standards (ESRS) to highlight the link between ESG and economic/financial dimensions; this strengthens the assessments of impacts, risks and opportunities.
- Reporting according to ESRS standards, as was previously done for GRI, is done on an annual basis. This will therefore be applied for the Annual Report 2024.

TIM Brasil

TIM Brasil is continuing to implement the ESG Plan 2024-26, which includes Group objectives and specific Brazil-related objectives. Below are the main highlights of the first half of 2024.

Environment

TIM Brasil contributes to the Group's climate targets with a distributed generation strategy involving solar and hydro renewable electricity generation (114 active plants as of the first half of the year), which by the end of 2024 will cover about 60% of TIM Brasil's electricity needs.

As for Brazil-specific targets, the company:

- has already exceeded the 2025 target of +110% eco-efficiency in data traffic bits/Joule compared to 2019), reaching +150% by the end of the first half of 2024;
- has already exceeded the 2026 target for solid waste reuse or recycling ≥95%.

Social

Diversity and inclusion: alongside the Group’s target for more women in positions of responsibility, TIM Brasil this year introduced a new ≥25% target for black employees in managerial positions, to be reached by 2025.

Inclusion and digital transformation: after achieving the goal of activating 4G in 100% of Brazilian municipalities in 2023, the coverage target shifted to productive rural areas in 2024. The plan sets out to cover 32 million hectares by 2026, of which 17.5 million hectares have already been covered in the first half of the year.

Social activities: In response to the climate disaster that struck the state of Rio Grande do Sul in April and May 2024, TIM Brasil focused its actions on four fronts:

- ensuring the continuity of network connections,
- supporting customers with roaming and traffic bonuses;
- donating basic provisions in partnership with local institutions, especially targeted to people with disabilities;
- launching a fundraising program through the TIM Institute for colleagues affected by flooding.

Governance

Brazil-specific governance objectives include:

- consolidating best practices in the areas of transparency and anti-corruption, underpinned by retaining ISO 37001 certification and by the CGU's Pro-Ethics seal, which was awarded to TIM Brasil for the first time in the sector;
- consolidating best practices in cybersecurity and data protection, including by retaining ISO 27001 certification
- Retaining current tiers in ESG ratings. In this regard, in the first half of 2024 the Company was listed by Morningstar's Sustainalytics in the "ESG Industry Top-Rated" category, in recognition of its excellent management of environmental, social and governance issues.

Development of ESG goals

The changes described above leave the cornerstones of the Group's sustainability strategy unchanged. However, to account for the transformation of the corporate structure, some of the sustainability targets 2024-2026 were reshaped and already communicated to the financial community with the presentation of the Group's 2024-2026 plan.

FINANCIAL AND OPERATING HIGHLIGHTS OF THE BUSINESS UNITS OF THE TIM GROUP

Domestic

(million euros)	1st Half 2024	1st Half 2023	Changes (a-b)		
	(a)	(b)	absolute	%	% like-for-like
Revenues	4,822	4,774	48	1.0	1.6
EBITDA	1,547	1,149	398	34.6	8.5
EBIT	534	150	384	—	
Headcount at period end (number) (°)	17,965	(*)37,901	(19,936)	(52.6)	

(°) Includes 1 agency contract workers at June 30, 2024 (31 at December 31, 2023).
(*) The headcount is current as of December 31, 2023.

Revenues

Domestic Business Unit (NetCo Discontinued Operations - Domestic ServCo) revenues amounted to 4,822 million euros, up 48 million euros compared to the first half of 2023 (+1.0%).

Domestic like-for-like revenues are calculated as follows:

(million euros)	1st Half 2024	1st Half 2023	Changes	
			absolute	%
REVENUES	**4,822**	**4,774**	**48**	**1.0**
Foreign currency financial statements translation effect	—	—	—	
Non-recurring income/(expenses)	—	—	—	
ORGANIC REVENUES - excluding non-recurring items	**4,822**	**4,774**	**48**	**1.0**
Master Service Agreement (MSA)	67	67	—	
Other impacts	(16)	(45)	29	
Like-for-like ORGANIC REVENUES	**4,873**	**4,796**	**77**	**1.6**

Service revenues amounted to 4,489 million euros (+98 million euros compared to the first half of 2023, +2.2%), thanks to the growth in ICT and Multimedia revenues despite the impact of a competitive market on the customer base.

Handset and Bundle & Handset revenues, including the change in work in progress, totaled 384 million euros in the first half of 2024, down 21 million euros from the same period of the previous year, due to a decline in both the TIM Consumer and TIM Enterprise segments.

Following the completion of the delayering operation, resulting in the sale of NetCo, the presentation of revenues has been changed, so that the revenues shown below are divided between TIM Consumer, TIM Enterprise, and the Wholesale International Market (TI Sparkle group), complete with the breakdown of the reference perimeter.

- **TIM Consumer.** *The reference perimeter is made up of the set of telephone and Internet services and products managed and developed in Landline and Mobile for individuals and families (from public telephony, from caring activities and administrative management of customers) and for customers of SMEs (Small and Medium Enterprises), SOHO (Small Office Home Office) and other mobile operators (MVNOs); it includes the company TIM Retail, which coordinates the activities of its stores).*

The main Key Performance Indicators of TIM Consumer were as follows:

	30.6.2024	12/31/2023	30.6.2023
Total Fixed accesses (thousands)	7,323	7,499	7,662
Of which active ultra-broadband accesses (thousands)	*5,448*	*5,404*	*5,371*
Fixed Consumer ARPU (€/month) (1)	29.8	28.2	27.7
Mobile lines at period end (thousands)	16,170	16,397	16,623
of which Human calling (thousands)	*13,451*	*13,578*	*13,842*
Mobile churn rate (%) (2)	9.7	19.2	9.2
Mobile Consumer Human calling ARPU (€/month) (3)	10.6	10.8	10.7

(1) Organic Consumer service revenues in proportion to the average number of Consumer accesses.
(2) Percentage of human lines discontinued in the period compared to the average human lines.
(3) Organic consumer service revenues (excluding *visitors* and MVNOs) in proportion to average human calling lines.

(million euros) - organic data	1st Half 2024 (a)	1st Half 2023 (b)	% Change (a-b)/b
TIM Consumer revenues - like-for-like	**2,970**	**2,970**	**—**
Service revenues	2,731	2,717	0.5
Handset and Bundle & Handset revenues	239	253	(5.5)

TIM Consumer revenues for the first half of 2024 amounted to 2,970 million euros and were in line with those recorded in the first half of 2023, despite the impact of the challenging competitive environment. Service revenues**, which totaled 2,731 million euros, increased by 14 million euros compared to the first half of 2023 (+0.5%).**

TIM Consumer's **Handset and Bundle & Handset revenues** totaled 239 million euros, -14 million euros compared to the first half of 2023: the change is mainly related to the contraction of the mobile handset market.

- **TIM Enterprise.** *This segment comprises the connectivity services and products and the ICT solutions managed and developed for Top, Public Sector and Large Account customers. The following companies are included: Olivetti, TI Trust Technologies, Telsy and Noovle.*

(million euros) - organic data	1st Half 2024 (a)	1st Half 2023 (b)	% Change (a-b)/b
TIM Enterprise revenues - like-for-like	**1,507**	**1,437**	**4.9**
Service revenues	1,384	1,301	6.4
Handset and Bundle & Handset revenues	123	136	(9.6)

The segment's revenues amounted to 1,507 million euros, up 70 million euros (+4.9%) from the first half of 2023, mainly due to the service revenues component (+6.4%), driven by cloud and security services.

- **Wholesale International Market.** *Includes the activities of the TI 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.*

  The Wholesale International Market segment's first-half 2024 revenues amounted to 493 million euros, a slight improvement over the first-half of 2023 (+2 million euros, +0.4%), due to growth in revenues related to mobile operator solutions and colocation offerings, which offset the reduction and rationalization of traditional voice revenues.

EBITDA

Domestic Business Unit (NetCo Discontinued Operations - Domestic ServCo) EBITDA in the first half of 2024 amounted to 1,547 million euros (+398 million euros compared to the first half of 2023, +34.6%).

Domestic like-for-like EBITDA is calculated as follows:

(million euros)	1st Half 2024	1st Half 2023	Changes	
			absolute	%
EBITDA	**1,547**	**1,149**	**398**	**34.6**
Foreign currency financial statements translation effect	—	—	—	
Non-recurring expenses (income)	83	422	(339)	
ORGANIC EBITDA - excluding non-recurring items	**1,630**	**1,571**	**59**	**3.8**
New Master Service Agreement (MSA)	(902)	(919)	17	
Previous MSA	341	355	(14)	
Other impacts	(23)	(43)	20	
Like-for-like ORGANIC EBITDA	**1,046**	**964**	**82**	**8.5**

In relation to the results of **the Domestic Business Unit** (NetCo Discontinued Operations - Domestic ServCo) and the dynamics of the main items, it is highlighted that the same dynamics already commented on in the consolidated Group context influenced the main trends; in detail:

(million euros)	1st Half 2024	1st Half 2023	Change
Acquisition of goods and services	2,726	2,760	(34)
Employee benefits expenses	597	969	(372)
Other operating expenses	106	105	1

Specifically:

- Other operating income amounted to 39 million euros with a decrease of 23 million euros compared to the first half of 2023:

(million euros)	1st Half 2024	1st Half 2023	Change
Late payment fees charged for telephone services	10	12	(2)
Recovery of employee benefit expenses, purchases and	2	3	(1)
Capital and operating grants	7	4	3
Damages, penalties and recoveries connected with litigation	1	13	(12)
Estimate revisions and other adjustments	15	26	(11)
Income for special training activities	1	1	—
Other income	3	3	—
Total	**39**	**62**	**(23)**

- Acquisition of goods and services **amounted to 2,726 million euros with a reduction of 34 million euros compared to the first half of 2023:**

(million euros)	1st Half 2024	1st Half 2023	Change
Acquisition of goods	356	405	(49)
Revenues due to other TLC operators and interconnection costs	485	512	(27)
Commercial and advertising costs	547	523	24
Professional and consulting services	43	48	(5)
Power, maintenance and outsourced services	281	287	(6)
Lease and rental costs	370	323	47
Other	644	662	(18)
Total acquisition of goods and services	**2,726**	**2,760**	**(34)**
% of Revenues	*56.5*	*57.8*	*(1.3)*

- Employee benefits expenses **amounted to 597 million euros, a decrease of 372 million euros compared to the first half of 2023.** The same dynamics already described in the information given on the consolidated operating performance impacted this performance too.
- Other operating income **amounted to 106 million euros with an increase of 1 million euros compared to the first half of 2023:**

(million euros)	1st Half 2024	1st Half 2023	Change
Write-downs and expenses in connection with credit	46	45	1
Provision charges	18	11	7
TLC operating fees and charges	11	11	—
Indirect duties and taxes	16	16	—
Penalties, settlement compensation and administrative fines	4	6	(2)
Subscription dues and fees, donations, scholarships and traineeships	4	4	—
Sundry expenses	7	12	(5)
Total	**106**	**105**	**1**

EBIT

Domestic Business Unit (NetCo Discontinued Operations - Domestic ServCo) EBIT in the first half of 2024 amounted to 534 million euros (+384 million euros compared to the first half of 2023).

Brazil

	(million euros)		(million Brazilian reais)		Changes		
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	absolute	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	2,257	2,098	12,398	11,503	895	7.8	7.8
EBITDA	1,095	993	6,016	5,442	574	10.5	9.9
% of Revenues	*48.5*	*47.3*	*48.5*	*47.3*		*1.2 pp*	*0.9pp*
EBIT	461	339	2,532	1,857	675	36.3	34.2
% of Revenues	*20.4*	*16.1*	*20.4*	*16.1*		*4.3pp*	*4.0pp*
Headcount at period end (number)			9,089	(°)9,267	(178)	(1.9)	

(°) The headcount is current as of December 31, 2023.

The average exchange rates used for conversion to the euro (expressed in terms of units of real per 1 euro) are 5.49271 in the first half of 2024 and 5.48212 in the first half of 2023.

	1st Half 2024	1st Half 2023
Lines at period end (thousands) (*)	61,986	(°)61,248
Mobile ARPU (reais)	30.8	28.4
ARPU BroadBand (reais)	97.2	98.0

(*) Includes corporate lines.
(°) Number at December 31, 2023.

The **Brazil Business Unit (Tim Brasil Group)** provides mobile phone services, fiber optic data transmission using full IP technology and residential broadband services. In addition, the TIM Brasil group provides IoT services focused on the Agri-food, Industry, Logistics and Utilities sectors.

Revenues

Revenues for the first half of 2024 of the **Brazil Business Unit (TIM Brasil Group)** amounted to 12,398 million reais (11,503 million reais in the first half of 2023, +7.8%).

The acceleration has been determined by service revenues (12,013 million reais vs 11,161 million reais for the first half of 2023, +7.6%) with mobile telephony service revenues growing 7.8% on the first half of 2023. This performance is mainly attributable to the continuous improvement of the post-paid segment. Revenues from fixed services grew by 5.3% compared to the first half of 2023, driven above all by the growth rate of Ultrafibre.

Revenues from product sales totaled 385 million reais (342 million reais for the first half of 2023).

Mobile ARPU in the first half of 2024 totaled 30.8 reais (28.4 reais in the first half of 2023).

Total mobile lines at June 30, 2024 amounted to 62.0 million, +0.8 million lines compared to December 31, 2023 (61.2 million lines). Within this change, +1.4 million is attributable to the post-paid segment and -0.6 million to the pre-paid segment. Post-paid customers represented 46.7% of the customer base as of June 30, 2024 (45.1% at December 31, 2023).

Broadband ARPU for the first half of 2024 was 97.2 reais (98.0 reais in the first half of 2023).

EBITDA

EBITDA in the first half of 2024 was 6,016 million reais (5,442 million reais in the first half of 2023, +10.5%) and the margin on revenues was 48.5% (47.3% in the first half of 2023).

Organic EBITDA, net of the non-recurring items, increased by 9.9% and was calculated as follows:

(million Brazilian reais)	1st Half 2024	1st Half 2023	Changes	
			absolute	%
EBITDA	**6,016**	**5,442**	**574**	**10.5**
Non-recurring expenses (income)	—	30	(30)	
ORGANIC EBITDA - excluding non-recurring items	**6,016**	**5,472**	**544**	**9.9**

The growth in EBITDA can mainly be attributed to the positive performance of service revenues.

The relative margin on revenues, in organic terms, comes to 48.5% (47.6% during the first half of 2023).

The changes in the main cost items are shown below:

	(million euros)		(million Brazilian reais)		
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	Change
	(a)	(b)	(c)	(d)	(c-d)
Acquisition of goods and	860	842	4,723	4,616	107
Employee benefits expenses	173	162	951	888	63
Other operating expenses	205	182	1,130	1,006	124

EBIT

EBIT for the first half of 2024 amounted to 2,532 million reais (1,857 million reais for the first half of 2023, +36.3%).

Organic EBIT, net of the non-recurring items, in the first half of 2024 amounted to 2,532 million reais (1,887 million reais in the first half of 2023), with a margin on revenues of 20.4% (16.4% in the first half of 2023).

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

(million Brazilian reais)	1st Half 2024	1st Half 2023	Changes	
			absolute	%
EBIT	2,532	1,857	675	36.3
Non-recurring expenses (income)	—	30	(30)	
ORGANIC EBIT - excluding non-recurring items	2,532	1,887	645	34.2

CONSOLIDATED FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

Non-current assets

- **Goodwill**: this item decreased by 8,023 million euros, from 19,170 million euros at December 31, 2023 to 11,147 million euros at June 30, 2024, due to:
  - the reduction in Goodwill of the Domestic Cash Generating Unit to NetCo, with the reclassification to "Discontinued operations/Non-current assets held for sale" (7,920 million euros);
  - the negative exchange rate differences (103 million euros) relating to the goodwill attributed to the Brazil Cash Generating Unit;
- **Intangible assets with a finite useful life**: this item decreased by 731 million euros, from 7,122 million euros at the end of 2023 to 6,391 million euros at June 30, 2024, representing the balance of:
  - reclassification to "Discontinued operations/Non-current assets held for sale" of the intangible assets relating to NetCo (-239 million euros);
  - capex (+398 million euros);
  - amortization charge for the year (-736 million euros);
  - other disposals, exchange differences and other changes (for a net negative balance of 153 million euros). Exchange gains are negative for 224 million euros and mainly relate to the Brazil Business Unit.
- **Tangible assets**: this item decreased by 10,018 million euros, from 14,692 million euros at the end of 2023 to 4,674 million euros at June 30, 2024, representing the balance of:
  - reclassification to "Discontinued operations/Non-current assets held for sale" of the tangible assets relating to NetCo (-9,697 million euros);
  - capex (+565 million euros);
  - depreciation charge for the year (-618 million euros);
  - other disposals, exchange differences and other changes (for a net negative balance of 268 million euros). Exchange gains are negative for 235 million euros and mainly relate to the Brazil Business Unit.
- **Rights of use assets** (mainly comprise rights of use on real estate leases, network connectivity and telecommunications infrastructure)**:** this item decreased by 2,711 million euros, from 5,515 million euros at the end of 2023 to 2,804 million euros at June 30, 2024, representing the balance of:
  - reclassification to "Discontinued operations/Non-current assets held for sale" of the rights of use assets relating to NetCo (-2,537 million euros);
  - investments (+38 million euros) and increases in lease contracts (+349 million euros); In particular, 266 million euros of those increases relate to the Brazil Business Unit and 83 million euros to the Domestic Business Unit.
  - amortization charge for the year (-279 million euros);
  - disposals, exchange differences and other changes (for a net negative balance of 283 million euros). Exchange gains are negative for 192 million euros and mainly relate to the Brazil Business Unit.

Discontinued operations/Non-current assets held for sale

These relate to NetCo and include:

- Assets of a financial nature of 304 million euros.
- Assets of a non-financial nature of EUR 22,333 million euros.

Further details are given in the Note “Discontinued operations/Non-current assets held for sale“ to the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 of the TIM Group.

Consolidated equity

At June 30, 2024, consolidated equity amounted to 16,486 million euros (17,513 million euros at December 31, 2023), of which 12,742 million euros attributable to Owners of the Parent (13,646 million euros at December 31, 2023) and 3,744 million euros attributable to non-controlling interests (3,867 million euros at December 31, 2023). In greater detail, the changes in consolidated equity were the following:

(million euros)	30.6.2024	12/31/2023
Start of period	**17,513**	**18,725**
Total comprehensive income (loss) for the period	(924)	(1,035)
Dividends approved by:	(110)	(197)
TIM S.p.A.	—	—
Other Group companies	*(110)*	*(197)*
Equity instruments	—	2
Other changes	7	18
End of period	**16,486**	**17,513**

Cash flows

Adjusted net financial debt at June 30, 2024 was equal to 26,488 million euros (25,656 million euros as of December 31, 2023).

The Group Operating Free cash flow in the first half of 2024 was positive at +1,305 million euros (+1,046 million euros in the first half of 2023).

The main transactions that had an impact on the change in adjusted net financial debt are as follows:

Change in adjusted net financial debt

(million euros)	1st Half 2024 (a)	1st Half 2023 (b)	Change (a-b)
EBITDA	2,640	2,137	503
Capital expenditures on an accrual basis	(1,001)	(1,006)	5
Change in net operating working capital:	(242)	(158)	(84)
Change in inventories	*(32)*	*(44)*	*12*
Change in trade receivables and other net receivables	*50*	*106*	*(56)*
Change in trade payables	*(615)*	*(300)*	*(315)*
Change in payables for mobile telephone licenses/spectrum	*(24)*	*(24)*	*—*
Other changes in operating receivables/payables	*379*	*104*	*275*
Change in employee benefits	17	225	(208)
Change in operating provisions and other changes	(109)	(152)	43
Net operating free cash flow	**1,305**	**1,046**	**259**
% of Revenues	*18.5*	*15.3*	*3.2pp*
Cash flows from sales of investments and other disposals	(23)	6	(29)
Share capital increases/reimbursements including incidental	—	—	—
Financial investments	(34)	(56)	22
Dividends payment	(76)	(86)	10
Increases in lease contracts	(349)	(457)	108
Finance expenses, income taxes and other net non-operating requirements flow	(1,565)	(1,134)	(431)
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(742)**	**(681)**	**(61)**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	(90)	(118)	28
Reduction/(Increase) in adjusted net financial debt	**(832)**	**(799)**	**(33)**

The **Equity Free Cash Flow** in the first half of 2024 amounted to -681 million euros (-167 million euros in the first half of 2023). 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.

The Equity Free Cash Flow is calculated as follows:

(million euros)	1st Half 2024	1st Half 2023	Change
Reduction/(Increase) in adjusted net financial debt	**(832)**	**(799)**	**(33)**
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	21	465	(444)
Payment of TLC licenses and for the use of frequencies	24	24	—
Financial impact of acquisitions and/or disposals of investments	30	57	(27)
Dividend payment and Change in Equity	76	86	(10)
Equity Free Cash Flow	**(681)**	**(167)**	**(514)**

In addition to what has already been described with reference to EBITDA, the change in adjusted net financial debt for the first half of 2024 was particularly impacted by the following:

Capital expenditures and investments for mobile telephone licenses/spectrum

Capital expenditures and investments for mobile telephone licenses/spectrum of the TIM Group (NetCo Discontinued Operations) for the first half of 2024, were 1,001 million euros (1,006 million euros in the first half of 2023).

Capex is broken down as follows by operating segment:

(million euros)	1st Half 2024		1st Half 2023		Change
		% weight		% weight	
Domestic	586	58.5	602	59.8	(16)
Brazil	415	41.5	404	40.2	11
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	**1,001**	**100.0**	**1,006**	**100.0**	**(5)**
% of Revenues	*14.2*		*14.7*		*(0.5)pp*

In particular:

- the **Domestic Business Unit (NetCo Discontinued Operations – Domestic ServCo)** made industrial investments of 586 million euros, with a significant portion aimed at the development of FTTC/FTTH networks. The trend in investments reflects the slowdown in the activities of the IT and Mobile Platform segment;
- the **Brazil Business Unit** posted capital expenditures in the first half of 2024 of 415 million euros (404 million euros for the first half of 2023). The increase on the first half of 2023 is due to the acceleration of investments in 5G technology and Cyber Security, partially offset by the completion of investments relating to the integration of the Oi Group's activities and the reduction in the development of the 4G network.

Change in net operating working capital

In the first half of 2024, the change in the net operating working capital of the TIM Group (NetCo Discontinued Operations) decreased by 242 million euros (-158 million euros in the first half of 2023), mainly due to the change in trade payables (-615 million euros), only partly offset by the increase in trade receivables (+379 million euros).

Financial investments

In the first half of 2024, the TIM Group's financial investments (NetCo Discontinued Operations) amounted to 34 million euros. In detail they mainly include:

- the contribution of the Brazil Business Unit in the investment fund, focused on 5G solutions, Upload Ventures Growth;
- the underwriting of the recapitalization of the company Polo Strategico Nazionale S.p.A.;
- the contribution by the Domestic Business Unit into the UV T-Growth investment fund.

In the first half of 2023, financial investments came to 56 million euros and mainly included the outlay for the purchase of 100% of the share capital of TS-Way S.r.l., as well as the subscription of the recapitalizations of the companies Polo Strategico Nazionale S.p.A. and TIMFin S.p.A..

Increases in TIM Group (NetCo Discontinued Operations) lease contracts

During the first half of 2024, the item came to 349 million euros (457 million euros during the first half of 2023) and includes the greater value of rights of use entered following new passive lease contracts, increases in lease charges and the renegotiation of existing lease contracts.

Financial expenses, income taxes and other net non-operating requirements flow

In the first half of 2024, the cash flow of TIM Group (NetCo Discontinued Operations) had a negative balance for a total of 1,565 million euros (negative for 1,134 million euros in the first half of 2023). It mainly includes outflows relating to financial management components, as well as the payment of income tax expense and changes in non-operating payables and receivables.

Sales of receivables to factoring companies

It should be noted that the sale of non-recourse trade receivables to factoring companies completed in the first half of 2024 had a positive effect of 925 million euros on net financial debt at June 30, 2024 (1,135 million euros at December 31, 2023); 1,070 million euros at June 30, 2023).

Net financial debt

Net financial debt is composed as follows:

(million euros)	30.6.2024 (a)	12/31/2023 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	8,640	15,297	(6,657)
Amounts due to banks, other financial payables and liabilities	1,951	5,987	(4,036)
Non-current financial liabilities for lease contracts	2,561	4,743	(2,182)
	13,152	**26,027**	**(12,875)**
Current financial liabilities (*)			
Bonds	6,956	3,266	3,690
Amounts due to banks, other financial payables and liabilities	5,974	2,505	3,469
Current financial liabilities for lease contracts	559	838	(279)
	13,489	**6,609**	**6,880**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	5,913	—	5,913
Total Gross financial debt	**32,554**	**32,636**	**(82)**
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(45)	(112)	67
Financial receivables and other non-current financial assets	(2,909)	(1,103)	(1,806)
	(2,954)	**(1,215)**	**(1,739)**
Current financial assets			
Securities other than investments	(1,547)	(1,882)	335
Current financial receivables arising from lease contracts	(54)	(162)	108
Financial receivables and other current financial assets	(550)	(689)	139
Cash and cash equivalents	(556)	(2,912)	2,356
	(2,707)	**(5,645)**	**2,938**
Financial assets relating to Discontinued operations/Non-current assets held for sale	(304)	—	(304)
Total financial assets	**(5,965)**	**(6,860)**	**895**
Net financial debt carrying amount	**26,589**	**25,776**	**813**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(101)*	*(120)*	*19*
Adjusted Net Financial Debt	**26,488**	**25,656**	**832**
Breakdown as follows:			
Total adjusted gross financial debt	**32,067**	**32,001**	**66**
Total adjusted financial assets	**(5,579)**	**(6,345)**	**766**
(*) of which current portion of medium/long-term debt:			
Bonds	*6,956*	*3,266*	*3,690*
Amounts due to banks, other financial payables and liabilities	*4,719*	*1,166*	*3,553*
Current financial liabilities for lease contracts	*485*	*786*	*(301)*

The financial risk management policies of the Tim Group are aimed at minimizing market risks, fully hedging exchange rate risk, and optimizing interest rate exposure through appropriate diversification of the portfolio, which is also achieved by using carefully selected derivative financial instruments. Such instruments, it should be stressed, are not used for speculative purposes and all have an underlying, which is hedged.

In addition, to determine its exposure to interest rates, the Group sets an optimum composition for the fixed-rate and variable-rate debt structure and uses derivative financial instruments to achieve that composition. In consideration of the Group's operating activities, the optimum combination of medium/long-term non-current financial liabilities has been identified, on the basis of the nominal value, in the 65%-85% range for the fixed-rate component and in the 15%-35% range for the variable-rate component.

In managing market risks, the Group has adopted Guidelines for the "Management and control of financial risk" and mainly uses IRS and CCIRS derivative financial instruments.

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

For further details, see the "Alternative performance measures" chapter.

Adjusted Net Financial Debt amounted to 26,488 million euros at June 30, 2024, an increase of 832 million euros compared to December 31, 2023 (25,656 million euros), as a net effect of operating and financial management and the payments in Brazil of dividends and 5G licenses.

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)	30.6.2024 (a)	12/31/2023 (b)	Change (a-b)
Net financial debt carrying amount	**26,589**	**25,776**	**813**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(101)*	*(120)*	*19*
Adjusted Net Financial Debt	**26,488**	**25,656**	**832**
Leases	*(3,021)*	*(5,307)*	*2,286*
Leasing - Discontinued operations/Non-current assets held for sale	*(1,960)*	*—*	*(1,960)*
Adjusted Net Financial Debt - After Lease	**21,507**	**20,349**	**1,158**

Net financial debt carrying amount amounted to 26,589 million euros at June 30, 2024, an increase of 813 million euros compared to December 31, 2023 (25,776 million euros). The reversal of the fair value measurement of derivatives and related financial liabilities/assets saw a positive change of 19 million euros due to the dynamics of the interest rate markets; this valuation adjusts the booked Net Financial Debt with no monetary effect.

Adjusted Net Financial Debt – After Lease (net of lease contracts) was equal to 21,507 million euros at June 30, 2024, up by 1,158 million euros compared to December 31, 2023 (20,349 million euros).

In the second quarter of 2024, adjusted net financial debt fell by 156 million euros compared to March 31, 2024 (26,644 million euros).

(million euros)	30.6.2024 (a)	31.3.2024 (b)	Change (a-b)
Net financial debt carrying amount	**26,589**	**26,810**	**(221)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(101)*	*(166)*	*65*
Adjusted Net Financial Debt	**26,488**	**26,644**	**(156)**
Breakdown as follows:			
Total adjusted gross financial debt	**32,067**	**30,845**	**1,222**
Total adjusted financial assets	**(5,579)**	**(4,201)**	**(1,378)**

Gross financial debt

Bonds

Bonds at June 30, 2024 totaled 15,596 million euros (18,563 million euros at December 31, 2023). Repayments totaled a nominal 15,281 million euros (18,046 million euros at December 31, 2023).

The change in bonds in the first half of 2024 was as follows:

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A. 450 million euros 3.625%	Euro	450	19/1/2024
Telecom Italia S.p.A. 950 million euros 4.000%	Euro	950	11/4/2024
Telecom Italia S.p.A. 1,500 million euros 5.303%	USD	1,500	30/5/2024

Revolving Credit Facility

The table below shows the committed(*) credit lines available as of June 30, 2024:

(billion euros)	30.6.2024		12/31/2023	
	Agreed	Drawn down	Agreed	Drawn down
Sustainability-linked RCF – May 2026	4.0	—	4.0	—
Total	**4.0**	**—**	**4.0**	**—**

(*) In accordance with the contract signed, the Banks have committed to make the funds available on demand (with at least 3 days' notice). As this is a "Committed" line, the banks have no mechanisms in place not to honor the request for funds made by the Company, without prejudice to the market standard early mandatory cancellation clauses (Natural contract expiry, Change in control, Borrower illegality, Events of default each as defined in the contract).

On April 4, 2024, TIM had signed a bridge loan agreement for 1.5 billion euros; on May 15, 2024, this was increased by an additional 300 million euros, with a maturity of up to 18 months. The loan, which was aimed at covering the refinancing needs up to the date of closing of the NetCo sale, with conditions in line with market benchmarks, was repaid in its entirety on July 4, 2024.

Average cost of debt

The average cost of the Group's debt, considered as the cost for the year calculated on an annual basis and resulting from the ratio of debt-related expenses to average exposure, stood at 6.2%, while the average cost of the Group's debt "After Lease" was equal to 5.8%.

Current financial assets and liquidity margin

As of June 30, 2024, the TIM Group's available **liquidity margin** was equal to 6,004 million euros and calculated considering:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 2,004 million euros (4,695 million euros at December 31, 2023), also including 733 million euros (nominal value) in repurchase agreements expiring by August 2024;
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

For the purposes of determining the available liquidity margin, the "BTPs July 15, 2028" held by Telecom Italia Finance S.A. and subject to a securities lending agreement with TIM S.p.A. signed on October 18, 2023 were not considered; in particular, of the total nominal 131 million euros of securities subject to the loan, a part corresponding from time to time to a market value of 99 million euros was pledged by TIM S.p.A. on October 25, 2023 against a guarantee bank issued on the same date by MPS in favor of INPS, in support of the application of Art. 4 of Law no. 92 of June 28, 2012.

In particular:

Cash and cash equivalents amounted to (556) million euros (2,912 million euros at December 31, 2023). The different technical forms of investing available cash can be analyzed as follows:

- **maturities**: investments have a maximum maturity of three months;
- **counterparty risk**: investments by the European companies are made with leading banking, financial and industrial institutions with high credit quality. Investments by the companies in South America are made with leading local counterparties;
- **country risk**: deposits have been made mainly in major European financial markets.

Current securities other than investments amounted to 1,547 million euros (1,882 million euros at December 31, 2023): These forms of investment represent alternatives to the investment of liquidity with the aim of improving returns. They included a total of 773 million euros of treasury bonds held by Telecom Italia Finance S.A., 524 million euros of bonds purchased by Telecom Italia Finance S.A. with different maturities, all with an active market and consequently readily convertible into cash, and 250 million euros of investments in monetary funds by the Brazil Business Unit.
For the purposes of determining the available liquidity margin, the "BTPs July 15, 2028" held by Telecom Italia Finance S.A. and subject to a securities lending agreement with TIM S.p.A. signed on October 18, 2023 were not considered; in particular, of the total nominal 131 million euros of securities subject to the loan, a part corresponding from time to time to a market value of 99 million euros was pledged by TIM S.p.A. on October 25, 2023 against a guarantee bank issued on the same date by MPS in favor of INPS, in support of the application of Art. 4 of Law no. 92 of June 28, 2012.
The purchases of the above government bonds, which, pursuant to Consob Communication no. DEM/11070007 of August 5, 2011, represent investments in "Sovereign debt securities", have been made in accordance with the Guidelines for the "Management and control of financial risk" adopted by the TIM Group.

CONSOLIDATED DATA – TABLES OF DETAIL

To follow, the Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows as well as Other Information of the TIM Group (NetCo Discontinued Operations).

Separate Consolidated Income Statement

(million euros)	1st Half 2024 (a)	1st Half 2023 (b)	Variations (a-b) absolute	%
Revenues	**7,061**	**6,853**	**208**	**3.0**
Other income	49	69	(20)	(29.0)
Total operating revenues and other income	**7,110**	**6,922**	**188**	**2.7**
Acquisition of goods and services	(3,570)	(3,588)	18	0.5
Employee benefits expenses	(771)	(1,131)	360	31.8
Other operating expenses	(314)	(290)	(24)	(8.3)
Change in inventories	12	57	(45)	(78.9)
Internally generated assets	173	167	6	3.6
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**2,640**	**2,137**	**503**	**23.5**
Depreciation and amortization	(1,633)	(1,650)	17	1.0
Gains (losses) on disposals of non-current assets	—	(2)	2	—
Impairment reversals (losses) on non-current assets	(14)	—	(14)	—
Operating profit (loss) (EBIT)	**993**	**485**	**508**	**—**
Share of profit (losses) of associates and joint ventures accounted for using the equity method	(13)	(15)	2	13.3
Other income/(expense) from investments	2	3	(1)	(33.3)
Finance income	687	655	32	4.9
Finance expenses	(1,499)	(1,262)	(237)	(18.8)
Profit (loss) before tax from continuing operations	**170**	**(134)**	**304**	**—**
Income tax expense	(33)	(30)	(3)	(10.0)
Profit (loss) from continuing operations	**137**	**(164)**	**301**	**—**
Profit (loss) from Discontinued operations / Non current assets held for sale	(640)	(509)	(131)	(25.7)
Profit (loss) for the period	**(503)**	**(673)**	**170**	**25.3**
Attributable to:				
Owners of the Parent	**(646)**	**(813)**	**167**	**20.5**
Non-controlling interests	143	140	3	2.1

Consolidated Statements of Comprehensive Income

Pursuant to IAS 1 (Presentation of Financial Statements), the Consolidated Statements of Comprehensive Income set out below include, in addition to the Profit/(Loss) for the period, as presented in the Separate Consolidated Income Statements, and other changes in Equity other than transactions with Shareholders.

(million euros)		1st Half 2024	1st Half 2023
Profit (loss) for the period	**(a)**	**(503)**	**(673)**
Other components of the Consolidated Statement of Comprehensive			
Other items that will not be subsequently reclassified in the Consolidated Statement of Comprehensive Income			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		8	3
Income tax effect		—	—
	(b)	**8**	**3**
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		17	3
Income tax effect		—	(1)
	(c)	**17**	**2**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Income tax effect		—	—
	(d)	**—**	**—**
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	**(e=b+c+d)**	**25**	**5**
Other components that will be reclassified subsequently to Separate Consolidated Income Statement			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		(12)	13
Loss (profit) transferred to Separate Consolidated Income Statement		5	(5)
Income tax effect		—	—
	(f)	**(7)**	**8**
Hedging instruments:			
Profit (loss) from fair value adjustments		140	(170)
Loss (profit) transferred to Separate Consolidated Income Statement		(132)	101
Income tax effect		(1)	17
	(g)	**7**	**(52)**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		(446)	310
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	**(446)**	**310**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Loss (profit) transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(i)	**—**	**—**
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	**(k=f+g+h+i)**	**(446)**	**266**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(421)**	**271**
Total comprehensive income (loss) for the period	**(a+m)**	**(924)**	**(402)**
Attributable to:			
Owners of the Parent		**(905)**	**(639)**
Non-controlling interests		(19)	237

Consolidated Statement of Financial Position

(million euros)		30.6.2024 (a)	12/31/2023 (b)	Variations (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		11,147	19,170	(8,023)
Intangible assets with a finite useful life		6,391	7,122	(731)
		17,538	**26,292**	**(8,754)**
Tangible assets				
Property, plant and equipment owned		**4,674**	**14,692**	**(10,018)**
Rights of use assets		**2,804**	**5,515**	**(2,711)**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		490	537	(47)
Other investments		155	140	15
Non-current financial receivables arising from lease contracts		45	112	(67)
Other non-current financial assets		2,909	1,103	1,806
Miscellaneous receivables and other non-current		1,598	2,187	(589)
Deferred tax assets		580	701	(121)
		5,777	**4,780**	**997**
Total Non-current assets	**(a)**	**30,793**	**51,279**	**(20,486)**
Current assets				
Inventories		309	345	(36)
Trade and miscellaneous receivables and other		4,465	4,699	(234)
Current income tax receivables		150	191	(41)
Current financial assets				
Current financial receivables arising from lease contracts		*54*	*162*	*(108)*
Securities other than investments, other financial receivables and other current financial assets		*2,097*	*2,571*	*(474)*
Cash and cash equivalents		*556*	*2,912*	*(2,356)*
		2,707	5,645	(2,938)
Current assets sub-total		**7,631**	**10,880**	**(3,249)**
Discontinued operations /Non-current assets held for sale				
of a financial nature		304	—	304
of a non-financial nature		22,333	—	22,333
		22,637	**—**	**22,637**
Total Current assets	**(b)**	**30,268**	**10,880**	**19,388**
Total Assets	**(a+b)**	**61,061**	**62,159**	**(1,098)**

(million euros)		30.6.2024 (a)	12/31/2023 (b)	Variations (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		12,742	13,646	(904)
Non-controlling interests		3,744	3,867	(123)
Total Equity	(c)	**16,486**	**17,513**	**(1,027)**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		10,591	21,284	(10,693)
Non-current financial liabilities for lease contracts		2,561	4,743	(2,182)
Employee benefits		200	511	(311)
Deferred tax liabilities		40	83	(43)
Provisions		451	679	(228)
Miscellaneous payables and other non-current		786	1,326	(540)
Total Non-current liabilities	(d)	**14,629**	**28,626**	**(13,997)**
Current liabilities				
Current financial liabilities for financing contracts and others		12,930	5,771	7,159
Current financial liabilities for lease contracts		559	838	(279)
Trade and miscellaneous payables and other		6,976	9,384	(2,408)
Current income tax payables		17	27	(10)
Current liabilities sub-total		**20,482**	**16,020**	**4,462**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
of a financial nature		5,913	—	5,913
of a non-financial nature		3,551	—	3,551
		9,464	**—**	**9,464**
Total Current Liabilities	(e)	**29,946**	**16,020**	**13,926**
Total Liabilities	(f=d+e)	**44,575**	**44,646**	**(71)**
Total Equity and Liabilities	(c+f)	**61,061**	**62,159**	**(1,098)**

Consolidated Statement of Cash Flows

(million euros)		1st Half 2024	1st Half 2023
Cash flows from operating activities:			
Profit (loss) from continuing operations		137	(164)
Adjustments for:			
Depreciation and amortization		1,633	1,650
Impairment losses (reversals) on non-current assets including investments		14	(6)
Net change in deferred tax assets and liabilities		11	14
Losses (gains) realized on disposals of non-current assets (including investments)		(3)	2
Share of profit (losses) of associates and joint ventures accounted for using the equity method		13	15
Change in employee benefits		17	225
Change in inventories		(32)	(44)
Change in trade receivables and other net receivables		50	106
Change in trade payables		(462)	(117)
Net change in income tax receivables/payables		22	(36)
Net change in miscellaneous receivables/payables and other assets/liabilities		467	(114)
Cash flows from (used in) operating activities	**(a)**	**1,867**	**1,531**
Cash flows from investing activities:			
Purchases of intangible, tangible and right of use assets on a cash basis		(1,177)	(1,214)
Capital grants received		8	—
Acquisition of control of companies or other businesses, net of cash acquired		(2)	(24)
Acquisitions/disposals of other investments		(23)	(35)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(1)	417	(407)
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		—	—
Proceeds from sale/repayments of intangible, tangible and other non-current assets		(23)	6
Cash flows from (used in) investing activities	**(b)**	**(800)**	**(1,674)**
Cash flows from financing activities:			
Change in current financial liabilities and other		(150)	143
Proceeds from non-current financial liabilities (including current portion)		1,870	1,250
Repayments of non-current financial liabilities (including current portion)		(3,777)	(1,833)
Changes in hedging and non-hedging derivatives		(10)	(124)
Share capital proceeds/reimbursements (including subsidiaries)		—	—
Dividends paid		(76)	(86)
Changes in ownership interests in consolidated subsidiaries		(8)	—
Cash flows from (used in) financing activities	**(c)**	**(2,151)**	**(650)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**(1,188)**	**(410)**
Aggregate cash flows	**(e=a+b+c+d)**	**(2,272)**	**(1,203)**
Net cash and cash equivalents at the beginning of the period	**(f)**	**2,912**	**3,555**
Net foreign exchange differences on net cash and cash equivalents	**(g)**	(44)	33
Net cash and cash equivalents at the end of the period	**(h=e+f+g)**	**596**	**2,385**

(1) This item includes investments in marketable securities of 1,234 million euros in the first half of 2024 (1,288 million euros in the first half of 2023) and redemptions of marketable securities of 1,598 million euros in the first half of 2024 (1,274 million euros in the first half of 2023), relating to TIM S.A. and Telecom Italia Finance S.A..

Purchases of intangible, tangible and right of use assets

(million euros)	1st Half 2024	1st Half 2023
Purchase of intangible assets	(398)	(412)
Purchase of tangible assets	(565)	(575)
Purchase of right of use assets	(387)	(476)
Total purchases of intangible, tangible and right of use assets on a cash basis	(1,350)	(1,463)
Change in payables arising from purchase of intangible, tangible and right of use assets	173	250
Total purchases of intangible, tangible and rights of use assets on a cash basis	(1,177)	(1,214)

Additional Cash Flow information

(million euros)	1st Half 2024	1st Half 2023
Income taxes (paid) received	(18)	(51)
Interest expense paid	(1,273)	(1,017)
Interest income received	294	352
Dividends received	1	7

Analysis of Net Cash and Cash Equivalents

(million euros)	1st Half 2024	1st Half 2023
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents	2,773	3,555
Bank overdrafts repayable on demand	(1)	(5)
	2,772	**3,550**
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents	661	2,409
Bank overdrafts repayable on demand	(65)	(24)
	596	**2,385**

The additional disclosures required by IAS 7 are provided in the Note "Net Financial Debt" to the TIM Group Half-year Condensed Consolidated Financial Statements at June 30, 2024.

Other information

Average salaried workforce

(equivalent number)	1st Half 2024	1st Half 2023	Change
Average salaried workforce – Italy	14,861	15,579	(718)
Average salaried workforce – Outside Italy	9,047	9,196	(149)
Total average salaried workforce [1]	**23,908**	**24,775**	**(867)**
Discontinued Operations - NetCo	18,179	19,068	(889)
Total average salaried workforce - including Discontinued Operations	**42,087**	**43,843**	**(1,756)**

[1] Includes personnel on temporary employment contracts: 2 average salaried staff in Italy in the first half of 2024; 31 average salaried staff in Italy in the first half of 2023.

Headcount period end

(number)	30.6.2024	12/31/2023	Change
Headcount – Italy	17,737	37,670	(19,933)
Headcount – Outside Italy	9,330	9,510	(180)
Total headcount at period end [1]	**27,067**	**47,180**	**(20,113)**
Discontinued Operations - NetCo	19,864	—	19,864
Total headcount at period end - including Discontinued Operations	**46,931**	**47,180**	**(249)**

[1] Includes personnel on temporary employment contracts: 1 in Italy as of June 30, 2024; 31 in Italy as of December 31, 2023.

Headcount at period end - Breakdown by Business Unit

(number)	30.6.2024	12/31/2023	Change
Domestic	17,965	37,901	(19,936)
Brazil	9,089	9,267	(178)
Other Operations	13	12	1
Total	**27,067**	**47,180**	**(20,113)**

AFTER LEASE INDICATORS

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

LIKE-FOR-LIKE EBITDA AFTER LEASE - TIM GROUP

(million euros)	1st Half 2024	1st Half 2023	Variations	
			absolute	%
Like-for-like ORGANIC EBITDA	**2,139**	**1,956**	**183**	**6.3**
Lease payments	337	361	(24)	6.6
Like-for-like EBITDA After Lease (EBITDA-AL)	**1,802**	**1,595**	**207**	**(13.0)**

LIKE-FOR-LIKE EBITDA AFTER LEASE - DOMESTIC

(million euros)	1st Half 2024	1st Half 2023	Variations	
			absolute	%
Like-for-like EBITDA	**1,046**	**964**	**82**	**8.5**
Lease payments	(85)	(81)	(4)	(4.9)
Like-for-like EBITDA After Lease (EBITDA-AL)	**961**	**883**	**78**	**8.8**

EBITDA AFTER LEASE - BRAZIL

(million euros)	1st Half 2024	1st Half 2023	Variations	
			absolute	%
ORGANIC EBITDA excluding non-recurring items	**1,095**	**996**	**99**	**9.9**
Lease payments (*)	(252)	(280)	28	10.0
EBITDA After Lease (EBITDA-AL)	**843**	**716**	**127**	**17.8**

(*) Does not include approximately 59 million reais in sanctions associated with the decommissioning plan following the acquisition of the Oi Group's movable assets; approximately 11 million euros in the first half of 2024 (approximately 57 million reais); approximately 10 million euros in the first half of 2023).

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	30.6.2024	12/31/2023	Change
Adjusted Net Financial Debt	**26,488**	**25,656**	**832**
Leases	(4,981)	(5,307)	326
Adjusted Net Financial Debt - After Lease	**21,507**	**20,349**	**1,158**

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	1st Half 2024	1st Half 2023	Change
Equity Free Cash Flow	**(681)**	**(167)**	**(514)**
Change in lease contracts (principal share)	(347)	(466)	119
Equity Free Cash Flow After Lease	**(1,028)**	**(633)**	**(395)**

EVENTS AFTER JUNE 30, 2024

See the Note "Events After June 30, 2024" in the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 of the Tim Group.

BUSINESS OUTLOOK FOR THE YEAR 2024

In light of the performance of the main business segments in ServCo's perimeter during the first six months of 2024, the guidance previously communicated with the approval of the TIM 2024-2026 "Free to Run" Business Plan is confirmed.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation.

The TIM Group has adopted an Enterprise Risk Management model, which is continuously being improved and aligned with international regulations and standards and enables risks to be identified, assessed and managed in a homogenous way within the Group, highlighting potential synergies between the players involved in the assessment of the Internal Control and Risk Management System. The Enterprise Risk Management process is integrated with strategic and operational planning processes and is designed to identify potential events that may affect the company's business so that these risks can be managed within acceptable limits (i.e. keeping risks at a level that does not compromise the company’s financial, operational and reputational stability) and reasonable assurance provided about the achievement of its business objectives.

The Enterprise Risk Management model adopted by the TIM Group:

- identifies and updates, in collaboration with the risk owners, the overall portfolio of risks to which the Group is exposed by analyzing the Business Plan and the most significant investment projects, monitoring the reference context (e.g. macroeconomic and regulatory), specifically analyzing the risks to which assets may be exposed, and continuously monitoring and analyzing the risk profile, in order to detect any changes and/or new risk scenarios;
- quantitatively assesses risks both individually and from a portfolio perspective, taking correlations into account;
- supports management in establishing and monitoring risk mitigation plans and periodically updates the Control and Risk Committee (CRC) with respect to related tolerances;
- manages the information flow to top management and the bodies responsible for assessing the Internal Control and Risk Management System (ICRMS) by producing the relevant supporting reports.

Currently, it is worth highlighting the continuing Russia-Ukraine conflict and the conflict in the Middle East between Israel and Palestine and the potential for inflation-related increases in costs. Other risk factors include: market developments; the entry of new potential competitors in the fixed and mobile sector; proceedings potentially initiated by the Authorities and the consequent delays in implementing new strategies; cyberattacks related to the current worldwide geopolitical environment; issues connected with AI regulation; problems related to new networks and infrastructures; and the fufillment of obligations concerning the "Golden Powers" exercised by the Government, the effects of which are to be assessed in terms of the strategic choices and temporal deployment of the Plan objectives.

Risks related to the business and industry

Risks related to competition

The telecommunications market continues to maintain a high level of competition that for the TIM Group entails risks of a reduction in market share and pressure on prices in the geographical areas in which it operates. Adding to a complex picture in the landline market is the recent launch of Iliad (initially in the residential segment and then in the business segment), already present in the mobile sector.

In addition to the traditional services of the core business, competition on the innovative services and converging offers market remains significant, with this extending towards the world of content, which increases both opportunities and risks for the operators.

The recent Fastweb-Vodafone Italia merger has created a more significant competitor for TIM by virtue of the complementary nature of their fixed and mobile services, respectively. This competitor is dominant in some geographic areas and is vertically integrated, which could exert more competition in the business market in particular.

The macroeconomic situation and geopolitical tensions have reignited inflationary phenomena in all European countries to levels not seen since the early 1990s, in times before the liberalization of the sector.

Following the peak in inflation reached in 2022 and its continuing high levels in 2023, inflation was reduced in 2024 due to monetary policy maneuvers and the normalization of energy supply.

However, ongoing geopolitical tensions could continue to breed inflation instability. Therefore, in the Italian scenario, which is characterized by retail and wholesale prices that are among the lowest in Europe, new inflationary pressures could determine further risks for the sector, which are mitigated by regulatory interventions on wholesale prices and on the methods of retail price adjustment.

Competitive risks in the Brazilian market lie in the rapid transition of the business model tied to both traditional services and the more innovative ones. As the consumption patterns of the customer base change (migration from voice to data services), service providers need to act swiftly in upgrading their infrastructure and modernizing their portfolios of products and services. In this context, the TIM Brasil group could be impacted by the need for rapid development of technologies and infrastructures.

In the domestic context, to achieve the strategic objective of mitigating regulatory constraints, reducing the level of debt and increasing focus on the reference markets, a transformation process has been completed aimed at overcoming the structure of a vertically integrated operator with separation of assets fixed network infrastructure from services. Following up on previous announcements, TIM closed the sale of NetCo to Kohlberg Kravis Roberts & Co. L.P. ("KKR") on July 1, 2024, through the transfer to FiberCop (a 58%-owned subsidiary of TIM) of TIM's fixed network infrastructure and wholesale activities business unit, and the subsequent acquisition by Optics BidCo (a subsidiary of KKR).of the entire share capital of FiberCop.

In light of the above-described agreements entailing a different articulation into separate entities and on the basis of the resulting contractual arrangements, the TIM Group may be subject to, inter alia, the following risks:

- unexpected additional costs or adverse impacts on its business functions as a result of the separation process or fulfillment of obligations to NetCo under such service agreements;
- potential liabilities, during the term of the wholesale agreement, if the counterparty fails to satisfy certain obligations, any of which could adversely affect TIM's financial condition and results of operations.

Furthermore, the TIM Group expects that a potential loss of control and deconsolidation of NetCo would result in improvements in the regulatory environment for TIM Enterprise and TIM Consumer in the Italian market, which may these Business Units to compete on fully equal terms with competitors under the applicable laws on competition. However, the new regulatory framework that will result from the deconsolidation, and in particular the changes to the previous one, will be defined by the competent authorities as a result of the planned proceedings.

See the following section for more details.

Closing the sale of NetCo eliminates future risks associated with managing the fixed wholesale business domestically, which will no longer be scoped within TIM.

Impacts of the sale of NetCo

With the sale of NetCo and the subsequent transfer of the fixed infrastructure to FiberCop on July 1, 2024, FiberCop became the exclusive wholesale provider of ADSL and FTTC connectivity, the leading FTTH connectivity provider in Italy, and the largest provider in the TIM Group.

The TIM Group and FiberCop signed a Service Agreement regulating their mutual supply relationships. Under this deal, the TIM Group will acquire wholesale fixed-line access services from FiberCop to provide its fixed-line services to retail customers.

The Service Agreement will be evaluated by the relevant Authorities (AGCOM and AGCM) and the agreed economic conditions could change as a result of those proceedings, which could generate positive or negative impacts for the TIM Group.

If FiberCop's services are inadequate or if FiberCop ceases to provide these services, the TIM Group may not be able to provide all or part of its fixed-line services to residential customers. As a result, demand for TIM Group's products and services could be significantly affected, in turn materially and adversely impacting TIM Group's business, financial position and operating results.

If FiberCop fails to develop, maintain, repair, upgrade, protect and replace its fixed network, or suffers a major disruption, slowdown or problem in the supply chain, the TIM Group's business, financial position and operating results could also be significantly impacted.

Risks associated with agreements with Suppliers and Partners

The TIM Group maintains important relationships with various suppliers of hardware, software and services which it uses for the operation of its network and systems and for customer assistance. Additionally, it relies on various vendors to supply network equipment, mobile phones and accessories needed for its business. It also uses numerous suppliers, particularly in relation to smartphone suppliers, software license suppliers and for the implementation of fixed and mobile telecommunications networks. To achieve the transmission capacity and quality levels necessary for the growing number of subscribers and their changing needs, it partly relies on the electronic communications networks of other operators and on the networks created by some local authorities, such as Fastweb, Open Fiber, A2A.

The main suppliers of the TIM Group are engaged in the supply of mass-market products (smartphones and software licenses) and in the supply and creation of fixed and mobile telecommunications networks. There are no constraints on the TIM Group to replace these suppliers with other suppliers.

One or more suppliers of the TIM Group may not be able to provide the affected products and/or services. This could impact TIM Group's ability to fully control its networks, offer high-quality services and conduct its operations, or it could result in additional costs, any of which could have a material adverse impact on its business, financial condition and operating results of the TIM Group.

The TIM Group also hires a series of subcontractors for the maintenance of its network, the management of its call centers and the supply, installation and maintenance of terminals set up in its customers' homes. The TIM Group, although operating with a limited number of subcontractors that it carefully selects and monitors, cannot guarantee that their tasks are carried out correctly and fully compliant with the required quality and safety standards or that the tasks are not further assigned to other third party contractors. In the event that the hardware or software products or related services of or by third party contractors are defective, or if the tasks assigned to its subcontractors are not performed correctly, there may be risks associated with the ability to assert recourse claims against suppliers or subcontractors, especially if the guarantees provided for in the contracts are exceeded by those provided for in the TIM Group's contracts with customers, in individual cases, or if the suppliers or subcontractors are insolvent, in whole or in part. Furthermore, this would damage the TIM Group's relationships with its customers and the reputation of its brands.

There is no guarantee that the TIM Group will be able to obtain the hardware, software and services it needs to carry out its business, in a timely manner, on competitive terms and in adequate quantities. The occurrence of any of these risks could create technical problems, damage its reputation, result in the loss of customers and have a material adverse effect on its business, financial condition and operating results.

Furthermore, the TIM Group has agreed multi-year contracts for the hosting and management of its network equipment, and for distribution of television content which oblige it to pay the counterparties a minimum guaranteed amount. The evaluation of such multi-year contracts, and the estimation of costs associated with them, are subject to a number of risks and uncertainties which include, among others, market dynamics, pronouncements of market regulatory authorities and the development of new technologies at service support. These estimates are reviewed periodically on the basis of actual data in order to ensure that the forecast data remain within reasonably predictable ranges. Not all the factors mentioned are under the control of the TIM Group and could therefore have a significant impact on future forecasts regarding the performance of the contracts, the amount of the estimated margin (positive or negative) and/or the cash flows that will be generated.

Risks related to the development of fixed and mobile networks and ICT

To maintain and expand our customer portfolio in each of the markets in which the TIM Group operates, it is necessary to maintain, update and improve existing networks in a timely manner. A reliable and high-quality network is necessary to maintain the customer base and minimize terminations to protect the Company's revenues from erosion.

The maintenance and improvement of existing installations depend on the Group’s ability to:

- deliver network development plans within the time-frames contemplated by business development plans and with the necessary level of effectiveness/efficiency;
- upgrade the capabilities of the networks to provide customers with services that are closer to their needs;
- increase the geographical coverage of innovative services;
- upgrade the structure of the systems and the networks to adapt it to new technologies;
- sustain the necessary level of capital expenditure in the long term;
- expand the capacity of its existing fixed and mobile networks to cope with the increased use of the bandwidth.

A great many of these activities are not entirely under TIM’s control and may be impacted by applicable legislation. If TIM is unable to maintain, improve or update its networks, its services and products may be less attractive to new customers and it may lose existing customers to competitors.

Unforeseeable instant increase in traffic

Considerable, unforeseeable instant increases in traffic due, for example, to live video events streamed on the network by an OTT (Over The Top) may, in some cases, have a major impact on the overall performance of the TIM (fixed and mobile) network for the entire duration of the event, causing slow-downs or temporary blocks to communication, with consequences in terms of reputation and customer satisfaction.

4.5G/5G Broadband and the Internet

The continuous development of internet and broadband services, also thanks to the use of public funds linked to the NRRP (National Recovery and Resilience Plan), constitutes a strategic objective for TIM which aims to increase the use of its networks to compensate for the reduction in traditional voice services. Its capacity to successfully implement this strategy may be negatively impacted if:

- mobile Broadband coverage does not grow as expected;
- the competition grows through to including contiguous market players or technological developments introducing new platforms to access the Internet and/or distribute the Internet;
- it is unable to provide superior Broadband connections and Broadband/mobile services to those offered by its competitors;
- it suffers network downtime or related capacity problems with the network infrastructure;
- delays in obtaining necessary permits and authorizations;
- delays in the supply of materials and devices as a result of possible supply shocks;
- it is unable to obtain a suitable return on the investments made in developing its network.

The implementation of UBB 4.5G/5G mobile technologies depends on a series of factors, including the availability and selection of cutting-edge technologies by suppliers of TIM networks/platforms and devices. If TIM is unable to achieve its goals for the implementation of an adequate UBB (Ultrabroadband) mobile coverage, it may lose market share to its competitors in this strategically important segment.

Each of the aforementioned factors can negatively impact the correct implementation of the TIM Group's strategy and, consequently, the TIM Group's business and operating results.

More specifically, any delays in NRRP tenders or related activities are subject to predetermined penalties, which could entail a reduction in the contribution assigned to the TIM Group.

ICT assets and services to support the Business

The TIM Group intends to continue to focus on the Information Technology-Telecommunications convergence by addressing the ICT market, offering the management of networks and infrastructures as well as application management services. In particular, as the cloud services market continues to grow, the ICT market will become a key element of its strategy.

For this reason, the Polo Strategico Nazionale ("PSN"), was recently established, of which the TIM Group holds a 45% share, which deals with the design, preparation, setup and management of infrastructures for the provision of cloud services and solutions. for Italian local and national public administrations.

TIM expects that competition in this market will intensify with the entry of new players, especially telecommunications operators that collaborate with IT operators.

Failure or partial implementation of its strategies relating to the development of assets and services to support the business by TIM could prevent the achievement of its objectives in a sector considered strategic.

Risks and challenges relating to the implementation of AI solutions

The market for Artificial Intelligence (AI) related services is also rapidly developing in Italy. TIM, which partners companies and public administrations in enabling the country's digital transformation, has set up a technology hub in Turin to develop and test AI solutions, while also adopting an ethical and responsible approach to managing the new risks of integrating AI into business processes, such as:

- compliance with laws and regulations (e.g. the EU AI Act);
- data quality, big data, and data analytics;
- technological infrastructure, interoperability and integration with existing systems.

To meet this challenge, TIM will need to manage new risks related to the use of AI solutions and systems:

- regulatory non-compliance;
- breach of privacy and data security;
- discrimination (fairness in the treatment of groups of people);
- distortive effects produced by AI systems;
- cybersecurity.

The potential effects of these risk factors would have significant economic, legal and reputational impacts on the Company. In order to mitigate these possible impacts, TIM – in keeping with the goals of the Strategic Plan – has chosen to centralize its governance of the use of AI technologies by establishing a multifunctional team (Strategy, Transformation, Finance, Compliance, Risk, Legal, Security, Human Resources, Marketing & Sales, IT/Network Operations, Procurement) which brings together cross-functional competencies, with each of their roles and responsibilities defined.

In this centralized governance structure, TIM has established a program that includes:

- establishing policies and procedures that can regulate the responsible use of AI and spread an ethical culture and greater awareness of AI by involving customers, suppliers and employees;
- creation and managing an up-to-date inventory of all AI models and systems in use (development, implementation and maintenance) and applying a tool for classifying the risk level classification of each AI system (in accordance with the EU AI Act);
- adopting a risk management process/framework integrated into the life cycle of AI systems, which is capable of implementing both preventive actions in the design, development, testing and release phases of AI systems, and ex-post monitoring and control actions with adequate human oversight to assess the performance of each AI system over time, to detect any malfunctions and to make all necessary corrections.

Cyber security risks

Cyber risk is on the increase worldwide and as such requires continual monitoring by TIM, given the sheer amount of IT assets the company manages in terms of own TLC infrastructure and assets necessary to deliver services to customers, some of which, considered essential, come under the scope of legislation governing the National Cyber Security Perimeter.

Cyber attacks can interrupt availability of service and compromise data, putting the company's reputation as supplier of critical national infrastructures at risk, as well as resulting in financial losses, reduction of market share and regulatory sanctions.

In view of these considerations, particular attention was paid to protecting networks from main threats (e.g. viruses, malware, hackers, data theft). With a wide range of attackers (Cyber-Criminals, Cyber-Terrorists, Insiders, etc.), TIM carries out activities not only to safeguard its infrastructure but also – with a strong sense of responsibility – to protect customers' information assets, that are a priority target for the company and for the country system.

With regard to the prevention phase, TIM oversees cyber risk analyses by setting out security plans for the company's IT assets in order to identify in advance the actions necessary to mitigate cyber risk and to ensure the adoption of a security-by-design approach. This approach also includes overseeing the plans behind these actions and verifying their actual implementation in the field.

The Company has also set up advanced testing labs to test the security level of equipment and systems before they are put into operation, as well as isolated environments dedicated to identifying possible vulnerabilities in hardware and software products deployed on its network.

As for its identification of and response to cyber attacks, the Security Operation Center (SOC), operates 24/7, 365 days a year, in order to manage IT security incidents and help limit their impacts. TIM has also implemented an insurance program to cover cyber risks.

As regards the understanding and prevention of cyber threats, TIM is equipped with a dedicated Cyber Threat Intelligence structure which acquires, processes and uses data and information from multiple external sources (public, private, institutional and the deep and dark web) to increase its capacity to identify and timely combat emerging threats and outline evolving risk and threat scenarios.

Information exchanges and collaboration with the National Cyber Security Agency (ACN) and other institutions (e.g. National Cybercrime Center for the Protection of Critical Infrastructures - CNAIPIC) are included in this context.

In relation to the Russia-Ukraine conflict and the crisis in the Middle Eastern context, TIM continues to act in coordination with the National Cyber Security Agency (ACN).

More specifically, following the evolution of the crisis and the information exchanged on a European level and with NATO, TIM has been invited to raise the level of alert in connection with the cyber risk.

Business Continuity Risks

The success of the TIM Group largely depends on the continuous performance of its IT systems, network and data centers that it manages for customers. The operations of the TIM Group require large amounts of data to be processed and stored every day, ensuring that they are uninterruptedly and accurately transmitted, stored, and available in real-time in accordance with applicable law.

The technical infrastructure of the TIM Group and the assets managed on behalf of customers are vulnerable to damage or interruptions caused by technological failures, blackouts, floods, storms, fires, terrorist acts, illegal acts, human errors and similar events. Unforeseen problems at TIM Group facilities, system failures, hardware and software failures, computer viruses and cyber attacks (including information theft, data corruption, operational interruptions or related financial losses) and data loss could affect the quality of services and cause outages. Any of these events could reduce user traffic and revenue, negatively impact customer satisfaction, reduce the customer base and damage the TIM Group's reputation.

TIM has adopted a "Business Continuity Management System" (BCMS) framework in line with international standards, to analyze and prevent these risks.

TIM considers Business Continuity a fundamental factor for the protection of the Group's value and reputation, in the provision of its services and in full compliance with what is defined in customer contracts, in sector regulations and, more generally, in consistency with reference methodologies and best practice.

TIM implements an ongoing management and governance process, which ensures that the necessary steps are taken to identify the impact of potential losses, that recovery plans and strategies are practical and that continuity of services is guaranteed through training programs, tests, exercises and periodic updating and revision activities.

TIM also carries out period risk assessments of the corporate assets with a view to assessing and mitigating the risks of possible direct damages and/or interruptions of business, equally implementing specific insurance programs to cover these risks. TIM has also implemented an insurance program to cover business continuity risks.

In 2021, TIM achieved ISO 22301 (Security and Resilience - Business Continuity Management Systems) certification, as it gradually expands its process certifications over the years. To date, 41 processes have been certified in the areas: Technology, Customer Operations, Sales, Financial, Security and HRO. In the first half of 2024, the cloud management service offered for the Tuscany Region was also ISO 22301 certified.

An effective, well-maintained and verified BCMS makes it possible to both improve the continuity of services offered and provide greater guarantees in this respect to its stakeholders.

In order to adapt the BCMS to the new organizational environment, activities have been initiated as a result of the process of separating the fixed network structure. These activities have involved: adjusting the competence domain for the processes that remain within TIM; revising the document system; and associated continuity analyses.

Fraud risks

Technological progress means that increasingly sophisticated tools and techniques, which are quick acting and have a considerable economic impact are available for the perpetration of fraud and abuse.

"Conventional" phenomena such as subscription, interconnection, and commercial fraud currently generate the highest part of revenue loss and will continue to be significant in the near future, however new types of Internet-style fraud are gradually gaining more ground (Internet spamming/phishing, service reselling, VoIP bypass, etc.). Furthermore, some specific types of provided services (e.g. wholesale international interconnection, voice or data services, premium services) are potentially at risk of third party use for the construction of fictitious transaction schemes, tax avoidance offenses and/or international money laundering.

The TIM Group has had an established organizational model based on the governance of fraud in place for some time. It envisages a series of fraud risk assessments that, together with the evidence of internal and external fraud management, help identify, plan and monitor the operative supervision of the prevention of and fight against fraud. TIM has also implemented an insurance program to cover risks of fraud.

The procedure to combat external fraud, drawing on company processes at risk of the offenses contemplated in Italian Legislative Decree no. 231/2001 being committed, sets out internal control mechanisms, including instructions on how employees and Company staff/partners (including suppliers) must behave (prevention). In the detection stage, potential cases of fraud are identified and after a preliminary check of the possible grounds the cases may be subject to Investigation and Tackling. To complete the fraud management end-to-end cycle, the results of actions taken are assessed with monitoring and any actions to improve the fraud management process are identified.

The fight against internal fraud, implemented in compliance with the limits imposed by the recently updated trade union agreements prohibiting distance monitoring of staff at work, is carried out through the detection of information relating to the concentration of anomalous operations that flag-up possible cases of serious wrongdoing.

In view of the new organizational environment, caused by the transfer of NetCo on July 1, 2024, some anti-traffic fraud measures have been defined for delivery on the FiberCop / NetCo side to guarantee the services necessary to protect TIM customers and for TIM to fulfill its obligations under Legislative Decree 231/2001.

Risks linked to the main sustainability topics

The Group systematically consults with its stakeholders with a view to improving its environmental, social and governance (ESG) performance.

The insights gathered through stakeholder engagement are incorporated into the ESG Plan by setting precise and measurable targets, implementing projects in the field and highlighting efforts in sustainability reporting. Below are some examples of the main ESG events and risks that affect TIM:

Climate change

The activities of the TIM Group and its value chain have a significant environmental impact in terms of greenhouse gas (GHG) emissions. The environmental impacts of GHG emissions, if not properly managed, can affect the Company's reputation, resulting in reduced revenues and limiting access to sustainable financing.

The increasingly stringent national and European regulations in environmental issues may also result in increased costs for the Company. The increase in electricity prices, the availability of renewable energy certificates and/or the potential introduction of a carbon tax may increase the operating costs for the Company.

The worsening of climatic conditions and the continuous increase in global average temperatures also increases the probability and severity of extreme weather events, such as heat waves, flooding and wind storms that can cause major interruptions to telecommunications and ICT services, reduce the efficiency of work (hours effectively worked) and may consequently impact TIM's business. The probability and gravity of extreme weather events can also result in the need for additional investments in cooling technology and other, more resilient infrastructures.

To mitigate the risks associated with climate change, the TIM Group has set itself the goal of becoming carbon neutral by 2030, also thanks to the commitment to purchase 100% renewable energy by 2025. In addition, it has also undertaken to reduce the emissions of its value chain by 47% by 2030 (in connection with the purchase of goods and services, the purchase of instrumental assets and the use of products sold to customers) and to achieve net-zero direct and indirect GHG emissions by 2040.

Digital transformation and inclusion

The digital divide is an obstacle to the growth of the Italian economy and the correlated connectivity services, with the risk of commercial repercussions.

TIM is committed to bridging this gap by rolling out connectivity nationwide, including through the implementation of NRPP (National Recovery and Resilience Plan) projects such as *Scuola Connessa and Sanità Digitale* (Connected Schools and DIgital Health), which aims to equip schools and hospitals with fast internet services, and the National Strategic Hub.

To promote digital inclusion, TIM also offers its customers Digital Identity Services, such as access to the Italian public digital identity system (SPID), certified email (PEC) and digital signature services, which improve the efficiency of public and private organizations and make life easier for citizens.

Failure to implement the digital inclusion strategy could damage the reputation even worse than causing a loss in revenues.

Inclusion and equal opportunities at TIM

Cognizant of the importance of personal engagement and satisfaction, the TIM Group exercises care for inclusion and places a high value on diversity and representing ethical values, making these the driving force for enhancing the Company's performance.

TIM has thousands of employees and caters to millions of customers. Leveraging our visibility and the technologies available can truly make a difference to creating a more equal and inclusive society.

As issues of equal opportunities increasingly come to the fore, failing to defend or promote these values can affect the perception of the brand and TIM's ability to attract and retain high-potential talent, which are so important for achieving the Company's goals and realizing our strategy.

Financial risks

The TIM Group may be exposed to financial risks, such as risks arising from fluctuations in interest rates and exchange rates, credit risk, liquidity risk and risks related to the performance of the equity markets in general, and, more specifically, risks related to the performance of the share price of the TIM Group companies.

Generally, the TIM Group hedges exposure in foreign currencies but not the risk of transfer relating to its foreign subsidiaries; However, for 2024 it was decided to hedge a material portion of the exchange rate exposure between the euro and the Brazilian real in order to mitigate the effects of volatility at the level of the Group's Consolidated Equity Free Cash Flow.

According to the Group policies, hedging of the exposure in foreign currencies is mandatory when relating to the financial liabilities. Therefore, the TIM Group – which has stipulated and may continue to stipulate a portion of financing in currencies other than the euro, mainly in US dollars – in line with its risk management policies, generally covers this exposure to exchange rate risk through cross-currency and interest rate swaps. However, the hedges may not manage to effectively protect the TIM Group from adverse changes in the exchange rates. With regard to translation risk, the performance of the euro exchange rates with respect to the other currencies (in particular the Brazilian real) may have a negative impact on the consolidated results.

Appreciation of the euro with respect to the currencies of certain countries in which the TIM Group operates or has made investments, will reduce the related value of the revenues or assets, of the transactions implemented in such countries and, therefore, may have a negative impact on the operating profit or financial position.

In addition, the TIM Group is also exposed to the interest rate risk on the portion of its consolidated gross debt that is index-linked to variable rates. The decision to maintain a certain debt structure at fixed and variable rates aims to minimize the negative impact of the interest paid and is partially achieved through the use of derivatives, through which variable-rate liabilities are synthetically converted into fixed-rate instruments. Any change to interest rates that has not been adequately hedged by derivatives may have an impact on the economic profile of TIM's variable rate financial liabilities, which may have negative impacts on the results of its transactions and on cash flows.

An increase in sovereign spreads and the risk of default they reflect, in the countries in which the TIM Group operates, may impact the value of its assets in such countries.

TIM may also be exposed to financial risks such as those linked to the performance of the stock markets in general and, more specifically, risks linked to the trend of the share price of the TIM Group companies.

These risks may adversely impact the earnings and the financial structure of the Group. Accordingly, to manage those risks, the TIM Group has established guidelines, at central level, which must be followed for operational management, identification of the most suitable financial instruments to meet set goals, and monitoring the results achieved.

In particular, in order to mitigate the liquidity risk, the TIM Group aims to maintain an "adequate level of financial flexibility", in terms of cash and syndicated committed credit lines, enabling it to cover refinancing requirements at least for the next 12-18 months.

Commercial Credit Risk

The operations of the TIM Group depend significantly on the ability of its customers to pay for its services. In the domestic market, TIM uses predictive analytical models both to assess customers' credit risk and to apply credit management and recovery actions consistent with its contractual terms and regulations, with a view to taking timely action to maximize collections.

In Brazil, pursuant to Anatel legislation, the TIM Group is authorized to take certain measures to reduce customer defaults, such as limiting the services that the TIM Group provides to customers with a history of defaults.

If the TIM Group is unable to take measures to limit its customers' missed payments or to allow it to accept new customers based on credit history, the TIM Group will remain subject to bad debts that could negatively impact its expected results.

Risks related to macroeconomic factors

The TIM Group's economic and financial situation, including its ability to sustain the expected level of cash flows and margins, is influenced by multiple macroeconomic factors such as economic growth, consumer confidence, interest rates, increased inflation rate and the exchange rates in the markets in which it operates.

Added to these factors is the uncertainty around developments of the war in Ukraine, the Israeli-Palestinian conflict and the structural transformation of energy markets.

In 2023, Italy's GDP grew by 0.9%, compared to growth of 3.7% the previous year.

For the current year, expectations for Italian GDP growth land in a range between the Bank of Italy's +0.6% forecast and ISTAT's +1.0% forecast. Both scenarios foresee a positive contribution from domestic demand, with benefits in terms of growth in employment and real wages. The forecasts for exports are somewhat mixed, but they are nevertheless expected to increase on the previous year. A recovery in the propensity to save could slow the pace of consumption growth. On the other hand, the forecast could be improved if the European monetary institutions proceed to ease financial conditions as inflationary pressures return under control.

Energy prices, which in recent months have come down from their 2022 peak, must still remain under observation, as their volatility can affect business. The energy supply shock in 2022 highlighted European countries' dependence on fossil fuels. Geopolitical uncertainty, with conflicts ongoing in key areas for energy supply, could once spark the conditions that caused a deterioration in the industry in recent months. In any case, it should be noted that the TIM Group has implemented a hedging program which, domestically, made it possible to cover in advance almost all of the 2024 needs and part of 2025.

In Brazil, GDP grew by 2.9% in 2023, which was just below the growth figure for 2022 (3.0%). In its latest report in June, the Central Bank of Brazil upgraded its forecast for 2024 upward: from +1.9% to +2.3%. This was due to stronger-than-expected GDP growth in the first months of the year, accompanied by lower unemployment and higher wages. Inflation remains above the 3.0% target and should be constantly monitored.

Geopolitical uncertainty

The Russia-Ukraine conflict is having an indirect impact on the TIM Group's business, mainly in terms of the potential effects of energy, materials and transportation costs going forward. Presently, these costs remain low, but they could become more significant as the conflict escalates. In particular, for companies in the Telecom Italia Sparkle group (part of the TIM Group) operating in the areas impacted by conflict, there were no significant repercussions on commercial relations, on the demand for international services and on the substantially regular collection of trade receivables.

In 2023, the geopolitical environment was further complicated by the outbreak of conflict in the Middle East. Election cycles in the European Union and the United States have also contributed to a more unstable scenario in 2024. In particular, the result of the US presidential election could have consequences for the country's foreign policy choices, and it is uncertain how this will play out geopolitically. This is not only true for the ongoing situations in Europe and the Middle East, but it also applies to US-China relations, where an already tense relationship that has already had repercussions on imports of advanced technological and digital systems from companies in the Asian country to the West could be further exacerbated.

This deteriorating international environment and ongoing tensions may have serious global consequences, with the potential to pose a serious security threat that could bring greater risks to the TIM Group. Such risks include the security and protection of the TIM Group workforce, the possibility that cyber attacks may strike the infrastructure 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.

Pandemic risk

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.

Risks relating to the legislative and regulatory context

The TIM Group may be exposed to risks of non-compliance (Compliance Risks) due to non-observance/breach of internal (self- regulation, such as, for example, bylaws, code of ethics) and external rules (laws, regulations, new accounting standards and Authority orders), with consequent judicial or administrative penalties, financial losses or reputational damage.

The TIM Group aims to ensure that processes, and, therefore, the procedures and systems governing them, and corporate conduct comply with legal requirements. The risk is associated with potential time lags in making the processes compliant with regulatory changes or whenever non-conformances are identified and is monitored by the dedicated internal control system.

The TIM Group has to deal with disputes and litigation with tax authorities and government agencies, regulators, competition authorities, other telecommunications operators and other entities. The possible impacts of such proceedings are generally uncertain. In the event of settlement unfavorable to the Group, these issues may, individually or as whole, have an adverse effect, which may even be significant, on its operating results, financial position and cash flows.

Regulatory risks

The electronic communications industry is highly regulated. As such, new decisions by the Italian Communications Authority (AGCOM) may lead to changes in the regulatory framework that may affect the expected results of the Group and the guidance announced to the market. In addition, the structure of the fixed and mobile markets results in high levels of scrutiny from the AGCM (the Italian Competition Authority) over competition in the sector.

The main elements that introduce uncertainty are:

- lack of predictability in start-up timing and consequent final decisions in new proceedings by AGCOM and AGCM (the Italian Competition Authority);
- AGCOM decisions about pricing policies for wholesale fixed network services, which could potentially impact the profit margins of services provided to end customers;
- AGCOM decisions that can influence the technological choices, with potential impact on the timing of return on infrastructure investment;
- any AGCM (the Italian Competition Authority) decisions that can limit TIM's competitive capacity (for example, in terms of minimum retail prices to guarantee market competitiveness);
- any AGCOM or AGCM (the Italian Competition Authority) decisions that impose constraints on the pricing of fixed-line and mobile offers on the basis of consumer protection legislation.

General Data Protection Regulation (GDPR)

Regulation (EU) 2016/679 (General Data Protection Regulation, GDPR), which became directly applicable as from May 25, 2018 and has been enacted in Italy by Legislative Decree no. 101/2018 has increased administrative fines considerably compared to the Data Protection Act previously in effect, and in some cases fines of up to 20 million euros may be administered, or in the case of companies, of up to 4% of their global annual turnover of the previous year, if this amount is higher than 20 million euros.

In order to guarantee – in TIM and under the scope of the Group Companies – the conformity of personal data processing with the GDPR and the Personal Data Protection Code (Italian Legislative Decree no. 196 of June 30, 2003), all necessary initiatives are adopted to ensure compliance with said provisions.

The Company's operative processes have been adapted according to the principle of privacy-by-design, with special attention paid to the commercial, relations with customers and technological processes, adopting the methods defined by corporate regulations dedicated to the application of the GDPR and the provisions of the Data Protection Authority. Personal data processing, where specific risks are entailed, is subject to preventive Privacy Impact Assessment (PIA) according to the indications of the European Data Protection Board (EDPB), it is censused and the related responsibilities are attributed to the suitable managerial level of the Company's organization, as envisaged by the Privacy Code in application of the accountability principle laid down by the GDPR.

TIM constantly monitors the evolution of the rules, regulations and opinions adopted by the Data Protection Authority (GPDP), takes all steps necessary to ensure compliance with such provisions and carries out checks on the processes and activities deemed most at risk.

However, the risk of shortcomings in the implementation of security measures, in compliance with legal requirements governing data processing, in applying rules on data storage, in notifying data breaches by the mandatory strict (and narrow) deadlines, could lead to disputes with the data protection authority and sanctions. In addition, the risk of personal data breach can lead to disputes with data subjects and reputational damages, consequently impacting TIM's business.

Health and Safety at Work

The Company has exposure to several workplace health and safety risks that could have significant impacts. These include the possibility of injuries caused by unsafe working conditions or unforeseen accidents, as well as the risk of occupational disease due to exposure to harmful substances and job-related stress. In addition, any non-compliance with health and safety regulations could result in legal sanctions and damage to the Company's reputation. Occupational accidents and illnesses can lead to work disruptions, which reducing operational efficiency and increase costs. There is also the risk of significant compensation costs in case of work-related injuries or illnesses.

To mitigate these risks, the Company ensures that it complies with all legislative requirements in occupational health and safety. This includes assessing risks to workers' safety and health with a view to continually minimizing those risks, as well as preparing Risk Assessment Documents. The Company has principles, standards and solutions in place aimed at achieving "zero workplace accidents". This involves implementing prevention measures and verifying that they are adequate and effective.

Key tools in this regard are schemes to raise awareness and involve employees in the Company's health and safety policies and objectives, as well as providing training and information on the risks and control measures implemented. To further strengthen the Company's internal management and supervisory methods and improve the quality of its working environments, a new management system was activated in 2021 that complies with globally accepted standards (ISO 45001); this covers all processes relating to office spaces and mixed-use manned real estate assets.

Golden Power

The issuing of the so-called "Golden Power" Decrees, with reference primarily to Legislative Decree no. 21/2012, aimed at attributing to the State special powers on corporate structures in the sectors of Defense and National Security, as well as for activities of strategic importance, in the specific Telecommunications sector, affects the public-private relationship, enriching the value of technological assets and services included in the Golden Power perimeter due to the institutional purpose pursued. This could, on the one hand, limit TIM's autonomy in carrying out its activities in the area of strategic services, but on the other hand, TIM, as a strategic operator, can guarantee advantages to its shareholders by making any change of control of TIM more complex, thus protecting investments and guaranteeing a higher level of security of strategic assets and services.

In summary, the Prime Minister established that the Company is subject to the obligations pursuant to Legislative Decree no. 21/2012 (the "Golden Power Decree", setting out special powers rules) in the provision of September 28, 2017, as a business that:

- carries out "activities of strategic importance for the defense and national security system" (as per article 1 of the Decree Law) and
- possesses networks and systems "necessary to ensure the minimum supply and operation of essential public services" and goods and relationships "of strategic importance for the national interest" in the communications sector (as per article 2 of the same Decree Law).

Failure to comply with these obligations, provided that the facts do not constitute a crime, shall result in the imposition of administrative fines of up to twice the value of the transaction, but in no case less than 1% of the company's turnover or the cumulative turnover of the companies involved in the last financial year for which the budget was approved.

The regulatory architecture relating to TIM led to the issuing of the Prime Ministerial Decrees of October 16 and November 2 in 2017.

With the ruling of October 16, 2017, the Prime Minister exercised the special powers provided for in article 1 of Legislative Decree no. 21/2012 by imposing specific provisions and conditions on TIM and the subsidiaries Telecom Italia Sparkle and Telsy. Amongst others, the measures concern corporate and organizational governance; in particular, the obligation is imposed to ensure the presence on the respective Boards of Directors of a Security Chief Executive Officer - currently coinciding with the Chief Executive Officer - (who has Italian citizenship and security authorization), as well as the establishment of a Security Organization unit. The latter, directed by the Security Officer, is responsible for activities relevant to national security and is involved in all decision-making processes relating to strategic activities and the network.

With a ruling on November 2, 2017, the Prime Minister's Office also exercised the special powers provided for in article 2 of the Legislative Decree no. 21/2012, through the imposition on TIM of further requirements and conditions with the aim of assuring suitable development plans, able to guarantee a continuity of supply of the universal service.

In case of non-compliance or violation of the provisions and conditions imposed by the two Prime Ministerial Decrees of 2017, the application of the sanctions referred to in Legislative Decree no. 21/2012 mentioned above.

The government's ruling has subsequently evolved through Decree Law no. 21/2022 (Urgent measures to combat the economic and humanitarian effects of the Ukraine crisis), converted with amendments by Italian Law no. 51/2022, which introduced new features regarding both corporate management and 5G technology-based communication services.

As regards the latter issue, by this Decree, the legislator renewed the close attention paid to 5G, insofar as an activity of strategic importance for defense and national security, extending the scope of reference from the non-EU supplies taken as reference by the previous Law no. 41 of 2019 to include any supply relating to 5G, regardless of the geographic location in which the supplier is based, and redefined the State's special powers.

More specifically, the Decree made it mandatory for companies to preventively notify the Presidency of the Council of Ministers an Annual Purchasing Plan of goods and services in 5G technology, with the possibility of making four-monthly updates.

The Plan is subject to approval by the government, which may potentially also lay down conditions or requirements; failure to notify results in a sanction being applied to the company in the amount of up to 3% of its turnover.

In relation to the annual plans presented by TIM in July 2022 and May 2023, the Presidency of the Council of Ministers exercised the special powers provided for by the Art. 1-bis of Legislative Decree 21/2012, through the imposition of specific requirements in order to protect the essential interests of defense and national security. The 2024 plan is in the process of being submitted.

National Cyber Security Perimeter

The framework of provisions regarding National Security has flanked the Golden Power regulations with those relating to the National Cyber Security Perimeter (PSNC), established by Law no. 133/2019, converting Decree Law no. 105/2019.

The regulations in this area are hinged on three elements, governed by the subsequent implementing decrees, which constitute the same number of obligations for TIM, as strategic operator: the adoption of security measures aimed at guaranteeing high security levels for ICT assets, the secure award of ICT supplies and the notification of security incidents.

Compliance with the obligations laid down by regulations governing the PSNC means, for TIM, an impact in organizational terms and as regards operative processes, in line with the restrictions aiming to guarantee a high level of security of networks, information systems and the computer services of public administrations, public and private operators and entities based in Italy, in consideration of the fact that such elements are responsible for the performance of a service that is essential for the maintenance of civil, social or economic activities, fundamental for the interests of the State and the malfunctioning, interruption, even partial, or improper use of which could damage national security.

Failure to comply with regulatory obligations in the PSNC area for TIM entails administrative sanctions that can reach up to 1.8 million euros. Furthermore, the use of products and services in the absence of the required communications to the relevant authorities, or of passing the tests or in violation of the established conditions may lead to the application of the additional administrative sanction of inability to assume management, administration and control roles. in legal entities and businesses, for a period of three years starting from the date of discovery of the violation. Finally, anyone providing information, data or elements of fact that are not true, in order to hinder or impact procedures and inspections and supervision, shall be punished by imprisonment from one to three years.

MAIN CHANGES IN THE REGULATORY FRAMEWORK

Domestic

Below are the main updates to the domestic regulatory context that occurred during the first half of 2024.

With regard to antitrust proceedings, please refer to the Note "Disputes and pending legal actions, other information, commitments and guarantees" to the Half-Year Condensed Consolidated Financial Statements of the TIM Group at June 30, 2024.

European regulations

Intra-European roaming regulation

The Roaming Regulation 2022/612, which came into force on July 1, 2022, extends the advantages of roaming at national tariffs to European travelers within the European Union (Roam Like At Home) through to 2032 and introduces additional advantages and protection for consumers:

- quality of service: roaming providers shall be obliged to offer the same quality of service in roaming as is available nationally, if the same conditions are available on the network in the destination country;
- better access to and free emergency services;
- greater transparency regarding costs of added-value services;
- greater transparency regarding the costs of roaming on non-terrestrial mobile networks (ships and aircraft).

In addition, a further reduction is envisaged of the wholesale maximums to guarantee sustainability for operators:

		2022	2023	2024	2025	2026	2027
voice	€cent/min	2.2	2.2	2.2	1.9	1.9	1.9
SMS	€cent/SMS	0.4	0.4	0.4	0.3	0.3	0.3
data	€cent/GB	2	1.8	1.55	1.3	1.1	1

The regulation requires the European Commission to assess the measures relating to intra-EU communication (calls and SMSs from one's own country to another Member State) and verify if, and to what extent, the current caps (0.19 euros per minute for calls and 0.06 euros for SMS messages) should be reduced to protect consumers after 2024. A new measure concerning intra-EU communication was inserted into the Gigabit Infrastructure Act extending the application of caps. Surcharges will eventually be abolished for consumers from 2029. By the end of 2024, the Commission will have adopted fair-use rules to allow operators to bring forward the end of voluntary surcharges to 2025. By June 30, 2027, the Commission is to assess the impact of the measure and propose any changes necessary.

2030 Policy Program "Path to the Digital Decade"

On December 19, 2022, Decision (EU) 2022/2481 of December 14, 2022 was published in the Official Journal of the European Union, instituting the strategic program for the 2030 digital decade. The decision came into force on January 9, 2023.

The decision partly redefines the digital objectives of the Communication from the European Commission COM (2021) 118 final of March 9, 2021 (the "Digital Compass" Communication):

- a digitally skilled population and highly skilled digital professionals with the aim of achieving gender balance: at least 80% of the population with basic digital skills and 20 million ICT specialists employed in the EU;
- secure, resilient, performant, sustainable digital infrastructures: in particular, the aims of Gigabit coverage to the termination point for all end-users of fixed networks and coverage of all inhabited zones with next generation, high-speed wireless networks offering performance at least equivalent to 5G and to install at least 10,000 peripheral nodes with zero climate impact and that are highly secure, distributed in such a way as to guarantee access to low latency data services (a few milliseconds) wherever the enterprises are located;
- digital transformation of businesses: at least 75% of businesses use cloud computing and/or big data and/or artificial intelligence; basic digital intensity level for at least 90% of the SMEs and doubling up of the number of unicorn (innovative) businesses;
- digitalization of public services: 100% of online digital public services; 100% of citizens with access to the electronic health files and digital identity.

The decision also envisages an annual cooperation mechanism with the Member States, which consists of:

- a structured, transparent and shared monitoring system based on the Digital Economy and Society Index (DESI) to measure progress towards each of the 2030 objectives, a system of key performance indicators (KPIs) defined by the Commission on June 30, 2023 through enforcement deed C(2023) 4288 final;
- an annual report on the status of the digital decade, in which the Commission will assess progress and the roadmap of member States, and will recommend actions; The first report was published by the Commission on September 27, 2023 together with Communication C(2023) 7500 final which sets out

expected trends at the level of Union for Digital Objectives). The second report was published on July 2, 2024, with Communication C(2024) 260 final.

State aid for broadband networks

On December 12, 2022, the European Commission adopted the new guidelines on State aid for Broadband networks (Communication C(2022) 9343 final), which revise the previous 2013 guidelines, in particular:

- market failure is redefined for the fixed networks and can now exist where the market is unable to supply and it is unlikely to supply end users with a speed of at least 1 Gbps in download/150 Mbps in upload. In black areas (with at least two fixed networks and at least 100 Mbps), the aid may be authorized if none of the networks present (or credibly planned) reach at least 300 Mbps in download;
- specific guidelines are given for mobile networks, where a market failure can exist in areas where a mobile network is not present or not credibly planned that can satisfy the needs of end users (including for specific use cases). In the event of legal obligations (e.g. connected with rights to use the radio spectrum), aid may be granted to cover only the additional costs linked to improving quality of service;
- guidelines are introduced regarding state aid in support of demand (vouchers) divided up into two categories: social vouchers intended for specific categories of users (e.g. low income) to acquire or maintain a Broadband connection; Internet connectivity vouchers, which may be designed for broader categories of end users to incentivize demand, thereby excluding grants to maintain an existing service.

The Commission also adopted on June 23, 2023 Regulation C(2023) 4278 final amending the General Block Exemption Regulation (Regulation (EU) No 651/2014) which identifies state aid cases which are exempt from notification to the European Commission.

On December 13, 2023, the European Commission adopted two Regulations, in force from January 1, 2024 to December 31, 2030, amending the Regulations to exempt small amounts of aid from EU state aid control, since they do not impact competition and trade in the Single Market:

- **De minimis Regulation**: The ceiling per company is increased from 200,000 euros (applicable since 2008) to 300,000 euros over three years;
- **SGEI de minimis Regulation**: The ceiling per company for Services of General Economic interest is increased from 500,000 euros (applicable since 2012) to 750,000 euros over three years;

Both regulations also introduce an obligation for member States to register de minimis aid in a central register set at national or EU level as of 1 January 2026, thereby reducing the reporting obligations for companies.

Digital Services Act (DSA)

On October 27, 2022, the text of the Digital Services Act (or “DSA”, Regulation (EU) 2022/2065 of the European Parliament and of the Council of October 19, 2022 on a Single Market For Digital Services. The new Regulation aims to create a harmonized framework on an EU level of the specific obligations of diligence for certain intermediate service supplies, guaranteeing respect for the rights of on-line service users residing in the EU, regardless of the supplier’s origin. Most of the provisions came into operation on February 17, 2024.

The addressees of the provision are suppliers of "Intermediate services" ("Mere conduit", "Caching", "Hosting", on-line intermediation platforms and large on-line platforms and search engines with more than 45 million users operating monthly); Different, gradually increasing obligations are envisaged depending on the type and size of the suppliers. The obligations envisaged include, for example, that of guaranteeing specific contact points, internal complaints management systems, any amicable resolution of disputes, preferential management for "reliable reporters", measures against repeated abuse, the traceability and transparent annual reports. Sanctions in the event of breach can be as high as 6% of turnover.

European Accessibility Act

In June 2025, the first obligations will come into effect concerning the implementation of Directive (EU) 2019/882 of the European Parliament and of the Council of April 17, 2019, on accessibility requirements for products and services (European Accessibility Act - EAA), which has already been transposed in Italy by Legislative Decree No. 82 of May 27, 2022.

This act protects people with disabilities, such as hearing impairments, by imposing certain obligations on service providers (e.g. real-time text for customer care and emergency services).

Network and Information System Directive (NIS2)

The new Directive 2022/2555 (NIS2), which replaces the current Directive 2016/1148 (NIS) came into force on January 16, 2023 and should be transposed into national systems by October 17, 2024 to then apply from October 18, 2024.

The NIS2 envisages an extension of the scope of application of these laws governing the security of networks and computer systems, including on the one hand, sectors currently covered by other rules, which are simultaneously abrogated (i.e. the security measures of electronic communication services and networks, currently included in the European Electronic Communications Code) and, on the other, extending the rules to new subjects (e.g. data centers, CDN, etc.).

The Directive maintains the obligation to adopt security measures that are commensurate to the risk, yet introduces a series of minimum requirements, including security management of the procurement chain and reviews the mandatory notification procedures of IT incidents.

Sanctions in the event of breach can be as high as 2% of turnover.

The Directive also envisages the strengthening of the bodies and supervisory bodies on a Community level, with the aim of improving collaboration to fight the global IT threat, thanks to the sharing of experience by Member States.

Cyber Resilience Act (CRA)

In March 2024, the new Cyber Resilience Act (CRA) was approved by the Parliament and has been submitted for legal language review. The final ratification of the text (corrigendum procedure) and publication in the Official Gazette are expected to take place in the fall.

The CRA will improve the level of cybersecurity of digital products, as it introduces proportionate mandatory cybersecurity requirements for all connected products, from baby monitors, smartwatches and computer games, to firewalls and routers. The regulation takes a risk-based approach, with different security requirements associated with different levels of risk. The Commission estimated that less than 10% of products will be subject to the most onerous obligations, which include third-party certifications of conformity.

Once the CRA comes into force, hardware and software manufacturers will have to implement cybersecurity measures for the entire life cycle of the product, from the early stages of design and development, to the placing of the product on the market and for at least 5 years unless the declared lifespan of the product is less. All products placed on the EU market will have to bear the CE marking to ensure their compliance with the CRA.

Data Act

Following its publication in the Official Journal on December 22, 2023, the Data Act, a European regulation that introduces harmonized rules on fair access to data and its use, entered into force on January 11, 2024 and will be directly applicable starting from September 12, 2025.

The act covers several areas:

Business to Business

First, it aims to ensure fairness in the allocation of the value of data generated by connected devices among actors in the data economy. The Regulation provides for a shared right in the use of data between the manufacturer and the user of connected devices, allowing the latter to access – without undue delay and free of charge – the data generated by the device and to share such data with third parties to provide after-sales services or other innovative services based on them.

However, the Data Act provides that the circulation of data between companies may require the payment of a reasonable and non-discriminatory price which includes the cost of making it available and the investments made for the collection and production of such data.

The Data Act also recognizes that some data may represent trade secrets, the circulation of which would harm the interests and proprietary rights of companies. The text of the regulation has therefore introduced a series of provisions aimed at protecting this information.

Business to Government

The regulation also aims to promote the use of data held by private companies by public sector bodies in emergency situations, such as health emergencies or serious natural disasters, and in other exceptional cases, where it is not possible to find the data on the market and the lack of such data prevents the public entity from carrying out a specific task of public interest provided for by law. Data sharing in emergency situations must be carried out free of charge, while in the remaining exceptional cases private entities will be entitled to reasonable compensation.

Cloud Services

The regulation introduces interoperability requirements for data processing services - such as cloud or edge computing services - aimed at preventing vendor lock-in phenomena and facilitating the possibility for users to switch to a new supplier.

Furthermore, the Data Act offers specific safeguards to prevent unlawful transfers of non-personal data held by cloud service providers to third countries that conflict with data protection obligations under EU or Member State law.

Artificial Intelligence

The new EU Artificial Intelligence Act (AI Act) came into force on August 2, 2024 and will apply from August 2, 2026. The Act follows a "risk-based" approach, meaning that the higher the level of risk, the greater the responsibilities and limitations for developers and users.

The new legislation aims to promote the development and adoption of secure and reliable AI systems throughout the EU single market by public and private actors. At the same time, it aims to ensure respect for the fundamental rights of EU citizens and to stimulate investment and innovation in artificial intelligence in Europe.

The AI Act classifies different types of artificial intelligence according to risk. The EU will ban AI systems considered to carry an unacceptable risk (such as cognitive-behavioral manipulation, social scoring and profiling-based predictive policing) and systems that use biometric data to classify people according to specific categories such as ethnicity, religion and sexual orientation.

Instead, AI systems that are considered high-risk will be allowed, as long as they meet a number of requirements and obligations for gaining access to the EU market. AI systems that present only a limited risk are subject to very light transparency requirements. The AI Act also addresses the use of generic AI (GPAI) models, whereby all systems are subject to transparency and collaboration requirements, with stricter rules for GPAI systems that pose systemic risks.

In case of violations, the AI Act foresees sanctions of up to 7% of annual global turnover for prohibited systems and up to 3% of annual global turnover for high-risk systems and GPAIs.

Connectivity package

The European Commission has adopted two measures aiming to promote connectivity and, in particular, investments in the new Gigabit and 5G networks in order to help achieve the Digital Compass 2030 objectives.

- **Gigabit Recommendation:** On February 6, 2024, the Recommendation adopted a new Recommendation - C(2024) 523 final - regarding the regulatory approach (obligations lying with the operator with Significant Market Power, including rules for the decommissioning of branch networks) which the national regulatory authorities should apply in analyzing the fixed access markets to promote Gigabit connectivity. The Recommendation revises the 2010 NGA Recommendation and the Recommendation on the 2013 cost methodologies and non-discrimination measures. On May 8, 2024, the EU "Gigabit Infrastructure Act" (GIA) was published in the Official Journal. This "minimum harmonization" regulation which contains measures to simplify and accelerate the deployment of very high capacity fixed and mobile networks (fiber optic and 5G). The Regulation came into force on May 11, repealing Directive 2014/61/EU (transposed in Italy by Legislative Decree 33/2016). Its provisions will apply directly in member states from November 12, 2025 (with some exceptions). The main provisions are as follows:
  - **Symmetrical access to infrastructure**: this obligation is extended to public non-network assets; there is a new obligation for tenants of land to negotiate access to land in good faith; the principle of fairness and reasonableness is better outlined - guidelines could also be adopted by the Commission in this respect;
  - **New building infrastructure and access to infrastructure**: new buildings and buildings undergoing major renovations for which building permit applications are submitted after February 12, 2026, must be equipped with fiber-ready infrastructure and fiber cabling. BEREC is to adopt guidelines by November 12, 2025 regarding access to vertical infrastructure on fair, reasonable and non-discriminatory terms, including with regard to price;
  - **Coordination of civil works**: the obligation for public entities (in addition to private individuals) that perform civil engineering works financed wholly or partially with public resources to accept coordination requests. BEREC must adopt guidelines by November 12, 2025;
  - **Permits to carry out network installation work**: new measures (some of which already in place in Italy) are being introduced to make it easier to obtain permits, including a silent mechanism consent (or, by way of derogation, a conciliation mechanism), digitization of applications and a specification of exemption categories, which are to be further specified by member States;
  - The GIA introduces a measure concerning intra-EU international calls (see previous section on the Roaming Regulation).

  Finally, on February 21, 2024, the European Commission published its "White Paper: How to master Europe's digital infrastructure needs?" (COM(2024) 81 final). This was undergoing public consultation until June 30, 2024. The White Paper presents scenarios and proposals to reform the European regulatory framework in order to support investment in new electronic communication networks (Gigabit and 5G); this should subsequently lead to legislative reforms by the new European institutions

- **White Paper "How to Master Europe's Digital Infrastructure Needs:** in the wake of last year's exploratory consultation on the future of the connectivity sector, the European Commissioner for the Internal Market, T. Breton, has published a white paper in which he analyzes the challenges Europe is facing in implementing networks and presents possible scenarios for attracting investment, fostering innovation, increasing security and creating a true digital single market. This is a policy document that will have to be fleshed out in subsequent legislative acts of the incoming Commission. In particular, it should pave the way for the "*Digital Networks Act*," a legislative proposal to "redefine the DNA of EU regulation" in TLC matters.

Sustainability
Taxonomy

The taxonomy, established by EU Regulation 2020/852, sets out a unified classification system for sustainable economic activities in Europe, with the aim of encouraging investments that have environmental and social objectives.

In addition to financial market participants, the Regulation also applies to non-financial firms, which are required to disclose non-financial information under the Non Financial Reporting Directive 2014/95/EU9 (NFRD). This requires large companies with an average of not less than 500 employees during a given financial year to prepare a non-financial statement, which must indicate the impacts of their business models and policies on the environment, employees, human rights compliance, corruption and money laundering.

The taxonomy identifies 6 objectives: mitigating climate change; adapting to climate change; the sustainable use and protection of water and marine resources; transitioning to a circular economy; preventing and monitoring pollution; protecting and restoring biodiversity and ecosystems.

For each sector, the Taxonomy also identifies eligible economic activities that could make a substantial contribution to one of the abovementioned 6 objectives, as well as aligned activities capable of meeting all requirements specifically listed for it by the Taxonomy. An activity can only be declared to be effectively aligned with the "Do Not Significant Harm" (DNSH) criteria if it meets all of the technical screening criteria.

The telecommunications sector is affected by the taxonomy as it applies to data centers and data-driven solutions (IOT, Artificial Intelligence, etc.). The sector, through industry institutions, is putting forward a request to include infrastructure as an eligible activity, as it is sustainable in itself because it is more energy efficient and enables sustainable digital solutions.

The only obligations required by the Regulation for the year 2021 were to disclose eligible activities and their indicators (turnover, CapEx and OpEx).

Since 2022, on the other hand, it has been necessary to disclose both eligible and aligned activities relating to the first two Taxonomy objectives (climate mitigation and adaptation), including the turnover, CapEx, and OpEx (for the other objectives, disclosure is voluntary).

CSRD (Corporate Sustainability Reporting Directive)

Directive (EU) 2022/2464 of the European Parliament and of the Council amends several previous Directives (2013/34/EU, 2004/109/EC, 2006/43/EC, 2014/537/EU) on corporate sustainability reporting.

This Directive is an important step in ensuring that European companies actively contribute to sustainability and combatting climate change through increased transparency and by reporting their environmental, social and governance activities and impacts.

CSRD applies to large enterprises, listed SMEs and subsidiaries of non-EU companies with annual net sales of at least 150 million euros in the EU.

CSRD lays down specific reporting requirements for companies:

- Business model and strategy (resilience of the business model and strategy in relation to risks related to sustainability matters, opportunities related to sustainability matters, how the business strategy will be implemented, plans for transitioning to a sustainable economy);
- Goals (time-bound targets related to sustainability matters and progress towards achieving them);
- Management and supervisory bodies (with regard to the bodies' sustainability-related roles and competencies, and incentive schemes linked to ESG matters);
- Policies (the undertaking's policies in relation to sustainability matters);
- Due diligence (due diligence processes with regard to sustainability matters);
- Impacts, Risks and Opportunities (impacts, risks and opportunities related to sustainability matters, actions taken to prevent or mitigate impacts, and ways of managing risks from a double materiality perspective: information must be communicated both from the perspective of the impact of the company's activities on people and the environment and from the perspective of the risk or opportunity that such sustainability issues pose to the undertaking itself - the "double materiality" perspective).

Wholesale fixed-line markets

Fixed network access market analysis

On April 30, 2024, AGCOM issued its final decision (resolution no. 114/24/CONS) concerning the coordinated analysis of access markets. The measure introduces some important changes to the regulatory framework for accessing fixed networks, in anticipation of TIM's transition from a vertically integrated model to a vertically separated ownership model of FiberCop/NetCo and TIM/ServCo, which will entail a major overhaul of the regulatory framework.

First, in order to promote migration to new technologies, the obligations to provide legacy bitstream and WLR services (over the copper network) have been repealed. NetCo may ultimately continue to provide these services, but only on a voluntary basis and on commercial terms.

The obligations to provide FTTC and FTTH bitstream services were also repealed in light of the effective competitiveness of transport networks and bandwidth.

In this sense, regulating access has been focused on services for primary and secondary access networks: (SLU, ULL, Semi-GPON, Full-GPON, VULA FTTC and VULA FTTH). This is in light of the anticipated rise in prices for copper network services and FTTC from 2025 onwards, as well as the significant investments made by TIM and then planned by FiberCop.

Charges (euros/month)	2023	2024	2025	2026	2027	2028
LLU	9.91	9.91	10.03	10.28	10.66	11.16
SLU	5.89	5.89	6.09	6.49	7.10	7.90
VULA-FTTC	13.07	13.07	13.18	13.00	13.74	14.18
VULA-H GPON	14.26	14.24	14.23	14.21	14.19	14.18
VULA-H XGS-PON	16.75	16.60	16.46	16.31	16.17	16.02

In addition, since other operators have also developed FTTH networks, geographic deregulation has been introduced in some areas of Italy (areas accounting for around 15% of connected properties nationwide).

Specifically, in 14 towns and cities including Milan and Cagliari, (around 4.1% of connected properties nationwide), TIM and – since July 1, 2024 – FiberCop is no longer an operator with Significant Market Power (SPM), meaning that their regulated pricing obligations no longer apply. Furthermore, another 95 towns and cities (around 10.5% of connected properties nationwide) are defined as "contestable", meaning that sufficient competition has been identified for the "cost orientation" pricing obligation affecting VULA FTTC, VULA FTTH and Semi-VULA services to no longer apply. As a result, these services can be offered in "contestable" municipalities under commercial policies that are independently drawn up by FiberCop, albeit in accordance with principles of "fairness and reasonableness."

Nevertheless, this principle of fair and reasonable prices will apply nationwide for passive services over the FTTH network (Semi-GPON and Full-GPON).

Finally, the Authority has simplified the rules for the decommissioning of FiberCop's copper-network legacy services. Specifically, it has reduced the period for the closure of "bypass" exchanges that are to be incorporated into larger exchanges to just 18/24 months (made up of a total notice period of 6/12 months plus a migration period of 12 months). As part of this scheme, access network exchanges will fall in number from around 10,500 to approximately 3,800).

Voluntary separation of ownership of TIM's fixed access network

On July 1, 2024, TIM closed the sale of NetCo to KKR through the transfer to FiberCop (previously a 58%-owned subsidiary of TIM) of TIM's fixed network infrastructure and wholesale activities business unit, and the subsequent acquisition by Optics BidCo (an indirect subsidiary of a KKR-managed fund) of the entire share capital of FiberCop. For more details, refer to the "Discontinued operations/Non-current assets held for sale" section of this Report on Operations.

The regulatory framework set out by resolution no. 114/24/CONS will be reviewed subject to a new market analysis to be carried out by AGCOM following the closing of the NetCo sale transaction.

Infratel Tenders for the subsidizing of Ultrabroadband networks

The Italian Strategy for Ultrabroadband - "Towards the Gigabit Society", approved on May 25, 2021 by the Inter-Ministerial Committee for the Digital Transition (CITD), defines the action necessary to achieve the digital transformation objectives indicated by the European Commission in 2016 and 2021 - respectively with the Communication on Connectivity for a European Digital Single Market (the "Gigabit Society") and the Communication on the Digital Decade (the "Digital compass"), whereby it presented the vision, objectives and procedures for achieving the digital transformation of Europe by 2030.

These European digital transformation objectives develop around 4 cornerstones:

- digital competences;
- the digitization of public services;
- the digital transformation of businesses;
- the development of secure, sustainable digital infrastructures.

One of the objectives set by the European Commission is to allow all EU families, by 2030, to benefit from Gigabit connectivity and ensure that all inhabited areas are covered by 5G networks.

The Italian National Recovery and Resilience Plan (NRRP) approved by the government on April 29, 2021 allocates 27% of resources to the digital transition, of which 6.7 billion euros for strategic Ultrabroadband projects, continuing on from the strategy launched by the government back in 2015.

The Strategy, in addition to having as its objective the completion of the Plan to cover the so-called white areas (areas of low population density in which there is no expectation of private investment for ultra-wideband) and the measures to support demand already underway (vouchers), envisages five further public intervention Plans to cover the geographical areas in which the offer of very high-speed digital infrastructures and services by market operators is absent or insufficient, and is expected to be so in the coming years.

The NRRP allocates 6.7 billion euros for Ultrabroadband projects, distributed over the following plans:

- "Italia 1G" plan (relating to public grants for the construction of high-speed fixed-line access);
- "Italia 5G" Plan, of which:
  - No. 4G/5G Areas;
  - 5G corridors;
  - Suburban roads 5G-ready.
- "Sanità Connessa" Plan;
- "Scuola Connessa" Plan;
- "Isole minori" Plan.

Through these measures, the government intends to bring forward to 2026 - and therefore a good 4 years - the 1 Gbit/s connectivity objectives for everyone and full 5G coverage of the populated areas fixed by the new European Digital Compass Strategy for 2030.

"Italia 5G" Plan

The "Italia 5G" Plan envisages 5G coverage with 150 Mbit/s in download and at least 50 Mbit/s in upload in the following areas:

- European 5G corridors (2,645 km): 420 million euros;
- Suburban roads prepared for 5G (10,000 km): 600 million euros;
- No 5G/4G areas: 1 billion euros.

To identify the areas to be financed, Infratel has mapped the 2021-2026 4G and 5G mobile coverage plans of private operators, including the sites' fiber backhauling connections.

Upon completion of the consultation, the following have been identified as subject to public intervention:

- 13,200 mobile radio sites, which comprise approximately 18,600 BTSs (base transceiver stations) on which to implement fiber backhauling;
- 15% of the national territory where, however, only 1.6% of the population lives, but with important terrestrial road and rail transport routes to be covered in 5G.

These results have been submitted for public consultation through to December 15, 2021.

Following the results of the public consultation, on March 21, 2022, Infratel published two tender notices to foster the development, by 2026, of infrastructures for the development of 5G networks in the areas of the country in which the market does not invest:

- Tender for Fiber Backhauling (5G Backhauling Plan) (relating to public grants for the implementation of fiber-optic bindings of mobile radio sites);
- Tender for New 5G Sites (5G Coverage Plan).

The European Commission has approved the aid measure comprising both notices on April 25, 2022. The deadline for submitting offers passed on May 9, 2022.

5G Coverage Plan

The second notice encourages the development of new 5G mobile network infrastructures (fiber, infrastructure and electronic components) in more than 2400 areas of the country with transmission speed of at least 150 Mbit/s in downlink and 30 Mbit/s in uplink, again financed for up to 90% of the total cost.

The second notice is also divided up into 6 multi-regional lots but different to the others and the tender is worth a total of 974,016,970 euros.

The second notice for the development of new 5G sites failed to reach quorum requirements and was republished with amendments on May 20, with a deadline of June 10, 2022.

The new notice envisages financing of 567,043,033 euros on a smaller number of sites to be connected than previously (-50%).

On June 28, 2022, Infratel reported that all six lots had been awarded to INWIT S.p.A. forming a temporary grouping of companies with TIM and Vodafone for a total of approximately 346 million euros.

On July 29, 2022, the Agreements were signed in connection with the individual lots between Infratel and the corporate grouping led by INWIT S.p.A..

5G mobility plan: Milan - Cortina 2026 tunnel coverage

Among the actions included in the 5G Coverage Strategy is an action to ensure continuity of 5G services along the main road links between Olympic Games venues at "Milan - Cortina 2026".

On January 14, 2024, Infratel launched a new consultation, due to end on February 20, 2024, into providing 5G coverage to the tunnels situated along the main roads connecting the venues of the "Milan - Cortina 2026" Olympics Games. This was to be achieved by putting in place a multi-operator mobile radio infrastructure and implementing fiber-optic backhauling, where necessary.

It is planned to implement a gap-funding incentivization scheme will, with public grants provided to economic operators that will be selected through public procedures. The grants will cover up to 90% of the expenses incurred to deploy network infrastructure; these grants must be made available to market participants on a wholesale basis, and on fair and non-discriminatory terms.

On February 20, 2024, TIM sent its own consultation submission. The outcomes of the consultation are still not known.

"Sanità Connessa" Plan

The “Sanità Connessa” plan aims to supply connectivity with symmetrical speed starting from 1 Gbit/s and up to 10 Gbit/s to approximately 12,280 health care structures throughout the country.

To implement the Plan, on January 28, 2022 Infratel called a tender for the supply of Ultrabroadband connectivity services at public health care structures throughout Italian territory, including the supply and installation of access networks and operation and maintenance services, with a deadline of April 11, 2022.

The tender envisages an allocation of 387 million euros and is divided up into 8 territorial lots; any individual subject can be awarded up to 4 lots.

The provisional award of the tenders was disclosed on June 6, 2022.

The total amount awarded was 314 million euros.

TIM was awarded two of the eight lots comprising the regions of Lombardy, Emilia-Romagna, Marche and Umbria, for approximately 78 million euros.

On September 20, 2022, the Agreements were signed in connection with the individual lots awarded between Infratel and TIM.

"Scuola Connessa” Plan

The “Scuola Connessa” Plan aims to complete the 2020-2023 School Plan launched by the government on May 5, 2020, with which the supply of Ultrabroadband connection was envisaged of up to 1 Gbit/¨s with 100 Mbit/s guaranteed to 35,000 school buildings (approximately 78% of the total), i.e. all buildings of the middle and secondary schools throughout the country and, in the “white areas”, also the connection of all primary and nursery schools.

The 2020-2023 School Plan was run by Infratel that, from September to December 2020, organized a public consultation and posted a tender notice with public funding of 274 million euros divided up into 7 geographic lots (with a limit of two lots that can be awarded by the same bidder, who can submit bids for all lots).

On February 26, 2021, the award of the individual lots was reported.

The total amount awarded was 271 million euros.

TIM was awarded two of the eight lots, comprising the regions of Tuscany, Veneto, Marche, Abruzzo, Molise and Apulia, for approximately 84 million euros.

The new “Scuola Connessa” Plan aims to complete the public intervention that has already been launched, including the remaining 9,900 buildings, which will be supplied with connectivity at 1 Gbit/s with related technical assistance for 5 years.

To implement the Plan, on January 28, 2022 Infratel called a new tender, worth a total in excess of 184 million euros, for the supply of Ultrabroadband Internet connectivity services at schools throughout Italian territory, including the supply and installation of access networks and operation and maintenance services, with a deadline of April 11, 2022.

The tender is divided up into 8 territorial lots; any individual subject can be awarded up to 4 lots.

The provisional award of the tenders was disclosed on June 6, 2022.

The total amount awarded was approximately 166 million euros.

TIM was awarded four of the eight lots comprising the regions of Piedmont, Liguria, Valle d’Aosta, Tuscany, Lazio, Campania, Calabria, Sicily and Sardinia, for more than 99 million euros.

On September 20, 2022, the Agreements were signed in connection with the individual lots awarded between Infratel and TIM.

”Isole minori" Plan

The “Isole minori” Plan aims to provide adequate connectivity to 18 minor islands that today have no fiber optic connection with the continent. More specifically, the islands will be equipped with optic backhaul, which will allow Ultrabroadband connectivity to develop. Optic backhaul will be accessible to all operators through Submarine Backhaul Access Points identified according to the criterion of least distance from the neutral delivery point (NDP), if present on the island, and from the point of arrival of the undersea cable.

The total budget is 60.5 million euros.

The measure will be implemented through direct intervention. The new network will be entirely financed and owned by the state and will be managed by one or more operators chosen on the basis of a competitive selection process that is open, transparent and non-discriminatory.

The tender to identify the economic operators to which the design, supply and installation of the undersea optic fiber cables is to be entrusted for the development of the “Isole minori” Plan, was launched on November 18, 2021 and drew to a close on December 22, 2021. As the tender failed to meet quorum requirements, Infratel reproposed it, with amendments, on February 11, 2022, with a deadline of March 18, 2022 and the tender was awarded to the company Elettra TLC on April 28, 2022 for approximately 45 million euros.

Voucher Plan

The aim of the Plan, launched on May 5, 2020, with a total allocation of more than 1 billion euros, is to promote and offer incentive for the demand for Ultrabroadband connectivity services (NGA and VHCN) in all areas of the country, in order to increase the number of families and businesses that use digital services with high-speed networks of at least 30 Mbit/s.

Family vouchers

First phase

A first phase of intervention, launched on November 9, 2020, with a budget of 200 million euros, in favor of families with ISEE income of less than 20,000 euros, to whom a contribution of 500 euros is allocated (200 euros for connectivity and 300 euros for tablet or PC on free loan for use), met the need to address, during the early stages of the COVID-19 pandemic, the effects of the health emergency and guarantee suitable connection services to ensure continuity of the families’ school and working activities. The first stage ended on November 9, 2021, a year after it started, as per the implementing decree. This measure has proven to be not much of an incentive: of the entire amount set aside of 200 million euros, no more than 93 million euros have been assigned. 210,000 bonuses were assigned against an availability of 400,000.

Second phase

On April 27, 2022, Infratel launched a public consultation before starting a second phase of dispensing vouchers to families.

Total resources of 407,470,769 euros have been allocated for the intervention.

The aim of the intervention is to promote and offer incentive for the demand for Ultrabroadband connectivity services (NGA and VHCN) in all areas of the country, in order to increase the number of families that use digital services with high-speed networks of at least 30 Mbit/s.

The consultation expired on May 31, 2022.

On March 22, 2023 Infratel launched a consultation supplementary to the one concluded in May 2022, expiring on April 22, 2023, in order to acquire opinions and observations regarding the following intervention proposals:

- intervention in favor of families, without ISEE limitations and without an active data contract on the fixed broadband and ultrabroadband network;
- provision of a voucher equal to 300 euros, to incentivize subscriptions for at least 300Mbps in the form of a discount on the activation price (where present) and on the amount of service delivery fees for a period of up to 24 months, and will include the supply of related electronic equipment (CPE);
- exclusion of families who have already benefited from the connectivity voucher during phase 1, intended for less well-off families;
- provision of an additional contribution equal to a maximum of 130 euros to cover costs relating to civil works that may be incurred within one's private property in order to prepare it for the passage of the necessary infrastructure.

To integrate the observations collected during the previous consultations, carried out in the months of April-May 2022 and March-April 2023, Infratel launched, on December 11, 2023, a new public consultation regarding the second phase of the " Voucher Plan for 'incentivizing families' demand for ultrabroadband connectivity". The consultation expired on January 11, 2024.

The new intervention proposal, in favor of families, includes:

- the provision of a voucher equal to 100 euros in the form of a discount on the activation price (where present) and on the amount of the service delivery fees, including the supply of the relevant electronic devices (CPE), for a period of up to 24 months;
- the activation of a subscription with at least 300 Mbit/s download;
- the portability of the voucher at any time in the event of a change of subscription in order to avoid any form of lock-in on contracts.

The subjects who will be able to access the voucher are families who:

- do not have any connectivity service or have not had a connection in the last 6 months;
- have a service with download speeds of less than 30 Mbit/s.

Company vouchers

The intervention offering incentive to companies, approved by the European Commission last December 15, 2021, was launched on March 1, 2022 and aims to facilitate the development of ultrafast internet connections for companies and the digitization of the production system.

Net of the amount attributed to communication costs and expenses accompanying the measures and the reimbursement of direct and indirect costs linked to the activity, the amount set aside for the disbursement of the vouchers is approximately 590 million euros.

Beneficiaries can request just one voucher to guarantee an increase in connection speed, from 30 Mbit/s to more than 1 Gbit/s, varying from a minimum of 300 euros to a maximum of 2,500 euros, according to the guaranteed download speed and contract term (from 18 to 24 months).

The Voucher Plan for businesses had an initial deadline of December 15, 2022, which was then extended to December 31, 2023.

The extension had been requested by the Italian government from the European Commission, considering that there was still more than 430 million euros available and also taking into account the May 2022 extension of the beneficiaries to also include professionals (natural persons with a VAT number operating an intellectual profession, self-employed or associated).

On March 22, 2023 Infratel launched a consultation regarding the "Voucher Plan to incentivize business connectivity demand - Application Services" which expired on April 22, 2023 in order to acquire opinions and observations regarding the following intervention proposals:

- intervention in favor of micro, small and medium-sized enterprises, as well as natural persons with a VAT number who exercise, on their own or in an associated form, an intellectual profession pursuant to article 2229 of the Italian Civil Code, or one of the unorganized professions referred to Law of January 14, 2013, no. 4;
- provision of a voucher of variable value, for the activation of application services in the 5G, Cloud, Cyber Security, Big Data, Artificial Intelligence, Blockchain, drones fields, to support the activities of the beneficiaries;
- Companies or professionals who already have a contract with at least 30 Mbps download speed will be able to request the voucher contribution.

At the scheduled deadline, TIM sent its contribution. The results of this consultation have not yet been published.

Wholesale mobile network markets

Mobile termination market analysis

On January 22, 2019, AGCOM published its final decision on mobile network termination market analysis (resolution no. 599/18/CONS). In particular, AGCOM established symmetric tariffs for all MNO and full MVNO operators for the period 2018-2021 (0.98 euro cents in 2018, 0.90 euro cents in 2019, 0.76 euro cents in 2020, 0.67 euro cents in 2021) and confirmed the absence of an obligation to check the termination prices for calls originating outside the European Economic Area (EEA); however, SMP operators cannot adopt termination rates that are higher than those applied to Italian operators by operators in non-EEA countries where rates are regulated.

In accordance with Delegated Regulation (EU) 2021/654 of the European Commission, a progressive reduction was made in mobile termination prices in three years, so as to allow for a gradual transition towards the target price of 0.2 cents/min. in 2024: 0.67 cents/min until end 2021, 0.55 cents/min in 2022 and 0.4 cents/min in 2023.

Under certain conditions, which should in principle guarantee price reciprocity, these caps also apply to the termination of calls originating outside the EU.

Retail fixed-line markets

Universal Service

Net cost

Following ruling no. 4616/2015, published on October 2, 2015, in which the Council of State canceled decision no. 1/08/CIR of AGCOM on the retroactive application of the new methodological criteria for calculating the net cost of the universal service (USO) relating to the 2004-2007 years, the Authority began the public consultation of the net cost of the total years 2004-2007 with resolution 89/18/CIR, published on July 3, 2018, and subsequent resolution no. 62/19/CIR, published on May 7, 2019. On September 11, 2019, the Authority published the final resolution concerning the Net Cost of Use for 2004-2007 (resolution no. 103/19/CIR) in which it recognized the existence of an unfair charge for TIM of a total of 113.4 million euros to be shared between all fixed-line and mobile operators. The share payable by the OAOs amounts to approximately 26.6 million euros, calculated net of installments already paid by the same operators, following the 2004 and 2005 procedures approved “illo tempore”. In relation to past disputes, following ruling no. 3388/15 of the Council of State, published on July 7, 2015, on September 11, 2019, the Authority launched the public consultation procedure (resolution no. 102/19/CIR) for an in-depth fixed-mobile substitutability analysis, in line with the path outlined for the 2004-2007 years. In this context, ruling no. 6881 of October 8, 2019, in which the Council of State authorized the return of the shares paid by Vodafone to TIM, for the contested years (1999-2000 and 2002-2003). In light of the above-mentioned Council of State ruling, which completely reversed the Lazio TAR rulings no. 6458, 6459, 6461 and 6463 of May 23, 2018, in execution of which the public consultation pursuant to resolution no. 102/19/CIR was started, the Authority revoked the aforementioned resolution with decision 190/19/CIR.

On July 21, 2020, AGCOM launched the public consultation relating to the review of the inequity of the net cost of the universal service 1999-2009. The extension of the time period subject to renewal until 2009 was necessary following the ruling no. 2542/2020 with which the TAR accepted Vodafone's appeal, in terms of fixed-mobile substitutability. The opinions on the years 2004-2007, renewed by AGCOM with resolution 103/19/CIR, and on which the TAR has not yet expressed an opinion also hang on the same issue. In compliance with judgment 6881 passed by the Council of State, in its Resolution 263/20/CIR, the Authority defined a new approach to demonstrate the lawfulness of the participation of mobile operators at the net USO cost for the years in question. AGCOM's view expressed in the consultation is to recognize prima facie the unfairness of the charge for the years 2002-2009. For the previous years 1999-2000, however, the Authority did not recognize the existence of an unfair charge for TIM.

On March 29, 2021, with the publication of resolution no. 18/21/CIR, AGCOM confirmed the obligation of mobile operators to participate in the USO contribution mechanism for the years 2001-2009. Following a challenge of the resolution by Wind and Vodafone, the Ministry of Economic Development suspended the obligation for operators to make payment.

On February 17, 2022, the regional administrative court canceled resolution no. 18/21/CIR, upholding just one of the grounds for appeal submitted by the OAOs challenging the threshold parameter related to the unfairness of the expense (2nd facie) with regards to the economic and financial impacts on the appointed party. Instead, the additional grounds for appeal of the OAOs were rejected by the court.

AGCOM published resolution no. on June 27, 2022. 1/22/CIR with which the deadlines established by resolution no. are suspended. 92/21/CIR, already extended by resolution no. 58/22/CONS and resolution no. 143/22/CONS. Also in light of the development of the judgment on resolution no. 18/21/CIR, the conditions envisaged by the law and by the AGCOM regulations on administrative procedures for the suspension of the aforementioned procedure do not appear to exist, which could and should be reactivated by the Authority at least for the purpose of calculating the value of the unfair cost, expecting the outcome of the pending disputes solely for the distribution of the relevant shares among the operators.

The Council of State with collegial ordinance no. 3885/2023, published on April 18, 2023, referred the preliminary questions relating to the participation of Mobile Operators in the contribution to the USO Fund to the EU Court of Justice, suspending any other judgment in this regard.

The EU Court of Justice, in a judgment published on September 19, 2024 ruled that: (i) proof of a certain degree of fixed/mobile substitutability is not required for mobile operators to participate in the unfair burden sharing mechanism; (ii) it is up to Member States to establish the criteria for assessing burden unfairness.

New Regulation containing provisions to protect end users regarding contracts relating to the provision of electronic communications services

On January 3, 2024 AGCOM published resolution no. 307/23/CONS containing provisions for the protection of end users regarding contracts relating to the provision of electronic communications services, which repeals resolution no. 519/15/CONS.

The new regulation regulates the pre-contractual and contractual phases and the termination of the contract, applying to all contracts regardless of the time of stipulation with the exception of what is provided for termination costs in the event of withdrawal, which applies only to contracts concluded after the January 3, 2024.

The provisions of the regulation involving developments and interventions on the systems will be implemented within 6 months of its entry into force.

The regulation applies to consumers as well as for various provisions also to micro-enterprises, small businesses and non-profit organisations.

Inflation-indexed offers

Resolution no. 307/23/CONS also regulates contracts with provisions for the adjustment of consumer prices.

According to AGCOM, indexed offers (without mark-up) are legal and in the event of an adjustment the customer does not have the right to withdraw without costs.

In order to apply the indexing clauses, however, it is necessary to acquire the customer's express consent (opt-in).

The contracts may not provide for any corrective measures with respect to the full application of the public adjustment index, including the application of thresholds with respect to the index or added mark-ups or minimum increases during the contractual period.

The first indexation cannot take place before 12 months have passed from the signing of the contract.

In the event of a price change of more than 5%, the customer must be able to switch to an equivalent non-indexed offer.

The contractual conditions must provide that the operator has the right to increase the tariffs by an amount corresponding to the increase in the annual consumer price index and is, at the same time, obliged to pass on the reductions in this index by decreasing the tariffs by an amount corresponding to the reduction.

The clauses introduced so far in existing contracts are void if the customer does not "accept" them ex post.

The reference index used to adapt the contracts is the National Consumer Price Index for families of blue collars and white collars (FOI).

Finally, commercial communication must observe stringent transparency requirements on the economic effects of indexation.

Retail mobile network markets

Premium Services

In February 2021, with resolution no. 10/21/CONS, AGCOM adopted new measures related to the implementation of digital services with contents in subscription from mobile network. In particular, default barring has been envisaged on the SIMs, namely an inhibition to purchase these services, which can be removed by prior express decision of the customer, and a customer consent acquisition process for individual purchases, through the entry of a temporary password (an "OTP"). This resolution has been appealed against by TIM before the Regional Administrative Court.

With resolution no. 91/22/CONS AGCOM sanctioned TIM for failure to comply with resolution no. 10/21/CONS relating to "carrier billing" subscription services, both TIM brands on its own platform and available on third-party platforms, ordering it at the same time to implement the procedure for acquiring proof of consent from the customer in the case of purchases of TIM brand digital services. This resolution has been appealed against by TIM before the regional administrative court on additional grounds.

In February 2023, the Lazio Regional Administrative Court on the one hand partially canceled resolution no. 91/22/CONS, noting that it was unlawful in the part relating to the definition of the sanction, which will now be redetermined by the Authority and, on the other hand, rejecting the main appeal against resolution no. 10/21/CONS.

The Company appealed to the Council of State in May 2023.

In December 2023, with resolution no. 306/23/CONS, AGCOM accepted the measures implemented by TIM for the purposes of compliance with the Order referred to in resolution no. 91/22/CONS.

In March 2024, with resolution No. 44/24/CONS, the Authority re-quantified the sanction imposed in resolution No. 91/22/CONS, in implementation of the aforementioned decision of the Lazio Regional Administrative Court.

Parental Control Services

With resolution no. 9/23/CONS, AGCOM has defined specific "Guidelines on systems for the protection of minors from the risks of cyberspace" in implementation of article 7-bis of the legislative decree of April 30, 2020, no. 28, the effects of which came into force from November 2023.

In extreme summary, these Guidelines provide that the parental control system is pre-activated on the offers dedicated/subscribed by the minor, offered "on request" for the other offers (both fixed and mobile) and always free for the end customer.

On the same topic, in October 2023, with legislative decree of September 15, 2023, no. 123 (so-called Caivano Decree), coordinated with the conversion Law of November 13, 2023, no. 159, new obligations have been introduced for terminal manufacturers, who will have to place devices with parental control systems on the market by September 2024. While waiting for manufacturers to make parental control services available, electronic communications service providers ensure the availability of parental control applications.

The same rule placed further information obligations on both device manufacturers and electronic communications service providers on the possibility and importance of installing parental control applications.

Quality of Services

Quality of services included in the Universal Service

The new Electronic Communications Code (introduced by Legislative Decree no. 207/2021, which came into force on December 24, 2021) abrogated Art. 61 of the previous Code, which established a fixing mechanism, with resolutions passed by AGCOM of annual targets for the Quality of the Universal Service that TIM was required to assure as failure to do so would lead to the payment of administrative fines.

The new Code also included Broadband Internet access in the universal service. In this respect, in resolution no. 309/23/CONS published on December 14, 2023, AGCOM defined the broadband internet service level necessary to ensure that all citizens participate in social and economic life. As far as the Universal Service is concerned, internet access should have a nominal download speed of 20 Mbps.

This connection speed was defined taking into account national circumstances, the quality and technical requirements necessary to support at least the minimum set of services specifically listed in Annex 5 to the Code, as well as the operators' observations acquired as part of the preliminary investigation procedure.

Quality of mobile and personal services

By resolution no. 23/23/CONS, AGCOM updated the regulation governing quality and mobile and personal service charters and the regulation of the campaigns for measuring quality of the Broadband data service. The new resolution, amongst others:

- incorporates certain measures envisaged by Regulation (EU) no. 2015/2120 and the related BEREC guidelines on the access to open Internet and, in particular, the obligation to indicate, in the contracts offered by mobile operators, the estimated maximum speed and the publicized speed in both download and upload;
- introduces the obligation to include maps of coverage for the various technologies on operator websites, with a covered pixel granularity of no more than 100 m^2.

Quality of electronic communication services from a fixed location

With resolution no. 156/23/CONS of July 31, 2023 AGCOM introduced a new directive on the subject of "quality and charters of electronic communications services from fixed locations", merging the two previous directives on "quality and charters of fixed telephony services" (pursuant to resolutions nos. 254/04/CSP, 131/06/CSP and 244/08/CSP, which are simultaneously abrogated as of June 29, 2024, which is the deadline for implementing the measures required under resolution no. 156/23/CONS).

The new regulation provides that:

- all provisions of the new directive (including those involving contractual obligations) also apply to FWA lines;
- Schedules showing the technical characteristics of the bids must also include (in addition to "minimum speeds" in download and upload, "maximum connection delay" and "maximum packet loss rate") "maximum speeds" and "normally available speeds" in download and upload:
- in the event of failure by the operator to comply with even just one of the service quality level values, the new directive provides that the customer can terminate the line without any charge (a provision already existing and which is confirmed), or that he can request the contractually foreseen compensation or start a procedure via the ConciliaWeb platform.

Quality of customer assistance service in the electronic communications sector and audiovisual media services

The Communications Guarantee Authority, in Resolution No. 255/24/CONS of July 10, 2024, after a lengthy preliminary process, concluded the proceedings aimed at regulating customer service in the electronic communications sector and the audiovisual sector in the provision of live pay services for high-interest public events (as per art. 33, para. 3 and 4, of the Consolidated Law on Audiovisual Media Services (TUSMA)).

The provisions of the Regulation must be implemented by Operators within 12 months of its publication on the AGCOM website on August 8, 2024; Meanwhile, the regulatory framework set out in Resolution No. 79/09/CSP continues to apply.

The new framework aims to ensure:

- Maximum access to customer assistance services;
- Transparency and traceability of complaint handling procedures;
- Quality of customer assistance services.

The new framework underlines that the service should be provided through a traditional telephone service and also strongly recommends digital assistance.

Specifically, Resolution 255/25/CONS establishes the following provisions:

- free customer assistance services, confirming the current regulatory framework;
- telephone customer assistance services with a human operator should be provided for electronic communications services, at least on weekdays between 8:30 a.m. and 9:30 p.m. (until 7:30 p.m. for business customer service numbers);
- the IVR tree options for talking to an operator should be clear, transparent and understandable, enabling the user to get assistance from an operator and to file a complaint in the shortest possible time;
- for telephone support services, customers should have a dedicated option available to file a complaint at the first level of the IVR tree;
- the time limit for resolving complaints, from the date of receipt, should not exceed thirty days (the time limit was reduced from 45 to 30 days);
- the customer should have the right to make a complaint through the telephone channel, registered letter and digitally, if the operator makes this mode available to the customer;
- the operator should give the customer a complaint identification code after receiving the complaint.

The Resolution also updates the mandatory and optional quality parameters relating to telephone customer service, digital customer service and complaint handling.

Events of social interest or significant public interest; Quality of Experience indicators for users of live video streaming platforms; Compensation; Complaint handling procedures; Technical support tools

The Ministry of Economic Development's decree of May 27, 2022 (pursuant to Article 33(3) of the Consolidated Law on Audiovisual Media Services (TUSMA)) listed several events of social interest or significant public interest (to be broadcast to the Italian general public, either live or deferred-live, on terrestrial or pay TV) for which providers must guarantee users adequate standards of reliability, service continuity and image quality, as set out by AGCOM.

In relation to these events, the Authority – in resolution no. 74/24/CONS and in agreement with the Ministry pursuant to Article 33(4) of TUSMA – defined:

- Quality of Experience (QoE) indicators for users of live video streaming platforms and related compensation; and
- appropriate procedures for handling user complaints, claims and reports, as well as technical assistance tools.

In the belief that sporting events, such as domestic league soccer matches, make up the majority of events of public interest, AGCOM referred used its resolutions concerning the DAZN proceedings as its framework for reference.

The measures anticipated must be implemented:

- within 12 months of publication (by April 16, 2025),
- within 18 months of publication (by October 16, 2025) for user interfaces yet to be developed.

A technical round table was set up to support the implementation of the measures, under the coordination of the Authority's Consumer Protection Directorate. The round tables are yet to be launched.

New TUSMA (Consolidated Law on Audiovisual Media Services) – Events of general public interest

In the interests of ensuring pluralism, freedom of expression, cultural diversity and accuracy of information for the widest possible audience, audiovisual and radio media services of general public interest provided through any medium used by the audiences to receive or access them must be given adequate prominence, regardless of the platform on which those services are provided. The Authority issues guidelines setting out the criteria for an audiovisual or radio media service to qualify as a service of general public interest. In those same guidelines, the Authority also define the methods and criteria to be complied with by producers of equipment suitable for receiving radio and television signals, providers of indexing, aggregation or retrieval of audiovisual or sound content, or providers determining the manner in which services are presented on user interfaces.

New TUSMA – Access to logical channel numbers on DTT

All equipment suitable for receiving digital terrestrial television signal, even if enabled for internet connection, must have the logical channel numbering (LCN) system installed for digital terrestrial television. Such a system must be easily accessible. In resolution no. 294/23/CONS, the Authority approved the "Regulations on access to logical channel numbers on digital terrestrial television" Under these Regulations, the image or wording on the box or icon that provides access to digital terrestrial television channels must be identical on all devices and user interfaces. To set out ways of implementing this provision, the Authority established a special Technical Round Table, in which TIM also participated as the provider of the TIMVISION service (and TIMBOX). In July 2024, Resolution No. 259/24/CONS was published, in which the Authority regulated the definition of the icon for accessing digital terrestrial television channels.

New TUSMA - Regulations to protect pluralism

At the end of the public consultation triggered by resolution no. 94/23/CONS, the Authority adopted resolution no. 6/24/CONS setting out guidelines to define the specific methodology for verifying the existence of positions of significant market power that are detrimental to pluralism, as referred to in Article 51(5) of the TUSMA, thus bringing an end to procedure initiated under resolution no. 72/22/CONS. Based on these guidelines, the Authority's board must ascertain whether a position of significant market power that is detrimental to pluralism exists and, if so, must decide how this should be promptly rectified.

In resolution no/ 97/24/CONS, AGCOM commenced the proceedings and public consultation regarding the identification of the individual markets that make up the integrated communications system. TIM took part in the consultation by submitting a contribution in June regarding its market of interest ("Market for linear and nonlinear, pay audiovisual media services of national dimension").

Authority fees

AGCOM contribution fee

On January 17, 2023, AGCOM issued resolutions no. 409/22/CONS, 410/22/CONS and 416/22/CONS relating to the payment of the AGCOM contribution fee for the year 2023 (calculated on the 2021 financial statements figures). The guidelines for calculating the contribution fee are unchanged compared to the guidelines for calculating the 2022 contribution fee. For 2023, AGCOM has increased the rate, taking it to 1.40 per thousand for electronic communications market and to 2.00 per thousand for "media" services. On the basis of this rate, TIM paid around 16.116 million euros under reserve.

Privacy and personal data protection

General Data Protection Regulation (GDPR), Privacy Code and further applicable legislation on the matter

TIM has had a structured operating model in place since 2003 to ensure the correct application of Regulation (EU) no. 2016/679 at Group level (so-called “General Data Protection Regulation” or GDPR for short), of Legislative Decree June 30, 2003, no. 196 (so-called Privacy Code) and the further applicable legislation regarding the protection of personal data.

During 2023, the revamped Corporate Privacy Operating Model entered into operation in accordance with the principle of privacy-by-design, with a number of improvement activities implemented, including in particular: the execution of a new mapping of personal data processing activities in conjunction with company operational processes with the definition of a new methodology for assessing the privacy risk associated with each processing; the review of the processing management process and updating of the records of processing activities; the introduction of new IT tools, including the one for the management of the Information provided to the different stakeholder types (e.g. customers, employees, visitors) and the one for the management of the aforementioned Registers, which allow the digitization and integration of the information managed.

At a regulatory level, during 2023, we highlight the importance of the Adequacy Decision of July 10, 2023 with which the European Commission established that transfers of personal data to US organizations/companies that adhere to the "EU-US Data Privacy Framework” are supported by an adequate level of protection, equivalent to that of the EU/EEA. having committed themselves to respecting a series of principles and obligations that have always been considered fundamental for the European Union regarding the protection of personal data. This Decision entails a simplification in the transfers of personal data from TIM or other Group companies to US contractual counterparties adhering to the aforementioned "EU-US Data Privacy Framework" which are equivalent to those towards European counterparts.

In addition, in March 2024, the Data Protection Authority finally approved the Code of Conduct for telemarketing and teleselling activities, which will apply to the first participants from the end of September 2024. This Code of Conduct is targeted at entities engaged in telemarketing or teleselling activities, either as a principal (e.g. TIM, as the Data Controller) or as a provider of direct or ancillary services (as the Data Processor, including call centers and agencies). Adhering to the Code of Conduct is optional, but it is an important accountability tool suitable for demonstrating compliance with the relevant regulations.

The “System of rules for the application of legislation on personal data protection in the TIM Group” policy, which is the set of operating rules and regulations governing personal data processing in accordance with the provisions of applicable law and regulations, defined specifically for the TIM Group, is kept constantly up-to-date and is available on the corporate intranet.

TIM’s Privacy Department schedules specific training plans on a needs basis to raise awareness in the various company departments and illustrate the policies and procedures issued for applying the legislation on personal data processing.

Spectrum

In December 2023, TIM was granted an extension until December 2029 for the use of its frequencies in the range 3.4–3.6 GHz for nine regions in central and southern Italy (Inter-ministerial decree of December 22, 2023), which AGCOM had expressed itself in favor of in March 2022 by way of resolution no. 66/22/CONS.

In May 2022, TIM had paid about 5 million euros for the purpose of this extension.

In January 2024, the Ministry of Made in Italy notified TIM of its decree extending the duration of the rights of use of the WLL radio network spectrum in TIM’s band 27.5-29.5 GHz (2x112 MHz FDD) for a further seven years, until December 31, 2029, which AGCOM had expressed itself in favor of in June 2022 by way of resolution no. 157/22/CONS. In July 2022, TIM had paid approximately 9.68 million euros for the purpose of this extension. Under resolution of the Ministry of Made in Italy dated May 23, 2024, the rights to use these frequencies were transferred to FiberCop.

In July 2024, AGCOM launched a public consultation (Resolution 247/24/CONS) on regulatory measures concerning the allocation of radio frequencies for terrestrial electronic communications systems whose rights of use expire on December 31, 2029 (800MHz, 900MHz, 1400MHz, 1800MHz, 2100MHz, 2600MHz, 3.4-3.6 GHz, 28GHz). TIM holds blocks of frequencies in all bands affected by the expiry of the rights of use covered by the consultation, with the exception of the 28GHz band for which the rights of use have been transferred to FiberCop. The consultation ends at the end of September 2024.

New benefits for disabled consumers

With Resolution no. 290/21/CONS, the Italian Communications Authority (AGCom) defined the new regulation for users with disabilities.

This resolution extends the current beneficiaries of electronic communication services, extending the special tariffs of fixed and mobile network services, currently only granted to the blind and deaf, to also include disabled users with major limitations to walking. To this end, an experimental phase of application of the measures is envisaged, expected to last twelve months, but which may be extended, to obtain information about the new beneficiaries and the effectiveness of the measures adopted. The new beneficiaries could submit requests to adhere within a 90-day time frame running from January 1 to April 1, 2022, with benefits set to start on Saturday, April 30, 2022.

During 2023, AGCOM decided to open a new experimental phase until June 2024 and subsequently extended the right to the concession also to offers dedicated to minors.

TIM, which has always paid close attention to the needs of disabled users, decided in both 2022 and 2023 to apply the benefits to disabled users with serious limitations in walking ability beyond the regulatory dictate.

In Resolution 281/24/CONS, the Authority resolved to extend the facilities provided for the deaf and blind to people with severe walking limitations.

Public telephony

Following the transposition of EU Directive 2018/1972, which leaves the individual Member State the possibility of removing or confirming the obligations in force, the Electronic Communications Code no longer includes public telephony among the services subject to the Universal Service obligation, but refers the matter to a subsequent evaluation.

With Resolution 98/23/CONS of April 19, 2023, the Authority concluded its analysis by recognizing the lack of Universal Service requirements for roadside booths and therefore repealing the related supply obligation on TIM. The booths, therefore, can be removed after verifying the existence of adequate mobile coverage by at least one operator. The verification of mobile coverage will be carried out by TIM during the decommissioning phase and cases of systems not covered will be reported to AGCOM, which will be able to suspend the decommissioning while waiting to identify the appropriate solutions. In all other cases, TIM can proceed after posting a specific sign at least 30 days before the scheduled date for decommissioning the system. TIM will have to send a half-yearly report on disused roadside telephone booths.

For public booths located in places of social importance (hospitals with at least 10 beds; prisons; barracks, with at least 50 permanent occupants, in which mobile phone signals are jammed), AGCOM confirms, however, the Universal Service obligation. However, the Authority recognizes the need to be able to overcome the traditional conception of the Universal Service for these specific cases and establishes the launch of "a technical table with the aim of defining the new supply technologies and cost management methods burden on the caller of the public telephone service in order to allow the technological upgrade of the fiber optic network".

Golden Power

The Prime Minister established that the Company is subject to the obligations pursuant to Legislative Decree no. 21/2012 (the “Golden Power Decree”, setting out special powers rules) on September 28, 2017, as a business that:

- carries out “activities of strategic importance for the defense and national security system” (as per article 1 of the Decree Law) and
- possesses networks and systems “necessary to ensure the minimum supply and operation of essential public services” and goods and relationships “of strategic importance for the national interest” in the communications sector (as per article 2 of the same Decree Law).

The regulatory architecture relating to TIM, consequently, involved a first phase in 2017 on the issue of the Prime Ministerial Decrees of October 16 and November 2, 2017.

With the measure of October 16, 2017, the Presidency of the Council of Ministers exercised the special powers provided for in Article 1 of the Golden Power Decree by imposing specific requirements and conditions on TIM and its subsidiaries Telecom Italia Sparkle and Telsy, including, in particular, the obligation to ensure the presence on the respective Boards of Directors of a Security Chief Executive Officer – currently coinciding with the Chief Executive Officer – (who has Italian citizenship and security authorization), as well as the establishment of a Security Organization unit.

With a ruling on November 2, 2017, the Prime Minister’s Office also exercised the special powers provided for in article 2 of the Golden Power Decree, through the imposition of further requirements and conditions with the aim of assuring suitable development plans, able to guarantee a continuity of supply of the Universal Service. Furthermore, with Prime Ministerial Decree of November 16, 2020, the Presidency of the Council of Ministers following the notification presented by TIM regarding the corporate operation concerning FiberCop S.p.A., exercised special powers through the imposition of specific provisions referring to the networks and systems included in the business unit transferred to FiberCop. With these provisions, the Government has requested the adoption of adequate development, investment and maintenance plans necessary to guarantee the continuity of the Universal Service.

The government’s ruling has subsequently evolved through Decree Law no. 21/2022 (Urgent measures to combat the economic and humanitarian effects of the Ukraine crisis), converted with amendments by Italian Law no. 51/2022, which introduced new features regarding both corporate management and 5G technology-based communication services.

As regards the latter issue, by this Decree, the legislator renewed the close attention paid to 5G, insofar as an activity of strategic importance for defense and national security, extending the scope of reference from the non-EU supplies taken as reference by the previous Law no. 41/2019 to include any supply relating to 5G, regardless of the geographic location in which the supplier is based, and redefined the State’s special powers. More specifically, the Decree made it mandatory for companies to preventively notify the Presidency of the Council of Ministers an Annual Purchasing Plan of goods and services in 5G technology, with the possibility of making four-monthly updates.

The Plan is subject to approval by the government, which may potentially also lay down conditions or requirements; failure to notify results in a sanction being applied to the company in the amount of up to 3% of its turnover.

National Cyber Security Perimeter

The framework of provisions regarding National Security has flanked the Golden Power regulations with those relating to the National Cyber Security Perimeter (PSNC), established by Law no. 133 of November 18, 2019, converting Decree Law 105/2019.

The regulations in this area are hinged on three elements, governed by the subsequent implementing decrees, which constitute the same number of obligations for TIM, as strategic operator: the adoption of security measures aimed at guaranteeing high security levels for ICT assets, the secure award of ICT supplies and the notification of security incidents.

Compliance with the obligations laid down by regulations governing the PSNC means, for TIM, an impact in organizational terms and as regards operative processes, in line with the restrictions aiming to guarantee a high level of security of networks, information systems and the computer services of public administrations, public and private operators and entities based in Italy, in consideration of the fact that such elements are responsible for the performance of a service that is essential for the maintenance of civil, social or economic activities, fundamental for the interests of the State and the malfunctioning, interruption, even partial, or improper use of which could damage national security.

TIM's failure to comply with regulatory obligations will result in administrative penalties of up to 1.8 million euros. Any repetition of the infringement may result in an increase of up to three times the prescribed penalty. In addition, the use of products and services without communication or passing of tests or in breach of the conditions envisaged may result in the application of the accessory administrative sanction of incapacity to hold appointments of management, administration and control in legal entities and companies, for a period of three years from the date on which the violation is ascertained. Finally, anyone providing information, data or elements of fact that are not true, in order to hinder or impact procedures and inspections and supervision, shall be punished by imprisonment from one to three years.

Urgent measures for simplification and digital innovation

As regards the measures by which to speed up the country's infrastructure process, in continuity with Decree Law no. 76 of 2020, the "Simplifications Decree", additional measures to simplify have been introduced, which are summarized below.

- **Decree Law no. 77/2021** ("Governance of the National Recovery and Resilience Plan and first measures to strengthen the administrative structures and speed up and streamline the procedures"), which introduced important simplification measures to speed up completion of both the 5G networks and networks in optic fiber and Ultrabroadband. The Decree was definitively approved, with amendments, by Law no. 108 of July 29, 2021.
- **Decree-Law no. 21/2022** ("Ukraine"), converted into law with amendments by Law no. 51 of May 20, 2022, which introduced additional measures to simplify the installation of telecommunications networks, envisaging:
  - the elimination of the obligation to submit documentation related to the electromagnetic emissions for the installation of infrastructures, such as poles, towers and pylons used to host the radioelectric plants;
  - benefits for developing TLC networks awarded with concession tenders. More specifically, the holders of concessions for the development of telecommunications networks awarded with tender procedures can proceed to carry out works also through their subsidiaries and in derogation of any conventional clauses.
- **Decree-Law no. 36/2022** ("PNRR2"), converted into law with amendments by Law no. 79 of June 29, 2022, which introduced new measures in favor of electronic communications companies. More specifically, by means of timely changes to the Electronic Communications Code, additional simplifications have been introduced to the authorization procedures for radioelectric plants and the reach of the ban imposed on local entities to charge operators for occupying public land, has been extended. In addition, until December 31, 2026, there is no need to complete the incidence assessment procedure for digs less than 200 meters long needed to install Ultrabroadband infrastructure**.**
- **Decree Law no. 187/2022** ("Lukoil Decree"), as amended by Law No. 10 of February 1, 2023, introduced into the legislation a regulatory provision on the subject of tenders for digital infrastructure, which delegates to AGCOM, after hearing the opinion of MIMIT, the determination of the technical standards to be met by the successful bidders of the tenders (published after the conversion of the DL in question into law) for the creation of the fiber optic network infrastructure, taking into account the strategic nature of the infrastructure and in order to ensure the national interest in a network that guarantees high performance services.
- **Legislative Decree no. 13/2023** ("PNRR3"), converted with amendments by Law no. 41 of April 21, 2023, which introduced further measures regarding the simplification of the procedures for installing ultrabroadband infrastructure (Art. 18). The regulatory interventions regard:
  - the simplification of the process for issuing the traffic ordinance (to be adopted within the peremptory deadline of 10 days from the date of receipt of the request);
  - the 24-month extension of the authorizations (issued on April 22, 2023) for UBB infrastructures;
  - the introduction of simplification measures for the issue of seismic authorization;
  - the exemption from the obligation to obtain environmental authorizations for interventions carried out using the micro-trench technique;
  - the harmonization of municipal competences on the installation of TLC plants with framework Law 36/2001;
  - the extension of the subjects called to attend the service conferences;
  - the presentation in digital format and via certified e-mail of authorizations for the installation of mobile telephony systems;
  - the reduction of the deadline (in Services conference) from 90 to 60 days for the formation of silent consent relating to the conclusion of the procedure for the mobile authorization requests;
  - coordination instructions between the excavations decree and CCE on the ban on imposing charges/expenses.

In terms of NRRP tenders, the Legislative Decree has provided:

- **Advance payments for tenders for Italy 1 Giga, 5G backhauling and densification.** The extension to the indicated tenders of the application of the regulatory provision of the Procurement Code which recognizes an advance of up to 30% of the overall value of the contract.
- **BUL White Areas Plan – Advance**. The Revolving Fund (L.183/1987) is authorized to grant MIMIT an advance, community shares and national co-financing of programs co-financed by EU structural funds (EAFRD) up to a limit of 100 million euros for 2023.

- **Directive of the Prime Minister of November 2, 2023 on administrative simplification for the construction of TLC infrastructures within the NRRP ("Butti" Directive).**

  The Directive aims to disseminate lines of action to simplify the authorization process for the creation of the digital infrastructures of the NRRP ("Italy at 1 Giga", "Italy 5G", "Scuola connessa", "Sanità connessa" and "Collegamento Isole minori" [Connected School, Connected Healthcare and Connected Minor Islands]). This objective is also pursued by overcoming the difficulties in issuing permits and further stimulating collaboration with local authorities, also through obligations for the Public Administration (PA). In the event of delays or inertia on the part of the PA, intervention mechanisms are envisaged by the Department for digital transformation. Principles introduced by the Directive:

  - communication infrastructures are similar to **primary urbanization works**;
  - the subjects holding administrative skills guarantee **full institutional and administrative collaboration**;
  - for the installation of electronic communications networks by laying optical fiber**, building and urban planning regulations do not apply**;
  - for the request for document acquisition the "***once only*" principle** applies;
  - **preliminary checks are recommended** to identify cases where authorization can be almost immediate;
  - **ordinances that could hinder the development of infrastructure are prohibited**;
  - the authorization procedures must be concluded within the legal deadlines;
  - **procedures for installing mobile systems**: for acquisition of documents/opinions, etc. the manager calls the services conference within 5 days; requests for authorization are considered accepted if, within 60 days of presentation of the project, no denial/negative opinion/dissent has been expressed; after this deadline, within 7 days, the administration communicates the authorization; once this deadline has expired, self-certification is sufficient;
  - **procedures for the installation of civil works, excavations and occupations of public land**: the provisions of Art. 49 of the CCE remain unchanged;
  - **procedures for the installation of ultrabroadband infrastructures**: what has already been established by Art. 40 of the NRRP Governance Decree remains unchanged.

- Decree-Law no. 60/2024 (the "Cohesion Decree-Law")**, as converted with modifications by Law no. 95 of July 4, 2024, introduced simplification measures for the actions under the Italy 5G Plan of the National Recovery and Resilience Plan (NRRP).** In particular, in order to implement new and suitable network infrastructure with at least a 150 Mbit/s downlink speed and a 30 Mbit/s uplink speed, the systems located in the "white areas" under the Italy 5G Plan are to be positionally arranged according to the pixels shown in the nationwide mobile networks map, even by derogation from municipal regulations if necessary, as provided for in the calls for tender. The measure came into effect on July 7, 2024.

New Electronic Communications Code

Italian Legislative Decree no. 207 of November 8, 2021 setting out the “Implementation of Directive (EU) 2018/1972 of the European Parliament and of the Council of December 11, 2018, establishing the European Electronic Communications Code, was published in the Official Journal on December 9, 2021 and came into force on December 24, 2021.

The new Code reviews and replaces the previous regulatory framework and introduces important new features including, in particular, the following:

- **to foster the copper-fiber migration of customers**: the user must allow operators to perform technological adaptation works on the access networks, aimed at improving the connection (without changes to the economic conditions);
- **contract duration**: provide for an initial contract duration of no more than 24 months and introduce at least one commercial offer of a maximum initial duration of 12 months;
- **sanctions**: far more severe, particularly as concerns violations of user protection;
- **right of withdrawal in the event of ius variandi**: extension of the deadline to exercise the right of withdrawal (60 days from communication of the contractual changes instead of 30 days);
- **right of withdrawal**: it is stressed that the provisions of Art. 1 of Decree Law 7/2007 (Bersani Decree Law) remain in place but the deactivation cost should be eliminated in the event of termination/withdrawal after contract expiry (12/24 months) and the faculty is introduced for the customer to return the network terminal equipment before the agreed contract end date, at no extra cost;
- Universal Service**:** inclusion of the service to access Broadband Internet with a bandwidth that enables the inclusion of all citizens in the country’s social and economic life (Art. 94). AGCOM currently has proceedings in progress aimed at defining the adequate bandwidth. A review is envisaged of the existing obligations, by the Minister, by December 21, 2022 (deadline not respected) and thereafter every 3 years (Art. 97). In

particular, the Code draws a distinction between coverage obligations and obligations relating to the supply of services.

The Ministry for Business and Made in Italy, in order to obtain market orientation on the application of the new sector legislation, one year after the entry into force of the Legislative Decree in question, launched a review on May 12, 2023. market consultation, aimed at market operators in electronic communications networks and services, closed on June 15, 2023, on the corrective measures to Legislative Decree of November 8, 2021, no. 207.

Following the market consultation, on December 18, 2023 the Council of Ministers approved, in preliminary examination, a **legislative decree which introduces corrective provisions to the Legislative Decree of November 8, 2021, no. 207**.

This legislative decree was finally approved on April 13, 2024, the date of its publication in the Official Gazette, and came into effect on April 28 (Legislative Decree no. 48/2024).

The measure aims to meet the cross-cutting objectives of (i) simplifying the implementation of electronic communication infrastructure and (ii) adapting to technological innovation. The main changes introduced include:

- **Customer identification/SPID**. For customer identification in cases of new activation and number portability or SIM change, digital identity systems are equivalent to identity documents for all legal purposes.
- **Legal Restrictions on ownership/Mobile Network**. The possibility for operators to access the common areas of buildings has also been extended for mobile network development activities. This is with a view to installing, connecting and maintaining network elements, cables, wires, cable distributions or similar equipment that does not emit radiofrequency radiation.
- **Prohibition of limitations on installations by Regions/Bodies**. Regions and local authorities do not limit the possibility of installation to particular areas of the territory, without prejudice to the specific provisions for the protection of areas of particular historical-landscape or environmental value or protection from exposure to electromagnetic fields of sensitive areas, having, in which case, still ensure an alternative location that ensures the same effect.
- **Installation of systems/Forms**. The description of the installed system, to be sent to the Municipalities, must be carried out on the basis of the forms prepared by the local authority, where absent on the basis of specific attachments indicated.
- **Authorization procedures**. Infrastructure installation requests must be made through an online platform, using forms prepared by local governments. If there is no online platform or forms for that purpose, requests can be sent by certified email.
- **Self-certification**. Installations and modifications to the transmission characteristics of systems with a maximum power at the antenna connector less than or equal to 10 watts and with a radiating surface size not exceeding 0.5 square meters are subject to self-certification of activation.
- **General authorization for electronic communications networks and services**. A new annex has been introduced for the reporting for the transfer of the general authorization for the offer to the public of electronic communications networks and services. This report replaces the SCIA.
- **Definitions**
  - ***access point***: defined as "network device that allows access to a variable number of users between a LAN radio network and an electronic communications network";
  - **indirect unique identification of the user**. It is carried out by acquiring the technical identity previously validated and registered by other public entities or operators of a public utility service;
  - **electronic communication system**: set of network devices that includes the equipment and infrastructure necessary for the transmission, reception and processing of electronic signals and that allows communication between individuals or devices.
  - ***call center***: service specifically organized for managing multi-channel contacts and communication between end users and specialist staff or automated answering mechanisms under a contractual arrangement between the managing entity and a telecommunications operator.
- **EMF limits**. With the electromagnetic field exposure limits being raised (from 6 V/m to 15 V/m) in May 2024, the principle of equitable electromagnetic spectrum allocation was introduced to define the power to be allocated to operators.
- Sanctions the sanctioning system remains virtually unchanged. It is specified that the turnover achieved in the electronic communications market (instead of the market to which the non-compliance relates) will be taken into account in determining the amount of sanctions; In addition, sanctions in violation of article 98-decies can also be imposed on parties who are not suppliers of electronic communications networks and services (from 50,000 euros to 1 million euros);
- **Geographic mapping of network installations and connectivity service offerings**:
  - the geographical mapping of the coverage of networks capable of providing broadband by the Ministry and AGCOM has been postponed to December 21, 2024 (instead of 2023);
  - the mapping must also report the degree of use of the networks;
  - the information released by companies on network installation plans has the nature of binding declarations and implies the obligation to report on the state of implementation of the network installation plans subject to the declaration;

- designated areas. The Ministry may designate areas in which it has ascertained that no company or public authority has installed or intends to install a network that guarantees performance equal to a download speed of at least 300 Mbps (currently 100 Mbps).
- mapping data. Mapping data must also be made available to regional and local authorities in open, standardized and interoperable formats, and through the Digital National Data Platform (PDND).

Increase in energy prices

In order to fight the rise in prices of gas and electricity, also in 2023 the Government took numerous urgent legislative steps to support energy-intensive and less energy-intensive businesses and gas-intensive and non-energy companies. Below are the decree laws that were adopted, with a brief explanation of the main measures.

Law no. 197 of December 29, 2022 (the "2023 Budget Law")

- Increase in value **of tax credit** for energy and gas for the 1st quarter of 2023 (35% electricity and 45% gas);
- zeroing for the 1st quarter 2023 of **general system charges** in the electricity sector but only for low voltage users with available power of up to 16.5 kW;
- extension of **VAT at 5%** for methane gas supplies for consumption for the 1st quarter 2023;
- extension of the "sterilization" of **general system charges in the natural gas sector** for the 1st quarter 2023: confirmation of the rates of general system charges in force in the 4th quarter 2022;
- elimination of system charges to finance nuclear decommissioning.

Decree Law no. 34/2023 ("Aid quinques Decree")

- Extension to June 30, 2023 of the **energy tax credit (10%)** recognized to companies with available power meters equal to or greater than 4.5 kW **other than companies with high energy consumption**;
- Extension to June 30, 2023 of the **tax credit for gas (20%)**, for energy uses other than thermoelectric uses;
- **VAT extension (5%) to June 30, 2023** on the supply of methane gas used for combustion for civil and industrial uses, and elimination of **general charges in the gas sector**.

Legislative Decree no. 57/2023 ("Regasifiers")

- **Zeroing** of the rates of the tariff components relating to **general system charges for the gas sector until September 30, 2023**;
- **VAT extension (5%) until September 30, 2023, on the supply of** methane gas used for combustion **for civil and industrial uses**, and for the supply of **district heating services** as well as the **supply of thermal energy produced with methane gas in execution of a contract energy service** for the provision of goods and services necessary to maintain comfortable conditions in buildings.

Legislative Decree no. 131/2023 ("Energy and savings protection")

- Zeroing for the fourth quarter of 2023 of the rates of the tariff components relating to general system charges for the gas sector;
- VAT extension (5%) for the fourth quarter of 2023, on the supply of methane gas used for combustion for civil and industrial uses, and for the supply of district heating services as well as the supply of thermal energy produced with methane gas in execution of a supply contract energy service for the provision of goods and services necessary to maintain comfortable conditions in buildings;
- Change in eligibility requirements for energy-intensive enterprises from January 1, 2024.

Annual law for the market and competition 2022 (Law 214/2023)

The provision, which came into force on December 31, 2023, provides:

Adjustment of electromagnetic exposure limits

Within 120 days from the date of entry into force of the law, a Prime Ministerial Decree could be issued (in agreement with the Ministry of Health and subject to agreement in the Unified Conference) to adapt the exposure limits, attention values and quality objectives to the EU recommendations.

After this deadline, the following values are set on a provisional and precautionary basis:

- 15 V/m as regards the electric field intensity E;
- 0.039 A/m as regards the magnetic field intensity H;
- 0.59 W/m^2 regarding power density.

Dedicated offers

Providers of electronic communications networks or services cannot make dedicated offers with reference to cases in which information acquired through a database is used for the portability of mobile numbers.

Annual Market and Competition Law 2023 (Competition Bill 214/2023)

The Annual Market and Competition Bill 2023 was passed by the Council of Ministers on July 26, 2024 and is awaiting passage to Parliament. The consolidated text is not currently available.

Countering the illicit dissemination of content protected by copyright via electronic communications networks (Law no. 93/2023)

Law no. 93 of July 14, 2023 combatting online piracy and the illegal online dissemination of copyrighted content was published in Official Gazette no. 171 of July 24, 2023, coming into force on August 8, 2023.

The provision provides:

Implementation of an automated technological platform

- In order to strengthen the fight against online piracy actions via electronic communications networks, the implementation of a single technological platform with automated operation is envisaged through which Internet Service Providers, following a provision adopted by AGCOM, at the request of the owner or licensee of the right, will have to disable access to content disseminated illegally by blocking the DNS resolution of domain names and the routing of network traffic to IP addresses intended for illegal activities.
- The list of domain names and IP addresses through which the contents disseminated illegally are made available is updated by the owner of the rights or their assignees and communicated directly and simultaneously via the platform to AGCOM and to the recipients of the measure which they must promptly remove or disable, in any case within a maximum of 30 minutes from communication. In the case of live events/premieres, the shortened precautionary measure, adopted by AGCOM following the request of the rights holder, must be executed before the start or at the latest during the broadcast. For each violation found, AGCOM may apply an administrative fine of 10 thousand euros up to 2% of the turnover achieved in the last financial year closed before notification of the dispute.
- AGCOM with Resolution no. 321/23/CONS defined the technical and operational requirements for the operation of the single technological platform with automated operation. The platform has been officially active since February 1, 2024.

Revision of the Consolidated Law on Audiovisual Media Services (TUSMA)

On March 20, 2024, the Council of Ministers finally approved Legislative Decree no. 50 of March 25, 2024 containing provisions supplementing and correcting the Consolidated Law on Audiovisual Media Services (TUSMA) in view of changing market realities, in implementation of Directive (EU) 2018/1808 amending Directive 2010/13/EU. This decree, known as the TUSMA Corrective Decree, was published in the Official Gazette no. 90 of April 17, 2024.

The Corrective Decree came into effect on May 2, 2024.

As regards the obligations of suppliers of on-demand audiovisual media services (TIMVISION), as part of the corrective measures introduced, we specifically highlight:

- **obligations to invest in EU audiovisual works produced by independent producers**: The decree introduced a reduction from 20% to 16%;
- **programming obligations for EU audiovisual works**. The current regulatory framework remains unchanged, maintaining a 30% obligation and reference to recent works (last 5 years). The AGCOM must set out how the programming obligations are to be fulfilled in a Regulation. These obligations do not apply to media service providers with modest turnover or audience numbers, according to the threshold criteria contained in the regulation (5 million euros);
- **Italian sub-quota**. A 70% share of the percentage required for investment and programming obligations respectively is reserved for original works of Italian content produced anywhere in the past 5 years by independent producers, of which 27% is reserved for cinematographic works;
- **the elimination of secondary regulation** for the identification of additional sub-quotas of investment in audiovisual works of original Italian expression by independent producers, as well as for the time limitation of the rights of use and exploitation of the works and for the ways in which they are exploited on different platforms;
- **the sanctioning system** remains unchanged.

Brazil

Revision of the model for the supply of telecommunications services

In 2019, Law 13,879 was approved, that came into force on October 4, 2019, establishing a new regulatory environment for the regulation of telecommunications in Brazil. This is the most significant change in the past 20 years.

The new telecommunications legislation allows fixed-line licensees to adapt their contracts from a concession scheme to an authorization scheme. This transition from concession to authorization must be requested by the licensee and requires the approval of the Anatel ("Agencia Nacional de Telecomunicações"). In return, licensees must, among other conditions, make a commitment to investment in expanding fixed Broadband telephony services to areas with no adequate competition for these services, in order to minimize inadequacies and inequalities between areas of Brazil.

The change also affects the roles for authorizing the use of radio frequencies, establishing subsequent renewals (previously limited to only one) and allows the exchange of radio frequencies between operators (secondary spectrum market).

In June 2020, Decree 10,402 was published, which governs the procedure for adapting the concession to the authorization regime, as well as the definition of the criteria for calculating investment commitments. The decree also established guidelines for the extension of radio frequency authorization, which will be held by Anatel to guarantee greater security for investments in the sector.

Public policies applicable to the telecommunications sector

Decree 9,612/2018 ("Connectivity Plan") established another series of important rules, with a series of guidelines for the adaptation of conduct terms, the onerous concession of spectrum authorization and regulatory acts in general, including: (i) expansion of high capacity telecommunications transport networks; (ii) increased coverage of mobile Broadband access networks; and (iii) broadening the coverage of fixed Broadband access network in areas with no Internet access through this type of infrastructure. The Decree also establishes that the network resulting from these commitments must be shared from the moment it enters into service, except where there is adequate competition in the relevant reference market.

In relation to the deadlines for the development of pipelines not compliant with current regulations, authorizations for user licenses to radio frequencies, and the introduction of other statutory provisions generally, planned investments will focus primarily on the upgrade of fixed-line and mobile Broadband networks and on specific areas of the country. Telecommunications networks made under the investment plan will have shared access. The decree was amended by Decree 10,799/2021, which contained public policy priorities for coverage of "census areas with public schools," coverage of population centers not served by mobile telephony, and expansion of fixed broadband access in locations without access. The decree was amended by Decree 11,299/2022, which envisaged the possibility of a private federal network managed exclusively by Telebras (Brazilian state company).

The decree also provides for the assignment of funds for the approval of projects approved by Connected Cities and for the temporary supply of fixed or mobile Broadband. In addition, it regulates the private federal network, which can be carried out by other public or private entities or organizations and the criteria for the use and management of the network will be defined by the Federal Government under the terms established in a deed of the State Ministry for Communications.

In 2020, Decree 10,480/2020 was published by the federal government, which regulates the antennas law (Law 13,116/2015) with the purpose of stimulating the development of the telecommunications network infrastructure. This Decree fosters development of telecom network infrastructure and is a major step towards eliminating historical problems in the sector preventing its development (e.g. free right of way on highways and railways, positive silence, small cells and “dig once”).

That same year, Law 14,109/2020 authorized the use of FUST ("Fundo de Universalização dos Serviços de Telecomunicação"), including by the private sector, to expand connectivity in rural or urban areas with a low human development Index (HDI) as well as policies for education and tech innovation of services in rural areas. In June 15, 2021, Provisional Measure 1,018/2020 was transformed into Law 14,173/2021, reducing charges for satellite internet terrestrial stations and amending some of the FUST application rules. The law reduces FUST collection between 2022 and 2026, to telecommunications operators that run universalization programs approved by the Anatel Board of Directors, with resources from the operators themselves. The benefit will be valid for five years from January 1, 2022 and will be progressive: 10% in the first year; 25% in the second year; 40% in the third year; and 50% from the fourth year onwards. In addition, the new legislation removes the obligation to share towers within a distance of less than 500 meters from each other. The elimination of this obligation is essential for the deployment of 5G in Brazil, including to ensure the densification scenario expected for the new technology.

In the first quarter of 2022, the Federal Government signed Decree no. 11,004/2022, which regulates the use of Fust and establishes directions for the use of resources by the Management Board, instituted in June 2022. At the beginning of July, the internal regulations of the Fust Management Board were published and a budget for 2023 was proposed for digital inclusion. During the second half of 2022, in its resolution 02/2022, the Management Board defined further details on the mechanisms for using the FUST, clarifying the role of the financial agent, the accountability mechanism and the Anatel function in the application of the reduction of the contribution in the waiver mechanism. The Board also unveiled connectivity programs for public elementary schools and projects to expand connectivity and grants for low-income users.

In 2023, Decree 11,856/2023 was published, establishing the National Cyber Security Policy (PNCIBER) and setting out guidelines on cyber security in Brazil. This Decree also establishes the National Committee for Information Security.

Anatel has issued several resolutions over the years imposing obligations on the telecommunications sector; these include the new RQUAL (*Regulamento de Qualidade dos Serviços de Telecomunicações*) and the new RGC (*Regulamento Geral de Direitos do Consumidor de Serviços de Telecomunicações*). In 2024, Anatel initiated a revision of the PGMC (*Plano Geral de Metas da Competição*) and the RUE (*Regulamento de Uso do Espectro Radioelétrico*), two of the most significant regulations applying to the telecommunications sector.

We also recently monitored and participated in the public consultations conducted by Brazil's National Electricity Agency (Agência Nacional de Energia Elétrica, or Aneel) on issues relating to infrastructure (pole) sharing and distributed generation. The results of the public consultations are expected in 2024.

Revision of the Service Quality Regulation

In December 2019, Anatel approved the new Telecommunication Services Quality Regulation (RQUAL), based on a reactive regulation. In this new model, quality is measured on the basis of three main indicators – a Service Quality Index, a Perceived Quality Index and a User Complaints Index – and operators are classified into five categories (A to E). Based on this reactive regulation, Anatel will be able to take measures according to specific cases, such as consumer compensation, the adoption of an action plan or the adoption of precautionary measures to ensure quality standard improvements.

Following the joint work of Anatel, operators and the Quality Assurance Support Authority (ESAQ) to define the goals, criteria and reference values of these indicators, in late November 2021 Anatel’s Board of Directors formalized the reference documents to support this regulation: the Operating Manual and the Reference Values; it also established the operational entry into force on March 1, 2022. Now, the Agency publishes the results of the quality indicators monthly on its website. As for the Quality Mark, in November 2023 the Agency announced the temporary, partial suspension of the reference values and quality marks document for the years 2022 and 2023, and granted a period of 120 days to submit a new proposal for the method and parameters to establish quality marks.

Review of the General Regulation on Consumer Rights (RGC)

In November 2023 Anatel published Resolution 765/2023, the New General Regulation on Consumer Rights ("RGC"), which revokes Resolution no. 632/2014 and establishes new general rules for customer service, billing and offers, applicable to fixed-line, mobile, broadband and cable TV customers. The new RGC will come into force within nine months as regards the general rules and within fifteen months as regards the registration of offers and the price adjustment rules.

Data protection

On August 14, 2018, the *Lei Geral de Proteção de Dados Pessoais* (Law 13709/2018 - LGPD) was enacted.

In December 2018, Provisional Measure 869/2018 created the National Data Protection Authority (ANPD) and extended period for the entry into force of the Law to 24 months (August 2020).

In June 2020, Law 14,010/2020 deferred the coming into force of the LGPD, only for the provisions related to fines and penalties, to August 2021. The other provisions of the law took effect in September 2020. Furthermore, in August 2020, Decree no. 10,474/2020 came into force, which establishes the ANPD (Brazilian National Data Protection Authority), responsible among other things for: producing guidelines for national data protection policy; supervising enterprises and applying sanctions; and issuing regulations and procedures on personal data protection.

In August 2021, articles relating to supervision and sanctions by the ANPD came into force.

In October 2021, the regulation (CD/ANPD no. 1 of October 2021) for the administrative supervision and sanction process under the responsibility of the ANPD was approved.

In January 2022, the regulation (CD/ANPD no. 2 of January 2022) implementing the LGPD for small processing agents was approved.

In June 2022, a Provisional Measure no. 1,124 was published, transforming the Brazilian National Data Protection Authority ("ANPD") into an independent agency of special nature. The Provisional Measure was converted into Law 14,460/22.

In December 2022, the new incident report form was published, with the obligation to report any breach of personal data.

In January 2023, the ANPD became a self-sufficient entity connected to the Ministry of Justice and Public Safety.

CORPORATE BOARDS AT JUNE 30, 2024

Board of Directors

The Shareholders' Meeting of TIM S.p.A., held on April 24, 2024, appointed a Board of 9 Directors and for a three-year term of office (up to the approval of the financial statements at December 31, 2026). The Board of Directors, meeting on the same date, appointed Alberta Figari (an independent director) as chairman and Pietro Labriola (a non-independent executive director) as Chief Executive Officer and General Manager.

The current power structure of the Company provides the assignment:

- to the Chairman, of the powers contemplated by law, the bylaws and corporate governance arrangements;
- to the Chief Executive Officer, of all powers necessary to perform acts pertinent to the Company's business, except for the powers reserved to the Board of Directors.

As of June 30, 2024, the Board of Directors of TIM S.p.A. had the following members:

Chairman	Alberta Figari (independent)
Chief Executive Officer and General Manager	Pietro Labriola
Directors	Domitilla Benigni (independent);
	Paola Camagni (independent)
	Federico Ferro Luzzi (independent)
	Paola Giannotti De Ponti (independent)
	Giovanni Gorno Tempini
	Umberto Paolucci (independent)
	Stefano Siragusa (independent – pursuant to Consolidated Law on Finance)
Secretary to the Board	Agostino Nuzzolo

The following board committees were in place at June 30, 2024:

- **Control and Risk Committee**, made up of the Directors: Federico Ferro Luzzi (Chair), Paola Camagni and Paola Giannotti De Ponti;
- **Nomination and Remuneration Committee**, made up of the Directors: Paola Giannotti De Ponti (Chair), Domitilla Benigni and Umberto Paolucci;
- **Related Parties Committee**, made up of the Directors: Paola Camagni (Chair), Federico Ferro Luzzi and Umberto Paolucci;
- **Sustainability Committee**, made up of Alberta Figari (Chairman of the Board of Directors), Alberta Figari (CEO), Pietro Labriola and Domitilla Benigni, Giovanni Gorno Tempini and Stefano Siragusa (Directors).

Board of Statutory Auditors

The Ordinary Shareholders' Meeting of TIM S.p.A., held on April 24, 2024, appointed the Company's Board of Statutory Auditors for a term of office that will end with the approval of the 2026 financial statements.

The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Francesco Fallacara
Standing Auditors	Anna Doro
	Massimo Gambini
	Francesco Schiavone Panni
	Mara Vanzetta
Alternate Auditors	Massimiliano Di Maria
	Laura Fiordelisi
	Paolo Prandi
	Carlotta Veneziani

Independent Auditors

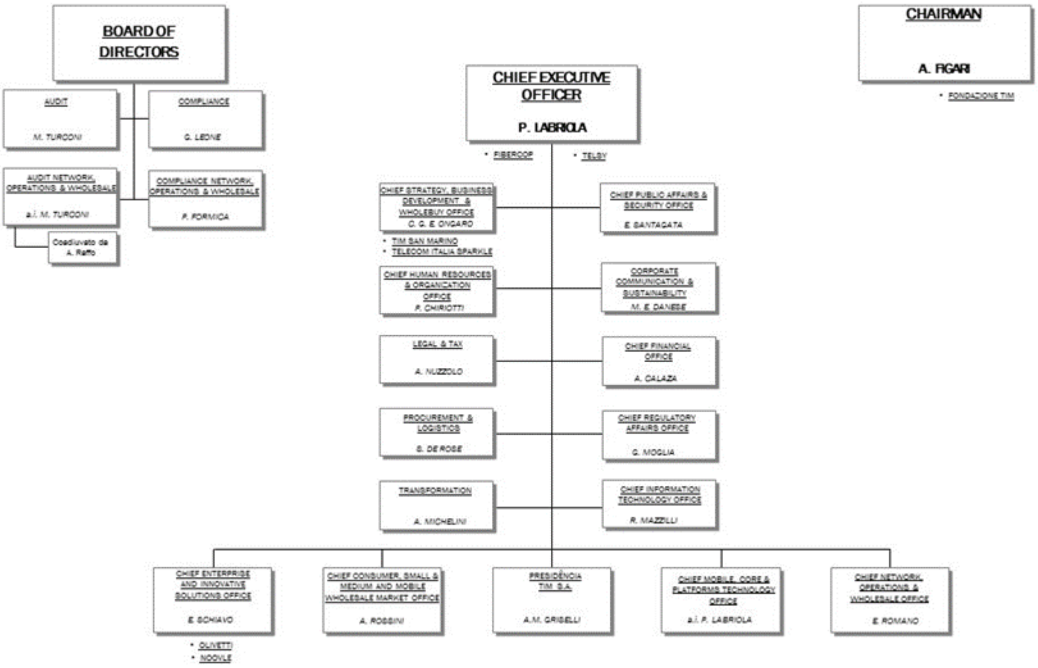
The engagement for the independent auditing of the financial statements of TIM S.p.A. for the nine-year period 2019-2027 was awarded to EY S.p.A. by the shareholders' meeting of March 29, 2019.

Executive responsible for preparing the corporate accounting documents

At the meeting of April 24, 2024, the Board of Directors confirmed the appointment of Adrian Calaza Noia (Head of the Group Chief Financial Office) as the manager responsible for preparing the financial reports of TIM S.p.A.

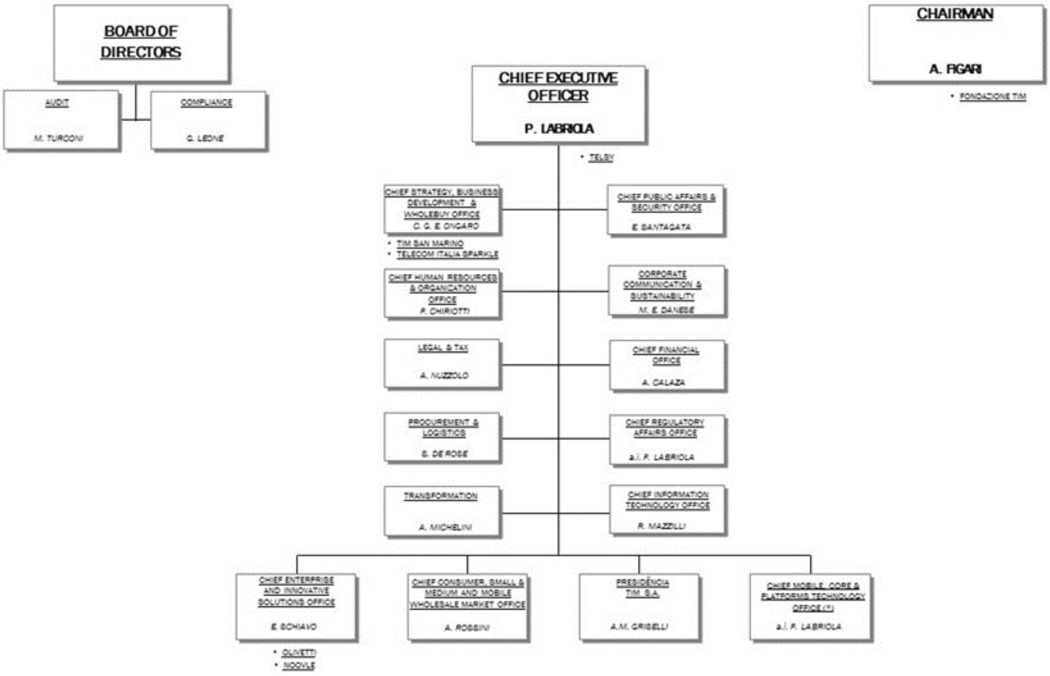
MACRO-ORGANIZATION CHART

Macro-Organization Chart at June 30, 2024



On July 1, 2024, the transfer to FiberCop S.p.A. of TIM S.p.A.'s NetCo business unit – which from organizational perspective comprised the Chief Network, Operations & Wholesale Office, Audit Network, Operations & Wholesale and Compliance Network, Operations & Wholesale Functions and TIM S.p.A.'s ownership interest in Telenergia S.r.l. – entered into effect. Following the contribution, TIM S.p.A. sold its entire stake in FiberCop's share capital to Opticd Bidco.

Macro-Organization Chart at July 1, 2024



(*) Effective from July 24, 2024, this function has been renamed the *Chief Technology Office*.

INFORMATION FOR INVESTORS

Share capital of TIM S.p.A. at June 30, 2024

Share Capital	11,677,002,855.10 euros
Number of ordinary shares (without nominal value)	15,329,466,496
Number of savings shares (without nominal value)	6,027,791,699
Number of TIM S.p.A. ordinary treasury shares	96,442,802
Percentage of ordinary treasury shares held by the Group to total share capital	0.49%
Market capitalization (based on June 2024 average prices)	5,057 million euros

On May 25, 2016, the Shareholders' Meeting approved amendments to the company name, introducing the name "TIM S.p.A." as an alternative to "Telecom Italia S.p.A.".

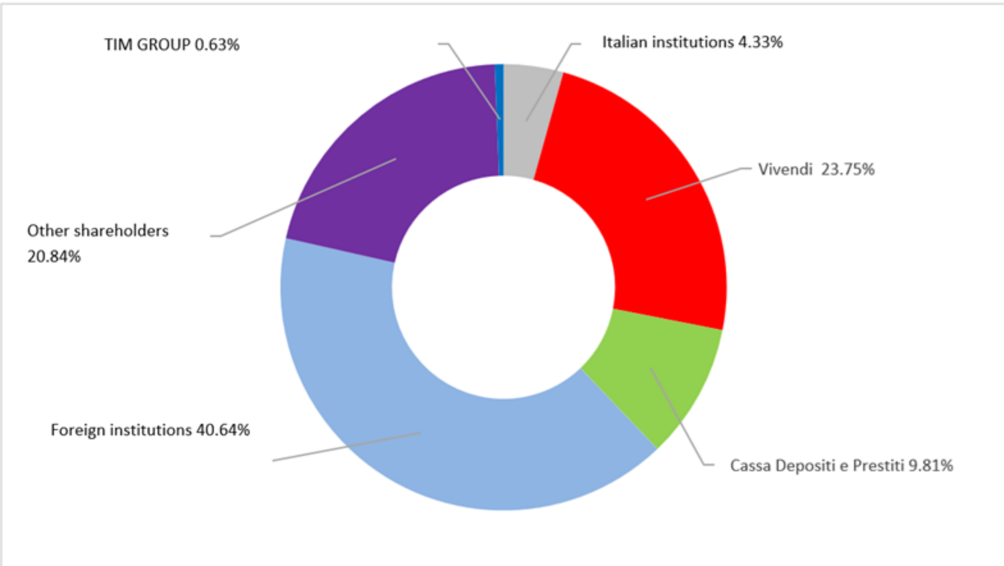
TIM S.p.A. ordinary and savings shares are listed on the Italian stock exchange (FTSE index), whereas the ordinary shares of TIM S.A. are listed in Brazil under B3.

	TIM - Telecom Italia		**TIM S.A.**
Code	ordinary shares	savings shares	
Stock exchange	IT0003497168	IT0003497176	BRTIMSACNOR5
Bloomberg	TIT IM	TITR IM	TIMS3 BZ
Reuters	TLIT.MI	TLITn.MI	TIMS3.SA

Ordinary shares of TIM S.A. were also listed on the NYSE (New York Stock Exchange); share prices are set through ADS (American Depositary Shares) representing 5 ordinary shares of TIM S.A.

Shareholders

Shareholder composition according to the Shareholders Book at June 30, 2024, supplemented by communications received and other available sources of information (ordinary shares):



Major Holdings in Share Capital

Based on the Shareholders Book, the notifications sent to Consob and to the Company pursuant to article 120 of Legislative Decree No. 58 of February 24, 1998 and other available information, the following major shareholdings (above the threshold of 3%) in the ordinary capital of TIM S.p.A. exist:

Holder	Type of ownership	Percentage of ownership
Vivendi S.A.	Direct	23.75%
Cassa Depositi e Prestiti S.p.A.	Direct	9.81%

Common Representatives

The special meeting of the savings shareholders held on June 28, 2022 renewed the appointment of Dario Trevisan as the common representative for three financial years, up to the approval of the financial statements for the year ended December 31, 2024. Upon completion of the shareholders' meeting called to approve the financial statements for the year 2024, the general category meeting will be called to renew the common representative of savings shareholders.

Rating

The three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rate TIM as follows:

	Rating as of 06/30/2024		Rating as of 07/30/2024	
	Rating	Outlook	Rating	Outlook
STANDARD & POOR'S	B+	under consideration for upgrade	BB	stable
MOODY'S	Ba3	positive	Ba3	positive
FITCH RATINGS	BB-	under consideration for upgrade	BB	stable

Waiver of the obligation to publish disclosure documents for extraordinary transactions

On January 17, 2013, the Board of Directors of TIM S.p.A. resolved to exercise the option, as per article 70 subsection 8 and article 71 subsection 1-bis of the Consob Regulation 11971/99, to waive the obligations to publish disclosure documents in the event of significant operations such as mergers, demergers, capital increases by means of the transfer of assets in kind, acquisitions and disposals.

RELATED-PARTY TRANSACTIONS

Pursuant to Art. 5, paragraphs 8 and 9, of Consob Regulation no. 17221 of March 12, 2010 concerning "Related-party transactions" and subsequent amendments, in the first half of 2024 financial year there are no transactions of greater importance, as defined by the Art. 4, paragraph 1, letter. a) of the aforementioned regulation which have significantly influenced the financial situation or results of the TIM Group.

In addition, there were no transactions concluded in the first half of 2024 that significantly impacted the equity position or results of the TIM Group, nor were there any changes or developments with respect to the related-party transactions described in the 2023 Report on Operations which had a significant effect on the financial position or on the performance of the TIM Group in the first half of 2024.

Related-party transactions, when not dictated by specific laws, were conducted at arm's length. They were performed in compliance with the internal procedure, which sets forth rules designed to ensure the transparency and fairness of the transactions in accordance with Consob Regulation 17221/2010. The current procedure is available on the website gruppotim.it, under the Group - Governance - Governance Tools - Other Codes and Procedures section.

For information on transactions with related parties, see the Financial Statement Statements and the Note "Related-party transactions" of the TIM Group Half-Year Condensed Consolidated Financial Statements at June 30, 2024.

ALTERNATIVE PERFORMANCE MEASURES

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

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

The alternative performance measures normally used are described below:

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

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

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

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

  Net financial debt is calculated as follows:

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

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

  The Equity Free Cash Flow measure is calculated as follows:

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

- **Capital expenditures (net of TLC licenses)**: this financial measure represents the capital expenditures made net of investments for competence relating to TLC licenses for the use of frequencies.
- **Operating free cash flow (OFCF) and operating free cash flow (net of licenses)**: these financial measures represent the cash flow available to repay the debt (including lease payables) and cover any financial investments and, in the case of OFCF, payments of licenses and frequencies.

  Operating free cash flow and operating free cash flow (net of licenses) are calculated as follows:

	EBITDA
-	Capital expenditures on an accrual basis
+/-	Change in net operating working capital (Change in inventories, Change in trade receivables and other net receivables, Change in trade payables, Change in payables for mobile telephone licenses/spectrum, Other changes in operating receivables/payables, Change in employee benefits, Change in operating provisions and other changes)
	Operating Free Cash Flow
-	Payment of TLC licenses and for the use of frequencies
	Operating free cash flow (net of licenses)

Alternative performance measures after lease

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

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

+	Equity Free Cash Flow
-	Principal share of lease payments

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

Like-for-like alternative performance measures

In order to provide a better understanding of the business's performance, organic economic and financial information is presented relating to the operating performance in the first half of 2024 and the first half of 2023 of the business in the "TIM ServCo" perimeter, restated based on operating data. Such organic like-for-like information is prepared by simulating the separation operation of the fixed network, with the creation of the NetCo component and the consequent definition of the TIM ServCo perimeter, as the it had occurred at the start of the reference period (January 1).

INNOVATION, RESEARCH AND DEVELOPMENT

The first six months of 2024 saw the TIM Group become the spokesperson for cross-cutting innovation activities, central to technological, market and competitive change. The Technological Innovation and Business Innovation function, with offices in Turin, Milan, Rome and Catania, employing around 160 people, focuses on activities that give the Company a competitive advantage in terms of business and technological innovation and recognition of the brand's innovative value, both in terms of revenue growth and corporate efficiency. More generally, TIM employs 1,450 people in Italy in Research and Development activities.

TIM has strengthened its adherence to the Open Innovation paradigm as an operating model by aiming for:

- the creation of a large ecosystem of partners (start-ups, companies, universities, public administration, etc.), to encourage the meeting of "demand" and "supply";
- the creation of lasting relationships with strategic partners;
- a platform model approach in which TIM provides access to functionalities used by subjects (both internal and external) involved in the innovation process to create new digital products/services.

Network innovation and 5G based services

The burgeoning 5G technology is one of the key technologies for the Country's digitization process and competitiveness, both for residential users and for many industrial and service sectors.

TIM is a world leader in 5G technological innovation, and in this role the Company has made a significant investment to win the best frequencies put up for tender by MISE, with the aim of developing the infrastructure assets necessary for the growth of new businesses, also taking advantage of the recent benefits linked to the funds made available by the National Recovery and Resilience Plan (NRRP) for the creation of new 5G networks in the country.

TIM continues to extend 5G coverage, with the aim of reaching 90% of the population by 2025, as envisaged in the Group's strategic plan. The service is already available in the main cities and in over 2,300 municipalities for citizens and businesses at a speed of up to 2 Gigabits per second. In Milan, TIM has already achieved over 90% 5G coverage.

Details of further 5G locations can be found at the following link https://www.tim.it/fisso-e-mobile/mobile/mappa-copertura-mobile.

The Group has the best spectrum in Italy, being able to count on more than 100 MHz in the "C-Band" (3.4–4.2 GHz).

In relation to the calls for tenders under the National Recovery and Resilience Plan (NRRP), TIM is the only company to have participated in all of the planned tenders. Specifically, as of December 31, 2023, the targets under both the 5G Backhauling tender (106% of the target achieved) and the 5G Densification tender (109% of the target achieved) have been exceeded.

In 2024, the TIM Group will continue to invest in both 4G and 5G technologies to improve the quality of its network, while in the next two years investments will be focused almost exclusively on 5G, which will enable the Group to offer better services.

The Group's "*Free to Run*" plan involves (i) leveraging 5G to improve quality and enable new operating models, and (ii) developing and strengthening mission-critical communication and infrastructure monitoring.

Regarding the 5G Backhauling and 5G Coverage plans, the achievements are in line with the targets set by the NRRP. TIM, INWIT and Vodafone, forming a temporary grouping of companies, were awarded all 6 lots of the tender to reduce the country's digital divide, which is funded out of the NRRP. With this tender, public grants are awarded under the "Italia 5G" Plan for the construction of new network infrastructure suitable for providing mobile radio services with transmission speeds of at least 150 Mbit/s in downlink and 30 Mbit/s in uplink.

In May, the European Investment Bank (EIB), assisted with a 60% guarantee by Sace, 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 market and confirms the strategic nature of investments in extending 5G coverage on national territory by end 2025, as held by TIM.

Many municipalities will be able to benefit from 5G, also making use of super-fast connections thanks to the FWA (Fixed Wireless Access) solution.

TIM is the leading operator for FTTx users in Italy, with about 15 million active lines. TIM's 4G mobile network reaches over 99% of the population (October 2023 data).

By 2025, the Group aims to reach 48% of the country's property units with FTTH.

TIM was also the first operator in Italy and among the first in Europe to launch the consumer and business offer in over 30 cities with high-performance FTTH fiber connections up to 10 Gigabits per second thanks to XGS-PON technology (10 Gigabit capable Symmetric Passive Optical Network).

The benefits of 5G will be evident for:

- consumers - will be able to access a vast range of innovative services based on the Internet of Things with devices connected to fitness sensors, cars, radios, air conditioning systems, household appliances and cameras. Furthermore, it will be possible to enjoy immersive 3D entertainment experiences thanks to the low latency and high bandwidth capacity of 5G;
- businesses - new production processes will be enabled which, thanks to the characteristics of 5G technology and the combination with artificial intelligence, Cloud and Smart robotics, will have greater efficiency, reliability and safety;
- citizens - smart cities will become a reality thanks to the availability of data provided by millions of sensors applied to objects (e.g. electricity poles, traffic lights, etc...) connected to the network. Each municipality will thus be able to have its own Control Room.

The most recent applications and use scenarios of TIM's 5G

5G private network offer for businesses

TIM offers a private 5G network offer for all customers who need dedicated connectivity. The solution guarantees low latency, high traffic capacity, data security and reliability, components to optimize competitive success in many market sectors.

TIM offers the ability to build a virtual private network using a dedicated 5G APN; and among its business support tools, it can provide 5G M2M SIMs with a dedicated management platform.

Cars, Transport and Ports

Since December 2022, TIM and Google Cloud have launched the **first platform in Italy that enables smart mobility on TIM's Edge Cloud 5G technology** and which will make it possible to develop new applications dedicated to connected cars and intelligent transport. The project uses TIM's 5G network in the Bologna and Modena area and will allow MASA (Modena Automotive Smart Area) and the University of Modena and Reggio Emilia to test new solutions for autonomous and assisted driving cars and advanced cloud mobility, which requires dynamic and ultra-secure communication between vehicles and road infrastructure and integration with smart city systems.

TIM created the **5G coverage dedicated to the test site on the A35 Brebemi** dedicated to the creation and testing of an innovative system of circuits positioned under the asphalt which directly transfer the necessary energy to the vehicles (cars, trucks, buses). A zero-emission mobility system that includes various elements designed by the industrial excellence involved to interact with each other, such as asphalt, control units, cables, electric vehicles and 5G connectivity.

TIM is the leader of the consortium working on the **5G MASS** (Maritime Autonomous Surface Ship) project, funded by the European Space Agency (ESA) and including CNIT, Cetena, Flysight and Grimaldi. The project involves the creation of a high-capacity, low-latency private 5G network to support the assisted docking use case of a ship from Grimaldi's ECO fleet in the Port of Livorno, thanks to the continuous exchange of information between the ship and the network. Ports, which are essential to the European economy, have to manage ever-increasing volumes of goods and are increasingly considering the need to digitize loading and unloading operations, which also favors shortening port entry and exit times. For further details see https://www.timenterprise.it/approfondimenti/tim-enterprise-rete-privata-5g-livorno.

TIM also participates in the **C-Roads platform**, which is a joint initiative of European member states and road operators to test and implement C-ITS services with a view to cross-border harmonization and interoperability.

Smart City

In Venice, the Control Room for the smart city of the future, unique in Italy, brings together in a "control room" solutions to improve the mobility and safety of the city by creating an urban intelligence model based on enabling technologies such as IoT, Artificial Intelligence and Cloud.

TIM Enterprise made the implementation of the project possible with the “TIM Urban Genius” solution developed in collaboration with Olivetti, a Group company specialized in IoT. "TIM Urban Genius" is a console, equipped with the best digital technologies, which creates a sustainable smart city model capable of responding even to sudden events, to support the administrations, citizens and for the benefit of the community and already adopted by several municipalities of large and small sizes. "TIM Urban Genius" uses the most modern Information Technology technologies, in particular Big Data and Video Analytics and Machine Learning, Internet of Things, Cloud Computing and 5G to provide information and forecasts in real time, to support the decisions of the administrations for the control and measurement of the state of the city, of road and water traffic, for the governance of flows and for assistance with the mobility of citizens, allowing to intervene quickly or in advance in situations of need and to optimize the planning of services.

In this context, in addition to Venice, other projects have been launched, such as the one in Cairo Montenotte, which aims to improve mobility and urban safety, and the most recent one in Assisi, which aims to detect the presence of tourists in the city, based on a special algorithm that allows you to analyze numbers and origins, starting from the data collected by the mobile telephone network, anonymously and in full respect of privacy.

TIM is a partner of the new urban laboratory in Turin "La Casa delle tecnologie emergenti - CTE Next" for the development of strategic sectors such as intelligent mobility, industry 4.0 and innovative urban services. It is a widespread technology transfer center on emerging technologies enabled by TIM's 5G.

Since 2022, TIM has been a partner of the CTE COBO (Casa delle Tecnologie Emergenti of the Municipality of Bologna), which promotes the spread of technological infrastructure throughout the Emilia-Romagna region, aimed at bringing innovation and sustainable growth in strategic sectors such as: Industry 4.0, Cultural and Creative Industry and Innovative Urban Services. It is a widespread technology transfer center on emerging technologies enabled by TIM's 5G for the development of new generation digital services.

Also with a presence in the cities of Rome, Bologna, Naples, Taranto, Cagliari, Bari and Genoa, TIM has proved itself an enabler of innovation throughout the country, accelerating the transformation of cities into widespread centers of digital innovation, enterprise and advanced training. In these cities, TIM makes advanced specialist expertise available to the national economy, with these technology hubs serving not only as catalysts for the development of emerging technologies (e.g. AI), but also as true centers of public-private collaboration, fostering the development and rollout of projects that support social, environmental and urban sustainability, including through Open Innovation processes.

Tourism, Culture & Entertainment

The TIM Group, in collaboration with specialized technology partners, acts as an enabler for the adoption of digital technologies by tourism and cultural institutions and companies. We support them in their digital transformation with an ecosystem of state-of-the-art information and telecommunication technologies capable of innovating business models and developing new user experiences within digital and virtual spaces in which the cultural offerings of these institutions can be conveyed through a brand-new customer journey. In all these cases, the 5G network is important for implementing application scenarios in both outdoor and indoor settings due to its very high transmission capacity and very low latency, which together allow huge amounts of information to be transferred, with very low response times in remote user interactions.

TIM Enterprise has actively contributed to developing several use cases in tourism, culture and entertainment by always placing the most innovative technologies at the fingertips of industry specialists.

Several innovative proposals enable new scenarios for immersive and enhanced reality experiences – including in remote mode – which can be rolled out in museum and archaeological settings and to promote local areas and culture:

- By using *extended reality* technologies, multimedia content, immersive videos and animations, tourist and cultural itineraries can be enhanced to make the visitor experience even more engaging while also, also enabling the targeting of younger audiences;
- Virtual tours of places and spaces of cultural and tourist interest that are not accessible to the public or cannot be reached by people with disabilities, offering a personalized and engaging experience for users and opportunities to interact with objects and people in the digital space; by using drones, multimedia content can also be enhanced with unprecedented images of the artistic heritage and natural beauty of the area with an extraordinary visual impact;
- 360-degree immersive multi-view experiences of cultural events such as concerts, theater performances or sporting events, with the viewer being able to be an active part in choosing the point of view, thus becoming the "director" of the event;
- Stimulating and engaging training activities, implementing new forms of distance learning which are no longer restricted to just video lectures.

Video-streaming platforms are among the technologies that offer innovation in cultural offerings – particularly for those who produce performances, concerts, or cultural content: venues such as theaters and concert halls can adopt this innovative solution.

The new *Extended Reality* technologies represent valid alternatives for contact with spectators and visitors, for the use of contents in museum and archaeological contexts and in the promotion of the territory and culture.

The technological platform allows for the creation and customization of augmented and virtual reality experiences and stems from experiments carried out in TIM's innovation area. At present, these innovative solutions are included in the catalog of TIM Enterprise offers.

- In June, at the Taobuk 2024 International Festival in Taormina, TIM Enterprise created an immersive experience using its proprietary *Extended Reality* platform, which is capable of combining 3D content, images and 360 video. At Piazza IX Aprile, visitors wearing virtual reality visors were able to experience an interactive virtual tour, in which the artistic wonders of the Sicilian city were presented by actors through the lines of famous literary works.
- Since June, the new VisitAR Bologna App has been offering tour itineraries in the history and culture of Bologna, where the real meets the virtual thanks to the digital content available through visitors' smartphones. TIM Enterprise's *Extended Reality* platform helped to create an application enhanced with augmented reality content with itineraries for more than 100 geolocated points of interest; these itineraries were enhanced with text, audio, video, animation and a gamification experience to make visits more engaging. The app (for IOS and Android) can be downloaded in Italian and English, free of charge, from mobile device stores. It has been created to offer the most advanced accessibility to those with visual and hearing disabilities. VisitAR Bologna has been developed as part of the actions of the City of Bologna's *House of Emerging Technologies* in collaboration with TIM Enterprise.
- In December 2023, in Florence, TIM Enterprise, together with the Opera di Santa Croce, presented a project that allows you to combine culture and technology to enhance the Italian artistic heritage. Throughout 2024, visitors will be able to appreciate the works inside the Monumental Complex of Florence in an innovative way using 5G millimeter wave smartphones powered by Qualcomm Technologies, on which an augmented reality application developed by Live Reply is installed. A new way of experiencing art made possible thanks to the high bandwidth capacity and minimum latency of TIM's 5G millimeter wave technology and TIM Enterprise's Extended Reality solutions.
- In October 2023, TIM becomes a partner of the Casa delle Tecnologie Emergenti (CTE) in Naples, an advanced innovation center in the cultural and creative industries sector being built in the East Naples area. TIM will create a 5G network infrastructure indoor dedicated to the new technology center. The infrastructure is aimed at supporting the testing of the services of the companies participating in the project.
- In July 2023 "The Jackal Meta-Show - 4 Actors, 2 Robots, Infinite Universes" was held: a comedy set in the multiverse and broadcast live streaming, starring The Jackal and meta-human actors. In this project - which ranked first in the 5G audiovisual tender financed by the Ministry for Business and Made in Italy - as

a technological partner, TIM contributed to the creation of the 360° live streaming show, making the 5G network available. In particular, for the filming carried out on the two sets (Rome and Frosinone where the show was held) a private 5G TIM network was used, capable of guaranteeing perfect synchrony of the actors' movements on the different sets as if they were in a single environment. With this trial, the applications of 5G in the entertainment context were tested, where high transmission speeds and low latency are required. Thanks to the characteristics of the 5G network, the proposed solution allowed the very high quality use of audiovisual contents produced in different places - as if they were created in a single environment - and broadcast in live mode.

- In June 2023, for the first stage of the Giro d'Italia Under 23, the TIM Group created a platform that combines 5G, cloud and artificial intelligence to give fans an even richer experience during the sporting competition. Footage was captured using an innovative live 5G and cloud multiview system, with technology backpacks placed on motorcycles and helicopters to follow the cyclists during the race. Furthermore, an App made it possible to choose multiple shots in real time on the device, with the possibility of viewing the most interesting highlights of the event, selected by an Artificial Intelligence algorithm.
- Since February 2023, TIM has been participating in the Opificio Digitale per la cultura - Casa delle Tecnologie di Genova project, in which it is contributing to the preservation and usability of cultural heritage, security and logistics, thanks to its 5G, IoT and XR technological and application solutions, in collaboration with the Municipality of Genoa and the University of Genoa.

Other events

TIM promotes the use of new technologies to enhance artistic, historical and archaeological heritage, including through start-ups and innovative enterprises.

The Amphitheater at Pompeii was the setting for the "Pompeii Echoes" concert event. This offered spectators a unique immersive experience by generating suggestive interactions between the musical *performance*, the set design and the setting’s magical atmosphere thanks to the most advanced digital technologies. The star of this engaging show was Max Gazzè, who together with a group of exceptional musicians and singers performed a tribute to Pink Floyd’s concert recorded in Pompeii in 1971.

TIM, in collaboration with Qualcomm, has made advanced *Extended Reality* techniques and innovative digital solutions – supported by 5G mmWave technology – available to the public.

Thanks to these cutting-edge technologies, the past was projected into the future by this mix of music, lights and special effects, all against the magical backdrop of the Amphitheater. This created marriage between the real and the virtual to enhance the show with unprecedented forms and content.

Industrial automation and robotics

Interconnect, exchange data and remotely manage industrial plants, ensuring greater efficiency, reliability, safety and significantly improving the production cycle. The use of a dedicated 5G private network achieves the objectives of very low latency and good data security required by production companies.

- **In January 2023, TIM Enterprise started a partnership with Ilmea, a metalworking company of Boncore in Salento, amongst the first in Italy to adopt a private 5G network. *TIM’s* Private Network 5G** solution enables the interconnection of machines and data production functional to business objectives, with all the advantages of 5G on a private perimeter: high security, speed, low latency and flexibility. This service responds to the growing need of companies to accelerate the digitalization process and modernize production chains.
- TIM's 5G virtual private network was inaugurated at the BI-REX in Bologna, which will connect the technologies present in the Pilot Line of the highly specialized Competence Center for Industry 4.0. TIM's dedicated 5G virtual private network will guarantee a stable connection, with low latency and bandwidth, necessary for the optimal functioning of the Pilot Line of the Bologna center, focused on the Big Data, Additive Manufacturing, Robotics, Finishing and Metrology development areas. An 'Innovation hub' where the most cutting-edge technological solutions enabled by 5G are used.
- TIM, with EXOR International, connects the first 5G factory in Verona: the first Italian smart factory connected thanks to TIM's private 5G network which will allow the development of innovative 'Industry 4.0' solutions. Industry processes are optimized by taking advantage of the very low latency and the maximum level of security and reliability that characterize dedicated indoor cover. In this way, greater efficiency is guaranteed and the production cycle is significantly improved.
- TIM, together with Ericsson, Google, CIM4.0 and Reply, has experimented with an innovative solution for the automation of '5G Network Slicing', making various Industry 4.0 applications available and allowing manufacturing companies to improve their production capacity. Another use case is the one experimented by TIM, with CIM4.0, Santer Reply and Prima Industrie, as part of the funded '5G For Factory' project. The experimentation, applied to the Additive Manufacturing supply chain, used the potential of 5G in terms of low latency, high bandwidth, sensors, reconfiguration flexibility and security. These characteristics have also been enabled by the contemporary use of Edge Computing infrastructures. The use case concerns the remote monitoring of 3D printers during their production process.

New innovative solutions

With the aim of further strengthening 5G and making its innovative applications a distinctive element in the delivery of cultural events, TIM Enterprise has prepared a portfolio of innovative tourism and culture solutions to meet the emerging needs of this market:

- **TIM Extended Reality**: a comprehensive offering that provides augmented and virtual reality and metaverse solutions to give visitors a more immersive experience. Extended reality provides a new way of engaging with viewers and visitors, and offers viable alternatives to physical tours, allowing access to valuable and fragile areas and places that are usually not open to the public or are not accessible to people with disabilities;

- **TIM e-Vent Platfom**: a platform for *phygital* or *fully digital* events, which enhances live or streamed shows with highly immersive and exciting digital effects; this also combines the latest technologies such as extended reality, light mapping, project mapping and drone shows;
- **SMI Smart Mapping Interface**: a Digital Twin 3D platform that integrates and manages artistic and cultural heritage assets;
- **Drones** for promoting tourism and monitoring events.

Smart Agriculture

TIM Enterprise offers TIM Easy Farm, the precision agriculture, farm management and supply chain traceability service developed with Olivetti for companies in the agri-food sector. Thanks to advanced connectivity and the most innovative technologies such as drones and IoT sensors, Big Data Analytics, artificial intelligence and blockchain, TIM Easy Farm allows you to optimize field operations and the resources used, achieving a reduction in costs, greater quality and sustainability of production and the certification of the activity carried out throughout the entire supply chain, from field to table.

Health Care 5.0

During the year, a surgical operation was carried out remotely from the La Principina Conference Center in Grosseto to the Bari General Hospital's Eye Clinic. This was made possible thanks to TIM's 5G technology, in collaboration with Ericsson. The success of remote surgery underscores the potential of 5G technology in this area and demonstrates how TIM Enterprise provides expertise and infrastructure to the healthcare industry. Previously, the first intercontinental keratoconus telesurgery operation was controlled remotely from the Le Méridien Convention Center in Dubai and also held at Bari General Hospital's Eye Clinic. The surgery was carried out thanks to the 5G technology of TIM, which, in collaboration with Ericsson, installed the appropriate infrastructure at Bari General Hospital's Eye Clinic, and made it possible to maintain adequate transmission latency between the iVis Remote Control Station and the iRes®2 laser. Further precedents were in Rome, where corneal refractive surgery was remotely managed in two distant locations (La Nuvola Congress Center and San Carlo di Nancy Hospital), and in Bari, at the General Hospital.

Innovation and research with universities

The IPCEI-CIS program.

TIM is one of the Italian companies that has been awarded funding under the "Important Projects of Common European Interest - Cloud Infrastructure Services" (IPCEI-CIS).

The project aims to develop and implement a next-generation "*Edge Cloud Continuum*" that can offer high performance in terms of latency and minimum guaranteed bandwidth. It will also ensure open and public access to all use cases and related *open data* management; it will ensure security and compliance with EU data legislation; and it will provide the foundation for new European digital services.

"TIM Edge & Cloud Continuum" is a project launched by TIM under the IPCEIs promoted by the European Commission to promote and fund collaboration between companies and research centers in the implementation of innovative and strategic projects dedicated to industrial development and production in specific sectors.

More specifically, in December 2023 the European Commission authorized the implementation of the first IPCEI focused on technologies that aim to create a European value chain for Cloud Infrastructure and Services (CIS). The goal is to foster interoperability and integration of cloud offerings in Europe, the availability of public and private investment in the Edge and the Cloud, and the entry of new companies into the market, resulting in the growth of the ecosystem.

Innovation and research with universities

As for research and development activities, TIM has always focused on the creation of a real "Open Innovation Ecosystem" centered on the collaboration with Italian Universities in order to develop new Open Lab and Research Projects, as well as through PhD contribution to internalize specialized knowledge, but also for the sharing of technological trends, heralding new growth opportunities within an increasingly global market.

Open Innovation therefore grafts into an integrated ecosystem with the strategic European and Italian departments comprising orders, PhDs, PoCs, the development of demo prototypes, Community Open Source, financed projects and dissemination.

The research with the Universities will get underway in the second half of 2024 by specifically identifying real, structured courses on some medium/long-term topics to complete and enrich the internal know-how and construct an all-round overview; Specifically, the research will involve:

- setting medium-term paths and collaborations;
- continuing the Research Agreements by means of specific Framework Agreements with:
  - Polytechnic University of Turin for research projects on AI&Big Data, Edge&Cloud, IoT, Mobility, Museums, Tourism, Web3, Metaverse, Advanced "quantum-ready" algorithms for real world applications, Radio Evolution;
  - University of Catania for projects on AI&BigData, IoT, Mobility.
  - University of Milan for studies aimed at modeling and designing a 5G simulator with advanced telco edge node capabilities, compatible with TIM network specifications and capable of supporting Mobile Edge Computing nodes;
  - University of Naples Federico II for a research and prototyping activity for the definition of innovative service models, enabled by emerging technologies, through 5G technology using the latest generation devices to interact with urban spaces in an innovative way and to improve sustainability of cities by

involving the public and private sectors and citizens, and adopting a strongly data-driven approach and the use of latest generation technological enablers.

- Other research contracts with:
  - the CNIT on the topic of 5G, with the aim of defining and developing a realistic simulated environment thanks to the synergic use of MDT data measurement campaigns, network performance data (cell KPI) and electromagnetic simulation software of TIM's TIMPLAN radio mobile networks;
  - University of Turin for research on the topic of AI&HCI;
  - University of Trento and University of Pisa for research projects on the topic of Radio Evolution.

Here are some details about our innovation and research with universities:

- research collaborations worth around 800,000 euros for 2024, involving orders across all technology themes (Mobile, Cloud, AI, Energy, IoT, Mobility, Industry) with various departments of leading research centers;
- the presence of TIM researchers in various capacities in university courses;
- 3 PhD courses financed by TIM;
- *Quantum Academy* (first in Italy) with the Polytechnic University of Turin and 5G Academy with the Federico II University of Naples;
- collaboration on European projects – in particular on the Horizon and DEP program;
- national research programs – in particular the MUR NRRP Measure 4.3 RESTART project.

Proving very fruitful is the collaboration with the research ecosystem in five Industry 4.0 Competence Centers (Birex, CIM 4.0, Smact, Artes, Meditech) and in the Case delle Tecnologie Emergenti (CTE Next in Turin, Genoa, Cagliari, Bologna) promoted by MIMIT. These collaborations include the deployment of high performance 5G radio coverage, such as public access networks, which provide access both to platforms provided by TIM and to applications available on the Internet, or private access networks, which dedicate the available capacity to the users involved and provide access to locally available applications. The use cases are focused on Museums and Cultural Heritage, Smart City, Industry 4.0 and Urban Air Mobility with the development and integration of technological components relating to Extended Reality, Artificial Intelligence, advanced IoT Monitoring Systems and Security/Blockchain.

Innovation, research and development in Brazil

The Technology Innovation department[1] is responsible for Technical Research and Development (R&D) activities; its main tasks are to define technological innovation for the network technology, to identify evolutionary needs for technologies and devices, converging strategic alliances in order to use the new business models and guarantee that the network infrastructure evolution is in line with the corporate strategy.

In June 2024, the Technology Innovation department was made up of 27 people, incorporating telecommunications, electrical and electronic, IT and others with professional skills and experience, which cover all areas of network and IT knowledge, meeting the need to innovate and support research and development activities.

TIM Lab is the multifunction environment focused on innovation, which also plays a strategic role in supporting credibility tests and trials, as well as PoCs (proofs of concepts), collaborating with the main suppliers and technology partners through knowledge sharing, technological infrastructure for interoperability tests, staff assessment and the definition of technical requirements; in synergy with the R&D department, it facilitates innovation activities and promotes collaborations with universities and research institutes.

The TIM Lab Innovation Center has moved to the São Cristóvão district of Rio de Janeiro, in the State of Rio de Janeiro, has a surface area of 850 m^2 and can also be used as an innovation space open to new opportunities, guiding innovation on the Brazilian telecommunications market and acting as national point of reference for research and development[2], as well as strengthening the validation capacity regarding new software, features, solutions, technologies, services and devices and extending the current structure in order to pursue and develop more businesses and opportunities in 2023-2024.

The *Technology Innovation* function continued to work on projects and initiatives to develop TIM's business, which can be grouped into the following macro groups:

- next-generation network;
- with a positive impact on the environment and society;
- future Internet applications;
- Open Lab initiatives.

Next generation network projects

The reallocation of the 1,800 MHz, 850 MHz and 2,100 MHz bands from 2G/3G to 4G, with a multilayer deployment configuration, yields important competitive advantages for TIM S.A:

[1] Architecture & Technology Evolution within the Chief Technology Office (CTO).

[2]TIM Lab of TIM S.A. also collaborates with TIM Lab Italy, which has more than 50 years of experience.

- the reduction of costs for the implementation of LTE[3], the expansion of the LTE coverage area and the activation of the carrier aggregation strategy, improving the customer experience through higher throughput;
- the best indoor coverage. In addition to the expansion of coverage, use of the 850/1,800/2,100 MHz bandwidths could increase the capacity in cities already covered by the LTE bandwidth at 2.6 GHz, at limited additional cost.

In this scenario, over 99% of current LTE terminals are compatible with the 1,800 MHz, 2,600 MHz bands and other available bands. Therefore, the implementation of the multilayer LTE continues to be an excellent strategy that benefits from the spread of devices.

The implementation of the 700 MHz LTE layer has continued to significantly improve coverage expansion and indoor penetration, promoting the presence of LTE on a national level, and consolidating TIM S.A.'s leadership in LTE. By the end of November 2023, 5,570 towns and cities (100%) had 4G coverage, meaning the goal of full national coverage was achieved as early as 2023.

TIM S.A. has already covered all cities of Brazil since December 2022, assuring 100% of presence nationally (in any technology).

In 2022, TIM S.A. started deploying sites with the n78 band (3500 MHz), according to the regulatory rollout specified in the auction, which means that all capitals in Brazil have TIM's 5G Sa (Stand-alone) coverage. In addition, TIM leads its competitors in 5G coverage: as of June 2024, TIM's had 8,500 5G antennas (the second placed had 8,000) in 321 towns and cities (the second placed had 248), serving more than 50% of the urban population. This frequency band has a 100 Mhz bandwidth, that offers higher throughput, and is currently used in the 5G networks.

In February 2024, TIM achieved the speed record in the Americas (11.6 Gbps) when it lab-tested 5.5G (5G Advanced) technology. In this way, the 6 Ghz band will be the most suitable spectrum in the event of an overload of the 3.5 Ghz band. TIM Guaratiba Valley, established in 2019, is an innovation campus for Silicon Valley-inspired infrastructure solutions. The space covers an area of approximately 10,000 m² and allows for the development of network projects focused on efficiency, agility and low cost. Among the innovations produced are urban furnishings, such as flowerpots and park benches, biosites, off-grid sites, and extreme low-cost (ELC) solutions used in the Sky Coverage Project, as well as remote monitoring initiatives, security solutions, and testing and approval of batteries and direct current power sources used in base transceiver stations (BTS). In 2023, we launched the Secure Site project in collaboration with the Security area to demonstrate/test security solutions in general, with the goal of mitigating equipment theft at our sites. On the B2B-project front, we have developed a Zero Footprint site that will be used, for instance, to provide 4G coverage on highways.

Another highlight is the support for TIM's IoT strategy, where Nb-IoT network coverage has reached more than 5,000 towns and cities across the country; this provides an important base for exploring new business opportunities.

Projects entailing a reduction of energy consumption

The expansion of "LTE RAN Sharing", in partnership with other mobile operators in Brazil to fulfill regulatory obligations from the 4G spectrum auction, aims to define the architectural requirements, technical assumptions and specifications for the "LTE RAN sharing[4]" solution, optimizing network resources and costs[5]. At present, this is the largest agreement for RAN sharing worldwide and it supplies 4G services to the main cities of Brazil.

The RAN sharing agreement allows TIM SA to further the spread of LTE in Brazilian rural areas, thanks to effective sharing of spectrum, access and backhaul[6]. Now, following the acquisition of Oi, the RAN LTE sharing solution is a partnership between TIM SA and Telefónica, based on the MOCN architecture, which has expanded the advantages and efficiency of this technical model. The energy consumption recorded for the site, dependent on the access technology and coverage conditions, showed a reduction of up to 10%.

In December 2019, TIM S.A. and Telefónica stipulated new sharing contracts aimed at increasing the network cost efficiency through the following initiatives:

- **Single network**: sharing of the 3G and 4G networks in cities with fewer than 30 thousand inhabitants in which both operators provide their services. The underlying idea is to have, in the cities included in the agreement, a single telecommunications infrastructure that is entirely shared by the operators, thereby allowing them to switch off redundant sites and save on energy, rent and maintenance costs. This also allows for greater efficiency in future investments thanks to the sharing of the spectrum in MOCN mode.
- **2G Switch-off**: nationwide sharing of the 2G network using GWCN technology, enabling both operators to switch off part (approximately 50%) of their network with the same technology, consequently saving on energy and maintenance costs.

The implementation of RAN Sharing projects (Single Network and 2G Switch-off) continues in 2024. These will enable TIM to shut down more than 2,200 2G sites (2G Switch-off project) and 172 3G/4G sites (Single Network project) by June 2024, with substantial savings in energy consumption.

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[3] Long Term Evolution.

[4] Sharing the Radio Access Network - RAN.

[5] Infrastructure costs are mainly associated with the introduction of new radiating systems and other electronic components, passive site infrastructure and transport networks; therefore, the sharing of the resources supplied by LTE RAN makes for a significant optimization of costs for telecommunications operators.

In the telecommunications sector, a backhaul network or return network is a portion of a hierarchical network, which includes intermediate connections between the core network (or backbone network) and the small sub-networks at the "margins" of the same hierarchical network. in the agri-food and port logistics segments.

Both initiatives are currently ongoing and expected to be completed by the end of 2024.

Next generation network projects, future Internet applications, positive impact on the environment and society

5G for the automotive segment - in June 2023, in collaboration with Stellantis, IP Facens (the Research Institute of the Facens University Center) and the universities of USP - São Carlos, UFSCAR and the German Technische Hochschule Ingolstadt (THI), TIM announced the launch of the project "Conecta 2030: Ecosistema Connesso e Cooperativo per il rilevamento dei pedoni agli incroci" (Conecta 2030: connected, cooperative ecosystem to detect pedestrians at crossroads), aimed at creating a collaborative environment focused on initiatives assuring the safety of pedestrians and cyclists. Approval of the loan was announced late April by Fundep, one of the coordinators of the Rota 2030 program. From now on, the companies involved in Conecta 2030 will need to address the challenge of developing a concept-ecosystem over the next 3 years, for the development and implementation of advanced driver assistance systems (ADAS), based on three main pillars: 5G connectivity, artificial intelligence and digital twins.

Also in the automotive sector, TIM, UFPE (Federal University of Pernambuco) and Stellantis (together with other companies and universities) launched another partnership in May 2024, which was also supported by the Brazilian government's "Rota 2030" program to promote research and innovation in the vertical automotive segment through the "Vehicle OTA" project.

The main goal of the "Vehicle OTA" project is to implement a secure and integrated electronic module capable of promoting OTA (Over-The-Air) firmware updates in vehicles' electronic control units (ECUs). ECU software updates, in particular, are an extremely important element in the automotive chain, as they can involve simple upgrades for improvements, vehicle customization updates, and even critical updates (i.e., those that can put the health and safety of consumers at risk). With the current model, most vehicles must go to an authorized dealer to update the firmware of the electronic control units. This makes the update process slow and expensive for consumers, fleet owners, and automakers.

Private Networks - In 2022, TIM started offering private networks, with edge core and Multi-Access Edge Computing (MEC) capabilities on the customer premises, allowing the deployment of high throughput, low-latency, and high availability services on 5G. The first deployments were planned for 2023, involving customers in the agri-food and port logistics segments. Also in 2022, TIM ran a Proof of Concept with a customer in the automotive industry, successfully demonstrating an automated quality conformance use case.

LEO Satellites - In 2022, TIM evaluated the use of LEO satellite constellations as the backhaul of mobile access network sites, demonstrating the feasibility of this kind of architecture to solve remote site implementation issues.

Open Ran – In 2020, Tim S.A., Telecom Infra Project (Tip) and Inatel launched the Open Field Program to leverage open and disaggregated solutions for the Radio Access Network (Ran). The program was postponed because of the Covid-19 pandemic, but the first field tests started in 2022 at Inatel campus in Santa Rita do Sapucaí – Mg. March 2023 saw completion of the "Open Ran 5G SA TIP" test plan for access to the network with the supplier and the internal TIP process began to obtain the Tip Silver Badge[7]. Subsequently, TIP scaled back its business in Latin America and the initiative has been closed.

5G solutions through the Cubo partnership – In October 2022, TIM Hub 5G was launched with demos (FWA, VR gaming, AR for Industry 4.0, 5G notebook, 360° neckband and camera) to promote and co-create with startups. Within Cubo Itaú, the TIM Hub 5G enables collaboration through an experimentation ecosystem where customers, large companies, entrepreneurs, investors, public institutions and services are connected. In March 2023, Tim Hub 5G, in collaboration with another maintenance worker of Cubo (Suzano), selected a startup to develop its agri-food solution, exploiting Tim's 5G technology in one of the Suzano agricultural companies. The initiative should take shape this year.

5G Fund - Since 2019, we have been at the forefront of 5G ecosystem development initiatives. In 2023, we announced another strategic investment to map technology-based solutions. In collaboration with investment manager Upload Ventures, whose investments are specialized in companies operating in the B2B and B2B2C segments, we invested in the 5G Fund, which aims to foster businesses in different sectors of the economy. The goal is to contribute to the development of companies, including startups, by providing financial support especially to those that already have coherent business models, and to support defined growth plans by leveraging our industrial and technological assets . The 5G Fund plans to make eight to ten investments over a two- to three-year period, each with an average investment of between $20 million and $25 million. This is particularly targeted at Brazilian companies, with the aim of increasing sales or expanding operations to new markets and products. TIM will be the main investor in the 5G Fund, but the goal is for the Fund to be an open initiative aimed at connecting companies and projects in key vertical segments of interest to B2B market operators: agribusiness, health, transportation, logistics, and mining.

Open Lab initiatives

TIM S.A. joined the Telecom Infra Project (TIP) in 2017, an initiative founded by Facebook, SK Telecom, Deutsche Telekom, Nokia, Intel and other companies, which aims to create a new approach to building and implementing the telecommunications network infrastructure. Tim S.A. transformed TIM Lab into the first TIP Community Lab in Latin America, available to Tip members to create universal standards for solutions (initially transport networks, Open Optical Packet Transport working group), to overcome the challenges related to interoperability of different supplier products.

In 2018, TIM S.A. also joined, together with Vodafone and Telefonica, a new working group within the TIP, called DCSG (Disaggregated Cell Site Gateway[8]). This project creates an opportunity to define a common set of

[7] The TIP Silver Badge certifies that a product, combination or solution for alignment with TIP-defined requirements has been tested, typically in a controlled environment. The tests required for a particular badge are determined by the TIP project teams, and include a significant subset of all tests required for development purposes.

[8] Based on an open and unbundled architecture, the new DCSG is designed for the economic backhaul of cellular site traffic on existing mobile networks and emerging 5G infrastructures.

operator requirements and coordinate with companies that manufacture devices, which have wider and more flexible capacities and are cheaper; in June this year, the main functions of the solution were demonstrated with the help of Facebook, core EDGE suppliers and TIP members.

Finally, in 2020, TIM S.A. and the TIP partners completed their validation of the TSS (Total Site Solution), an inexpensive, unrestricted 4G NodeB solution, powered by solar energy and connected by satellite to the core TIM S.A. network, to be used in remote zones with low population density. Since then, Tim has also adhered to other initiatives, like OpenRAN with the Open Field project, to validate OpenRAN 4G and 5G solutions focused on the separation of hardware and software at RAN level. This latter initiative ended in March 2023, when TIP scaled back its business in Latin America, but before this it was possible to validate the Open RAN 5G SA TIP test plan with an Open RAN 5G supplier.

Living Lab 5G - Florianópolis: In January 2024, TIM entered into a Technical Cooperation Agreement with the City of Florianópolis to provide connectivity infrastructure for the *Living Lab Florianópolis* Program . This urban lab will leverage the real city environment to test and validate technological innovations and business models using 5G technology. Innovative solutions will be considered for testing in areas such as security, sanitation, and urban mobility. Our *partnership aims to* encourage open innovation and to contribute to growth and digital transformation in sectors such as education, healthcare, transportation and security, which will derive benefit from the 5G network.

5G Open Labs Brazil - UFPE: in April 2023, TIM and UFPE (Federal University of Pernambuco) signed a protocol of intent to jointly carry out teaching, research, dissemination and innovation activities involving the exchange of technical and scientific information, especially in the area of Communication and Information Technologies.

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2024 OF TIM GROUP

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HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2024 OF THE TIM GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

(million euros)		notes	30.6.2024	of which with related parties	12/31/2023	of which with related parties
Non-current assets						
Intangible assets						
Goodwill		4)	11,147	—	19,170	—
Intangible assets with a finite useful life		5)	6,391	—	7,122	—
			17,538	—	**26,292**	—
Tangible assets		6)				
Property, plant and equipment owned			**4,674**	—	**14,692**	—
Rights of use assets		7)	**2,804**	*1*	**5,515**	*51*
Other non-current assets						
Investments in associates and joint ventures accounted for using the equity method		8)	490	—	537	—
Other investments		8)	155	—	140	—
Non-current financial receivables arising from lease contracts		9)	45	*1*	112	*64*
Other non-current financial assets		9)	2,909	—	1,103	—
Miscellaneous receivables and other non-current assets		10)	1,598	*5*	2,187	*2*
Deferred tax assets			580	—	701	—
			5,777	—	**4,780**	—
Total Non-current assets	**(a)**		**30,793**	—	**51,279**	—
Current assets						
Inventories			309	—	345	—
Trade and miscellaneous receivables and other current		11)	4,465	*143*	4,699	*94*
Current income tax receivables			150	—	191	—
Current financial assets		9)				
Current financial receivables arising from lease contracts			*54*	—	*162*	*53*
Securities other than investments, other financial receivables and other current financial assets			*2,097*	—	*2,571*	—
Cash and cash equivalents			*556*	—	*2,912*	—
			2,707	—	5,645	—
Current assets sub-total			**7,631**	—	**10,880**	—
Discontinued operations /Non-current assets held for sale		12)				
of a financial nature			304	*95*	—	—
of a non-financial nature			22,333	*70*	—	—
			22,637	—	**—**	—
Total Current assets	**(b)**		**30,268**	—	**10,880**	—
Total Assets	**(a+b)**		**61,061**	—	**62,159**	—

Equity and liabilities

(million euros)	notes	30.6.2024	*of which with related parties*	12/31/2023	*of which with related parties*
Equity	13)				
Share capital issued		11,677	—	11,677	—
less: Treasury shares		(53)	—	(57)	—
Share capital		11,624	—	11,620	—
Additional paid-in capital		—	—	575	—
Other reserves and retained earnings (accumulated losses), including profit (loss) for the period		1,118	—	1,451	—
Equity attributable to owners of the Parent		12,742	—	13,646	—
Non-controlling interests		3,744	—	3,867	—
Total Equity		16,486	—	17,513	—
Non-current liabilities					
Non-current financial liabilities for financing contracts and others	14)	10,591	—	21,284	—
Non-current financial liabilities for lease contracts	14)	2,561	—	4,743	*2*
Employee benefits	18)	200	—	511	—
Deferred tax liabilities		40	—	83	—
Provisions	19)	451	—	679	—
Miscellaneous payables and other non-current liabilities	20)	786	*1*	1,326	*19*
Total Non-current liabilities	**(d)**	14,629		28,626	
Current liabilities					
Current financial liabilities for financing contracts and others	14)	12,930	*1*	5,771	*2*
Current financial liabilities for lease contracts	14)	559	—	838	*3*
Trade and miscellaneous payables and other current	21)	6,976	*85*	9,384	*123*
Current income tax payables		17	—	27	—
Current liabilities sub-total		20,482		16,020	
Liabilities directly associated with Discontinued operations/Non-current assets held for sale	12)				
of a financial nature		5,913	*2*	—	—
of a non-financial nature		3,551	*45*	—	—
		9,464	—	—	—
Total Current Liabilities	**(e)**	29,946	—	16,020	—
Total Liabilities	**(f=d+e)**	44,575	—	44,646	—
Total Equity and Liabilities	**(c+f)**	61,061	—	62,159	—

SEPARATE CONSOLIDATED INCOME STATEMENT

(million euros)	notes	1st Half 2024	of which with related parties	1st Half 2023	of which with related parties
Revenues	23)	7,061	*104*	6,853	*35*
Other income		49	—	69	*1*
Total operating revenues and other income		7,110		6,922	
Acquisition of goods and services		(3,570)	*(138)*	(3,588)	*(134)*
Employee benefits expenses		(771)	*(25)*	(1,131)	*(27)*
Other operating expenses		(314)	—	(290)	—
Change in inventories		12	—	57	—
Internally generated assets		173	—	167	—
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**2,640**		**2,137**	
of which: impact of non-recurring items	30)	*(83)*		*(427)*	
Depreciation and amortization		(1,633)	—	(1,650)	—
Gains (losses) on disposals of non-current assets		—	—	*(2)*	—
Impairment reversals (losses) on non-current assets		(14)	—	—	—
Operating profit (loss) (EBIT)		**993**		**485**	
of which: impact of non-recurring items	30)	*(80)*		*(425)*	
Share of profit (losses) of associates and joint ventures accounted for using the equity method	8)	(13)	—	(15)	—
Other income/(expense) from investments		2	—	3	—
Finance income	24)	687	*1*	655	*1*
Finance expenses	24)	(1,499)	*(2)*	(1,262)	*(2)*
Profit (loss) before tax from continuing operations		**170**		**(134)**	
of which: impact of non-recurring items	30)	*(101)*		*(440)*	
Income tax expense		(33)	—	(30)	—
Profit (loss) from continuing operations		**137**		**(164)**	
Profit (loss) from Discontinued operations / Non-current assets held for sale		**(640)**	*(30)*	**(509)**	*(89)*
Profit (loss) for the period	25)	**(503)**		**(673)**	
of which: impact of non-recurring items	30)	*(128)*		*(438)*	
Attributable to:					
Owners of the Parent		**(646)**		**(813)**	
Non-controlling interests		143		140	

(euros)		1st Half 2024	1st Half 2023
Earnings per share:	26)		
Basic and diluted earnings per share (EPS)			
Ordinary share		(0.03)	(0.04)
Savings share		(0.03)	(0.04)
of which:			
from continuing assets attributable to owners of the Parent			
ordinary share		—	(0.01)
savings share		—	(0.01)
of which:			
from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent			
ordinary share		(0.03)	(0.03)
savings share		(0.03)	(0.03)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Note 13

(million euros)		1st Half 2024	1st Half 2023
Profit (loss) for the period	**(a)**	**(503)**	**(673)**
Other components of the Consolidated Statement of Comprehensive			
Other items that will not be subsequently reclassified in the Consolidated Statement of Comprehensive Income			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		8	3
Income tax effect		—	—
	(b)	**8**	**3**
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		17	3
Income tax effect		—	(1)
	(c)	**17**	**2**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Income tax effect		—	—
	(d)	—	—
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	**(e=b+c+d)**	**25**	**5**
Other components that will be reclassified subsequently to Separate Consolidated Income Statement			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		(12)	13
Loss (profit) transferred to Separate Consolidated Income Statement		5	(5)
Income tax effect		—	—
	(f)	**(7)**	**8**
Hedging instruments:			
Profit (loss) from fair value adjustments		140	(170)
Loss (profit) transferred to Separate Consolidated Income Statement		(132)	101
Income tax effect		(1)	17
	(g)	**7**	**(52)**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		(446)	310
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	**(446)**	**310**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Loss (profit) transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(i)	—	—
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	**(k=f+g+h+i)**	**(446)**	**266**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(421)**	**271**
Total comprehensive income (loss) for the period	**(a+m)**	**(924)**	**(402)**
Attributable to:			
Owners of the Parent		**(905)**	**(639)**
Non-controlling interests		(19)	237

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2023 to June 30, 2023

(million euros)	Equity attributable to owners of the Parent										
	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total Equity**
Balance at December 31,	**11,614**	**2,133**	**(58)**	**65**	**(2,085)**	**(71)**	**—**	**3,463**	**15,061**	**3,664**	**18,725**
Changes in equity during the period:											
Dividends	—	—	—	—	—	—	—	—	**—**	(68)	**(68)**
Total comprehensive income (loss) for	—	—	11	(53)	213	3	—	(813)	**(639)**	237	**(402)**
LTI granting of treasury shares	6	—	—	—	—	—	—	(6)	**—**	—	**—**
Other changes	—	(1,558)	—	—	—	—	—	1,564	**6**	3	**9**
Balance at June 30, 2023	**11,620**	**575**	**(47)**	**12**	**(1,872)**	**(68)**	**—**	**4,208**	**14,428**	**3,836**	**18,264**

Changes from January 1, 2024 to June 30, 2024 Note 13

(million euros)	Equity attributable to owners of the Parent										
	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total Equity**
Balance at December 31,	**11,620**	**575**	**(22)**	**(80)**	**(1,959)**	**(79)**	**—**	**3,591**	**13,646**	**3,867**	**17,513**
Changes in equity during the period:											
Dividends	—	—	—	—	—	—	—	—	**—**	(110)	**(110)**
Total comprehensive income (loss) for	—	—	1	7	(284)	17	—	(646)	**(905)**	(19)	**(924)**
LTI granting of treasury shares	4	—	—	—	—	—	—	(4)	**—**	—	**—**
Other changes	—	(575)	—	—	—	—	—	576	**1**	6	**7**
Balance at June 30, 2024	**11,624**	**—**	**(21)**	**(73)**	**(2,243)**	**(62)**	**—**	**3,517**	**12,742**	**3,744**	**16,486**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)	notes	1st Half 2024	1st Half 2023
Cash flows from operating activities:			
Profit (loss) from continuing operations		137	(164)
Adjustments for:			
Depreciation and amortization		1,633	1,650
Impairment losses (reversals) on non-current assets including investments		14	(6)
Net change in deferred tax assets and liabilities		11	14
Losses (gains) realized on disposals of non-current assets (including investments)		(3)	2
Share of profit (losses) of associates and joint ventures accounted for using the equity method		13	15
Change in employee benefits		17	225
Change in inventories		(32)	(44)
Change in trade receivables and other net receivables		50	106
Change in trade payables		(462)	(117)
Net change in income tax receivables/payables		22	(36)
Net change in miscellaneous receivables/payables and other		467	(114)
Cash flows from (used in) operating activities	**(a)**	**1,867**	**1,531**
Cash flows from investing activities:			
Purchases of intangible, tangible and right of use assets on a cash basis		(1,177)	(1,214)
Capital grants received		8	—
Acquisition of control of companies or other businesses, net of cash acquired		(2)	(24)
Acquisitions/disposals of other investments		(23)	(35)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(1)	417	(407)
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		—	—
Proceeds from sale/repayments of intangible, tangible and other non-current assets		(23)	6
Cash flows from (used in) investing activities	**(b)**	**(800)**	**(1,674)**
Cash flows from financing activities:			
Change in current financial liabilities and other		(150)	143
Proceeds from non-current financial liabilities (including current		1,870	1,250
Repayments of non-current financial liabilities (including current		(3,777)	(1,833)
Changes in hedging and non-hedging derivatives		(10)	(124)
Share capital proceeds/reimbursements (including subsidiaries)		—	—
Dividends paid(*)		(76)	(86)
Changes in ownership interests in consolidated subsidiaries		(8)	—
Cash flows from (used in) financing activities	**(c)**	**(2,151)**	**(650)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**(1,188)**	**(410)**
Aggregate cash flows	**(e=a+b+c+d)**	**(2,272)**	**(1,203)**
Net cash and cash equivalents at the beginning of the period	**(f)**	**2,912**	**3,555**
Net foreign exchange differences on net cash and cash equivalents	**(g)**	(44)	33
Net cash and cash equivalents at the end of the period	**(h=e+f+g)**	**596**	**2,385**
(*) of which from related parties		—	—

(1) This item includes investments in marketable securities of 1,234 million euros in the first half of 2024 (1,288 million euros in the first half of 2023) and redemptions of marketable securities of 1,598 million euros in the first half of 2024 (1,274 million euros in the first half of 2023), relating to TIM S.A. and Telecom Italia Finance S.A..

Purchases of intangible, tangible and right of use assets

(million euros)	notes	1st Half 2024	1st Half 2023
Purchase of intangible assets	5)	(398)	(412)
Purchase of tangible assets	6)	(565)	(575)
Purchase of right of use assets	7)	(387)	(476)
Total purchase of intangible, tangible and rights of use assets on an accrual basis(*)		(1,350)	(1,463)
Change in payables arising from purchase of intangible, tangible and right of use assets		173	250
Total purchases of intangible, tangible and rights of use assets on a cash basis		(1,177)	(1,214)
(*) of which from related parties		29	13

Additional Cash Flow information

(million euros)	1st Half 2024	1st Half 2023
Income taxes (paid) received	(18)	(51)
Interest expense paid	(1,273)	(1,017)
Interest income received	294	352
Dividends received	1	7

Analysis of Net Cash and Cash Equivalents

(million euros)	1st Half 2024	1st Half 2023
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents	2,773	3,555
Bank overdrafts repayable on demand	(1)	(5)
	2,772	**3,550**
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents	661	2,409
Bank overdrafts repayable on demand	(65)	(24)
	596	**2,385**

The supplementary disclosures required by IAS 7 are provided in Note 15 "Net financial debt".

NOTE 1
FORM, CONTENT AND OTHER GENERAL INFORMATION

Form and content

Telecom Italia S.p.A. (the "**Parent Company**"), also known in short as "TIM S.p.A.", and its subsidiaries form the "**TIM Group**" (the "**Group**").

TIM is a joint-stock company (S.p.A.) organized under the laws of the Republic of Italy.

The registered offices of the Parent, TIM, are located in Milan, Italy at Via Gaetano Negri 1.

The duration of TIM S.p.A., as stated in the company's bylaws, extends until December 31, 2100.

The TIM Group operates mainly in Europe, the Mediterranean Basin and South America.

The Group is engaged principally in the communications sector and, particularly, the fixed and mobile national and international telecommunications sector.

The TIM Group's Half-Year Condensed Consolidated Financial Statements at June 30, 2024, have been prepared on a going concern basis (further details are provided in Note 2 - "Accounting Policies") and in accordance with the recognition and measurement criteria of the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "**IFRS**"), as well as laws and regulations in force in Italy.

In addition, the TIM Group's Half-Year Condensed Consolidated Financial Statements at June 30, 2024 have been prepared in accordance with IAS 34 (Interim Financial Statements) and, as permitted by this standard, they do not include all information required by annual consolidated financial statements; therefore, they should be read together with the TIM Group's consolidated financial statements prepared for the year 2023.

In the first six months of 2024, the Group adopted accounting policies consistent with those of the previous year, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2024. See Note 2 - "Accounting Policies" for more details.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss, and derivative financial instruments, which have been measured at fair value. The carrying amounts of hedged assets and liabilities have been adjusted to reflect the changes in fair value of the hedged risks (fair value hedge).

For comparison purposes, the information contained in the Consolidated Statements of Financial Position at December 31, 2023, the Separate Consolidated Income Statements, the Consolidated Statements of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statements of Changes in Equity for the first half of 2023 are shown.

In addition, as a result of NetCo's classification as an Available-for-Sale Asset, the figures in the separate consolidated income statement and consolidated cash flow statement for the first half of 2023 have been consistently restated, as required by IFRS 5. In addition, as allowed by IFRS 5, the income statement/balance sheet for continuing operations also include the values of Assets held for sale, if any (FiberCop and Telenergia).

The TIM Group's Half-Year Condensed Consolidated Financial Statements at June 30, 2024 are expressed in euro (rounded to the nearest million unless otherwise indicated).

The publication of the TIM Group's Half-Year Condensed Consolidated Financial Statements at June 30, 2024 was approved by resolution of the Board of Directors on September 26, 2024.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2024 have undergone a limited scope audit.

Financial statement formats

The financial statement formats adopted are consistent with those indicated in IAS 1. More specifically:

- the **Consolidated Statements of Financial Position** has been prepared by classifying assets and liabilities according to the "current and non-current" criterion;
- the **Separate Consolidated Income Statements** have been prepared by classifying operating costs by nature of expense as this form of presentation is considered more appropriate and representative of the specific business of the Group, conforms to internal reporting, and is in line with the TIM Group's industrial sector.

In addition to EBIT or Operating profit (loss), the Separate Consolidated Income Statements include the alternative performance measure of EBITDA or Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets.

In particular, besides EBIT, EBITDA is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). This indicator represents a useful unit of measurement for assessing the operating performance of the Group (as a whole and at Business Unit level).

EBIT and EBITDA are calculated as follows:

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

- the **Condensed Consolidated Statements of Comprehensive Income** includes the profit or loss for the year as shown in the Separate Consolidated Income Statements and all other non-owner changes in equity;
- the **Consolidated Statement of Cash Flows** have been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

Furthermore, as required by Consob Resolution 15519 of July 27, 2006, in the separate consolidated income statement, income and expenses relating to transactions which by nature do not occur during normal operation (non-recurring transactions) have been specifically identified and their impacts on the main intermediate levels have been shown separately, when they are significant. Specifically, non-recurring income/(expenses) include, for instance: income/expenses arising from the sale of property, plant and equipment, business segments and investments; expenses stemming from company reorganization and streamlining processes and projects, also in connection with corporate transactions (mergers, spin-offs, etc.); expenses resulting from litigation and regulatory sanctions and related liabilities; other provisions and related reversals; costs for the settlement of disputes other than regulatory disputes; adjustments, realignments and other non-recurring items, also relating to previous years; impairment losses on goodwill and/or other intangible and tangible assets.

Also in reference to the above Consob Resolution, the amounts relating to balances or transactions with related parties have been shown separately in the consolidated financial statements.

Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources (for the TIM Group, the Board of Directors of the Parent) to be allocated to the segment and assess its performance; and
- for which separate financial information is available.

The TIM Group operating segments are in line with and continuing on from the information given in the Consolidated Annual Financial Report at December 31, 2023, are represented for the part relating to the telecommunications business, on the basis of the related geographic location (Domestic and Brazil). It should also be reminded that the assets relating to TIM's fixed-line network (primary and wholesale), FiberCop S.p.A. and Telenergia S.r.l. ("**NetCo**"), are classified under IFRS 5 as Available-for-Sale Assets, since all conditions necessary for the completion of the sale have been met (including having obtained the necessary authorizations).

The term "operating segment" is considered synonymous with "Business Unit".

The operating segments of the TIM Group are as follows:

- **Domestic**: includes the activities in Italy relating to voice and data services on fixed and mobile networks for end users (retail) and other operators (MVNOs)), the activities of the Telecom Italia Sparkle Group which, at international level (in Europe, the Mediterranean and South America), develops fiber optic networks for wholesale customers, the operations of Noovle S.p.A. (Cloud and Edge Computing solutions), the activities of Olivetti (products and services for Information Technology), and, Domestic sector support structures.
- **Brazil**: includes mobile and fixed telecommunications operations in Brazil (TIM S.A.);
- **Other operations**: include the financial companies (Telecom Italia Capital S.A. and Telecom Italia Finance S.A.) and other minor companies not strictly related to the TIM Group's core business.

The TIM Group has embarked on a transformation process which aims to overcome the Group's vertically integrated model by forming separate entities with different industrial and economic focuses. To date, these entities cannot be considered an "operating segment" within the meaning of IFRS 8 – Operating Segments, since these are still in an analytical design and subsequent implementation phase and, therefore, do not have a detailed set of economic and financial information.

In the course of 2024, once this process has been completed (and in view of the sale of NetCo on July 1, 2024), an assessment will be carried out to identify the operating segments in accordance with IFRS 8, with reference to the specific indications provided for by the standard itself (autonomy of operating flows, methods of allocating financial resources, management reporting, etc.).

NOTE 2
ACCOUNTING POLICIES

Going concern

The Half-Year Consolidated Financial Statements at June 30, 2024 have been prepared on a going concern basis, as there is the reasonable expectation that TIM will continue conducting its business in the foreseeable future (and, in any event, over a period of at least twelve months).

In particular, the following factors have been taken into consideration:

- the main risks and uncertainties (that are for the most part of an external nature) to which the Group and the various activities of the TIM Group are exposed:
  - variations in business conditions, also related to competition;
  - financial risks (interest rate and/or exchange rate trends, changes in the Group's credit rating by rating agencies);
  - macroeconomic changes in the Italian, European and Brazilian markets and financial market volatility due to recessionary and inflationary risks. In particular, these risks relate to the increasing costs of raw materials and energy, including as a result of the Russian-Ukrainian conflict and the tensions in the Middle East as a result of the Israel-Palestine conflict;
  - changes in the legislative and regulatory context (changes in prices and tariffs or decisions that may influence technological choices); and
  - the outcome of the legal and regulatory authority proceedings;
- the optimal mix between risk capital and debt capital, as well as the policy for the remuneration of risk capital, as described in the section "Share capital information" under the Note "Equity" in the Consolidated Financial Statements for the year ended December 31, 2023;
- the policy for financial risk management (market risk, credit risk and liquidity risk), as described in the Note "Financial risk management" in the Consolidated Financial Statements for the year ended December 31, 2023.

Based on these factors, the Management believes that, at the present time, there are no elements of uncertainty regarding the Group's ability to continue as a going concern.

Accounting policies and Principles of consolidation

The accounting policies and consolidation principles adopted for the preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 are consistent with those applied for Consolidated Financial Statements for the year ended December 31, 2023, to which reference should be made, except for:

- the amendments to the standards issued by the IASB and adopted starting from January 1, 2024, as described below;
- the adaptations required by the nature of figures.

Moreover, in the Half-Year Condensed Consolidated Financial Statements at June 30, 2024, income taxes for the period of individual consolidated companies were determined based on the best possible estimate in relation to available information and the reasonable forecast of operating performance at the end of the tax period. As is conventional, the tax liabilities (current and deferred) on income of each consolidated company for the interim period are posted in "Deferred tax liabilities" net of advances and tax credits (only those for which no reimbursement has been requested) and net of deferred tax assets; if this balance is positive, it is posted in "Deferred tax assets", as is conventional.

Use of accounting estimates

By adopting IFRS standards in its preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 and the notes to those financial statements, the Management is required to make some estimates and assumptions on its subjective judgments, past experience and assumptions considered reasonable and realistic in relation to the information known at the time of the estimate. These estimates have an effect on the values of balance sheet assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date, as well as the revenues and expenses posted in the reporting period. Actual results may differ, sometimes even significantly, from these estimates as a result of possible changes in the factors considered when determining these estimates. Estimates are reviewed periodically.

With regard to the most significant accounting estimates, reference should be made to those illustrated in the annual consolidated financial statements for the year ended December 31, 2023.

New standards and interpretations endorsed by the EU and in force from January 1, 2024

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the following is a brief description of the IFRS in force commencing as of January 1, 2024.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

On November 20, 2023, Regulation (EU) No. 2023/2579 was issued, implementing limited amendments to IFRS 16 to clarify that, in a sale and leaseback translation, the seller/lessee must measure only the amount in profit or loss resulting from the rights transferred to the purchase/lessor. The initial measurement of the lease liabilities arising from a sale and leaseback transaction depends on how the seller-lessee measures the right-of-use asset and the gain or loss recognized at the transaction date.

Prior to these amendments, IFRS 16 did not contain specific measurements/requirements in relation to lease liabilities that may contain variable payments arising from a sale and leaseback transaction. The amendments require that, when subsequently measuring lease liabilities in a sale and leaseback transaction, the lessee-seller should determine "lease payments" or "modified lease payments" so as not to recognize any gain or loss that relates to the right-of-use retained by the seller-lessee.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

On December 19, 2023, Regulation (EU) No. 2023/2822 was issued, implementing certain limited amendments to IAS 1 clarifying that liabilities are classified as current or non-current depending on the rights existing at the end of the year. The amendment clarifies that:

- the classification of liabilities as current or non-current must be based on rights existing at the end of the year. In all relevant paragraphs, the wording is aligned to refer to the "right" to defer payment for at least 12 months, with it made explicit that only rights that are in existence "at the end of the reporting period" should affect the classification of a liability. In other words, liabilities are classified as non-current if the entity has a substantial right to defer payment for at least 12 months at the end of the year;
- the classification is unaffected by expectations as to whether or not an entity will exercise its right to defer payment of a liability; in other words, management's expectations do not affect the classification; and
- settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants

The same Regulation (EU) 2023/2822, issued on December 19, 2023, implemented other limited amendments to IAS 1, clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

In other words, these amendments provided that, at the reporting date, entities must not consider covenants that are to be complied with in future for the purposes of classifying debt as current or non-current. Instead, the entity must disclose these covenants in the notes to the financial statements.

With these changes, the IASB aims to help investors understand the risk of liabilities being repaid early. As such, it has improved disclosures on long-term liabilities.

Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

On May 15, 2024, Regulation (EU) No. 2022/1317 was issued, incorporating certain amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures. The amendments aim to help users of financial statements determine the effects of supplier finance arrangements on an entity's liabilities, cash flows and liquidity risk exposure.

The amendments require entities to disclose information on the impact of supplier finance arrangements on liabilities and cash flows, including:

- the terms and conditions;
- at the start and end of the reporting period:
  - the carrying amounts of the financial liabilities that are part of the supplier financing agreement and the items in which these liabilities are presented;
  - the carrying amounts of the financial liabilities and the items for which payment has already been settled by the finance provider;
  - the range of payment terms, expressed in time, of payables due to lenders and of trade payables that do not form part of the arrangement;
- the type and effect of non-monetary changes in the carrying amounts of the financial liabilities that are part of the supplier finance arrangement, which prevent the carrying amounts of financial liabilities from being comparable.

The amendments require entities to aggregate information related to supplier finance agreements. However, entities must disaggregate information on any unusual or unique terms and conditions of individual arrangements when these are dissimilar.

Explanatory information on payment due dates must also be disaggregated when there is a wide range of payment due dates.

Supplier finance arrangements are included among the quantitative liquidity risk disclosures in IFRS 7 as an example of other potentially material factors.

The amendments contain measures to facilitate the transition. For example, entities are not required to disclose comparative information for preceding periods in the annual reporting period it first applies the amendments. In addition, the amendments clarify that entities are not required to provide the disclosures required by the amendments for any interim financial reports within the annual period in which an entity first applies the amendments.

New Standards and Interpretations issued by IASB but not yet endorsed by the EU

There are no new Standards and Interpretations issued by IASB but not yet endorsed by the EU

New Standards and Interpretations issued by the IASB but not yet applicable

At the date of preparation of these condensed consolidated financial statements, the IASB had issued the following new Standards and Interpretations which have not been endorsed by the EU or have not yet come into force:

New Standards and Interpretations not yet endorsed by the EU	
Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates	1/1/2025
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments.	1/1/2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1/1/2027
IFRS 19 - Reduced Disclosure for Subsidiaries.	1/1/2027

Any impact on the Group's consolidated financial statements deriving from the new Standards/Interpretations is still being assessed.

NOTE 3
SCOPE OF CONSOLIDATION

The changes in the scope of consolidation at June 30, 2024 compared to December 31, 2023 are listed below.

Entry/exit/merger of subsidiaries into/out of the scope of consolidation:

Company		**Business Unit**	**Month**
Entry:			
TI SPARKLE MEXICANA S.A. de C.V.	Newly incorporated	Domestic	January 2024
QTI S.r.l.	Increase in share held	Domestic	June 2024
Exit:			
NOOVLE AI S.r.l.	Liquidated	Domestic	February 2024
GLOBAL SPACE 3 S.r.l.	Liquidated	Domestic	February 2024
STAER SISTEMI S.r.l.	Merged into OLIVETTI S.p.A.	Domestic	April 2024
TI SPARKLE CZECH S.R.O.	Liquidated	Domestic	June 2024

In addition to the above, changes in the scope of consolidation at June 30, 2024 compared to June 30, 2023 are listed below.

Entry/exit/merger of subsidiaries into/out of the scope of consolidation:

Company		**Business Unit**	**Month**
Exit:			
TIM SERVIZI DIGITALI S.p.A.	Sold	Domestic	August 2023
TIESSE S.c.p.A.	Liquidated	Domestic	October 2023
TIAUDIT COMPLIANCE LATAM S.A.	Liquidated	Other	October 2023

The breakdown by number of subsidiaries, joint ventures and associates of the TIM Group is as follows:

Companies:	30.6.2024 Italy	Outside Italy	Total
subsidiaries consolidated line-by-line	17	43	60
joint ventures accounted for using the equity method	2	—	2
associates accounted for using the equity method	10	1	11
Total companies	**29**	**44**	**73**

Companies:	12/31/2023 Italy	Outside Italy	Total
subsidiaries consolidated line-by-line	19	43	62
joint ventures accounted for using the equity method	2	—	2
associates accounted for using the equity method	11	1	12
Total companies	**32**	**44**	**76**

Companies:	30.6.2023 Italy	Outside Italy	Total
subsidiaries consolidated line-by-line	21	44	65
joint ventures accounted for using the equity method	2	—	2
associates accounted for using the equity method	12	1	13
Total companies	**35**	**45**	**80**

Further details are provided in the Note 34 "List of companies of the TIM Group".

NOTE 4
GOODWILL

In the first half of 2024, goodwill was broken down as follows:

(million euros)	12/31/2023	Discontinued Operations	Increase	Decrease	Impairments	Exchange differences	30.6.2024
Domestic	**18,153**	(7,920)					**10,233**
Brazil	**1,017**					(103)	**914**
Other	—						—
Total	**19,170**	**(7,920)**	**—**	**—**	**—**	**(103)**	**11,147**

During the first half of 2024, Goodwill decreased by 8,023 million euros from 19,170 million euros at the end of 2023 to 11,147 million euros at June 30, 2024 following the 7,920 million euro reclassification of goodwill attributed to Assets held for sale (NetCo) and due to the 103 million euro negative exchange differences relating to the goodwill attributed to the Brazil Cash Generating Unit (the spot exchange rate used to convert the Brazilian real into euros increased from 5.34964 per 1 euro at December 31, 2023 to 5.95080 per 1 euro at June 30, 2024).

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment at least on an annual basis, when preparing the company's consolidated financial statements. Moreover, if specific trigger events occur that could lead to a presumption that Goodwill has suffered impairment, impairment testing is also carried out during the preparation of the interim financial statements.

In accordance with the corporate procedures, in preparation of the half-year report at June 30, 2024, the company carried out an impairment test on goodwill.

The cash generating units (or groups of units) to which goodwill is allocated are as follows:

Segment	Cash-Generating Units (or groups of units)
Domestic	Domestic
Brazil	Brazil

According to the applicable accounting rules, the "recoverable value" of the CGUs was equal to the higher of "fair value net of disposal costs" and "value in use".

The scope of the Domestic CGU at the end of 2023 included NetCo and ServCo (the latter including Telecom Italia Sparkle). Following the reclassification of NetCo under "Discontinued Operations/Non-current Assets Held for Sale," the Domestic perimeter at the end of June 2024 includes only Domestic ServCo. Therefore, part of the total goodwill, held by the Domestic CGU as of December 31, 2023 (18,153 million euros), was allocated to NetCo. The allocation was based on the "relative goodwill" criterion. The allocation process resulted in goodwill of 7,920 million euros being allocated to NetCo; the remaining goodwill under the Domestic ServCo CGU is 10,233 million euros.

The value configuration used to estimate the recoverable value of the Domestic ServCo CGU as of June 30, 2024 (the perimeter excluded NetCo, which is classified as discontinued operations) is the Fair Value calculated based on the income approach, in continuity with the estimate made for the purposes of the Financial Statements as of December 31, 2023. Fair Value (income approach) expresses the recoverable value of the Domestic ServCo perimeter assets better than value in use because it incorporates the benefits of the efficiencies underlying the business plan.

For the Brazil CGU, the value configuration used is the fair value on the basis of market capitalization at the end of the period.

The values are expressed in local currency, and hence in euros for the Domestic ServCo CGUs and in Reais for the Brazil CGU. For the latter CGU, the recoverable amount is determined based on the price (and consequent market capitalization) on that date, stated in functional currency and subsequently converted at the spot exchange rate as of the balance sheet date.

For the Domestic ServiceCo CGU, the estimate of fair value based on the income approach was made in compliance with IAS 36, with valuation principles and best practices, with reference to the flows of the 2024-2026 Industrial Plan, which is based on the final results of 2023, and: (i) it reflects realistic expectations regarding future evolutions; (ii) it identifies specific cost cutting actions in preparation for the future business set-up; (iii) it maintains the perspective of use of assets of the domestic market continuing on with the same conditions as at December 31, 2023. The expected cash flows reported in the 2024-2026 Industrial Plan approved by the Board of Directors have been critically analysed and, with the support of experts, the average representativeness has been assessed. Expected average cash flows for the 2024-2026 Industrial Plan were then extrapolated for an additional two years (2027-2028), thus bringing the explicit forecast period for future cash flows to a total of five years (2024-2028). The extrapolation of data for 2027-2028 was necessary, in line with that carried out by the main European incumbents, in order to represent market, competition and industrial trends that will become manifest beyond the three-year term (of the Industrial Plan). The Fair Value thus determined is level 3 in the fair value hierarchy, as required by IFRS 13 - Fair Value Measurement.

The use of future cash flows took into account the absence of negative variances between budget and actual as of June 30, 2024.

The estimation of the fair value according to the income approach requires the determination of the current value of income beyond the explicit forecast period ("terminal value"). For this purpose, the cash flow of the last explicit forecast year was normalized as appropriate to reflect the level of long-term investment. In addition, specifically in reference to the use of the 5G license, account was taken of the expected incremental net flows over the full license term beyond the plan's five-year term. This approach is consistent with the need to compare, on the one hand, the cost of the license included in the carrying amount and, on the other hand, the investments to support the exploitation of the 5G license (included in the Business Plan) and the positive cash flows from the incremental business component that the license will allow to develop over a longer time frame than the five years of explicit forecast.

The cost of capital used to discount the future cash flows in the estimates of fair value for the Domestic ServCo CGU:

- was estimated using the Capital Asset Pricing Model (CAPM), which is one of the generally accepted application criteria referred to in IAS 36;
- reflects current market estimates of the time value of money and the specific risks associated with the asset groups; includes appropriate yield premiums for country risk;
- was calculated using comparative market parameters to estimate the "Beta coefficient" and the weighting coefficient of the equity and debt capital components.

For the Domestic ServCo CGU, it was as follows:

- the weighted average cost of capital (WACC rate, post-tax) used to discount the future cash flows and the equivalent rate (before tax);
- details are also provided of the growth rate used to estimate the end value (the G-Rate), expressed in nominal terms and related to the cash flows in their functional currency;
- details are provided of the implicit capitalization rates resulting from the difference between the cost of capital, after tax, and the G-Rate.

Principal parameters for the estimates of fair value

	Domestic (ServCo)
WACC	6.46 %
WACC before tax	8.47 %
Growth rate beyond the explicit period (g)	0.84 %
Capitalization rate after tax (WACC-g)	5.62 %
Capitalization rate before tax (WACC-g)	7.63 %
Capex/Revenues, perpetual	11.90 %

The growth rate in the terminal value "g" of the Domestic ServCo CGU was estimated by taking into account the expected demand trends of the different business areas.

The phase of capital expenditure, competitive positioning and the technological infrastructure operated was taken into account in estimating the level of investment needed to sustain the perpetual development of cash flows after the explicit forecast period.

The recoverable value of the Domestic ServCo CGU, determined on the basis of estimated fair value showed a higher fair value than the carrying amount (headroom) by 1,661 million euros.

Therefore, in light of all the foregoing, the Goodwill values recognized in the financial statements relating to the Domestic CGU (positive difference of +1,661 million euros) and the Brazil CGU (positive difference of +2,305 million euros) are confirmed.

In detail, in accordance with IAS 36, the sensitivity analysis has been performed aiming to identify the change in key variables (WACC, margins as seen by the ratio of EBITDA and Revenues, growth rate of income in terminal value), which makes the recoverable amount of the Domestic CGU equal to the carrying amount.

The analysis shows that:

- an increase in costs such as to lower the margins of Domestic ServCo (=EBITDA/Revenues) by 1.17%;
- or a 0.48% rise in the WACC (at the value of 6.94%); or
- a growth rate of income in terminal value of 0.22%;

would align the recoverable amount with the carrying amount.

With regard to the Brazilian CGU, the change in the price per share, compared to the reference quotation considered for the purposes of the financial statements, which would make the recoverable value equal to the carrying amount is equal to -35.3%.

NOTE 5
INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

The breakdown and movements are as follows:

(million euros)	12/31/2023	Discontinued Operations	Investments	Depreciation and amortization	Impairment (losses) / reversals	Disposals	Exchange differences	Other changes	30.6.2024
Industrial patents and intellectual property rights	**1,910**	(161)	241	(488)			(44)	250	**1,708**
Concessions, licenses,	**4,762**	(8)	14	(244)			(172)		**4,352**
Other intangible assets with a finite	**51**		1	(4)			(4)		**44**
Work in progress and advance	**399**	(70)	142				(4)	(180)	**287**
Total	**7,122**	**(239)**	**398**	**(736)**	**—**	**—**	**(224)**	**70**	**6,391**

Investments for the first half of 2024 include 101 million euros of internally generated assets (101 million euros in the first half of 2023).

Industrial patents and intellectual property rights essentially consist of the plant operation and application software purchased outright and user license, amortized over a period between 2 and 6 years and relating mainly to the continuing operations of TIM S.p.A. (1,140 million euros), the Brazil Business Unit (389 million euros) and Noovle S.p.A. (108 million euros).

Concessions, licenses, trademarks and similar rights mainly refer to the residual cost of telephone licenses and similar rights (2,836 million euros for the continuing operations of TIM S.p.A. and 1,513 million euros for the Brazil Business Unit).

Work in progress and advance payments mainly relate to the continuing operations of TIM S.p.A. (189 million euros) and the Brazil Business Unit (41 million euros) and refer mainly to software developments.

NOTE 6
TANGIBLE ASSETS

Property, plant and equipment owned

The breakdown and movements are as follows:

(million euros)	12/31/2023	Discontinued Operations	Investments	Depreciation and amortization	Impairment (losses) / reversals	Disposals	Exchange differences	Other changes	30.6.2024
Land	**229**	(181)					(1)		**47**
Buildings (civil and industrial)	**653**	(406)	2	(6)		(1)		4	**246**
Plant and equipment	**12,410**	(8,442)	378	(538)		(5)	(216)	219	**3,806**
Manufacturing and distribution equipment	**20**	(17)		(1)					**2**
Other	**329**	(21)	39	(73)			(12)	4	**266**
Construction in progress and	**1,051**	(630)	146		(14)	(1)	(6)	(239)	**307**
Total	**14,692**	**(9,697)**	**565**	**(618)**	**(14)**	**(7)**	**(235)**	**(12)**	**4,674**

Investments for the first half of 2024 include 72 million euros of internally generated assets (66 million euros in the first half of 2023).

Land comprises both built-up land and available land and is not subject to depreciation. The balance as of June 30, 2024 refers mainly to the Domestic Business Unit (25 million euros).

Buildings (civil and industrial) mainly includes buildings for industrial use hosting data centers. Specifically, the balance as of June 30, 2024 refers mainly to Noovle S.p.A. (217 million euros).

Plant and equipment consists mainly of transmission and power systems and equipment, data network and switching, SRB infrastructure, and commercial products. The amount at June 30, 2024 was mainly attributable to the Brazil Business Unit for 1,955 million and the Domestic Business Unit for 1,851 million euros.

Manufacturing and distribution equipment mainly included the equipment needed for the infrastructural completion of Telsy S.p.A. laboratories.

Other mainly consists of hardware for the functioning of the network and for work stations, furniture and fixtures and, to a minimal extent, transport vehicles and office machines.

Construction in progress and advance payments refer to the internal and external costs incurred for the acquisition and internal production of tangible assets, which are not yet in use.

NOTE 7
RIGHTS OF USE ASSETS

The breakdown and movements are as follows:

(million euros)	12/31/2023	Discontinued Operations	Investments	Increases in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other changes	30.6.2024
Property	3,167	(2,243)	3	104	(76)	(32)	(59)	21	**885**
Plant and equipment	2,216	(239)		236	(201)	(28)	(133)	(35)	**1,816**
Other tangible	73	(34)		9		(1)		(6)	**41**
Construction in progress and	29	(21)	35					(9)	**34**
Intangible assets	30				(2)				**28**
Total	**5,515**	**(2,537)**	**38**	**349**	**(279)**	**(61)**	**(192)**	**(29)**	**2,804**

Capital expenditures in the first half of 2024 refer to the Domestic Business Unit and are mainly related to the IRU acquisition of transmission capacity as well as improvements and incremental expenses incurred on leased property and non-property assets.

The increases in leases, equal to 349 million euros, refer to the Brazil Business Unit (266 million euros) and the Domestic Business Unit (83 million euros)..

These increases include the higher value of user rights entered following new lease contracts payables, increase of lease payments and renegotiations of existing contracts.

The disposals are representative of the carrying amount of the assets from lease agreements that terminated early.

Other changes refer mainly to changes related to the lower value of rights of use recorded as a result of contractual changes during the period and also include transfers in operation.

Property includes buildings and land under finance leases and the related building adaptations, attributable to the Brazil Business Unit (528 million euros) and the Domestic Business Unit (357 million euros).

Plant and equipment mainly includes rights of use on infrastructures for telecommunications services. It referred to the Brazil Business Unit for 1,190 million euros and the Domestic Business Unit for 626 million euros. This includes, inter alia, the recognition of the value of the telecommunications towers sold by the TIM Brasil group to American Tower do Brasil and subsequently repurchased in the form of a finance lease.

Other tangible assets mainly comprises the leases on motor vehicles.

The item **Intangible assets** mainly includes Telecom Italia Sparkle's rights of use on the transmission frequency spectrum on non-illuminated fiber optic carriers of a submarine cables, as well as the right of use of the subsidiary Telsy for the use of a cloud computing platform created for the exclusive benefit of the company for the exercise of security services.

NOTE 8
INVESTMENTS

Investments in associates and joint ventures accounted for using the equity method are reported below in detail:

(million euros)		30.6.2024	12/31/2023
I-Systems S.A.		236	271
Daphne 3 S.p.A.		189	200
NordCom S.p.A.		7	7
Italtel S.p.A.		5	7
W.A.Y. S.r.l.		3	4
QTI S.r.l		—	2
Other		1	2
Total Associates	**(a)**	**441**	**493**
TIMFin S.p.A.		30	30
Polo Strategico Nazionale S.p.A.		19	14
Total Joint Ventures	**(b)**	**49**	**44**
Total investments accounted for using the equity method	**(a+b)**	**490**	**537**

The changes to the item **Investments in associates and joint ventures accounted for using the equity method** during the first half of 2024, are as follows:

(million euros)	12/31/2023	Investments	Disposals and reimburse ments of	Valuation using equity method	Other changes	30.6.2024
I-Systems S.A.	271			(8)	(27)	**236**
Daphne 3 S.p.A.	200				(11)	**189**
NordCom S.p.A.	7					**7**
Italtel S.p.A.	7			(2)		**5**
W.A.Y. S.r.l.	4			(1)		**3**
QTI S.r.l	2				(2)	**—**
Other	2				(1)	**1**
Total Associates	**493**	**—**	**—**	**(11)**	**(41)**	**441**
TIMFin S.p.A.	30					**30**
Polo Strategico Nazionale S.p.A.	14	7		(2)		**19**
Total Joint Ventures	**44**	**7**	**—**	**(2)**	**—**	**49**
Total investments accounted for using the equity method	**537**	**7**	**—**	**(13)**	**(41)**	**490**

The investments of the first half of 2024 mainly include the recapitalization of Polo Strategico Nazionale S.p.A. (7 million euros):

"Other changes" include the exchange differences connected with the investment in the related Brazilian company I-Systems S.A and the effect of the line-by-line consolidation of QTI S.r.l.

The list of investments accounted for using the equity method is presented in the Note 34 "List of companies of the TIM Group".

Other holdings are detailed as follows:

(million euros)	30.6.2024	12/31/2023
SECO S.p.A.	31	36
Fin.Priv. S.r.l.	31	23
Banco C6 S.A.	27	30
Upload Ventures Growth LP	24	10
UV T-Growth	17	15
Northgate Telecom Innovations Partners L.P.	13	13
Other	12	13
Total	**155**	**140**

At June 30, 2024, the TIM Group had a subscription commitment for units:

- in the Northgate CommsTech Innovations Partners L.P. fund for USD 3.2 million, equal to approximately 3 million euros at the exchange rate as at June 30, 2024;
- of the UV T-Growth fund in the amount of 37 million euros.

As permitted by IFRS 9, TIM now measures "Other Investments" mainly at "fair value through other comprehensive income (FVTOCI)".

NOTE 9

NON-CURRENT AND CURRENT FINANCIAL ASSETS

Non-current and current financial assets were broken down as follows:

(million euros)		30.6.2024	12/31/2023
Other non-current financial assets			
Securities other than investments		—	—
Receivables from employees		13	31
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		517	968
Non-hedging derivatives		89	95
Other financial receivables		2,290	9
		2,909	**1,103**
Financial receivables for lease contracts		**45**	**112**
Total non-current financial assets	(a)	**2,954**	**1,215**
Securities other than investments, other financial receivables and other current financial assets			
Securities other than investments			
Measured at amortized cost (AC)		—	—
Measured at Fair Value Through Comprehensive Income (FVTOCI)		1,297	1,516
Measured at Fair Value Through Profit or Loss (FVTPL)		250	366
		1,547	**1,882**
Financial receivables and other current financial assets			
Receivables from employees		4	24
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		465	117
Non-hedging derivatives		76	57
Other short-term financial receivables		5	491
		550	**689**
	(b)	**2,097**	**2,571**
Financial receivables for lease contracts	(c)	**54**	**162**
Cash and cash equivalents	(d)	**556**	**2,912**
Total current financial assets	e=(b+c+d)	**2,707**	**5,645**
Financial assets relating to Discontinued operations/Non-current assets held for sale	(f)	**304**	**—**
Total non-current and current financial assets	g=(a+e+f)	**5,965**	**6,860**

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosures on financial instruments".

Financial receivables for lease contracts refer to:

- finance leases on user rights and equipment;
- agreements for the sale of network infrastructure in IRU with deferred collection over time recognized using the financial method envisaged by IFRS 16 given the contractual term substantially close to the economic life of the asset;
- lease contracts for commercial products with customers. For the financial receivables for lease assets are offset by the financial debt for the corresponding leases payable.

Hedging derivatives relating to hedged items classified under non-current and current financial assets/liabilities include the spot mark-to-market components of hedging derivatives and accrued income on those contracts.

Non-hedging derivatives consist mainly of the mark-to-market component of the non-hedging derivatives of the Brazil Business Unit. More specifically, they include 88 million euros in relation to the option to subscribe shares of C6 Bank with which TIM S.A. entertains commercial relations.

Further details are provided in Note 19 "Derivatives".

Securities other than investments included in current financial assets relate to:

- 1,297 million euros of listed securities, of which 773 million euros of treasury bonds purchased by Telecom Italia Finance S.A. as well as 524 million euros of bonds purchased by Telecom Italia Finance S.A. with different maturities, all with an active market and consequently readily convertible into cash. Under IFRS 9 and consistently with the Business model, such securities are classified as financial assets measured at fair value through other comprehensive income (FVTOCI). The purchases of the above government bonds, which, pursuant to Consob Communication no. DEM/11070007 of August 5, 2011, represent investments in "Sovereign debt securities", have been made in accordance with the Guidelines for the "Management and control of financial risk" adopted by the TIM Group;
- 250 million euros of investments in monetary funds by the Brazil Business Unit, which, under IFRS 9, are classified as financial assets measured at fair value through profit or loss (FVTPL).

On May 8, 2023, the securities lending arrangement with Telecom Italia Finance S.A. was terminated early and replaced by a new loan valid until October 1, 2026 for 40 million euros in BTP 12/1/2026; on May 9, 2023, TIM S.p.A. effected the early termination of its loan with NatWest and issued the above mentioned security to the same bank until October 2026.

The securities lending contracts between TIM S.p.A. and NatWest and between Telecom Italia Finance S.A. and TIM S.p.A were terminated early on July 3 and July 10, 2024, respectively.

In addition, under a securities lending agreement signed with Telecom Italia Finance S.A. on October 18, 2023, TIM S.p.A. borrowed 131 million euros nominal in BTP 7/15/2028 until October 19, 2026; On October 25, 2023, TIM S.p.A. pledged a portion of the securities with a market value (from time to time) of 99 million euros in favour of counterparty MPS after the latter issued a bank guarantee in favour of INPS in support of the application of Art. 4 of Law 92 of June 28, 2012.

From an accounting standpoint, in compliance with IAS/IFRS, the assets are shown exclusively in the financial statements of Telecom Italia Finance S.A., which retains the risks and benefits associated with the position.

Further details are provided in Note 2 "Accounting policies".

Cash and cash equivalents amounted to 556 million euros, a decrease of 2,356 million euros compared to December 31, 2023 and were broken down as follows:

(million euros)	30.6.2024	12/31/2023
Liquid assets with banks, financial institutions and post offices	204	2,294
Securities other than investments (due within 3 months)	352	618
Total	**556**	**2,912**

The different technical forms of use of available cash at June 30, 2024 had the following characteristics:

- maturities: investments have a maximum maturity of three months;
- counterparty risk: deposits are made with leading high-credit-quality banks and financial institutions with a rating of at least BBB and a non-negative outlook regard to Europe, and with leading local counterparts with regard to investments in South America;
- Country risk: deposits are made mainly in major European financial markets.

Securities other than investments (due within 3 months) included 352 million euros (618 million euros at December 31, 2023) of Brazilian bank certificates of deposit (Certificado de Depósito Bancário) held by the Brazil Business Unit with premier local banking and financial institutions.

NOTE 10

MISCELLANEOUS RECEIVABLES AND OTHER NON-CURRENT ASSETS

This item consisted of:

(million euros)		30.6.2024	12/31/2023
Miscellaneous receivables (non-current)	(a)	359	**390**
Other non-current assets			
Deferred contract costs		1,077	1,650
Other deferred costs		162	147
	(b)	**1,239**	**1,797**
Total	(a+b)	**1,598**	**2,187**

Miscellaneous receivables (non-current) totaled 359 million euros (390 million euros at December 31, 2023) and included Non-current income tax receivables of 67 million euros (72 million euros at December 31, 2023).

This item was mainly due to the Brazil Business Unit (315 million euros; (345 million euros at December 31, 2023);

More specifically, at June 30, 2024, the Brazil Business Unit had non-current receivables relating to:

- indirect taxes of 149 million euros (147 million euros at December 31, 2023);
- judicial deposits of 114 million euros (129 million euros at December 31, 2023).
- direct taxes of 35 million euros (41 million euros at December 31, 2023).

Other non-current assets amounted to 1,239 million euros (1,797 million euros at December 31, 2023). They mainly break down as follows:

- **Deferred contract costs** of 1,077 million euros (1,650 million euros at December 31, 2023), mainly related to the deferral of costs related to the activation and acquisitions of new contracts with customers. Contractual costs (mainly technical activation costs and commissions for the sales network) were deferred and charged to the separate income statements according to the expected duration of the contractual relationship with customers (on average around 4 years for the mobile business and around 8 years for the fixed-line business).

  Total (non-current and current) deferred contract costs amounted to 1,539 million euros (2,186 million euros at December 31, 2023) and break down as follows:

(million euros)	30.6.2024	12/31/2023
Deferred contract costs		
Non-current deferred contract costs	1,077	1,650
Current deferred contract costs	462	536
Total	**1,539**	**2,186**

(million euros)	30.6.2024	12/31/2023
Deferred contract costs		
Contract acquisition costs	1,211	1,255
Contract execution costs	328	931
Total	**1,539**	**2,186**

Deferred contract costs will be recognized in the income statements for future years and, in particular, for approximately 246 million euros in the second half of 2024 and for approximately 405 million euros in 2025, based on the amount at June 30, 2024 and without taking into account the new deferred portions.

(million euros)	30.6.2024	Period of recognition in the income statement					
		2nd Half 2024	Year 2025	Year 2026	Year 2027	Year 2028	After 2028
Contract acquisition costs	1,211	193	316	240	175	119	168
Contract execution costs	328	53	89	66	49	33	38
Total	**1,539**	**246**	**405**	**306**	**224**	**152**	**206**

- **Other deferred** costs amounted to 162 million euros, mainly attributable to the continuing operations of TIM S.p.A., the companies of the Telecom Italia Sparkle group and the Brazil Business Unit.

NOTE 11

TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER CURRENT ASSETS

This item consisted of:

(million euros)		30.6.2024	12/31/2023
Trade receivables			
Receivables from customers		684	1,351
Receivables from other telecommunications operators		1,734	1,556
	(a)	**2,418**	**2,907**
Miscellaneous receivables (current)			
Other receivables	**(b)**	**908**	**752**
Other current assets			
Contract assets		28	68
Deferred contract costs		462	536
Other deferred costs		592	395
Other		57	41
	(c)	**1,139**	**1,040**
Total	**(a+b+c)**	**4,465**	**4,699**

Trade receivables amounted to 2,418 million euros (2,907 million euros at December 31, 2023) and are stated net of the provision for bad debts of 416 million euros (463 million euros at December 31, 2023). They included 8 million euros (10 million euros at December 31, 2023) of medium/long-term receivables mainly relating to agreements for the sale of transmission capacity under the Indefeasible Rights of Use (IRU) entered into by Sparkle Group.

Trade receivables relate, in particular, to TIM S.p.A.'s continuing operations. (1,409 million euros) and the Brazil Business Unit (738 million euros).

Miscellaneous receivables (current) refer to other receivables amounting to 908 million euros (752 million euros at December 31, 2023) and are net of a provision for bad debts of 39 million euros (44 million euros at December 31, 2023). Details are as follows:

(million euros)	30.6.2024	12/31/2023
Advances to suppliers	212	335
Receivables from employees	13	10
Tax receivables	153	185
Receivables for grants from the government and public entities	1	10
Sundry receivables	529	212
Total	**908**	**752**

As at June 30, 2024, tax receivables mainly related to the Brazil Business Unit (130 million euros) and the Domestic Business Unit (23 million euros).

Receivables for grants from the government and public entities (1 million euros) mainly relate to projects non-network infrastructure related projects financed by the Ministry of Economic Development. The grants are recognized to the income statement when the related plants become ready for use.

Sundry items include, in particular, receivables from the continuing operations of TIM S.p.A.:

- escrow current accounts (166 million euros, of which 75 million euros to the INPS and 91 million euros relating to the NRRP tenders);
- receivables from FiberCop S.p.A. and Telenergia S.p.A. for tax consolidation (137 million euros);
- receivables for Universal Service (52 million euros);
- receivables from social security and pension institutions (37 million euros);
- receivables from other TLC operators (27 million euros);
- receivables for with-recourse assignments to factoring companies (14 million euros).

Other current assets included:

- **Contract assets**. This item mainly includes:
  - 12 million euros attributable to the continuing operations of TIM S.p.A. due to the effect of the early recognition of revenues for those bundle contracts (such as bundles of products and services) with individual performance obligations with a different recognition timing, in which the goods recognized “at a point in time” are sold at a discounted price, or for those contracts which, by providing for a discount for a period of time shorter than the minimum contract term, require, pursuant to IFRS 15, a

reallocation of the discount over the minimum contractual term. These Contract Assets are net of the related impairment provision of 1 million euros;

- 12 million euros attributable to the continuing operations of TIM S.p.A. related to work performed in connection with the “5G Coverage Plan” as part of the NRRP projects.

- **Deferred contract costs** (462 million euros; (536 million euros at December 31, 2023); There are contractual costs (mainly technical activation costs and commissions for the sales network) deferred and charged to the separate income statements according to the expected duration of the contractual relationship with customers (around 4 years for the mobile business and around 8 years for the fixed-line business). Further details on Deferred contract costs are provided in the Note 11 “Miscellaneous receivables and other non-current assets”.

- **Other deferred costs** mainly concern:
  - the continuing operations of TIM S.p.A. for the deferral of: (a) costs related to rental charges and other lease and rental costs (371 million euros); (b) costs for the purchase of products and services (50 million euros); (c) after-sales expenses on application offers (38 million euros); (d) maintenance fees (10 million euros); (e) insurance premiums (3 million euros);
  - to the Telecom Italia Sparkle group mainly related to the deferral of costs connected to payments for line lease and maintenance payments (77 million euros);
  - the Brazil Business Unit (57 million euros) included the deferral of the charge relating to the FISTEL telecommunications services fee (29 million euros) and other items mainly relating to maintenance contracts, insurance and marketing activities.

NOTE 12
DISCONTINUED OPERATIONS /NON-CURRENT ASSETS HELD FOR SALE

At its meeting of July 6, 2022, TIM's Board of Directors had approved the strategic objective of reorganizing the Company with the aim of leaving behind the Company’s vertical integration.

In November 2023, the Board of Directors of TIM S.p.A., following an extensive and in-depth examination, conducted with the assistance of leading financial and legal advisors, examined and then accepted the binding offer submitted on October 16, 2023 by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) for the purchase of TIM’s fixed network assets and the shareholdings held in FiberCop S.p.A. and Telenergia S.r.l. (“NetCo”), by Optics BidCo S.p.A. (a subsidiary of KKR).

In execution of the resolutions adopted, TIM S.p.A. therefore signed a transaction agreement with Optics BidCo that governed:

- the transfer by TIM S.p.A. of a business unit (the “Business Unit”) – consisting of the activities relating to the primary network, the wholesale business and the entire shareholding in the subsidiary Telenergia S.r.l. – to FiberCop S.p.A. (FiberCop”), a company that already manages the activities relating to the secondary fibre and copper network; and
- the simultaneous purchase by Optics Bidco of the entire shareholding held by TIM S.p.A. in FiberCop S.p.A. itself, following the aforementioned transfer.

The transaction agreement provided that on the closing date, the master services agreements would be signed governing the terms and conditions of the services to be performed between NetCo and TIM S.p.A. following the completion of the Transaction.

The transaction agreement also provided that the consideration for the sale of the equity interest could also be partially paid through the transfer of part of the TIM Group's debt at the closing of the NetCo transaction (so-called liability management).

In particular, the three "Exchange Offers" for the bonds issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A., launched on April 18, 2024, were completed on May 21, 2024 for a nominal value of 3,669,680,000 euros for the bonds issued by TIM S.p.A. and Telecom Italia Finance S.A., and for a nominal value of USD 2,000,011,000 for the bonds issued by Telecom Italia Capital S.A.. The new notes issued by the three companies have substantially the same terms as the corresponding series of Original Notes, including insofar as their maturities, interest rates, interest payment dates and restrictive covenants. The exception will be in their Acquisition Exchange provisions and their minimum denomination provisions, where applicable. These were traded on the Closing date by means of a mandatory automatic exchange of debt from the TIM Group to the counterparty, which became the bond holder.

The authorizations required for the completion of the transaction included the following:

- authorization on distortionary foreign subsidies and authorization under the Golden Power framework (obtained in January 2024);
- authorization of the divestment from the European Commission (obtained in May 2024).

Following those authorizations, TIM S.p.A. made the transfer of the Business Unit to FiberCop with effect on July 1, 2024. Also on July 1, 2024, TIM S.p.A. sold to Optics Bidco its entire stake in the share capital of FiberCop and signed the above-mentioned master services agreement with FiberCop.

Therefore, since all authorizations necessary for the completion of the sale of NetCo have been obtained as at the reporting date, NetCo is classified as an Available-for-Sale Asset as of June 30, 2024, in accordance with IFRS 5

A breakdown of the Assets held for sale and the Liabilities directly related to them is given below:

(million euros)		30.6.2024
Discontinued operations /Non-current assets held for sale:		
of a financial nature		304
of a non-financial nature		22,333
Total	**(a)**	**22,637**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale		
of a financial nature		5,913
of a non-financial nature		3,551
Total	**(b)**	**9,464**
Net value of Discontinued operations / Non current assets held for sale	**(a-b)**	**13,173**

Assets of a financial nature are composed as follows:

(million euros)	30.6.2024
Non-current financial assets	78
Current financial assets	226
Total	**304**

Assets of a non-financial nature are composed as follows:

(million euros)	30.6.2024
Non-current assets	
Goodwill	*7,920*
Intangible assets with a finite useful life	*176*
Tangible assets	*9,818*
Rights of use assets	*2,568*
Other non-current assets	*581*
	21,063
Current assets	**1,270**
Total	**22,333**

Liabilities of a financial nature are composed as follows:

(million euros)	30.6.2024
Non-current financial liabilities	5,625
Current financial liabilities	288
Total	**5,913**

Liabilities of a non-financial nature are composed as follows:

(million euros)	30.6.2024
Non-current liabilities	**1,153**
Current liabilities	**2,398**
Total	**3,551**

The component items of "Profit (loss) from Discontinued operations/Non-current assets held for sale" within the consolidated separate income statement are as follows:

(million euros)		1st Half 2024	1st Half 2023
Economic effects of Discontinued operations / Non-current assets held for sale			
Revenues		**892**	**993**
Other income		28	40
Acquisition of goods and services		(37)	9
Employee benefits expenses		(553)	(580)
Other operating expenses/Change in inventories/Internally generated assets		56	71
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**386**	**533**
Depreciation and amortization		(764)	(779)
Gains (losses) on disposals of non-current assets		—	—
Impairment reversals (losses) on non-current assets		—	—
Operating profit (loss) (EBIT)		**(378)**	**(246)**
Share of profit (losses) of associates and joint ventures accounted for using the equity method and Other income/(expenses) from investments		—	—
Net financial income/expense		(184)	(150)
Earnings before tax from Discontinued operations/Non-current assets held for sale		**(562)**	**(396)**
Income tax expense		(51)	(113)
Earnings after tax from Discontinued operations/Non-current assets held for sale	**(a)**	**(613)**	**(509)**
Other economic impacts:			
Other minor items	**(b)**	**(27)**	**—**
Profit (loss) from Discontinued operations / Non current assets held for sale	**(c=a+b)**	**(640)**	**(509)**
Attributable to:			
Owners of the Parent		**(704)**	**(586)**
Non-controlling interests		64	77

Economic effects refer specifically to:

- the contribution of the result of the fixed network business of TIM and the companies FiberCop S.p.A. and Telenergia S.r.l. ("NetCo");
- the ancillary charges for the period related to the sale of NetCo, finalized on July 1, 2024.

Earnings per share from Discontinued operations/Non-current assets held for sale attributable to the Shareholders of the Parent Company for the first half of 2024 and the first half of 2023 are as follows:

(euros)	1st Half 2024	1st Half 2023
Earnings per share from Discontinued operations/Non-current		
ordinary share	(0.03)	(0.03)
savings share	(0.03)	(0.03)
Earnings per share from Discontinued operations/Non-current		
ordinary share	(0.03)	(0.03)
savings share	(0.03)	(0.03)

Also included in the Consolidated Statement of Comprehensive Income were 11 million euros in the first half of 2024 and 2 million euros in the first half of 2023 relating to the recognition of changes in actuarial gains included in the Reserve for remeasurements of defined benefit plans within Discontinued Operations/Non-current Assets Held for Sale.

Therefore, the total income from Discontinued Operations/Non-current Assets held for sale is negative 629 million in the first half of 2024 and negative 507 million in the first half of 2023.

In the Consolidated Statement of Cash Flows, the net impacts (expressed in terms of contribution to consolidation) of "Discontinued operations/Non-current assets held for sale" are detailed as follows:

(million euros)	1st Half 2024	1st Half 2023
Discontinued operations /Non-current assets held for sale:		
Cash flows from (used in) operating activities	(305)	202
Cash flows from (used in) investing activities	(733)	(475)
Cash flows from (used in) financing activities	(150)	(137)
Total	**(1,188)**	**(410)**

NOTE 13
EQUITY

This item consisted of:

(million euros)	30.6.2024	12/31/2023
Equity attributable to owners of the Parent	12,742	13,646
Non-controlling interests	3,744	3,867
Total	**16,486**	**17,513**

Equity attributable to owners of the Parent was as follows:

(million euros)	30.6.2024	12/31/2023
Share capital	11,624	11,620
Additional paid-in capital	—	575
Other reserves and retained earnings (accumulated losses), including	1,118	1,451
Reserve for financial assets measured at fair value through other comprehensive income	(21)	(22)
Reserve for hedging instruments	(73)	(80)
Reserve for exchange differences on translating foreign operations	(2,243)	(1,959)
Reserve for remeasurements of employee defined benefit plans (IAS 19)	(62)	(79)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	—	—
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	3,517	3,591
Total	**12,742**	**13,646**

In accordance with the resolution passed by the Shareholders' Meeting on April 23, 2024, the loss booked for 2023, resulting form the financial statements of the Parent Company TIM S.p.A. (995 million euros) was hedged through the use of reserves.

As of June 30, 2024, Share Capital was 11,624 million euros, net of treasury shares of 53 million euros. Share capital increased by 4 million euros as a result of the allocation of treasury shares in execution of the second cycle of the Long Term Incentive Plan 2020-2022.

Movements in share capital during the first half of 2024 are shown in the tables below:

Reconciliation between the number of shares outstanding at December 31, 2023 and June 30, 2024

(number of shares)		at Dec 31, 2023	Share assignment/ issue	at Jun 30, 2024	% of Share Capital
Ordinary shares Issued	(a)	15,329,466,496	—	15,329,466,496	71.78
less: treasury shares	(b)	(105,062,422)	8,619,620	(96,442,802)	
Ordinary shares outstanding	(c)	15,224,404,074	8,619,620	15,233,023,694	
Savings shares issued and outstanding	(d)	6,027,791,699	—	6,027,791,699	28.22
Total TIM S.p.A. shares issued	**(a+d)**	**21,357,258,195**	**—**	**21,357,258,195**	**100.00**
Total TIM S.p.A. shares outstanding	**(c+d)**	**21,252,195,773**	**8,619,620**	**21,260,815,393**	

Reconciliation between the value of shares outstanding at December 31, 2023 and June 30, 2024

(million euros)		Share capital at Dec 31, 2023	Change in share capital	Share capital at Jun 30, 2024
Ordinary shares Issued	(a)	8,381	—	**8,381**
less: treasury shares	(b)	(57)	4	**(53)**
Ordinary shares outstanding	(c)	8,324	4	**8,328**
Savings shares issued and outstanding	(d)	3,296	—	**3,296**
Total TIM S.p.A. share capital issued	**(a+d)**	**11,677**	**—**	**11,677**
Total TIM S.p.A. share capital outstanding	**(c+d)**	**11,620**	**4**	**11,624**

Future potential changes in share capital

Details of “Future potential changes in share capital” are presented in Note 26 “Earnings per share”.

NOTE 14
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Non-current and current financial liabilities (gross financial debt) are broken down as follows:

(million euros)		30.6.2024	12/31/2023
Non-current financial liabilities for financing contracts and others			
Financial payables (medium/long-term):			
Bonds		8,640	15,297
Amounts due to banks		1,472	5,262
Other financial payables		338	310
		10,450	**20,869**
Other medium/long-term financial liabilities:			
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature		137	397
Non-hedging derivatives		—	15
Other liabilities		4	3
		141	**415**
	(a)	**10,591**	**21,284**
Non-current financial liabilities for lease contracts	**(b)**	**2,561**	**4,743**
Total non-current financial liabilities	**c=(a+b)**	**13,152**	**26,027**
Current financial liabilities for financing contracts and others			
Short-term financial liabilities:			
Bonds		6,956	3,266
Amounts due to banks		5,608	2,145
Other financial payables		160	242
		12,724	**5,653**
Other short-term financial liabilities:			
Hedging derivatives relating to hedged items classified as current assets/liabilities of a financial nature		173	66
Non-hedging derivatives		32	51
Other liabilities		1	1
		206	**118**
	(d)	**12,930**	**5,771**
Current financial liabilities for lease contracts	**(e)**	**559**	**838**
Total current financial liabilities	**f=(d+e)**	**13,489**	**6,609**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	**(g)**	**5,913**	**—**
Total financial liabilities (Gross financial debt)	**h=(c+f+g)**	**32,554**	**32,636**

Further details on Financial Instruments are provided in Note 20 "Supplementary disclosures on financial instruments".

In April 2024, TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A made an Offer to Exchange Existing EUR and USD denominated Notes for New Notes to Bondholders in preparation for the Netco transaction. Exchange operations concluded in May 2024.

The new Bonds have substantially the same terms as the corresponding series of original Bonds, including in terms of their maturity, interest rate, interest payment dates and restrictive covenants, with the exception of the clause for the exchange of new Bonds to Optics BidCo S.p.A. ("Optics") on the date of the completion of the Netco transaction.

As of June 30, 2024, the new Bond component subsequently for transfer to Optics upon completion of the sale of NetCo have reclassified in the current portion along with their respective hedging derivatives.

The table below summarizes the Notes still with the TIM Group and those subsequently transferred to Optics on July 1, 2024:

Currency	Nominal value of original notes	Coupon	Maturity date	Original notes TIM Group (nominal value)	New Notes transferred to Optics (nominal value)
Bonds issued by TIM S.p.A.					
Euro	750,000,000	2.875%	28/1/26	375,000,000	375,000,000
Euro	1,000,000,000	3.625%	25/5/26	677,997,000	322,003,000
Euro	1,250,000,000	2.375%	12/10/27	742,285,000	507,715,000
Euro	1,250,000,000	6.875%	15/2/28	625,000,000	625,000,000
Euro	1,250,000,000	7.875%	31/7/28	750,000,000	750,000,000
Euro	1,000,000,000	1.625%	18/1/29	499,180,000	500,820,000
Euro	670,000,000	5.250%	17/3/55	440,000,000	230,000,000
Bonds issued by Telecom Italia Finance S.A.					
Euro	1,015,000,000	7.750%	24/1/33	655,858,000	359,142,000
Bonds issued by Telecom Italia Capital S.A.					
USD	1,000,000,000	6.375%	15/11/33	499,994,000	500,006,000
USD	1,000,000,000	6.000%	30/9/34	499,999,000	500,001,000
USD	1,000,000,000	7.200%	18/7/36	500,000,000	500,000,000
USD	1,000,000,000	7.721%	4/6/38	499,996,000	500,004,000

In addition, as of June 30, 2024, a number of bank loans earmarked for early repayment were reclassified to medium/long-term payables (current portion). Specifically these were: the 1.8 billion euro Bridge Loan (repaid in full on July 4, 2024) and the 2 billion euro Facility subscribed on July 6, 2022, which benefited from the "Italian Guarantee" (repaid in full on July 10, 2024).

Gross financial debt according to the original currency of the transaction is as follows:

	30.6.2024		12/31/2023	
	(millions in foreign currency)	(million euros)	(millions in foreign currency)	(million euros)
USD	4,063	3,795	5,696	5,155
BRL	21,726	3,651	21,670	4,051
JPY	20,036	117	20,033	128
ILS	42	10	44	11
EUR		22,662		23,291
Total		**30,235**		**32,636**
Discontinued Operations		2,319		—
Total excluding Discontinued		**32,554**		**32,636**

For the exchange rates used for the conversion of amounts in foreign currency, see the Note 32 "Other information".

The breakdown of gross financial debt by effective interest-rate bands applicable to the original currency is provided below, excluding the effect of any derivative hedging instruments:

(million euros)	30.6.2024	12/31/2023
Up to 2.5%	3,322	4,138
From 2.5% to 5%	8,466	9,907
From 5% to 7.5%	11,060	10,309
From 7.5% to 10%	3,519	3,742
Over 10%	3,090	3,389
Accruals/deferrals, MTM and derivatives	778	1,151
Total	**30,235**	**32,636**
Discontinued Operations	2,319	—
Total excluding Discontinued Operations	**32,554**	**32,636**

Following the use of hedging instruments, on the other hand, gross financial debt by nominal interest rate band is as follows:

(million euros)	30.6.2024	12/31/2023
Up to 2.5%	4,340	6,390
From 2.5% to 5%	6,946	8,443
From 5% to 7.5%	12,066	9,719
From 7.5% to 10%	2,619	2,917
Over 10%	3,486	4,016
Accruals/deferrals, MTM and derivatives	778	1,151
Total	**30,235**	**32,636**
Discontinued Operations	2,319	—
Total excluding Discontinued Operations	**32,554**	**32,636**

The maturities of financial liabilities according to the expected nominal repayment amount, as defined by contract, are the following:

	maturing by June 30 of the year:								
(million euros)	2025	2026	2027	2028	2029	After 2029	Total	Discontinued Operations	Total excluding Discontinued Operations
Bonds	6,736	2,340	287	1,655	1,299	2,964	15,281	—	15,281
Loans and other financial liabilities	4,127	885	1,602	421	121	(50)	7,106	(1,500)	5,606
Finance lease liabilities	733	608	578	553	459	2,216	5,147	(2,139)	3,008
Total	**11,596**	**3,833**	**2,467**	**2,629**	**1,879**	**5,130**	**27,534**	**(3,639)**	**23,895**
Current financial liabilities	1,276	—	—	—	—	—	1,276	5,958	7,234
Total	**12,872**	**3,833**	**2,467**	**2,629**	**1,879**	**5,130**	**28,810**	**2,319**	**31,129**

The main components of financial liabilities are commented below.

Bonds are broken down as follows:

(million euros)	30.6.2024	12/31/2023
Non-current portion	8,640	15,297
Current portion	6,956	3,266
Total carrying amount	**15,596**	**18,563**
Fair value adjustment and measurements at amortized cost	(315)	(517)
Total nominal repayment amount	**15,281**	**18,046**

The nominal repayment amount of bonds totaled 15,281 million euros, down by 2,765 million euros compared to December 31, 2023 (18,046 million euros) as a result of the repayments during the first half of 2024.

The change in bonds in the first half of 2024 was as follows:

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A. 450 million euros 3.625%	Euro	450	19/1/2024
Telecom Italia S.p.A. 950 million euros 4.000%	Euro	950	11/4/2024
Telecom Italia S.p.A. 1,500 million euros 5.303%	USD	1,500	30/5/2024

The following table summarizes the bonds issued by TIM Group companies, listed by issuing company, expressed at the nominal repayment amount, net of bond buy-backs, and at market value: As noted above, on July 1, 2024 a portion of these Notes was transferred to Optics following the sale of NetCo:

Currency	Total (millions)	Nominal repayment amount (million euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at June 30, (%)	Market value at June 30, (million euros)
Bonds issued by TIM S.p.A.								
Euro	1,000	1,000	2.750%	15/4/19	15/4/25	99.320	98.725	987
Euro	1,000	1,000	3.000%	30/9/16	30/9/25	99.806	98.468	985
Euro	750	750	2.875%	28/6/18	28/1/26	100	97.660	732
Euro	1,000	1,000	3.625%	25/5/16	25/5/26	100	98.539	985
Euro	1,250	1,250	2.375%	12/10/17	12/10/27	99.185	93.404	1,168
Euro	850	850	6.875%	27/1/23	15/2/28	100	105.762	899
Euro	400	400	6.875%	12/4/23	15/2/28	100.750	105.762	423
Euro	750	750	7.875%	20/7/23	31/7/28	99.996	109.319	820
Euro	750	750	7.875%	28/9/23	31/7/28	102	109.319	820
Euro	1,000	1,000	1.625%	18/1/21	18/1/29	99.074	86.921	869
Euro	670	670	5.250%	17/3/05	17/3/55	99.667	92.402	619
Subtotal		**9,420**						**9,307**
Bonds issued by Telecom Italia Finance S.A. and guaranteed by TIM S.p.A.								
Euro	1,015	1,015	7.750%	24/1/03	24/1/33	(a) 109.646	116.170	1,179
Subtotal		**1,015**						**1,179**
Bonds issued by Telecom Italia Capital S.A. and guaranteed by TIM S.p.A.								
USD	1,000	934	6.375%	29/10/03	15/11/33	99.558	94.327	881
USD	1,000	934	6.000%	6/10/04	30/9/34	99.081	90.857	849
USD	1,000	934	7.200%	18/7/06	18/7/36	99.440	96.011	897
USD	1,000	934	7.721%	4/6/08	4/6/38	100	99.183	926
Subtotal		**3,737**						**3,553**
Bonds issued by TIM S.A.								
BRL	1,600	269	IPCA + 4.1682%	15/6/21	15/6/28	100	113.064	304
Subtotal		**269**						**304**
Bonds issued by TIM Brasil Serviços e Participações S.A.								
BRL	5,000	840	CDI + 2.3%	31/7/23	25/7/28	100	104.819	**881**
Subtotal		**840**						**881**
Total		**15,281**						**15,224**

(a) Weighted average issue price for bonds issued with more than one tranche.

The regulations and the offering circulars relating to the bonds of the TIM Group are available on the Group's website gruppotim.it.

Amounts due to banks (medium/long-term) totaled 1,472 million euros (5,262 million euros at December 31, 2023). Amounts due to banks (short-term) totaled 5,608 million euros (2,145 million euros at December 31, 2023) and included 4,457 million euros as the current portion of amounts due to banks (medium/long-term) and 737 million euros in repurchase agreements due by August 2024.

Other medium/long-term financial payables totaled 338 million euros (310 million euros at December 31, 2023), 114 million euros of which refer to the Telecom Italia Finance S.A. loan for JPY 20,000 million, maturing in 2029. Other short-term financial payables amounted to 160 million euros (242 million euros at December 31, 2023) and included 57 million euros as the current portion of other medium/long-term financial payables.

Medium/long-term financial liabilities for lease contracts amounted to 2,561 million euros (4,743 million euros at December 31, 2023), whilst short-term payables totaled 559 million euros (838 million euros at December 31, 2023) and included 485 million euros as the current portion of medium/long-term financial liabilities for lease contracts.

With reference to the financial lease liabilities net of Discontinued Operations recognized in the first half of 2024 and 2023, the following is noted:

(million euros)	1st Half 2024	1st Half 2023
Principal reimbursements	229	235
Cash out interest portion	138	145
Total	**367**	**380**

Hedging derivatives relating to items classified as non-current financial liabilities amounted to 137 million euros (397 million euros at December 31, 2023). Hedging derivatives relating to items classified as current financial liabilities amounted to 173 million euros (66 million euros at December 31, 2023).

Non-hedging derivatives classified as non-current financial liabilities came to 0 million euros (15 million euros at December 31, 2023), while non-hedging derivatives classified as current financial liabilities amounted to 32 million euros (51 million euros at December 31, 2023). These also include the measurement of derivatives which, although put into place for hedging purposes, do not possess the formal requisites to be considered as such under IFRS.

Covenants and negative pledges outstanding at June 30, 2024

The bonds issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. do not contain financial covenants of any kind (e.g. Debt/EBITDA ratio, EBITDA/Interest, etc.) or clauses that would entail the automatic early repayment of loans in the event of non-insolvency events of the TIM Group; moreover, the repayment of bonds and the payment of interest are not backed by specific guarantees, nor are there any commitments to issue future guarantees, with the exception of the full and unconditional guarantees granted by TIM S.p.A. for bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..

Since these are mainly transactions placed with institutional investors on the main global capital markets (Euromarket and USA), the terms governing the loans are in line with the market practice for similar transactions carried out on the same markets.

With reference to the loans taken out by TIM with the European Investment Bank ("EIB"), on May 19, 2021, TIM took out a loan for 230 million euro to support projects to promote digitalization in the country. In addition, on the same date, it expanded the financing taken out in 2019 (for an initial 350 million euros) by an additional 120 million euros. At present, these loans are partially secured.

In addition, on May 5, 2023, TIM took out a new loan with the EIB for 360 million euros, partially guaranteed by SACE.

Therefore, at June 30, 2024 the nominal total of outstanding loans with the EIB was 1,060 million euros.

Loans taken out with the EIB contain the following covenants and commitments, among others:

- if the Company is subject to a merger, demerger or transfer of a business unit outside the TIM Group, or disposes of, divests or transfers assets or business units (with the exception of certain disposals expressly permitted), it must immediately notify the EIB, which will have the right to request the provision of guarantees or the amendment of the loan agreement, or, only for certain contracts, the early repayment of the loan (if a merger and demerger transaction outside the TIM Group jeopardizes the execution or operation of the Project or is detrimental to the EIB in its capacity as creditor);
- TIM has undertaken to ensure that, for the entire duration of the loan, the total financial debt of the companies belonging to the TIM Group other than TIM, and except where such debt is fully and irrevocably guaranteed by TIM, this will be less than 35% (thirty-five per cent) of the total financial debt of the TIM Group;
- "Clause for inclusion", where, if TIM undertakes to maintain financial parameters in other loan agreements (and also certain more stringent clauses, such as cross defaults and commitments to limit the sale of assets) that are not present or are more stringent than those granted to the EIB, the latter will have the right to request, if it considers in its reasonable opinion that such changes may have negative consequences on TIM's financial capacity, the provision of guarantees or the amendment of the loan agreement to provide for an equivalent provision in favour of the EIB;
- "Network Event", under which, in the event of the disposal of the entire fixed network or of a substantial part of it (in any case, more than half in quantitative terms) to third parties not controlled by the Company, or in the event of disposal of the controlling interest in the company in which the network or a substantial part of it has previously been transferred, TIM must immediately inform the EIB, which may then opt to demand collateral or an amendment of the loan agreement or choose an alternative solution. In anticipation of the closure of the sale of NetCo to Kohlberg Kravis Roberts & Co. L.P. ("KKR"), TIM informed the EIB and simultaneously entered into a dialogue to agree how to manage the existing contracts.

Some TIM loan agreements outstanding at June 30, 2024 contain financial covenants (e.g. Debt/EBITDA, EBITDA/interest ratios, etc.), failure to comply with which would entail an obligation to repay the loan. These include the loan signed on July 6, 2022, which is backed by the “Italy Guarantee” (in accordance with art. 1, subsection 1 of Decree-Law no. 23 of April 8, 2020, as subsequently amended and supplemented); this was entirely repaid, voluntarily, on July 10, 2024.

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

In the loan agreements, TIM is required to provide notification of change of control. Events constituting a change of control and the applicable consequences – including, at the discretion of the investors, the establishment of guarantees or the early repayment of the amount paid in cash and the cancellation of the commitment in the absence of agreements to the contrary – are specifically identified in each agreement.

In addition, the outstanding loans generally contain a commitment by TIM, any breach of which constitutes an Event of Default, not to implement mergers, demergers or transfers of business, involving entities outside the Group, except where certain conditions exist. Such an Event of Default may entail, upon request of the Lender, the early repayment of the drawn amounts and/or the annulment of the undrawn commitment.

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

Finally, as at June 30, 2024, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

Revolving Credit Facility

The table below shows the committed(*) credit lines available as of June 30, 2024:

(billion euros)	30.6.2024		12/31/2023	
	Agreed	Drawn down	Agreed	Drawn down
Sustainability-linked RCF – May 2026	4.0	—	4.0	—
Total	**4.0**	—	**4.0**	**—**

(*) In accordance with the contract signed, the Banks have committed to make the funds available on demand (with at least 3 days' notice). As this is a "Committed" line, the banks have no mechanisms in place not to honor the request for funds made by the Company, without prejudice to the market standard early mandatory cancellation clauses (Natural contract expiry, Change in control, Borrower illegality, Events of default each as defined in the contract).

Rating

The three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rate TIM as follows:

	Rating as of 06/30/2024		Rating as of 07/30/2024	
	Rating	**Outlook**	**Rating**	**Outlook**
STANDARD & POOR'S	B+	under consideration for upgrade	BB	stable
MOODY'S	Ba3	positive	Ba3	positive
FITCH RATINGS	BB-	under consideration for upgrade	BB	stable

NOTE 15
NET FINANCIAL DEBT

The table below shows the breakdown of net financial debt of the TIM Group at June 30, 2024 and December 31, 2023, determined in accordance with the provisions of the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by the ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138) and incorporated by Consob with its Note of Attention no. 5/21 dated April 29, 2021.
This table also shows the reconciliation of the net financial debt determined according to the aforementioned criteria indicated by the ESMA and net financial debt calculated according to the criteria of the TIM Group.

(million euros)		30.6.2024	12/31/2023
Liquid assets with banks, financial institutions and post offices	(a)	204	2,294
Other cash and cash equivalents	(b)	352	618
Securities other than investments	(c)	1,547	1,882
Liquidity	**(d=a+b+c)**	**2,103**	**4,794**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(e)	1,329	1,391
Current portion of non-current financial debt	(f)	11,619	5,044
Current financial debt	**(g=e+f)**	**12,948**	**6,435**
Net current financial debt	**(h=g-d)**	**10,845**	**1,641**
Non-current financial debt (excluding current portion and debt instruments)	(i)	3,906	9,667
Debt instruments	(j)	8,640	15,297
Trade payables and other non-current debt	(k)	58	68
Non-current financial debt	**(L=I+J+K)**	**12,604**	**25,032**
Total net financial debt as per ESMA guidelines 32-382-1138	**(m=h+l)**	**23,449**	**26,673**
Trade payables and other non-current debt		(58)	(68)
Non-current financial receivables arising from lease contracts		(45)	(112)
Current financial receivables arising from lease contracts		(54)	(162)
Financial receivables and other current financial assets		(9)	(515)
Other financial receivables and other non-current financial assets		3,306	(40)
Financial assets/liabilities relating to discontinued operations/non-current assets held for sale		5,609	—
Subtotal	**(n)**	**8,749**	**(897)**
Net financial debt carrying amount (*)	**(p=m+n)**	**26,589**	**25,776**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(q)	(101)	(120)
Adjusted Net Financial Debt	**(r=p+q)**	**26,488**	**25,656**

(*) For the impact of Related-Party Transactions on Net Financial Debt, reference should be made to the table included in the Note "Related-party transactions".

Additional cash flow information required by IAS 7

(million euros)		12/31/2023	Cash movements		Non-cash movements			30.6.2024
			Receipts and/or Issues	Payments and/or reimburseme nts	Exchange differences	Fair value changes	Other changes and reclassificati	
Financial payables (medium/long-term):								
Bonds		18,563		(2,787)	15	(14)	(181)	15,596
Amounts due to banks		6,295	1,870	(750)	(16)		(1,470)	5,929
Other financial payables		326		(11)	(30)		110	395
	(a)	**25,184**	**1,870**	**(3,548)**	**(31)**	**(14)**	**(1,541)**	**21,920**
of which short-term		*4,315*						*11,470*
Medium/long-term finance lease liabilities:		5,529	135	(229)	(234)		(2,155)	3,046
	(b)	**5,529**	**135**	**(229)**	**(234)**	**—**	**(2,155)**	**3,046**
of which short-term		*786*						*485*
Other medium/long-term financial liabilities:								
Hedging derivative liabilities relating to hedged items classified as non-current assets/liabilities of a financial nature		463			(44)	(126)	17	310
Non-hedging derivative liabilities		66			(16)	(8)	(10)	32
Other liabilities		3					1	4
	(c)	**532**	**—**	**—**	**(60)**	**(134)**	**8**	**346**
of which short-term		*117*						*205*
Short-term financial liabilities:								
Amounts due to banks		1,112					39	1,151
Other financial payables		279					(101)	178
	(d)	**1,391**	**—**	**—**	**—**	**—**	**(62)**	**1,329**
Financial liabilities directly related to discontinued operations / held-for-sale non-current assets	**(e)**	**—**	**5**	**(151)**	**—**	**—**	**6,059**	**5,913**
Total financial liabilities (Gross financial debt)	**(f=a+b+c+d+e)**	**32,636**	**2,010**	**(3,928)**	**(325)**	**(148)**	**2,309**	**32,554**
Hedging derivative assets relating to hedged items classified as non-current and current assets/liabilities of a financial nature	**(g)**	1,085			24	(123)	(4)	982
Non-hedging derivative receivables	**(h)**	152			15	(6)	4	165
Total	**(i=f-g-h)**	**31,399**	**2,010**	**(3,928)**	**(364)**	**(19)**	**2,309**	**31,407**

The change in short-term payables to banks (39 million euros) is due to a change in cash flows mainly due to the opening/closing of repurchased credit agreements and bank credit lines.

Changes related to Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale refer to liabilities for medium/long-term financial leases.

The value of the paid and collected interest expense for Continuing Operations reported in the Statements of Cash Flows takes into account the movements relating to transactions in CCIRS derivatives to hedge underlying assets in both the assets component (collections) and the liabilities component (payments) without netting the positions.

(million euros)	1st Half 2024	1st Half 2023
Interest expense paid	(1,180)	(1,017)
Interest income received	366	352
Net total	**(814)**	**(665)**

To consider the components of CCIRS derivatives as a single transaction, a representation is given with interest flows in and out shown net. This approach gives the following results:

(million euros)	1st Half 2024	1st Half 2023
Interest expense paid	(997)	(795)
Interest income received	183	130
Net total	**(814)**	**(665)**

NOTE 16
DERIVATIVES

For hedge accounting we continued to apply the rules established by IAS 39.

Derivative financial instruments are used by the TIM Group to hedge its exposure to foreign exchange rate risk, to manage interest rate risk and to diversify the parameters of debt so that costs and volatility can be reduced to within predetermined operational limits.

Derivative financial instruments existing at June 30, 2024 are principally used to manage debt positions. They include interest rate swaps (IRSs) used to reduce the interest rate exposure of fixed-rate bank loans and bonds, as well as cross currency and interest rate swaps (CCIRs) and currency forwards to convert the loans/receivables secured in currencies different from the functional currencies of the various Group companies.

IRS transactions, provide for or may entail, at specified maturity dates, the exchange of flows of interest, calculated on the notional amount, at the agreed fixed or variable rates.

The same also applies to CCIRS transactions which, in addition to the settlement of periodic interest flows, may provide for the exchange of principal, in the respective currencies of denomination, at maturity and possibly spot.

The following tables break down the financial derivatives by type of risk for each kind of hedging, separating financial assets and liabilities. For CCIRS, the notional amount refers to the contractual value in euros, for IRS in a currency other than the euro, the value is indicated at the market exchange rate.

Type (million euros)	Hedged risk	Notional amount at 6/30/2024	Notional amount at 12/31/2023	Mark to Market Spot* (Clean Price) at 30.6.2024	Mark to Market Spot* (Clean Price) at 12/31/2023
Interest rate swaps	Interest rate risk	—	—	—	—
Cross Currency and Interest Rate Swaps (CCIRS)	Interest rate risk and currency exchange rate risk	—	—	—	—
Total Fair Value Hedge Derivatives		**—**	**—**	**—**	**—**
Interest rate swaps	Interest rate risk	4,562	4,474	85	130
Cross Currency and Interest Rate Swaps (CCIRS)	Interest rate risk and currency exchange rate risk	3,508	4,841	534	417
Total Cash Flow Hedge Derivatives		**8,070**	**9,315**	**619**	**547**
Total Non-Hedge Accounting Derivatives		**1,043**	**1,205**	**77**	**44**
Total TIM Group's Derivatives		**9,113**	**10,520**	**696**	**591**

* Spot Mark-to-market above represents the market measurement of the derivative net of the accrued portion of the flow in progress.

NOTE 17
SUPPLEMENTARY DISCLOSURES ON FINANCIAL INSTRUMENTS

Measurement at fair value

The fair value measurement of the financial instruments of the Group has been classified in the three levels set out in IFRS 7. In particular, the fair value hierarchy comprises the following levels:

- Level 1: quoted prices in active markets;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

The following tables contain supplementary information about financial instruments, including a schedule of the hierarchical levels for each class of assets and liabilities, measured at fair value as of June 30, 2024.

Key for IFRS 9 categories

		Acronym
Financial assets measured at:		
Amortized cost	Amortized Cost	AC
Fair Value Through Other Comprehensive Income	Fair Value Through Other Comprehensive Income	FVTOCI
Fair Value Through Profit or Loss	Fair Value Through Profit or Loss	FVTPL
Financial liabilities measured at:		
Amortized cost	Amortized Cost	AC
Fair Value Through Profit or Loss	Fair Value Through Profit or Loss	FVTPL
Hedge Derivatives	Hedge Derivatives	HD
Not applicable	Not applicable	N/A

Levels of hierarchy for each class of financial assets/liabilities measured at fair value as of June 30, 2024

(million euros)		IFRS 9 categories	notes	Carrying amount at June 30, 2024	Levels of hierarchy Level 1 (*)	Level 2 (*)	Level 3 (*)
ASSETS							
Non-current assets							
Other investments							
		FVTOCI	(9)	**104**	**31**	**31**	**42**
		FVTPL	(9)	**51**	**24**	**27**	
Securities, financial receivables and other non-current financial assets							
of which securities		FVTOCI	(10)	—	—		
of which hedging derivatives		HD	(10)	*517*		*517*	
of which non-hedging derivatives		FVTPL	(10)	*89*		*89*	
	(a)			**761**	**55**	**664**	**42**
Current assets							
Securities							
Measured at Fair Value Through Comprehensive Income (FVTOCI)		FVTOCI	(10)	*1,297*	*1,297*		
Measured at Fair Value Through Profit or Loss (FVTPL)		FVTPL	(10)	*250*	*250*		
Financial receivables and other current financial assets							
of which hedging derivatives		HD	(10)	*465*		*465*	
of which non-hedging derivatives		FVTPL	(10)	*76*		*76*	
	(b)			**2,088**	**1,547**	**541**	—
Total	**(a+b)**			**2,849**	**1,602**	**1,205**	**42**
LIABILITIES							
Non-current liabilities							
of which hedging derivatives		HD	(15)	*137*		*137*	
of which non-hedging derivatives		FVTPL	(15)	—		—	—
	(c)			**137**	**—**	**137**	**—**
Current liabilities							
of which hedging derivatives		HD	(15)	*173*		*173*	
of which non-hedging derivatives		FVTPL	(15)	*32*		*32*	
	(d)			**205**	—	**205**	—
Total	**(c+d)**			**342**	—	**342**	**—**

(*) Level 1: quoted prices in active markets;
Level 2: prices calculated using observable market inputs;
Level 3: prices calculated using inputs that are not based on observable market data.

During the first half of 2024 there were no transfers between different hierarchy levels of financial assets and liabilities measured at fair value.

NOTE 18
EMPLOYEE BENEFITS

This item consisted of:

(million euros)		12/31/2023	Discontinued Operations	Increases/ Present value	Decrease	Exchange differences and other	30.6.2024
Provision for employee severance	**(a)**	**496**	**(305)**	**(4)**	**(2)**	**—**	**185**
Provision for pension and other plans		15		1	(1)	—	15
Provision for termination benefit incentives and corporate restructuring		4		22	(1)	—	25
Total other employee benefits	**(b)**	**19**		**23**	**(2)**	**—**	**40**
Total	**(a+b)**	**515**	**(305)**	**19**	**(4)**	**—**	**225**
of which:							
Non-current portion		511					200
Current portion (*)		4					25

(*) The current portion refers only to Other provisions for employee benefits

The **Provision for employee severance indemnities (T.F.R.)** only refers to Italian companies and decreased by -311 million euros compared with December 31, 2023. Decreases substantially relate to uses in the period for employees who terminated employment or for advances relating to personnel of continuing operations.

The change recorded in "Increases/Present value" is as follows:

(million euros)	1st Half 2024
Current service cost (*)	—
Finance expenses	3
Net actuarial (gains) losses for the period	(7)
Total	**(4)**
Effective return on plan assets	there are no assets servicing the plan

(*) The portions intended for the INPS Treasury Fund or for the supplementary pension funds have been recorded under "Employee benefits expenses" under "Social security expenses". The latter account is used only for the severance indemnity expenses of companies with less than 50 employees.

Net actuarial gains for 7 million euros during the first half of 2024 are essentially linked to both staff turnover and changes to the technical-economic parameters used in the valuation. The inflation rate has remained unchanged with respect to the value at December 2023 (2.00%) while the discount rate increased, going from the 3.08% used at December 31, 2023 to 3.49% at June 30, 2024.

The **Provision for pension and other plans** mainly represented pension plans in place at foreign companies of the TIM Group.

The **Provision for termination benefit incentives and corporate restructuring** increased in the first half of 2024 by a total of 21 million euros, net of utilizations, mainly due to the effect of the provision for the departures of non-executive personnel as per the agreement signed by the Parent Company TIM S.p.A with the Trade Unions in April 2024.

NOTE 19
PROVISIONS

This item consisted of:

(million euros)	12/31/2023	Discontinued operations	Increase	Taken to income	Used directly	Exchange differences and other changes	30.6.2024
Provision for taxation and tax risks	**129**		10	—	(12)	(7)	**120**
Provision for restoration costs	**310**	(222)	5		(1)	(9)	**83**
Provision for legal disputes	**472**		51		(37)	(15)	**471**
Provision for commercial risks	**251**		5		(117)	—	**139**
Provision for risks and charges on investments and corporate-related transactions	**11**						**11**
Other provisions	**12**	(1)			(1)		**10**
Total	**1,185**	**(223)**	**71**	**—**	**(168)**	**(31)**	**834**
of which:							
Non-current portion	**679**						**451**
current portion	**506**						**383**

The **provision for taxation and tax risks** decreased by 9 million euros compared to December 31, 2023, essentially relating to the Brazil Business Unit.

The **provision for restoration costs** refers to the provision for the costs expected to be incurred for the restoration of leased properties and sites used in the mobile sector; Is mainly attributable to the continuing operations of TIM S.p.A. (70 million euros) and the Brazil Business Unit (13 million euros). The decrease compared to December 31, 2023 is mainly attributable to the reclassification of NetCo's provision for restoration costs to Liabilities directly associated with Discontinued operations/Non-current assets held for sale.

The **provision for legal disputes** included the provision for litigation with other counterparties and employees. The amount at June 30, 2024 included 340 million euros for the Domestic Business Unit and 131 million euros for the Brazil Business Unit.

The **provision for commercial risks** relates to the Domestic Business Unit. In the first half of 2024, it decreased by 112 million euros, mainly in relation to the utilisation of the provision for contractual risks for onerous contracts (IAS 37) (-108 million euros) recognized in previous years by the Parent Company TIM S.p.A. and relating to contracts with certain counterparties for offer of multimedia content and for a connectivity agreement and representative of the net present value of the negative margin connected with these partnerships.

NOTE 20

MISCELLANEOUS PAYABLES AND OTHER NON-CURRENT LIABILITIES

This item consisted of:

(million euros)		30.6.2024	12/31/2023
Miscellaneous payables (non-current)			
Payables to social security agencies		476	595
Current income tax payables		—	—
Other payables		16	24
	(a)	**492**	**619**
Other non-current liabilities			
Deferred revenues from customer contracts (Contract liabilities)		117	103
Other deferred revenue and income		163	329
Capital grants		14	275
	(b)	**294**	**707**
Total	**(a+b)**	**786**	**1,326**

Miscellaneous payables (non-current) include:

- payables to social security agencies**, mainly relating to the non-current debt position with INPS for the application of the agreements signed with the trade unions relating to the application of Article 4 of Law no. 92 of June 28, 2012 and Article 41, subsection 5bis of Italian Legislative Decree no. 148/2015;**
- **other payables** referring mainly to the Brazil Business Unit**.**

The **other non-current liabilities** include:

- **Deferred revenues from contracts with customers (contract liabilities),** which are reversed to the income statement according to the duration of the contractual obligations between the parties, averaging 24 months; therefore, the balance as at June 30, 2024 will be reversed to the income statement generally by 2026. This item includes, in particular, deferred income from the continuing operations of TIM S.p.A. relating to:
  - subscription, rent and maintenance fees (54 million euros);
  - *outsourcing* fees (18 million euros);
  - network access fees (17 million euros);
- **Other deferred revenue and income**, consisting of the non-current portion (approx. 92 million euros) of the deferred gain on the sale and lease-back of telecommunication towers by the Brazil Business Unit; this item also includes deferred revenues related to agreements for the sale of the transmission capacity.
- **Capital grants**: the item represents the component to be charged to the income statement on the basis of the residual useful life (estimated to be about 18 years) of the assets to which the grants pertain and is mainly related to the implementation of the 5G Coverage Plan as part of the NRRP projects.

NOTE 21

TRADE AND MISCELLANEOUS PAYABLES AND OTHER CURRENT LIABILITIES

This item consisted of:

(million euros)		30.6.2024	12/31/2023
Trade payables			
Payables due to suppliers		3,319	5,042
Payables to other telecommunications operators		318	399
	(a)	3,637	5,441
Tax payables	(b)	602	194
Miscellaneous payables			
Payables for employee compensation		265	323
Payables to social security agencies		356	415
Payables for TLC operating fee		499	480
Dividends approved, but not yet paid to shareholders		83	52
Other		258	1,047
Employee benefits (except for employee severance indemnities) for the current portion expected to be settled within 12 months		25	4
Provisions for risks and charges for the current portion expected to be settled within 12 months		383	506
	(c)	1,869	2,827
Other current liabilities			
Liabilities from customer contracts (Contract liabilities)		836	829
Other deferred revenue and income		32	50
Other			43
	(d)	868	922
Total	(a+b+c+d)	6,976	9,384

Trade payables amounting to 3,637 million euros (5,441 million euros at December 31, 2023), mainly refer to the continuing operations of TIM S.p.A. (3,346 million euros) and the Brazil Business Unit (662 million euros).

At June 30, 2024, trade payables due beyond 12 months came to 42 million euros (44 million euros at December 31, 2023) and mainly refer to payables of the Brazil Business Unit for the renewal of telecommunication licenses.

Tax payables mainly refer to payables of the Brazil Business Unit (82 million euros) and the continuing operations of TIM S.p.A. (510 million euros). **The latter consist of the VAT payable to the tax authorities (473 million euros), tax substitution withholdings payable (33 million euros) and government concession tax payable (2 million euros).**

Miscellaneous payables mainly comprise:

- the current debt position towards INPS in view of the application of the agreements signed with the trade unions regarding the application of Art. 4 of Italian Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis, Italian Legislative Decree no. 148/2015;
- the current portion of employee benefits and provisions amounted to 408 million euros;
- advances on State grants to the parent company TIM S.p.A. for projects under the National Recovery and Resilience Plan (NRRP) amounted to 53 million euros.

Other current liabilities include:

- **Liabilities arising from contracts with customers (Contract liabilities)**, amounted to 836 million euros. This item includes liabilities to customers related to the obligations of Group companies to transfer goods and services for which they have received consideration. Liabilities with customers, generally with a maturity of up to 12 months, are shown below;

  Specifically:

  - **contract liabilities** amounting to 6 million euros; the item includes bundle contracts (good and services packages) with performance obligations with different timing for the recognition of revenues and consequent deferral of the fees originally recognized;
  - **customer-related items**, equal to 420 million euros; the item includes trade payables following contractual relationships, such as the payable for prepaid traffic and the subscription charges charged in advance;
  - **progress payments** and advances equal to 51 million euros, relating to trade payables following prepayments, such as deposits made by subscribers for telephone calls;

- **Deferred revenue from contracts with customers, amounting to** 488 million euros, essentially comprising deferred revenue of the continuing operations of TIM S.p.A. for:
  - rent and maintenance (299 million euros);
  - subscription charges (45 million euros);
- **Other deferred revenue and income**, referring mainly to deferred revenues from transmission capacity transfer contracts.
- **Other current liabilities**, referring mainly to the payables of the continuing operations TIM S.p.A. for advance payments on network work in progress.

NOTE 22

DISPUTES AND PENDING LEGAL ACTIONS, OTHER INFORMATION, COMMITMENTS AND GUARANTEES

An overview of the most significant judicial, arbitration and tax disputes in which TIM Group companies are involved at June 30, 2024, as well as those that came to an end during the period is given below.

The TIM Group has posted liabilities totaling 361 million euros for those disputes described below where the risk of losing the case has been considered probable.

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

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

(a) Significant disputes and pending legal actions

With regard to the following disputes and legal actions, there were no significant events beyond those disclosed in the 2023 Annual Report:

- Golden Power case;
- Antitrust case A428;
- COMM 3000 (related to the A428 antitrust proceedings);
- Irideos;
- 28-day billing;
- Dispute relating to "Adjustments on license fees" for the years 1994-1998;

International tax and regulatory disputes

At June 30, 2024, companies belonging to the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totalling around 20.0 billion reais (19.2 billion reais at December 31, 2023), corresponding to approximately 3.4 billion euros at June 30, 2024.

The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

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

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

Overall, the risk for these cases, considered to be possible, amounts to 3.5 billion reais (3.1 billion reais at December 31, 2023).

State taxes

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

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handsets, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some states, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by TIM Cellular, now incorporated into TIM S.A., on the basis of the aforementioned tax benefits);
- challenges relating to the use of ICMS credits claimed by Group companies as a result of the acquisition of property, plant and equipment, and in relation to the supply of electricity to the companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance;
- challenges of ICMS credits in relation to the tax substitution procedure applicable when equipment is bought and distributed in different states;
- challenges of ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers, against subsequent top-ups.

Overall, the risk for these cases, considered to be possible, amounts to 10.7 billion reais (10.4 billion reais at December 31, 2023).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 1.8 billion reais (around 1.7 billion reais at December 31, 2023).

FUST and FUNTTEL

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

Overall, the risk for these cases, considered to be possible, amounts to 4.0 billion reais (4.0 billion reais at December 31, 2023).

During the third quarter of 2024, the Federal Tax Administration of Brazil served on TIM S.A. certain orders, due to alleged irregularities, refusing part of the set-offs (with federal tax payables) made using tax credits accounted for between 2018 and 2019. These had resulted from the decisions - favorable to the Company - pronounced in the judgments as to whether the ICMS could be included in the basis for calculating PIS and COFINS levies.

Following tax audits, most of the tax credits were validated and approved, while a minor portion was disputed by the auditors.

In early September 2024, timely appeals were filed against the measures notified by the tax authorities and supplemented with all documentation deemed necessary by the Company, as prepared with the support of leading Brazilian law firms.

This issue will initially be dealt with in administrative tribunals, but could later end up in the courts depending on the outcome of the discussion in the administrative forums.

Colt Technology Services - A428

With writ of summons before the Milan Court served in August 2015, the operator Colt Technology Services filed a damages claim based on the A428 decision, requesting compensation for alleged damages suffered from 2009 to 2011 as a result of purportedly inefficient and discriminatory conduct by TIM in the wholesale service supply process. The damage claimed was quantified as 27 million euros in loss of profits for the alleged non-acquisition of new customers, or for the alleged impossibility of supplying new services to the customers it had already acquired; the other party also formulated a request for compensation for the damages to its image and commercial reputation. This case follows the extrajudicial claim for approximately 23 million euros, previously advanced by Colt in June 2015, which the Company rejected in its entirety. TIM filed an appearance, contesting all of the plaintiff's allegations. In a judgment of February 21, 2024, the Court of Milan rejected in its entirety Colt's claim for damages in the amount of 27 million euros.

Colt served a notice of appeal against the judgment. The hearing in the Court of Milan has been set for February 18, 2025.

Eutelia and Clouditalia Telecomunicazioni (now Irideos) - A428

With a writ of summons dated May 2020, Eutelia in Extraordinary Administration and Clouditalia Telecomunicazioni S.p.A., purchaser of Eutelia's TLC branch, brought an action against TIM before the Court of Rome, making claims for damages, of around 40 million euros, for damages allegedly suffered, in the period 2009-2012, following the technical boycott and margin squeeze conduct, subject of AGCM (the Italian Competition Authority) procedure A428. TIM filed an appearance, contesting the claims made by the opposing party and formulating a counterclaim, subject to quantification of the damages incurred during the proceedings. On April 1, 2022, AGCM (the Italian Competition Authority) deposited the opinion envisaged by Art. 14, third subsection of Italian Legislative Decree 3/2017, whereby it: (i) proposed certain benchmarks for use to define the counterfactual scenario on which basis to quantify the damages allegedly suffered by Eutelia and Clouditalia; (ii) provided some additional indication and criteria to estimate the various damage items demanded by Eutelia and Clouditalia. At the hearing held on June 15, 2022, the Investigating Judge assigned time to the parties until July 8, 2022, by which to deposit written notes on the implications of the opinion of the AGCM (the Italian Competition Authority) and the contents of any queries to be raised with the court appointed expert. On October 24, 2022, the judge lifted the reservation and ordered an expert report on the *an* of TIM's conduct and the quantum of any damages suffered by Eutelia and Irideos as a result of such. On November 15, 2022, the court-appointed expert witness was sworn in. The hearing to examine the court-appointed expert, originally scheduled for October 18, 2023, has been postponed to February 7, 2024. Following a request from the court-appointed expert to extend the deadline for filing the final report, the Judge once again postponed the hearing to examine the court-appointed expert to May 22, 2024. Ahead of the cross-examination of the court-appointed expert, TIM filed a motion to renew or add to the expert's operations. The motion was not granted by the Judge, who set a hearing for closing arguments on September 17, 2025.

Antitrust case A514

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

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

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

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

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

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

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

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

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

On March 6, 2020, TIM was notified of the decision to close the investigation: AGCM (the Italian Competition Authority) ruled that TIM had abused its dominant position, finding that TIM had put in place an anticompetitive strategy designed to hinder the competitive development of investment in Ultrabroadband network infrastructure. The fine imposed on TIM for the anti-competitive offence is 116,099,937.60 euros.

On June 25, 2020 TIM sent AGCM (the Italian Competition Authority) the so-called compliance report as ordered in the final provision.

In May 2021, the Company in any case paid the fine.

TIM appealed the aforementioned fine before the Lazio Regional Administrative Court (TAR). By judgment 1963/2022 of February 28, 2022, TIM's appeal was rejected; TIM has appealed to the Council of State against the decision of the regional administrative court.

In August 2022, Irideos notified a deed of intervention *ad opponendum* with respect to TIM's principal appeal.

The related hearing for oral discussion was scheduled for May 25, 2023. At the end of the hearing, the Council of State ordered a report from a court-appointed expert on three issues regarding the profitability of the investment in “white areas” with low population density. On October 11, 2023, the court-appointed experts were sworn-in in the Council of State and requested an extension to the completion deadlines. Under the new deadlines granted by the Council of State, the completed expert report was filed in May 2024.

The case is set for a public hearing on October 10, 2024.

Open Fiber

In March 2020, Open Fiber (OF) sued TIM before the Court of Milan, claiming damages of 1.5 billion euros for alleged abuse of an exclusive and dominant position in relation to OF. The alleged actions consist of: (i) preemptive investments in FTTC networks in white areas; (ii) initiating specious legal action to obstruct Infratel tenders; (iii) spurious repricing of certain wholesale services; (iv) commercial lock-in offers on the retail market; (v) false disclosure to AGCOM in connection with the approval of a wholesale offer and spreading rumors about TIM being interested in acquiring OF; (vi) discriminatory access conditions to TIM passive infrastructure. TIM filed an appearance, contesting the arguments of OF. Enel S.p.A. intervened in the proceedings, asking that TIM be ordered to compensate all damages suffered and being suffered by Enel and OF, without, however, quantifying such. During the course of proceedings, Open Fiber redetermined the damage allegedly suffered, taking it to 2.6 billion euros plus interest and monetary revaluation. Open Fiber has also clarified that it believes such damages are still to be suffered. Enel then quantified the damages allegedly suffered as approximately 228 million euros, plus interest. On October 19, 2022, the hearing was held for admission of the evidence, after which the judge reserved the right to deliberate. By order of July 17, 2023, the Court of Milan lifted the reservation and deferred the hearing for delivery of the verdict until April 3, 2024. At the hearing of April 3, the Judge ordered that Court obtain the expert witness report rendered in the appeal proceedings brought by TIM before the Council of State against the unfavorable ruling of the Regional Administrative Court relating to fines imposed in relation to case A514. The case was then adjourned to be heard on June 12, 2024, with the Judge reserving the right to deliberate.

By order served on July 5, it was deemed fit – in order to adjudicate whether to stay the proceedings as requested by TIM – to invite the Parties to make their closing arguments. For this purpose, a hearing was set for September 18, 2024, with the Parties ordered to make their submissions in writing and invited to waive the time limits for the filing of closing briefs. This hearing was replaced by the filing of written notes only. The College will have to rule on the suspension of the judgment requested by TIM.

Eutelia and Voiceplus

In June 2009, Eutelia and Voiceplus asked that alleged acts of abuse by TIM of its dominant position in the premium services market (based on the public offer of services provided through so-called Non Geographic Numbers) be investigated. The complainants quantified the total damages at approximately 730 million euros.

The case follows a precautionary procedure in which the Milan Appeal Court prohibited certain behaviours of the Company relating to the management of some financial relations with Eutelia and Voiceplus concerning the Non Geographic Numbers, for which TIM managed the payments from the end customers, on behalf of such OLOs and in the light of regulatory requirements. After the ruling of the Milan Court of Appeal accepting TIM's objections, declaring that it was not competent in this matter and referring the case to the Civil Court, Eutelia (in extraordinary administration) and Voiceplus (in liquidation) resubmitted the matter to the Court of Milan. The first hearing took place in March 2014. TIM filed an appearance challenging the claims of the other parties. After the collapse of Voiceplus, the Court of Milan declared the case suspended in an order in September 2015. The case was later resumed by Voiceplus.

In its judgment issued in February 2018, the Court of Milan accepted TIM's defence and rejected the plaintiffs' claim for compensation, ordering them, jointly and severally, to pay the legal costs. In March 2018, Eutelia and Voiceplus lodged an appeal against the judgment in the first instance.

TIM appealed against the claim, requesting confirmation in full of the judgment in the first instance. The appeal of Eutelia and Voiceplus was fully rejected with the judgment of August 5, 2019. In December 2019 Eutelia and Voiceplus appealed to the Court of Cassation against the judgment of the Court of Appeal. TIM notified a counterclaim asking confirmation of the ruling appealed against. The hearing in chambers was scheduled for February 16, 2023. At the hearing on February 16, 2023, at the request of the applicants, it was ordered that the case be heard in open court, with a hearing scheduled for June 12, 2024.

The Court of Cassation, in a ruling published on June 25, 2024, declared inadmissible Eutelia and Voiceplus' appeal against the merit-based judgments which had thrown out the adversary's enormous compensation claim.

The Court found that (i) the question of relevant market was not relevant to the *ratio decidendi*, and (ii) the plaintiffs' other complaints aimed to call substantive deliberations into question.

The Court also ordered the counterparties to pay costs amounting to approximately 100,000.00 euros plus accessories and the lump-sum reimbursement of general expenses in the maximum percentage allowed by law.

Antitrust case I820

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

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

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

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

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

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

On September 11, 2021, AGCM (the Italian Competition Authority) presented a petition to the Council of State, requesting the cancellation of the judgment given by the regional administrative court.

On July 25, 2023, the Council of State reformed the decision of the Lazio Regional Administrative Court, upholding the validity of AGCM's (the Italian Competition Authority) measure in Case I820 and referring to the Authority to redetermine the fine in view of the reduced duration of the infringement.

In view of the rulings of the Council of State on the quantum of the sanction, TIM – in a petition dated August 28, 2023 – asked the AGCM (the Italian Competition Authority) for the redetermination of the sanction to take place in full adversarial proceedings between the parties as part of a special investigation procedure.

In its order of September 26, 2023, served on the Company on October 3, 2023, the AGCM (the Italian Competition Authority) informed TIM that it had quantified the fine at 100,670,526.00 euros, holding that it had no margins for discretion in executing the judgment of the Council of State. On October 12, 2023, TIM filed an appeal to overturn the judgment of the Council of State and, on October 13, 2023, filed an appeal before the Lazio Regional Administrative Court to annul the measure redetermining the sanction; TIM also requested the precautionary suspension of the measure, but this was rejected by order of November 9, 2023. For both judgments a hearing on the merits has yet to be set.

In a communication dated December 6, 2023, the Authority urged TIM to pay the penalty of 100,670,526.00 euros plus legal interest accrued from November 3, 2023 until the day of actual payment amounting to 5,535,913.60 euros.

In a communication dated December 12, 2023, TIM contested the dueness of such interest due to the absence of the prerequisites of liquidity and collectability required by Article 1282 of the Italian Civil Code, as well as an error in identifying the start date for the calculation.

The Authority's Budget Office responded on February 2, 2024, acknowledging an error in the calculation of legal interest, which was therefore restated to the amount of 4,121,837.47 euros, but reiterating that the same is due.

On March 29, 2024, TIM lodged an appeal with the Lazio Regional Administrative Court against the communication from the Budget Office, contesting both the error in the calculation of the interest due and a defect in the competence of the Budget Office.

Antitrust Case I850

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

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

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

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

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

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

As envisaged by the final ruling, on April 22, 2022, TIM sent AGCM (the Italian Competition Authority) a first report on the measures taken to fulfill the commitments made.

On May 11, 2022, AGCM (the Italian Competition Authority) notified TIM of its acknowledgment of the measures presented in such report.

On January 31, 2023 TIM sent AGCM (the Italian Competition Authority) a second report on the implementation of the undertakings given.

On January 30, 2024, TIM sent AGCM (the Italian Competition Authority) the required annual report on the implementation of the undertakings given.

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

Upon completion of the interim hearing of last June 1, 2022, the regional administrative court rejected the request and scheduled the merits hearing for January 26, 2023. At the January 26 hearing, after extensive discussion, the judge reserved the right to deliberate. By judgment of April 14, 2023, the Regional Administrative Court rejected as unfounded the appeal of Open Fiber, which on July 10, 2023, appealed the Regional Administrative Court's judgment to the Council of State.

The Council of State has scheduled an appeals hearing for November 14, 2024.

Antitrust case I857

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

The investigation also aims to verify the restrictive nature of the understanding with reference to additional elements regarding the possible adoption by TIM of technical solutions not available for competitor telecommunications operators and which may effectively hinder the adoption of their own technological solutions.

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

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

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

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

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

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

On January 5, 2022, with the publication on the AGCM (the Italian Competition Authority) website, market testing began.

The deadline for rebuttal arguments and proposing any accessory amendments to the commitments presented by TIM and DAZN is scheduled for March 7, 2022.

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

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

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

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

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

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

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

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

On January 20, 2023, notification was given of the investigation results (CRI).

AGCM (the Italian Competition Authority) believes that the agreement reached on January 27, 2021 (the “Deal Memo”) had contents and resulted in effects that reduced competition for its entire duration (and therefore until stipulation of the new agreement on August 3, 2022).

On January 31, 2023, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until May 31, 2023.

TIM filed its statement of defence March 28, 2023, and the final hearing with the Authority was held on April 4, 2023.

On April 18, 2023, AGCM (the Italian Competition Authority) decided to again extend the deadline for the conclusion of the proceedings to June 30, 2023, due to the complexity of the defence put forward by the Parties in their pleadings.

On June 28, 2023, AGCM (the Italian Competition Authority) ruled that the conduct of TIM and DAZN constitutes an agreement restricting competition in breach of Article 101 TFEU (the “AGCM Measure”).

Yet the arrangement – in particular regarding exclusivity – only lasted for approximately one month and its potentially restrictive effects on competition were neutralized by the Authority’s timely initiation of the investigation procedure on July 6, 2021.

Indeed, the precautionary sub-proceedings instigated at the start of the first football season of the three-year period 2021-2024 actually prevented the effects of the arrangement from occurring, as at the beginning of August 2021 TIM and DAZN discontinued the application of the disputed contractual clauses through their own voluntary action. The original agreement was then replaced by a new contract, entered into in August 2022, in which any exclusivity was completely eliminated, thus rooting out the antitrust concerns about exclusivity of distribution.

Consequently, and in light of the mitigating circumstances recognized, AGCM (the Italian Competition Authority) imposed a fine of 760,776.82 euros on TIM and a fine of 7,240,250.84 euros on DAZN.

On September 20, 2023, TIM paid the fine with reservations in view of the appeal brought by the Company with the Lazio Regional Administrative Court against the decision against it.

On May 11, 2024, the Lazio Regional Administrative Court threw out the appeals of TIM and DAZN for the annulment of the AGCM Measure and, without annulling the AGCM Measure (which will therefore continue in effect until any amendment by the AGCM itself), declared that the AGCM (the Italian Competition Authority) has a duty to resume the measure in accordance with the Lazio Regional Administrative Court's ruling.

In a nutshell, the Lazio Regional Administrative Court has valued the following reason, which is common to the appeals of both Sky and Fastweb: According to the CRI, the prohibited agreement had market effects from January 27, 2021 to August 4, 2022, whereas the AGCM Measure reduced the duration of the violation from July 1, 2021 – when the marketing of the rights under Deal Memo commenced – up to the implementation of voluntary measures adopted by TIM and DAZN as part of the precautionary sub-proceedings at the beginning of August 2021. Therefore, the AGCM Measure appeared to contradict the investigation results (CRI), with the Board having failed to adequately justified its decision to depart from the preliminary findings. At this point, AGCM (the Italian Competition Authority) could reopen the investigation or appeal against the ruling of the Lazio Regional Administrative Court. The TIM are considering its options for taking action against the ruling of the Lazio Regional Administrative Court, which could include an appeal. TIM decided to proceed with the appeal, which was served on all parties involved.

Wind Tre S.p.A. – I857

By writ of summons brought before the Court of Milan and served in January 2024, operator Wind Tre S.p.A. requested that TIM S.p.A. and DAZN limited be ordered to compensate, jointly and severally, Wind Tre S.p.A. for the damage allegedly suffered by it as a result of the defendants' alleged violation of art. 102 of the TFEU (abuse of a dominant position) due to having signed a mutual agreement in January 2021 (the “Deal Memo”) which – in the claimant's opinion – would result in damage quantifiable in 69,803,012.00 euros.

In addition, Wind Tre S.p.A. is requesting that TIM S.p.A. be ordered to pay 10,266,377.00 euros in compensation for the damage allegedly resulting from advertising campaigns which were intended, according to the claimant, to suggest to customers that subscribing to TIM's FTTH service, or subscribing to TIMVISION's offer, was the only way to access DAZN service content.

On April 29, 2024, TIM entered an appearance and counterclaim in which it called for Wind's claims to be thrown out and for the proceedings to be suspended pending the Lazio Regional Administrative Court’s ruling on TIM and DAZN’s application to annul the measure adopted by AGCM (the Italian Antitrust Authority) on June 28, 2023 (in which AGCM resolved that the conduct of TIM and DAZN in signing the Deal Memo constituted an agreement restricting competition). The preliminary hearing was initially scheduled for July 8, 2024, but has since been moved to March 11, 2025.

Universal Service

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

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

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

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

With resolution no. 263/20/CIR, AGCom started proceedings to renew the investigation into the iniquity of the net cost of the universal service for 1999-2009 and the allocation of contribution expenses. Vodafone has challenged this resolution before the Regional Administrative Court. The renewal proceedings concluded with resolution 18/21/CIR, which substantively confirmed the draft order. This same resolution has only been challenged before the regional administrative court by TIM for the years 1999 and 2000, while Vodafone, Wind and Fastweb have challenged the resolution for all years concerned with opposite grounds. By judgments published in February 2022, resolution 18/21/CIR was partially canceled; indeed, the regional administrative court has rejected the main complaint reporting the lack of power of renovation and upheld only the grounds hinged on the alleged unreasonable nature of the threshold envisaged by AGCom for the analysis of iniquity second facie. Fastweb, Vodafone, Wind, AGCom and TIM appealed the judgment of the Regional Administrative Court with the Council of State; The hearings on the merits were set for April 4 and April 27, 2023. At the end of the hearing on April 4, 2023, the case was reserved for judgment. On April 18, 2023, the Council of Ministers issued a collegial order referring several issues to the EU Court of Justice for a preliminary ruling.

The EU Court of Justice, in a ruling published on September 19, 2024, upheld the arguments of TIM's defense and rejected Vodafone's arguments, ruling that: (i) proof of a certain degree of fixed/mobile substitutability is not required for mobile operators to participate in the unfair burden sharing mechanism; (ii) it is up to Member States to establish the criteria for assessing burden unfairness. TIM will file for the resumption of the suspended judgments with the Council of State.

Brazil - Opportunity arbitration;

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

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

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

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

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

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

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

As regards the proceedings to review the 2016 Arbitration Award, in October 2019 the ICC held the discussion hearing in Paris. In August 2020, the Arbitration Court issued the award rejecting the Request for Revision presented by the Opportunity Group (the "2020 Arbitration Award").

In December 2020, the Opportunity group filed an appeal against the 2020 Arbitration Award before the Paris Court of Appeal. In May 2021 the Opportunity group asked the Paris Court of Appeal to summarize the proceedings brought against the 2016 Arbitration Award. Thereafter, the Opportunity Group, TIM and Telecom Italia Finance filed their briefs in the two proceedings pending before the Paris Court of Appeal, respectively against the 2016 Arbitration Award and the 2020 Arbitration Award. The appeal proceedings were heard on January 8, 2024. In its decision of May 2, 2024, the Paris Court of Appeal quashed the 2016 Arbitration Award on the grounds that the Court considered one of the members sitting on the arbitration panel to be affected by a conflict of interest. In a separate decision issued on the same date, the Court ordered the reopening of the 2020 Arbitration Award proceedings and, on June 24, 2024, observations were submitted on the consequences that the quashing of the 2016 Arbitration Award may have in relation to the appeal against the 2020 Arbitration Award. Proceedings are still pending.

On June 20, 2024, TIM and Telecom Italia Finance lodged an appealed with the Court of Cassation against the judgment quashing the 2016 Arbitration Award.

Iliad (winback)

By writ of summons served during the first quarter of 2020, Iliad Italia S.p.A. sued TIM before the Court of Milan for alleged anti-competitive conduct, including through the Kena Mobile brand, which was allegedly aimed at hindering its entry to and consolidation in the mobile phone market in Italy, seeking damages of at least 71.4 million euros.

TIM filed an appearance, fully disputing the requests of Iliad Italia S.p.A.; and, in turn, submitting a counterclaim in accordance with Art. 2598 of the Italian Civil Code, with reference to the denigration implemented by Iliad Italia S.p.A. in regard to TIM and formulating a symmetrical claim for damages. In the first preliminary brief, Iliad updated its claim for damages, taking it to 242.8 million euros, and later to 292.8 million euros.

The proceedings ended in a judgment of September 25, 2023, which did not award Iliad any damages; TIM's counterclaim was declared inadmissible.

In its notice of appeal served on December 15, 2023, Iliad requested that the first-instance judgment be partially overturned, requesting, among other things, that TIM be ordered to pay full compensation of not less than 292.8 million euros for the pecuniary and non-pecuniary damage suffered by Iliad.

On April 17, 2024, TIM entered an appearance in court and lodged a counterappeal. At the hearing of May 8, 2024, the Judge reserved the right to decide on the preliminary applications. The Judge, in an order of May 29, 2024 rendering the judgment that had been reserved at the hearing of May 8, 2024, having found that the appellant in its appeal had once again offered as evidence part of the documents offered in the first instance solely on a USB stick and that said USB stick could still not be consulted in that it was protected by a password that had not been communicated, ruled that the password must be obtained and the USB stick accessed as a result in the adversarial proceedings between the parties, thus postponing the hearing of the parties until September 11, 2024. At the hearing of September 11, 2024, the Judge reserved the right to decide on the preliminary requests.

Iliad (restrictions on duration and termination costs)

By writ of summons notified in September 2021, Iliad Italia S.p.A. summonsed TIM before the Court of Milan for the alleged application to customers of unlawful contractual conditions in terms of time limits and economic costs for withdrawal with reference to mobile and fixed telephone offers, with a consequent petition to order TIM to compensate damages, currently quantified as 120.4 million euros.

The hearing for closing arguments, originally set for May 28, 2024, was postponed to June 10, 2025.

Fastweb (Ethernet ATM migration)

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

Fastweb filed an appearance and submitted a counterclaim for abuse of a dominant market position and breach of contract. Fastweb's application is essentially based on alleged delays in the development of Ethernet coverage. The counterparty complains of damages of around 81.4 million euros. Having noted that the counterclaim made by Fastweb would appear to go beyond the profile of breach of contract and that, in this case, the specialized business chambers may be competent to judge the matter, the investigating judge has returned the case to the Chambers President for due consideration. The Chambers President has submitted the case to the President of the specialized business chambers. The first hearing was held on December 14, 2022. The hearing for the admission of the preliminary motions has been postponed to June 13, 2023. Subsequent to the filing of the preliminary motions, Fastweb re-quantified damage allegedly suffered as a result of TIM's unlawful conduct at approximately 101.1 million euros (of which 13.2 million euros is subject to the acceptance of TIM's main claim).

At the hearing of June 13, 2023, the investigating judge reserved judgment To dissolve this reservation, the G.I. ordered an expert report to be prepared by a court-appointed expert, who was to be appointed and sworn in on November 21, 2023. The public hearing for the examination of the court-appointed expert witness has been scheduled for February 4, 2025.

Iliad (INWIT)

By writ of summons served in July 2022, Iliad Italia S.p.A. summonsed Telecom, Vodafone and Infrastrutture Wireless Italiane S.p.A. ("INWIT") before the Court of Milan to assess the alleged unlawful conduct of INWIT, Telecom and Vodafone, consisting of refusal to allow Iliad to upgrade its mobile telephone transmission systems installed on INWIT-owned infrastructures. As a result of this conduct, Iliad has asked that Telecom be ordered, together with INWIT and Vodafone, to compensate the damages allegedly suffered, which it has reserved the right to quantify during the course of proceedings. The initial hearing took place on April 5, 2023, with the Judge reserving judgment on the objection as to the invalidity of the writ of summons brought by TIM. The initial hearing was deferred to October 11, 2023, following the admittance of the objection as to the invalidity of the writ of summons brought by TIM. At the hearing, the Judge set three dates for the exchange of pleadings between the parties: November 10, 2023, December 11, 2023, and January 2, 2024. Following the hearing for the discussion of any investigative measures on 24 September 2024, the Judge adjourned the case for the same reasons to the hearing on January 21,2025.

VAS (Value Added Services) - Seizure by the Public Prosecutor's Office of Milan

On April 24, 2024, the hearing was heard before the Court of Review of Milan. The Court of Review was called upon to rule on the appeal lodged by TIM against the seizure order made against it by the investigating judge of the Court of Milan.

After hearing the case, the Court of Review upheld the appeal, entering a decision on April 26, 2024 which:

- ordered the seizure order for 248,941,282.30 euros against TIM to be quashed; and
- ordered everything previously seized from TIM to be returned.

The reasoning for the decision will be announced in the next 30 days.

In particular, the events that led to the seizure by the Milan Public Prosecutor's Office are summarized below.

On February 29, 2024, TIM had been notified of a seizure order issued on February 8, 2024 by the Judge for Preliminary Investigations of Milan, which had ordered the preventive seizure of the sums held in the current accounts in the Company's name, for a total amount of 248,941,282.30 euros.

The measure concerned an alleged computer fraud (Article 640-ter of the Criminal Code) in the field of the so-called "VAS" (i.e. Value Added Services) provided by third-party companies called CSPs (i.e. "Content Service Provider").

TIM is not under investigation in the proceedings in question, and that the offence in dispute is not among those that, pursuant to Legislative Decree no. No. 231 of 2001, could theoretically constitute a prerequisite for administrative offences, attributable to the Company.

With specific reference to TIM, evidence of a possible fraudulent phenomenon in the sector emerged only in 2019, due to the significant number of disavowals of VAS services recorded in that year.

During that period, the Company reported these events to the Public Prosecutor's Office of Rome, in whose proceedings, currently being dismissed, the Company's role as a victim of the crime was confirmed.

In addition, the Company promptly carried out all the necessary actions aimed at neutralizing the phenomenon of illicit activations of VAS services.

(b) Other information

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

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

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

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

Arbitration proceedings 28/2021/SEC8 were filed with the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce, by TIM S.A. against Banco C6 S.A., Carbon Holding Financeira S.A. and Carbon Holding S.A. through which the interpretation will be discussed of certain clauses of the contracts governing the partnership. In the event of losing, the partnership may be dissolved.

On February 1, 2021, TIM S.A. announced that as part of this partnership it had obtained the right to exercise a Subscription Bonus to an indirect investment of approximately 1.44% in the share capital of Banco C6 S.A. due to the fulfillment of the first tier of agreed objectives in December 2020. This right was exercised, when deemed appropriate by the Company's management, in the amount of 163 million reais.

As of June 30, 2024, TIM S.A. had accomplished eleven objectives. representing a total stake of 6.06% in the bank since the beginning of the partnership, including 4.62% held in the form of derivatives and 1.44% as equity.

Vivendi S.E.

On December 15, 2023, TIM S.p.A. was served an ordinary writ of summons from the shareholder Vivendi, contesting the legitimacy of the board resolution of November 5, 2023 approving the sale of TIM's fixed network assets and the investments held in FiberCop S.p.A. and Telenergia S.r.l. ("NetCo") by Optics BidCo S.p.A. (a subsidiary of KKR). Vivendi did not make any application for precautionary injunction, nor did it request an urgent halt to executing the resolution and the consequent negotiations. The Company appeared in the proceedings to contest the merits of the arguments and requests made by Vivendi, confirming the legitimacy of the resolutions adopted by the Board of Directors and the agreements signed with Optics BidCo.

At the first hearing held on May 21, 2024, after having made attempts at conciliation and proceeded with the oral discussion, the judge reserved the right to deliberate. On May 22, 2024, the Judge, rendering the judgment that had been reserved, rejected Vivendi's preliminary applications in full and remanded the case for decision, setting a hearing for November 5, 2024.

Dispute concerning the license fees for 1998

TIM has summoned the Prime Minister's Office to appear in a civil suit for compensation for damages caused by the Italian State through appeal ruling 7506/09, handed down by the Council of State in breach, in the view of the Company, of Community law.

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

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

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

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

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

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

As part of these analyses aimed at deciding the appeal, on January 25, 2021 the company filed a request with the Court of Appeal in Rome to bring forward the hearing (postponed as mentioned to January 25, 2022). This is to avoid the umpteenth adjournment of the case, which concerns the failure to comply with two inter-partes decisions rendered in the matter by the EU Court of Justice for a manifest violation of European law by the State-Judge. With a ruling on February 8, 2021, the Rome Court of Appeal (second section specializing in corporate matters) deemed it could grant the request for an advance ruling, setting the hearing for November 30, 2021. On that date the case was taken to decision with the assignment of the legal terms for closing statements and replies. By order of February 22, 2022, having acknowledged that one of its members had chosen to abstain, the Board re-submitted the case, arranging for the deeds to be sent onto the President of the Court of Appeal. On March 4, 2022, the case was reassigned to another judge. By judgment of March 31, 2022, the Board scheduled the hearing for December 1, 2022 for closing arguments. The Board deferred the case to the hearing of January 19, 2023 for verbal discussion. Following the request made by the State advocacy, the case was again deferred until March 9, 2023. At the hearing on December 13, 2023, the Board granted the parties time to submit their closing statements and replies.

In its judgment No. 2320/2024 entered on April 3, 2024, the Court of Appeal of Rome upheld the claim brought by the Company, thus overturning the judgment against TIM and ordering the Presidency of the Council of Ministers to pay 528,711,476 euros, adjusted for inflation and plus the statutory interest accrued since the date the appeal was files, with costs awarded to the Company in the amount of 550,000.00 euros plus ancillary charges.

(c) Commitments and guarantees

Guarantees, net of back-to-back guarantees received, amounted to 163 million euros.

The guarantees provided by third parties to Group companies, amounting to 7,732 million euros, related to guarantees provided by banks and financial institutions as a guarantee of the proper performance of contractual obligations.

In particular, we report:

- the insurance guarantees, which totaled 2,371 million euros, mainly refer to guarantee financing by the TIM Group in applying legal provisions for contracts of Public Administrations and similar bodies;
- the TIM Group had bank guarantees issued in favor of INPS in support of the application – by TIM and some Group companies – of Article 4 of Italian Law 92 of June 28, 2012 and Article 41, paragraph 5-bis of Italian Legislative Decree 148/2015 or the voluntary redundancy of employees meeting the requirements; the total amount of those bank guarantees issued is 1,221 million euros, including 1,146 million euros for TIM S.p.A. and 74 million euros for Group companies. with reference to the bank guarantees issued in favor of INPS for which financial assets have been pledged, reference should be made to Note 9 "Non-current and current financial assets";
- TIM had bank guarantees issued in favor of Infratel on the advances of NRRP contributions of the "Italia 1 Giga" Plans (lots 1 and 5) for a total exposure of 208 million euros. It should also be noted that, as of July 1, 2024, following the NetCo sale, these guarantees were transferred to FiberCop.

Lastly, in May 2018, TIM issued a surety to the Prime Minister's Office for 74 million euros to secure an appeal to the Lazio Administration Court for a provisional stay of the administrative fine levied on TIM following the preliminary investigation connected with the penalty proceeding initiated under Article 2 of Decree Law 21 of 3/15/2012 (the "Golden Power" law).

There are also surety bonds on the telecommunication services in Brazil for 595 million euros.

The loan guarantees are described in the Note 14 "Non-current and current financial liabilities".

NOTE 23
REVENUES

This item consisted of:

(million euros)	1st Half 2024	1st Half 2023
Equipment sales	455	473
Services	6,606	6,380
Total	**7,061**	**6,853**

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 526 million euros (541 million euros in the first half of 2023), included in Costs of services.

For a breakdown of revenues by operating segment/geographical area, reference should be made to the Note "Segment Reporting".

NOTE 24
FINANCE INCOME AND EXPENSES

Finance income (expenses) showed a net expense of 812 million euros (expense of 607 million euros in the first half of 2023) and comprises:

(million euros)	1st Half 2024	1st Half 2023
Finance income	687	655
Finance expenses	(1,499)	(1,262)
Net finance income (expenses)	**(812)**	**(607)**

The items break down as follows:

(million euros)		1st Half 2024	1st Half 2023
Interest expenses and other finance expenses:			
Interest expenses and other costs relating to bonds		(473)	(385)
Interest expenses to banks		(189)	(137)
Interest expenses to others		(36)	(32)
Finance expenses on lease liabilities		(155)	(157)
		(853)	**(711)**
Commissions		(37)	(27)
Other finance expenses		(144)	(71)
		(181)	**(98)**
Interest income and other finance income:			
Interest income		57	56
Income from financial receivables, recorded in Non-current assets		77	50
Income from securities other than investments, recorded in Non-current		—	—
Income from securities other than investments, recorded in Current assets		11	15
Miscellaneous finance income		23	39
		168	**160**
Total net finance interest/(expenses)	**(a)**	**(866)**	**(649)**
Other components of finance income and expenses:			
Net exchange gains and losses		(9)	33
Net result from derivatives		37	(5)
Net fair value adjustments to fair value hedge derivatives and underlying instruments		—	—
Net fair value adjustments to non-hedging derivatives		26	14
Total other components of finance income and expenses	**(b)**	**54**	**42**
Total net finance income (expenses)	**(a+b)**	**(812)**	**(607)**

For greater clarity of presentation, the net effects relating to derivative financial instruments are summarized in the following table:

(million euros)		1st Half 2024	1st Half 2023
Foreign currency conversion gains		191	166
Exchange losses		(200)	(133)
Net exchange gains and losses		**(9)**	**33**
Income from fair value hedge derivatives		—	—
Charges from fair value hedge derivatives		—	—
Net result from fair value hedge derivatives	**(a)**	**—**	**—**
Positive effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		239	234
Negative effect of the reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)		(198)	(187)
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	**(b)**	**41**	**47**
Income from non-hedging derivatives		26	36
Charges from non-hedging derivatives		(30)	(88)
Net result from non-hedging derivatives	**(c)**	**(4)**	**(52)**
Net result from derivatives	**(a+b+c)**	**37**	**(5)**
Positive fair value adjustments to fair value hedge derivatives		—	—
Negative fair value adjustments relating to financial assets and liabilities underlying fair value hedge derivatives		—	—
Net fair value adjustments	**(d)**	**—**	**—**
Positive fair value adjustments to Underlying financial assets and liabilities of fair value hedge derivatives		—	—
Negative fair value adjustments relating to fair value hedge derivatives		—	—
Net fair value adjustments	**(e)**	**—**	**—**
Net fair value adjustments to fair value hedge derivatives and underlying instruments	**(d+e)**	**—**	**—**
Positive fair value adjustments to non-hedging derivatives	(f)	63	59
Negative fair value adjustments to non-hedging derivatives	(g)	(37)	(45)
Net fair value adjustments to non-hedging derivatives	**(f+g)**	**26**	**14**

NOTE 25
PROFIT (LOSS) FOR THE PERIOD

The profit (loss) for the period can be analyzed as follows:

(million euros)	1st Half 2024	1st Half 2023
Profit (loss) for the period	**(503)**	**(673)**
Attributable to:		
Owners of the Parent:		
Profit (loss) from continuing operations	58	(227)
Profit (loss) from Discontinued operations / Non-current assets held for sale	(704)	(586)
Profit (loss) for the period attributable to owners of the Parent	**(646)**	**(813)**
Non-controlling interests:		
Profit (loss) from continuing operations	79	63
Profit (loss) from Discontinued operations / Non-current assets held for sale	64	77
Profit (loss) for the period attributable to Non-controlling interests	**143**	**140**

For more details about “Profit (loss) from Discontinued operations / Non-current assets held for sale” see Note 12 “Discontinued operations / Non-current assets held for sale”

NOTE 26
EARNINGS PER SHARE

		1st Half 2024	1st Half 2023
Basic earnings per share			
Profit (loss) for the period attributable to owners of the Parent		(646)	(813)
Less: additional dividends for the savings shares (0.011 euros per share and up to capacity)		—	—
	(million euros)	(646)	(813)
Average number of ordinary and savings shares	(millions)	21,258	21,249
Basic earnings per share – Ordinary shares	(euros)	—	—
Plus: additional dividends per savings share		—	—
Basic earnings per share – Savings shares	(euros)	—	—
Basic earnings per share from continuing operations			
Profit (loss) from continuing operations attributable to Owners of the Parent		58	(227)
Less: additional dividends for the savings shares		—	—
	(million euros)	58	(227)
Average number of ordinary and savings shares	(millions)	21,258	21,249
Basic earnings per share from continuing operations – Ordinary shares	(euros)	—	—
Plus: additional dividends per savings share		—	—
Basic earnings per share from continuing operations – Savings shares	(euros)	—	—
Basic earnings per share from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent			
Profit/(loss) from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent	(million euros)	(704)	(586)
Average number of ordinary and savings shares	(millions)	21,258	21,249
Basic earnings per share from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent - Ordinary Share	(euros)	—	—
Basic earnings per share from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent - Savings Share	(euros)	—	—

	1st Half 2024	1st Half 2023
Average number of ordinary shares	15,230,150,487	15,220,777,483
Average number of savings shares	6,027,791,699	6,027,791,699
Total	**21,257,942,186**	**21,248,569,182**

		1st Half 2024	1st Half 2023
Diluted earnings per share			
Profit (loss) for the period attributable to owners of the Parent		(646)	(813)
Dilution effect of stock option plans and convertible bonds (*)		—	—
Less: additional dividends for the savings shares (0.011 euros per share and up to capacity)		—	—
	(million euros)	(646)	(813)
Average number of ordinary and savings shares	(millions)	21,261	21,249
Diluted earnings per share – Ordinary shares	(euros)	—	—
Plus: additional dividends per savings share		—	—
Diluted earnings per share – Savings shares	(euros)	—	—
Diluted earnings per share from continuing operations			
Profit (loss) from continuing operations attributable to Owners of the Parent		58	(227)
Dilution effect of stock option plans and convertible bonds (*)		—	—
Less: additional dividends for the savings shares		—	—
	(million euros)	58	(227)
Average number of ordinary and savings shares	(millions)	21,261	21,249
Diluted earnings per share from continuing operations – Ordinary shares	(euros)	—	—
Plus: additional dividends per savings share		—	—
Diluted earnings per share from continuing operations – Savings shares	(euros)	—	—
Diluted earnings per share from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent			
Profit/(loss) from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent	(million euros)	(704)	(586)
Dilution effect of stock option plans and convertible bonds		—	—
Average number of ordinary and savings shares	(millions)	21,261	21,249
Diluted earnings per share from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent - Ordinary Share	(euros)	—	—
Diluted earnings per share from Discontinued operations/Non-current assets held for sale attributable to owners of the Parent - Savings Share	(euros)	—	—

	1st Half 2024	1st Half 2023
Average number of ordinary shares (*)	15,233,023,694	15,220,777,483
Average number of savings shares	6,027,791,699	6,027,791,699
Total	**21,260,815,393**	**21,248,569,182**

(*) The average number of ordinary shares also includes potential ordinary shares relating to employee stock ownership plans for which the performance conditions (market and otherwise) have been met. Consequently, the "Net profit (loss) for the period attributable to owners of the Parent" and the "Profit (loss) from continuing operations attributable to owners of the Parent" are also adjusted to exclude the effects, net of tax, related to the above-mentioned plans. As regards the first half of 2024 and 2023, however, these effects have not been included in the calculation insofar as, in accordance with the provisions of IAS 33, the latter are allegedly anti-diluting.

Future potential changes in share capital

The table below shows future potential changes in share capital, based on the long-term share incentive plans, still outstanding at June 30, 2024:

	Number of maximum shares issuable	Share capital (thousands of euros)	Additional paid-in capital (thousands of euros)	Subscription price per share (euros)
Capital increases already approved (ordinary shares)				
Stock Options Plan 2022-2024	257,763,000	109,292		0.424
Total	**257,763,000**	**109,292**		

Further information is provided in Note 14 "Non-current and current financial liabilities" and Note 29 "Equity compensation plans".

NOTE 27
SEGMENT REPORTING

a) Segment reporting

The operating segments of the TIM Group, organized for the telecommunications business and the related geographical location are as follows:

- **Domestic**: includes the activities in Italy relating to voice and data services on fixed and mobile networks for end users (retail) and other operators (MVNOs)), the activities of the Telecom Italia Sparkle Group which, at international level (in Europe, the Mediterranean and South America), develops fiber optic networks for wholesale customers, the operations of Noovle S.p.A. (Cloud and Edge Computing solutions), the activities of Olivetti (products and services for Information Technology), and, Domestic sector support structures.
- **Brazil**: includes mobile and fixed telecommunications operations in Brazil (TIM S.A.);
- **Other operations**: include the financial companies (Telecom Italia Capital S.A. and Telecom Italia Finance S.A.) and other minor companies not strictly related to the TIM Group's core business.

In view of the decision-making process adopted by the TIM Group, segment reporting is presented for financial operating data.

The results of financial management, income tax expense for the year, as well as profit (loss) from Discontinued operations / Non-current assets held for sale are presented at a consolidated level.

The TIM Group has embarked on a transformation process which aims to overcome the Group's vertically integrated model by forming separate entities with different industrial and economic focuses. To date, these entities cannot be considered an "operating segment" within the meaning of IFRS 8 – Operating Segments, since these are still in an analytical design and subsequent implementation phase and, therefore, do not have a detailed set of economic and financial information.

In the course of 2024, once this process has been completed (and in view of the sale of NetCo on July 1, 2024), an assessment will be carried out to identify the operating segments in accordance with IFRS 8, with reference to the specific indications provided for by the standard itself (autonomy of operating flows, methods of allocating financial resources, management reporting, etc.).

Separate Consolidated Income Statements by Operating Segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023
Third-party revenues	4,804	4,756	2,257	2,097	—	—	—	—	7,061	6,853
Intragroup revenues	18	18	—	1	—	—	(18)	(19)	—	—
Revenues by operating segment	**4,822**	**4,774**	**2,257**	**2,098**	**—**	**—**	**(18)**	**(19)**	**7,061**	**6,853**
Other income	39	62	10	7	—	—	—	—	49	69
Total operating revenues and other income	**4,861**	**4,836**	**2,267**	**2,105**	**—**	**—**	**(18)**	**(19)**	**7,110**	**6,922**
Acquisition of goods and services	(2,726)	(2,760)	(860)	(842)	(1)	(1)	17	15	(3,570)	(3,588)
Employee benefits expenses	(597)	(969)	(173)	(162)	(1)	(1)	—	1	(771)	(1,131)
of which: of which: provisions for employee	—	—	—	—	—	—	—	—	—	—
Other operating expenses	(106)	(106)	(205)	(182)	(2)	(2)	(1)	—	(314)	(290)
of which: write-downs and expenses in connection with credit management and	(64)	(57)	(70)	(74)	—	—	—	—	(134)	(131)
Change in inventories	(4)	32	15	25	—	—	1	—	12	57
Internally generated assets	119	116	51	49	—	—	3	2	173	167
EBITDA	**1,547**	**1,149**	**1,095**	**993**	**(4)**	**(4)**	**2**	**(1)**	**2,640**	**2,137**
Depreciation and amortization	(995)	(991)	(639)	(659)		—	1	—	(1,633)	(1,650)
Gains (losses) on disposals of non-current assets	(4)	(8)	5	5	—	—	(1)	1	—	(2)
Impairment reversals (losses) on non-current assets	(14)	—	—	—	—	—	—	—	(14)	—
EBIT	**534**	**150**	**461**	**339**	**(4)**	**(4)**	**2**	**—**	**993**	**485**
Share of profit (losses) of associates and joint ventures accounted for using the equity method	(5)	(8)	(8)	(7)	—	—	—	—	(13)	(15)
Other income/(expense) from investments									2	3
Finance income									687	655
Finance expenses									(1,499)	(1,262)
Profit (loss) before tax from continuing operations									**170**	**(134)**
Income tax expense									(33)	(30)
Profit (loss) from continuing operations									**137**	**(164)**
Profit (loss) from Discontinued operations / Non-current assets held for sale									(640)	(509)
Profit (loss) for the period									**(503)**	**(673)**
Attributable to:										
Owners of the Parent									**(646)**	**(813)**
Non-controlling interests									143	140

Revenues by operating segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023
Revenues from equipment sales - third party	385	411	70	62	—	—	—	—	455	473
Revenues from equipment sales - intragroup	—	—	—	—	—	—	—	—	—	—
Total revenues from equipment sales	**385**	**411**	**70**	**62**	—	**—**	**—**	**—**	**455**	**473**
Revenues from services - third party	4,419	4,345	2,187	2,035	—	—	—	—	6,606	6,380
Revenues from services - intragroup	18	18	—	1	—	—	(18)	(19)	—	—
Total revenues from services	**4,437**	**4,363**	**2,187**	**2,036**	—	**—**	**(18)**	**(19)**	**6,606**	**6,380**
Total third-party revenues	4,804	4,756	2,257	2,097	—	—	—	—	7,061	6,853
Total intragroup revenues	18	18	—	1	—	—	(18)	(19)	—	—
Total revenues by operating segment	**4,822**	**4,774**	**2,257**	**2,098**	**—**	**—**	**(18)**	**(19)**	**7,061**	**6,853**

Purchase of intangible, tangible and right of use assets by operating segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023
Purchase of intangible assets	302	323	96	89	—	—	—	—	398	412
Purchase of tangible assets	246	260	319	315	—	—	—	—	565	575
Purchase of right of use assets	121	156	266	320	—	—	—	—	387	476
Total purchases of intangible assets, tangible assets and right of use assets	**669**	**739**	**681**	**724**	**—**	**—**	**—**	**—**	**1,350**	**1,463**
of which: capital expenditures	*586*	*602*	*415*	*404*	*—*	*—*	*—*	*—*	*1,001*	*1,006*
of which: increases in lease/leasing contracts for right of use assets	*83*	*137*	*266*	*320*	*—*	*—*	*—*	*—*	*349*	*457*

Headcount by Operating Segment

(number of units)	Domestic		Brazil		Other Operations		Consolidated Total	
	30.6.2024	12/31/2023	30.6.2024	12/31/2023	30.6.2024	12/31/2023	30.6.2024	12/31/2023
Headcount	**17,965**	**37,901**	**9,089**	**9,267**	**13**	**12**	**27,067**	**47,180**

Assets and liabilities by Operating Segment

(million euros)	Domestic		Brazil		Other Operations		Adjustments and eliminations		Consolidated Total	
	30.6.2024	12/31/2023	30.6.2024	12/31/2023	30.6.2024	12/31/2023	30.6.2024	12/31/2023	30.6.2024	12/31/2023
Non-current operating assets	19,523	40,769	7,090	7,916	1	1	—	—	26,614	48,686
Current operating assets	3,583	4,027	1,076	1,046	17	19	(51)	(48)	4,625	5,044
Total operating assets	23,106	44,796	8,166	8,962	18	20	(51)	(48)	31,239	53,730
Investments accounted for using the equity method	254	266	236	271	—	—	—	—	490	537
Discontinued operations /Non-current assets held for sale									22,333	—
Unallocated assets									6,999	7,892
Total Assets									**61,061**	**62,159**
Total operating liabilities	6,591	9,746	1,850	2,214	20	22	(51)	(85)	8,410	11,897
Liabilities directly associated with Discontinued operations/Non-current assets held for sale									9,464	—
Unallocated liabilities									26,701	32,749
Equity									16,486	16,999
Total Equity and Liabilities									**61,061**	**62,159**

b) Reporting by geographical area

(million euros)		Revenues				Non-current operating assets	
		Breakdown by location of operations		Breakdown by location of customers		Breakdown by location of operations	
		1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	30.6.2024	12/31/2023
Italy	(a)	4,668	4,610	4,375	4,302	19,309	40,549
Outside Italy	(b)	2,393	2,243	2,686	2,551	7,305	8,137
Total	**(a+b)**	**7,061**	**6,853**	**7,061**	**6,853**	**26,614**	**48,686**

c) Information about major customers

None of the TIM Group's customers make up for more than 10% of consolidated revenues.

NOTE 28
RELATED-PARTY TRANSACTIONS

The following tables show the figures relating to related party transactions and the impact of those amounts on the TIM Group's Separate Consolidated Income Statements, Consolidated Statements of Financial Position and consolidated statements of cash flows.

Pursuant to Art. 5, paragraphs 8 and 9, of Consob Regulation no. 17221 of March 12, 2010 concerning "Related-party transactions" and subsequent amendments, in the first quarter of 2024 financial year there are no transactions of greater importance, as defined by the Art. 4, paragraph 1, letter. a) of the aforementioned regulation which have significantly influenced the financial situation or results of the TIM Group.

In addition, there were no transactions concluded in the first half of 2024 that significantly impacted the equity position or results of the TIM Group, nor were there any changes or developments with respect to the related-party transactions described in the 2023 Report on Operations which had a significant effect on the financial position or on the performance of the TIM Group in the first half of 2024.

Related-party transactions, when not dictated by specific laws, were conducted at arm's length. They were performed in compliance with the internal procedure, which sets forth rules designed to ensure the transparency and fairness of the transactions in accordance with Consob Regulation 17221/2010. The current procedure is available on the website gruppotim.it, under the Group - Governance - Governance Tools - Other Codes and Procedures section.

At June 30, 2024, all authorizations necessary for completion of the sale of TIM's fixed network activities ("NetCo") have been received, with these assets classified as "Discontinued Operations" in accordance with IFRS 5. The sale was finalized on July 1, 2024.

The effects of the related-party transactions on the TIM Group separate consolidated income statement line items for the first half of 2024 and 2023 are as follows:

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS FOR THE FIRST HALF OF 2024

(million euros)	**Total** (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key Managers	**Total related parties**	Discontinued Operations relationships	**Total related parties net of Disc.Op.** (b)	% of financial statement item (b/a)
Revenues	**7,061**	45	50			**95**	(9)	**104**	1.5
Acquisition of goods and services	**3,570**	54	85			**139**	(1)	**138**	3.9
Employee benefits	**771**			36	7	**43**	(18)	**25**	3.2
Depreciation and amortization	**1,633**		3			**3**	(3)	**—**	—
Finance income	**687**	—	1	—		**1**	—	**1**	0.1
Finance expenses	**1,499**	2				**2**	—	**2**	0.1
Profit (loss) from Discontinued operations / Non-current assets held for sale	**(640)**	—	(13)	(17)	(1)	**(31)**			

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS FOR THE FIRST HALF OF 2023

(million euros)	Total (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Key Managers	Total related parties	Discontinued Operations relationships	Total related parties net of Disc.Op. (b)	% of financial statement item (b/a)
Revenues	**6,853**	(6)	170			**164**	129	**35**	2.4
Other income	**69**	1				**1**	—	**1**	1.4
Acquisition of goods and services	**3,588**	52	100			**152**	(18)	**134**	4.2
Employee benefits	**1,131**			38	8	**46**	(19)	**27**	4.1
Depreciation and	**1,650**	—	3			**3**	(3)	**—**	0.2
Finance income	**655**		1			**1**	—	**1**	0.2
Finance expenses	**1,262**	2				**2**	—	**2**	0.2
Profit (loss) from Discontinued operations / Non-current assets held for sale	**(509)**	—	108	(18)	(1)	**89**			

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

The effects of related-party transactions on the TIM Group separate consolidated statements of financial position line items at June 30, 2024 and December 31, 2023, are as follows:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS AT JUNE 30, 2024

(million euros)	Total (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	Total related parties	Discontinued Operations relationships	Total related parties net of Disc.Op. (b)	% of financial statement item (b/a)
Net financial debt								
Non-current financial receivables arising from lease contracts	**(45)**	—	(64)		(64)	63	(1)	2.2
Current financial receivables arising from lease contracts	**(54)**	—	(32)		(32)	32	—	—
Discontinued operations /Non-current assets held for sale of a financial nature	**(304)**		(95)		(95)			
Non-current financial liabilities for lease contracts	**2,561**	—	2		2	(2)	—	—
Current financial liabilities for financing contracts and others	**12,930**	1			1	(2)	(1)	—
Liabilities directly related to discontinued operations / Non-current assets held for sale of a financial nature	**5,913**		2		2			
Total net financial debt	**26,589**	1	(94)	—	(93)	93	—	—
Other statement of financial position line								
Right of use assets	**2,804**	—	49		49	(48)	1	—
Miscellaneous receivables and other non-	**1,598**	5	3		8	(3)	5	0.3
Trade and miscellaneous receivables and other current assets	**4,465**	119	46		165	(22)	143	3.2
Discontinued operations /Non-current assets held for sale of a non-financial nature	**22,333**		70		70			
Miscellaneous payables and other non-	**786**	—	18		18	(17)	1	0.1
Trade and miscellaneous payables and other current liabilities	**6,976**	19	67	24	110	(27)	83	1.2
Liabilities directly related to discontinued operations / Non-current assets held for sale of a non-financial nature	**3,551**		45		45			

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS AT 12/31/2023

(million euros)	**Total** **(a)**	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties** **(b)**	% of financial statement item **(b/a)**
Net financial debt						
Non-current financial receivables arising from lease contracts	**(112)**		(64)		**(64)**	57.1
Current financial receivables arising from lease contracts	**(162)**		(53)		**(53)**	32.7
Non-current financial liabilities for lease contracts	**4,743**		2		**2**	—
Current financial liabilities for financing contracts and others	**5,771**	2			**2**	—
Current financial liabilities for lease contracts	**838**		3		**3**	0.4
Total net financial debt	**25,776**		**(112)**		**(110)**	**(0.4)**
Other statement of						
Right of use assets	**5,515**		51		**51**	0.9
Miscellaneous receivables and other non-current	**2,187**	2			**2**	0.1
Trade and miscellaneous receivables and other	**4,699**	50	44		**94**	2.0
Miscellaneous payables and other non-current liabilities	**1,326**		19		**19**	1.4
Trade and miscellaneous payables and other current	**9,384**	29	71	23	**123**	1.3

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

The effects of the related-party transactions on the TIM Group consolidated statement of cash flows line items for the first half of 2024 and the 2023 financial year are as follows:

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS FIRST HALF 2024

(million euros)	**Total** (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties**	Discontinued Operations relationships	**Total related parties net of Disc.Op.** (b)	% of financial statement item (b/a)
Purchase of intangible, tangible and rights of use assets on an accrual basis	1,350	16	13		**29**	—	29	2.1

(*) Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS FIRST HALF 2023

(million euros)	**Total** (a)	Associates, subsidiaries of associates and joint ventures	Other related parties (*)	Pension funds	**Total related parties**	Discontinued Operations relationships	**Total related parties net of Disc.Op.** (b)	% of financial statement item (b/a)
Purchase of intangible, tangible and rights of use assets on an accrual basis	**1,463**	11	2		**13**	(1)	12	0.9

(*) Vivendi Group and companies belonging to the group that it belongs to, Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

Transactions with associates, subsidiaries of associates and joint ventures

The most significant values of the transactions with associates, subsidiaries of associates and joint ventures are summarized in the tables below.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(million euros)	1st Half 2024	1st Half 2023	TYPE OF CONTRACT
Revenues			
Polo Strategico Nazionale S.p.A.	57	5	Supply of software and related installation and configuration services; security services; cloud services, Data Center spaces, connectivity, design.
I-Systems S.A.	—	3	Services related to network operation and
Italtel S.p.A.	1	1	Fixed and mobile telephony services including equipment, licenses and outsourcing services.
TIMFin S.p.A.	(14)	(16)	Mobile and fixed voice services, outsourcing services and fees; costs related to financing transactions recognised as a reduction of the Parent Company TIM
Other minor companies	1	1	
Total revenues	**45**	**(6)**	
Other income	**—**	**1**	Recovery of seconded personnel costs, recovery of centralized expenses.
Acquisition of goods and services			
I-Systems S.A.	38	35	Supply of multimedia communication services and capacity services.
Italtel S.p.A.	11	12	Supply of equipment and software licenses and related professional services; hardware and software maintenance services linked to TIM offers to end customers; network and security equipment maintenance services for a period of 24 months linked to the TIM offer for the customer Poste Italiane; supplies for the expansion of TIM's fiber network.
W.A.Y. S.r.l.	3	4	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development.
NordCom S.p.A.	1		Purchase and development of IT solutions, customized services as part of TIM offerings for end customers, rentals for SRB hosting.
Other minor companies	1	1	
Total acquisition of goods and	**54**	**52**	
Finance expenses			
TIMFin S.p.A.	2	2	Finance expenses for commission and other finance
Total finance expenses	**2**	**2**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(million euros)	30.6.2024	12/31/2023	TYPE OF CONTRACT
Net financial debt			
Current financial liabilities for financing contracts and others	1	2	Financial liabilities for expenses on the transfer of receivables in respect of TIMFin S.p.A.
Miscellaneous receivables and other non-current assets	5	2	Prepayment (non-current portion) of costs to Italtel S.p.A.
Polo Strategico Nazionale S.p.A.	100	45	Supply of products, software installation and configuration services, cloud servers, Data Center spaces, connectivity and design
Daphne 3 S.p.A.	11		Dividends to be collected
I-Systems S.A.	4	1	Services related to network operation and
Italtel S.p.A.	3	1	Supply of fixed and mobile telephone services including equipment, Microsoft licenses and outsourcing services; prepayment (current portion) of costs.
W.A.Y. S.r.l.	—	1	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development.
Total trade and miscellaneous receivables and other current assets	119	49	
Trade and miscellaneous payables and other current liabilities			
Italtel S.p.A.	7	10	Supply contracts connected with investment and operation.
I-Systems S.A.	10	11	Supply of multimedia communication services and capacity services.
TIMFin S.p.A.	2	5	Miscellaneous costs for loans.
NordCom S.p.A.	-	1	Purchase and development of IT solutions, customized services as part of TIM offerings for end customers, rentals for SRB hosting.
W.A.Y. S.r.l.	1	2	Supply, installation and technical assistance services for geolocation equipment provided as part of offers to TIM customers, software development.
Total trade and miscellaneous payables and other current	21	29	

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	1st Half 2024	1st Half 2023	TYPE OF CONTRACT
Purchase of intangible, tangible and rights of use assets on an accrual basis			
Italtel S.p.A.	16	11	Software development, FTTH design for FiberCop works, supply of hardware and software, installations of hardware and engineering services for the network platforms; supplies for the expansion of TIM's fiber network.
Total purchases of intangible, tangible and right of use assets on a cash basis	16	11	

Transactions with other related parties (through directors, statutory auditors and key managers, as well as participants in shareholder agreements pursuant to Article 122 of the Consolidated Law on Finance)

Details are provided below of the transactions with:

- Vivendi Group and the companies of the group that it belongs to;
- Cassa Depositi e Prestiti Group (CDP) and Group subsidiaries;
- Companies related through Directors, Statutory Auditors and Key Managers with strategic responsibilities.

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(million euros)	1st Half 2024	1st Half 2023	TYPE OF CONTRACT
Revenues			
Cassa Depositi e Prestiti Group	50	169	Transfer of rights to use lead-in ducts and revenues for the rental of vertical segments, IRU transfer of rights to use dark fiber installation and infrastructures; supply of housing, dark fiber maintenance and dedicated GEA/Giganet connectivity services, fixed and mobile voice services and devices, application outsourcing services, cloud services, maintenance services to Open Fiber (formerly Metroweb) and electricity supply
Other minor companies		1	
Total revenues	**50**	**170**	
Acquisition of goods and services			
Cassa Depositi e Prestiti Group	1	18	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables) and maintenance of the Open Fiber (formerly Metroweb) network of Milan and Genoa (primary
Havas Group	80	78	Service & advisory activities in the purchase of media space by the TIM Group; study and implementation of advertising campaigns for the TIM and KENA brands, editorial management services for TIM brands on social media and TIM Group data room management services
Vivendi group	4	4	Operational management of TIM's "TIM I Love Games" online store platform and related developments; TIM cloud gaming (TIMGAMES) service in SaaS mode; use of My Canal platform licenses.
Total acquisition of goods and	**85**	**100**	
Depreciation and amortization	**3**	**3**	Purchase of underground infrastructure in black areas and purchase of connected fiber to Open Fiber (formerly Metroweb), a company of the Cassa Depositi e Prestiti
Finance income	**1**	**1**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(million euros)	30.6.2024	12/31/2023	TYPE OF CONTRACT
Net financial debt			
Non-current financial assets	(64)	(64)	Lease agreements for aerial infrastructure with Open Fiber (Cassa Depositi e Prestiti group).
Current financial assets	(32)	(53)	Lease agreements for infrastructure with Open Fiber (Cassa Depositi e Prestiti group).
Non-current financial liabilities	2	2	Leasing contract for Open Fiber (formerly Metroweb), a company of the Cassa Depositi e Prestiti group
Current financial liabilities	—	3	Payable for purchase in IRU infrastructure from Open Fiber (formerly Metroweb), a company of the Cassa Depositi e Prestiti group.
Other statement of financial position line items			
Miscellaneous credits and other non-current assets	3		
Right of use assets	49	51	Supply and installation of vertical segments and infrastructures for Open Fiber (a company of the Cassa Depositi e Prestiti group).
Trade and miscellaneous receivables and other current assets			
Cassa Depositi e Prestiti Group	35	43	IRU transfer of rights to use dark fiber installation and infrastructures; supply of housing, dark fiber maintenance and dedicated GEA/Giganet connectivity services, fixed and mobile voice services and devices, application outsourcing services, cloud services, maintenance services and electricity supply.
Havas Group	11	1	Prepaid expenses related to costs for advertising
Total trade and miscellaneous receivables and other current assets	**46**	**44**	
Miscellaneous payables and other non-current liabilities			
Cassa Depositi e Prestiti Group	17	18	Deferred income from deferred fees.
Vivendi group	1	1	Deferred income for IRU sale.
Total miscellaneous payables and other non-current liabilities	**18**	**19**	
Trade and miscellaneous payables and other current liabilities			
Cassa Depositi e Prestiti Group	31	31	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables), use and maintenance of the Open Fiber (formerly Metroweb) network of Milan and Genoa (primary network portion) and purchase of electricity.
Havas Group	34	36	Service & advisory activities in the purchase of media space by the TIM Group; study and implementation of advertising campaigns for the TIM and KENA brands, editorial management services for TIM brands on social media and TIM data room management services.
Vivendi group	2	3	Purchase of musical and television digital content, operative management of the TIM S.p.A. on-line store platform “TIM I Love Games” and related developments. TIM cloud gaming (TIMGAMES) service in SaaS mode; use of My Canal platform licenses.
Total trade and miscellaneous payables and other current	**67**	**70**	

CONSOLIDATED STATEMENT OF CASH FLOWS LINE ITEMS

(million euros)	1st Half 2024	1st Half 2023	TYPE OF CONTRACT
Purchase of intangible, tangible and rights of use assets on an accrual basis			
Cassa Depositi e Prestiti Group	13	2	Concession of the installation of sheaths for telecommunication cables along the motorway segments (occupation of soil and movement of cables), use and maintenance of the Open Fiber (formerly Metroweb) network of Milan and Genoa
Total purchases of intangible, tangible and right of use assets on a cash basis	**13**	**2**	

Transactions with pension funds

The most significant amounts are summarized as follows:

SEPARATE CONSOLIDATED INCOME STATEMENT LINE ITEMS

(million euros)	1st Half 2024	1st Half 2023	TYPE OF CONTRACT
Employee benefits expenses			Contributions to pension funds.
Fontedir	4	4	
Telemaco	30	32	
Other pension funds	2	2	
Total employee benefits expenses	**36**	**38**	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

(million euros)	30.6.2024	12/31/2023	TYPE OF CONTRACT
Trade and miscellaneous payables and other current liabilities			Payables for contributions to pension funds.
Fontedir	2	2	
Telemaco	21	20	
Other pension funds	2	1	
Total trade and miscellaneous payables and other current	**25**	**23**	

Remuneration to Key Managers with Strategic Responsibilities

In the first half of 2024, remuneration recorded on an accrual basis by TIM or by Group subsidiaries in respect of key managers with strategic responsibilities amounted to 7.0 million euros (7.7 million euros in the first half of 2023).

(million euros)	1st Half 2024		1st Half 2023	
Short-term remuneration	6.3	(1)	5.7	(3)
Long-term remuneration	—		—	
Employment termination benefit incentives	—		—	
Share-based payments (*)	0.7	(2)	2.0	(4)
Total	**7.0**		**7.7**	

(*) These refer to the fair value of the rights, accrued at June 30, under the share-based incentive plans of TIM S.p.A. and its subsidiaries (Long Term Incentive, Stock Options Plan and Plans of the subsidiaries).

(1) of which 0.7 million euros recorded by subsidiaries;
(2) of which 0.4 million euros recorded by subsidiaries;
(3) of which 0.7 million euros recorded by subsidiaries;
(4) of which 0.9 million euros recorded by subsidiaries.

Short-term remuneration is paid during the reference year, and, at the latest, within the six months following the end of that period and, in 2024, do not include the effects of assessment differences related to 2023 costs amounting to -0.3 million euros. Likewise, they do not take in the value referring to the taxable amount of the LTI 2021-2023 Plan shares granted during the first half of 2024, amounting to 0.5 million euros.

In the first half of 2024, the contributions paid in to defined contribution plans (Assida and Fontedir) by TIM S.p.A. on behalf of key managers with strategic responsibilities amounted to 120,500 thousand euros (112,500 thousand euros in the first half of 2023).

In the first half of 2024, "Key managers with strategic responsibilities" – i.e. those who have the power and responsibility, directly or indirectly, for the planning, direction and control of the operations of the TIM Group, including directors – were the following:

Directors:		
Pietro Labriola		Managing Director and Chief Executive Officer of TIM S.p.A. General Manager of TIM S.p.A.
Managers:		
Alberto Maria Griselli		Diretor Presidente TIM S.A.
Adrian Calaza Noia	(1)	Chief Financial Office
Paolo Chiriotti	(2)	Chief Human Resources & Organization Office
Simone De Rose	(3)	Head of Procurement & Logistics
Massimo Mancini	(4)	Chief Enterprise Market Office
Giovanni Gionata Massimiliano Moglia	(5)	Chief Regulatory Affairs Office
Agostino Nuzzolo	(6)	Head of Legal & Tax
Claudio Giovanni Ezio Ongaro	(7)	Chief Strategy, Business Development & Wholebuy Office
Elisabetta Romano		Chief Network, Operations & Wholesale Office
Andrea Rossini	(8)	Chief Consumer, Small & Medium and Mobile Wholesale Market Office
Eugenio Santagata	(9)	Chief Public Affairs & Security Office
Elio Schiavo		Chief Enterprise and Innovative Solutions Office

(1) From November 24, 2023, Interim Head of Administration, Finance & Control in the Chief Network, Operations & Wholesale Office.
(2) From November 24, 2023, Interim Head of Regulatory Affairs in the Chief Network, Operations & Wholesale Office.
(3) From November 23, 2023, Head of Procurement. From November 24, 2023, also Interim Head of Procurement in the Chief Network, Operations & Wholesale Office.
(4) Until March 6, 2024.
(5) From November 24, 2023, Interim Head of Regulatory Affairs in the Chief Network, Operations & Wholesale Office.
(6) From November 24, 2023, Interim Head of Legal & Tax in the Chief Network, Operations & Wholesale Office.
(7) Until November 23, 2023, Head of the Chief Strategy & Business Development Office. From November 24, 2023, also Interim Head of Strategy & Business Development in the Chief Network, Operations & Wholesale Office.
(8) Until November 23, 2023, Head of the Chief Consumer, Small & Medium Market Office.
(9) From November 24, 2023, Interim Head of Public Affairs & Security in the Chief Network, Operations & Wholesale Office.

As from July 1 2024 (the effective date of the transfer of the NetCo business unit of TIM S.p.A. to FiberCop S.p.A.), Giovanni Moglia and Elisabetta Romano are no longer included among the “Key Managers with Strategic Responsibilities” of TIM S.p.A..

NOTE 29
EQUITY COMPENSATION PLANS

Equity compensation plans in force at June 30, 2024, are used for attraction and retention purposes, and as a long-term incentive for the managers and employees of the Group.

However, it should be noted that these plans do not have any significant effect on the economic result or on the financial position or on cash flows at June 30, 2024.

A summary is provided below of the plans in place at June 30, 2024.

Description of stock option plans

TIM S.p.A. 2022-2024 Stock Option Plan

The Shareholders' Meeting held on April 7, 2022, approved the 2022-2024 Stock Option Plan. The Plan aims to encourage Beneficiaries to create value for the Company's shareholders, aligning management's interests with the interests of TIM shareholders in terms of achieving the qualified objectives of the Industrial Plan and growth in the value of the Share in the medium-term. The Plan intends to also assure the possibility of attracting new managers from the outside, as the Industrial Plan is implemented.

The 2022-2024 Stock Options Plan is intended for the CEO, Top Management and a select number of managers of the TIM Group who hold key roles in terms of achieving the Strategic Plan objectives.

The Plan has a strike price of 0.4240 euros, a three-year vesting period (1.1.2022-12.31.2024) and a two-year exercise period (from approval of the 2024 financial statements and through to the next two years).

The following performance conditions are also envisaged for the three-year period 2022-2024:

- Cumulative (reported) Economic-financial indicator (EBITDA-CapEx) with a weight of 70%
- ESG indicators with a total weight of 30%, structured into:
  - percentage of women in positions of responsibility (15%);
  - percentage of consumption of renewable energies (15%).

The level of achievement of the indicators determines the accrual of option rights over an interval that ranges from -10% to +10% with respect to the target number allocated per bracket.

At June 30, 2024, there were a total of 143 addressees and the number of options assigned at target is 197,012,202.

For further details, see the Information Document on the initiative at https://www.gruppotim.it/content/dam/gt/investitori/doc---avvisi/anno-2022/ita/Doc-informativo-Piano-stock-option-22-24.pdf.

Description of other compensation plans

TIM S.A. – Long Term Incentive Plan 2021-2023

On March 30, 2021, the General Meeting of Shareholders of TIM S.A. approved the long-term incentive plan for managers in key positions in the company. The plan aims to reward participants with shares issued by the company, according to specific time (restricted shares) and performance (performance shares) conditions. The vesting period is 3 years and the company does not have the legal obligation to repurchase or liquidate the shares in cash or in any other form. The plan – in addition to transferring shares to beneficiaries – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

Year 2021

On May 5, 2021, plan beneficiaries were granted the right to receive a total of 3,431,610 shares, of which 3,173,142 performance shares restricted to performance conditions and with gradual vesting over 3 years and 258,468 restricted shares, with a vesting period of 3 years.

In 2021, the Special Grant was added to the traditional plan, a further extraordinary concession with the aim of encouraging the closure of the purchase operation for part of Oi Móvel's assets in Brazil as well as the success of the subsequent integration operations.

Of the total 3,431,610 shares granted, 1,151,285 relate to the traditional grant (with 892,817 performance shares and 258,468 restricted shares) and 2,280,325 refer to the Special Grant.

On February 9, 2023, the Board of Directors agreed to adjust by 220,743 the number of performance shares granted under the Special Grant to the participants appointed to higher-responsibility roles during the period.

On June 30, 2024, in connection with the traditional grant, three vesting periods ended:

- **2022**: in compliance with the results approved on April 26, 2022, in July 572,608 shares were transferred to beneficiaries, of which 463,608 relating to the original volume accrued, 87,605 granted according to the degree to which objectives had been achieved and 21,395 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, it was ordered in June to make cash payments of the amount corresponding to 3,486 shares (2,883 relating to the original volume accrued, 473 acknowledged according to the degree to which the objectives had been achieved and 130 due to dividends distributed during the period).

- **2023**: in compliance with the results approved on May 8, 2023, in July 169,462 shares were transferred to beneficiaries, of which 128,384 relating to the original volume accrued, 28,484 granted according to the degree to which objectives had been achieved and 12,594 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, it was ordered in July to make cash payments of the amount corresponding to 17,576 shares (13,316 relating to the original volume accrued, 2,954 acknowledged according to the degree to which the objectives had been achieved and 1,306 due to dividends distributed during the period).
- **2024**: in compliance with the results approved on May 6, 2024, in July 530,784 shares were transferred to beneficiaries of which 298,151 relating to the original volume accrued, 180,353 granted according to the degree to which objectives had been achieved and 52,280 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, it was ordered in July to make cash payments of the amount corresponding to 31,677 shares (17,792 relating to the original volume accrued, 10,764 acknowledged according to the degree to which the objectives had been achieved and 3,121 due to dividends distributed during the period).

Regarding the ***Special Grant***:

- **2022**: in compliance with the results approved on April 26, 2022, 601,936 shares were transferred to beneficiaries in July, of which 579,451 relating to the original volume accrued and 22,485 shares as a result of the dividends distributed during the period.
- **2023**: in compliance with the results approved on May 8, 2023, in July 1,038,041 shares were transferred to beneficiaries, of which 829,161 relating to the original volume accrued, 131,775 granted according to the degree to which objectives had been achieved and 77,105 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, it was ordered in July to make cash payments of the amount corresponding to 92,254 shares (76,087 relating to the original volume accrued, 9,314 acknowledged according to the degree to which the objectives had been achieved and 6,853 due to dividends distributed during the period).
- **2024**: in compliance with the results approved on May 6, 2024, in July 719,164 shares were transferred to beneficiaries, of which 483,928 relating to the original volume accrued, 164,415 granted according to the degree to which objectives had been achieved and 70,821 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 19,892 shares (13,385 relating to the original volume accrued, 4,548 acknowledged according to the degree to which the objectives had been achieved and 1,959 due to dividends distributed during the period).

At June 30, 2024 – including the shares to be transferred in July – of the original volume assigned of 3,431,610 shares, in addition to 220,743 shares relating to the appointment of participants to higher-responsibility roles, 746,207 had been canceled due to the beneficiaries having left the company and 3,631,995 shares had been transferred to beneficiaries (2,782,683 related to the original volume vested, 592,632 recognized on the basis of performance achieved and 256,680 for effect of dividends distributed during the period). For participants transferred to other Group companies, as per the Plan rules, it was ordered to pay in cash the amount corresponding to 164,885 shares (123,463 relating to the original volume accrued, 28,053 acknowledged according to the degree to which the objectives had been achieved and 13,369 due to dividends distributed during the period), thus completing the 2021 grant.

Year 2022

On April 26, 2022, plan beneficiaries were granted the right to receive a total of 1,227,712 shares, of which 927,428 performance shares restricted to performance conditions and with gradual vesting over 3 years and 300,284 restricted shares, with a vesting period of 3 years.

- **2023**: in compliance with the results approved on May 8, 2023, in July 392,460 shares were transferred to beneficiaries, of which 264,305 relating to the original volume accrued, 110,928 granted according to the degree to which objectives had been achieved and 17,227 shares as a result of the dividends distributed during the period.
- **2024**: in compliance with the results approved on May 6, 2024, in July 680,532 shares were transferred to beneficiaries, of which 252,442 relating to the original volume accrued, 374,411 granted according to the degree to which objectives had been achieved and 53,679 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was **considered** in July of the amount corresponding to 59,334 shares (22,010 relating to the original volume accrued, 32,644 acknowledged according to the degree to which the objectives had been achieved and 4,680 due to dividends distributed during the period).

At June 30, 2024, of the total assigned of 1,227,712 shares, 204,183 shares were canceled due to the beneficiaries leaving the Company, and therefore 484,772 accrued shares remain.

Year 2023

On July 31, 2023, plan beneficiaries were granted the right to receive a total of 1,560,993 shares, of which 1,189,900 performance shares restricted to performance conditions and with gradual vesting over 3 years and 371,093 restricted shares, with a vesting period of 3 years.

At June 30, 2024, the first vesting period had not yet concluded and 71,407 shares had been canceled due to beneficiaries leaving the Company.

NOTE 30

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The effect of the first half of 2024 non-recurring events and transactions on the equity, profit, net financial debt and cash flows of the TIM Group is set out below in accordance with Consob Communication DEM/6064293 of July 28, 2006. The non-recurring effects on Equity and Profit (loss) for the year are shown net of tax effects.

(million euros)		Equity	Profit (loss) for the period	Net financial debt carrying amount	Cash flows (*)
Carrying amount	**(a)**	**16,486**	**(503)**	**26,589**	**(2,272)**
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects		(7)	(7)	18	(18)
Employee benefits expenses - Charges connected to corporate reorganization/restructuring and other costs		(64)	(64)	264	(264)
Other operating expenses - Charges from regulatory litigation and sanctions and contingencies, other provisions and charges		(11)	(11)	134	(134)
Net losses on disposals of non-current assets:		3	3	—	—
Other income/(expense) from investments		2	2	—	—
Other finance income		(2)	(2)	—	—
Other finance expenses		(21)	(21)	6	(6)
Total non-recurring effects	**(b)**	**(100)**	**(100)**	**422**	**(422)**
Income/(Expenses) relating to Discontinued operations	**(c)**	**(28)**	**(28)**	**10**	**(10)**
Figurative amount – financial statements	**(a-b-c)**	**16,614**	**(375)**	**26,157**	**(1,840)**

(*) Cash flows refer to the increase (decrease) in Cash and cash equivalents during the year.

The impact of non-recurring items on the Separate Consolidated Income Statements line items is as follows:

(million euros)	1st Half 2024	1st Half 2023
Acquisition of goods and services, Change in inventories:		
Acquisition of goods and services - Expenses related to agreements and the development of non-recurring projects and other expenses	(7)	(13)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(65)	(413)
Other operating expenses:		
Expenses from regulatory litigation and sanctions and contingencies, other provisions and expenses	(11)	(1)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(83)**	**(427)**
Gains (losses) on disposals of non-current assets:		
Net capital gain on corporate transactions	3	2
Impact on Operating profit (loss) (EBIT)	**(80)**	**(425)**
Other income (expenses) from investments:		
Other (expenses)/income from corporate operations	2	—
Finance income:		
Other finance income	(2)	—
Finance expenses:		
Other finance expenses	(21)	(15)
Impact on profit (loss) before tax from continuing operations	**(101)**	**(440)**
Income tax expense on non-recurring items	1	5
Income/(Expenses) relating to Discontinued operations	**(28)**	**(3)**
Impact on profit (loss) for the period	**(128)**	**(438)**

NOTE 31

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob Communication DEM/6064293 of July 28, 2006, a statement is made to the effect that in the first half of 2024 no atypical and/or unusual transactions, as defined by that Communication, were pursued.

NOTE 32

OTHER INFORMATION

(a) Exchange rates used to translate the financial statements of foreign operations(*)

(local currency against 1 euro)		End of period changes (statements of financial position) 30.6.2024	12/31/2023	Average period changes (income statements and statements of 1st Half 2024	1st Half 2023
Europe					
BGN	Bulgarian Lev	**1.95580**	1.95580	**1.95580**	1.95580
CZK	Czech koruna	**25.02500**	24.72400	**25.01810**	23.68155
CHF	Swiss franc	**0.96340**	0.92600	**0.96157**	0.98558
TRY	Turkish lira	**35.18680**	32.65310	**34.21224**	21.50513
GBP	Pound sterling	**0.84638**	0.86905	**0.85477**	0.87639
RON	Romanian leu	**4.97730**	4.97560	**4.97428**	4.93417
RUB	Russian ruble	**92.09730**	99.55840	**98.28153**	83.70696
North America					
USD	U.S. dollar	**1.07050**	1.10500	**1.08136**	1.08096
Latin America					
VES	Venezuelan bolivar	**38.92080**	39.62740	**39.23792**	25.85598
BOB	Bolivian boliviano	**7.39010**	7.64290	**7.45751**	7.46274
PEN	Peruvian nuevo sol	**4.11040**	4.09640	**4.05472**	4.06070
ARS	Argentine peso	**976.66940**	894.53730	**929.63096**	229.90690
CLP	Chilean peso	**1,010.78000**	974.79000	**1,016.99831**	871.11962
COP	Colombian peso	**4,453.83000**	4,287.88000	**4,239.48962**	4,956.24538
BRL	Brazilian real	**5.95080**	5.34964	**5.49271**	5.48212
Other countries					
ILS	Israeli shekel	**4.02000**	3.99930	**3.99506**	3.88432
NGN	Nigerian naira	**1,623.22860**	1,008.82030	**1,455.12546**	527.10149

(*) Source: Data processed by the European Central Bank, Reuters and major Central Banks.

(b) Research and Development

Costs for research and development activities are represented by external costs, dedicated employee benefits expenses and depreciation and amortization. Details are as follows:

(million euros)	1st Half 2024	1st Half 2023
Research and development costs expensed during the period	17	16
Capitalized development costs	255	275
Total research and development costs (expensed and capitalized)	**272**	**291**

In the first half of 2024, in the separate consolidated income statements, a total of 305 million euros of depreciation and amortization expense was recorded for development costs, capitalized during the period and in prior years.

Research and development activities carried out by the TIM Group are described in detail in the Interim Report on Operations (“Research and Development” section).

NOTE 33
EVENTS AFTER JUNE 30, 2024

TIM: Closed the sale of NetCo to KKR

On July 1, 2024, TIM announced that it had closed the sale of NetCo to Kohlberg Kravis Roberts & Co. L.P. ("KKR") through the transfer to FiberCop (a 58%-owned subsidiary of TIM) of TIM's fixed network infrastructure and wholesale activities business unit, and the subsequent acquisition by Optics BidCo (a subsidiary of KKR).of the entire share capital of FiberCop.

The NetCo sale, valued at a maximum of 22.0 billion euros including conditional earn-outs, allows TIM to reduce its financial debt *(*deleverage) by 14.2 billion euros, gross of the usual adjustments for this type of transaction.

Adjustments and separation costs were also confirmed at 0.4 billion euros, which was in line with the indications given to the market in the Capital Market Day Addendum of March 11, 2024. This gave a net figure of 13.8 billion euros.

In addition, the 0.4 billion euro cash component corresponding to the FiberCop-related NRRP advances was deconsolidated as part of the transaction.

Following the sale, the relationship between NetCo and TIM is regulated by a Master Service Agreement (MSA) with a term of 15 years, renewable for an additional 15 years; services will be rendered at market prices and without minimum purchase commitments.

The transaction allows TIM to adopt a new business model that will enable the Group to compete more effectively in the Consumer and Enterprise markets in Italy, thanks to a greater focus on industrial and commercial components and a solid financial structure.

Following the transaction, TIM's total workforce falls from 37,065 to 17,281 people, equivalent to 16,135 full-time equivalent staff.

TIM: Agreement signed with Ardian and Daphne 3 to sell the residual stake in INWIT

On August 12, 2024, TIM announced that it had reached an agreement with Impulse I (a consortium led by Ardian) and Daphne 3 to sell TIM's residual 10% stake in the share capital of the holding company Daphne 3, which in turn owns 29.9% of the share capital of Infrastrutture Wireless Italiane ("INWIT").

The agreement was struck based on the 10.43 euro valuation of INWIT shares and sees TIM receive (in addition to the 2024 guidance) approximately 250 million euros, once the existing net debt concerning Daphne 3 is taken into account. The terms and conditions are in line with practice in similar M&A transactions, including some applicable safeguards between the signing of the agreement and the closing.

The closing of the transaction is subject to certain conditions being met and is expected to take place in the fourth quarter of 2024.

NOTE 34
LIST OF COMPANIES OF THE TIM GROUP

In accordance with Consob Communication DEM/6064293 dated July 28, 2006, the list of companies is provided herein.

The list is divided by type of investment, consolidation method and operating segment.

The following is indicated for each company: name, head office, country and share capital in the original currency. In addition to the percentage ownership of share capital, the percentage of voting rights in the ordinary shareholders' meeting, if different from the percentage holding of share capital, and which companies hold the investment.

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
PARENT COMPANY						
TIM S.p.A.	MILAN	EUR	11,677,002,855			
SUBSIDIARIES CONSOLIDATED LINE-BY-LINE						
DOMESTIC BU						
CD FIBER S.r.l. (in liquidation) (design, construction, maintenance and management of network infrastructure services and high-speed electronic communication systems)	ROME	EUR	50,000	100.0000		TIM S.p.A.
MED 1 SUBMARINE CABLES Ltd (construction and management of the submarine cable	RAMAT GAN (ISRAEL)	ILS	9,607,583	100.0000		TELECOM ITALIA SPARKLE S.p.A.
MINDICITY S.r.l. SOCIETA' BENEFIT (design, development, implementation, installation, management and marketing of software, hardware, electronic IT systems and telecommunications systems)	CASALMAGGIORE (CREMONA)	EUR	10,000	70.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
NOOVLE INTERNATIONAL SAGL (ICT services)	PREGASSONA (SWITZERLAND)	CHF	20,000	100.0000		NOOVLE S.p.A. SOCIETA' BENEFIT
NOOVLE MALTA Ltd (ICT services)	GZIRA (MALTA)	EUR	10,000	90.0000		NOOVLE INTERNATIONAL SAGL
NOOVLE S.p.A. SOCIETA' BENEFIT (design, implementation and management of infrastructures and data center services)	MILAN	EUR	1,000,000	100.0000		TIM S.p.A.
NOOVLE SICILIA S.c.a.r.l. (in liquidation) (ICT services)	PALERMO	EUR	50,000	80.0000		NOOVLE S.p.A. SOCIETA' BENEFIT
OLIVETTI PAYMENT SOLUTIONS S.p.A. (in liquidation) (management of equity investments, study and research activities, commercial, industrial, financial movable and real estate activities)	MILAN	EUR	50,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
OLIVETTI S.p.A. SOCIETA' BENEFIT (production and sale of office equipment and information technology services)	IVREA (TURIN)	EUR	11,000,000	100.0000		TIM S.p.A.
PANAMA DIGITAL GATEWAY S.A. (telecommunications services and data center	PANAMA CITY (PANAMA)	USD	10,000	60.0000		TELECOM ITALIA SPARKLE S.p.A.
QTI S.r.l. (development, production and marketing of innovative products and services with high technological value)	FLORENCE	EUR	19,608	80.0000		TELSY S.p.A.
TELECOM ITALIA SPARKLE S.p.A. (completion and management of telecommunications services for public and private use)	ROME	EUR	200,000,000	100.0000		TIM S.p.A.
TELECOM ITALIA TRUST TECHNOLOGIES S.r.l. (other operations related to non-classified IT services)	POMEZIA (ROME)	EUR	7,000,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
TELECOM ITALIA VENTURES S.r.l. (investment holding company)	MILAN	EUR	10,000	100.0000		TIM S.p.A.
TELECONTACT CENTER S.p.A. (telemarketing services)	NAPLES	EUR	3,000,000	100.0000		TIM S.p.A.
TELEFONIA MOBILE SAMMARINESE S.p.A. (development and management of mobile telecommunications plants and services)	BORGO MAGGIORE (SAN MARINO)	EUR	78,000	51.0000		TIM SAN MARINO S.p.A.

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
TELSY S.p.A. (production, installation, maintenance, reconditioning and sale of terminals, radio telephones, telecommunications and electronic systems in general)	TURIN	EUR	5,390,000	100.0000		TIM S.p.A.
TI SPARKLE AMERICAS Inc. (managed bandwidth services)	MIAMI (USA)	USD	10,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ARGENTINA S.A. (managed bandwidth services)	BUENOS AIRES (ARGENTINA)	ARS	9,998,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE AUSTRIA GmbH (telecommunications services)	VIENNA (AUSTRIA)	EUR	2,735,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE BELGIUM S.P.R.L. - B.V.B.A. (telecommunications services)	BRUSSELS (BELGIUM)	EUR	2,200,000	99.9967 0.0033		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd
TI SPARKLE BRASIL PARTIÇIPAÇÕES Ltda (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	71,563,866	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE BRASIL TELECOMUNICAÇÕES Ltda (managed bandwidth services)	RIO DE JANEIRO (BRAZIL)	BRL	69,337,363	99.9999 0.0001		TI SPARKLE BRASIL PARTIÇIPAÇÕES Ltda TI SPARKLE AMERICAS Inc.
TI SPARKLE BULGARIA EOOD (telecommunications)	SOFIA (BULGARIA)	BGN	100,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE CHILE S.p.A. (managed bandwidth services)	SANTIAGO (CHILE)	CLP	5,852,430,960	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE COLOMBIA Ltda (managed bandwidth services)	BOGOTA (COLOMBIA)	COP	12,635,774,000	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE FRANCE S.A.S. (installation and management of telecommunications services for fixed network and related activities)	PARIS (FRANCE)	EUR	18,295,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE GERMANY GmbH (telecommunications services)	FRANKFURT (GERMANY)	EUR	25,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE GREECE S.A. (telecommunications)	ATHENS (GREECE)	EUR	368,760	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ISRAEL Ltd (international wholesale telecommunication services)	RAMAT GAN (ISRAEL)	ILS	1,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE MEXICANA S.A. de C.V. (telecommunications services)	MEXICO CITY (MEXICO)	MXN	100,000	99.9900 0.0010		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE NETHERLANDS B.V. (telecommunications services)	AMSTERDAM (NETHERLANDS)	EUR	18,200	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE NORTH AMERICA, Inc. (telecommunications and promotional services)	NEW YORK (USA)	USD	15,550,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE PANAMA S.A. (managed bandwidth services)	PANAMA CITY (PANAMA)	USD	10,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE PERU' S.A. (managed bandwidth services)	LIMA (PERU)	PEN	57,101,788	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE AMERICAS Inc.
TI SPARKLE PUERTO RICO LLC (managed bandwidth services)	SAN JUAN (PUERTO RICO)	USD	3,050,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ROMANIA S.r.l. (telecommunications services)	BUCHAREST (ROMANIA)	RON	3,021,560	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE RUSSIA LLC (telecommunications Services)	MOSCOW (RUSSIA)	RUB	8,520,000	99.0000 1.0000		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd
TI SPARKLE SINGAPORE Pte.Ltd (telecommunications services)	SINGAPORE	USD	5,121,120	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE NORTH AMERICA, Inc.
TI SPARKLE SLOVAKIA S.R.O. (in liquidation) (telecommunications services)	BRATISLAVA (SLOVAKIA)	EUR	300,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE SPAIN TELECOMMUNICATIONS S.L. (telecommunications services)	MADRID (SPAIN)	EUR	1,687,124	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE ST. CROIX LLC (managed bandwidth services)	VIRGIN ISLANDS (USA)	USD	1,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE SWITZERLAND GmbH (telecommunications services)	ZURICH (SWITZERLAND)	CHF	2,000,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE TURKEY TELEKOMÜNIKASYON ANONIM SIRKETI (telecommunications services)	ISTANBUL (TURKEY)	TRY	65,000,000	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE UK Ltd (value-added and networking services)	LONDON (UNITED KINGDOM)	EUR	3,983,254	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TI SPARKLE VENEZUELA C.A. (managed bandwidth services)	CARACAS (VENEZUELA)	VES	10	100.0000		TELECOM ITALIA SPARKLE S.p.A.
TIM MY BROKER S.r.l. (insurance brokerage)	ROME	EUR	10,000	100.0000		TIM S.p.A.

Company name	Reg. office	Currency	Share Capital	% Ownership	% of voting rights	Participating companies
TIM RETAIL S.r.l. (sale of fixed and mobile telecommunications products and services and all analog and digital broadcasting equipment)	MILAN	EUR	2,402,241	100.0000		TIM S.p.A.
TIM SAN MARINO S.p.A. (San Marino telecommunications management)	BORGO MAGGIORE (SAN MARINO)	EUR	1,808,000	100.0000		TIM S.p.A.
TIS LAGOS LIMITED (telecommunications services)	LAGOS (NIGERIA)	NGN	10,000,000	99.9999 0.0001		TELECOM ITALIA SPARKLE S.p.A. TI SPARKLE UK Ltd
TS-WAY S.r.l. (safeguarding and protecting the company's IT assets in the field of IT security)	ORVIETO (TERNI)	EUR	11,364	100.0000		TELSY S.p.A.
BRAZIL BU						
TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. (investment holding company)	RIO DE JANEIRO (BRAZIL)	BRL	8,227,356,500	99.9999 0.0001		TELECOM ITALIA FINANCE S.A. TIM S.p.A.
TIM S.A. (telecommunications services)	RIO DE JANEIRO (BRAZIL)	BRL	13,477,890,508	66.5882 0.0005	66.5885	TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A. TIM S.A.
OTHER OPERATIONS						
OLIVETTI DEUTSCHLAND GmbH (sale of office equipment and supplies)	NUREMBERG (GERMANY)	EUR	25,600,000	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
OLIVETTI UK Ltd (sale of office equipment and supplies)	NORTHAMPTON (UNITED KINGDOM)	GBP	6,295,712	100.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
TELECOM ITALIA CAPITAL S.A. (financial company)	LUXEMBOURG	EUR	2,336,000	100.0000		TIM S.p.A.
TELECOM ITALIA FINANCE S.A. (financial company)	LUXEMBOURG	EUR	1,818,691,979	100.0000		TIM S.p.A.
TELECOM ITALIA LATAM PARTICIPAÇÕES E GESTÃO ADMINISTRATIVA Ltda (telecommunications and promotional services)	SAO PAULO (BRAZIL)	BRL	118,925,804	99.9997		TIM S.p.A.
SUBSIDIARIES FOR SALE						
FIBERCOP S.p.A. (infrastructures, networks, passive cabled access services to the premises of end users to be offered to TLC operators throughout Italy)	MILAN	EUR	10,000,000	58.0000		TIM S.p.A.
TELENERGIA S.r.l. (import, export, purchase, sale and trade of electricity)	ROME	EUR	100,000	100.0000		TIM S.p.A.

Company name	Reg. office	Currenc y	Share Capital	% Ownership	% of voting rights	Participating companies
ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD						
AREE URBANE S.r.l. (in bankruptcy) (real estate management)	MILAN	EUR	100,000	32.6200		TIM S.p.A.
DAPHNE 3 S.p.A. (acquisition, holding, management and disposal of shareholdings in INWIT)	MILAN	EUR	100,000	10.0000	(*)	TIM S.p.A.
I-SYSTEMS S.A. (telecommunications systems)	SAO PAULO (BRAZIL)	BRL	1,794,287,995	49.0000		TIM S.A.
ITALTEL S.p.A.(**) (telecommunications systems)	ROME	EUR	5,692,956	17.7200	(*)	TIM S.p.A.
NORDCOM S.p.A.(***) (application service provider)	MILAN	EUR	5,000,000	42.0000		TIM S.p.A.
PEDIUS S.r.l. (Specialized telecommunications applications, telephone line telecommunications, VoIP services)	ROME	EUR	181	16.5553	(*)	TELECOM ITALIA VENTURES S.r.l.
POLO STRATEGICO NAZIONALE S.p.A. (design, preparation, set-up and provision of a high-reliability national data network infrastructure for public administration)	ROME	EUR	3,000,000	45.0000		TIM S.p.A.
SMART STRUCTURES SOLUTIONS S.r.l. (engineering activities)	ROME	EUR	15,000	36.0000		STAER SISTEMI S.r.l.
TIGLIO I S.r.l. (in liquidation) (real estate management)	MILAN	EUR	100,000	47.8020		TIM S.p.A.
TIMFIN S.p.A. (financing to the general public, including financing in the form of personal and consumer loans)	TURIN	EUR	40,000,000	49.0000		TIM S.p.A.
W.A.Y. S.r.l. (development and marketing of security and logistics geolocation products and systems)	TURIN	EUR	136,383	40.0000		OLIVETTI S.p.A. SOCIETA' BENEFIT
WEBIDOO S.p.A. (ICT services)	MILAN	EUR	242,357	10.0195	(*)	TELECOM ITALIA VENTURES S.r.l.
WESCHOOL S.r.l. (research and development, commercialization and patenting of all intellectual works related to technology, information technology and telecommunications)	MILAN	EUR	25,000	15.0160	(*)	TELECOM ITALIA VENTURES S.r.l.

(*) Associated company over which TIM S.p.A. directly or indirectly exercises significant influence pursuant to IAS 28 (*Investments in associates and joint ventures*).
(**) Sold on July 4, 2024.
(***) Sold on July 15, 2024.

CERTIFICATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION 11971 DATED MAY 14, 1999, AS AMENDED

1. We, the undersigned, Pietro Labriola, as Chief Executive Officer, and Adrian Calaza Noia, as Manager responsible for preparing TIM S.p.A. financial reports, certify, having also considered the provisions of Article 154-bis, subsections 3 and 4, of Italian Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures used in the preparation of the Half-Year Condensed Consolidated Financial Statements for the period January 1 – June 30, 2024.

2. TIM has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

3. The undersigned also certify that:
   - 3.1. the Half-Year Condensed Consolidated Financial Statements at June 30, 2024:
     - a) have been prepared in compliance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS), as well as the legislative and regulatory provisions in force in Italy, including, in particular, the measures enacted for the implementation of Article 9 of Italian Legislative Decree 38 of February 28, 2005;
     - b) agree with the results of the accounting records and entries;
     - c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company and its consolidated subsidiaries;
   - 3.2. The interim report on operations includes reliable analysis of references to important events occurring in the first six months of 2024 and their impact on the half-year condensed consolidated financial statements at June 30, 2024, along with a description of the main risks and uncertainties for the remaining six months of 2024. The Interim Report on Operations also contains a reliable analysis of information concerning significant related party transactions.

September 26, 2024

Chief Executive Officer	Executive Responsible for preparing the corporate accounting documents
/ signed /	/ signed /
Pietro Labriola	Adrian Calaza Noia

INDEPENDENT AUDITORS' REPORT

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Review report on the half-year condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
TIM S.p.A.

Introduction

We have reviewed the half-year condensed consolidated financial statements, comprising the consolidated statements of financial position, the separate consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows and the related explanatory notes of TIM S.p.A. and its subsidiaries (the "TIM Group") as of 30 June 2024. The Directors of TIM S.p.A. are responsible for the preparation of the half-year condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this half-year condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of half-year condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-year condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of TIM Group as of June 30, 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, September 27th, 2024

EY S.p.A.
Signed by: Ettore Abate, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

USEFUL INFORMATION

The 2024 Half-Year Financial Report is available online at gruppotim.it/report/ita and gruppotim.it/report/eng.

Information on TIM is also available at gruppotim.it and information on products and services at tim.it.

The following are also available:

- Free Number 800.020.220 (for calls from Italy) or +39 011 2293603 (for calls from abroad) available for information and assistance to shareholders
- TIM Investor Relations: +39 06 36882500 or investor_relations@telecomitalia.it

TIM S.p.A.

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Secondary Office and General Administration: Via di Val Cannuta, 182 - 00166 Rome

Certified email address (PEC): telecomitalia@pec.telecomitalia.it

Share capital 11,677,002,855.10 euros fully paid up

Tax code/VAT Registration Number and Milan – Monza Brianza – Lodi Companies Register number: 00488410010