

## Press Release

### **TIM: THE BOARD OF DIRECTORS APPROVES FINANCIAL REPORT AT JUNE 30, 2022**

Organic results:

**FIRST HALF GROUP SERVICE REVENUES SUBSTANTIALLY STABLE AT € 7.0 BLN**

**FIRST HALF GROUP ORGANIC EBITDA AT € 3.0 BLN, TREND IMPROVING IN Q2**

**STRONG ACCELERATION OF TIM BRASIL'S SERVICE REVENUES (+15.2% YoY) AND EBITDA (+11.8% YoY)**

**2022 EBITDA GUIDANCE RAISED**

**€ 2 BLN OF THE SACE-BACKED LOAN CASHED IN**

- **70% of the cost containment target for 2022 already achieved**
- **'Value vs. Volume' strategy confirmed in fixed and mobile in Italy; churn improving in both markets**
- **Net financial debt after lease at € 19.3 billion after payment of Oi mobile assets and part of the spectrum in Brazil**

Rome, August 3, 2022

TIM's Board of Directors met today under the chairmanship of Salvatore Rossi and approved the Financial Report at June 30, 2022.

The stabilization and revamp of the domestic business continued in the second quarter, together with the acceleration of the development of TIM Brasil following the purchase of Oi's mobile assets. At the same time, during the Capital Market Day held on July 7, the Group presented the new plan with the strategic objectives of overcoming vertical integration through the separation of fixed network infrastructure assets (NetCo) from services (ServiceCo with TIM Consumer, TIM Enterprise and TIM Brasil) and of reducing debt through the disposal and the optimization of certain assets.

In Italy TIM confirmed the premium positioning strategy '*value vs. volume*', minimizing promotional activities in both fixed and mobile, despite the tough competition and the absence of the voucher plan for consumer customers, which had a positive impact on the performance of the same period last year.

Furthermore, in the Domestic Business Unit, the costs containment initiatives envisaged in the 'Transformation Plan' (a set of actions aiming at increasing the level of TIM's structural efficiency) continued in the quarter. The reduction of operating costs achieved in the first half with respect to an inertial trend was approximately 200 million euros, around 70% of the target set for 2022. Additional areas of efficiency related to Capex and leases were identified, with the consequent

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increase to 1.5 billion euros from 960 million euros by 2024 of the cumulative target of cash costs reduction versus an inertial trend.

TIM Brasil recorded 15.2% YoY increase in service revenues and 11.8% EBITDA growth in the first half. During the second quarter, there was a strong growth acceleration in service revenues (+21.9% YoY), EBITDA (+18.2% YoY) and operating cash flow (EBITDA-Capex, +19.9% YoY), thanks to a solid organic performance and the contribution of Oi mobile assets starting from May. TIM Brasil aims at offering the best services and quality network in Brazil, also confirming its status as the most profitable telco player in Latin America.

In light of the operating trends of the first half, the following targets for 2022 have been raised:

- Group organic EBITDA to *'high single digit decrease'* from *'low teens decrease'*;
- Group EBITDA AL to *'low teens decrease'* from *'mid to high teens decrease'*.

Net financial debt after lease at June 30, 2022 stood at 19.3 billion euros, up 1.9 billion euros YoY and 1.7 billion euros versus December 31, 2021. Net financial debt came at 24.7 billion euros, up 2.6 billion euros YoY and 2.5 billion euros versus December 31, 2021.

TIM cashed in 2 billion euros syndicated loan with leading national and international banks, backed by SACE's guarantee, on July 27, that will support its liquidity position.

Equity free cash flow after lease was positive for 16 million euros in the first half (338 million euros equity free cash flow).

In terms of **strategic initiatives**, the main updates were:

- **Fiber network:** FTTH (Fiber To The Home) roll out continued, with an increase of 3 percentage points in coverage of technical units from 25% to 28% in six months.
- **TIM Enterprise:** service revenues up by approximately 9% YoY, thanks to Cloud business growth (+62% YOY).
- **NRRP:** TIM was awarded significant shares in all public tenders related to the development of fixed and mobile infrastructure, in particular:
  - All lots of the *"5G Backhauling"* tender for the fiber connection of 11 thousand mobile sites;
  - Seven lots of the *"Italia 1 Giga"* tender, for fiber coverage of 1.2 million technical units in *"Grey Areas"* by the end of 2026;
  - Four lots of the *"Connected Schools"* tender for fiber coverage and the supply of connectivity services to approximately 5,900 schools;
  - Two lots of the *"Connected Healthcare"* tender for fiber coverage and the supply of connectivity services to approximately 3,100 health care institutes.

Most of the 2022-2024 impact of the incremental investments related to the above tenders will be absorbed thanks to the 'Transformation Plan'.

- **Commercial agreement with Open Fiber in "White Areas":** on May 13, TIM, FiberCop and Open Fiber signed a commercial agreement for the re-use of TIM's infrastructure in *"White Areas"*. The agreement, which marks the start of a new phase in the relations among Italian main infrastructure operators to speed up the nationwide coverage with very high-capacity networks (VHCN), envisages Open Fiber buying the rights of use (IRU) from FiberCop for aerial

infrastructure and access connections to customers' homes for a total equivalent value of over 200 million euros. TIM has also committed to make Open Fiber's optical fiber available to its customers in "White Areas". This will enable the activation on the Open Fiber's network of at least 500 thousand customers asking to use FTTH technology.

- **Integration process of TIM's and Open Fiber's networks:** on May 29, CDP Equity (CDPE), a company wholly owned by Cassa Depositi e Prestiti, Teemco Bidco S.à.r.l., a Luxembourg company controlled by one or more funds managed by Kohlberg Kravis Roberts & Co. L.P. (KKR), Macquarie Asset Management (Macquarie), Open Fiber and TIM signed a non-binding memorandum of understanding concerning the integration project between the networks of TIM and Open Fiber. The aim is to start a process to create a single telecommunications network operator, not vertically integrated, controlled by CDPE and participated by Macquarie and KKR. By signing the non-binding memorandum of understanding, the Parties have undertaken to negotiate exclusively and in good faith the terms and conditions of the transaction with the aim of signing any binding agreements by October 31, 2022.
- **National Strategic Hub (NSH):** on July 7, the consortium comprising TIM, Leonardo, Cassa Depositi e Prestiti (through CDPE) and Sogei exercised the pre-emption right in the European tender for the development and management of the NSH, undertaking to fulfill the contractual obligations at the same conditions offered by the provisional successful bidder. The NSH envisages the development and management of an infrastructure to supply cloud services and solutions for the public administration, whose migration will start in the first half of 2023. Thanks to the action taken to limit costs, the margin expected for TIM are in line with that initially envisaged. Participation in the NSH as supplier will also give TIM additional commercial opportunities.

## Performance in the second quarter of 2022

The commercial strategy "Value vs Volume" continued, with the goal to ensure greater price rationality both in fixed and mobile markets and a higher level of customer loyalty.

During the second quarter, the **churn rate** in the mobile segment came in at the lowest levels seen in the last 16 years (3.3%, -0.4pp YoY) and it also improved in fixed (3.3%, -0.1pp YoY).

The total number of TIM **mobile lines** was 30.4 million, up by 32 thousand units QoQ. In a market that is still competitive in the low end (low-spending customers), the stabilization trend of the customer base continued: in terms of 'mobile number portability' (i.e. the flow to other operators) TIM posted the best result among infrastructure operators with a net balance of -67 thousand lines. At the same time, the sector saw the portability flows reduced overall by more than 6% YoY, an indication that the competitive intensity in the high end of the market (high-spending customers) has reduced.

**Retail fixed lines** showed a similar trend versus the first quarter (-97 thousand), also due to the absence of the voucher plan for consumer customers which had a very positive impact on the performance of Q2 2021. Average revenue of retail customers (ARPU BB+ICT) was up 5.5% YoY. In the second quarter, 175 thousand new retail and wholesale ultrabroadband lines were activated, reaching **10.4 million** units, up by more than 10% YoY.

Group **revenues** were 3.9 billion euros (-1.4% YoY) improving compared to the previous quarter (-4.5% YoY).

Group **service revenues** were 3.6 billion euros, up 1.0% YoY, improving compared to the trend of the previous quarter (-2.5% YoY).

In the Domestic Business segment, **revenues generated by innovative services** (ICT revenues) grew 18.4% YoY.

Group **organic EBITDA** was 1.6 billion euros (-8.5% YoY): 1.1 billion euros (-16.3% YoY) for the Domestic Business Unit and 0.5 billion euros for TIM Brasil (+18.2% YoY). The decline of domestic organic EBITDA, which in any case improved versus the previous quarter (-18.3% YoY), was mainly related to the revenue trend, as operating costs declined by approximately 1.0% YoY. The YoY performance was impacted by non-repeatable domestic wholesale transactions and commercial and activation cost reduction (driven by the extension of the useful life of mobile customers from 3 to 4 years and of fixed customers from 7 to 8 years) recorded in the second quarter 2021. In Brazil, the integration of the Oi assets provided further acceleration of TIM Brasil's organic EBITDA.

**EBITDA after Lease** was 1.3 billion euros (-12.3% YoY): 1.0 billion euros for the Domestic Business Unit (-18.0% YoY) and 0.3 billion euros for TIM Brasil (+10.8% YoY).

At Group level, **investments** came to 0.9 billion euros, in line with the plan objectives and with a stable trend versus the second quarter of 2021 (-0.7% YoY).

The **net result** attributable to the Shareholders of the Parent Company stood at -483 million euros in the half-year and -279 million euros in the second quarter.

## Financial highlights

(million euros) - reported data	2nd Quarter 2022 (a)	2nd Quarter 2021 (b)	% Change (a-b)	1st Half 2022 (a)	1st Half 2021 (b)	% Change (a-b)
Revenues	3,913	3,815	2.6	7,557	7,543	0.2
EBITDA (1)	1,342	1,593	(15.8)	2,658	2,753	(3.5)
EBITDA Margin (1)	34.3%	41.8%	(7.5)pp	35.2%	36.5%	(1.3)pp
EBIT (1)	188	456	(58.8)	397	484	(18.0)
EBIT Margin (1)	4.8%	12.0%	(7.2)	5.3%	6.4%	(1.1)pp
Profit (loss) for the period attributable to owners of the Parent	(279)	79	—	(483)	(149)	—
Capital Expenditures & spectrum	974	1,117	(12.8)	1,906	1,808	5.4
				6/30/2022 (a)	12/31/2021 (b)	Change Amount (a-b)
Adjusted net financial debt (1)				24,654	22,187	2,467

(1) Details are provided under “Alternative Performance Measures”.

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

(million euros) - organic data	2nd Quarter 2022 (a)	2nd Quarter 2021 (b)	% Change	1st Half 2022 (a)	1st Half 2021 (b)	% Change
<b>TOTAL REVENUES</b>	<b>3,913</b>	<b>3,967</b>	<b>(1.4)</b>	<b>7,557</b>	<b>7,782</b>	<b>(2.9)</b>
Domestic	2,908	3,141	(7.4)	5,754	6,223	(7.5)
Brazil	1,013	833	21.8	1,819	1,573	15.4
Other operations, adjustments and eliminations	(8)	(7)	—	(16)	(14)	—
<b>SERVICE REVENUES</b>	<b>3,644</b>	<b>3,607</b>	<b>1.0</b>	<b>7,030</b>	<b>7,079</b>	<b>(0.7)</b>
Domestic	2,671	2,807	(4.8)	5,283	5,565	(5.1)
o/w Wireline	2,056	2,164	(5.0)	4,076	4,308	(5.4)
o/w Mobile	751	783	(4.1)	1,479	1,540	(4.0)
Brazil	981	807	21.9	1,763	1,528	15.2
Other operations, adjustments and eliminations	(8)	(7)	—	(16)	(14)	—
<b>EBITDA</b>	<b>1,563</b>	<b>1,708</b>	<b>(8.5)</b>	<b>2,950</b>	<b>3,308</b>	<b>(10.8)</b>
Domestic	1,101	1,316	(16.3)	2,130	2,576	(17.3)
Brazil	466	396	18.2	826	738	11.8
Other operations, adjustments and eliminations	(4)	(4)	—	(6)	(6)	—
<b>EBITDA After Lease</b>	<b>1,303</b>	<b>1,486</b>	<b>(12.3)</b>	<b>2,472</b>	<b>2,883</b>	<b>(14.3)</b>
Domestic	972	1,186	(18.0)	1,876	2,321	(19.2)
Brazil	335	304	10.8	602	568	6.0
Other operations, adjustments and eliminations	(4)	(4)	—	(6)	(6)	—
<b>CAPEX (net of telecommunications licenses)</b>	<b>904</b>	<b>910</b>	<b>(0.7)</b>	<b>1,836</b>	<b>1,626</b>	<b>12.9</b>
Domestic	702	735	(4.5)	1,408	1,225	14.9
Brazil	202	175	15.9	428	401	6.6

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

(million euros) - reported data	2nd Quarter 2022 (a)	2nd Quarter 2021 (b)	% Change	1st Half 2022 (a)	1st Half 2021 (b)	% Change
Equity Free Cash Flow	37	(106)	—	338	363	(6.9)
Equity Free Cash Flow After Lease	(107)	(218)	(50.9)	16	89	(82.0)
Adjusted Net Financial Debt <sup>(2)</sup>				24,654	22,072	11.7
Net Financial Debt After Lease <sup>(2)</sup>				19,269	17,415	10.6

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

## COMPLEX CONTRACTS

As detailed in the 2021 Financial Report, some contracts for the supply of multimedia contents in connection with the current partnerships, including that between TIM and DAZN, have highlighted a comprehensive negative margin throughout the entire contract duration, with the need to make a provision for a total of 548 million euros for posting a contractual risk provision for onerous contracts at December 31, 2021.

Starting 2022, use of the aforementioned Provision over the contractual term makes it possible to offset the negative item of the margin (EBITDA) - referring to both the operating performance of the business and commitments in terms of prices that TIM is contractually obliged to pay to counterparties - thereby obtaining null EBIT (organic or operative margin) for the contents business.

Below are:

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

(million euros)

	1st Half 2022	
	TIM Group	Domestic Business Unit
<b>ORGANIC EBITDA (including use of the risk provision for onerous contracts)</b>	<b>2,950</b>	<b>2,130</b>
- Use of the risk provision for onerous contracts to cover the negative margin	(329)	(329)
<b>ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)</b>	<b>2,621</b>	<b>1,801</b>

The amount of 329 million euros is therefore the negative margin, for which the provision was used; as far as the portion relating to the football contract with DAZN is concerned, this amount includes both the operating performance of the business and the component linked to the prices that TIM is contractually obliged to pay to DAZN, which is recorded at the end of each football season (June 30, each year), at the same time as use of the related provision set aside. From a financial viewpoint, the negative margin covered by the Risks Provision has an equal impact on the Net Financial Position and cash flows. For the DAZN contract, TIM is contractually obliged to pay advance installments for each year (July 1-June 30, corresponding to each championship season).

With reference to the multi-year contracts for multimedia contents, which in some cases require TIM to pay the counterparty prices by way of guaranteed minimum, it should be recalled that the valuation of these contracts and the estimation of the associated costs is subject to numerous uncertainties that include, amongst others, market dynamics, rulings by the market regulatory authorities and the development of new technologies in support of the service. These estimates are revised from time to time on the basis of the final data in order to make sure that the provisional figures remain within the reasonably foreseeable range. Not all the factors mentioned are under the company's control hence they could have a significant impact on future forecasts regarding the performance of the contracts, the estimated amount of (positive or negative) margins and the cash flows that are generated.

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

Connectivity and digital solutions are today essential. The way we work, study, take care of ourselves, have fun and live has changed completely, with increasing attention being paid to sustainable aspects. In the first six months of 2022, the TIM Group has continued to support citizens, businesses and institutions along this route, providing tools and services for the digital and sustainable transformation.

### Infrastructure

At June 30, 2022, **over 94% of customers nationally on TIM fixed networks are reached by FTTH or FTTC networks**; in the white areas, the percentage stands at around 76%. Growth of TIM's FTTH coverage also continues, now having reached 28% of property units<sup>1</sup>.

TIM's **4G** network covers more than **99% of the national population**, while TIM's 5G network at June 30, 2022 reached **110 municipalities**.

In H1 2022, the volume of data handled on TIM's mobile ultrabroadband network grew by 47.8% compared with the same half of 2021.

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.

<sup>1</sup> 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.

## Data Centers

**Noovle**, the TIM Group's cloud company and **Benefit Corporation**, has **16 data centers** developed according to the highest security, protection, operating and energy efficiency standards, which in the first half of 2022 handled 82.1 Pbyte of data volume.

Sparkle manages a network of **seven "Open Landing & Interconnection Hubs"**, latest generation neutral data centers for the connection of undersea cables and the interconnection of operators, OTTs and enterprises.

## 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 CO<sub>2</sub> emissions.
- **Smart working:** more efficient organization of work; reduction of traffic; less CO<sub>2</sub> 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

During the first half of 2022, TIM Ventures, through the UV-Growth fund, invested 7.1 million euros in financing part of the fund's investment in Everli, a service company focused on the evolution of on-line shopping.

## Open innovation

In the first half of 2022, collaboration continued with the start-up **AWorld** for an awareness-raising initiative and engagement of TIM employees on sustainable living topics. In particular, from April 22 to June 22, the second **Act4Green** challenge was launched, with the aim of saving 60,000 kWh in electricity; this target was easily surpassed with savings of 74,630 kWh. By way of acknowledgment of the investors' commitment, TIM will finance the installation of 13 photovoltaic lights in a village in Senegal.

## Brazil

**Connectivity:** TIM Brasil has the public commitment to extend 4G connectivity to all municipalities of Brazil by 2023. In June 2022, activation of 4G cover was completed in 100% of municipalities in the state of Minas Gerais, the second most populated municipality in the country with the greatest number of municipalities.

**Agricultural food:** TIM is the only company in the telco sector to be a member of the ConectarAGRO association. In the first half of 2022, TIM Brasil reached more than 7 million hectares of 4G coverage in rural areas and has a partnership with Agtech Garage, the start-up hub of LATAM Agribusiness, for the 5G network focused on the agricultural food industry.

**Digital Services:** TIM Brasil has created the first IoT Marketplace in Brazil, presenting solutions for agribusiness, smart cities, electrical utilities and Industry 4.0. During the first quarter of 2022, it launched MetaLoja, a new concept of store that integrates the real and the virtual world and signed a partnership with the educational group Kroton, to offer 100% digital courses.

**Digital Skills:** TIM Brasil undertakes to train more than 5,000 employees on digital competences by 2023, above all through the Journey to Cloud and the Agile Journey.

## Non-financial performance

In the new 2022-2024 Strategic Plan, TIM has strengthened its environmental, social and governance commitments, introducing new, more ambitious ESG objectives, confirming the pillars of climate strategy, circular economy, digital growth and gender equality, which will direct the initiatives in support of the achievement of objectives.

During the second quarter, the Company obtained the **scientific validation of its climate strategy by the Science Based Targets initiative**, the international organization which promotes the definition of measurable targets for reducing the climate footprint and validates them independently to support businesses in the transition towards a sustainable economy.

By 2030, TIM will have reduced the emissions deriving from the company's production business (Scope 1) and the purchase of electricity (Scope 2) by 75%, also thanks to the commitment made to purchase 100% renewable energy by 2025. In addition, by 2030, it will reduce the emissions of its value chain (Scope 3) in connection with



the purchase of goods and services, the purchase of instrumental assets and the use of products sold to customers, by 47%.

The validation of these reduction targets, calculated with respect to 2019, strengthens the Group's commitment to achieve carbon neutrality by 2030 and "net zero" emissions by 2040, in connection with the activities upstream and downstream of its production cycle.

*The H1 2022 results will be presented to the financial community during the webcast and audio conference on August 4, 2022. The event will start at 11.00 a.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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## Introduction

*The Half-Year Financial Report at June 30, 2022 of the TIM Group was prepared in compliance with Article 154-ter (Financial Reports) of Legislative Decree no. 58/1998 (Consolidated Law on Finance – TUF) as amended, and in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the recognition and measurement criteria of the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS"), and with rulings issued under Article 9, Legislative Decree no. 38/2005.*

*The Half-Year Financial Report includes:*

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

*The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 have undergone a limited scope audit. This is currently underway.*

*The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2021, to which reference should be made, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2022.*

**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; 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 After Lease ("EBITDA-AL"), Adjusted net financial debt After Lease, Equity Free Cash Flow After Lease.*

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

*As described in the 2021 TIM Group Consolidated Financial Statements, during the fourth quarter of 2021, TIM refined some aspects of the booking of certain commercial agreements concerning the sale of goods with deferred delivery. This refinement entailed, for the first, second and third quarters of 2021, the redetermination of the distribution over time of revenues and acquisition of goods and services. In connection with the foregoing, the economic data of the first half of 2021 has been restated, shown here to allow for comparison.*



Lastly, the section entitled "Business Outlook for the year 2022" contains forward-looking statements in relation to the Group's intentions, beliefs or current expectations regarding financial performance and other aspects of the Group's operations and strategies. Readers of this Press Release are reminded not to place undue reliance on forward-looking statements; in fact, actual results may differ significantly from forecasts owing to risks and uncertainties depending on numerous factors, the majority of which are beyond the scope of the Group's control. Please refer to the "Main risks and uncertainties" section for more information. It provides a detailed description of the major risks pertaining to the TIM Group business activity which can, even considerably, affect its ability to meet the set goals.



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

The main changes in the scope of consolidation during the first half of 2022, were the following:

- *Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (which joined the Brazil Business Unit scope):* on April 20, 2022, TIM S.A. (Brazilian subsidiary of the TIM Group) acquired 100% of the share capital of Cozani, the company to which the business unit relating to the part share of the assets, rights and obligations of the mobile telephone business of Oi Móvel - Em Recuperação Judicial, has flowed;
- *Mindicity S.r.l. (which joined the Domestic Business Unit scope):* Olivetti S.p.A. acquired 70% share capital of the company on May 30, 2022. Mindicity manages a software platform and business under the scope of smart cities.

During the first half of 2021, the main corporate transactions were as follows:

- *Noovle S.p.A. (Domestic Business Unit):* starting January 1, 2021, the conferral has been 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;
- *FiberCop S.p.A.; Flash Fiber S.r.l. (Domestic Business Unit):* starting March 31, 2021, the conferral has been 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 access services by means of the secondary copper and fiber network. 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 included support for customers of the SMB Business Unit, supplied by Atlanet, the BT Contact Center of Palermo.

## TIM GROUP RESULTS FOR THE FIRST HALF OF 2022

**Total TIM Group revenues** for the first half of 2022, amounted to **7,557 million euros**, +0.2% compared to the first half of 2021 (7,543 million euros). Excluding revenues from the Oi Group mobile business, acquired in Brazil, consolidated revenues would come to 7,480 million euros.

The breakdown of total revenues for the first half of 2022, by operating segment in comparison with the first half of 2021 is as follows:

(million euros)	1st Half 2022		1st Half 2021		Changes		
	% weight		% weight		absolute	%	% organic excluding non-recurring
Domestic	5,754	76.1	6,209	82.3	(455)	(7.3)	(7.5)
Brazil	1,819	24.1	1,348	17.9	471	34.9	15.4
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(16)	(0.2)	(14)	(0.2)	(2)	—	—
<b>Consolidated Total</b>	<b>7,557</b>	<b>100.0</b>	<b>7,543</b>	<b>100.0</b>	<b>14</b>	<b>0.2</b>	<b>(2.9)</b>

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes<sup>2</sup> (+239 million euros), as well as any non-recurring items.

Revenues for the second quarter of 2022 totaled 3,913 million euros (3,815 million euros in the second quarter of 2021).

**TIM Group EBITDA** for the first half of 2022 came to **2,658 million euros** (2,753 million euros in the first half of 2021, -3.5% in reported terms, -10.8% in organic terms). Excluding the results of the Oil Group mobile business acquired in Brazil, consolidated EBITDA would come to 2,618 million euros.

The breakdown of EBITDA and the EBITDA margin broken down by operating segment for the first half of 2022 compared with the first half of 2021, are as follows:

(million euros)	1st Half 2022		1st Half 2021		Changes	
		% weight		% weight	absolute	% organic excluding non-recurring
Domestic	1,854	69.8	2,129	77.3	(275)	(12.9)
% of Revenues	32.2		34.3		(2.1)pp	(4.4)pp
Brazil	813	30.6	630	22.9	183	29.0
% of Revenues	44.7		46.7		(2.0)pp	(1.6)pp
Other Operations	(8)	(0.4)	(4)	(0.1)	(4)	
Adjustments and eliminations	(1)	—	(2)	(0.1)	1	
<b>Consolidated Total</b>	<b>2,658</b>	<b>100.0</b>	<b>2,753</b>	<b>100.0</b>	<b>(95)</b>	<b>(3.5)</b>

**Organic EBITDA - net of the non-recurring items** amounted to **2,950 million euros**; the EBITDA margin was 39.0% (3,308 million euros in the first half of 2021, with an EBITDA margin of 42.5%).

EBITDA for the first half of 2022 is impacted by net non-recurring expenses totaling 292 million euros, mainly connected with employee benefits expenses also in application of Art. 4 of Law no. 92 of June 28, 2012 as well as with corporate reorganization/restructuring processes, expenses related to agreements and the development of non-recurring projects and provisions made and expenses for litigation, regulatory sanctions and related potential liabilities.

During the first half of 2021, the TIM Group had recorded non-recurring charges for a total of 448 million euros mainly relating to employee benefits expenses also linked to the application of Art. 4 of Italian Law no. 92 of June 28, 2012, as well as provisions made for disputes, settlements, regulatory sanctions and potential liabilities related to them, expenses related to agreements and the development of non-recurring projects and expenses connected with the COVID-19 emergency, mainly for provisions made for managing credits and the expected worsening of the Expected Credit Loss by some customers.

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

(million euros)	1st Half 2022	1st Half 2021	Changes	
			absolute	%
<b>EBITDA</b>	<b>2,658</b>	<b>2,753</b>	<b>(95)</b>	<b>(3.5)</b>
Foreign currency financial statements translation effect		107	(107)	
Non-recurring expenses/(income)	292	447	(155)	
Effect of translating non-recurring expenses/(income) in currency		1	(1)	
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>2,950</b>	<b>3,308</b>	<b>(358)</b>	<b>(10.8)</b>
% of Revenues	39.0	42.5	(3.5)pp	

Exchange rate fluctuations mainly related to the Brazil Business Unit.

**Organic EBITDA excluding the use of the risk provisions for onerous contracts** came to 2,621 million euros during the first half of 2022.

The EBITDA of the second quarter of 2022 totaled 1,342 million euros (1,593 million euros in the second quarter of 2021).

Organic EBITDA net of the non-recurring component in the second quarter of 2021 totaled 1,563 million euros (1,708 million euros in the second quarter of 2021).

**TIM Group EBIT** for the first half of 2022 was **397 million euros** (484 million euros in the first half of 2021).

<sup>2</sup> The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.56056 for the Brazilian real in the first half of 2022 and 6.48919 in the first half of 2021; for the US dollar, the average exchange rates used were 1.09331 in the first half of 2022 and 1.20504 in the first half of 2021. 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.

**Organic EBIT, net of the non-recurring component**, amounted to **689 million euros** (964 million euros for the first half of 2021), with an EBIT margin of 9.1% (12.4% for the first half of 2021).

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

(million euros)	1st Half 2022	1st Half 2021	Changes	
			absolute	%
<b>EBIT</b>	<b>397</b>	<b>484</b>	<b>(87)</b>	<b>(18.0)</b>
Foreign currency financial statements translation effect		32	(32)	
Non-recurring expenses/(income)	292	447	(155)	
Effect of translating non-recurring expenses/(income) in currency		1	(1)	
<b>ORGANIC EBIT - excluding Non-recurring items</b>	<b>689</b>	<b>964</b>	<b>(275)</b>	<b>(28.5)</b>

**Net profit attributable to Owners of the Parent for the first half of 2022** was a loss of -483 million euros (-149 million euros in the first half of 2021); excluding the impact of non-recurring items, the net profit for the first half of 2022 is -196 million euros (in the first half of 2021 it was positive for 195 million euros).

TIM Group **headcount** at June 30, 2022 stood at **52,023**, of whom 42,620 in Italy (51,929 at December 31, 2021, of whom 42,347 in Italy), with an increase of 94 units on December 31, 2021 (+273 units in Italy, following new hires aimed at strengthening strategic skills, particularly for new technology and supporting the business evolution on the growing adjacent markets (cloud, data center, cybersecurity); - 179 units abroad (Brazil)).

**Capital expenditures and expenses for mobile telephone licenses/spectrum** for the first half of 2022, were 1,906 million euros (1,808 million euros in the first half of 2021).

Capex is broken down as follows by operating segment:

(million euros)	1st Half 2022		1st Half 2021		Change
		% weight		% weight	
Domestic	1,478	77.5	1,465	81.0	13
Brazil	428	22.5	343	19.0	85
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
<b>Consolidated Total</b>	<b>1,906</b>	<b>100.0</b>	<b>1,808</b>	<b>100.0</b>	<b>98</b>
% of Revenues	25.2		24.0		1,2pp

In particular:

- the **Domestic Business Unit** posts capex for 1,478 million euros, up 13 million euros in organic terms compared to the first half of 2021, mainly due to the development of the FTTC/FTTH networks;
- the **Brazil Business Unit** posted capital expenditures in the first half of 2022 of 428 million euros (343 million euros for the first half of 2021). Excluding the impact of changes in exchange rates (+58 million euros), capex was essentially stable as compared with the first half of 2021.

The Group's H1 2022 **operating free cash flow** is positive for a net 353 million euros: operating cash generation, positive for 822 million euros, is counterbalanced by payments for the acquisition of rights of use of telecommunication service frequencies for 469 million euros. During the first half of 2021, operating free cash flow was positive for 819 million euros (+1,059 million euros operating cash generation against 240 million euros for the acquisition of rights of use of telecommunication service frequencies).

**Adjusted net financial debt** amounted to 24,654 million euros at June 30, 2022, **an increase of 2,467 million euros compared to December 31, 2021** (22,187 million euros). Despite a positive cash flow deriving from the operative-financial management, the increase in debt is due to the acquisition in Brazil of the mobile business of the Oi Group for a total of 1,741 million euros, the need relating to the commitments for said acquisitions of telecommunication frequencies in Brazil and Italy (469 million euros) and the accounting impact of the renegotiation of IFRS 16 lease contracts (536 million euros net of 557 million euros considered in the Oi acquisition value).

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)	6/30/2022 (a)	12/31/2021 (b)	Change (a-b)
<b>Net financial debt carrying amount</b>	<b>24,680</b>	<b>22,416</b>	<b>2,264</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(26)	(229)	203
<b>Adjusted net financial debt</b>	<b>24,654</b>	<b>22,187</b>	<b>2,467</b>
<i>Leasing</i>	(5,385)	(4,614)	(771)
<b>Adjusted Net Financial Debt - After Lease</b>	<b>19,269</b>	<b>17,573</b>	<b>1,696</b>

**Net financial debt carrying amount** amounted to 24,680 million euros at June 30, 2022, an increase of 2,264 million euros compared to December 31, 2021 (22,416 million euros). Reversal of the fair value measurement of derivatives and related financial liabilities/assets recorded a change of 203 million euros substantially following the rise in Euro interest rates, which effectively revalue the cash flow hedges, and the amortization of the adjustment on the assets/liabilities underlying the Fair Value Hedges interrupted in 2021. This change is adjusted by the booked Net Financial Debt with no monetary effect.

**Adjusted Net Financial Debt – After Lease** (net of lease contracts), which is a parameter adopted by main European peers, was equal to 19,269 million euros at June 30, 2022, up by 1,696 million euros compared to December 31, 2021 (17,573 million euros).

At June 30, 2022, **adjusted net financial debt** amounted to 24,654 million euros, an increase of 2,015 million euros compared to March 31, 2022 (22,639 million euros). The rise is essentially due to the phenomena already identified as the dynamics described for the half-year, net of positive operating cash generation: the acquisition in Brazil of the mobile business of the Oi Group for a total of 1,741 million euros, the need relating to the commitments to acquire the telecommunication frequencies in Brazil and Italy (283 million euros) and the accounting impact of the renegotiation of IFIS 16 lease contracts (7 million euros net of 557 million euros considered in the Oi acquisition value).

(million euros)	6/30/2022 (a)	3/31/2022 (b)	Change (a-b)
<b>Net financial debt carrying amount</b>	<b>24,680</b>	<b>22,846</b>	<b>1,834</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(26)	(207)	181
<b>Adjusted Net Financial Debt</b>	<b>24,654</b>	<b>22,639</b>	<b>2,015</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>30,188</b>	<b>29,213</b>	<b>975</b>
<b>Total adjusted financial assets</b>	<b>(5,534)</b>	<b>(6,574)</b>	<b>1,040</b>

The TIM Group's available **liquidity margin** amounted to 7,923 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 3,923 million euros (9,153 million euros at December 31, 2021), also including 506 million euros in repurchase agreements expiring by November 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 24 months.

## RESULTS OF THE BUSINESS UNITS

### Domestic

**Domestic Business Unit revenues** amounted to 5,754 million euros, down 455 million euros (-7.3%) compared to the first half of 2021. In organic terms, they reduce by 469 million euros (-7.5% on H1 2021).

Revenues from stand-alone services come to 5,283 million euros (-268 million euros compared to the first half of 2021, -4.8%) and suffer the impact of the competition on the customer base, as well as a reduction in ARPU levels; in organic terms, they drop by 282 million euros compared to the first half of 2021 (-5.1%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 4,076 million euros in organic terms, with a negative change with respect to the first half of 2021 (-5.4%) mainly due to the decrease in accesses and ARPU levels and the presence in the first half of 2021 of non-repeatable transactions on the Wholesale segment, partly offset by the growth in revenues from ICT solutions (+110 million euros compared to H1 2021, 18.4%);

- **revenues from stand-alone Mobile market services** came to 1,479 million euros (-61 million euros on H1 2021, -4.0%), mainly due to the reduction in the customer base connected with Human lines and ARPU levels.

**Revenues for Handset and Bundle & Handset**, including the change in work in progress, are equal, in organic terms, to 471 million euros for the first half of 2022, a decrease of 187 million euros compared to the first half of 2021, for the most part attributable to the Fixed segment.

The performance of the individual market segments of the Domestic Business Unit compared to the first half 2021 was as follows:

- **Consumer:** the segment consists of all Fixed and Mobile voice and Internet services and products managed and developed for individuals and families and of public telephony, caring and the administrative management of customers; it includes the company TIM Retail, which coordinates the activities of its stores. In organic terms, the revenues of the Consumer segment totaled 2,340 million euros (-296 million euros, -11.2%) and show a trend, compared to H1 2021, affected by the challenging competition. The trend seen in total revenues also applied to revenues from services, which amounted to 2,099 million euros, down by 195 million euros compared to the first half of 2021 (-8.5%). In particular:
  - revenues from Mobile services totaled, in organic terms, 915 million euros (-55 million euros, -5.6% compared to the first half of 2021). The impact of the competitive dynamic remains, albeit with a lesser reduction of the customer base calling; revenues from traffic are down due to the progressive reduction of interconnection tariffs;
  - revenues from Fixed services totaled, in organic terms, 1,197 million euros (-146 million euros, -10.9% compared to the first half of 2021), primarily due to lower ARPU levels and the smaller Customer Base, which in H1 2021 benefited from government incentive programs such as voucher recognition for ISEE incomes below 20,000 euros. Growth in ultrabroadband customers is highlighted.

**Handset and Bundle & Handset revenues** of the Consumer segment came to 241 million euros, down by 101 million euros on H1 2021 (-29.5%); the difference is mainly due to a major decline in the demand for connectivity post-COVID-19 and the end of sales linked to government incentive programs, such as recognition of vouchers for ISEE income of less than 20,000 euros.

- **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 and Telsy and the Noovle Group. In organic terms, revenues for the Business segment amounted to 1,979 million euros (-20 million euros compared to the first half of 2021, -1.0%, of which +1.3% for revenues from the stand-alone services component). In particular:
  - **total Mobile market revenues** showed a negative organic performance compared to H1 2021 (-1.4%), due to the negative contribution of revenues from stand-alone services (-2.0%);
  - **total Fixed revenues** in organic terms changed by -15 million euros compared to H1 2021 (-0.9%), generated by the reduction in sales revenues; revenues from services grew by 2.2%, mainly driven by 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 and MVNOs. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese. The Wholesale National Market segment revenues in the first half of 2022 reached 958 million euros, down by 147 million euros (-13.3%) compared to the first half of 2021, with a negative performance mainly driven by the presence, in the first half of 2021, of non-repeatable transactions.
- **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 of the first half of 2022 from the Wholesale International Market segment came to 484 million euros, up (+16 million euros, +3.4%) on the first half of 2021. This positive result is due to both sales of services and sales of fiber/products.

**Domestic Business Unit EBITDA for H1 2022** totaled 1,854 million euros (-275 million euros compared to the first half of 2021, -12.9%), with a margin of 32.2% (-2.1 percentage points compared to the same period of 2021).

**Organic EBITDA, net of the non-recurring item**, amounted to 2,130 million euros (-446 million euros compared to the first half of 2021, -17.3%). In particular, EBITDA for H1 2022 was impacted by non-recurring items in the amount of 276 million euros, whilst H1 2021 reflected a total impact of 445 million euros referring to non-recurring items, of which 18 million euros related to the COVID-19 emergency in Italy.

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

(million euros)	1st Half 2022	1st Half 2021	Changes	
			absolute	%
<b>EBITDA</b>	<b>1,854</b>	<b>2,129</b>	<b>(275)</b>	<b>(12.9)</b>
Foreign currency financial statements translation effect		2	(2)	
Non-recurring expenses (Income)	276	445	(169)	
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>2,130</b>	<b>2,576</b>	<b>(446)</b>	<b>(17.3)</b>

EBITDA in Q2 2022 was 892 million euros, (-379 million euros compared with the corresponding period of 2021, -29.8%).

**Organic EBITDA excluding the use of the risk provisions for onerous contracts** came to 1,801 million euros during the first half of 2022.

**Domestic Business Unit EBIT for H1 2022** totaled 146 million euros (-150 million euros compared to the first half of 2021), with a margin of 2.5% (-2.3 percentage points compared to the first half of 2021).

**Organic EBIT, net of the non-recurring component**, amounted to 422 million euros (-319 million euros compared to the first half of 2021, -43.0%), with an EBIT margin of 7.3% (11.9% for the first half of 2021).

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

(million euros)	1st Half 2022	1st Half 2021	Changes	
			absolute	%
<b>EBIT</b>	<b>146</b>	<b>296</b>	<b>(150)</b>	<b>(50.7)</b>
Non-recurring expenses (Income)	276	445	(169)	
<b>ORGANIC EBIT excluding non-recurring items</b>	<b>422</b>	<b>741</b>	<b>(319)</b>	<b>(43.0)</b>

EBIT in Q2 2022 was 54 million euros, (-302 million euros compared with Q2 2021).

**Headcount** at June 30, 2022 stood at 42,864 (42,591 as of December 31, 2021).

## Brazil (average real/euro exchange rate 5.56056)

**Revenues** for the first half of 2022 of the **Brazil Business Unit (TIM Brasil group)** amounted to 10,095 million reais (8,747 million reais on the first half of 2021, +15.4%), speeding up on the levels recorded from the third quarter of 2021. Excluding revenues from the mobile business of the Oi Group (Cozani, acquired on April 20, 2022) revenues from the first half of 2022 are 9,689 million reais.

The acceleration has been driven by **service revenues** (9,785 million reais vs 8,495 million reais for the first half of 2021, +15.2%) with mobile telephony service revenues growing 15.8% on the first half of 2021. This performance is mainly related to the continuous recovery of the pre-paid and post-paid segments. Revenues from fixed services have grown by 6.4% compared to the first half of 2021, determined above all by the growth rate of TIM Live.

**Revenues from product sales** totaled 310 million reais (252 million reais for the first half of 2021).

Revenues in Q2 2022 totaled 5,368 million reais, increased by 21.8% on the second quarter of 2021 (4,407 million reais).

The **mobile ARPU** for the first half of 2022 was 26.5 reais, up from the figure recorded in the first half of 2021 (25.6 reais) thanks to general repositioning in the post-paid segment and new commercial initiatives intended to promote the use of data and average expenditure per customer.

**Total mobile lines in place at June 30, 2022** amounted to 68.7 million, +16.6 million compared to December 31, 2021 (52.1 million). This variation was mainly driven by the pre-paid segment (+9.7 million), and the post-paid segment (+6.9 million), partly due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 43.4% of the customer base as of June 30, 2022 (43.9% at December 2021).

The TIM Live broadband business recorded net positive growth in the customer base at June 30, 2022 of 33 thousand users, +4.9% compared to June 30, 2021. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

**EBITDA** in the first half of 2022 was 4,512 million reais (4,086 million reais in the first half of 2021, +10.4%) and the margin on revenues was 44.7% (46.7% in the first half of 2021).

EBITDA in the first half of 2022 reflects the non-recurring charges of 71 million reais mainly related to the development of non-recurring projects and the corporate reorganization processes.

**Organic EBITDA, net of the non-recurring item**, increased by 11.8% and was calculated as follows:

(million Brazilian reais)	1st Half 2022	1st Half 2021	Changes	
			absolute	%
<b>EBITDA</b>	<b>4,512</b>	<b>4,086</b>	<b>426</b>	<b>10.4</b>
Non-recurring expenses/(income)	71	14	57	
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>4,583</b>	<b>4,100</b>	<b>483</b>	<b>11.8</b>

The increase of EBITDA is due to the greater revenues as well as the consolidation of Cozani (212 million reais).

The relative margin on revenues, in organic terms, comes to 45.4% (46.9% during the first half of 2021).

EBITDA for the second quarter of 2022, amounted to 2,421 million reais, up 16.5% compared to the second quarter of 2021 (2,078 million reais).

Revenues in Q2 2022 totaled 5,368 million reais, an increase of 21.8% compared to the second quarter of 2021 (4,407 million reais).

**EBIT** for the first half of 2022 amounted to 1,449 million reais (1,256 million reais for the first half of 2021, +15.4%).

**Organic EBIT, net of the non-recurring item**, in the first half of 2022 amounted to 1,520 million reais (1,270 million reais in the first half of 2021), with a margin on revenues of 15.1% (14.5% in the first half of 2021).

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

(million Brazilian reais)	1st Half 2022	1st Half 2021	Changes	
			absolute	%
<b>EBIT</b>	<b>1,449</b>	<b>1,256</b>	<b>193</b>	<b>15.4</b>
Non-recurring expenses/(income)	71	14	57	
<b>ORGANIC EBIT excluding non-recurring items</b>	<b>1,520</b>	<b>1,270</b>	<b>250</b>	<b>19.7</b>

The EBIT of the second quarter of 2022 totaled 746 million reais (664 million reais in the second quarter of 2021).

Net of non-recurring charges, the margin on revenues for the second quarter of 2022 was 14.8% (15.4% in the second quarter of 2021).

**Headcount** at June 30, 2022 totaled 9,147 units posting a reduction of 178 units compared to December 31, 2021 (9,325 units).



## 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 AFTER LEASE - TIM GROUP

(million euros)	2nd Quarter 2022	2nd Quarter 2021	Changes		1st Half 2022	1st Half 2021	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>1,563</b>	<b>1,708</b>	<b>(145)</b>	<b>(8.5)</b>	<b>2,950</b>	<b>3,308</b>	<b>(358)</b>	<b>(10.8)</b>
Lease payments	(260)	(222)	(38)	(17.1)	(478)	(425)	(53)	(12.5)
<b>EBITDA After Lease (EBITDA-AL)</b>	<b>1,303</b>	<b>1,486</b>	<b>(183)</b>	<b>(12.3)</b>	<b>2,472</b>	<b>2,883</b>	<b>(411)</b>	<b>(14.3)</b>

### EBITDA AFTER LEASE - DOMESTIC

(million euros)	2nd Quarter 2022	2nd Quarter 2021	Changes		1st Half 2022	1st Half 2021	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>1,101</b>	<b>1,316</b>	<b>(215)</b>	<b>(16.3)</b>	<b>2,130</b>	<b>2,576</b>	<b>(446)</b>	<b>(17.3)</b>
Lease payments	(129)	(130)	1	0.8	(254)	(255)	1	0.4
<b>EBITDA After Lease (EBITDA-AL)</b>	<b>972</b>	<b>1,186</b>	<b>(214)</b>	<b>(18.0)</b>	<b>1,876</b>	<b>2,321</b>	<b>(445)</b>	<b>(19.2)</b>

### EBITDA AFTER LEASE - BRAZIL

(million euros)	2nd Quarter 2022	2nd Quarter 2021	Changes		1st Half 2022	1st Half 2021	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>466</b>	<b>396</b>	<b>70</b>	<b>18.2</b>	<b>826</b>	<b>738</b>	<b>88</b>	<b>11.8</b>
Lease payments	(131)	(92)	(39)	(42.4)	(224)	(170)	(54)	(31.8)
<b>EBITDA After Lease (EBITDA-AL)</b>	<b>335</b>	<b>304</b>	<b>31</b>	<b>10.8</b>	<b>602</b>	<b>568</b>	<b>34</b>	<b>6.0</b>

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

(million euros)	6/30/2022	12/31/2021	Changes
<b>Adjusted net financial debt</b>	<b>24,654</b>	<b>22,187</b>	<b>2,467</b>
Leasing	(5,385)	(4,614)	(771)
<b>Adjusted net financial debt - After Lease</b>	<b>19,269</b>	<b>17,573</b>	<b>1,696</b>

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

(million euros)	2nd Quarter 2022	2nd Quarter 2021	Changes	1st Half 2022	1st Half 2021	Changes
<b>Equity Free Cash Flow</b>	<b>37</b>	<b>(106)</b>	<b>143</b>	<b>338</b>	<b>363</b>	<b>(25)</b>
Change in lease contracts (principal share)	(144)	(112)	(32)	(322)	(274)	(48)
<b>Equity Free Cash Flow After Lease</b>	<b>(107)</b>	<b>(218)</b>	<b>111</b>	<b>16</b>	<b>89</b>	<b>(73)</b>

## BUSINESS OUTLOOK FOR THE YEAR 2022

With regard to the Business Outlook for the financial year 2022, compared to what was disclosed in the Annual Report 2021, in light of the operating trends in the first half of 2022, the following EBITDA targets have been revised:

- Group organic EBITDA to 'high single digit decrease' from 'low teens decrease';
- Group EBITDA AL to 'low teens decrease' from 'mid to high teens decrease'.

## EVENTS SUBSEQUENT TO JUNE 30, 2022

### SACE-backed loan

On July 6, 2022, a syndicated loan was stipulated with major national and international banks for 2 billion euros, which benefits from the SACE guarantee in accordance with Law no. 178 of the Law of December 30, 2020 as subsequently amended. The funds were made available on July 27, 2022.



*The Executive responsible for preparing the corporate financial reports, Adrian Calaza Noia, 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.*