

Press Release

TIM: BOARD OF DIRECTORS APPROVES FINANCIAL INFORMATION AT SEPTEMBER 30, 2022

Organic results:

GROUP SERVICE REVENUES UP BY 0.5% IN THE FIRST NINE MONTHS TO €10.8 BLN AND 3.0% YoY TO € 3.7 BLN IN THE THIRD QUARTER

GROUP ORGANIC EBITDA AT € 4.5 BLN IN THE NINE MONTHS, TREND IMPROVING IN THE THIRD QUARTER

FURTHER ACCELERATION OF TIM BRASIL WITH SERVICE REVENUES AND EBITDA RESPECTIVELY UP BY 18.4% AND 16.2% IN THE NINE MONTHS AND 24.7% AND 24.5% IN THE THIRD QUARTER

- **90% of the cost containment target for the whole of 2022 reached**
- **Solid liquidity position: € 1.3 bln collected in the quarter from the sale of the indirect share in Inwit and € 2 bln from the SACE-backed loan**
- **Net Financial Debt After Lease at € 20.1 bln after an outlay of € 1.7 bln to pay the last tranche of the 5G spectrum in Italy**

Rome, November 9, 2022

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

The Group's results in the third quarter, during which the stabilization and revamp of the domestic business and the acceleration of the development of TIM Brasil continued, are fully in line with the FY 2022 targets which were partly raised last August (Group organic EBITDA 'high single digit decrease' from 'low teens decrease', Group EBITDA After Lease 'low teens decrease' from 'mid to high teens decrease').

In particular, with respect to the third quarter of 2021, at Group level total revenues were up by 1.1% YoY to 4.0 billion euros (-1.4% YoY in the second quarter and -4.5% YoY in the first), service revenues increased for the second consecutive quarter (+3.0% YoY to 3.7 billion euros, +1.0% YoY in the second quarter and -2.5% YoY in the first) thanks to the positive contribution of both the Domestic Business and Brazil. In Italy the premium positioning strategy 'Value vs. Volume' continued, minimizing promotional activities and contributing to greater streamlining of both the fixed and mobile market, and in Brazil integration of the Oi assets and the organic growth strategy in the fixed segment continued.

Group EBITDA slowed the negative growth (-6.5% YoY to 1.6 billion euros, -8.5% YoY in the second quarter and -13.3% YoY in the first), despite the July-September 2021 quarter benefiting from non-

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recurring items. In particular, the Domestic Business Unit EBITDA came to 1.1 billion euros (-16.2% YoY) while that of TIM Brasil amounted to 0.5 billion euros. The downturn in the organic EBITDA of the Domestic Business Unit (-16.3% YoY), besides being linked to the reduction in revenues, is also linked to higher operating costs (+2.5% compared to the third quarter 2021), mainly due to an increase in employee benefits expenses, which in the third quarter of 2021 were influenced by benefits which were not repeated in the current year, as well as a higher number of solidarity days.

EBITDA After Lease was 1.3 billion euros (-11.2% YoY): 1.0 billion euros for the Domestic Business Unit (-18.0% YoY) and 0.3 billion euros for TIM Brasil (+14.3% YoY).

During the quarter, cost containment actions to increase the level of TIM Domestic's structural efficiency also continued ('Transformation Plan', cumulative target of cash cost reduction of 1.5 billion euros by 2024 versus the inertial trend). At September 30, the reduction of operating costs with respect to the inertial trend was approximately 270 million euros, around 90% of the target set for 2022.

Careful management of the risk linked to the growth of energy costs (as specified in the ESG paragraph) also continued, which will limit the expected impact for the whole of FY 2022 to 'mid single digit' growth and includes consumption containment actions in 2023 with respect to the expected increase to expand the network and Data Centers.

Net financial debt after lease at September 30, 2022 stood at 20.1 billion euros, up 2.5 billion euros on December 31, 2021. Net financial debt came to 25.5 billion euros, up 3.3 billion euros on December 31, 2021.

To support its liquidity position, in August TIM collected in 1.3 billion euros from the sale of the indirect share in Inwit and in July 2 billion euros from the syndicated loan with leading national and international banks, backed by SACE's guarantee.

The Equity free cash flow of the nine months was negative for 235 million euros on an after lease basis (equity free cash flow was positive for 261 million euros).

In terms of **strategic initiatives**, below is an update of the plan presented on July 7 during the Capital Market Day, with the objective to overcome vertical integration through the separation of the fixed network infrastructure assets (NetCo) from services (ServiceCo with TIM Consumer, TIM Enterprise and TIM Brasil) and reducing debt through the disposal and optimization of certain assets.

For each of the four entities, a summary of the performance parameters is given:

- **TIM Consumer** recorded total revenues and service revenues down respectively by 9.6% YoY and 7.4% YoY in the nine months, with an improvement in the third quarter (-8.6% YoY and -6.0% YoY respectively).

Positive operating trends in the quarter with a churn rate declining sharply in both fixed and mobile, where it recorded the lowest ever level.

Initiatives to implement the premium positioning strategy '*Value vs. Volume*' continued, including the launch of a new offer portfolio with the first 10 GBPS connection available on the Italian market and the selective re-pricing of the fixed and mobile customer base, with an expected benefit of around 50 million euros when fully operational. While the re-pricing will continue in the upcoming quarters, a mechanism to index prices to inflation will be introduced into the new contracts by the end of the year.

In the third quarter, TimVision recorded a growth in the total number of customers (+2% YoY) and those who subscribed to the *Calcio* (Football) package (+44% YoY), despite TIM's waiver of its exclusive right to broadcast Serie A matches following the renegotiation of the agreement with DAZN.

- In the nine months, **TIM Enterprise** confirmed higher growth than that of the market with an increase in total revenues and service revenues respectively of 5.9% YoY and 8.8% YoY (+5.5% YoY and +7.4% YoY respectively in the third quarter).

The revenue mix trend in the nine months was in line with expectations:

- Connectivity (-4% YoY)
- Cloud (+56% YoY)
- IoT (+7% YoY)
- Security (+35% YoY)

In all, ICT services generated 56% of total revenues, compared with 51% in the first nine months of 2021.

Visibility of future growth further improved, which will be driven, inter alia, by the contribution of the National Strategic Hub (expected cumulative revenues of 1.1 billion euros in 13 years), from the recent awarding of the “*Scuole Connesse/Sanità Connessa*” tenders, the negotiations underway for a total value of 0.6 billion euros and contracts with the Public Administration being activated for a total value of 1.1 billion euros.

- **NetCo** reported total revenues and service revenues down respectively by 4.8% YoY and 3.8% YoY in the nine months, with an improvement in the third quarter (-2.6% YoY and -2.7% YoY respectively). The reduction is mainly due to one-off transactions recorded in the accounts in the first half of the previous year which had an impact of around 3.2 percentage points on the reduction of total revenues and 1.7 percentage points on the reduction of service revenues.

At 30 September, NetCo managed 16 million fixed accesses (of which more than 71% in FTTx technologies) with a market share of 82% and FTTx coverage of over 94% of the active lines (more than 57% with a speed of over 100 Mbps). The technical units covered by FTTH technology numbered 7.2 million, giving a coverage of approximately 29%, up by 4 percentage points on the end of 2021.

In October, AGCom started a public consultation to set the regulated prices on the Wholesale Market for 2023. The new tariffs, which are expected to reduce for fiber access services and increase for those in copper, aim to encourage the migration to fiber and reduce the significant gap between regulated prices for copper in the Italian market with respect to the main European countries.

Also in October, AGCom approved the start of a market test, set to last 30 days, on the price indexing mechanism introduced by TIM as part of the co-investment offer.

Lastly, as regards the integration process of TIM's and Open Fiber's networks: on October 29, TIM announced that with CDP Equity (CDPE), a company wholly owned by Cassa Depositi e Prestiti (CDP), Teemco Bidco S.à.r.l., a Luxembourg company controlled by one or more funds managed by Kohlberg Kravis Roberts & Co. L.P. (KKR), Macquarie Asset Management (Macquarie) and Open Fiber it had signed an agreement to amend the non-binding memorandum of understanding concerning the integration project between the networks of TIM and Open Fiber, signed on May 29, which postpones its effectiveness to November 30, 2022, except for some exclusive obligations which cease on October 31.

- In the nine months, **TIM Brasil** recorded total revenues and revenues from services up respectively by 18.5% YoY and 18.4% YoY and an EBITDA up by 16.2% YoY. In the third quarter there was further acceleration in the growth of revenues from services (+24.7% YoY), in the EBITDA (+24.5% YoY) and in the operating cash generation, (EBITDA-Capex, +36% YoY) thanks to a solid organic performance and the assets of Oi which, having been integrated from May, contributed for the first time to a full quarter.

Performance was supported by several factors, including integration of the mobile assets of Oi which is proceeding in line with expectations (2.3 million customer have already migrated), the re-pricing of the customer base, the competitive advantage on 5G (TIM Brasil is leader in 5G coverage) and the reduction of ICMS (tax on the movement of goods and services) which is supporting the demand of final consumers.

MAIN DOMESTIC OPERATING INDICATORS

During the third quarter, the **churn rate** in the mobile segment came in at the lowest levels seen in the last 16 years (3.1%, -0.5pp YoY) and also improved in fixed (2.9%, -0.1pp YoY).

The total number of TIM **mobile lines** was 30.5 million, up by 88 thousand units QoQ. In a market that is still competitive in the low end (low-spending customers), the stabilization trend of the customer base continued: in terms of “mobile number portability” (i.e. the migration to other operators) TIM posted the best result among infrastructure operators with a net balance of -42 thousand lines. At the same time the sector saw the portability flows reduce overall by more than 5% YoY, demonstration of the cooling of the competitive intensity in the high end of the market (high-spending customers).

Despite the lack of the voucher plan for consumer customers, which also had a very positive impact on the performance of the third quarter 2021, the **performance of fixed lines** improved on the previous quarters (-59 thousand). Average revenues of retail customers (ARPU BB+ICT) are up 6.2% YoY. In the third quarter, over 100 thousand new retail and wholesale ultrabroadband lines were activated, reaching **10.5 million** units, up by more than 8% YoY.



Financial highlights

(million euros) - reported data	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	% Change (a-b)	9 months to 9/30/ (a)	9 months to 9/30/ (b)	% Change (a-b)
Revenues	3,972	3,797	4.6	11,529	11,340	1.7
EBITDA (1)	1,287	1,596	(19.4)	3,945	4,349	(9.3)
EBITDA Margin (1)	32.4%	42.0%	(9.6)pp	34.2%	38.4%	(4.2)pp
EBIT (1)	41	456	(91.0)	438	940	(53.4)
EBIT Margin (1)	1.0%	12.0%	(11.0)pp	3.8%	8.3%	(4.5) pp
Profit (loss) for the period attributable to owners of the Parent	(2,245)	139	—	(2,728)	(10)	—
Capital Expenditures & spectrum	856	912	(6.1)	2,762	2,720	1.5
				9/30/2022 (a)	12/31/2021 (b)	Change Amount (a-b)
Adjusted Net Financial Debt (1)				25,504	22,187	3,317

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

Organic results ⁽¹⁾

(million euros) - organic data	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	% Change	9 months to 9/30/ (a)	9 months to 9/30/ (b)	% Change
TOTAL REVENUES	3,972	3,930	1.1	11,529	11,712	(1.6)
Domestic	2,919	3,083	(5.3)	8,673	9,306	(6.8)
Brazil	1,061	853	24.4	2,880	2,426	18.5
Other operations, adjustments and eliminations	(8)	(6)	—	(24)	(20)	—
SERVICE REVENUES	3,720	3,613	3.0	10,750	10,692	0.5
Domestic	2,694	2,791	(3.5)	7,977	8,356	(4.5)
o/w Wireline	2,020	2,102	(3.9)	6,096	6,410	(4.9)
o/w Mobile	802	821	(2.2)	2,281	2,361	(3.4)
Brazil	1,034	828	24.7	2,797	2,356	18.4
Other operations, adjustments and eliminations	(8)	(6)	—	(24)	(20)	—
EBITDA	1,589	1,700	(6.5)	4,539	5,008	(9.4)
Domestic	1,085	1,295	(16.2)	3,215	3,871	(16.9)
Brazil	506	406	24.5	1,332	1,144	16.2
Other operations, adjustments and eliminations	(2)	(1)	—	(8)	(7)	—
EBITDA After Lease	1,313	1,479	(11.2)	3,785	4,362	(13.2)
Domestic	958	1,169	(18.0)	2,834	3,490	(18.8)
Brazil	357	311	14.3	959	879	8.9
Other operations, adjustments and eliminations	(2)	(1)	—	(8)	(7)	—
CAPEX (net of telecommunications licenses)	846	936	(9.6)	2,682	2,562	4.7
Domestic	660	765	(13.7)	2,068	1,990	3.9
Brazil	186	171	9.0	614	572	7.3

⁽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	3rd Quarter 2022 (a)	3rd Quarter 2021 (b)	% Change	9 months to 9/30/ (a)	9 months to 9/30/ (b)	% Change
Equity Free Cash Flow	(77)	97	—	261	460	(43.3)
Equity Free Cash Flow After Lease	(251)	(61)	—	(235)	28	—
Adjusted Net Financial Debt ⁽²⁾				25,504	22,164	15.1
Net Financial Debt After Lease ⁽²⁾				20,100	17,613	14.1

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

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

It should also be noted that in August 2022, TIM and DAZN reached a new agreement that - in amending the clauses previously in place - allows DAZN to distribute football rights to show the TIM Serie A championship matches through any third party, surpassing the previous system of TIM exclusivity. TIM has informed the Italian Competition Authority that the new agreement has been reached. The new contractual structure has no impact on TIM customers, who continue to enjoy matches through TimVision, the most advantageous streaming platform with the best selection of content available on the market. At the same time, the objective is achieved of distributing rights over multiple platforms with a view to developing a more sustainable economic model that would also be less volatile.

The valuation of the Provision for onerous contracts takes the new scenario into account. The Provision at September 30, 2022 came to 213 million euros.

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)

9 months to 9/30/ 2022

	TIM Group	Domestic Business Unit
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	4,539	3,215
- Use of the risk provision for onerous contracts to cover the negative margin	(338)	(338)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	4,201	2,877

The amount of 338 million euros is the negative margin, for which the provision was used. As far as the portion relating to the football contract with DAZN is concerned, this amount includes both the operating performance of the business and the component linked to the prices that TIM is contractually obliged to pay to DAZN, which is recorded at the end of each football season (June 30, each year), at the same time as use of the related provision set aside.

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

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

Rights to use 5G frequencies in Italy

On September 30, 2022, TIM paid the fifth and final installment, of 1.7 billion euros, out of the total of 2.4 billion euros due in fulfillment of the undertakings made by the Company following the award of the rights to use mobile frequency bandwidths pursuant to the “5G Auction” held in 2018 by the Ministry for Economic Development.

In detail:

In October 2018, following a public tender process in which 5 Italian mobile operators took part (Iliad, Fastweb, TIM, Vodafone and Wind3), TIM was awarded the rights of use on all bandwidths included in the auction. In particular, TIM was awarded 2x10 MHz in the 700 MHz bandwidth (blocks available from July 1, 2022), 80 MHz in the 3.6-3.8 GHz bandwidth and 200 MHz in the 26 GHz bandwidth (both bandwidths available from January 1, 2019).

The total amount of the award was **2.4 billion euros**, to be paid in five annual installments as per the forecast collections of the 2017 Budget Law, broken down as follows:

(euros)	2018	2019	2020	2021	2022	Total
Telecom Italia S.p.A.	477,473,285.00	18,342,110.83	110,052,665.01	55,026,332.50	1,738,485,952.97	2,399,380,346.32

Following payment of the last installment, on October 4, 2022 the Ministry of Economic Development notified the guarantor banks of the definitive release of the surety given at the time as guarantee of the payment obligations.

The 5G frequencies allow TIM, together with the other frequency bandwidths already in its possession, to cover all cases of use envisaged by the International Telecommunication Union (ITU) for 5G (IMT-2020 5G), thereby satisfying the needs of the world seeing very strong IoT growth thanks to the possibility of simultaneously managing thousands of connections and Industry 4.0 thanks to the very low latencies and entertainment, thanks to the high transmission speeds (over 2 Gbps) and, finally, the automotive and mission critical applications (Public Safety and Public Protection/Disaster Relief) thanks to the extremely reliable connections.

It should be highlighted that in the 3.4-3.8 GHz bandwidth, TIM is the only Italian mobile operator to have 100 MHz (20 MHz in the 3.4-3.6 GHz bandwidth and 80 MHz in the 3.6-3.8 GHz bandwidth) and is therefore able to offer significantly better latency and throughput than national competitors.

The value of the rights of use for the 5G frequency bandwidths (in Italy) and the related useful lives at September 30, 2022 are detailed as follows:

	Acquisition value (million euros)	Residual amount at (million euros)	Useful life	Maturity
700 MHz band	680	669	15 years and 6	12/31/2037
3600-3800 MHz band	1,686	1,353	19 years	12/31/2037
26 GHz band	33	27	19 years	12/31/2037
	2,399	2,049		

ESG performance

In the 2022-2024 Strategic Plan, TIM has strengthened its environmental, social and governance commitments, introducing new, more ambitious ESG objectives.

TIM Domestic

■ ENVIRONMENT

During the third quarter, activities continued to increase efficiency in energy consumption, operating specifically on network infrastructures and data centers thanks to decommissioning of the less efficient plants.

To date, TIM has completed its switch-off of the 3G service on the mobile network throughout Italy, ultimately reducing total emissions by 4.3%.

In order to limit energy consumption within offices, TIM has also promoted a campaign to raise awareness amongst its people and thus encourage virtuous behavior, with a booklet setting out “ten habits for a sustainable office”.

All these activities help assure a careful management of the risk linked to the growth of energy costs, limiting the expected impact of such on their increase for the whole of FY 2022 and helping limit CO₂ emissions, as per the Plan.

During the third quarter, the procurement of green energy continues as per the Plan, thanks to the PPA (Power Purchase Agreement) with ERG and the Guarantees of Origin purchase program¹.

The carpooling service for TIM employees has also been launched for certain sites, to assess an extension of this service to cover the whole territory on the basis of expected fuel and CO₂ emissions savings, considering that this initiative can help achieve the Scope 3 Plan target, which envisages -47% CO₂ to 2030.

Again with reference to the Scope 3 objective, in the third quarter, TIM stipulated a partnership with Eni on the Open-es project², with the aim of recording the sustainability performance of its suppliers, strengthening the qualification process with market ESG standards and constructing shared growth paths in this area.

Finally, during the third quarter, TIM joined the European Green Deal Coalition, the alliance made up of European ICT industry leaders, with the support of the European Commission and European Parliament, which aims to optimize the central role of digitization in reducing CO₂ emissions through innovative, low environmental impact technologies.

■ SOCIAL

Digital development

TIM aims to convey the Italian entrepreneurial system towards a transformation that brings greater efficiency, security and speed to change and wastes less in the way of resources, so as to minimize the environmental impact.

With the acquisition of Mindicity, TIM Enterprise confirms its focus on the development of smart cities, developing an urban intelligence tool proper, which can be used by all Italian administrations and improve mobility and safety in cities.

Late October, TIM teamed up with Banca Intesa and Edison to launch its “TIM Smarter City Challenge” with the aim of finding vertical solutions by which to enrich the platform to the benefit of enterprises, PA and citizens.

During the quarter, the plan for the development of connected schools and health continues, two tenders envisaged by the NRRP, which TIM has been awarded.

Activities have begun on the National Strategic Hub, the project company involving TIM, Leonardo, Cassa Depositi e Prestiti and Sogei, which by year-end, should equip our country with an efficient, reliable, secure cloud infrastructure, thanks to which public entities can go digital, simplifying bureaucracy and offering citizens better quality services.

The National Strategic Hub is one of the main activities promoted by the Department for Digital Transformation of the Presidency of the Council of Ministers under the scope of the first mission of the NRRP and will host the critical and strategic services and data of the Central Public Administrations, Local Health Authorities (ASL) and other local public administrations. The Administrations can also choose the National Strategic Hub to manage ordinary data.

Connectivity

At September 30, 2022, over 94% of customers nationally on TIM fixed networks are reached by FTTH or FTTC networks; in the white areas, the percentage stands at around 76%.

Growth of TIM's FTTH coverage also continues, now having reached approximately 29% of property units.

TIM's 4G network covers more than 99% of the national population, while TIM's 5G network at September 30, 2022 reached 261 municipalities.

In the first nine months of 2022, the volume of data handled on TIM's mobile ultrabroadband network grew by 31.4% compared to the first nine months of 2021.

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 managed a volume of data that at September 30, was 79.5 byte, continuously optimized thanks to efficiency-enhancing operations assuring use of the least possible quantity of information technology resources, without impacting the supply of services.

■ GOVERNANCE

During the third quarter, TIM began an important digitization process of the processes involved in preparing the non-financial report. Deployment of European taxonomy also continues, in the manner envisaged by the European roundtables.

¹ Data relating to procurement and efficiency will be disclosed at year-end

² Open-es, launched in early 2021 by Eni in collaboration with Boston Consulting Group and Google Cloud, now has more than 7600 companies from 66 different industries committed to the path of measuring, improving and sharing ESG performance.

During the last Board Sustainability Committee meeting, the list was approved of the new ESG impact topics to be taken into account in the report and on which to focus ESG activities in 2023.

In 2022, reorganization began of the Boards of Directors to increase the number of women members. In the last quarter, the Boards were renewed of TIM Retail, Telsy and Olivetti, taking the number of women members to more than 60%.

As regards the ESG indexes, in August, TIM was confirmed by Ecovadis, international supply chain business sustainability assessment platform, in the top list of companies assessed; in September, by Refinitiv Diversity & Inclusion, one of the main reference indexes for sustainable investors, as the top group in the telecommunications segment and the top company in Italy and South America (through TIM S.A.) for its inclusion and diversity promotion policies.

BRAZIL

■ CONNECTIVITY

TIM Brasil publicly committed to extend 4G connectivity to all municipalities of Brazil by 2023. In September, the coverage percentage was 92.6%. The operator has also been expanding its fifth-generation mobile network coverage in the country. By the end of the third quarter, 22 capital cities already had TIM's 5G signal.

■ AGRI-FOOD SEGMENT

Since 2020, TIM has been part of the ConectaAGRO association, which aims to foster the expansion of Internet access in the most diverse agricultural and rural regions of Brazil. In 2022, TIM Brasil reached more than 7 million hectares of 4G coverage in rural areas and has a partnership with Agtech Garage, the start-up hub of LATAM Agribusiness, for the 5G network focused on the agricultural food industry. In August, the company announced the first 4G TIM in the Field project in the state of Minas Gerais, through a partnership with Usina Santa Vitória Açúcar e Álcool, a benchmark company in the sugar and ethanol sector in the country. The partnership with TIM will bring 4G coverage to 160 properties of the complex and neighboring communities, serving more than 37,000 hectares of sugarcane production, benefiting about 20,000 inhabitants and 1,500 employees.

■ DIGITAL SERVICES AND PARTNERSHIPS

TIM Brasil has created the first IoT Marketplace in Brazil, presenting solutions for agribusiness, smart cities, electrical utilities and Industry 4.0. In addition, to foster innovation using 5G technology, TIM Brasil inaugurated the 5G HUB, in partnership with Cubo Itaú, one of the most important centers for technological entrepreneurship in Latin America.

■ DIGITAL SKILLS

TIM Brasil undertakes to train more than 5,000 employees on digital skills by 2023, above all through the Journey to Cloud and the Agile Journey. By September, 3,814 employees had already been trained.



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 September 30, 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 in force as of January 1, 2022.

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition.

Specifically, these alternative performance measures refer to: EBITDA; EBIT; organic change and impact of non-recurring items on revenues, EBITDA and EBIT; EBITDA margin and EBIT margin; Net financial debt carrying amount and adjusted net financial debt; Equity free cash flow. Following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance measures: EBITDA After Lease ("EBITDA-AL"), Adjusted net financial debt After Lease, Equity Free Cash Flow After Lease.

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

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

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

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

- **Cozani RJ Infraestrutura e Rede de Telecomunicações S.A.** (which joined the Brazil Business Unit scope): on April 20, 2022, TIM S.A. (Brazilian subsidiary of the TIM Group) acquired 100% of the share capital of Cozani, the company to which the business unit relating to the part share of the assets, rights and obligations of the mobile telephone business of Oi Móvel - Em Recuperação Judicial, has flowed;
- **Mindicity S.r.l.** (which joined the Domestic Business Unit scope): Olivetti S.p.A. acquired 70% share capital of the company on May 30, 2022. Mindicity manages a software platform and business under the scope of smart cities;
- **Movenda S.p.A.** (which joined the Domestic Business Unit scope): TIM S.p.A. acquired 100% share capital of the company in July 2022. Movenda offers digital identity solutions. On September 29, 2022, the TIM S.p.A. Board of Directors and the Shareholders' Meeting of Movenda S.p.A. approved the draft merger by incorporation contract of Movenda S.p.A. into TIM S.p.A., with accounting and tax effect from July 1, 2022;
- **Daphne 3 S.p.A.** (which left the Domestic Business Unit scope): on August 4, 2022, TIM S.p.A. transferred 41% of the share capital of the holding Daphne 3, which has a 30.2% investment in Infrastrutture Wireless Italiane ("INWIT") to a consortium of investors led by Ardian.

The following should also be noted:

- **Polo Strategico Nazionale S.p.A.:** on August 4, 2022, the company was established, of which TIM S.p.A. holds 45% of the share capital, dealing with the design, preparation, fitting out and management of infrastructure for the supply of cloud services and solutions for the public administration.

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

- **Noovle S.p.A. (Domestic Business Unit):** starting January 1, 2021, the conferral has been effective to Noovle S.p.A. of the TIM S.p.A. business unit comprising the assets and liabilities and employees involved in the supply of services for the Cloud and Edge Computing;
- **FiberCop S.p.A.; Flash Fiber S.r.l. (Domestic Business Unit):** starting March 31, 2021, the conferral has been effective to FiberCop S.p.A. of the TIM S.p.A. business unit comprising the goods, assets and liabilities and legal relations organized functionally for the supply of passive access services by means of the secondary copper and fiber network. At the same time, the purchase was completed by Teemo Bidco, an indirect subsidiary of KKR Global Infrastructure Investors III L.P., of 37.5% of FiberCop from TIM and Fastweb has subscribed FiberCop shares corresponding to 4.5% of the company's capital, through the conferral of the stake held in Flash Fiber, which was simultaneously incorporated into FiberCop;
- **TIM Tank S.r.l. (Other activities):** on April 1, 2021, it was merged into Telecom Italia Ventures S.r.l. with accounting and tax effects backdated to January 1, 2021;
- **Telecom Italia Trust Technologies S.r.l. (Domestic Business Unit):** starting April 1, 2021, the investment in the company was conferred by TIM S.p.A. to Olivetti S.p.A.;
- **TIM S.p.A. (Domestic Business Unit):** on June 30, 2021, the purchase of the BT Italia Business Unit was completed, offering services to public administration customers and small and medium business/enterprise (SMB/SME) customers. The purchase also included support for customers of the SMB Business Unit, supplied by Atlanet, the BT Contact Center of Palermo;
- **TIM Servizi Digitali S.p.A. (Domestic Business Unit):** company established on July 30, 2021; the company's corporate purpose is the development and maintenance of plants for the supply of telecommunications services; to this end, we note that in September 2021, the company stipulated a rental contract with Sittel S.p.A. for a business unit consisting of the construction, delivery and assurance of telecommunications networks and plants;
- **Panama Digital Gateway S.A. (Domestic Business Unit):** company established in July 2021 for the construction of a digital hub that seeks to offer a reference hub for the whole of Central America, the region of the Andes and the Caribbean;
- **Staer Sistemi S.r.l. (Domestic Business Unit):** company acquired by Olivetti S.p.A. on September 30, 2021. The company's corporate purpose is the carrying out of activities connected with the production and marketing of electronic systems and programs and activities connected with energy efficiency plants.

TIM GROUP RESULTS FOR THE FIRST NINE MONTHS OF 2022

Total TIM Group revenues for the first nine months of 2022, amounted to **11,529 million euros**, +1.7% compared to the first nine months of 2021 (11,340 million euros). Excluding revenues from the Oi Group mobile business, acquired in Brazil, consolidated revenues would come to 11,349 million euros.

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

(million euros)	9 months to 9/30/ 2022		9 months to 9/30/ 2021		Changes		
	% weight		% weight		absolute	%	% organic excluding non- recurring
Domestic	8,673	75.2	9,281	81.8	(608)	(6.6)	(6.8)
Brazil	2,880	25.0	2,079	18.3	801	38.5	18.5
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(24)	(0.2)	(20)	(0.1)	(4)	—	—
Consolidated Total	11,529	100.0	11,340	100.0	189	1.7	(1.6)

The organic change in the Group's consolidated revenues is calculated by excluding the effect of exchange rate changes³ (+372 million euros), as well as any non-recurring items.

³ The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.46570 for the Brazilian real in the first nine months of 2022 and 6.37804 in the first nine months of 2021; for the US dollar, the average exchange rates used were 1.06408 in the first nine months of 2022 and 1.19616 in the first nine months 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.

Revenues for the third quarter of 2022 totaled 3,972 million euros (3,797 million euros in the third quarter of 2021).

TIM Group EBITDA for the first nine months of 2022 was **3,945 million euros** (4,349 million euros in the first nine months of 2021, -9.3% in reported terms, -9.4% in organic terms). Excluding the results of the Oil Group mobile business acquired in Brazil, consolidated EBITDA would come to 3,843 million euros.

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

(million euros)	9 months to 9/30/ 2022		9 months to 9/30/ 2021		Changes		
	% weight		% weight		absolute	%	% organic excluding non- recurring
Domestic	2,641	66.9	3,379	77.7	(738)	(21.8)	(16.9)
% of Revenues	30.5		36.4			(5.9) pp	(4.5) pp
Brazil	1,315	33.3	977	22.5	338	34.6	16.2
% of Revenues	45.6		47.0			(1.4) pp	(1.0) pp
Other Operations	(11)	(0.2)	(6)	(0.2)	(5)		
Adjustments and eliminations	—	—	(1)	—	1		
Consolidated Total	3,945	100.0	4,349	100.0	(404)	(9.3)	(9.4)

Organic EBITDA - net of the non-recurring items amounted to **4,539 million euros**; the EBITDA margin was 39.4% (5,008 million euros in the first nine months of 2021, with an EBITDA margin of 42.8%).

The EBITDA for the first nine months of 2022 suffered net non-recurring charges for a total of 594 million euros, mainly connected with employee benefits expenses for the corporate reorganization/restructuring processes (548 million euros, mainly for provisions and expenses relating to the leaving of managerial and non-manual staff, also envisaged in accordance with Art. 4 of Law no. 92 of June 28, 2012 and former Art. 41, subsection 5bis of Italian Legislative Decree no. 148/2015, as per the agreements signed, in the period June-September 2022, with the trade unions and referring entirely to the Italian companies of the Domestic business unit) and expenses related to agreements and the development of non-recurring projects and provisions made and expenses for disputes, regulatory sanctions and potential related liabilities.

During the first nine months of 2021, the TIM Group had recorded non-recurring charges for a total of 493 million euros mainly relating to employee benefits expenses for corporate reorganization/restructuring as well as provisions made for disputes, settlements, regulatory sanctions and potential liabilities related to them, expenses related to agreements and the development of non-recurring projects and expenses connected with the COVID-19 emergency, mainly for provisions made for managing credits of some customers.

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

(million euros)	9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%
EBITDA	3,945	4,349	(404)	(9.3)
Foreign currency financial statements translation effect		166	(166)	
Non-recurring expenses/(income)	594	492	102	
Effect of translating non-recurring expenses/(income) in		1	(1)	
ORGANIC EBITDA excluding non-recurring items	4,539	5,008	(469)	(9.4)
% of Revenues	39.4	42.8	(3.4) 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 4,201 million euros during the first nine months of 2022.

The EBITDA of the third quarter of 2022 totaled 1,287 million euros (1,596 million euros in the third quarter of 2021).

Organic EBITDA net of the non-recurring component in the third quarter of 2022 totaled 1,589 million euros (1,700 million euros in the third quarter of 2022).

TIM Group EBIT for the first nine months of 2022 was **438 million euros** (940 million euros in the first nine months of 2021).

Organic EBIT, net of the non-recurring component, amounted to **1,032 million euros** (1,486 million euros for the first nine months of 2021), with an EBIT margin of 9.0% (12.7% for the first nine months of 2021).

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

(million euros)	9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%
EBIT	438	940	(502)	(53.4)
Foreign currency financial statements translation effect		53	(53)	
Non-recurring expenses/(income)	594	492	102	
Effect of translating non-recurring expenses/(income) in		1	(1)	
ORGANIC EBIT excluding non-recurring items	1,032	1,486	(454)	(30.6)

Other income (expenses) from investments amounted to 174 million euros (12 million euros in the first nine months of 2021) and mainly refer to the net capital gain connected with the August 2022 sale of 41% of the share capital of the holding company Daphne 3, which holds a 30.2% share in Infrastrutture Wireless Italiane ("INWIT").

During the first nine months of 2022, **income tax expense** was negative for 2,109 million euros (positive for 43 million euros in the first nine months of 2021).

On November 9, 2022, the TIM Board of Directors resolved to revoke the realignment of goodwill, as permitted by the Italian government Budget Law for financial year 2022 and as detailed in the Provision of the Director of the Italian Revenues Agency published on September 29, 2022.

More specifically - having acknowledged publication of such Measure governing the terms, conditions and operating procedures for revocation - the Company assessed economic-financial advantageousness and considered it a priority for this and the years to come, to strengthen the industrial investments to be made to support the various business areas, an alternative to the financial commitment connected with the payment of substitute tax on the realignment.

Therefore, as there was no longer any basis for entering Deferred tax assets, they have been written-off entirely for a net amount of 1,964 million euros as follows:

- expense of -2,656 million euros for the write-off of deferred tax assets of TIM S.p.A.:
 - in the TIM S.p.A. statements as at December 31, 2020, the amount of 6,569 million euros had been entered for deferred tax assets in respect of a tax recognition of higher values entered in the financial statements pursuant to Decree Law 104/2020, art. 110, subsection 8 and 8 bis, which established 18 years, starting 2021, of the deductibility of the tax amortization of the realigned value, in respect of substitute tax in the amount of 3% of the realigned value (692 million euros), to be paid in 3 annual installments of equal amount;
 - in the financial statements at December 31, 2021, a partial write-down had been entered for an amount of -3,913 million euros, connected with the extension to 50 years of the period of tax asset absorption introduced by Art. 160 of the 2022 Budget Law (Law 234/2021) and the changed assessment of the time frame for recoverability of deferred tax assets of TIM S.p.A.;
- income of 692 million euros for the reversal of substitute tax that had been allocated for the realignment; in detail, entry of a receivable of 231 million euros relative to the first installment, paid on 6/30/2021 and reversal of a payable of 461 million euros for the second and third installments, which will not be paid following revocation of the realignment. The first installment, as envisaged by the Measure, will be recovered financially, offsetting it against future tax payments made using the "F24" return, which the Company will file after filing the supplementary declaration (by November 28, 2022), which will formalize revocation of the realignment.

Net profit attributable to Owners of the Parent for the first nine months of 2022, was a loss of -2,728 million euros (-10 million euros in the first nine months of 2021); excluding the impact of non-recurring items, the net profit for the first nine months of 2022 was -361 million euros (positive for 310 million euros in the first nine months of 2021).

The TIM Group **headcount** at September 30, 2022 was **51,906**, including 42,341 in Italy (51,929 at December 31, 2021, including 42,347 in Italy).

Capital expenditures and expenses for mobile telephone licenses/spectrum for the first nine months of 2022, were 2,762 million euros (2,720 million euros in the first nine months of 2021).

Capex is broken down as follows by operating segment:

(million euros)	9 months to 9/30/ 2022 % weight		9 months to 9/30/ 2021 % weight		Change
Domestic	2,148	77.8	2,230	82.0	(82)
Brazil	614	22.2	490	18.0	124
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
Consolidated Total	2,762	100.0	2,720	100.0	42
% of Revenues	24.0		24.0		0.0pp

In particular:

- the **Domestic Business Unit** posts capex for 2,148 million euros (including 80 million euros for the acquisition of telecommunications licenses), down 82 million euros on the first nine months of 2021, mainly due to the development of the FTTC/FTTH networks;
- the **Brazil Business Unit** posted capital expenditures in the first nine months of 2022 of 614 million euros (490 million euros for the first nine months of 2021). Excluding the impact of changes in exchange rates (+82 million euros), capex was essentially stable as compared with the first nine months of 2021.

The Group's **operating free cash flow** of the first nine months of 2022 came to -1,128 million euros: operating cash generation, positive for 1,089 million euros, is counterbalanced by the specified payment of the last tranche of the right to use 5G frequencies in Italy (1,738 million euros) as well as other payments for the acquisition of rights of use of telecommunication service frequencies in Brazil and Italy for 479 million euros. During the first nine months of 2021, operating free cash flow was positive for 1,083 million euros (+1,378 million euros operating cash generation against 295 million euros for the acquisition of rights of use of telecommunication service frequencies).

Adjusted net financial debt amounted to 25,504 million euros at September 30, 2022, **an increase of 3,317 million euros compared to December 31, 2021** (22,187 million euros). Despite a positive cash flow deriving from the operative-financial management, the increase in debt is due to:

- the acquisition in Brazil of the mobile business of the Oi Group for a total of 1,741 million euros;
- the payment of telecommunications frequencies and related commitments in Italy and Brazil for 2,217 million euros;
- the accounting impact of the renegotiation of IFRS 16 lease contracts, 728 million euros net of IFRS 16 lease contracts considered in the Oi acquisition value (557 million euros);

the sale of 41% and the consequent deconsolidation of the holding company Daphne 3, which holds a 30.2% share in Infrastrutture Wireless Italiane ("INWIT"), for a total of 1,184 million euros, offers partial coverage.

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)	9/30/2022 (a)	12/31/2021 (b)	Change (a-b)
Net financial debt carrying amount	25,499	22,416	3,083
Reversal of fair value measurement of derivatives and related financial liabilities/assets	5	(229)	234
Adjusted Net Financial Debt	25,504	22,187	3,317
Leasing	(5,404)	(4,614)	(790)
Adjusted Net Financial Debt - After Lease	20,100	17,573	2,527

Net financial debt carrying amount amounted to 25,499 million euros at September 30, 2022, an increase of 3,083 million euros compared to December 31, 2021 (22,416 million euros). Reversal of the fair value measurement of derivatives and related financial liabilities/assets recorded a change of 234 million euros, essentially following the greater impact of the rise in Euro interest rates with respect to USD rates, which effectively revalue the cash flow hedges. This change is adjusted by the booked Net Financial Debt with no monetary effect.

Adjusted Net Financial Debt – After Lease (net of lease contracts), which is a parameter adopted by main European peers, was equal to 20,100 million euros at September 30, 2022, up by 2,527 million euros compared to December 31, 2021 (17,573 million euros).

At September 30, 2022, **adjusted net financial debt** amounted to 25,504 million euros, an increase of 850 million euros compared to June 30, 2022 (24,654 million euros). The increase is mainly due to payment of the last installment on the 5G license in Italy (1,738 million euros) and the accounting impact of the renegotiation of IFRS16 lease contracts (192 million euros): the sale of 41% and the consequent deconsolidation of the holding company Daphne 3, which holds a 30.2% share in Infrastrutture Wireless Italiane ("INWIT"), for a total of 1,184 million euros, partially covers the needs.

(million euros)	9/30/2022 (a)	6/30/2022 (b)	Change (a-b)
Net financial debt carrying amount	25,499	24,680	819
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	5	(26)	31
Adjusted Net Financial Debt	25,504	24,654	850
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	32,671	30,188	2,483
Total adjusted financial assets	(7,167)	(5,534)	(1,633)

The TIM Group's available **liquidity margin** amounted to 9,261 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 5,261 million euros (9,153 million euros at December 31, 2021), also including 306 million euros in repurchase agreements expiring by November 2022;
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

This margin is sufficient to cover Group financial liabilities (current and otherwise) falling due over the next 21 months.

It should be noted that sales without recourse of trade receivables to factoring companies completed during the first nine months of 2022 resulted in a positive effect on the adjusted net financial debt at September 30, 2022, amounting to 1,020 million euros (1,536 million euros at December 31, 2021; 1,504 million euros at September 30, 2021).

RESULTS OF THE BUSINESS UNITS

Domestic

Domestic Business Unit revenues amounted to 8,673 million euros, down by 608 million euros (-6.6%) compared to the first nine months of 2021. In organic terms, they reduce by 633 million euros (-6.8% on the first nine months of 2021).

Revenues from stand-alone services come to 7,977 million euros (-354 million euros compared to the first nine months of 2021, -4.2%) 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 379 million euros compared to the first nine months of 2021 (-4.5%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 6,096 million euros in organic terms, with a negative change with respect to the first nine months of 2021 (-4.9%) mainly due to the decrease in accesses and ARPU levels and the presence in the first nine months of 2021 of non-repeatable transactions on the Wholesale segment, partly offset by the growth in revenues from ICT solutions (+175 million euros compared to the first nine months of 2021, +20.1%);
- **revenues from stand-alone Mobile market services** came to 2,281 million euros (-79 million euros on the first nine months of 2021, -3.4%), 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 696 million euros for the first nine months of 2022, with a decrease of -254 million euros compared to the first nine months of 2021, for the most part attributable to the Fixed segment.

The performance of the individual market segments of the Domestic Business Unit compared to the first nine months 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, caring and the administrative management of customers; it includes the company TIM Retail, which coordinates the activities of its stores): in organic terms, the revenues of the Consumer segment totaled 3,553 million euros (-424 million euros, -

10.7%) and show a trend, compared to the first nine months of 2021, affected by the challenging competition. The same dynamic observed in overall revenues was also seen in revenues from services, which amounted to 3,192 million euros, down by 271 million euros on the first nine months of 2021 (-7.8%). In particular:

- revenues from Mobile services totaled, in organic terms, 1,421 million euros (-89 million euros, -5.9% compared to the first nine months of 2021). The impact of the competitive dynamic remains, albeit with a lesser reduction of the customer base calling; revenues from traffic are down due to the progressive reduction of interconnection tariffs;
- revenues from Fixed services totaled, in organic terms, 1,789 million euros (-190 million euros, -9.6% compared to the first nine months of 2021), primarily due to lower ARPU levels and the smaller customer base, which in the first nine months of 2021 benefited from government incentive programs such as voucher recognition for ISEE incomes below 20,000 euros. Growth in Ultrabroadband customers is highlighted.

Revenues for Handsets and Bundles & Handsets in the Consumer segment amounted to 362 million euros, down 154 million euros on the first nine months of 2021 (-29.8%); the difference is mainly due to the end of the phase 1 voucher program, with a reduction of sales of PCs and Tablets.

- **Business** (the segment consists of voice, data, and Internet services and products, and ICT solutions managed and developed for small and medium-size enterprises (SMEs), Small Offices/Home Offices (SOHOs), Top customers, the Public Sector, Large Accounts, and Enterprises in the Fixed and Mobile telecommunications markets. The following companies are included: Olivetti, TI Trust Technologies and Telsy and the Noovle Group): in organic terms, revenues for the Business segment amounted to 2,946 million euros (-35 million euros compared to the first nine months of 2021, -1.2%, of which +0.9% for revenues from the stand-alone services component). In particular:
 - **total Mobile market revenues** showed a negative organic performance compared to the first nine months of 2021 (-1.1%), due to the negative contribution of revenues from stand-alone services (-0.8%);
 - **total Fixed revenues** in organic terms changed by -29 million euros compared to the first nine months of 2021 (-1.2%), generated by the reduction in sales revenues; revenues from services grew by 1.3%, mainly driven by the increase in revenues from ICT services.
- **Wholesale National Market** (the segment consists of the management and development of the portfolio of regulated and unregulated wholesale services for Fixed-line and Mobile telecommunications operators in the domestic market and MVNOs. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese): the Wholesale National Market segment revenues in the first nine months of 2022 reached 1,459 million euros, down by -141 million euros (-8.8%) compared to the first nine months of 2021, with a negative performance mainly driven by the presence, in the first nine months 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 the first nine months of 2022 in the Wholesale International Market came to 723 million euros, up (+4 million euros +0.6%) on the first nine months of 2021, due to the positive trend of rates of exchange. The mix of revenues records a growth in data revenues (with high margins) flanked by a strategy seeking to reduce voice revenues (low margins), which ensures the safeguarding of the overall margin.

Domestic Business Unit EBITDA for the first nine months of 2022 totaled 2,641 million euros, (-738 million euros on the first nine months of 2021, -21.8%), with a margin of 30.5%, (-5.9 percentage points compared to the same period of 2021).

Organic EBITDA, net of the non-recurring component, amounted to 3,215 million euros, (-656 million euros compared to the first nine months of 2021, -16.9%). In particular, EBITDA for the first nine months of 2022 was impacted by non-recurring items in the amount of 574 million euros, whilst the first nine months of 2021 reflected a total impact of 489 million euros referring to non-recurring items, of which 20 million euros related to the COVID-19 emergency in Italy.

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

(million euros)	9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%
EBITDA	2,641	3,379	(738)	(21.8)
Foreign currency financial statements translation effect		3	(3)	
Non-recurring expenses (Income)	574	489	85	
ORGANIC EBITDA excluding non-recurring items	3,215	3,871	(656)	(16.9)

EBITDA in the third quarter of 2022 was 787 million euros, (-463 million euros compared with the corresponding period of 2021, -37.0%).

Organic EBITDA excluding the use of the risk provisions for onerous contracts came to 2,877 million euros during the first nine months of 2022.

Domestic Business Unit EBIT for the first nine months of 2022 totaled 40 million euros (-591 million euros compared to the first nine months of 2021), with a margin of 0.5% (-6.3 percentage points compared to the first nine months of 2021).

Organic EBIT, net of the non-recurring component, amounted to 614 million euros (-506 million euros compared to the first nine months of 2021, -45.2%), with an EBIT margin of 7.1% (down 4.9 percentage points on the 12.0% for the first nine months of 2021).

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

(million euros)	9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%
EBIT	40	631	(591)	(93.7)
Non-recurring expenses (Income)	574	489	85	
ORGANIC EBIT excluding non-recurring items	614	1,120	(506)	(45.2)

EBIT in the third quarter of 2022 was -106 million euros, (-441 million euros compared with the third quarter of 2021).

Headcount at September 30, 2022 stood at 42,578 (42,591 as of December 31, 2021).

Brazil (average real/euro exchange rate 5.46570)

Revenues for the first nine months of 2022 of the **Brazil Business Unit (TIM Brasil group)** amounted to 15,706 million reais (13,259 million reais on the first nine months of 2021, +18.5%), speeding up on the levels recorded from the third quarter of 2021. Excluding revenues from the mobile business of the Oi Group (Cozani, acquired on April 20, 2022) revenues from the first nine months of 2022 are 14,756 million reais.

The acceleration has been determined by **service revenues** (15,250 million reais vs 12,877 million reais for the first nine months of 2021, +18.4%) with mobile telephony service revenues growing 19.2% on the first nine months of 2021. This performance is mainly related to the continuous recovery of the pre-paid and post-paid segments. Revenues from fixed telephony services have grown by 7.1% on the first nine months of 2021, determined above all by the growth rate of TIM Live.

Revenues from the sale of products came to 456 million reais (382 million reais in the first nine months of 2021).

Revenues in the third quarter of 2022 totaled 5,611 million reais, increased by 24.4% on the third quarter of 2021 (4,512 million reais). Excluding the revenues of Cozani, revenues of the third quarter of 2022 grew by 555 million reais (+12.3%).

The **mobile ARPU** for the first nine months of 2022 was 25.9 reais, in line with the figure recorded in the first nine months of 2021, thanks to the general repositioning in the post-paid segment and new commercial initiatives intended to promote the use of data and average expenditure per customer, which offset the reduction in ARPU connected with the acquisition of the Oi Group customer base.

Total mobile lines in place at September 30, 2022 amounted to 68.8 million, +16.7 million compared to December 31, 2021 (52.1 million), mainly following the acquisition of the Cozani customer base. This overall increase came from the pre-paid segment (+9.9 million), and the post-paid segment (+6.8 million), partly due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 43.1% of the customer base as of September 30, 2022 (43.9% at December 2021).

The TIM Live Broadband business recorded net positive growth on September 30, 2022 in the customer base of 23 thousand users compared to December 31, 2021. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

EBITDA in the first nine months of 2022 was 7,169 million reais (6,232 million reais in the first nine months of 2021, +15.0%) and the margin on revenues was 45.6% (47.0% in the first nine months of 2021).

EBITDA in the first nine months of 2022 reflects the non-recurring charges of 94 million reais mainly related to the development of non-recurring projects and the corporate reorganization processes.

Organic EBITDA, net of the non-recurring component, increased by 16.2% and was calculated as follows:

(million Brazilian reais)	9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%
EBITDA	7,169	6,232	937	15.0
Non-recurring expenses/(income)	94	21	73	
ORGANIC EBITDA excluding non-recurring items	7,263	6,253	1,010	16.2

The increase of EBITDA is due to the greater revenues as well as the consolidation of Cozani (537 million reais). The relative margin on revenues, in organic terms, comes to 46.2% (47.2% during the first nine months of 2021).

EBITDA for the third quarter of 2022, amounted to 2,657 million reais, up 23.8% compared to the third quarter of 2021 (2,146 million reais).

Net of non-recurring charges, the margin on revenues for the third quarter of 2022 was 47.8% (47.7% in the third quarter of 2021).

EBIT for the first nine months of 2022 amounted to 2,242 million reais (2,011 million reais for the first nine months of 2021, +11.5%).

Organic EBIT, net of the non-recurring component, in the first nine months of 2022 amounted to 2,336 million reais (2,032 million reais in the first nine months of 2021), with a margin on revenues of 14.9% (15.3% in the first nine months of 2021).

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

(million Brazilian reais)	9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%
EBIT	2,242	2,011	231	11.5
Non-recurring expenses/(income)	94	21	73	
ORGANIC EBIT excluding non-recurring items	2,336	2,032	304	15.0

The EBIT of the third quarter of 2022 totaled 793 million reais (755 million reais in the third quarter of 2021).

Net of non-recurring charges, the margin on revenues for the third quarter of 2022 was 14.5% (16.9% in the third quarter of 2021).

Headcount at September 30, 2022 stood at 9,316 (9,325 as of December 31, 2021).

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)	3rd Quarter 2022	3rd Quarter 2021	Changes		9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,589	1,700	(111)	(6.5)	4,539	5,008	(469)	(9.4)
Lease payments	(276)	(221)	(55)	(24.9)	(754)	(646)	(108)	(16.7)
EBITDA After Lease (EBITDA-AL)	1,313	1,479	(166)	(11.2)	3,785	4,362	(577)	(13.2)

EBITDA AFTER LEASE - DOMESTIC

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Changes		9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	1,085	1,295	(210)	(16.2)	3,215	3,871	(656)	(16.9)
Lease payments	(127)	(126)	(1)	(0.8)	(381)	(381)	—	—
EBITDA After Lease (EBITDA-AL)	958	1,169	(211)	(18.0)	2,834	3,490	(656)	(18.8)

EBITDA AFTER LEASE - BRAZIL

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Changes		9 months to 9/30/	9 months to 9/30/	Changes	
			absolute	%			absolute	%
ORGANIC EBITDA - excluding non-recurring items	506	406	100	24.5	1,332	1,144	188	16.2
Lease payments	(149)	(95)	(54)	(56.8)	(373)	(265)	(108)	(40.8)
EBITDA After Lease (EBITDA-AL)	357	311	46	14.3	959	879	80	8.9

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)	9/30/2022	12/31/2021	Change
Adjusted Net Financial Debt	25,504	22,187	3,317
Leasing	(5,404)	(4,614)	(790)
Adjusted Net Financial Debt - After Lease	20,100	17,573	2,527

EQUITY FREE CASH FLOW AFTER LEASE - TIM GROUP

(million euros)	3rd Quarter 2022	3rd Quarter 2021	Change	9 months to 9/30/	9 months to 9/30/	Change
Equity Free Cash Flow	(77)	97	(174)	261	460	(199)
Change in lease contracts (principal share)	(174)	(158)	(16)	(496)	(432)	(64)
Equity Free Cash Flow After Lease	(251)	(61)	(190)	(235)	28	(263)

BUSINESS OUTLOOK FOR THE YEAR 2022

The guidance set out in TIM Group's Half-Year Financial Report as at June 30, 2022 is confirmed.

EVENTS SUBSEQUENT TO SEPTEMBER 30, 2022

TIM: agreement signed to extend the Memorandum of Understanding with CDP Equity, Macquarie, KKR and Open Fiber

See the press release issued on October 29, 2022.

MAIN RISKS AND UNCERTAINTIES

Risk governance is a strategic tool for value creation.

The TIM Group has adopted an 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 Enterprise 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 Enterprise Risk Management Model adopted by the TIM Group

- identifies the endogenous and exogenous risks, analyzing the business context, the Industrial Plan objectives and the Business Plans of the most significant investment projects;
- assesses the risks not just individually but also in terms of the portfolio (correlation analyses);
- in collaboration with the Risk Owners, updates all risks to which the Group is exposed, monitoring any changes and/or new context scenarios (macroeconomic, regulatory, etc.). The business outlook for 2022 could be affected by risks and uncertainties caused by a multitude of factors, many of which are beyond the Group's control.

In this context, we highlight the continued Russia-Ukraine conflict and the possible increases in 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.

Growth expectations of the Italian GDP in 2022 have been increased (year end expected to exceed 3%) considering the good results recorded in the second quarter (+1.1% on the previous quarter, +4.7 on the second quarter of 2021), achieved thanks to the positive contribution of the manufacturing and tourism segment. By contrast, the continuation of the war in Ukraine and the performance of commodity prices, which is largely above average levels, will have a negative impact over the coming months, hence a decline in the economic activity is expected.

This latter is a consequence of the high levels of inflation (an annual average of 7.3%), no longer limited to the energy industry alone, which is reducing the buying power and the value of financial assets of the families and businesses and which led the ECB to increase interest rates on loans. The scenario hypothesized does not include a worsening of the COVID-19 virus, additional peaks in the prices of commodities and an extension of the war in Ukraine.

The increase in the prices of natural gas and crude oil impact European industry, especially the more energy-intensive sectors. The shock of the energy supply has revealed the dependency of European countries on fossil fuels. There are also risks of financial instability of businesses and banks that are dependent on investments made in the energy sectors.

Due to the uncertain outcome of the war in Ukraine and the continued pressure on prices in the energy sector, inflation should in the short-term remain at high levels.

Consumption recorded good performance in the second quarter of 2022 (+2.6% on the first quarter, +5.6% on the second quarter of 2021) thanks to the service sector; however, consumption levels equaling those pre COVID-19 are not expected any earlier than the second half of 2025. 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 imposed economic sanctions on Russia and Belarus, in reference to certain economic-financial sectors and certain natural persons and legal entities close to the Russian government. Additional sanctions may be applied over the coming months.

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.

For Brazil too, growth forecasts for 2022 have been increased (2.7%) but in general, Brazil is suffering the slowing of the global economy, and the USA and China in particular.

The second quarter recorded good performance thanks to private investments and consumption. Exports are down (-3.5% on the first quarter) while imports are up (+7.6% on the first quarter). The restrictive monetary policy is causing the Brazilian currency to recover credibility (the real has recorded 16% growth against the dollar) but inflation remains above 10%, penalizing the purchasing power of households and determining the risk of a sudden reduction in aggregate demand.

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 has caused 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 Noia, hereby declares, pursuant to subsection 2, Art. 154 bis of Italy's Consolidated Law on Finance, that the accounting information contained herein corresponds to the company's documentation, accounting books and records.