

 **Telecom Italia Finance Group**

Half-Year Condensed Consolidated Financial  
Statements at June 30, 2022

Unaudited Half-Year Condensed Consolidated Financial Statements at June 30, 2022, which have been authorized by the Board of Directors held on August 02, 2022

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## Directors' report

### The Business Units

#### BRAZIL

The Brazil Business Unit (Tim Brasil group) provides mobile telephone services using UMTS, GSM and LTE technologies. Moreover, the Tim Brasil group offers fiber optic data transmission using full IP technology, such as DWDM and MPLS and residential broadband services.

- TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A.
  - TIM S.A.
    - I-SYSTEM SA
    - COZANI RJ INFRAESTRUTURA E REDE DE TELECOMUNICAÇÕES S.A

#### OTHER OPERATIONS

This Business Unit provides financial assistance to TIM Group companies and the management of liquidity buffer through money market instruments.

As of June 30, 2022:

- The amount of notes (issued by Telecom Italia Finance and listed on Bourse of Luxembourg) is 1.015 million euros.
- The amount of net financial debt is equal to -2.838 million euros.

- TELECOM ITALIA FINANCE

### Key operating Financial Data

#### Consolidated Operating and Financial Data

(million euros)	1st Half 2022	1st Half 2021
<b>Revenues</b>	<b>1.819</b>	<b>1.348</b>
<b>EBITDA</b>	<b>806</b>	<b>627</b>
<b>EBIT</b>	<b>253</b>	<b>191</b>
Profit (loss) before tax from continuing operations	100	145
<b>Profit (loss) for the year</b>	<b>83</b>	<b>133</b>
Profit (loss) for the year attributable to Owners of the Parent	42	84
<b>Capital expenditures</b>	<b>428</b>	<b>344</b>

#### Consolidated Financial Position Data

(million euros)	30/06/2022	31/12/2021
<b>Total assets</b>	<b>15.753</b>	<b>14.117</b>
<b>Total equity</b>	<b>7.956</b>	<b>7.282</b>
Attributable to Owners of the Parent	6.382	5.937
Attributable to non-controlling interests	1.574	1.345
<b>Total liabilities</b>	<b>7.797</b>	<b>6.835</b>
<b>Total equity and liabilities</b>	<b>15.753</b>	<b>14.117</b>
<b>Share capital</b>	<b>1.819</b>	<b>1.819</b>
<b>Net financial debt carrying amount</b>	<b>-30</b>	<b>-2.382</b>

**Headcount**

	30/06/2022	31/12/2021
Number in the Group at year end	9.157	9.335
Average number in the Group	8.714	8.869

**Highlights**Acquisition of the mobile assets of Oi Móvel S.A.

On April 20, 2022, TIM S.A. (Brazilian subsidiary of TIM Group), Telefônica Brasil S.A. and Claro S.A., after complying with the precedent conditions established by the Conselho Administrativo de Defesa Econômica (CADE) e dall'Agência Nacional de Telecomunicações (ANATEL) concluded the process of acquiring the mobile assets of Oi Móvel S.A. – Em Recuperação Judicial.

With the conclusion of the Transaction, TIM S.A. now holds 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. ("SPE Cozani"), a company that corresponds to the part of the unit of assets, rights and obligations of Oi Móvel acquired by Company.

More specifically, TIM Brasil had been allocated:

- approximately 16 million customers;
- approximately 49 MHz;
- approximately 7,2 thousand mobile access sites.

The transaction is expected to add value not only to its Brazilian subsidiary but to the whole TIM Group and its shareholders, as it will accelerate its growth and increase operating efficiency through relevant synergies. Furthermore, positive effects are also expected for customers, as the transaction is likely to improve the users' experience and the quality of services offered.

Parent's activity

In 2022 the Parent's activities continue to be segmented into two business: holding of participations and financial assistance to Telecom Italia Group ("TIM Group") companies.

FINANCIAL HIGHLIGHTS

In terms of economic and financial performance in the 1st Half 2022:

- **Consolidated revenues** amounted to 1,8 billion euros, up by 35,0% on the 1st Half 2021.
- **EBITDA** amounted to 0,8 billion euros, up by 28,6% on the 1st Half 2021.
- **Operating profit (EBIT)** was 0,3 billion euros, up by 32,5% compared to the 1st Half 2021.
- The **Profit for the year attributable to Owners of the Parent** amounted to 42 million euros (84 million euros for the 1st Half 2021).
- **Capital expenditures** in 2022 amounted to 428 million euros (344 million euros in the 1st Half 2021).
- **Net financial debt** amounts to -30 million euros at June 30, 2022, up of 2.352 million euros compared to the end of 2021 (-2.382 million euros).

## NON-RECURRING EVENTS

In the 1st Half 2022, the Group recognized non-recurring net income connected to events and transactions that by their nature do not occur continuously in the normal course of operations and have been shown because their amount is significant.

### Net non-recurring income

(millions of euro)	1st Half 2022
Purchase of goods and services – Oi acquisition	-14
Employee benefits expenses - Labor Contingency	-2
<b>Impact on EBITDA</b>	<b>-16</b>
<b>Impact on EBIT</b>	<b>-16</b>
<b>Impact on Profit (loss) before tax from continuing operations</b>	<b>-16</b>
Non recurrent fiscal impact	4
<b>Impact on Profit (loss) from continuing operations</b>	<b>-12</b>

## Consolidated operating performance

The operating performance of the Group is almost entirely attributable to the Brazil Business Unit.

	Other operations (millions of euros)		Brazil Business Unit				Changes	
	1st Half 2022	1st Half 2021	(millions of euros)		(millions of reais)		Amount (a-b)	% (a-b)/b
			1st Half 2022	1st Half 2021	1st Half 2022	1st Half 2021		
					(a)	(b)		
<b>Revenues</b>	—	—	<b>1.819</b>	<b>1.348</b>	<b>10.095</b>	<b>8.747</b>	<b>1.348</b>	<b>15,4</b>
<b>EBITDA</b>	<b>-7</b>	<b>-3</b>	<b>813</b>	<b>630</b>	<b>4.512</b>	<b>4.086</b>	<b>426</b>	<b>10,4</b>
EBITDA Margin			44,7	46,7	44,7	46,7		-2,0 pp
<b>EBIT</b>	<b>-7</b>	<b>-3</b>	<b>260</b>	<b>194</b>	<b>1.449</b>	<b>1.256</b>	<b>193</b>	<b>15,4</b>
EBIT Margin			14,3	14,4	14,4	14,4		0,0 pp
<b>Headcount at period end (number)</b>	<b>10</b>	<b>10[*]</b>			<b>9.147</b>	<b>9.325[*]</b>	<b>-178</b>	<b>-1,9</b>

[\*] Figures as of December 31, 2021

The average exchange rates used for the translation into euro (expressed in terms of units of Real per 1 euro) were 5,56056 for the first half of 2022 and 6,48919 in the first half of 2021.

	1st Half 2022	1st Half 2021
Lines at period end (thousands)	68.695	52.066 [*]
ARPU (reais)	26,5	25,6

[\*] Figures as of December 31, 2021

## REVENUES

**Revenues** in the 1st Half 2022 were entirely related to the Brazil Business Unit and amounted to 10.095 million reais (1.819 million euros), up by 15,4% on the 1st Half 2021 speeding up on the levels recorded from the third quarter of 2021. Excluding the revenues of SPE Cozani, acquired on April 20, 2022, the revenues of the first half 2022 should be 9.689 million reais (1.742 million euros).

The acceleration was driven by **Revenues from services** that totaled 9.785 million reais (1.764 million euros), an increase of 1.290 million reais (455 million euros) compared to 8.495 million reais (1.309 million euros) in the 1st Half 2021 (+15,2%) with mobile service revenues growing at +15,8% on the first half of 2021. This performance is mainly related to the continuous recovery of the pre-paid and post-paid segments. Revenues

from fixed services have grown by 6,4% compared to the first half 2021, determined above all by the growth rate of TIM Live.

**Revenues from product sales** came to 310 million reais, or 56 million euros (252 million reais, or 39 million euros in the 1st Half 2021).

**Total lines** in place at June 30, 2022 amounted to 68,7 million, an increase of 16,6 million compared to December 31, 2021 (52,1 million). This variation was mainly driven by the prepaid segment for +9,7 million and postpaid segment for +6,9 million and partially by the in part due to the consolidation underway in the market for second SIM cards. Post-paid customers represented 43,4% of the customer base as of June 30, 2022 (43,9% in December 2021).

The TIM Live BroadBand business recorded net positive growth on June 30, 2022 in the customer base of 33 thousand users, (+4,9% compared to June 30, 2021). In addition, the customer base continues to be concentrated on high-speed connections, with more than 50% exceeding 100Mbps.

**Mobile Average Revenue Per User (ARPU)** for the 1st Half 2022 was 26,5 reais (4,8 euros), up 3,5% compared to the figure posted in the 1st Half 2021, thanks to general repositioning in the post-paid segment and new commercial initiatives intended to promote the use of data and average expenditure per customer.

	1st Half 2022	1st Half 2021
<i>(millions of reais)</i>		
<b>Net revenues</b>	<b>10.095</b>	<b>8.747</b>
Service revenues	9.785	8.495
Mobile services	9.185	7.930
Fixed services	600	565
Product revenues	310	252
<i>(thousands)</i>		
<b>Lines at period end</b>	<b>68.695</b>	<b>52.066 [*]</b>
<b>Average Market Lines</b>	<b>57.691</b>	<b>51.570</b>
<i>(reais)</i>		
<b>Mobile ARPU (mobile services/average market lines/months)</b>	<b>26,5</b>	<b>25,6</b>

[\*] Lines as of December 31, 2021

## EBITDA

EBITDA in the 1st Half 2022 totaled 806 million euros, of which 813 million euros attributable to the Brazil BU. Considering Brazil BU, EBITDA for the 1st Half 2022 amounted to 4.512 million reais (813 million euros), up by 426 million reais (183 million euros) year-on-year (+10,4%).

EBITDA in 2022 is affected by non-recurring expenses of 71 million reais mainly related to the development of non-recurring projects and corporate reorganization processes.

EBITDA net of the non-recurring component (Organic EBITDA), grew by 11,8% and is calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	1st Half 2022	1st Half 2021	1st Half 2022	1st Half 2021	Amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
<b>EBITDA</b>	<b>813</b>	<b>630</b>	<b>4.512</b>	<b>4.086</b>	<b>426</b>	<b>10,4</b>
+/- Non recurring expenses/(income)	13	2	71	14	57	
<b>= Organic EBITDA</b>	<b>826</b>	<b>632</b>	<b>4.583</b>	<b>4.100</b>	<b>483</b>	<b>11,8</b>

The increase of EBITDA is due to the increase in revenue, as well as the consolidation of SPE Cozani (212 million reais).

The related EBITDA margin stood at 45,4%, down in organic terms by -1,47% compared to the 1st Half 2021.

The changes in the main costs for the BU are shown below:

	(millions of euros)		(millions of reais)		Change (c-d)
	1st Half 2022	1st Half 2021	1st Half 2022	1st Half 2021	
	(a)	(b)	(c)	(d)	
Purchase of goods and services	756	502	4.199	3.260	939
Employee benefits expenses	143	110	797	715	83
Other operating expenses	170	143	944	927	16
Change in inventories	-14	3	-78	21	-98

### EBIT

EBIT totaled 253 million euros (191 million euros in the 1st Half 2021), an increase of 62 million euros.

Considering Brazil BU, EBIT for the 1st Half 2022 amounted to 1.449 million reais (260 million euros).

Organic EBIT, net of the non-recurring component, amounted to 1.520 million reais (273 million euros), with an EBIT margin of 15,1% (14,5% in 2021), and was calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	1st Half 2022	1st Half 2021	1st Half 2022	1st Half 2021	Amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
<b>EBIT</b>	<b>260</b>	<b>194</b>	<b>1.449</b>	<b>1.256</b>	<b>193</b>	<b>15,4</b>
+/- Non recurring expenses/(income)	13	2	71	14	57	
<b>= Organic EBIT</b>	<b>273</b>	<b>196</b>	<b>1.520</b>	<b>1.270</b>	<b>250</b>	<b>19,7</b>

### PROFIT (LOSS) FOR THE YEAR

(million euros)	1st Half 2022	1st Half 2021
<b>Profit (loss) for the year</b>	<b>83</b>	<b>133</b>
Attributable to		
Owners of the Parent	42	84
Non-controlling interests	41	49

### CAPITAL EXPENDITURE

All capital expenditure is referred to the Brazil Business Unit. The BU posted capital expenditures in the 1st Half 2022 of 428 million euros, increasing by 84 million euros on the 1st Half 2021 (344 million euros). Excluding the impact of changes in exchange rates (+58 million euros), capital expenditure are stable compared to the first half 2021.

## Consolidated financial position and cash flows performance

### Non-current assets

Non-current assets are mainly referred to the Brazil Business Unit.

- **Goodwill** increased by 430 million euros, +371 million euros (1.951 million reais at the exchange rate real/euro of 5,25403) as a result of the acquisition on April 20, 2022 of the 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (a company that corresponds to the part of the unit of assets, rights and obligations of Oi Móvel, further details of the operation are provided in the highlights of this Directors' report) and +59 million euros of changes in foreign exchange rates applicable to the Group's Brazilian operations. Further details are provided in the Note "Goodwill".



- **Other intangible assets** increased by 840 million euros representing the balance of the following items:
  - Capex (+114 million euros)
  - Amortization charge for the year (-156 million euros)
  - Disposals, exchange differences, reclassifications and other changes (for a net balance of +240 million euros), of which +229 related to exchange rate differences. The remaining is mainly the result of the acquisition on April 20, 2022 of the 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (a company that corresponds to the part of the unit of assets, rights and obligations of Oi Móvel, further details of the operation are provided in the highlights of this Directors' report).
- **Tangible assets** increased by 621 million euros representing the balance of the following items:
  - Capex (+314 million euros)
  - Depreciation charge for the year (-238 million euros)
  - Disposals, exchange differences, reclassifications and other changes for a net balance of +254 million euros of which +276 related to exchange rate differences. The remaining is mainly the result of the acquisition on April 20, 2022 of the 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (a company that corresponds to the part of the unit of assets, rights and obligations of Oi Móvel, further details of the operation are provided in the highlights of this Directors' report).
- **Rights of use third-party assets:** increased by 837 million euros representing the balance of the following items:
  - Investments and increases in finance leasing contracts (+290 million euros)
  - Amortization charge for the period (-165 million euros)
  - Disposals, exchange differences and other changes (for a net balance of +154 million euros) of which +187 related to exchange rate difference. The remaining is mainly the result of the acquisition on April 20, 2022 of the 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. (a company that corresponds to the part of the unit of assets, rights and obligations of Oi Móvel, further details of the operation are provided in the highlights of this Directors' report).

### Consolidated equity

Consolidated equity amounted to 7.956 million euros at June 30, 2022 (7.282 million euros at December 31, 2021), of which 6.382 million euros attributable to Owners of the Parent (5.937 million euros at December 31, 2021) and 1.574 million euros attributable to non-controlling interests (1.345 million euros at December 31, 2021).

### Cash flows

(million euros)	1st Half 2022	1st Half 2021
Cash flows from (used in) operating activities	878	579
Cash flows from (used in) investing activities	-1.317	-643
Cash flows from (used in) financing activities	-408	188
<b>Aggregate cash flows</b>	<b>-847</b>	<b>125</b>
Net foreign exchange differences on net cash and cash equivalents	-25	46
<b>Net cash and cash equivalents at beginning of the year</b>	<b>3.239</b>	<b>2.995</b>
<b>Net cash and cash equivalents at end of the period</b>	<b>2.392</b>	<b>3.120</b>

## Net financial debt

Net financial debt amounts to -30 million euros at June 30, 2022, up of 2.352 million euros compared to the end of 2021 (-2.382 million euros). The increase is mainly due to the acquisition in Brazil of the mobile assets of Oi Móvel S.A. for 1.741 million euros.

(million euros)	Other operations		Brazil Business Unit	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Non-current financial liabilities	1.604	1.745	3.021	1.885
Current financial liabilities	880	1.220	424	324
<b>Total gross financial debt</b>	<b>2.484</b>	<b>2.965</b>	<b>3.445</b>	<b>2.209</b>
Non-current financial assets	-1.668	-1.811	-155	-116
Current financial assets	-3.654	-4.042	-482	-1.587
<b>Net financial debt carrying amount</b>	<b>-2.838</b>	<b>-2.888</b>	<b>2.808</b>	<b>506</b>

Further details are provided in the Note "Net Financial Debt".

## Main changes in the regulatory framework

### Brazil

#### Revision of the model for the supply of telecommunications services

In 2019, Law 13.879 was approved and entered into force on October 4, 2019 establishing a new regulatory environment for the regulation of telecommunications in Brazil. This is the most significant change in 20 years. The new telecommunications framework allows fixed-line licensees to adapt their contracts from a concession scheme to an authorization scheme. This transition from concession to authorization must be requested by the licensee and requires the approval of the Anatel ("Agencia Nacional de Telecomunicações"). In return, licensees must, among other conditions, make a commitment to investment in expanding fixed broadband telephony services to areas with no adequate competition for these services, in order to minimize inadequacies and inequalities between areas of Brazil.

The change also affects the roles for authorizing the use of radio frequencies, establishing subsequent renewals (currently limited to only one) and allows the exchange of radio frequencies between operators (secondary spectrum market).

In June 2020, Decree 10.402 was published, which governs the procedure for adapting the concession to the authorization regime, as well as the definition of the criteria for calculating investment commitments. The Decree also established guidelines for the extension of radio frequency authorization, which will be held by Anatel to guarantee greater security for investments in the sector.

#### Public policies applicable to telecommunications sector

Decree 9.612/2018 ("Connectivity Plan") established important rules with a series of guidelines for the adaptation of conduct terms, the onerous concession of spectrum authorization and regulatory acts in general, including: (i) expansion of high capacity telecommunications transport networks; (ii) increased coverage of mobile broadband access networks; and (iii) broadening the coverage of fixed broadband access network in areas with no Internet access through this type of infrastructure. This Decree also establishes that the network resulting from the commitments must be shared from the moment it enters into service, except where there is adequate competition in the relative reference market.

In relation to the deadlines for the development of pipelines not compliant with current regulations, authorizations for user licenses to radio frequencies, and the introduction of other statutory provisions generally, planned investments (as identified by Anatel and approved by the MCTI "Ministério da Ciência, Tecnologia e Inovações") will focus primarily on the expansion of mobile and fixed-line broadband networks and on specific areas of the country. Telecommunications networks built under the investment plan will have shared access. The Decree was amended by Decree 10.799/2021, which included priorities for public policy coverage, including coverage of "census sectors with public schools"; coverage of villages not served with cell phone telephony and expansion of fixed broadband access in locations without access.

The decree also provides for the allocation of funds for the approval of approved projects of the Connected Cities and for the temporary provision of fixed or mobile broadband. In addition, it deals with the private federal network that may be implemented by other public or private bodies or entities and the criteria for the use and governance of the network will be defined by the Federal Government under the terms set out in an act of the Minister of State for Communications.

In 2020, the decree No. 10.480/2020 was published by the federal government, which regulates the antennas law (law 13.116/2015) with the purpose of stimulating the development of the telecommunications network

infrastructure. This decree fosters development of telecom network infrastructure and is a major step towards unlocking historical problems in the sector preventing its development (free right of way on highways and railways, positive silence, small cells, dig once are some of the examples of such regulatory removal of historical problems).

In the same year, law 14.109/2020 granted the use of FUST ("Fundo de Universalização dos Serviços de Telecomunicação"), including by the private sector, to expand connectivity in rural or urban areas with a low human development Index (HDI) as well as policies for education and tech innovation of services in rural areas. In June 15, 2021, Provisional Measure 1.018/2020 was transformed into Law No. 14.173/2021, reducing charges for satellite internet terrestrial stations and changing some of FUST application rules.

The law reduces FUST collection between 2022 and 2026, to telecommunications operators that run universalization programs approved by the management council with their own resources. The benefit will be valid for five years from January 1, 2022 and will be progressive: 10% in the first year; 25% in the second year; 40% in the third year; and 50% from the fourth year onwards.

In addition, the new legislation removes the obligation to share towers within a distance of less than 500 meters from each other. The elimination of this obligation is essential for the deployment of 5G in Brazil, including to ensure the densification scenario expected for the new technology.

In the first quarter of 2022, the Federal Government signed Decree 11.004/2022, which regulates the use of FUST and establishes directions for the use of resources by the Management Board, instituted in June 2022. At the beginning of July, the internal regulations of the FUST Management Board were published and a budget for 2023 was proposed for digital inclusion.

#### Revision of the service quality regulation

In December 2019, Anatel approved the new Telecommunication Services Quality Regulation (RQUAL), based on a reactive regulation. In this new model, quality is measured on the basis of three main indicators – a Service Quality Index, a Perceived Quality Index and a User Complaints Index – and operators are classified into five categories (A to E). Based on this reactive regulation, Anatel will be able to take measures according to specific cases, such as consumer compensation, the adoption of an action plan or the adoption of precautionary measures to ensure quality standard improvements.

After a joint work by Anatel, operators and the Quality Assurance Support Authority (ESAQ) to define the objectives, criteria and reference values of indicators, at the end of November 2021, Anatel's Board of Directors formalized the reference documents that supports this regulation: the Operational Manual and the Reference Values; and stipulated the entry into operational effectiveness in March 1, 2022, as well as the disclosure of official indexes, and the Quality Seal (inducing competition for quality) at the beginning of 2023, considering the results of the new monitored indicators in the 2nd semester of 2022.

#### Data protection

In August 14, 2018, the General Data Protection Law (Law 13,709/2018 – "LGPD") was enacted.

In December 2018, Provisional Measure 869/2018 created the National Data Protection Authority (ANPD), also extended the entry into force of the Law to 24 months (August 2020).

In June 2020, Law 14.010/2020, postponed the entry into force of the LGPD, only for the provisions related to fines and penalties, to August 2021. The other provisions of the Law took effect in September 2020. In addition, Decree 10.474/2020 (National Data Protection Authority) came into force in August 2020, establishing the ANPD (Brazilian National Data Protection Authority), which is responsible for, among other things: developing guidelines for the National Data Protection Policy; supervising companies and applying sanctions; and issuing regulations and procedures on personal data protection.

In January, ANPD published the biannual regulatory agenda (2021-2022) listing the following standouts: ANPD's internal regulations, the establishment of regulations for the application of art. 52 et seq. of the law, Data Subject Rights, Data Breach Reporting, among other.

In August 2021, the articles related to the supervisory and sanction activities of the National Authority (ANPD) entered into force.

In October 2021, were approved the regulation (CD/ANPD n. 1 of October, 2021) for the Supervisory and Sanctioning Administrative Process, within the scope of the ANPD.

In January 2022, were approved the regulation (CD/ANPD n. 2 of January, 2022) implementing the LGPD for small processing agents.

In June 2022, a Provisional Measure n. 1.124 was published, transforming the Brazilian National Data Protection Authority ("ANPD") into an independent agency of special nature. The PM has an immediate effect but must be subject to a Congressional approval to be made into law.

#### Strategic Digital Transformation, Internet of Things and Artificial Intelligence

In March 2018, the E-Digital Decree (9.319/2018 Decree) was published, in order to identify about 100 strategic actions to encourage competition and the country's level of online productivity, while increasing connectivity and digital inclusion levels. These actions seek to address the digital economy's main strategic questions, including connectivity infrastructure, data use and protection, the IoT and IT security. In December 2021, the MCTI started its revision and is expected to be approved by the end of 2022.

The Decree on the National Plan for the Internet of Things (Decree 9.854/2019) was published in June 2019, to regulate and promote this technology in Brazil. The IoT is referred to as the “infrastructure integrating the provision of value-added services with the ability to physically or virtually connect things using devices based on existing information and communication technology and their evolution, with interoperability”. The Decree lists the following topics, defining them as necessary to further support the National Plan for the Internet of Things: (i) science, technology and innovation; (ii) international integration; (iii) education and professional training; (iv) connectivity and interoperability infrastructure; (v) regulation, security and privacy; (vi) economic feasibility.

In order to develop an IoT environment in the country, Law 14.108/2020 was passed. This law exempts base stations and equipment that integrate machine-to-machine (M2M) ecosystems from FISTEL (an administrative tax collected by Anatel) for 5 years and, in addition, extinguishes the previous license. The definition and regulation of M2M communication systems are established by Anatel.

In April 2021, the Brazilian Strategy for Artificial Intelligence was published by MCTI with the objective of guiding the actions in favor of the development of research and innovation in solutions with the use of Artificial Intelligence, as well as its conscious use and ethical and ensuring innovation. In April 2022, a Public Consultation was launched by the Senate in order to discuss the new regulatory framework for artificial intelligence in Brazil. The Public Consultation is being held by a commission of specialized jurists that will address economic-social contexts and benefits of artificial intelligence (AI); sustainable development and well-being; innovation; AI research and development (resource funds and public-private partnerships); public security; agriculture; industry; digital services; information Technology; and healthcare robots.

#### 5G Auction

In February 2021, Anatel's board of directors approved the public notice for the 5G Auction. After that, there was an evaluation by Brazilian federal court of auditors (TCU) that was completed on August 25, 2021. Auction returned to Anatel for analysis, which approved the Notice on September 24, 2021. The auction expected to be held in the second half of 2021, occurred in November 2021. TIM acquired 11 lots, with a total value offered of 1,05 billion reais, in 3 frequency bands 3,5 GHz, 2,3 GHz and 26 GHz. The acquired bands have a set of obligations that must be met with financial contributions or the construction of mobile and fixed network infrastructure. As a result, TIM guarantees the necessary spectrum capacity to follow its growth journey in the mobile telephony market nationwide, being prepared for its customers' demands and to explore new applications and develop innovative solutions that demand high-speed connectivity and capacity.

Main commitments associated with each band:

- 2,3 GHz: 4G coverage in some municipalities and localities (South and Southeast Regions);
- 3,5 GHz: 5G coverage in all municipalities with a population equal to or greater than 30.000 inhabitants + fiber backhaul obligations in 138 municipalities + additional contributions to EAF (“Entidade Administradora da Faixa”, new entity that has already been constituted) to carry out the following projects: clean-up 3,5 GHz, deployment of fibre-optic in Amazonia and building a private network for exclusive federal government use;
- 26 GHz: contributions to EACE (“Entidade Administradora da Conectividade de Escolas”, new entity that has already been constituted) to carry out connectivity schools' projects.

## Events subsequent to June 30, 2022

### Payment of Interest on Equity

In July 2022, TIM S.A paid Interest on Capital (IOC) related to the fiscal year ending on December 31, 2022 and approved on June 15, 2022 according to the following schedule:

Payment Date	Reais per share
20/07/2022	0,111637201

For others details of subsequent events, see the specific Note "Events Subsequent to June 30, 2022".

## Main risks and uncertainties

The majority of risks and uncertainty that impact financial markets and industrial arena are beyond the Group's control, therefore risk governance is considered a strategic tool for value creation.

In addition, there have been several major shifts, including, but not limited to, the change in the market environment, the entry of potential new competitors, the start of proceedings by Authorities, and the implementation of new business strategies in the multimedia segment. These risk factors may have unforeseeable repercussions in terms of the strategic choices adopted by the Group and could have an impact on the evolution model adopted in the multimedia market.

The main risks affecting the business activities of the TIF Group are presented below.

### Strategic risks

#### Risks related to macro-economic factors

The Group's economic and financial situation is subject to the influence of numerous macroeconomic factors such as economic growth, political stability, consumer confidence, and changes in interest rates and exchange rates in the markets in which it operates.

The main uncertainties for 2022 are tied with inflation that has been fueled by the supply bottlenecks in almost all the economic sectors and the monetary policy measures that will be taken by the central banks all around the world. Following the highest level of inflation in the US in almost 40 years, The Federal Reserve (FED) is now expected to hike the interest rates 3 times during the rest of the year. At the same time the European Central Bank (ECB) has ended an era of expansive monetary policy that lasted since 2008, it is now in the positive interest rate territory and is willing to continue in the hike path. The market is expecting 3 more hikes during this year and a possible hike in the early 2023. Geopolitically, the conflict between Ukraine and Russia is the main event of 2022, with the involving of US, Russia and EU. Russia has been accused of weaponized the gas supply in order to reduce the support of the EU countries to Ukraine, this could trigger a possible recession in Europe, especially in gas dependent countries.

The Brazilian economy has partially recovered from the impact of Covid 19 pandemic and is now facing a double digits inflation. In order to limit the fast pace growing inflation, the Banco Central do Brasil (BCB) has raised the SELIC rate through the year from 2% to 13,25%. BCB was expected to slow down the pace of hikes and reach a stable level around 11-12%, but the worsening economic conditions did not allow the central bank to stop the hiking cycle. Besides inflation and monetary policy, Brazil is facing an electoral year with the exiting president Jair Bolsonaro being challenged by the left candidate Lula, who is currently holding the majority of the votes in the electoral polls. Bolsonaro is trying to conquer the votes of the low-income population breaching the spending cap. Furthermore, the performance of the currency is strictly correlated with the commodities prices which have been facing a broadly sell off, increasing the risk of depreciation of the BRL. Facing such uncertainties is very difficult to predict what kind of impact there will be on the Brazilian economy and TIM Brazil results.

#### Risks related to competition

Competitive risks in the Brazilian market lie in the rapid transition of the business model tied to traditional services. As the consumption patterns of consumers change (migration from voice to data services), service providers need to act swiftly in upgrading their infrastructure and modernizing their portfolios of products and services. In this context, the TIM Brasil group could be impacted by the need to upgrade its technologies and infrastructure rapidly.

### Operational risks

Operational risks inherent in our business relate, on one hand, to possible inadequacies in internal processes, external factors, frauds, employee errors, errors in properly documenting transactions, loss of critical or commercially sensitive data and failures in systems and/or network platforms; and on the other hand, to the possibility of implementing strategies for value creation through the optimization of costs and capital expenditure, which in part could depend on factors beyond the control of the Group, such as the cooperation of external counterparties (suppliers, trade unions, industry associations) and laws and regulations.

#### Cybersecurity risks

Cyber risk is on the increase worldwide and as such requires continual monitoring by the Group, given the sheer amount of IT assets managed in terms of own TLC infrastructure and assets necessary to deliver services to customers.

In view of these considerations, considerable attention was paid to protecting networks from main threats (e.g. viruses, malware, hackers, data theft). With a wide range of attackers (Cyber-Criminals, Cyber-Terrorists, Insiders, etc.), the Group carries out activities not only to safeguard its infrastructure but also – with a strong sense of responsibility – to protect customers' information assets, that are a priority target.

As regards prevention, the Group monitors cyber risk analyses, defining security plans for the company's IT assets, to identify the actions necessary to mitigate cyber risk in advance and guarantee a security by design approach, also monitoring the plans of these actions and controls on actual adoption in the field. TIM has also implemented an insurance program to cover cyber risks.

#### Risks related to business continuity

The TIF Group's success depends heavily on the ability to ensure continuous and uninterrupted delivery of the products and services we provide through the availability of processes and the relating supporting assets. In particular, the Network Infrastructure and the Information Systems are sensitive to various internal and external threats: power outage, floods, storms, human errors, system failures, hardware and software failures, software bugs, cyber-attacks, earthquakes, facility failures, strikes, fraud, vandalism, terrorism, etc.

TIF, as part of the TIM Group, has adopted a "Business Continuity Model System" framework in line with international standards, to analyze and prevent these risks.

#### Risks related to the development of fixed and mobile networks

To maintain and expand our customer portfolio in the Brazilian market it is necessary to maintain, update and improve existing networks in a timely manner. A reliable and high-quality network is necessary to maintain the customer base and minimize terminations to protect the Group's revenues from erosion. The maintenance and improvement of existing installations depend on our ability to:

- deliver network development plans within the time-frames contemplated by business development plans and with the necessary level of effectiveness/efficiency;
- upgrade the capabilities of the networks to provide customers with services that are closer to their needs.

#### Risks of internal/external fraud

TIF Group, as part of the TIM Group, has an organizational model in place to prevent fraud. The organization is designed to ensure higher risk mitigation levels against illegal acts committed by people inside and outside the organization, which could adversely affect the Group's operating performance, financial position and image.

#### Risks related to disputes and litigation

TIF Group has to deal with disputes and litigation with tax authorities and government agencies, regulators, competition authorities, other telecommunications operators and other entities. The possible impacts of such proceedings are generally uncertain. In the event of unfavorable settlement for the Group, these issues may, individually or as whole, have an adverse effect, which may even be significant, on its operating results, financial position and cash flows.

### **Financial risks**

TIF Group may be exposed to financial risks, such as risks arising from fluctuations in interest rates and exchange rates, credit risk, liquidity risk and risks related to the performance of the equity markets in general, and – more specifically – risks related to the performance of the share price of participations held by the Group. These risks may adversely impact the earnings and the financial structure of the Group. Accordingly, to manage those risks, the TIF Group has embedded guidelines defined at central level by TIM Group, which must be followed for operational management, identification of the most suitable financial instruments to meet set goals, and monitoring the results achieved. In particular, in order to mitigate the liquidity risk, the TIM Group aims to maintain an "adequate level of financial flexibility", in terms of cash and syndicated committed credit lines, enabling it to cover refinancing requirements at least for the next 12-18 months.

For further details of financial risks, see the specific Note "Financial risks management" of the December 31, 2021 Consolidate Financial Statements.

### **Regulatory and compliance risks**

#### Regulatory risks

The telecommunications industry is highly regulated. In this context, new decisions by Anatel may lead to changes in the regulatory framework that may affect the expected results of the Group.

#### Compliance risks

The TIF Group may be exposed to risks of non-compliance due to non-observance/breach of internal (self-regulation, such as, for example, bylaws, code of ethics) and external rules (laws, regulations, new accounting standards and Authority orders), with consequent judicial or administrative penalties, financial losses or reputational damage.

The TIF Group aims to ensure that processes, and, therefore, the procedures and systems governing them, and corporate conduct comply with legal requirements. The risk is associated with potential time lags in making the processes compliant with regulatory changes or whenever non-conformities are identified.

## Group internal control and risk management

TIF Group adheres to the principles and criteria of the TIM Group Corporate Governance Code. Its Internal Control and Risk Management System consists of the set of rules, procedures and organizational structures applied to the entire TIM Group, which TIF Group is part of. This set allows the sound, fair and consistent operation of the Group in line with the pre-established objectives. TIM Group level, the Internal Control and Risk Management System involves several components acting in a coordinated way accordingly to their respective responsibilities –the Board of Directors, with the responsibility to direct and provide strategic supervision; the Executive Directors and Management with the responsibility to control and manage; the Control and Risk Committee and the Head of the Group Audit Department, with the responsibility to monitor, control and provide support to the Board of Directors.

## Information for investors

### Brazil – shares

Regarding the trading of shares issued by Group companies on regulated markets, the ordinary shares of TIM S.A. are listed in Brazil on B3 (formerly BM&F/Bovespa).

Ordinary shares of TIM S.A. were also listed on the NYSE (New York Stock Exchange); share prices are set through ADS (American Depositary Shares) representing 5 ordinary shares of TIM S.A.

## Alternative Performance Measures

In this Directors' Report and in the Consolidated Financial Statements of the Group for the year ended June 30, 2022, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for a better understanding of the trend of operations and financial condition. Such measures, which are also presented in interim financial reports, should, however, not be considered as a substitute for those required by IFRS.

- EBITDA/EBIT: these financial measures represent a useful unit of measurement for assessing the operating performance of the Group (considering in particular Brazil BU level). In order to get a more complete and effective understanding, they are also presented in terms of organic changes (amount and/or percentage), excluding, where applicable, the effects of the change in the scope of consolidation and exchange differences. EBITDA/EBIT are calculated as follows:

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

- EBITDA margin and EBIT margin: Telecom Italia Finance believes that these margins represent useful indicators of the ability of the Group (and in particular the Brazil BU) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analysing the percentage of revenues that are converted, respectively, into EBITDA and EBIT.
- Capital Expenditures (“Capex”): Telecom Italia Finance considers CAPEX as relevant measures to understand the Group investments in intangible and tangible non-current assets. The amount presented corresponds to the sum of columns “addition” in Note “Intangible assets with a finite useful life” and Note “Tangible assets”.
- Net financial debt: Telecom Italia Finance believes that Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less

Cash and Cash Equivalents and other Financial Assets. The Directors' Report includes a table showing the amounts taken from the statements of financial position and used to calculate the Net Financial Debt of the Group, divided by operating segment. In addition, Note "Net Financial Debt" details the calculation for the Group.

- ARPU: The Group uses Average Revenue Per User (ARPU) as metric to understand the revenue generation capability and growth at the per-customer level. It is equivalent to the total revenue divided by average users number during a period.

## Corporate Governance Statement

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A description of the Parent Corporate Governance is provided within the statutory accounts of Telecom Italia Finance, available at [www.tifinance.lu](http://www.tifinance.lu).



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## Consolidated Statements of Financial Position

### Assets

(millions of euros)	Note	30/06/2022	31/12/2021
<b>Non-current assets</b>			
<b>Intangible assets</b>		<b>3.266</b>	<b>1.996</b>
Goodwill	[5]	874	443
Intangible assets with a finite useful life	[6]	2.393	1.552
<b>Tangible assets</b>	[7]	<b>2.312</b>	<b>1.691</b>
Property, plant and equipment		2.312	1.691
<b>Right of use assets</b>	[8]	<b>2.090</b>	<b>1.253</b>
<b>Other non-current assets</b>		<b>2.761</b>	<b>2.658</b>
Investments	[9]	290	254
Non-current financial receivables for lease contracts	[10]	40	34
Other non-current financial assets	[10]	1.782	1.893
Miscellaneous receivables and other non-current assets	[11]	470	393
Deferred tax assets		177	85
<b>Total Non-current assets</b>		<b>10.429</b>	<b>7.598</b>
<b>Current assets</b>			
Inventories		51	32
Trade and miscellaneous receivables and other current assets	[12]	1.083	832
Current income tax receivables		54	26
<b>Current financial assets</b>	[10]	<b>4.136</b>	<b>5.628</b>
Current financial receivables arising from lease contracts		6	5
Securities other than investments, financial receivables and other current financial assets		1.727	2.377
Cash and cash equivalents		2.403	3.247
<b>Total Current Assets</b>		<b>5.324</b>	<b>6.518</b>
<b>TOTAL ASSETS</b>		<b>15.753</b>	<b>14.117</b>

The accompanying notes are an integral part of these half-year accounts.

## Equity and Liabilities

(million euros)	Note	30/06/2022	31/12/2021
<b>Equity</b>			
Share capital issued	[13]	1.819	1.819
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year		4.563	4.120
<b>Equity attributable to owners of the Parent</b>		<b>6.382</b>	<b>5.937</b>
<b>Non-controlling interests</b>	[3]	<b>1.574</b>	<b>1.345</b>
<b>TOTAL EQUITY</b>		<b>7.956</b>	<b>7.282</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities for financing contracts and others	[14]	2.611	2.397
Non-current financial liabilities for lease contracts	[14]	2.013	1.233
Deferred tax liabilities		—	—
Provisions	[18]	248	157
Miscellaneous payables and other non-current liabilities	[19]	210	118
<b>Total Non-current liabilities</b>		<b>5.083</b>	<b>3.905</b>
<b>Current liabilities</b>			
Current financial liabilities for financing contracts and others	[14]	970	1.343
Current financial liabilities for lease contracts	[14]	335	201
Trade and miscellaneous payables and other current liabilities	[20]	1.409	1.356
Current income tax payables		1	30
<b>Total Current Liabilities</b>		<b>2.714</b>	<b>2.930</b>
<b>TOTAL LIABILITIES</b>		<b>7.797</b>	<b>6.835</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15.753</b>	<b>14.117</b>

The accompanying notes are an integral part of these half-year accounts.

## Separate Consolidated Income Statements

(million euros)	Note	1st Half 2022	1st Half 2021
Revenues	[22]	1.819	1.348
Other operating income		8	7
<b>Total operating revenues and other income</b>		<b>1.828</b>	<b>1.355</b>
Purchase of goods and services		-761	-503
Employee benefits expenses		-144	-111
Other operating expenses		-173	-145
Change in inventories		14	-3
Internally generated assets		42	33
<b>Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>		<b>806</b>	<b>627</b>
Depreciation and amortization		-558	-440
Gains/(losses) on disposals of non-current assets		5	3
<b>Operating profit (loss) (EBIT)</b>		<b>253</b>	<b>191</b>
Share of profits (losses) of equity investments valued using equity method		-4	—
Other income (expenses) from investments		—	1
Finance income	[23]	580	352
Finance expenses	[23]	-728	-399
<b>Profit (loss) before tax from continuing operations</b>		<b>100</b>	<b>145</b>
Income tax expenses		-18	-13
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>83</b>	<b>133</b>
Attributable to			
Owners of the Parent		42	84
Non-controlling interests		41	49

The accompanying notes are an integral part of these half-year accounts.

## Consolidated Statements of Comprehensive Income

(millions of euros)	Note	1st Half 2022	1st Half 2021
<b>Profit (loss) for the period</b>	<b>(a)</b>	<b>83</b>	<b>133</b>
<b>Other components that subsequently will not be reclassified to the Separate Consolidated Income Statements</b>	<b>(b=c)</b>	<b>—</b>	<b>-26</b>
<b>Financial assets measured at fair value through other comprehensive income:</b>	<b>(c)</b>	<b>—</b>	<b>-26</b>
Profit (loss) from fair value adjustments		—	-26
<b>Other components that subsequently will be reclassified to the Separate Consolidated Income Statements</b>	<b>(d=e+f+g)</b>	<b>500</b>	<b>326</b>
<b>Financial assets measured at fair value through other comprehensive income:</b>	<b>(e)</b>	<b>-36</b>	<b>26</b>
Profit (loss) from fair value adjustments		-51	29
Loss (profit) transferred to the Separate Consolidated Income Statements		15	-3
<b>Hedging derivative instruments:</b>	<b>(f)</b>	<b>1</b>	<b>—</b>
Profit (loss) from fair value adjustments		1	—
Loss (profit) transferred to the Separate Consolidated Income Statements		—	—
<b>Exchange rate differences on translating foreign operations:</b>	<b>(g)</b>	<b>535</b>	<b>300</b>
Profit (loss) on translating foreign operations		535	300
<b>Other components of the Consolidated Statements of Comprehensive Income</b>	<b>(h=b+d)</b>	<b>500</b>	<b>300</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(i=a+h)</b>	<b>583</b>	<b>433</b>
Attributable to			
Owners of the Parent		379	291
Non-controlling interests		204	142

The accompanying notes are an integral part of these half-year accounts.

## Consolidated Statements of Changes in Equity

### Changes from January 1, 2022 to June 30, 2022

(millions of euros)	Share capital	Additional paid in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other profits (losses) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	Total Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Balance at January 01, 2022</b>	<b>1.819</b>	<b>3.148</b>	<b>-6</b>	<b>2</b>	<b>-2.523</b>	<b>—</b>	<b>—</b>	<b>3.499</b>	<b>5.937</b>	<b>1.345</b>	<b>7.282</b>
Changes in equity during the period:											
Dividends approved [*]	—	—	—	—	—	—	—	-54	-54	-28	-82
Total comprehensive income (loss) for the period	—	—	-36	1	373	—	—	42	379	204	583
Acquisition of SPE Cozani	—	—	—	—	—	—	—	112	112	56	168
Other changes	—	—	—	—	—	—	—	8	8	-3	5
<b>Balance at June 30, 2022</b>	<b>1.819</b>	<b>3.148</b>	<b>-42</b>	<b>2</b>	<b>-2.150</b>	<b>-1</b>	<b>—</b>	<b>3.606</b>	<b>6.382</b>	<b>1.574</b>	<b>7.956</b>

[\*] On April 20, 2022 the Group acquired the 100% of the share capital of Cozani RJ Infraestrutura e Rede de telecomunicações S.A. (a company that corresponds to the part of the unit of assets, rights and obligations of Oi Móvel, further details of the operation are provided in the highlights of this Directors' report).

### Changes from January 1, 2021 to June 30, 2021

(millions of euros)	Share capital	Additional paid in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other profits (losses) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	Total Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Balance at January 01, 2021</b>	<b>1.819</b>	<b>3.148</b>	<b>-459</b>	<b>1</b>	<b>-2.549</b>	<b>-1</b>	<b>—</b>	<b>4.112</b>	<b>6.070</b>	<b>1.233</b>	<b>7.303</b>
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	-52	-52	-18	-70
Total comprehensive income (loss) for the period	—	—	-1	—	208	—	—	84	291	142	432
Other changes	—	—	—	—	—	—	—	1	1	(1)	—
<b>Balance at June 30, 2021</b>	<b>1.819</b>	<b>3.148</b>	<b>-460</b>	<b>1</b>	<b>-2.341</b>	<b>-1</b>	<b>—</b>	<b>4.145</b>	<b>6.310</b>	<b>1.355</b>	<b>7.666</b>

The accompanying notes are an integral part of these half-year accounts.

## Consolidated Statements of Cash Flows

(million euros)	Note	1st Half 2022	1st Half 2021
<b>Cash Flows from operating activities:</b>			
Profit (loss) from continuing operations		83	133
Adjustments for:			
Depreciation and amortisation		558	440
Impairment losses(reversals) of non-current assets (including investments)		10	-4
Net change in deferred tax assets and liabilities		-1	-8
Losses (gains) realised on disposal of non-current assets (including investments)	[31] [32]	-5	-3
Change in inventories		-14	1
Change in trade receivables and net amounts due from customers on construction contracts	[12]	-18	8
Change in trade payables		25	-19
Net change in current income tax receivables/payables		-57	4
Net changes in miscellaneous receivables/payables and other assets/liabilities		297	30
<b>Cash flows from (used In ) operating activities</b>		<b>878</b>	<b>579</b>
<b>Cash Flows from investing activities:</b>			
Total purchase of intangible and tangible assets and right of use on a cash basis		-884	-368
Change in financial receivables and other financial assets	[10]	750	-276
Acquisition of control of companies or other businesses, net of cash acquired		-1.183	—
<b>Cash flows from (used In ) investing activities</b>		<b>-1.317</b>	<b>-643</b>
<b>Cash Flows from financing activities:</b>			
Changes in current financial liabilities and other	[14]	-310	-41
Proceeds from non-current financial liabilities (including current portion)	[14]	225	472
Repayments of non-current financial liabilities (including current portion)	[14]	-212	-186
Changes in derivatives	[9] [16]	-17	19
Dividends paid		-90	-76
Changes in ownership interests in consolidated subsidiaries		-4	—
<b>Cash flows from (used In ) financing activities</b>		<b>-408</b>	<b>188</b>
<b>Aggregate Cash flows</b>		<b>-847</b>	<b>125</b>
Net foreign exchange differences on net cash and cash equivalents		-25	46
<b>Net cash and cash equivalents at the beginning of the year</b>	[10]	<b>3.239</b>	<b>2.995</b>
<b>Net cash and cash equivalents at the end of the period</b>	[10]	<b>2.392</b>	<b>3.120</b>

### Additional Cash Flow Information

(million euros)	1st Half 2022	1st Half 2021
Income taxes (paid) received	-4	-8
Interest expense paid	-274	-209
Interest income received	125	73
Dividends received	—	1

The accompanying notes are an integral part of these half-year accounts.

## Notes to the Consolidated Financial Statements

### Note 1 - Form, content and other general information

#### FORM AND CONTENT

Telecom Italia Finance S.A. (the "Parent" or "TIF") is established in Luxembourg as Société Anonyme under the laws of the Grand Duchy of Luxembourg. The registered office is located at 12, rue Eugène Ruppert, Luxembourg. Parent and its subsidiaries are collectively referred to as the "Group" or "TIF Group".

The immediate and ultimate Parent of the Group is TIM S.p.A.

The Group, through its Brazilian's subsidiaries, is principally engaged in providing fixed-line and telephony services to the public. The Group is also involved in providing financial assistance and loans to the ultimate Parent of the Group and its subsidiaries.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 of the Group have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as endorsed by EU ("IFRS") and were authorized for issue with a resolution of the Board of Directors on August 02, 2022. The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 are subject to approval by the shareholders meeting.

In particular, they have been prepared in compliance with IAS 34 (Interim Financial Reporting) and, as permitted by that standard, do not include all the information that would be required in annual financial statements; accordingly, these financial statements should be read together with the 2021 Telecom Italia Finance Group Consolidated Financial Statements.

In the first six months of 2022, the Group adopted accounting policies consistent with those of the previous year, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2022. See the Note "Accounting policies" for more details.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 have been prepared under the historical cost convention, except for financial assets, which are measured at the fair value recognized in the other components of the comprehensive income, financial assets measured at fair value through the income statement, and derivative financial instruments, which have been measured at fair value.

For the sake of comparison, data from the statement of financial position at December 31, 2021, the separate consolidated income statement and consolidated statement of comprehensive income, consolidated statement of cash flows and changes in consolidated shareholders' equity for the first half of 2021, are also presented.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 have been prepared on a going concern basis (for further details see Note "Accounting policies").

The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 are expressed in euro (rounded to the nearest million, unless otherwise indicated).

#### FINANCIAL STATEMENT FORMATS

The financial statement formats adopted are consistent with those indicated in IAS 1. In particular:

- the Consolidated Statement of Financial Position has been prepared by classifying assets and liabilities according to the "current and non-current" criterion;
- the Separate Consolidated Income Statement has been prepared by classifying operating costs by nature of expense as this form of presentation is considered more appropriate and representative of the specific business of the Group, conforms to internal reporting and is in line with the Group's industrial sector;
- the Consolidated Statement of Comprehensive Income includes the profit or loss for the period as shown in the Separate Consolidated Income Statement and all other changes in equity related to non-controlling interests;
- the Consolidated Statement of Cash Flows has been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

Furthermore, according to IAS 1 (paragraphs 97 and 98), certain expense and income items that are material in terms of nature and amount are separately disclosed in the notes to the separate consolidated income



statement. Specifically, such items include: income/expenses arising from the disposal of property, plant and equipment, business segments and investments; expenses stemming from company reorganization and streamlining processes and projects, also in connection with corporate transactions (mergers, spin-offs, etc.); expenses resulting from litigation and regulatory fines and related liabilities; other provisions and related reversals; costs for the settlement of disputes other than regulatory disputes; adjustments, realignments and other non-recurring items, also relating to previous years; impairment losses on goodwill and/or other intangible and tangible assets.

### SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

In particular, the operating segments of the Group are organized according to the specific businesses. The term operating segment is considered synonymous with Business Unit.

The operating segments of the Group are as follows:

- Telecommunications (or Brazil Business Unit): includes mobile and fixed telecommunications operations in Brazil;
- Other Operations: includes TI Finance, that provides financial assistance to TIM Group companies.

For these Business Units, the Group has identified Chief Operating Decision Makers (CODMs) within the directors for each segment.

### **Note 2 - Accounting Policies**

#### GOING CONCERN

The Half-Year Condensed Consolidated Financial Statements at June 30, 2022 have been prepared on a going concern basis as there is the reasonable expectation that the Group will continue conducting its business in the foreseeable future (and in any event over a period of at least twelve months).

In particular, the following factors have been taken into consideration:

- the main risks and uncertainties (that are for the most part of an external nature) to which the Group and the various activities of the Group are exposed:
  - the changes in the general macroeconomic situation in the Italian, European and Brazilian market, including the effects deriving from the continued state of Covid-19 health emergency, as well as the volatility of financial markets in the Eurozone, partly following the UK's Brexit;
  - variations in business conditions, also related to competition;
  - changes to laws and regulations (price and rate variations);
  - outcomes of legal disputes and proceedings with regulatory authorities, competitors and other parties;
  - financial risks (interest rate and/or exchange rate trends, changes in the Group's credit rating by rating agencies);
- the optimal mix between risk capital and debt capital;
- the policy for financial risk management (market risk, credit risk and liquidity risk), as described in the Note "Financial risk management" of the December 31, 2021 Consolidate Financial Statements.

Based on these factors, the Management believes that, at the present time, there are no elements of uncertainty regarding the Group's ability to continue as a going concern.

#### ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION

The accounting policies and principles of consolidation adopted in the preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2022 have been applied on a basis consistent with those used for the Consolidated Financial Statements at December 31, 2021, to which reference should be made, except for:

- amendments to accounting standards issued by the IASB and in force from January 1, 2022 and subsequently described;
- the changes required because of the nature of interim financial reporting.

Furthermore, in the Half-Year Condensed Consolidated Financial Statements at June 30, 2022, income taxes for the period of the individual consolidated companies are calculated according to the best possible estimate based on available information and on a reasonable forecast of performance up to the end of the tax period. Conventionally, the income tax liabilities (current and deferred) on the profit for the interim period of the individual consolidated companies are recorded net of advances and tax receivables (excluding receivables for which refunds have been requested) as well as deferred tax assets, and classified as an adjustment to "Deferred tax liabilities"; if the balance between deferred tax assets and deferred tax liabilities is an asset it is conventionally recognized in "Deferred tax assets".

#### USE OF ESTIMATES

The preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2022 and related disclosure in conformity with IFRS requires management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could differ, even significantly, from those estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

As regard the most important accounting estimates, please refer to those illustrated in the Consolidated Financial Statements at December 31, 2021.

#### NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE FROM JANUARY 1, 2022

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the following is a brief description of the IFRS in force as from January 1, 2022.

#### Collection of changes of limited scope to the IFRSs

On June 28, 2021, Commission Regulation (EU) 2021/1.080 was issued, implementing various amendments of limited scope to the IFRSs. The collection includes changes to three IFRSs as well as annual improvements to the IFRSs that regard minor, non urgent changes (but which are necessary). These changes must be applied for all years starting after January 1, 2022. The following amendments have been issued:

- **IAS 16: "Property, plant and equipment" Proceeds before intended use**  
The amendment prohibits a company from deducting from the cost of Property, plant and equipment amounts received from selling items produced while the company is preparing the asset for the intended use (e.g. proceeds from the sale of samples produced when testing a machine to see if it is functioning properly).  
The proceeds from the sale of any such samples, together with the costs for their production, must be noted on the income statement.
- **IAS 37: "Onerous contracts Costs of fulfilling a contract"**  
The amendment clarifies the meaning of "costs of fulfilling a contract". The amendment clarifies that the direct costs for the execution of a contract include:
  - a. incremental costs for fulfilling the contract (e.g. labor and direct materials); and
  - b. an allocation of other costs directly related to the fulfillment of contracts (e.g. allocation of the depreciation share for an item of Property, plant and equipment used to fulfill a contract).
 The amendment also clarifies that, before determining a separate provision for an onerous contract, an entity must record any impairment loss applied to assets used in fulfilling the contract, rather than to assets dedicated to the contract.  
The change may entail the recording of more onerous provision as previously some entities only included the incremental costs in the costs for fulfilling a contract.
- **IFRS 3: "Reference to the conceptual framework"**  
The Board has updated IFRS 3 "Business combinations" to refer to the 2018 conceptual framework for financial reporting, in order to determine what exactly is an asset or a liability in a business combination.  
Before the amendment, IFRS 3 referred to the 2001 conceptual framework for the financial disclosure. These changes do not alter the accounting procedure envisaged for business combinations.

The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2022.

#### Annual improvements to the IFRSs (2018-2020 cycle)

- **Amendment to IFRS 9 Fees included in the 10 per cent test for derecognition of financial liabilities**  
This change establishes the commission to be included in the 10 per cent test for derecognition of financial liabilities (in the event of a change or exchange of a financial liability, IFRS 9 Financial instruments specifies a quantitative "10 per cent" test. This test assesses if the new contractual

conditions between the borrower and creditor are substantively different from the original contractual conditions in determining whether or not the original financial liability should be derecognized. Costs or commissions may be paid to third parties or to the creditor. In accordance with the change, the costs or commissions paid to third parties will not be included in the 10 per cent test.

- **Amendment to the illustrative examples accompanying IFRS 16 “Leases”**  
The Board has amended Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of the reimbursement of leasehold improvements by the lessor. The reason for the amendment is to remove any potential confusion regarding how lease incentives should be processed.
- **Amendment to IFRS 1 "First time adoption of the International Financial Reporting Standards"**  
The amendment simplifies the adoption of IFRS 1 by a subsidiary that becomes a first time adopter after its parent. IFRS 1 grants an exemption if a subsidiary adopts the IFRSs later than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in the consolidated financial statements of the parent, on the basis of the date of transfer of the parent company to the IFRSs, if no adjustments are made for the consolidation procedures and as a result of the corporate aggregation in which the parent acquired the subsidiary.  
The Board has amended IFRS 1 to allow entities that adopted this exemption from IFRS 1 to also measure the cumulative conversion differences using the amounts reported by the parent, on the basis of the transition date of the parent company to the IFRSs. The change to IFRS 1 extends this exemption to the cumulative conversion differences in order to reduce the costs for first time adopters. This change will also apply to associates and joint ventures that have obtained the same exemption from IFRS 1.

All these changes are in force starting January 1, 2022 with early application permitted.

The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2022.

#### NEW STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPLICABLE

At the reporting date of these Half-Year Condensed Consolidated Financial Statements at June 30, 2022, the IASB had issued the following new Standards and Interpretations which have not yet come into force and have not yet been endorsed by the EU.

	Mandatory application starting from
<b>New Standards / Interpretations endorsed by the EU but not yet in force</b>	
Amendments to IAS 12 Income taxes: deferred tax related to assets and liabilities arising from a single transaction	1 January, 2023
Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current	1 January, 2023
<b>New Standards and Interpretations not yet in force and not yet endorsed by the EU</b>	
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	1 January, 2023
Amendments to IAS 1 - Presentation of Financial Statements	1 January, 2023

The potential impacts on the Group Consolidated Financial Statements from application of these standards and interpretations are currently being assessed.

### **Note 3 - Scope of Consolidation**

#### SCOPE OF CONSOLIDATION

The changes in the scope of consolidation at June 30, 2022 compared to December 31, 2021 are listed below.

Company	Event	Business Unit	Month
Cozani RJ Infraestrutura e Rede de Telecomunicações S.A.	New acquisition	Brazil	April 2022

In addition to the above, changes in the scope of consolidation at June 30, 2022 compared to June 30, 2021 are listed below.

Company	Event	Business Unit	Month
I-Sistems S.A.	Dilution	Brazil	November 2021

**Note 4 - Business combination****ACQUISITION OF THE MOBILE TELEPHONE ASSETS OF OI MÓVEL S.A.**

On April 20, 2022, TIM S.A. (Brazilian subsidiary of the TIM Group), Telefônica Brasil S.A. and Claro S.A., after having fulfilled the conditions established by the Conselho Administrativo de Defesa Econômica (CADE) and the Agência Nacional de Telecomunicações (ANATEL), concluded the acquisition of the mobile telephone assets of Oi Móvel S.A. Em Recuperação Judicial.

With the conclusion of the transaction, TIM S.A. now holds 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A., a company that corresponds to part of the assets, rights and obligations of Oi Móvel acquired by the company.

The business combination was recognized provisionally in the accounts as follows:

- a consideration of 1.366 million euros.
- all Assets acquired and Liabilities undertaken of the acquired companies were measured for recognition at fair value.
- In addition to the value of the Assets acquired and Liabilities undertaken, temporary Goodwill equal to 371 million euros was recognized, determined as shown in the next table:

		Values at fair value temporary (million euros) <sup>[1]</sup>	Values at fair value temporary (million reais)
Valuation of the consideration	a)	1.366	7.175
Value of assets acquired	b)	1.751	9.194
Value of liabilities undertaken	c)	-756	-3.970
<b>Goodwill</b>	<b>a)-b)-c)</b>	<b>371</b>	<b>1.951</b>

<sup>[1]</sup> Real/Euro exchange rate 5,25403.

**Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. values at the acquisition date**

	Present values at fair value (million euros) <sup>[1]</sup>	Carrying amounts	Present values at fair value (million reais)	Carrying amounts
Goodwill	371	—	1.951	—
Other non-current assets	1.592	1.005	8.362	5.283
current assets	159	159	832	832
<i>of which Cash and cash equivalents</i>	37	37	193	193
<b>Total assets</b>	<b>a)</b>	<b>2.122</b>	<b>1.164</b>	<b>6.115</b>
Total non-current liabilities	573	573	3.006	3.006
<i>of which non-current financial liabilities</i>	459	459	2.413	2.413
Total current liabilities	183	183	964	964
<i>of which current financial liabilities</i>	98	98	517	517
<b>Total liabilities</b>	<b>b)</b>	<b>756</b>	<b>3.970</b>	<b>3.970</b>
<b>Net assets</b>	<b>a)-b)</b>	<b>1.366</b>	<b>408</b>	<b>2.145</b>

<sup>[1]</sup> Real/Euro exchange rate 5,25403.

During 2022 - and in any case within the 12 months following the transaction - the provisional amounts of the assets and liabilities recognized at the date of acquisition may be adjusted retroactively, as permitted by IFRS 3, with consequent redetermination of the value of goodwill.

Note also that if the acquisition of the mobile telephone assets of Oi Móvel S.A. had been completed by the date on which Cozani RJ Infraestrutura e Rede de Telecomunicações S.A. was established, the consolidated condensed interim financial statements of the TIM Group as at June 30, 2022 would have recorded revenues approximately 130 million euros higher, with non-material impacts on the net result for the period attributable to the Owners of the Parent Company.

**Note 5 - Goodwill**

Goodwill is only referred to Brazil Cash Generating unit (“CGU”) and shows the following changes during 2022 and 2021:

(million euros)	31/12/2021	Increase	Decrease	Impairments	Exchange differences	30/06/2022
Brazil	443	371	—	—	59	874

(million euros)	31/12/2020	Increase	Decrease	Impairments	Exchange differences	31/12/2021
Brazil	604	—	-165	—	4	443

With reference to the Brazil Cash Generating Unit, Goodwill recorded:

- an increase of 371 million euros relating to the recognition of provisional goodwill connected with the acquisition of some of the mobile telephone assets of Oi Móvel S.A. For more details, see the note "Business combinations";
- net exchange gains for 59 million euros. In particular, the exchange rate used to convert Brazilian reais into euros (expressed in terms of local currency units per 1 euro) went from 6,320470 as of December 31, 2021 to 5,440710 as of June 30, 2022.

In 2021 the Goodwill decreased of 165 million euros following the deconsolidation of I-Systems S.A. (formerly FiberCo Soluções de Infraestrutura S.A.), a company set up by the Brazilian subsidiary TIM S.A. for the segregation of its network assets and the provision of infrastructure services.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on an annual basis, when preparing the consolidated financial statements. If specific events or circumstances occur (trigger events) that may indicate an impairment of goodwill, impairment testing is also carried out when preparing the interim financial statements.

In accordance with the TIM Group procedures, in preparation of the half-year report at June 30, 2022, has been deemed it appropriate to carry out an impairment test on goodwill.

The results showed that the recoverable amount of the assets at June 30, 2022 was higher than the net carrying amount for the Brazil CGU (+394 million of euros).

The value used to measure the recoverable amount of the Cash Generating Unit to which goodwill has been allocated is the fair value, based on market capitalisation as of the end of the reporting period. The recoverable amount of the assets was denominated in the functional currency and subsequently translated at the spot exchange rate at the reporting date.

In estimating the recoverable amounts, simulations were conducted on the results with respect to changes in the relevant parameters. The result is that a 7% price per share reduction, compared to the reference quotation considered for the purposes of the financial statements, would make the fair value based on market capitalization equal to the carrying amount, consequently making it necessary to analyse the Value in Use of the CGU.

**Note 6 - Intangible assets with a finite useful life**

All intangible assets with a finite useful life in the the 1st Half 2022 and 2021 are referred to Brazil Business Unit.

(millions of euros)	31/12/2021	Investments	Amortization	Exchange differences	Capitalized borrowing costs	Other Changes	30/06/2022
Industrial patents and intellectual property rights	392	91	-90	63	—	1	457
Concessions, licenses, trademarks and similar rights	753	7	-65	100	—	611	1.406
Other intangible assets	1	—	-1	-1	—	27	27
Work in progress and advance payments	406	16	—	66	14	—	502
<b>Total</b>	<b>1.552</b>	<b>114</b>	<b>-156</b>	<b>229</b>	<b>14</b>	<b>639</b>	<b>2.393</b>

(millions of euros)	31/12/2020	Investments	Amortization	Disposals	Exchange differences	Other Changes	31/12/2021
Industrial patents and intellectual property rights	429	108	-182	—	4	34	392
Concessions, licenses, trademarks and similar rights	642	191	-87	—	6	—	753
Other intangible assets	2	1	-1	—	—	—	1
Work in progress and advance payments	55	382	—	—	3	-34	406
<b>Total</b>	<b>1.128</b>	<b>682</b>	<b>-269</b>	<b>—</b>	<b>13</b>	<b>—</b>	<b>1.552</b>

Other changes essentially refer to the entrance into the consolidation scope of the mobile telephone assets of Oi Móvel S.A. acquired by the Group in April 2022 (Cozani RJ Infraestrutura e Rede de Telecomunicações S.A.).

**Industrial patents and intellectual property rights** at June 30, 2022 consisted mainly of software licenses.

**Concessions, licenses, trademarks and similar rights** at June 30, 2022 mainly related to the remaining cost of telephone licenses and similar rights for 1.344 million of euros (716 million euros at December 31, 2021).

**Work in progress and advance payments** are the Brazil Business Unit (502 million euros) connected with the rights to use 3,5 GHz frequencies (5G). For the latter, as the time period required for the assets to be ready for use is more than 12 months, in the first half of 2022, the related finance expenses of 14 million euros were capitalized. The capitalized finance expenses have been deducted directly from "finance expense".

#### Note 7 - Tangible assets

All tangible assets in the 1st Half 2022 and 2021 are referred to Brazil Business Unit.

#### PROPERTY, PLANT AND EQUIPMENT OWNED

(million euros)	31/12/2021	Investments	Depreciation	Disposals	Exchange differences	Other Changes	30/06/2022
Land	6	—	—	—	1	—	7
Buildings (civil and industrial)	10	—	—	—	2	—	11
Plant and equipment	1.501	199	-215	—	235	357	2.077
Other	95	14	-23	-1	15	7	108
Construction in progress and advance payments	79	101	—	—	13	-84	109
<b>Total</b>	<b>1.691</b>	<b>314</b>	<b>-238</b>	<b>-1</b>	<b>265</b>	<b>280</b>	<b>2.312</b>

(million euros)	31/12/2020	Investments	Depreciation	Disposals	Exchange differences	Other Changes	Deconsolidation of I-System S.A.	31/12/2021
Land	6	—	—	—	—	—	—	6
Buildings (civil and industrial)	11	—	-1	—	—	—	—	10
Plant and equipment	1.546	453	-371	-10	13	57	-187	1.501
Other	90	38	-39	—	1	6	-1	95
Construction in progress and advance payments	54	78	—	3	1	-54	-3	79
<b>Total</b>	<b>1.707</b>	<b>570</b>	<b>-411</b>	<b>-7</b>	<b>15</b>	<b>9</b>	<b>-192</b>	<b>1.691</b>

In 2022 Other changes refer mainly to the entrance into the consolidation scope of the mobile telephone assets of Oi Móvel S.A. acquired by the TIM Group in April 2022 (Cozani RJ Infraestrutura e Rede de Telecomunicações S.A.).

In 2021 the item decreased following the deconsolidation of I-Systems S.A. (formerly FiberCo Soluções de Infraestrutura S.A.), a company set up by the Brazilian subsidiary TIM S.A. for the segregation of its network assets and the provision of infrastructure services. The deconsolidation is a consequence of the completion, in

November 2021, of the agreement between TIM S.A. and IHS Fiber Brasil Cessão de Infraestruturas Ltda. which resulted in the dilution from 100% to 49% of TIM S.A.'s investment in I- Systems S.A.

**Land** comprises both built-up land and available land and is not subject to depreciation.

**Buildings (civil and industrial)** almost exclusively includes buildings for industrial use hosting telephone exchanges or for office use, and light constructions.

**Plant and equipment** includes the aggregate of all the structures used for the functioning of voice and data telephone traffic.

The item **Other** mainly consists of hardware for work stations, furniture and fixtures and, to a minimal extent, transport vehicles and office machines.

**Construction in progress and advance payments** refers to the internal and external costs incurred for the acquisition and internal production of tangible assets, which are not yet in use.

Depreciation have been reported in the income statement as components of the operating result.

### Note 8 - Right of use assets

At June 30, 2022 right of use assets amounted to 2.090 million euros and are referred to Brazil Business Unit. The breakdown and movements during the 1st Half 2022 and 2021 are shown below.

(millions of euros)	31/12/2021	Investments	Increase in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other Changes	30/06/2022
Property	324	—	71	-38	-10	48	147	542
Plant and equipment	928	—	219	-126	-17	139	406	1.548
Other	1	—	—	—	—	—	—	1
<b>Total</b>	<b>1.253</b>	<b>—</b>	<b>290</b>	<b>-165</b>	<b>-28</b>	<b>187</b>	<b>552</b>	<b>2.090</b>

(millions of euros)	31/12/2020	Investments	Increase in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other Changes	31/12/2021
Property	299	—	145	-50	-61	3	-11	324
Plant and equipment	880	1	296	-163	-76	8	-17	928
Other	2	—	—	-1	—	—	—	1
<b>Total</b>	<b>1.180</b>	<b>1</b>	<b>441</b>	<b>-214</b>	<b>-137</b>	<b>11</b>	<b>-28</b>	<b>1.253</b>

The increases in financial leasing contracts in 2022, equal to 290 million euros (441 million euros at December 31, 2021), include the higher value of the rights of use recorded as a result of new leases, increases of lease payments and renegotiation of agreements existing both land and buildings for office use and industrial relationship over time, to infrastructure sites for the mobile telephone network infrastructure and network.

The disposals are representative of the carrying amount of the assets from lease agreements that terminated early.

Other changes refer mainly to the entrance into the consolidation scope of the mobile telephone assets of Oi Móvel S.A. and also include the start up and changes connected with the lesser value of the rights of use recorded as a result of contractual changes during the period.

Amortization have been recorded in the income statement as components of EBIT.

The item **Property** (civil and industrial) includes buildings under financial leases and related building adaptations.

The item **Plant and equipment** mainly includes the rights of use on the infrastructures for telecommunications services. This includes, among others, the recognition of the value of the telecommunications towers sold by the TIM Brasil group to American Tower do Brasil and subsequently repurchased in the form of finance lease. Further details on finance lease are provided in the Note "Financial liabilities (non-current and current)".

The item **Other** mainly comprises the leases on motor vehicles.

**Note 9 - Investments****INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD**

Investments in associates accounted for using the equity method are reported below:

(million euros)	30/06/2022	31/12/2021
I-Systems S.A.	290	253
<b>Total</b>	<b>290</b>	<b>253</b>

The changes to the item during the 1st Half 2022 are due to valuation for -4 million euros and exchange rate difference for 41 million euros.

Other investments in associates accounted for using the equity method include TI Audit Compliance Latam S.A. and Movenda S.p.A. that are associates to the Group, but their contributions in the Consolidated Financial Statements is considered to be non-material individually and in an aggregate form.

**INVESTMENTS IN STRUCTURED ENTITIES**

The Group does not hold investments in structured entities.

**Note 10 - Financial assets (non-current and current)**

(millions of euros)	30/06/2022	31/12/2021
<b>Non-current financial assets</b>	<b>1.823</b>	<b>1.927</b>
Financial receivables for lease contracts	40	34
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	2	1
Non-hedging derivatives	608	710
Loans and other financial receivables	1.172	1.182
<b>Current financial assets</b>	<b>4.136</b>	<b>5.628</b>
<b>Securities other than investments</b>	<b>1.532</b>	<b>2.249</b>
Fair value through other comprehensive income (FVTOCI)	1.319	1.515
Fair value through profit or loss (FVTPL)	213	733
<b>Financial receivables and other current financial assets</b>	<b>201</b>	<b>133</b>
Financial receivables arising from lease contracts	6	5
Non-hedging derivatives	74	44
Loans and other financial receivables	121	84
<b>Cash and cash equivalents</b>	<b>2.403</b>	<b>3.247</b>
<b>Total non-current and current financial assets</b>	<b>5.959</b>	<b>7.555</b>

Further details on Financial Instruments are provided in the Note "Supplementary disclosure on financial instruments".

**Financial receivables for lease contracts** refers to finance leases on rights of use (Brazil Business Unit).

**Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature** refers mainly to the mark-to-market component of the hedging derivatives.

**Non-hedging derivatives** relating to items classified as current and non-current financial assets totaled 682 million euros (754 million euros at December 31, 2021). These include the measurement of derivatives which, although put into place for hedging purposes, do not possess the formal requisites to be considered as such under IFRS and derivatives put in place in the framework of the activity of centralizing all the banking



exposures of the TIM Group (further details are provided in the Note "Derivatives"). At June 30, 2022 the mark-to-market component of the non-hedging derivatives of the Brazil Business Unit is equal to 99 million euros (72 million euros at December 31, 2021) in relation to the option to subscribe shares of C6 Bank with which TIM S.A. entertains commercial relations.

**Loans and receivables** both in current and non-current financial assets amounts to 1.293 million euros (1.266 million euros at December 31, 2021) and refers to loans granted by the Parent to the ultimate Parent and other TIM Group companies. Regarding the loans granted to the ultimate Parent company, the credit risk is considered low based on the financial capability of TIM S.p.A. Other loans are considered fully recoverable by the management.

**Securities other than investments included in current assets relates to:**

- listed securities, classified as FVTOCI - *Fair value through other comprehensive income*, due beyond three months. They consist of 563 million euros (833 million euros at December 31, 2021) of Italian treasury bonds and 757 million euros (682 million euros at December 31, 2021) of bonds purchased by the Parent with different maturities, all with an active market and consequently readily convertible into cash. The above government bonds represent investments in "Sovereign debt securities".
- securities, classified as FVTPL - *Fair value through profit or loss*, due beyond three months. They are related to the investment made by the Brazil Business Unit for an equivalent value of 213 million euros (733 million euros at December 31, 2021) in monetary funds.

At June 30, 2022, Telecom Italia Finance S.A. raised short-term capital (note "Financial liabilities (non-current and current)") with government and corporate bonds serving as collateral for a total value of 505,6 million euros by entering in repurchase agreements ("Repo") expiring by the end of the year.

At June 30, 2022, the Parent has contracts of security lending with TIM S.p.A. for a total of 189,5 million euros of government bonds and with bank counterparties for 221,6 million euros of other bonds. As per IFRS9, the assets have not been derecognized, being Telecom Italia Finance S.A. the Company which retains the risks and benefits associated with the position.

**Cash and cash equivalents:**

(millions of euros)	30/06/2022	31/12/2021
Liquid assets with banks, financial institutions and post offices	1.337	2.318
Other financial receivables (due within 3 months)	854	117
Securities other than investments (due within 3 months)	212	811
<b>Total</b>	<b>2.403</b>	<b>3.247</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

(millions of euros)	30/06/2022	31/12/2021
Liquid assets with banks, financial institutions and post offices	1.337	2.318
Other financial receivables (due within 3 months)	854	117
Securities other than investments (due within 3 months)	212	811
	<b>2.403</b>	<b>3.247</b>
Financial payables (due within 3 months)	-10	-8
<b>Total</b>	<b>2.392</b>	<b>3.239</b>

The different technical forms of investing available cash at June 30, 2022 had the following characteristics:

- maturities: all deposits have a maximum maturity date of three months;
- counterparty risk: deposits have been made with leading high-credit-quality banks and financial institutions with a rating of at least BBB according to Standard & Poor's with regard to Europe, and with leading local counterparties with regard to investments in South America;
- country risk: deposits have been made mainly by the Parent company in major European financial markets.

**Other financial receivables (due within 3 months)** refers to loans granted by the Parent to TIM Group companies. All loans are considered fully recoverable by the management.

**Securities other than investments (due within 3 months)** included 212 million euros (811 million euros at December 31, 2021) of Brazilian bank certificates of deposit (Certificado de Depósito Bancário) held by the Brazil Business Unit with premier local banking and financial institutions.

#### Note 11 - Miscellaneous receivables and other non-current assets

(million euros)	30/06/2022	31/12/2021
<b>Miscellaneous receivables</b>	<b>434</b>	<b>380</b>
<b>Other non-current assets</b>	<b>36</b>	<b>13</b>
Prepaid expenses from customer contracts (contract assets)	24	4
Other prepaid expenses	12	9
<b>Total</b>	<b>470</b>	<b>393</b>

As at June 30, 2022 **Miscellaneous receivables** relate to the Brazil Business Unit for an amount of 434 million euros (380 million euros at December 31, 2021). They include receivables for court deposits of 128 million euros (113 million euros at December 31, 2021). Furthermore, they included non-current income tax receivables of 140 million euros (116 million euros at December 31, 2021) and receivables for indirect taxes totaling 143 million euros (137 million euros at December 31, 2021).

**Other non-current assets** include prepaid expenses related to the Brazil BU for 36 million euros (13 million euros at December 31, 2021) and is mainly represented by incremental costs related to sales commissions paid to partners for obtaining customer contracts arising from the adoption of IFRS 15, which are deferred to the result in accordance with the term of the contract and/or economic benefit, usually from 1 to 2 years.

Further details on Financial Instruments are provided in the Note "Supplementary disclosure on financial instruments".

#### Note 12 - Trade and miscellaneous receivables and other current assets

(million euros)	30/06/2022	31/12/2021
<b>Trade receivables</b>	<b>681</b>	<b>512</b>
Receivables from customers	604	465
Receivables from other telecommunications operators	77	47
<b>Miscellaneous receivables</b>	<b>241</b>	<b>273</b>
<b>Other current assets</b>	<b>161</b>	<b>46</b>
Prepaid expenses from customer contracts (contract assets)	40	23
Other prepaid expenses	120	24
<b>Total</b>	<b>1.083</b>	<b>832</b>

As at June 30, 2022 **Trade receivables** related to the Brazil Business Unit amounted to 681 million euros (512 million euros at December 31, 2021) and are stated net of the provision for expected credit losses of 114 million euros (118 million euros at December 31, 2021).

**Other current assets** include the current portion of prepaid expenses related to the Brazil BU and is mainly represented by incremental costs related to sales commissions paid to partners for obtaining customer contracts arising from the adoption of IFRS 15, which are deferred to the result in accordance with the term of the contract and/or economic benefit, usually from 1 to 2 years.

As at June 30, 2022 **Miscellaneous receivables** amounted to 241 million euros (273 million euros at December 31, 2021) and did not include provisions for bad debts (same as at December 31, 2021).

Details are as follows:

(million euros)	30/06/2022	31/12/2021
Advances to suppliers	13	8
Tax receivables	194	240
Sundry receivables	6	25
<b>Total</b>	<b>213</b>	<b>273</b>

As at June 30, 2022 **Tax receivables** included 194 million euros (240 million euros at December 31, 2021) referring to the Brazil Business Unit and related to local indirect taxes.

**Other prepaid expenses** include for the Brazil BU the deferral of costs for the use of transmission capacity, the deferral of the expense connected with the contribution for the telecommunications business (FISTEL) and also for items relating to maintenance contracts, insurance and marketing activities, in total approximately 25 million euros.

Further details on Financial Instruments are provided in the Note "Supplementary disclosure on financial instruments".

### Note 13 - Share capital issued

As at June 30, 2022 the authorized, issued and fully paid capital of 1.818.691.978,50 euros (1.818.691.978,50 euros at December 31, 2021) is represented by 185.960.325 ordinary shares (185.960.325 at December 31, 2021) with a nominal value of EUR 9,78 per share.

As at June 30, 2022 and 2021 the Parent is 100% held by TIM S.p.A.

There has not been any movement in Share Capital in the 1st Half 2022.

**Note 14 - Financial liabilities (non-current and current)**

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(million euros)	30/06/2022	31/12/2021
<b>Non-current financial liabilities</b>	<b>4.624</b>	<b>3.630</b>
<b>Financial payables (medium/long-term):</b>	<b>2.153</b>	<b>1.815</b>
Bonds	1.337	1.276
Amounts due to banks	520	259
Other financial payables	296	279
<b>Finance lease liabilities (medium/long-term)</b>	<b>2.013</b>	<b>1.233</b>
<b>Other financial liabilities (medium/long-term):</b>	<b>459</b>	<b>582</b>
Non-hedging derivatives	459	582
<b>Current financial liabilities</b>	<b>1.305</b>	<b>1.544</b>
<b>Financial payables (short-term):</b>	<b>881</b>	<b>1.289</b>
Bonds	34	74
Amounts due to banks	826	1.198
Other financial payables	21	18
<b>Finance lease liabilities (short-term)</b>	<b>335</b>	<b>201</b>
<b>Other financial liabilities (short-term):</b>	<b>89</b>	<b>54</b>
Hedging derivatives	1	—
Non-hedging derivatives	88	54
<b>Total financial liabilities (gross financial debt)</b>	<b>5.929</b>	<b>5.174</b>

Further details on Financial Instruments are provided in the Note “Supplementary disclosure on financial instruments”.

The breakdown of gross financial debt by effective interest rate bracket, excluding the effect of any hedging instruments, is provided below:

(million euros)	30/06/2022	31/12/2021
Up to 2,5%	1.773	1.438
From 2,5% to 5%	487	339
From 5% to 7,5%	233	233
From 7,5% to 10%	1.012	1.012
Over 10%	1.819	1.433
Accruals/deferrals, MTM and derivatives	606	718
<b>Total</b>	<b>5.929</b>	<b>5.174</b>

Following the use of derivative hedging instruments, on the other hand, the gross financial debt by nominal interest rate bracket is:

(million euros)	30/06/2022	31/12/2021
Up to 2,5%	1.172	1.000
From 2,5% to 5%	295	272
From 5% to 7,5%	—	—
From 7,5% to 10%	1.059	1.252
Over 10%	2.798	1.931
Accruals/deferrals, MTM and derivatives	606	718
<b>Total</b>	<b>5.929</b>	<b>5.174</b>

Details of the maturities of financial liabilities – at nominal repayment amount as at June 30, 2022:

(millions of euros)	maturing by 31/12 of the year						Total
	2023	2024	2025	2026	2027	After 2027	
Bonds	—	—	—	—	—	1.309	1.309
Loans and other financial liabilities	—	388	14	18	—	415	835
Finance lease liabilities	—	—	—	—	236	1.583	1.819
<b>Total</b>	<b>—</b>	<b>388</b>	<b>14</b>	<b>18</b>	<b>236</b>	<b>3.307</b>	<b>3.963</b>
Current financial liabilities	810	—	—	—	—	—	810
<b>Total</b>	<b>810</b>	<b>388</b>	<b>14</b>	<b>18</b>	<b>236</b>	<b>3.307</b>	<b>4.773</b>

Details of the maturities of financial liabilities – at nominal repayment amount as at December 31, 2021:

(millions of euros)	maturing by 31/12 of the year						Total
	2022	2023	2024	2025	2026	After 2026	
Bonds	—	—	—	—	—	1.268	1.268
Loans and other financial liabilities	67	—	193	18	—	342	621
Finance lease liabilities	—	—	230	—	—	1.203	1.434
<b>Total</b>	<b>67</b>	<b>—</b>	<b>423</b>	<b>18</b>	<b>—</b>	<b>2.813</b>	<b>3.322</b>
Current financial liabilities	1.119	—	—	—	—	—	1.119
<b>Total</b>	<b>1.186</b>	<b>—</b>	<b>423</b>	<b>18</b>	<b>—</b>	<b>2.813</b>	<b>4.441</b>

The following tables list the bonds issued by the Group, expressed at the nominal repayment amount, net of bond repurchases, and also at market value as at June 30, 2022:

Currency	Amount (millions)	Nominal repayment amount at 30/06/2022 (millions of euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 30/06/2022 (%)	Market value at 30/06/2022 (millions of euros)
Bonds issued by Telecom Italia Finance and guaranteed by TIM S.p.A.								
Euro	1.015	1.015	7,750 %	24/01/2003	24/01/2033	109,646[*]	104,942	1.065
Bonds issued by TIM S.A.								
BRL	1.600	294	IPCA+4,1682%	15/06/2021	15/06/2028	100	100,000	294
<b>Total</b>								<b>1.359</b>

[\*]Weighted average issue price for bonds issued with more than one tranche.

**Amounts due to banks (medium/long term)** of 520 million euros (259 million euros at December 31, 2021) Increased by 261 million euros, mainly as net result of new loans and the transfer to the current portion.

As at June 30, 2022 **Other financial payables (medium/long-term)** amounted to 296 million euros (279 million euros at December 31, 2021) corresponding to Telecom Italia Finance loan of 20.000 million Japanese yens expiring in 2029.

**Finance lease liabilities (medium/long-term)** totalled 2.013 million euros at June 30, 2022 (1.233 million euros at December 31, 2021). With reference to the financial lease liabilities recognized, in the 1st Half 2022 and the 1st Half 2021 the following is noted:

(million euros)	30/06/2022	30/06/2021
Principal reimbursements	124	86
Cash out interest portion	93	62
<b>Total</b>	<b>217</b>	<b>148</b>

**Non-hedging derivatives** relating to items classified as current and non-current financial liabilities totalled 547 million euros (636 million euros at December 31, 2021). These include the measurement of derivatives which, although put into place for hedging purposes, do not possess the formal requisites to be considered as such under IFRS and derivatives put in place in the framework of the activity of centralizing all the banking exposures of the TIM Group (further details are provided in the Note “Derivatives”).

**Short-term amounts due to banks** totalled 826 million euros (1.198 million euros at December 31, 2021) and included 251 million euros of the current portion of medium/long-term amounts due to banks. As at June 30, 2022 the item includes 505,6 million euros of short-term capital raised by entering in repurchase agreements (“Repo”).

Further details on Financial Instruments are provided in the Note “Supplementary disclosure on financial instruments”.

**Note 15 - Net financial debt**

The following table shows the net financial debt at June 30, 2022 and December 31, 2021, determined in accordance with the provisions of the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by the ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138).

(million euros)		30/06/2022	31/12/2021
Liquid assets with banks, financial institutions and post offices	a)	1.337	2.318
Other cash and cash equivalents	b)	212	811
Securities other than investments	c)	1.532	2.249
<b>Liquidity</b>	<b>d=a+b+c</b>	<b>3.081</b>	<b>5.378</b>
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	e)	813	1.120
Current portion of non-current financial debt	f)	417	379
<b>Current financial debt</b>	<b>g=e+f</b>	<b>1.230</b>	<b>1.499</b>
<b>Net current financial debt</b>	<b>h=g-d</b>	<b>-1.851</b>	<b>-3.879</b>
Non-current financial debt (excluding the current part and debt instruments)	i)	2.678	1.642
Debt instruments	j)	1.337	1.276
Trade payables and other non-current debt [**]	k)	156	79
<b>Non-current financial debt</b>	<b>l=i+j+k</b>	<b>4.170</b>	<b>2.998</b>
<b>Total net financial debt as per ESMA guidelines 32-382-1138</b>	<b>m=h+l</b>	<b>2.319</b>	<b>-881</b>
Trade payables and other non-current debt		-156	-79
Loans and other non-current financial receivables		-1.172	-1.182
Non-current financial receivables arising from lease contracts		-40	-34
Loans and other current financial receivables		-974	-201
<b>Current financial receivables arising from lease contracts</b>		<b>-6</b>	<b>-5</b>
<b>Subtotal</b>	<b>n)</b>	<b>-2.349</b>	<b>-1.501</b>
<b>Net financial debt carrying amount[*]</b>	<b>o=m+n</b>	<b>-30</b>	<b>-2.382</b>

[\*] For details of the effects of related party transactions on net financial debt, see the specific table in the Note "Related party transactions".

[\*\*] Mainly includes the payables of the Brazil Business Unit for the purchase and renewal of telecommunications licenses (69 million euros), also including the payable due to Entidade Administradora da Conectividade de Escolas (EACE) for the development of certain infrastructural projects in Brazil in connection with the assignment of the rights of use of frequencies for 5G services.

The following additional disclosures are provided in accordance with IAS 7:

(million euros)	31/12/2021	Cash movements		Non-cash movements		Other changes	30/06/2022
		Receipts and/or issues	Payments and/or reimbursements	Differences exchange rates	Fair value changes		
<b>Financial payables (medium/long-term):</b>	<b>1.983</b>	<b>225</b>	<b>-88</b>	<b>111</b>	<b>—</b>	<b>-10</b>	<b>2.221</b>
Bonds	1.350	—	—	43	—	-22	1.371
Amounts due to banks	345	225	-88	56	—	6	544
Other financial payables	289	—	—	11	—	7	307
<i>of which short-term portion</i>	168	—	-88	11	—	-24	68
<b>Finance lease liabilities (medium/long-term):</b>	<b>1.434</b>	<b>162</b>	<b>-124</b>	<b>247</b>	<b>—</b>	<b>629</b>	<b>2.348</b>
<i>of which short-term portion</i>	201	—	-124	35	—	223	335
<b>Other financial liabilities (medium/long-term):</b>	<b>635</b>	<b>—</b>	<b>—</b>	<b>121</b>	<b>-218</b>	<b>8</b>	<b>545</b>
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	—	—	—	—	—	—	1
Non-hedging derivatives	634	—	—	121	-218	7	545
<i>of which short-term portion</i>	53	—	—	7	14	12	87
<b>Financial payables (short-term):</b>	<b>1.122</b>	<b>10</b>	<b>-310</b>	<b>—</b>	<b>-7</b>	<b>—</b>	<b>815</b>
Amounts due to banks	1.112	—	-310	—	—	—	802
Non-hedging derivatives	1	8	—	—	-7	—	2
Other financial payables	8	2	—	—	—	—	10
<b>Total financial liabilities (gross financial debt)</b>	<b>5.174</b>	<b>397</b>	<b>-522</b>	<b>479</b>	<b>-225</b>	<b>626</b>	<b>5.929</b>
Positive hedging derivatives (current and non-current)	2	—	—	—	1	—	2
Positive non-hedging derivatives (current and non-current)	753	—	—	127	-202	4	682
<b>Total</b>	<b>4.419</b>	<b>397</b>	<b>-522</b>	<b>351</b>	<b>-23</b>	<b>622</b>	<b>5.244</b>



(million euros)	31/12/2020	Cash movements		Non-cash movements		Other changes	31/12/2021
		Receipts and/or issues	Payments and/or reimbursements	Differences exchange rates	Fair value changes		
<b>Financial payables (medium/long-term):</b>	<b>1.613</b>	<b>481</b>	<b>-269</b>	<b>16</b>	<b>—</b>	<b>141</b>	<b>1.983</b>
Bonds	1.086	252	—	2	—	11	1.350
Amounts due to banks	368	230	-269	18	—	-2	345
Other financial payables	160	—	—	-4	—	133	289
<i>of which short-term portion</i>	<i>340</i>	<i>—</i>	<i>-269</i>	<i>11</i>	<i>—</i>	<i>86</i>	<i>168</i>
<b>Finance lease liabilities (medium/long-term):</b>	<b>1.315</b>	<b>136</b>	<b>-186</b>	<b>12</b>	<b>—</b>	<b>157</b>	<b>1.434</b>
<i>of which short-term portion</i>	<i>166</i>	<i>—</i>	<i>-186</i>	<i>2</i>	<i>—</i>	<i>220</i>	<i>201</i>
<b>Other financial liabilities (medium/long-term):</b>	<b>634</b>	<b>—</b>	<b>—</b>	<b>65</b>	<b>-67</b>	<b>3</b>	<b>635</b>
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	—	—	—	—	—	—	—
Non-hedging derivatives	634	—	—	65	-67	3	634
<i>of which short-term portion</i>	<i>19</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>26</i>	<i>9</i>	<i>53</i>
<b>Financial payables (short-term):</b>	<b>231</b>	<b>890</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.122</b>
Amounts due to banks	225	887	—	—	—	—	1.112
Non-hedging derivatives	—	1	—	—	—	—	—
Other financial payables	6	2	—	—	—	—	8
<b>Total financial liabilities (gross financial debt)</b>	<b>3.794</b>	<b>1.508</b>	<b>-455</b>	<b>93</b>	<b>-67</b>	<b>301</b>	<b>5.174</b>
Positive hedging derivatives (current and non-current)	1	—	—	—	1	—	2
Positive non-hedging derivatives (current and non-current)	768	—	-10	31	-52	15	753
<b>Total</b>	<b>3.024</b>	<b>1.508</b>	<b>-445</b>	<b>62</b>	<b>-16</b>	<b>286</b>	<b>4.419</b>

**Note 16 - Derivatives**

The hedge accounting rules provided by IAS 39 continued to be applied for derivatives.

Derivative financial instruments are used by the Group to hedge its exposure to foreign exchange rate risk, to manage interest rate risk and to diversify the parameters of debt so that costs and volatility can be reduced to within predetermined operational limits.

Derivative financial instruments in place at June 30, 2022 are principally used to manage debt positions. They include interest rate swaps (IRSs) to reduce interest rate exposure on fixed-rate and variable-rate bank loans and bonds, as well as cross currency and interest rate swaps (CCIRSs), currency forwards and foreign exchange options to convert the loans/receivables secured in currencies different from the functional currencies of the various Group companies.

IRSs transactions provide for or may entail, at specified maturity dates, the exchange of flows of interest, calculated on the notional amount, at the agreed fixed or variable rates.

The same also applies to CCIRSs transactions which, in addition to the settlement of periodic interest flows, may provide for the exchange of principal, in the respective currencies of denomination, at maturity and possibly spot.

In carrying out its role of providing financial assistance to TIM Group companies, Telecom Italia Finance aggregates all the exposure with some banking counterparties in just one entity. As a consequence, the Group has derivative contracts signed with banks and analogous intercompany derivative contracts with other TIM Group companies for a notional amount of million euros (3.432 at December 31, 2021).

The balance of asset and liability measurements of these contracts is equal to zero.

The following tables show the derivative financial instruments of the Group at June 30, 2022 and December 31, 2021, by type. For CCIRS, the notional amount refers to the contractual value in euros, for IRS in a currency other than the euro, the value is indicated at the market exchange rate.

Type(million euros)	Hedged risk	Notional amount at 30/06/2022	Notional amount at 31/12/2021	Spot Mark-to-Market (Clean Price) at 30/06/2022	Spot Mark-to-Market (Clean Price) at 31/12/2021
Cross Currency and Interest Rate Swap [*]	Interest rate risk and currency exchange rate risk	139	139	2	1
<b>Total Cash Flow Hedge Derivative [**]</b>		<b>139</b>	<b>139</b>	<b>2</b>	<b>1</b>
<b>Total Non-Hedge Accounting Derivatives [***]</b>		<b>5.946</b>	<b>4.407</b>	<b>104</b>	<b>105</b>
<b>Total Telecom Italia Finance Group Derivatives</b>		<b>6.084</b>	<b>4.546</b>	<b>106</b>	<b>106</b>

[\*] For this instrument contracts no exchange of notional amounts has been agreed with the counterparties.

[\*\*] On the liability expiring on 2029, derivatives are both accounted in CFH and non-hedge; accordingly, although it is a single issue, the notional amount of derivatives is included in both the CFH and non-hedging groupings.

[\*\*\*] Telecom Italia Finance Group entered into some derivatives on other TIM Group companies request. Since TIF Group has a contract with an external counterparty and the opposite contract with an intercompany, the MTM exposure on these positions is neutral and there is no risk connected. The notional amounts are exposed for all these positions.

The MTM of Non-Hedge Accounting Derivatives is mainly related to the value of the right held by TIM Brasil to subscribe shares of the Brazilian C6 Bank of 99 million euros on the basis of a commercial agreement signed by the two companies in March 2020.

**Note 17 - Supplementary disclosures on financial instruments**Measurement at fair value

For the purposes of the comparative information between the carrying amounts and the fair value of financial instruments, required by IFRS 7, for the Parent's bond included in non-current financial liabilities, the fair value is directly observable in the financial markets, as it is a financial instrument that, due to its size and diffusion among investors, is commonly traded on the relevant markets (see the Note "Financial Liabilities (non-current and current)"). For other types of financing, the fair value has been assumed to be equal to nominal repayment amount (level 3). For the majority of financial assets, their carrying amount constitutes a reasonable approximation of their fair value since these are short-term investments that are readily convertible into cash or loans towards Ultimate Parent Company and other TIM Group companies.

The fair value measurement of the financial instruments of the Group is classified according to the three levels set out in IFRS 7. In particular, the fair value hierarchy introduces three levels of input:

- Level 1: quoted prices in active market;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

Further details on Level 2 inputs are provided in the Note "Derivatives".

The tables below provide additional information on the financial instruments, including the hierarchy level for each class of financial asset/liability measured at fair value at June 30, 2022.

The assets and liabilities at June 30, 2022 are presented based on the categories established by IFRS 9.

## Key for IFRS 9 categories

	Acronym
Financial assets measured at:	
Amortized Cost	AC
Fair Value Through Other Comprehensive Income	FVTOCI
Fair Value Through Profit or Loss	FVTPL
Financial liabilities measured at:	
Amortized Cost	AC
Fair Value Through Profit or Loss	FVTPL
Hedge Derivatives	HD
Not applicable	n/a

Classification and fair value hierarchy of financial instruments measured at fair value as at June 30, 2022:

(millions of euros)	IFRS 9 Categories	Note	Value at 30/06/2022	Levels of hierarchy	
				Level1	Level2
<b>ASSETS</b>					
<b>Non-current Assets</b>	<b>a)</b>		<b>610</b>	<b>—</b>	<b>610</b>
<b>Other non-current financial assets:</b>					
Hedging derivatives	HD[*]	[10]	2	—	2
Non-hedging derivatives	FVTPL	[10]	608	—	608
<b>Current Assets</b>	<b>b)</b>		<b>1.607</b>	<b>1.532</b>	<b>75</b>
<b>Securities other than investments, measured at:</b>					
Fair value through other comprehensive income	FVTOCI	[10]	1.319	1.319	—
Fair value through profit or loss	FVTPL	[10]	213	213	—
<b>Other current financial assets:</b>					
Non-hedging derivatives	FVTPL	[10]	74	—	74
<b>Total (a+b)</b>			<b>2.217</b>	<b>1.532</b>	<b>685</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>	<b>c)</b>		<b>459</b>	<b>—</b>	<b>459</b>
Non-hedging derivatives	FVTPL	[14]	459	—	459
<b>Current liabilities</b>	<b>d)</b>		<b>89</b>	<b>—</b>	<b>89</b>
Hedging derivatives	HD[*]	[14]	1	—	1
Non-hedging derivatives	FVTPL	[14]	88	—	88
<b>Total (c+d)</b>			<b>548</b>	<b>—</b>	<b>548</b>

[\*] Derivative measured at fair value through other comprehensive income.

Classification and fair value hierarchy of financial instruments measured at fair value as at December 31, 2021:

(millions of euros)	IFRS 9 Categories	Note	Value at 31/12/2021	Levels of hierarchy	
				Level1	Level2
<b>ASSETS</b>					
<b>Non-current Assets</b>	<b>a)</b>		<b>711</b>	<b>—</b>	<b>711</b>
<b>Other non-current financial assets:</b>					
Hedging derivatives	HD[*]	[10]	1	—	1
Non-hedging derivatives	FVTPL	[10]	710	—	710
<b>Current Assets</b>	<b>b)</b>		<b>2.293</b>	<b>2.249</b>	<b>44</b>
<b>Securities other than investments, measured at:</b>					
Fair value through other comprehensive income	FVTOCI	[10]	1.515	1.515	—
Fair value through profit or loss	FVTPL	[10]	733	733	—
<b>Other current financial assets:</b>					
Non-hedging derivatives	FVTPL	[10]	44	—	44
<b>Total (a+b)</b>			<b>3.004</b>	<b>2.249</b>	<b>756</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>	<b>c)</b>		<b>582</b>	<b>—</b>	<b>582</b>
Non-hedging derivatives	FVTPL	[14]	582	—	582
<b>Current liabilities</b>	<b>d)</b>		<b>54</b>	<b>—</b>	<b>54</b>
Non-hedging derivatives	FVTPL	[14]	54	—	54
<b>Total (c+d)</b>			<b>636</b>	<b>—</b>	<b>636</b>

[\*] Derivative measured at fair value through other comprehensive income.

For financial assets measured at FVTOCI, the profit/(loss) recognized in Other components of the Consolidated Statements of Comprehensive Income were recognized within the scope of the Reserve for financial assets measured at fair value through other comprehensive income.

Carrying amount and fair value of financial instruments not measured at fair value as at June 30, 2022:

(millions of euros)	IFRS 9 Categories	Note	Value at 30/06/2022	Fair Value at 30/06/2022	Levels of hierarchy		Amounts recognized in the financial statements pursuant to IFRS 16
					Level1	Level3	
<b>ASSETS</b>							
<b>Non-current Assets</b>	<b>a)</b>		<b>1.213</b>	<b>1.213</b>	<b>—</b>	<b>1.172</b>	<b>40</b>
Other financial receivables	AC	[10]	1.172	1.172	—	1.172	—
Miscellaneous receivables	AC	[11]	—	—	—	—	—
Financial receivables for lease contracts	n/a	[10]	40	40	—	—	40
<b>Current Assets</b>	<b>b)</b>		<b>3.213</b>	<b>3.213</b>	<b>—</b>	<b>3.207</b>	<b>6</b>
Other short-term financial receivables	AC	[10]	121	121	—	121	—
Cash and cash equivalents	AC	[10]	2.403	2.403	—	2.403	—
Trade and miscellaneous receivables	AC	[12]	684	684	—	684	—
Financial receivables for lease contracts	n/a	[10]	6	6	—	—	6
<b>Total (a+b)</b>			<b>4.426</b>	<b>4.426</b>	<b>—</b>	<b>4.380</b>	<b>46</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>	<b>c)</b>		<b>4.166</b>	<b>3.372</b>	<b>1.065</b>	<b>294</b>	<b>2.013</b>
Financial payables	AC	[14]	2.153	1.359	1.065	294	—
Finance lease liabilities	n/a	[14]	2.013	2.013	—	—	2.013
<b>Current liabilities</b>	<b>d)</b>		<b>2.158</b>	<b>2.158</b>	<b>—</b>	<b>1.823</b>	<b>335</b>
Financial payables	AC	[14]	881	881	—	881	—
Trade and miscellaneous payables and other current liabilities	AC	[20]	942	942	—	942	—
Finance lease liabilities	n/a	[14]	335	335	—	—	335
<b>Total (c+d)</b>			<b>6.324</b>	<b>5.530</b>	<b>1.065</b>	<b>2.117</b>	<b>2.348</b>

Carrying amount and fair value of financial instruments not measured at fair value as at December 31, 2021:

(millions of euros)	IFRS 9 Categories	Note	Value at 31/12/2021	Fair Value at 31/12/2021	Levels of hierarchy		Amounts recognized in the financial statements pursuant to IFRS 16
					Level1	Level3	
<b>ASSETS</b>							
<b>Non-current assets</b>			<b>1.336</b>	<b>1.336</b>	<b>—</b>	<b>1.303</b>	<b>34</b>
Other financial receivables	AC	[10]	1.182	1.182	—	1.182	—
Miscellaneous receivables	AC	[11]	121	121	—	121	—
Financial receivables for lease contracts	n/a	[10]	34	34		—	34
<b>(a)</b>							
<b>Current assets</b>			<b>3.853</b>	<b>3.853</b>	<b>—</b>	<b>3.848</b>	<b>5</b>
Other short-term financial receivables	AC	[10]	84	84	—	84	—
Cash and cash equivalents	AC	[10]	3.247	3.247	—	3.247	—
Trade and miscellaneous receivables	AC	[12]	517	517	—	517	—
Financial receivables for lease contracts	n/a	[10]	5	5	—	—	5
<b>(b)</b>							
<b>Total (a+b)</b>			<b>5.189</b>	<b>5.189</b>	<b>—</b>	<b>5.150</b>	<b>38</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>			<b>3.048</b>	<b>2.841</b>	<b>1.355</b>	<b>253</b>	<b>1.233</b>
Financial payables	AC	[14]	1.815	1.608	1.355	253	—
Finance lease liabilities	n/a	[14]	1.233	1.233	—	—	1.233
<b>(c)</b>							
<b>Current liabilities</b>			<b>2.528</b>	<b>2.528</b>	<b>—</b>	<b>2.327</b>	<b>201</b>
Financial payables	AC	[14]	1.289	1.289	—	1.289	—
Trade and miscellaneous payables and other current liabilities	AC	[20]	1.038	1.038	—	1.038	—
Finance lease liabilities	n/a	[14]	201	201	—	—	201
<b>(d)</b>							
<b>Total (c+d)</b>			<b>5.576</b>	<b>5.369</b>	<b>1.355</b>	<b>2.580</b>	<b>1.434</b>

**Note 18 - Provisions**

(million euros)	31/12/2021	Increase	Taken to income	Used directly	Exchange differences and other changes	30/06/2022
Provision for taxation and tax risks	68	3	—	-1	16	86
Provision for restoration costs	5	—	—	—	47	52
Provision for legal disputes	84	26	—	-15	14	110
Other provisions	1	—	—	—	—	1
<b>Total</b>	<b>158</b>	<b>29</b>	<b>—</b>	<b>-15</b>	<b>77</b>	<b>249</b>
of which:						
non-current portion	157	29	—	-15	77	248
current portion	1	—	—	—	—	1

**Provision for taxation and tax risks increased** by 18 million euros compared to December 31, 2021, mainly due to the exchange rate effect of the period (11 million euros). The balance at June 30, 2022 reflects provisions and uses made for the Brazil Business Unit.

The **provision for restoration costs** refers to the provision for the costs expected to be incurred for the restoration of leased properties and sites used in the mobile sector and for the dismantling of assets; it entirely refers to the Brazil Business Unit.

**Provision for legal disputes** includes the provision for litigation with employees and other counterparties and refers to the Brazil Business Unit. The uses consisted of 15 million euros and resulted from settlement agreements reached.

**Note 19 - Miscellaneous payables and other non-current liabilities**

(million euros)	30/06/2022	31/12/2021
Other deferred income	121	109
Other	89	8
<b>Total</b>	<b>210</b>	<b>118</b>

**Other deferred income** includes the non-current portion of approximately 120 million euros as at June 30, 2022 (108 million euros as at December 31, 2021) of deferred gain on the sale and lease back of the telecommunication towers of the Brazil Business Unit.



**Note 20 - Trade and miscellaneous payables and other current liabilities**

(million euros)	30/06/2022	31/12/2021
<b>Trade payables</b>	<b>773</b>	<b>1.001</b>
Payables to suppliers	738	978
Payables to other telecommunication operators	35	23
<b>Tax payables</b>	<b>109</b>	<b>78</b>
<b>Miscellaneous payables</b>	<b>467</b>	<b>244</b>
Payables for employee compensation	36	34
Payables to social security agencies	16	11
Payables for TLC operating fee	249	164
Dividends approved, but not yet paid to shareholders	26	34
Other	140	—
Provisions for risks and charges for the current portion expected to be settled within 1 year	1	1
<b>Other current liabilities</b>	<b>59</b>	<b>33</b>
Deferred revenues from customer contracts (Contract liabilities)	5	5
Customer-related items	40	16
Other deferred income	11	11
Advances received	2	1
Other current liabilities	1	—
<b>Total</b>	<b>1.409</b>	<b>1.356</b>

**Trade payables** amounting to 773 million euros as at June 30, 2022 (1.001 million euros at December 31, 2021) are mainly referred to the Brazil Business Unit.

At June 30, 2022, trade payables due beyond 12 months totaled 70 million euros (73 at December 31, 2021) and are mainly represented by payables of the Brazil Business Unit for the purchase and renewal of telecommunications licenses, also including the payable due to Entidade Administradora da Conectividade de Escolas (EACE) for the development of certain infrastructural projects in Brazil in connection with the assignment of the rights of use of frequencies for 5G services.

**Tax payables** amounting to 109 million euros as at June 30, 2022 are entirely referred to the Brazil Business Unit (78 million euros at December 31, 2021).

**Miscellaneous payables** includes the residual payable relating to the acquisition, by TIM S.A. (Brazil Business Unit), of 100% of the share capital of Cozani RJ Infraestrutura e Rede de Telecomunicações S.A., the company to which part of the business, rights and obligations of Oi Móvel S.A. Em Recuperação Judicial acquired by the TIM Group, was transferred (140 million euros).

**Other current liabilities** includes current contract liabilities, recognized when the client has paid the consideration or when the Company has the right to a consideration amount that is unconditional, before the Company has complied with the performance obligation, whether through the sale of equipment/devices or the provision of services to the client and customer-related items, that include trade payables following contractual relationships, such as the payable for prepaid traffic and the subscription charges charged in advance.

Further details on Financial Instruments are provided in the Note “Supplementary disclosure on financial instruments”.

**Note 21 - Disputes and pending legal actions, other information, commitments and guarantees**

A description is provided below of the most significant judicial, arbitration and tax disputes in which the Group companies are involved as at June 30, 2022, as well as those that came to an end during the financial period.

SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

No significant events occurred for the Opportunity Arbitration compared to what was published in the 2021 Consolidated Financial Report.

International tax and regulatory disputes

As of June 30, 2022, the companies belonging to the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totalling around 17,2 billion reais (around 3,2 billion euros, 16,3 billion reais at December 31, 2021). The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

In relation to the federal level of taxation, the following disputes should be noted:

- disallowance of the tax effects of the merger between the companies of the TIM Brasil Group;
- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself;
- challenges regarding offsetting against previous tax losses;
- further challenges regarding the tax deductibility of the amortization of goodwill;
- imposition of income tax on certain types of exchange rate differences;
- imposition of withholding taxes on certain types of payments to foreign entities (for example, payments for international roaming);
- further challenges regarding offsets made between taxes payable and group company credit positions.

Overall, the risk for these cases, considered to be possible, amounts to 3,2 billion reais (about 0,6 billion euros, 3,1 billion reais at December 31, 2021).

State taxes

Within the scope of the state levy, there are numerous challenges regarding ICMS, and in particular:

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handset, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some States, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by the TIM Cellular on the basis of the aforementioned tax benefits);
- challenges relating to the use of ICMS credits claimed by Group Companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the Companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance;
- challenges of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States;
- challenges of ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers, against subsequent top-ups.

Overall, the risk for these cases, considered to be possible, amounts to 9,2 billion reais (about 1,7 billion euros, 8,8 billion reais at December 31, 2021).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 1,4 billion reais (about 0,3 billion euros, 1,2 billion reais at December 31, 2021).

**FUST and FUNTTEL**

The main challenges about contributions to the regulatory body (Anatel), and in particular in terms of FUST and FUNTTEL, concern whether or not interconnection revenues should be subject to these contributions.

Overall, the risk for these cases, considered to be possible, amounts to 3,4 billion reais (around 0,6 billion euros, 3,2 billion reais at December 31, 2021).

**TIM S.A. Arbitration proceedings no. 28/2021/SEC8**

In March 2020, TIM S.A. concluded negotiations with C6 and, in April 2020, launched exclusive offers for TIM customers who had opened C6 bank accounts and used their services. By way of compensation in this contract, TIM S.A. receives commission for each account activated, as well as the option of obtaining an investment in the bank upon achieving certain targets connected to the number of active accounts.

Despite the success of the project in 2021, arbitration proceedings have been started by the parties.

Arbitration proceedings no. 28/2021/SEC8 were filed with the Arbitration and Mediation Center of the Brazil Canada Chamber of Commerce ("CCBC" and "Arbitration proceedings", respectively), by TIM against Banco C6 S.A., Carbon Holding Financeira S.A. and Carbon Holding S.A. (together, the "Defendants") through which the interpretation will be discussed of certain clauses of the contracts governing the partnership. In the event of losing, the partnership may be dissolved.

**COMMITMENTS AND GUARANTEES**

TIM S.p.A. has provided to the Group the following guarantees:

(million euros)	30/06/2022	31/12/2021
Guarantee on bonds and other debts issued by the Group	1.156	1.168
Guarantee on derivatives financial instruments	66	180
<b>Total</b>	<b>1.223</b>	<b>1.348</b>

There are also surety bonds on the telecommunication services in Brazil for 733 million euros.

The Group has provided to Telecom Italia Capital (related party) a guarantee covering the full amount of a credit line amounting to 100 million euros, which represents the maximum credit risk exposure relating to this financial guarantee contract.

**Note 22 - Revenues**

(million euros)	1st Half 2022	1st Half 2021
Equipment sales	56	39
Services	1.764	1.309
<b>Total</b>	<b>1.819</b>	<b>1.348</b>

Revenues only relates to the Brazil Business Unit.

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 79 million euros in 2022 (61 million euros in 2021, 29,9% change), included in the costs of services.

For a breakdown of revenues by operating segment, reference should be made to the Note "Segment Reporting".

**Note 23 - Finance income and expenses****FINANCE INCOME**

(million euros)	1st Half 2022	1st Half 2021
<b>Interest income and other finance income</b>	<b>278</b>	<b>210</b>
Income from financial receivables, recorded in non-current assets	43	42
Interest income on bank and postal accounts	58	11
Interest income on trade accounts receivable	2	2
Income from securities other than investments measured at FVTOCI	8	2
Income other than the above:		
Interest income on financials leasing receivables	2	2
Exchange gains	35	58
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	1	1
Income from non-hedging derivatives	104	68
Miscellaneous finance income	24	25
<b>Positive fair value adjustments to non-hedging derivatives</b>	<b>301</b>	<b>135</b>
<b>Positive adjustments and reversal for impairment on financial assets</b>	<b>1</b>	<b>7</b>
<b>Total</b>	<b>580</b>	<b>352</b>

**FINANCE EXPENSES**

(million euros)	1st Half 2022	1st Half 2021
<b>Interest expenses and other finance expenses</b>	<b>407</b>	<b>237</b>
Interest expenses and other costs relating to bonds	56	40
Interest expenses to banks	10	7
Interest expenses to others	6	5
Interest expenses on lease liabilities	107	63
Expenses other than the above:		
Financial commissions and fees	8	5
Exchange losses	37	22
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	—	—
Charges from non-hedging derivatives	106	68
Miscellaneous finance expenses	76	28
<b>Negative fair value adjustments to non-hedging derivatives</b>	<b>314</b>	<b>159</b>
<b>Negative adjustments for impairment on financial assets</b>	<b>7</b>	<b>3</b>
<b>Total</b>	<b>728</b>	<b>399</b>

For greater clarity of presentation, the net effects relating to derivative financial instruments are summarized in the following table:

(million euros)	1st Half 2022	1st Half 2021
Exchange gains	35	58
Exchange losses	-37	-22
<b>Net exchange gains and losses</b>	<b>-2</b>	<b>36</b>
Positive Reversal of the Reserve for cash flow hedge derivatives	1	1
Negative Reversal of the Reserve for cash flow hedge derivatives	—	—
<b>Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)</b>	<b>1</b>	<b>—</b>
Income from non-hedging derivatives	104	68
Charges from non-hedging derivatives	-106	-68
Net result from non-hedging derivatives	-2	—
<b>Net result from derivatives</b>	<b>-1</b>	<b>—</b>
Positive fair value to non-hedging derivatives	301	135
Negative fair value adjustments to non-hedging derivatives	-314	-159
<b>Net fair value adjustments to non-hedging derivatives</b>	<b>-13</b>	<b>-24</b>
Positive adjustments and reversal for impairment on financial assets	1	7
Negative adjustments for impairment on financial assets	-7	-3
<b>Net impairment on financial assets</b>	<b>-6</b>	<b>4</b>

**Note 24 - Segment reporting****SEGMENT REPORTING**

Segment reporting is based on the following operating segments:

- Telecommunications (Brazil)
- Other Operations

**Separate Consolidated Income Statements by Operating Segment**

(million euros)	Brazil		Other Operations		Consolidated Total	
	1st Half 2022	1st Half 2021	1st Half 2022	1st Half 2021	1st Half 2022	1st Half 2021
Third-party revenues	1.819	1.348	—	—	1.819	1.348
<b>Revenues by operating segment</b>	<b>1.819</b>	<b>1.348</b>	<b>—</b>	<b>—</b>	<b>1.819</b>	<b>1.348</b>
Other income	8	7	—	—	8	7
<b>Total operating revenues and other income</b>	<b>1.828</b>	<b>1.355</b>	<b>—</b>	<b>—</b>	<b>1.828</b>	<b>1.355</b>
Purchase of goods and services	-756	-502	-2	-4	-759	-507
Employee benefits expenses	-143	-110	-1	-1	-145	-111
Other operating expenses	-170	-143	-4	-3	-174	-145
<i>of which: write-downs and expenses in connection with credit management and provision charges</i>	-66	-59	—	—	-66	-59
Change in inventories	14	-3	—	—	14	-3
Internally generated assets	42	33	—	—	42	33
<b>EBITDA</b>	<b>813</b>	<b>630</b>	<b>-7</b>	<b>-7</b>	<b>806</b>	<b>623</b>
Depreciation and amortization	-558	-439	—	—	-558	-440
Gains/(losses) on disposals of non-current assets	5	3	—	—	5	3
<b>EBIT</b>	<b>260</b>	<b>194</b>	<b>-7</b>	<b>-7</b>	<b>253</b>	<b>186</b>
Share of profits (losses) of equity investments valued using equity method					-4	1
Other income (expenses) from investments					—	1
Finance income					580	352
Finance expenses					-728	-399
<b>Profit (loss) before tax</b>					<b>100</b>	<b>142</b>
Income tax income (expense)					-18	-13
<b>Profit (loss) for the year</b>					<b>83</b>	<b>129</b>
Attributable to:						
Owners of the Parent					42	84
Non-controlling interests					41	49

**Revenues by operating segment**

The revenues only relate to the Brazil Business Unit.

**Purchase of intangible and tangible assets by operating segment**

Purchase of intangible and tangible assets only relates to the Brazil Business Unit.

Assets and liabilities by Operating Segment

(millions of euros)	Brazil		Other Operations		Consolidated Total	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Non-current operating assets	8.138	5.003	1	1	8.138	5.003
Current operating assets	1.108	806	26	30	1.134	836
<b>Total operating assets</b>	<b>9.246</b>	<b>5.809</b>	<b>27</b>	<b>31</b>	<b>9.273</b>	<b>5.840</b>
<i>Investments accounted for using the equity method</i>					290	—
<i>Discontinued operations /Non-current assets held for sale</i>					—	365
<i>Unallocated assets</i>					6.190	6.806
<b>Total Assets</b>					<b>15.753</b>	<b>13.012</b>
<b>Total operating liabilities</b>	<b>1.859</b>	<b>1.119</b>	<b>8</b>	<b>4</b>	<b>1.867</b>	<b>1.123</b>
<i>Unallocated liabilities</i>					5.930	4.223
Equity					7.956	7.666
<b>Total Equity and Liabilities</b>					<b>15.753</b>	<b>13.012</b>

**Note 25 - Related party transactions**

The following tables show the figures relating to related party transactions and the impact of those amounts on the Separate Consolidated Income Statement and Consolidated Statement of Financial Position.

Related party transactions, when not dictated by specific laws, were conducted at arm's length.

The effects on the individual line items of the Group's Separate Consolidated Income Statements for the 1st Half 2022 and the 1st Half 2021 are as follows:

## Separate Consolidated Income Statement line items at 30/06/2022

(million euros)	Total	Related Parties					% of financial statement item
		Associates, companies controlled by associates	Other related parties [*]	Pension funds	Key managers	Total related parties	
Revenues	<b>1.819</b>	—	4	—	—	4	0,2
Other income	<b>8</b>	—	—	—	—	—	1,3
Purchase of goods and services	<b>761</b>	—	72	—	—	72	9,5
Employee benefits expenses	<b>144</b>	—	—	2	6	8	5,7
Other operating expenses	<b>173</b>	—	—	—	—	—	—
Finance income	<b>580</b>	—	166	—	—	166	28,6
Finance expenses	<b>728</b>	—	233	—	—	233	32,1

[\*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

## Separate Consolidated Income Statement line items 2021

(million euros)	Total	Related Parties					% of financial statement item
		Associates, companies controlled by associates	Other related parties [*]	Pension funds	Key managers	Total related parties	
Revenues	1.348	—	—	—	—	—	—
Other income	7	—	—	—	—	—	1,8
Purchase of goods and services	503	—	27	—	—	27	5,4
Employee benefits expenses	111	—	—	2	3	5	4,8
Other operating expenses	145	—	—	—	—	—	—
Finance income	352	—	106	—	—	106	30,1
Finance expenses	399	—	111	—	—	111	27,8

[\*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

The effects on the individual line items of the consolidated statements of financial position at June 30, 2022 and December 31, 2021 are as follows:

## Consolidated Statement of Financial Position line items at 30/06/2022

(million euros)	Total	Related Parties					% of financial statement item
		Associates, companies controlled by associates	Other related parties [*]	Pension funds	Total related parties		
<b>Net financial debt</b>	<b>-30</b>	<b>—</b>	<b>-1.842</b>	<b>—</b>	<b>-1.842</b>	<b>6212,3</b>	
<b>Non-current financial assets</b>	<b>-1.823</b>	<b>—</b>	<b>-1.271</b>	<b>—</b>	<b>-1.271</b>	<b>69,7</b>	
<b>Current financial assets</b>	<b>-4.136</b>	<b>—</b>	<b>-991</b>	<b>—</b>	<b>-991</b>	<b>24,0</b>	
Securities other than investments (current assets)	-1.532	—	—	—	—	—	
Financial receivables and other current financial assets	-201	—	-137	—	-137	68,3	
Cash and cash equivalents	-2.403	—	-854	—	-854	35,5	
<b>Non-current financial liabilities</b>	<b>4.624</b>	<b>—</b>	<b>397</b>	<b>—</b>	<b>397</b>	<b>8,6</b>	
<b>Current financial liabilities</b>	<b>1.305</b>	<b>—</b>	<b>23</b>	<b>—</b>	<b>23</b>	<b>1,8</b>	
<b>Other statement of financial position line items</b>							
<b>Trade and miscellaneous receivables and other current assets</b>	<b>1.083</b>	<b>—</b>	<b>15</b>	<b>—</b>	<b>15</b>	<b>1,4</b>	
<b>Miscellaneous payables and other non-current liabilities</b>	<b>210</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Trade and miscellaneous payables and other current liabilities</b>	<b>1.409</b>	<b>—</b>	<b>38</b>	<b>2</b>	<b>40</b>	<b>2,8</b>	

[\*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.



## Consolidated Statement of Financial Position line items at 31/12/2021

(million euros)	Total	Associates and companies controlled by associates	Other related parties [*]	Pension funds	Total related parties	% of financial statement item
<b>Net financial debt</b>	<b>-2.382</b>	—	<b>-1.289</b>	—	<b>-1.289</b>	<b>54,1</b>
<b>Non-current financial assets</b>	<b>-1.927</b>	—	<b>-1.425</b>	—	<b>-1.425</b>	<b>73,9</b>
<b>Current financial assets</b>	<b>-5.628</b>	—	<b>-248</b>	—	<b>-248</b>	<b>4,4</b>
Securities other than investments (current assets)	-2.249	—	—	—	—	—
Financial receivables and other current financial assets	-133	—	-135	—	-135	<b>101,3</b>
Cash and cash equivalents	-3.247	—	-114	—	-114	<b>3,5</b>
<b>Non-current financial liabilities</b>	<b>3.630</b>	—	<b>365</b>	—	<b>365</b>	<b>10,0</b>
<b>Current financial liabilities</b>	<b>1.544</b>	—	<b>19</b>	—	<b>19</b>	<b>1,3</b>
<b>Other statement of financial position line items</b>						
<b>Trade and miscellaneous receivables and other current assets</b>	<b>832</b>	—	<b>3</b>	—	<b>3</b>	<b>0,3</b>
<b>Miscellaneous payables and other non-current liabilities</b>	<b>118</b>	—	—	—	—	—
<b>Trade and miscellaneous payables and other current liabilities</b>	<b>1.356</b>	—	<b>22</b>	<b>1</b>	<b>23</b>	<b>1,7</b>

\*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through Directors, Statutory Auditors and Key Managers.

## TRANSACTIONS WITH PENSION FUNDS

The most significant amounts are summarized as follows:

## Separate Consolidated Income Statement line items

(million euros)	1st Half 2022	1st Half 2021	Type of contract
Other pension funds	2	2	
<b>Total employee benefits expenses</b>	<b>2</b>	<b>2</b>	Contributions to pension funds

## Consolidated Statement of Financial Position line items

(million euros)	30/06/2022	31/12/2021	Type of contract
Other pension funds	2	1	
<b>Total trade and miscellaneous payables and other current liabilities</b>	<b>2</b>	<b>1</b>	Payables for contributions to pension funds

## REMUNERATION TO KEY MANAGERS

The remuneration to key managers in 2022 amounted to 6 million euros (3 million euros in 2021). The compensation of key Management personnel for services rendered is shown below:

(million euros)	1st Half 2022	1st Half 2021
Short-term benefits	2	2
Long-term benefits	—	—
Share-based payments remuneration	4	1
<b>Total remuneration to key managers</b>	<b>6</b>	<b>3</b>

The Group considers as key managers the statutory directors and the Board of Directors.

## Note 26 - Equity compensation plans

The equity compensation plans in force at June 30, 2022 are used for attraction and retention purposes, and as a long-term incentive for the managers and employees of the Group.

However, it should be noted that these plans do not have any significant effect on the economic result or on the financial position or on cash flows at June 30, 2022.

A summary is provided below of the plans in place at June 30, 2022.

### DESCRIPTION OF STOCK OPTION PLANS

#### TIM S.A. Stock Option Plan

On April 10, 2014, the General Meeting of Shareholders of Tim Participações S.A. (now incorporated into TIM S.A.) approved the long-term incentive plan for managers in key positions in the company and its subsidiaries. Exercise of the options is not subject to the achievement of specific performance targets, but the strike price is adjusted upwards or downwards during each year for which the plan is in force, according to the ranking of the Total Shareholder Return of the TIM S.A. shares with respect to a panel of peers (made up of companies in the Telecommunications, Information Technology and Media industry).

The vesting period is 3 years (a third per year), the options can be exercised for 6 years, and the company does not have the legal obligation to repurchase or liquidate the options in cash, or in any other form.

- Year 2014

On September 29, 2014, the grantees of the options were granted the right to purchase a total of 1.687.686 shares. At June 30, 2022, there are no options that can be exercised. Out of the total attributed, 1.558.043 options have been canceled (due to withdrawal of the participants from the company or for expiry of the exercise period), and 129.643 options have been exercised.

- Year 2015

On October 16, 2015, the grantees of the options were granted the right to purchase a total of 3.355.229 shares. As of June 30, 2022, 100% of the options were considered as vested, and there are no options that can be exercised. Of the total options granted, 1.646.080 were canceled by participants leaving the company. All of the remaining balance (amounting to 1.709.149 options) has been exercised.

- Year 2016

On November 8, 2016, the grantees of the options were granted the right to purchase a total of 3.922.204 shares. At June 30, 2022, 100% of the options were considered as vested. Of the total options granted, 1.727.424 were canceled by participants leaving the company. Of the remaining balance (2.194.780 options), 2.082.228 options had been exercised and 112.552 could still be exercised.

### DESCRIPTION OF OTHER COMPENSATION PLANS

#### TIM S.A. - Long Term Incentive Plan 2018-2020

On April 19, 2018, the General Meeting of Shareholders of TIM Participações S.A. (now incorporated into TIM S.A.) approved the long-term incentive plan for managers in key positions in the company. The plan aimed to reward participants with shares issued by the company, subject to specific temporal and performance conditions. The portion of shares linked to performance (70%) is granted 1/3 each year, if the performance target is achieved; the remaining portion of shares (30%) is granted 3 years after allocation (restricted share). The vesting period is 3 years (with annual measurement) and the company does not have the legal obligation to repurchase or liquidate the shares in cash or in any other form.

The plan – in addition to transferring shares to beneficiaries – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

- Year 2018

On April 20, 2018, plan beneficiaries were granted the right to receive a total of 849.932 shares, of which 594.954 performance shares restricted to performance conditions and with gradual vesting over 3 years and 254.978 restricted shares, with a total vesting period of 3 years.

At June 30, 2022, 100% of the rights assigned were considered as vested:

- First vesting period: in compliance with the results approved on May 29, 2019, 115.949 shares were transferred to beneficiaries, of which 91.708 relating to the original volume accrued, 20.594 granted according to the degree to which objectives had been achieved and 3.647 shares as a result of the dividends distributed during the period. For participants transferred to other Group companies, as per

the Plan rules, payment in cash was considered of the amount corresponding to 3.685 shares (2.915 relative to the original volume accrued, 654 acknowledged according to the degree to which the objectives had been achieved and 116 due to dividends distributed during the period).

- Second vesting period: in compliance with the results approved on June 17, 2020, 87.766 shares were transferred to beneficiaries, of which 83.181 relating to the original volume accrued, 70 discounted according to the degree to which objectives had been achieved and 4.655 shares for dividends distributed during the period. For participants transferred to other Group companies, as per the Plan rules, payment in cash was considered of the amount corresponding to 3.084 shares (2.915 relative to the original volume accrued, 5 acknowledged according to the degree to which the objectives had been achieved and 164 due to dividends distributed during the period).
- Third vesting period: in compliance with the results approved on May 5, 2021, 252.143 shares were transferred to beneficiaries, of which 187.039 relating to the original volume accrued, 42.854 discounted according to the degree to which objectives had been achieved and 22.250 shares for dividends distributed during the period. For participants transferred to other Group companies, as per the Plan rules, payment in cash was considered of the amount corresponding to 12.500 shares (9.101 relative to the original volume accrued, 2.305 acknowledged according to the degree to which the objectives had been achieved and 1.094 due to dividends distributed during the period).

At June 30, 2022, of the total assigned of 849.932 shares, 473.073 had been canceled due to the beneficiaries having left the participating company, 455.858 shares had been transferred to beneficiaries (361.928 relative to the original volume accrued, 63,378 from performance achieved and 30,552 for payment of dividends in shares) and 19.269 shares had been valued and paid in cash (14,931 relative to the original volume accrued, 2.964 from performance achieved and 1.374 for payment of dividends in shares), thereby completing the 2018 concession.

#### • Year 2019

On July 30, 2019, plan beneficiaries were granted the right to receive a total of 930.662 shares, of which 651.462 performance shares restricted to performance conditions and with gradual vesting over 3 years and 279.200 restricted shares, with a total vesting period of 3 years.

Two vesting periods ended on June 30, 2022:

- First vesting period: in compliance with the results approved on July 29, 2020, 309.557 shares were transferred to beneficiaries, of which 209.349 relating to the original volume accrued, 83.672 granted according to the degree to which objectives had been achieved and 16.536 shares as a result of the dividends distributed during the period.
- Second vesting period: in compliance with the results approved on July 26, 2021, 309.222 shares were transferred to beneficiaries, of which 207.859 relating to the original volume accrued, 78.111 discounted according to the degree to which objectives had been achieved and 23.252 shares for dividends distributed during the period.
- Third vesting period : in compliance with the results approved on April 26, 2022, 175.836 shares were transferred in July to beneficiaries, of which 118.207 relating to the original volume accrued, 41.107 discounted according to the degree to which objectives had been achieved and 16.522 shares for dividends distributed during the period.

At June 30, 2022, of the total assigned of 930.662 shares, 86.424 had been canceled due to the beneficiaries having left the company and 618.779 shares had been transferred to beneficiaries (417.208 related to the original volume vested, 161.783 from performance achieved and 39.788 for payment of dividends in shares). In July, 175.836 shares were transferred to beneficiaries (of which 118.207 relating to the original volume accrued, 41.107 granted according to the degree to which the objectives had been achieved and 16.522 shares as a result of dividends distributed during the period), thereby leaving a balance of 308.823 shares that could be accrued at period end.

#### • Year 2020

On April 14, 2020, plan beneficiaries were granted the right to receive a total of 796.054 shares, of which 619.751 performance shares restricted to performance conditions and with gradual vesting over 3 years and 176.303 restricted shares, with a total vesting period of 3 years.

Two vesting periods ended on June 30, 2022:

- First vesting period : in compliance with the results approved on May 5, 2021, 267.145 shares were transferred to beneficiaries, of which 206.578 relating to the original volume accrued, 51.634 granted according to the degree to which objectives had been achieved and 8.933 shares as a result of the dividends distributed during the period.
- Second vesting period : in compliance with the results approved on April 26, 2022, in July 337.937 shares were transferred to beneficiaries, of which 252.024 relating to the original volume accrued, 63.029 granted according to the degree to which objectives had been achieved and 22.884 shares as a

result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in June of the amount corresponding to 3.478 shares (2.593 relating to the original volume accrued, 649 acknowledged according to the degree to which the objectives had been achieved and 236 due to dividends distributed during the period).

At June 30, 2022, of the total assigned of 796.054 shares, 70.378 shares were canceled due to beneficiaries having left the company and 270.623 shares had been transferred to beneficiaries (209.171 related to the original volume vested, 52.283 recognized on the basis of performance achieved and 9.169 for effect of dividends distributed during the period). In July, 337.937 shares will be transferred to beneficiaries, of which 252.024 relating to the original volume accrued, 63.029 granted according to the degree to which the objectives had been achieved and 22.884 shares as a result of dividends distributed during the period, thereby leaving a balance of 264.481 shares that could be accrued at period end.

#### TIM S.A. - Long Term Incentive Plan 2021-2023

On March 30, 2021, the General Meeting of Shareholders of TIM S.A. approved the long-term incentive plan for managers in key positions in the company. The plan aims to reward participants with shares issued by the company, according to specific time (restricted shares) and performance (performance shares) conditions. The vesting period is 3 years and the company does not have the legal obligation to repurchase or liquidate the shares in cash or in any other form. The plan – in addition to transferring shares to beneficiaries – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

##### • Year 2021

On May 05, 2021, plan beneficiaries were granted the right to receive a total of 3.431.610 shares, of which 3.173.142 performance shares restricted to performance conditions and with gradual vesting over 3 years and 258.468 restricted shares, with a total vesting period of 3 years.

In 2021, the Special Grant was added to the traditional plan, a further extraordinary concession with the aim of encouraging the closure of the Oi purchase operation in Brazil as well as the success of the subsequent integration operations.

Of the total 3.431.610 shares granted, 1.151.285 relate to the traditional grant (with 892.817 performance shares and 258.468 restricted shares) and 2.280.325 refer to the Special Grant.

On June 30, 2022 the first vesting period ended.

- First vesting period : in compliance with the results approved on April 26, 2022, in July 572.608 shares were transferred to beneficiaries, of which 463.608 relating to the original volume accrued, 87.605 granted according to the degree to which objectives had been achieved and 21.395 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in June of the amount corresponding to 3.486 shares (2.883 relating to the original volume accrued, 473 acknowledged according to the degree to which the objectives had been achieved and 130 due to dividends distributed during the period).
- Special Grant : in compliance with the results approved on April 26, 2022, 601.936 shares were transferred to beneficiaries in July, of which 579.451 relating to the original volume accrued and 22.485 shares as a result of the dividends distributed during the period.

At June 30, 2022, of the total assigned of 3.431.610 shares, 311.876 had been canceled due to the beneficiaries having left the company and 3.486 shares had been transferred to beneficiaries through payment in cash, given the results of the first vesting period of the performance shares. In July, 1.174.544 shares will be transferred to beneficiaries, of which 1.043.059 relating to the original volume accrued, 87.605 granted according to the degree to which the objectives had been achieved and 43.880 shares as a result of dividends distributed during the period, thereby leaving a balance of 2.073.792 shares that could be accrued at period end.

#### TIM S.A. - Long Term Incentive Plan 2022-2024

On April 26, 2022, the General Meeting of Shareholders of TIM S.A. approved the long term incentive plan for managers in key positions in the company. The plan aims to reward participants with shares issued by the company, according to specific time (restricted shares) and performance (performance shares) conditions. The vesting period is 3 years and the company does not have the legal obligation to repurchase or liquidate the

shares in cash or in any other form. The plan in addition to transferring shares to beneficiaries also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

- Year 2022

On April 26, 2022, plan beneficiaries were granted the right to receive a total of 1.129.846 shares, of which 790.892 performance shares restricted to performance conditions and with gradual vesting over 3 years and 338.954 restricted shares, with a vesting period of 3 years.

As at June 30, 2022, the first vesting period has not yet finished.

## Note 27 - Other information

### EXCHANGE RATE USED TO TRANSLATE FOREIGN OPERATIONS

	Period-end exchange rates		Average exchange rates for the period	
	(statements of financial position)		(income statements and statements of cash flows)	
<i>Local currency against 1 EUR</i>	30/06/2022	31/12/2021	30/06/2022	30/06/2021
BRL (Brazilian real)	5,44071	6,32047	5,56056	6,48919
USD (U.S. dollar)	1,03870	1,13260	1,09331	1,20504
JPY (Japan Yen)	141,54000	130,38000	134,33829	129,84442
GBP (Pound sterling)	0,85820	0,84028	0,84219	0,86800
CHF (Swiss franc)	0,99600	1,03310	1,03167	1,09469

Source: Data processed by the European Central Bank, Bloomberg and major Central Banks.

### RESEARCH AND DEVELOPMENT

Expenditures for research and development activities are represented by external costs, labor costs of dedicated staff and depreciation and amortization. Details are as follows:

(million euros)	1st Half 2022	1st Half 2021
Capitalized development costs	13	10
<b>Total research and development costs (expensed and capitalized)</b>	<b>13</b>	<b>10</b>

## Note 28 - Events subsequent to June 30, 2022

### Payment of Interest on Equity

In July 2022, TIM S.A paid Interest on Capital (IOC) related to the fiscal year ending on December 31, 2022 and approved on June 15, 2022 according to the following schedule:

Payment Date	Reais per share
20/07/2022	0,111637201

**Note 29 - List of companies of the Telecom Italia Finance Group**

Company name	Head office	Currency	Share Capital	% Ownership	% of voting	Held by
<b>PARENT COMPANY</b>						
Telecom Italia Finance	Luxembourg	EUR	1.818.691.979			
<b>SUBSIDIARIES CONSOLIDATED LINE-BY-LINE</b>						
Brazil Business Unit						
• Cozani RJ Infraestrutura e Rede de Telecomunicações S.A.	Rio de Janeiro	BRL	2.993.889.243	99,9999 0,0001		TIM S.A.
• TIM Brasil Serviços & Participações S.A.	Rio de Janeiro	BRL	8.227.356.500	99,9999 0,0001		Telecom Italia Finance TIM S.p.A.
• TIM S.A.	Rio de Janeiro	BRL	13.477.890.508	66,5882 0,0165	66,5992	TIM Brasil Serviços & Participações S.A. TIM S.A.
<b>ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>						
I-System S.A.	Rio de Janeiro	BRL	1.794.287.995	49,0000		TIM S.A.
Movenda S.p.A.	Roma	EUR	133.333	24,9998		Telecom Italia Finance
TI Audit Compliance Latam S.A. (in liquidation)	Rio de Janeiro	BRL	1.500.000	69,9996 30,0004		TIM S.p.A. TIM Brasil Serviços & Participações S.A.

## Certification of the Consolidated Financial Statements pursuant to Luxembourg Transparency Law

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Pursuant to paragraph 4 of Luxembourg's Transparency Law, the undersigned Biagio Murciano, Managing Director of the Company, to the best of his knowledge, hereby declares that the above interim financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and that the management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Biagio Murciano  
Managing Director