

TIM: BOARD OF DIRECTORS APPROVES FINANCIAL REPORT AT DECEMBER 31, 2021

Organic results:

GROUP REVENUES SLIGHTLY DOWN

NET FINANCIAL DEBT IMPROVING BY €1.1 BLN

10 MILLION FIXED ULTRABROADBAND LINES EXCEEDED

CHURN IMPROVING FOR BOTH FIXED AND MOBILE

**TIM BRASIL'S REVENUES AND EBITDA GROWING AND IN LINE WITH
TARGETS**

**ACQUISITION OF PART OF OI'S MOBILE BUSINESS APPROVED BY BRAZIL'S
COMPETITION AUTHORITY (CADE)**

- Revenues at €15.3 billion (-1.9% YoY organic)
- Organic EBITDA down to €6.2 bln (-9.6% YoY) due to competitive pressure, the delay in the voucher scheme and start-up costs for digital companies
- Net Financial Debt After Lease: €17.6 bln, down by €1 bln YoY despite higher investments (+14.1% YoY) to speed up the deployment of fiber, cloud and football streaming
- Net result attributable to the owners of the parent was negative for 8.7 billion, after the impairment of domestic goodwill for €4.1 billion and writing off deferred tax assets amounting to €3.8 billion euros. Both items are Non Cash Items
- The Italian Competition Authority has approved undertakings relating to the agreements between TIM, KKR and Fastweb to set up FiberCop, which in 2021 increased FTTH coverage by 36%. The TIM Group brought ultrabroadband to around 94% of fixed lines
- All ESG objectives met

Rome, March 2, 2022

TIM's Board of Directors met today chaired by Salvatore Rossi and approved the Consolidated Financial Statements of the TIM Group, the draft Separate Financial Statements of TIM S.p.A. and the Consolidated Non-Financial Statement/Sustainability Report at December 31, 2021.

In the fourth quarter, on the one hand, double digit growth of the ICT business continued and on the other hand the competitive environment led various market operators to continue leveraging on price and discounts, thereby reducing operating performances.

The company also redefined its top management structure in the quarter and embarked on an in-depth organizational and strategic review.

Net financial debt at December 31, 2021 stood at 22.2 billion euros (17.6 billion euros on an after lease basis) a drop of 1.1 billion euros compared to the last financial year (1 billion euros on an after lease basis).

In terms of **strategic initiatives**, the main changes are:

- **National Strategic Hub:** the Government has published the call for tenders and selected as a reference the project submitted by TIM together with CDP Equity, Leonardo and Sogei to create the National Strategic Hub (NSH). If it wins (the announcement is expected by H1), the new company would provide Cloud services and infrastructure to the Public Administration, acquiring them mainly from industrial partners.
- **Fiber Network:** work to develop the FTTH network of the new company FiberCop continues, increasing the FTTH coverage of property units by 36% in the last year. The TIM Group brought broadband to around 94% of fixed lines. The set of agreements between TIM, KKR and Fastweb relating to the establishment of the company FiberCop has been definitively approved by the Italian Competition Authority with the acceptance of the undertakings presented by the Parties.
- **Noovle:** revenues up by 20% YoY, in line with the plan objectives, thanks to development of the cloud and data centers business in partnership with Google Cloud and the main sector operators.
- **Magnifica** was launched at the end of October. It is the highest performing ultrabroadband offer portfolio on the Italian market with speeds of up to 10 Gbps in download thanks to TIM's fiber.
- In **Brazil**, local authorities (Anatel and Cade) have green lighted the project for TIM Brasil, Claro and Vivo to acquire Oi's mobile business.
- As regards **Sustainability**, the company has respected all the year's targets, in both Italy and Brazil, increasing the weight of renewable energy on the Group's total electricity consumption by 36% YoY, improving domestic energy eco-efficiency by a further 25% and bringing the increase to over 90% compared to 2019. Employees' engagement in Italy, +20% since 2019, has already surpassed the objective set for 2023.

Performance in the fourth quarter 2021

The **churn rate** continued to improve in both fixed (3.5%, -0.5pp YoY) and mobile (3.6%, -0.6pp YoY), stabilizing at the lowest level in the last 14 years.

In **mobile**, total lines performance (30.5 million) and ARPU were stable, in a phase of partial return to rationality in the market, also visible in the slowdown of customer flows between operators (market mobile number portability -21% YoY).

In **fixed**, total lines performance slowed in the quarter (-82 thousand compared to the previous quarter) also due to the end of the first phase of the voucher program and the delayed launch of the second phase; however customer satisfaction improved by 4.1 percentage points. Consumer customers ARPU was down for the increased competitive pressure.

The **ultrabroadband** segment exceeded **10 million lines** (retail and wholesale) for the first time, with an increase in the quarter of 300 thousand lines (compared with the previous quarter).

Innovative services strong revenues growth continued, with cloud recording a 17% YoY increase in the quarter (+20% YoY in the twelve months) and total ICT revenues up by 21% YoY in the quarter (+23% YoY in the year).

Overall, the Domestic Business Unit recorded revenues from services down by 4.5% YoY in the quarter (-3.8% YoY in the year), partly offset by the good performance of TIM Brasil, with revenues from services up by 4.0% YoY in the quarter and 5.0% in the year.

Group **revenues** in the quarter stood at 4.0 billion euros down by -4.4% YoY (15.3 billion euros down by 1.9% YoY in the twelve months), while **revenues from services** amounted to 3.6 billion euros down by 2.8% YoY (13.9 billion euros down by 2.1% YoY in the twelve months).

The Group's **organic EBITDA** in the quarter stood at 1.4 billion euros down by -21.9% YoY (6.2 billion euros, -9.6% YoY in the twelve months), with the Domestic Business Unit at 1.0 billion euros down by -28.5% YoY (4.9 billion euros, -12.8% YoY in the twelve months) and TIM Brasil at 0.4 billion euros up by 3.4% YoY (1.4 billion euros, +4.7% YoY in the twelve months). The drop in the domestic margin was mainly due, in addition to the aforementioned revenue trend, to the impact of the football business on the company's performances, higher start-up costs for new digital businesses and other provisions for commercial risks.

The Group's **EBITDA After Lease** stood at 1.2 billion euros, down by -25.7% YoY (5.4 billion euros, -11.6% YoY in the twelve months), while at domestic level it was 0.9 billion euros with a drop of -31.5% YoY (4.4 billion euros, -14.2% in the twelve months).

At Group level, the **investments** stood at 1.3 billion euros with a reduction of -3.8% YoY excluding licenses (3.8 billion euros up by 14.1% YoY in the twelve months excluding licenses).

The **net result** attributable to the Owners of the Parent was negative for 8.6 billion euros (-8.7 billion euros in the year). This result was also impacted by the impairment of domestic goodwill for 4.1 billion euros and the writing off, for 3.8 billion euros, by the Parent Company TIM S.p.A., of the deferred tax assets.

In detail, the impairment of domestic goodwill was carried out with reference to the flows of the 2022-2024 Industrial Plan and the projections up to 2026 for the domestic market in its current conditions and using a discount rate updated to the financial market conditions as at December 31,



2021. The new Industrial Plan is based on the results of the 2021 final accounting, reflects realistic expectations on future developments and outlines the actions to create value for the shareholders. The write-off of deferred tax assets is linked to the extension to 50 years of the period of tax asset absorption introduced by Art. 160 of the 2022 Budget Law (Law 234/2021) and the changed assessment of the time frame for recoverability of deferred tax assets of TIM S.p.A.

The Board of Directors therefore proposes to the Shareholders' Meeting the non-distribution of dividends.

Financial highlights

(million euros)	4th Quarter 2021 (a)	4th Quarter 2020 (b)	% Change (a-b)	2021 (a)	2020 (b)	% Change (a-b)
Revenues	3,976	4,148	(4.1)	15,316	15,805	(3.1)
EBITDA	731	1,621	(54.9)	5,080	6,739	(24.6)
EBITDA Margin	18.4%	39.1%	(20.7)pp	33.2%	42.6%	(9.4)pp
EBIT	(4,469)	477	—	(3,529)	2,104	—
EBIT Margin	—	11.5%	—	(23.0)%	13.3%	(36.3)%
Profit (loss) for the period attributable to owners of the Parent	(8,642)	6,046	—	(8,652)	7,224	—
Capital Expenditures	1,910	1,403	36.1	4,630	3,409	35.8
				12/31/2021 (a)	12/31/2020 (b)	Change Amount (a-b)
Adjusted net financial debt				22,187	23,326	(1,139)

Organic results ⁽¹⁾

(million euros)	4th Quarter 2021 (a)	4th Quarter 2020 comparable (b)	% Change	2021 (a)	2020 comparable (b)	% Change
TOTAL REVENUES	3,981	4,166	(4.4)	15,321	15,615	(1.9)
Domestic	3,229	3,435	(6.0)	12,510	12,933	(3.3)
Brazil	761	741	2.6	2,840	2,715	4.6
Other operations, adjustments and eliminations	(9)	(10)	—	(29)	(33)	—
SERVICE REVENUES	3,581	3,686	(2.8)	13,911	14,214	(2.1)
Domestic	2,857	2,993	(4.5)	11,188	11,627	(3.8)
o/w Wireline	2,189	2,275	(3.7)	8,574	8,777	(2.3)
o/w Mobile	791	851	(7.1)	3,152	3,394	(7.1)
Brazil	733	703	4.0	2,752	2,620	5.0
Other operations, adjustments and eliminations	(9)	(10)	—	(29)	(33)	—
EBITDA	1,382	1,770	(21.9)	6,223	6,882	(9.6)
Domestic	999	1,397	(28.5)	4,867	5,583	(12.8)
Brazil	388	374	3.4	1,368	1,306	4.7
Other operations, adjustments and eliminations	(5)	(1)	—	(12)	(7)	—
EBITDA After Lease	1,171	1,575	(25.7)	5,404	6,110	(11.6)
Domestic	871	1,271	(31.5)	4,358	5,080	(14.2)
Brazil	305	305	—	1,058	1,037	2.0
Other operations, adjustments and eliminations	(5)	(1)	—	(12)	(7)	—
CAPEX (net of TLC licenses)	1,346	1,399	(3.8)	3,826	3,354	14.1
Domestic	1,147	1,168	(1.8)	3,137	2,742	14.4
Brazil	199	231	(14.3)	689	612	12.6

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

(million euros)	4th Quarter 2021 (a)	4th Quarter 2020 (b)	% Change	2021 (a)	2020 (b)	% Change
Equity Free Cash Flow	172	748	(77.0)	632	2,414	(73.8)
Equity Free Cash Flow After Lease	34	622	—	62	1,615	(96.2)
Adjusted Net Financial Debt ⁽²⁾				22,187	23,326	(4.9)
Net Financial Debt After Lease ⁽²⁾				17,573	18,594	(5.5)

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

TIM's contribution to the digital and sustainable transformation for people, businesses and organizations

Infrastructure

At December 31, 2021, 94% of fixed lines connected to the TIM network are reached by ultrabroadband¹. In 2021, growth continued of FTTH activations, which now reach approximately 24% of property units². In addition, TIM's ultrabroadband coverage reaches approximately 75% of the white areas³ where, at December 31, 2021, approximately 1 million ultrabroadband lines have been activated.

TIM's **4G** network covers more than **99% of the national population**. In 2021, the volume of data handled on TIM's mobile ultrabroadband network grew by 35% compared with the previous year. TIM's **5G** network has been acknowledged by Opensignal as the **fastest in Europe in download** and has now reached 48 municipalities with **more than 90% coverage in Milan**. TIM has also entered the world's top 30 for having enabled an improvement in the switch from the 4G to the 5G network in terms of download and upload speeds in the spread of videos and gaming experience.

Thanks to its fiber network, Sparkle, the TIM Group global operator, connects Europe, Africa, the Americas and Asia offering a transmission capacity of up to 100 Gbit/s for the bandwidth managed and 400 Gbit/s for IP transmission.

Data Centers

Noovle, the TIM Group's cloud company and **Benefit Corporation**, has **17 data centers** developed according to the highest security, protection, operativeness and energy efficiency standards, which in 2021 handled 72.8 Pbyte of data volume. **Sparkle** manages a network of **data centers** in the Mediterranean basin, in the hallmark of **energy efficiency** and **environmental sustainability**.

Sustainability Bonds

On January 11, 2021, TIM placed a one-billion-euro sustainability bond set to increase the Group's energy efficiency and finance green and social projects, including those for the transformation of the copper network into fiber.

Digital services for the production system

The TIM Group offers smart services for companies and the public administration, which contribute towards the well-being of society and environmental protection.

- **Cloud:** maximum efficiency and security in data management; energy savings and reduction of CO₂ emissions.
- **Smart working:** more efficient organization of work; reduction of traffic; less CO₂ and pollutant gases in the atmosphere.
- **Cybersecurity:** protection of the corporate computer systems; resilience for the digital economy.
- **Smart industry:** greater productivity for factories; lesser environmental impact.
- **Smart agriculture:** more plentiful, less costly harvests; protection of natural resources.
- **Smart City:** More efficient public administration; simpler life for citizens.
- **Digital health:** efficiency of the health system; staying close to those needing treatment.

Venture capital

In 2021, TIM - through TIM Ventures, its corporate venture capital vehicle - invested more than 22 million euros in **Satispay**, **WeSchool** and **Webidoo**. In 2021, TIM Ventures subscribed, through the **UV T-Growth** fund, a total commitment of 60 million euros over a ten-year time-frame; of these, in 2021, approximately 12 million were invested in high-tech emerging realities.

¹ Thanks to FTTC and FTTH technology.

² FTTH coverage refers to what are termed the "Technical property units" (UIT), which represent 24.3 million property units throughout national territory for which, over time, TIM has activated a retail or wholesale telephone, broadband or ultrabroadband line.

³ The white areas are areas without ultrabroadband networks, where private investors do not intend to invest in the next three years.

Open innovation

2021 saw the launch of the **TIM Challenge for Circular Economy**, seeking innovative circular economy solutions developed by start-ups, SMEs and scale-ups, along with the **Olivetti IoT Challenge**, identifying the best entrepreneurial contexts of the Internet of Things. Collaboration also started with the start-up **AWorld** for an awareness-raising initiative and engagement of TIM employees on sustainable living topics.

Development of the Italians' digital skills

TIM is an active member of the "Digital Republic" initiative promoted by the Ministry for Technological Innovation and the Digital Transition, the strategy of which is based on **four themed axes** to which it contributes:

- **Education and Higher Training**
- **Active workforce**
- **Specialist ICT skills**
- **Citizens**

Brazil

Connectivity: TIM Brasil has the public commitment to extend **4G connectivity to all municipalities of Brazil by 2023** and, in the fourth quarter 2021, was one of the main winners of the 5G auction.

Agricultural food: TIM Brasil is working to improve **4G mobile coverage in rural areas** and provides other digital services, such as a smart platform for agricultural companies, to improve their production efficiency and monitoring and automation solutions.

Digital Services: TIM Brasil has created the **first IoT Marketplace** in Brazil, presenting solutions for smart cities, smart industry and smart farms. In addition, in 2021, TIM Brasil signed a partnership with **C6 Digital Bank** and it has an agreement currently being prepared to explore remote medicine and e-health opportunities.

Digital Skills: TIM Brasil undertakes to train more than **5,000 employees** on digital competences by 2023. The partnership with the Cogna Group offers exclusive benefits for customers, such as the "knowledge bonus", discounts on on-line degree courses and free access to more than **400 courses** and TIM Tec, open platform developed by the TIM Institute, which offers **more than 30 courses** about technology, information, innovation and communication, free to all.

NON-FINANCIAL PERFORMANCE

The new styles adopted for living, working and learning as a result of the pandemic have increased awareness that the path to sustainable development also involves the use of ICT products and services, enabling factors for inclusive development. Digital infrastructures, which are increasingly necessary on a capillary level throughout the entire territory, to guarantee all the advantages and opportunities they offer, must be flanked by digital training, necessary in both the public (schools and Public Administration) and private (families and businesses) sectors to foster a truly inclusive development. TIM is strongly committed on all these fronts, with a leading role.

At the start of 2021, the Group aligned its funding sources with the Industrial Plan which places ESG objectives at the center of its development strategy, placing TIM's first Sustainability Bond for a billion euros. During the year, TIM went beyond the objectives of the previous Sustainability Plan, with a target of zero Scope-2 emissions by 2025, compared to the previous -70%. The year also saw TIM take on the guidelines of the Science Based Target Initiative: in July, the Group sent its letter of commitment in which it expressed its ambition to contribute, through near-term targets and related actions, to holding global warming to below 1.5 °C; in November, the targets relating to Scope 1 and 2 and Scope 3 emissions were submitted, validation of which is expected by SBTi in the first half of 2022.

The goal of *Carbon Neutrality by 2030 for which TIM remains firm*, deploying the most suitable actions to achieve this goal, based on a cross-functional analysis that takes shape in the energy transition matrix. The commitment to carbon neutrality does not only concern internal processes but also the tools that TIM makes available to its customers thanks to the offer of energy monitoring and control solutions and the cloud offer that can optimize the use of servers.

In 2021, TIM not only confirmed its presence on the main sustainability indexes and ratings, including a clear improvement in the Bloomberg Gender Equality Index, but also increased the number, entering the new Borsa Italiana MIB ESG index, made up of the 40 blue chip companies listed in Italy that adopt the best social, environmental and governance practices. This is confirmation for TIM, which is already part of the Nasdaq Sustainable Bond Network, the sustainable finance platform managed by Nasdaq, that brings together investors, issuers, investment banks and specialized organizations.

The Plan's objectives, where possible with reference to 2021, were all achieved, with the excellent performance of the domestic "Engagement" cluster, which improved by 20 points compared to 2019, exceeding the growth target expected. The Sustainability Plan places great emphasis on TIM's people, with a recruitment and training program to better meet the challenges of the Information and Communications Technology sector, as well as an incentive plan with ESG objectives.

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

The Sustainability Report allows for an in-depth analysis of the achievement of the annual targets and the progress of the multi-year targets into which the Sustainability Plan is grouped, highlighting the contribution to the United Nations 2030 Agenda Sustainable Development Goals.



The 2021 results will be presented to the financial community during the webcast and audio conference on March 3, 2022. The event will start at 2.00 p.m. (Italian time). The presentation will be followed by a Q&A session. Reporters can follow the presentation by telephone and via the web, without the option to ask questions, by calling +39 06 33444 and following the instructions for assisted conferences or by connecting to the following [link](#). The presentation slides will be available at [link](#).

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The TIM Group and TIM S.p.A. Consolidated Financial Statements for the year 2021 and the comparative figures for the previous year have been prepared in compliance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS").

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements and the TIM S.p.A. Separate 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, 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 net 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 annexes and the analytical detail of the amounts of the reclassifications introduced and of the methods for determining indicators is also provided.

Finally, it should be noted that the audit of the TIM consolidated and separate Financial Statements at December 31, 2021 has not yet been completed.



Main changes in the scope of consolidation of the TIM Group

The following were the main corporate transactions implemented during **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. (Domestic Business Unit)*: 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. (Domestic Business Unit)*: 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;
- *TIM Servizi Digitali S.p.A. (Domestic Business Unit)*: company established on July 30, 2021; the company's corporate purpose is the development and maintenance of plants for the supply of telecommunications services; to this end, we note that in September 2021, the company stipulated a rental contract with Sittel S.p.A. for a business unit consisting of the "construction", "delivery" and "assurance" of telecommunications networks and plants;
- *Panama Digital Gateway S.A. (Domestic Business Unit)*: company established in July 2021 for the construction of a digital hub that seeks to offer a reference hub for the whole of Central America, the region of the Andes and the Caribbean;
- *Staer Sistemi S.r.l. (Domestic Business Unit)*: company acquired by Olivetti S.p.A. on September 30, 2021. The company's corporate purpose is the carrying out of activities connected with the production and marketing of electronic systems and programs and activities connected with energy efficiency plants;
- *I-Systems S.A. - formerly FiberCo Soluções de Infraestrutura S.A. (Brazil Business Unit)*: starting November 2021, following completion of the agreement between TIM S.A. and IHS Fiber Brasil - Cessão de Infraestruturas Ltda. ("IHS Brasil"), IHS Brasil now holds 51% of the share capital of FiberCo, while the remaining 49% is held by TIM S.A. FiberCo is the company established by TIM S.A. to segregate its network assets and the provision of infrastructure services. Starting from the operation, FiberCo has been renamed I-Systems and is accounted for by the TIM Group using the equity method;
- *Olivetti Payments Solutions S.p.A. (Domestic Business Unit)*: company established on 1 December 2021; the company's corporate object is the management of equity investments, study and research activities, commercial, industrial, financial movable and real estate activities.

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 **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 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 2020, additional stock packets were transferred, corresponding to 7.3% of INWIT share capital. At December 31, 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;
- *Daphne 3 S.p.A. (Domestic Business Unit)*: company established on July 24, 2020; the corporate purpose is the acquisition, holding, management and disposal of equity investments in INWIT - Infrastrutture Wireless Italiane S.p.A.;
- *TIM My Broker S.r.l. (Domestic Business Unit)*: company established on August 4, 2020; the corporate purpose is primarily insurance intermediation activities pursuant to art. 106 of Legislative Decree no. 209 of September 7, 2005 as subsequently amended and supplemented.
- *Noovle S.p.A. (Domestic Business Unit)*: company established on October 9, 2020; the corporate purpose is primarily the planning, design, implementation, commissioning and management of Data Center infrastructure implementation and collocation services;
- *FiberCop S.p.A. (Domestic Business Unit)*: company incorporated on November 2, 2020; the corporate purpose is the design, building, purchase, management, maintenance and sale of infrastructures, networks, cabled access services easement to end customer facilities offered to telecommunications industry operators across Italy;
- *FiberCo Soluções de Infraestrutura Ltda (Brazil Business Unit)*: telecommunications services company established on December 21, 2020.

The following should also be noted:

- *TIM Participações S.A. (Brazil Business Unit)*: merger by incorporation into TIM S.A. became effective as of September 2020;
- *TN Fiber S.r.l. (Domestic Business Unit)*: was merged into TIM S.p.A. on September 30, 2020, with tax effects backdated to January 1, 2020;
- *TIM Vision S.r.l. (Domestic Business Unit)*: was merged into TIM S.p.A. on October 1, 2020, with accounting and tax effects backdated to January 1, 2020;
- *H.R. Services S.r.l. (Domestic Business Unit)*: was merged into TIM S.p.A. on December 31, 2020, with accounting and tax effects backdated to January 1, 2020;
- *TIMFin S.p.A.*: on November 3, 2020, the Bank of Italy authorized TIMFin to carry out the business of granting loans to the public pursuant to articles 106 et seq. of the CLB. Registration in the Register of Financial Intermediaries is subject to the fulfillment of certain operational requirements.

TIM GROUP RESULTS FOR THE 2021 FINANCIAL YEAR

Total **TIM Group revenues** for the year 2021 amounted to **15,316 million euros**, -3.1% compared to the year 2020 (15,805 million euros); the organic change was -1.9%.

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

(million euros)	2021		2020		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	12,505	81.6	12,905	81.7	(400)	(3.1)	(3.3)
Brazil	2,840	18.5	2,933	18.6	(93)	(3.2)	4.6
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(29)	(0.1)	(33)	(0.3)	4	—	—
Consolidated Total	15,316	100.0	15,805	100.0	(489)	(3.1)	(1.9)

The organic change in the Group's consolidated revenues is calculated by excluding the negative effect of exchange rate changes¹ (-226 million euros), the changes in the scope of consolidation (INWIT) (-3 million euros) as well as non-recurring items. More specifically, 2021 was affected by adjustments for non-recurring income totaling -5 million euros. 2020 was affected by adjustments of non-recurring revenues for -39 million euros, as a result of the commercial initiatives of TIM S.p.A. to support customers in dealing with the COVID-19 emergencies.

Revenues for the fourth quarter of 2021 totaled 3,976 million euros (4,148 million euros in the fourth quarter of 2020).

TIM Group EBITDA for the year 2021 came to **5,080 million euros** (6,739 million euros in the year 2020, -9.6% in organic terms).

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

(million euros)	2021		2020		Changes		
	% weight		% weight		absolute	%	% organic excluding non-recurring
Domestic	3,730	73.4	5,339	79.2	(1,609)	(30.1)	(12.8)
% of Revenues	29.8		41.4			(11.6) pp	(4.3) pp
Brazil	1,362	26.8	1,407	20.9	(45)	(3.2)	4.7
% of Revenues	48.0		48.0			0.0pp	0.1pp
Other Operations	(12)	(0.2)	(9)	(0.1)	(3)		
Adjustments and eliminations	—	—	2	—	(2)		
Consolidated Total	5,080	100.0	6,739	100.0	(1,659)	(24.6)	(9.6)

Organic EBITDA - net of the non-recurring items amounted to **6,223 million euros**; the EBITDA margin was 40.6% (6,882 million euros in 2020, with an EBITDA margin of 44.1%).

In 2021 EBITDA, which includes an improvement of deferred contract costs linked to the reduction of churn, suffered net non-recurring charges for a total of 1,143 million euros, of which 25 million euros attributable to the COVID-19 emergency in Italy.

In 2020, the TIM Group recorded non-recurring charges for a total of 318 million euros (net of the change in scope and the exchange effect for a total of 6 million euros), of which 108 million euros were attributable to the COVID-19 emergency in Italy.

In detail:

(million euros)	2021	2020
Non-recurring expenses/(income)		
Revenues		
Revenue adjustments	5	39
Other income		
Other operating provisions absorption	—	(1)
Recovery of operating expenses	(13)	—
Acquisition of goods and service and Change in inventories		
Expenses related to agreements and the development of non-recurring projects	49	58
Employee benefits expenses		
Charges connected to corporate reorganization/restructuring and other costs	367	74
Other operating expenses		
Sundry expenses and provisions	735	148
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	1,143	318

¹The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 6.35936 in 2021 and 5.88806 in 2020 for the Brazilian real. For the US dollar, the average exchange rates used were 1.18285 in 2021 and 1.14179 in 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.

Goodwill impairment loss Domestic CGU	4,120	—
Impact on EBIT - Operating profit (loss)	5,263	318

In particular, Other operating expenses - Sundry expenses and provisions include 548 million euros for the posting of a Contractual Risk Provision for Onerous Contracts (IAS 37) relating to ongoing relations with some counterparties for the offer of multimedia content.

In particular, they include the accrual of the Net Present Value of the negative margin connected with some partnerships, including the one in place between TIM and DAZN for the offer in Italy on the TIMVISION platform of DAZN content, including all matches of the Serie A football championship for the seasons 2021-22, 2022-23 and 2023-24.

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

(million euros)	2021	2020	Changes	
			absolute	%
EBITDA	5,080	6,739	(1,659)	(24.6)
Foreign currency financial statements translation effect		(106)	106	
Changes in the scope of consolidation		(69)	69	
Non-recurring expenses/(income)	1,143	319	824	
Effect of translating non-recurring expenses/(income) in		(1)	1	
ORGANIC EBITDA - excluding non-recurring items	6,223	6,882	(659)	(9.6)
% of Revenues	40.6	44.1		(3.5) pp

Exchange rate fluctuations mainly related to the Brazil Business Unit.

The EBITDA of the fourth quarter of 2021 totaled 731 million euros (1,621 million euros in the fourth quarter of 2020).

Organic EBITDA net of the non-recurring items in the fourth quarter of 2021 totaled 1,382 million euros (1,770 million euros in the fourth quarter of 2020).

TIM Group EBIT for 2021 came to **-3,529 million euros** (+2,104 million euros in 2020).

Organic EBIT, net of the non-recurring items, amounted to **1,734 million euros** (2,313 million euros in 2020), with an EBIT margin of 11.3% (14.8% in 2020).

2021 EBIT is impacted negatively by net non-recurring charges, including the impairment loss on goodwill attributed to the Domestic Cash Generating Unit (4,120 million euros), for 5,263 million euros.

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

(million euros)	2021	2020	Changes	
			absolute	%
EBIT	(3,529)	2,104	(5,633)	—
Foreign currency financial statements translation effect		(36)	36	
Changes in the scope of consolidation		(73)	73	
Non-recurring expenses/(income)	5,263	319	4,944	
Effect of translating non-recurring expenses/(income) in		(1)	1	
ORGANIC EBIT - excluding non-recurring items	1,734	2,313	(579)	(25.0)

The EBIT of the fourth quarter of 2021 totaled -4,469 million euros (+477 million euros in the fourth quarter of 2020).

Organic EBIT net of the non-recurring items in the fourth quarter of 2021 totaled 302 million euros (617 million euros in the fourth quarter of 2020).

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on at least an annual basis, when preparing the company's consolidated financial statements. With reference to the Domestic Cash Generating Unit (CGU), the impairment test, conducted during the preparation of the 2021 Annual Financial Report, took as a reference the flows of the new 2022 Industrial Plan - which, based on the results of the 2021

final accounting, reflects realistic aspects of future developments and outlines all the actions to create value for shareholders - on the basis of the projections up to 2026, assuming the use of domestic market assets in continuity with the conditions at 31.12.2021 and using a discount rate updated to the financial market conditions at December 31, 2021. The configuration of the recoverable amount is the Fair Value estimated on the basis of the income approach, which has highlighted a value reduction of 4,120 million euros of goodwill attributed to the Domestic Cash Generating Unit. Impairment testing of the Brazil Cash Generating Unit did not reveal any reduction in the value of goodwill allocated to it. The valuation was based on the Market Cap of TIM Brasil as at December 31, 2021 and highlighted a positive difference between the book value of the CGU and Fair Value.

Net profit attributable to Owners of the Parent for 2021, recorded a loss of -8,652 million euros (+7,224 million euros in 2020), excluding the impact of non-recurring items the net profit for 2021 is positive for 40 million euros (+1,173 million euros in 2020).

The 2021 result is also impacted by the partial writing off of the deferred tax assets entered in 2020 in exchange for the tax recognition of higher values booked in accordance with Decree Law 104/2020 art. 110, subsections 8 and 8 bis; this write-off is due to the extension to 50 years of the period of tax asset absorption, introduced by art. 160 of the 2022 Budget Law (Law 234/2021) and the changed assessment of the time frame for recoverability of deferred tax assets of TIM S.p.A.

The TIM Group **headcount** at December 31, 2021 was **51,929 units**, of which 42,347 in Italy (52,347 at December 31, 2020, of which 42,680 in Italy), with a decrease of 418 compared to December 31, 2020 (in Italy -333).

Capital expenditures and expenses for mobile telephone licenses for 2021 were 4,630 million euros (3,409 million euros in 2020).

Capex is broken down as follows by operating segment:

(million euros)	2021		2020		Changes
	% weight		% weight		
Domestic	3,377	72.9	2,748	80.6	629
Brazil	1,253	27.1	661	19.4	592
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	4,630	100.0	3,409	100.0	1,221
% of Revenues	30.2		21.6		8.6pp

In particular:

- the **Domestic Business Unit** records capital expenditure for 3,377 million euros, +629 million euros on 2020, an increase mainly due to the development of the FTTC/FTTH networks and payment of licenses for 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 2021 of 1,253 million euros (661 million euros for 2020). Excluding the impact of changes in exchange rates (-49 million euros), capex grew by 641 million euros, mainly to strengthen the mobile ultrabroadband infrastructure and the development of the fixed broadband business of TIM Live. More specifically, the auction for 5G frequencies in Brazil, which closed in November 2021, saw the Brazil Business Unit committed to a total investment of 564 million euros for frequencies along with the related commercial commitments to the entities established to pursue the infrastructure projects.

The Group's **operating free cash flow** for 2021 is positive for 1,444 million euros (3,304 million euros in 2020), i.e. 1,879 million euros (3,414 million euros in 2020), net of 435 million euros (110 million euros in 2020) related to the acquisition of rights to use telecommunication service frequencies.

Adjusted net financial debt amounted to 22,187 million euros at December 31, 2021, **a decrease of 1,139 million euros compared to December 31, 2020** (23,326 million euros). The reduction in debt, brought about by the generation of operating cash, the completion of the purchase by KKR Infrastructure of 37.5% of FiberCop from TIM for an equivalent value of 1,759 million euros and the sale for 172 million euros in Brazil of 51% of the company I-Systems S.A. (formerly FiberCo), owner of the secondary fiber network, has been partially limited by the payments of dividends (368 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), as well as the extension of the rights of use of frequencies on the 2100 MHz bandwidth (240 million euros) and the installment on the 5G license (55 million euros) and the purchased under auction of frequencies for the implementation of 5G in Brazil (140 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)	12/31/2021 (a)	12/31/2020 (b)	Changes (a-b)
Net financial debt carrying amount	22,416	23,714	(1,298)
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(229)</i>	<i>(388)</i>	<i>159</i>
Adjusted net financial debt	22,187	23,326	(1,139)
<i>Leasing</i>	<i>(4,614)</i>	<i>(4,732)</i>	<i>118</i>
Adjusted net financial debt - After Lease	17,573	18,594	(1,021)

Net financial debt carrying amount amounted to 22,416 million euros at December 31, 2021, a decrease of 1,298 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 an annual change of 159 million euros, substantially following the rise in Euro interest rates, which, coupled with the final calculation of interest flows, effectively revalue the cash flow hedges. This change is adjusted by the booked Net 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 17,573 million euros at December 31, 2021, down by 1,021 million euros compared to December 31, 2020 (18,594 million euros).

During the fourth quarter of 2021, **adjusted net financial debt** came to 22,187 million euros up 23 million euros on September 30, 2021 (22,164 million euros): the stability of the debt level derives from the attenuation of the positive effects deriving from the operative and financial management following the assessment over the contractual terms of finance lease liabilities. In addition, the transactions should be noted carried out in Brazil, such as the sale of 51% of the company I-Systems S.A. (formerly FiberCo) and the acquisition under auction of the frequencies for the implementation of 5G.

(million euros)	12/31/2021 (a)	9/30/2021 (b)	Changes (a-b)
Net financial debt carrying amount	22,416	22,492	(76)
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(229)</i>	<i>(328)</i>	<i>99</i>
Adjusted net financial debt	22,187	22,164	23
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	32,564	29,107	3,457
Total adjusted financial assets	(10,377)	(6,943)	(3,434)

The TIM Group's available **liquidity margin** amounted to 13,153 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 9,153 million euros (5,921 million euros at December 31, 2020), also including 838 million euros in repurchase agreements expiring by April 2022;
- 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 36 months.

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 12,505 million euros, changing by -400 million euros (-3.1%) compared to 2020. In organic terms, they reduce by 423 million euros (-3.3% in 2020); in particular, revenues in

2021 were affected by non-recurring adjustments for 5 million euros, while revenues in 2020 were affected by non-recurring items for 39 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 11,183 million euros (-422 million euros compared to 2020, -3.6%) and suffer the impact of the competition on the customer base and a reduction in ARPU levels; in organic terms, net of the above-specified non-recurring items, they drop by 439 million euros compared to 2020 (-3.8%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 8,574 million euros in organic terms, with a change compared to 2020 of -2.3% mainly due to the decrease of ARPU levels in the Consumer segment, which is also reflected in the trend of revenues from broadband services (-93 million euros compared to 2020, -4.0%), partly offset by the growth in revenues from ICT solutions (+242 million euros compared to 2020, +22.9%);
- **revenues from stand-alone Mobile market services** came to 3,152 million euros in organic terms (-242 million euros vs 2020, -7.1%), mainly due to ARPU levels and the reduction in the customer base connected with Human lines.

Revenues for Handset and Bundle & Handset, including the change in work in progress, are equal, in organic terms, to 1,322 million euros in 2021, with an increase of 16 million euros compared to 2020, for the most part attributable to the Fixed segment.

As regards the market segments of the Domestic Business Unit, please note the following changes compared to 2020:

- **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 items, the revenues of the Consumer segment totaled 5,419 million euros (-488 million euros, -8.3%) and show a trend, compared to 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 4,726 million euros, changing by -454 million euros compared to 2020 (-8.8%). In particular:
 - **revenues from Mobile stand-alone services** totaled, in organic terms, 2,161 million euros (-182 million euros, -7.8% compared to 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, 2,600 million euros (-270 million euros, -9.4% compared to 2020), primarily due to lower ARPU levels and the smaller Customer Base, which declined gradually over the course of 2021. The growth of broadband customers is highlighted, in particular ultrabroadband.

Revenues for Handsets and Bundles & Handsets in the Consumer segment amounted to 693 million euros, -34 million euros compared to 2020 (-4.6%). The decrease is mainly due to lesser sales volumes of modems on fixed lines.

- **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 items, revenues for the Business segment amounted to 4,117 million euros (in line with 2020, of which -0.7% for revenues from the stand-alone services component). In particular:
 - **total Mobile market revenues** showed a negative organic performance compared to 2020 (-0.5%), linked to the revenues from stand-alone services component (-4.4%) and the ARPU trend;
 - **total Fixed revenues** in organic terms improved slightly by +6 million euros compared to 2020 (+0.2%), due to the revenues from services component (+0.4%) thanks to the increase in revenues from ICT services.
- **Wholesale National 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 revenues in 2021 came to 1,946 million euros, up by +40 million euros (+2.1%) compared to 2020, with a positive performance mainly driven by the growth in accesses in the ultrabroadband segment.

- **Wholesale International 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 the Wholesale International Market segment for 2021 totaled 1,008 million euros, up by 42 million euros (+4.3%) on the 2020 figure.

EBITDA for 2021 of the Domestic Business Unit amounted to 3,730 million euros (-1,609 million euros in 2020, -30.1%).

Organic EBITDA, net of the non-recurring items, amounted to 4,867 million euros (-716 million euros compared to 2020, -12.8%), with an EBITDA margin of 38.9% (-4.3 percentage points compared to 2020). In particular, in 2021 EBITDA reflected a total impact of 1,137 million euros referring to non-recurring items, of which 26 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, transactions, regulatory sanctions and potential liabilities associated thereto, provisions for onerous contracts and expenses related to agreements and the development of non-recurring projects.

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

(million euros)	2021	2020	Changes	
			absolute	%
EBITDA	3,730	5,339	(1,609)	(30.1)
Foreign currency financial statements translation effect	—	(1)	1	
Changes in the scope of consolidation	—	(69)	69	
Non-recurring expenses (Income)	1,137	314	823	
ORGANIC EBITDA - excluding non-recurring items	4,867	5,583	(716)	(12.8)

EBITDA in the fourth quarter of 2021 was 351 million euros, (-907 million euros compared with 2020, -72.1%).

Domestic Business Unit EBIT for 2021 was negative for 3,990 million euros (-5,625 million euros compared to 2020), with an EBIT margin of -31.9% (-44.6 percentage points compared to 2020).

Organic EBIT, net of the non-recurring items, amounted to 1,267 million euros (-609 million euros in 2020, -32.5%), with an EBIT margin of 10.1% (14.5% in 2020).

In 2021 EBIT was negatively impacted by net non-recurring charges totaling 5,257 million euros (314 million euros in 2020), including the impairment of 4,120 million euros of goodwill attributed to the Domestic Cash Generating Unit.

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

(million euros)	2021	2020	Changes	
			absolute	%
EBIT	(3,990)	1,635	(5,625)	
Changes in the scope of consolidation	—	(73)	73	
Non-recurring expenses (Income)	5,257	314	4,943	
ORGANIC EBIT - excluding non-recurring items	1,267	1,876	(609)	(32.5)

EBIT in the fourth quarter of 2021 was -4,621 million euros, (-4,944 million euros compared with 2020).

Headcount stood at 42,591 units (42,925 as of December 31, 2020).

Brazil (average real/euro exchange rate 6.35936)

Revenues for 2021 of the **Brazil Business Unit (TIM Brasil group)** amounted to 18,058 million reais (17,268 million reais in 2020, +4.6%), speeding up on the levels recorded from the third quarter of 2020.

The acceleration has been driven by **service revenues** (17,497 million reais vs 16,665 million reais in 2020, +5.0%) with mobile service revenues growing +4.7% on 2020. This performance is mainly related to the continuous recovery of the pre-paid and post-paid segments. Revenues from fixed services have grown by 8.8% compared to the previous year, determined above all by the growth rate of TIM Live.

Revenues from product sales totaled 561 million reais (603 million reais in 2020).

Revenues in fourth quarter of 2021 totaled 4,799 million reais, increased by 2.6% on the fourth quarter of 2020 (4,678 million reais).

The **mobile ARPU** for 2021 was 26.4 reais, up from the figure recorded in 2020 (24.9 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 December 31, 2021 amounted to 52.1 million, +0.7 million compared to December 31, 2020 (51.4 million). This variation was mainly driven by the postpaid segment (+1.0 million), partially offset by the performance in the prepaid segment (-0.3 million), in part due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 43.9% of the customer base as of December 31, 2021, 1.5 percentage points higher than at December 2020 (42.4%).

In 2021, the TIM Live broadband business recorded net positive growth in the customer base of 40 thousand users, +6.1% 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 2021 was 8,661 million reais (8,282 million reais in 2020, +4.6%) and the margin on revenues was stable at 48.0%.

EBITDA in 2021 reflects the non-recurring charges of 36 million reais (27 million euros in 2020), mainly related to the development of non-recurring projects.

Organic EBITDA, net of the non-recurring items, increased by 4.7% and was calculated as follows:

(million Brazilian reais)	2021	2020	Changes	
			absolute	%
EBITDA	8,661	8,282	379	4.6
Non-recurring expenses/(income)	36	27	9	
ORGANIC EBITDA - excluding non-recurring items	8,697	8,309	388	4.7

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 48.2% (48.1% in 2020).

EBITDA for the fourth quarter of 2021, amounted to 2,429 million reais, up 4.0% compared to the fourth quarter of 2020 (2,336 million reais).

Net of non-recurring charges, the margin on revenues for the fourth quarter of 2021 was 50.9% (50.5% in the fourth quarter of 2020).

EBIT for 2021 was 3,010 million reais (2,801 million reais in 2020 +7.5%).

Organic EBIT, net of the non-recurring items, in 2021 amounted to 3,046 million reais (2,828 million reais in 2020), with a margin on revenues of 16.9% (16.4% in 2020).

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

(million Brazilian reais)	2021	2020	Changes	
			absolute	%
EBIT	3,010	2,801	209	7.5
Non-recurring expenses/(income)	36	27	9	
ORGANIC EBIT - excluding non-recurring items	3,046	2,828	218	7.7

The EBIT of the fourth quarter of 2021 totaled 999 million reais (974 million reais in the fourth quarter of 2020).

Net of non-recurring charges, the margin on revenues for the fourth quarter of 2021 was 21.1% (21.4% in the fourth quarter of 2020).

During 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 6.32047 as of December 31, 2021.

Headcount totaled 9,325 units posting a reduction of 84 compared to December 31, 2020 (9,409).

TIM S.p.A. RESULTS

2021 revenues came to 12,397 million euros (12,030 million euros in 2020), with an increase of 367 million euros or +3.1%. 2021 revenues include adjustments to non-recurring revenues for 5 million euros, while 2020 revenues included 39 million euros for non-recurring items, of which 38 million euros connected with the TIM S.p.A. commercial initiatives in support of customers to fight the COVID-19 emergency.

Revenues from stand-alone services amounted to 10,651 million euros (-108 million euros compared to 2020, -1.0%) and reflect the impacts of the competitive context on the customer base and a reduction in ARPU levels. In particular, revenues from the Mobile market stand-alone services are down (-202 million euros on the previous year, -6.0%), while revenues from the Fixed market stand-alone services improved (+80 million euros compared to the previous year, +1.0%), thanks to the increase in revenues from network maintenance services to FiberCop S.p.A., despite the worsening of the Retail segment.

Revenues from Handsets and Bundles & Handsets, including the change in work in progress, amounted to 1,746 million euros in 2021, up 475 million euros compared to 2020, mainly following revenues from the sale of network infrastructure to FiberCop S.p.A.

2021 **EBITDA** is 2,637 million euros (5,180 million euros in 2020), accounting for 21.3% of revenues, down 21.8 percentage points on the previous year (43.1%).

Organic EBITDA - net of the non-recurring items amounted to 3,771 million euros; the EBITDA margin was 30.4% (45.5% in 2020) and records a reduction of 1,720 million euros on 2020. In 2021 TIM S.p.A. recorded net non-recurring expenses for a total of 1,134 million euros, of which 25 million euros due to the COVID-19 emergency in Italy. Non-recurring charges include, among others, provisions for disputes, transactions and regulatory sanctions and potential liabilities related to them, liabilities with customers and/or suppliers and provisions for onerous contracts, as well as charges associated with corporate reorganization/restructuring. In 2020 TIM S.p.A. recorded net non-recurring expenses for a total of 311 million euros, of which 106 million euros due to the COVID-19 emergency in Italy. It was also affected by non-recurring charges connected with corporate reorganization/restructuring processes and provisions for disputes, regulatory sanctions and potential liabilities related to them with customers and/or suppliers and to charges related to corporate reorganization/restructuring as well as to the adjustments to revenues from previous years.

EBIT in 2021 amounted to a negative 4,522 million euros (1,576 million euros in 2020), with an EBIT margin of -36.5% (13.1% in 2020). EBIT in 2021 reflected the negative impact of non-recurring net charges, including the impairment loss of goodwill of domestic businesses (4,120 million euros), for 5,254 million euros (311 million euros in 2020).

Organic EBIT, net of the non-recurring items, amounted to 732 million euros (1,887 million euros in 2020), with an EBIT margin of 5.9% (15.6% in 2020) and suffers not only the effect of the dynamics reported for EBITDA, but also the recording of capital losses from disposals on non-current assets for a total of 43 million euros, despite benefiting from a reduction in amortization/depreciation for a total of 586 million euros. In 2021, TIM S.p.A. recorded net non-recurring expenses for a total of 5,254 million euros; 2020 EBIT suffered the negative impact of non-recurring expenses for 311 million euros.

In 2021, tax expense was recorded for 3,718 million euros (income for 5,995 million euros in 2020); tax expenses mainly relate to the partial writing off of the deferred tax assets entered in 2020 in exchange for the tax recognition of higher values booked in accordance with Decree Law 104/2020 art. 110, subsections 8 and 8 bis; this write-off is due to the extension to 50 years of the period of tax asset resorption, introduced by art. 160 of the 2022 Budget Law (Law 234/2021) and the changed assessment of the time frame for recoverability of deferred tax assets of TIM S.p.A.

The profit for 2021 was negative for 8,314 million euros (positive for 7,161 million euros in 2020). The figure was adversely affected by non-recurring net expenses for 8,761 million euros.

On comparable basis, profit for the year 2021 would have amounted to around 450 million euros, a drop of approximately 0.9 billion euros over 2020.

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)	4th Quarter 2021	4th Quarter 2020	Changes		2021	2020	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,382	1,770	(388)	(21.9)	6,223	6,882	(659)	(9.6)
Lease payments	(211)	(195)	(16)	(8.2)	(819)	(772)	(47)	(6.1)
EBITDA adjusted After Lease (EBITDA-AL)	1,171	1,575	(404)	(25.7)	5,404	6,110	(706)	(11.6)

EBITDA ADJUSTED AFTER LEASE - DOMESTIC

(million euros)	4th Quarter 2021	4th Quarter 2020	Changes		2021	2020	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	999	1,397	(398)	(28.5)	4,867	5,583	(716)	(12.8)
Lease payments	(128)	(126)	(2)	(1.6)	(509)	(503)	(6)	(1.2)
EBITDA adjusted After Lease (EBITDA-AL)	871	1,271	(400)	(31.5)	4,358	5,080	(722)	(14.2)

EBITDA ADJUSTED AFTER LEASE - BRAZIL

(million euros)	4th Quarter 2021	4th Quarter 2020	Changes		2021	2020	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	388	374	14	3.4	1,368	1,306	62	4.7
Lease payments	(83)	(69)	(14)	(20.3)	(310)	(269)	(41)	(15.2)
EBITDA adjusted After Lease (EBITDA-AL)	305	305	—	—	1,058	1,037	21	2.0

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	12/31/2021	12/31/2020	Changes
Adjusted net financial debt	22,187	23,326	(1,139)
Leasing	(4,614)	(4,732)	118
Adjusted net financial debt - After Lease	17,573	18,594	(1,021)

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	4th Quarter 2021	4th Quarter 2020	Changes	2021	2020	Changes
Equity Free Cash Flow	172	748	(576)	632	2,414	(1,782)
Leasing	(138)	(126)	(12)	(570)	(799)	229
Equity Free Cash Flow After Lease	34	622	(588)	62	1,615	(1,553)



BUSINESS OUTLOOK FOR THE YEAR 2022

See the press release on the 2022-2024 Industrial Plan issued on March 2, 2022.

EVENTS SUBSEQUENT TO DECEMBER 31, 2021

CADE approves acquisition of Oi's mobile business by TIM Brasil

See the press release issued on February 10, 2022.

TIM: solidarity for Ukraine, unlimited data and minutes included for customers of Ukrainian nationality

See the press release issued on February 27, 2022.



The Executive responsible for preparing the corporate accounting documents, 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.