

ATTACHMENTS TO THE PRESS RELEASE

TIM Group – Reclassified Statements.....	2
TIM Group - Separate Consolidated Income Statements	2
TIM Group - Consolidated Statements of Comprehensive Income of Comprehensive Income	3
TIM Group - Consolidated Statements of Financial Position	4
TIM Group - Consolidated Statements of Cash Flows	6
TIM Group - Consolidated Statements of Changes in Equity.....	8
TIM Group - Net Financial Debt.....	9
TIM Group - Change in Adjusted Net Financial Debt.....	10
TIM Group - Information by Operating Segments	11
Domestic.....	11
Brazil.....	12
TIM Group - Headcount	13
TIM Group - Effects of Non-Recurring Events and Transactions on each Item of the Separate Consolidated Income Statements	14
TIM Group - Debt Structure, Bond Issues and Expiring Bonds.....	15
TIM Group - Disputes and Pending Legal Actions.....	17
Alternative Performance Measures.....	23

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

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, 2020, except for the amendments to the standards issued by IASB and adopted starting from January 1, 2021.

TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(million euros)	1st Quarter 2021	1st Quarter 2020	Changes	
	(a)	(b)	(a-b) absolute	%
Revenues	3,752	3,964	(212)	(5.3)
Other income	109	40	69	—
Total operating revenues and other income	3,861	4,004	(143)	(3.6)
Acquisition of goods and services	(1,575)	(1,454)	(121)	(8.3)
Employee benefits expenses	(1,038)	(715)	(323)	(45.2)
Other operating expenses	(239)	(272)	33	12.1
Change in inventories	49	33	16	48.5
Internally generated assets	119	139	(20)	(14.4)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	1,177	1,735	(558)	(32.2)
Depreciation and amortization	(1,130)	(1,201)	71	5.9
Gains (losses) on disposals of non-current assets	(2)	(1)	(1)	—
Impairment reversals (losses) on non-current assets	—	—	—	—
Operating profit (loss) (EBIT)	45	533	(488)	(91.6)
Share of profits (losses) of associates and joint ventures accounted for using the equity method	11	—	11	—
Other income (expenses) from investments	—	441	(441)	—
Finance income	401	410	(9)	(2.2)
Finance expenses	(689)	(711)	22	3.1
Profit (loss) before tax from continuing operations	(232)	673	(905)	—
Income tax expense	38	(82)	120	—
Profit (loss) from continuing operations	(194)	591	(785)	—
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—	—	—
Profit (loss) for the period	(194)	591	(785)	—
Attributable to:				
Owners of the Parent	(216)	560	(776)	—
Non-controlling interests	22	31	(9)	(29.0)

TIM GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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.

(million euros)		1st Quarter 2021	1st Quarter 2020
Profit (loss) for the period	(a)	(194)	591
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		3	(10)
Income tax effect		—	—
	(b)	3	(10)
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		—	—
Income tax effect		—	—
	(c)	—	—
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)	3	(10)
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)	(21)
Loss (profit) transferred to Separate Consolidated Income Statement		(1)	3
Income tax effect		1	(1)
	(f)	(6)	(19)
Hedging instruments:			
Profit (loss) from fair value adjustments		133	868
Loss (profit) transferred to Separate Consolidated Income Statement		(245)	(104)
Income tax effect		27	(185)
	(g)	(85)	579
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		(175)	(1,125)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	(175)	(1,125)
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)	(266)	(565)
Total other components of the Consolidated Statement of Comprehensive Income	(m=e+k)	(263)	(575)
Total comprehensive income (loss) for the period	(a+m)	(457)	16
Attributable to:			
Owners of the Parent		(423)	331
Non-controlling interests		(34)	(315)

TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(million euros)	3/31/2021 (a)	12/31/2020 (b)	Changes (a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	22,820	22,847	(27)
Intangible assets with a finite useful life	6,477	6,740	(263)
	29,297	29,587	(290)
Tangible assets			
Property, plant and equipment owned	12,980	13,141	(161)
Rights of use assets	4,851	4,992	(141)
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	2,775	2,728	47
Other investments	57	54	3
Non-current financial receivables arising from lease contracts	45	43	2
Other non-current financial assets	2,043	2,267	(224)
Miscellaneous receivables and other non-current assets	2,072	2,114	(42)
Deferred tax assets	7,547	7,496	51
	14,539	14,702	(163)
Total Non-current assets	(a) 61,667	62,422	(755)
Current assets			
Inventories	331	287	44
Trade and miscellaneous receivables and other current assets	4,298	4,280	18
Current income tax receivables	30	86	(56)
Current financial assets			
Current financial receivables arising from lease contracts	67	55	12
Securities other than investments, other financial receivables and other current financial assets	2,963	1,254	1,709
Cash and cash equivalents	4,370	4,829	(459)
	7,400	6,138	1,262
Current assets sub-total	12,059	10,791	1,268
Discontinued operations /Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	—	—	—
	—	—	—
Total Current assets	(b) 12,059	10,791	1,268
Total Assets	(a+b) 73,726	73,213	513

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 2020 financial statements.

Starting January 1, 2021, in order to assure greater clarity of presentation, amounts due from customers on construction contracts net of the related advances paid are entered under Inventories. The comparison period has been reclassified accordingly.

(million euros)	3/31/2021 (a)	12/31/2020 (b)	Changes (a-b)
Equity and Liabilities			
Equity			
Equity attributable to owners of the Parent	25,383	26,215	(832)
Non-controlling interests	4,439	2,625	1,814
Total Equity (c)	29,822	28,840	982
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	21,357	23,655	(2,298)
Non-current financial liabilities for lease contracts	4,061	4,199	(138)
Employee benefits	939	724	215
Deferred tax liabilities	224	277	(53)
Provisions	769	770	(1)
Miscellaneous payables and other non-current liabilities	3,526	3,602	(76)
Total Non-current liabilities (d)	30,876	33,227	(2,351)
Current liabilities			
Current financial liabilities for financing contracts and others	5,127	3,677	1,450
Current financial liabilities for lease contracts	615	631	(16)
Trade and miscellaneous payables and other current liabilities	7,031	6,567	464
Current income tax payables	255	271	(16)
Current liabilities sub-total	13,028	11,146	1,882
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	—	—	—
	—	—	—
Total Current Liabilities (e)	13,028	11,146	1,882
Total Liabilities (f=d+e)	43,904	44,373	(469)
Total Equity and Liabilities (c+f)	73,726	73,213	513

Starting January 1, 2021, in order to assure greater clarity of presentation, amounts due from customers on construction contracts net of the related advances paid are entered under Inventories. The comparison period has been reclassified accordingly.

TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)	1st Quarter 2021	1st Quarter 2020
Cash flows from operating activities:		
Profit (loss) from continuing operations	(194)	591
Adjustments for:		
Depreciation and amortization	1,130	1,201
Impairment losses (reversals) on non-current assets (including investments)	3	16
Net change in deferred tax assets and liabilities	(80)	(1)
Losses (gains) realized on disposals of non-current assets (including investments)	2	(439)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	(11)	—
Change in provisions for employee benefits	262	(8)
Change in inventories	(46)	(23)
Change in trade receivables	66	259
Change in trade payables	(121)	(394)
Net change in income tax receivables/payables	39	64
Net change in miscellaneous receivables/payables and other assets/liabilities	211	1,104
Cash flows from (used in) operating activities	(a) 1,261	2,370
Cash flows from investing activities:		
Purchases of intangible, tangible and rights of use assets on a cash basis	(874)	(1,136)
Capital grants received	—	23
Acquisition of control of companies or other businesses, net of cash acquired	—	—
Acquisitions/disposals of other investments	(37)	(2)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	67	27
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	3	2
Cash flows from (used in) investing activities	(b) (841)	(1,119)
Cash flows from financing activities:		
Change in current financial liabilities and other	(297)	(200)
Proceeds from non-current financial liabilities (including current portion)	1,501	976
Repayments of non-current financial liabilities (including current portion)	(1,521)	(1,109)
Changes in hedging and non-hedging derivatives	(204)	(732)
Share capital proceeds/reimbursements (including subsidiaries)	—	—
Dividends paid	(24)	(40)
Changes in ownership interests in consolidated subsidiaries	—	(1)
Cash flows from (used in) financing activities	(c) (545)	(1,106)
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	(d) —	—
Aggregate cash flows	(e=a+b+c+d) (125)	145
Net cash and cash equivalents at beginning of the period	(f) 4,508	3,202
Net foreign exchange differences on net cash and cash equivalents	(g) (14)	(83)
Net cash and cash equivalents at end of the period	(h=e+f+g) 4,369	3,264

Purchases of intangible, tangible and rights of use assets

(million euros)	1st Quarter 2021	1st Quarter 2020
Purchase of intangible assets	(178)	(226)
Purchase of tangible assets	(501)	(367)
Purchase of rights of use assets	(120)	(570)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(799)	(1,163)
Change in payables arising from purchase of intangible, tangible and rights of use assets	(75)	27
Total purchases of intangible, tangible and rights of use assets on a cash basis	(874)	(1,136)

Additional Cash Flow information

(million euros)	1st Quarter 2021	1st Quarter 2020
Income taxes (paid) received	(9)	(37)
Interest expense paid	(459)	(499)
Interest income received	84	77
Dividends received	—	—

Analysis of Net Cash and Cash Equivalents

(million euros)	1st Quarter 2021	1st Quarter 2020
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents - from continuing operations	4,829	3,138
Bank overdrafts repayable on demand - from continuing operations	(321)	(1)
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	—	—
	4,508	3,202
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents - from continuing operations	4,370	3,265
Bank overdrafts repayable on demand - from continuing operations	(1)	(1)
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	—	—
	4,369	3,264

TIM GROUP - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2020 to March 31, 2020

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	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			
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	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income (loss) for the period	—	—	(29)	579	(779)	—	—	560	331	(315)	16
Issue of equity instruments	—	—	—	—	—	—	—	(5)	(5)	—	(5)
INWIT - deconsolidation	—	—	—	—	—	—	—	—	—	(644)	(644)
Other changes	—	—	—	—	—	—	—	17	17	1	18
Balance at March 31, 2020	11,587	2,094	(10)	139	(2,196)	(124)	—	9,133	20,623	1,388	22,011

Changes from January 1, 2021 to March 31, 2021

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	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			
Balance at December 31, 2020	11,588	2,133	20	(350)	(2,538)	(119)	—	15,481	26,215	2,625	28,840
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	(318)	(318)	—	(318)
Total comprehensive income (loss) for the period	—	—	(3)	(85)	(119)	—	—	(216)	(423)	(34)	(457)
Issue of equity instruments	4	—	—	—	—	—	—	1	5	—	5
FiberCop - capital increase	—	—	—	—	—	—	—	(98)	(98)	1,848	1,750
Other changes	—	—	—	—	—	—	—	2	2	—	2
Balance at March 31, 2021	11,592	2,133	17	(435)	(2,657)	(119)	—	14,852	25,383	4,439	29,822

TIM GROUP - NET FINANCIAL DEBT

(million euros)	3/31/2021 (a)	12/31/2020 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	16,972	18,856	(1,884)
Amounts due to banks, other financial payables and liabilities	4,385	4,799	(414)
Non-current financial liabilities for lease contracts	4,061	4,199	(138)
	25,418	27,854	(2,436)
Current financial liabilities (*)			
Bonds	3,373	988	2,385
Amounts due to banks, other financial payables and liabilities	1,754	2,689	(935)
Current financial liabilities for lease contracts	615	631	(16)
	5,742	4,308	1,434
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	—	—	—
Total Gross financial debt	31,160	32,162	(1,002)
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(45)	(43)	(2)
Financial receivables and other non-current financial assets	(2,043)	(2,267)	224
	(2,088)	(2,310)	222
Current financial assets			
Securities other than investments	(986)	(1,092)	106
Current financial receivables arising from lease contracts	(67)	(55)	(12)
Financial receivables and other current financial assets	(1,977)	(162)	(1,815)
Cash and cash equivalents	(4,370)	(4,829)	459
	(7,400)	(6,138)	(1,262)
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
Total financial assets	(9,488)	(8,448)	(1,040)
Net financial debt carrying amount	21,672	23,714	(2,042)
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(517)	(388)	(129)
Adjusted Net Financial Debt	21,155	23,326	(2,171)
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	29,442	30,193	(751)
Total adjusted financial assets	(8,287)	(6,867)	(1,420)
<i>(*) of which current portion of medium/long-term debt:</i>			
Bonds	3,373	988	2,385
Amounts due to banks, other financial payables and liabilities	1,423	1,541	(118)
Current financial liabilities for lease contracts	611	628	(17)

TIM GROUP - CHANGE IN ADJUSTED NET FINANCIAL DEBT

(million euros)	1st Quarter 2021 (a)	1st Quarter 2020 (b)	Change (a-b)
EBITDA	1,177	1,735	(558)
Capital expenditures on an accrual basis	(691)	(599)	(92)
Change in net operating working capital:	281	(229)	510
<i>Change in inventories</i>	(46)	(23)	(23)
<i>Change in trade receivables</i>	66	259	(193)
<i>Change in trade payables</i>	(305)	(931)	626
<i>Other changes in operating receivables/payables</i>	566	466	100
<i>Change in provisions for employee benefits</i>	262	(8)	270
<i>Change in operating provisions and Other changes</i>	(274)	(111)	(163)
Net operating free cash flow	755	788	(33)
<i>% of Revenues</i>	<i>20.1</i>	<i>19.9</i>	<i>0.2pp</i>
Sale of investments and other disposals flow	4	618	(614)
Share capital increases/reimbursements, including incidental expenses	—	—	—
Financial investments	(37)	(5)	(32)
Dividends payment	(24)	(40)	16
Increases in lease contracts	(108)	(564)	456
Finance expenses, income taxes and other net non-operating requirements flow	1,581	126	1,455
Reduction/(Increase) in adjusted net financial debt from continuing operations	2,171	923	1,248
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
Reduction/(Increase) in adjusted net financial debt	2,171	923	1,248

Equity Free Cash Flow

(million euros)	1st Quarter 2021	1st Quarter 2020	Change
Net Operating Free Cash Flow	755	788	(33)
Financial management	(288)	(295)	7
Income taxes and Other	2	(27)	29
Equity Free Cash Flow	469	466	3

TIM GROUP - INFORMATION BY OPERATING SEGMENTS

Domestic

(million euros)	1st Quarter 2021	1st Quarter 2020	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non-recurring
Revenues	3,101	3,113	(12)	(0.4)	(0.6)
EBITDA	875	1,346	(471)	(35.0)	(2.6)
% of Revenues	28.2	43.2		(15.0)pp	(0.9)pp
EBIT	(43)	430	(473)	—	(8.4)
% of Revenues	(1.4)	13.8		(15.2)pp	(1.0)pp
Headcount at period-end (number) (*)	43,004	(*)42,925	79	0.2	

(*) Includes employees with temp work contracts: 12 units at March 31, 2021 (14 units at December 31, 2020)

(*) Headcount at December 31, 2020

Fixed

	3/31/2021	12/31/2020	3/31/2020
Total TIM Retail accesses (thousands)	8,774	8,791	9,002
of which NGN ⁽¹⁾	4,695	4,432	3,812
Total TIM Wholesale accesses (thousands)	7,908	7,974	8,003
of which NGN	4,381	4,220	3,549
Active Broadband accesses of TIM Retail (thousands)	7,746	7,635	7,567
Consumer ARPU (€/month) ⁽²⁾	31.8	33.0	33.8
Broadband ARPU (€/month) ⁽³⁾	24.4	25.4	25.6

(1) UltraBroadband access in FTTx and FWA mode, also including “data only” lines and GBE (Gigabit Ethernet).

(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

	3/31/2021	12/31/2020	3/31/2020
Lines at period end (thousands)	30,222	30,170	30,522
of which Human	19,554	19,795	20,424
Churn rate (%) ⁽⁴⁾	3.8	18.6	5.3
Broadband users (thousands) ⁽⁵⁾	12,864	12,818	12,673
Retail ARPU (€/month) ⁽⁶⁾	7.5	8.0	8.3
Human ARPU (€/month) ⁽⁷⁾	11.4	12.1	12.3

(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 quarter of 2021 for the Domestic Business Unit are presented in the following table, broken down by customer/business segment and compared to the first quarter of 2020.

	1st Quarter 2021	1st Quarter 2020	Changes		
			absolute	%	% organic excluding non- recurring
Revenues	3,101	3,113	(12)	(0.4)	(0.6)
Consumer	1,409	1,473	(64)	(4.3)	(4.6)
Business	983	986	(3)	(0.3)	(1.3)
National Wholesale Market	495	434	61	14.0	14.0
International Wholesale Market	218	221	(3)	(1.4)	0.5
Other	(4)	(1)	(3)	—	—



Brazil

	(million euros)		(million Brazilian reais)		Changes		
	1st Quarter 2021	1st Quarter 2020	1st Quarter 2021	1st Quarter 2020	absolute	%	% organic excluding non- recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	658	859	4,340	4,215	125	3.0	3.0
EBITDA	304	390	2,008	1,916	92	4.8	4.8
% of Revenues	46.3	45.5	46.3	45.5		0.8pp	0.8pp
EBIT	90	105	592	515	77	15.0	15.0
% of Revenues	13.6	12.2	13.6	12.2		1.4pp	1.4pp
Headcount at period-end (number)			9,177	(*)9,409	(232)	(2.5)	

(*) Headcount at December 31, 2020.

TIM GROUP - HEADCOUNT

Average salaried workforce

(equivalent number)	1st Quarter 2021 (a)	Year 2020 (b)	1st Quarter 2020 (c)	Change (a-c)
Average salaried workforce – Italy	40,932	40,140	41,271	(339)
Average salaried workforce – Outside Italy	9,099	8,959	9,387	(288)
Total average salaried workforce ⁽¹⁾	50,031	49,099	50,658	(627)

(1) Includes employees with temp work contracts: 12 average employees in Italy in the first quarter of 2021; 9 average employees in Italy in 2020; 4 average employees in Italy in the first quarter of 2020.

Headcount at period end

(number)	3/31/2021 (a)	12/31/2020 (b)	3/31/2020 (c)	Change (a-b)
Headcount – Italy	42,759	42,680	45,146	79
Headcount – Outside Italy	9,435	9,667	9,823	(232)
Total headcount at period end ⁽¹⁾	52,194	52,347	54,969	(153)

(1) Includes employees with temp work contracts: 12 employees in Italy at 3/31/2021; 14 employees in Italy at 12/31/2020; 4 employees in Italy at 3/31/2020.

Headcount at period end – Breakdown by Business Unit

(number)	3/31/2021 (a)	12/31/2020 (b)	3/31/2020 (c)	Change (a-b)
Domestic	43,004	42,925	45,380	79
Brazil	9,177	9,409	9,576	(232)
Other Operations	13	13	13	—
Total	52,194	52,347	54,969	(153)

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

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:

(million euros)	1st Quarter 2021	1st Quarter 2020
Revenues:		
Revenue adjustments	—	(15)
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(10)	(9)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(311)	(4)
Other operating expenses:		
Sundry expenses and other provisions	(80)	(11)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(401)	(39)
Impact on EBIT - Operating profit (loss)	(401)	(39)
Other income (expenses) from investments:		
Net gain INWIT transactions	—	441
Finance expenses:		
Miscellaneous finance expenses	(1)	(1)
Impact on profit (loss) before tax from continuing operations	(402)	401
Income taxes on non-recurring items	92	12
Impact on profit (loss) for the period	(310)	413

During the first quarter of 2021, the COVID-19 emergency caused the TIM Group to incur non-recurring charges, gross of tax effects, for approximately 12 million euros, in addition to the figures shown above; these include both non-recurring charges connected with the corporate reorganization/restructuring processes and provisions made for disputes, transactions, regulatory sanctions and potential liabilities related to them as well as expenses connected with agreements and the development of non-recurring projects. During the first quarter of 2020, the COVID-19 emergency had incurred non-recurring expenses, gross of tax effects, for a total of 26 million euros, mainly connected with adjustments to revenues (15 million euros), following the commercial initiatives of TIM S.p.A. to support customers to fight the emergency and operating costs for 11 million euros mainly relating to provisions and expenses connected with credit management.

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

Revolving Credit Facility and Term Loan

The following table shows committed credit lines available at March 31, 2021.

(billion euros)	3/31/2021		12/31/2020	
	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	5.0	—	6.7	—

At March 31, 2021, TIM had bilateral Term Loans for 1,300 million euros with various banking counterparties.

On January 18, 2021 TIM issued its first 8-year Sustainability Bond for an amount of 1 billion euros, coupon 1.625%.

On January 19, 2021, TIM entirely canceled the credit line for 1.7 billion euros, which was not used, stipulated on May 18, 2020 as bridge to bond for subsequent issues on the bond market and an initial maturity of 12 months with an option of extension for another 12 months.

Bonds

The change in bonds in the first quarter of 2021 was as follows:

(millions of original currency)	Currency	Amount	Issue date
New issues			
Telecom Italia S.p.A. 1,000 million euros 1.625%	Euro	1,000	1/18/2021

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A. 564 million euros 4.500% ⁽¹⁾	Euro	564	1/25/2021

⁽¹⁾ Net of buy-backs totaling 436 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 March 31, 2021 was 221 million euros, up by 4 million euros compared to December 31, 2020 (217 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 March 31, 2021 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 3,105 million euros. With the following detail:

- 221 million euros, due January 1, 2022;
- 884 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 Group¹; 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 these bonds have been placed principally with institutional investors in main world capital markets (Euromarket and USA), the terms which regulate the bonds are in line with the market practice for similar transactions effected on these same markets; consequently, for example, there are commitments not to use the company's assets as collateral for loans (negative pledges).

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

Regarding loans taken out by TIM S.p.A. from the European Investment Bank (EIB), at March 31, 2021 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% (thirty-five percent) 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 can be found in the export credit loan agreement.

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.

The documentation of the loans granted to certain companies of the Tim Brasil group contain general obligations to comply with certain financial ratios (e.g. capitalization ratios, debt servicing ratios and debt ratios), as well as the usual other covenants, under penalty of a request for the early repayment of the loan.

Finally, as at March 31, 2021, no covenant, negative pledge or other clause relating to the debt position had in any way been breached or violated.

TIM GROUP - DISPUTES AND PENDING LEGAL ACTIONS

The most significant arbitration cases and legal and fiscal disputes TIM Group companies are involved in as of March 31, 2021, including those closed during the period, are described below.

The TIM Group has posted liabilities totaling 579 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 March 31, 2021, 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 Article 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 2020 Annual Financial Report:

- Administrative offense charge pursuant to Legislative Decree 231/2001 for the so-called TIM Security Affair;
- Golden Power Case;
- Italian Competition Authority (AGCM) Case A428;
- Vodafone, Colt Technology Services, MC-Link, Eutelia and Clouditalia Telecomunicazioni disputes (connected with the Antitrust Case A428);
- Vodafone (I761);
- Open Fiber, Vodafone and Fastweb disputes (connected with case A514);
- Vodafone;
- Eutelia and Voiceplus;
- 28-day billing;
- Antitrust Case I820;
- Antitrust Case I850;
- Dispute on "Adjustments to license fees" for the years 1994-1998;
- Poste;
- Elinet S.p.A. Bankruptcy;
- Brazil – Opportunity Arbitration;

International tax and regulatory disputes

As of March 31, 2021, the companies forming the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 16.6 billion reais (16.6 billion reais at December 31, 2020). 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 4.3 billion reais (4.3 billion reais at December 31, 2020).

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 Celular 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.

Furthermore, 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 8.6 billion reais (8.6 billion reais at December 31, 2020).

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, 2020).

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, 2020).



Exclusion of ICMS from the PIS/COFINS tax base

In March 2017, the Supreme Federal Court of Brazil recognized the inclusion of ICMS in the calculation of the PIS/COFINS contribution as unconstitutional. The companies of the TIM Brasil Group (formerly TIM Nordeste, TIM Celular and TIM S.A.) have been involved in legal proceedings since 2006, with reimbursement requests related - as allowed - to the previous five years, and therefore with effect from 2001.

During 2018, following a definitive and indisputable decision, the Company recognized a receivable of 353 million reais, of which 159 million reais for tax and 194 million reais for legal revaluations (amounts relating to the then TIM Nordeste).

During 2019, as a result of two final decisions (TIM Celular S.A. and TIM S.A.), the company posted an additional receivable of 3,024 million reais, of which 1,795 million reais for tax and 1,229 million reais for statutory revaluation.

The use of recognized tax receivables started from the end of 2019 and continued in 2020 and 2021, in compliance with the formal certification procedures established by the Brazilian tax authorities.

COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.)

With writ of summons before the Rome Court, COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) filed a damages claim for a total of 37 million euros in compensation for alleged anticompetitive and abusive conduct over the period 2009–2011, in the form of technical boycotting (refusals to activate wholesale services – KOs); the claim was based on the contents of the decision of AGCM (the Italian Competition Authority) that settled the A428 case. TIM filed an appearance, contesting all of the plaintiff's allegations. In the judgment with ruling in April 2019, the Court of Rome partially received the petitions of COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.), sentencing TIM to pay an amount significantly lower than the amount in the counterparty's damages claim. In June 2019, TIM appealed against the judgment. In the judgment given in April 2021, the Court of Appeal of Rome partly upheld TIM's appeal, reducing the amount of the compensation due to COMM 3000, which was in any case entirely covered by the relevant provision.

Teleunit

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 judgement 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 judgement 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 judgement in the first instance be fully confirmed. With an order in March 2018 the Milan Court of Appeal

declared Teleunit's appeal pursuant to art. 348-bis of the Italian Code of Civil Procedure to be manifestly without foundation, and hence inadmissible. In May 2018 Teleunit appealed the judgement 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).

Antitrust Case I761

With a ruling issued on July 10, 2013, AGCM (the Italian Competition Authority) extended to TIM the investigation started in March of the same year into some firms active in the fixed network maintenance sector. The investigation aims to establish if an agreement exists that is prohibited under article 101 of the Treaty on the Functioning of the European Union. The proceedings were initiated after Wind filed two complaints in which AGCM (the Italian Competition Authority) was informed that, based on an invitation to bid for the assignment of network corrective maintenance services, it had encountered substantial uniformity of prices offered by the aforementioned enterprises and a significant difference from the offers submitted subsequently by other and different companies.

AGCM (the Italian Competition Authority) alleged that TIM carried out a role of coordinating the other parts of the procedure, both during the formulation of the offers requested by Wind and in relation to the positions represented to communications regulator AGCom.

TIM challenged these proceedings before the Administrative Court (TAR), sustaining that the ICA does not have competence in this matter.

On July 7, 2014, AGCM (the Italian Competition Authority) notified the objective extension of the proceedings to check if the Company, abusing its dominant position, put in place initiatives that might influence the conditions of the offer of accessory technical services when the offers of the maintenance businesses to Wind and Fastweb were being formulated. With the extension provision, the ICA has also extended the deadline for closing the proceedings from the original date of July 31, 2014 to July 31, 2015. This extension was also challenged before the Lazio Administrative Court (TAR) sustaining that the Italian Competition Authority does not have competence in this matter.

In November 2014, for reasons of procedural economy and also convinced that it was acting legitimately, TIM presented to the Authority a proposal of undertakings in order to resolve the competition concerns subject of the investigation. In its resolution of December 19, 2014, AGCM (the Italian Competition Authority) considered that these undertakings were not manifestly groundless and later ordered their publication for the purposes of market testing.

On March 25, 2015, AGCM (the Italian Competition Authority) definitively rejected the aforesaid undertakings, considering them not suitable for removing the anticompetitive aspects investigated.

On July 21, 2015 the Communication of the Results of the Investigation was served on the parties to the proceedings, in which the Offices of AGCM (the Italian Competition Authority) expressed their position in the sense of (i) archiving the complaints regarding the abuse of dominant position and (ii) confirming, instead, that there exists between TIM and the maintenance firms an agreement to coordinate the economic offers drawn up for Wind and Fastweb, and to prevent the unbundled supply of the ancillary technical services.

On December 16, 2015, the final order was issued, confirming the conclusions of the Communication of the Results of the Investigation, sustaining that, between 2012 and 2013, there existed an agreement that restricted competition, and as a result imposed a fine of 21.5 million euros on the Company, paid in March 2016. The relevant market is the corrective maintenance (assurance) market and, more precisely, the market for troubleshooting the TIM LLU lines. The purpose of the conduct maintained by the Company and the network firms would have been to limit competition and prevent the evolution of forms of unbundled supply of ancillary technical services.

TIM appealed the order before the Lazio Regional Administrative Court. In judgement no. 09554/2016 issued in September 2016, the appeal was dismissed, and the Company appealed this decision to the Council of State. On the outcome of the proceedings, with the ruling of December 2019, the Council of State, deciding in favor of TIM, annulled the AGCM I761 provision and referred the task of conducting a new investigation to AGCM (the Italian Competition Authority), within the limits that decided by the Council of State itself. In 2020, TIM obtained the return of amounts paid by way of sanction.

Following analysis, in a letter dated April 2, 2021, AGCM (the Italian Competition Authority) reported that it had archived case I761.

Antitrust 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 article 102 of the "Treaty on the Functioning of the European Union". The proceedings were started based on some complaints filed in May and June 2017, by Infratel, Enel, Open Fiber, Vodafone and Wind Tre, and concerns a presumed abuse of TIM's dominant position in the market for wholesale access services and for retail services using the broadband and ultra-broadband fixed network. In particular, AGCM (the Italian Competition Authority) hypothesized that TIM had adopted conduct aimed at: i) slowing and hindering the course of the Infratel tender processes so as to delay, or render less remunerative the entry of another operator in the wholesale market; ii) preemptively securing customers

on the retail market for ultra-broadband services by means of commercial policies designed to restrict the space of customer contendability 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 (the Italian Competition Authority) resolved to extend the scope of the case to investigate further behavior concerning TIM's wholesale pricing strategy on the market for wholesale access to broadband and 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, AGCM (the Italian Competition Authority) once and for all rejected the proposed series of undertakings as it considered them unsuitable in light of the objections raised.

On March 4, 2019, TIM requested AGCM (the Italian Competition Authority) for an extension of the deadline for closing the proceedings (initially set for May 31, 2019).

On April 10, 2019, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until September 30, 2019. On May 17, 2019, AGCM (the Italian Competition Authority) notified TIM of the results of the investigation (CRI). In the CRI, AGCM (the Italian Competition Authority) essentially confirmed the case for the prosecution outlined in the start-up and extension of the proceedings orders.

On June 12, 2019 AGCM (the Italian Competition Authority) extended the deadline for deposit of TIM's final defense to September 20, 2019 and set the final hearing for September 25, 2019.

On September 18, 2019, AGCM (the Italian Competition Authority) 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 (the Italian Competition Authority) 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 Regional Administrative Court (TAR), contesting both the merits of the accusations and the amount of the imposed fine.

On June 25, 2020 TIM sent AGCM (the Italian Competition Authority) the so-called compliance report as ordered in the final provision. The Lazio Regional Administrative Court (TAR) has scheduled a hearing for oral discussion for November 3, 2021.

In May 2021, the Company paid the fine.

Antitrust Case I799

At its meeting on February 1, 2017, AGCM (the Italian Competition Authority) initiated an investigation for possible breach of Article 101 of the TFEU (prohibition of agreements that restrict competition) against TIM S.p.A. and Fastweb S.p.A., following the signing of an agreement aimed at setting up a cooperative joint venture called Flash Fiber S.r.l.. TIM, in agreement with Fastweb, submitted to AGCM (the Italian Competition Authority) some amendments to the agreements signed, in the form of proposed undertakings, aimed at closing the investigation without any breach being ascertained and, therefore, without any fine.

On March 28, 2018, AGCM (the Italian Competition Authority) resolved to approve the undertakings, making them binding on the Parties, and closed the case without imposing any fine.

On January 30, 2019, TIM sent the planned annual report on the provided coverage to AGCM (the Italian Competition Authority), supplemented by a subsequent communication dated March 29, 2019. TIM transmitted further details to AGCM in July and AGCM (the Italian Competition Authority) acknowledged it on October 15, 2019. On January 31, 2020 TIM sent AGCM (the Italian Competition Authority) the third report on the implementation of the undertakings given. Finally, on January 29, 2021 TIM sent AGCM (the Italian Competition Authority) the fourth and final report on the implementation of the undertakings given.

On June 11, 2018 Open Fiber S.p.A. and Wind Tre S.p.A. filed separate appeals to the Lazio Regional Administrative Court (TAR) against the order closing case I799 with the acceptance of the undertakings. They allege that this order has a series of procedural and substantial defects.

Open Fiber S.p.A. also asked for the precautionary suspension of the order.

In a ruling of March 2020, the Regional Administrative Court rejected in full the appeal by Open Fiber S.p.A.. A hearing on the merits has not yet been scheduled for Wind Tre's appeal.

Vodafone Dispute – Universal Service

In a decision published in July 2015, the Council of State rejected the appeal lodged by AGCom and TIM against the judgment of the Lazio Administrative Court (TAR) on the financing of the universal service obligations for the period 1999–2003. With this judgement the judge had granted the appeals by Vodafone, annulling AGCom decisions 106, 107, 109/11/CONS on the renewal of the related proceedings, which included Vodafone among the subjects required to contribute, for a sum of approximately 38 million euros. Essentially, the judgement confirms that the Authority has not demonstrated the particular degree of "replaceability" between fixed and mobile telephony for mobile operators to be included among the subjects required to repay the cost of the universal service, which means that AGCom needs to issue a new ruling.

TIM has filed an application with AGCom to renew the proceedings, and an appeal against the judgement of the Court of Appeal to the Court of Cassation (which subsequently ruled that the appeal was inadmissible).

In April 2016 Vodafone appealed against the Ministry of Economic Development (MISE) and TIM to the Council of State, for non-compliance with the judgement of the Council of State. This appeal referred to AGCom decision 109/11/CONS (2003 yearly payment, on the basis of which Vodafone had paid the sum of approximately 9 million euros as contribution, restitution of which was requested).

In its judgment of November 2016, the Council of State rejected the appeal, referring to the Regional Administrative Court (TAR) the decision on the methods of compliance. In February 2017, Vodafone presented the Lazio Regional Administrative Court with four new appeals against the Ministry of Economic Development and TIM regarding observance of the ruling, upheld on appeal, countermanding the resolutions for the years 1999–2003 and repayment of the aforesaid amounts of around 38 million euros already paid to the Ministry of Economic Development as a contribution.

With a judgment issued in June 2018, the TAR rejected all of Vodafone's appeals for observance, and, as requested by TIM, expressly affirmed that AGCom must renew the proceedings, particularly with regard to the determination of the degree of replaceability between fixed and mobile telephony. Vodafone challenged the four judgments before the Council of State, which, with a decision of October 2019, upheld Vodafone's appeal and confirmed the restitutory obligation of the sums in question applicable to TIM.

With resolution no. 263/20/CIR, AGCom started proceedings to renew the investigation into the iniquity of the net cost of the universal service for 1999–2009. Vodafone has challenged this resolution before the Regional Administrative Court. The renewal proceedings concluded with resolution 18/21/CIR, which substantively confirmed the draft order.

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 filed an appearance, fully disputing the requests of Iliad Italia S.p.A.; and, in turn, submitting a counterclaim in accordance with Art. 2598 of the Italian Civil Code, with reference to the denigration implemented by Iliad Italia S.p.A. in regard to TIM and formulating a symmetrical claim for compensation for damages. In the first preliminary brief, Iliad updated its claim for damages, taking it to 242.8 million euros. At the hearing of April 13, 2021, the Judge reserved the right to deliberate on the parties' preliminary motions.



b) other information

With reference to the cases listed below no significant facts have emerged with respect to that published in the 2020 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.

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

- **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 lease contracts according to IFRS 16. 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 net liabilities related to the accounting treatment of lease contracts according to IFRS 16. TIM believes that the Adjusted net financial debt After Lease represents an indicator of the ability to meet its financial obligations;
- **Equity Free Cash Flow After Lease**, calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments. In particular, this measure is calculated as follows:

+	Equity Free Cash Flow
-	Principal share of lease payments

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

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 the evaluation of the operating performance of the Group (as a whole and at the 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 licenses
-	Financial impact of acquisitions and/or disposals of shareholdings
-	Dividend payment and Change in Equity