



## **TIM: BOARD OF DIRECTORS APPROVES FINANCIAL REPORT AT JUNE 30, 2021**

Organic results:

**GROUP REVENUES BACK TO GROWTH IN H1**

**DOMESTIC FIXED LINES STABLE FOR THE THIRD QUARTER RUNNING**

**TIM BRASIL ACCELERATES ON REVENUES AND EBITDA GROWTH**

**DEBT DOWN BY € 3.9 BN YOY AND € 1.3 BN SINCE END 2020**

**EXECUTION STARTED ON DAZN AND MEDIASET INFINITY AGREEMENTS, NEW TIMVISION OFFER LAUNCHED WITH THE BEST OF NATIONAL AND INTERNATIONAL FOOTBALL**

- Revenues € 7.6 bn in the first half (+0.5% organic YoY, +1% in the second quarter)
- Domestic fixed line revenues grow in the first half (+1.5% YoY)
- Growth accelerates in Brazil: revenues +6.6% YoY in the first half, +10.5% in the second quarter
- Organic EBITDA: € 3.2 bn in the first half (-3.7% YoY)
- Cash generation in line with plan's targets
- Net Financial Debt After Lease: € 17.4 bn (-€ 3.7 bn YoY)
- Net profit € 0.1 bn in Q2, € 0.2 bn in the half year excluding the impact of non-recurring items (-€ 0.1 bn including the non-recurring items)
- In line with the 2021-2023 "Beyond Connectivity" plan targets the Group's factories (Noovle, Olivetti, Telsy), on a path that will result in more than doubling revenues from innovative services by 2023. The agreements with DAZN and Mediaset Infinity extend the plan in the Consumer segment, adding Serie A TIM and Champions League to the TimVision offer, the platform with the richest content on the Italian market
- Fibercop, in line with the plan, in June has reached a record increase in monthly FTTH coverage with 310 thousand new property units (+15% FTTH property units in the first half) and covered with ultrabroadband over 93% of Italian households

TIM's Board of Directors met today under the chairmanship of Salvatore Rossi and approved the Financial Report at June 30, 2021.

In the second quarter stabilization continued along with the relaunch of the domestic business and opening of a new growth phase, linked to the adjacent markets, in particular those of content and innovative services for business customers. In terms of content, TIM has finalised and made operative the agreements with DAZN and Mediaset Infinity to extend the TimVision offer. It is an important step in the execution of the "Beyond connectivity" plan, with the achievement of a leadership position in the consumer market, which comes in addition to the one that the company is consolidating in the business market, thanks to the activities of the Group factories - Noovle, Olivetti, Sparkle and Telsy - and the extension of the portfolio of innovative services for enterprises and public administration.

Net financial debt at June 30, 2021 fell by 3.9 billion euros YoY, (3.7 billion euros on an After Lease basis) to 22.1 billion euros, (17.4 billion **euros on an After Lease basis**).

Further significant progress was recorded in the implementation **of strategic initiatives**:

- **Development of the convergent offer and TimVision:** in July, the new TimVision offer was launched to watch the best of national and international football, together with the very best of cinema and entertainment. The "TIMVISION Calcio e Sport" offer brings together, in a single package, DAZN with the entire Serie A TIM and Mediaset Infinity with 104 UEFA Champions League matches, along with a wide range of the very best content - films, TV series, entertainment programs and original productions - available from the TimVision catalog, also thanks to the agreements already in place with important partners (Netflix, Discovery, Disney+ and others).

The football-offer is intended for a potential viewers basin of approximately 5 million families, today mainly on satellite, with the aim of speeding up the switch to ultrabroadband and, accordingly, the digitization of the country.

- **Fiber network:** deployment of the FTTH networks of the newco FiberCop is fully underway, with in June alone more than 310 thousand new property units (Istat) covered, overall increasing the FTTH property units by 15% in six months. At June 30, more than 93% of fixed lines were reached by ultrabroadband.

- **Noovle:** the development of the cloud and data centers business is in line with the plan targets (Q2 revenues +20% YoY) thanks to Noovle's action and the partnership with Google Cloud, which make it possible to acquire growing market shares.

- **Dialog with CDP** continues to define joint strategic initiatives aiming to speed up the country's digitization on various topics, including the network, and to optimize the resources made available by the National Recovery and Resilience Plan approved over the last few weeks by the European Union.

## Second quarter 2021 performance

Implementation of the commercial strategy continued, allowing, starting from Q4 2020, for the stabilization of revenues in the fixed segment and a greater customer loyalty in the mobile market: during the second quarter, the churn rate in the mobile segment came in at the lowest levels seen in the last 14 years (3.7%) and has improved further in the fixed segment (3.4%).

The total number of TIM **mobile lines** was 30.3 million, up by 95 thousand lines QoQ. In a market that is still competitive in the low end (low-spending customers), the stabilization trend of the customer base continued: in terms of 'mobile number portability' (i.e. the flow to other operators, amounting to 103 thousand lines) for the fourth consecutive quarter TIM posted the best result among infrastructured operators. At the same time the sector saw the portability flows reduce overall by 2% YoY, demonstration of the cooling of the competitive intensity in the high end of the market (high-spending customers).

In the **fixed line** segment, lines stabilization is confirmed for the third consecutive quarter, fostered by the **return to growth of the Italian fixed line market**, which in the first quarter of 2021 rose by 450 thousand lines YoY (source: AGCOM) and FTTH connections continue growing, with TIM showing the greatest acceleration of all the operators during the period March 2020 to March 2021.

During the quarter, migration of customers towards TIM's ultra-broadband services was +231 thousand retail lines, also thanks to the increasingly rich and convergence-oriented offer portfolio and the acceleration of fiber coverage: over 93% of Italian households now have a fixed line reached by ultrabroadband.



In Q2 2021, 366 thousand new retail and wholesale ultrabroadband lines were activated, reaching **9.4 million** units – up 20% YoY.

Group **revenues** in the quarter stood at 3.8 billion euros, growing one percentage point on the second quarter of 2020. Domestic fixed line revenues also increased (+0.2% YoY).

Group **service revenues** in the quarter were 3.5 billion euros, with year on year performance (-1.7%) improving compared to the previous quarter (-2.5% YoY).

In the Business segment, revenue growth associated with innovative services continued (+28.5% YoY ICT revenues), also thanks to the positive contribution of Noovle and the partnership with Google Cloud.

In Wholesale (international and domestic) fixed service revenues in Q2 2021 were overall stable (+0.3% YoY).

In Brazil, service revenues accelerated (+8.7% YoY), benefiting from the strategy focused on value that has brought about an important increase in average revenues per user (ARPU).

The Group's **organic EBITDA** in the quarter was 1.6 billion euros (-5.8% YoY) and that of the Domestic Business Unit 1.3 billion euros (-8.4% YoY).

**After Lease EBITDA** was 1.4 billion euros (-7.4% YoY): 1.2 billion euros for the Domestic Business Unit (-9.5% YoY) and 252 million euros for TIM Brasil (+4.9% YoY). Net of discontinuities affecting labor costs and those linked to the startup of the football offer and TIM's factories, domestic EBITDA after leases was -2.5% YoY.

At Group level, investments were 1.1 billion euros (0.9 billion excluding licenses), in line with the updated plan objectives and with an increase (+34% YoY excluding licenses) linked to the slowdown attributable to COVID-19 in the second quarter of 2020. The mix of investments now mainly dedicated to growth both in Italy (fiber networks, cloud & data centers, partnership with DAZN) and in Brazil, has changed.

The **net profit** attributable to the Owners of the Parent Company stood at 0.1 billion euros in the quarter.

#### Organic results <sup>(1)</sup>

(million euros)	2nd Quarter 2021  (a)	2nd Quarter 2020 comparable (b)	% Change	1st Half 2021  (a)	1st Half 2020 comparable (b)	% Change
<b>TOTAL REVENUES</b>	<b>3,815</b>	<b>3,779</b>	<b>1.0</b>	<b>7,567</b>	<b>7,531</b>	<b>0.5</b>
Domestic	3,132	3,163	(1.0)	6,233	6,284	(0.8)
Brazil	690	625	10.5	1,348	1,264	6.6
Other operations, adjustments and eliminations	(7)	(9)	—	(14)	(17)	—
<b>SERVICE REVENUES</b>	<b>3,459</b>	<b>3,520</b>	<b>(1.7)</b>	<b>6,846</b>	<b>6,996</b>	<b>(2.1)</b>
Domestic	2,798	2,914	(4.0)	5,551	5,778	(3.9)
o/w Wireline	2,157	2,208	(2.3)	4,294	4,357	(1.4)
o/w Mobile	783	843	(7.1)	1,540	1,696	(9.2)
Brazil	668	615	8.7	1,309	1,235	6.0
Other operations, adjustments and eliminations	(7)	(9)	—	(14)	(17)	—
<b>EBITDA</b>	<b>1,639</b>	<b>1,740</b>	<b>(5.8)</b>	<b>3,217</b>	<b>3,339</b>	<b>(3.7)</b>
Domestic	1,315	1,435	(8.4)	2,591	2,745	(5.6)
Brazil	328	308	6.4	632	598	5.6

Other operations, adjustments and eliminations	(4)	(3)	—	(6)	(4)	—
<b>EBITDA After Lease</b>	<b>1,433</b>	<b>1,547</b>	<b>(7.4)</b>	<b>2,816</b>	<b>2,954</b>	<b>(4.7)</b>
Domestic	1,185	1,310	(9.5)	2,336	2,492	(6.3)
Brazil	252	240	4.9	486	465	4.4
Other operations, adjustments and eliminations	(4)	(3)	—	(6)	(3)	—
<b>CAPEX (net of TLC licenses)</b>	<b>877</b>	<b>655</b>	<b>33.9</b>	<b>1,568</b>	<b>1,200</b>	<b>30.7</b>
Domestic	735	549	33.9	1,225	957	28.0
Brazil	142	106	34.6	343	243	41.4

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

(million euros)	<b>2nd Quarter 2021</b>	<b>2nd Quarter 2020</b>	<b>% Change</b>	<b>1st Half 2021</b>	<b>1st Half 2020</b>	<b>% Change</b>
	<b>(a)</b>	<b>(b)</b>		<b>(a)</b>	<b>(b)</b>	
<b>Equity Free Cash Flow</b>	<b>(106)</b>	<b>512</b>	<b>—</b>	<b>363</b>	<b>978</b>	<b>(62.9)</b>
<b>Equity Free Cash Flow After Lease</b>	<b>(218)</b>	<b>336</b>	<b>—</b>	<b>89</b>	<b>531</b>	<b>(83.2)</b>
<b>Net financial debt <sup>(2)</sup></b>				<b>22,072</b>	<b>25,971</b>	<b>(15.0)</b>
<b>Net Financial Debt After Lease <sup>(2)</sup></b>				<b>17,415</b>	<b>21,095</b>	<b>(17.4)</b>

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

Equity free cash flow (363 million euros in the first half, 89 million euros on an after lease basis) was impacted by the extraordinary payments in the second quarter: 231 million euros for substitute tax for the goodwill realignment leading to 5.9 billion euros tax asset from which the company will benefit for the next 18 years, and 148 million euros mainly related to litigations already provided for in previous years. Comparison with previous year is also affected by 2020 measures to deal with the pandemic emergency, like the shift of Fistel payment to the second half and the slowdown in investments, and by the actions to optimize working capital, thanks to TimFin kick-off.

## TIM's initiatives for the digitization of the country and support following the COVID-19 emergency

With a view to addressing social distancing requirements, the interruption of in-person services, the block on mobility and the interruption to school and education services, TIM has moved forward with its country-wide digitization plan, pursuing initiatives to support citizens, companies and institutions.

The main actions that were pursued during the first half of this year are set out below.

## Fiber coverage interventions

- In H1 2021, 2,582 cabinets were implemented taking the total number of municipalities that have benefited from fiber coverage interventions since March 2020 to more than 4,000.

## School and digital skills

- The work of the “Operazione Risorgimento Digitale” also continues, this great alliance promoted by TIM and more than **40 excellent partners** in the public, private and non-profit sector, to reduce the digital divide and overcome the gap in respect of other European countries in the use of new technologies. To date, more than **51,000 people** have been trained, **60,000 requests for support** in using technology handled and awareness-raising initiatives carried out that have involved **more than 1 million people**.

- To allow the schools to continue to provide teaching, with a social open innovation approach, TIM has indicated the WeSchool community to the table of educational emergencies of the Ministry of Education and teamed up with Cisco, Google, IBM, and WeSchool to launch the #LaScuolaContinua project, making IT support available to guarantee distance education. TIM's commitment with the Ministry of Education also continues with **New Digital Teachers**, an initiative that stems from the collaboration of “Operazione Risorgimento Digitale” with WeSchool. It is a training course devoted to first, middle and secondary school teachers about new teaching methods enhanced by digital technologies, to put the students at the heart of learning and create participation and interaction while developing collaborative, responsible dynamics.

## Customers

- **E-learning card** continues, the offer available to all pre-paid TIM mobile phone customers that allows them to browse the main e-learning platforms, without limits or costs. In all, **225,000** e-learning cards were activated between May 15, 2020 (when the initiative was launched) and June 30, 2021, ad **34,500** new registrations during the period **January-June 2021**.

## Employees

- Under the scope of health welfare initiatives for employees, a screening campaign has been promoted to prevent the spread of COVID-19 through rapid antigen and blood tests (between June 2020 and March 2021), mainly for personnel who continued to operate from the field during the emergency and that involved around **12,000 employees**. In 2021, the campaign was extended to include all TIM employees, with the collaboration of Assilt.
- Again with a view to fighting the spread of the virus, from late 2020 to early 2021, a broad-reaching flu vaccine campaign was run, to which approximately **5,000 employees** adhered.
- Specific procedures have been drawn up for handling any cases of ascertained or suspected positivity to COVID-19, as well as specific insurance cover for employees in the event of hospitalization following contagion with COVID-19.
- Smart working continues for more than **33,000 employees** at June 30, 2021. Activities have been planned for the **completely safe return to the office**, including through specific agreements stipulated with Trade Unions.

## TIM Brasil (selection of main initiatives)

- **75% of employees**, including call center workers, **have been assigned to work from home**. The program has proved to be a winning one and will continue to operate in this way even after the pandemic ends.
- **Monitoring and statistical control** by the Health and Safety Department of ascertained cases of COVID-19 amongst employees and third parties allocated to TIM proprietary stores.
- Extension of the validity of credits up to **20 reais for 60 days** in support of low-income prepaid customers.
- Access **to the SUS health system Coronavirus application and the Ministry of Health website** without consuming Internet data.
- The first operator in Brazil to establish a technological partnership in support of the fight against COVID-19 for the application of aggregated anonymous data analysis.
- The company has made the needs of corporate subscribers of the government area a priority, seeking to guarantee the greatest possible level of resource availability, in particular for health institutions and hospitals.
- Partnerships between Brazilian operators to create an Internet plan at reduced costs for governments (federal, state and municipal), with the aim of offering free Internet access to public school students on e-learning platforms.
- Participation in the Salvando Vidas match-funding campaign of Banca Nazionale per lo Sviluppo Economico e Sociale (BNDES), with the donation of 500,000 reais for the purchase of medical and hospital materials, equipment and other supplies necessary in the fight against COVID-19.
- Instituto TIM has renewed its support of the Gesto Solidário campaign, promoted by Instituto Biomob, for another six months, donating more than **1,700 basic food baskets to 600 families** in socially vulnerable positions in the various communities of the state of Rio de Janeiro.

## NON-FINANCIAL PERFORMANCE

During the first half of the year, the social commitments, included in the 2021-2023 Strategic Plan, were strengthened with the initiatives carried out to counter the COVID-19 emergency that affected Italy and all the other countries in which we operate. Today more than ever, TIM's infrastructure and the work of its people have been confirmed as fundamental in overcoming the difficulties caused by physical separation and more generally to speed up achievement of the objectives of the 2030 Agenda.

At the beginning of January 2021, the Group aligned its funding sources with the Strategic Plan which places ESG objectives at the centre of its development strategy, very successfully placing TIM's first Sustainability Bond for a billion euros. During the period, TIM maintained its presence on the main sustainability indexes and ratings.

Sustainability governance was also further strengthened by setting up a Board Sustainability Committee chaired by the Chairman of the TIM Group and assigned the task, amongst others, of speeding up implementation of environmental, social and governance (ESG) commitments, included in the Strategic Plan.

The second quarter 2021 results will be presented to the financial community during the webcast and audio conference on July 28, 2021. The event will start at 2.00 p.m. (Italian time). The presentation will be followed by a Q&A session. Journalists may listen in to the presentation via phone and online, without asking questions, by calling +39 06 33444

following the instructions for assisted conferences or by connecting to the following [link](#) . The presentation slides will be available at [link](#) .

**TIM Press Office**

+39 06 3688 2610

<https://www.gruppotim.it/media/eng>

Twitter: @TIMnewsroom

**TIM Investor Relations**

+39 06 3688 2807

[https://www.gruppotim.it/investor\\_relations/eng](https://www.gruppotim.it/investor_relations/eng)

*The Half-Year Financial Report at June 30, 2021 of the TIM Group was prepared in compliance with Article 154-ter (Financial Reports) of Legislative Decree no. 58/1998 (Consolidated Law on Finance – TUF) 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, 2021 have undergone a limited scope audit. This is currently underway.*

*The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2020, to which reference should be made, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2021.*

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. Specifically, these alternative performance measures refer to: EBITDA; EBIT; organic change and impact of non-recurring items on revenues, EBITDA and EBIT; EBITDA margin and EBIT margin; and net financial debt carrying amount and adjusted net financial debt; Equity Free Cash Flow. Following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance measures:

- EBITDA adjusted 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 according to IFRS 16;
- Adjusted net financial debt After Lease, calculated by excluding from the adjusted net financial debt the liabilities related to the accounting treatment of lease contracts according to IFRS 16;

- **Equity Free Cash Flow After Lease, calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments.**

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

*Lastly, the section entitled "Business Outlook for the year 2021" contains forward-looking statements in relation to the Group's intentions, beliefs or current expectations regarding financial performance and other aspects of the Group's operations and strategies. Readers of this Press Release are reminded not to place undue reliance on forward-looking statements; in fact, actual results may differ significantly from forecasts owing to risks and uncertainties depending on numerous factors, the majority of which are beyond the scope of the Group's control.*



## MAIN CHANGES IN THE SCOPE OF CONSOLIDATION OF THE TIM GROUP

The following were the main corporate actions implemented during the first half of 2021:

- **Noovle S.p.A. (Domestic Business Unit):** starting January 1, 2021, the conferral is effective to Noovle S.p.A. of the TIM S.p.A. business unit comprising the assets and liabilities and employees involved in the supply of services for the Cloud and Edge Computing and the rent of spaces, including virtual, also offered through a dedicated network of data centers;
- **FiberCop S.p.A.; Flash Fiber S.r.l. (Business Unit Domestic):** starting March 31, 2021, the conferral is effective to FiberCop S.p.A. of the TIM S.p.A. business unit comprising the goods, assets and liabilities and legal relations organized functionally for the supply of passive fiber or copper access services, used by TIM, and at the service of other authorized operators (OAOs), by means of the secondary network (the "last mile"). At the same time, the purchase was completed by Teemo Bidco, an indirect subsidiary of KKR Global Infrastructure Investors III L.P., of 37.5% of FiberCop from TIM and Fastweb has subscribed FiberCop shares corresponding to 4.5% of the company's capital, through the conferral of the stake held in Flash Fiber, which was simultaneously incorporated into FiberCop;
- **TIM Tank S.r.l. (Other activities):** on April 1, 2021, it was merged into Telecom Italia Ventures S.r.l. with accounting and tax effects backdated to January 1, 2021;
- **Telecom Italia Trust Technologies S.r.l. (Business Unit Domestic):** starting April 1, 2021, the investment in the company was conferred by TIM S.p.A. to Olivetti S.p.A.;
- **TIM S.p.A. (Domestic Business Unit):** on June 30, 2021, the purchase of the BT Italia Business Unit was completed, offering services to public administration customers and small and medium business/enterprise (SMB/SME) customers. The purchase also includes support for customers of the SMB Business Unit, supplied by Atlanet, the BT Contact Center of Palermo.

The following should also be noted:



- **TIMFin S.p.A.:** on January 14, 2021, it was registered with the Register of Financial Intermediaries pursuant to Art. 106 of the CLB.

During the first half of 2020, the main changes in the scope of consolidation were as follows:

- **Infrastrutture Wireless Italiane S.p.A. (INWIT) (Domestic Business Unit):** on March 31, 2020 the merger by incorporation of Vodafone Towers S.r.l. into INWIT S.p.A. was completed. The transaction, which enabled the creation of Italy's leading tower operator, entailed the dilution of the TIM Group's stake in the capital of INWIT from 60% to 37.5%; therefore, as of March 31, 2020, the equity investment in INWIT S.p.A. is accounted for using the equity method. Starting from the Consolidated Financial Statements as at December 31, 2019 and until the completion of the aforementioned merger INWIT S.p.A. was presented as an "Asset held for sale"; therefore, TIM Group consolidated economic data and cash flows for the first half of 2020 include data of INWIT S.p.A. for the first quarter of 2020, net of amortization and depreciation for the period, as required by IFRS 5. Also note that during FY 2020, additional stock packets were transferred, corresponding to 7.3% of INWIT share capital. At June 30, 2021, TIM Group's investment held in INWIT was 30.2%.
- **Noovle S.r.l. (Domestic Business Unit):** on May 21, 2020, TIM S.p.A. finalized the acquisition of 100% of the quotas in Noovle S.r.l., an Italian ICT consulting and system integration company, specialized in supplying cloud solutions and projects and one of Google Cloud's leading partners on the Italian market.

## TIM GROUP RESULTS FOR THE FIRST HALF OF 2021

**Total TIM Group revenues** for the first half of 2021 amounted to **7,567 million euros**, -2.5% compared to the first half of 2020 (7,759 million euros); in organic terms, total revenues grew by 0.5%.

The breakdown of total revenues for the first half of 2021, by operating segment in comparison with the first half of 2020 is as follows:

(million euros)	1st Half 2021		1st Half 2020		Changes		
	% weight		% weight		absolute	%	% organic excluding non-recurring
Domestic	6,233	82.4	6,259	80.7	(26)	(0.4)	(0.8)
Brazil	1,348	17.8	1,517	19.6	(169)	(11.1)	6.6
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(14)	(0.2)	(17)	(0.3)	3	—	—
<b>Consolidated Total</b>	<b>7,567</b>	<b>100.0</b>	<b>7,759</b>	<b>100.0</b>	<b>(192)</b>	<b>(2.5)</b>	<b>0.5</b>

The organic change in the Group's consolidated revenues is calculated by excluding the negative effect of exchange rate changes<sup>1</sup> (-262 million euros), the changes in the scope of consolidation (INWIT) (-3 million euros) as well as non-recurring items. In particular, the first half of 2020 was affected by adjustments of non-

<sup>1</sup> The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 6.48919 for the Brazilian real in the first half of 2021 and 5.40843 in the first half of 2020; for the US dollar, the average exchange rates used were 1.20504 in the first half of 2021 and 1.10186 in the first half of 2020. The effect of the change in exchange rates is calculated by applying the foreign currency translation rates used for the current period to the period under comparison.

recurring revenues for -37 million euros, connected with the commercial initiatives of TIM S.p.A. to support customers in dealing with the COVID-19 emergencies.

Revenues for the second quarter of 2021 totaled 3,815 million euros (3,795 million euros in the second quarter of 2020).

**TIM Group EBITDA** for the first half of 2021 came to **2,770 million euros** (3,398 million euros in the first half of 2020, -3.7% in organic terms).

The breakdown of EBITDA and the EBITDA margin broken down by operating segment for the first half of 2021 compared with the first half of 2020, are as follows:

(million euros)	1st Half 2021		1st Half 2020		Changes		
	% weight		% weight		absolute	%	% organic excluding non-recurring
Domestic	2,146	77.5	2,684	79.0	(538)	(20.0)	(5.6)
% of Revenues	34.4		42.9			(8.5) pp	(2.1) pp
Brazil	630	22.7	718	21.1	(88)	(12.3)	5.6
% of Revenues	46.7		47.3			(0.6) pp	(0.4) pp
Other Operations	(4)	(0.1)	(5)	(0.1)	1		
Adjustments and eliminations	(2)	(0.1)	1	—	(3)		
<b>Consolidated Total</b>	<b>2,770</b>	<b>100.0</b>	<b>3,398</b>	<b>100.0</b>	<b>(628)</b>	<b>(18.5)</b>	<b>(3.7)</b>

**Organic EBITDA - net of the non-recurring items** amounted to **3,217 million euros**; the EBITDA margin was 42.5% (3,339 million euros in the first half of 2020, with an EBITDA margin of 44.3%).

H1 2021 **EBITDA** suffered non-recurring expenses for a total of 447 million euros mainly relating to employee benefits expenses, also connected with the application of Art. 4 of Italian Law 92 of June 28, 2012, as defined by the Trade Union Agreements signed between some Group companies, including the Parent Company TIM S.p.A., and the Trade Union Organizations. Non-recurring charges also include provisions for disputes, transactions, regulatory sanctions and potential liabilities related to them, as well as expenses related to agreements and the development of non-recurring projects as well as expenses connected with the COVID-19 emergency (18 million euros), mainly for provisions made for credit management and the forecast of worsening of the Expected Credit Loss of some of the customers.

In the first half of 2020, the TIM Group recorded non-recurring charges for a total of 132 million euros (net of the change in scope for 5 million euros), of which 69 million euros were attributable to the COVID-19 emergency in Italy. The first half of 2020 also suffered non-recurring charges connected mainly to corporate reorganization/restructuring processes and provisions for disputes, regulatory sanctions and potential liabilities related to them.

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

(million euros)	1st Half 2021	1st Half 2020	Changes	
			absolute	%
<b>EBITDA</b>	<b>2,770</b>	<b>3,398</b>	<b>(628)</b>	<b>(18.5)</b>
Foreign currency financial statements translation effect		(122)	122	
Changes in the scope of consolidation		(69)	69	
Non-recurring expenses/(income)	447	132	315	
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>3,217</b>	<b>3,339</b>	<b>(122)</b>	<b>(3.7)</b>
% of Revenues	42.5	44.3		(1.8) pp

The EBITDA of the second quarter of 2021 totaled 1,593 million euros (1,663 million euros in the second quarter of 2020).

Organic EBITDA net of the non-recurring component in the second quarter of 2021 totaled 1,639 million euros (1,740 million euros in the second quarter of 2020).

**TIM Group EBIT** for the first half of 2021 was **501 million euros** (1,042 million euros in the first half of 2020).

**Organic EBIT, net of the non-recurring component**, amounted to **948 million euros** (1,065 million euros for the first half of 2020), with an EBIT margin of 12.5% (14.1% for the first half of 2020).

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

(million euros)	1st Half 2021	1st Half 2020	Changes	
			absolute	%
<b>EBIT</b>	<b>501</b>	<b>1,042</b>	<b>(541)</b>	<b>(51.9)</b>
Foreign currency financial statements translation effect		(36)	36	
Changes in the scope of consolidation		(73)	73	
Non-recurring expenses/(income)	447	132	315	
<b>ORGANIC EBIT - excluding non-recurring items</b>	<b>948</b>	<b>1,065</b>	<b>(117)</b>	<b>(11.0)</b>

Exchange rate fluctuations mainly related to the Brazil Business Unit.

The EBIT of the second quarter of 2021 totaled 456 million euros (509 million euros in the second quarter of 2020).

Organic EBIT net of the non-recurring component in the second quarter of 2021 totaled 502 million euros (598 million euros in the second quarter of 2020).

**Net profit attributable to Owners of the Parent for the first half of 2021**, was (137) million euros (+678 million euros in the first half of 2020), excluding the impact of non-recurring items, the net profit for the first half of 2021 is 207 million euros (336 million euros in the first half of 2020).

**The TIM Group headcount** at June 30, 2021 was **52,404 units**, of which 42,910 in Italy (52,347 at December 31, 2020, of which 42,680 in Italy), with an increase of 57 compared to December 31, 2020 (in Italy + 230). Compared to June 30, 2020 the reduction was 2,679.

**Capital expenditures and expenses for mobile telephone licenses/spectrum** for the first half of 2021 were 1,808 million euros (1,254 million euros in the first half of 2020).

Capex is broken down as follows by operating segment:

(million euros)

	1st Half 2021		1st Half 2020		Change
		% weight		% weight	
Domestic	1,465	81.0	963	76.8	502
Brazil	343	19.0	291	23.2	52
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
<b>Consolidated Total</b>	<b>1,808</b>	<b>100.0</b>	<b>1,254</b>	<b>100.0</b>	<b>554</b>
% of Revenues	23.9		16.2		7,7pp

In particular:

- the **Domestic Business Unit** records capital expenditure for 1,465 million euros, +502 million euros on the first half of 2020, an increase mainly due to the development of the FTTC/FTTH networks and payment of licenses (240 million euros) to the Italian Ministry of Economic Development (MISE) for the extension of rights of use relating to frequencies (2100 MHz);
- the **Brazil Business Unit** posted capital expenditures in the first half of 2021 of 343 million euros (291 million euros for the first half of 2020). Excluding the impact of changes in exchange rates (-48 million euros), capex grew by 100 million euros, mainly to strengthen the mobile UltraBroadBand infrastructure and the development of the fixed broadband business of TIM Live.

The Group's **Operating Free Cash Flow** for H1 2021 is positive for 819 million euros (1,545 million euros in H1 2020), i.e. 1,059 million euros net of 240 million euros paid for the extension of rights of use relating to the 2100 MHz frequencies in Italy.

Adjusted net financial debt amounted to 22,072 million euros at June 30, 2021, a decrease of 1,254 million euros compared to December 31, 2020 (23,326 million euros). The reduction brought about by the generation of operating cash, obtained also through the optimization of working capital and the completion of the purchase by KKR Infrastructure of 37.5% of FiberCop from TIM for an equivalent value of 1,758 million euros, has been partially limited by the payments of dividends (336 million euros), the sanction (116 million euros) connected with the Antitrust Case A514 (alleged abuse of a dominant market position on the wholesale access services market and for retail services of the BB and UBB fixed network), substitute tax on the aligned value of assets (231 million euros) and the extension of the rights of use of frequencies on the 2100 MHz bandwidth (240 million euros).

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)	06/30/2021 (a)	12/31/2020 (b)	Change (a-b)
<b>Net financial debt carrying amount</b>	<b>22,327</b>	<b>23,714</b>	<b>(1,387)</b>
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(255)	(388)	133
<b>Adjusted net financial debt</b>	<b>22,072</b>	<b>23,326</b>	<b>(1,254)</b>
Leasing	(4,657)	(4,732)	75
<b>Adjusted net financial debt - After Lease</b>	<b>17,415</b>	<b>18,594</b>	<b>(1,179)</b>

**Net financial debt carrying amount** amounted to 22,327 million euros at June 30, 2021, a decrease of 1,387 million euros compared to December 31, 2020 (23,714 million euros). Reversal of the fair value measurement of derivatives and related financial liabilities/assets recorded a change of 133 million euros compared to December 31, 2020 substantially following the fall in US dollar interest rates and the relevant revaluation of hedging on US currency bonds. This change is adjusted by the booked Financial Debt with no monetary effect.

**Adjusted Net Financial Debt – After Lease** (net of the impact of all leases), which is a parameter adopted by main European peers, was equal to 17,415 million euros at June 30, 2021, down by 1,179 million euros compared to December 31, 2020 (18,594 million euros).

During the second quarter of 2021, adjusted net financial debt came to 22,072 million euros, an increase of 917 million euros compared to March 31, 2021 (21,155 million euros): this increase is due to payments of dividends (312 million euros), the sanction (116 million euros) connected with the Antitrust Case A514 (alleged abuse of a dominant market position on the wholesale access services market and for retail services of the BB and UBB fixed network), substitute tax on the aligned value of assets (231 million euros) and the extension of the rights of use of frequencies on the 2100 MHz bandwidth (240 million euros).

(million euros)	06/30/2021 (a)	3/31/2021 (b)	Change (a-b)
<b>Net financial debt carrying amount</b>	<b>22,327</b>	<b>21,672</b>	<b>655</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(255)</i>	<i>(517)</i>	<i>262</i>
<b>Adjusted net financial debt</b>	<b>22,072</b>	<b>21,155</b>	<b>917</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>29,395</b>	<b>29,442</b>	<b>(47)</b>
<b>Total adjusted financial assets</b>	<b>(7,323)</b>	<b>(8,287)</b>	<b>964</b>

The TIM Group's available **liquidity margin** amounted to 10,280 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 6,280 million euros (5,921 million euros at December 31, 2020);
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

This margin is sufficient to cover Group financial liabilities (current and otherwise) falling due over the next 30 months.

## RESULTS OF THE BUSINESS UNITS

### Domestic

**Domestic Business Unit revenues** amounted to 6,233 million euros, with a change of -26 million euros (-0.4%) compared to the first half of 2020. In organic terms, they reduce by 51 million euros (-0.8% on H1 2020); in particular, revenues for the first half of 2020 were affected by non-recurring items for 37 million euros mainly referring to adjustments of revenues connected to TIM S.p.A.'s commercial initiatives to support customers in facing the COVID-19 emergency.

Revenues from stand-alone services come to 5,551 million euros (-207 million euros compared to the first half of 2020, -3.6%) and suffer the impact of the competition on the customer base, as well as a reduction in ARPU levels; in organic terms, net of the above-specified non-recurring item, they drop by 227 million euros compared to the first half of 2020 (-3.9%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 4,294 million euros in organic terms, with a change compared to H1 2020 of -1.4% mainly due to the decrease in accesses and ARPU levels

in the Consumer segment, which is also reflected in the trend of revenues from broadband services (-41 million euros compared to H1 2020, -3.6%), partly offset by the growth in revenues from ICT solutions (+136 million euros compared to H1 2020, +29.7%);

- revenues from stand-alone Mobile market services came to 1,540 million euros in organic terms (-156 million euros on H1 2020, -9.2%), mainly due to ARPU levels and the reduction in the customer base.

**Revenues for Handset and Bundle & Handset**, including the change in work in progress, are equal, in organic terms, to 682 million euros for the first half of 2021, with an increase of 176 million euros compared to the first half 2020, for the most part attributable to the Fixed segment.

The performance of the individual market segments of the Domestic Business Unit compared to the first half 2020 was as follows:

- **Consumer:** the segment consists of all Fixed and Mobile voice and Internet services and products managed and developed for individuals and families and of public telephony; customer care, operating credit support, loyalty and retention activities, sales within its remit, and administrative management of customers; includes the company TIM Retail, which coordinates the activities of flagship stores. **In organic terms, net** of the aforesaid non-recurring component, the revenues of the Consumer segment totaled 2,735 million euros (-179 million euros, -6.1%) and show a trend, compared to H1 2020, affected by the challenging competition and greater discipline in commercial processes. The trend seen in total revenues also applied to revenues from stand-alone services, which amounted to 2,369 million euros, with a change of -255 million euros compared to the first half of 2020 (-9.7%). In particular:
  - **revenues from Mobile stand-alone services** totaled, in organic terms, 1,045 million euros (-121 million euros, -10.4% compared to the first half of 2020). The impact of the competitive dynamic remains, albeit with a lesser reduction of the customer base calling; revenues from roaming and incoming traffic are down due to the progressive reduction of interconnection tariffs;
  - **revenues from Fixed stand-alone services** totaled, in organic terms, 1,343 million euros (-131 million euros, -8.9% compared to the first half of 2020), primarily due to lower ARPU levels and the smaller Customer Base, which declined gradually during the first half of 2021. The growth of Broadband customers is highlighted, in particular Ultra Broadband.

**Revenues for Handsets and Bundles & Handsets** in the Consumer segment amounted to 366 million euros, +77 million euros compared to the first half of 2020 (+26.5%). The increase is mainly due to the sales of the PC on fixed line voucher program and the lesser impact of restrictions for the COVID-19 health emergency as compared with the 2020 lock-down.

- **Business:** the segment consists of voice, data, and Internet services and products, and ICT solutions managed and developed for small and medium-size enterprises (SMEs), Small Offices/Home Offices (SOHOs), Top customers, the Public Sector, Large Accounts, and Enterprises in the Fixed and Mobile telecommunications markets. The following companies are included: Olivetti, TI Trust Technologies, Telsy and the Noovle Group. In organic terms, net of the aforesaid non-recurring component, revenues for the Business segment amounted to 1,999 million euros (-9 million euros compared to the first half of 2020, -0.5%, of which -1.9% for revenues from the stand-alone services component). In particular:

- **total Mobile revenues** showed a negative organic performance compared to H1 2020 (-5.2%), linked to the revenues from stand-alone services component (-9.6%) and the ARPU trend;
- **total Fixed revenues** in organic terms changed by +16 million euros compared to H1 2020 (+1.0), also thanks to revenues from services (+0.7%) mainly driven by the increase in revenues

■ **National Wholesale Market:** the segment consists of the management and development of the portfolio of regulated and unregulated wholesale services for Fixed-line and Mobile telecommunications operators in the domestic market. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese. The Wholesale National Market segment presented revenues of 1,029 million euros in the first half of 2021, an increase of +98 million euros (+10.5%) on the first half of 2020, with a positive performance primarily driven by the growth in accesses in the Ultra BroadBand sector.

■ **International Wholesale Market:** includes the activities of the Telecom Italia Sparkle group, which operates in the market for international voice, data and Internet services for fixed and mobile telecommunications operators, ISPs/ASPs (Wholesale market) and multinational companies through its own networks in the European, Mediterranean and South American markets. Revenues for H1 2021 in the International Wholesale Market segment came to 468 million euros, an increase of 23 million euros (+5.2%) on H1 2020.

**EBITDA for the first half of 2021 of the Domestic Business Unit** amounted to 2,146 million euros (-538 million euros for the first half of 2020, -20.0%).

**Organic EBITDA, net of the non-recurring component,** amounted to 2,591 million euros (-154 million euros compared to the first half of 2020, -5.6%), with a margin of -41.6% (-2.1 percentage points compared to the same period of 2020). In particular, EBITDA for H1 2021 reflected a total impact of -445 million euros referring to non-recurring items, of which -18 million euros related to the COVID-19 emergency in Italy. Moreover, non-recurring expenses include charges connected with corporate reorganization/restructuring processes, provisions for disputes, regulatory sanctions and potential liabilities and expenses connected with agreements and the development of non-recurring projects.

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

(million euros)	1st Half 2021	1st Half 2020	Changes	
			absolute	%
<b>EBITDA</b>	<b>2,146</b>	<b>2,684</b>	<b>(538)</b>	<b>(20.0)</b>
Foreign currency financial statements translation effect	—	(2)	2	
Changes in the scope of consolidation	—	(69)	69	
Non-recurring expenses (Income)	445	132	313	
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>2,591</b>	<b>2,745</b>	<b>(154)</b>	<b>(5.6)</b>

EBITDA in Q2 2021 was 1,271 million euros, (-67 million euros compared with 2020, -5.0%).

**Domestic Business Unit EBIT for H1 2021** totaled 313 million euros (-520 million euros compared to the first half of 2020), with a margin of -5.0% (-8.3 percentage points compared to the first half of 2020).

**Organic EBIT, net of the non-recurring component,** amounted to 758 million euros (-134 million euros compared to the first half of 2020, -15.0%), with an EBIT margin of 12.2% (14.2% for the first half of 2020). Organic EBIT, net of the non-recurring component, is calculated as follows:

(million euros)	1st Half 2021	1st Half 2020	Changes	
			absolute	%
<b>EBIT</b>	<b>313</b>	<b>833</b>	<b>(520)</b>	<b>(62.4)</b>
Changes in the scope of consolidation	—	(73)	73	
Non-recurring expenses (Income)	445	132	313	
<b>ORGANIC EBIT - excluding non-recurring items</b>	<b>758</b>	<b>892</b>	<b>(134)</b>	<b>(15.0)</b>



EBIT in Q2 2021 was 356 million euros, (-47 million euros compared with 2020, -11.7%).

The **headcount** stood at 43,157 employees (42,925 at December 31, 2020).



## Brazil (average real/euro exchange rate 6.48919)

**Revenues** for the first half of 2021 of the **Brazil Business Unit (TIM Brasil group)** amounted to 8,747 million reais (8,202 million reais in the first half of 2020, +6.6%), speeding up on the levels recorded from the third quarter of 2020.

The acceleration has been driven by **service revenues** (8,495 million reais vs 8,017 million reais for the first half of 2020, +6.0%) with mobile service revenues growing +5.6% on the first half of 2020. This performance is mainly related to the continuous recovery of the pre-paid and post-paid segments. Fixed service revenues have grown by 11.9% on the first half of 2020, determined above all by the growth rate of TIM Live.

**Revenues from product sales** totaled 252 million reais (185 million reais for the first half of 2020, +36.2%).

Revenues in Q2 2021 totaled 4,407 million reais, an increase of 10.5% compared to the second quarter of 2020 (3,987 million reais).

The **mobile ARPU** for the first half of 2021 was 25.6 reais, up from the figure recorded in the first half of 2020 (23.6 reais) thanks to general repositioning in the post-paid segment and new commercial initiatives intended to promote the use of data and average expenditure per customer.

**Total mobile lines in place at June 30, 2021** amounted to 51.3 million, -0.1 million compared to December 31, 2020 (51.4 million). This variation was mainly driven by the pre-paid segment (-0.4 million), partially offset by the performance in the post-paid segment (+0.3 million), in part due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 43.1% of the customer base as of June 30, 2021, 0.7 percentage points higher than at December 2020 (42.4%).

In the half year, the TIM Live BroadBand business recorded net positive growth in the customer base of 21.3 thousand users, +3.3% compared to December 31, 2020. In addition, the customer base continues to be concentrated on high speed connections, with more than 50% exceeding 100Mbps.

**EBITDA** in the first half of 2021 was 4,086 million reais (3,883 million reais in the first half of 2020, +5.2%) and the margin on revenues was 46.7% (47.3% in the first half of 2020).

EBITDA in the first half of 2021 reflects the non-recurring charges of 14 million reais mainly related to the development of non-recurring projects.

**Organic EBITDA, net of the non-recurring component**, increased by 5.6% and was calculated as follows:

(million Brazilian reais)	1st Half 2021	1st Half 2020	Changes	
			absolute	%
<b>EBITDA</b>	<b>4,086</b>	<b>3,883</b>	<b>203</b>	<b>5.2</b>
Non-recurring expenses/(income)	14	—	14	
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>4,100</b>	<b>3,883</b>	<b>217</b>	<b>5.6</b>

The increase of EBITDA is due to the increase in revenue and cost control efficiency.

The related margin on revenues, in organic terms, comes to 46.9% (47.3% during the first half of 2020).

EBITDA for the second quarter of 2021, amounted to 2,078 million reais, up 5.6% compared to the second quarter of 2020 (1,967 million reais).

Net of non-recurring charges, the margin on revenues for the second quarter of 2021 was 47.5% (49.3% in the second quarter of 2020).

EBIT for the first half of 2021 amounted to 1,256 million reais (1,144 million reais for the first half of 2020, +9.8%).

**Organic EBIT, net of the non-recurring component**, in the first half of 2021 amounted to 1,270 million reais (1,144 million reais in the first half of 2020), with a margin on revenues of 14.5% (13.9% in the first half of 2020).

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

(million Brazilian reais)	1st Half 2021	1st Half 2020	Changes	
			absolute	%
EBIT	1,256	1,144	112	9.8
Non-recurring expenses/(income)	14	—	14	
<b>ORGANIC EBIT - excluding non-recurring items</b>	<b>1,270</b>	<b>1,144</b>	<b>126</b>	<b>11.0</b>

The EBIT of the second quarter of 2021 totaled 664 million reais (629 million reais in the second quarter of 2020).

Net of non-recurring charges, the EBIT margin for the second quarter of 2021 was 15.4% (15.8% in the second quarter of 2020).

During the first half of 2021, the exchange rate used to convert Brazilian reais into euros (expressed in terms of local currency units per 1 euro) went from 6.37680 as of December 31, 2020 to 5.94461 as of June 30, 2021. This led, among other things, to a 44 million euro increase in the value of goodwill attributed to the Brazil Cash Generating Unit, expressed in euros.

The **headcount** was 9,234, down by 175 compared to December 31, 2020 (9,409).

## AFTER LEASE INDICATORS

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

### EBITDA ADJUSTED AFTER LEASE - TIM GROUP

(million euros)	2nd Quarter 2021	2nd Quarter 2020	Changes		1st Half 2021	1st Half 2020	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>1,639</b>	<b>1,740</b>	<b>(101)</b>	<b>(5.8)</b>	<b>3,217</b>	<b>3,339</b>	<b>(122)</b>	<b>(3.7)</b>
Lease payments	(206)	(193)	(13)	(6.7)	(401)	(385)	(16)	(4.0)
<b>EBITDA adjusted After Lease (EBITDA-AL)</b>	<b>1,433</b>	<b>1,547</b>	<b>(114)</b>	<b>(7.4)</b>	<b>2,816</b>	<b>2,954</b>	<b>(138)</b>	<b>(4.7)</b>

### EBITDA ADJUSTED AFTER LEASE - DOMESTIC

(million euros)

	2nd Quarter 2021	2nd Quarter 2020	Changes		1st Half 2021	1st Half 2020	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA excluding non-recurring items	1,315	1,435	(120)	(8.4)	2,591	2,745	(154)	(5.6)
Lease payments	(130)	(125)	(5)	(4.0)	(255)	(253)	(2)	(0.8)
EBITDA adjusted After Lease (EBITDA-AL)	1,185	1,310	(125)	(9.5)	2,336	2,492	(156)	(6.3)

### EBITDA ADJUSTED AFTER LEASE - BRAZIL

(million euros)

	2nd Quarter 2021	2nd Quarter 2020	Changes		1st Half 2021	1st Half 2020	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA excluding non-recurring items	328	308	20	6.4	632	598	34	5.6
Lease payments	(76)	(68)	(8)	(11.8)	(146)	(133)	(13)	(10.2)
EBITDA adjusted After Lease (EBITDA-AL)	252	240	12	4.9	486	465	21	4.4

### ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)

	06/30/2021	12/31/2020	Change
Adjusted net financial debt	22,072	23,326	(1,254)
Leasing	(4,657)	(4,732)	75
Adjusted net financial debt - After Lease	17,415	18,594	(1,179)

### EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)

	2nd Quarter 2021	2nd Quarter 2020	Change	1st Half 2021	1st Half 2020	Change
Equity Free Cash Flow	(106)	512	(618)	363	978	(615)
Leasing	(112)	(176)	64	(274)	(447)	173
Equity Free Cash Flow After Lease	(218)	336	(554)	89	531	(442)

## BUSINESS OUTLOOK FOR THE YEAR 2021

Financial targets of the 2021-2023 plan (IFRS 16/After Lease) net of the acquisition of Oi's mobile assets with Vivo and Claro and of the expected benefits from the Recovery Plan as updated on July 19, 2021:

- Cumulated Equity Free Cash Flow during the three-year Plan of around 4 billion euros, net of 0.7 billion euros of substitute tax pursuant to Decree Law 104/2020;
- Reduction of the Group's After Lease debt to around 16.8 billion euros by the end of 2021 and a Net Debt After Lease/EBITDA After Lease ratio of 2.6x by 2023;
- The Group's Organic Revenues from services are expected to see stable to low single-digit growth in 2021 and low to mid single-digit growth in 2022-2023;
- The Group's Organic EBITDA After Lease is expected to be slightly lower (low to mid single-digit decrease) in 2021 and higher (mid single-digit growth) in 2022-2023;
- Revenues from Domestic services are expected to be stable in 2021 and see low to mid single-digit growth in 2022-2023;
- The domestic Organic EBITDA After Lease is expected to be lower (mid single-digit decrease) in 2021 and higher (mid single-digit growth) in 2022-2023;
- Domestic Capex is expected to be approximately 3.0-3.1 billion euros per year, according to the growth of subscribers to the football service;
- Dividend policy: minimum 1 eurocent for ordinary shares and 2.75 eurocents for savings shares in the period 2021-2023;
- ESG guidance: 100% renewable electricity by 2025 and -100% reduction of indirect emissions by 2025;

## EVENTS SUBSEQUENT TO JUNE 30, 2021

### TIM S.A.: Partnership between TIM and Cogna

TIM S.A. and Anhanguera Educacional Participações S.A. (“AESAPAR”), subsidiary of Cogna Educação S.A (“Cogna”), concluded negotiations regarding a strategic partnership (“Partnership”) with the objective of developing offers combined with special benefits for the access to distance education through the Ampli platform. Ampli is an Edtech platform created by Cogna approximately 1 year ago, with under graduation, graduation, and free courses related to the professions of the future. The platform allows weekly admission of students and offers courses of shorter duration, between 18 months and 36 months, with a 30-day free trial.

The Partners highlight the innovative character of the agreement, by combining a digital learning platform developed in mobile-first concept, with the largest 4G infrastructure in Brazil. The agreement, by combining a digital learning platform developed in mobile-first concept, with the largest 4G infrastructure in Brazil. This is a powerful combination that will expand and encourage access to university courses and free courses for all TIM customers. This approach offers great potential to generate value for both companies through customer base growth and revenue growth.

The Partnership is aligned with the Customer Platform strategy that the Company has been working on since 2020. This strategy seeks to monetize the assets that TIM holds as a mobile operator through strategic partnerships that create value for our customers and for the company itself.

This agreement does not create a joint venture and, therefore, the Partners maintain the independence of their operations. Through a compensation mechanism based on objectives and depending on the evolution of the results of the partnership, TIM will become a minority shareholder of AESAPAR in a new company to be created as a result of the separation of assets from the Ampli platform (“Ampli Co”). The formation and operation of Ampli Co will be submitted to the competent authorities, in particular the Ministry of Education (Ministério da Educação - MEC).

This equity interest can reach up to 30% of the new company’s capital and the subscription of shares must be previously approved by the Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica – CADE). In the defined plan, there is an expectation of seeking a future IPO (Initial Public Offering).

The Company will keep its shareholders and the market in general informed, in accordance with the regulations in force.

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The Board also approved the calendar of corporate events for next year, confirming distribution of the quarterly financial reporting for 2022:

February 23	Board of Directors meeting to approve the draft financial statements for the year and the consolidated financial statements at December 31, 2021
March 31	Shareholders' Meeting to approve the Financial Statements at December 31, 2021
April 27	Board of Directors meeting to approve the financial report at March 31, 2022
July 27	Board of Directors meeting to approve the financial report at June 30, 2022
October 26	Board of Directors meeting to approve the financial report at September 30, 2022

#### **TIM S.p.A.**

Registered Office: Via Gaetano Negri, 1 - 20123 Milan

Tax Code/VAT No. and registration with the Milan Business Register: 00488410010 - Registration in the R.A.E.E. (Register of Manufacturers of Electrical and Electronic Equipment) IT08020000000799

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

The conference calls to present the accounting results to the financial community will normally be held the day after the Board of Directors meeting for their approval. Any changes to the above dates will be communicated without delay.



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

**TIM Press Office**

+39 06 3688 2610

<https://www.gruppotim.it/media/eng>

Twitter: @TIMnewsroom

**TIM Investor Relations**

+39 06 3688 2807

[https://www.gruppotim.it/investor\\_relations](https://www.gruppotim.it/investor_relations)

**TIM S.p.A.**

Registered Office: Via Gaetano Negri, 1 - 20123 Milan

Tax Code/VAT No. and registration with the Milan Business Register: 00488410010 - Registration in the R.A.E.E. (Register of Manufacturers of Electrical and Electronic Equipment) IT08020000000799

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