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DISCLOSURE DOCUMENT ON TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES

drafted pursuant to Article 5 of Consob Regulation no. 17221 of 12 March 2010, as subsequently amended and supplemented, with reference to the approval of the binding offer submitted by the Ministry of Economy and Finance and Retelit S.p.A. relating to the acquisition of the entire shareholding held by TIM S.p.A. in Telecom Italia Sparkle S.p.A.

February 19, 2025

Information document made available to the public at the registered office of TIM S.p.A. in Milan, Via Gaetano Negri, 1 on the website of TIM S.p.A. (www.gruppotim.it), as well as on the authorised storage mechanism "1info", at www.1info.it

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DEFINITIONS

The following is a list of the main definitions and terms used in this Information Document. Such definitions and terms, unless otherwise specified, have the meanings set forth below. Terms defined in the singular are also understood in the plural and vice versa, where the context requires it.

BidCo or Buyer	As defined in paragraph 2.1.
Related Parties Committee or the RPT Committee or Committee	TIM's Related Parties Committee, which exercises the duties and powers established by the RPT Procedure, is composed of the following independent directors: Paola Camagni – Chairman, Federico Ferro Luzzi and Umberto Paolucci.
Information Document	This information document, relating to transactions of greater significance with related parties, prepared pursuant to art. 5 of the Consob Regulation.
Framework Agreement	As defined in the introduction.
Holdco	As defined in paragraph 2.1.
MEF	As defined in the introduction.
Offerers	As defined in paragraph 2.1.
Offer	As defined in the introduction.
Operation	As defined in the introduction.
RPT procedure	The procedure for carrying out transactions with related parties, as most recently approved by the Company's Board of Directors on 13 November 2024.
Issuers' Regulation	The regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.
Consob Regulation	The regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.
Retelit	As defined in the introduction.

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**SPA or Contract for the Sale
and Purchase of
Shareholdings**

As defined in the introduction.

**TIM, Telecom Italia or the
Company**

TIM S.p.A. with registered office in Milan, via Gaetano Negri, 1, secondary office and Head Office in Rome, Via di Val Cannuta, 182, Tax Code/VAT number and registration number in the Milan Companies' Register: 00488410010, share capital of Euro 11,677,002,855.10, fully paid-up.

TUF

Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

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PREMISE

This Information Document has been prepared by TIM pursuant to and for the purposes of Article 5 and in accordance with the format set out in Annex 4 of the Consob Regulation.

The Information Document was prepared following the approval, by the Board of Directors of TIM on 12 February 2025, of the binding offer received on 11 February 2025 (the "**Offer**") from the Ministry of Economy and Finance ("**MEF**") and Retelit S.p.A., a subsidiary of the Asterion Industrial Partners SGEIC, S.A., ("**Retelit**") fund. In particular, the Offer concerns:

- (i) the purchase, through a vehicle indirectly controlled by the Ministry of Economy and Finance and owned by Retelit, of the entire share capital of Telecom Italia Sparkle S.p.A. ("**Sparkle**") owned by TIM, on the basis of the *Sale and Purchase Agreement* (the "**SPA**" or the "**Sale and Purchase Agreement**"), attached to the Offer, which will be signed with TIM; and
- (ii) the signing between TIM (also on behalf of its subsidiaries) and Sparkle (also on behalf of its subsidiaries) of a framework agreement (the "**Framework Agreement**"), also attached to the Offer, relating to the services that will be mutually provided between the TIM Group and the Sparkle Group starting from *the closing* of the Transaction (together with the provisions of point (i) above, the "**Transaction**").

The SPA and the *Framework Agreement* will be signed, substantially in the versions attached to the Offer, by 11 April 2025 and the completion of the Transaction is expected by the first quarter of 2026 subject to the completion of the necessary preparatory activities, including the obtaining of regulatory authorizations.

The Offer and the Transaction represent the outcome of the negotiations started between the MEF and the Company starting from January 2024, and, as indicated in more detail in paragraph 2.3 below, are justified by the progressive loss of strategic importance of Sparkle for TIM. In addition, the Transaction is part of, and is consistent with, the broader process of reorganization of the TIM Group's activities, undertaken with the sale of "NetCo" and aimed at allowing the TIM Group to compete more effectively on the *Consumer* and *Enterprise* market in Italy, in line with the strategic guidelines of the current business plan.

The Transaction is a related party transaction, since, as better indicated in paragraphs 1 and 2.2 below, the MEF, one of the subscribers of the Offer and indirect counterparty to the Transaction, is a related party of TIM.

The Transaction was also qualified by TIM as "of greater importance" pursuant to art. 4, paragraph 1, letter a) of the Consob Regulation and art. 7 of the RPT Procedure and, consequently, as provided for in Article 8, paragraph 1, letter c) of the Consob Regulation, the Board of Directors of TIM on 12 February 2025 approved the Offer, subject to obtaining the favourable opinion of the Related Parties Committee, issued on the same date.

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1. WARNINGS

1.1 Risks associated with potential conflicts of interest arising from the Transaction

As better illustrated in paragraph 2.2 below, the Transaction referred to in this Information Document constitutes a transaction between related parties pursuant to the RPT Procedure, by virtue of the presence, as one of the subscribers of the Offer and indirect counterparty of the Transaction, of the MEF.

In fact, as of 12 February 2025, the Ministry of Economy and Finance holds, through Cassa Depositi e Prestiti S.p.A. (which is 82.77% controlled by the MEF itself), an indirect shareholding equal to 9.81% of the share capital of TIM ⁽¹⁾. On 4 October 2024, the Company's Board of Directors unanimously resolved to qualify the MEF as a related party and, in particular, as a related entity on the basis of the provisions of IAS 28, paragraph 6, letter c) ⁽²⁾.

In addition, starting from the *closing*, Sparkle and its subsidiaries will be indirectly controlled by the MEF (which will hold 70% of the so-called HoldCo – as defined *below* – which, in turn, will hold the entire share capital of BidCo – as defined *below* –, i.e. the purchaser of 100% of Sparkle). In consideration of the above, the Transaction considered as a whole is carried out with related parties, as both the Sale and Purchase Agreement and the *Framework Agreement* will be signed with related party companies of TIM (BidCo and Sparkle respectively).

The Transaction also represents a transaction (with related parties) "of greater importance" taking into account that according to the provisions of Article 2.1 of the RPT Procedure (see definition of "Transaction"), the sale of Sparkle and the signing of the *Framework Agreement* constitute interrelated transactions, as they are functional to the achievement of the same purpose and their value is above the threshold of 5% of the relevant relevance, as analyzed by the RPT Committee itself in its meeting of 9 January 2025.

Therefore, in accordance with the provisions of the RPT Procedure, the Company's Related Parties Committee - composed exclusively of non-executive and independent directors, not related to and not involved in the Transaction - was involved in the preliminary phase and in the negotiation phase relating to the Transaction, being able to examine and monitor the evolution of the Transaction. In particular, the Committee, supported in the analysis by its *legal and financial advisors*, was the recipient of a complete and updated flow of information and was able to request clarifications and make observations from the management responsible for the investigation of the Transaction.

The Related Parties Committee, at its meeting of 12 February 2025, unanimously expressed a favourable opinion on the completion of the Transaction and, therefore, on the resolution, by the Board of Directors of TIM, on the acceptance of the Offer and the signing of the Sale

⁽¹⁾ It should be noted that on 15 February 2025 Poste Italiane S.p.A. – a subsidiary of the Ministry of Economy and Finance – approved the acquisition of the 9.81% stake in TIM held by Cassa Depositi e Prestiti S.p.A.

⁽²⁾ For further information, please refer to the press release published by the Company on 4 October 2024.

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and Sale Agreement of Shareholdings and the *Framework Agreement*.

This opinion was issued by the Committee on the assumption and assumption that the information (including that provided to its financial *advisor*) and the documents examined for the purpose of its issuance do not undergo substantial changes, even during the negotiation period necessary to finalize the SPA and the *Framework Agreement*, and that no new or additional elements emerge that could affect the assessments to which the RPT Committee has been called.

In the opinion of the Company, the Transaction does not present any particular risks associated with potential conflicts of interest other than those typically inherent in transactions with related parties, nor risks different from those typically associated with transactions of a similar nature.

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2. INFORMATION RELATING TO THE TRANSACTION

2.1 Description of the characteristics, methods, terms and conditions of the Transaction

In the context of the separation of TIM's primary and secondary networks, the sale of Sparkle in favour of the acquiring consortium led by Kohlberg Kravis Roberts ("**KKR**") was evaluated.

In January 2024, following certain discussions with KKR, the MEF decided to start negotiations with the Company for the purchase of Sparkle, submitting, on 31 January, an initial non-binding offer, which was assessed by TIM's Board of Directors as unsatisfactory. The Chief Executive Officer was therefore mandated to negotiate a different option with the MEF, with possible adjustments to the contractual conditions, on the assumption that TIM would maintain a stake in the company for a certain period of time and support the implementation of the strategic plan. The negotiations were unsuccessful and the negotiations were directed in the direction of a sale of the entire capital of Sparkle.

In this context, in October 2024, the Ministry of Economy and Finance (MEF) and Retelit, a subsidiary of the Asterion Industrial Partners SGEIC, S.A. fund, submitted a non-binding offer to TIM for the sale of the entire share capital of Sparkle. The Company's Board of Directors has therefore mandated the Chief Executive Officer to enter into discussions with the bidders, on an exclusive basis, aimed at deepening the economic and financial profiles of the Transaction and obtaining the presentation - by 30 November 2024 - of a binding offer according to the best terms and conditions. This deadline was then extended by TIM's Board of Directors until 16 December 2024 at the request of the Ministry of Economy and Finance and Retelit and, subsequently, further extended until 18 December 2024, again at the request of the latter.

On 18 December 2024, the Ministry of Economy and Finance (the "**Offerors**") sent a binding offer for the purchase of Sparkle, through a vehicle ("**BidCo**" or the "**Buyer**") indirectly controlled, through an additional vehicle (the "**HoldCo**"), 70% by the MEF and 30% owned by Retelit, subject to, among other things, the Offerors finding the financial resources necessary to execute to the Operation. Negotiations followed, as a result of which, on 11 February 2025, the Offerors sent the Offer containing the main terms and conditions of the Transaction and, in particular:

- (i) the purchase, through BidCo, of the entire share capital of Sparkle owned by TIM, on the basis of the SPA, attached to the Offer, which will be subscribed with TIM;
- (ii) the signing between TIM (also on behalf of its subsidiaries) and Sparkle (also on behalf of its subsidiaries) of the *Framework Agreement*, also attached to the Offer, relating to the services that will be mutually provided between the TIM Group and the Sparkle Group starting from the *closing* of the Transaction.

The SPA and the Framework Agreement will be signed, substantially in the versions attached to the Offer, by 11 April 2025 and the completion of the Transaction is expected by the first quarter of 2026 subject to the completion of the necessary preparatory activities, including the obtaining of regulatory authorizations.

2.1.1 - The Purchase and Sale Agreement

With reference to the Shareholder Sale and Purchase Agreement, the same will be signed between BidCo, on the one hand, and TIM, on the other hand.

As regards the consideration for the sale of the entire share capital of Sparkle (the "**Price**"), the latter is determined at a base price (hereinafter the "**Base Price**"), equal to Euro 700 million (corresponding to the *enterprise value* of Sparkle), subject to adjustment in accordance with the procedures indicated below.

More specifically:

- (i) at *closing*, the Buyer will pay the Company a provisional price equal to the Base Price, to which will be subtracted or added (as the case may be): (a) the value of Sparkle's consolidated net debt at *closing*; and (b) the difference between Sparkle's consolidated working capital at *closing* and the average working capital of the last four quarters of 2024 of Sparkle (so-called target working capital); both values as defined in the SPA and calculated on the basis of the estimates made by the Company;
- (ii) subsequently, once Sparkle's actual consolidated financial situation at *closing* has been verified, the final price at *closing* will be established, applying the same adjustment criteria as for the provisional price.

In this regard, it should be noted that with reference to the parameter of the difference between the working capital at *closing* and the target working capital, *a cap of Euro 5 million is envisaged (applicable under both the aforementioned adjustments), by virtue of which any excess with respect to the aforementioned cap, increased by an annual interest of 3.65%, will in any case be paid to TIM as a deferred price by the first anniversary of the closing.*

Again with reference to the Price adjustments, it should be noted that the Offerors and TIM have also agreed that the latter may be subject to a further adjustment, exclusively downwards, if certain targets relating to Sparkle's 2025 consolidated EBITDA are not achieved. These checks will be conducted after the *closing* and, in any case, after the approval of Sparkle's 2025 consolidated financial statements.

The Shareholder Sale and Purchase Agreement also provides for the purchase by the Purchaser of the shareholder/*intercompany* loan agreements granted, respectively, by TIM, Telecom Italia Finance S.A. and Telecom Italia Capital S.A. to Sparkle or its subsidiaries (the "**Loan Agreements**"), on the basis of a purchase price equal to the residual value of the loans (including interest) at the date of the *closing* ⁽³⁾.

The obligation of the parties to close is subject to the occurrence, within the deadline of twelve months from the date of signing of the SPA, of certain conditions precedent, including the approval of the Transaction by the competent authorities in the field of competition, foreign investment and telecommunications.

⁽³⁾ It should be noted that the above-mentioned shareholder/*intercompany* loans represent a negative item of net financial debt relevant for the purposes of calculating the price.

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The SPA provides that, during the interim period, TIM shall, *inter alia*, (i) ensure that Sparkle and its subsidiaries continue to operate in line with current and past operations; (ii) carry out all the activities necessary to ensure the autonomous operation of Sparkle, including following the completion of the Transaction.

At closing, it is envisaged that, in a single context, (i) TIM will transfer the entire share capital of Sparkle to the Buyer who, in turn, will pay the provisional price and the consideration for the sale of the Loan Agreements, (ii) the "*Framework Agreement*" will be signed (see paragraph 2.1.2 below).

The SPA provides, *inter alia*, the following additional provisions:

- the representations and warranties of TIM – divided into the so-called "*fundamental warranties*" (relating, for example, to the establishment and existence of TIM, Sparkle and its subsidiaries, the ownership of the shareholding being purchased) and "*business warranties*" (relating to various aspects of Sparkle's operating activity) – and of the Buyer, as well as the related indemnification obligations, with the usual quantitative and temporal limitations and the related exceptions;
- certain *post-closing commitments*, including the Buyer's obligation to use its *best effort* to replace TIM in any obligation arising from the guarantees issued in the interest of Sparkle, also undertaking to indemnify and hold it harmless from any costs or liabilities subsequent to *closing*;
- an anti-embarrassment clause pursuant to which, in the event of a transfer (direct or indirect), within 18 months of *closing*, of Sparkle (or its subsidiaries) on the basis of an *equity value* higher than the Price paid to TIM as part of the Transaction, the Buyer shall pay TIM 50% of the difference between the aforementioned *equity value* and the sum of (i) the Price paid to TIM and (ii) the taxes and duties paid by the Buyer in the context of the transaction that gave rise to the application of the anti-embarrassment clause.

2.1.2 - The *Framework Agreement*

The *Framework Agreement* regulates in a unitary manner the main services that TIM and Sparkle (and their respective subsidiaries) will provide to each other ⁽⁴⁾ after *closing*. In particular, the *Framework Agreement* (including the annexes that regulate the services involved in the agreement in a timely manner) has the function of supplementing the rules on the service contracts currently in place between TIM and Sparkle in order to make them compliant with the agreements reached in the context of the Transaction and reflected in the *Framework Agreement* itself.

The *Framework Agreement* also regulates further aspects of the relationship between the parties, including: (i) certain non-compete commitments between the parties; (ii) the

⁽⁴⁾ The *Framework Agreement* provides for a general commitment by TIM and Sparkle to ensure that their respective subsidiaries fulfil the obligations set out in the same contract.

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mechanisms for periodically updating the fees for individual services; (iii) an exclusivity regime for certain services provided to TIM by Sparkle; (iv) the right of TIM and Sparkle, as the case may be, to be preferred in the supply of certain services to the other party, if the offer submitted is more advantageous than those of third parties; (v) a *traffic balance* mechanism relating to SMS services and with provisions relating to any requests for additional volume capacity made by TIM to Sparkle; (vi) the terms under which the existing lease agreements between TIM (or one of its subsidiaries) and Sparkle will continue and (vii) the transfer from TIM to Sparkle of the rights to use certain properties owned by FiberCop S.p.A. already used by Sparkle.

The *Framework Agreement* also contains a framework with respect to key performance indicators ("KPIs"), *service level agreements* ("SLAs") and key performance objectives ("KPOs") – as identified for each service in the respective annexes ⁽⁵⁾ – as well as their possible violation and related penalties.

The *Framework Agreement* will have a duration of 10 years (except for specific services for which a different duration is provided for in the individual annexes) and the parties must meet at least 12 months before its expiry in order to discuss a possible renewal of the contract.

2.2 Related parties involved in the Transaction, nature of the correlation and nature and extent of such parties' interests in the Transaction

The Transaction referred to in this Information Document constitutes a transaction between related parties pursuant to the RPT Procedure, by virtue of the presence, as one of the subscribers of the Offer and indirect counterparty of the Transaction, of the MEF.

As of 12 February 2025, the Ministry of Economy and Finance holds, through Cassa Depositi e Prestiti S.p.A. (82.77% of which is 82.77% controlled by the Ministry of Economy and Finance), an indirect shareholding equal to 9.81% of the share capital of TIM ⁽⁶⁾. On 4 October 2024, the Company's Board of Directors unanimously resolved to qualify the MEF as a related party and, in particular, as a related entity on the basis of the provisions of IAS 28, paragraph 6, letter c).

In addition, starting from the closing, Sparkle and its subsidiaries will be indirectly controlled by the MEF (which will hold 70% of the so-called HoldCo which, in turn, will hold the entire share capital of BidCo, i.e. the purchaser of 100% of Sparkle). In consideration of the above, the Transaction considered as a whole is carried out with related parties, as both the Sale and Purchase Agreement and the *Framework Agreement* will be signed with companies related to TIM (BidCo and Sparkle respectively) ⁽⁷⁾.

⁽⁵⁾ With reference to KPIs, SLAs or KPOs for which the contracts currently in place do not provide for the relevant parameters, the parties will negotiate in good faith the definition of the same, also through the support of a special technical committee, within 6 months from the effective date of the *Framework Agreement*.

⁽⁶⁾ It should be noted that on 15 February 2025 Poste Italiane S.p.A. – a subsidiary of the Ministry of Economy and Finance – approved the acquisition of the 9.81% stake in TIM held by Cassa Depositi e Prestiti S.p.A.

⁽⁷⁾ In this regard, it should be noted that pursuant to IAS 24, paragraph 12, in the definition of a related party, an associate includes the subsidiaries of the associated company.

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That said, the Transaction qualifies as "of greater importance", taking into account that according to the provisions of Article 2.1 of the RPT Procedure (see definition of "Transaction"), the sale of Sparkle and the signing of the *Framework Agreement* constitute interconnected transactions, as they are functional to the achievement of the same purpose, their total value is above the threshold of 5%, as analyzed by the RPT Committee itself in its meeting of 9 January 2025.

In light of the above, as required by Article 8, paragraph 1, letter c) of the Consob Regulation, the Board of Directors of TIM on 12 February 2025 approved the Offer, subject to obtaining the favourable opinion of the Related Parties Committee, issued on the same date.

2.3 Economic reasons and convenience of the Transaction for the Company

The Transaction presents profiles of convenience for the Company as it is considered to be in line with the corporate interest and fully consistent with the process of reorganization of the activities of the TIM Group, aimed at allowing it to compete more effectively on the *Consumer* and *Enterprise* market in Italy.

In this regard, it should be noted first of all that as of March 2022 the Company's intention to sell the stake held in Sparkle was made known to the market, as it was no longer strategic; this intention was subsequently also confirmed in the 2024-2026 business plan ("*Free to Run*") adopted by TIM on 6 March 2024.

In particular, also as a result of the sale of "NetCo", the characteristics of Sparkle's business are no longer consistent with the strategic perimeter of the new TIM. More specifically, Sparkle operates with a predominantly infrastructural business model, which requires significant investment cycles and is characterized by significant moments of financial anticipation and decreasing profit margins. Within the scope of the TIM Group, Sparkle also appears to have limited strategic importance, as: (i) on the one hand, it has an international presence in areas that are no longer core for TIM (which, as is well known, unlike in the past, is present abroad exclusively in Brazil), (ii) on the other hand, synergies with TIM are now extremely limited, as well as its contribution to the Group's cash-flow.

In addition, the reference market, within which Sparkle carries out its business, is highly competitive (also in light of the entry of new vertically integrated operators of particularly significant size, such as, for example, Google and Meta), with a consequent reduction in prices and a related compression of margins.

It should also be noted that: (i) Sparkle operates, at an international level, in markets that are currently developing (a circumstance that undoubtedly represents an opportunity for growth), but at the same time this makes it exposed to significant geopolitical risks (as the geographical areas concerned are characterized by particular criticalities); (ii) as an alternative to the sale of the entire stake held in Sparkle, TIM would have no interest in maintaining a minority stake (replacing the role played by Retelit), since it would be financial in nature without any industrial and strategic value.

With specific regard to the *Framework Agreement*, its signing responds to the interest of the

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Company, as it is closely linked to the sale of Sparkle in a necessary perspective of overall evaluation of the Transaction. Specifically, through the *Framework Agreement*, TIM will be able to continue to use the services that are currently provided by Sparkle and that are necessary for its operations.

2.4 Economic conditions of the Transaction, methods of determination and assessments of fairness

2.4.1 Methods for determining the consideration for the Transaction and assessments by the Company's Board of Directors

The Company's Board of Directors, with the support of leading financial *advisors* (Vitale & Co, Goldman Sachs and Mediobanca), has evaluated the Transaction and, in particular, the consideration for the Offer.

In light of this assessment, as well as the favourable opinion of the Committee, on 12 February 2025, the Board of Directors of the Company, following an extensive and in-depth examination conducted with the assistance of the aforementioned *financial advisors* and the legal *advisor* Gatti Pavesi Bianchi Ludovici, unanimously approved (excused absentee, the Director Gorno Tempini, who also holds the position of Chairman of the Board of Directors of Cassa Depositi e Prestiti S.p.A.) the Offer which provides for the acquisition of the entire share capital of Sparkle to be made on the basis of an assessment of the relative *enterprise value*, on a *cash-free debt free basis*, equal to Euro 700 million.

2.4.2 Committee opinion

The RPT Committee was supported in the analysis of the Transaction by Equita Sim S.p.A., as independent financial advisor ("**Equita**" or the "**Financial Advisor**"), and by Studio Legale Tombari D'Angelo e Associati, as independent legal *advisor*, selected by the Committee on the basis of their possession of the requirements of independence, professionalism and competence in relation to the Transaction.

In particular, the assignment conferred on Equita provided for the provision of assistance services in the context of the Transaction and, in particular, the issue of an assessment document and a *Fairness Opinion* (the "**Fairness Opinion**") for the Committee regarding the adequacy, from a financial point of view for TIM, of the consideration proposed in the Offer for the sale of Sparkle in the context of the Transaction.

Below is a summary of the analyses and assessments carried out by Equita for the purpose of drafting the *Fairness Opinion*, please refer to the document attached to the Information Document for a more complete and analytical description of the process conducted.

The assignment was carried out by Equita on the basis of the information made available by the Company, both in documentary form and through in-depth video-conference sessions with the management of the Company and Sparkle, as well as publicly available information.

Equita has therefore conducted the valuation of Sparkle on the basis of the information

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received from the Company, as well as in accordance with national and international valuation best practices, taking into consideration the analysis of Sparkle's fundamentals in the event of business continuity (i.e. *going concern*) and from a so-called "*stand-alone*" perspective, i.e. in the event of the company's operational autonomy and ignoring the impact of any synergies and/or extraordinary costs deriving from the Transaction or the fiscal, accounting, financial and/or operational impacts of the Transaction on the company.

For the purpose of estimating the *fair value* of Sparkle *stand-alone*, Equita has used the fundamentals-based financial method, in the version of the "*Unlevered Discounted Cash Flow*" ("**UDCF**"), which determines the value of the economic capital by discounting the so-called "*unlevered*" cash flows" prospects of a company at a given weighted average cost of capital (WACC), applying it to Sparkle's economic and financial projections for the period 2024 – 2030 (the "**2024-'30 Business Plan**").

Equita has also taken into consideration the use of additional valuation methodologies which, however, in the opinion of the *Financial Advisor*, in the specific case were not applicable for the purposes of the valuation of Sparkle ⁽⁸⁾.

On the basis of the UDCF, the *Financial Advisor* has identified, in the *Fairness Opinion*, the following *range* of values.

Valuation method	Enterprise Value After Lease Sparkle (€m)	
	Minimum	Maximum
UDCF	602	773

Since the *enterprise value* indicated in the Offer submitted by the MEF and Retelit is within the aforementioned *valuation range* identified by Equita as part of the UDCF methodology, the *Fairness Opinion* concluded that this *enterprise value* is to be considered reasonable from a financial point of view.

With reference to the UDCF methodology and the *range* values obtained, Equita has indicated that they do not attribute a specific range of *Sparkle fair values*, but express their opinion in relation to the fairness, from a financial point of view, *of the enterprise value* offered by the MEF and Retelit.

Again with reference to the requirement in question, the RPT Committee deemed it

⁽⁸⁾ In particular, the following were also evaluated: (i) the "Stock Exchange Multiples" method, which was deemed not applicable because there are no listed companies that are perfectly comparable to Sparkle and due to the substantial differences in the *business models* of companies with characteristics more similar to Sparkle; (ii) the "Multiples of Previous Transactions" method, which is deemed not applicable due to the absence of transactions strictly comparable to the Transaction; and (iii) the "Equity Research Report" method, which is deemed not applicable because Sparkle's valuations reported in the *brokers'* reports are mainly based on press rumours, due to the limited package of information directly concerning the Company available to the public.

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appropriate to specify that, although the Transaction concerns not only the sale of Sparkle, but also the signing of the *Framework Agreement* between TIM and Sparkle, in order to express its opinion it was not necessary to conduct a specific assessment of the adequacy of the fees agreed for the reciprocal services that the two companies will provide to each other after the *closing*.

In particular, TIM's management was represented to the RPT Committee (a circumstance also acknowledged by its financial *advisor*) that: (i) on the one hand, the tariffs indicated in the *Framework Agreement* are substantially in continuity with those currently applied in the TIM-Sparkle intra-group agreements; (ii) on the other hand, the flows deriving from the reciprocal provision of services between TIM and Sparkle were included in the 2024-'30 Business Plan, also with reference to the adjustments relating to certain *real estate services* provided by TIM to Sparkle, which was taken into consideration for the purpose of determining the *enterprise value* of Sparkle by the Offerors (as well as by Equita itself for the preparation of the *Fairness Opinion*).

In other words, the *enterprise value* of Sparkle, as determined in the context of the Transaction, already reflects the structure of interests that will be agreed with the *Framework Agreement*, being, in fact, irrelevant a specific assessment of the adequacy of the individual fees agreed for the various services.

With the partial exception of what has just been described, the Company's management has stated that some provisions of the new *Framework Agreement*, which modify some *real estate services* currently provided by TIM to Sparkle, could have negative impacts for TIM compared to the provisions of the intercompany *real estate agreements* currently in place between the two companies.

Although considered by *TIM's management* to be of no significant magnitude, these impacts, for greater prudence, were nevertheless appropriately assessed by Equita as part of its valuation exercises and did not change the conclusions on the adequacy of the *enterprise value* offered by MEF and Retelit.

2.5 Economic, equity and financial effects of the Transaction

As anticipated, the Transaction was qualified as of "major importance", taking into account that: (i) the sale of Sparkle and the signing of the *Framework Agreement* are interrelated transactions, as they are functional to the achievement of the same purpose; consequently, the related results of the materiality indices must be added together; (ii) the overall materiality index of the Transaction is above the threshold of 5%, as analysed by the RPT Committee itself at its meeting of 9 January 2025. In particular, the materiality index of the countervalue (referred to in point 1.1., letter a) provided for in Annex 3 to the Consob Regulation was applied, taking into account the consolidated shareholders' equity resulting from the financial report as at 30 September 2024 (last report published by the Company), as it is higher than the measure of market capitalisation. In this regard, it was then calculated that 5% of consolidated shareholders' equity amounts to euro 685 million (which is reduced to euro 612 million if shareholders' equity is calculated net of minority interests) and, therefore, is lower than the base price for the sale of Sparkle. Consequently, the sale of

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Sparkle in itself, considered individually, is sufficient to exceed the 5% threshold.

2.6 Impact of the Transaction on the remuneration of the members of the board of directors of TIM and/or its subsidiaries

No changes are expected in the remuneration of the directors of TIM and/or its subsidiaries as a result of the Transaction.

2.7 Involvement as related parties in the Transaction of members of the Issuer's administrative and supervisory bodies, general managers and executives

The members of the Board of Directors, members of the Board of Statutory Auditors, general managers and executives of TIM are not involved in the Transaction as related parties.

2.8 Bodies or directors who conducted or participated in the negotiations and/or instructed and/or approved the Transaction

As described in the previous paragraphs, the Transaction falls within the scope of the RPT Procedure as a "transaction with a related party of greater importance". Therefore, the Transaction was approved in compliance with the procedural *process* and the discipline provided for by the RPT Procedure and the Consob Regulation.

In particular, on the basis of the provisions of the RPT Procedure (Articles 7.2 and 7.3) and in line with the provisions of the Consob Regulation for transactions of major importance (Article 8), the RPT Committee - composed of the Directors Paola Camagni (acting as Chairman), Federico Ferro-Luzzi and Umberto Paolucci, was promptly involved in the preliminary phase and in the negotiation phase relating to the Transaction, receiving a complete and updated flow of information, being able to request information and making observations to the persons in charge of conducting the negotiations and the investigation, as better described below.

Firstly, the Committee decided to be supported by *advisors* of primary *standing* and consequently appointed (a) Studio Legale Tombari D'Angelo e Associati, in the person of Prof. Umberto Tombari, as its independent legal advisor, appointing him to provide advice and technical-legal support to the Committee itself; and (b) Equita, as its *advisor* instructing it to assist him in the Transaction and to issue an assessment document and the *Fairness Opinion* in relation to the fairness, from a financial point of view, of the consideration proposed for the sale of Sparkle as part of the Transaction.

With regard to the process followed after the submission of the non-binding offer on 2 October 2024, the RPT Committee met, also in the presence of its financial and legal advisors, at its meetings on 16 October 2024 ⁽⁹⁾, 25 October 2024, 11 November 2024, 4 December 2024, 20 December 2024, 9 January 2025, 16 January 2025, 6 February 2025 and 12 February 2025.

⁽⁹⁾ At this meeting, the RPT Committee preliminarily verified the absence of correlation of its members.

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The Transaction was also the subject of a specific investigation at the level of the Company's Board of Directors at the meetings of 4 October 2024, 13 November 2024, 30 November 2024, 11 December 2024, 20 December 2024, 15 January 2025 and 12 February 2025.

In the aforementioned meetings of the RPT Committee, the competent structures of the Company (together with the *advisors* appointed by the Committee itself) examined the offers received, as well as the SPA and the *Framework Agreement* (as updated from time to time on the basis of the negotiations). In particular, Equita, in addition to illustrating its preliminary considerations during the negotiations, shared with the RPT Committee, in view of the preparation of the *Fairness Opinion*, the valuation methodologies it would use. During the aforementioned meetings, the RPT Committee, also through its *advisors*, was able to request information from the competent structures of the Company, as well as to make observations to the persons in charge of conducting the negotiations and carrying out the investigation of the Transaction.

During the meeting of 12 February 2025, the RPT Committee, having analyzed the *Fairness Opinion*:

- (i) taking into account the investigation carried out and the documents and information received;
- (ii) considered that the documentation relating to the Transaction was accurate and the process underlying it was characterized by a high degree of traceability;
- (iii) noted that the methodologies and formulas used for Equita's valuations are in-depth and complete; and
- (iv) having verified the existence of TIM's interest in the completion of the Transaction and the requirements of the convenience and substantial correctness of the conditions of the Transaction;

unanimously issued its favourable opinion on the completion of the Transaction ⁽¹⁰⁾ and, therefore, on the resolution, by the Board of Directors of TIM on the same date, regarding the acceptance of the Offer and the signing of the Sale and Sale Agreement of Shareholdings.

The Committee's opinion was issued on the assumption and assumption that the information (including that provided to the financial *advisor*) and the documents examined for the purpose of its issuance do not undergo, even during the negotiation period necessary to finalize the SPA and the *Framework Agreement*, substantial changes and that no new or additional elements emerge that could affect the assessments to which the RPT Committee has been called.

As a result of the above, the Board of Directors of the Company on 12 February 2025 unanimously approved the Offer with the favourable opinion of the Committee.

⁽¹⁰⁾ This opinion is attached to this Information Document. It should be noted that certain commercial and economic-financial information of a confidential nature has been omitted in paragraphs 1.2 and 1.3.

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2.9 Relevance of the Transaction deriving from the cumulation pursuant to Article 5, paragraph 2, of the Consob Regulation

The case described in Article 5, paragraph 2 of the Consob Regulation is not applicable to the Transaction.

* * * * *

Attached to this Information Document is the favourable opinion expressed by the Committee on 12 February 2025 in Equita's *Fairness Opinion*.

Milan, 19 February 2025

TIM S.p.A.

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ATTACHMENT

Opinion of the Related Parties Committee

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**COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES
OF TELECOM ITALIA S.P.A.**

Premise

The Related Parties Committee (hereinafter the "**RPT Committee**") of Telecom Italia S.p.A. (hereinafter "**TIM**" or the "**Company**") expresses this reasoned opinion on the "major related" transaction described below, pursuant to art. 7 of the procedure for carrying out transactions with related parties adopted by the Company (hereinafter the "**RPT Procedure**") in implementation of Regulation no. 17221 of 12 March 2010, as subsequently supplemented and amended (hereinafter the "**Consob RPT Regulation**").

In particular, the RPT Committee is called upon to express its reasoned opinion on the Company's interest in the completion of the Transaction (as defined below), as well as on the convenience and substantial correctness of the related conditions (the "**Opinion**").

By virtue of the provisions of art. 8, paragraph 1, letter c) of the Consob RPT Regulation and art. 7 of the RPT Procedure, this Opinion is binding (without prejudice to the provisions of art. 7.7 of the same Procedure).

1. - The Operation

In the context of the separation of TIM's primary and secondary networks, the sale of Telecom Italia Sparkle S.p.A. ("**Sparkle**") in favour of the acquiring consortium led by Kohlberg Kravis Roberts ("**KKR**") was evaluated.

In January 2024, following discussions with KKR, the Italian Ministry of Economy and Finance (the "**MEF**") decided to start negotiations with the Company for the purchase of Sparkle, submitting, on 31 January, an initial non-binding offer, which was assessed by TIM's Board of Directors as unsatisfactory. The Chief Executive Officer was therefore mandated to negotiate a different option with the MEF, with possible adjustments to the contractual conditions, on the assumption that TIM

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would maintain a stake in the company for a certain period of time and support the implementation of the strategic plan.

Subsequently, in October 2024, the Ministry of Economy and Finance and Retelit S.p.A. ("**Retelit**", a subsidiary of the Asterion Industrial Partners SGEIC, S.A.) fund submitted a new non-binding offer to TIM. The Company's Board of Directors has therefore mandated the Chief Executive Officer to enter into discussions with the bidders, on an exclusive basis, aimed at deepening the economic and financial profiles of the transaction and obtaining the submission - by 30 November 2024 ⁽¹⁾ - of a binding offer according to the best terms and conditions.

On 18 December 2024, the Ministry of Economy and Finance (the "**Offerors**") therefore sent a binding offer ⁽²⁾ for the purchase of Sparkle, through a vehicle ("**BidCo**" or the "**Buyer**") indirectly controlled, through an additional vehicle (the so-called "**HoldCo**"), 70% by the former and 30% owned by the latter.

Finally, on 11 February 2025, the Offerors sent a subsequent binding offer, amending the previous one, for the purchase of Sparkle, again through the BidCo vehicle (the "**Offer**").

In particular, the Offer includes:

- (i) the purchase, by BidCo, on the basis of the *Sale and Purchase Agreement* (the "**SPA**" or the "**Shareholding Sale and Purchase Agreement**") that will be signed with TIM, of the entire share capital of Sparkle;
- (ii) the signing between TIM (also on behalf of its subsidiaries) and Sparkle (also on behalf of its subsidiaries) of a framework agreement (the "**Framework Agreement**") relating to the services that will be mutually provided between the TIM Group and the Sparkle Group [together with the provisions of point (i) above, the "**Transaction**"].

⁽¹⁾ This deadline was then extended by the Board of Directors until 16 December 2024.

⁽²⁾ The effectiveness of this offer was conditional, among other things, on the Offerors obtaining financing in order to have the necessary funds to complete the acquisition.

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1.1 - The binding offer to purchase the shareholdings in Sparkle

The Offer received from the Offerors provides that the purchase of the entire share capital of Sparkle will take place on the basis of an assessment of the relative *enterprise value*, on a *cash-free debt free basis*, equal to Euro 700 million.

As far as is most relevant here, the Offer is subject to the signing of the SPA and the *Framework Agreement*, both attached to the Offer itself, without prejudice to the need to reach an agreement on the relevant annexes of the two contracts not yet defined.

The effectiveness of the Offer is also subject to the occurrence of certain conditions precedent, including (i) the absence of "*material adverse changes*" in the economic, equity and financial situation of Sparkle up to the time of *closing*; (ii) the failure to emerge, up to the time of *closing*, of new events, facts or circumstances that could materially alter the information provided to the Offerors during the *due diligence* or that would require, for the same Offerors, additional safeguards that are currently unforeseeable.

1.2 - The Contract for the Sale and Purchase of Shareholdings

Moving on to analyze the Sale and Purchase Agreement of Shareholdings, the same will be signed between BidCo, on the one hand, and TIM, on the other hand.

As regards the consideration for the sale of the entire share capital of Sparkle (the "**Price**"), the latter is determined at a base price (hereinafter the "**Base Price**"), equal to Euro 700 million (corresponding to the *enterprise value* of Sparkle), subject to adjustment in accordance with the procedures indicated below.

More specifically:

- (i) at *closing* (the "*Closing Adjustment*") the Buyer will pay the Company a provisional price (the "**Provisional Price**") equal to the Base Price, to which the following will be subtracted or added (as the case may be): (a) the value of Sparkle's net debt (which consists of the assets and liabilities specifically identified in a specific annex) at closing, calculated on the basis of estimates

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made by the Company; and (b) the difference between Sparkle's working capital (the items of which are identified in a specific annex) at *closing*, calculated on the basis of estimates made by the Company, and the target working capital (identified in the average working capital of the last four quarters of 2024);

- (ii) subsequently, on the basis of the financial position of the company at *closing*, *the closing consideration* (hereinafter the "*Closing Price*") **will be established**, always equal to the Base Price, to which the following will be subtracted or added: (a) the net debt calculated at *closing*; and (b) the difference between the working capital at *closing* and the target working capital.

The parties, therefore, after the *closing*, will settle any differences between the Provisional Price and the *Closing Price*.

With particular regard to any difference between the working capital and the target working capital, it has also been established that, if (both at the time of determination of the Provisional Price and the *Closing Price*) the same is greater than Euro 5 million, the Purchaser will pay TIM, both at closing and at the time of the final adjustment, the maximum sum of Euro 5 million. Any residual amount exceeding the aforementioned *cap*, on which an annual interest rate of 3.65% will accrue, will be paid to TIM on the first anniversary of closing as a deferred price.

Again with reference to the Price, the parties have also established that the latter may be subject to a further downward adjustment, depending on Sparkle's 2025 EBITDA. In particular, the Price may be reduced where (i) Sparkle's 2025 EBITDA is lower than its 2025 target EBITDA ; or, (ii) although Sparkle's 2025 EBITDA is higher than its 2025 target EBITDA, its 2025 recurring EBITDA is lower than its *target 2025 recurring EBITDA* ⁽³⁾. Any such adjustment will take place post-closing,

⁽³⁾ For the purposes of the adjustment clause summarised here, Sparkle's EBITDA has been divided into two macro-categories, namely the so-called EBITDA *asset project*, the one linked to individual projects and, in particular, resulting from agreements with customers who purchase ownership or the right to use fibres or spectrum, and EBITDA *recurring*, i.e. the difference between Sparkle's EBITDA and the EBITDA *asset project*. As far as it is most relevant, in the hypothesis indicated in point (i) (2025 EBITDA lower than the target 2025 EBITDA), the adjustment will be calculated as the sum of $A = (\text{EBITDA target recurring} - \text{EBITDA 2025 recurring})$ multiplied by a multiple equal to 4.0x and B

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in the event that the latter falls after the approval of Sparkle's consolidated financial statements as at 31 December 2025. On the contrary, if the *closing* is held before the approval of the consolidated financial statements, the adjustment of the Price (if due) will be settled after the latter.

In addition, the Share Sale and Purchase Agreement provides for the purchase by the Buyer of the shareholder/*intercompany* loan agreements granted, respectively, by TIM, Telecom Italia Finance S.p.A. ("**TI Finance**") and Telecom Italia Capital S.A. ("**TI Capital**") to Sparkle or its subsidiaries, so that the Buyer will take over them. The agreed purchase price will be equal to the residual value of the loans (including interest), at the closing date ⁽⁴⁾.

The obligation of the parties to close is subject to the occurrence of certain conditions precedent within the deadline of twelve months from the date of subscription of the SPA ⁽⁵⁾.

With regard to the management of Sparkle during the interim period, in order to ensure that *the value of the target company is not jeopardised in the medium term*, TIM shall ensure that neither Sparkle nor its subsidiaries carry out acts that go beyond ordinary administration (subject to certain exceptions identified or, in any case, the Purchaser's consent to such transactions). thus operating in line with current and past operational management. In addition, in addition to the aforementioned negative obligations, depending on the success of the Transaction, TIM will be required to carry out and ensure that Sparkle carries out a series of activities, including the transfer of certain *assets* from the Company to Sparkle, so

= the greater of zero and the difference between EBITDA *target asset project* – EBITDA 2025 asset project. In this case, any *overperformance* of the 2025 recurring EBITDA compared to the relative *target* will therefore compensate for the *underperformance* of the 2025 *EBITDA* asset project compared to the set *target*. A similar (and opposite) mechanism does not apply, however, in the hypothesis indicated in point (ii) (2025 EBITDA higher than the target 2025 EBITDA, but recurring 2025 EBITDA lower than the relative *target*).

⁽⁴⁾ For the sake of completeness, it should be noted that the above-mentioned shareholder/*intercompany* loans represent a negative item of net financial debt relevant for the purposes of calculating the price.

⁽⁵⁾ The conditions concern both the approval of the Transaction by the competent authorities in the field of competition, foreign investment and telecommunications, and the obtaining of consent to the Transaction from certain counterparties whose contracts contain *change of control clauses*.

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that the latter's operations are guaranteed once it no longer belongs to the TIM Group.

At the *closing* (which will be held subject to the fulfilment of the conditions precedent, or to the waiver thereof), TIM will transfer, in a single context, to the Buyer the shares representing the entire share capital of Sparkle, while the latter will have to pay the Provisional Price to the former as well as the consideration for the sale of the loan agreements in place between TIM, TI Finance or TI Capital, on the one hand, and Sparkle and/or its subsidiaries, on the other. Additional requirements to be implemented at the closing date include, among other things, the signing of the "*Framework Agreement*" (on which, see. *infra* par. 1.3).

The SPA is also completed with the clauses relating to the declarations and warranties of the seller and the buyer. As for the former, the latter are divided into the so-called "*fundamental warranties*" (involving, for example, the establishment and existence of TIM, Sparkle and its subsidiaries, the ownership of the shareholding subject to sale, as well as the power of TIM to execute the SPA) and the "*business warranties*" (relating, in particular, to the compliance of the activities of Sparkle and its subsidiaries with current legislation, any pending proceedings, financial reports, major contracts and *Sparkle's* assets).

These provisions are accompanied by the commitment of the two parties to indemnify the other party in the event of breach of their respective representations and warranties, with the related indemnification procedure. With regard to the representations and warranties issued by TIM, there are the usual quantitative and temporal limitations on indemnities (together with the related exceptions) ⁽⁶⁾.

Among the post-closing commitments, *it is worth mentioning, in particular, the Buyer's obligation to use its best effort* in order to replace TIM in any obligation arising from the guarantees provided by the latter (or by Group companies) issued in the interest of Sparkle or its subsidiaries in favour of their respective contractual

⁽⁶⁾ As usual for this type of transaction, indemnity (except in cases of wilful misconduct or gross negligence) is provided as the sole remedy that the Buyer may have in relation to the breach of representations and warranties.

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counterparties. The Purchaser shall also indemnify TIM (or the relevant Group companies) harmless and indemnified from any costs and liabilities that it may incur, after closing, in connection with the aforementioned guarantees.

Finally, a clause is inserted anti-embarrassment, pursuant to which, in the event that the Buyer (or one of its subsidiaries or parent companies) proceeds, within 18 months from the *closing*, to carry out a transfer transaction (direct or indirect) of Sparkle or its subsidiaries (or should proceed to carry out different transactions whose final effect is substantially similar to the transfer of Sparkle or its subsidiaries) in which the *equity value* attributed to the entire share capital of Sparkle is higher than the Final Price, the former will be required to pay the latter 50% of the difference between (i) the aforementioned *equity value* and (ii) the sum (a) of the Final Price for the sale of Sparkle and (b) of the taxes and duties paid by the Buyer in the context of the transaction that gave rise to the application of the anti-embarrassment clause.

1.3 - The *Framework Agreement*

As regards the *Framework Agreement*, as already mentioned above, it aims to regulate in a unified manner the main services that TIM and Sparkle (and their respective subsidiaries) will provide to each other ⁽⁷⁾ after *closing*, through the provision of a series of general *key principles* that will be applied to the individual services from time to time.

In particular, the *Framework Agreement* (including the annexes that regulate the services covered by the agreement in a timely manner) has the function of supplementing the regulation of the same services, as currently provided for in the contracts in place between TIM (and its subsidiaries) and Sparkle (and its subsidiaries). There is, in fact, a commitment by the parties to amend the individual existing service contracts, within 6 months from the effective date ⁽⁸⁾, in such a way

⁽⁷⁾ The *Framework Agreement* provides for a general commitment by TIM and Sparkle to ensure that their respective subsidiaries fulfil the obligations set out in the same contract.

⁽⁸⁾ As already pointed out *above*, the *Framework Agreement* will be signed at the time of *closing* and will be effective from the same date.

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as to make them compliant with the provisions dictated by the *Framework Agreement* (it being understood, in any case, that the provisions of the latter will be immediately effective and will prevail *in the medium term* with respect to any incompatible provision ⁽⁹⁾).

With regard to the *most important key principles*, a reciprocal non-compete commitment is established between the parties, pursuant to which, starting from the effective date and for the following 18 months (which may be extended by a further 6 months on the basis of certain assessments by the parties in relation to the separation of Sparkle's activities from those of the TIM Group), (i) Sparkle will not provide certain services in favour of the so-called Sparkle Sparkle *Tbusiness end users* ⁽¹⁰⁾ based in Italy or of Italian public administrations and (ii) TIM will not acquire or implement passive infrastructure in order to sell transnational wholesale connectivity services .

As regards the fees for individual services, an update procedure has been established (on the basis of the specific periodicity provided for individual services, which generally ranges between three and five years) aimed at aligning them with the best prices available on the market.

The *Framework Agreement* provides:

- (i) an exclusivity regime for certain services that will be provided to TIM by Sparkle, pursuant to which the latter must provide the aforementioned services exclusively to the Company, which, in turn, will not be able to turn to other operators ⁽¹¹⁾;

⁽⁹⁾ The *Framework Agreement* also provides for (i) a commitment by the parties to assess whether it is necessary to renegotiate in good faith the contracts, currently in place, which will not be modified by the *same Framework Agreement*; (ii) that existing contracts between the parties that expire before the effective date of the *Framework Agreement* will be renewed for a further year (and under the same conditions), it being understood that, upon the expiry of such additional period, the parties will undertake to rediscuss the relevant terms and conditions in good faith.

⁽¹⁰⁾ i.e. *business users* who do not provide public communications networks or publicly available electronic communications services.

⁽¹¹⁾ The exclusivity regime will cease to apply in the event that Sparkle or TIM violate the procedure for updating the prices applicable to the various services and such violation is not remedied within a certain *cure period*.

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(ii) a *preferred supplier regime* with reference to certain services that TIM will provide to Sparkle and vice versa. This regime is intended to ensure that each party is given the opportunity to compete with third parties in the submission to the other party of a tender for the provision of the service concerned in each case and, in the event that its offer is more convenient, to be preferred to the aforementioned third parties ⁽¹²⁾. Certain specific provisions are also laid down in relation to participation in any tender procedures or bids requested by third parties.

Finally, the *key principles* are completed with a *traffic balance* mechanism relating to SMS services and with forecasts relating to any requests for additional volume capacity made by TIM to Sparkle.

The *Framework Agreement* also lays down a framework with respect to key performance indicators ("KPIs"), *service level agreements* ("SLAs") and key performance objectives ("KPOs") - which are then specifically identified for each service in the respective annexes ⁽¹³⁾ - as well as their possible violation and related penalties.

Finally, the *Framework Agreement* provides: (i) that, with regard to the lease agreements in place between TIM (or one of its subsidiaries) and Sparkle, subject to certain exceptions ⁽¹⁴⁾, the same will continue between the parties under the same terms and conditions; and (ii) with regard to the properties owned by FiberCop S.p.A. and used on the basis of the agreements signed with TIM by Sparkle, that the right

⁽¹²⁾ The *preferred supplier regime* will cease to apply with reference to a specific service if the conditions offered to the requesting party are less advantageous than the best conditions applied by the supplier to other authorized operators (both national and international) in relation to that service.

⁽¹³⁾ With reference to KPIs, SLAs or KPOs for which the contracts currently in place do not provide for the relevant parameters, the parties will negotiate in good faith the definition of the same, also through the support of a special technical committee, within 6 months from the effective date of the *Framework Agreement*.

⁽¹⁴⁾ These are the office spaces located: (i) in the Rome building, Via di Macchia Palocco, with respect to which the perimeter of the aforementioned leased spaces will be reduced; (ii) in the Cassina de' Pecchi building (in this case the spaces will be leased by Sparkle only until 1 January 2027).

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to use such properties - with the exception of some of them ⁽¹⁵⁾ - be transferred from TIM to Sparkle within 6 months of *closing*.

In order to facilitate the execution of the *Framework Agreement* as well as the resolution of any problems or disagreements that may arise between the parties, the establishment of a *Technical Committee* ⁽¹⁶⁾ composed of four voting members, appointed equally by each of the parties, whose decisions are advisory in nature.

The *Framework Agreement* will have a duration of 10 years (except for specific services for which a different duration is provided for in the individual annexes) and the parties must meet at least 12 months before its expiry in order to discuss a possible renewal of the contract.

2. - Nature and qualification of the Transaction

The Transaction in question is likely to constitute a "*transaction*" for the purposes of the RPT Procedure, as well as on the basis of what is reported in point 1 of the Appendix to the Consob RPT Regulation, as it gives rise to a "*transfer of resources, services or obligations between related parties, regardless of whether a consideration has been agreed*".

Having clarified the above, the Transaction appears to be between parties linked by a significant correlation relationship pursuant to the RPT Procedure and what is reported in point 1 of the Appendix to the Consob RPT Regulation, by virtue of the relationships listed below.

In particular, the MEF, on the basis of the indirect 9.81% stake held in TIM through Cassa Depositi e Prestiti S.p.A. (82.77% of which is controlled by the MEF itself),

⁽¹⁵⁾ These are the properties located in Bari, Via Oreste, and Rimini, Via Romania.

⁽¹⁶⁾ The main functions of the *Technical Committee* include (i) facilitating and monitoring the application of the *Framework Agreement* (as well as other service agreements in place) and managing any disagreements between the parties; (ii) monitor the quality of services based on various applicable performance indicators ; (iii) examine any disruptions to the services, as well as propose corrective measures; (iv) identify potential non-conformities with respect to the *Framework Agreement* and define corrective measures; (v) analyse possible technological innovations and ensure that the services provided by Sparkle and TIM are up to market *standards* and technological evolution; (vi) inform the *senior management* of TIM and Sparkle with reference to any disputes for which the committee has not reached a settlement.

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was qualified as a related party as an entity associated with TIM ⁽¹⁷⁾. In addition, starting from the *closing*, Sparkle and its subsidiaries will be indirectly controlled by the MEF (which will hold 70% of the so-called HoldCo which, in turn, will hold the entire share capital of BidCo, i.e. the purchaser of 100% of Sparkle). In consideration of the above, the Transaction considered as a whole is carried out with related parties, as both the Sale and Purchase Agreement and the *Framework Agreement* will be signed with companies associated with TIM (BidCo and Sparkle respectively) ⁽¹⁸⁾.

That said, the Transaction qualifies as "of greater importance", taking into account that: *(i)* according to the provisions of art. 2.1 of the RPT Procedure (see definition of "Transaction"), the sale of Sparkle and the subscription of the *Framework Agreement* they constitute interconnected transactions, as they are functional to the achievement of the same purpose; consequently, the relative results of the materiality indices must be added together; *(ii)* the overall materiality index of the Transaction is above the threshold of 5%, as analysed by the RPT Committee itself at its meeting of 9 January 2025.

In light of the above, pursuant to art. 4.5 and 7 of the RPT Procedure, this Committee is called upon to issue a reasoned favourable opinion on TIM's interest in completing the Transaction, as well as on the convenience and substantial correctness of the related conditions.

3. - Preliminary phase

On the basis of the provisions of the RPT Procedure (Articles 7.2 and 7.3) and in line with the provisions of the Consob RPT Regulation for transactions of major importance (Article 8), the RPT Committee - composed of the Directors Paola

⁽¹⁷⁾ As known, the Company's Board of Directors unanimously resolved, on 4 October 2024, to qualify the MEF as a related party and, in particular, as a related entity on the basis of the provisions of IAS 28, paragraph 6, letter c). For further information, please refer to the press release published by the Company on 4 October 2024.

⁽¹⁸⁾ In this regard, it should be noted that pursuant to IAS 24, paragraph 12, in the definition of a related party, an associate includes the subsidiaries of the associated company.

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Camagni (acting as Chairman), Federico Ferro-Luzzi and Umberto Paolucci, was involved in the preliminary phase and in the negotiation phase relating to the Transaction, receiving a complete and updated flow of information, being able to request information and making observations to the persons in charge of conducting the negotiations and the investigation, as better described below.

Pursuant to Article 4.7 of the RPT Procedure, as well as the combined provisions of Article 8, paragraph 1 and 7, paragraph 1, letter b) of the Consob RPT Regulation, the RPT Committee has, first of all, appointed the Law Firm Tombari D'Angelo e Associati, in the person of Prof. Umberto Tombari, as its independent legal advisor, appointing it to provide advice and technical-legal support to the Committee itself. Subsequently, the RPT Committee appointed Equita SIM S.p.A. as its independent financial advisor ("**Equita**"), appointing it to assist it in the Transaction, as well as to issue an evaluation document and a *fairness opinion* ("***Fairness Opinion***") in relation to the fairness, from a financial point of view, of the consideration proposed for the sale of Sparkle in the context of the Transaction.

With regard to the process followed after the submission of the non-binding offer on 2 October 2024, the RPT Committee met, also in the presence of its financial and legal advisors, at its meetings on 16 October 2024 ⁽¹⁹⁾, 25 October 2024, 11 November 2024, 4 December 2024, 20 December 2024, 9 January 2025, 16 January 2025, 6 February 2025 and 12 February 2025.

The Transaction was also the subject of a specific investigation at the level of the Company's Board of Directors at the meetings of 4 October 2024, 13 November 2024, 30 November 2024, 11 December 2024, 20 December 2024 and 15 January 2025.

In the aforementioned meetings of the RPT Committee, the competent structures of the Company (together with the *advisors* appointed by the Committee itself)

⁽¹⁹⁾ At this meeting, the RPT Committee preliminarily verified the absence of correlation of its members.

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examined the two offers received, as well as the SPA and the *Framework Agreement* (as updated from time to time on the basis of negotiations). In particular, Equita, in addition to illustrating its preliminary considerations during the negotiations, shared with the RPT Committee, in view of the preparation of the *Fairness Opinion*, the valuation methodologies it would use. During the aforementioned meetings, the RPT Committee, also through its *advisors*, was able to request information from the competent structures of the Company, as well as to make observations to the persons in charge of conducting the negotiations and carrying out the investigation of the Transaction.

During the meeting held on 12 February 2025, the RPT Committee analysed the *Fairness Opinion* prepared by Equita. Also in the same meeting, the independent legal advisor confirmed the correctness of the preliminary process followed by the RPT Committee functional to the issuance of this Opinion.

4. - Analysis of the Transaction

On the basis of the documentation examined by the RPT Committee with reference to the entire Transaction, as well as the information and clarifications provided to the Committee during the meetings indicated above, the assessments carried out are set out below: *(i)* on the existence of TIM's interest in the completion of the Transaction and *(ii)* on the economic convenience and substantial correctness of the same.

4.1 - Interest in the completion of the Transaction

The RPT Committee believes that TIM has an interest in completing the Transaction in view of the following.

Firstly, it should be noted that as early as March 2022, the Company's intention to sell its stake in Sparkle was made known to the market, as it was no longer strategic; this intention was also confirmed in the current 2024-2026 business plan ("*Free to Run*"), adopted by TIM on 6 March 2024.

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According to what emerged during the meetings of TIM's Board of Directors (and, in particular, those of 13 November 2024 and 15 January 2025) and of the RPT Committee (in particular, that of 9 January 2025), currently and also as a result of the sale of "NetCo" the characteristics of Sparkle's business are no longer consistent with the strategic perimeter of the new TIM. More specifically, Sparkle operates with a predominantly infrastructural business model, which requires significant investment cycles and is characterized by significant moments of financial anticipation and decreasing profit margins. Within the scope of the TIM Group, Sparkle also appears to have limited strategic importance, as: (i) on the one hand, it has an international presence in areas that are no longer *core* for TIM (which, as is well known, unlike in the past, is present abroad exclusively in Brazil), (ii) on the other hand, synergies with TIM are now extremely limited, as well as its contribution to the Group's *cash-flow*.

In addition, the reference market, within which Sparkle carries out its business, is highly competitive (also in light of the entry of new vertically integrated operators of particularly significant size, such as, for example, Google and Meta), with a consequent reduction in prices and a related compression of margins. Again according to the Company's structures, it should also be noted that more than half of Sparkle's revenues are represented by the "voice services" that it offers; In this regard, it is estimated, however, that the relevant market will contract by 6% per year until 2026.

It should also be noted that: (i) Sparkle operates, at an international level, in markets that are currently developing (a circumstance that undoubtedly represents an opportunity for growth), but this at the same time makes it exposed to significant geopolitical risks (as the geographical areas concerned are characterized by particular criticalities); (ii) as an alternative to the sale of the entire shareholding held in Sparkle, TIM would not have an interest in maintaining a minority stake (replacing the role played by Retelit), since, on the one hand, at the end of such an operation Sparkle would be subject to public control with all the limitations,

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including operational ones, that derive from it, on the other hand, it would be a financial transaction without any industrial and strategic value.

Finally, the RPT Committee believes that the sale of Sparkle is in the interest of the Company also because the proceeds from the sale of the investment can be used both for new investment opportunities in the main sectors of interest to the Company today, and for a further reduction of the Group's debt.

With specific regard to the *Framework Agreement*, the RPT Committee, on the basis of the in-depth studies carried out together with the structure and the advisors, believes that its subscription also responds to the interest of the Company, as it is closely linked to the sale of Sparkle in a necessary perspective of overall evaluation of the Transaction. Specifically, through the *Framework Agreement*, TIM will be able to continue to use the services that are currently provided by Sparkle and that are necessary for its operations.

4.2 - Convenience of the Operation

The RPT Committee, having analysed the contents and conclusions of *Equita's Fairness Opinion* (attached to this Opinion under **Annex A**), considers that the Transaction meets the requirement of convenience.

With specific reference to the *Fairness Opinion*, Equita has used, for the performance of its mandate, inter alia, the following documentation provided by the Company and/or publicly available:

- (i) the Offer received on 11 February 2025;
- (ii) of Sparkle's 2024-2026 Business Plan ("**2024 -'26 Business Plan**");
- (iii) Sparkle's economic and financial projections for the period 2024-2030 ("**2024-'30 Business Plan**");
- (iv) the Bridge to Equity provided by the Company with reference to the Offer;
- (v) the impacts deriving from certain provisions contained in the new *Framework Agreement* with reference to the *real estate services* provided by TIM to Sparkle;
- (vi) the corporate presentation of Sparkle;

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- (vii) certain publicly available research reports by financial analysts relating to TIM;
- (viii) other data, documents, information and clarifications provided by e-mail, by the Company's management, in the period between 30 October 2024 and 11 February 2025;
- (ix) of all other publicly available information deemed relevant for the purposes of the analysis and application of the assessment methodologies underlying the *Fairness Opinion*.

In order to prepare the *Fairness Opinion*, Equita also carried out in-depth video-conference sessions with Sparkle' s *management* regarding the information received and, in particular, the 2024-'26 Business Plan and the 2024-'30 Business Plan ⁽²⁰⁾.

In consideration of the nature, scope and limits of the work carried out ⁽²¹⁾, Equita conducted the valuation of Sparkle on the basis of the information received from the Company, as well as on the basis of the *best practice* principles of national and international valuation practice that take into account the analysis of Sparkle's fundamentals in the event of business continuity (i.e. *going concern*) and from a so-called "*stand-alone*" perspective, i.e. in the event of the company's operational autonomy and ignoring the impact of any synergies and/or extraordinary costs deriving from the Transaction or the fiscal, accounting, financial and/or operational impacts of the Transaction on the company.

For the purposes of estimating *the fair value* of Sparkle *stand-alone*, Equita has considered the following valuation methods, in line with the best professional practice:

⁽²⁰⁾ Equita stated that the analyses carried out did not include: (i) any strategic-industrial valuation arising from the Transaction; and (ii) the legal, tax, accounting and regulatory effects and implications related to the completion of the Transaction.

⁽²¹⁾ For a description of the assumptions, limitations, exclusions and main valuation criticalities, please refer to the paragraphs "Limits and restrictions of the valuation analyses underlying the Opinion", "Difficulties encountered in carrying out the Assignment" and "Main critical issues that emerged in the context of the Consideration valuation process" of Equita' s *Fairness Opinion*.

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- (i) the fundamentals-based financial method, in the version of the "*Unlevered Discounted Cash Flow*" ("**UDCF**"), applied to the 2024-'30 Business Plan, considered as the reference methodology, which determines the value of economic capital by discounting the so-called "*unlevered*" prospective cash flows of a company at a given weighted average cost of capital (WACC);
- (ii) the "Stock Exchange Multiples" method, which determines the economic value of a company by applying - to certain economic and financial values - multiples that the stock market expresses for comparable listed companies. However, this methodology was not applicable as there are no listed companies that are perfectly comparable to Sparkle; a number of companies representing the listed references most similar to Sparkle were analysed, but their target markets and *business* models differ in several substantial respects;
- (iii) the "Multiples of Previous Transactions" method, which determines the economic value of a company on average by applying - to some economic and financial values - the implicit multiples resulting from previous comparable transactions in the reference sector. Although some recent transactions have indeed taken place in Sparkle's reference sector, the method of Multiples of Previous Transactions was not applicable since none of the selected transactions is strictly comparable to this Transaction: implicit valuations are determined by multiple variables (e.g., technical characteristics of the *assets* financial profile, geographical location, type of transaction, identity of the offeror) which are often not disclosed and/or are difficult to isolate;
- (iv) the "*Equity Research Report*" method, which determines the value of Sparkle on the basis of the evaluations carried out by the research analysts who follow the TIM share. This methodology was also not applicable as Sparkle's valuations reported in the *brokers'* reports are mainly based on press rumours, partly due to the limited package of information directly concerning the Company available to the public.

On the basis of the analyses conducted through the application of the only methodology that can actually be used according to Equita, i.e. that of the UDCF,

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the *financial advisor* has identified, in the *Fairness Opinion*, the following *range* of values.

Valuation method	Enterprise Value After Lease Sparkle (€m)	
	Minimum	Maximum
UDCF	602	773

Since the *enterprise value* indicated in the Offer submitted by the MEF and Retelit is within the aforementioned *valuation range* identified by Equita as part of the UDCF methodology, the *Fairness Opinion* concluded that this *enterprise value* is to be considered appropriate from a financial point of view.

With reference to the UDCF methodology and the *range* values obtained, Equita has indicated that they do not attribute a specific range of *Sparkle fair values*, but express their opinion in relation to the fairness, from a financial point of view, *of the enterprise value* offered by the MEF and Retelit.

Again with reference to the requirement in question, the RPT Committee deems it appropriate to specify that, although the Transaction concerns not only the sale of Sparkle, but also the signing of the *Framework Agreement* between TIM and Sparkle, in order to be able to express its opinion, it was not necessary to conduct a specific assessment of the adequacy of the fees agreed for the reciprocal services that the two companies will provide after the *closing*.

In particular, TIM's management was represented to the RPT Committee (a circumstance also acknowledged by its *financial advisor*) that: (i) on the one hand, the tariffs indicated in the *Framework Agreement* are substantially in continuity with those currently applied in the TIM-Sparkle intra-group agreements; (ii) on the other hand, the flows deriving from the reciprocal provision of services between TIM and Sparkle were included in the 2024-'30 Business Plan, also with reference to the adjustments relating to certain *real estate services* provided by TIM to Sparkle, which was taken into consideration for the purpose of determining the *enterprise*

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value of Sparkle by the Offerors (as well as by Equita itself for the preparation of the *Fairness Opinion*).

In other words, the *enterprise value* of Sparkle, as determined in the context of the Transaction, already reflects the structure of interests that will be agreed with the *Framework Agreement*, being, in fact, irrelevant a specific assessment of the adequacy of the individual fees agreed for the various services.

With the partial exception of what has just been described, the Company's management has stated that some provisions of the new *Framework Agreement*, which modify some real estate services currently provided by TIM to Sparkle, could have negative impacts for TIM compared to the provisions of the intercompany real estate agreements currently in place between the two companies.

Although considered by TIM's management to be non-material, these impacts, for greater prudence, have nevertheless been appropriately assessed by Equita as part of its valuation exercises and do not change the conclusions on the adequacy of the *enterprise value* offered by MEF and Retelit.

4.3 - Substantive correctness of the Transaction

With regard to the substantial correctness of the Transaction, the RPT Committee notes the following.

Also on the basis of the considerations made by the legal advisor, the RPT Committee considers that the conditions of the Transaction are substantially correct.

In this regard, it can be said that, after the various meetings with the structure and the analyses carried out also with the support of consultants, the various profiles relating to the Transaction were negotiated by the Company's structure in the best interest of TIM, according to market practices and on an absolutely equal footing between the parties. Although, as in any negotiation, the final result of the same, as reflected in the agreements, is the result of mutual compromises, it does not appear that unjustified concessions of a contractual nature have been granted to the Buyer.

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In particular, from a legal point of view, the Shareholding Sale and Purchase Agreement does not contain any clauses that are anomalous or different from those generally used for transactions with similar characteristics (in particular, reference is made to the agreements relating to the conditions precedent, the management of Sparkle during the interim period, the declarations and guarantees, the indemnification obligations and the respective time and quantity limitations).

In this regard, it should be noted that there are no critical issues regarding the failure to issue a guarantee relating to the payment of any deferred price, taking into account both the probable non-materiality of the same and the financial solidity of BidCo. In addition, the provision of an interest rate to be calculated on this price component appears suitable for compensating TIM for the deferral of the aforementioned payment.

At the same time, the RPT Committee considers that the price adjustment linked to any difference between Sparkle's 2025 EBITDA and the respective target set does not appear unreasonable, taking into consideration that 2024, also due to the complex geopolitical situation in various areas in which Sparkle operates, was characterized by an *underperformance* of Sparkle compared to what was originally expected.

Similarly, with reference to the conditions precedent inherent in the authorizations that will have to be issued for the completion of the acquisition, it should be noted that, if, on the one hand, the Buyer has not undertaken to comply with any obligations or conditions to which the aforementioned authorizations may be subject, on the other hand, it is in any case envisaged that BidCo will use its reasonable commercial effort to evaluate in good faith any prescription imposed by the authorities.

Furthermore, the RPT Committee believes that despite the deadline within which the conditions precedent must be met (which, as is well known, affects the potential duration of the interim period), the forecasts relating to the management of Sparkle in the period between signing and closing are not irrelevant in terms of duration (having been established at twelve months from the date of signing of the SPA -

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characterised by materiality thresholds beyond which the Purchaser's consent is required for the completion of the relevant transactions - in any case allow to avoid significant risks of jeopardising Sparkle's current operations.

With reference to the indemnification obligations related to any breach of the representations and warranties issued by TIM, the various limitations (and, in particular, the amounts by way of "*de minimis*" and "deductible") agreed appear to be consistent with the overall structure of the Transaction, also taking into account the agreed consideration.

With regard to the *Framework Agreement*, it was confirmed by the *advisors* that the text of the agreement is overall balanced and does not contain anomalous or non-standard clauses compared to what would usually be agreed with unrelated third parties.

In particular, taking into account the significant duration of the contract (it should be remembered that it is ten years), the provision of specific hypotheses that allow the termination of the "exclusivity" ⁽²²⁾ and "*preferred partner*" regimes, linked, as highlighted, to the tariffs applied to the various services offered, is justified and in response to the interests of the Company.

Similarly, there are no critical issues in the period beyond which the price review mechanism will be applied (which ranges between three and five years, depending on the relevant service), as well as in the mutual commitment to non-competition, which is in compliance with the applicable regulations, on the basis of what has been confirmed by the *legal advisor*.

With regard to the procedure followed in order to reach the resolution of the Transaction, the RPT Committee notes that it is correct and consistent with the

⁽²²⁾ According to TIM's *management*, the exclusivity regime for the international voice transport services offered by Sparkle (i.e. the only one currently provided for by the *Framework Agreement*) is justified both by TIM's need to give continuity to communication systems and flows, and, as is customary for similar transactions, by the need to guarantee captive flows to the counterparty for a reasonable time that allows it to acquire new customers.

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requirements of the RPT Procedure and the Consob RPT Regulation. More precisely, as already highlighted in Paragraph 3 above:

- (i) the rules on "decision-making competence" *have been complied with* and the negotiation process followed by TIM for the negotiation of the terms and conditions of the agreements relating to the Transaction complies with the applicable laws and regulations on transactions between related parties;
- (ii) the RPT Committee was involved in the preliminary phase and in the negotiation phase relating to the Transaction, through a complete, continuous and updated flow of information relating to the Transaction, suitable for ensuring that it had the necessary assessment elements in order to express this Opinion;
- (iii) the RPT Committee had the opportunity to interact with the persons appointed by the Company to conduct the negotiations and to carry out the preliminary investigation of the Transaction, being able to request all the necessary information and formulate its observations;
- (iv) the RPT Committee has, from time to time, reported its preliminary activities to the Board of Directors;
- (v) the RPT Committee was supported in the analysis of the Transaction by Equita and the Law Firm Tombari D'Angelo e Associati, selected on the basis of their possession of the requirements of independence, professionalism and competence in relation to the Transaction.

5. - Conclusions

After a complete and in-depth investigation, having evaluated the documents and information received, considering that the documentation relating to the Transaction is accurate and the process underlying it is characterized by a high degree of traceability, the methodologies and formulas adopted for Equita's valuations are in-depth and complete, the RPT Committee:

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- (i) having noted that the Transaction qualifies as a transaction with related parties of "greater importance";
- (ii) having verified that TIM has an interest in completing the Transaction;
- (iii) having also verified that the requirements of convenience and substantial correctness of the conditions of the Transaction are met;

at the end of its meeting on 12 February 2025, unanimously issues its favourable opinion on the completion of the Transaction and, therefore, on the resolution, by the Board of Directors of TIM, on the acceptance of the Offer and the signing of the Sale and Sale Agreement ⁽²³⁾.

This Opinion assumes and assumes that the information (including that provided to the financial *advisor*) and the documents examined for the purpose of its issuance will not be substantially modified, even during the negotiation period necessary to finalize the SPA and the *Framework Agreement*, and that no new or additional elements will emerge which, if known to date, would be likely to affect the assessments to which the RPT Committee has been called.

Milan, 12 February 2025

For the Related Parties Committee
the President

(Paola Camagni)

Attachments:

A - *Fairness Opinion* of Equita SIM S.p.A.

⁽²³⁾ Which, as better highlighted in paragraph 1.2 above, provides that, at closing, *the* Framework Agreement is *signed*.

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Dear
TIM S.p.A.
Via Gaetano Negri, 1
20123 Milan
Italy

For the kind attention of TIM Related Party Committee

Milan, 12th February 2025

Subject: Fairness opinion, from a financial point of view, on the consideration offered by Ministry of Economy and Finance and Retelit S.p.A. for the acquisition of the 100% of Sparkle

Dear Directors,

On 11th February 2025, Ministry of Economy and Finance ("**MEF**") and Retelit S.p.A. ("**Retelit**") (together the "**Offerors**"), submitted a revised offer (the "**Revised Offer**") addressed to TIM S.p.A. ("**TIM**" or the "**Company**") for the acquisition of Sparkle S.p.A. ("**Sparkle**") (all together, the "**Proposed Transaction**"). The consideration offered for 100% of Sparkle is equal to Euro 700 million in terms of enterprise value (the "**Consideration**").

On 12th February 2025, the Board of Directors of TIM is called to resolve on the acceptance of the Revised Offer. The Related Party Committee ("**RPC**") of TIM appointed EQUITA SIM S.p.A. ("**Equita**") to provide an opinion, from a financial point of view, on the fairness of the Consideration (the "**Opinion**"). The Opinion is provided pursuant to and is subject to the terms of the engagement letter signed by TIM and Equita on 8th October 2024 (the "**Engagement Letter**"). Equita acts as financial adviser to RPC and therefore has not provided and does not provide any advisory services relating to, but not limited to, those of an accounting, legal, fiscal, technical, industrial or environmental nature. In accordance with the terms of the Engagement Letter, Equita's compensation is not conditional upon acceptance of the Revised Offer.

The purpose of the Opinion is not to provide an analysis of the merits of the Revised Offer or for Sparkle itself or TIM, nor should it be construed as a recommendation to accept or decline the Revised Offer.

The Opinion is addressed to TIM RPC only (the "**Recipients**") and will be shared within the broader Board of Directors of TIM. As such, individuals other than the Recipients should not rely on its contents, and the views of third parties regarding the fairness of the Consideration shall be the competence and responsibility of those individuals.

Individual sections of the Opinion should not be read independently of the others. Each section must be considered purely and exclusively in conjunction with the other sections of the document, in its entirety. The conclusions set out in the Opinion are based on the valuations performed as a whole and, therefore, no single conclusion should be used for other purposes or considered separately from the context in which they were formulated. Partial use of the contents of the Opinion and / or its use for reasons other than its intended purpose may lead to a potentially significant misinterpretation of all the considerations and / or the conclusions included herein. Under no circumstances should the valuations performed for the purposes of the Opinion be considered in a

context other than the present one. The Opinion and the conclusions contained herein do not constitute the provision of investment services or activities pursuant to the Consolidated Law on Finance. The Opinion does not constitute a public offer or a suggestion or recommendation to buy or sell any financial products.

The Opinion shall not be published or disclosed, either in whole or in part, to third parties or used for purposes other than those described in the Opinion itself, except in cases where publication or disclosure is expressly requested by the competent supervisory authorities, including Borsa Italiana S.p.A., the Bank of Italy and CONSOB, or in compliance with legal and regulatory requirements or any administrative or judicial provisions. Furthermore, Equita authorizes the Recipients to include this Opinion in TIM company records and documents, only within the limits required by the provisions in force and by the applicable regulations in relation to the Proposed Transaction. Any other use requires Equita's prior written authorization. Equita assumes no responsibility, either directly and / or indirectly, for damages or loss that may result from improper use and / or use by parties other than the Recipients of the information contained in this Opinion.

Equita is a financial operator that offers a wide range of investment services and ancillary services, such as investment banking, investment advisory, asset management, trading, research and corporate broking services, to Italian and foreign institutional clients. In the ordinary course of its business, Equita may actively trade on its own account or on behalf of its clients, and, consequently, may at any time hold a long or short position in the equity securities (and / or related derivatives) of TIM. Equita may also provide investment banking services to TIM in the future, for which it expects to receive a fee.

Warnings and documentation

For the preparation of this Opinion, Equita reviewed the following documents and information:

- The Revised Offer and its annexes received on 11th February 2025;
- Information shared by TIM's management and its advisors through the Virtual Data Room named "Offerta TI Sparkle 2 ottobre 2024" provided by VDesk (access granted to Equita on October 9th, 2024);
- In particular, for valuation purposes, Equita relied on the following files/documents:
 - Sparkle's Business Plan: "Sparkle - Strategic Plan 2024-26 - updated" pdf file (the "**2024-'26 Business Plan**") approved by the Company's Board of Directors;
 - 2024-2030 and normalized Sparkle's economic-financial projections and unlevered cash flows, and Revised Offer EV to Equity Bridge for TIM: "BtE + Piano (wRE)- vTIM- Fairness - 11febbraio2025" excel file (the "**2024-'30 Business Plan**");
 - New Framework Agreement (MSA) impacts related to some real estate services provided by TIM to Sparkle: "RE Sparkle + Costs (20250211)" excel file;
 - Sparkle's company presentation as of November 2024: "Sparkle Presentation 13_11_vFinal" pdf file;
- Broker reports provided by TIM management;
- Information provided by TIM management and its advisors through specific virtual meetings, e-mails exchanges and Q&A sessions.

Moreover, Equita referred to publicly available data and information and, more specifically, to data and information collected from TIM website, Borsa Italiana, FactSet and Bloomberg, in relation to Sparkle and selected listed companies comparable to Sparkle deemed relevant for the purpose of the Opinion.

In arriving at its Opinion, Equita relied upon and assumed, without any independent verification, the truthfulness, correctness, accuracy and completeness of all documentation and information used. Equita has not undertaken any independent verification, certification or analysis of the documentation or information and has not performed any autonomous and / or independent accounting, financial, fiscal, legal, commercial, and more in general, administrative audits and / or technical appraisals. Moreover, Equita has not provided, obtained or examined any specialist opinions - such as, for example, but not limited to legal, accounting, environmental, technological or fiscal opinions, - and, therefore, the Opinion does not consider the possible implications of such aspects and potentially subject to this type of specialist opinion.

Therefore, Equita does not assume any responsibility for the truthfulness, correctness, accuracy or completeness of all documentation and information used for its analysis and for the preparation of the Opinion.

The analyses and evaluations carried out for the purposes of the Opinion are based on and refer to current market and economic conditions as of 10th February 2025 and to the documents and information available up until 11th February 2025. Equita is under no obligation to update, revise or confirm the validity of the contents or conclusions outlined in the Opinion as a result of events or developments that may arise after this date.

Limitations and constraints of the valuation analysis

The valuation considerations performed for the purposes of this Opinion are based on the following main limitations and constraints:

- the economic and financial projections for the period 2027-2030 provided by the management and included in 2024-'30 Business Plan used by Equita for the purpose of preparing the Opinion were not formally approved by the Company's Board of Directors. However, Equita has been confirmed that the economic-financial projections provided reflect, to date, the best estimates and judgments identifiable by the management of Sparkle;
- 2024-'30 Business Plan is affected by uncertainty and volatility, exacerbated by the contingent situation related to the Israeli–Palestinian conflict that is relevantly impacting the operations of Blue Med/Raman asset project;
- Pre-closing 2024 results of Sparkle were lower than the figures reported in the 2024-'30 Business Plan for the same FY, while estimates for future years have remained unchanged, merely adjusted for New Framework Agreement (MSA) real estate services impacts;
- the UDCF Method (as defined below) is influenced by elements of subjectivity: assumptions regarding the discount rate ("WACC") and the long-term growth rate ("g-rate") inherently have elements of subjectivity, which can have a significant impact on valuations, particularly in the context of the current macroeconomic scenario characterized by high uncertainty. Due to Sparkle's negative cash-profile in the short term, c.80% of the Enterprise Value comes from the Terminal Value whose assumptions have elements of subjectivity, even if provided by TIM's management, and can have a significant impact on valuations;
- the Trading Multiples Method (as defined below) is not applicable since there are no real listed companies comparable to Sparkle; we analyzed a series of listed companies that are potentially Sparkle closest peers, but their reference markets and business models differ on several material aspects;
- although many transactions occurred in Sparkle reference sector, the Precedent M&A Transactions Method (as defined below) is not applicable since none of the selected transactions are closely comparable to the Proposed Transaction. Moreover, implied valuations are driven by multiple variables (e.g. technical aspects

of the asset, financial profile, geographical location, type of transaction, identity of the bidder) that often are not disclosed and difficult to isolate;

- the Research Analysts Method (as defined below) is not applicable since Sparkle valuations reported in the broker reports are based on press rumors, in part because of limited public available information.

Valuation methods

The sole purpose of the valuations herein is to express an opinion on the fairness of the Consideration from a financial point of view, by comparing it to the estimated economic value of Sparkle. These valuations therefore assume significance in the context of the Engagement Letter and should not under any circumstances (i) be considered as a possible indication of the market price or the current or future economic value of Sparkle and (ii) be compared with other valuations carried out in different contexts or for other purposes.

According to best valuation practice, the valuations carried out for the purposes of the Opinion were performed on a stand-alone basis, i.e. excluding the effects of any synergies and / or extraordinary costs resulting from the Proposed Transaction, i.e. the fiscal, accounting, financial.

Equita also assumed that all required government, regulatory or other types of authorization for the Proposed Transaction will be obtained without any adverse effect on Sparkle and that the Proposed Transaction will be executed without exception, amendments or changes to any of its relevant terms or conditions.

In line with national and international best valuation practice, in order to determine the estimated value of Sparkle, and considering the Sparkle specific characteristics, type of business, reference markets, as well as the previously described limitations and constraints, the following valuation methods were reviewed:

- Unlevered Discounted Cash Flow method ("**UDCF Method**"), which determines a company's value by discounting the future unlevered cash flows of the company at a given weighted average cost of capital ("**WACC**"), minus the net debt;
- stock market multiples of comparable listed companies ("**Trading Multiples Method**"), applied to certain economic indicators of the target company;
- multiples of past comparable transactions ("**Precedent M&A Transactions Method**"), which determines the value of a company by applying the implicit multiples of precedent transactions to some economic and financial metrics of the company.
- valuations for Sparkle expressed by the equity analysts as included in their assessment of the target price for TIM stock ("**Research Analysts Method**");

We considered the characteristics and limitations of each one of them, based on the standard valuation practice applied in Sparkle reference sector. Taking account of the Sparkle operational and financial profile, the nature of the Revised Offer and the previously described limitations of the analysis, we believe that the UDCF Method is the only appropriate method for the purposes of the Opinion, while the Trading Multiples Method, the Precedent M&A Transactions Method and Research Analysts Method have been deemed not reliable or not applicable.

Valuation approach and considerations

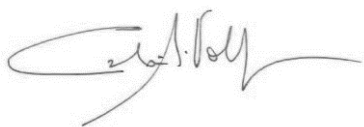
Equita based its analysis on Sparkle stand-alone business plan prepared by the management of the company.

Albeit not material in terms of amount, Equita have also assessed the impacts for TIM related to certain real estate services provisions included in the New Framework Agreement (MSA) negotiated by TIM, on one side, and MEF and Retelit on the other side.

Conclusions

Based on the above considerations and in view of the limits and constraints of the analyses, as of today, Equita believes that the Consideration, in the context of the Revised Offer, is fair from a financial point of view.

Best regards.



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