FINANCIAL INFORMATION AT MARCH 31, 2022

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

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TIM S.p.A.

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Tax Code/VAT no. and Milan-Monza Brianza-Lodi Companies Register file no. 00488410010

TIM's Board of Directors met on May 4, 2022 chaired by Salvatore Rossi to approve the TIM Group's Financial Information at March 31, 2022.

PERFORMANCE IN THE FIRST QUARTER 2022

The **churn rate** continues to improve in both fixed (3.4%, -0.2pp YoY) and mobile (3.7%, -0.1pp YoY) segments.

In **mobile**, both total lines performance (30.4 million) and ARPU (human ARPU €-0.1/month per customer) are stable, reflecting a partial return to rationality in the market, also visible in the slowdown of customer flows between operators (market mobile number portability -10% YoY).

In **fixed**, total line performance slows in the quarter (-108 thousand compared to the previous quarter) also due to the end of the first phase of the voucher program promoted by the Government and managed by Infratel Italia and the delayed launch of the second phase. Retail ARPU (BB+ICT) is up 2.5% YoY.

Ultrabroadband lines came to **10.2 million** (retail and wholesale), increasing by 236 thousand lines in the quarter.

Revenues generated by **innovative services** continue to show strong growth, with total ICT revenues up 19% YoY, driven by the strong growth of Cloud services. Overall, the Domestic Business Unit service revenues are down by 5.3% YoY, partly offset on a Group level by the good performance of TIM Brasil, with service revenues up by 8.4% YoY.

Service revenues and organic EBITDA in the quarter are in line with guidance.

The quarter's **service revenues** come to 3.4 billion euros, down -2.5% YoY.

The Group's **organic EBITDA** at March 31 comes in at 1.4 billion euros (down -13.3% YoY) in line with guidance, with the Domestic Business Unit at 1.0 billion euros (down -18,3% YoY) and TIM Brasil at 0.4 billion euros (up 5.1% YoY). The reduction in the domestic margin is mainly related to the revenue trend, with operating costs stable YoY to support growth of the ICT and multimedia businesses.

The Group's **EBITDA after lease** comes to 1.2 billion euros, down -16.3% YoY, while at domestic level it comes to 0.9 billion euros, down -20.4% YoY, with the negative performance mainly due to the presence, in the first quarter of 2021, of non-repeatable transactions in national wholesale. At Group level, **investments** stand at 0.9 billion euros, in line with the plan and with the increase in the quarter (+30.2% YoY) mainly driven by the speeding up of the network transformation in Italy (fiber and 5G mobile), Cloud and data center.

The **net result** attributable to the owners of the parent company stands at -0.2 billion euros in line with the 2021 first quarter results.

Financial highlights

(million euros) - reported data		1st Quarter 2022 (a)	1st Quarter 2021 (b)	% Change (a-b)
Revenues		3,644	3,728	(2.3)
EBITDA	(1)	1,316	1,160	13.4
EBITDA Margin	(1)	*36.1%*	*31.1%*	*5.0pp*
EBIT	(1)	209	28	-
EBIT Margin	(1)	*5.7%*	*0.8%*	*4.9pp*
Profit (loss) for the period attributable to owners of the Parent		(204)	(228)	10.5
Capital Expenditures & spectrum		932	691	34.9
		3/31/2022 (a)	12/31/2021 (b)	Absolute Change (a-b)
Adjusted net financial debt	(1)	22,639	22,187	452

(1) Details are provided under "Alternative Performance Measures".

Organic results (1)

(million euros) - organic data	1st Quarter 2022 (a)	1st Quarter 2021 (b)	% Change
TOTAL REVENUES	3,644	3,815	(4.5)
Domestic	2,846	3,082	(7.7)
Brazil	806	740	8.9
Other operations, adjustments and eliminations	(8)	(7)	—
SERVICE REVENUES	3,386	3,472	(2,5)
Domestic	2,612	2,758	(5.3)
o/w Wireline	*2,020*	*2,144*	*(5.8)*
o/w Mobile	*728*	*757*	*(3.9)*
Brazil	782	721	8.4
Other operations, adjustments and eliminations	(8)	(7)	—
EBITDA	1,387	1,600	(13.3)
Domestic	1,029	1,260	(18.3)
Brazil	360	342	5.1
Other operations, adjustments and eliminations	(2)	(2)	—
EBITDA After Lease	1,169	1,397	(16.3)
Domestic	904	1,135	(20.4)
Brazil	267	264	1.1
Other operations, adjustments and eliminations	(2)	(2)	—
CAPEX (net of telecommunications licenses)	932	716	30.2
Domestic	706	490	44.1
Brazil	226	226	0.3

(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) - reported data	1st Quarter 2022 (a)	1st Quarter 2021 (b)	% Change
Equity Free Cash Flow	301	469	(35.8)
Equity Free Cash Flow After Lease	123	307	(59.9)
Adjusted Net Financial Debt (2)	22,639	21,155	7.0
Net Financial Debt After Lease(2)	17,673	16,591	6.5

(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.

COMPLEX CONTRACTS

As detailed in the 2021 Financial Report, as part of the definition of the 2022-2024 Strategic Plan, the business plan hypotheses have been updated in connection with certain contracts for the supply of multimedia contents. These analyses have revealed a negative margin connected with some partnerships in place, including that between TIM and DAZN, and have requested the recognition of a provision of 548 million euros on the 2021 Financial Statements for a contractual risk relating to onerous contracts.

Starting from the first quarter of 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 Quarter 2022	
	TIM Group	Domestic Business Unit
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	**1,387**	**1,029**
- Use of the risk provision for onerous contracts to cover the negative margin	(15)	(15)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	**1,372**	**1,014**

The amount of 15 million euros represents the negative margin of the first quarter of 2022 for the football contract with DAZN and refers only to the operating performance of the business; the component linked to the prices that TIM is contractually obliged to pay to DAZN is recorded at the end of each football season, at the same time as use of the related provision made, for the portion pertaining to the individual football season.

From a financial viewpoint, the negative margin covered by the Risks Provision has an equal impact on the Net Financial Position and cash flows. It is also noted that – for the DAZN contract – TIM is contractually obliged to pay DAZN advance installments for each year (July 1-June 30, corresponding to each championship season).

TIM'S CONTRIBUTION TO THE DIGITAL AND SUSTAINABLE TRANSFORMATION FOR PEOPLE, BUSINESSES AND ORGANIZATIONS

Connectivity and digital solutions are today essential, not only in emergency situations, as seen during the pandemic caused by the spread of the COVID-19 virus, but also in this "new normal" where the way we work, study, take care of ourselves, have fun and live has changed completed, with increasing attention being paid to sustainable aspects. In this first quarter of 2022 too, 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 March 31, 2022, 94% of customers nationally on TIM fixed networks are reached by FTTH or FTTC networks; in the white areas, the percentage stands at around 75%. Growth of TIM's FTTH coverage also continues, now having reached more than 25% of property units[1].
TIM's **4G** network covers more than **99% of the national population**.

In Q1 2022, the volume of data handled on TIM's mobile UltraBroadBand network grew by 47.8% compared with the same quarter of 2021.

TIM's **5G** network, which at March 31, 2022 had reached 66 municipalities, has been confirmed by Ookla® as the fastest in Italy, based on the analysis of the Speedtest Intelligence® data on median download and upload speeds in 5G in Italy from October 2021 to March 2022.

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 **16 data centers** developed according to the highest security, protection, operating and energy efficiency standards, which in the first quarter of 2022 handled 83.6 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_2 emissions.
- **Smart working**: more efficient organization of work; reduction of traffic; less CO_2 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 Ventures** subscribed, through the **UV T-Growth** fund, a total commitment of 60 million euros over a ten-year time-frame. In 2021, approximately 12 million euros were invested, used by the fund to invest in Entando and D-Orbit, two highly-technological emerging realities; during the first quarter of 2022, a further investment of 7.1 million euros was made to finance part of the fund's investment in Everli, a service company focused on the evolution of on-line shopping.

Open innovation

In the first quarter of 2022, collaboration continued with the start-up **AWorld** for an awareness-raising initiative and engagement of TIM employees on sustainable living topics.

Brazil

Connectivity: TIM Brasil has the public commitment to extend 4G connectivity to all municipalities of Brazil by 2023 and leads the country's 4G coverage, reaching 98% of the urban population.

Agricultural food: TIM is the only company in the telco sector to be a member of the ConectarAGRO association. In 2021, TIM Brasil reached more than 6.2 million hectares of 4G coverage in rural areas and has a

[1] 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.

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. In 2022, TIM Brasil maintained the partnership with Cogna Educação with exclusive offers and special discounts for employees and customers.

NON-FINANCIAL PERFORMANCE

During the first quarter of 2022, thanks to 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.

The Company's **climate strategy** is consolidated with the confirmation of the carbon neutrality target by 2030 and use of electricity obtained 100% from renewable sources by 2025, thanks to the introduction of a new Net Zero emissions target by 2040 and the commitment to reduce the emissions of its production chain.

The dissemination of **circular economy** models in business processes becomes essential in order to reduce waste and foster recycling, in accordance with the principles of the Green Deal. In this sense, a new target has been added to the three-year plan, which fosters the resale or reuse of company goods and materials that are no longer used and that reduces wastage.

The pillar of **digital growth**, in accordance with the evidence of the DESI[1], focuses on the expansion of ultrabroadband coverage to close the digital divide, on the strengthening of ever more efficient infrastructures built increasingly according to environmentally-sustainable criteria, on the development of digital services and solutions that limit energy consumption and maximize performance and on the dissemination of digital competences amongst citizens, businesses and institutions.

TIM's ESG ambitions finally are also hinged on objectives that optimize the company's **human capital**, focusing on the increased female presence in managerial roles, on fair remunerations in offering incentives to Group managers, on engagement and on strengthening the ESG competences of TIM people.

Today more than ever before, the Group's infrastructures and human capital are confirmed as essential in order to speed up achievement of the objectives of the 2030 Agenda; TIM's contribution towards the United Nations Sustainable Development Goals is reported on in the Sustainability Report, which provides an analysis of achievement of annual targets and progress made on the multi-year targets on which the Strategic Plan is based.

[1] Digital Economy and Society Index.

INTRODUCTION

TIM voluntarily writes and publishes periodic financial information referring to the first and third quarter of each year as part of its corporate policy on regular financial and operating performance disclosure addressed to the market and to investors, in line with the best market practices.

*The consolidated figures of the TIM Group presented in this periodic financial information at March 31, 2022 have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (defined as the "**IFRSs**"); such figures are unaudited.*

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 amendments to the standards issued by the IASB and adopted starting from 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 annex 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 the 2021 financial year, the redetermination of the distribution over time of revenues and purchases of materials and services. In connection with the foregoing, the economic data of the first quarter of 2021, has been restated.

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 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 chapter "Main risks and uncertainties" and the contents of the Annual Financial Report at December 31, 2021 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

During the first quarter of 2022, no changes were made to the scope of consolidation.

During the first quarter of 2021, the main changes in the scope of consolidation 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 GROUP RESULTS FOR THE FIRST QUARTER 2022

Total TIM Group revenues for the first quarter of 2022, amounted to **3,644 million euros,** -2.3% compared to the first quarter of 2021 (3,728 million euros).

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

(million euros)	1st Quarter 2022		1st Quarter 2021		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	2,846	78.1	3,077	82.5	(231)	(7.5)	(7.7)
Brazil	806	22.1	658	17.7	148	22.5	8.9
Other Operations	—	—	—	—	—		
Adjustments and eliminations	*(8)*	*(0.2)*	*(7)*	*(0.2)*	*(1)*		
Consolidated Total	**3,644**	**100.0**	**3,728**	**100.0**	**(84)**	**(2.3)**	**(4.5)**

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes[1] (+87 million euros), as well as any non-recurring items.

TIM Group EBITDA for the first quarter of 2022 came to **1,316 million euros** (1,160 million euros in the first quarter of 2021, -13.3% in organic terms).

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

(million euros)	1st Quarter 2022		1st Quarter 2021		Changes		
		% weight		% weight	absolute	%	% organic excluding non-recurring
Domestic	962	73.1	858	74.0	104	12.1	(18.3)
% of Revenues	*33.8*		*27.9*			*5.9pp*	*(4.7) pp*
Brazil	356	27.1	304	26.2	52	17.1	5.1
% of Revenues	*44.2*		*46.3*			*(2.1) pp*	*(1.6) pp*
Other Operations	(2)	(0.2)	(2)	(0.2)	—		
Adjustments and eliminations	—	—	—	—	—		
Consolidated Total	**1,316**	**100.0**	**1,160**	**100.0**	**156**	**13.4**	**(13.3)**

Organic EBITDA - net of the non-recurring items amounted to **1,387 million euros**; the EBITDA margin was 38.1% (1,600 million euros in the first quarter of 2021, with an EBITDA margin of 41.9%).

Q1 2022 EBITDA suffered net non-recurring charges for a total of 71 million euros (of which 1 million euros relating to the COVID-19 emergency in Italy), mainly connected to corporate reorganization/restructuring processes, provisions for disputes, regulatory fines and potential liabilities related to them and expenses related to agreements and the development of non-recurring projects.

During Q1 2021, the TIM Group had recorded non-recurring charges for a total of 401 million euros, of which 12 million euros relating to the COVID-19 emergency in Italy and 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 fines and potential liabilities related to them, expenses related to agreements and the development of non-recurring projects and provisions made for managing credits deriving from the worsening of the macroeconomic context following the COVID-19 health emergency.

1 The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.86784 for the Brazilian real in the first quarter of 2022 and 6.59747 in the first quarter of 2021; for the US dollar, the average exchange rates used were 1.12168 in the first quarter of 2022 and 1.20520 in the first quarter 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 EBITDA, net of the non-recurring items, is calculated as follows:

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
EBITDA	1,316	1,160	156	13.4
Foreign currency financial statements translation effect		39	(39)	
Non-recurring expenses/(income)	71	401	(330)	
ORGANIC EBITDA - excluding non-recurring items	**1,387**	**1,600**	**(213)**	**(13.3)**
% of Revenues	*38.1*	*41.9*		*(3.8) 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 1,372 million euros during the first quarter of 2022.

TIM Group EBIT for the first quarter of 2022 was **209 million euros** (28 million euros in the first quarter of 2021).

Organic EBIT, net of the non-recurring items, amounted to **280 million euros** (440 million euros for the first quarter of 2021), with an EBIT margin of 7.7% (11.5% for the first quarter of 2021).

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

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
EBIT	209	28	181	—
Foreign currency financial statements translation effect		11	(11)	
Non-recurring expenses/(income)	71	401	(330)	
ORGANIC EBIT - excluding non-recurring items	**280**	**440**	**(160)**	**(36.4)**

Net result attributable to Owners of the Parent for the first quarter of 2022 was a loss of -204 million euros (-228 million euros in the first quarter of 2021); excluding the impact of non-recurring items, the net profit for the first quarter of 2022 is -152 million euros (+82 million euros in the first quarter of 2021).

The TIM Group **headcount** at March 31, 2022 was **51,903**, of which 42,538 in Italy (51,929 at December 31, 2021, of which 42,347 in Italy), with a decrease of 26 compared to December 31, 2021 (in Italy an increase of 191).

Capital expenditures and expenses for mobile telephone licenses/spectrum for the first quarter of 2022, were 932 million euros (691 million euros in the first quarter of 2021).

Capex is broken down as follows by operating segment:

(million euros)	1st Quarter 2022		1st Quarter 2021		Change
		% weight		% weight	
Domestic	706	75.8	490	70.9	216
Brazil	226	24.2	201	29.1	25
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	**932**	**100.0**	**691**	**100.0**	**241**
% of Revenues	*25.6*		*18.5*		*7.1pp*

In particular:

- the **Domestic Business Unit** posts capex for 706 million euros, up +216 million euros in organic terms compared to the first quarter 2021, mainly due to the development of the FTTC/FTTH networks;
- the **Brazil Business Unit** posted capital expenditures in the first quarter of 2022 of 226 million euros (201 million euros for the first quarter 2021). Excluding the impact of changes in exchange rates (+25 million euros), capex was stable as compared with the first quarter of 2021.

The Group's **Operating Free Cash Flow** for Q1 2022 is positive for 304 million euros (+755 million euros in Q1 2021), i.e. 490 million euros in Q1 2022 net of 186 million euros related to the acquisition of rights to use 5G telecommunications service frequencies in Brazil.

Adjusted net financial debt amounted to 22,639 million euros at March 31, 2022, **an increase of 452 million euros compared to December 31, 2021** (22,187 million euros). The cash flow from operations has made it possible to cover the financial management needs and needs relating to the commitments to develop the

networks in Brazil and Italy; the aforementioned increase in net financial debt is essentially due to the exchange rate trend and the accounting impact of the renegotiation of lease contracts (IFRS16).
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)	3/31/2022 (a)	12/31/2021 (b)	Change (a-b)
Net financial debt carrying amount	**22,846**	**22,416**	**430**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(207)*	*(229)*	*22*
Adjusted net financial debt	**22,639**	**22,187**	**452**
Leasing	*(4,966)*	*(4,614)*	*(352)*
Adjusted Net Financial Debt - After Lease	**17,673**	**17,573**	**100**

Net financial debt carrying amount amounted to 22,846 million euros at March 31, 2022, an increase of 430 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 quarterly change of 22 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 17,673 million euros at March 31, 2022, up by 100 million euros compared to December 31, 2021 (17,573 million euros).

The TIM Group's available **liquidity margin** amounted to 9,228 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 5,228 million euros (9,153 million euros at December 31, 2021), also including 285 million euros in repurchase agreements expiring by June 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.

It should be noted that sales without recourse of trade receivables to factoring companies completed during the first quarter of 2022 resulted in a positive effect on the adjusted net financial debt at March 31, 2022, amounting to 1,091 million euros (1,536 million euros at December 31, 2021).

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 2,846 million euros, down 231 million euros (-7.5%) compared to Q1 2021. In organic terms, they reduce by 236 million euros (-7.7% on Q1 2021).

Revenues from stand-alone services come to 2,612 million euros (-141 million euros compared to the first quarter of 2021, -5.1%) 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 146 million euros compared to the first quarter of 2021 (-5.3%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 2,020 million euros in organic terms, with a negative change with respect to Q1 2021 (-5.8%) mainly due to the decrease in accesses and ARPU levels, which is also reflected in the trend of revenues from BroadBand services (-49 million euros compared to Q1 2021, -8.8%), partly offset by the growth in revenues from ICT solutions (+53 million euros compared to Q1 2021, +18.5%);
- **revenues from stand-alone Mobile market services** came to 728 million euros (-29 million euros on Q1 2021, -3.9%), 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 234 million euros for the first quarter of 2022, a decrease of 90 million euros compared to the first quarter 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 quarter of 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; 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, the revenues of the Consumer segment totaled 1,163 million euros (-184 million euros, -13.7%) and show a trend, compared to Q1 2021, affected by the challenging competition and greater discipline in commercial processes. The trend seen in total revenues also applied to revenues from services, which amounted to 1,048 million euros, down by -110 million euros compared to the first quarter of 2021 (-9.5%). In particular:

- **revenues from Mobile services** totaled, in organic terms, 452 million euros (-27 million euros, -5.7% compared to the first quarter of 2021). The impact of the competitive dynamic remains, albeit with a lesser reduction of the customer base calling; revenues from incoming traffic are down due to the progressive reduction of interconnection tariffs;
- **revenues from Fixed services** totaled, in organic terms, 603 million euros (-85 million euros, -12.3% compared to the first quarter of 2021), primarily due to lower ARPU levels and the smaller Customer Base which in the first quarter of 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 come to 115 million euros, down by 75 million euros on Q1 2021 (-39.4%); the difference is mainly due to a major decline in the demand for connectivity post-COVID-19 and the end of 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, net of the aforesaid non-recurring component, revenues for the Business segment amounted to 971 million euros (-12 million euros compared to the first quarter of 2021, -1.2%, of which +0.9% for revenues from the stand-alone services component). In particular:
  - **total Mobile revenues** showed a positive organic performance compared to Q1 2021 (+1.2%), despite the negative contribution of revenues from stand-alone services (-1.3%);
  - **total Fixed revenues** in organic terms changed by -15 million euros compared to Q1 2021 (-2.0%), generated by the reduction in sales revenues; revenues from services grew by 1.5%, 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 Telefonia Mobile Sammarinese. The Wholesale National Market segment revenues in the first quarter of 2022 reached 478 million euros, down by 55 million euros (-10.3%) compared to the first quarter of 2021, with a negative performance mainly driven by the presence, in the first quarter 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 for Q1 2022 in the Wholesale International Market segment came to 239 million euros, up (+21 million euros, +9.6%) on Q1 2021. This positive result was determined by both the sales of services and of fiber/products.

Domestic Business Unit EBITDA for Q1 2022 totaled 962 million euros (+104 million euros compared to the first quarter of 2021, +12.1%), with a margin of 33.8% (+5.9 percentage points compared to the same period of 2021).

Organic EBITDA, net of the non-recurring component, amounted to 1,029 million euros (-231 million euros compared to the first quarter of 2021, -18.3%). In particular, EBITDA for Q1 2022 was impacted by non-recurring items in the amount of 67 million euros, whilst Q1 2021 reflected a total impact of 401 million euros referring to non-recurring items, of which 12 million euros related to the COVID-19 emergency in Italy.

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

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
EBITDA	962	858	104	12.1
Foreign currency financial statements translation effect		1	(1)	
Non-recurring expenses (Income)	67	401	(334)	
ORGANIC EBITDA - excluding non-recurring items	1,029	1,260	(231)	(18.3)

Organic EBITDA excluding the use of the risk provisions for onerous contracts came to 1,014 million euros during the first quarter of 2022.

Domestic Business Unit EBIT for Q1 2022 totaled 92 million euros (+152 million euros compared to the first quarter of 2021), with a margin of 3.2% (+5.1 percentage points compared to the first quarter of 2021).

Organic EBIT, net of the non-recurring component, amounted to 159 million euros (-182 million euros compared to the first quarter of 2021, -53.4%), with a margin of 5.6% (11.1% for the first quarter of 2021).

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

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
EBIT	92	(60)	152	
Non-recurring expenses (Income)	67	401	(334)	
ORGANIC EBIT - excluding non-recurring items	159	341	(182)	(53.4)

Headcount stood at 42,782 units (42,591 as of December 31, 2021).

Brazil (average real/euro exchange rate 5.86784 in the first quarter of 2022, 6.59747 in the first quarter of 2021)

Revenues for the first quarter of 2022 of the **Brazil Business Unit (TIM Brasil group)** amounted to 4,727 million reais (4,340 million reais on the first quarter of 2021, +8.9%), speeding up on the levels recorded from the third quarter of 2021.

The acceleration has been driven by **service revenues** (4,584 million reais vs 4,228 million reais for the first quarter of 2021, +8.4%) with mobile service revenues growing by 8.6% on the first quarter 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 5.7% compared to the first quarter 2021, determined above all by the growth rate of TIM Live.

Revenues from product sales totaled 143 million reais (112 million reais for the first quarter of 2021).

The **mobile ARPU** for the first quarter of 2022 was 27.4 reais, up from the figure recorded in the first quarter of 2021 (25.5 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 March 31, 2022 amounted to 52.3 million, +0.2 million compared to December 31, 2021 (52.1 million). This variation was mainly driven by the postpaid segment (+0.3 million), partially offset by the performance in the prepaid segment (-0.1 million), in part due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 44.4% of the customer base as of March 31, 2022, 0.5 percentage points higher than at December 2021 (43.9%).

The TIM Live BroadBand business recorded net positive growth in the customer base at March 31, 2022 of 28 thousand users, +4,2% compared to March 31, 2021. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

Q1 2022 **EBITDA** came to 2,091 million reais (2,008 million reais in Q1 2021, +4.1%) and the margin on revenues is equal to 44.2% (46.3% in Q1 2021).

EBITDA in the first quarter of 2022 reflects the non-recurring charges of 20 million reais mainly related to the development of business reorganization processes and non-recurring projects.

Organic EBITDA, net of the non-recurring items, increased by 5.1% and was calculated as follows:

(million Brazilian reais)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
EBITDA	2,091	2,008	83	4.1
Non-recurring expenses/(income)	20	—	20	
ORGANIC EBITDA - excluding non-recurring items	2,111	2,008	103	5.1

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

The relative margin on revenues, in organic terms, comes to 44.7% (46.3% in the first quarter of 2021).

EBIT for the first quarter of 2022 amounted to 703 million reais (592 million reais for the first quarter of 2021, +18.8%).

Organic EBIT, net of the non-recurring items, in the first quarter of 2022 amounted to 723 million reais (592 million reais in the first quarter of 2021), with a margin on revenues of 15.3% (13.6% in the first quarter of 2021).

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

(million Brazilian reais)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
EBIT	703	592	111	18.8
Non-recurring expenses/(income)	20	—	20	
ORGANIC EBIT - excluding non-recurring items	723	592	131	22.1

The spot exchange rate used to convert Brazilian reais into euros (expressed in terms of local currency units per 1 euro) went from 6.32047 as of December 31, 2021 to 5.25943 as of March 31, 2022.

Personnel at March 31, 2022 totaled 9,109 units posting a reduction of 216 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. In particular, following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

EBITDA AFTER LEASE - TIM GROUP

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,387	1,600	(213)	(13.3)
Lease payments	(218)	(203)	(15)	(7.4)
EBITDA After Lease (EBITDA-AL)	1,169	1,397	(228)	(16.3)

EBITDA AFTER LEASE - DOMESTIC

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,029	1,260	(231)	(18.3)
Lease payments	(125)	(125)	—	—
EBITDA After Lease (EBITDA-AL)	904	1,135	(231)	(20.4)

EBITDA AFTER LEASE - BRAZIL

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes	
			absolute	%
ORGANIC EBITDA - excluding non-recurring items	360	342	18	5.1
Lease payments	(93)	(78)	(15)	(19.2)
EBITDA After Lease (EBITDA-AL)	267	264	3	1.1

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	3/31/2022	12/31/2021	Change
Adjusted net financial debt	22,639	22,187	452
Leasing	(4,966)	(4,614)	(352)
Adjusted net financial debt - After Lease	17,673	17,573	100

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	1st Quarter 2022	1st Quarter 2021	Change
Equity Free Cash Flow	301	469	(168)
Change in lease contracts (principal share)	(178)	(162)	(16)
Equity Free Cash Flow After Lease	123	307	(184)

BUSINESS OUTLOOK FOR THE YEAR 2022

In light of the performance of the main business segments in Q1 2022, the guidance already communicated with the approval of the TIM 2022-2024 Industrial Plan, is confirmed.

EVENTS SUBSEQUENT TO MARCH 31, 2022

TIM: Signed a non-disclosure agreement with CDP Equity to start discussions on possible network integration with Open Fiber

See the press release issued on April 2, 2022.

TIM and Ardian signed an agreement on TIM's indirect stake in INWIT

See the press release issued on April 14, 2022.

TIM: TIM Brasil, completed the acquisition of Oi Group's mobile business

See the press release issued on April 20, 2022.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation.

The TIM Group has adopted a Risk Management model that is constantly evolving, aligned with international regulations and standards, to allow the identification, assessment and management of risks in a uniform way within Group companies, highlighting potential synergies between the actors involved in the assessment of the internal control and risk management system.

The Risk Management process is designed to identify potential events that may affect the business, to manage risk within acceptable limits and to provide reasonable assurance regarding the achievement of corporate objectives.

The Risk Management Model adopted by the TIM Group

- classifies risks based on their impact into Strategic (resulting from the evolution of factors underpinning the main assumptions used for the development of the Strategic Plan) and Operational (resulting from the evolution of risk factors, both endogenous and exogenous, which can compromise the achievement of business objectives);
- assesses the risks not just individually but also in terms of the risk portfolio (correlation analyses);
- identifies and updates the overall set of risks to which the Group is exposed through the analysis of the Industrial Plan, the monitoring of the reference context (macroeconomic, regulatory, etc.), cyclical monitoring with the Risk Owners, in order to intercept any changes and/or new risk scenarios, specific analyses on the risks to which the corporate assets may be exposed.

The business outlook for 2022 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond the Group's control.

In this context, we highlight the health emergency due to the spread of COVID-19 and the Russia-Ukraine conflict and the increased purchasing costs connected with inflation pressure. In addition, non-exhaustively, the following additional factors are mentioned: a change in market context, entry of new potential competitors in the fixed-line and mobile sphere, the initiation of procedures by Authorities and consequent delays in the implementation of new strategies, requirements connected to the exercise of the Golden Power by the Government with effects to be assessed in terms of strategic choices and timing of the Plan objectives.

Risks related to macro-economic factors

The TIM Group's economic and financial situation, including its capacity to support the expected level of cash flows and business margins, depends on the influence of numerous macroeconomic factors such as economic growth, consumer confidence, interest rates, inflation rate and exchange rates in the markets where it operates.

These factors come in addition to the uncertainties tied to the evolution of the war in Ukraine and the structural transformation of the energy markets.

Italian GDP growth expectations were lowered in 2022 (to below 3%) considering the impact of the war, the sanctions brought against Russia and the possible new measures to be adopted in addition to the decline of the first quarter. The factors driving growth should strengthen in the summer, causing the Italian economy to recover, but the increase in energy prices may slow growth. The demand for energy did, in fact, re-launch with the recovery of economic activities post-pandemic, but the war in Ukraine has significantly increased the prices of natural gas throughout Europe (which purchases approximately 40% of Russian natural gas production).

The medium/long-term will see energy sector prices remain higher than in previous years. The increase in the prices of natural gas and crude oil impact the European industries, above all those which are most energy-intensive. The shock of the energy supply has revealed the dependency of European countries on fossil fuels to meet the various States' domestic demand for energy. There are also risks of financial instability of businesses and banks that are dependent on investments made in the energy sectors.

As a consequence of the increased energy prices, inflationary pressure remains (expected to reach 5% in 2022), which negatively impacts families' purchasing power as well as that of businesses, with possible consequences on consumer trends in a bid to attenuate the impact of these increases. It therefore follows that for companies, the effects will differ considerably depending on the energy intensity of production, but on average both the increased costs and the demand crisis will weigh heavy. The specter of stagflation (low growth and high inflation) is a risk.

The future consequences of the conflict between Russia and the Ukraine on the world political and economic balance are evolving and at present difficult to predict in full. The European Union and a great many other countries, have applied economic sanctions against Russia and Belarus, in reference to certain economic-financial sectors and certain natural persons and legal entities close to the Russian government. Further sanctions may be decided later. The commercial impact will be global, huge and immediate.

For the TIM Group, in particular for Telecom Italia Sparkle, there may be fallout in terms of commercial relations, in the collection of trade receivables and in the assets present in the country, which, however, despite the fact that they do depend on how the conflict evolves, is not currently considered to be significant.

With regard to the cost of energy, TIM Group has implemented a program that, on the domestic perimeter, has made it possible to cover most of the 2022 and part of the 2023 requirements in advance.

In Brazil too, 2022 growth forecasts have been dropped (1.5%), while inflation is expected to be increased (6.5%) as compared with the 4.7% recorded last November. According to the Brazilian Ministry of the Economy, it is expected that 2022 may show a trend of recovery of losses due to the continuation of the COVID-19 pandemic. More specifically, the opportunities available on the foreign market lie in a more favorable exchange rate.

One point worthy of particular attention is the impact that the current geopolitical context may have on the supply chain. More specifically, a scenario of inflation affecting energy costs can impact transport costs and commodity costs too. In addition, the continued Chinese lock-down is causing congestion in the major ports, an increase in average delivery time and difficulties in procuring certain materials and devices necessary for network development and some contracts.

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

ATTACHMENTS

TIM GROUP – RECLASSIFIED STATEMENTS

The reclassified Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity as well as the Consolidated Net Financial Debt of the TIM Group, herewith presented, are consistent with the consolidated financial statements included in the Annual Financial Report and in the Half-Year Financial Report. Such statements were not audited by the audit firm.

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2021, except for the amendments to the standards issued by IASB and adopted starting from January 1, 2022.

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 purchases of materials and services. In connection with the foregoing, the economic data of the first, second and third quarters of 2021, has been recalculated.

TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes (a-b)	
	(a)	(b)	absolute	%
Revenues	**3,644**	**3,728**	**(84)**	**(2.3)**
Other income	37	109	(72)	(66.1)
Total operating revenues and other income	**3,681**	**3,837**	**(156)**	**(4.1)**
Acquisition of goods and services	(1,620)	(1,568)	(52)	(3.3)
Employee benefits expenses	(731)	(1,038)	307	29.6
Other operating expenses	(168)	(239)	71	29.7
Change in inventories	20	49	(29)	(59.2)
Internally generated assets	134	119	15	12.6
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**1,316**	**1,160**	**156**	**13.4**
Depreciation and amortization	(1,107)	(1,130)	23	2.0
Gains (losses) on disposals of non-current assets	—	(2)	2	—
Impairment reversals (losses) on non-current assets	—	—	—	—
Operating profit (loss) (EBIT)	**209**	**28**	**181**	**—**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	16	11	5	45.5
Other income (expenses) from investments	—	—	—	—
Finance income	325	401	(76)	(19.0)
Finance expenses	(642)	(689)	47	6.8
Profit (loss) before tax from continuing operations	**(92)**	**(249)**	**157**	**63.1**
Income tax expense	(50)	43	(93)	—
Profit (loss) from continuing operations	**(142)**	**(206)**	**64**	**31.1**
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—	—	—
Profit (loss) for the period	**(142)**	**(206)**	**64**	**31.1**
Attributable to:				
Owners of the Parent	**(204)**	**(228)**	**24**	**10.5**
Non-controlling interests	62	22	40	—

TIM GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statements of Comprehensive Income, including the Profit (loss) for the period, as shown in the Separate Consolidated Income Statements, and all non-owner changes in equity.

(million euros)		1st Quarter 2022	1st Quarter 2021
Profit (loss) for the period	(a)	**(142)**	**(206)**
Other components of the Consolidated Statement of Comprehensive Income			
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		(2)	3
Income tax effect		—	—
	(b)	**(2)**	**3**
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		—	—
Income tax effect		—	—
	(c)	**—**	**—**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Income tax effect		—	—
	(d)	—	—
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	(e=b+c+d)	**(2)**	**3**
Other components that will be reclassified subsequently to Separate Consolidated Income Statement			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		(61)	(6)
Loss (profit) transferred to Separate Consolidated Income Statement		13	(1)
Income tax effect		1	1
	(f)	**(47)**	**(6)**
Hedging instruments:			
Profit (loss) from fair value adjustments		108	133
Loss (profit) transferred to Separate Consolidated Income Statement		(98)	(245)
Income tax effect		(2)	27
	(g)	**8**	**(85)**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		884	(175)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	**884**	**(175)**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)		—	—
Loss (profit) transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(i)	—	—
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	(k=f+g+h+i)	**845**	**(266)**
Total other components of the Consolidated Statement of Comprehensive Income	(m=e+k)	**843**	**(263)**
Total comprehensive income (loss) for the period	(a+m)	**701**	**(469)**
Attributable to:			
Owners of the Parent		**366**	**(435)**
Non-controlling interests		335	(34)

TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(million euros)		3/31/2022 (a)	12/31/2021 (b)	Changes (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		18,657	18,568	89
Intangible assets with a finite useful life		7,406	7,147	259
		26,063	**25,715**	**348**
Tangible assets				
Property, plant and equipment owned		**13,692**	**13,311**	**381**
Rights of use assets		**5,177**	**4,847**	**330**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		3,045	2,979	66
Other investments		134	156	(22)
Non-current financial receivables arising from lease contracts		50	45	5
Other non-current financial assets		2,039	2,285	(246)
Miscellaneous receivables and other non-current assets		2,353	2,266	87
Deferred tax assets		3,470	3,513	(43)
		11,091	**11,244**	**(153)**
Total Non-current assets	(a)	**56,023**	**55,117**	**906**
Current assets				
Inventories		309	282	27
Trade and miscellaneous receivables and other current assets		4,420	4,358	62
Current income tax receivables		88	79	9
Current financial assets				
Current financial receivables arising from lease contracts		*61*	*56*	*5*
Securities other than investments, other financial receivables and other current financial assets		*2,122*	*2,391*	*(269)*
Cash and cash equivalents		*3,272*	*6,904*	*(3,632)*
		5,455	**9,351**	**(3,896)**
Current assets sub-total		**10,272**	**14,070**	**(3,798)**
Discontinued operations /Non-current assets held for sale				
of a financial nature		—	—	—
of a non-financial nature		—	—	—
		—	**—**	**—**
Total Current assets	(b)	**10,272**	**14,070**	**(3,798)**
Total Assets	(b+a)	**66,295**	**69,187**	**(2,892)**

(million euros)		3/31/2022 (a)	12/31/2021 (b)	Changes (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		17,786	17,414	372
Non-controlling interests		4,949	4,625	324
Total Equity	(c)	**22,735**	**22,039**	**696**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		22,185	23,437	(1,252)
Non-current financial liabilities for lease contracts		4,394	4,064	330
Employee benefits		700	699	1
Deferred tax liabilities		220	245	(25)
Provisions		956	926	30
Miscellaneous payables and other non-current liabilities		1,366	1,413	(47)
Total Non-current liabilities	(d)	**29,821**	**30,784**	**(963)**
Current liabilities				
Current financial liabilities for financing contracts and others		3,128	5,945	(2,817)
Current financial liabilities for lease contracts		683	651	32
Trade and miscellaneous payables and other current liabilities		9,655	9,473	182
Current income tax payables		273	295	(22)
Current liabilities sub-total		**13,739**	**16,364**	**(2,625)**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
of a financial nature		—	—	—
of a non-financial nature		—	—	—
		—	**—**	**—**
Total Current Liabilities	(e)	**13,739**	**16,364**	**(2,625)**
Total Liabilities	(f=d+e)	**43,560**	**47,148**	**(3,588)**
Total Equity and Liabilities	(c+f)	**66,295**	**69,187**	**(2,892)**

TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)		1st Quarter 2022	1st Quarter 2021
Cash flows from operating activities:			
Profit (loss) from continuing operations		(142)	(206)
Adjustments for:			
Depreciation and amortization		1,107	1,130
Impairment losses (reversals) on non-current assets (including investments)		7	3
Net change in deferred tax assets and liabilities		36	(84)
Losses (gains) realized on disposals of non-current assets (including investments)		—	2
Share of losses (profits) of associates and joint ventures accounted for using the equity method		(16)	(11)
Change in employee benefits		38	262
Change in inventories		(20)	(47)
Change in trade receivables and other net receivables		222	91
Change in trade payables		(277)	(129)
Net change in income tax receivables/payables		(2)	39
Net change in miscellaneous receivables/payables and other assets/liabilities		122	211
Cash flows from (used in) operating activities	**(a)**	**1,075**	**1,261**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(1,151)	(874)
Capital grants received		—	—
Acquisition of control of companies or other businesses, net of cash acquired		—	—
Acquisitions/disposals of other investments		(11)	(37)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		405	67
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		—	—
Proceeds from sale/repayments of intangible, tangible and other non-current assets		1	3
Cash flows from (used in) investing activities	**(b)**	**(756)**	**(841)**
Cash flows from financing activities:			
Change in current financial liabilities and other		(628)	(501)
Proceeds from non-current financial liabilities (including current portion)		—	1,501
Repayments of non-current financial liabilities (including current portion)		(3,431)	(1,521)
Changes in hedging and non-hedging derivatives		(16)	—
Share capital proceeds/reimbursements (including subsidiaries)		—	—
Dividends paid		(26)	(24)
Changes in ownership interests in consolidated subsidiaries		—	—
Cash flows from (used in) financing activities	**(c)**	**(4,101)**	**(545)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**—**	**—**
Aggregate cash flows	**(e=a+b+c+d)**	**(3,782)**	**(125)**
Net cash and cash equivalents at beginning of the period	**(f)**	**6,904**	**4,508**
Net foreign exchange differences on net cash and cash equivalents	**(g)**	144	(14)
Net cash and cash equivalents at end of the period	**(h=e+f+g)**	**3,266**	**4,369**

Purchases of intangible, tangible and rights of use assets

(million euros)	1st Quarter 2022	1st Quarter 2021
Purchase of intangible assets	(302)	(178)
Purchase of tangible assets	(617)	(501)
Purchase of rights of use assets	(268)	(120)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(1,187)	(799)
Change in payables arising from purchase of intangible, tangible and rights of use assets	36	(75)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(1,151)	(874)

Additional Cash Flow information

(million euros)	1st Quarter 2022	1st Quarter 2021
Income taxes (paid) received	2	(9)
Interest expense paid	(470)	(459)
Interest income received	129	84
Dividends received	—	—

Analysis of Net Cash and Cash Equivalents

(million euros)	1st Quarter 2022	1st Quarter 2021
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents - from continuing operations	6,904	4,829
Bank overdrafts repayable on demand – from continuing operations	—	(321)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	—	—
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	—	—
	6,904	**4,508**
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents - from continuing operations	3,272	4,370
Bank overdrafts repayable on demand – from continuing operations	(6)	(1)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	—	—
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	—	—
	3,266	**4,369**

TIM GROUP - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2021 to March 31, 2021

	Equity attributable to owners of the Parent										
(million euros)	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total Equity**
Balance at December 31, 2020	**11,588**	**2,133**	**20**	**(350)**	**(2,538)**	**(119)**	**—**	**15,481**	**26,215**	**2,625**	**28,840**
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	(318)	**(318)**	—	**(318)**
Total comprehensive income (loss) for the period	—	—	(3)	(85)	(119)	—	—	(228)	**(435)**	(34)	**(469)**
Issue of equity instruments	4	—	—	—	—	—	—	1	**5**	—	**5**
FiberCop - capital increase	—	—	—	—	—	—	—	(98)	**(98)**	1,848	**1,750**
Other changes	—	—	—	—	—	—	—	2	**2**	—	**2**
Balance at March 31, 2021	**11,592**	**2,133**	**17**	**(435)**	**(2,657)**	**(119)**	**—**	**14,840**	**25,371**	**4,439**	**29,810**

Changes from January 1, 2022 to March 31, 2022

	Equity attributable to owners of the Parent										
(million euros)	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total Equity**
Balance at December 31, 2021	**11,614**	**2,133**	**49**	**(128)**	**(2,500)**	**(130)**	**—**	**6,376**	**17,414**	**4,625**	**22,039**
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	**—**	(11)	**(11)**
Total comprehensive income (loss) for the period	—	—	(49)	8	611	—	—	(204)	**366**	335	**701**
Issue of equity instruments	—	—	—	—	—	—	—	4	**4**	—	**4**
Other changes	—	—	—	—	—	—	—	2	**2**	—	**2**
Balance at March 31, 2022	**11,614**	**2,133**	**—**	**(120)**	**(1,889)**	**(130)**	**—**	**6,178**	**17,786**	**4,949**	**22,735**

TIM GROUP - NET FINANCIAL DEBT

(million euros)	3/31/2022 (a)	12/31/2021 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	16,526	17,383	(857)
Amounts due to banks, other financial payables and liabilities	5,659	6,054	(395)
Non-current financial liabilities for lease contracts	4,394	4,064	330
	26,579	**27,501**	**(922)**
Current financial liabilities (*)			
Bonds	1,299	3,512	(2,213)
Amounts due to banks, other financial payables and liabilities	1,829	2,433	(604)
Current financial liabilities for lease contracts	683	651	32
	3,811	**6,596**	**(2,785)**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	—	—	—
Total Gross financial debt	**30,390**	**34,097**	**(3,707)**
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(50)	(45)	(5)
Financial receivables and other financial assets	(2,039)	(2,285)	246
	(2,089)	**(2,330)**	**241**
Current financial assets			
Securities other than investments	(1,956)	(2,249)	293
Current financial receivables arising from lease contracts	(61)	(56)	(5)
Financial receivables and other financial assets	(166)	(142)	(24)
Cash and cash equivalents	(3,272)	(6,904)	3,632
	(5,455)	**(9,351)**	**3,896**
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
Total financial assets	**(7,544)**	**(11,681)**	**4,137**
Net financial debt carrying amount	**22,846**	**22,416**	**430**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(207)*	*(229)*	*22*
Adjusted Net Financial Debt	**22,639**	**22,187**	**452**
Breakdown as follows:			
Total adjusted gross financial debt	**29,213**	**32,564**	**(3,351)**
Total adjusted financial assets	**(6,574)**	**(10,377)**	**3,803**
(*) of which current portion of medium/long-term debt:			
Bonds	*1,299*	*3,512*	*(2,213)*
Amounts due to banks, other financial payables and liabilities	*913*	*898*	*15*
Current financial liabilities for lease contracts	*680*	*648*	*32*

TIM GROUP - CHANGE IN ADJUSTED NET FINANCIAL DEBT

(million euros)	1st Quarter 2022 (a)	1st Quarter 2021 (b)	Change (a-b)
EBITDA	1,316	1,160	156
Capital expenditures on an accrual basis	(932)	(691)	(241)
Change in net operating working capital:	(91)	298	(389)
Change in inventories	*(20)*	*(47)*	*27*
Change in trade receivables and other net receivables	*222*	*91*	*131*
Change in trade payables	*(311)*	*(312)*	*1*
Change in payables for mobile telephone licenses / spectrum	*(186)*	*—*	*(186)*
Other changes in operating receivables/payables	*204*	*566*	*(362)*
Change in employee benefits	38	262	(224)
Change in operating provisions and Other changes	(27)	(274)	247
Net operating free cash flow	**304**	**755**	**(451)**
% of Revenues	*8.3*	*20.3*	*(12.0) pp*
Sale of investments and other disposals flow	1	4	(3)
Share capital increases/reimbursements, including incidental expenses	—	—	—
Financial investments	(11)	(37)	26
Dividends payment	(26)	(24)	(2)
Increases in lease contracts	(255)	(108)	(147)
Finance expenses, income taxes and other net non-operating requirements flow	(465)	1,581	(2,046)
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(452)**	**2,171**	**(2,623)**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
Reduction/(Increase) in adjusted net financial debt	**(452)**	**2,171**	**(2,623)**

Equity Free Cash Flow

(million euros)	1st Quarter 2022	1st Quarter 2021	Change
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(452)**	**2,171**	**(2,623)**
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	530	(5)	535
Payment of TLC licenses and for the use of frequencies	186	—	186
Financial impact of acquisitions and/or disposals of investments	11	(1,721)	1,732
Dividend payment and Change in Equity	26	24	2
Equity Free Cash Flow	**301**	**469**	**(168)**

TIM GROUP - INFORMATION BY OPERATING SEGMENTS

Domestic

(million euros)	1st Quarter 2022 (a)	1st Quarter 2021 (b)	Changes (a-b) absolute	%	% organic excluding non-recurring
Revenues	2,846	3,077	(231)	(7.5)	(7.7)
EBITDA	962	858	104	12.1	(18.3)
% of Revenues	*33.8*	*27.9*		*5.9pp*	*(4.7) pp*
EBIT	92	(60)	152		(53.4)
% of Revenues	*3.2*	*(1.9)*		*5.1pp*	*(5.5) pp*
Headcount at period-end (number) (°)	42,782	(*)42,591	191	0.4	

(°) Includes 10 agency contract workers at March 31, 2022 (16 at December 31, 2021)
(*) Headcount at December 31, 2021

Fixed

	3/31/2022	12/31/2021	3/31/2021
Total TIM Retail accesses (thousands)	8,539	8,647	8,774
of which NGN (1)	*5,244*	*5,186*	*4,695*
Total TIM Wholesale accesses (thousands)	7,729	7,729	7,908
of which NGN	*4,997*	*4,819*	*4,381*
Active BroadBand accesses of TIM Retail (thousands)	7,643	7,733	7,746
Consumer ARPU (€/month) (2)	28.4	30.1	31.8
BroadBand ARPU (€/month) (3)	33.0	33.4	32.2

(1) UltraBroadBand access in FTTx and FWA mode, also including "data only" lines and GBE (Gigabit Ethernet).
(2) Revenues from organic Consumer retail services in proportion to the average Consumer accesses.
(3) Revenues from organic BroadBand services in proportion to the average active TIM retail BroadBand accesses.

Mobile

	3/31/2022	12/31/2021	3/31/2021
Lines at period end (thousands)	30,395	30,466	30,222
of which Human	*18,799*	*19,054*	*19,554*
Churn rate (%) (4)	3.7	14.7	3.8
BroadBand users (thousands) (5)	12,717	12,783	12,864
Retail ARPU (€/month) (6)	7.0	7.5	7.5
Human ARPU (€/month) (7)	11.3	11.7	11.4

(4) Percentage of total lines that ceased in the period compared to the average number of total lines.
(5) Mobile lines using data services.
(6) Revenues from organic retail services (visitors and MVNO not included) compared to the total average number of lines.
(7) Revenues from organic retail services (visitors and MVNO not included) compared to the average number of human lines.

Details of revenues for the first quarter of 2022 for the Domestic Business Unit are presented in the following table, broken down by customer/business segment and compared to the first quarter 2021.

(million euros)	1st Quarter 2022	1st Quarter 2021	Changes		
			absolute	%	% organic excluding non-recurring
Revenues	**2,846**	**3,077**	**(231)**	**(7.5)**	**(7.7)**
Consumer	1,163	1,347	(184)	(13.7)	(13.7)
Business	971	983	(12)	(1.2)	(1.2)
Wholesale National Market	478	533	(55)	(10.3)	(10.3)
Wholesale International Market	239	218	21	9.6	7.2
Other	(5)	(4)			

Brazil

	(million euros)		(million Brazilian reais)		Changes		
	1st Quarter 2022	1st Quarter 2021	1st Quarter 2022	1st Quarter 2021	absolute	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	806	658	4,727	4,340	387	8.9	8.9
EBITDA	356	304	2,091	2,008	83	4.1	5.1
% of Revenues	*44.2*	*46.3*	*44.2*	*46.3*		*(2.1) pp*	*(1.6) pp*
EBIT	120	90	703	592	111	18.8	22.1
% of Revenues	*14.9*	*13.6*	*14.9*	*13.6*		*1.3pp*	*1.7pp*
Headcount at period-end (number)			9,109	(°)9,325	(216)	(2.3)	

(°) Headcount at December 31, 2021.

TIM GROUP - HEADCOUNT

Average salaried workforce

(equivalent number)	1st Quarter 2022 (a)	Year 2021 (b)	1st Quarter 2021 (c)	Change (a-c)
Average salaried workforce – Italy	37,018	38,826	40,932	(3,914)
Average salaried workforce – Outside Italy	8,956	9,116	9,099	(143)
Total average salaried workforce [1]	**45,974**	**47,942**	**50,031**	**(4,057)**

[1] Includes agency contract workers: 9 average employees in Italy in the first quarter of 2022; 12 average employees in Italy in 2021; 12 average employees in Italy in the first quarter of 2021.

Headcount at period end

(number)	3/31/2022 (a)	12/31/2021 (b)	3/31/2021 (c)	Change (a-b)
Headcount – Italy	42,538	42,347	42,759	191
Headcount – Outside Italy	9,365	9,582	9,435	(217)
Total headcount at period end [1]	**51,903**	**51,929**	**52,194**	**(26)**

[1] Includes agency contract workers: 10 employees in Italy at 3/31/2022; 16 employees in Italy at 12/31/2021; 12 employees in Italy at 3/31/2021.

Headcount at period end – Breakdown by Business Unit

(number)	3/31/2022 (a)	12/31/2021 (b)	3/31/2021 (c)	Change (a-b)
Domestic	42,782	42,591	43,004	191
Brazil	9,109	9,325	9,177	(216)
Other Operations	12	13	13	(1)
Total	**51,903**	**51,929**	**52,194**	**(26)**

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

The effects of non-recurring events and transactions on the separate consolidated income statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(million euros)	1st Quarter 2022	1st Quarter 2021
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(5)	(10)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(60)	(311)
Other operating expenses:		
Other expenses and provisions	(6)	(80)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(71)**	**(401)**
Impact on EBIT - Operating profit (loss)	**(71)**	**(401)**
Finance expenses:		
Other finance expenses	(1)	(1)
Impact on profit (loss) before tax from continuing operations	**(72)**	**(402)**
Income taxes on non-recurring items	19	92
Impact on profit (loss) for the period	**(53)**	**(310)**

During the first quarter of 2022, the COVID-19 emergency caused the TIM Group to incur non-recurring charges, gross of tax effects, for approximately 1 million euros (approximately 12 million euros in the first quarter of 2021).

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND MATURING BONDS

Revolving Credit Facility and Term Loan

The following table shows committed credit lines available at March 31, 2022:

(billion euros)	3/31/2022		12/31/2021	
	Agreed	Drawn down	Agreed	Drawn down
Sustainability-linked RCF - maturing May 2026	4.0	—	4.0	—
Total	**4.0**	**—**	**4.0**	**—**

At March 31, 2022, TIM had bilateral Term Loans for 850 million euros with various banking counterparties and an overdraft facility for 200 million euros, drawn down for the full amount.

Bonds

The change in bonds in the first quarter of 2022 was as follows:

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A 2002-2022 reserved for subscription by employees	Euro	214	1/1/2022
Telecom Italia S.p.A. 1,250 million euros 5.25% [(1)]	Euro	884	2/10/2022
Telecom Italia S.p.A. 2,000 million euros 1.125% Convertible bond	Euro	2,000	3/26/2022

(1) Net of buy-backs totaling 366 million euros made by the company in 2015.

The nominal amount of repayment, net of the Group's bonds buyback, related to the bonds maturing in the following 18 months as of March 31, 2022 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by TIM S.p.A.) totals 2,443 million euros. With the following detail:

- 1,000 million euros, due January 16, 2023;
- 443 million euros, due May 19, 2023;
- 1,000 million euros, due July 19, 2023.

Bonds issued by the TIM Group do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that result in the automatic early redemption of the bonds in relation to events other than the insolvency of the TIM Group; furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relating to the assumption of future guarantees, except for the full and unconditional guarantees provided by TIM S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..
Since the bonds were placed principally with institutional investors in major world capital markets (Euromarket and the U.S.A.), the terms which regulate the bonds are in line with market practice for similar transactions effected on these same markets. Consequently, they carry negative pledges, such as, for example, the commitment not to pledge the company's assets as collateral for loans.

Regarding loans taken out by TIM S.p.A. from the European Investment Bank (EIB), on May 19, 2021, TIM entered into a new loan for an amount of 230 million euros, in support of projects to digitize the country. In addition, it has extended the loan signed in 2019 for an amount of 120 million euros. Therefore, at March 31, 2022 the nominal total of outstanding loans with the EIB was 1,200 million euros, all drawn down and not backed by bank guarantee.

The three EIB loans signed on December 14, 2015, November 25, 2019 and May 19, 2021 contain the following covenants:

- in the event the company becomes the target of a merger, demerger or conferral of a business segment outside the Group, or sells, disposes of or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan agreements, the EIB shall have the option to demand the immediate repayment of the loan (should the merger, demerger or contribution of a business segment outside the Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);
- TIM undertook to ensure that, for the entire duration of the loan, the total financial debt of the Group companies other than TIM S.p.A. – except for the cases when that debt is fully and irrevocably secured by TIM S.p.A. – is lower than 35% (thirty-five percent) of the Group's total financial debt;
- "Inclusion clause", under which, in the event TIM commits to uphold financial covenants in other loan contracts (and even more restrictive clauses, including, for instance, cross default clauses and commitments restricting the sale of goods) that are not present in or are stricter than those granted to the EIB, the EIB will have the right – if, in its reasonable opinion, it considers that such changes may have a

negative impact on TIM's financial capacity – to request the provision of guarantees or an amendment of the loan contract in order to establish an equivalent provision in favor of the EIB;

- "Network Event", under which, in the event of the disposal of the entire fixed network or of a substantial part of it (in any case, more than half in quantitative terms) to third parties not controlled by the Company, or in the event of disposal of the controlling interest in the company in which the network or a substantial part of it has previously been transferred, TIM must immediately inform the EIB, which may then opt to demand collateral or an amendment of the loan agreement or choose an alternative solution.

The loan agreements of TIM S.p.A. do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) which would oblige the Company to repay the outstanding loan if the covenants are not observed.

The loan agreements contain the usual other types of covenants, including the commitment not to pledge the Company's assets as collateral for loans (negative pledge) and the commitment not to change the business purpose or sell the assets of the Company unless specific conditions exist (e.g. the sale takes place at fair market value). Covenants with basically the same content can be found in the export credit loan agreement.

In the Loan Agreements and the Bonds, TIM is required to provide notification of change of control. Identification of the occurrence of a change of control and the applicable consequences – including, at the discretion of the investors, the establishment of guarantees or the early repayment of the amount paid in cash or as shares and the cancellation of the commitment in the absence of agreements to the contrary – are specifically covered in the individual agreements.

In addition, the outstanding loans generally contain a commitment by TIM, whose breach is an Event of Default, not to implement mergers, demergers or transfers of business, involving entities outside the Group. Such an Event of Default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the annulment of the undrawn commitment.

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

Finally, as at March 31, 2022, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

TIM GROUP - DISPUTES AND PENDING LEGAL ACTIONS

The most significant arbitration cases and legal and fiscal disputes TIM Group companies are involved in as of March 31, 2022, including those closed during the period, are described below.

The TIM Group has posted liabilities totaling 311 million euros for those disputes, described below, where the risk of losing the case has been considered probable.

It should be noted that for some disputes described below, on the basis of the information available at the closing date of the Financial Information at March 31, 2022, and with particular reference to the complexity of the proceedings, to their progress, and to elements of uncertainty of a technical-trial nature, it was not possible to make a reliable estimate of the size and/or times of possible payments, if any. Moreover, in those cases in which disclosure of information on a dispute could seriously jeopardize the position of TIM or its subsidiaries, only the general nature of the dispute is described.

Lastly, as regards the proceedings with the Competition Authority, please note that based on Article 15, subsection 1 of Italian Law 287/1990 ("Antitrust regulations"), the Authority has the right to impose an administrative fine calculated on the turnover of the Group in cases of breaches considered serious.

a) Significant disputes and pending legal actions

No significant events occurred for the following disputes and legal actions compared to what was published in the 2021 Annual Financial Report:

- Golden Power Case;
- Italian Competition Authority (AGCM) Case A428;
- Colt Technology Services, COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.), Teleunit, Eutelia and Clouditalia Telecomunicazioni disputes (connected with the Antitrust Case A428);
- Antitrust Case I799;
- Eutelia and Voiceplus;
- Antitrust Case I820;
- Antitrust Case I850;
- Vodafone Dispute – Universal Service;
- Poste;
- Elinet S.p.A. bankruptcy;
- Brazil – Opportunity Arbitration;
- T-Power.

International tax and regulatory disputes

As of March 31, 2022, the companies forming the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 16.8 billion reais (16.3 billion reais at December 31, 2021). The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

In relation to the federal level of taxation, the following disputes should be noted:

- disallowance of the tax effects of the merger between the companies of the TIM Brasil Group;
- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself;
- challenges regarding offsetting against previous tax losses;
- further challenges regarding the tax deductibility of the amortization of goodwill;
- imposition of income tax on certain types of exchange rate differences;
- imposition of withholding taxes on certain types of payments to foreign entities (for example, payments for international roaming);
- further challenges regarding offsets made between taxes payable and group company credit positions.

Overall, the risk for these cases, considered to be possible, amounts to 3.1 billion reais (3.1 billion reais at December 31, 2021).

State taxes

Within the scope of the state levy, there are numerous challenges regarding ICMS, and in particular:

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handsets, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some States, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by the TIM Cellular, now incorporated into TIM S.A., on the basis of the aforementioned tax benefits);
- challenges relating to the use of ICMS credits claimed by Group companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance;
- challenges of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States;
- challenges of ICMS credits deriving from the “special credit” recognized by the company to its prepaid customers, against subsequent top-ups.

Overall, the risk for these cases, considered to be possible, amounts to 9.0 billion reais (8.8 billion reais at December 31, 2021).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 1.4 billion reais (around 1.2 billion reais at December 31, 2021).

FUST and FUNTTEL

The main challenges about contributions to the regulatory body (Anatel), and in particular in terms of FUST and FUNTTEL, concern whether or not interconnection revenues should be subject to these contributions.

Overall, the risk for these cases, considered to be possible, amounts to 3.3 billion reais (3.2 billion reais at December 31, 2021).

Antitrust Case A514

In June 2017 AGCM (the Italian Competition Authority) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of article 102 of the “Treaty on the Functioning of the European Union”. The proceedings were started based on some complaints filed in May and June 2017, by Infratel, Enel, Open Fiber, Vodafone and Wind Tre, and concerns a presumed abuse of TIM's dominant position in the market for wholesale access services and for retail services using the BroadBand and UltraBroadBand fixed network. In particular, AGCM (the Italian Competition Authority) hypothesized that TIM had adopted conduct aimed at: i) slowing and hindering the course of the Infratel tender processes so as to delay, or render less remunerative the entry of another operator in the wholesale market; ii) preemptively securing customers on the retail market for UltraBroadBand services by means of commercial policies designed to restrict the space of customer contendibility remaining for the competitor operators.

After the start of the proceedings, the Authority's officials carried out an inspection at some of TIM’s offices in the month of July 2017. On November 2, 2017, TIM filed a defense brief in which, in support of the correctness of its actions, it challenged all the arguments that the conduct it had allegedly engaged in, and which was the subject of the case, was unlawful.

On February 14, 2018, AGCM (the Italian Competition Authority) resolved to extend the scope of the case to investigate further behavior concerning TIM's wholesale pricing strategy on the market for wholesale access to BroadBand and UltraBroadBand, and the use of the confidential information of customers of the alternative operators.

On July 5, 2018 TIM filed proposed undertakings which, if accepted by the Authority, would close the investigation without any offense being established or sanction being administered. The undertakings were considered as admissible by the Authority, that market tested them in August and September.

On October 30, 2018, TIM replied to observations made by third parties and modified its proposed undertakings. With its decision notified on December 4, 2018, AGCM (the Italian Competition Authority) once and for all rejected the proposed series of undertakings as it considered them unsuitable in light of the objections raised.

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

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

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

On September 18, 2019, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until February 28, 2020.

On March 6, 2020, TIM was notified of the decision to close the investigation: AGCM (the Italian Competition Authority) ruled that TIM had abused its dominant position, finding that TIM had put in place an anti-competitive strategy designed to hinder the competitive development of investment in UltraBroadBand network infrastructure.

The fine imposed on TIM for the anti-competitive offense is 116,099,937.60 euros. TIM appealed the aforementioned fine before the Lazio Regional Administrative Court (TAR). By judgment given on February 28, 2022, the Lazio Regional Administrative Court rejected TIM's petition; TIM now intends to lodge an appeal with the Council of State by the legal deadline.

On June 25, 2020 TIM sent AGCM (the Italian Competition Authority) the so-called compliance report as ordered in the final provision. The hearing before the Lazio Regional Administrative Court was held on November 3, 2021. By judgment 1963/2022, TIM's appeal was rejected; the appeal is currently being prepared.

In May 2021, the Company paid the fine.

Open Fiber

In March 2020, Open Fiber (OF) sued TIM before the Court of Milan, claiming damages of 1.5 billion euros for alleged abuse of an exclusive and dominant position in relation to OF. The alleged actions consist of: (i) pre-emptive investments in FTTC networks in white areas; (ii) initiating specious legal action to obstruct Infratel tenders; (iii) spurious repricing of certain wholesale services; (iv) commercial lock-in offers on the retail market; (v) false disclosure to AGCom in connection with the approval of a wholesale offer and spreading rumors about TIM being interested in acquiring OF; (vi) discriminatory access conditions to TIM passive infrastructure. TIM filed an appearance, contesting the arguments of OF. Enel S.p.A. intervened in the proceedings, asking that TIM be ordered to compensate all damages suffered and being suffered by Enel and OF, without, however, quantifying such. During the course of proceedings, Open Fiber redetermined the damage allegedly suffered, taking it to 2.6 billion euros plus interest and monetary revaluation. Open Fiber has also clarified that it believes such damages are still to be suffered. Enel has quantified the damages allegedly suffered as 228 million euros, plus interest.

Irideos

In January 2022, Irideos summonsed TIM to the Court of Rome, making a claim for damages allegedly suffered as a consequence of the unlawful conduct of TIM, as sanctioned by AGCM (the Italian Competition Authority), with the provision that concluded proc. A514 ("follow-on claim"). The compensation claim comes to 23,204,079.87 euros for damages caused by the anti-competitive behavior of TIM from 2017 to 2019 (with effects also in subsequent years) on the market for services of wholesale access to the BroadBand and UltraBroadBand fixed network (the "wholesale market") and on the market for retail telecommunications services on the BroadBand and UltraBroadBand fixed network (the "retail market"). TIM will file an appearance, contesting the opposing party's arguments.

28-day billing

AGCom resolution 121/17/CONS introduced instructions on billing intervals for telephony, prescribing, for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, that it should be at least four-weekly. TIM appealed Resolution 121/17/CONS to the Regional Administrative Court. The judgment rejecting the appeal was published in February 2018. TIM appealed this judgment to the Council of State in June 2018. On September 23, 2020, the non-definitive ruling was published whereby the Council of State joined the appeals submitted by TIM, Vodafone, Fastweb and Wind Tre and ordered the prejudicial deferral to the European Union Court of Justice (EUCJ) on whether or not the Authority had the power to regulate the frequency of renewal of the commercial offers and invoicing periods, at the same time rejecting the other grounds of appeal submitted by the operators and suspending proceedings. In February 2021, TIM deposited the written observations on the requests for prejudicial judgment with the EUCJ. At the request of the CJEU, the Council of State, in an order published on November 23, 2021, confirmed the referral to the Court of Justice on the preliminary questions raised; the proceedings before the Council of State therefore remain suspended pending the CJEU's decision.

With its Resolution 499/17/CONS, having confirmed the breach of Resolution 121/17/CONS, AGCom fined TIM 1,160,000 euros, ordering it to make provision – when the billing cycle was restored to monthly intervals or multiples thereof – to return the amounts corresponding to the fee for the number of days that, from June 23, 2017, had not been used by the users in terms of the supply of service due to the misalignment of the four-weekly and monthly billing cycles.

In March 2018 with resolution no. 112/18/CONS AGCom (i) revoked the preceding resolution 499/17/CONS in the part in which TIM was ordered to repay the amounts presumably lost from June 23, 2017 onwards, with the four-weekly billing cycle, (ii) cautioned TIM, with regard to fixed-line voice services only, against postponing the starting date of invoices issued after the return to monthly invoicing by the same number of days as those presumably deducted starting from June 23, 2017 with the four-weekly invoicing cycle.

Under Presidential Decree 9/18/PRES, AGCom amended the provisions of Decision 112/18/CONS requiring the deferment of billing once the billing cycle was restored to monthly intervals, or multiples thereof, while also ordering that the timescales for complying with the order would be identified after hearings with the operators and the main consumer protection associations.

In July 2018, AGCom issued resolution 269/18/CONS, with which it set December 31, 2018 as the date by which the operators had to return to their fixed network customers a number of days of service equal to those eroded as an effect of 28-day billing, or propose to the affected customers any alternative compensatory measures, after having notified them to AGCom. TIM has appealed all of the above resolutions.

With the judgment published in November 2018, the TAR canceled the pecuniary administrative sanction of 1.16 million euros imposed with Resolution 499/17/CONS, and confirmed the obligation of restitutio in integrum to the fixed-line customers by December 31, 2018. TIM filed its preventive appeal before the Council of State to suspend the execution of said decision and, with its ruling of December 20, 2018, the Council of State, in upholding TIM's appeal, suspended the effectiveness of the aforesaid decision for the reversal order only, until May 21, 2019 while awaiting publication of the grounds for the judgment.

The date of the hearing to discuss the introductory appeal and additional grounds submitted in the meantime by TIM is still to be set. On July 12, 2019 the ruling mechanisms with which the Council of State rejected the similar appeals made by Vodafone, Wind Tre and Fastweb were published and in February 2020 the judgments containing the grounds were published.

In September 2019, TIM also challenged resolution 221/19/CONS, before the Regional Administrative Court (TAR), with which the sanction pursuant to Resolution 499/17/CONS, canceled by the Regional Administrative Court of Lazio, was recalculated to the amount of 580,000.00 euros, with the maximum fine provided for by Art. 98, subsection 16 of the CCE in force at the time of the events applied.

In August 2019, AGCom initiated new proceedings (CONT 12/19/DTC) for failure to comply with the order to refund the days eroded by billing every 28 days for fixed network and convergent customers, according to the procedures established with resolutions nos. 112/18/CONS and 269/18/CONS. On conclusion of these proceedings, by means of Resolution 75/20/CONS, the Authority found that TIM did not comply with the above resolutions, imposing a fine of 3 million euros. The measure was challenged by TIM before the TAR in July 2020.

Moreover, since June 2019, TIM has offered its fixed network customers, active prior to March 31, 2018 and subject to billing every 28 days, the possibility of accepting a compensatory solution, an alternative to refunding the eroded days pursuant to AGCom resolution no. 269/18/CONS and from September 2019 it has been accepting requests for reimbursement of eroded days. In both cases, TIM informed customers with several messages in the bill, on the web in the main newspapers. The initiatives just described were communicated to AGCom as part of the aforementioned penalty proceedings.

In the civil proceedings, by judgment published on October 14, 2021 the Court of Milan, under the scope of the case on the merits brought by Associazione Movimento dei Consumatori in 2018 regarding the pricing and 28-day renewal for fixed line and converging offers, confirmed the order given on June 4, 2018 by the same Court upon closure of the complaint brought by TIM pursuant to Art. 669 terdecies of the Italian Code of Civil Procedure and the measures set out therein, ordering TIM to fulfill the requests for repayment of prices paid as a result of customer maneuvers - including discontinued, as indeed TIM had already been doing since 2018, at the same time also extending the period relevant to the recognition of the reimbursement through to April 1, 2017 and therefore earlier than June 23, 2017, the date on which the operators will need to comply with Resolution no. 121/17/CONS. TIM has appealed the judgment of the Court of Milan, at the same time filing a request for suspension of its enforcement. With order of January 11, 2022, the Court of Appeal of Milan partially accepted TIM's request, suspending the charge in the judgment relating to the order to send a registered letter to all discontinued consumer customers that were subject to billing every 28 days to inform them of the possibility to obtain a refund of the additional amounts paid as a result of the maneuver. The public hearing for the closing arguments has been scheduled for July 05, 2022.

Antitrust Case I857

On July 6, 2021, AGCM (the Italian Competition Authority) started an investigation in regard to TIM and DAZN for a possible understanding reached with a view to restricting competition in connection with the agreement for the distribution and technological support for TV rights for Serie A football in the 2021-2024 period.

The investigation also aims to verify the restrictive nature of the understanding with reference to additional elements regarding the possible adoption by TIM of technical solutions not available for competitor telecommunications operators and which may effectively hinder the adoption of their own technological solutions.

At the same time, the Authority has also initiated proceedings for the potential adoption of protective measures.

By resolution passed on July 27, 2021, AGCM (the Italian Competition Authority) closed the interim proceedings, considering that the initiatives and amendments to the agreement proposed by TIM and DAZN in the meantime are presently able to prevent any serious and irreparable damage to competitors while investigations are completed.

Indeed, said measures aim, as a whole, to avoid possible discrimination in the use of the DAZN service, due to its activation by users using Internet connection services other than those offered by TIM. In addition, the agreement between TIM and DAZN has been amended to guarantee DAZN complete freedom in applying discounts and promotions. TIM has also undertaken to provide DAZN with a sufficient number of white label set-top-boxes to also guarantee DAZN customers the viewing of matches over digital terrestrial TV, in the event of connection problems.

Finally, TIM has undertaken to supply wholesale services to OAOs interested therein to manage traffic peaks deriving from live data transmissions, regardless of the type of content transmitted.

On October 29, 2021 TIM submitted a proposal for undertakings to AGCM (the Italian Competition Authority) with a view to resolving the competitive concerns that were the subject of the investigation and closing the proceedings without the finding of any infringement and therefore without any sanction being applied.

On December 14, 2021, AGCM (the Italian Competition Authority) approved the publication of the aforementioned proposal for undertakings on the Authority's website, as these undertakings, taken as a whole, do not appear to be manifestly unfounded and are capable of removing the restrictions to competition hypothesized in the measure initiating the investigation in question.

On January January 05, 2022, with the aforementioned publication on the AGCM (the Italian Competition Authority) website, the so-called market test began, which was concluded last February 4, the date by which all interested parties had sent the Authority their comments on the undertakings in question.

The proceedings are expected to end by June 30, 2022.

Antitrust Case PS 10888 “TIM Passepartout”

On June 15, 2021, AGCM (the Italian Competition Authority) initiated proceedings against TIM for unfair commercial practice concerning the lack of transparency of the information provided by the TIM Passepartout payment management platform and alleged activations of services not requested. Although firmly convinced of the lawful nature of its conduct, on July 29, 2021, TIM chose to submit undertakings with corrective measures. The undertakings submitted consist of improving information aspects noted as falling short of expectations of the TIM Passepartout platform (only operative for customer base offers) and in implementing a communication campaign aimed at making contact with customers not acknowledging charges for services not requested, to see if conditions are met for refund. The acceptance of the undertakings by the Authority means that TIM will see proceedings closed without any findings of infringement and, therefore, without any application of sanctions. The proceedings should be concluded by end June 2022.

Antitrust Proceedings PS 12231 “TIM fixed offers” (Premium, Executive, Magnifica)

On December 22, 2021, AGCM (the Italian Competition Authority) started proceedings against TIM for unfair commercial practices concerning the alleged failure to provide information on the consumption of the voice component of the Premium and Executive fixed offers and technical limits correlated with the method being tried out of the Magnifica fixed offer. Although convinced that its conduct was correct, on February 23, 2022, TIM submitted undertakings that overcame the technical limits disputed for the Magnifica offer on trial, improved transparency of information on the consumption components of the Premium and Executive offers and defined a communication campaign focused on customers not acknowledging charges for consumption in the voice component, so as to assess whether or not conditions are met for refund. Acceptance of the undertakings will mean that the proceedings are closed without any findings of infringement and, therefore, without any application of sanctions. The proceedings should end by May 2022.

Dispute relating to "Adjustments on license fees" for the years 1994-1998

With regard to the judgments sought in previous years concerning the Ministry of Communications' request for payment of the balance of the amounts paid in concession charges for the years 1994-1998 (for a total of 113 million euros), the Lazio Regional Administrative Court (TAR) rejected the Company’s appeal against the request for adjustment of the license fee for 1994 in the amount of approximately 11 million euros, 9 million euros of which against turnover not received due to bad debts. TIM lodged an appeal. On the outcome of proceedings, with the ruling of December 2019, the Council of State partially accepted TIM's position, establishing the principle, according to which, the receivables referring to 1994 not collected for reasons not attributable to the operator, could have been deducted from the tax base for calculating the concession fee. As the Ministry of Economic Development has not followed up on TIM’s requests aimed at obtaining fulfillment of the judgment, TIM has submitted a further petition to the Council of State for failure to execute the judgment, as discussed in the hearing held last March 24.

With two further judgments the Lazio Regional Administrative Court (TAR), reiterating the reasons expressed previously, also rejected the appeals in which the Company challenged the requests for payment of outstanding balances of license fees for the years 1995 and 1996-1997-1998, in the amount of approximately 46 million euros. TIM has appealed before the Council of State also against these judgments. By judgment published in April 2022, the Council of State stressed the principles already set for 1994, namely that receivables that have become uncollectable for reasons not the fault of the operator, correctly handled in the accounts, on the financial statements and in terms of tax, can be deducted from the tax base for calculating the concession fee.

With reference to the 1998 fee adjustment (equal to about 41 million euros), the Lazio TAR, by TAR order of December 2018, suspended the judgment, raising preliminary questions with the EU Court of Justice on the correct scope of EC Directive no. 97/13 (in the matter of general authorizations and individual licenses in the field of telecommunications services on the basis of the currently pending litigation on the 1998 license fee, currently pending before the Rome Court of Appeal and illustrated in a subsequent paragraph).

The referred questions were based, inter alia, on the question posed to the Court of Justice on the possible conflict between the aforementioned EC Directive 97/13 and national law, which extended the obligation for telecommunications license-holders to pay the license fee for 1998 (commensurate with a portion of turnover), despite the liberalization process underway. In its judgment of March 2020, the EU Court of Justice held that the EU regulatory system must be interpreted as not allowing national legislation to extend to 1998 the obligation imposed on a telecommunications undertaking that was previously the concession holder (such as TIM) to pay a fee calculated on the basis of turnover and not only the administrative costs connected with the granting, management, control and implementation of the general authorizations and individual licenses scheme. The Court held, inter alia, that the Council of State – having held in its judgment 7506/2009 that the fee imposed for 1998 on TIM, the holder of an authorization existing on the date of entry into force of Directive 97/13, was due – interpreted national law in a way that was incompatible with EU law, as interpreted by the Court in its judgment of February 21, 2008. Following the judgment of the EU Court of Justice, the opinion on the final calculation of the 1998 charges was summarized before the Lazio Regional Administrative Court, which, in a judgment given last February, declared TIM’s appeal as unacceptable for procedural reasons, namely due to the prevalence of the formal ruling consisting of judgment no. 7506/09; in substantive terms, on the other hand, the judgment of the EU Court of Justice once again ascertained the European Community unlawful nature of the credit claim by the PA to obtain payment of the 1998 charges and, consequently, the final balance. The company has challenged the judgment of the Lazio Regional Administrative Court.

Iliad

By summons served during the first quarter of 2020, Iliad Italia S.p.A. sued TIM before the Court of Milan for alleged anti-competitive conduct, including through the Kena Mobile brand, which was allegedly aimed at hindering its entry to and consolidation in the mobile phone market in Italy, seeking damages of at least 71.4 million euros.

TIM filed an appearance, fully disputing the requests of Iliad Italia S.p.A.; and, in turn, submitting a counterclaim in accordance with Art. 2598 of the Italian Civil Code, with reference to the denigration implemented by Iliad Italia S.p.A. in regard to TIM and formulating a symmetrical claim for compensation for damages. In the first preliminary brief, Iliad updated its claim for damages, taking it to 242.8 million euros. Upon lifting the reservation on the preliminary motions, the Court adjourned the hearing to July 13, 2022 for the closing arguments.

Iliad

By writ of summons notified in September 2021, Iliad Italia S.p.A. summonsed TIM before the Court of Milan for the alleged application to customers of unlawful contractual conditions in terms of time limits and economic costs for withdrawal with reference to mobile and fixed telephone offers, with a consequent petition to order TIM to compensate damages, currently quantified as 120.4 million euros. On February 1, 2022, the first hearing was held and the terms assigned for the briefs pursuant to article 183, subsection VI of the Italian Code of Civil Procedure. The hearing for discussion of the evidence is scheduled for June 14, 2022.

b) Other information

Mobile telephony - criminal proceedings

In March 2012 TIM was served notice of the conclusion of the preliminary inquiries, which showed that the Company was being investigated by the Public Prosecutor of Milan pursuant to the Legislative Decree n. 231/2001, for the offenses of handling stolen goods and counterfeiting committed, according to the alleged allegations, by fourteen employees of the so-called “ethnic channel”, with the participation of a number of dealers, for the purpose of obtaining undeserved commissions from TIM.

The Company, as the injured party damaged by such conduct, had brought two legal actions in 2008 and 2009 and had proceeded to suspend the employees involved in the criminal proceedings (suspension later followed by dismissal). It has also filed an initial statement of defense, together with a technical report by its own expert, requesting that the proceedings against it be suspended, and that charges of aggravated fraud against the Company be brought against the other defendants. In December 2012, the Public Prosecutor's Office filed a request for 89 defendants and the Company itself to be committed for trial.

During the preliminary hearing, the Company was admitted as civil party to the trial and, in November 2013, the conclusions in the interest of the civil party were filed, reaffirming TIM's total lack of involvement in the offenses claimed.

At the end of the preliminary hearing, which took place in March 2014, the Judge for the Preliminary Hearing committed for trial all the defendants (including TIM) who had not asked for their situation to be settled with alternative procedures, on the grounds that “examination in a trial” was needed. In April 2016, at the end of the first part of the trial, the Public Prosecutor asked for TIM to be sentenced to pay an administrative fine of 900 thousand euros, but decided not to ask for confiscation of any of the presumed profits of the offenses (quantified in the committal proceedings as totaling several million euros), based on the assumption that TIM had in any event remedied the presumed organizational inadequacies. While acknowledging the considerable redimensioning of the accusations, the Company has reiterated its total non-involvement in the facts at issue. In November 2016 the Court gave a verdict acquitting the Company on the grounds that there was no case to answer. All the individuals charged were also acquitted on various grounds.

The Public Prosecutor appealed the acquittal and appealed to the Court of Cassation "per saltum”. In January 2019, the Italian Supreme Court of Cassation agreed to the appeal and therefore ordered that the documents of the proceedings be sent to the Milan Court of Appeal.

The proceedings were assigned to Chambers IV of the Milan Court of Appeal and will start in May 2022.

Dispute concerning the license fees for 1998

TIM has issued civil proceedings against the Presidency of the Council of Ministers for compensation of the damage caused by the Italian State through appeal judgment no.7506/09 by the Council of State that, in the view of the Company, violates the principles of current European community law.

The main claim which the proceedings are founded on is based on community jurisprudence that recognizes the right to assert the responsibility of the State in relation to violation of rights recognized in community law and injured by a judgment that has become definitive, in respect of which no other remedy may be applied. The judgment of the Council of State definitively denied TIM the right to obtain restitution of the concession charge for 1998 (totaling 386 million euros for Telecom Italia and 143 million euros for the former TIM Company, plus interest), already denied by the Lazio Regional Administrative Court despite the favorable and binding opinion of the European Court of Justice in February 2008. This judgment concerned the conflict between EC Directive 97/13 on general authorizations and individual licenses in the telecommunications services industry, and the national regulations that had deferred, for 1998, the obligation to pay the fee payable by telecommunications concession holders, despite the intervening deregulation process. The Company then proposed an alternative compensation claim, within the sphere of the same proceedings, for tort pursuant to art. 2043 of the Italian Civil Code. The compensation claimed has been quantified as approximately 529 million euros, plus legal interest and revaluation. The Avvocatura di Stato filed an appearance and submitted a counterclaim for the same sum. The case is subject to eligibility analysis by the Court, which declared the inadmissibility of TIM's main claim (case for damages for manifest breach of community law pursuant to law 117/88). However, this decision was amended in favor of the Company on appeal. In March 2015 the Rome Court issued its judgment in the first instance, declaring the Company's application inadmissible.

In 2015, TIM has appealed the decision, and the case is now pending the hearing specifying the nature of the forms of order sought. The Court of Appeal has scheduled the hearing for closing arguments for April 2, 2019. Thereafter, without any new procedural activities having taken place, the Court of Appeal incontrovertibly deferred the hearing for closing arguments first to 2020 and then to 2021 (from when the terms for conclusion and replies shall run, which will be followed shortly thereafter by the issue of the judgment). These deferrals were followed by the latest, of January 15, 2021, scheduling the new hearing for January 25, 2022.

On the matters underlying the case, the following must be noted:

- on the considered lack of jurisdiction of the Court of Rome (concerned by the judgment of the Court of Rome appealed by TIM) to judge the liability of the Italian government for the work of senior magistrates (in the case in point, the Council of State), which would have led to the declared inadmissibility of the claim in accordance with Art. 5, law no. 117/1978 (old text) - the United Chambers of the Court of Cassation ruled with judgment no. 14842 on June 7, 2018, confirming the jurisdiction of the Court of Rome and, therefore, the correctness of TIM's choice to base its lawsuit in the Court of Rome;

- on the unlawful nature of the conduct of the Italian government - and, therefore, on the liability of the State-Court in accordance with Law no. 117/1998 - once again, the EU Court of Justice has ruled, deciding on the prejudicial matter raised by the Lazio TAR in other, connected proceedings, in its judgment given on March 4, 2020 in C-34/19, stressing that TIM was not required to pay the charges demanded by the State for 1998 and, therefore, confirming the clear violation by the Council of State of European Community law (also because in clear conflict with the decision already given by the EU Court of Justice on February 21, 2008 in C-296/06, as, moreover, already ruled by the Court of Appeal of Rome, Chambers I, in Decree of January 31, 2012, which sanctioned the procedural admissibility of TIM's lawsuit);

- on the matter of the right to repeat the charges paid for 1998 - the Court of Cassation ruled in its judgment no. 18603 given on September 7, 2020, rejecting the appeal brought by the Presidency of the Council against the judgment whereby the Court of Appeal of Rome had upheld the claim for compensation made by Vodafone (payment of charges for 1998) for the same title in separate proceedings.

In short, the company paid the charges disputed in 1998; it promptly challenged the administrative provision that had unfairly required said payment, before the administrative court; the administrative proceedings before the Council of State concluded negatively in 2009 (despite the recalled opposite judgment of the European Court of Justice); the civil proceedings of first instance concluded in March 2015 with a judgment of rejection for grounds of admissibility (then solved in the sense indicated by the company with the referenced judgment of Cassation in United Chambers no. 14842/18) and more than 6 years after the first instance judgment - going from deferral to deferral - the appeal judgment (that could only uphold the mentioned judgments of the Court of Justice and the Court of Cassation) has not yet been issued (nor, on the basis of these repeated deferrals, can the company forecast when it will be given).

The company is examining the various scenarios and legal claims (national, European Community, etc.) that may contribute towards defining the appeal dispute. It is considered, in fact, that the principles of the reasonable duration of the trial, in accordance with subsection 2 of article 111 of the Constitution and in accordance with article 6 of the European Convention on Human Rights, are violated by these events, considering: (i) the year in which payment was made of the undue charges is 1998; (ii) the value of these charges is approximately 529 million euros plus interest from that date; (iii) the extremely long procedural process has not even led to an appeal judgment (started in 2015 and with an unpredictable conclusion, given the continuous deferrals); (iv) the circumstance that the legal matter appears to be readily able to be settled, as not one but two judgments have already been given by the EU Court of Justice declaring payment of the charges to be incompatible with European Community legislation (judgments that have currently been ignored by the national court).

As part of the aforementioned analyzes aimed at reaching a definition of the appeal sentence, it should be pointed out that on January 25, 2021 the Company filed a request with the Rome Court of Appeal to bring forward the hearing (postponed, as mentioned, to January 25, 2022) in order to avoid yet another postponement of the case, which, as we know, concerns the non-compliance with two *inter partes* decisions, on the same matter, by the Court of Justice of the European Union for a clear violation of European law by the State-Judge. With a ruling on February 8, 2021, the Rome Court of Appeal (second section specializing in corporate matters) deemed it could grant the request for an advance ruling, setting the hearing for November 30, 2021. On that date the case was taken to decision with the assignment of the legal terms for closing statements and replies. By order of 2/22/2022, having acknowledged that one of its members had chosen to abstain, the Board re-submitted the case, arranging for the deeds to be sent onto the President of the Court of Appeal.

ALTERNATIVE PERFORMANCE MEASURES

In addition to the conventional financial performance measures established by IFRS, the TIM Group uses certain alternative performance measures in its internal presentations (business plan) and in external presentations (to analysts and investors) for the purposes of enabling a better understanding of the performance of its operations and its financial position. These indicators in fact represent a useful unit of measurement for assessing the operating performance of the Group (as a whole and at Business Unit level).

Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS. As these measurements are not defined by the IFRSs, their calculation may differ from the alternative indicators published by other companies. This is why comparability between companies may be limited.

The alternative performance measures normally used are described below:

- **EBITDA**: this indicator is used by TIM as the financial target, in addition to the **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments
+/-	Share of losses (profits) of associates and joint ventures accounted for using the equity method
EBIT – Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
EBITDA – Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets	

- **Organic change and impact of the non-recurring items on revenues, EBITDA and EBIT**: these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation, the exchange differences and the non-recurring events and transactions. The TIM Group presents a reconciliation between the “accounting or reported” figures and the “organic excluding the non-recurring component”.
- **EBITDA margin and EBIT margin**: TIM believes that these margins represent useful indicator of the ability of the Group (as a whole and at Business Unit level) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively.
- **Net Financial Debt**: TIM believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. The TIM Group presents a table showing the amounts taken from the statements of financial position and used to calculate the Net Financial Debt of the Group.

  To provide a better representation of the true performance of Net Financial Debt, in addition to the usual indicator (renamed “Net financial debt carrying amount”), the TIM Group reports a measure called “Adjusted net financial debt”, which neutralizes the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted net financial debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities.

Net financial debt is calculated as follows:

+	Non-current financial liabilities
+	Current financial liabilities
+	Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
A)	**Gross financial debt**
+	Non-current financial assets
+	Current financial assets
+	Financial assets relating to Discontinued operations/Non-current assets held for sale
B)	**Financial assets**
C=(A - B)	**Net financial debt carrying amount**
D)	**Reversal of fair value measurement of derivatives and related financial liabilities/assets**
E=(C + D)	**Adjusted Net Financial Debt**

- **Equity Free Cash Flow (EFCF**): this financial measure represents the free cash flow available for the remuneration of own capital, to repay debt and to cover any financial investments and payments of licenses and frequencies. In particular, the indicator highlights the change in adjusted net financial debt without considering the impacts of payment of dividends, changes in equity, acquisitions/disposals of equity investments, outlay for the purchase of licenses and frequencies, increases/decreases of finance lease liabilities payable (new lease operations, renewals and/or extensions, cancellations/early extinguishing of leases).

  The Equity Free Cash Flow measure is calculated as follows:

	Reduction/(Increase) in adjusted net financial debt from continuing operations
+/-	Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))
-	Payment of TLC licenses and for the use of frequencies
+/-	Financial impact of acquisitions and/or disposals of investments
-	Dividend payment and Change in Equity
	Equity Free Cash Flow

Alternative performance measures after lease

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

- **EBITDA After Lease ("EBITDA-AL")**, calculated by adjusting the Organic EBITDA, net of the non-recurring items, from the amounts related to the accounting treatment of the lease contracts;
- **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. TIM believes that the Adjusted net financial debt After Lease represents an indicator of the ability to meet its financial obligations;
- **Equity Free Cash Flow After Lease**, calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments. In particular, this measure is calculated as follows:

+	Equity Free Cash Flow
-	Principal share of lease payments

This measure is a useful indicator of the ability to generate Free Cash Flow.