ATTACHMENTS TO PRESS RELEASE

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In the event of discrepancy, the Italian language version prevails.

TIM GROUP – FINANCIAL HIGHLIGHTS

(millions of euros)		9 months to 9/30/2020 (a)	9 months to 9/30/2019 (b)	% Change (a-b)	organic excluding non-recurring
Revenues		**11,657**	**13,423**	(13.2)	(7.9)
EBITDA	(1)	**5,118**	**6,499**	(21.2)	(7.3)
EBITDA Margin		*43.9%*	*48.4%*	*(4.5)pp*	
Organic EBITDA Margin excluding non-recurring		*45.3%*	*45.0%*		*0.3pp*
EBIT	(1)	**1,627**	**2,712**	(40.0)	(17.9)
EBIT Margin		*14.0%*	*20.2%*	*(6.2)pp*	
Organic EBIT Margin excluding non-recurring		*15.5%*	*17.3%*		*(1.8)pp*
Profit (loss) for the period attributable to owners of the Parent		**1,178**	**852**	38.3	
Capital Expenditures & spectrum		**2,006**	**2,276**	(11.9)	(5.0)
		9/30/2020 (a)	**12/31/2019 (b)**	**Change Amount (a-b)**	
Adjusted Net Financial Debt	(1)	**25,469**	**27,668**	(2,199)	

(millions of euros)		3rd Quarter 2020 (a)	3rd Quarter 2019 (b)	% Change (a-b)	organic excluding non-recurring
Revenues		**3,898**	**4,429**	(12.0)	(5.0)
EBITDA	(1)	**1,720**	**2,108**	(18.4)	(7.9)
EBITDA Margin		*44.1%*	*47.6%*	*(3.5)pp*	
Organic EBITDA Margin excluding non-recurring		*45.2%*	*46.7%*		*(1.5)pp*
EBIT	(1)	**585**	**825**	(29.1)	(17.2)
EBIT Margin		*15.0%*	*18.6%*	*(3.6)pp*	
Organic EBIT Margin excluding non-recurring		*16.1%*	*18.5%*		*(2.4)pp*
Profit (loss) for the period attributable to owners of the Parent		**500**	**301**	66.1	

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

TIM GROUP – RECLASSIFIED STATEMENTS

The reclassified Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity as well as the Consolidated Net Financial Debt of the TIM Group, herewith presented, are consistent with the consolidated financial statements included in the Annual Financial Report and in the Half-Year Financial Report. Such statements were not audited by the audit firm.
The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2019, except for the amendments to the standards issued by IASB and adopted starting from January 1, 2020.

SEPARATE CONSOLIDATED INCOME STATEMENTS OF THE TIM GROUP

(millions of euros)	3rd Quarter 2020	3rd Quarter 2019	9 months to 9/30/2020 (a)	9 months to 9/30/2019 (b)	Change (a-b) amount	%
Revenues	**3,898**	**4,429**	**11,657**	**13,423**	**(1,766)**	**(13.2)**
Other income	31	84	121	850	(729)	(85.8)
Total operating revenues and other income	**3,929**	**4,513**	**11,778**	**14,273**	**(2,495)**	**(17.5)**
Acquisition of goods and services	(1,593)	(1,548)	(4,433)	(4,746)	313	6.6
Employee benefits expenses	(574)	(677)	(1,946)	(2,179)	233	10.7
Other operating expenses	(179)	(289)	(681)	(1,160)	479	41.3
Change in inventories	18	(15)	24	(89)	113	–
Internally generated assets	119	124	376	400	(24)	(6.0)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**1,720**	**2,108**	**5,118**	**6,499**	**(1,381)**	**(21.2)**
Depreciation and amortization	(1,134)	(1,262)	(3,482)	(3,758)	276	7.3
Gains (losses) on disposals of non-current assets	(1)	(21)	(9)	(29)	20	69.0
Impairment reversals (losses) on non-current assets	–	–	–	–	–	-
Operating profit (loss) (EBIT)	**585**	**825**	**1,627**	**2,712**	**(1,085)**	**(40.0)**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	10	(1)	12	(4)	16	–
Other income (expenses) from investments	–	–	448	2	446	–
Finance income	342	371	843	951	(108)	(11.4)
Finance expenses	(648)	(736)	(1,752)	(2,070)	318	15.4
Profit (loss) before tax from continuing operations	**289**	**459**	**1,178**	**1,591**	**(413)**	**(26.0)**
Income tax expense	232	(106)	66	(498)	564	–
Profit (loss) from continuing operations	**521**	**353**	**1,244**	**1,093**	**151**	**13.8**
Profit (loss) from Discontinued operations/Non-current assets held for sale	**–**	**–**	**–**	**–**	**–**	**–**
Profit (loss) for the period	**521**	**353**	**1,244**	**1,093**	**151**	**13.8**
Attributable to:						
Owners of the Parent	**500**	**301**	**1,178**	**852**	**326**	**38.3**
Non-controlling interests	21	52	66	241	(175)	(72.6)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE TIM GROUP

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

(millions of euros)		3rd Quarter 2020	3rd Quarter 2019	9 months to 9/30/2020	9 months to 9/30/2019
Profit (loss) for the period	**(a)**	**521**	**353**	**1,244**	**1,093**
Other components of the Consolidated Statement of Comprehensive Income					
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement					
Financial assets measured at fair value through other comprehensive income:					
Profit (loss) from fair value adjustments		–	2	(7)	5
Income tax effect		–	–	–	–
	(b)	**–**	**2**	**(7)**	**5**
Remeasurements of employee defined benefit plans (IAS19):					
Actuarial gains (losses)		–	–	(3)	(70)
Income tax effect		–	–	1	17
	(c)	**–**	**–**	**(2)**	**(53)**
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)**	**–**	**2**	**(9)**	**(48)**
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		6	15	3	37
Loss (profit) transferred to Separate Consolidated Income Statement		–	(4)	–	(7)
Income tax effect		–	(2)	(1)	(3)
	(f)	**6**	**9**	**2**	**27**
Hedging instruments:					
Profit (loss) from fair value adjustments		(397)	387	213	486
Loss (profit) transferred to Separate Consolidated Income Statement		202	(253)	173	(345)
Income tax effect		48	(32)	(94)	(35)
	(g)	**(147)**	**102**	**292**	**106**
Exchange differences on translating foreign operations:					
Profit (loss) on translating foreign operations		(307)	(204)	(1,750)	(117)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		–	–	–	–
Income tax effect		–	–	–	–
	(h)	**(307)**	**(204)**	**(1,750)**	**(117)**
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)**	**(448)**	**(93)**	**(1,456)**	**16**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(448)**	**(91)**	**(1,465)**	**(32)**
Total comprehensive income (loss) for the period	**(a+m)**	**73**	**262**	**(221)**	**1,061**
Attributable to:					
Owners of the Parent		**145**	**274**	**249**	**858**
Non-controlling interests		(72)	(12)	(470)	203

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION THE TIM GROUP

(millions of euros)		9/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		22,825	23,083	(258)
Intangible assets with a finite useful life		6,627	7,667	(1,040)
		29,452	**30,750**	**(1,298)**
Tangible assets				
Property, plant and equipment owned		12,800	14,011	(1,211)
Rights of use assets		**4,879**	**5,494**	**(615)**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		2,987	11	2,976
Other investments		52	52	–
Non-current financial receivable for lease contracts		42	51	(9)
Other non-current financial assets		2,477	2,100	377
Miscellaneous receivables and other non-current assets		2,050	2,585	(535)
Deferred tax assets		1,080	942	138
		8,688	**5,741**	**2,947**
Total Non-current assets	**(a)**	**55,819**	**55,996**	**(177)**
Current assets				
Inventories		272	260	12
Trade and miscellaneous receivables and other current assets		4,580	4,857	(277)
Current income tax receivables		46	149	(103)
Current financial assets				
Current financial receivables arising from lease contracts		*34*	*58*	*(24)*
Securities other than investments, other financial receivables and other current financial assets		*1,246*	*999*	*247*
Cash and cash equivalents		*2,858*	*3,138*	*(280)*
		4,138	**4,195**	**(57)**
Current assets sub-total		**9,036**	**9,461**	**(425)**
Discontinued operations /Non-current assets held for sale				
of a financial nature		–	65	(65)
of a non-financial nature		–	4,582	(4,582)
		–	**4,647**	**(4,647)**
Total Current assets	**(b)**	**9,036**	**14,108**	**(5,072)**
Total Assets	**(a+b)**	**64,855**	**70,104**	**(5,249)**

The company has not found any evidence that the value of assets with an indefinite life is likely to be impaired in the long term compared to the value measured for the purposes of the 2019 financial statements.

(millions of euros)		9/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		20,227	20,280	(53)
Non-controlling interests		1,246	2,346	(1,100)
Total Equity	**(c)**	**21,473**	**22,626**	**(1,153)**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		23,766	25,605	(1,839)
Non-current financial liabilities for lease contracts		4,107	4,576	(469)
Employee benefits		830	1,182	(352)
Deferred tax liabilities		323	248	75
Provisions		750	725	25
Miscellaneous payables and other non-current liabilities		3,226	3,214	12
Total Non-current liabilities	**(d)**	**33,002**	**35,550**	**(2,548)**
Current liabilities				
Current financial liabilities for financing contracts and others		3,773	3,182	591
Current financial liabilities for lease contracts		643	639	4
Trade and miscellaneous payables and other current liabilities		5,908	7,218	(1,310)
Current income tax payables		56	84	(28)
Current liabilities sub-total		**10,380**	**11,123**	**(743)**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
of a financial nature		–	655	(655)
of a non-financial nature		–	150	(150)
		–	**805**	**(805)**
Total Current Liabilities	**(e)**	**10,380**	**11,928**	**(1,548)**
Total Liabilities	**(f=d+e)**	**43,382**	**47,478**	**(4,096)**
Total Equity and Liabilities	**(c+f)**	**64,855**	**70,104**	**(5,249)**

CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE TIM GROUP

(millions of euros)		9 months to 9/30/2020	9 months to 9/30/2019
Cash flows from operating activities:			
Profit (loss) from continuing operations		1,244	1,093
Adjustments for:			
Depreciation and amortization		3,482	3,758
Impairment losses (reversals) on non-current assets (including investments)		23	26
Net change in deferred tax assets and liabilities		(138)	287
Losses (gains) realized on disposals of non-current assets (including investments)		(439)	28
Share of losses (profits) of associates and joint ventures accounted for using the equity method		(12)	4
Change in provisions for employee benefits		(534)	(243)
Change in inventories		(10)	90
Change in trade receivables and net amounts due from customers on construction contracts		401	(108)
Change in trade payables		(580)	(418)
Net change in current income tax receivables/payables		87	125
Net change in miscellaneous receivables/payables and other assets/liabilities		2,023	(116)
Cash flows from (used in) operating activities	**(a)**	**5,547**	**4,526**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(2,769)	(2,891)
Capital grants received		23	6
Acquisition of control of companies or other businesses, net of cash acquired		(7)	–
Acquisitions/disposals of other investments		(8)	(4)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		(186)	17
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		(33)	–
Proceeds from sale/repayments of intangible, tangible and other non-current assets		406	7
Cash flows from (used in) investing activities	**(b)**	**(2,574)**	**(2,865)**
Cash flows from financing activities:			
Change in current financial liabilities and other		(1,590)	134
Proceeds from non-current financial liabilities (including current portion)		1,270	3,619
Repayments of non-current financial liabilities (including current portion)		(2,410)	(4,032)
Changes in hedging and non-hedging derivatives		(233)	(673)
Share capital proceeds/reimbursements (including subsidiaries)		12	10
Dividends paid		(356)	(252)
Changes in ownership interests in consolidated subsidiaries		(1)	–
Cash flows from (used in) financing activities	**(c)**	**(3,308)**	**(1,194)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**–**	**–**
Aggregate cash flows	**(e=a+b+c+d)**	**(335)**	**467**
Net cash and cash equivalents at beginning of the period	**(f)**	**3,202**	**1,631**
Net foreign exchange differences on net cash and cash equivalents	(g)	(159)	2
Net cash and cash equivalents at end of the period	**(h=e+f+g)**	**2,708**	**2,100**

Purchases of intangible, tangible and rights of use assets

(millions of euros)	9 months to 9/30/2020	9 months to 9/30/2019
Purchase of intangible assets	(720)	(570)
Purchase of tangible assets	(1,256)	(1,673)
Purchase of rights of use assets	(1,029)	(558)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(3,005)	(2,801)
Change in payables arising from purchase of intangible, tangible and rights of use assets	236	(90)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(2,769)	(2,891)

Additional Cash Flow information

(millions of euros)	9 months to 9/30/2020	9 months to 9/30/2019
Income taxes (paid) received	93	(72)
Interest expense paid	(1,240)	(1,415)
Interest income received	302	439
Dividends received	256	–

Analysis of Net Cash and Cash Equivalents

(millions of euros)	9 months to 9/30/2020	9 months to 9/30/2019
Net cash and cash equivalents at beginning of the period		
Cash and cash equivalents - from continuing operations	3,138	1,917
Bank overdrafts repayable on demand – from continuing operations	(1)	(286)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	65	–
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	–	–
	3,202	**1,631**
Net cash and cash equivalents at end of the period		
Cash and cash equivalents - from continuing operations	2,858	2,147
Bank overdrafts repayable on demand – from continuing operations	(150)	(47)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	–	–
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	–	–
	2,708	**2,100**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE TIM GROUP

Changes from January 1, 2019 to September 30, 2019

(millions of 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 method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	Total	Non-controlling interests	Total Equity
Balance at December 31, 2018	**11,587**	**2,094**	**30**	**(563)**	**(1,340)**	**(90)**	**–**	**7,810**	**19,528**	**2,219**	**21,747**
Changes in equity during the period:											
Dividends approved								(166)	**(166)**	(112)	**(278)**
Total comprehensive income (loss) for the period			32	106	(79)	(53)		852	**858**	203	**1,061**
Grant of equity instruments								3	**3**		**3**
Other changes								(1)	**(1)**	12	**11**
Balance at September 30, 2019	**11,587**	**2,094**	**62**	**(457)**	**(1,419)**	**(143)**	**–**	**8,498**	**20,222**	**2,322**	**22,544**

Changes from January 1, 2020 to September 30, 2020

(millions of 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 method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	Total	Non-controlling interests	Total Equity
Balance at December 31, 2019	**11,587**	**2,094**	**19**	**(440)**	**(1,417)**	**(124)**	**–**	**8,561**	**20,280**	**2,346**	**22,626**
Changes in equity during the period:											
Dividends approved								(316)	**(316)**		**(316)**
Total comprehensive income (loss) for the period			(5)	292	(1,214)	(2)		1,178	**249**	(470)	**(221)**
Grant of equity instruments								(5)	**(5)**		**(5)**
Inwit - deconsolidation										(644)	**(644)**
Other changes	1							18	**19**	14	**33**
Balance at September 30, 2020	**11,588**	**2,094**	**14**	**(148)**	**(2,631)**	**(126)**	**–**	**9,436**	**20,227**	**1,246**	**21,473**

NET FINANCIAL DEBT OF THE TIM GROUP

(millions of euros)	9/30/2020 (a)	12/31/2019 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	19,054	19,773	(719)
Amounts due to banks, other financial payables and liabilities	4,712	5,832	(1,120)
Non-current financial liabilities for lease contracts	4,107	4,576	(469)
	27,873	**30,181**	**(2,308)**
Current financial liabilities (*)			
Bonds	910	1,958	(1,048)
Amounts due to banks, other financial payables and liabilities	2,863	1,224	1,639
Current financial liabilities for lease contracts	643	639	4
	4,416	**3,821**	**595**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	–	655	(655)
Total Gross financial debt	**32,289**	**34,657**	**(2,368)**
Non-current financial assets			
Securities other than investments	–	–	–
Non-current financial receivable for lease contracts	(42)	(51)	9
Financial receivables and other non-current financial assets	(2,477)	(2,100)	(377)
	(2,519)	**(2,151)**	**(368)**
Current financial assets			
Securities other than investments	(1,050)	(877)	(173)
Current financial receivables arising from lease contracts	(34)	(58)	24
Financial receivables and other current financial assets	(196)	(122)	(74)
Cash and cash equivalents	(2,858)	(3,138)	280
	(4,138)	**(4,195)**	**57**
Financial assets relating to Discontinued operations/Non-current assets held for sale	–	(65)	65
Total financial assets	**(6,657)**	**(6,411)**	**(246)**
Net financial debt carrying amount	**25,632**	**28,246**	**(2,614)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(163)*	*(578)*	*415*
Adjusted Net Financial Debt	**25,469**	**27,668**	**(2,199)**
Breakdown as follows:			
Total adjusted gross financial debt	**30,319**	**32,782**	**(2,463)**
Total adjusted financial assets	**(4,850)**	**(5,114)**	**264**
(*) of which current portion of medium/long-term debt:			
Bonds	*910*	*1,958*	*(1,048)*
Amounts due to banks, other financial payables and liabilities	*1,760*	*446*	*1,314*
Current financial liabilities for lease contracts	*643*	*639*	*4*

CHANGE IN ADJUSTED NET FINANCIAL DEBT OF THE TIM GROUP

(millions of euros)	9 months to 9/30/2020 (a)	9 months to 9/30/2019 (b)	Change (a-b)
EBITDA	5,118	6,499	(1,381)
Capital expenditures on an accrual basis	(2,006)	(2,276)	270
Change in net operating working capital:	(60)	(1,290)	1,230
Change in inventories	*(10)*	*90*	*(100)*
Change in trade receivables and net amounts due from customers on construction contracts	*401*	*(108)*	*509*
Change in trade payables	*(1,234)*	*(1,015)*	*(219)*
Change in payables for mobile telephone licenses / spectrum	*(110)*	*(18)*	*(92)*
Other changes in operating receivables/payables	*893*	*(239)*	*1,132*
Change in provisions for employee benefits	(534)	(243)	(291)
Change in operating provisions and Other changes	(144)	101	(245)
Net operating free cash flow	**2,374**	**2,791**	**(417)**
Of which operating free cash flow connected to the purchase of mobile telephone licenses / spectrum	*(110)*	*(18)*	*(92)*
% of Revenues	*20.4*	*20.8*	*(0.4) pp*
Sale of investments and other disposals flow	1,022	7	1,015
Share capital increases/reimbursements, including incidental expenses	12	10	2
Financial investments	(22)	(4)	(18)
Dividends payment	(356)	(252)	(104)
Increases in lease contracts	(999)	(525)	(474)
Finance expenses, income taxes and other net non-operating requirements flow	168	(1,095)	1,263
Impact of the application of IFRS 16 at 1/1/2019	–	(3,553)	3,553
Reduction/(Increase) in adjusted net financial debt from continuing operations	**2,199**	**(2,621)**	**4,820**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	–	–	–
Reduction/(Increase) in adjusted net financial debt	**2,199**	**(2,621)**	**4,820**

Equity Free Cash Flow

(millions of euros)	9 months to 9/30/2020	9 months to 9/30/2019	Change
NET OPERATING FREE CASH FLOW	**2,374**	**2,791**	**(417)**
Mobile telephone licenses / spectrum	110	18	92
Financial management	(904)	(1,031)	127
Cash Taxes and Other	86	(86)	172
EQUITY FREE CASH FLOW	**1,666**	**1,692**	**(26)**

INFORMATION BY OPERATING SEGMENTS OF THE TIM GROUP

DOMESTIC

(millions of euros)	9 months to 9/30/2020 (a)	9 months to 9/30/2019 (b)	Change (a-b) amount	%	% organic excluding non-recurring
Revenues	9,472	10,523	(1,051)	(10.0)	(9.3)
EBITDA	4,081	4,554	(473)	(10.4)	(9.6)
EBITDA margin	*43.1*	*43.3*		*(0.2) pp*	*(0.1) pp*
EBIT	1,312	1,694	(382)	(22.6)	(21.7)
EBIT margin	*13.9*	*16.1*		*(2.2) pp*	*(2.5) pp*
Headcount at period-end (number) (°)	43,069	(*) 45,496	(2,427)	(5.3)	

(°) Includes employees with temp work contracts: 16 units at September 30, 2020 (5 units at December 31, 2019).
(*) Headcount at December 31, 2019.

(millions of euros)	3rd Quarter 2020 (a)	3rd Quarter 2019 (b)	Change (a-b) amount	%	% organic excluding non-recurring
Revenues	3,213	3,454	(241)	(7.0)	(6.4)
EBITDA	1,397	1,625	(228)	(14.0)	(9.7)
EBITDA Margin	*43.5*	*47.0*		*(3.5) pp*	*(1.7) pp*
EBIT	479	665	(186)	(28.0)	(21.2)
EBIT Margin	*14.9*	*19.3*		*(4.4) pp*	*(3.0) pp*

Fixed

	9/30/2020	12/31/2019	9/30/2019
Physical accesses of TIM Retail (thousands)	8,761	9,166	9,381
of which NGN (1)	*4,127*	*3,670*	*3,567*
Physical accesses of TIM Wholesale (thousands)	8,053	8,051	8,050
of which NGN	*4,063*	*3,309*	*3,076*
Active Broadband accesses of TIM Retail (thousands)	7,519	7,592	7,532
Consumer ARPU (€/month) (2)	33.1	34.9	35.1
Broadband ARPU (€/month) (3)	25.5	27.7	28.3

(1) UltraBroadband access in FTTx and FWA mode, also including "data only" lines.
(2) Revenues from organic Consumer retail services in proportion to the average Consumer accesses.
(3) Revenues from organic broadband services in proportion to the average active TIM retail broadband accesses.

Mobile

	9/30/2020	12/31/2019	9/30/2019
Lines at period end (thousands)	30,165	30,895	31,254
of which Human	*19,894*	*21,003*	*21,413*
Churn rate (%) (4)	14.4	20.4	14.8
Broadband users (thousands) (5)	12,920	12,823	12,951
Reported ARPU (€/month) (6)	8.1	8.7	8.8
Human ARPU (€/month) (7)	12.1	12.6	12.6

(4) Percentage of total lines that ceased in the period compared to the average number of total lines.
(5) Mobile lines using data services.
(6) Revenues from organic retail services (visitors and MVNO not included) compared to the total average number of lines.
(7) Revenues from organic retail services (visitors and MVNO not included) compared to the average number of human lines.

Key results for the first nine months of 2020 for the Domestic Business Unit are presented in the following table, broken down by market/business segment and compared to first nine months of 2019:

(millions of euros)	3rd Quarter 2020	3rd Quarter 2019	9 months to 9/30/2020	9 months to 9/30/2019	% Change			
	(a)	(b)	(c)	(d)	(a/b)	(c/d)	organic excluding non-recurring (a/b)	organic excluding non-recurring (c/d)
Revenues	**3,213**	**3,454**	**9,472**	**10,523**	**(7.0)**	**(10.0)**	**(6.4)**	**(9.3)**
Consumer	1,469	1,624	4,374	4,969	(9.6)	(12.0)	(9.6)	(11.8)
Business	1,001	1,118	2,980	3,430	(10.5)	(13.1)	(10.4)	(12.3)
Wholesale National Market	468	468	1,404	1,387	0.1	1.3	0.1	1.3
Wholesale International Market	259	228	704	697	13.6	1.0	15.1	1.0
Other	16	16	10	40	–	(75.0)	–	–

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BRAZIL

	(millions of euros)		(millions of Brazilian reais)				
	9 months to 9/30/2020	**9 months to 9/30/2019**	**9 months to 9/30/2020**	**9 months to 9/30/2019**	**Change**		
					amount	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	2,208	2,930	12,590	12,791	(201)	(1.6)	(1.6)
EBITDA	1,043	1,952	5,946	8,522	(2,576)	(30.2)	3.2
EBITDA margin	*47.2*	*66.6*	*47.2*	*66.6*		(19.4) pp	*2.2 pp*
EBIT	320	1,025	1,827	4,476	(2,649)	(59.2)	6.5
EBIT margin	*14.5*	*35.0*	*14.5*	*35.0*		(20.5) pp	*1.1 pp*
Headcount at period-end (number)			9,397	(*)9,689	(292)	(3.0)	

(*) Headcount at December 31, 2019.

	(millions of euros)		(millions of Brazilian reais)				
	3rd Quarter 2020	**3rd Quarter 2019**	**3rd Quarter 2020**	**3rd Quarter 2019**	**Change**		
					amount	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	691	984	4,388	4,337	51	1.2	1.2
EBITDA	325	485	2,063	2,152	(89)	(4.1)	1.0
EBITDA margin	*47.0*	*49.6*	*47.0*	*49.6*		(2.6) pp	*(0.1 pp)*
EBIT	108	163	683	729	(46)	(6.3)	10.3
EBIT margin	*15.6*	*16.8*	*15.6*	*16.8*		(1.2) pp	*1.3 pp*

HEADCOUNT OF THE TIM GROUP

Average salaried workforce

(equivalent number)	9 months to 9/30/2020 (a)	Year 2019 (b)	9 months to 9/30/2019 (c)	Change (a-c)
Average salaried workforce – Italy	39,917	42,630	42,968	(3,051)
Average salaried workforce – Outside Italy	8,897	9,287	9,225	(328)
Total average salaried workforce (1)	**48,814**	**51,917**	**52,193**	**(3,379)**

(1) Includes employees with temp work contracts: 7 average employees in Italy in the first nine months of 2020; 5 average employees in Italy in the year 2019; 4 average employees in Italy in the first nine months of 2019.

Headcount at period end

(number)	9/30/2020 (a)	12/31/2019 (b)	9/30/2019 (c)	Change (a-b)
Headcount – Italy	42,827	45,266	46,274	(2,439)
Headcount – Outside Italy	9,653	9,932	9,774	(279)
Total headcount at period end (1)	**52,480**	**55,198**	**56,048**	**(2,718)**

(1) Includes employees with temp work contracts: 16 employees in Italy at 9/30/2020; 5 employees in Italy at 12/31/2019; 6 employees in Italy at 9/30/2019.

Headcount at period end – Breakdown by Business Unit

(number)	9/30/2020 (a)	12/31/2019 (b)	9/30/2019 (c)	Change (a-b)
Domestic	43,069	45,496	46,502	(2,427)
Brazil	9,397	9,689	9,533	(292)
Other Operations	14	13	13	1
Total	**52,480**	**55,198**	**56,048**	**(2,718)**

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

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

(millions of euros)	9 months to 9/30/2020	9 months to 9/30/2019
Revenues:		
Revenues adjustments	(38)	(15)
Other income:		
Brazil Business Unit Tax recovery effect	–	693
Absorption of other operational provisions	1	
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(37)	(12)
Employee benefits expenses:		
Expenses related to corporate restructuring/rationalization and other	(41)	(77)
Other operating expenses:		
Sundry expenses and other provisions	(66)	(289)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(181)**	**300**
Impact on EBIT - Operating profit (loss)	**(181)**	**300**
Other income (expenses) from investments:		
Net gain INWIT transactions	448	
Net gains from the disposal of investments in associates and joint ventures accounted for the equity method	–	1
Finance expenses:		
Miscellaneous finance expenses	(4)	(34)
Impact on profit (loss) before tax from continuing operations	**263**	**267**
Income taxes on non-recurring items	43	(112)
Impact on profit (loss) for the period	**306**	**155**

The Covid-19 emergency, following the spread of the SARS-CoV-2 virus and pronounced a pandemic by the World Health Organization (WHO) on March 11, 2020, resulted in the TIM Group incurring non-recurring expenses, gross of tax effects, for a total of 89 million euros. The adjustments of non-recurring revenues in the first nine months of 2020 (-38 million euros) are connected to the commercial initiatives of TIM S.p.A. to help customers to deal with the Covid-19 emergency, while the first nine months of 2019 were affected by non-recurring expenses of 15 million euros relating to adjustments to revenues from previous years, in addition to the impact of TIM S.p.A.'s commercial initiatives to support customers, operating costs were incurred mainly in relation to procurement, and provisions and charges connected with credit management resulting from the deterioration of the macroeconomic framework.

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

Revolving Credit Facility and Term Loan

The following table shows committed credit lines available at September 30, 2020:

(billions of euros)	9/30/2020		12/31/2019	
	Agreed	Drawn down	Agreed	Drawn down
Revolving Credit Facility – maturing January 2023	5.0	-	5.0	-
Bridge to Bond Facility – maturing May 2021	1.7	-	-	-
Total	**6.7**	**-**	**5.0**	**-**

At September 30, 2020, TIM had bilateral Term Loans for 1,700 million euros with various banking counterparties and overdraft facilities for 390 million euros, drawn down for the full amount.

On May 18, 2020 TIM created a new credit line, structured as a Bridge to Bond, for later issuing on the bond market, for 1.7 billion euros and initially maturing after 12 months, with the option of extension for another 12 months.

Bonds

Changes in bonds over the first nine months of 2020 are shown below:

(millions of original currency)	**Currency**	**Amount**	**Repayment date**
Repayments			
Telecom Italia S.p.A. 719 million euros 4.000% (1)	Euro	719	1/21/2020
TIM S.A. 1,000 Million BRL 104.10% CDI	BRL	1,000	7/15/2020
Telecom Italia S.p.A. 547 million euros 4.875% (2)	Euro	547	9/25/2020

(1) Net of buy-backs totaling 281 million euros made by the company in 2015.

(2) Net of buy-backs totaling 453 million euros made by the company in 2015.

With reference to Telecom Italia S.p.A. 2002-2022 bonds, reserved for subscription by employees of the Group, the nominal amount at September 30, 2020 was 212 million euros, up by 7 million euros compared to December 31, 2019 (205 million euros).

The nominal amount of repayment, net of the Group's bonds buyback, related to the bonds expiring in the following 18 months as of September 30, 2020 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by TIM S.p.A.) totals 3,659 million euros. With the following detail:

- 563.6 million euros, due January 25, 2021;
- 211.9 million euros, due January 1, 2022;
- 883.9 million euros, due February 10, 2022;
- 2,000 million euros, due March 26, 2022.

Bonds issued by the TIM Group do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that result in the automatic early redemption of the bonds in relation to events other than the insolvency of the TIM Group(1); furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relative to the assumption of future guarantees, except for the full and unconditional guarantees provided by TIM S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..
Since the bonds were placed principally with institutional investors in major world capital markets (Euromarket and the U.S.A.), the terms which regulate the bonds are in line with market practice for similar transactions effected on these

(1) A change of control event may result in the early repayment of the convertible bond of TIM S.p.A., as further detailed below.

same markets. Consequently, they carry negative pledges, such as, for example, the commitment not to pledge the company's assets as collateral for loans.

Regarding loans taken out by TIM S.p.A. from the European Investment Bank (EIB), at September 30, 2020 the nominal total of outstanding loans was 850 million euros, none of it backed by a bank guarantee.
The two EIB loans signed on December 14, 2015 and November 25, 2019 contain the following covenants:

- in the event the company becomes the target of a merger, demerger or contribution of a business segment outside the Group, or sells, disposes of or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan contracts, the EIB shall have the option to demand the immediate repayment of the loan (should the merger, demerger or contribution of a business segment outside the Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);
- TIM undertook to ensure that, for the entire duration of the loan, the total financial debt of the Group companies other than TIM S.p.A. – except for the cases when that debt is fully and irrevocably secured by TIM S.p.A. – is lower than 35% of the Group's total financial debt.
- "Inclusion clause", under which, in the event TIM commits to uphold financial covenants in other loan contracts (and even more restrictive clauses for the 2015 direct risk loan, including, for instance, cross default clauses and commitments restricting the sale of goods) that are not present in or are stricter than those granted to the EIB, the EIB will have the right – if, in its reasonable opinion, it considers that such changes may have a negative impact on TIM's financial capacity – to request the provision of guarantees or an amendment of the loan contract in order to establish an equivalent provision in favor of the EIB;
- "Network Event", under which, in the event of the disposal of the entire fixed network or of a substantial part of it (in any case, more than half in quantitative terms) to third parties not controlled by the Company, or in the event of disposal of the controlling interest in the company in which the network or a substantial part of it has previously been transferred, TIM must immediately inform the EIB, which may then opt to demand collateral or an amendment of the loan contract or choose an alternative solution.

The loan agreements of TIM S.p.A. do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige the Company to repay the outstanding loan if the covenants are not observed.
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 are also found in export credit loan agreements.

In the Loan Agreements and the Bonds, TIM is required to provide notification of change of control. Identification of the occurrence of a change of control and the applicable consequences – including, at the discretion of the investors, the establishment of guarantees or the early repayment of the amount paid in cash or as shares and the cancellation of the commitment in the absence of agreements to the contrary – are specifically covered in the individual agreements.
In addition, the outstanding loans generally contain a commitment by TIM, whose breach is an Event of Default, not to implement mergers, demergers or transfers of business, involving entities outside the Group. Such an Event of Default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the annulment of the undrawn commitment.

In the documentation of the loans granted to certain companies of the Tim Brasil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt and debt ratios) as well as the usual other covenants, under pain of a request for the early repayment of the loan.

Finally, as at September 30, 2020, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

DISPUTES AND PENDING LEGAL ACTIONS

A description is provided below of the most significant court, arbitration and tax disputes involving TIM Group companies and pending at September 30, 2020, as well as those that came to an end during the period.
The TIM Group has posted liabilities totaling 597 million euros for those disputes described below where the risk of losing the case has been considered probable.
It should be noted that for some disputes described below, on the basis of the information available at the closing date of the Financial Information at September 30, 2020, and with particular reference to the complexity of the proceedings, to their progress, and to elements of uncertainty of a technical-trial nature, it was not possible to make a reliable estimate of the size and/or times of possible payments, if any. Moreover, in those cases in which disclosure of information on a dispute could seriously jeopardize the position of TIM or its subsidiaries, only the general nature of the dispute is described.
Lastly, as regards the proceedings with the Antitrust Authority, please note that based on Art. 15, paragraph 1 of Italian Law 287/1990 ("Antitrust regulations"), the Authority has the right to impose an administrative sanction calculated on the turnover of the Group in cases of breaches considered serious.

A) SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

No significant events occurred for the following disputes and legal actions compared to what was published in the 2019 Annual Financial Report:

- Administrative offense charge pursuant to Legislative Decree 231/2001 for the so-called TIM Security Affair;
- Italian Competition Authority (AGCM) Case A428;
- Vodafone, Colt Technology Services, COMM 3000, MC-Link disputes (connected with the Antitrust A428 case);
- Antitrust Case I761;
- Wind (I761);
- Vodafone (I761);
- Antitrust Case I799;
- Vodafone;
- Eutelia and Voiceplus;
- Vodafone Dispute – Universal Service;
- Dispute on "Adjustments to license fees" for the years 1994-1998;
- Poste;
- Elinet S.p.A. bankruptcy.

International tax and regulatory disputes

As of September 30, 2020, the companies belonging to the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 16.2 billion reais (16.2 billion reais as of December 31, 2019). The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

On March 22, 2011, TIM Celular S.A. (company incorporated into TIM S.A. starting from October 31, 2018) was served notice of a tax assessment issued by the Federal Tax Authorities of Brazil for a total sum of 1,265 million reais as of the date of the notification, including fines and interest, as a result of the completion of a tax investigation concerning financial years 2006, 2007, 2008 and 2009 for the companies TIM Nordeste Telecomunicações S.A. and TIM Nordeste S.A. (formerly Maxitel), companies which have been progressively incorporated into TIM Celular with the aim of rationalizing the corporate structure in Brazil.
The assessment notice includes various adjustments; the main challenges may be summarized as follows:

- non-recognition of the tax effects of the merger of TIM Nordeste Telecomunicações S.A. and Maxitel S.A.;
- non-recognition of the tax-deductibility of the amortization of goodwill relating to the purchase of Tele Nordeste Celular Participações S.A. ("TNC");
- non-recognition of certain tax offsets;

- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself.

The adjustments included in the assessment notice were disputed by TIM Celular, in administrative court, with the filing of its first objections on April 20, 2011. On April 20, 2012, TIM Celular received notification of the decision of the administrative court of first instance which confirmed the findings set out in the assessment notice; TIM Celular promptly filed an appeal against this decision on May 21, 2012.

The Company, as confirmed by specific legal opinions, believes it is unlikely that significant disbursements can be expected.

Still in relation to the federal level of taxation, the following additional disputes should also be noted:

- 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 4.2 billion reais (4.3 billion reais at December 31, 2019).

State taxes

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

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handsets, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some States, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by the TIM Cellular on the basis of the aforementioned tax benefits);
- challenges relating to the use of ICMS credits claimed by Group companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance.

In February 2018 the State of São Paulo notified two tax assessments regarding ICMS to TIM Celular, for a total amount of 679 million reais (at the date of the assessment, including fines and interest). The first assessment (344 million reais) regarded a challenge of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States. The second assessment (335 million reais) challenged ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers, against subsequent top-ups.

In June 2018 the State of São Paulo notified two further tax assessments to TIM Celular, again relating to ICMS, for a total amount of 369 million reais (at the date of the assessment, including fines and interest). This assessment too relates to ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers against subsequent top-ups, as well as to the fines imposed for ICMS breaches. For a minor part of the claim, the company decided to authorize payment of the amount requested, instead of starting legal proceedings, benefiting from a discount on the fine. The dispute thus continues for the remaining amount, 296 million reais.

In late March 2020, the State of São Paulo issued a further tax assessment to the Company (TIM S.A., as the incorporating company of TIM Celular), for a total amount of 362 million reais (at the date of the assessment, including fines and interest). The notice is based on two alleged infringements: (i) the contestation of the ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers, against subsequent top-ups, for the period April- October 2015; and (ii) the discrepancy between the information submitted with periodic reports and figures on taxes paid (discrepancy due to differences in reporting arrangements).

Overall, the risk for these cases, considered to be possible, amounts to 8.3 billion reais (8.2 billion reais at December 31, 2019).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 0.7 billion reais (around 0.7 billion reais at December 31, 2019).

FUST and FUNTTEL

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

Overall, the risk for these cases, considered to be possible, amounts to 3 billion reais (3 billion reais at December 31, 2019).

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As regards the tax receivables recognized following the positive outcome of tax disputes concerning the inclusion of ICMS in the basis for calculating the PIS/COFINS contribution, refer to the information published in the 2019 Annual Financial Report. Moreover, also during the first nine months of 2020, TIM S.A. proceeded with the use of registered tax receivables, in accordance with the formal certification procedures provided by the Brazilian tax authorities.

Golden Power Case

In August 2017 the Presidency of the Council of Ministers started formal proceedings against TIM (and also against Vivendi) to ascertain that TIM was indeed obliged to notify Vivendi' s acquisition of corporate control of TIM and its strategic assets, pursuant to the' Golden Power' law. In September 2017, the proceedings in question concluded by affirming that this obligation did exist for TIM with effect from May 4, 2017 (the date of the Shareholders' Meeting that renewed TIM's corporate bodies).
As a result of this decision by the Presidency of the Council of Ministers, new and separate administrative proceedings started for the imposition on TIM of a financial penalty laid down by the Golden Power law for noncompliance with the aforementioned obligation to notify. These proceedings ended on May 8, 2018 with the imposition of a financial penalty of 74.3 million euros.
The Company is convinced that it has the legal arguments to demonstrate that it was under no obligation to notify the control exercised over it by Vivendi, has already filed an separate extraordinary appeals to the President of the Republic to request the abrogation of the order of September 2017 and before the Lazio Regional Administrative Court (TAR) against the aforementioned order of May 8, 2018 which imposed a financial penalty, requesting its precautionary suspension. In relation to the appeal to the Lazio TAR against the aforementioned provision of May 8, 2018, which imposed the financial penalty, the Court, after granting in July 2018, the application of the Company and thereby suspending payment of the fine, the Regional Administrative Court of Lazio with its provisional ruling of May 2019: rejected the exception of inadmissibility of the appeal on the sanction of 74.3 million euros; suspended the ruling preliminarily as regards the extraordinary appeal concerning the obligation of notification pursuant to the Golden Power rules; further suspended execution of the challenged measure.
It should also be noted that in May 2018 a guarantee bond for 74.3 million euros was issued in favor of the Presidency of the Council. TIM had been requested to submit such a bond for its application to Lazio TAR for precautionary suspension of the collection of the fine imposed for alleged breach of Art. 2 of Decree Law 21 of March 15, 2012 (the "Golden Power" law).
Furthermore, TIM appealed before the Lazio TAR and then appealed before the Council of State against the provision with which Consob, on September 13, 2017, affirmed Vivendi's control over TIM.
On the other hand, the Presidency of the Council of Ministers exercised the special powers prescribed in the Golden Power law through two specific rulings in October and November 2017 with which it imposed specific prescriptions and conditions on TIM S.p.A. and on the companies of the Telecom Italia Sparkle group and Telsy Elettronica e Telecomunicazioni (now Telsy S.p.A.).
The prescriptions, according to the Administrative Authority, are essentially connected to the circumstance that these companies, in part, perform activities that are relevant for national security and as far as TIM is concerned to the circumstance that it also owns the infrastructure and the systems used to provide access to end-users of services covered by the universal service obligation.
Any failure on the part of the recipients of the orders to execute the conditions and prescriptions is penalized in the same way as failure to notify significant acts for the purpose of the application of Golden Power law.
The companies subject to the prescriptions are required to send periodic reports to a special Monitoring Committee established at the office of the Prime Minister in order to verify compliance with the aforementioned prescriptions.

In December 2017 the Group sent to the Presidency of the Council of Ministers the first compliance report outlining all the proposals and activities put in place to carry out the prescriptions. This report is then followed by half yearly reports, as required by current legislation.
Nevertheless, also for this case TIM has already filed two extraordinary appeals to the President of the Republic to request the cancellation (i) of the imposition of the measures pursuant to art. 1 d. L. 21/2012 and (i) the imposition of measures pursuant to art. 1 d. L. 21/2012.
As stated, the premise for exercising special powers was (erroneously, according to the Company) referred to the de facto control resulting from the outcome of the shareholders'meeting of May 4, 2017 and to the direction and coordination of TIM by Vivendi. Both these circumstances no longer apply, as: at the shareholders' meeting of May 4, 2018, the slate presented by the shareholders Elliott international LP, Elliott Associates LP and The Liverpool Limited Partnership received the majority vote; the Board of Directors was re- appointed with 13 independent directors out of a total of 15, with only 5 from the slate presented by Vivendi; thus, Vivendi no longer has direction and coordination, nor is there de facto control.
Consequently, the Company requested the Prime Minister's Office to revoke the two Decrees, stating, in any case that it was willing as an alternative to assist in rewording the requirements applicable to TIM in view of the changed situation.
In a decree of July 6, 2018, the Prime Minister's Office did not consider an additional exercise of special powers, upholding the validity of the two Decrees already issued and rejecting the request to revoke them.
The reason for the above is due to the alleged circumstance that the new governance structures of the Company would be highly variable; this would not allow for the rulings according to which the special powers were exercised to be overruled, save for the need to protect the public interest as regards network security and operation.
The Company has lodged an appeal, with additional reasons and as part of the appeals already lodged, against the Prime Minister's decrees of October 16 and November 2, 2017, and against the Prime Minister's resolution of July 6, 2018, rejecting the appeal for revocation presented by the company, on the outcome of the changed situation in corporate governance. With a non-definitive ruling published in May 2019, the Lazio TAR: (i) accepted TIM's request for provisional measures to suspend the fine conditional on the offer of the guarantee; (ii) granted the suspension of the procedure to wait for the final judgment in the (injurious) case pending before the President of the Republic regarding the notification obligation, pursuant to the Golden Power provisions; (iii) rejected the request to close the case.

Teleunit

With a writ of summons before the Rome Court, Teleunit claimed 35.4 million euros in compensation from TIM, based on the known decision of the Italian Competition Authority that settled the A428 case. Specifically, the other party complained that in the period 2009/2010 it had suffered abusive conduct on TIM's part in the form of technical boycotting (refusals to activate network access services – KOs), and anticompetitive practices in the form of margin squeezing (excessive squeezing of discount margins, considered abusive inasmuch as they cannot be replicated by competitors). TIM filed an appearance, contesting all of the plaintiff's allegations. In October 2020, the dispute was settled between the parties without additional charges to the income statement for the company.

With a writ of summons issued in October 2009 before the Milan Appeal Court, Teleunit asked that TIM alleged acts of abuse of its dominant position in the premium services market be ascertained. The plaintiff quantified its damages at a total of approximately 362 million euros. TIM filed an appearance, contesting the claims of the other party.
After the ruling of January 2014 with which the Court of Appeal declared that it was not competent in this matter and referred the case to the Court, Teleunit reinstated the case before the Milan Court the following April. TIM filed an appearance in the reinstated proceedings challenging the plaintiff's claims.
In its judgment of May 2017, the Milan Court rejected Teleunit's claim in its entirety, and ordered the company to pay the legal costs of the case. This judgment was appealed by Teleunit, in June 2017, before the Milan Court of Appeal. TIM filed an appeal challenging the arguments presented by the other party and asking that the judgment in the first instance be fully confirmed. With an order in March 2018 the Milan Court of Appeal declared Teleunit's appeal pursuant to Article 348-bis of the Italian Code of Civil Procedure to be manifestly without foundation, and hence inadmissible. In May 2018 Teleunit appealed the judgment of the Court of Appeal to the Court of Cassation. TIM lodged a counter-appeal seeking confirmation in full of the order being appealed (and thus of the judgment at first instance).

Siportal

Siportal filed a lawsuit against TIM before the Rome Court, in which Siportal sued for approximately 48.4 million euros of compensation for alleged damages from abusive conduct in the form of technical boycotting over the period 2009–2011 and from the knock-on effects of the abuse until 2015, with the loss of commercial partners and the non-acquisition of new customers (the latter quantified for 25 million euros of damages). The claims are based on the decision of the Italian Antitrust Authority that settled the A428 case. TIM has filed an appearance, fully contesting the claims of the other party. The Court of Rome decided in favor of Siportal on the *an* of the alleged plaintiff; the case will continue with the Court Appointed Expert. TIM reserves every right to protect its own interests. In October 2020, the dispute was settled between the parties without additional charges to the income statement for the company.

Eutelia and Clouditalia Telecomunicazioni

With a writ of summons dated May 2020, Eutelia in Extraordinary Administration and Clouditalia Telecomunicazioni S.p.A., purchaser of Eutelia's TLC branch, brought an action against TIM before the Court of Rome, making claims for damages, of around 40 million euros, for damages allegedly suffered, in the period 2009-2012, following the technical boycott and margin squeeze conduct, subject of the AGCM A428 procedure. TIM will file an appearance, contesting the claims of the other party.

Italian Competition Authority (AGCM) Case A514

In June 2017 the Italian Competition Authority (AGCM) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of Art. 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, 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 ultra-broadband fixed network. In particular, the AGCM 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) preemptively securing customers on the retail market for ultra- broadband services by means of commercial policies designed to restrict the space of customer contendibility remaining for the competitor operators.
After the start of the proceedings, the Authority's officials carried out an inspection at some of TIM's offices in the month of July 2017. On November 2, 2017, TIM filed a defense brief in which, in support of the correctness of its actions, it challenged all the arguments that the conduct it had allegedly engaged in, and which was the subject of the case, was unlawful.
On February 14, 2018, AGCM 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 ultra- broadband, and the use of the confidential information of customers of the alternative operators.
On July 5, 2018 TIM filed proposed undertakings which, if accepted by the Authority, would close the investigation without any offense being established or sanction being administered. The undertakings were considered as admissible by the Authority, that market tested them in August and September.
On October 30, 2018, TIM replied to observations made by third parties and modified its proposed undertakings. With its decision notified on December 4, 2018, the Italian Antitrust 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 for an extension of the deadline for closing the proceedings (initially set for May 31, 2019).
On April 10, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until September 30, 2019. On May 17, 2019, AGCM notified TIM of the results of the investigation (CRI). In the CRI, AGCM essentially confirmed the case for the prosecution outlined in the start-up and extension of the proceedings orders.
On June 12, 2019 AGCM extended the deadline for deposit of TIM's final defense to September 20, 2019 and set the final hearing for September 25, 2019.
On September 18, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until February 28, 2020.
On March 6, 2020, TIM was notified of the decision to close the investigation: AGCM ruled that TIM had abused its dominant position, finding that TIM had put in place an anti-competitive strategy designed to hinder the competitive development of investment in UltraBroadBand network infrastructure.
The fine imposed on TIM for the anti-competitive offense is 116,099,937.60 euros. TIM appealed the aforementioned fine before the Lazio TAR, contesting both the merits of the accusations and the amount of the imposed fine.
On June 25, 2020 TIM sent AGCM the so-called compliance report as ordered in the final provision.

28-day billing

Resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, that it should be at least four-weekly. TIM appealed Resolution 121/17/CONS to the Regional Administrative Court. The judgment rejecting the appeal was published in February 2018. TIM appealed this judgment to the Council of State in June 2018. On September 23, 2020, the Council of State's provisional ruling was published, which brought together the TIM, Vodafone, Fastweb and Wind Tre appeals and ordered a reference for a preliminary ruling from the Court of Justice of the European Union (CJEU) on the existence of the Authority's power to regulate the frequency of commercial offer renewals and billing periods, at the same time rejecting the operators' other reasons for appeal and suspending the ruling.

With its Resolution 499/17/CONS, having confirmed the breach of Resolution 121/17/CONS, AGCom fined TIM 1,160,000 euros, ordering it to make provision – when the billing cycle was restored to monthly intervals or multiples thereof – to return the amounts corresponding to the fee for the number of days that, from June 23, 2017, had not been used by the users in terms of the supply of service due to the misalignment of the four- weekly and monthly billing cycles. TIM also appealed this second resolution to the Regional Administrative Court of Lazio, asking for its precautionary suspension which, on February 22, 2018, was accepted by the Regional Administrative Court of Lazio limited to the part relating to the reimbursement orders.

Subsequently, Law no 172 of December 4, 2017 decreed that contracts for the supply of electronic communications services should obligatorily prescribe that the renewal of offers and the billing of services be based on a month, or multiples thereof. TIM adapted to this order within the period of time prescribed by law, namely within 120 days of the date it came into force (April 5, 2018).

In March 2018, with Decision 112/2018/CONS AGCom (i) cautioned TIM, with regard to fixed-line voice services only, against postponing the starting date of invoices issued after the return to monthly invoicing by the same number of days as those presumably deducted starting from June 23, 2017 with the four-weekly invoicing cycle; and (ii) revoked the preceding resolution 499/17/CONS in the part in which TIM was ordered to repay the amounts presumably lost from June 23, 2017 onwards, with the four-weekly billing cycle. This resolution was also challenged by with an additional submission triggered as part of the appeal against resolution 499/17/CONS, with a request for single precautionary measures, which was provisionally granted until the hearing before the Council on April 11, 2018 with a Presidential Decree published on March 26, 2017.

Under Presidential Decree 9/18/PRES, AGCom amended the provisions of Decision 112/18/CONS requiring the deferment of billing once the billing cycle was restored to monthly intervals, or multiples thereof, while also ordering that the timescales for complying with the order would be identified after hearings with the operators and the main consumer protection associations. TIM and the other operators affected by the presidential decree waived the precautionary petition against Resolution 112/18/CONS. In May 2018, TIM therefore appealed AGCom Presidential Decree 9/18/PRES and Resolution 187/18/CONS which ratified this decree.

In July 2018, AGCom issued resolution 269/18/CONS, with which it set December 31, 2018 as the date by which the operators must return to their fixed network customers a number of days of service equal to those eroded as an effect of 28-day billing, or propose to the affected customers any alternative compensatory measures, after having notified them to AGCom. TIM, in keeping with actions taken and arguments made, intends to appeal this resolution.

In September 2018, TIM appealed Resolution 297/18/CONS in which AGCom imposed a fine of 696,000 euros for having continued to adopt - in breach of AGCom Resolution 121/17/CONS - four-weekly billing and renewal of consumer offers as from February 16, 2018 (and until March 31, 2018).

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

In November, 2018, AGCom published resolution 521/18/CONS with which it imposed a sanction of 1,044,000 euros on TIM. The sanction was imposed for breach of the transparency rules and rights to withdraw in amending the contractual terms and conditions of the mobile offers applied to customers starting from April 8, 2018 following restoration of monthly billing. TIM appealed this resolution as well to the Regional Administrative Court in January 2019. Following a new application submitted by TIM, the Council of State, with its ruling published on March 20, 2019, extended the precautionary measure to suspend the effectiveness of the decision until May 21, 2019 while awaiting publication of the grounds for the judgment.

Having acknowledged the publication of the grounds of the ruling handed down on May 10, 2019, the Council on May 21, 2019 ordered postponement of discussion of the application for precautionary measures to the Council meeting of July 4, 2019 in order to allow TIM to finalize its additional grounds with a new application for precautionary measures. Following this hearing, the Council of State rejected TIM's application to suspend execution of the ruling of the Regional Administrative Court with its ruling published on July 5, 2019, so it is operational starting from May 21, 2019. The hearing to discuss the introductory appeal and additional grounds submitted by TIM in the meantime is still, as of writing, to be set. On July 12, 2019 the ruling mechanisms with which the Council of State rejected the similar appeals made by Vodafone, Wind Tre and Fastweb were published and in February 2020 the judgments containing the grounds were published.

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

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

In June 2019, TIM had in any case decided to offer its fixed network customers, active prior to the March 31, 2018 and subjected to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS. Subsequently, from September 2019, TIM decided to also accept requests for the refund of the eroded days. In both cases, TIM informed customers with several messages in the bill, on the web in the main newspapers. The initiatives just described were communicated to AGCom as part of the aforementioned penalty proceedings.

Antitrust Case I820

On February 19, 2018, AGCM 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, would take the form of implementation of the obligation introduced by Article 19-quinquiesdecies of Decree Law 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 issued a provisional precautionary measure against all the operators involved in the proceedings with which it ordered the suspension, pending the proceedings, of the implementation of the agreement concerning the determination of repricing communicated to users at the time of reformulating the billing cycle in compliance with Law 172/17 and to independently redetermine its commercial strategy. With its decision no. 27112 of April 11, 2018, AGCM confirmed the precautionary measure.
On June 12, 2018, TIM filed an appeal with the TAR for the quashing of said measure.
In its session on June 27, 2018, AGCM took note of the brief submitted by TIM regarding compliance with the precautionary measure.
On July 17, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until January 31, 2020.
In the findings of the preliminary inquiry (CRI) communicated by AGCM to TIM, the Offices confirm the existence of a unique, complex and continuous agreement restricting competition between Telecom, Vodafone, Fastweb, Wind Tre, with the facilitation of the Asstel category association.
On October 10, TIM filed its final brief, and the final hearing was held on October 15 at AGCM.
On January 31, 2020, TIM was notified of the decision to close the investigation, in which AGCM confirmed the existence of the agreement between Telecom, Vodafone, Fastweb, WindTre, but excluding Asstel from participation in the agreement. The fine imposed on TIM for participation in the anti-competitive agreement was 114,398,325 euros. TIM also challenged the fine in April 2020 and, following a request to the Court, the public hearing was set for May 26, 2021

Wind Tre

With writ of summons before the Milan Court, served in April 2019, Wind Tre S.p.A. filed a damages claim against TIM for approximately 255 million euros in compensation for damages arising from alleged anticompetitive conduct in the years 2014–2018. More specifically, according to Wind Tre, TIM allegedly illegally used information gained when supplying provisioning and wholesale services assurance through its sales division to convince customers to return to TIM or to activate the new user with TIM; carried out commercial promotion activity for TIM through its technical personnel when repairing failures or activating Wind Tre users; behaved unfairly in order to get Wind Tre customers to switch over to TIM. To support its arguments, Wind Tre also pleads some elements that emerged during the investigation for the AGCM A514 case. TIM has filed an appearance, fully contesting the claims of the other party and making a counterclaim, based on facts similar to those put forward by the plaintiff, reserving the right to quantify the damages suffered. In its initial pleadings, Wind Tre extended its claims to June 2019 and quantified the damages claimed at approximately 346 million euros. TIM has made its counterclaim for around 20 million euros for damage to its commercial image, as well as damage due to loss of customers, to be quantified in the course of the proceedings, possibly on an "ex aequo et bono" basis.

Antitrust Case PS11532 – “TIM in Nave”

Launched on December 4, 2019 prompted by complaints filed by several consumers, the proceedings, for the “TIM in Nave” service with the challenge of Deceptiveness on customer information profiles and aggressiveness profiles. “TIM in Nave” is not an ancillary service, but, in full compliance with the sector regulations, a type of roaming tariff which is activated when the customer is under the maritime coverage network. Significant commitments were made to improve information, making the consumer fully aware of how “TIM in Nave” works. Proceedings ended on July 28, 2020 with the imposition of a fine equal to 1.8 million euros. Similar proceedings also ended against the other major operators. TIM challenged the measure before the Lazio Regional Administrative Court asking for its cancellation and alternatively the reduction of the fine.

Antitrust Case IP 327 - IBAN discrimination

Officially started on December 23, 2019 by the Authority, the proceedings concern the alleged non-compliance with the provisions of PV4 on IBAN Discrimination, dated April 2019. In particular, AGCM disputed that the direct debit process on the web channel is not yet automated and therefore the customer is not autonomous in managing this activity. TIM has eliminated all forms of discrimination between Italian banks and SEPA area banks with the complete automation of the web domiciliation process. Proceedings ended on July 3, 2020 with the imposition of a fine equal to 500,000 euros. Similar proceedings also ended against the other major operators.

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 plaintiff'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.

Subsequently, the Board of Arbitration allowed the parties to exchange short arguments and the ICC Court extended the term for the filing of the award.

In September 2016 the ICC Court notified the parties of its judgment, based on which the Board 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.

In April 2017 the Opportunity group filed an appeal against the 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 arbitration finding, filed by the Opportunity group, asking for a new ruling. 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 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 award, in October 2019 the ICC held the discussion hearing in Paris. In August 2020, the Court of Arbitration issued the award rejecting the Review Request filed by the Opportunity group.

Open Fiber

In March 2020, Open Fiber (OF) sued TIM before the Court of Milan, claiming damages of 1.5 billion euros for alleged abuse of an exclusive and dominant position in relation to OF. The alleged actions consist of: (i) pre- emptive investments in FTTC networks in white areas; (ii) initiating specious legal action to obstruct Infratel tenders; (iii) spurious repricing of certain wholesale services; (iv) commercial lock-in offers on the retail market; (v) false disclosure to AGCom in connection with the approval of a wholesale offer and spreading rumors about TIM being interested in acquiring OF; (vi) discriminatory access conditions to TIM passive infrastructure. TIM filed an appearance, contesting OF's arguments.

TIM challenged the A514 fine measure before the Lazio TAR, which was widely referred to by the counterparty in the writ of summons.

Iliad

By summons served during the first quarter of 2020, Iliad Italia S.p.A. sued TIM before the Court of Milan for alleged anti-competitive conduct, including through the Kena Mobile brand, which was allegedly aimed at hindering its entry to and consolidation in the mobile phone market in Italy, seeking damages of at least 71.4 million euros.

TIM has filed an appearance both fully contesting the requests of Iliad Italia S.p.A.; both by lodging, in turn, a counterclaim pursuant to art. 2598 of the Civil Code, with reference to the disparaging behaviors put in place by Iliad Italia S.p.A. towards TIM, and symmetrically formulating a claim for damages.

B) OTHER INFORMATION

Of the disputes with the aforementioned characteristics, no significant facts have emerged for those listed below with respect to the information published in the 2019 annual financial report:

- Mobile telephony - criminal proceedings;
- Dispute concerning the license fees for 1998;
- Vodafone (previously TELETU).

ALTERNATIVE PERFORMANCE MEASURES

In this press release, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS.

In particular, following the adoption of IFRS 16, the TIM Group uses the following additional alternative performance indicators:

- EBITDA adjusted After Lease ("EBITDA-AL"), calculated by adjusting the Organic EBITDA, net of the non-recurring items, of the amounts related to the accounting treatment of finance lease contracts according to IFRS 16 (applied starting from 2019). This financial measure is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the Business Unit level), in addition to EBIT;
- Adjusted net financial debt After Lease, calculated by excluding from the adjusted net financial debt the liabilities related to the accounting treatment of finance lease contracts according to IFRS 16 (applied starting from 2019). 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
-	Capital portion of lease payments

This financial measure is used by TIM as financial target in internal presentations (business plans) and external presentations (to analysts and investors) and it is a useful indicator of the Free Cash Flow generation capability.

The other alternative performance measures used are described below:

- **EBITDA:** this financial measure is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for assessing the operating performance of the Group (as a whole and at Business Unit level), in addition to **EBIT**. These measures are calculated as follows:

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

- **Organic change and impact of the non-recurring items on revenues, EBITDA and EBIT:** these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation, the exchange differences and the non-recurring events and transactions. TIM believes that this method of presentation provides a more complete and effective interpretation of the Group's operating performance (as a whole and with reference to the Business Units); it is therefore also used in the presentations to analysts and investors. This press release provides a reconciliation between the "accounting or reported" figures and the "organic excluding the non-recurring component".

- **EBITDA margin and EBIT margin:** TIM believes that these margins represent useful indicator of the ability of the Group (as a whole and at Business Unit level) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively. Such indicators are used by TIM in internal presentations (business plans) and in external presentations (to analysts and investors) in order to illustrate the results from operations also through the comparison of the operating results of the reporting period with those of the previous periods.

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

Net financial debt is calculated as follows:

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

- **Equity Free Cash Flow (EFCF):** this financial measure is used by TIM as the financial target in internal presentations (business plans) and external presentations (to analysts and investors), shows cash generation and is intended as the net cash flow before payments relating to dividend and investments in frequencies. Therefore, it represents the Free Cash Flow available for dividend payments, debt repayment, impacts of leasing transactions and investment in frequencies. This measure excludes the financial impact of any acquisition and/or disposal of equity investments.

The Equity Free Cash Flow measure is calculated as follows:

+	Operating Net Free Cash Flow
-	Impact for leasing
-	Payment of licences
-	Financial impact of acquisitions and/or disposals of shareholdings
-	Dividend payment and Change in Equity