LA FORZA DELLE CONNESSIONI

Press Release

TIM: DEFINED PERIMETER OF THE POTENTIAL SEPARATION OF THE FIXED NETWORK (NETCO) FROM SERVICES (SERVICECO) TO OVERCOME THE VERTICALLY INTEGRATED MODEL

The plan presented by the management provides for a number of options for the valorisation of certain assets with the aim of achieving an improved financial position

Rome, 7 July 2022

The TIM Board of Directors, which met yesterday chaired by Salvatore Rossi, has given a mandate to the CEO, Pietro Labriola, to carry out all useful activities to achieve the strategic objective of overcoming vertical integration and reducing the company's debt level through the transfer and valorisation of certain Group assets. Any options will be submitted to the Board for the relevant deliberations.

The management outlined to the Board a transformation plan that stems from the awareness that the Group operates in an intensely competitive market constrained by one of the most stringent regulatory frameworks in Europe.

The plan envisages the potential separation of fixed network infrastructure assets (NetCo) from services (ServiceCO with TIM Consumer, TIM Enterprise and TIM Brazil) and outlines for each entity the appropriate business model, the business perimeter and the strategic priorities, as well as the way in which they will be able to compete in the relevant market in order to generate more value.

In greater detail, the plan provides for the following articulation:

- NetCo: covers the fixed network, both primary and secondary, as well as domestic and international wholesale businesses (Sparkle). NetCo can be the first example in Europe of a fibre network infrastructure and technologies hub available to the whole market and with a widespread presence across the country. It will be focused on the wholesale market and will be tasked with further accelerating deployment of the fibre network, benefiting in the medium-long term from investment cycles and the respective returns typical of the infrastructure market.

- ServiceCo. It includes TIM Enterprise, TIM Consumer and TIM Brasil

    - TIM Enterprise will include all commercial activities in the Enterprise market, the digital companies Noovle, Olivetti and Telsy. It includes data centres assets. Leveraging its leadership position with Public Administration and large customers and its unique and distinctive end-to-end selling proposition, it aims to increase its share of a growing market thanks to the push for digital services. A tech-company approach, increasingly integrated, also in terms of organisation for an end-to-end

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offer, which will fully enhance the uniqueness of the Group's skills and assets, driven by Cloud, IoT and Cybersecurity trends.

- **TIM Consumer** covers all the fixed and mobile commercial activities in the Consumer and Small and Medium Business (SMB) retail market. It includes the mobile network assets and service platforms. A thorough re-organisation of its activities, based on simplification, will be the key to improved performance.

- **TIM Brasil**, a leading player in the South American communications market, will continue its path towards a 'Next Generation Telco', that has already allowed shareholders' remuneration to be doubled. Following the acquisition of the Oi Group's mobile business, revenue growth, EBITDA and cash generation are expected to accelerate, with solid trends.

This business plan will allow to improve the operative performance with a specific economic and financial focus for each entity and to attract new industrial and financial partners, enabling the acceleration of innovation processes and the development of a new business offering geared towards the digital transition.

With the new organisation envisaged in the plan, it will also be possible to make the most of the opportunities offered by the digital transition and at the same time achieve a sustainable capital structure, thanks to an important path of improvement of the financial position which envisages the deconsolidation of the fixed network and the potential entry of new minority shareholders in TIM Enterprise.

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