

## Press Release

### **TIM: THE BOARD OF DIRECTORS HAS EXAMINED THE PRELIMINARY DATA AT DECEMBER 31, 2023**

Organic results for 2023:

**GROUP REVENUES AT € 16.3 MLD IN 2023 (+3.1% YoY)**

**SERVICE REVENUES IN ITALY RETURNED TO GROWTH, EBITDA INCREASED FOR THE THIRD CONSECUTIVE QUARTER**

**GROUP EBITDA AT €6.4 BLN (+5.7% YoY); EBITDA AFTER LEASE AT €5.3 BLN (+6.1% YoY)**

**GROUP CAPEX AT €4 BLN, OF WHICH €3.1 BLN DOMESTIC**

**EQUITY FREE CASH FLOW AFTER LEASE POSITIVE BY MORE THAN €0.8 BN IN Q4, PARTIALLY THANKS TO PNRR ADVANCES**

**NET FINANCIAL DEBT AFTER LEASE AT €20.3 BLN, DOWN €835 MLN COMPARED TO SEPTEMBER 30**

**COST CONTAINMENT TARGET FOR 2023 EXCEEDED**

**TIM BRASIL CONTINUES STRONG GROWTH IN 2023 WITH SERVICE REVENUES AT €4.3 BLN (+10.8% YoY), ORGANIC EBITDA AT €2.1 BLN (+14.7% YoY)**

**POSITIVE TREND CONTINUES, FOR THE SECOND CONSECUTIVE YEAR RESULTS IN LINE WITH ALL GUIDANCE**

**DELAYERING PLAN ACTIVITIES IN LINE WITH EXPECTATIONS, NEW 2024-2026 INDUSTRIAL PLAN TO BE PRESENTED ON MARCH 7**

*Rome, February 14, 2024*

TIM's Board of Directors met today under the chairmanship of Salvatore Rossi and examined the preliminary data at December 31, 2023. The Board will meet to approve the draft financial statements for the year and the consolidated financial statements on March 6.

The fourth quarter results, which confirmed the improved trend of the domestic business and the strong growth of TIM Brasil, allowed to reach or overcome the targets set for the 2023 financial year, achieving, for the first time since 2010, all guidance for the second consecutive financial year.

More specifically, **Group total revenues** grew by 1.9% YoY to 4.3 billion euros, while **Group service revenues** increased by 3% YoY to 4 billion euros thanks to the positive contribution of TIM Brasil (+8.2% YoY) and of the Domestic business (+1.2% YoY), which has **returned to grow after 22 quarters**.

**TIM S.p.A.**

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**Group EBITDA** growth trend continued, rising by 6.8% YoY to 1.6 billion euros in the fourth quarter, with the Domestic business growing for the third consecutive quarter (+5.5% YoY) and TIM Brasil confirming its solid track record (9.5% YoY).

**Group EBITDA After Lease** increased by 9.4% YoY to 1.3 billion euros, with the Domestic business growing 5.3% YoY and TIM Brasil increasing 18.2% YoY.

During the quarter, **cost containment actions** to increase TIM Domestic structural efficiency continued (“Transformation Plan”, cumulative target of cash cost reduction of 1.5 billion euros by 2024 versus the inertial trend), reaching 106% of the incremental target of 800 million euros at the end of 2023. The cumulative reduction in 2022-2023 was approximately 1.1 billion euros.

**Capex** stood at 4 billion euros at the Group level, of which 3.1 billion euros relating to the domestic business.

**Equity Free Cash Flow after lease** in the twelve months was essentially neutral, while Equity Free Cash Flow was positive for 0.8 billion euros, partially thanks to the advances received under the National Recovery and Resilience Plan (NRRP).

**Net financial debt after lease** at December 31, 2023, stood at 20.3 billion euros, up 0.3 billion euros compared to December 31, 2022, and down 835 million euros on the previous quarter. Adjusted **Net financial debt** was 25.7 billion euros, up 0.3 billion euros on December 31, 2022.

The liquidity margin was approximately 9.2 billion euros (including NRRP advances) and covers the debt maturity dates through to 2025. To support its liquidity position, the Group has successfully closed several refinancing initiatives since the start of the year, collecting 4.1 billion euros.

**The delayering plan** continues in line with the timetable communicated.

The new 2024-2026 industrial plan will be presented to the market on occasion of Capital Market Day on March 7.

Below is an update on the four entities:

- **TIM Consumer's** total and service revenues in the full year were down by 4.7% and 4.2% respectively, with trends progressively improving (service revenues -3.2% YoY in the fourth quarter, -3.4% in the third quarter, -4.9% in the second quarter and -5.6% in the first quarter). The “Volume to Value” strategy, with the price repositioning actions applied to 50% of the mobile customer base and 70% to the fixed customer base since the start of the year, led to an increase in ARPU in both fixed and mobile, with limited impacts on the churn rate, unchanged compared to the previous year.
- **TIM Enterprise's** total revenues and service revenues increased by 4.6% and 5.1% respectively in the twelve months.  
For the second consecutive year, service revenues grew at a better-than-market rate thanks to the strategy of protecting the connectivity business and thanks to the growth of ICT revenues, which generated over 60% of total revenues, a share grown by more than 9 points in the last two years. In particular, Cloud revenues exceeded 1 billion for the entire year.

The revenue trend in the twelve months was in line with expectations:

- Connectivity (-2% YoY)
- Cloud (+31% YoY)
- IoT (+24% YoY)
- Security (+11% YoY)
- Other IT (+13%)

- **NetCo's** total revenues grew by 3.7% with its revenues from services essentially flat (-0.2%) in the twelve months.

The roll-out of fibre continues in line with the aim of achieving 48% coverage of property technical units by 2025. At December 31, NetCo managed approximately 15.5 million fixed accesses (of which more than 70% in UBB technologies) with a market share of 77% and FTTx coverage of more than 95% of active lines (approximately 63% with a speed of over 100 Mbps). The technical units covered by FTTH technology numbered 9.2 million, giving a coverage of 38%, up by 6 percentage points in the last 12 months.

As regards to the progress of activities related to the National Recovery and Resilience Plan (NRRP) tenders, TIM confirmed the acceleration of network deployments to cover the Italia 1 Giga Plan, with around 255 thousand houses FTTH-connected, equal to 76% of the entire 2023 target to be connected, where 4 lots out of the 7 assigned have exceeded 100% of the target set for the year. On the remaining 3 lots TIM deployed a series of actions aimed at realigning to the tender plans, with no risk of a reduction in contributions. Regarding the 5G Backhauling Plan, about 3,600 sites were connected, equal to 106% of the target, and a further acceleration is expected in the coming months. On the 5G Densification Plan, the annual target was exceeded, with more than 150 areas covered and a result equal to 109% of the target.

- In the twelve months, **TIM Brasil** recorded total revenues and revenues from services up respectively by 10.7% YoY and 10.8% YoY and an EBITDA of +14.7% YoY. This strong performance, as the company recorded its best operating free cash flow in its history, enabled it to exceed its targets for 2023; the company's shareholder remuneration was also up significantly, exceeding 2.9 billion reais.



*The 2023 results will be presented to the financial community during the webcast and audio conference on February 15, 2024. The event will start at 11.00 a.m. (Italian time). The presentation will be followed by a Q&A session. Reporters can follow the presentation by telephone and via the web, without the option to ask questions, by calling +39 06 33444 and following the instructions for assisted conferences or by connecting to the following [link](#). The presentation slides will be available at this [link](#).*

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# The Group's ESG performance

In line with the ESG targets set in the 2023-2025 Business Plan during 2023, ESG activities concerned: reducing emissions, Italy's digital growth, employee engagement and development, strengthening governance.

## REDUCTION OF EMISSIONS

The emission results are in line with the plan's roadmap, which envisages reaching 100% renewable energy by 2025, carbon neutrality by 2030 and net zero by 2040. The precise data will be made known with the publication of the financial statements.

The following activities contributed to these results:

### Electricity:

- The implementation of a new **Power Purchase Agreement** with a duration of 9 years for the supply of approximately 200 GWh/year of green energy for the period 2023-2031, which integrates the agreement already signed in 2021 for the supply of 340GWh/year for 10 years, for a total supply of **540GWh/a**.
- A new photovoltaic system in the Pisa power plant with Enel X, which once it enters into operation will generate 1.63 GWh/a and will add to the **80 plants already in operation**.

### Circular Economy and Resource Efficiency:

- The launch of the **"ADSL scrapping program"** with the dual objective of spreading fiber and extending the useful life of modems. **More than 1,800 modems were recovered** thanks to a 120 euro bonus awarded to customers for their return.
- The regeneration of **more than 16,000 faulty modems** thanks to a rehabilitation program in collaboration with people detained in Turin prison.
- the **online activation of eSIMs (embedded SIMs)**, which will give Customers the opportunity to configure the eSIM **via digital identity** on their smartphone.
- The donation by TIM and the Olivetti Foundation to FAI the complex of the Church and the former Convent of San Bernardino in Ivrea, which will be restored thanks to funding from the Ministry of Culture.
- As part of improving infrastructure efficiency, **95% of the public telephone booths out of a total fleet of 14,000 systems were decommissioned**. The cabins will mostly be disposed of as special waste for the recovery of manufacturing materials.
- **Obsolete landline and mobile telephony devices were switched off**, for a progressive saving of 144.5 GWh/a

## SOCIAL - DIGITAL GROWTH

The results regarding Digital Growth are also in line with the plan roadmap.

In fact, the revenues of the Cloud IoT and Security services recorded growth of 10% compared to 2022, the Digital Identity Services recorded growth of 45% compared to 2022, to which contribute Digital Signature growth in the Enterprise market and PEC growth on the Consumer market. FTTH coverage reached 38% in line with the 2025 target.

The following activities contributed to these results:

- Telsy, a Group company focused on cybersecurity, acquired **TS-Way, an Italian company specialized in cyber threat intelligence**, i.e. services for the prevention and analysis of cyber attacks.
- The **first "made in Italy" microchip for cybersecurity** was launched, which can be applied to all IT and communication systems that manage confidential information.
- The **"TIM Growth Platform"** was launched, the online platform for scouting and selecting innovative solutions, with two challenges launched in this area: the **"TIM Cybersecurity Made in Italy Challenge"** and the **"TIM AI Challenge"**.
- The **"Italia 1 Giga"** fiber plan was launched through FiberCop, with the **cabling of approximately 255k homes in 463 municipalities**.
- **Sparkle's terrestrial and underwater optical network innovation plan** was launched with new technologies at speeds of up to 800G in Europe, the Middle East and South America

## SOCIAL – PEOPLE

The results of the TIM's people engagement and development were also in line with the plan roadmap.

## Gender Equality and Inclusion:

- At the end of 2023, the "women in leadership positions" group target combatting the gender gap reached 30.1%, exceeding the target set for 2025 (29%).
- The Certification for Gender Equality (UNI/PdR 125:2022) was achieved, which certifies the implementation of a management system that fills existing gaps through practical actions and KPIs. This certification also provided for the establishment of a Gender Equality Steering Committee.
- The Women Plus app was launched to support women in the workplace through training, mentoring and matching their skills with jobs available on the market.
- In collaboration with the non-profit association "Donne x Strada" more than 200 TIM direct stores have become "Purple Points" or "safe places" to support victims or witnesses of harassment or violence, thanks to specific employee training.
- In December, the institutional campaign **#LaParitàNonPuòAspettare** was launched in the press, web, social media and TV to create awareness of the gender gap and encourage overcoming obstacles and stereotypes.
- This year too, the **"4 Weeks 4 Inclusion"** took place, the marathon of events created by TIM, and created in collaboration with 400 partners, to spread the values of diversity and inclusion, with a webinar and live events producing 25,000 social media interactions and 4 million views.

## Training and Engagement:

- The percentage of "people trained on ESG skills" reached 95%, exceeding the target anticipated for 2025 (90%).

The target for the engagement of young people was also in line with the target set for 2025, recording a satisfaction level of 77%.

## GOVERNANCE

- The **Group's new Code of Ethics** was approved, recognizing sustainability as a reference point for TIM's long-term strategy.
- The new **"Human Resources and Equal Opportunities Policy"** has been published, which highlights inclusion and equal opportunities in the belief that there is a positive relationship between inclusion and business performance.
- The **ESG reporting system has been strengthened** by including tracking of sustainability data relating to targets and projects, in addition to non-financial reporting.

## ESG INDICES AND RATINGS

- The Group entered the **CDP A-List** as a leader in corporate transparency and climate change performance.
- TIM in Italy consolidated its place on the **Dow Jones Sustainability Europe Index** and among the **S&P Global Sustainability leaders** as the only Italian company in the telco sector. The Group is also included in the Top 10% ESG Score of the S&P Global Sustainability Yearbook 2024.
- TIM in Italy obtained the **Ecovadis Platinum Medal** as part of the top 1% of companies for ESG performance in terms of work, human rights, environment, ethics and supply chain.
- The Group consolidated its place as a world leader for diversity and inclusion policies in the telco sector in the **Refinitiv Diversity and Inclusion Index**.
- TIM In Italy was named the best company for the inclusion of LGBT+ people by the **Parks LGBT+ Diversity Index**.
- TIM won the **Diversity Brand Award 2024** for its commitment to Diversity & Inclusion



# Introduction

The TIM Group and TIM S.p.A. Consolidated Financial Statements for the year 2023 and the comparative figures for the previous year have been prepared in compliance with IFRS issued by the International Accounting Standards Board and endorsed by the European Union ("IFRS").

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

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

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

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

The preliminary results of the 2023 financial year have not been audited by the Independent Auditors.



## Main changes in the scope of consolidation of the TIM Group

The main changes in the scope of consolidation that occurred in **2023** were the following:

- *TS-Way S.r.l. (which joined the Domestic Business Unit scope):* on April 20, 2023 Telsy S.p.A. acquired 100% of the company's share capital. TS-Way is active in the field of Information Technology security;
- *TIM Servizi Digitali S.p.A. (which left the scope of the Domestic Business Unit):* on August 4, 2023 TIM S.p.A. sold 100% of the company's share capital.

Furthermore, in November 2023 the TIM Group, through Olivetti S.p.A., sold the Olivetti business unit dedicated to cash systems for the retail sector to Buffetti (Dylog group).

During **2022**, the main corporate transactions were as follows:

- *Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (Brazil Business Unit):* on April 20, 2022, TIM SA acquired 100% of the company's share capital. The business unit relating to part of the mobile telephony activities, rights and obligations of Oi Móvel - Em Recuperação Judicial was merged into Cozani. The incorporation of the company into TIM SA is effective from April 1, 2023;
- *Mindicity S.r.l. (Domestic Business Unit):* Olivetti S.p.A. acquired 70% share capital of the company on May 30, 2022. Mindicity manages a software platform and business under the scope of smart cities;
- *Movenda S.p.A. (Domestic Business Unit):* TIM S.p.A. acquired 100% share capital of the company in July 2022. Movenda offered Digital Identity solutions. During 2022 Movenda S.p.A. was merged by incorporation into TIM S.p.A. with accounting and tax effects starting from July 1, 2022;
- *Daphne 3 S.p.A. (Domestic Business Unit):* on August 4, 2022 TIM S.p.A. sold 41% of the share capital of the Daphne 3 holding company. The company holds a 29.9% stake in Infrastrutture Wireless Italiane ("INWIT").

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

## Preliminary TIM Group results for the 2023 financial year

**Total TIM Group revenues** for the year 2023, amounted to **16,296 million euros**, +3.2% compared to 2022 (15,788 million euros).

The breakdown of total revenues for the year 2023 by operating segment in comparison with 2022 is as follows:

(million euros)	2023		2022		Changes		
	% weight		% weight		absolute	%	% organic excluding non-recurring
Domestic	11,922	73.2	11,858	75.1	64	0.5	0.6
Brazil	4,412	27.1	3,963	25.1	449	11.3	10.7
Other Operations	—	—	—	—	—	—	—
Adjustments and eliminations	(38)	(0.3)	(33)	(0.2)	(5)	—	—
<b>Consolidated Total</b>	<b>16,296</b>	<b>100.0</b>	<b>15,788</b>	<b>100.0</b>	<b>508</b>	<b>3.2</b>	<b>3.1</b>

The organic change in consolidated Group revenues is calculated by excluding the effect of changes in exchange rates <sup>1</sup>(+ 16 million euros) and changes in the scope of consolidation.

Revenues for the fourth quarter of 2023 totalled 4,343 million euros (4,259 million euros in the fourth quarter of 2022).

**TIM Group EBITDA** for the year 2023 came to **5,710 million euros** (5,347 million euros in the year 2022, +6.8% in reported terms; +5.7% in organic terms).

The breakdown of EBITDA and the EBITDA margin broken down by operating segment for 2023 compared with 2022, are as follows:

(million euros)	2023		2022		Changes		
	% weight		% weight		absolute	%	% organic excluding non-recurring
Domestic	3,577	62.6	3,519	65.8	58	1.6	1.7
% of Revenues	30.0	—	29.7	—	—	0.3pp	0.4pp
Brazil	2,141	37.5	1,839	34.4	302	16.4	14.7
% of Revenues	48.5	—	46.4	—	—	2.1pp	1.7pp
Other Operations	(8)	(0.1)	(12)	(0.2)	4	—	—
Adjustments and eliminations	—	—	1	—	(1)	—	—
<b>Consolidated Total</b>	<b>5,710</b>	<b>100.0</b>	<b>5,347</b>	<b>100.0</b>	<b>363</b>	<b>6.8</b>	<b>5.7</b>

EBITDA for the 2023 financial year includes net non-recurring charges totalling 673 million euros (682 million euros in the 2022 financial year).

In detail:

(million euros)	2023	2022
<b>Non-recurring expenses (income)</b>		
<b>Other income</b>		
Recovery of operating expenses	11	(23)
<b>Acquisition of goods and services and Change in inventories</b>		
Expenses related to agreements and the development of non-recurring projects	44	56
<b>Employee benefits expenses</b>		
Charges connected to corporate reorganization/restructuring and other costs	484	572
<b>Other operating expenses</b>		
Sundry expenses and provisions	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>

Specifically, non-recurring events for the year 2023 included:

<sup>1</sup> The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 5.40158 in 2023 and 5.43993 in 2022 for the Brazilian real. For the US dollar, the average exchange rates used were 1.08157 in 2023 and 1.05335 in 2022. The effect of the change in exchange rates is calculated by applying the foreign currency translation rates used for the current period to the period under comparison.

- 484 million euros for employee benefit expenses (572 million euros in the 2022 financial year) also connected to the application of the Art. 4 of Law June 28, 2012 no. 92, as per the agreements signed with the trade unions by Domestic Business Unit companies.
- 189 million euros (110 million euros in financial year 2022) for charges related mainly to disputes, regulatory sanctions and related potential liabilities, provision charges for onerous contracts, as well as to agreements and the development of non-recurring projects and the recovery of operating costs.

**Organic EBITDA - net of the non-recurring items** amounted to **6,383 million euros**; the EBITDA margin was 39.2% (6,039 million euros in 2022, with an EBITDA margin of 38.2%).

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

(million euros)	2023	2022	Changes	
			absolute	%
<b>EBITDA</b>	<b>5,710</b>	<b>5,347</b>	<b>363</b>	<b>6.8</b>
Foreign currency financial statements translation effect		10	(10)	
Non-recurring expenses (income)	673	682	(9)	
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>6,383</b>	<b>6,039</b>	<b>344</b>	<b>5.7</b>
% of Revenues	39.2	38.2	1.0pp	

Exchange rate fluctuations mainly related to the Brazil Business Unit.

**Organic EBITDA - excluding the use of the risk provision to cover onerous contracts - in 2023** is equal to 6,285 million euros (5,693 million euros in 2022).

The EBITDA of the fourth quarter of 2023 totalled 1,493 million euros (1,402 million euros in the fourth quarter of 2022).

Organic EBITDA net of the non-recurring items in the fourth quarter of 2023 totalled 1,596 million euros (1,495 million euros in the fourth quarter of 2022).

The **headcount** of the TIM Group at December 31, 2023 was **47,180**, of which 37,670 in Italy (50,392 at December 31, 2022, of which 40,752 in Italy).

**Capital expenditures and expenses for mobile telephone licenses/spectrum** for 2023 were 3,982 million euros (4,077 million euros in 2022).

Capex is broken down as follows by operating segment:

(million euros)	2023		2022		Change
		% weight		% weight	
Domestic	3,148	79.1	3,207	78.7	(59)
Brazil	834	20.9	870	21.3	(36)
Other Operations	—	—	—	—	—
Adjustments and eliminations	—	—	—	—	—
<b>Consolidated Total</b>	<b>3,982</b>	<b>100.0</b>	<b>4,077</b>	<b>100.0</b>	<b>(95)</b>
% of Revenues	24.4		25.8		(1.4)pp

In particular:

- the **Domestic Business Unit** made industrial investments of 3.148 million euros, with a significant portion aimed at the development of FTTC/FTTH networks. The reduction of 59 million euros compared to 2022 was mainly connected to Noovle's completion of the regions connected to the partnership with Google during 2022;
- the **Brazil Business Unit** posted capital expenditures in 2023 of 834 million euros (870 million euros for 2022). Excluding the impact of changes in exchange rates (+6 million euros), capex decreased by 42 million euros on 2022. The decrease is due to the reduced investments relating to the integration of Oi Group activities and the 4G network, which was partially offset by the acceleration of investments in 5G technology and the continuous expansion of FTTH-UltraFibra technology.

**Adjusted net financial debt** amounted to 25,656 million euros at December 31, 2023, an increase of 292 million euros compared to December 31, 2022 (25,364 million euros); this was a net consequence of:

- positive operational dynamics, including receipt of 758 million euros for the advance of funds under the National Recovery and Resilience Plan (NRRP) in relation to three infrastructure tenders (of which 488 million euros financial receivables received on January 2, 2024);
- financial and tax management needs, leasing debts and the payment of dividends in Brazil.



The Group's **Operating Free Cash Flow** for 2023 was positive at 2.6 billion euros (-0.6 billion euros in 2022, impacted by payments for the acquisition of rights to use frequencies for telecommunications services in Italy and Brazil, among other things).

The **Group Equity Free Cash Flow** for 2023 amounted to +0.8 billion euros (+0.6 billion euros in 2022).

The Group's **Equity Free Cash Flow After Lease** for 2023 was essentially zero, just as in 2022.

For a better understanding of the information, the table below shows the various ways by which the Net Financial Debt can be shown:

(million euros)	31.12.2023 (a)	31.12.2022 (b)	Change (a-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>Leases</i>	<i>(5,307)</i>	<i>(5,349)</i>	<i>42</i>
<b>Adjusted Net Financial Debt - After Lease</b>	<b>20,349</b>	<b>20,015</b>	<b>334</b>

**Net financial debt carrying amount** amounted to 25,776 million euros at December 31, 2023, an increase of 406 million euros compared to December 31, 2022 (25,370 million euros). The reversal of the fair value measurement of derivatives and related financial liabilities/assets records an annual change of 107 million euros due to the dynamics of the interest rate markets; this change is adjusted by the booked Net Financial Debt with no monetary effect.

**Adjusted Net Financial Debt - After Lease** (net of leases) at December 31, 2023 amounted to 20,349 million euros, an increase of 334 million euros compared to December 31, 2022 (20,015 million euros), as a net result of the positive operational dynamics which were counteracted by the needs of financial and fiscal management and the payment of dividends in Brazil.

In the fourth quarter of 2023, adjusted net financial debt decreased by 682 million euros compared to September 30, 2023 (26,338 million euros), as a net effect of the positive operating dynamics (including the above-mentioned receipt of 758 million euro under the National Recovery and Resilience Plan in relation to the award of 3 infrastructural tenders for a total of 758 million euros), which were counteracted by the needs of financial management and leasing debts.

(million euros)	31.12.2023 (a)	30.9.2023 (b)	Change (a-b)
<b>Net financial debt carrying amount</b>	<b>25,776</b>	<b>26,471</b>	<b>(695)</b>
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	<i>(120)</i>	<i>(133)</i>	<i>13</i>
<b>Adjusted Net Financial Debt</b>	<b>25,656</b>	<b>26,338</b>	<b>(682)</b>
<i>Breakdown as follows:</i>			
<b>Total adjusted gross financial debt</b>	<b>32,001</b>	<b>32,451</b>	<b>(450)</b>
<b>Total adjusted financial assets</b>	<b>(6,345)</b>	<b>(6,113)</b>	<b>(232)</b>

As at December 31, 2023, the TIM Group's available **liquidity margin** was equal to 8,695 million euros and calculated considering:

- "Cash and cash equivalents" and "Current securities other than investments" for a total of 4,695 million euros (5,001 million euros at December 31, 2022), also including 847 million euros (nominal value) in repurchase agreements expiring by June 2024;
- Sustainability-linked Revolving Credit Facility amounting to 4,000 million euros, totally available.

This margin is sufficient to cover Group financial liabilities (current and otherwise) falling due over the next 24 months.

## Preliminary results of the Business Units

### Domestic

**Domestic Business Unit revenues** amounted to 11,922 million euros, down 64 million euros compared to 2022 (+0.5%). In organic terms, they increased by 71 million euros (+0.6% on 2022).

**Revenues from stand-alone services** amounted to 10,721 million euros (-78 million euros compared to 2022, -0.7%) and reflect the impacts of the competitive context on the customer base as well as the effects deriving from the new marketing model which entailed, starting from the fourth quarter of 2022, the elimination of the so-called "activation fee"; in organic terms, they dropped by 71 million euros compared to 2022 (-0.7%).

In detail:

- **revenues from stand-alone Fixed market services** amounted to 8,313 million euros, up on 2022 (+0.5%) mainly due to growth in revenues from ICT solutions (+155 million on 2022, +9.9%) and Multimedia revenues, which were partially offset by the decrease in accesses and the negative change in the above-mentioned "activation fees";
- **revenues from stand-alone Mobile market services** came to 2,942 million euros (-119 million euros on 2022, -3.9%), mainly due to the reduction in the customer base connected with Human lines.

**Handset and Bundle & Handset revenues**, including the change in work in progress, amounted to 1,201 million euros in 2023, an increase of 142 million euros compared to 2022, mainly due to the commercial agreement initiated by TIM and FiberCop with Open Fiber in 2022 for the so-called white areas (areas of low population density, where no private investment for ultrabroadband is anticipated) that were extended, starting from the third quarter of 2023, also to part of the grey areas (areas where the development of a single ultrabroadband network is anticipated). This agreement provides that Open Fiber purchases from FiberCop the right of use (IRU) for air infrastructure and access connections to the customer's home.

Revenues by customer segment/business area are shown consistently with the areas of responsibility and the relative focus of the reference market. Accordingly, the comparative figures for previous periods have been restated. The details of the revenues are therefore shown below, broken down into: Consumer and Small Medium Business, Enterprise, Wholesale National Market, Wholesale International Market, Other, complete with the analytical description of the reference perimeter, as currently represented for the purposes of internal analyses.

- **Consumer and Small Medium Business (SMB).** *The reference perimeter is made up of the set of telephone and internet services and products managed and developed in Fixed and Mobile for individuals and families (from public telephony, from caring activities and administrative management of customers) and for customers of SMEs (Small and Medium Enterprises) and SOHO (Small Office Home Office); it includes the company TIM Retail, which coordinates the activities of its stores.*

(million euros)	4th Quarter 2023	4th Quarter 2022	2023	2022	% Change			
	(a)	(b)	(c)	(d)	(a-b)/b	(c-d)/d	organic excluding non- recurring (a-b)/b	organic excluding non- recurring (c-d)/d
<b>Consumer and Small Medium Business revenues</b>	<b>1,418</b>	<b>1,464</b>	<b>5,629</b>	<b>5,913</b>	<b>(3.2)</b>	<b>(4.8)</b>	<b>(3.2)</b>	<b>(4.8)</b>
Service revenues	1,283	1,306	5,123	5,355	(1.8)	(4.3)	(1.8)	(4.3)
Handset and Bundle & Handset revenues	135	158	506	558	(14.5)	(9.2)	(14.5)	(9.2)

In organic terms, the revenues of the Consumer and SMB segment amounted to 5,629 million euros (-284 million euros compared to 2022, -4.8%) and present a trend that discounts the impact of the challenging competitive context. The trend seen in total revenues also applied to service revenues, which amounted to 5,123 million euros, down by 232 million euros compared to 2022 (-4.3%).

Furthermore:

- **revenues from Mobile services** totalled, in organic terms, 2,169 million euros (-88 million euros, -3.9% compared to 2022). The impact of the competitive dynamic remains, albeit with a lesser reduction of the

customer base calling; revenues from traffic are down due to the progressive reduction of interconnection tariffs;

- **Revenues from Fixed services** amounted, in organic terms, to 2,972 million euros (-152 million euros, -4.9% compared to 2022), mainly due to the reduction in ARPU levels and the smaller customer base.

**Handset and Bundle & Handset revenues** of the Consumer and SMB segment amounted to 506 million euros, -52 million euros compared to 2022: the change is mainly connected to the progressive slowdown of the mobile terminal market.

- **Enterprise.** *The reference perimeter consists of the set of connectivity services and products and ICT solutions managed and developed for Top, Public Sector and Large Account customers. The following companies are included: Olivetti, TI Trust Technologies, Telsy and Noovle.*

In organic terms, the segment's revenues amounted to 3,088 million euros, up compared to 2022 by 120 million euros (+4.1%), of which +5.1% for the component of revenues from stand-alone services.

(million euros)	4th Quarter 2023	4th Quarter	2023	2022	% Change			
	(a)	(b)	(c)	(d)	(a-b)/b	(c-d)/d	organic excluding non- recurring (a-b)/b	organic excluding non- recurring (c-d)/d
<b>Enterprise revenues</b>	<b>981</b>	<b>917</b>	<b>3,088</b>	<b>2,968</b>	<b>6.9</b>	<b>4.1</b>	<b>6.9</b>	<b>4.1</b>
Service revenues	866	792	2,772	2,638	9.3	5.1	9.3	5.1
Handset and Bundle & Handset revenues	115	125	316	330	(8.0)	(4.1)	(8.0)	(4.1)

In particular:

- **revenues from Mobile services** were stable compared to 2022 (+4 million euros);
- **revenues from Fixed services** showed a change of +129 million euros compared to 2022 (+5.8%), mainly due to the increase in revenues from ICT services.
- **Wholesale National Market.** *The segment consists of the management and development of the portfolio of regulated and unregulated wholesale services for Fixed-line and Mobile telecommunications operators in the domestic market and MVNOs. The following companies are included: TI San Marino and Telefonía Mobile Sammarinese.*

The Wholesale National Market segment presents revenues of 2,014 million euros in 2023, an increase of 66 million euros compared to 2022 (+3.4%), thanks also to the positive impact of the dynamics of regulatory prices.

- **Wholesale International Market.** *Includes the activities of the Telecom Italia Sparkle group, which operates in the market for international voice, data and Internet services for fixed and mobile telecommunications operators, ISPs/ASPs (Wholesale market) and multinational companies through its own networks in the European, Mediterranean and South American markets.*

The revenues for 2023 of the Wholesale International Market segment amounted to 1,021 million euros, up compared to 2022 (+29 million euros, +2.9%), thanks mainly to the sales revenues for spectrum/fibre and the growth in revenues relating to solutions for mobile operators combined with a strategy to rationalize voice revenues.

- **Other.** *Includes:*
  - **Other Operations units:** covering technological innovation and development, engineering, construction and operating processes for network infrastructures, IT, systems and properties;
  - **Staff & Other:** services provided by the Staff Departments and other support activities carried out by minor companies.

Revenues for 2023 amount to 392 million euros, an increase of 120 million euros compared to 2022. It should be noted that the revenues for 2023 include approximately 177 million euros relating to the aforementioned commercial agreement launched by TIM and FiberCop with Open Fiber, in 2022 for the so-called white areas and extended, starting from the third quarter of 2023, also to part of the grey areas.

- **Eliminations:** in 2023 they amounted to 222 million euros (235 million euros in 2022).

**Domestic Business Unit EBITDA** for 2023 totalled 3,577 million euros (+58 million euros compared to 2022, +1.6%), with an EBITDA margin of 30.0% (+0.3 percentage points compared to 2022).

**Organic EBITDA, net of the non-recurring items**, amounted to 4,242 million euros (+69 million euros compared to 2022, +1.7%). In particular, the EBITDA for 2023 includes non-recurring items of 665 million euros, while in the 2022 financial year it discounted an overall impact of 655 million euros of non-recurring items.

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

(million euros)	2023	2022	Changes	
			absolute	%
<b>EBITDA</b>	<b>3,577</b>	<b>3,519</b>	<b>58</b>	<b>1.6</b>
Foreign currency financial statements translation effect	—	(1)	1	
Non-recurring expenses (Income)	665	655	10	1.5
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>4,242</b>	<b>4,173</b>	<b>69</b>	<b>1.7</b>

**Organic EBITDA - excluding the use of the risk provision to cover onerous contracts - in 2023** is equal to 4,144 million euros (3,827 million euros in 2022).

**The EBITDA** of the fourth quarter of 2023 totalled 909 million euros (878 million euros in the fourth quarter of 2022).

Organic EBITDA net of the non-recurring component of the fourth quarter of 2023 amounted to 1,012 million euros (+53 million euros compared to the fourth quarter of 2022).

**Headcount** at December 31, 2023 stood at 37,901 (40,984 as of December 31, 2022).

## Brazil (average real/euro exchange rate 5.40158)

**Revenues** for 2023 of the **Brazil Business Unit (TIM Brasil group)** amounted to 23,834 million reais (21,531 million reais in 2022, +10.7%).

The acceleration has been determined by **service revenues** (23,071 million reais vs 20,829 million reais in 2022, +10.8%) with mobile service revenues growing 11.2% on 2022. This performance is mainly attributable to the continued improvement of the pre-paid and post-paid segments supported by the acquisition of the mobile assets of Oi (Cozani). Revenues from landline telephone services grew by 4.6% compared to 2022, driven by Ultrafibra's pace of expansion.

**Revenues from product sales** totalled 763 million reais (702 million reais in 2022).

Revenues in the fourth quarter of 2023 totalled 6,275 million reais, increased by 7.7% on the fourth quarter of 2022 (5,825 million reais).

**Mobile ARPU** in financial year 2023 was 29.5 reais, +13.1% compared to 2022 (26.1 reais).

**Total mobile lines at December 31, 2023** amounted to 61.2 million (62.5 million at December 31, 2022). The change is attributable for -1.6 million to the pre-paid segment and +0.4 million to the post-paid segment. Post-paid customers represented 45.1% of the customer base as of December 31, 2023 (43.6% at December 2022).

Ultrafibra's BroadBand activities recorded, as of December 31, 2023, a positive net growth in the customer base of 86.4 thousand units compared to 31 December 2022. In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

**Broadband ARPU** for 2023 was 96.9 reais (96.4 reais in 2022).

**EBITDA** in 2023 was 11,562 million reais (9,993 million reais in 2022, +15.7%) and the margin on revenues amounted to 48.5% (46.4% in 2022).

EBITDA for 2023 includes non-recurring charges of 42 million reais (128 million reais in 2022) mainly connected to the development of non-recurring projects and corporate reorganization processes.

**Organic EBITDA, net of the non-recurring items**, increased by 14.7% and was calculated as follows:

(million Brazilian reais)	2023	2022	Changes	
			absolute	%
<b>EBITDA</b>	<b>11,562</b>	<b>9,993</b>	<b>1,569</b>	<b>15.7</b>
Non-recurring expenses (income)	42	128	(86)	
<b>ORGANIC EBITDA - excluding non-recurring items</b>	<b>11,604</b>	<b>10,121</b>	<b>1,483</b>	<b>14.7</b>

The growth in EBITDA is attributable to the positive performance of service revenues strengthened by the acquisition of the Oi-Cozani activities and the increase in prices of post-paid and TIM Controle tariff plans.

The relative margin on revenues, in organic terms, comes to 48.7% (47.0% in 2022).

EBITDA for the fourth quarter of 2023, amounted to 3,128 million reais, up 10.8% compared to the fourth quarter of 2022 (2,824 million reais).

Net of non-recurring charges, the margin on revenues for the fourth quarter of 2023 was 49.9% (49.1% in the fourth quarter of 2022).

**Headcount** at December 31, 2023 stood at 9,267 (9,395 as of December 31, 2022).

## TIM S.p.A. preliminary results

2023 revenues came to 12,140 million euros (12,098 million euros in 2022), with an increase of 42 million euros or 0.3%.

**Revenues from stand-alone services** came to 10,324 million euros (-62 million euros compared to 2022, -0.6%) and suffered the impact of the competition on the customer base, as well as a reduction in ARPU levels.

In detail:

- **revenues from stand-alone services in the Fixed market** amounted to 7,823 million euros, with a positive change of 42 million euros compared to 2022 (+0.5%), thanks mainly to the growth in revenues from ICT solutions and Multimedia revenues partially offset by the decrease in accesses and the negative delta of activation fees;
- **revenues from stand-alone Mobile market services** came to 2,939 million euros, down 119 million euros compared to 2022, -3.9%), mainly due to the reduction in the customer base connected with Human lines and ARPU levels.

**Handset and Bundle & Handset revenues**, including the change in work in progress, amounted to 1,815 million euros in 2023, an increase of 104 million euros compared to 2022, mainly due to the sale of infrastructure to FiberCop and the sale of spectrum/fiber in the Wholesale segment.

**EBITDA** in 2023 was 2,002 million euros (2,086 million euros in 2022), with an EBITDA margin of 16.5%, down 0.7 percentage points on 2022 (17.2%).

**Organic EBITDA - net of the non-recurring items** - amounted to 2,641 million euros; the EBITDA margin was 21.8% (22.4% in 2022) and records a reduction of 65 million euros compared to 2022. In 2023 TIM S.p.A. recorded non-recurring net charges of 639 million euros in total, (620 million euros in 2022).

Non-recurring charges include, among others, charges connected to corporate reorganisation/restructuring, provisions for disputes and onerous contracts, regulatory sanctions, charges connected to credit management, professional and consulting services relating to corporate operations and the management of regulatory disputes.

**Organic EBITDA excluding the effect of the use of provisions for onerous contracts** for 2023 was equal to 2,543 million euros.

## AFTER LEASE INDICATORS

TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. Specifically, following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance measures:

### EBITDA AFTER LEASE - TIM GROUP

(million euros)

	4th Quarter 2023	4th Quarter 2022	Changes		2023	2022	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>1,596</b>	<b>1,495</b>	<b>101</b>	<b>6.8</b>	<b>6,383</b>	<b>6,039</b>	<b>344</b>	<b>5.7</b>
Lease payments	(269)	(282)	13	4.6	(1,079)	(1,038)	(41)	(3.9)
<b>EBITDA After Lease (EBITDA-AL)</b>	<b>1,327</b>	<b>1,213</b>	<b>114</b>	<b>9.4</b>	<b>5,304</b>	<b>5,001</b>	<b>303</b>	<b>6.1</b>

### EBITDA AFTER LEASE - DOMESTIC

(million euros)

	4th Quarter 2023	4th Quarter 2022	Changes		2023	2022	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>1,012</b>	<b>959</b>	<b>53</b>	<b>5.5</b>	<b>4,242</b>	<b>4,173</b>	<b>69</b>	<b>1.7</b>
Lease payments	(140)	(131)	(9)	(6.9)	(535)	(512)	(23)	(4.5)
<b>EBITDA After Lease (EBITDA-AL)</b>	<b>872</b>	<b>828</b>	<b>44</b>	<b>5.3</b>	<b>3,707</b>	<b>3,661</b>	<b>46</b>	<b>1.3</b>

### EBITDA AFTER LEASE - BRAZIL

(million euros)

	4th Quarter 2023	4th Quarter 2022	Changes		2023	2022	Changes	
			absolute	%			absolute	%
<b>ORGANIC EBITDA excluding non-recurring items</b>	<b>587</b>	<b>536</b>	<b>51</b>	<b>9.5</b>	<b>2,149</b>	<b>1,874</b>	<b>275</b>	<b>14.7</b>
Lease payments (*)	(129)	(151)	22	14.6	(544)	(526)	(18)	(3.4)
<b>EBITDA After Lease (EBITDA-AL)</b>	<b>458</b>	<b>385</b>	<b>73</b>	<b>18.2</b>	<b>1,605</b>	<b>1,348</b>	<b>257</b>	<b>18.8</b>

(\*) In 2023 they do not include fines (approximately 238 million reais; approximately 44 million euros) connected to the decommissioning plan following the acquisition of the mobile activities of the Oi group.

### ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(million euros)

	31.12.2023	31.12.2022	Change
<b>Adjusted Net Financial Debt</b>	<b>25,656</b>	<b>25,364</b>	<b>292</b>
Leases	(5,307)	(5,349)	42
<b>Adjusted Net Financial Debt - After Lease</b>	<b>20,349</b>	<b>20,015</b>	<b>334</b>



### EBITDA ADJUSTED AFTER LEASE TIM S.p.A.

(million euros)

	2023	2022	Changes	
			absolute	%
<b>ORGANIC EBITDA - excluding Non-recurring items</b>	<b>2,641</b>	<b>2,706</b>	<b>(65)</b>	<b>(2.4)</b>
Lease payments	(518)	(495)	(23)	4.6
<b>EBITDA adjusted After Lease (EBITDA-AL)</b>	<b>2,123</b>	<b>2,211</b>	<b>(88)</b>	<b>(4.0)</b>

### ADJUSTED NET FINANCIAL DEBT AFTER LEASE TIM S.p.A.

(million euros)

	31.12.2023	31.12.2022	Change
<b>Adjusted Net Financial Debt</b>	<b>21,149</b>	<b>21,709</b>	<b>(560)</b>
Leases	(3,103)	(3,006)	(97)
<b>Adjusted Net Financial Debt - After Lease</b>	<b>18,046</b>	<b>18,703</b>	<b>(657)</b>

## EVENTS SUBSEQUENT TO DECEMBER 31, 2023

TIM: received an offer from the Ministry of Economy and Finance for the purchase of Sparkle

See the press releases issued on January 31 and February 7, 2024.



*The Executive responsible for preparing the corporate accounting documents, Adrian Calaza Noia, hereby declares, pursuant to subsection 2, Art. 154 bis of Italy's Consolidated Law on Finance, that the accounting information contained herein corresponds to the company's documentation, accounting books and records.*