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March 6, 2024

*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 Income Statements, Statements of Comprehensive Income, Statements of Financial Position and the Statements of Cash Flows, as well as the Net Financial Debt of the TIM Group and of the Parent TIM S.p.A., herewith presented, are the same as those included in the Report on Operations of the 2023 TIM Annual Financial Report. Such statements, as well as the Net Financial Debt, are in any case consistent with those included in the TIM Group Consolidated and Separate Financial Statements for the year ended December 31, 2023.

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

To such extent, please note that the audit work by our independent auditors on the TIM Consolidated and Separate Financial Statements for the year ended December 31, 2023, as well as the check of consistency of the 2023 Report on Operations with the related TIM Consolidated and Separate Financial Statements have not yet been completed.

## TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(million euros)	2023	2022	Changes (a-b)	
	(a)	(b)	absolute	%
<b>Revenues</b>	<b>16,296</b>	<b>15,788</b>	<b>508</b>	<b>3.2</b>
Other income	206	213	(7)	(3.3)
<b>Total operating revenues and other income</b>	<b>16,502</b>	<b>16,001</b>	<b>501</b>	<b>3.1</b>
Acquisition of goods and services	(7,518)	(7,239)	(279)	(3.9)
Employee benefits expenses	(2,987)	(3,180)	193	6.1
Other operating expenses	(872)	(816)	(56)	(6.9)
Change in inventories	47	22	25	—
Internally generated assets	538	559	(21)	(3.8)
<b>Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>5,710</b>	<b>5,347</b>	<b>363</b>	<b>6.8</b>
Depreciation and amortization	(4,863)	(4,777)	(86)	(1.8)
Gains (losses) on disposals of non-current assets	(11)	36	(47)	—
Impairment reversals (losses) on non-current assets	—	—	—	—
<b>Operating profit (loss) (EBIT)</b>	<b>836</b>	<b>606</b>	<b>230</b>	<b>38.0</b>
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(29)	23	(52)	—
Other income (expenses) from investments	53	206	(153)	—
Finance income	1,095	1,115	(20)	(1.8)
Finance expenses	(2,835)	(2,538)	(297)	(11.7)
<b>Profit (loss) before tax from continuing operations</b>	<b>(880)</b>	<b>(588)</b>	<b>(292)</b>	<b>(49.7)</b>
Income tax expense	(227)	(2,066)	1,839	89.0
<b>Profit (loss) from continuing operations</b>	<b>(1,107)</b>	<b>(2,654)</b>	<b>1,547</b>	<b>58.3</b>
<b>Profit (loss) from Discontinued operations/Non-current assets held for sale</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Profit (loss) for the year</b>	<b>(1,107)</b>	<b>(2,654)</b>	<b>1,547</b>	<b>58.3</b>
Attributable to:				
<b>Owners of the Parent</b>	<b>(1,441)</b>	<b>(2,925)</b>	<b>1,484</b>	<b>50.7</b>
Non-controlling interests	334	271	63	23.2

## 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)		2023	2022
<b>Profit (loss) for the year</b>	(a)	<b>(1,107)</b>	<b>(2,654)</b>
<b>Other components of the Consolidated Statement of Comprehensive Income</b>			
<b>Other components that will not be reclassified subsequently to Separate Consolidated Income Statement</b>			
<b>Financial assets measured at fair value through other comprehensive income:</b>			
Profit (loss) from fair value adjustments		3	(2)
Income tax effect		—	—
	(b)	<b>3</b>	<b>(2)</b>
<b>Remeasurements of employee defined benefit plans (IAS 19):</b>			
Actuarial gains (losses)		(8)	77
Income tax effect		—	(17)
	(c)	<b>(8)</b>	<b>60</b>
<b>Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:</b>			
Profit (loss)		—	—
Income tax effect		—	—
	(d)	<b>—</b>	<b>—</b>
<b>Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement</b>	(e=b+c+d)	<b>(5)</b>	<b>58</b>
<b>Other components that will be reclassified subsequently to Separate Consolidated Income Statement</b>			
<b>Financial assets measured at fair value through other comprehensive income:</b>			
Profit (loss) from fair value adjustments		43	(130)
Loss (profit) transferred to Separate Consolidated Income Statement		(9)	21
Income tax effect		(1)	4
	(f)	<b>33</b>	<b>(105)</b>
<b>Hedging instruments:</b>			
Profit (loss) from fair value adjustments		(382)	488
Loss (profit) transferred to Separate Consolidated Income Statement		192	(235)
Income tax effect		45	(61)
	(g)	<b>(145)</b>	<b>192</b>
<b>Exchange differences on translating foreign operations:</b>			
Profit (loss) on translating foreign operations		189	597
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(h)	<b>189</b>	<b>597</b>
<b>Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:</b>			
Profit (loss)		—	—
Loss (profit) transferred to Separate Consolidated Income Statement		—	—
Income tax effect		—	—
	(i)	<b>—</b>	<b>—</b>
<b>Total other components that will be reclassified subsequently to Separate Consolidated Income Statement</b>	(k=f+g+h+i)	<b>77</b>	<b>684</b>
<b>Total other components of the Consolidated Statement of Comprehensive Income</b>	(m=e+k)	<b>72</b>	<b>742</b>
<b>Total comprehensive income (loss) for the year</b>	(a+m)	<b>(1,035)</b>	<b>(1,912)</b>
Attributable to:			
<b>Owners of the Parent</b>		<b>(1,432)</b>	<b>(2,365)</b>
Non-controlling interests		397	453

## TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(million euros)	12/31/2023 (a)	12/31/2022 (b)	Changes (a-b)
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	19,170	19,111	59
Intangible assets with a finite useful life	7,122	7,656	(534)
	<b>26,292</b>	<b>26,767</b>	<b>(475)</b>
<b>Tangible assets</b>			
Property, plant and equipment owned	<b>14,692</b>	<b>14,100</b>	<b>592</b>
<b>Rights of use assets</b>	<b>5,515</b>	<b>5,488</b>	<b>27</b>
<b>Other non-current assets</b>			
Investments in associates and joint ventures accounted for using the equity method	537	539	(2)
Other investments	140	116	24
Non-current financial receivables arising from lease contracts	112	49	63
Other non-current financial assets	1,103	1,602	(499)
Miscellaneous receivables and other non-current assets	2,187	2,365	(178)
Deferred tax assets	701	769	(68)
	<b>4,780</b>	<b>5,440</b>	<b>(660)</b>
<b>Total Non-current assets</b> (a)	<b>51,279</b>	<b>51,795</b>	<b>(516)</b>
<b>Current assets</b>			
Inventories	345	322	23
Trade and miscellaneous receivables and other current assets	4,699	4,539	160
Current income tax receivables	191	147	44
<b>Current financial assets</b>			
Current financial receivables arising from lease contracts	162	69	93
Securities other than investments, other financial receivables and other current financial assets	2,571	1,600	971
Cash and cash equivalents	2,912	3,555	(643)
	<b>5,645</b>	<b>5,224</b>	<b>421</b>
<b>Current assets sub-total</b>	<b>10,880</b>	<b>10,232</b>	<b>648</b>
<b>Discontinued operations /Non-current assets held for sale</b>			
of a financial nature	—	—	—
of a non-financial nature	—	—	—
	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Current assets</b> (b)	<b>10,880</b>	<b>10,232</b>	<b>648</b>
<b>Total Assets</b> (a+b)	<b>62,159</b>	<b>62,027</b>	<b>132</b>

(million euros)	12/31/2023 (a)	12/31/2022 (b)	Changes (a-b)
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity attributable to owners of the Parent	13,646	15,061	(1,415)
Non-controlling interests	3,867	3,664	203
<b>Total Equity</b> (c)	<b>17,513</b>	<b>18,725</b>	<b>(1,212)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities for financing contracts and others	21,284	21,739	(455)
Non-current financial liabilities for lease contracts	4,743	4,597	146
Employee benefits	511	684	(173)
Deferred tax liabilities	83	84	(1)
Provisions	679	910	(231)
Miscellaneous payables and other non-current liabilities	1,326	1,146	180
<b>Total Non-current liabilities</b> (d)	<b>28,626</b>	<b>29,160</b>	<b>(534)</b>
<b>Current liabilities</b>			
Current financial liabilities for financing contracts and others	5,771	5,039	732
Current financial liabilities for lease contracts	838	870	(32)
Trade and miscellaneous payables and other current liabilities	9,384	8,199	1,185
Income tax payables	27	34	(7)
<b>Current liabilities sub-total</b>	<b>16,020</b>	<b>14,142</b>	<b>1,878</b>
<b>Liabilities directly associated with Discontinued operations/Non-current assets held for sale</b>			
of a financial nature	—	—	—
of a non-financial nature	—	—	—
	—	—	—
<b>Total Current Liabilities</b> (e)	<b>16,020</b>	<b>14,142</b>	<b>1,878</b>
<b>Total Liabilities</b> (f=d+e)	<b>44,646</b>	<b>43,302</b>	<b>1,344</b>
<b>Total Equity and Liabilities</b> (c+f)	<b>62,159</b>	<b>62,027</b>	<b>132</b>

# TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(million euros)	2023	2022
<b>Cash flows from operating activities:</b>		
Profit (loss) from continuing operations	(1,107)	(2,654)
Adjustments for:		
Depreciation and amortization	4,863	4,777
Impairment losses (reversals) on non-current assets (including investments)	(6)	9
Net change in deferred tax assets and liabilities	148	2,645
Losses (gains) realized on disposals of non-current assets (including investments)	(35)	(242)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	29	(23)
Change in employee benefits	(291)	156
Change in inventories	(31)	(35)
Change in trade receivables and other net receivables	(39)	(81)
Change in trade payables	191	484
Net change in income tax receivables/payables	(21)	(478)
Net change in miscellaneous receivables/payables and other assets/liabilities	243	337
<b>Cash flows from (used in) operating activities</b>	<b>(a) 3,944</b>	<b>4,895</b>
<b>Cash flows from investing activities:</b>		
Purchases of intangible, tangible and rights of use assets on a cash basis	(3,969)	(6,305)
Contributions for plants received	758	3
Acquisition of control of companies or other businesses, net of cash acquired	19	(1,316)
Acquisitions/disposals of other investments	(49)	(26)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(919)	969
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of	—	1,278
Proceeds from sale/repayments of intangible, tangible and other non-current assets	11	62
<b>Cash flows from (used in) investing activities</b>	<b>(b) (4,149)</b>	<b>(5,335)</b>
<b>Cash flows from financing activities:</b>		
Change in current financial liabilities and other	241	(436)
Proceeds from non-current financial liabilities (including current portion)	4,037	2,288
Repayments of non-current financial liabilities (including current portion)	(4,607)	(4,615)
Change in hedging and non-hedging derivatives	68	(36)
Share capital proceeds/reimbursements (including subsidiaries)	—	2
Dividends paid	(189)	(68)
Changes in ownership interests in consolidated subsidiaries	(6)	(4)
<b>Cash flows from (used in) financing activities</b>	<b>(c) (456)</b>	<b>(2,869)</b>
<b>Cash flows from (used in) Discontinued operations/Non-current assets held for sale</b>	<b>(d) —</b>	<b>—</b>
<b>Aggregate cash flows</b>	<b>(e=a+b+c+d) (661)</b>	<b>(3,309)</b>
<b>Net cash and cash equivalents at beginning of the year</b>	<b>(f) 3,555</b>	<b>6,904</b>
Net foreign exchange differences on net cash and cash equivalents	(g) 18	(40)
<b>Net cash and cash equivalents at end of the year</b>	<b>(h=e+f+g) 2,912</b>	<b>3,555</b>

### Purchase of intangible, tangible and rights of use assets

(million euros)	2023	2022
Purchase of intangible assets	(912)	(1,128)
Purchase of tangible assets	(2,941)	(2,828)
Purchase of rights of use assets	(1,216)	(953)
Total purchase of intangible, tangible and rights of use assets on an accrual basis	(5,069)	(4,909)
Change in payables arising from purchase of intangible, tangible and rights of use assets	1,100	(1,396)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(3,969)	(6,305)

### Additional Cash Flow information

(million euros)	2023	2022
Income taxes (paid) received	(117)	164
Interest expense paid	(2,103)	(1,668)
Interest income received	597	562
Dividends received	20	155

### Analysis of Net Cash and Cash Equivalents

(million euros)	2023	2022
<b>Net cash and cash equivalents at beginning of the year:</b>		
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	—	—
	<b>3,555</b>	<b>6,904</b>
<b>Net cash and cash equivalents at end of the year:</b>		
Cash and cash equivalents - from continuing operations	2,912	3,555
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	—	—
	<b>2,912</b>	<b>3,555</b>

## TIM GROUP - NET FINANCIAL DEBT

(million euros)	12/31/2023 (a)	12/31/2022 (b)	Change (a-b)
<b>Non-current financial liabilities</b>			
Bonds	15,297	15,259	38
Amounts due to banks, other financial payables and liabilities	5,987	6,480	(493)
Non-current financial liabilities for lease contracts	4,743	4,597	146
	<b>26,027</b>	<b>26,336</b>	<b>(309)</b>
<b>Current financial liabilities (*)</b>			
Bonds	3,266	2,799	467
Amounts due to banks, other financial payables and liabilities	2,505	2,240	265
Current financial liabilities for lease contracts	838	870	(32)
	<b>6,609</b>	<b>5,909</b>	<b>700</b>
Financial liabilities directly associated with Discontinued operations/ Non-current assets held for sale	—	—	—
<b>Total Gross financial debt</b>	<b>32,636</b>	<b>32,245</b>	<b>391</b>
<b>Non-current financial assets</b>			
Securities other than investments	—	—	—
Non-current financial receivables arising from lease contracts	(112)	(49)	(63)
Financial receivables and other non-current financial assets	(1,103)	(1,602)	499
	<b>(1,215)</b>	<b>(1,651)</b>	<b>436</b>
<b>Current financial assets</b>			
Securities other than investments	(1,882)	(1,446)	(436)
Current financial receivables arising from lease contracts	(162)	(69)	(93)
Financial receivables and other current financial assets	(689)	(154)	(535)
Cash and cash equivalents	(2,912)	(3,555)	643
	<b>(5,645)</b>	<b>(5,224)</b>	<b>(421)</b>
Financial assets relating to Discontinued operations/Non-current assets held for sale	—	—	—
<b>Total financial assets</b>	<b>(6,860)</b>	<b>(6,875)</b>	<b>15</b>
<b>Net financial debt carrying amount</b>	<b>25,776</b>	<b>25,370</b>	<b>406</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(120)</i>	<i>(6)</i>	<i>(114)</i>
<b>Adjusted Net Financial Debt</b>	<b>25,656</b>	<b>25,364</b>	<b>292</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>32,001</b>	<b>31,682</b>	<b>319</b>
<b>Total adjusted financial assets</b>	<b>(6,345)</b>	<b>(6,318)</b>	<b>(27)</b>
<i>(*) of which current portion of medium/long-term debt:</i>			
Bonds	3,266	2,799	467
Amounts due to banks, other financial payables and liabilities	1,166	1,139	27
Current financial liabilities for lease contracts	786	856	(70)

## TIM GROUP - CHANGE IN ADJUSTED NET FINANCIAL DEBT

(million euros)	2023 (a)	2022 (b)	Change (a-b)
EBITDA	5,710	5,347	363
Capital expenditures on an accrual basis	(3,982)	(4,077)	95
Change in net operating working capital:	503	(1,736)	2,239
Change in inventories	(31)	(35)	4
Change in trade receivables and other net receivables	(39)	(81)	42
Change in trade payables	252	398	(146)
Change in payables for mobile telephone licenses / spectrum	(48)	(2,144)	2,096
Other changes in operating receivables/payables	369	126	243
Change in employee benefits	(291)	156	(447)
Advance received on NRRP contributions	758	—	758
Change in operating provisions and Other changes	(97)	(315)	218
<b>Net Operating Free Cash Flow</b>	<b>2,601</b>	<b>(625)</b>	<b>3,226</b>
<i>% of Revenues</i>	<i>16.0</i>	<i>(4.0)</i>	<i>20.0pp</i>
Sale of investments and other disposals flow	11	1,341	(1,330)
Share capital increases/reimbursements, including incidental expenses	—	2	(2)
Financial investments	(33)	(1,905)	1,872
Dividends payment	(189)	(68)	(121)
Increases in lease contracts	(1,087)	(832)	(255)
Finance expenses, income taxes and other net non-operating requirements flow	(1,595)	(1,090)	(505)
<b>Reduction/(Increase) in adjusted net financial debt from continuing operations</b>	<b>(292)</b>	<b>(3,177)</b>	<b>2,885</b>
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	—	—	—
<b>Reduction/(Increase) in adjusted net financial debt</b>	<b>(292)</b>	<b>(3,177)</b>	<b>2,885</b>

### Equity Free Cash Flow

(million euros)	2023	2022	Change
<b>Reduction/(Increase) in adjusted net financial debt from continuing operations</b>	<b>(292)</b>	<b>(3,177)</b>	<b>2,885</b>
Impact for finance leases (new lease operations and/or renewals and/or extensions (-)/any terminations/early extinguishing of leases (+))	785	827	(42)
Payment of TLC licenses and for the use of frequencies	48	2,242	(2,194)
Financial impact of acquisitions and/or disposals of investments	33	666	(633)
Dividend payment and Change in Equity	189	66	123
<b>Equity Free Cash Flow</b>	<b>763</b>	<b>624</b>	<b>139</b>

## 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 has 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);
- an update to the policy governing the formalisation process of contracts within the Group by providing for a clear identification and formalisation of the rationale underlying the decision-making process for awarding complex contracts, as well as the related escalation mechanisms, thus strengthening the process of identifying and reconstructing the sources, information elements and controls performed.

Starting from the 2021 financial year, some multi-year contracts for the offer of multimedia content and a connectivity agreement have shown a negative overall margin throughout the entire contractual duration, with the need to make provisions for the registration of a Risk Fund contractual for onerous contracts for the residual duration periods of the agreements. The residual value of the Risk Provision and the forecasts of the overall contractual margin are periodically reviewed, in order to confirm or update the initial estimates and the residual amount of the Provision itself.

The use of the Provision for contractual risks 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 December 31, 2023 came to 177 million euros.

Below are:

- the amount used 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	
	2023	2022	2023	2022
<b>ORGANIC EBITDA (including use of the risk provision for onerous contracts)</b>	<b>6,383</b>	<b>6,039</b>	<b>4,242</b>	<b>4,173</b>
- Use of the risk provision for onerous contracts to cover the negative margin	(98)	(346)	(98)	(346)
<b>ORGANIC EBITDA (excluding use of the risk provision for onerous contracts)</b>	<b>6,285</b>	<b>5,693</b>	<b>4,144</b>	<b>3,827</b>

The amount of 98 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

### Fixed

	12/31/2023	12/31/2022	12/31/2021
Total TIM Retail accesses (thousands)	7,975	8,290	8,647
<i>of which NGN <sup>(1)</sup></i>	5,580	5,417	5,186
Total TIM Wholesale accesses (thousands)	7,247	7,525	7,729
<i>of which NGN</i>	5,280	5,171	4,819
Active TIM Retail Broadband accesses (thousands)	7,196	7,443	7,733
Consumer ARPU (€/month) <sup>(2)</sup>	28.1	28.3	30.1
Broadband ARPU (€/month) <sup>(3)</sup>	38.1	35.6	33.4

(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

	12/31/2023	12/31/2022	12/31/2021
Lines at period end (thousands)	30,128	30,407	30,466
<i>of which Human</i>	18,071	18,438	19,054
Churn rate (%) <sup>(4)</sup>	12.8	13.3	14.7
Broadband users (thousands) <sup>(5)</sup>	12,592	12,577	12,783
Retail ARPU (€/month) <sup>(6)</sup>	6.9	7.1	7.5
Human ARPU (€/month) <sup>(7)</sup>	11.4	11.5	11.7

(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.

## TIM GROUP - HEADCOUNT

### Average salaried workforce

(equivalent number)	2023 (a)	2022 (b)	Change (a-b)
Average salaried workforce – Italy	33,983	36,866	(2,883)
Average salaried workforce – Outside Italy	9,162	9,046	116
<b>Total average salaried workforce <sup>(1)</sup></b>	<b>43,145</b>	<b>45,912</b>	<b>(2,767)</b>

<sup>(1)</sup> Includes agency contract workers: 31 average employees in Italy in 2023; average 15 employees in Italy in 2022.

### Headcount at year end

(number)	12/31/2023 (a)	12/31/2022 (b)	Change (a-b)
Headcount – Italy	37,670	40,752	(3,082)
Headcount – Outside Italy	9,510	9,640	(130)
<b>Total headcount at year end <sup>(1)</sup></b>	<b>47,180</b>	<b>50,392</b>	<b>(3,212)</b>

<sup>(1)</sup> Includes agency contract workers: 31 employees in Italy at 12/31/2023; 15 employees in Italy at 12/31/2022.

### Headcount at year end – Breakdown by Business Unit

(number)	12/31/2023 (a)	12/31/2022 (b)	Change (a-b)
Domestic	37,901	40,984	(3,083)
Brazil	9,267	9,395	(128)
Other Operations	12	13	(1)
<b>Total</b>	<b>47,180</b>	<b>50,392</b>	<b>(3,212)</b>

## 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)	2023	2022
<b>Other income:</b>		
Recovery of operating expenses	(11)	23
<b>Acquisition of goods and services, Change in inventories:</b>		
Acquisition of goods and services - Charges related to agreements and the development of non-recurring projects and other charges	(44)	(56)
<b>Employee benefits expenses:</b>		
Charges connected to corporate reorganization/restructuring and other costs	(484)	(572)
<b>Other operating expenses:</b>		
Expenses related to disputes and regulatory penalties and liabilities related to those expenses, other provisions and charges	(134)	(77)
<b>Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>(673)</b>	<b>(682)</b>
<b>Gains (losses) on disposals of non-current assets:</b>		
Net losses on disposals of non-current assets	(3)	—
<b>Impact on Operating profit (loss) (EBIT)</b>	<b>(676)</b>	<b>(682)</b>
<b>Other income (expenses) from investments:</b>		
Net capital gain on corporate transactions	46	203
<b>Finance income:</b>		
Other finance income	(4)	—
<b>Finance expenses:</b>		
Other finance expenses	(35)	(11)
<b>Impact on profit (loss) before tax from continuing operations</b>	<b>(669)</b>	<b>(490)</b>
Tax realignment pursuant to Decree Law 104/2020 Art. 110	—	(1,964)
Income tax expense on non-recurring items	(1)	17
<b>Impact on profit (loss) for the year</b>	<b>(670)</b>	<b>(2,437)</b>

# TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND MATURING BONDS

## Revolving Credit Facility

The following table shows committed credit lines(\*) available at December 31, 2023:

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

(\*) 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 during 2023 was as follows:

(millions of original currency)	Currency	Amount	Issue date
<b>New issues</b>			
TIM S.p.A. 850 million euros 6.875%	Euro	850	1/27/2023
TIM S.p.A. 400 million euros 6.875%	Euro	400	4/12/2023
TIM S.p.A. 750 million euros 7.875%	Euro	750	7/20/2023
TIM Brasil Serviços e Participações S.A. 5,000 million BRL	BRL	5,000	7/31/2023
TIM S.p.A. 750 million euros 7.875%	Euro	750	9/28/2023

(millions of original currency)	Currency	Amount	Repayment date
<b>Repayments</b>			
Telecom Italia S.p.A. 1,000 million euros 3.25%	Euro	1,000	1/16/2023
Telecom Italia S.p.A. 375 million GBP 5.875% (a)	GBP	375	5/19/2023
Telecom Italia S.p.A. 1,000 million euros 2.5%	Euro	1,000	7/19/2023

(a) Net of 25 million GBP bought back in June 2016.

(millions of original currency)	Currency	Amount	Buy-back date
<b>Buy-backs</b>			
Telecom Italia S.p.A. 750 million euros 3.625%, due 1/19/2024	Euro	300	7/20/2023
Telecom Italia S.p.A. 1,250 million euros 4%, due 4/11/2024	Euro	300	7/20/2023

The nominal repayment amount, net of repurchased own bonds, of bonds maturing in the 18 months following December 31, 2023 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (with full and unconditional guarantee from TIM S.p.A.) amounts to 3,757 million euros, as detailed below:

- 450 million euros, due on January 19, 2024;
- 950 million euros, due on April 11, 2024;
- 1,357 million euros (equivalent value of 1,500 USD), due on May 30, 2024;
- 1,000 million euros, due on April 15, 2025.

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 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. Currently, these loans are partially guaranteed. Currently, these loans are partially guaranteed.

In addition, on May 5, 2023, TIM took out a new 360 million euro loan with the EIB, partially guaranteed by SACE.

Therefore, at December 31, 2023 the nominal total of outstanding loans with the EIB was 1,060 million euros.

The EIB loans include the following covenants and commitments:

- 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.

Some TIM loan agreements do not contain 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. These include 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, except where certain conditions exist. 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 December 31, 2023, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

## TIM S.p.A. - SEPARATE INCOME STATEMENTS

(million euros)	2023	2022	Change (a-b)	
	(a)	(b)	amount	%
<b>Revenues</b>	<b>12,140</b>	<b>12,098</b>	<b>42</b>	<b>0.3</b>
Other income	227	245	(18)	(7.3)
<b>Total operating revenues and other income</b>	<b>12,367</b>	<b>12,343</b>	<b>24</b>	<b>0.2</b>
Acquisition of goods and services	(7,860)	(7,602)	(258)	(3.4)
Employee benefits expenses	(2,377)	(2,578)	201	7.8
Other operating expenses	(436)	(420)	(16)	(3.8)
Change in inventories	8	28	(20)	(71.4)
Internally generated assets	300	315	(15)	(4.8)
<b>Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>2,002</b>	<b>2,086</b>	<b>(84)</b>	<b>(4.0)</b>
Depreciation and amortization	(2,743)	(2,759)	16	0.6
Gains (losses) on disposals of non-current assets	(17)	24	(41)	—
Impairment reversals (losses) on non-current assets	—	—	—	—
<b>Operating profit (loss) (EBIT)</b>	<b>(758)</b>	<b>(649)</b>	<b>(109)</b>	<b>(16.8)</b>
Income (expenses) from investments	911	408	503	—
Finance income	999	1,415	(416)	(29.4)
Finance expenses	(2,193)	(2,408)	215	8.9
<b>Profit (loss) before tax</b>	<b>(1,041)</b>	<b>(1,234)</b>	<b>193</b>	<b>15.6</b>
Income tax expense	46	(1,843)	1,889	—
<b>Profit (loss) for the year</b>	<b>(995)</b>	<b>(3,077)</b>	<b>2,082</b>	<b>67.7</b>

## TIM S.p.A. - STATEMENTS OF COMPREHENSIVE INCOME

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

(million euros)	2023	2022
<b>Profit (loss) for the year</b>	<b>(995)</b>	<b>(3,077)</b>
<b>Other components of the Statement of Comprehensive Income:</b>		
<b>Other components that will not be reclassified subsequently to Separate Income Statement</b>		
<b>Financial assets measured at fair value through other comprehensive income:</b>		
Profit (loss) from fair value adjustments	3	(2)
Income tax effect	—	—
<b>(b)</b>	<b>3</b>	<b>(2)</b>
<b>Remeasurements of employee defined benefit plans (IAS 19):</b>		
Actuarial gains (losses)	(8)	68
Income tax effect	—	(16)
<b>(c)</b>	<b>(8)</b>	<b>52</b>
<b>Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:</b>		
Profit (loss)	—	—
Income tax effect	—	—
<b>(d)</b>	<b>—</b>	<b>—</b>
<b>Total other components that will not be reclassified subsequently to Separate Income Statement</b>	<b>(5)</b>	<b>50</b>
<b>Other components that will be reclassified subsequently to Separate Income Statement</b>		
<b>Financial assets measured at fair value through other comprehensive income:</b>		
Profit (loss) from fair value adjustments	4	(17)
Loss (profit) transferred to the Separate Income Statement	—	—
Income tax effect	(1)	4
<b>(f)</b>	<b>3</b>	<b>(13)</b>
<b>Hedging instruments:</b>		
Profit (loss) from fair value adjustments	(237)	1,019
Loss (profit) transferred to the Separate Income Statement	100	(69)
Income tax effect	33	(228)
<b>(g)</b>	<b>(104)</b>	<b>722</b>
<b>Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:</b>		
Profit (loss)	—	—
Loss (profit) transferred to the Separate Income Statement	—	—
Income tax effect	—	—
<b>(h)</b>	<b>—</b>	<b>—</b>
<b>Total other components that will be reclassified subsequently to Separate Income Statement</b>	<b>(101)</b>	<b>709</b>
<b>Total other components of the Statement of Comprehensive Income</b>	<b>(106)</b>	<b>759</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(1,101)</b>	<b>(2,318)</b>

## TIM S.p.A. - STATEMENTS OF FINANCIAL POSITION

(million euros)	12/31/2023 (a)	12/31/2022 (b)	Changes (a-b)
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	12,064	12,064	—
Intangible assets with a finite useful life	4,578	5,023	(445)
	<b>16,642</b>	<b>17,087</b>	<b>(445)</b>
<b>Tangible assets</b>			
Property, plant and equipment owned	6,561	6,837	(276)
<b>Right of use assets</b>	<b>3,271</b>	<b>3,188</b>	<b>83</b>
<b>Other non-current assets</b>			
Investments	10,903	11,021	(118)
Non-current financial receivables for lease contract	6	8	(2)
Other non-current financial assets	3,886	3,494	392
Miscellaneous receivables and other non-current assets	1,795	1,878	(83)
Deferred tax assets	406	461	(55)
	<b>16,996</b>	<b>16,862</b>	<b>134</b>
<b>Total Non-current assets</b> (a)	<b>43,470</b>	<b>43,974</b>	<b>(504)</b>
<b>Current assets</b>			
Inventories	198	193	5
Trade and miscellaneous receivables and other current assets	4,561	4,293	268
Current income tax receivables	42	34	8
<b>Current financial assets</b>			
Current financial receivables arising from lease contracts	68	45	23
Securities other than investments, other financial receivables and other current financial assets	1,032	467	565
Cash and cash equivalents	598	1,375	(777)
	<b>1,698</b>	<b>1,887</b>	<b>(189)</b>
<b>Total Current assets</b> (b)	<b>6,499</b>	<b>6,407</b>	<b>92</b>
<b>Total Assets</b> (a+b)	<b>49,969</b>	<b>50,381</b>	<b>(412)</b>

(million euros)	12/31/2023 (a)	12/31/2022 (b)	Changes (a-b)
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital issued	11,677	11,677	—
Less: treasury shares	(57)	(63)	6
<b>Share capital</b>	<b>11,620</b>	<b>11,614</b>	<b>6</b>
<b>Additional paid-in capital</b>	<b>575</b>	<b>2,133</b>	<b>(1,558)</b>
<b>Other reserves and retained earnings (accumulated losses), including profit (loss) for the year</b>	<b>961</b>	<b>505</b>	<b>456</b>
<b>Total Equity</b> (c)	<b>13,156</b>	<b>14,252</b>	<b>(1,096)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities for financing contracts and others	18,094	18,779	(685)
Non-current financial liabilities for lease contracts	2,710	2,600	110
Employee benefits	472	631	(159)
Deferred tax liabilities	—	—	—
Provisions	254	517	(263)
Miscellaneous payables and other non-current liabilities	1,048	875	173
<b>Total Non-current liabilities</b> (d)	<b>22,578</b>	<b>23,402</b>	<b>(824)</b>
<b>Current liabilities</b>			
Current financial liabilities for financing contracts and others	5,983	5,690	293
Current financial liabilities for lease contracts	467	459	8
Trade and miscellaneous payables and other current liabilities	7,785	6,578	1,207
Income tax payables	—	—	—
<b>Total Current Liabilities</b> (e)	<b>14,235</b>	<b>12,727</b>	<b>1,508</b>
<b>Total Liabilities</b> (f=d+e)	<b>36,813</b>	<b>36,129</b>	<b>684</b>
<b>Total Equity and Liabilities</b> (c+f)	<b>49,969</b>	<b>50,381</b>	<b>(412)</b>

## TIM S.p.A. - STATEMENTS OF CASH FLOWS

(million euros)	2023	2022
<b>Cash flows from operating activities:</b>		
Profit (loss) for the year	(995)	(3,077)
Adjustments for:		
Depreciation and amortization	2,743	2,759
Impairment losses (reversals) on non-current assets (including investments)	161	21
Net change in deferred tax assets and liabilities	88	2,662
Losses (gains) realized on disposals of non-current assets (including investments)	31	(337)
Change in employee benefits	(290)	144
Change in inventories	(5)	(28)
Change in trade receivables and net amounts due from customers on construction contracts	(162)	(204)
Change in trade payables	166	444
Net change in income tax receivables/payables	(8)	(452)
Net change in miscellaneous receivables/payables and other assets/liabilities	198	(589)
<b>Cash flows from (used in) operating activities</b>	<b>(a) 1,927</b>	<b>1,343</b>
<b>Cash flows from investing activities:</b>		
Purchases of intangible, tangible and rights of use assets on a cash basis	(1,590)	(3,582)
Capital grants received	758	3
Acquisition of control of companies or other businesses, net of cash acquired	—	—
Acquisitions/disposals of other investments	(33)	(46)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(1,327)	140
Proceeds from sale of investments in subsidiaries	—	—
Proceeds from sale/repayments of intangible, tangible and other non-current assets	7	1,283
<b>Cash flows from (used in) investing activities</b>	<b>(b) (2,185)</b>	<b>(2,202)</b>
<b>Cash flows from financing activities:</b>		
Change in current financial liabilities and other	465	48
Proceeds from non-current financial liabilities (including current portion)	3,110	2,000
Repayments of non-current financial liabilities (including current portion)	(4,032)	(4,193)
Changes in hedging and non-hedging derivatives	91	—
Share capital proceeds/reimbursements	—	—
Dividends paid	—	(1)
Changes in ownership interests in subsidiaries	—	—
<b>Cash flows from (used in) financing activities</b>	<b>(c) (366)</b>	<b>(2,146)</b>
<b>Aggregate cash flows</b>	<b>(d=a+b+c) (624)</b>	<b>(3,005)</b>
<b>Net cash and cash equivalents at beginning of the year</b>	<b>(e) 359</b>	<b>3,364</b>
<b>Net cash and cash equivalents at end of the year</b>	<b>(f=d+e) (265)</b>	<b>359</b>

### Purchases of intangible, tangible and rights of use assets

(million euros)	2023	2022
Purchase of intangible assets	(617)	(776)
Purchase of tangible assets	(989)	(899)
Purchase of right of use assets	(590)	(390)
<b>Total purchase of intangible, tangible and right of use assets on an accrual basis</b>	<b>(2,196)</b>	<b>(2,065)</b>
Change in payables arising from purchase of intangible, tangible and right of use assets	606	(1,517)
<b>Total purchases of intangible, tangible and rights of use assets on a cash basis</b>	<b>(1,590)</b>	<b>(3,582)</b>

### Additional Cash Flow information

(million euros)	2023	2022
Income taxes (paid) received	101	233
Interest expense paid	(1,781)	(1,384)
Interest income received	749	556
Dividends received	1,087	113

### Analysis of Net Cash and Cash Equivalents

(million euros)	2023	2022
<b>Net cash and cash equivalents at the beginning of the year:</b>		
Cash and cash equivalents	1,375	3,558
Bank overdrafts repayable on demand	(1,016)	(194)
	<b>359</b>	<b>3,364</b>
<b>Net cash and cash equivalents at the end of the year:</b>		
Cash and cash equivalents	598	1,375
Bank overdrafts repayable on demand	(863)	(1,016)
	<b>(265)</b>	<b>359</b>

## TIM S.p.A. - NET FINANCIAL DEBT

(million euros)	12/31/2023 (a)	12/31/2022 (b)	Change (a-b)
<b>Non-current financial liabilities</b>			
Bonds	9,445	10,118	(673)
Amounts due to banks, other financial payables and liabilities	8,649	8,661	(12)
Financial lease liabilities	2,710	2,600	110
	<b>20,804</b>	<b>21,379</b>	<b>(575)</b>
<b>Current financial liabilities (1)</b>			
Bonds	3,007	2,668	339
Amounts due to banks, other financial payables and liabilities	2,976	3,022	(46)
Financial lease liabilities	467	459	8
	<b>6,450</b>	<b>6,149</b>	<b>301</b>
<b>Total Gross financial debt</b>	<b>27,254</b>	<b>27,528</b>	<b>(274)</b>
<b>Non-current financial assets</b>			
Non-current financial receivable for lease contracts	(6)	(8)	2
Financial receivables and other non-current financial assets	(3,886)	(3,494)	(392)
	<b>(3,892)</b>	<b>(3,502)</b>	<b>(390)</b>
<b>Current financial assets</b>			
Securities other than investments	—	—	—
Current financial receivables arising from lease contracts	(68)	(45)	(23)
Financial receivables and other current financial assets	(1,032)	(467)	(565)
Cash and cash equivalents	(598)	(1,375)	777
	<b>(1,698)</b>	<b>(1,887)</b>	<b>189</b>
<b>Total financial assets</b>	<b>(5,590)</b>	<b>(5,389)</b>	<b>(201)</b>
<b>Net financial debt carrying amount</b>	<b>21,664</b>	<b>22,139</b>	<b>(475)</b>
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(515)	(430)	(85)
<b>Adjusted Net Financial Debt</b>	<b>21,149</b>	<b>21,709</b>	<b>(560)</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>26,403</b>	<b>26,769</b>	<b>(366)</b>
<b>Total adjusted financial assets</b>	<b>(5,254)</b>	<b>(5,060)</b>	<b>(194)</b>
<i>(1) of which current portion of medium/long -term debt:</i>			
Bonds	3,007	2,668	339
Amounts due to banks, other financial payables and liabilities	1,179	1,537	(358)
Financial lease liabilities	433	435	(2)

## TIM S.p.A. - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE INCOME STATEMENTS

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

(million euros)	2023	2022
<b>Operating revenues and other income</b>	—	23
Other income	—	23
<b>Acquisition of goods and services, Change in inventories:</b>	<b>(37)</b>	<b>(30)</b>
Acquisition of goods and services - Charges related to agreements and the development of non-recurring projects and other charges	(37)	(30)
<b>Employee benefits expenses</b>	<b>(468)</b>	<b>(537)</b>
Expenses related to corporate reorganization/ restructuring processes	(468)	(537)
<b>Other operating expenses</b>	<b>(134)</b>	<b>(76)</b>
Expenses related to disputes and regulatory penalties and liabilities related to those expenses, other provisions and charges	(134)	(76)
<b>Impact on operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>(639)</b>	<b>(620)</b>
<b>Gains (losses) on disposals of non-current assets</b>	<b>2</b>	—
Gains (losses) on non-current assets	2	—
<b>Impact on EBIT - Operating profit (loss)</b>	<b>(637)</b>	<b>(620)</b>
<b>Other income (expenses) from investments</b>	<b>(15)</b>	<b>313</b>
<b>Other finance income (expenses)</b>	<b>(34)</b>	<b>(10)</b>
<b>Impact on profit (loss) before tax</b>	<b>(686)</b>	<b>(317)</b>
Tax realignment in accordance with Decree Law 104/2020, Art. 110	—	(1,964)
Income tax expense on non-recurring items	13	—
<b>Impact on profit (loss) for the year</b>	<b>(673)</b>	<b>(2,281)</b>

## 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:

<b>Profit (loss) before tax from continuing operations</b>	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments (1)
+/-	Share of losses (profits) of associates and joint ventures accounted for using the equity method (2)
<b>EBIT – Operating profit (loss)</b>	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
<b>EBITDA – Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets</b>	

(1) Expenses (income) from investments for TIM S.p.A..

(2) Line item in Group consolidated financial statements only.

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

- **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:

	<b>Reduction/(Increase) in adjusted net financial debt from continuing operations</b>
+/-	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
	<b>Equity Free Cash Flow</b>

- **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:

	<b>EBITDA</b>
-	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)
	<b>Operating Free Cash Flow</b>
-	Payment of TLC licenses and for the use of frequencies
	<b>Operating Free Cash Flow (net of licenses)</b>

## 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.