

ATTACHMENTS TO THE PRESS RELEASE

TIM Group – Statements	2
TIM Group – Separate Consolidated Income Statements	2
TIM Group – Consolidated Statements of Comprehensive Income	3
TIM Group – Consolidated Statements of Financial Position	4
TIM Group – Consolidated Statements of Cash Flows	6
TIM Group – Consolidated Statements of Changes in Equity	8
TIM Group – Net Financial Debt	9
TIM Group – Change in Adjusted Net Financial Debt	10
TIM Group – Complex Contracts	11
TIM Group – Information by Operating Segments	12
Domestic	12
Brazil	12
TIM Group – Headcount	13
TIM Group – Effects of non-recurring events and transactions on each item of the Separate Consolidated Income Statements	14
TIM Group – Debt structure, bond issues and maturing bonds	15
TIM Group – Disputes and pending legal actions	17
Alternative Performance Measures	26

May 10, 2023

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

TIM GROUP – STATEMENTS

The 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 auditing firm.

The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2022, to which reference should be made, except for the amendments to the standards issued by the IASB and in force as of January 1, 2023.

TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(million euros)

	1st Quarter 2023	1st Quarter 2022	Changes	
	(a)	(b)	(a-b) absolute	%
Revenues	3,847	3,644	203	5.6
Other income	37	37	—	—
Total operating revenues and other income	3,884	3,681	203	5.5
Acquisition of goods and services	(1,756)	(1,620)	(136)	(8.4)
Employee benefits expenses	(1,089)	(731)	(358)	(49.0)
Other operating expenses	(181)	(168)	(13)	(7.7)
Change in inventories	41	20	21	—
Internally generated assets	140	134	6	4.5
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	1,039	1,316	(277)	(21.0)
Depreciation and amortization	(1,201)	(1,107)	(94)	(8.5)
Gains (losses) on disposals of non-current assets	—	—	—	—
Impairment reversals (losses) on non-current assets	—	—	—	—
Operating profit (loss) (EBIT)	(162)	209	(371)	—
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(4)	16	(20)	—
Other income (expenses) from investments	—	—	—	—
Finance income	322	325	(3)	(0.9)
Finance expenses	(693)	(642)	(51)	(7.9)
Profit (loss) before tax from continuing operations	(537)	(92)	(445)	—
Income tax expense	(85)	(50)	(35)	(70.0)
Profit (loss) from continuing operations	(622)	(142)	(480)	—
Profit (loss) from Discontinued operations/Non-current assets held for sale	—	—	—	—
Profit (loss) for the period	(622)	(142)	(480)	—
Attributable to:				
Owners of the Parent	(689)	(204)	(485)	—
Non-controlling interests	67	62	5	8.1

TIM GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(million euros)	1st Quarter 2023	1st Quarter 2022
Profit (loss) for the period (a)	(622)	(142)
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	1	(2)
Income tax effect	—	—
(b)	1	(2)
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)	1	(2)
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	1	(61)
Loss (profit) transferred to Separate Consolidated Income Statement	2	13
Income tax effect	—	1
(f)	3	(47)
Hedging instruments:		
Profit (loss) from fair value adjustments	(18)	108
Loss (profit) transferred to Separate Consolidated Income Statement	105	(98)
Income tax effect	(22)	(2)
(g)	65	8
Exchange differences on translating foreign operations:		
Profit (loss) on translating foreign operations	31	884
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement	—	—
Income tax effect	—	—
(h)	31	884
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)	99	845
Total other components of the Consolidated Statement of Comprehensive Income (m=e+k)	100	843
Total comprehensive income (loss) for the period (a+m)	(522)	701
Attributable to:		
Owners of the Parent	(599)	366
Non-controlling interests	77	335

TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(million euros)	3/31/2023 (a)	12/31/2022 (b)	Changes (a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	19,118	19,111	7
Intangible assets with a finite useful life	7,547	7,656	(109)
	26,665	26,767	(102)
Tangible assets			
Property, plant and equipment owned	14,094	14,100	(6)
Rights of use assets	5,545	5,488	57
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	537	539	(2)
Other investments	111	116	(5)
Non-current financial receivables arising from lease contracts	48	49	(1)
Other non-current financial assets	1,649	1,602	47
Miscellaneous receivables and other non-current assets	2,395	2,365	30
Deferred tax assets	779	769	10
	5,519	5,440	79
Total Non-current assets (a)	51,823	51,795	28
Current assets			
Inventories	363	322	41
Trade and miscellaneous receivables and other current assets	4,496	4,539	(43)
Current income tax receivables	145	147	(2)
Current financial assets			
<i>Current financial receivables arising from lease contracts</i>	115	69	46
<i>Securities other than investments, other financial receivables and other current financial assets</i>	1,679	1,600	79
<i>Cash and cash equivalents</i>	2,660	3,555	(895)
	4,454	5,224	(770)
Current assets sub-total	9,458	10,232	(774)
Discontinued operations /Non-current assets held for sale			
of a financial nature	—	—	—
of a non-financial nature	—	—	—
	—	—	—
Total Current assets (b)	9,458	10,232	(774)
Total Assets (b+a)	61,281	62,027	(746)

(million euros)	3/31/2023 (a)	12/31/2022 (b)	Changes (a-b)
Equity and Liabilities			
Equity			
Equity attributable to owners of the Parent	14,463	15,061	(598)
Non-controlling interests	3,706	3,664	42
Total Equity (c)	18,169	18,725	(556)
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	21,177	21,739	(562)
Non-current financial liabilities for lease contracts	4,684	4,597	87
Employee benefits	965	684	281
Deferred tax liabilities	172	84	88
Provisions	942	910	32
Miscellaneous payables and other non-current liabilities	1,103	1,146	(43)
Total Non-current liabilities (d)	29,043	29,160	(117)
Current liabilities			
Current financial liabilities for financing contracts and others	5,163	5,039	124
Current financial liabilities for lease contracts	844	870	(26)
Trade and miscellaneous payables and other current liabilities	8,019	8,199	(180)
Income tax payables	43	34	9
Current liabilities sub-total	14,069	14,142	(73)
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)	14,069	14,142	(73)
Total Liabilities (f=d+e)	43,112	43,302	(190)
Total Equity and Liabilities (c+f)	61,281	62,027	(746)

TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)	1st Quarter 2023	1st Quarter 2022
Cash flows from operating activities:		
Profit (loss) from continuing operations	(622)	(142)
Adjustments for:		
Depreciation and amortization	1,201	1,107
Impairment losses (reversals) on non-current assets (including investments)	1	7
Net change in deferred tax assets and liabilities	60	36
Losses (gains) realized on disposals of non-current assets (including investments)	—	—
Share of losses (profits) of associates and joint ventures accounted for using the equity method	4	(16)
Change in employee benefits	243	38
Change in inventories	(41)	(20)
Change in trade receivables and other net receivables	164	222
Change in trade payables	(504)	(277)
Net change in income tax receivables/payables	8	(2)
Net change in miscellaneous receivables/payables and other assets/liabilities	337	122
Cash flows from (used in) operating activities	(a) 851	1,075
Cash flows from investing activities:		
Purchases of intangible, tangible and rights of use assets on a cash basis	(1,054)	(1,151)
Capital grants received	—	—
Acquisition of control of companies or other businesses, net of cash acquired	—	—
Acquisitions/disposals of other investments	(5)	(11)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(98)	405
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	2	1
Cash flows from (used in) investing activities	(b) (1,155)	(756)
Cash flows from financing activities:		
Change in current financial liabilities and other	(82)	(628)
Proceeds from non-current financial liabilities (including current portion)	850	—
Repayments of non-current financial liabilities (including current portion)	(1,323)	(3,431)
Change in hedging and non-hedging derivatives	(3)	(16)
Share capital proceeds/reimbursements (including subsidiaries)	—	—
Dividends paid	(38)	(26)
Changes in ownership interests in consolidated subsidiaries	—	—
Cash flows from (used in) financing activities	(c) (596)	(4,101)
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	(d) —	—
Aggregate cash flows	(e=a+b+c+d) (900)	(3,782)
Net cash and cash equivalents at beginning of the period	(f) 3,555	6,904
Net foreign exchange differences on net cash and cash equivalents	(g) 4	144
Net cash and cash equivalents at end of the period	(h=e+f+g) 2,659	3,266

Purchases of intangible, tangible and rights of use assets

(million euros)	1st Quarter 2023	1st Quarter 2022
Purchase of intangible assets	(241)	(302)
Purchase of tangible assets	(571)	(617)
Purchase of rights of use assets	(335)	(268)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(1,147)	(1,187)
Change in payables arising from purchase of intangible, tangible and rights of use assets	93	36
Total purchases of intangible, tangible and rights of use assets on a cash basis	(1,054)	(1,151)

Additional Cash Flow information

(million euros)	1st Quarter 2023	1st Quarter 2022
Income taxes (paid) received	(28)	2
Interest expense paid	(510)	(470)
Interest income received	113	129
Dividends received	—	—

Analysis of Net Cash and Cash Equivalents

(million euros)	1st Quarter 2023	1st Quarter 2022
Net cash and cash equivalents at beginning of the period:		
Cash and cash equivalents - from continuing operations	3,555	6,904
Bank overdrafts repayable on demand - from continuing operations	—	—
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	—	—
	3,555	6,904
Net cash and cash equivalents at end of the period:		
Cash and cash equivalents - from continuing operations	2,660	3,272
Bank overdrafts repayable on demand - from continuing operations	(1)	(6)
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	—	—
	2,659	3,266

TIM GROUP - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Changes from January 1, 2022 to March 31, 2022

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	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			
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

Changes from January 1, 2023 to March 31, 2023

(million euros)	Equity attributable to owners of the Parent								Total	Non-controlling interests	Total Equity
	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			
Balance at December 31, 2022	11,614	2,133	(58)	65	(2,085)	(71)	—	3,463	15,061	3,664	18,725
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	—	(36)	(36)
Total comprehensive income (loss) for the period	—	—	4	65	21	—	—	(689)	(599)	77	(522)
LTI granting of treasury shares	6	—	—	—	—	—	—	(6)	—	—	—
Other changes	—	—	—	—	—	—	—	1	1	1	2
Balance at March 31, 2023	11,620	2,133	(54)	130	(2,064)	(71)	—	2,769	14,463	3,706	18,169

TIM GROUP - NET FINANCIAL DEBT

(million euros)	3/31/2023 (a)	12/31/2022 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	15,253	15,259	(6)
Amounts due to banks, other financial payables and liabilities	5,924	6,480	(556)
Non-current financial liabilities for lease contracts	4,684	4,597	87
	25,861	26,336	(475)
Current financial liabilities (*)			
Bonds	2,478	2,799	(321)
Amounts due to banks, other financial payables and liabilities	2,685	2,240	445
Current financial liabilities for lease contracts	844	870	(26)
	6,007	5,909	98
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	—	—	—
Total Gross financial debt	31,868	32,245	(377)
Non-current financial assets			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(48)	(49)	1
Financial receivables and other non-current financial assets	(1,649)	(1,602)	(47)
	(1,697)	(1,651)	(46)
Current financial assets			
Securities other than investments	(1,491)	(1,446)	(45)
Current financial receivables arising from lease contracts	(115)	(69)	(46)
Financial receivables and other current financial assets	(188)	(154)	(34)
Cash and cash equivalents	(2,660)	(3,555)	895
	(4,454)	(5,224)	770
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
Total financial assets	(6,151)	(6,875)	724
Net financial debt carrying amount	25,717	25,370	347
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	103	(6)	109
Adjusted Net Financial Debt	25,820	25,364	456
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	31,287	31,682	(395)
Total adjusted financial assets	(5,467)	(6,318)	851
<i>(*) of which current portion of medium/long-term debt:</i>			
Bonds	2,478	2,799	(321)
Amounts due to banks, other financial payables and liabilities	1,668	1,139	529
Current financial liabilities for lease contracts	817	856	(39)

TIM GROUP - CHANGE IN ADJUSTED NET FINANCIAL DEBT

(million euros)

	1st Quarter 2023 (a)	1st Quarter 2022 (b)	Change (a-b)
EBITDA	1,039	1,316	(277)
Capital expenditures on an accrual basis	(837)	(932)	95
Change in net operating working capital:	(157)	(91)	(66)
Change in inventories	(41)	(20)	(21)
Change in trade receivables and other net receivables	164	222	(58)
Change in trade payables	(722)	(311)	(411)
Change in payables for mobile telephone licenses / spectrum	—	(186)	186
Other changes in operating receivables/payables	442	204	238
Change in employee benefits	243	38	205
Change in operating provisions and Other changes	10	(27)	37
Net operating free cash flow	298	304	(6)
% of Revenues	7.7	8.3	(0.6)pp
Sale of investments and other disposals flow	2	1	1
Share capital increases/reimbursements, including incidental expenses	—	—	—
Financial investments	(5)	(11)	6
Dividends payment	(38)	(26)	(12)
Increases in lease contracts	(310)	(255)	(55)
Finance expenses, income taxes and other net non-operating requirements flow	(403)	(465)	62
Reduction/(Increase) in adjusted net financial debt from continuing operations	(456)	(452)	(4)
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
Reduction/(Increase) in adjusted net financial debt	(456)	(452)	(4)

Equity Free Cash Flow

(million euros)

	1st Quarter 2023	1st Quarter 2022	Change
Reduction/(Increase) in adjusted net financial debt from continuing operations	(456)	(452)	(4)
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	296	530	(234)
Payment of TLC licenses and for the use of frequencies	—	186	(186)
Financial impact of acquisitions and/or disposals of investments	5	11	(6)
Dividend payment and Change in Equity	38	26	12
Equity Free Cash Flow	(117)	301	(418)

TIM GROUP - COMPLEX CONTRACTS

As part of a process aiming to ensure the identification and definition of the initiatives for the evolution of the internal control system for the management of corporate risks, in 2022, the TIM Group instituted a Technical Committee to supervise complex contracts (the "Technical Committee").

The Technical Committee defined:

- the objective criteria on which basis to classify a contract as a "complex contract";
- the procedure for the assessment and authorization of complex contracts, which envisages the involvement of multiple subjects and competences able to assess the different risk profiles (board decision-making process);
- the update of the policy regulating the process for formalizing contracts in the Group contracts, envisaging a clear identification and formalization of the reasoning behind the decision-making process to assign complex contracts as well as the related escalation mechanisms, thus strengthening the process for identifying and reconstructing sources, information elements and controls performed.



During 2021, 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.

During 2022, TIM S.p.A. also recorded a provision of 41 million euros for onerous contracts relating to a multi-year agreement stipulated in 2021 which committed the Company to minimum purchases and the total estimated cost of which for the residual duration of the agreement became apparent in 2022.

The use of the Contractual risk provision for onerous contracts 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 a null operating margin (organic).

The Provision for contractual risks for onerous contracts at March 31, 2023 came to 247 million euros.

Below are:

- the amount used in the first quarter 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)

	TIM Group		Domestic Business Unit	
	1st Quarter 2023	1st Quarter 2022	1st Quarter 2023	1st Quarter 2022
ORGANIC EBITDA (including use of the risk provision for onerous contracts)	1,459	1,406	1,000	1,029
- Use of the risk provision for onerous contracts to cover the negative margin	(8)	(15)	(8)	(15)
ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)	1,451	1,391	992	1,014

The amount of 8 million euros is the negative margin, for which the provision was used.

From a financial viewpoint, the negative margin covered by the Risks Provision has an equal impact on the Net Financial Position and cash flows.

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

TIM GROUP - INFORMATION BY OPERATING SEGMENTS

Domestic

(million euros)	1st Quarter 2023	1st Quarter 2022	Changes (a-b)		
	(a)	(b)	absolute	%	% organic excluding non-recurring
Revenues	2,843	2,846	(3)	(0.1)	(0.2)
EBITDA	582	962	(380)	(39.5)	(2.8)
% of Revenues	20.5	33.8		(13.3)pp	(0.9)pp
EBIT	(303)	92	(395)	—	(27.7)
% of Revenues	(10.7)	3.2		(13.9)pp	(1.6)pp
Headcount at period end (number) (*)	40,906	(*)40,984	(78)	(0.2)	

(*) Includes 38 agency contract workers at March 31, 2023 (15 at December 31, 2022).

(*) Headcount at December 31, 2022.

Fixed

	3/31/2023	12/31/2022	3/31/2022
Total TIM Retail accesses (thousands)	8,216	8,290	8,539
of which NGN ⁽¹⁾	5,487	5,417	5,244
Total TIM Wholesale accesses (thousands)	7,453	7,525	7,729
of which NGN	5,206	5,171	4,997
Active TIM Retail Broadband accesses (thousands)	7,379	7,443	7,643
Consumer ARPU (€/month) ⁽²⁾	27.3	28.3	28.4
Broadband ARPU (€/month) ⁽³⁾	34.5	35.6	33.0

(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

	3/31/2023	12/31/2022	3/31/2022
Lines at period end (thousands)	30,201	30,407	30,395
of which Human	18,297	18,438	18,799
Churn rate (%) ⁽⁴⁾	3.7	13.3	3.7
Broadband users (thousands) ⁽⁵⁾	12,584	12,577	12,717
Retail ARPU (€/month) ⁽⁶⁾	6.7	7.1	7.0
Human ARPU (€/month) ⁽⁷⁾	11.1	11.5	11.3

(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.

Brazil

	(million euros)		(million Brazilian reais)		Changes		
	1st Quarter 2023	1st Quarter 2022	1st Quarter 2023	1st Quarter 2022	absolute	%	% organic excluding non-recurring
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d	
Revenues	1,012	806	5,640	4,727	913	19.3	19.3
EBITDA	459	356	2,559	2,091	468	22.4	21.8
% of Revenues	45.4	44.2	45.4	44.2		1.2pp	0.9pp
EBIT	143	120	796	703	93	13.2	11.9
% of Revenues	14.1	14.9	14.1	14.9		(0.8)pp	(1.0)pp
Headcount at period end (number)			9,424	(*)9,395	29	0.3	

(*) Headcount at December 31, 2022.

TIM GROUP - HEADCOUNT

Average salaried workforce

(equivalent number)	1st Quarter 2023 (a)	Year 2022 (b)	1st Quarter 2022 (c)	Change (a-c)
Average salaried workforce – Italy	34,746	36,866	37,018	(2,272)
Average salaried workforce – Outside Italy	9,243	9,046	8,956	287
Total average salaried workforce ⁽¹⁾	43,989	45,912	45,974	(1,985)

⁽¹⁾ Includes agency contract workers: an average of 30 employees in Italy in the first quarter of 2023; an average of 15 employees in Italy in 2022; an average of 9 employees in the first quarter of 2022.

Headcount at period end

(number)	3/31/2023 (a)	12/31/2022 (b)	3/31/2022 (c)	Change (a-b)
Headcount – Italy	40,671	40,752	42,538	(81)
Headcount – Outside Italy	9,672	9,640	9,365	32
Total headcount at period end ⁽¹⁾	50,343	50,392	51,903	(49)

⁽¹⁾ Includes agency contract workers: 38 employees in Italy at 3/31/2023; 15 employees in Italy at 12/31/2022; 10 employees in Italy at 3/31/2022.

Headcount at period end – Breakdown by Business Unit

(number)	3/31/2023 (a)	12/31/2022 (b)	3/31/2022 (c)	Change (a-b)
Domestic	40,906	40,984	42,782	(78)
Brazil	9,424	9,395	9,109	29
Other Operations	13	13	12	—
Total	50,343	50,392	51,903	(49)

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 2023	1st Quarter 2022
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(4)	(5)
Employee benefits expenses:		
Charges connected to corporate reorganization/restructuring and other costs	(416)	(60)
Other operating expenses:		
Other expenses and provisions	—	(6)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(420)	(71)
Impact on Operating profit (loss) (EBIT)	(420)	(71)
Finance expenses:		
Other finance expenses	(9)	(1)
Impact on profit (loss) before tax from continuing operations	(429)	(72)
Income tax expense on non-recurring items	2	19
Impact on profit (loss) for the period	(427)	(53)

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, 2023:

(billion euros)	3/31/2023		12/31/2022	
	Agreed	Drawn down	Agreed	Drawn down
Sustainability-linked RCF – May 2026	4.0	—	4.0	—
Total	4.0	—	4.0	—

(*) In accordance with the contract signed, the Banks have committed to make the funds available on demand (with at least 3 days' notice). As this is a "Committed" line, the banks have no mechanisms in place not to honor the request for funds made by the Company, without prejudice to the market standard early mandatory cancellation clauses (Natural contract expiry, Change in control, Borrower illegality, Events of default, each as defined in the contract).

Bonds

The change in bonds in the first quarter of 2023 was as follows:

(millions of original currency)	Currency	Amount	Issue date
New issues			
TIM S.p.A. 850 million euros 6.875%	Euro	850	1/27/2023

(millions of original currency)	Currency	Amount	Repayment date
Repayments			
Telecom Italia S.p.A. 1,000 million euros 3.25%	Euro	1,000	1/16/2023

Moreover, on April 12, 2023, TIM successfully completed the 400 million euro tap issue of the bond issued on January 27, 2023 (coupon interest of 6.875% and maturing on February 15, 2028) ("Tap Issue").

The nominal repayment amount, net of the Group's bonds buyback, related to the bonds maturing in the 18 months following March 31, 2023 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 4,806 million euros, as detailed below:

- 427 million euros (equivalent-value 375 GBP), due May 19, 2023;
- 1,000 million euros, due July 19, 2023;
- 750 million euros, due January 19, 2024;
- 1,250 million euros, due April 11, 2024;
- 1,379 million euros (equivalent-value 1,500 USD), due May 30, 2024.

Bonds issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. 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 these bonds have been placed principally with institutional investors in main world capital markets (Euromarket and USA), the terms which regulate the bonds are in line with the market practice for similar transactions effected on these same markets.

Regarding loans taken out by TIM 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, on that same date, it extended the loan signed in 2019 (for an initial amount of 350 million euros) for an additional amount of 120 million euros.

Therefore, at March 31, 2023 the nominal total of outstanding loans with the EIB was 700 million euros, all drawn down and not backed by bank guarantee.

The two EIB loans signed on 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 TIM 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 TIM 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 TIM Group companies other than TIM – except for the cases when that debt is fully and irrevocably secured by TIM – is lower than 35% (thirty-five percent) of the TIM 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 TIM loan agreements do not contain any financial covenants (e.g. Debt/EBITDA, EBITDA/interest ratios, etc.), failure to comply with which would entail an obligation to repay the loan in place, with the exception of the loan signed on July 6, 2022, which is backed by the "Italy Guarantee" (in accordance with art. 1, subsection 1 of Decree-Law no. 23 of April 8, 2020, as subsequently amended and supplemented).

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 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 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, as well as the usual other covenants, under penalty of a request for the early repayment of the loan.

Finally, as at March 31, 2023, 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

A description is provided below of the most significant court, arbitration and tax disputes involving TIM Group companies and pending at March 31, 2023, as well as those that came to an end during the period.

The TIM Group has posted liabilities totaling 271 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, 2023, 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 Antitrust 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 sanction 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 2022 Annual Financial Report:

- Golden Power Case;
- Colt Technology Services, Eutelia and Clouditalia Telecomunicazioni disputes (connected with the Antitrust Case A428);
- Antitrust Case A514, I820, A556;
- Open Fiber disputes (connected with case A514);
- Poste;
- Brazil – Opportunity Arbitration;
- Iliad (winback);
- Fastweb (Ethernet ATM migration).



International tax and regulatory disputes

At March 31, 2023, 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 18.2 billion reais (18.2 billion reais at December 31, 2022), corresponding to approximately 3.3 billion euros at March 31, 2023. The main types of dispute 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 (3.3 billion reais at December 31, 2022).

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 9.8 billion reais (9.6 billion reais at December 31, 2022).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 1.6 billion reais (around 1.6 billion reais at December 31, 2022).

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 3.7 billion reais (3.7 billion reais at December 31, 2022).

Antitrust Case A428

At the conclusion of case A428, in May 2013, AGCM (the Italian Competition Authority) imposed two administrative fines of 88,182,000 euros and 15,612,000 euros on TIM for abuse of its dominant position. The Company allegedly (i) hindered or delayed activation of access services requested by OLOs through unjustified and spurious refusals; (ii) offered its access services to final customers at economic and technical conditions that allegedly could not be matched by competitors purchasing wholesale access services from TIM itself, only in those geographic areas of the Country where disaggregated access services to the local network are available, and hence where other operators can compete more effectively with the Company.

TIM appealed against the decision before the Regional Administrative Court (TAR) for Lazio, applying for payment of the fine to be suspended. In particular, it alleged: infringement of its rights to defend itself in the proceedings, the circumstance that the organizational choices challenged by AGCM (the Italian Competition Authority) and allegedly at the base of the abuse of the OLO provisioning processes had been the subject of specific rulings made by the industry regulator (AGCom), the circumstance that the comparative examination of the internal/external provisioning processes had in fact shown better results for the OLOs than for the TIM retail department (hence the lack of any form of inequality of treatment and/or opportunistic behavior by TIM), and (regarding the second abuse) the fact that the conduct was structurally unsuitable to reduce the margins of the OLOs.

In May 2014, the judgment of the Lazio TAR was published, rejecting TIM's appeal and confirming the fines imposed in the original order challenged. In September 2014 the Company appealed against this decision.

In May 2015, with the judgment no. 2497/15, the Council of State found the decision of the court of first instance did not present the deficiencies alleged by TIM and confirmed the AGCM ruling. The company had already proceeded to pay the fines and the accrued interest.

In a decision notified in July 2015, AGCM (the Italian Competition Authority) started proceedings for non-compliance against TIM, to ascertain if the Company had respected the notice to comply requiring it to refrain from undertaking behaviors analogous to those that were the object of the breach ascertained with the concluding decision in case A428 dated May 2013.

On January 13, 2017, TIM was served notice of AGCM's final assessment, which recognized that TIM had complied in full with the A428 decision and, as such, the conditions for the imposition of a fine for non-compliance were not present.

AGCM (the Italian Competition Authority) recognizes, furthermore, that TIM's behavior subsequently to the 2013 proceedings has been directed towards continuous improvement of its performance in the supply of wholesale access services concerning not only the services which were the subject of the investigation, but also the new Ultrabroadband access services. In assessing compliance, AGCM (the Italian Competition Authority) recognized the positive impact of the implementation, albeit not yet completed, of TIM's New Equivalence Model (NME). The AGCM (the Italian Competition Authority) decision orders TIM to: (i) proceed with the implementation of the NME until its completion which is expected to be by April 30, 2017; (ii) inform the Authority about the performance levels of the systems for providing wholesale access services and about the completion of the corresponding internal reorganization plan by the end of May 2017. The Company quickly complied with both orders, and the Authority communicated its satisfaction on August 9, 2017.

Vodafone lodged an appeal with the Lazio Regional Administrative Court against the final decision in the proceedings for non-compliance taken by AGCM (the Italian Competition Authority). TIM filed an appearance, as in the other lawsuits filed in March 2017 by the operators CloudItalia, KPNQWest Italia and Digitel. With judgments 311 and 312/23 respectively of January 11, 2023, the regional administrative court rejected the appeals lodged by KPNQWest and CloudItalia. On April 11, 2023, KPNQWest, now Comm 3000, lodged an appeal with the Council of State against the ruling of the Regional Administrative Court.

COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) - A428

With writ of summons before the Rome Court, COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) filed a damages claim for a total of 37 million euros in compensation for alleged anticompetitive and abusive conduct over the period 2009–2011, in the form of technical boycotting (refusals to activate wholesale services – KOs); the claim was based on the contents of the decision of AGCM (the Italian Competition Authority) that settled the A428 case. TIM filed an appearance, contesting all of the plaintiff's allegations. In the judgment with ruling in April 2019, the Court of Rome partially received the petitions of COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.), sentencing TIM to pay an amount significantly lower than the amount in the counterparty's damages claim. In June 2019, TIM appealed against the judgment. In the judgment given in April 2021, the Court of Appeal of Rome partly upheld TIM's appeal, reducing the amount of the compensation due to COMM 3000, which was in any case entirely covered by the relevant provision. In November 2021, TIM has appealed to the Court of Cassation over the judgment of the Court of Appeal of Rome in. The hearing in chambers has been scheduled for June 13, 2023.

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 case 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 filed an appearance, contesting the opposing party's arguments. At the hearing held on June 1, 2022, the investigating judge (i) assigned the parties time for depositing the briefs with terms running from February 15, 2023 and (ii) deferred the case to the hearing of June 7, 2023. The public hearing for the examination of the evidence has been scheduled for October 5, 2023.

Eutelia and Voiceplus

In June 2009, Eutelia and Voiceplus asked that alleged acts of abuse by TIM of its dominant position in the premium services market (based on the public offer of services provided through so-called Non Geographic Numbers) be investigated. The complainants quantified their damages at a total of approximately 730 million euros.

The case follows a precautionary procedure in which the Milan Appeal Court prohibited certain behaviors of the Company relating to the management of some financial relations with Eutelia and Voiceplus concerning the Non Geographic Numbers, for which TIM managed the payments from the end customers, on behalf of such OLOs and in the light of regulatory requirements. After the ruling with which the Milan Court of Appeal accepted TIM's objections, declaring that it was not competent in this matter and referring the case to the Civil Court, Eutelia in extraordinary administration and Voiceplus in liquidation resubmitted the matter to the Milan Court. The first hearing took place in the month of March 2014. TIM filed an appearance challenging the claims of the other parties. After the collapse of Voiceplus, the Milan Court declared the case suspended, in an order in September 2015. The case was later resumed by Voiceplus.

With a judgment issued in February 2018, the Milan Court accepted TIM's defense and rejected the plaintiffs' claim for compensation, ordering them, jointly and severally, to pay the legal costs. In March 2018 Eutelia and Voiceplus proposed an appeal against the judgment at first instance.

TIM appealed against the claim, requesting confirmation in full of the judgment in the first instance. The appeal of Eutelia and Voiceplus was fully rejected with the judgment of August 5, 2019. In December 2019 Eutelia and Voiceplus appealed to the Court of Cassation over the judgment of the Court of Appeal. TIM notified a counterclaim asking confirmation of the ruling appealed against. The hearing in chambers is scheduled for February 16, 2023. On the request of the appellants, at the hearing of February 16, 2023, public discussion was ruled, for which a date has not yet been scheduled.

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. On the request of the EUCJ, the Council of State, by order published on November 23, 2021, confirmed the referral to the Court of Justice on the prejudicial matters raised; on December 15, 2022, the conclusions were submitted of the general attorney and we are now awaiting the decision of the EUCJ; the case before the Council of State is therefore currently on hold.

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 Regional Administrative Court (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, the grounds for the judgment were instead published on May 10, 2019. TIM has appealed the judgment before the Council of State and discussion of the case has been deferred to November 10, 2023, awaiting the decision of the EU Court on the Community compatibility of the power exercised by AGCom to impose a billing period of no less than a month.

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. We are waiting for a date to be fixed for the discussion hearing.

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. We are waiting for a date to be fixed for the discussion hearing.

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 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. By judgment published on December 9, 2022, the Milan Court of Appeal confirmed the first instance judgment in full. On January 12, 2023, TIM notified the appeal to the Court of Cassation and on January 16, 2023 it also filed the appeal pursuant to Art. 373 of the Italian Code of Civil Procedure with the Milan Court of Appeal, asking that enforcement of the ruling be suspended until the judgment pending before the Court of Cassation had been settled.

By order of February 14, 2023, the Milan Court of Appeal, in partially upholding TIM's appeal, ordered suspension of the judgment in connection with the order to send the recorded delivery letters to former customers, whilst awaiting the decision of the Supreme Court.

Antitrust Case I850

By decision given on December 15, 2020, AGCM (the Italian Competition Authority) started an investigation in regard to the company Telecom Italia S.p.A., Fastweb S.p.A., Teemo Bidco S.r.l., FiberCop S.p.A., Tiscali Italia S.p.A. and KKR & Co. Inc., to ascertain the existence of any breaches of article 101 of the TFEU in relation to the coinvestment offer.

More specifically, the investigation regards the contracts governing the establishment and operation of FiberCop and the supply agreements with Fastweb and Tiscali. AGCM (the Italian Competition Authority) intends to verify that such agreements do not hinder competition between operators in the medium and long-term and assure the rapid modernization of the country's fixed telecommunications infrastructures.

On August 6, 2021, TIM submitted a proposal of undertakings to AGCM (the Italian Competition Authority) in order to resolve the competition concerns subject of the investigation and close the proceedings without any sanction being applied.

On September 7, 2021, AGCM (the Italian Competition Authority) judged these commitments to not be clearly unfounded and ruled publication on the Authority's website from September 13, 2021; thus market testing began and was completed by October 13, 2021, the date by which all subjects so wishing submitted their observations to AGCM in respect of the relevant commitments.

On December 14, 2021 AGCM (the Italian Competition Authority) extended the deadline for the conclusion of the proceedings, initially set for December 31, 2021, to February 15, 2022.

Precisely during the meeting held on February 15, 2022, AGCM (the Italian Competition Authority) finally resolved to approve the commitments insofar as they were considered suitable to eliminate the alleged anti-competition aspects investigated.

As envisaged by the final ruling, on April 22, 2022, TIM sent AGCM (the Italian Competition Authority) a first report on the measures taken to fulfill the commitments made.

On May 11, 2022, AGCM (the Italian Competition Authority) notified TIM of its acknowledgment of the measures presented in such report.

On January 31, 2023 TIM sent AGCM (the Italian Competition Authority) a second report on the implementation of the undertakings given.

By petition notified in April 2022, Open Fiber has challenged the above AGCM provision no. 3002, whereby the proceedings were closed, before the regional administrative court of Lazio; the petitioner believes that the commitments, made mandatory by the closure, are not sufficient to remove the anticompetitive aspects identified at the start of proceedings.

Upon completion of the interim hearing of last June 1, 2022, the regional administrative court rejected the request and scheduled the merits hearing for January 26, 2023. At the January 26 hearing, after extensive discussion, the judge reserved the right to deliberate. By judgment given on April 14, 2023, the Regional Administrative Court declared Open Fiber's petition to be lacking in grounds and consequently rejected it.

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 5, 2022, with the publication on the AGCM website, market testing began.

The deadline for rebuttal arguments and proposing any accessory amendments to the commitments presented by TIM and DAZN is scheduled for March 7.

On February 23, 2022, TIM and DAZN were convened separately to the AGCM offices. During the hearing, the Offices informed TIM - and thereafter confirmed this in the hearing meetings - that in a hearing held on February 15, the Board deemed it necessary to make certain "accessory" changes in order to approve the commitments submitted.

On March 4, 2022, TIM and DAZN requested an extension of the deadline for the submission of observations, also in view of the new aspects that had emerged on February 23. The new deadline was set as March 23.

On March 22, 2022, TIM informed the Authority that the additional changes considered necessary by the Board to approve the commitments would have entailed a complete overhaul of the contents and economic balance of the agreements signed by TIM and DAZN, such as to make it no longer possible to pursue the hypothesized business model. At the same time, TIM informed the Authority of the start of negotiations with DAZN possibly concerning the revision of the distribution exclusivity clause, which was the main object of the Authority's investigation. Considering the complexity of negotiations, TIM requested an extension of another 30 days for submission of observations. The extension was authorized and the new deadline set as April 23.

On April 20, 2022, in consideration of the extension of negotiations, also due to the complexity and economic relevance of that being negotiated, DAZN and TIM requested an additional extension. The new deadline was set as May 9.

On May 9, 2022, TIM informed the Authority that it had declared willing to DAZN to waive the exclusivity of the distribution of Serie A football rights, as currently regulated by the Deal Memo, with DAZN consequently having the faculty to distribute such rights also through third party operators and that, in exchange for the willingness to waive this right, the Parties had begun negotiations for a review of the contracted economic commitment envisaged by TIM.

On June 7, 2022, the Authority ruled on the rejection of the commitments submitted, which “would appear, both where considered comprehensively and individually, to be unable to eliminate the anticompetitive aspects identified in the resolution that started the proceedings, insofar as they do not resolve the competition concerns highlighted in the initial proceedings, where not translated into shared contractual amendments such as to eliminate the critical competition issues” highlighted by the Authority.

Again on June 7, 2022, the Authority ruled on the deferral of the deadline for the conclusion of proceedings to March 31, 2023.

On August 2, 2022, TIM informed the Antitrust Authority that it had reached a new agreement with DAZN, under which the latter has the faculty to distribute football rights through any third party, surpassing the previous system of exclusivity in TIM's favor.

On January 20, 2023, notification was given of the investigation results (CRI).

AGCM (the Italian Competition Authority) believes that the agreement reached on January 27, 2021 (the “Deal Memo”) had contents and resulted in effects that reduced competition for its entire duration (and therefore until stipulation of the new agreement on August 3, 2022).

On January 31, 2023, AGCM (the Italian Competition Authority) resolved to extend the deadline for conclusion of the proceedings until May 31, 2023.

TIM filed its defense brief last March 28, while the final hearing before the authority was held on April 4, 2023.

Antitrust Case PS 12304 “Post-withdrawal billing”

On April 28, 2022, AGCM (the Italian Competition Authority) initiated proceedings against TIM for unfair commercial practice, challenging alleged undue billing following a request to terminate the line, including cases of switch to another operator, with reference to fixed and mobile telephony. Although convinced of the diligence of its conduct, TIM has decided to implement a series of measures to make the procedures for terminating contract, and, therefore, the related billing, even more efficient and transparent. On March 31, 2023, the authority resolved to conclude the proceedings, applying a sanction of 200 thousand euros insofar as the remedial action taken by TIM was considered positively when quantifying the sanction. Similar proceedings have been concluded by the authority against the main communication operators.

Universal Service

In a decision published in July 2015, the Council of State rejected the appeal lodged by AGCom and TIM against the judgment of the Lazio Administrative Court (TAR) on the financing of the universal service obligations for the period 1999–2003. With this judgment the judge had granted the appeals by Vodafone, annulling AGCom decisions 106, 107, 109/11/CONS on the renewal of the related proceedings, which included Vodafone among the subjects required to contribute, for a sum of approximately 38 million euros. Essentially, the judgment confirms that the Authority has not demonstrated the particular degree of “replaceability” between fixed and mobile telephony for mobile operators to be included among the subjects required to repay the cost of the universal service, which means that AGCom needs to issue a new ruling. TIM has filed an application with AGCom to renew the proceedings, and an appeal against the judgment of the Court of Appeal to the Court of Cassation (which subsequently ruled that the appeal was inadmissible).

In April 2016 Vodafone appealed against the Ministry of Economic Development (MISE) and TIM to the Council of State, for non-compliance with the judgment of the Council of State. This appeal referred to AGCom decision 109/11/CONS (2003 yearly payment, on the basis of which Vodafone had paid the sum of approximately 9 million euros as contribution, restitution of which was requested).

In its judgment of November 2016, the Council of State rejected the appeal, referring to the Regional Administrative Court (TAR) the decision on the methods of compliance. In February 2017, Vodafone presented the Lazio Regional Administrative Court with four new appeals against the Ministry of Economic Development and TIM regarding observance of the ruling, upheld on appeal, countermanding the resolutions for the years 1999–2003 and repayment of the aforesaid amounts of around 38 million euros already paid to the Ministry of Economic Development as a contribution.

With a judgment issued in June 2018, the TAR rejected all of Vodafone's appeals for observance, and, as requested by TIM, expressly affirmed that AGCom must renew the proceedings, particularly with regard to the determination of the degree of replaceability between fixed and mobile telephony. Vodafone challenged the four judgments before the Council of State, which, with a decision of October 2019, upheld Vodafone's appeal and confirmed the restitutory obligation of the sums in question applicable to TIM.

With resolution no. 263/20/CIR, AGCom started proceedings to renew the investigation into the iniquity of the net cost of the universal service for 1999–2009 and the allocation of contribution expenses. Vodafone has challenged this resolution before the Regional Administrative Court. The renewal proceedings concluded with resolution 18/21/CIR, which substantively confirmed the draft order. This same resolution has only been challenged before the regional administrative court by TIM for the years 1999 and 2000, while Vodafone, Wind and Fastweb have challenged the resolution for all years concerned with opposite grounds. By judgments published in February 2022, resolution 18/21/CIR was partially canceled; indeed, the regional administrative court has rejected the main complaint reporting the lack of power of renovation and upheld only the grounds hinged on the alleged unreasonable nature of the threshold envisaged by AGCOM for the analysis of iniquity second facie. Fastweb, Vodafone, Wind, AGCom and TIM have appealed to the Council of State against the judgment of the regional administrative court and the related hearings of the merits have been scheduled for April 4 and April 27, 2023. Upon completion of the hearing of April 4, the related proceedings were reserved for decision. On April 18, the Council of State issued a board order whereby it submitted some prejudicial matters to the EU Court of Justice.

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, but with judgment given in April 2022, the request for compliance brought by TIM was rejected. TIM appealed for revocation of this judgment to the Council of State, which, with judgment 3318/2023, was declared inadmissible.

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.

Elinet S.p.A. Bankruptcy

In 2014, the receiver of Elinet S.p.A., and subsequently the receivers of Elitel S.r.l. and Elitel Telecom S.p.A. (the parent, at the time, of the Elitel group) appealed the judgment by which the Court of Rome dismissed the damages claim brought by the receivers of the Elinet-Elitel group, filing a new damages claim for a total of 282 million euros. The Company is alleged to have exercised direction and coordination powers over the plaintiff, and, with it, over the Elitel group (an OLO in which TIM has never held any equity interest) through the management of trade receivables. TIM filed an appearance, challenging the claims made by the other party. The judgment on the appeal was handed down with ruling in July 2019, which with reference to TIM confirmed full legality of its conduct and total non-existence of any element of direction and coordination. The receivers of Elinet S.p.A. and Elitel Telecom S.p.A. appealed to the Court of Cassation in January 2020 to obtain the annulment of the judgment in the second instance. The receiver of Elitel S.r.l. has not filed an appeal with the Court of Cassation and, consequently, the total claim for damages has been reduced to 244 million euros. TIM notified a counterclaim asking confirmation of the ruling appealed against.

The Court of Cassation made a ruling of inadmissible of the petition for Elinet Bankruptcy and Elitel Telecom Bankruptcy, ordering the two bankruptcies to jointly repay TIM the costs of the dispute. The events should therefore now be considered as definitively closed.

Iliad (restrictions of duration and costs of withdrawal)

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.

The case has been deferred for the ruling of the conclusions to the hearing of May 28, 2024.

Iliad (INWIT)

By writ of summons notified in July 2022, Iliad Italia S.p.A. summonsed Telecom, Vodafone and Infrastrutture Wireless Italiane S.p.A. ("INWIT") before the Court of Milan to assess the alleged unlawful conduct of INWIT, Telecom and Vodafone, consisting of refusal to allow Iliad to upgrade its mobile telephone transmission systems installed on INWIT-owned infrastructures. As a result of this conduct, Iliad has asked that Telecom be ordered, together with INWIT and Vodafone, to compensate the damages allegedly suffered, which it has reserved the right to quantify during the course of proceedings. The first appearance was filed at the hearing held on April 05, 2023 and the Court reserved the objection of nullity of the writ of summons raised by TIM.

b) Other information

With reference to the cases listed below no significant facts have emerged with respect to that published in the 2022 Annual Financial Report:

- Mobile telephony - criminal proceedings;
- TIM S.A. - Arbitration proceedings no. 28/2021/SEC8;
- TIM S.A. - Arbitration proceedings connected with the acquisition of the Oi Group mobile telephone assets.



Dispute concerning the license fees for 1998

TIM has summoned the Prime Minister's Office to appear in a civil suit for compensation for damages caused by the Italian State through appeal ruling 7506/09, handed down by the Council of State in breach, in the view of the Company, of 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 on to the President of the Court of Appeal. On March 4, 2022, the case was reassigned to another judge. By judgment of March 31, 2022, the Board scheduled the hearing for December 1, 2022 for closing arguments. The Board has deferred the case to the hearing of January 19, 2023 for verbal discussion. Following the request made by the State advocacy, the case was deferred to the hearing of March 9, 2023 and is currently up for discussion.

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 items”.
- **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

- **Capital expenditures (net of TLC licenses):** this financial measure represents the capital expenditures made net of investments for competence relating to TLC licenses for the use of frequencies.
- **Operating free cash flow (OFCF) and operating free cash flow (net of licenses):** these financial measures represent the cash flow available to repay the debt (including lease payables) and cover any financial investments and, in the case of OFCF, payments of licenses and frequencies.

Operating free cash flow and operating free cash flow (net of licenses) are calculated as follows:

	EBITDA
-	Capital expenditures on an accrual basis
+/-	Change in net operating working capital (Change in inventories, Change in trade receivables and other net receivables, Change in trade payables, Change in payables for mobile telephone licenses/spectrum, Other changes in operating receivables/payables, Change in employee benefits, Change in operating provisions and other changes)
	Operating Free Cash Flow
-	Payment of TLC licenses and for the use of frequencies
	Operating Free Cash Flow (net of licenses)

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 connected with 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.