Telecom Italia Finance Group

Consolidated Financial Statements 2024

Audited Consolidated Annual Accounts as at December 31, 2024, which have been authorized by the Board of Directors held on March 03, 2025

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Directors' report

The Business Units

BRAZIL

The Brazil Business Unit (Tim Brasil Group) provides mobile phone services, fiber optic data transmission using full IP technology and residential broadband services. In addition, the TIM Brasil group provides IoT services focused on the Agri-food, Industry, Logistics and Utilities sectors.

- TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A.
  - TIM 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 December 31, 2024:

- The amount of notes (issued by Telecom Italia Finance and listed on Bourse of Luxembourg) is 656 million euros.
- The amount of net financial debt is equal to -3.330 million euros.

- TELECOM ITALIA FINANCE

Key operating Financial Data

Consolidated Operating and Financial Data

(million euros)	31/12/2024	31/12/2023
Revenues	**4.366**	**4.412**
EBITDA	**2.149**	**2.134**
EBIT	**954**	**827**
Profit (loss) before tax from continuing operations	627	597
Profit (loss) for the year	**534**	**511**
Profit (loss) for the year attributable to Owners of the Parent	354	335
Capital expenditures	**781**	**834**

Consolidated Financial Position Data

(million euros)	31/12/2024	31/12/2023
Total assets	**13.844**	**16.662**
Total equity	**7.216**	**7.581**
Attributable to Owners of the Parent	5.827	5.934
Attributable to non-controlling interests	1.389	1.646
Total liabilities	**6.629**	**9.081**
Total equity and liabilities	**13.844**	**16.662**
Share capital	**1.819**	**1.819**
Net financial debt carrying amount	**-1.130**	**-133**

Headcount

	31/12/2024	31/12/2023
Number in the Group at year end	9.133	9.276
Average number in the Group	8.764	8.924

Highlights

TIM Group: NetCo disposal
On November 06, 2023, TIM S.p.A. ("TIM"), Teemo Bidco S.à r.l. and Optics Bidco S.p.A. ("Bidco") entered into a transaction agreement (as subsequently amended and supplemented, the "Transaction Agreement"), providing for, among others, (i) the contribution by TIM of a going concern composed of certain assets related to its primary copper and fiber network (the "Contribution") to FiberCop S.p.A. (after the Contribution "NetCo") and (ii) the sale by TIM to Bidco of the entire stake held by TIM in NetCo upon effectiveness of the Contribution (the "NetCo Transaction"). The Transaction Agreement, inter alia, provided that the consideration for the sale of the Shareholding could also be partially paid through the transfer of part of the TIM Group's debt on the closing of the NetCo Transaction.
In the framework of the NetCo Transaction, on April 18, 2024 Telecom Italia Finance ("TI Finance"), concurrently with TIM and Telecom Italia Capital, launched an EUR 5 billion two-stage notes' exchange offer (the "Exchange Offer") structured as follows:

- the holders of the relevant existing series of notes issued by relevant Issuers (the "Original Notes") were offered the opportunity to exchange their Original Notes for new notes (the "New Notes") having substantially the same terms and conditions of the Original Notes (the "Seller Exchange");
- the New Notes would have been automatically exchanged into Bidco notes (the "Bidco Exchange") for notes issued by Bidco (the "Bidco Notes") upon the completion of the NetCo Transaction.

On May 02, 2024, following a higher than expected market demand, the total cap of the Exchange Offer for the three companies was increased up to EUR 5,54 billion. The first stage of the TI Finance Seller Exchange terminated on May 08, 2024, date on which were issued New Notes for a nominal amount of EUR 0,4 billion.
On July 01, 2024, at completion of the NetCo Transaction, the New Notes of TI Finance for an amount of EUR 0,4 billion have been automatically exchanged into BidCo Notes and reduced from TI Finance balance sheet. As agreed between TIM and TI Finance, loans previously granted by TI Finance to TIM have been set off for EUR 0,4 billion. The differences in the fair value of the financial positions reduced, as well as the reimbursement of all the expenses incurred by TI Finance in the execution of the Exchange Offer, have been paid within the year 2024.

Parent's activity
In 2024 the Parent's activities continue to be segmented into two business: holding of participations and financial assistance to Telecom Italia Group ("TIM Group") companies.

MACROECONOMIC ENVIRONMENT
The year 2024 presented several economic challenges for Brazil, including exchange rate depreciation, inflationary pressure, and increases in the basic interest rate (SELIC). However, during the moving quarter ending in November 2024, the unemployment rate fell to 6,1%, the lowest recorded since the Continuous PNAD began in the first quarter of 2012. After a positive overall balance in 2023, 2024 faced uncertainties regarding fiscal policy and the goal of eliminating the primary deficit. The Central Bank initially made efforts to reduce the interest rate but later increased the SELIC gradually due to the uncertain scenario and the government's failure to meet its target, ending the year at 12,25% per year.
The inflation, as measured by the Extended Consumer Price Index (IPCA), ended 2024 at 4,83%, which is above the central target of 4,5% but within the allowable margin of 1,5%. This represents the highest annual change since 2022, when the IPCA recorded a 5,78% increase. In 2023, the annual inflation rate was 4,62%, remaining within the target range after two years of exceeding it. Items such as meat (20,84%), gasoline (9,71%), health plans (7,87%), soybean oil (29,21%), olive oil (21,53%), ground coffee (39,6%) and long-life milk (18,83%) were significant contributors to inflation last year.
In 2024, the exchange rate showed considerable volatility, with the Real showing a large devaluation against the dollar compared to the previous year's closing. At the last closing, the American currency ended at 6,19 reais, an increase of 26%. Against the Real, the American currency presented a high of 6,19 reais against a low of 4,84 reais during the year, a variation of 28%, in a scenario of domestic uncertainties, fiscal risks, and many discussions about, for example, the Tax Reform Proposal. The trade balance, in turn, closed the year with a surplus of 74,6 billion dollars, a reduction of 24,6% compared to the end of 2023. Exports closed the year at 337 billion dollars and had a negative variation of 0,8% compared to 2023. Imports registered 262,5 billion dollars, increasing by 9% year-on-year.
The international scenario was, for another year, marked by many uncertainties and volatility with high and resistant inflation rates, driven by commodity prices, food, and logistical and production bottlenecks, as well as

a reduction in GDP growth rates in most countries. In the United States, inflation slowed to 2,8%, while GDP grew by 2,6%, sustained by robust consumption and moderate investments. Europe showed limited recovery, with growth of 1,2%, still impacted by the energy crisis and the repercussions of the Russian invasion of Ukraine. Inflation in the region decreased to 3,1%, indicating greater stability. Among emerging economies, China stood out, resuming growth of 5,2% due to economic stimuli. The International Monetary Fund (IMF) revised global growth to 3,1% for 2024, slightly above the 3,02% in 2023, reflecting a modest improvement in production chains and global trade. Despite this, geopolitical uncertainties and climate challenges continue to pressure economies around the world.

FINANCIAL HIGHLIGHTS

In terms of economic and financial performance in 2024:

- **Consolidated revenues** amounted to 4,4 billion euros, down by 1,1% on 2023.
- **EBITDA** amounted to 2,1 billion euros, up by 0,7% on 2023.
- **Operating profit (EBIT)** was 1,0 billion euros, up by 15,4% compared to 2023.
- The **Profit for the year attributable to Owners of the Parent** amounted to 0,4 billion euros (0,3 billion euros for 2023).
- **Capital expenditures** in 2024 amounted to 0,8 billion euros (0,8 billion euros in 2023).
- **Net financial debt** amounts to -1,1 billion euros at December 31, 2024, down of 1,0 billion euros compared to the end of 2023 (-0,1 billion euros).

Consolidated operating performance

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

	Consolidated (millions of euros)		Other operations (millions of euros)		Brazil Business Unit (millions of euros)		Brazil Business Unit (millions of reais)		Changes	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024 (a)	31/12/2023 (b)	Amount (a-b)	% (a-b)/b
Revenues	**4.366**	**4.412**	**—**	**—**	**4.366**	**4.412**	**25.448**	**23.834**	**1.614**	**6,8**
EBITDA	**2.149**	**2.134**	**-6**	**-6**	**2.155**	**2.141**	**12.562**	**11.562**	**1.000**	**8,6**
EBITDA Margin	49,2	48,4			49,4	48,5	49,4	48,5		0,9 pp
EBIT	**954**	**827**	**-6**	**-7**	**960**	**833**	**5.597**	**4.501**	**1.096**	**24,4**
EBIT Margin	21,9	18,7			22,0	18,9	22,0	18,9		3,1 pp
Headcount at year end (number)	**9.133**	**9.276**	**10**	**9**			**9.123**	**9.267**	**-144**	**-1,6**

The average exchange rates used for the translation into euro (expressed in terms of units of real per 1 Euro) were 5,82877 in 2024 and 5,40158 in 2023.

	31/12/2024	31/12/2023
Lines at period end (thousands)	62.058	61.248
ARPU (reais)	31,4	29,5

REVENUES

Revenues in 2024 were entirely related to the Brazil Business Unit and amounted to 25.448 million reais (4.366 million euros), up by 6,8% in reais on 2023 . The general decrease in amounts in euros is explained by exchange rate fluctuations.

The acceleration has been determined by **Revenues from services** that totaled 24.587 million reais (4.218 million euros), an increase of 1.516 million reais (-53 million euros) compared to 23.071 million reais (4.271 million euros) in 2023 (+6,6% in reais) with mobile telephony service revenues growing 6,8% in reais in 2024 due to the continuous improvement of the post-paid segment. Revenues from fixed services grew by 3,1% in reais compared to 2023, driven above all by the growth rate of Ultrafibra.

Revenues from product sales totaled to 860 million reais, or 148 million euros (763 million reais, or 141 million euros in 2023).

Total mobile lines in place at December 31, 2024 amounted to 62,1 million, an increase of 0,9 million compared to December 31, 2023 (61,2 million). Within this change, +2,6 million is attributable to the post-paid segment and -1,7 million to the pre-paid segment. Post-paid customers represented 48,7% of the customer base as of December 31, 2024 (45,1% at December 31, 2023).
Mobile Average Revenue Per User (ARPU) for 2024 was 31,4 reais (5,4 euros), up 6,2% compared to the figure posted in 2023.

	31/12/2024	31/12/2023
(millions of reais)		
Net revenues	**25.448**	**23.834**
Service revenues	24.587	23.071
Mobile services	23.256	21.780
Fixed services	1.331	1.291
Product revenues	860	763
(thousands)		
Lines at period end	**62.058**	**61.248**
Average Market Lines	**61.764**	**61.457**
(reais)		
Mobile ARPU (mobile services/average market lines/months)	**31,4**	**29,5**

EBITDA

EBITDA in 2024 totaled 2.149 million euros, of which 2.155 million euros attributable to the Brazil BU.

Considering Brazil BU, EBITDA for 2024 amounted to 12.562 million reais (2.155 million euros), up by 1.000 million reais (14 million euros) year-on-year (+8,6%).

EBITDA for the Brazil BU net of the non-recurring component (Organic EBITDA), grew by 8,3% and is calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	Amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
EBITDA	**2.155**	**2.141**	**12.562**	**11.562**	**1.000**	**8,6**
+/- Non recurring expenses/(income)	0	8	0	42	-42	
= Organic EBITDA	**2.155**	**2.148**	**12.562**	**11.604**	**958**	**8,3**

The growth in EBITDA can mainly be attributed to the positive performance of revenues from services, partially offset by the increase in operating costs.

The related margin on revenues stood at 49,4%, up in organic terms by 0,7% compared to 2023.

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

	(millions of euros)		(millions of reais)		
	31/12/2024 (a)	31/12/2023 (b)	31/12/2024 (c)	31/12/2023 (d)	Change (c-d)
Acquisition of goods and services	1.601	1.687	9.330	9.111	219
Employee benefits expenses	331	338	1.930	1.823	107
Other operating expenses	392	384	2.288	2.075	213
Change in inventories	7	-18	38	-96	134

EBIT

EBIT totaled 954 million euros (827 million euros in 2023), an increase of 127 million euros.

Considering Brazil BU, EBIT for 2024 amounted to 5.597 million reais (960 million euros).

Organic EBIT, net of the non-recurring component, amounted to 5.597 million reais (960 million euros), with a margin on revenues of 22,0% (19,1% in 2023), and was calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	31/12/2024 (a)	31/12/2023 (b)	31/12/2024 (c)	31/12/2023 (d)	Amount (c-d)	% (c-d)/d
EBIT	**960**	**833**	**5.597**	**4.501**	**1.096**	**24,4**
+/- Non recurring expenses/(income)	—	8	—	42	-42	
= Organic EBIT	**960**	**841**	**5.597**	**4.543**	**1.054**	**23,2**

PROFIT (LOSS) FOR THE YEAR

(million euros)	31/12/2024	31/12/2023
Profit (loss) for the year	**534**	**511**
Attributable to		
Owners of the Parent	354	335
Non-controlling interests	181	176

CAPITAL EXPENDITURE

All capital expenditure is referred to the Brazil Business Unit. The BU posted capital expenditures in 2024 of 781 million euros, decreasing by 53 million euros on 2023 (834 million euros). Excluding the impact of changes in exchange rates (-61 million euros), capex increase by 7 million euros compared to 2023. The slight increase is due to investments in IT, due to the implementation of several projects.

Consolidated financial position and cash flows performance

Non-current assets

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

- **Goodwill** decreased by 171 million euros as a consequence of changes in foreign exchange rates applicable to the Group's Brazilian operations. Further details are provided in the Note "Goodwill".
- **Other intangible assets** decreased by 507 million euros representing the balance of the following items:
  - Capex (+188 million euros)
  - Amortization charge for the year (-324 million euros)
  - Exchange rate differences for -371 million euros.
- **Tangible assets** decreased by 356 million euros representing the balance of the following items:
  - Capex (+585 million euros)
  - Depreciation charge for the year (-552 million euros)
  - Disposals, exchange differences, reclassifications and other changes for a net balance of -389 million euros of which -398 related to exchange rate differences.
- **Rights of use third-party assets:** decreased by 294 million euros representing the balance of the following items:
  - Investments and increases in finance leasing contracts (+514 million euros)
  - Amortization charge for the period (-330 million euros)
  - Disposals, exchange differences and other changes (for a net balance of -478 million euros of which -325 related to exchange rate difference).

Consolidated equity

Consolidated equity amounted to 7.216 million euros at December 31, 2024 (7.581 million euros at December 31, 2023), of which 5.827 million euros attributable to Owners of the Parent (5.934 million euros at December 31, 2023) and 1.389 million euros attributable to non-controlling interests (1.646 million euros at December 31, 2023).

Cash flows

(million euros)	31/12/2024	31/12/2023
Cash flows from (used in) operating activities	1.700	1.918
Cash flows from (used in) investing activities	93	-1.702
Cash flows from (used in) financing activities	-1.573	-484
Aggregate cash flows	**220**	**-268**
Net foreign exchange differences on net cash and cash equivalents	-104	20
Net cash and cash equivalents at beginning of the year	**2.763**	**3.031**
Net cash and cash equivalents at end of the year	**2.983**	**2.763**

Net financial debt

Net financial debt amounts to -1.130 million euros at December 31, 2024, down of 997 million euros compared to the end of 2023 (-133 million euros).

(million euros)	Consolidated		Other operations		Brazil Business Unit	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Non-current financial liabilities	3.626	4.796	866	1.392	2.760	3.404
Current financial liabilities	1.005	2.084	456	1.323	549	761
Total gross financial debt	**4.631**	**6.880**	**1.322**	**2.715**	**3.309**	**4.165**
Non-current financial assets	-1.001	-1.547	-888	-1.413	-113	-134
Current financial assets	-4.760	-5.466	-3.764	-4.414	-996	-1.053
Net financial debt carrying amount	**-1.130**	**-133**	**-3.330**	**-3.112**	**2.200**	**2.979**

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

Main commercial developments of the business units of the Group

Brazil

2024 was characterized by the consolidation of TIM as a leader in mobile sector coverage, in first place in the Network Consistency Quality Index.
TIM has strengthened its research into social development and digitalization in Brazil, and for the 18th consecutive year it has been selected for the Corporate Sustainability Index – ISE B3. Additionally, TIM has been recognized for the fourth consecutive year as one of the most diverse and inclusive companies globally, achieving the 1st position among global telecom companies in the FTSE Russell D&I Index 2.
Marketing and brand positioning: continues to strengthen the credibility of the brand, supporting social development and digitization in Brazil, while developing the qualitative characteristic of the network. TIM continues to position itself at the forefront of the company's digital transformation. The brand slogan "Immagina le possibilità" (Imagine the Possibilities) invites customers to see the future in a positive light and demonstrates a commitment to stand by them as they face new challenges, opening up a world of opportunities. To reinforce the positioning of our brand as a brand that values our customers and brings advantages beyond just gigabytes of data, in 2024 TIM launched an innovative partnership with one of the world's largest beer manufacturers, AMBEV, through a summer campaign with the slogan 'Get a Top-up', offering exclusive discounts for customers, transforming prepaid credits into discounts on Zé Delivey (a drink delivery app). In a similar way, beginning in the second half of 2024, TIM innovated by sending cashback via money to users' checking accounts, through transfers via PIX (financial direct transfer), for top-ups made through its app.
Mobile offers: In 2024, we continued to improve our positioning towards high value consumers, offering a variety of plans bundling voice, data packages and free access to certain applications, as well digital Value-Added Services (music, e-reading, video streaming). The approach to this segment is driven by the strategy of adding value for the customer base and ensuring users a premium custom experience. The 2024 year was a prodigious one for our consumer offers. In alignment with our innovation DNA, we launched TIM Pre XIP and expanded the scope of our partnership with entertainment brands and streaming services to our control plans.
Customer Experience: We focus on improvement of returns on investment as well as customer experience maximization, but we are also committed to our role in society by promoting environmental, social and governance initiatives that in our view will result in a positive transformation for all stakeholders. During 2024, TIM has covered with 4G all cities in Brazil, thereby assuring 100% of 4G technology nationwide, besides the deployment of 5G coverage in more than 200 cities, including all the Brazilian state capitals. As a result, TIM was recognized by the Open Signal with first 5G Consistent Quality award.
Sales channels: there is always a high focus on channel productivity, segmentation, and quality of sales. In 2023, our primary objectives focused on increasing the share of proprietary channels, advancing the internalization process of e-commerce, and redesigning the MEU TIM app to strategically enhance the customer experience, expand the user base, and improve their digital journey. In 2024, we successfully implemented the second phase, which includes new features related to activation, portability and E-SIM processes, eliminating completely the dependency of all external vendors. In 2024, we completed the development of the MEU TIM app. We successfully completed the initial phase of relocating operations and the e-commerce system in-house, eliminating dependency on external vendors. This change resulted in a new sales record and a significant improvement in unassisted sales channels. Our primary focus has been on enhancing the customer journey by prioritizing the optimization of conversion rates.
Residential market: in 2024 migrating customers from FTTC to FTTH continued, in order to maximize customer experience and profitability, while consolidating the asset-light model to expand the presence through neutral network partnerships such as the one with I-Systems. TIM has taken a more selective approach to FTTH, focusing more on the profitability of the operation.

Main changes in the regulatory framework

Brazil

<u>Revision of the model for the supply of telecommunications services</u>
In 2019, Law 13.879 was approved, that came 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 the past 20 years.
The new telecommunications legislation 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 (previously 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 another series of 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. The Decree also establishes that the network resulting from these commitments must be shared from the moment it enters into service, except where there is adequate competition in the relevant 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 will focus primarily on the upgrade of fixed-line and mobile Broadband networks and on specific areas of the country. Telecommunications networks made under the investment plan will have shared access. The decree was amended by Decree 10.799/2021, which contained public policy priorities for coverage of "census areas with public schools," coverage of population centers not served by mobile telephony, and expansion of fixed broadband access in locations without access. The decree was amended by Decree 11.299/2022, which envisaged the possibility of a private federal network managed exclusively by Telebras (Brazilian state company).
The decree also provides for the assignment of funds for the approval of projects approved by Connected Cities and for the temporary supply of fixed or mobile Broadband. In addition, it regulates the private federal network, which can be carried out by other public or private entities or organizations and the criteria for the use and management of the network will be defined by the Federal Government under the terms established in a deed of the State Ministry for Communications.
In 2020, Decree 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 eliminating historical problems in the sector preventing its development (e.g. free right of way on highways and railways, positive silence, small cells and "dig once").
That same year, Law 14.109/2020 authorized 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 14.173/2021, reducing charges for satellite internet terrestrial stations and amending some of the FUST application rules. The law reduces FUST collection between 2022 and 2026, to telecommunications operators that run universalization programs approved by the Anatel Board of Directors, with resources from the operators themselves. 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 no. 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. During the second half of 2022, in its resolution 02/2022, the Management Board defined further details on the mechanisms for using the FUST, clarifying the role of the financial agent, the accountability mechanism and the Anatel function in the application of the reduction of the contribution in the waiver mechanism. The Board also unveiled connectivity programs for public elementary schools and projects to expand connectivity and grants for low-income users.
In 2023, Decree 11.856/2023 was published, establishing the National Cyber Security Policy (PNCIBER) and setting out guidelines on cyber security in Brazil. This Decree also establishes the National Committee for Information Security.
Anatel has issued several resolutions over the years imposing obligations on the telecommunications sector; these include the new RQUAL (Regulamento de Qualidade dos Serviços de Telecomunicações) and the new RGC (Regulamento Geral de Direitos do Consumidor de Serviços de Telecomunicações). In 2024, Anatel initiated a revision of the PGMC (Plano Geral de Metas da Competição) and the RUE (Regulamento de Uso do

Espectro Radioelétrico), two of the most significant regulations applying to the telecommunications sector. The final approval is expected by the second half of 2025.
We also recently monitored and participated in the public consultations conducted by Brazil's National Electricity Agency (Agência Nacional de Energia Elétrica, or Aneel) on issues relating to infrastructure (pole) sharing and distributed generation. The results of the public consultations are expected in 2025.

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.
Following the joint work of Anatel, operators and the Quality Assurance Support Authority (ESAQ) to define the goals, criteria and reference values of these indicators, in late November 2021 Anatel's Board of Directors formalized the reference documents to support this regulation: the Operating Manual and the Reference Values; it also established the operational entry into force on March 1, 2022. Now, the Agency publishes the results of the quality indicators monthly on its website. As for the Quality Mark, in November 2023 the Agency announced the temporary, partial suspension of the reference values and quality marks document for the years 2022 and 2023 and granted a period of 120 days to submit a new proposal for the method and parameters to establish quality marks
After a sectoral discussion in December 2024, the Board of Directors approved the update of the DVR in a manner divergent from the sector's request, prompting the operators to file administrative appeals.

Review of the General Regulation on Consumer Rights (RGC)
In November 2023 Anatel published Resolution 765/2023, the New General Regulation on Consumer Rights ("RGC"), which revokes Resolution no. 632/2014 and establishes new general rules for customer service, billing and offers, applicable to fixed-line, mobile, broadband and cable TV customers. The new RGC would come into force within in September 1, 2025 as regards the general rules and within fifteen months as regards the registration of offers and the price adjustment rules.
In December 2024, Anatel's board of directors reviewed the cancellation requests submitted by operators, introducing greater flexibility on key aspects such as offer migration, base date for adjustments, automatic renewals, billing during suspension, asymmetry with small providers, and partner commissions. The revised regulation is expected to take effect in September 2025.

Data protection
On August 14, 2018, the Lei Geral de Proteção de Dados Pessoais (Law 13.709/2018 - LGPD) was enacted.
In December 2018, Provisional Measure 869/2018 created the National Data Protection Authority (ANPD) and extended period for the entry into force of the Law to 24 months (August 2020).
In June 2020, Law 14.010/2020 deferred the coming 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. Furthermore, in August 2020, Decree no. 10.474/2020 came into force, which establishes the ANPD (Brazilian National Data Protection Authority), responsible among other things for: producing guidelines for national data protection policy; supervising enterprises and applying sanctions; and issuing regulations and procedures on personal data protection.
In August 2021, articles relating to supervision and sanctions by the ANPD came into force.
In October 2021, the regulation (CD/ANPD no. 1 of October 2021) for the administrative supervision and sanction process under the responsibility of the ANPD was approved.
In January 2022, the regulation (CD/ANPD no. 2 of January 2022) implementing the LGPD for small processing agents was approved.
In June 2022, a Provisional Measure no. 1.124 was published, transforming the Brazilian National Data Protection Authority ("ANPD") into an independent agency of special nature. The Provisional Measure was converted into Law 14.460/22.
In December 2022, the new incident report form was published, with the obligation to report any breach of personal data.
In January 2023, the ANPD became a self-sufficient entity connected to the Ministry of Justice and Public Safety.
In February 2023, the Regulation on Dosimetry and Application of Administrative Sanctions was approved through Res. CD/ANPD nº 4/2023.
In May 2023, the Statement CD/ANPD No. 1 was published, which addressed the applicable legal basis for the processing of personal data of children and adolescents (art. 7 and 11 of the LGPD).
In 2023 February 2024 ANPD published a Guideline on legal hypotheses for the processing of personal data based on legitimate interest.
In April 2024 published a Regulation on Security Incident Communication.

In July 2024 approved the Regulation on the role of the Data Processing Officer.
In August 2024 published the Regulation on International Data Transfer and the content of standard contractual clauses, and the guideline on the use of biometrics and facial recognition.

Competition

Brazil

In 2024 the macroeconomic scenario has changed significantly throughout the year. GDP has grown above projections, with the latest release indicating a 3,5% gain; population average income has also increased; and unemployment rate reached its lower level on record at 6,1% (November 2024). On the other hand, indicators such as inflation, interest rates and exchange rates have deteriorated significantly in 2024. The latest release for inflation indicates a value of 4,8% for 2024, and projection of 5,0% for 2025. Interest rates reversed a downwards trend in the second semester and closed the year at 12,25% with projections of sharp increases in 2025. In this context, foreign investment is being withdraw from Brazil, impacting the BRL exchange rate; and the capital market index Ibovespa has decreased over 10% during the year. Adult population in default is still increasing to over 45% of population, which, combined with rising inflation, may affect families' economic prospects in the near future.
On the political environment, the government is facing a period of lack of momentum for structural reform debates with Congress. The government fiscal measures announced until December 2024 by the Economy Ministry fell short of financial markets' expectations and the scenario remains uncertain for 2025. The tax reform for consumption is still to be finalized, with some provisions under review by Congress.
Forecasts for the next few years carry some uncertainty due to these factors and currently point to a slow stabilization: economic growth is set to slow to 2%, while interest rates are projected to reach 14,75% before resuming a downwards trend, a less attractive context for the growth of foreign investments. Uncertainty about public accounts and economic scenario may impact consumption and increase pressure on operating and financial costs. Despite this scenario, government investments in infrastructure and positive trends in sectors such as agriculture may bring pockets of opportunity for 2025.
The new Brazilian government has maintained financial support for people with lower incomes and sought to increase the minimum wage, which, together with a lower unemployment rate, is supporting consumption, including that of telecommunications services.
The mobile telecommunications sector is still in a period of more competition rationality (after the recent market consolidation), with service providers maintaining their focus on the development of offers that are increasingly attractive to consumers, not only in terms of price but also with additional services, for example through partnerships with companies supplying streaming of video contents and services in other verticals like financial services, education, health and energy supply. The great challenge consists of increasingly involving customers, offering a more convenient, more fluid end-to-end experience with all-digital integration solutions to reduce churn and monetize the customer base. In the last 3 years mobile market has grown significantly above inflation, but this trend will face challenges to be sustained.
In 2024, the mobile postpaid customer base has reached more than 50% of the total mobile market for the first time. In December, the post-paid mobile segment recorded an increase in the customer base of 8,3% on an annual basis, thanks above all to the post-paid ex-M2M (+8,0 million YoY) but also to the post-paid segment M2M (+4,3 million YoY). This market will likely continue to be affected by migrations from pre-paid to hybrid "Control" segments. This growth is based on offer segmentation strategies, through the introduction of distinctive characteristics in the use of data services (e.g. unlimited use of data on specific apps such as WhatsApp, Facebook, Twitter, Netflix, etc.) in pursuing a "More for More" policy logic that aims to guarantee a greater stability of prices and an effective repositioning of the customer base on higher value offers (voice+data+bundle with OTT contents).
In the pre-paid segment in December 2024 the customer base decreased by 4,9% year-on-year. This may be a consequence of economic environment, as well as the high level of prepaid to postpaid migration. The main aim of market operators was to increase the percentage use of services, leveraging the SIM card consolidation process in progress on the market, encouraging migration towards weekly (and monthly) or hybrid (Controle postpaid) plans, offering a range of service bundles according to the needs of customers (unlimited voice calls or data packages). This strategy aims to improve the customer base mix and ensure greater stability (and a reduction in the churn rate) and the growth in ARPU.
Service quality is still an element of differentiation. The telecommunication suppliers that have invested more in the development of 4G and 5G networks (coverage and capacity) and in the improvement of processes shaping customer experiences will have a greater capacity to apply premium prices because customers increase their expectations and assign increasing importance to the quality of data services and higher value contents. Each main mobile operator already provides 4G coverage for over 97% of the Brazilian population (up to November 2024), and 5G coverage already over 58% of Brazilian population, with the three main operators offering average availability in excess of 95% (according to the January 2025 Open Signal report) and consistent quality above 60% (according to September 2024 Open Signal report). TIM is leading in both availability and consistent quality.

2024 was a year to keep 5G coverage and customer base increase trend. In November 2024, 5G coverage exceeded 840 cities and the customer base reached 38,1 million (14,5% of the market). Operators' goal is to be able to increase mobile ARPU due to the consumption of new services enabled by 5G (e.g.: latency-based rates, additional features such as entertainment packages). 5G is also expected to bring new applications for B2B segment in several industries in the coming years.
The fixed Broadband market registered a growth of ≈ +10% in October 2024 YoY. The growth comes primarily from ISPs (+4,5 million year-over-year in October 2024, representing ≈90% of total market growth of 5,0 million), which tend to offer cheaper services and reach areas where traditional players have limited infrastructure. This trend has led to the increase in the number of regional market players and early signs of consolidation in a highly fragmented market (the total number of official ISPs has decreased in 2024 but it is still above 8k). The market has seen a dynamic of M&As of smaller ISPs from larger ones and movements of M&As between larger ISPs are expected in the future (as already seen between Vero and Americanet). The population penetration rate has already reached approximately 70% of the 73 million families and a phase of maturity has begun, but with room for growth in the medium term compared to many other countries.
In this context of market growth with high level of competition, TIM adopted a commercial strategy to expand coverage selectively looking for profitable growth, offering broadband Internet services, mainly through FTTH, and focusing on reducing friction points to improve retention. TIM has a customer base of ≈ 800 thousand users as of December 2024. Profitable and selective growth is being pursued by the company though an asset light model where fiber assets were carved-out to limit exposure to a market with lower return rates.
There is also competition from other services outside the telecommunications sector, such as global and local OTT providers, who offer internet-based content and services, including voice calls and messaging, without paying for network infrastructure. OTT applications have become so important to customers that in many cases they are offered by mobile operators as free services. OTT communications applications have a business model that requires increased network traffic, but it is telcos that must finance and make the network infrastructure investments needed to handle the increased internet traffic generated by OTT applications.

Innovation, research and development

Brazil
The Technology Innovation department is responsible for Technical Research and Development (R&D) activities; its main tasks are to define technological innovation for the network technology, to identify evolutionary needs for technologies and devices, converging strategic alliances in order to use the new business models and guarantee that the network infrastructure evolution is in line with the corporate strategy.
In December 2024, the Technology Innovation department was made up of 27 people, incorporating telecommunications, electrical and electronics, IT and others with professional skills and experience, which cover all areas of network and IT knowledge, meeting the need to innovate and support research and development activities.
The Technology Innovation function continued to work on projects and initiatives to develop TIM's business, which can be grouped into the following macro groups:

- next generation network;
- with positive impact on the environment and society;
- future Internet applications;
- Open Lab Initiatives.

TIM Lab - TIM Lab is the multifunction environment focused on innovation, which also plays a strategic role in supporting credibility tests and trials, as well as PoCs (proofs of concepts), collaborating with the main suppliers and technology partners through knowledge sharing, technological infrastructure for interoperability tests, staff assessment and the definition of technical requirements; in synergy with the R&D department, it facilitates innovation activities and promotes collaborations with universities and research institutes.
The TIM Lab Innovation Center has moved to the São Cristóvão district of Rio de Janeiro, in the State of Rio de Janeiro, has a surface area of 850 m^2 and can also be used as an innovation space open to new opportunities, guiding innovation on the Brazilian telecommunications market and acting as national point of reference for research and development, as well as strengthening the validation capacity regarding new software, features, solutions, technologies, services and devices and extending the current structure in order to pursue and develop more businesses and opportunities in 2023-2024.
During 2024, TIM Lab has worked on 51 homologations of mobile devices (41 new smartphones, 4 new software, 6 regressions to correct errors), and 15 SIM card homologations.
TIM Guaratiba Valley – TIM Guaratiba Valley, established in 2019, is an innovation campus for Silicon Valley-inspired infrastructure solutions. The space covers an area of approximately 10,000 m^2 and allows for the development of network projects focused on efficiency, agility, and low cost. Among the innovations produced are urban furnishings, such as flowerpots and park benches, Biosites, off-grid sites, and extreme low-cost (ELC) solutions used in the Sky Coverage Project, as well as remote monitoring initiatives, security solutions, and

testing and approval of batteries and direct current power sources used in base transceiver stations (BTS). In 2023, TIM S.A. launched the Secure Site project in collaboration with the Security area to demonstrate/test security solutions in general, with the goal of mitigating equipment theft at our sites. On the B2B-project front, TIM S.A. have developed a Zero Footprint site that will be used, for instance, to provide 4G coverage on highways.

Next generation network projects
The reallocation of the 1.800 MHz, 850 MHz and 2.100 MHz bands from 2G/3G to 4G continues going on, with a multilayer deployment configuration, yields important competitive advantages for TIM S.A such as the reduction of costs for the implementation of LTE, the activation of the carrier aggregation strategy, improving the customer experience through higher throughput, and the best indoor coverage (the use of the 850/1.800/2.100 MHz bandwidths could increase the capacity in cities already covered by the LTE bandwidth at 2,6 GHz, at limited additional cost). In this scenario, over 99% of current LTE terminals are compatible with the our LTE available bands. Therefore, the implementation of the multilayer LTE continues to be an excellent strategy that benefits from the spread of devices.
Since the end of 2022, TIM S.A. has covered all cities of Brazil, assuring 100% of presence nationally (in any technology). In the end of 2023, 100% of the Brazilian cities (5.570 cities) had 4G coverage. The implementation of the 700 MHz LTE layer has continued to significantly improve coverage expansion and indoor penetration, promoting the presence of LTE on a national level, and consolidating TIM S.A.'s leadership in LTE.
Also, since 2022, TIM S.A. is deploying n78 band (3.500 MHz) sites, according to the regulatory rollout specified in the auction, which means that all capitals in Brazil have TIM's 5G SA (Standalone) coverage. In addition, TIM leads its competitors in 5G coverage: as of December 2024, TIM has 607 cities covered with 5G, serving more than 67% of the urban population. This frequency band has 100 MHz of bandwidth, that offers higher throughput.
In February 2024, TIM achieved Americas' speed record (11,6 Gbps) when the 5,5G (5G Advanced) technology was tested in the TIM lab.
Another highlight is the support for TIM's IoT strategy, where Nb-IoT network coverage has reached more than 5.000 cities nationwide. This provides an important base for exploring new business opportunities.

Projects entailing a reduction of energy consumption
The expansion of "LTE RAN Sharing", in partnership with other mobile operators in Brazil to fulfill regulatory obligations from the 4G spectrum auction, aims to define the architectural requirements, technical assumptions and specifications for the "LTE RAN sharing" solution, optimizing network resources and costs. At present, this is the largest agreement for RAN sharing worldwide and it supplies 4G services to the main cities of Brazil.
The RAN sharing agreement allows TIM SA to further the spread of LTE in Brazilian rural areas, thanks to effective sharing of spectrum, access and backhaul. Now, following the acquisition of Oi, the RAN LTE sharing solution is a partnership between TIM SA and Telefónica, based on the MOCN architecture, which has expanded the advantages and efficiency of this technical model. The energy consumption recorded for the site, dependent on the access technology and coverage conditions, showed a reduction of up to 10%.
In December 2019, TIM S.A. and Telefónica stipulated new sharing contracts aimed at increasing the network cost efficiency through the following initiatives:

- **Single network**: sharing of the 3G and 4G networks in cities with fewer than 30 thousand inhabitants in which both operators provide their services. The underlying idea is to have, in the cities included in the agreement, a single telecommunications infrastructure that is entirely shared by the operators, thereby allowing them to switch off redundant sites and save on energy, rent and maintenance costs. This also allows for greater efficiency in future investments thanks to the sharing of the spectrum in MOCN mode. As of May 2021, each party increased its 3G and 4G coverage in more than 300 cities with a total of 422 shared sites on each side. From 2021 to the end of 2024, we added further cities within the single network agreement providing 3G and 4G presence. In more than 380 cities, one of the operators disconnected the 3G and 4G networks (resulting in 23% of the agreement perimeter having been deployed).
- **2G Switch-off**: nationwide sharing of the 2G network using GWCN technology, enabling both operators to switch off part (approximately 50%) of their network with the same technology, consequently saving on energy and maintenance costs. By the end of 2024, as a result of the sharing agreement, TIM shared their 2G network in 785 cities, including important cities such as Rio de Janeiro, Curitiba, Fortaleza, Brasilia, Belem and Recife . On the other hand, Vivo in the same period, shared their 2G network in 1.063 cities, including cities such as Belo Horizonte, Salvador, Manaus, Porto Alegre and Campinas (around 80% of the agreement perimeter has been deployed at the end of 2024).

The implementation of RAN Sharing projects (Single Network and 2G Switch-off) continues in 2025, with substantial savings in energy consumption-

Next generation network projects, future Internet applications, positive impact on the environment and society

5G for the automotive segment - in June 2023, in collaboration with Stellantis, IP Facens (the Research Institute of the Facens University Center) and the universities of USP - São Carlos, UFSCAR and the German Technische Hochschule Ingolstadt (THI), TIM announced the launch of the project Conecta 2030: connected, cooperative ecosystem to detect pedestrians at crossroads, aimed at creating a collaborative environment focused on initiatives assuring the safety of pedestrians and cyclists. From now on, the companies involved in Conecta 2030 will need to address the challenge of developing a concept-ecosystem from 2023 to 2026, for the development and implementation of advanced driver assistance systems (ADAS), based on three main pillars: 5G connectivity, artificial intelligence and digital twins.

In 2024, Also in the automotive sector, TIM, UFPE (Federal University of Pernambuco) and Stellantis (together with other companies and universities) launched another partnership, which was also supported by the Brazilian government's "Rota 2030" program to promote research and innovation in the vertical automotive segment through the "Vehicle OTA" project.

The main goal this project is to implement a secure and integrated electronic module capable of promoting OTA (Over-The-Air) firmware updates in vehicles' electronic control units (ECUs).

Private Networks - In 2022, TIM started offering private networks, with edge core and Multi-Access Edge Computing (MEC) capabilities on the customer premises, allowing the deployment of high throughput, low-latency, and high availability services on 5G. The first deployment was occurred in 2023, involving a customer in the port logistics segment. Also in 2022, TIM ran a Proof of Concept with a customer in the automotive industry, successfully demonstrating an automated quality conformance use case. In 2024, an RFI was launched to understand the current Private Networks vendor's ecosystem, and a new vendor solution will be settled in 2025 to address corporate customer's needs.

5G Fund - In 2023, TIM announced another strategic investment to map technology-based solutions. In collaboration with investment manager Upload Ventures, whose investments are specialized in companies operating in the B2B and B2B2C segments, TIM created the 5G Fund, which aims to foster businesses in different sectors of the economy. The goal is to contribute to the development of companies, including startups, by providing financial support especially to those that already have coherent business models, and to support defined growth plans by leveraging our industrial and technological assets. The 5G Fund plans to make eight to ten investments over a two- to three-year period, each with an average investment of between 20 million dollars and 25 million dollars.

5G REDCap – In 2024, the Technology Innovation team has worked on establish and validate TIM's 5G REDCap solution which is the new 5G standard that is designed to address the 5G use cases (eMBB, uRLLC, and mMTC) with low output and battery efficiency.

Open Lab initiatives

TIP Initiatives - TIM S.A. joined the Telecom Infra Project (TIP) in 2017, an initiative founded by Facebook, SK Telecom, Deutsche Telekom, Nokia, Intel and other companies, which aims to create a new approach to building and implementing the telecommunications network infrastructure. Tim S.A. transformed TIM Lab into the first TIP Community Lab in Latin America, available to Tip members to create universal standards for solutions (initially transport networks, Open Optical Packet Transport working group), to overcome the challenges related to interoperability of different supplier products.

In 2018, TIM S.A. also joined, together with Vodafone and Telefonica, a new working group within the TIP, called DCSG (Disaggregated Cell Site Gateway). This project creates an opportunity to define a common set of operator requirements and coordinate with companies that manufacture devices, which have wider and more flexible capacities and are cheaper; in June this year, the main functions of the solution were demonstrated with the help of Facebook, core EDGE suppliers and TIP members.

Finally, in 2020, TIM S.A. and the TIP partners completed their validation of the TSS (Total Site Solution), an inexpensive, unrestricted 4G NodeB solution, powered by solar energy and connected by satellite to the core TIM S.A. network, to be used in remote zones with low population density. Since then, Tim has also adhered to other initiatives, like OpenRAN with the Open Field project, to validate OpenRAN 4G and 5G solutions focused on the separation of hardware and software at RAN level. This latter initiative ended in March 2023, when TIP scaled back its business in Latin America, but before this it was possible to validate the Open RAN 5G SA TIP test plan with an Open RAN 5G supplier.

5G Open Labs Brazil with UFPE - in April 2023, TIM and UFPE (Federal University of Pernambuco) signed a protocol of intent to jointly carry out teaching, research, dissemination and innovation activities involving the exchange of technical and scientific information, especially in the area of Communication and Information Technologies.

Living Lab 5G – with Florianópolis City Hall and ACATE (Catarinense Technology Association): In January 2024, TIM entered into a Technical Cooperation Agreement with the City of Florianópolis to provide connectivity infrastructure for the Living Lab 5G Florianópolis Program. This urban lab will leverage the real city environment to test and validate technological innovations and business models using 5G technology. Innovative solutions will be considered for testing in areas such as security, sanitation, and urban mobility. This partnership aims to encourage open innovation and to contribute to growth and digital transformation in sectors such as education, healthcare, transportation and security, which will derive benefit from the 5G network.

Human resources

Brazil

The People, Culture & Organization Directorate is structured with the purpose of ensuring best practices in people management to support the Company's evolution, aligned with technological transformations and business challenges, the commitment to sustainability, and the appreciation of diversity and inclusion. Additionally, it always seeks the evolution of the work model, the construction of ecosystems for the continuous development of skills, and the promotion of care and well-being for our employees in all dimensions.

To bring the strategy closer and closer to the employees and ensure the focus of the leaders on the needs of the business, in 2023 we carried out a cultural diagnosis with the top leadership, based on an internationally recognized methodology, the Barret Value Centre, with the objective of mapping the values of the current culture and the values of the desired culture, identifying opportunities for evolution in our way of being and acting, providing appropriate behaviors and a favorable environment to achieve the expected results.

We communicate the company's strategy to the team, ensuring a clear understanding of the strategy's priorities, bringing people closer to the commitment to results, through Identity 101, based on 3 pillars:

1. **Customer first**: The focus on the customer experience, throughout their journey with TIM, is the driver of our priorities. It is imperative that we continuously assess the value we add to this journey and implement necessary changes to enhance any factors impacting the customer experience.
2. **Zero Barrier**: eliminating barriers is a critical premise and should be a continuous practice. When we are faced with some difficulty, with something that could be done better, we must mobilize and involve the necessary people to promote these changes. Collaboration is the key to these changes and the best way to achieve and exceed goals.
3. **You, the protagonist**: we only leave the comfort zone when we become protagonists. When we take responsibility with courage, focus and determination, we are committed to making a difference.

Leadership was once again involved to build cultural values, which guide daily behaviors and throughout the organization, contributing to the achievement of results. The values are:

- **Surprise the Customer**: Delivering exceptional customer experiences is our greatest motivation. We provide freedom of choice with the best solutions and experiences for our customers and society. Our aim is to make a positive impact on people's lives. Because we want to make a difference in people's lives.
- **Be a Protagonist**: We make it happen with enthusiasm and diligence. We take on challenges with with a proactive and positive mindset, demonstrating unwavering commitment and responsibility in all our endeavors.
- **Overcome Barriers**: Agility and collaboration drive our accomplishments. We continuously challenge existing standards and swiftly adapt to changes with high quality. By simplifying our processes, we consistently deliver exceptional results.
- **Build Trust**: Transparency and respect are the foundation for trust in all our relationships. We prioritize active listening, empathy, and collaboration to enhance our relationships. Ethics and integrity are non-negotiable.
- **Promote Inclusion**: At our organization, every individual is valued and encouraged to express their true selves. We embrace a diversity of ideas, skills, and backgrounds, utilizing technology to support sustainable socio-environmental development.
- **Think Big**: We anticipate and build the future. The search for innovation drives us to deliver solutions that keep us at the forefront. We possess the courage to dare, exceed, and transform society.

Having an engaged team is essential to overcome challenges and achieve better results. At TIM, the emphasis on transparency and mutual respect across all levels fortifies the sense of pride and clarity regarding our direction. These factors are differentiators in the development of our employer brand and employee experience.

In 2024, we successfully sustained a high level of participation in the Climate and Engagement Survey, with an adherence rate of 97%, demonstrating the reliability of this feedback channel and the trust TIM employees place in it.

We consolidated the excellent result of the previous year, maintaining a high level of favorability at 86% (0pp) and engagement at 90% (-1pp). When compared to the markets evaluated by Mercer, our consulting partner in administering the Survey, our performance is noteworthy: we are 12pp above the Global Telecom Market and 10pp above the General Market Brazil. In addition, we exceeded P75 (the top 25% positioned in Brazil) by 3 pp, and we are only 2 pp away from reaching P90 (the top 10% positioned in Brazil).

When evaluating the performance of the Survey dimensions, we observed strong consistency year over year: the Attractive Careers dimension, which already had high results, increased by 1 pp, reaching 91% favorability;

Organized Processes (83%) and Fair Reward (83%) remained stable; and Culture of Integrity (91%), Engagement (90%), Responsible Leadership (86%), Prosperous Individuals (85%) and Organizational Agility (78%) showed slight decrease of -1 pp. Healthy Environment, a dimension that had favorability above the company's average, experienced a reduction of 2pp, reaching 86% - in line with TIM's overall result.
Of the 9 dimensions, 8 are above Mercer's P75 market (25% best positioned in Brazil). Career-related aspects showcased impressive results, with 95% favorability in continuous growth opportunities (+7p.p. compared to P90) and 89% in the perception of being able to reach their full potential at TIM (+2p.p. in relation to P90). Additional highlights include the pride of our employees (94%) and the high engagement (90%). Our diverse and inclusive environment remains a significant strength, performing 4 p.p. above P90, with 96% favorability. TIM employees also acknowledge the company's strong commitment to combating any form of harassment or discrimination (94%) +1p.p. above P90.
Finally, we highlight the positive results in TIMe's perception of leadership, with advances in important aspects: feedback (90%, +5p.p. compared to P90), openness to listen (91%, +1p.p. compared to P90) and encouragement for the team to suggest improvements (89%, +1p.p. compared to P90).
In 2025, our main challenge will be to follow the Organizational Agility evolution plan, started in the second half of 2024, which mapped 130 actions on the Collaboration, Tools, Systems, and Processes fronts. The plan is conducted collaboratively by several areas of TIM, with continuous monitoring to assess its impact and efficiency, and broad communication about its deliveries.

People
At the end of 2024, the Brazil BU employed 9.127 individuals across Brazil. These employees, with their diverse experiences and expertise, constitute the Company's intellectual capital and drive the development of our business.
Approximately 68,3% of employees have completed higher education or are currently pursuing university degrees, while 9,1% possess postgraduate qualifications.
In 2024, we also achieved the ESG goals established with the market in the areas of social representation. Our workforce comprises 42% of self-declared black employees, and women hold 37,4% of leadership positions. These figures and results demonstrate that TIM has a diverse and highly qualified team ready to meet the company's future challenges.
The workforce is complemented by 254 interns and 155 young apprentices.

Development and Training
In 2024, we consolidated our people development practices, integrating them with the new Cultural Values and the organization's strategic priorities. Through comprehensive and customized actions for various target groups, we reinforce alignment with corporate goals and provide the necessary support to drive TIM's sustainable growth.
We have further refined our Performance process based on feedback from TIMe, ensuring it adds substantial value to employee development. Alongside enhancing the Competency Model for Assessment by Cultural Values, we have bolstered the role of Leadership in project-based assessment, fostering a more integrated and collaborative approach.
At the beginning of 2024, we concluded the 2023 performance cycle, where approximately 8,800 employees were evaluated, achieving a notable 98% participation rate in the evaluation phase, underscoring the significant engagement within the organization. In July, we launched the 2024 performance cycle, initiating the first stage of evaluation by projects, where leadership and peers/customers conducted evaluations, resulting in a 90% adherence rate.
These advancements reaffirm our continued commitment to the evolution of our development culture and Feedforward process through agile, personalized, and inclusive strategies. We prioritize customization and added value as core principles of our people development strategy, ensuring these initiatives continue to facilitate TIM's sustainable growth.
For leadership development, we continued the E-Coaching program and the Intercompany Mentoring program for women. Additionally, we implemented the Coach Leader Journey to train leaders capable of fostering cultural evolution using coaching tools that contribute to the expansion of desired skills and behaviors. We also conducted training in Powerful Conversations, aimed at enhancing effective communication skills crucial for strengthening team relationships and performance. These initiatives collectively empower leaders to tackle challenges and promote the sustainable growth of the organization.

- In the E-Coaching program, four new classes were introduced, bringing the total to 21 classes since its inception. Sixty-nine leaders, most of whom were newly promoted, engaged in a digital journey featuring both individual and group coaching sessions with certified coaches accredited by the International Coaching Federation (ICF). They also had access to specially curated content and tools. Since its launch in 2020, 400 participants have successfully completed this program. In the Intercompany Mentoring initiative, in partnership with the "Positive Women" program, the fourth wave saw 60 participants from five different companies. Over a six-month period, they engaged in mentoring sessions, lectures, and peer-to-peer meetings. This cohort included 23 women from TIM. To date, the program has impacted 440 women,fostering empowerment and accelerating career development within the participating organizations.

The Intercompany Mentoring Mentee Community was another significant initiative, impacting 105 women from 20 companies. This program provided a platform for networking and experience exchange, included conversation circles with inspirational leaders, and marked the first in-person meeting with participants since the program's inception in 2021.

- The Coach Leader Journey was offered to 200 leaders at levels N2, N3, and N4, with plans to expand to additional levels of TIM leadership in 2025, further broadening the reach of this strategic initiative.
- Training in Powerful Conversations, aimed at enhancing the communication and management skills of store and call center leaders, directly impacted 200 leaders, significantly strengthening their ability to manage daily operations effectively.

Other initiatives that contributed to employee development included the Internal Mentoring programs for Interns and Professionals. These programs involved 108 interns paired with 108 mentors, as well as 150 professionals paired with 150 mentors. These mentoring sessions facilitated meaningful exchanges, networking opportunities, and the reinforcement of Cultural Values, fostering mutual growth among participants.

In 2024, we made significant progress in Talent Management, continuing the Committees for the other areas of the company. We completed 100% of the rollout with the discussion of approximately 190 executives in 56 hours of dedicated time, ensuring a robust and integrated mapping of organizational leadership.

This evolution continues the work started in 2023, when we established the first Talent Committee within the Operations area (Chief Revenue Officer). This pilot project not only identified strategic talent but also refined the internally developed methodology, ensuring an effective and scalable model applicable across all organizational areas.

For senior leadership, our strategic initiatives continue to map out the executives who will ensure the long-term continuity of the business. Another wave of the Top Executive Assessment, conducted in partnership with an external Leadership Advisory consultancy, has aided in identifying and accelerating the development of top executives, which will feed into the company's succession planning.

TIM also continued the personalized learning journeys for various areas, addressing the specific needs related to each activity.

Started in 2023 and consolidated in 2024, the Digital Wave integrated learning and acculturation program aims to boost the development of the Digital Mindset and Technical Skills essential for the digital transformation context. During the 2024 fiscal year, 4 key initiatives were highlighted:

1. TIM Agile Academy
2. TIM AI Academy
3. TIM Data Academy
4. TIM Digital and Culture Mindset

1.In 2024, the TIM Agile Academy was introduced to enhance organizational agility through comprehensive training in agile methodologies and their effective application in projects. This initiative aims to equip employees with new skills and achieve better outcomes for TIM. The academy offers three training profiles: Agile Practitioner, Agile Advanced, and Agile Coach, collectively training approximately 460 professionals throughout the year.

2.The AI Academy, initiated in 2024, offers a personalized learning journey that includes a variety of courses covering both technical and behavioral topics, preparing our team for future challenges. To disseminate foundational knowledge company-wide, a literacy course was launched in August 2024. This course has already been completed by approximately 5.700 employees, representing 60% of the workforce.

3.In 2023, the TIM Data Academy was established as a significant milestone for TIM Brasil, aimed at leveraging advanced analytics for value generation, enhancing the success of use cases, developing business opportunities, and fostering a Data-Driven culture. In 2024, the academy's relevance was further solidified with the introduction of a new training profile, Data Expert, bringing the total to four profiles. Additionally, a portal was launched to provide organizational access to information about the initiative, upcoming classes, and free courses. Over the course of 2024, 974 professionals participated in the academy, representing a 60% increase from the previous year.

4.Finally, the TIM Digital and Culture Mindset initiative, launched in 2023, introduced a novel and custom-created tool to assess the digital maturity of TIM professionals and leaders. This assessment is based on 6 soft skills: creative thinking, curiosity (learning agility), collaboration (relationship management), sense of responsibility, digital problem-solving, and focus on customer experience. These competencies are benchmarked against global standards, including those from the World Economic Forum, Bain & Company Report, and other scientific research.

If the last year was primarily focused on diagnosing skills through an assessment completed by 90% of the organization, 2024 saw the introduction of customized Learning Journeys tailored to each of the mapped skills, with about 35% of professionals having already started these journeys.

To support the development of these initiatives, we have further strengthened Plural, an internal knowledge-sharing program designed to enhance both technical and behavioral competencies essential to our business. This program empowers employees to act as knowledge multipliers by creating and disseminating content, fostering a strategic, democratic, customized, and flexible learning network. Topics covered include Excel, Power BI, Data Storytelling, Design Thinking, and Mindfulness, among others. The program also features a recognition system where multipliers can earn points for educational activities and benefits, thereby acknowledging their contributions and supporting the retention of these experts within the company.
Additionally, for the operational teams, including the sales force and service personnel, we have tailored learning journeys to meet the specific needs of each group. These journeys encompass socio-emotional, technical, and institutional topics with the aim of enhancing performance, fostering continuous development, and ensuring that employee behavior aligns with the ongoing improvement of the customer experience, positioning them as key players in every interaction.
In 2024, we successfully trained approximately 98% of our sales force and achieved full participation from our after-sales service team.
TIM also introduced several transversal initiatives including:

- **Conecta**: An onboarding program designed to integrate new employees and foster a sense of pride in being part of the company. Through a dynamic and structured journey, it offers welcoming, collaborative, and educational activities covering topics such as ethical conduct, anti-corruption measures, the sectoral context in which the company operates, and the competitive landscape.
- **TIM Talks**: An annual Training, Development, and Communication program available to both employees and the general public. In 2024, we revamped the initiative by integrating it with an event aimed at the families of our employees. TIM Talks+Família 2024 focused on exploring Artificial Intelligence (AI) as a crucial enabler of digital transformation within the company and society. The event successfully engaged our employees and their families, providing new learning opportunities and experiences that promoted both cultural and digital evolution. Held from October 15 to November 15, the event featured over 15 panels and online lectures, along with in-person activities at the CEO office and regional branches.
- **Well+Being Connection Program**, which aims to strengthen TIM's care for TIMe and their families. This initiative involves practical actions to ensure overall well-being, focusing on various dimensions such as physical, mental, and financial health, thereby promoting a better balance between professional and personal life. The Well-Being Connection is structured around three key pillars:
  - Body and Mind in Harmony: actions and benefits related to the promotion of self-care with physical and mental health.
  - The Power of Your Future: actions and benefits aimed at financial security, development, and career.
  - You Being You: actions and benefits aimed at diversity and inclusion, flexibility, and customization of needs (flexible benefits).

In 2024, we executed over 250 initiatives within these pillars throughout the organization, with particular emphasis on launching a flexible benefits program for professionals. Additionally, we introduced programs focused on financial well-being and the promotion of self-care, complemented by new benefits and strategic partnerships.

Cybersecurity Actions: Throughout 2024, we implemented initiatives aimed at fostering a strong cybersecurity culture within the company. We continued the Security Champions Program, designed to enhance the understanding of key security concepts among employees in the Technology and Business areas, thereby improving the organization's overall security posture. Additionally, we managed and monitored mandatory Phishing Prevention courses for all employees, ensuring they are equipped to identify and mitigate risks associated with potentially harmful messages and emails.

Talent Attraction and Acquisition
In line with our strategic plan and cultural values, TIM has strengthened its employer brand positioning by implementing actions focused on the development of digital and technological skills, thereby enhancing the effectiveness and accuracy of talent acquisition.
In 2024, we continued to hire professionals who adhere to these new capabilities, successfully filling 80% of the vacancies handled in recruitment, and reinforcing our commitment to acquiring new skills that ensure the continuous evolution of our business.
We also work to evolve in hiring professionals according to the company's corporate Diversity and Inclusion strategy and goals. For leadership positions, we successfully recruited 40% women, contributing to our corporate goal of achieving 37.4% representation of women in leadership roles by 2024. Additionally, we hired 159 professionals with disabilities across various departments, reaching 95,5% of our hiring target for this demographic.

In addition, we refined our talent attraction strategy for entry-level programs, focusing on promoting an experience that would bring learning and development to expand our talent pipeline. We prioritize requirements related to soft skills and aligned with the primary diversity pillars at TIM:

Internship Program: In 2024, we announced the most recent edition of the TIM Internship Program, offering 179 positions across 7 Brazilian states. These positions were strategically aimed at acquiring talent in various areas, with a predominant focus on skills related to digital innovation and business evolution. Promotional strategies included social media campaigns, collaborations with influencers, and both in-person and online events at universities. Internal communication efforts were spearheaded entirely by women to reinforce gender representation. Employees were encouraged to promote the Internship Program opportunities through the internal campaign #ChamaProTIMe. These initiatives resulted in 15,886 applications, reflecting a 19% increase compared to the 2023 program. This marked the second consecutive year with a record number of registrations in TIM's Internship Programs, underscoring the effectiveness of the company's employer branding efforts.

The hiring process included an initial stage of assessment and gamified dynamics, incorporating modules focused on engagement, cultural fit, and logical reasoning. This approach deepened the understanding of TIM's organizational culture, its unique aspects, and innovations. Throughout the selection process, candidates had the opportunity to choose their preferred macro area of activity and received preparatory materials to better connect with and learn about TIM.

Regarding the Diversity and Inclusion pillars, we have continued to prioritize attracting a diverse audience, achieving representation with over 78% of interns identified within at least one of the diversity pillars. Our commitment to the racial diversity pillar resulted in 47% of hires being self-declared black and brown individuals. Among the hires, 56% are women, and 22% identify as part of the LGBT+ community, based on self-declaration. Additionally, the program attracts a broad range of talent, including 7.8% of interns aged 30 and above.

During the program, interns participate in a diversified and personalized development journey, consisting of online and face-to-face courses, mentoring and business challenges, providing the opportunity to improve and develop essential skills for development and increase the chances of being hired in the company's vacancies. The Internship Program solidifies TIM's ongoing commitment to excellence, diversity and innovation.

Young Apprentice Program: In 2024, we started building a talent bank that today already has more than 15 thousand applicants for TIM's Young Apprentice opportunities. Of this database, 64% are women and 57% declared themselves black or brown. 172 people between 18 and 24 years old were hired across the country, who started their professional career at TIM, following the company's diversity cuts.

The program was reformulated to reflect TIM's cultural values since the selection process, with more active participation of leadership and local partnerships to reinforce our employer brand. In addition, the program has a strong social impact and is aimed mainly at people in situations of social vulnerability. We have partnerships with third sector institutions that reinforce this premise, such as PROA and the consolidation of the Pacto de Empregabilidade Entre o Céu e a Favela.

The journey of this group includes both theoretical knowledge and practical experience, with vacancies available in administrative areas and stores. Throughout their development journey, apprentices acquire essential skills that will aid in launching their professional careers and preparing them for future challenges. In 2024, 21 young individuals transitioned into various positions across different departments within the company.

In 2024, we consolidated the full use of the new ATS Gupy (Applicant Tracking System) for all TIM vacancies, using data and artificial intelligence to increase agility and assertiveness in recruitment processes. In addition, we trained the Talent Acquisition team in the use of artificial intelligence tools applied to recruitment processes and implemented the Values Interview to assess the adherence of candidates to TIM's culture and values.

We also reinforced our employer brand and had more than 1 MM views of our opportunities on talent attraction platforms (LinkedIn, Gupy). On Linkedin, we had a conversion rate in applications to our vacancies of 18,6%, 6,9% above the benchmark in our market.

<u>Diversity and Inclusive Culture</u>

In 2019, a dedicated management team for Diversity and Inclusion was established as part of the People, Culture & Organization board. The Cultural Education & Inclusion Management area is tasked with defining and implementing policies, along with overseeing projects and initiatives aimed at cultural transformation and education on corporate issues. This team ensures the evolution of policies and initiatives to promote diversity and inclusion, aligning with the Environmental, Social & Governance (ESG) function.

Since its creation, the Cultural Education & Inclusion Management area has established a robust governance framework that encompasses continuous communication and training initiatives. This framework is aligned with an annual diversity and inclusion calendar, which references both UN international dates and significant national dates. The area is responsible for formulating and updating policies and processes that foster an inclusive culture, tracking relevant indicators, and implementing targeted projects and initiatives to promote inclusion across various diversity pillars. At the executive level, a Diversity and Inclusion Committee was established in 2020, led by TIM's CEO and comprising all direct reports. This committee oversees the progress of processes and identifies opportunities to advance the company's diversity agenda. Recognizing the importance of employee engagement in cultural evolution, TIM launched five Affinity Groups in 2020, each dedicated to one of the diversity pillars detailed on the following page. These groups now include approximately 5.500 employees.

TIM regards workforce diversity as a cornerstone of fostering a positive experience for all individuals. The company continually strives to promote a culture of respect and inclusion among employees and within Brazilian society, reaffirming its commitment through its ESG Plan objectives. In alignment with these strategies, in 2024, TIM sustained its focus on the diversity and inclusion pillars, including:

- Gender: We are committed to achieving gender equality by empowering women, increasing female representation in leadership roles, and promoting policies and initiatives focused on employability, career development, and health and well-being. Furthermore, we actively combat violence against women through strategic partnerships and dedicated programs.
- People with disabilities: We combat ableism, promote an increasingly accessible environment, increasing hiring and supporting the career development of people with disabilities at all levels
- LGBTI+ people: We promote a safe environment that combats LGBTI+phobia through employability programs, career development, and awareness initiatives that ensure equal treatment for people regardless of their affective-sexual orientation, gender identity, and expression.
- Race/Ethnicity: We fight racism and increase the representation of black leaders at TIM, ensuring equal opportunities, regardless of race and ethnicity.
- Generations: We value an intergenerational culture, combating ageism, valuing generational diversity in an environment of exchange and mutual learning, in addition to promoting equity actions for people 50+.
- Social Inclusion: This is not a specific pillar of the Cultural Education & Inclusion Management area, however, TIM has a strong commitment to social inclusion. With this in mind, in 2022, we started a partnership with the NGO Gerando Falcões in favor of the social and economic transformation of peripheral communities across the country, with initiatives to promote productive inclusion, bringing more technology to the communities, employability, training, and donation of resources to social projects carried out by the NGO. Between 2023 and 2024, we held 3 training classes in sales and technology, with 60 people trained for the job market and 10 hired to work in our own stores and we trained approximately 84 women from the ASMARAS project, which aims to generate more income for women who work as door-to-door salespeople in their communities for the sale of TIM chip and recharge. In addition to the training, 1000 chip + recharge and a merchandising kit with fanny pack/ credit card machine holder and shirts from the program were donated.

Additionally, the "Respect Generates Respect" program, which was launched in November 2021, has seen intensified actions. Designed to prevent and address moral and sexual harassment as well as bullying, the program has continued its communication efforts and ongoing training for leadership and professionals at TIM throughout the year. The goal is to foster a safer culture and a work environment free from any form of discrimination. In the realm of support and reception, we have reinforced the communication of the social assistance service dedicated to this issue, which is available to all employees.

To support the process of acculturation and learning on topics related to Diversity and Inclusion, TIM carries out initiatives to combat unconscious biases through training for the professional public and leadership. In addition, it has the Conscious Keyboard, which works to eliminate expressions and words that carry racist, sexist, ageist, ableist and LGBTphobic connotations from everyday life. The app alerts users about the use of discriminatory words, explains the origin of the terms, and proposes substitutions. In addition, TIM also has diversity guides on the company's website that address topics such as inclusive leadership, inclusive and respectful attitudes on the LGBTI+, PCD, race, gender and generations pillars.

In recent years, TIM has implemented various initiatives such as educational and communication campaigns, adhering to the annual Diversity & Inclusion calendar that aligns with key global dates recognized by the UN and significant national dates. In addition to addressing the five primary pillars of diversity, TIM also focuses on other critical issues such as fatphobia, HIV/AIDS, and religious intolerance. One notable initiative is TIM Convida, a series of digital events accessible to the public, aimed at discussing contemporary issues related to Diversity & Inclusion, featuring speakers renowned for their expertise. Additionally, the "Chama pro TIMe" project invites employees to recommend candidates from minority groups for job opportunities at TIM. To further support these efforts, specific training is provided for leaders on Diversity & Inclusion themes and pillars. Furthermore, all new employees are required to complete mandatory training on Diversity and Inclusion as part of their onboarding process.

During the year, we also continued with our LGBTI+, People with Disabilities, Black People, People 50+, Tech Women and Women Leaders talent pools, available to all of society, disseminated through our campaigns throughout the year and the external website.

We have evolved in the construction of affirmative career programs, such as:

- Black Pearls, is a training and career development program for black people. It includes awareness-raising actions, training focused on personal and professional development, and preparation for management positions.

- Pride Careers, for people in the LGBTI+ community, we invest in a career development journey with technical and behavioral skills.
- Generational Development Program, focused on accelerating digital development and enhancing the talent of people aged 50 and over, without reinforcing stereotypes and respecting each person's history and experience.

In addition to the maintenance of the Intercompany Mentoring Program and Intercompany Mentoring Community, aimed at the development of women in leadership positions.
On the front of ecosystems and strategic partnerships, TIM continues to participate in some of the most important movements in the D&I ecosystem: UN Women; Business Coalition to End Violence Against Women, Brazil without Misogyny, Zero Femicide and the 7th edition of the Federal Government's Pro-Gender and Race Equity Program, both focused on women; Pact for Parenting of Maternity in Companies, focusing on the promotion of parental culture and gender equity; Business Coalition for Racial and Gender Equity, with a focus on the black population; LGBTI+ Business and Rights Forum, focusing on the LGBTI+ community, Generations Forum, focusing on generational diversity and the Business Network for Social Inclusion (REIS), focusing on people with disabilities.
We have intensified our efforts in combating violence against women. In partnership with Mulheres Positivos, we launched the Caminho Delas initiative in 2022. This geolocation feature within the Mulheres Positivos app provides safer routes for women. In 2023, we piloted the initiative by incorporating 11 of our stores in Rio de Janeiro and São Paulo into the Caminho Delas functionality. These stores serve as safe havens for women at risk, with teams trained to provide assistance and connect women to necessary support networks. In 2024, we expanded the init.ative to all company-owned stores in Brazil and 43 partner stores, resulting in more than 200 stores and over 2.550 personnel trained in the program.
As a result of our continuous effort, in 2024 TIM was recognized with several diversity awards and rankings:

- Anatel Accessibility Award: for the third time, the Company was considered the most accessible operator for people with disabilities in Brazil. TIM ranked first in the Award, which is in its sixth edition and seeks to encourage greater accessibility in stores, websites and remote service of telecommunications services, in addition to voluntary actions by companies in the sector.
- Top Employers: In the 2024 edition of the awards, we were recognized as one of the best employers in Brazil, highlighting the promotion of an inspiring work environment, based on pillars that reflect our commitment to people and excellence. We have active and transparent leadership, which fosters individual and collective growth, as well as spaces that encourage collaboration and the exchange of ideas. We prioritize Diversity, Equity, and Inclusion, with fair processes and actions that value diverse talents. We invest in continuous learning to prepare our employees for the future and offer comprehensive benefits that support well-being at every stage of life. Finally, we balance business results with a positive impact on society and the environment, reaffirming our socio-environmental commitment.
- GPTW Diversity Rankings: in 2024 we were recognized for the best diversity practices in the ethnic-racial, 50+, LGBTQIA+ and Women categories.
- FTSE Diversity & Inclusion (formerly Refinitiv D&I): For the fourth consecutive year, TIM is recognized as one of the most diverse and inclusive companies in the world, ranking 2nd globally in the FTSE Russell D&I Index 2024 (formerly Refinitiv D&I Index). The index is one of the main tools used by investors around the world to identify companies with advanced practices on the subject and the result represents an important milestone for the operator. This year, in addition to maintaining its position as the most inclusive and diverse operator in the telecommunications sector and leader among Brazilian companies, TIM stood out by reaching 2nd place globally.
- IDiversa B3: TIM is the only telco listed on the new B3 index, the first in Latin America to consider gender and race criteria and recognizes companies that promote greater representation of groups such as women, black and indigenous people in the market.
- BR Equity Seal: TIM was recognized for the second consecutive year by the Human Rights Campaign Foundation for ensuring an inclusive work experience for LGBTQIA+ employees.
- Bloomberg (GEI): No. 1 in Latin America on Bloomberg's Gender-Equality Index and No. 7 among 484 recognized companies.
- Ethos/Época Diversity and Inclusion Survey: TIM is among the companies recognized by the Ethos Institute's Diversity Survey in partnership with Época Negócios Magazine as one of the 72 companies with the best performance in D&I. In addition, it is featured in the Telecommunications sector silver category.

Environmental, Social & Governance

According to art 1730-4 of Luxembourg law of 10 August 1915, as modified, Telecom Italia Finance Group is exempted from reporting the non financial information (the "NFRD Report") requested by art 1730 -1 of the same law. Indeed, all reportable undertakings under such report are covered by the NFRD report of TIM S.p.A., which fully controls Telecom Italia Finance.

Brazil

TIM S.A. is a pioneer in ESG (Environmental, Social & Governance) issues in the Telecommunications sector in Brazil. For 17 years, the Company has been part of the B3 Sustainability Index Portfolio (ISE-B3), being the company in the sector that has been included in the Index for the longest time. In 2024, TIM was once again recognized as one of the most sustainable companies in the world by S&P Global ESG, the organization responsible for the Dow Jones Sustainability Index (DJSI), being included in the Sustainability Yearbook.

Since 2011, TIM has voluntarily been part of the Novo Mercado, the highest level of corporate governance on the Brazilian Stock Exchange, in addition TIM is the first and only telecommunications operator named as a Pró-Etica company by the Controladoria Geral da União (CGU) for three consecutive editions.

As a signatory to the UN Global Compact since 2008 and to UN Women since 2021, TIM develops projects connected to the Sustainable Development Goals (SDGs) and recognizes the rights to data privacy, secure internet, access to information and freedom of expression as essential and non-negotiable.

TIM has established itself as a benchmark in promoting diversity and inclusion at both the national and international levels. The company has set goals, made commitments, and implemented numerous initiatives addressing gender, race, LGBTI+ individuals, generations, and people with disabilities, among other themes. In 2021, TIM became the first Brazilian operator to be included in the FTSE Russell D&I Index (formerly the Refinitiv Diversity & Inclusion Index), achieving the top position globally in the telecom sector, a distinction it maintained in 2022 and 2023. TIM was also the first operator to receive the GSMA's Diversity in Tech international award, recognizing organizations worldwide for their practices promoting equality, diversity, and human rights in the technology sector. In 2024, TIM continued to stand out as the only operator to be included in B3's IDIVERSA portfolio for the second consecutive year, the first index of the Brazilian Stock Exchange to consider gender and race criteria for company selection.

Recognized with the Top Employers seal for the fourth consecutive year, TIM also consolidates itself as one of the companies with the best HR practices. The certification is the result of an independent audit by the Top Employer Institute, an international institute with 30 years of experience in 120 countries. Since 2023, the Company has also been part of B3's GPTW Index, which considers companies certified by Great Place to Work (GPTW) as the best environments to work in Brazil.

TIM has been responding to the Carbon Disclosure Project (CDP) – the world's largest database on Greenhouse Gases related to Climate Change – since 2010, and registers its emissions in the Public Emissions Registry of the Brazilian GHG Protocol Program. In 2024, TIM became part of CDP's select group of companies "A List 2023". Through the TIM Group, it has also joined the Science Based Target Initiative (SBTi) and aligned its approach to climate risks with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). For more information on TIM's actions for mitigation and adaptation on climate change issues, see our report by the Task Force on Climate-related Financial Disclosures (TCFD).

Since 2004, TIM has presented its performance through sustainability indicators and since 2018 it has published reports in accordance with the guidelines of the Global Reporting Initiative (GRI). As of 2021, the Company started to call this publication the ESG Report and continues with its commitment to transparency and accountability to its stakeholders, organizing the report in the three pillars: Environmental, Social and Governance. The Report is also provided by an independent third party.

Our Social Responsibility Policies, Human Rights, Diversity, Environment, Climate Change Management, Corporate Risk Management, Anti-Corruption, Supplier Relations, Occupational Health and Safety, Privacy, among others, are publicly available for the free consultation of our stakeholders.

In compliance with the General Data Protection Law, in force in Brazil since 2020, TIM works to ensure the privacy of customers, protect their personal data and maintain an increasingly transparent relationship. More information at the Privacy Center on TIM's website.

In 2013, TIM founded Instituto TIM with the mission of democratizing access to science, technology and innovation to promote human development in Brazil. More than 700 thousand people from all states and the Federal District have already benefited from the Institute's education and inclusion projects and have even been awarded internationally (Governarte Award – IDB 2015).

Due to its solid performance in ESG, TIM is part of national and international indices and ratings, such as the Corporate Sustainability Index (ISE B3), the Carbon Efficient Index (ICO2 B3), the Brazil ESG Index (S&P/B3), the S&P Global LargeMidCap ESG Indices, the B3 GPTW Index (IGPTW B3), the B3 Diversity Index (IDIVERSA B3), the CDP Brazil Climate Resilience Index (ICDPR-70), FTSE Russell D&I Index, FTSE4GOOD Emerging Markets, FTSE4GOOD Latin America, MSCI ACWI ESG Leaders, MSCI Emerging Markets ESG Leaders, Teva Women in Leadership Index, Women on Board seal, among others, in addition to being certified by ISO 9001 (since 2000), ISO 14001 (since 2010), ISO 37001 (since 2021) and ISO 27001 (since 2022).

Events subsequent to December 31, 2024

Payment of Interest on Equity

In January 2025, TIM S.A paid Interest on Capital (IOC) related to the fiscal year ending on December 31, 2024 and approved on December 17, 2024.
On February 10, 2025, TIM S.A.'s Board of Directors, approved the payment of Interest on Capital (IOC) related to the fiscal year ending on December 31, 2025, which will be paid in April 2025.

Payment Date	Reais per share
23/01/2025	0,268528123
22/04/2025	0,082624038

Capital contribution - 5G Fund

On January 16, 2025, TIM S.A. made a contribution of approximately 84,7 million reais (14,5 million euros) to the 5G Fund, reinforcing its commitment to boosting the development of solutions based on 5G technology.

TIM ends disputes with C6 Group and monetizes its stake

On February 11, 2025 TIM S.A. ("TIM") and Banco C6 S.A ("C6" or "Bank"), have entered into an agreement ("Agreement") that will end all disputes related to the partnership between the two Companies ("Partnership") and, consequently, extinguish the four arbitration proceedings currently in progress.
Throughout the Partnership period, TIM obtained the right to a minority stake in the bank's capital and, with the termination of the Partnership, TIM will have earned a total gross revenue of approximately 280 million reais (48 million euros). In addition, the combination of financial services with mobile telephony has produced positive effects in other areas of TIM's business, such as increasing customer loyalty, increasing digitalization in the purchase of recharges and in the payment of invoices.
The Agreement signed provides for the termination of the Partnership, in addition to the transfer of all shares held by TIM to C6, as well as all outstanding subscription bonuses, in the amount of 520 million reais (89 million euros - pre-tax). The transfer of shares is subject to approval by the Cayman Islands Monetary Authority (CIMA). Once such approval is obtained, the Agreement will be concluded and the Partnership will be terminated.

For others details of subsequent events, see the specific Note "Events Subsequent to December 31, 2024".

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, including its capacity to support the expected level of cash flows and business margins, depends on the influence of numerous macroeconomic factors such as economic growth, consumer confidence, interest rates, inflation rate and exchange rates in the markets where it operates.
These factors come in addition to the uncertainties tied to the evolution of various international conflicts and the peculiar situation of the financial and commodities markets after a restrictive monetary policy phase shared by most of the developed markets' central banks.
Regarding Brazil, growth might be affected by the hiking cycle the Banco Central do Brazil ("BCB") went through during 2024 and possible evolution on a global level of the tariffs situation between the US and all the other main economic players. The easing phase of the BCB might avoid a slowdown but increase the risk of a

potential inflation come back. Concerns on the independence of the BCB and how the government spending could have pushed the Brazilian currency to depreciate during 2024, and remains as uncertainty for 2025 with the upcoming elections in 2026. Clarity on the inflation dynamics and of the government budget plan will be the keys to avoid a further depreciation.

Risks related to competition
Competitive risks in the Brazilian market lie in the rapid transition of the business model tied to both traditional services and the more innovative ones. As the consumption patterns of the customer base 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 for rapid development of technologies and infrastructures.

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 the Brazilian companies.
Generally, the TIF Group might hedge exposure in foreign currencies and the risk of transfer relating to its foreign subsidiaries. However, for the 2024 and 2025 fiscal year, it has been decided to cover a substantial portion of the exposure to fluctuations in the euro-brazilian real exchange rate in order to mitigate the effect of volatility on the Group's Consolidated Equity Free Cash Flow. With regard to translation risk, the performance of the euro exchange rates with respect to the Brazilian real may have a negative impact on the consolidated results. Appreciation of the euro with respect to the currencies of certain countries in which the TIF Group operates or has made investments, will reduce the related value of the revenues or assets, of the transactions implemented in such countries and, therefore, may have a negative impact on the operating profit or financial position.
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.
For further details of financial risks, see the specific Note "Financial risks management" .

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. At 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.

Waiver of the obligation to present activities in one report only

The Board of Directors of Telecom Italia Finance waived the provisions of art. 1720-1 (3) of the Luxembourg law dated as September 10, 2015, as modified by time to time, which allows the Board to present one report only where Consolidated Annual Report is prepared.

Alternative Performance Measures

In this Directors' Report and in the Consolidated Financial Statements of the Group for the year ended December 31, 2024, 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 non recurring items. EBITDA/EBIT are calculated as follows:

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

- 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 nun-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

A description of the Parent Corporate Governance is provided within the statutory accounts of Telecom Italia Finance, available at www.tifinance.lu.

Consolidated Statements of Financial Position
Assets

(millions of euros)	Note	31/12/2024	31/12/2023
Non-current assets			
Intangible assets		**2.615**	**3.293**
Goodwill	[4]	845	1.017
Intangible assets with a finite useful life	[5]	1.770	2.277
Tangible assets	[6]	**1.982**	**2.338**
Property, plant and equipment		1.982	2.338
Right of use assets	[7]	**1.620**	**1.913**
Other non-current assets		**1.782**	**2.464**
Investments in associates accounted for using the equity method and other investments	[8]	271	312
Non-current financial receivables for lease contracts	[9]	32	39
Other non-current financial assets	[9]	969	1.508
Miscellaneous receivables and other non-current assets	[10]	341	371
Deferred tax assets	[11]	168	235
Total Non-current assets		**7.999**	**10.009**
Current assets			
Inventories	[12]	46	62
Trade and miscellaneous receivables and other current assets	[13]	971	985
Current income tax receivables	[11]	69	139
Current financial assets	[9]	**4.760**	**5.466**
Current financial receivables arising from lease contracts		5	6
Securities other than investments, financial receivables and other current financial assets		1.651	2.631
Cash and cash equivalents		3.104	2.830
Total Current Assets		**5.845**	**6.652**
TOTAL ASSETS		**13.844**	**16.662**

The accompanying notes are an integral part of these annual Consolidated Financial Statements.

Equity and Liabilities

(million euros)	Note	31/12/2024	31/12/2023
Equity			
Share capital issued	[14]	1.819	1.819
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year		4.008	4.116
Equity attributable to owners of the Parent		**5.827**	**5.934**
Non-controlling interests	[3]	**1.389**	**1.646**
TOTAL EQUITY		**7.216**	**7.581**
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	[15]	1.925	2.843
Non-current financial liabilities for lease contracts	[15]	1.702	1.953
Deferred tax liabilities	[11]	—	—
Provisions	[20]	252	288
Miscellaneous payables and other non-current liabilities	[21]	98	140
Total Non-current liabilities		**3.977**	**5.225**
Current liabilities			
Current financial liabilities for financing contracts and others	[15]	751	1.746
Current financial liabilities for lease contracts	[15]	253	338
Trade and miscellaneous payables and other current liabilities	[22]	1.630	1.754
Current income tax payables	[11]	18	18
Total Current Liabilities		**2.652**	**3.856**
TOTAL LIABILITIES		**6.629**	**9.081**
TOTAL EQUITY AND LIABILITIES		**13.844**	**16.662**

The accompanying notes are an integral part of these annual Consolidated Financial Statements.

Separate Consolidated Income Statements

(million euros)	Note	31/12/2024	31/12/2023
Revenues	[24]	4.366	4.412
Other operating income	[25]	24	17
Total operating revenues and other income		**4.390**	**4.429**
Acquisition of goods and services	[26]	-1.602	-1.688
Employee benefits expenses	[27]	-332	-339
Other operating expenses	[28]	-397	-388
Change in inventories		-7	18
Internally generated assets	[29]	97	102
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**2.149**	**2.134**
Depreciation and amortization	[30]	-1.205	-1.318
Gains/(losses) on disposals of non-current assets	[31]	10	10
Operating profit (loss) (EBIT)		**954**	**827**
Share of profits (losses) of equity investments valued using equity method		-14	-17
Other income (expenses) from investments	[32]	-2	56
Finance income	[33]	638	810
Finance expenses	[33]	-950	-1.079
Profit (loss) before tax from continuing operations		**627**	**597**
Income tax expenses	[11]	-93	-86
PROFIT (LOSS) FOR THE YEAR		**534**	**511**
Attributable to			
Owners of the Parent		354	335
Non-controlling interests		181	176

The accompanying notes are an integral part of these annual Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(millions of euros)	Note	31/12/2024	31/12/2023
Profit (loss) for the year	**(a)**	**534**	**511**
Other components that subsequently will not be reclassified to the Separate Consolidated Income Statements	**(b=c)**	**—**	**—**
Financial assets measured at fair value through other comprehensive income:	**(c)**	**—**	**—**
Profit (loss) from fair value adjustments		—	—
Other components that subsequently will be reclassified to the Separate Consolidated Income Statements	**(d=e+f+g)**	**-743**	**253**
Financial assets measured at fair value through other comprehensive income:	**(e)**	**25**	**60**
Profit (loss) from fair value adjustments		28	69
Loss (profit) transferred to the Separate Consolidated Income Statements		-3	-9
Hedging derivative instruments:	**(f)**	**—**	**-1**
Profit (loss) from fair value adjustments		—	-1
Loss (profit) transferred to the Separate Consolidated Income Statements		—	—
Exchange rate differences on translating foreign operations:	**(g)**	**-768**	**194**
Profit (loss) on translating foreign operations		-768	194
Other components of the Consolidated Statements of Comprehensive Income	**(h=b+d)**	**-743**	**253**
Total comprehensive income (loss) for the year	**(i=a+h)**	**-209**	**764**
Attributable to			
Owners of the Parent		-110	526
Non-controlling interests		-99	238

The accompanying notes are an integral part of these annual Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

Changes from January 1, 2024 to December 31, 2024

(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**
Balance at January 01, 2024	**1.819**	**3.148**	**4**	**1**	**-1.983**	**—**	**—**	**2.946**	**5.934**	**1.646**	**7.581**
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	—	-157	**-157**
Total comprehensive income (loss) for the period	—	—	25	—	-489	—	—	354	-110	-99	**-209**
Other changes	—	—	—	—	—	—	—	2	2	-1	**1**
Balance at December 31, 2024	**1.819**	**3.148**	**29**	**1**	**-2.472**	**—**	**—**	**3.302**	**5.827**	**1.389**	**7.216**

Changes from January 1, 2023 to December 31, 2023

(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**
Balance at January 01, 2023	**1.819**	**3.148**	**-56**	**2**	**-2.114**	**—**	**—**	**3.568**	**6.366**	**1.545**	**7.911**
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	-988	**-988**	-136	**-1.123**
Total comprehensive income (loss) for the period	—	—	59	-1	131	—	—	335	**526**	238	**764**
Other changes	—	—	—	—	—	—	—	31	**31**	-2	**29**
Balance at December 31, 2023	**1.819**	**3.148**	**4**	**1**	**-1.983**	**—**	**—**	**2.946**	**5.934**	**1.646**	**7.581**

The accompanying notes are an integral part of these annual Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(million euros)	Note	31/12/2024	31/12/2023
Cash Flows from operating activities:			
Profit (loss) from continuing operations		534	511
Adjustments for:			
Depreciation and amortization	[30]	1.205	1.318
Impairment losses(reversals) of assets (including investments)		-1	-6
Net change in deferred tax assets and liabilities	[11]	30	49
Losses (gains) realized on disposal of non-current assets (including investments)	[31] [32]	-10	-66
Share of losses (profits) of associates accounted for using the equity method		14	17
Change in inventories		7	-18
Change in trade receivables and other net receivables	[13]	-155	-46
Change in trade payables		45	94
Net change in current income tax receivables/payables	[11]	70	-30
Net changes in miscellaneous receivables/payables and other assets/liabilities		-40	96
Cash flows from (used In) operating activities		**1.700**	**1.918**
Cash Flows from investing activities:			
Purchase of intangible, tangible and right of use on a cash basis		-777	-897
Acquisition of control of companies or other businesses, net of cash acquired		—	51
Acquisitions/disposals of other investments	[8]	—	-10
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	[9]	889	-849
Proceed from sale/repayment of intangible, tangible and other non-current assets		-19	3
Cash flows from (used In) investing activities		**93**	**-1.702**
Cash Flows from financing activities:			
Changes in current financial liabilities and other	[15] [16]	-835	291
Proceeds from non-current financial liabilities (including current portion)	[15] [16]	83	926
Repayments of non-current financial liabilities (including current portion)	[15] [16]	-659	-557
Changes in derivatives		5	-23
Dividends paid		-159	-1.115
Changes in ownership interests in consolidated subsidiaries		-8	-6
Cash flows from (used In) financing activities		**-1.573**	**-484**
Aggregate Cash flows		**220**	**-268**
Net foreign exchange differences on net cash and cash equivalents		**-104**	**20**
Net cash and cash equivalents at the beginning of the year	**[9]**	**2.763**	**3.031**
Net cash and cash equivalents at the end of the year	**[9]**	**2.983**	**2.763**

Additional Cash Flow Information

(million euros)	31/12/2024	31/12/2023
Income taxes (paid) received	-23	-60
Interest expense paid	-671	-701
Interest income received	417	466

The accompanying notes are an integral part of these annual Consolidated Financial Statements.

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 Parent is also involved in providing financial assistance and loans to the ultimate Parent of the Group and its subsidiaries.

The Consolidated Financial Statements 2024 of the Group have been prepared on a going concern basis (further details are provided in the Note “Accounting Policies”) and in accordance with the recognition and measurement criteria of the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as “IFRS”), and were authorized for issue with a resolution of the Board of Directors on March 03, 2025. The Consolidated Financial Statements 2024 are subject to approval by the shareholders meeting.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets, measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss, and derivative financial instruments, which have been measured at fair value. In accordance with IAS 1 (Presentation of Financial Statements) comparative information included in the consolidated financial statements refers, unless otherwise indicated, to the previous year.

The Consolidated Financial Statements 2024 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. More specifically:

- 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 year 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, for instance: income/expenses arising from the sale 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 sanctions 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.

The official version of the consolidated financial statements is the ESEF version available at the Officially Appointed Mechanism (OAM) at the Bourse of Luxembourg (https://www.bourse.lu/oam).

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 separate 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 Consolidated Financial Statements 2024 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:
  - variations in business conditions, also related to competition;
  - technological risks such as cyber security, ICT network development and maintenance, artificial intelligence;
  - financial risks (interest rate and/or exchange rate trends);
  - macroeconomic changes in the Italian, European and Brazilian markets and financial market volatility due to inflationary risks;
  - changes in the legislative and regulatory context (changes in prices and tariffs or decisions that may influence technological choices); and
  - the outcome of the legal and regulatory authority proceedings.
- 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" .

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.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of all subsidiaries from the date on which control over such subsidiaries commences until the date on which control ceases.
The date of all the subsidiaries' financial statements coincides with that of the Parent.
Control exists when the Parent has all the following:
- decision-making power over the investee, which includes the ability to direct the relevant activities of the investee, i.e. the activities that significantly affect the investee's returns;
- entitlement to the variable profits or losses commensurate with its shareholding in the investee;
- the ability to use its decision-making to determine the amount of the returns relating to its shareholding in the entity.

The Parent assesses whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three control elements.
In the preparation of the Consolidated Financial Statements,the global amounts of the assets, liabilities, costs and revenues of the consolidated companies are recognized on a line-by-line basis, while the share of equity and the year's result of non-controlling interest is recognized and is disclosed separately under appropriate items in the Consolidated Statements of Financial Position, in the Separate Consolidated Income Statement and in the Consolidated Statements of Comprehensive Income.

Under IFRS 10 (Consolidated financial statements), the comprehensive loss (including the profit or loss for the year) is attributed to the owners of the parent and to non-controlling interests even when the equity of non-controlling interest has a deficit balance.
All intragroup balances and transactions and any gains and losses arising from intragroup transactions are eliminated in consolidation.
The carrying amount of the investment in each subsidiary is eliminated against the corresponding share of equity in each subsidiary, after adjustment, if any, to fair value at the date of acquisition of control. At that date, goodwill is recorded as an intangible asset, as described below, whereas any profit from a bargain purchase (or negative goodwill) is recognized in the separate consolidated income statement.
All the assets and liabilities expressed in currencies other than euro of foreign consolidated entities that are included in the consolidation are translated using the exchange rates in effect at the reporting date (the current exchange rate method), while the related revenues and costs are translated at the average exchange rates for the year. Exchange differences resulting from the application of this method are classified as equity until the entire disposal of the investment or upon loss of control of the foreign subsidiary. Upon partial disposal, without losing control, the proportionate share of the cumulative amount of exchange differences related to the disposed interest is recognized in non-controlling interests.
The cash flows of foreign consolidated subsidiaries expressed in currencies other than euro included in the consolidated statement of cash flows are translated into euro at the average exchange rates for the year.
Goodwill and fair value adjustments arising from the allocation of the purchase price of a foreign entity are recorded in the relevant foreign currency and are translated using the year-end exchange rate.
Under IFRS 10, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances the carrying amounts of controlling and non-controlling interests shall be adjusted to reflect the changes in their related interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the Parent.
Under IFRS 10, the parent company in case of loss of control of a subsidiary:

- derecognizes:
  - the assets (including any goodwill) and the liabilities;
  - the carrying amount of any non-controlling interest;
- recognizes:
  - the fair value of any consideration received;
  - the fair value of any residual investment retained in the former subsidiary;
  - any profit or loss resulting from the transaction, in the separate consolidated income statement;
  - the reclassification to the separate consolidated income statement of the amounts previously recognized in other comprehensive income in relation to the subsidiary.

In the Consolidated Financial Statements, investments in associates are accounted for using the equity method, as provided by IAS 28 (Investments in Associates and Joint Ventures).
Associates are enterprises in which the Group holds at least 20% of the voting rights or exercises significant influence, but no control or joint control over their financial and operating policies.
Associates are included in the Consolidated Financial Statements from the date on which significant influence commences until the date on which significant influence ceases. Under the equity method, on initial recognition the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the separate consolidated income statement. Dividends received from an investee reduce the carrying amount of the investment.
After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within Separate Consolidated Income Statement .
Adjustments to the carrying amount may also be necessary for changes in the investee's other comprehensive income (i.e. those arising from foreign exchange translation differences). The investor's share of those changes is recognized in the investor's other comprehensive income.
If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognizing its share of further losses. After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.
Any other long-term interests (some types of preference shares and long-term loans) in an associate are measured in accordance with IFRS 9.

Gains and losses resulting from "upstream" and "downstream" transactions between an investor (including its consolidated subsidiaries) and its associate are recognized in the investor's financial statements only to the extent of unrelated investors' interests in the associate.
The investor's share of profits and losses of the associate arising from said transactions is eliminated.

INTANGIBLE ASSETS

Goodwill
The goodwill recorded in the Consolidated Financial Statements of the Group refers to the goodwill which was generated in connection with the acquisition of the Brazilian Business Unit.
In accordance with IFRS 3 (Business Combinations), goodwill is recognized in the financial statements at the date of acquisition of control of a business and is determined as the excess of (a) over (b), as follows:

a) the aggregate of:
    - the consideration transferred (measured in accordance with IFRS 3; it is generally recognized on the basis of the fair value at the acquisition date);
    - the amount of any non-controlling interest in the acquiree measured proportionally to the non-controlling interest share of the acquiree's identifiable net assets shown at the related fair value;
    - in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree;

b) the fair value of the identifiable assets acquired net of the identifiable liabilities assumed measured at the date of acquisition of control.

IFRS 3 requires, *inter alia*, the following:
- incidental costs incurred in connection with a business combination to be charged to the Separate Consolidated Income Statement;
- in a business combination achieved in stages, the acquirer to remeasure its previously held equity interest in the acquiree at its fair value at the acquisition date of control and recognize the resulting gain or loss, if any, in the Separate Consolidated Income Statement.

Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life.
Goodwill initially recognized is subsequently reduced only by cumulative impairment losses (for more details, see the section "Impairment of intangible assets, tangible assets and rights of use assets - Goodwill", below). In case of loss of control of a subsidiary, the related amount of goodwill is taken into account in calculating the gain or loss on disposal.

Development costs
Costs incurred internally for the development of new products and services represent either intangible assets (mainly costs for software development) or tangible assets. These costs are capitalized only when all the following conditions are satisfied: i) the cost attributable to the development phase of the asset can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability to complete the asset and make it available for use or sale and iii) it can be demonstrated that the asset will be able to generate future economic benefits. Capitalized development costs comprise only incurred expenditures that can be attributed directly to the development process for new products and services.
Capitalized development costs are amortized systematically over the estimated product or service life so that the amortization method reflects the way in which the asset's future economic benefits are expected to be consumed by the entity.

Other intangible assets with a finite useful life
Other purchased or internally-generated intangible assets with a finite useful life are recognized as assets, in accordance with IAS 38 (Intangible Assets), when the use of the asset is likely to generate future economic benefits and when the cost of the asset can be reliably measured.
Such assets are recorded at purchase or production cost and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized prospectively in the Separate Consolidated Income Statement.

TANGIBLE ASSETS

Property, plant and equipment
Property, plant and equipment are recognized at purchase or production cost. Subsequent expenditures are capitalized only if they increase the future economic benefits embodied in the related item of property, plant and equipment. All other expenditures are recognized in the Separate Consolidated Income Statement as incurred.

The cost of these assets also includes the expected costs of dismantling the asset and restoring the site, if a legal or constructive obligation exists. The corresponding liability is recognized at its present value as a provision in the Statement of Financial Positions. The recognition in the separate consolidated income statement of the capitalized expenditure is done over the useful life of the related tangible assets through their depreciation.
The calculation of estimates for dismantling costs, discount rates and the dates in which such costs are expected to be incurred is reviewed annually at each financial year-end. Changes in the above liability must be recognized as an increase or decrease of the cost of the related asset; the amount deducted from the cost of the asset must not exceed its carrying amount. The excess, if any, is recorded immediately in the Separate Consolidated Income Statement, conventionally under the line item "Depreciation and amortization".
Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.
Depreciation rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized prospectively in the Separate Consolidated Income Statement.
Land, including land pertaining to buildings, is not depreciated.

RIGHT OF USE ASSETS

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the statement of financial position consisting in the present value of future lease payments, against the recognition of the right of use of the leased asset.
On the commencement date of the lease, the right of use is recognized at cost including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred for the signature of the lease and the present value of the estimated restoration and dismantling costs set out in the lease, less any incentives.
Subsequently, the right of use is amortized over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability.
The Group attracts, under the scope of application of IFRS 16, if the criteria and the requirements laid down by the standard are met, the contract types concerning cloud software resources and the spectrum of transmission frequencies on optic fiber carriers. This approach is functional to the very innovative specificity of these types of contract, concerning hardware infrastructure and optical transmission as well as technologically-advanced software services.

CAPITALIZED BORROWING COSTS

Under IAS 23 (Borrowing Costs), the Group capitalizes borrowing costs only if they are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time (conventionally more than 12 months) to get ready for its intended use or sale.
Capitalized borrowing costs are recorded in the Separate Consolidated Income Statement and deducted directly from the "finance expense" line item to which they relate.

IMPAIRMENT OF INTANGIBLE, TANGIBLE AND RIGHT OF USE ASSETS

Goodwill
Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets); however, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill is not reinstated.
The test is generally conducted at the end of every year, so the date of testing is the year-end closing date of the financial statements. Goodwill acquired and allocated during the year is tested for impairment at the end of the year in which the acquisition and allocation took place.
For the purpose of verifying its recoverability, goodwill is allocated, from the acquisition date, to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the acquisition.
If the carrying amount of the cash-generating unit (or group of cash-generating units) exceeds the recoverable amount, an impairment loss is recognized in the Separate Consolidated Income Statement. The impairment loss is first recognized as a deduction of the carrying amount of goodwill allocated to the cash-generating unit (or group of cash-generating units) and only subsequently applied to the other assets of the cash-generating unit in proportion to their carrying amount, up to the recoverable amount of the assets with a finite useful life.
The recoverable amount of a cash-generating unit (or group of cash-generating units) to which goodwill is allocated is the higher between the fair value less costs to sell and its value in use.
As of December 31, 2024, to calculate the fair value, the level of hierarchy within which the measurement of the fair value of the asset (cash-generating unit) is classified was considered. For the Group, as there is only one CGU, it was classified in its entirety as Level 1. The fair value of Tier 1 instruments comprises instruments traded on active markets and based on the market prices quoted on the balance sheet date. The shares of the subsidiary TIM S.A. are traded on B3– Brasil, Bolsa, Balcão ("B3") with code (TIMS3) and have a regular trading

volume that allows measurement (Level 1) as the product between the price quoted for the individual asset or liability and the amount held by the entity.
For the purpose of calculating impairment, the carrying amount of the cash-generating unit is established based on the same criteria used to determine the recoverable amount of the cash generating unit, excluding surplus assets (that is, financial assets, deferred tax assets and net non-current assets held for sale) and includes the goodwill attributable to non-controlling interests.

Intangible and tangible assets with finite useful lives and right of use assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or a right-of-use – may be impaired. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical deterioration, and significant changes in the use of the asset and the operating performance of the asset compared to estimated performance. External sources include the market value of the asset, any changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments, and an excess of the carrying amount of the net assets of the Group over market capitalization.
If there is any indication that an asset – whether tangible or intangible with finite useful lives or a right of use has been impaired, then its carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. In calculating the value in use, the estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or right. If it is not possible to estimate the recoverable amount, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are recognized in the Separate Consolidated Income Statement.
When the reasons for the impairment subsequently cease to exist, the carrying value of the asset/right of use or of the cash generating unit is increased up to the new estimate of the recoverable amount which, however, cannot exceed the amount that would have been determined had no impairment loss been recognized. The reversal of an impairment loss is recognized as income in the Separate Consolidated Income Statement.

FINANCIAL LEASES ASSETS

Leases in which the Group, as lessor, substantially transfers the risks and benefits of the ownership to the other party (the lessee) are classified as financial leases. These lease values are transferred from the intangible and tangible assets of the Group and are recognized as a lease receivable at the lower of the fair value of the leased item and/or the present value of the receipts provided for in the agreement. Interest related to the lease is taken to income statement as financial revenue over the contractual term.

FINANCIAL INSTRUMENTS

Business models for financial assets management
For the management of trade receivables, the Group Management has identified the business model “Hold to Collect”. These receivables are financial assets measured at amortized cost, and refer to accounts receivable from users of telecommunications services, from network use (interconnection) and from sales of handsets and accessories. Accounts receivable are recorded at the price charged at the time of the transaction. The balances of accounts receivable also include services provided and not billed (“unbilled”) up to the balance sheet date. Accounts receivable from clients are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method less the provision for expected credit losses ("impairment").

As part of managing financial assets other than trade receivables, the Group Management has identified its business models on the basis of how the financial instruments are managed and how their cash flows are used. This is done to ensure an adequate level of financial flexibility and to best manage, in terms of risks and returns, the financial resources immediately available through the treasuries of Group companies and in accordance with the strategies set forth by the Ultimate Parent TIM.
The business models adopted are:

- Hold to Collect: financial instruments used to absorb temporary cash surpluses; such instruments are low risk and mostly held to maturity; they are measured at amortized cost;
- Hold to Collect and Sell: monetary or debt instruments used to absorb short/medium-term cash surpluses; such instruments are low risk and generally held to maturity, or otherwise sold to cover specific cash requirements; they are measured at fair value through other consolidated comprehensive income (FVTOCI);
- Hold to Sell: monetary, debt and equity trading instruments used to dynamically manage cash surpluses not managed under the business models identified above; such instruments are higher risk and traded repeatedly over time; they are measured at fair value through consolidated profit or loss (FVTPL).

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are “solely payments of principal and interest (SPPI)” on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

At initial recognition, those financial asset are measured at fair value plus or minus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs include fees and commission paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. They do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Subsequent measurement changes according to category of financial assets:

- Amortised cost: Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the Consolidated Statement of Income.
- FVTOCI: Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in “Finance income and expenses”.
- FVTPL: A gain or loss on those investments is recognized in profit or loss and presented net within “Finance income and expenses” in the period in which it arises.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or they are transferred and the transfer qualifies for derecognition (therefore, the entity transfers substantially all the risks and rewards of ownership of the financial asset).

<u>Other investments</u>
Other investments (equity investments other than those in subsidiaries and associates) are classified as non-current or current assets if they will be kept in the Group's portfolio for a period of more or not more than 12 months, respectively.

Other investments are classified as “financial assets measured at fair value through consolidated profit or loss” (FVTPL), as current assets.
At the purchase time of each investment, IFRS 9 provides for the irrevocable option to recognize these investments in "financial assets measured at fair value through other consolidated comprehensive income" (FVTOCI) as non-current or current assets. In the Consolidated Financial Statements 2024 the Group has not applied this option for any material other investment.
The other investments classified as “financial assets measured at fair value through other comprehensive income” are measured at fair value; changes in the fair value of these investments are recognized in a special equity reserve under the other components of the statements of comprehensive income (Reserve for financial assets measured at fair value through other comprehensive income), without reclassification to the separate income statement when the financial asset is disposed of or impaired. Dividends are recognized in the separate consolidated income statement.
Changes in the value of other investments classified as "financial assets at fair value through profit or loss" are recognized directly in the separate consolidated income statement.

<u>Securities other than investments</u>
Securities other than equity investments included among non-current or current assets, depending on the business model adopted and the contractual flows envisaged, fall among financial assets measured at amortized cost, or measured at fair value through other comprehensive income or at fair value though profit or loss.
Securities other than investments classified as current assets are those that, by decision of the directors, are intended to be kept in the Group's portfolio for a period of not more than 12 months, and are classified:

- as "financial assets measured at amortized cost" (AC) when held to maturity (originally more than 3 months but less than 12 months, or, with an original maturity of more than 12 months but the remaining maturity at the date of purchase is more than 3 months but less than 12 months);
- as "financial assets measured at fair value through other consolidated comprehensive income" (FVTOCI) when held in the scope of a business model whose objective is to sell the financial asset and/or collect the contractual flows. The "Reserve for financial assets measured at fair value

through other consolidated comprehensive income" is reversed to the Separate Consoldiated Income Statement when the financial asset is disposed of or impaired;
- as “financial assets measured at fair value through consolidated profit or loss" (FVTPL) in the other cases or when their cash flows are not SPPI.

Cash and cash equivalents
Cash and cash equivalents are recorded at amortized cost.
Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and their original maturity or the remaining maturity at the date of purchase does not exceed 3 months.

Impairment of financial assets
At every closing date, assessments are made as to whether there is any objective evidence that a financial asset or a group of financial assets has been impaired.
The impairment of financial assets is based on the expected credit loss model.
In particular:
- impairment on trade receivables assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. It is recognized as a reduction in accounts receivable based on the profile of the subscriber portfolio, the aging of overdue accounts receivable, the economic situation, the risks involved in each case and the collection curve, at an amount deemed sufficient by Management, as adjusted to reflect current and prospective information on macroeconomic factors that affect the customers’ ability to settle the receivables.
- impairment on financial assets other than trade receivables is calculated on the basis of a general model which estimates expected credit losses over the following 12 months, or over the residual life of the asset in the event of a substantial worsening of its credit risk.

Derivatives
As allowed by IFRS 9, the Group decided to continue to apply the hedge accounting provisions contained in IAS 39, instead of those of IFRS 9.
Derivatives are used by the Group to manage its exposure to exchange rate and interest rate risks and to diversify the parameters of debt so that costs and volatility can be reduced within pre-established operational limits.
In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when:
- at the inception of the hedge, the hedging relationship is formally designated and documented;
- the hedge is expected to be highly effective;
- its effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value in accordance with IAS 39.
When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:
- Fair value hedge – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of an asset or liability due to a particular risk, the profit or loss from re-measuring the hedging instrument at fair value is recognized in the Separate Consolidated Income Statement. The profit or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the Separate Consolidated Income Statement.
- Cash flow hedge – Where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of an asset or liability or a highly probable expected transaction, the effective portion of any gain or loss arising from the fair value adjustment of the derivative financial instrument is recognized directly in a specific equity reserve (Reserve for hedging instruments). The cumulative profit or loss is removed from equity and recognized in the Separate Consolidated Income Statement during the same business years in which the hedged transaction is recognized in the Separate Consolidated Income Statement. The profit or loss associated with the ineffective portion of a hedge is recognized in the Separate Consolidated Income Statement immediately. If the hedged transaction is no longer considered to be probable, the gains or losses not yet realized included in the equity reserve are immediately recognized in the Separate Consolidated Income Statement.

For derivatives for which a hedging relationship has not been designated, changes in value compared to initial recognition are recognized directly in the separate consolidated income statement

Financial liabilities
Financial liabilities include financial payables, including payables for advances on assignments of receivables where the assignment does not transfer substantially all the risks and rewards, as well as other financial liabilities, including derivative financial instruments and liabilities in respect of assets recognized under finance leases recognized in accordance with IFRS 16.
In accordance with IFRS 9, they also include trade and other payables.

Financial liabilities other than derivatives are initially recognized at fair value and subsequently measured at amortized cost.
Financial liabilities hedged by derivative instruments designed to manage exposure to changes in fair value of the liabilities (fair value hedge derivatives) are measured at fair value in accordance with the hedge accounting principles of IAS 39. The profits and losses deriving from subsequent fair value adjustments, only as regards the covered component, are recognized in the separate consolidated income statement and counterbalanced by the effective portion of the profit or loss deriving from the corresponding fair value measurements of the hedge instrument.
Financial liabilities hedged by derivative instruments designed to manage exposure to variability in cash flows (cash flow hedge derivatives) are measured at amortized cost in accordance with the hedge accounting principles of IAS 39.
Financial liabilities are derecognized when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

INVENTORIES

Inventories are measured at the lower of purchase or production cost and estimated realizable value; the cost is determined using the weighted average cost formula for each movement, while the estimated realizable value is determined by observing general prices at the end of the year. Provision is made for obsolete and slow-moving inventories based on their expected future use and estimated realizable value.

EMPLOYEE BENEFITS

Equity compensation plans

The companies of the Group provide additional benefits to certain managers of the Group through equity compensation plans (for example stock options and long-term incentive plans). The above plans are recognized in accordance with IFRS 2 (Share-Based Payment).
In accordance with IFRS 2, such plans represent a component of the beneficiaries' compensation. Therefore, for the plans that provide for compensation in equity instruments, the cost is represented by the fair value of such instruments at the grant date and is recognized in the Separate Consolidated Income Statement in "Employee benefits expenses" over the period between the grant date and vesting date with a contra-entry to an equity reserve denominated "Other equity instruments". Changes in the fair value subsequent to the grant date do not affect the initial measurement. At the end of each year, adjustments are made to the estimate of the number of rights that will vest up to expiry. The impact of the change in estimate is recorded as an adjustment to "Other equity instruments" with a contra-entry to "Employee benefits expenses".
The portion of the plans that specifies the payment of compensation in cash is recognized in liabilities as a contra-entry to "Employee benefits expenses"; at the end of each year such liability is measured at fair value.

PROVISIONS

The Group records provisions for risks and charges when having a current legal or constructive obligation to a third party, as a result of a past event, an outflow of Group resources is likely to be required to meet that obligation and when the amount of the obligation can be estimated reliably.
Provisions for risks and charges also include those established in the event that the company should stipulate contracts that thereafter became onerous, the non-discretionary costs of which necessary to fulfill the commitments made, exceeding the economic benefits expected from such contracts.
If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expected cash flows, taking into account the risks associated with the obligation. The increase in the provision due to the passage of time is recognized in the separate consolidated income statements as "Finance expenses".

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the statement of financial position date. Exchange differences arising from the settlement of monetary items or from their conversion at rates different from those at which they were initially recorded during the year or at the end of the prior year, are recognized in the Separate Consolidated Income Statement.

REVENUES

Revenues are the gross inflows of economic benefits during the period arising in the course of the ordinary activities of an entity. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenues.
The process underlying the recognition of revenues follows the steps set out in IFRS 15:

- identification of the contract: takes place when the parties approve the contract (with commercial substance), identify the respective rights and obligations, this means that: the contract must be legally enforceable, the rights to receive goods and/or services and the terms of payment can be clearly identified and the Group deems receipt of payment as probable;
- identification of the performance obligations: based on the review of its contracts, the Group identified the existence of two performance obligations:(i)sale of equipment and (ii) provision of mobile, fixed and internet telephony services. Revenues recognition starts when, or as, the performance obligation is met when transferring the good or service promised to the customer; the asset is considered transferred when or as the customer obtains control of this asset;
- determination of the transaction price and allocation of the transaction price to the performance obligations: the Group sell commercial packages that combine services and sale of cellular handsets with discounts. In accordance with IFRS 15, the Group is required to perform the discount allocation and recognize revenues related to each performance obligation based on their standalone selling prices.
- recognition of revenues: revenues are stated net of discounts, allowances, and returns in connection with the characteristics of the type of revenue:
  - Revenues from services rendered
    The principal service revenue derives from monthly subscription, the provision of separate voice, SMS and data services, and user packages combining these services, roaming charges and interconnection revenue. The revenue is recognized as the services are used, net of sales taxes and discounts granted on services. This revenue is recognized only when the amount of services rendered can be estimated reliably.
    Revenues are recognized monthly, through billing, and revenues to be billed between the billing date and the end of the month (unbilled) are identified, processed, and recognized in the month in which the service was provided. These non-billed revenues are recorded on an estimated basis, which takes into account consumption data, number of days elapsed since the last billing date.
    Interconnection traffic and roaming revenue are recorded separately, without offsetting the amounts owed to other telecom operators (the latter are accounted for as operating costs).
    The minutes not used by customers and/or reload credits in the possession of commercial partners regarding the prepaid service system are recorded as deferred revenue and allocated to income when these services are actually used by customers.
  - Revenues from product sales
    Revenues from product sales (telephones, mini-modems, tablets and other equipment) are recognized when the performance obligations associated with the contract are transferred to the buyer. Revenues from sales of devices to trading partners are accounted for at the time of their physical delivery to the partner, net of discounts, and not at the time of sale to the end customer, since the Company has no control over the product sold.
    The recognition of revenues can generate the recognition of an asset or liability deriving from contracts. In particular:
  - Contract assets are the rights to a consideration in exchange for goods or services that have been transferred to the customer, when the rights is conditioned on something other than the passage of time and are recognised as Other Receivable.
  - Contract liabilities are the obligation to transfer goods or services to the customer for which the Group has received (or for which it is due) a consideration from the customer.

All incremental costs related to obtaining a contract (sales commissions and other costs of acquisition from third parties) are recorded as prepaid expenses and amortized over the same period as the revenue associated with this asset. Similarly, certain contract compliance costs are also deferred to the extent that they relate to performance obligations under the customer agreement, i.e. when the customer obtains control over the asset.

RESEARCH COSTS AND ADVERTISING EXPENSES

Research and advertising costs are directly expensed to the Separate Consolidated Income Statement in the year in which they are incurred.

FINANCE INCOME AND EXPENSES

Finance income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method; changes in the fair value of derivatives and other financial instruments measured at fair value through the income statements; gains and losses on foreign exchange and financial instruments (including derivatives).

DIVIDENDS

Dividends received from companies other than subsidiaries and associates are recognized in the Separate Consolidated Income Statement on an accrual basis, i.e. in the year in which they become receivable following the resolution by the shareholders' meeting for the distribution of dividends of the investee companies.
Dividends payable to third parties are reported as a change in equity in the year in which they are approved by the shareholders' meeting.

INCOME TAXES EXPENSE (CURRENT AND DEFERRED)

Income taxes include all taxes calculated on the basis of the taxable income of the companies of the Group.
Current and deferred income taxes are calculated using all the elements and information available at the reporting date, taking into account current laws and considering all the elements that could give rise to uncertainties in the determination of the amounts due to the tax authorities, as provided for in IFRIC 23.
Income taxes are recognized in the Separate Consolidated Income Statement, except to the extent that they relate to items directly charged or credited to equity, in which case the related tax effect is recognized in the relevant equity reserves.The amount of the income tax expense relating to each item included as "Other components of the Consolidated Statements of Comprehensive income" is indicated in the Statement of comprehensive income.
The provisions for taxes that could arise from the remittance of the undistributed earnings of subsidiaries are made only where there is the actual intention to remit such earnings.
Deferred tax liabilities / assets are recognized using the "Balance sheet liability method". They are calculated on all the temporary differences that arise between the taxable base of assets and liabilities and the related carrying amounts in the consolidated financial statements, except for differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future. Deferred tax assets relating to unused tax loss carryforwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Tax assets and liabilities are offset, separately for current and deferred taxes, when income taxes are levied by the same tax authority and when there is a legally enforceable offsetting right. Deferred tax assets and deferred tax liabilities are determined by adopting the tax rates expected to be applicable in the respective jurisdictions of the countries in which the Group companies operate, in the years in which those temporary differences are expected to be recovered or settled.
The other taxes, not related to income, are included in "Other operating expenses".

USE OF ESTIMATES

The preparation of Consolidated Financial Statements and related notes in conformity with IFRS requires management to make estimates and assumptions based also on subjective judgments, past experience and assumptions 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 on the amount of revenues and costs during the year. 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.

The most significant accounting estimates that involve a high level of subjective assumptions and judgments are detailed below.

Financial statement line item/area	Accounting estimates
Impairment of goodwill	The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. If the market capitalization, taking in account the volatility, is sufficiently high, it is considered as the recoverable value. Otherwise, the valuation process entails the use of methods such as the discounted cash flow method, which uses assumptions to estimate cash flows. The fair value net of disposal costs is based on the current value of forecast cash flow, calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are detailed in the Note "Goodwill".
Impairment of intangible and tangible assets with finite useful lives and right of use assets	At the end of each reporting period, the Group assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or a right-of-use – has been impaired. Both internal and external sources of information are used for this purpose. Identifying the impairment indicators, estimating future cash flows and calculating the fair value of each asset requires the Management to make significant estimates and assumptions in calculating the discount rate to be used, and the useful life and residual value of the assets. These estimates can have a significant impact on the fair value of the assets and on the amount of any impairment write-down.
Business combinations	The recognition of business combinations requires that assets and liabilities of the acquiree be recorded at their fair value at the control acquisition date, as well as the possible recognition of goodwill. These values are determined through a complex estimation process
Expected Credit Loss	Impairment on trade receivables assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. It is recognized as a reduction in accounts receivable based on the profile of the subscriber portfolio, the aging of overdue accounts receivable, the economic situation, the risks involved in each case and the collection curve, at an amount deemed sufficient by Management, as adjusted to reflect current and prospective information on macroeconomic factors that affect the customers' ability to settle the receivables. Impairment on financial assets other than trade receivables is calculated on the basis of a general model which estimates expected credit losses over the following 12 months, or over the residual life of the asset in the event of a substantial worsening of its credit risk. Details are provided in the Note "Financial Risk Management".
Provision for legal and administrative proceedings	The legal and administrative proceedings are analyzed by the Management along with its legal advisors (internal and external). The Group considers factors in its analysis such as hierarchy of laws, precedents available, recent court judgments, their relevance in the legal system and payment history. These assessments involve Management's judgment. Further detail are provided in the Note "Disputes and pending legal actions, other information, commitments and guarantees".
Unbilled revenues	Since some cut dates for billing occur at intermediate dates within the months of the year, as the end of each month there are revenues earned by the Group, but not actually invoiced to its customers. These unbilled revenues are recorded based on estimate that takes into consideration historical consumption data, number of days elapsed since the last billing date, among others.
Income tax and social contribution (current and deferred)	Income tax and social contribution (current and deferred) are calculated according to interpretations of current legislation and IAS 12. This process typically involves complex estimates to determine taxable income and temporary differences. In particular, the deferred assets on tax losses, negative basis of social contribution and temporary differences is recognized in proportion to the probability that future taxable income is available and can be used. The measurement of the recoverability of deferred income tax on tax losses, negative basis of social contribution and temporary differences takes the history of taxable income into account, as well as the estimate of future taxable income. Further detail are provided in the Note "Income taxes (current and deferred)".

Financial statement line item/area	Accounting estimates
Derivative instruments and equity instruments	The fair value of derivative instruments and equity instruments is determined both using valuation models which also take into account subjective measurements such as, for example, cash flow estimates, expected volatility of prices, etc., and on the basis of prices existing in regulated markets or quotations provided by financial counterparts. For further details, please also see the Note "Supplementary disclosures on financial instruments".
Leasing	The Group has a significant number of lease agreements in which it is the lessee, whereby with the adoption of accounting standard IFRS 16, the Group Management made certain judgments when measuring the lease liability and the right of use assets, such as: (i) an estimation of the lease term, considering a non-cancellable period and the periods covered by options to extend the lease term, where such exercise depends only on the Group and is reasonably certain; (ii) use of certain assumptions to calculate the discount rate. According to paragraph 18 of IFRS 16, an entity shall determine the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease (if the lessee is reasonably certain to exercise that option) and periods covered by an option to terminate the lease (if the lessee is reasonably certain not to exercise that option). During the non-cancellable lease period, the contract must be enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission of the other party with no more than an insignificant penalty. The Group is not able to readily determine the interest rate implicit on the lease and, therefore, considers its incremental rate on loans to measure lease liabilities. Incremental rate on the lessee´s borrowing is the interest rate that the lessee would have to pay when borrowing, for a similar term and with a similar guarantee, the resources necessary to obtain the asset with a value similar to the right of use asset in a similar economic environment. Thus, this assessment of lease, considering non-cancellable period and the period covered by options to extend the contract term. The Group estimates the incremental rate using observable data (such as market interest rates) when available and considers aspects that are specific to the Company (such as the cost of debt) in this estimate. The Group´s average incremental rate is 11,88% for an average lease term.

NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE FROM JANUARY 1, 2024

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, 2024.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
On November 20, 2023, Regulation (EU) n° 2023/2579 was issued, implementing limited amendments to IFRS 16 to clarify that, in a sale and leaseback translation, the seller/lessee must measure only the amount in profit or loss resulting from the rights transferred to the purchase/lessor. The initial measurement of the lease liabilities arising from a sale and leaseback transaction depends on how the seller-lessee measures the right-of-use asset and the gain or loss recognized at the transaction date.
Prior to these amendments, IFRS 16 did not contain specific measurements/requirements in relation to lease liabilities that may contain variable payments arising from a sale and leaseback transaction. The amendments require that, when subsequently measuring lease liabilities in a sale and leaseback transaction, the lessee-seller should determine “lease payments” or “modified lease payments” so as not to recognize any gain or loss that relates to the right-of-use retained by the seller-lessee.

The adoption of these amendments had no effect on the Consolidated Financial Statements 2024.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
On December 19, 2023, Regulation (EU) n° 2023/2822 was issued, implementing certain limited amendments to IAS 1 clarifying that liabilities are classified as current or non-current depending on the rights existing at the end of the year. The amendment clarifies that:

- the classification of liabilities as current or non-current must be based on rights existing at the end of the year. In all relevant paragraphs, the wording is aligned to refer to the “right” to defer payment for at least 12 months, with it made explicit that only rights that are in existence “at the end of the reporting period” should affect the classification of a liability. In other words, liabilities are classified as non-current if the entity has a substantial right to defer payment for at least 12 months at the end of the year;
- the classification is unaffected by expectations as to whether or not an entity will exercise its right to defer payment of a liability; in other words, management’s expectations do not affect the classification; and

- settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The adoption of these amendments had no effect on the Consolidated Financial Statements 2024.

<u>Amendments to IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants</u>
The same Regulation (EU) 2023/2822, issued on December 19, 2023, implemented other limited amendments to IAS 1, clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
In other words, these amendments provided that, at the reporting date, entities must not consider covenants that are to be complied with in future for the purposes of classifying debt as current or non-current. Instead, the entity must disclose these covenants in the notes to the financial statements.
With these changes, the IASB aims to help investors understand the risk of liabilities being repaid early. As such, it has improved disclosures on long-term liabilities.

The adoption of these amendments had no effect on the Consolidated Financial Statements 2024.

<u>Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures</u>
On May 15, 2024, Regulation (EU) No. 2024/1317 was issued, incorporating certain amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures. The amendments aim to help users of financial statements determine the effects of supplier finance arrangements on an entity's liabilities, cash flows and liquidity risk exposure.

The amendments require entities to disclose information on the impact of supplier finance arrangements on liabilities and cash flows, including:

- the terms and conditions;
- at the start and end of the reporting period:
- the carrying amounts of the financial liabilities that are part of the supplier financing agreement and the items in which these liabilities are presented;
- the carrying amounts of the financial liabilities and the items for which payment has already been settled by the finance provider;
- the range of payment terms, expressed in time, of payables due to lenders and of trade payables that do not form part of the arrangement;
- the type and effect of non-monetary changes in the carrying amounts of the financial liabilities that are part of the supplier finance arrangement, which prevent the carrying amounts of financial liabilities from being comparable.

The amendments require entities to aggregate information related to supplier finance agreements. However, entities must disaggregate information on any unusual or unique terms and conditions of individual arrangements when these are dissimilar.
Explanatory information on payment due dates must also be disaggregated when there is a wide range of payment due dates.
Supplier finance arrangements are included among the quantitative liquidity risk disclosures in IFRS 7 as an example of other potentially material factors.
The amendments contain measures to facilitate the transition. For example, entities are not required to disclose comparative information for preceding periods in the annual reporting period it first applies the amendments.

The adoption of these amendments had no effect on the Consolidated Financial Statements 2024.

<u>International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12</u>
European Union Council Directive no. 2022/2523/EU (the "Directive") implements the rules developed by the Organization for Economic Cooperation and Development ("OECD") on Pillar 2 and Global Minimum Tax ("Model Rules" or "GloBE Rules"). The new rules took effect on January 1, 2024.
The GloBE Rules introduce a coordinated system of rules for multinational groups with total revenues of 750 million euros or more, aimed at ensuring that they are subject to a minimum tax level of at least 15% in relation to income generated in each country in which they operate. The GloBE Rules provide for the application of a top-up tax due if the effective tax rate ("ETR") calculated for each country according to the common rules is below 15%, up to that level. The ETR is equal to the ratio of taxes paid (with adjustments) to accounting profit (with adjustments). Both the calculation of the effective tax rate and the supplementary tax are done on a jurisdictional (i.e. country-by-country) basis.

Amendments to IAS 12 – Income Taxes were introduced in response to the OECD Pillar Two rules on BEPS and include the following:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from jurisdictional implementation of Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from such legislation, especially before the effective date.

As part of the scope of application of the GloBE Rules, TIF Group carried out a preliminary analysis of 2024 data and at this stage it is believed that no additional material imposition should emerge.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPLICABLE

At the reporting date of these Consolidated Financial Statements 2024, the IASB had issued the following new Standards and Interpretations which have not yet come into force.

	Mandatory application starting from
New Standards and Interpretations not yet endorsed by the EU	
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January, 2026
Annual Amendments to IFRS - Volume 11	1 January, 2026
Nature-dependent electricity contracts: Amendments to IFRS 9 and IFRS 7	1 January, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January, 2027
IFRS 19 – Subsidiaries without Public Accountability Disclosures	1 January, 2027
New Standards and Interpretations endorsed by the EU	
Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates	1 January, 2025

Any impacts on the Group's consolidated financial statements resulting from the application of these new Standards/Interpretations are currently being assessed; However, it is considered that they are not significant with respect to financial and economic results.

Note 3 - Scope of Consolidation

INVESTMENTS IN CONSOLIDATED SUBSIDIARIES

Composition of the Group
The Group holds a majority of the voting rights in all the subsidiaries included in the scope of consolidation.
A complete list of consolidated subsidiaries is provided in the Note "List of companies of the Telecom Italia Finance Group".

SCOPE OF CONSOLIDATION

No changes occurred in the scope of consolidation as of December 31, 2024 compared to December 31, 2023.

SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

At December 31, 2024, the Group held equity investments in subsidiaries with significant non-controlling interests in TIM Brasil Group.

The figures provided below, stated before the netting and elimination of intragroup accounts, comply with IFRS and reflect adjustments made at the acquisition date to align the assets and liabilities acquired to their fair value.

TIM Brasil Group – Brazil Business Unit
Non-controlling interests accounted at December 31, 2024 amounted to 33,4% of the capital of TIM S.A., coinciding with the corresponding voting rights.

Financial Position Data TIM Brasil Group

(million euros)	31/12/2024	31/12/2023
Non-current assets	7.111	8.596
Current assets	2.081	2.238
Total Assets	**9.192**	**10.834**
Non-current liabilities	3.110	3.832
Current liabilities	2.194	2.565
Total Liabilities	**5.305**	**6.397**
Equity	**3.887**	**4.437**
of which Non-controlling interests	*1.389*	*1.646*

Income statement Data TIM Brasil Group

(million euros)	31/12/2024	31/12/2023
Revenues	4.366	4.412
Profit (loss) for the year	**412**	**448**
of which Non-controlling interests	*181*	*175*

Financial Data TIM Brasil Group
In 2024, aggregate cash flows generated a negative amount of 116 million euros (1.634 million euros from operating activities, -928 million euros from investing activities and -822 million euros from financing activities), including a negative exchange rate effect of 104 million euros, without which cash flow would have generated a negative amount of 12 million euros.
In 2023, aggregate cash flows generated a positive amount of 167 million euros, partially due to a positive exchange rate effect of 20 million euros, without which cash flow would have generated a positive amount of 147 million euros.

Lastly, again with reference to the TIM Brasil Group, the main risk factors that could, even significantly, restrict the operations of the TIM Brasil Group are listed below:

- strategic risks (risks related to agreements with suppliers and partners, staff engagement, climate change, and technological innovation);
- operational risks (risks related to business continuity, fraud, supply chain, and network development);
- financial risks (risks related to interest rate fluctuations, liquidity and credit risks, risks related to macroeconomic factors);
- market risks (risks related to competitive dynamics, geopolitical stability, customer needs and satisfaction);
- technology and cyber security risks (risks related to technology security, cyber attacks, and the integrated use of artificial intelligence in business processes).

Note 4 - Goodwill

Goodwill is only referred to Brazil Cash Generating Unit (“CGU”) and shows the following changes during 2024 and 2023:

(million euros)	**31/12/2023**	Increase	Decrease	Impairments	Exchange differences	**31/12/2024**
Brazil	**1.017**	—	—	—	-171	**845**

(million euros)	**31/12/2022**	Increase	Decrease	Impairments	Exchange differences	**31/12/2023**
Brazil	**977**	—	—	—	39	**1.017**

The gross carrying amounts of goodwill and the relative accumulated impairment losses can be summarized as follows:

(million euros)	31/12/2024			31/12/2023		
	Gross carrying amount	Accumulated impairment losses	**Net carrying amount**	Gross carrying amount	Accumulated impairment losses	**Net carrying amount**
Brazil	**991**	**145**	**845**	**1.190**	**173**	**1.017**

The figures for the Brazil CGU are stated in euros, converted at the spot exchange rate at the closing date of the financial statements; the carrying amount of goodwill for the CGU corresponds at December 31, 2024 to 5.439 million reais (991 million euros, 5.439 million reais at December 31, 2023).

With reference to the Brazil Cash Generating Unit, Goodwill recorded net exchange result of -171 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 5,34964 as of December 31, 2023 to 6,43318 as of December 31, 2024.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on at least an annual basis, when preparing the company's consolidated financial statements. Accordingly, the Group conducted impairment tests on the recoverability of the CGU. The results showed that the recoverable amount of the assets at December 31, 2024 was higher than the net carrying amount for the Brazil CGU (+1.408 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 change in the price per share, compared to the reference quotation considered for the purposes of the financial statements, which would make the recoverable value equal to the carrying amount is equal to -26%.

Considering that the recoverable amount has been based on the market capitalization, the Group did not made assumptions for estimating cash flows, including evaluation of the climate change impact.

Note 5 - Intangible assets with a finite useful life

All intangible assets with a finite useful life in the 2024 and 2023 are referred to Brazil Business Unit.

(millions of euros)	31/12/2023	Investments	Amortization	Disposals	Exchange differences	Other Changes	31/12/2024
Industrial patents and intellectual property rights	**445**	138	-161	—	-74	15	**363**
Concessions, licenses, trademarks and similar rights	**1.755**	11	-157	—	-282	—	**1.327**
Other intangible assets	**39**	1	-6	—	-6	—	**28**
Work in progress and advance payments	**38**	37	—	—	-9	-15	**52**
Total	**2.277**	**188**	**-324**	**—**	**-371**	**—**	**1.770**

(millions of euros)	31/12/2022	Investments	Amortization	Disposals	Exchange differences	Capitalized borrowing costs	Other Changes	31/12/2023
Industrial patents and intellectual property rights	**438**	155	-179	—	18	—	14	**445**
Concessions, licenses, trademarks and similar rights	**1.323**	8	-163	—	57	—	530	**1.755**
Other intangible assets	**44**	1	-8	—	2	—	—	**39**
Work in progress and advance payments	**530**	20	—	—	16	18	-546	**38**
Total	**2.334**	**184**	**-350**	**—**	**93**	**18**	**-2**	**2.277**

Industrial patents and intellectual property rights at December 31, 2024 consisted mainly of software licenses.

Concessions, licenses, trademarks and similar rights at December 31, 2024 mainly related to the residual cost of authorizations and rights to use radio frequency bands for 1.293 million of euros (1.705 million euros at December 31, 2023).

The residual amount of telephone licenses and similar rights in operation and their useful lives are detailed below:

Type	Residual value at 31/12/2024 (million euros)	Useful life in years	Amortization expense for 2024 (million euros)
800 MHz, 900 MHz and 1800 MHz band	273	From 2 to 20	27
1900 MHz and 2100 MHz band	77	From 2 to 20	9
700 MHz, 2500 MHz and 2.5 GHz band (4G)	388	From 2 to 20	76
2.3 GHz, 3.5 GHz, and 26 GHz band (5G)	553	From 10 to 20	39

Work in progress and advance payments relate to Brazil Business Unit and refer mainly to software developments.

Investments in 2024 amounted to 188 million euros (184 million euros in 2023) and included 33 million euros in internally generated assets (34 million euros in 2023).

Further details are provided in the Note “Internally generated assets”.

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

No impairment losses have been recorded during the year 2024 and 2023.

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2024 and 2023 can be summarized as follows:

		31/12/2024	
(million euros)	Gross carrying amount	Accumulated amortization	Net carrying amount
Industrial patents and intellectual property rights	3.733	3.370	363
Concessions, licenses, trademarks and similar rights	2.967	1.640	1.327
Other intangible assets with a finite useful life	134	106	28
Work in progress and advance payments	52	—	52
Total intangible assets with a finite useful life	**6.885**	**5.115**	**1.770**

		31/12/2023	
(million euros)	Gross carrying amount	Accumulated amortization	Net carrying amount
Industrial patents and intellectual property rights	4.322	3.877	445
Concessions, licenses, trademarks and similar rights	3.556	1.801	1.755
Other intangible assets with a finite useful life	499	460	39
Work in progress and advance payments	38	—	38
Total intangible assets with a finite useful life	**8.415**	**6.138**	**2.277**

Note 6 - Tangible assets

All tangible assets in the 2024 and 2023 are referred to Brazil Business Unit.

PROPERTY, PLANT AND EQUIPMENT OWNED

(million euros)	31/12/2023	Investments	Depreciation	Disposals	Exchange differences	Other Changes	31/12/2024
Land	**7**	—	—	—	-1	—	**6**
Buildings (civil and industrial)	**9**	—	-1	—	-2	—	**7**
Plant and equipment	**2.114**	456	-496	-1	-360	85	**1.797**
Other	**123**	44	-55	-1	-20	4	**96**
Construction in progress and advance payments	**85**	84	—	—	-15	-78	**76**
Total	**2.338**	**585**	**-552**	**-2**	**-398**	**11**	**1.982**

(million euros)	31/12/2022	Investments	Depreciation	Disposals	Exchange differences	Other Changes	31/12/2023
Land	**7**	—	—	—	—	—	**7**
Buildings (civil and industrial)	**10**	—	-1	—	—	—	**9**
Plant and equipment	**1.927**	499	-470	-1	79	81	**2.114**
Other	**110**	59	-53	-1	5	4	**123**
Construction in progress and advance payments	**94**	84	—	—	4	-97	**85**
Total	**2.147**	**643**	**-524**	**-3**	**88**	**-12**	**2.338**

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

Buildings (civil and industrial) mainly 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.

Investments in 2024 amounted to 585 million euros (643 million euros in 2023) and included 64 million euros in internally generated assets (69 million euros in 2023).

Further details are provided in the Note “Internally generated assets”.

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

No impairment losses have been recorded during the year 2024 and 2023.

Depreciation for the years 2024 and 2023 was calculated on a straight-line basis over the estimated useful lives of the assets according to the following minimum and maximum rates:

Buildings (civil and industrial)	4%
Plant and equipment	4% - 33%
Other	10% - 50%

The gross carrying amount, accumulated impairment losses and accumulated depreciation at December 31, 2024 and 2023 can be summarized as follows:

	31/12/2024		
(million euros)	**Gross carrying amount**	Accumulated depreciation	Net carrying amount
Land	**6**	—	6
Buildings (civil and industrial)	**21**	13	7
Plant and equipment	**7.474**	5.677	1.797
Other	**1.099**	1.003	96
Construction in progress and advance payments	**76**	**—**	**76**
Total	**8.676**	**6.693**	**1.982**

	31/12/2023		
(million euros)	**Gross carrying amount**	Accumulated depreciation	Net carrying amount
Land	**7**	—	7
Buildings (civil and industrial)	**25**	15	9
Plant and equipment	**8.420**	6.306	2.114
Other	**1.273**	1.150	123
Construction in progress and advance payments	**85**	**—**	**85**
Total	**9.810**	**7.471**	**2.338**

Note 7 - Right of use assets

At December 31, 2024 right of use assets amounted to 1.620 million euros and are referred to Brazil Business Unit. The breakdown and movements during the 2024 and 2023 are shown below.

(millions of euros)	31/12/2023	Investments	Increase in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other Changes	31/12/2024
Property	595	—	157	-91	-68	-100	—	**493**
Plant and equipment	1.318	8	350	-239	-84	-225	—	**1.127**
Total	**1.913**	**8**	**506**	**-330**	**-153**	**-325**	**—**	**1.620**

(millions of euros)	31/12/2022	Investments	Increase in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other Changes	31/12/2023
Property	545	—	259	-121	-107	22	-3	**595**
Plant and equipment	1.436	8	275	-323	-115	56	-19	**1.318**
Total	**1.981**	**8**	**534**	**-444**	**-222**	**78**	**-22**	**1.913**

The item **Property** includes buildings under passive 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 the operation are provided in the Note "Miscellaneous payables and other non-current liabilities".

Further details on finance lease are provided in the Note "Financial liabilities (non-current and current)".

The increases in financial leasing contracts in 2024, equal to 506 million euros (534 million euros at December 31, 2023) and are explained by new leases, increases of lease payments and renegotiation of agreements existing related both to 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.

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

No impairment losses have been recorded during the year 2024 and 2023.

The gross carrying amount, accumulated impairment losses and accumulated depreciation at December 31, 2024 and 2023 can be summarized as follows:

	31/12/2024		
(million euros)	Gross carrying amount	Accumulated amortization	Net carrying amount
Property	803	311	493
Plant and equipment	2.164	1.038	1.127
Total	**2.968**	**1.348**	**1.620**

	31/12/2023		
(million euros)	Gross carrying amount	Accumulated amortization	Net carrying amount
Property	924	329	595
Plant and equipment	2.356	1.038	1.318
Total	**3.281**	**1.367**	**1.913**

Note 8 - Investments

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

In November 2021, as a result of the spin-off of net assets from the broadband business and creation of I-Systems, TIM S.A. disposed of 51% of its equity interest on behalf of IHS. As a result of this transaction, a loss of control took place and the Group no longer consolidates the company.

(million euros)	31/12/2024	31/12/2023
I-Systems S.A.	213	271
Total	**213**	**271**

The changes to the item during the year are due to equity method accounting for -14 million euros and exchange rate difference for -44 million euros.

The following table represents summarized financial information about the investment of I-Systems:

(millions of euros)	31/12/2024	31/12/2023
Assets	**332**	**384**
Current and non-current assets	60	66
Tangible and intangible assets	272	318
Liabilities and shareholders' equity	**332**	**384**
Current and non-current liabilities	117	125
Shareholders' equity	214	259
Net loss for the year	**-29**	**-34**
Group's proportional interest	**49 %**	**49 %**
Group's interest in the associated company's income (loss)	**-14**	**-17**

The Groups' proportional share of the shareholders' equity in I-Systems S.A. corresponds to 105 million euros. The difference with the value of the investment is due to the higher fair value attributed at the acquisition of the associate.

INVESTMENTS IN STRUCTURED ENTITIES

The Group does not hold investments in structured entities.

OTHER INVESTMENTS

Other investments refer mainly to the following:

(million euros)	31/12/2024	31/12/2023
Banco C6 S.A.	25	30
Upload Ventures Growth	33	10
Total	**58**	**41**

The investment in Banco C6 S.A. represents 1,44% of the company's share capital resulting from the exercise by TIM S.A. (Brazil Business Unit) of the option to purchase C6 shares as part of the partnership entered into between the parties in 2020. After the exercise of the option, TIM S.A. holds a minority position and has no position of control or significant influence in the management of C6. Further details are also provided in the Note "Disputes and Pending Legal Actions, other information, commitments and guarantees".
Furthermore, as at December 31, 2024, TIM S.A. (Brazil Business Unit) has invested 33 million euros in the investment fund focused on 5G solutions called Upload Ventures Growth. Out of this total amount, it is worth emphasizing that on April 30, 2024 and September 23, 2024, the Group made contributions of approximately 77 million reais (13,21 million euros) and 54 million reais (9,26 million euros), respectively, to the 5G Fund, reinforcing its commitment to boosting the development of solutions based on 5G technology.
As at December 31, 2024, TIM S.A. (Brazil Business Unit) does not control the management of the fund or exercise significant influence.
Further details on Financial Instruments are provided in Note "Supplementary disclosure on financial instruments" and "Events subsequent to December 31,2024".

Note 9 - Financial assets (non-current and current)

(millions of euros)	31/12/2024	31/12/2023
Non-current financial assets	**1.001**	**1.547**
Financial receivables for lease contracts	32	39
Hedging derivatives relating to hedged items classified as non-current assets/ liabilities of a financial nature	1	1
Non-hedging derivatives	199	379
Loans and other financial receivables	769	1.128
Current financial assets	**4.760**	**5.466**
Securities other than investments	**1.539**	**1.882**
Fair value through other comprehensive income (FVTOCI)	1.116	1.516
Fair value through profit or loss (FVTPL)	423	366
Financial receivables and other current financial assets	**116**	**755**
Financial receivables arising from lease contracts	5	6
Non-hedging derivatives	79	127
Loans and other financial receivables	32	622
Cash and cash equivalents	**3.104**	**2.830**
Total non-current and current financial assets	**5.761**	**7.013**

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 278 million euros (505 million euros at December 31, 2023). 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 December 31, 2024 the mark-to-market component of the non-hedging derivatives of the Brazil Business Unit is equal to 81 million euros (94 million euros at December 31, 2023) 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 801 million euros (1.750 million euros at December 31, 2023) 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.

On April 18, 2024, TIM S.p.A., Telecom Italia Capital and Telecom Italia Finance S.A., launched a 5 billion euros two-stage notes’ exchange offer (the “Exchange Offer”) structured as follows:

- the holders of the relevant existing series of notes issued by relevant Issuers (the “Original Notes”) were offered the opportunity to exchange their Original Notes for new notes (the “New Notes”) having substantially the same terms and conditions of the Original Notes (the “Seller Exchange”);
- the New Notes would have been automatically exchanged into Bidco notes (the “Bidco Exchange”) for notes issued by Bidco (the “Bidco Notes”) upon the completion of the NetCo Transaction.

On May 2, 2024, the total cap of the Exchange Offer was increased up to 5,54 billion euros.
The first stage of the TI Finance Seller Exchange terminated on May 08, 2024, date on which were issued New Notes for a nominal amount of 0,4 billion euros.
On July 1, 2024, the NetCo Transaction has been completed and the New Notes have been automatically exchanged into BidCo Notes and reduced from TI Finance balance sheet. As agreed between TIM S.p.A. and TI Finance, loans previously granted by Ti Finance to TIM have been set off for 0,4 billion euros.

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 568 million euros (1.007 million euros at December 31, 2023) of treasury bonds and 548 million euros (509 million euros at December 31, 2023) 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 423 million euros (366 million euros at December 31, 2023) in monetary funds.

At December 31, 2024, 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 199 million euros by entering in repurchase agreements ("Repo") expiring in short term.

At December 31, 2024, the Parent has contracts of security lending with TIM S.p.A. for a total of 131 million euros of government 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)	31/12/2024	31/12/2023
Liquid assets with banks, financial institutions and post offices	1.585	1.485
Other financial receivables (due within 3 months)	1.023	727
Securities other than investments (due within 3 months)	496	618
Total	**3.104**	**2.830**

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

(millions of euros)	31/12/2024	31/12/2023
Liquid assets with banks, financial institutions and post offices	1.585	1.485
Other financial receivables (due within 3 months)	1.023	727
Securities other than investments (due within 3 months)	496	618
	3.104	**2.830**
Financial payables (due within 3 months)	-121	-67
Total	**2.983**	**2.763**

The different technical forms of investing available cash at December 31, 2024 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 class of at least BBB and non non-negative outlook with regard to Europe, and with leading local counterparts 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 the Ultimate Parent and other TIM Group companies. All loans are considered fully recoverable by the management.

Securities other than investments (due within 3 months) included 496 million euros (618 million euros at December 31, 2023) of Brazilian bank certificates of deposit (*Certificado de Depósito Bancário*) held by the Brazil Business Unit with premier local banking and financial institutions.

Note 10 - Miscellaneous receivables and other non-current assets

(million euros)	31/12/2024	Of which Financial Instruments	31/12/2023	Of which Financial Instruments
Miscellaneous receivables	**298**	**140**	**345**	**140**
Other non-current assets	**44**	**—**	**26**	**—**
Prepaid expenses from customer contracts (contract assets)	5	—	6	—
Other prepaid expenses	39	—	20	—
Total	**341**	**140**	**371**	**140**

As at December 31, 2024 **Miscellaneous receivables** relate to the Brazil Business Unit for an amount of 298 million euros (345 million euros at December 31, 2023). They include:

- receivables for judicial deposits of 103 million euros (129 million euros at December 31, 2023);
- non-current income tax receivables of 33 million euros (41 million euros at December 31, 2023);
- receivables for indirect taxes totaling 108 million euros (147 million euros at December 31, 2023).

Other non-current assets include prepaid expenses related to the Brazil BU for 44 million euros (26 million euros at December 31, 2023) and is mainly represented by the non current portion of i) 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, and ii) the costs of installing a neutral network deferred over the term of the contract.

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

Note 11 - Income taxes (current and deferred)

INCOME TAX RECEIVABLES

Non-current and current income tax receivables at December 31, 2024 amounted to 102 million euros (180 million euros at December 31, 2023) and related to the Brazil Business Unit.
Specifically, they consisted of:

- non-current receivables of 33 million euros (41 million at December 31, 2023) of the Brazil Business Unit related to the Brazilian Supreme Federal Court's decision in September 2021 regarding the non collection of corporate income tax and social contribution on the monetary restatement using the SELIC rate in cases of wrongful payment;
- current income tax receivables of 69 million euros (139 million euros at December 31, 2023). They include TIM S.A.'s receivables relating to the positive outcome of the above-mentioned decision of the Brazilian Supreme Federal Court.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The net balance of 168 million euros at December 31, 2024 (235 million euros at December 31, 2023) was broken down as follows:

(million euros)	31/12/2024	31/12/2023
Deferred tax assets	168	235
Deferred tax liabilities	—	—
Total	**168**	**235**

Deferred taxes are all attributable to Brazil BU.

Since the presentation of deferred tax assets and liabilities in the financial statements takes into account the offsets by legal entity when applicable, the composition of the gross amounts before offsets is presented below:

(million euros)	31/12/2024	31/12/2023
Deferred tax assets	510	599
Deferred tax liabilities	-342	-364
Total	**168**	**235**

The temporary differences that made up this line item at December 31, 2024 and 2023, as well as the movements during 2024 were as follows:

(million euros)	31/12/2023	Recognized in profit or loss	Recognized in equity	Change in scope of consolidatiom, exchange differences and other changes	31/12/2024
Deferred tax assets	**599**	**13**	**—**	**-102**	**510**
Tax loss carryforwards	38	-32	—	-3	2
Provision for bad debts	43	4	—	-8	39
Provisions	344	36	—	-61	319
Other deferred tax assets	174	6	—	-30	150
Deferred tax liabilities	**-364**	**-43**	**—**	**65**	**-342**
Derivatives	-44	-6	—	8	-43
Business combinations - for step-up of net assets in excess of tax basis	-101	-25	—	19	-107
Accelerated depreciation	-167	-17	—	30	-154
Other deferred tax liabilities	-53	6	—	8	-38
Total Net deferred tax assets (liabilities)	**235**	**-30**	**—**	**-37**	**168**

At December 31, 2024, the Group had unused tax loss carryforwards of 490 million euros with the following expiration dates:

Year of expiration	(million euros)
2025	—
2026	—
2027	—
2028	—
2029	—
Expiration after 2029	28
Without expiration	461
Total unused tax loss carryforwards	**490**

Unused tax loss carryforwards considered in the calculation of deferred tax assets amounted to 8 million euros at December 31, 2024 (136 million euros at December 31, 2023) and referred to the Brazil Business Unit. Deferred tax assets are recognized when it is considered probable that taxable income will be available in the future against which the tax losses can be utilized. On the other hand, deferred tax assets of 106 million euros (148 million euros at December 31, 2023) have not been recognized by the Parent on 444 million euros (593 million euros at December 31, 2023) of tax loss carryforwards since, at this time, their recoverability is not considered probable.
At December 31, 2024, deferred tax liabilities have not been recognized on approximately 1,3 billion euros (1,2 billion euros at December 31, 2023) of tax-suspended reserves and undistributed earnings, because the Group is in a position to control the timing of the distribution of those reserves and it is probable that those accumulated earnings will not be distributed in the foreseeable future.

INCOME TAX PAYABLES

Income tax payables amounted to 18 million euros (18 million euros at December 31, 2023) and are mainly related to Brazil Business Unit. They were broken down as follows:

(million euros)	31/12/2024	31/12/2023
Non-Current	—	—
Current	18	18
Total	**18**	**18**

INCOME TAX INCOME (EXPENSE)

Details are as follows:

(million euros)	Year 2024	Year 2023
Current taxes for the year	63	37
Net difference in prior year estimates	—	—
Total current taxes	**63**	**37**
Deferred taxes	30	49
Total income tax for the year	**93**	**86**

The reconciliation between the theoretical tax expense, and the effective tax expense for the years ended December 31, 2024 and 2023 is the following:

(million euros)	Year 2024	Year 2023
Profit (loss) before tax	**627**	**597**
Theoretical income tax	**156**	**149**
Income tax effect on increases (decreases) in variations		
Tax losses of the year not considered recoverable	-42	-53
Different rate compared to theoretical rate in force in Luxembourg and other changes	35	34
Brazil: incentive on investments	-57	-44
Total effective income tax recognized in income statement	**93**	**86**

During the year 2024 tax losses of 42 million euros have been considered not recoverable in relation to tax loss carryforwards whose recoverability is not considered probable.

The tax rate in force in Luxembourg as at December 31, 2024 and 2023 is 24,94%. Starting from January 01, 2025 the rate become 23,87%.

Note 12 - Inventories

(million euros)	31/12/2024	31/12/2023
Finished goods	46	62
Total	**46**	**62**

The inventories mainly consist of cell phones and tablets, and accessories and prepaid cards and are related to Brazil Business Unit.

Note 13 - Trade and miscellaneous receivables and other current assets

(million euros)	31/12/2024	Of which Financial Instruments	31/12/2023	Of which Financial Instruments
Trade receivables	**745**	**745**	**727**	**727**
Receivables from customers	600	600	610	610
Receivables from other telecommunications operators	145	145	117	117
Miscellaneous receivables	**179**	**2**	**209**	**3**
Other current assets	**47**	**4**	**49**	**4**
Prepaid expenses from customer contracts (contract assets)	28	4	34	4
Other prepaid expenses	19	—	15	—
Total	**971**	**750**	**985**	**734**

The aging of financial instruments included in "Trade and miscellaneous receivables and other current assets" at December 31, 2024 and 2023 was as follows:

				overdue:			
(million euros)	**31/12/2024**	Total non-overdue	Total overdue	0-90 days	91-180 days	181-365 days	More than 365 days
Net trade and miscellaneous receivables and other current assets	750	536	214	87	22	105	—

				overdue:			
(million euros)	**31/12/2023**	Total non - overdue	Total overdue	0-90 days	91-180 days	181-365 days	More than 365 days
Net trade and miscellaneous receivables and other current assets	734	586	148	85	25	38	—

The decrease in the non-overdue portion (49 million euros) includes a negative exchange adjustment of approximately 99 million euros.

Overdue receivables increased of 66 million of euros compared to December 31, 2023, including a negative exchange difference of around 25 million euros.

As at December 31, 2024 **Trade receivables** related to the Brazil Business Unit amounted to 745 million euros (727 million euros at December 31, 2023) and are stated net of the provision for expected credit losses of 104 million euros (118 million euros at December 31, 2023).

Movements in the provision for expected credit losses were as follows:

(million euros)	2024	2023
At January 01	**118**	**105**
Provision charges to the income statement	119	118
Utilization and decreases	-112	-110
Exchange differences and other changes	-20	4
At December 31	**104**	**118**

As at December 31, 2024 **Miscellaneous receivables** amounted to 179 million euros (209 million euros at December 31, 2023) and did not include provisions for bad debts (same as at December 31, 2023).

Details are as follows:

(million euros)	31/12/2024	31/12/2023
Advances to suppliers	7	12
Tax receivables	143	153
Sundry receivables	28	44
Total	**179**	**209**

As at December 31, 2024 **Tax receivables** included 143 million euros (153 million euros at December 31, 2023) referring to the Brazil Business Unit and related to local indirect taxes. Specifically, they include (i) PIS and COFINS credits, mostly related to recoverable tax on the acquisition of certain goods and services under the non- cumulative regime (51 million euros); (ii) ISS credits due to the overpayment of such tax in previous years, and which the Company requested a restitution to the municipal tax authorities (17 million euros); and (iii) ICMS credits, mainly related to credits on the acquisition of fixed assets and ICMS credits due to advance payments (74 million euros).

Other current assets include the current portion of prepaid expenses related to the Brazil BU and is mainly represented by i) 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, and ii) the costs of installing a neutral network deferred over the term of the contract.

Other prepaid expenses refers to the Brazil BU and are essentially related to the deferral of service costs for maintenance contracts, insurance and marketing activities.

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

Note 14 - Share capital issued

As at December 31, 2024 the authorized, issued and fully paid capital of 1.818.691.978,50 euros (1.818.691.978,50 euros at December 31, 2023) is represented by 185.960.325 ordinary shares (185.960.325 at December 31, 2023) with a nominal value of EUR 9,78 per share.

As at December 31, 2024 and 2023 the Parent is 100% held by TIM S.p.A.

There has not been any movement in Share Capital in 2024.

Note 15 - Financial liabilities (non-current and current)

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

(million euros)	31/12/2024	31/12/2023
Non-current financial liabilities	**3.626**	**4.796**
Financial payables (medium/long-term):	**1.836**	**2.591**
Bonds	1.456	2.176
Amounts due to banks	113	120
Other financial payables	266	295
Finance lease liabilities (medium/long-term)	**1.702**	**1.953**
Other financial liabilities (medium/long-term):	**89**	**252**
Non-hedging derivatives	89	252
Current financial liabilities	**1.005**	**2.084**
Financial payables (short-term):	**708**	**1.632**
Bonds	244	204
Amounts due to banks	331	1.348
Other financial payables	134	80
Finance lease liabilities (short-term)	**253**	**338**
Other financial liabilities (short-term):	**43**	**114**
Non-hedging derivatives	43	114
Total financial liabilities (gross financial debt)	**4.631**	**6.880**

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

(million euros)	31/12/2024	31/12/2023
Up to 2,5%	108	187
From 2,5% to 5%	683	1.334
From 5% to 7,5%	199	221
From 7,5% to 10%	654	1.264
Over 10%	2.780	3.385
Accruals/deferrals, MTM and derivatives	207	489
Total	**4.631**	**6.880**

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

	31/12/2024	31/12/2023
Up to 2,5%	123	128
From 2,5% to 5%	320	913
From 5% to 7,5%	76	—
From 7,5% to 10%	757	1.338
Over 10%	3.148	4.012
Accruals/deferrals, MTM and derivatives	207	489
Total	**4.631**	**6.880**

[*] 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. Further details on derivative instruments are provided in the Note "Derivatives".

The following table lists the changes in bonds during 2024:

Repayments

(millions of original currency)	Currency	Amount	Date
TIM Brasil 5.000 million BRL CDI+2.3%	BRL	294	25/07/2024
TIM Brasil 5.000 million BRL CDI+2.3%	BRL	294	25/10/2024

Moreover, on April 18, 2024, TIM S.p.A., Telecom Italia Capital and Telecom Italia Finance S.A., launched a 5 billion euros two-stage notes' exchange offer (the "Exchange Offer") structured as follows:

- the holders of the relevant existing series of notes issued by relevant Issuers (the "Original Notes") were offered the opportunity to exchange their Original Notes for new notes (the "New Notes") having substantially the same terms and conditions of the Original Notes (the "Seller Exchange");
- the New Notes would have been automatically exchanged into Bidco notes (the "Bidco Exchange") for notes issued by Bidco (the "Bidco Notes") upon the completion of the NetCo Transaction.

On May 2, 2024, the total cap of the Exchange Offer was increased up to 5,54 billion euros.
The first stage of the TI Finance Seller Exchange terminated on May 08, 2024, date on which were issued New Notes for a nominal amount of 359.142.000 euros.
On July 1, 2024, the NetCo Transaction has been completed and the New Notes have been automatically exchanged into BidCo Notes and reduced from TI Finance balance sheets. As agreed between TIM S.p.A. and TI Finance, loans previously granted by Ti Finance to TIM have been set off for 353.834.483 euros.

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 December 31, 2024:

Currency	Amount (millions)	Nominal repayment amount at 31/12/2024 (millions of euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 31/12/2024 (%)	Market value at 31/12/2024 (millions of euros)
Bonds issued by Telecom Italia Finance and guaranteed by TIM S.p.A.								
Euro	656	656	7,750 %	24/01/2003	24/01/2033	109,646[*]	123,961	813
Bonds issued by TIM S.A.								
BRL	1.600	249	IPCA+4,0432%	15/06/2021	15/06/2028	100	113,703	283
Bonds issued by TIM Brasil Serviços e Participações S.A. [**]								
BRL	4.412	686	CDI+2,3%	31/07/2023	25/07/2028	100	91,919	630
Total								**1.726**

[*]Weighted average issue price for bonds issued with more than one tranche.
[**] The issuance is guaranteed by the economic rights on TIM S.A. shares.

Amounts due to banks (medium/long term) of 113 million euros (120 million euros at December 31, 2023) decreased by 7 million euros, mainly as net result of new loans and the transfer to the current portion.

As at December 31, 2024 **Other financial payables (medium/long-term)** amounted to 266 million euros (295 million euros at December 31, 2023) corresponding to Telecom Italia Finance loan of 20.000 million Japanese yens expiring in 2029.

Finance lease liabilities (medium/long-term) totaled 1.702 million euros at December 31, 2024 (1.953 million euros at December 31, 2023). With reference to the financial lease liabilities recognized, in 2024 and 2023 the following is noted:

(million euros)	31/12/2024	31/12/2023
Principal reimbursements	310	339
Cash out interest portion	246	263
Total	**556**	**602**

The lease amounts considered low-value or short-term (less than 12 months) were recognized as rental expenses and totaled 5 million euros in 2024 (6 million euros in 2023).

Non-hedging derivatives relating to items classified as current and non-current financial liabilities totaled 132 million euros (365 million euros at December 31, 2023). 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 totaled 331 million euros (1.348 million euros at December 31, 2023) and included 54 million euros of the current portion of medium/long-term amounts due to banks. As at December 31, 2024, the item includes 199 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 16 - Net financial debt

The following table shows the net financial debt at December 31, 2024 and December 31, 2023, 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)		31/12/2024	31/12/2023
Liquid assets with banks, financial institutions and post offices	a)	1.585	1.485
Other cash and cash equivalents	b)	496	618
Securities other than investments	c)	1.539	1.521
Liquidity	**d=a+b+c**	**3.620**	**3.624**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	e)	398	1.178
Current portion of non-current financial debt	f)	527	779
Current financial debt	**g=e+f**	**925**	**1.957**
Net current financial debt	**h=g-d**	**-2.695**	**-1.667**
Non-current financial debt (excluding the current part and debt instruments)	i)	1.970	2.240
Debt instruments	j)	1.456	2.176
Trade payables and other non-current debt	k)	50	65
Non-current financial debt	**l=i+j+k**	**3.476**	**4.481**
Total net financial debt as per ESMA guidelines 32-382-1138	**m=h+l**	**781**	**2.815**
Trade payables and other non-current debt		-50	-65
Loans and other non-current financial receivables		-769	-1.128
Non-current financial receivables arising from lease contracts		-32	-39
Loans and other current financial receivables		-1.055	-1.710
Current financial receivables arising from lease contracts		-5	-6
Subtotal	**n)**	**-1.911**	**-2.948**
Net financial debt carrying amount[*]	**o=m+n**	**-1.130**	**-133**

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

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

(million euros)		Cash movements		Non-cash movements			
	31/12/2023	Receipts and/or issues	Payments and/or reimbursements	Differences exchange rates	Fair value changes	Other changes	31/12/2024
Financial payables (medium/long-term):	**3.045**	**86**	**-343**	**-283**	**—**	**-359**	**2.146**
Bonds	2.380	—	-101	-210	—	-369	1.700
Amounts due to banks	357	86	-243	-37	—	4	168
Other financial payables	308	—	—	-36	—	7	279
of which short-term portion	*454*	*—*	*-343*	*-49*	*—*	*250*	*311*
Finance lease liabilities (medium/long-term):	**2.291**	**198**	**-315**	**-391**	**—**	**172**	**1.955**
of which short-term portion	*338*	*—*	*-315*	*-54*	*—*	*285*	*253*
Other financial liabilities (medium/long-term):	**366**	**—**	**—**	**13**	**-25**	**-222**	**132**
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	—	—	—	—	—	—	—
Non-hedging derivatives	365	—	—	13	-25	-222	132
of which short-term portion	*114*	*—*	*—*	*-16*	*21*	*-76*	*43*
Financial payables (short-term):	**1.178**	**54**	**-823**	**—**	**—**	**-11**	**398**
Amounts due to banks	1.111	—	-823	—	—	-11	276
Non-hedging derivatives	—	—	—	—	—	—	—
Other financial payables	67	54	—	—	—	—	122
Total financial liabilities (gross financial debt)	**6.880**	**338**	**-1.482**	**-660**	**-25**	**-420**	**4.631**
	—						—
Positive hedging derivatives (current and non-current)	2	—	—	—	—	—	2
Positive non-hedging derivatives (current and non-current)	505	—	—	6	-30	-202	278
Total	**6.373**	**338**	**-1.482**	**-666**	**5**	**-218**	**4.351**

(million euros)		Cash movements		Non-cash movements			
	31/12/2022	Receipts and/or issues	Payments and/or reimbursements	Differences exchange rates	Fair value changes	Other changes	31/12/2023
Financial payables (medium/long-term):	**2.284**	**926**	**-222**	**14**	**—**	**43**	**3.045**
Bonds	1.404	926	—	22	—	28	2.380
Amounts due to banks	576	—	-222	—	—	4	357
Other financial payables	305	—	—	-8	—	11	308
of which short-term portion	*312*	*—*	*-222*	*-6*	*—*	*369*	*454*
Finance lease liabilities (medium/long-term):	**2.306**	**335**	**-336**	**-143**	**—**	**129**	**2.291**
of which short-term portion	*406*	*—*	*-336*	*-219*	*—*	*487*	*338*
Other financial liabilities (medium/long-term):	**445**	**—**	**—**	**-30**	**-47**	**-2**	**366**
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	—	—	—	—	—	—	—
Non-hedging derivatives	445	—	—	-30	-47	-2	365
of which short-term portion	*88*	*—*	*—*	*-1*	*-28*	*55*	*114*
Financial payables (short-term):	**835**	**340**	**-5**	**—**	**1**	**7**	**1.178**
Amounts due to banks	820	284	—	—	—	7	1.111
Non-hedging derivatives	4	—	-5	—	1	—	
Other financial payables	11	56	—	—	—	—	67
Total financial liabilities (gross financial debt)	**5.870**	**1.600**	**-563**	**-159**	**-46**	**177**	**6.880**
Positive hedging derivatives (current and non-current)	2	—	—	—	—	—	2
Positive non-hedging derivatives (current and non-current)	574	—	-3	-41	-43	18	505
Total	**5.294**	**1.600**	**-560**	**-118**	**-3**	**159**	**6.373**

Note 17 - Financial risk management

Financial risk management objectives and policies of the Group

The Group is exposed to the following financial risks in the ordinary course of its business operations:

- market risk: stemming from changes in interest rates and exchange rates in connection with financial assets that have been originated and financial liabilities that have been assumed;
- credit risk: representing the risk of non-fulfilment of obligations undertaken by the counterparty with regard to the liquidity investments of the Group;
- liquidity risk: connected with the need to meet short-term financial commitments.

These financial risks are managed by:

- the establishment, at TIM Group level, of guidelines for directing operations;
- the work of a TIM Group committee that monitors the level of exposure to market risks in accordance with pre-established general objectives;
- the identification of the most suitable financial instruments, including derivatives, to reach pre-established objectives;
- the monitoring of the results achieved;
- the exclusion of the use of financial instruments for speculative purposes.

The policies for the management and the sensitivity analyses of the above financial risks by the Group are described below.

Identification of risks and analysis

The Group is exposed to market risks as a result of changes in interest rates and exchange rates in the markets in which it operates, or has bond issues, principally Europe and Latin America.

The financial risk management policies of the Group are directed towards diversifying market risks, hedging exchange rate risk and minimizing interest rate exposure by an appropriate diversification of the portfolio, which is also achieved by using carefully selected derivative financial instruments.

At TIM Group level is defined an optimum composition of its debt structure by balancing fixed and variable-rates and uses derivative financial instruments to achieve that debt composition. In consideration of the Group's operating activities, the optimum combination of medium/long-term non-current financial liabilities has been identified, on the basis of the nominal value, in the 65%-85% range for the fixed-rate component and in the 15%-35% range for the variable-rate component.

In managing market risk, the Group mainly uses the following financial derivatives:

- Interest Rate Swaps (IRSs), to modify the profile of the original exposure to interest rate risks on loans and bonds, both fixed and variable;
- Cross Currency and Interest Rate Swaps (CCIRSs) and Currency Forwards, to convert loans and bonds issued in currencies other than the functional currencies of the operating companies to the functional currencies of the operating companies.

Derivative financial instruments may be designated as fair value hedges for managing exchange rate and interest rate risk on instruments denominated in currencies other than euro and for managing interest rate risk on fixed-rate loans. Derivative financial instruments are designated as cash flow hedges when the objective is to pre-set the exchange rate of future transactions and the interest rate.

All derivative financial instruments are entered into with banking and financial counterparties with at least a "BBB-" rating from Standard & Poor's or an equivalent rating and a non-negative outlook. The exposure to the various market risks can be measured by sensitivity analyses, as set forth in IFRS 7. This analysis illustrates the effects produced by a given and assumed change in the levels of the relevant variables in the various reference markets (exchange rates, interest rates and prices) on finance income and expenses and, at times, directly on equity. The sensitivity analysis was performed based on the suppositions and assumptions indicated below:

- sensitivity analyses were performed by applying reasonably likely changes in the relevant risk variables to the amounts in the Consolidated Financial Statements at December 31, 2024;
- changes in value of fixed-rate financial instruments, other than derivatives, produced by changes in the reference interest rates, generate an impact on profit only when, in accordance with IAS 39 and IFRS 9, they are accounted for at their fair value through profit and loss. All fixed-rate instruments, which are accounted for at amortized cost, are not subject to interest rate risk as defined by IFRS 7;
- in the case of fair value hedge relationships, fair value changes of the underlying hedged item and of the derivative instrument, due to changes in the reference interest rates, offset each other almost entirely in the income statement for the year. As a result, these financial instruments are not exposed to interest rate risk. The Group has not applied fair value hedge accounting for the year ended 31 December 2024;
- changes in the value of designated financial instruments in a cash flow hedge relationship, produced by changes in interest rates, generate an impact on the debt level and on equity; accordingly, they are included in this analysis;

- the changes in value, produced by changes in the reference interest rates, of variable-rate financial instruments, other than derivatives, which are not part of a cash flow hedge relationship, generate an impact on the finance income and expenses for the year; accordingly, they are included in this analysis.

Exchange rate risk – Sensitivity analysis
At December 31, 2024 (and also at December 31, 2023), the exchange rate risk of the Group's positions denominated in currencies other than the functional currency of the single companies' Financial Statements was hedged. Accordingly, a sensitivity analysis was not performed on the exchange rate risk.

Interest rate risk – Sensitivity analysis
The change in interest rates on the variable component of payables and liquidity may lead to higher or lower finance income and expenses, while changes in the level of the expected interest rate affect the fair value measurement of the Group's derivatives. In particular:

- with regard to derivatives that convert the liabilities contracted by the Group to fixed rates (cash flow hedging), in line with international accounting standards that regulate hedge accounting, the fair value (mark-to-market) measurement of such instruments is set aside in a specific unavailable Equity reserve. The combined change of the numerous market variables to which the mark-to-market calculation is subject between the transaction inception date and the measurement date renders any assumption about the trend of the variables of little significance. As the contract expiration date approaches, the accounting effects described will gradually be absorbed until they cease to exist;
- if at December 31, 2024 the interest rates in the various markets in which the Group operates had been 100 basis points higher/lower compared to the actual rates, then higher/lower finance expenses, before the income tax effect, would have been recognized in the Consolidated income statement of 17 million euros (12 million euros at December 31, 2023).

Credit risk
Exposure to credit risk for the Group consists of possible losses that could arise from the failure of either commercial or financial counterparties to fulfill their assumed obligations. To measure this risk over time for impairment of financial assets (trade receivables due from customers included), the Group uses the expected credit loss model. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The Group's maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets and trade receivables recorded in the financial statements.
Risk related to trade receivables is managed using customer scoring and analysis systems. For specific categories of trade receivables, the Group also makes use of factoring, mainly on a "non-recourse" basis.
Provision charges for bad debts are recorded for specific credit positions that have an element of individual risk. On credit positions that do not have such characteristics, provisions are raised by customer segment according to the average uncollectibility estimated on the basis of statistical indicators. Further details are provided in the Note "Trade and miscellaneous receivables and other current assets".
Financial assets other than trade receivables are written down for impairment on the basis of a general model which recognizes expected credit losses over the following 12 months, or over the residual life of the asset in the event of a substantial worsening of its credit risk. The expected credit loss is calculated based on the default probability and the percentage of credit that cannot be recovered in the event of a default (the loss given default). The model adopted to calculate the expected credit loss is based on the Bloomberg Credit Risk Model, a model developed by Bloomberg which, starting from Merton's distance-to-default (“DD”) concept, estimates the probability of default together with the recovery rate. At the same time, the loss given default is defined as the non-recoverable component of the post-default financial asset. In particular, the DD - based on balance sheet data - is enriched with a series of additional information by country (macroeconomic, risk), business sector and individual company, as well as accounting adjustments aimed at ensuring uniformity of the model's outputs; finally, through a non-linear function of the DD, the default probability is obtained.
Moreover, as regards credit risk relating to the asset components which contribute to the determination of "Net financial debt", it should be noted that the management of the Group's liquidity is guided by conservative criteria and is principally based on the following:

- money market management: the investment of temporary excess cash resources;
- bond portfolio management: the investment of medium-term liquidity, as well as the improvement of the average yield of the assets.

In order to mitigate the risk of the non-fulfillment of the obligations undertaken by the counterparty, deposits of the European companies are made with leading banking and financial institutions rated no lower than investment grade and with a non-negative outlook, and investments by the companies in South America are made with leading local counterparties. Moreover, deposits are made generally for periods of less than three months. With regard to other temporary investments of liquidity, there is a bond portfolio in which the investments have a low risk level. All investments have been carried out in compliance with the Guidelines on "Management and control of financial risk" established by the ultimate Parent entity TIM S.p.A.

In order to minimize credit risk, the Group also pursues a diversification policy for its investments of liquidity and allocation of its credit positions among different banking counterparties. Consequently, there are no significant positions with any one single counterparty.

Liquidity risk

The Group pursues the objective of achieving an "adequate level of financial flexibility" which is expressed by maintaining a current treasury margin to cover the refinancing requirements at least for the next 12 months with irrevocable bank lines and liquidity.
Current financial assets at December 31, 2024, together with unused committed bank lines, are sufficient to fully cover the Group's financial liabilities due at least for the next 24 months.

The following tables report the contractual cash flows, not discounted to present value, relating to gross financial debt at nominal repayment amounts and the interest flows, determined using the terms and the interest and exchange rates in place at December 31, 2024 and December 31, 2023. The portions of principal and interest of the hedged liabilities includes both the disbursements and the receipts of the related hedging derivatives.

Financial liabilities – Maturities of contractually expected disbursements as at December 31, 2024:

	maturing by 31/12 of the year:						
(million euros)	2025	2026	2027	2028	2029	After 2029	Total
Bonds							
Principal	183	266	266	220	—	656	1.590
Interest Portion	141	113	84	57	51	203	649
Loans and other financial liabilities							
Principal	54	58	47	24	141	109	434
Interest Portion	24	20	17	15	14	2	93
Finance lease liabilities							—
Principal	246	203	210	210	175	904	1.948
Interest Portion	215	190	166	142	120	409	1.242
Non-current financial liabilities							
Principal	**483**	**527**	**523**	**453**	**317**	**1.669**	**3.972**
Interest Portion	**379**	**324**	**268**	**215**	**185**	**614**	**1.985**
Current financial liabilities							
Principal	**396**	**—**	**—**	**—**	**—**	**—**	**396**
Interest Portion	**7**	**—**	**—**	**—**	**—**	**—**	**7**
Total Financial liabilities							
Principal	**879**	**527**	**523**	**453**	**317**	**1.669**	**4.368**
Interest Portion	**386**	**324**	**268**	**215**	**185**	**614**	**1.991**

Derivatives on financial liabilities – Contractually expected interest flows as at December 31, 2024:

	maturing by 31/12 of the year:						
(million euros)	2025	2026	2027	2028	2029	After 2029	Total
Disbursements	1	1	1	1	1	—	5
Receipts	-1	-1	-1	-1	-1	—	-7
Hedging derivatives – net disbursements (receipts)	**—**	**—**	**—**	**—**	**—**	**—**	**-2**
Disbursements	128	199	180	140	44	91	783
Receipts	-100	-193	-188	-160	-50	-90	-780
Non-Hedging derivatives – net disbursements (receipts)	**28**	**6**	**-8**	**-19**	**-6**	**1**	**3**
Total net disbursements (receipts)	**28**	**6**	**-8**	**-20**	**-6**	**1**	**1**

Financial liabilities – Maturities of contractually expected disbursements as at December 31, 2023:

	maturing by 31/12 of the year:						
(million euros)	2024	2025	2026	2027	2028	After 2028	Total
Bonds							
Principal	110	220	220	220	464	1.015	2.249
Interest Portion	212	183	151	117	86	393	1.141
Loans and other financial liabilities							
Principal	233	49	31	31	23	281	648
Interest Portion	37	22	19	17	15	16	125
Finance lease liabilities							—
Principal	331	225	202	193	186	1.147	2.284
Interest Portion	228	205	183	161	140	522	1.438
Non-current financial liabilities							
Principal	**674**	**494**	**453**	**444**	**673**	**2.443**	**5.181**
Interest Portion	**477**	**409**	**352**	**295**	**240**	**932**	**2.705**
Current financial liabilities							
Principal	**1.165**	—	—	—	—	—	**1.165**
Interest Portion	**45**	—	—	—	—	—	**45**
Total Financial liabilities							
Principal	**1.839**	**494**	**453**	**444**	**673**	**2.443**	**6.346**
Interest Portion	**521**	**409**	**352**	**295**	**240**	**932**	**2.749**

Derivatives on financial liabilities – Contractually expected interest flows as at December 31, 2023:

	maturing by 31/12 of the year:						
(million euros)	2024	2025	2026	2027	2028	After 2028	Total
Disbursements	1	1	1	1	1	1	6
Receipts	-1	-1	-1	-1	-1	-1	-8
Hedging derivatives – net disbursements (receipts)	—	—	—	—	—	—	**-2**
Disbursements	332	194	283	272	253	621	1.956
Receipts	-294	-181	-290	-284	-272	-626	-1.946
Non-Hedging derivatives – net disbursements (receipts)	**39**	**13**	**-6**	**-12**	**-19**	**-5**	**10**
Total net disbursements (receipts)	**39**	**12**	**-7**	**-12**	**-19**	**-5**	**8**

Market value of derivative instruments

In order to determine the fair value of derivatives, the Group uses various valuation models.

The mark-to-market calculation is determined by the present value discounting of the interest and notional future contractual flows using market interest rates and exchange rates.

The notional amount of IRSs does not represent the amount exchanged between the parties and therefore is not a measurement of credit risk exposure which, instead, is limited to the amount of the difference between the interest rates paid/received.

The market value of CCIRSs, on the other hand, also depends on the differential between the reference exchange rate at the date of signing the contract and the exchange rate at the date of measurement, since CCIRSs involve the exchange of the reference interest and principal, in the respective denomination currencies.

Note 18 - 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 existing at December 31, 2024 are principally used to manage debt positions. They include interest rate swaps (IRSs) used to reduce the interest rate exposure of fixed-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 892 million euros (3.048 million euros at December 31, 2023).
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 December 31, 2024 and December 31, 2023, 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 31/12/2024	Notional amount at 31/12/2023	Spot Mark-to-Market (Clean Price) at 31/12/2024	Spot Mark-to-Market (Clean Price) at 31/12/2023
Cross Currency and Interest Rate Swap [*]	Interest rate risk and currency exchange rate risk	139	139	1	1
Total Cash Flow Hedge Derivative [**]		**139**	**139**	**1**	**1**
Total Non-Hedge Accounting Derivatives [***]		**1.945**	**3.852**	**88**	**92**
Total Telecom Italia Finance Group Derivatives		**2.083**	**3.990**	**89**	**93**

[*] 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 affiliated company (outside the perimeter of consolidation), 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 81 million euros on the basis of a commercial agreement signed by the two companies in March 2020.

The hedging of cash flows by cash flow hedges was considered highly effective and at December 31, 2024 led to recognition in equity of unrealized result of 0,1 million euros (-0,5 million euros as at December 31, 2023).

The transactions hedged by cash flow hedges will generate cash flows and produce economic effects in the income statement in the periods indicated in the following table:

Currency of denomination	Notional amount in currency of denomination (million)	Start of period	End of period	Rate applied	Interest period
USD	186	Jan-24	Oct-29	0,75 %	Semiannually

For hedge accounting purposes, the Volatility Risk Reduction (VRR) Test was chosen to test the retrospective and prospective effectiveness of all hedges. This test assesses the ratio between the portfolio risk (meaning the

derivative and the item hedged) and the risk of the hedged item taken individually. In essence, the portfolio risk must be significantly lower than the risk of the hedged item.
No material ineffective portion has been recognized in the income statement from designated cash flow hedge derivatives during 2024.

Note 19 - Supplementary disclosures on financial instruments

Measurement at fair value

For the purposes of the comparative information between the carrying amounts and fair value of financial instruments, required by IFRS 7, the majority of the non-current financial liabilities of the Group consist of bonds, whose fair value is directly observable in the financial markets, as they are financial instruments that due to their size and diffusion among investors, are commonly traded on the relevant markets (see the Note "Non-current and current financial liabilities"). For other types of financing, however, the following assumptions have been made in determining fair value:

- for variable-rate loans, the nominal repayment amount has been assumed;
- for fixed-rate loans, the present value of future cash flows at the market interest rates of December 31, 2024 has been assumed.

For the majority of financial assets, their carrying amount is a reasonable approximation of their fair value, since these are short-term investments that are readily convertible into cash. For long term loans towards the Ultimate Parent Company, the present value of future cash flows at the market interest rates of December 31, 2023 has been used. Lastly, the fair value of trade accounts receivable is close to the book value recorded on December 31, 2024.

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 December 31, 2024.

The assets and liabilities at December 31, 2024 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 December 31, 2024:

					Levels of hierarchy	
(millions of euros)		IFRS 9 Categories	Note	Value at 31/12/2024	Level1	Level2
ASSETS						
Non-current Assets	**a)**			**259**	**33**	**226**
Other investments		FVTPL	[8]	58	33	25
Other non-current financial assets:						
Hedging derivatives		HD[*]	[9]	1	—	1
Non-hedging derivatives		FVTPL	[9]	199	—	199
Current Assets	**b)**			**1.619**	**1.539**	**80**
Securities other than investments, measured at:						
Fair value through other comprehensive income		FVTOCI	[9]	1.116	1.116	—
Fair value through profit or loss		FVTPL	[9]	423	423	—
Other current financial assets:						
Non-hedging derivatives		FVTPL	[9]	79	—	79
Total (a+b)				**1.878**	**1.572**	**305**
LIABILITIES						
Non-current liabilities	**c)**			**89**	**—**	**89**
Non-hedging derivatives		FVTPL	[15]	89	—	89
Current liabilities	**d)**			**43**	**—**	**43**
Hedging derivatives		HD[*]	[15]	—	—	—
Non-hedging derivatives		FVTPL	[15]	43	—	43
Total (c+d)				**132**	**—**	**132**

[*] 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, 2023:

					Levels of hierarchy	
(millions of euros)		IFRS 9 Categories	Note	Value at 31/12/2023	Level1	Level2
ASSETS						
Non-current Assets	**a)**			**421**	**10**	**410**
Other investments		FVTPL	[8]	41	10	30
Other non-current financial assets:						
Hedging derivatives		HD[*]	[9]	1	—	1
Non-hedging derivatives		FVTPL	[9]	379	—	379
Current Assets	**b)**			**2.009**	**1.882**	**127**
Securities other than investments, measured at:						
Fair value through other comprehensive income		FVTOCI	[9]	1.516	1.516	—
Fair value through profit or loss		FVTPL	[9]	366	366	—
Other current financial assets:						
Non-hedging derivatives		FVTPL	[9]	127	—	127
Total (a+b)				**2.429**	**1.892**	**537**
LIABILITIES						
Non-current liabilities	**c)**			**252**	**—**	**252**
Non-hedging derivatives		FVTPL	[15]	252	—	252
Current liabilities	**d)**			**114**	**—**	**114**
Hedging derivatives		HD[*]	[15]	—	—	—
Non-hedging derivatives		FVTPL	[15]	114	—	114
Total (c+d)				**366**	**—**	**366**

[*] 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 December 31, 2024:

					Levels of hierarchy			
(millions of euros)	IFRS 9 Categories	Note	Value at 31/12/2024	Fair Value at 31/12/2024	Level1	Level2	Level3	Amounts recognized in the financial statements pursuant to IFRS 16
ASSETS								
Non-current Assets a)			**941**	**1.116**	**—**	**821**		**32**
Other financial receivables	AC	[9]	769	944	—	821		—
Miscellaneous receivables	AC	[10]	140	140				—
Financial receivables for lease contracts	n/a	[9]	32	32				32
Current Assets b)			**3.891**	**3.891**				**5**
Other short-term financial receivables	AC	[9]	32	32				—
Cash and cash equivalents	AC	[9]	3.104	3.104				—
Trade and miscellaneous receivables	AC	[13]	750	750				—
Financial receivables for lease contracts	n/a	[9]	5	5				5
Total (a+b)			**4.832**	**5.007**	**—**	**821**		**37**
LIABILITIES								
Non-current liabilities c)			**3.537**	**3.637**	**1.558**	**—**		**1.702**
Financial payables	AC	[15]	1.836	1.935	1.558			—
Finance lease liabilities	n/a	[15]	1.702	1.702				1.702
Current liabilities d)			**1.866**	**1.866**				**253**
Financial payables	AC	[15]	708	708				—
Trade and miscellaneous payables and other current liabilities	AC	[22]	904	904				—
Finance lease liabilities	n/a	[15]	253	253				253
Total (c+d)			**5.403**	**5.503**				**1.955**

Carrying amount and fair value of financial instruments not measured at fair value as at December 31, 2023:

(millions of euros)	IFRS 9 Categories	Note	Value at 31/12/2023	Fair Value at 31/12/2023	Levels of hierarchy Level1	Level2	Level3	Amounts recognized in the financial statements pursuant to IFRS 16
ASSETS								
Non-current Assets a)			**1.307**	**1.510**	**—**	**1.203**		**39**
Other financial receivables	AC	[9]	1.128	1.331	—	1.203		—
Miscellaneous receivables	AC	[10]	140	140				—
Financial receivables for lease contracts	n/a	[9]	39	39				39
Current Assets b)			**4.192**	**4.192**				**6**
Other short-term financial receivables	AC	[9]	622	622				—
Cash and cash equivalents	AC	[9]	2.830	2.830				—
Trade and miscellaneous receivables	AC	[13]	734	734				—
Financial receivables for lease contracts	n/a	[9]	6	6				6
Total (a+b)			**5.499**	**5.701**				**44**
LIABILITIES								
Non-current liabilities c)			**4.544**	**4.751**	**2.384**	**—**		**1.953**
Financial payables	AC	[15]	2.591	2.798	2.384	—		—
Finance lease liabilities	n/a	[15]	1.953	1.953				1.953
Current liabilities d)			**2.997**	**2.997**				**338**
Financial payables	AC	[15]	1.632	1.632				—
Trade and miscellaneous payables and other current liabilities	AC	[22]	1.027	1.027				—
Finance lease liabilities	n/a	[15]	338	338				338
Total (c+d)			**7.542**	**7.749**	**2.384**	**—**		**2.291**

Gains and losses by IFRS 9 category - Year 2024

(million euros)	IFRS 9 Categories	Net gains/(losses) 31/12/2024	of which interest
Amortized Cost	AC	-115	42
Fair Value Through Profit or Loss	FVTPL	12	—
Fair Value Through Other Comprehensive Income	FVTOCI	20	18
Total		**-83**	**59**

Gains and losses by IFRS 9 category - Year 2023

(million euros)	IFRS 9 Categories	Net gains/(losses) 31/12/2023	of which interest
Amortized Cost	AC	-65	88
Fair Value Through Profit or Loss	FVTPL	-45	-240
Fair Value Through Other Comprehensive Income	FVTOCI	16	—
Total		**-93**	**-152**

Note 20 - Provisions

(million euros)	31/12/2023	Increase	Taken to income	Used directly	Exchange differences and other changes	31/12/2024
Provision for taxation and tax risks	**125**	16	—	-13	-9	**118**
Provision for restoration costs	**24**	—	—	—	-16	**9**
Provision for legal disputes	**139**	41	—	-30	-24	**125**
Other provisions	**1**	—	—	—	—	**1**
Total	**289**	**56**	**—**	**-43**	**-49**	**253**
of which:						
non-current portion	**288**	56	—	-43	-49	**252**
current portion	**1**	—	—	—	—	**1**

Provision for taxation and tax risks decreased by (6) million euros compared to December 31, 2023, due to the exchange rate effect of the period for (22) million euros.

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 30 million euros and resulted from settlement agreements reached.

So far, Management has not identified nor considered any material impacts of climate change on assumptions used (e.g. for impairment tests, fair value measurement, etc.) and on the Group's financial reporting (e.g. provisions, fixed assets, etc.).

Note 21 - Miscellaneous payables and other non-current liabilities

(million euros)	31/12/2024	31/12/2023
Deferred revenues from customer contracts (Contract liabilities)	2	3
Other deferred income	85	113
Other	11	24
Total	**98**	**140**

Other deferred income includes the non-current portion of approximately 81 million euros as at December 31, 2024 (107 million euros as at December 31, 2023) of deferred gain on the sale and lease back of the telecommunication towers of the Brazil Business Unit.
In particular, TIM S.A. entered into two Sales Agreements with American Tower do Brasil Cessão de Infraestruturas Ltda. (“ATC”) in November 2014 and January 2015 for up to 6.481 telecommunications towers then owned by TIM Celular, for an amount of approximately 3 billion reais (0,5 billion euros), and a Master Lease Agreement (“MLA”) for part of the space on these towers for a period of 20 years from the date of transfer of each tower, under a sale and leaseback transaction, with a provision for monthly rental amounts depending on the type of tower (greenfield or rooftop). The sales agreements provided for the towers to be transferred in tranches to ATC, due to the need to meet certain conditions precedent.
In total, 5.873 towers were transferred. This transaction resulted in a sales amount of 2,7 million reais (0,4 million euros), of which 1,1 million reais (0,2 million euros) was booked as deferred revenue and will be amortized over the period of the contract.

Note 22 - Trade and miscellaneous payables and other current liabilities

(million euros)	31/12/2024	Of which Financial Instruments	31/12/2023	Of which Financial Instruments
Trade payables	**854**	**854**	**972**	**972**
Payables to suppliers	767	767	894	894
Payables to other telecommunication operators	87	87	78	78
Tax payables	**92**	**—**	**109**	**—**
Miscellaneous payables	**626**	**47**	**599**	**52**
Payables for employee compensation	40	—	54	—
Payables to social security agencies	12	—	14	—
Payables for TLC operating fee	526	—	478	—
Dividends approved, but not yet paid to shareholders	47	47	52	52
Provisions for risks and charges for the current portion expected to be settled within 1 year	1	—	1	—
Other current liabilities	**58**	**3**	**74**	**4**
Deferred revenues from customer contracts (Contract liabilities)	10	3	10	3
Customer-related items	24	—	32	—
Other deferred income	9	—	11	—
Advances received	1	—	5	—
Other current liabilities	13	—	16	—
Total	**1.630**	**904**	**1.754**	**1.027**

Trade payables amounting to 854 million euros as at December 31, 2024 (972 million euros at December 31, 2023) are mainly referred to the Brazil Business Unit.
According to IAS 1, trade payables are part of the working capital used in the entity's normal operating cycle and are classified as current liabilities even if they are due to be settled more than twelve months after the reporting period. At December 31, 2024, trade payables due beyond 12 months totaled 40 million euros (42 million euros at December 31, 2023) and are mainly represented by payables of the Brazil Business Unit for the renewal of telecommunications licenses.

Tax payables amounting to 92 million euros as at December 31, 2024 are entirely referred to the Brazil Business Unit (109 million euros at December 31, 2023).

Miscellaneous payables comprise the debt position of the Brazil Business Unit for the Taxa de Fiscalização de Funcionamento (TFF), a contribution suspended from 2020 amounting to 3.377 million reais (525 million euros) as at December 31, 2024 (2.554 million reais or 477 million euros at December 31, 2023).

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 23 - 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 December 31, 2024, as well as those that came to an end during the financial year.

SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

International tax and regulatory disputes
As of December 31, 2024, 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 totaling around 22,3 billion reais (around 3,5 billion euros, 19,2 billion reais at December 31, 2023). 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 5,1 billion reais (about 0,8 billion euros, 3,1 billion reais at December 31, 2023).

During the third and fourth quarters of 2024, an appeal was filed in relation to a dispute regarding the use of PIS and COFINS credits, deriving from the exclusion of ICMS from the respective calculation bases, in offsetting against the taxes due.
The amount in question, classified as a possible risk, amounts to about 1,6 billion reais (about 0,2 billion euros).

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 11,1 billion reais (about 1,7 billion euros, 10,4 billion reais at December 31, 2023).

Municipal taxes
Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 1,9 billion reais (about 0,3 billion euros, 1,7 billion reais at December 31, 2023).

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 4,2 billion reais (around 0,7 billion euros, 4,0 billion reais at December 31, 2023).

Opportunity Arbitration
In May 2012, TIM and Telecom Italia International N.V. (now merged in Telecom Italia Finance) were served with a notice of arbitration proceedings brought by the Opportunity group, claiming compensation for damages allegedly suffered for presumed breach of a settlement agreement signed in 2005. Based on the claimant's allegations, the damages relate to circumstances that emerged in the criminal proceedings pending before the Milan Court regarding, inter alia, unlawful activities engaged in by former employees of TIM.
The investigatory phase having been completed, the hearing for oral discussion took place in November 2014, after which the parties filed their concluding arguments in preparation for the decision on the case.
In September 2015, the Board of Arbitration declared the proceedings closed, as the award was going to be filed.
In September 2016 the ICC Court notified the parties of its judgment, based on which the Court of Arbitration rejected all the claims made by the Opportunity group and decided that the legal costs, administrative costs and costs for expert witnesses should be split between the parties (the "2016 Arbitration Award").
In April 2017 the Opportunity group filed an appeal against the 2016 Arbitration Award before the Paris Court of Appeal.
In November 2017, TIM and Telecom Italia Finance received from the Secretariat of the ICC's International Court of Arbitration notice of a Request for Revision of the 2016 Arbitration Award, filed by the Opportunity group, asking for a new award. A Board of Arbitration was subsequently established.
In October 2018, TIM and Telecom Italia Finance requested proceedings with the Paris Court of Appeal to be suspended, in the light of proceedings pending with the Court of Arbitration of the International Chamber of Commerce to review the same 2016 Arbitration Award. In November 2018, the Paris Court of Appeal suspended the proceedings until the decision is taken by the Court of Arbitration in the review proceedings.
As regards the proceedings to review the 2016 Arbitration Award, in October 2019 the ICC held the discussion hearing in Paris. In August 2020, the Arbitration Court issued the award rejecting the Request for Revision presented by the Opportunity Group (the "2020 Arbitration Award").
In December 2020, the Opportunity group filed an appeal against the 2020 Arbitration Award before the Paris Court of Appeal. In May 2021 the Opportunity group asked the Paris Court of Appeal to summarize the proceedings brought against the 2016 Arbitration Award. Thereafter, the Opportunity Group, TIM and Telecom Italia Finance filed their briefs in the two proceedings pending before the Paris Court of Appeal, respectively against the 2016 Arbitration Award and the 2020 Arbitration Award. The appeal proceedings were heard on January 8, 2024. In its decision of May 2, 2024, the Paris Court of Appeal quashed the 2016 Arbitration Award on the grounds that the Court considered one of the members sitting on the arbitration panel to be affected by a conflict of interest. In a separate decision issued on the same date, the Court ordered the reopening of the 2020 Arbitration Award proceedings and, on June 24, 2024, observations were submitted on the consequences that the quashing of the 2016 Arbitration Award may have in relation to the appeal against the 2020 Arbitration Award.
On June 20, 2024, TIM and Telecom Italia Finance lodged an appealed with the Court of Cassation against the judgment quashing the 2016 Arbitration Award.
On June 24, 2024, observations were submitted on the consequences that the quashing of the 2016 Arbitration Award may have in relation to the appeal against the 2020 Arbitration Award. Proceedings are still pending.
On September 3, 2024, the Paris Court of Appeal rejected Opportunity's petition to set aside the 2020 Award following the annulment of the 2016 Award. The proceedings have therefore been stayed until the outcome of the case initiated in the Court of Cassation, with the 2020 Award remaining in effect.
On December 19, 2024, TIM and Telecom Italia Finance filed a statement of defense in the proceedings before the Supreme Court, aimed at overturning the decision of the Paris Court of Appeals to quash the 2016 Arbitration Award.

TIM S.A. Arbitration proceedings no. 28/2021/SEC8
In March 2020, TIM S.A., a Brazilian subsidiary of the TIM Group, entered a partnership with C6 bank and, in April 2020, launched exclusive offers for TIM customers who opened C6 bank accounts and used their services. As compensation for 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.
The number of shares received for each target achieved varies during the contract term, with the initial percentages being more advantageous for TIM due to the greater effort required for a new digital company to take off.

Despite the project's success, differences between the partners resulted in arbitration proceedings No. 28/2021/SEC8 being filed with the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce in 2021.
On February 11, 2025, TIM S.A. and Banco C6 S.A. entered into an agreement that will end all disputes related to the partnership between the two Companies and, as a result, resolve the four arbitration proceedings currently pending.
During the lifetime of the partnership, TIM had acquired a minority interest in the bank (equal to 6,06%, of which 4,62% held in the form of derivatives and 1,44% in equity). The termination of the partnership will see TIM realize total gross proceeds of approximately 280 million Brazilian reais (48 million euros).
The Agreement provides for the termination of the partnership, as well as the transfer of all shares held by TIM in C6, as well as all outstanding signing bonuses, in the amount of 520 million Brazilian reais (89 million euros - before taxes). The transfer of shares is subject to the approval of the Cayman Islands Monetary Authority (CIMA). Once this approval is obtained, the agreement and Partnership will be concluded.

COMMITMENTS AND GUARANTEES

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

(million euros)	31/12/2024	31/12/2023
Guarantee on bonds and other debts issued by the Group	779	1.143
Guarantee on derivatives financial instruments	9	29
Total	**787**	**1.172**

There are also insurance guarantees of the Brazil Business Unit, which totaled 2.998 million euros and mainly refer to surety bonds provided primarily for litigation and for telecommunications services using 4G and 5G technology.

ASSETS GUARANTEEING FINANCIAL LIABILITIES

The special rate loan contracts granted by the Brazilian Development Bank BNDES (Banco Nacional de Desenvolvimento Econômico e Social) to TIM S.A. for a total value of 71 million euros are covered by specific covenants. Financial indices are: (1) Shareholders' equity over total assets; (2) EBITDA on net financial expenses; (3) Total financial debt on EBITDA and (4) Short-term net financial debt to EBITDA. The Debentures issued by TIM S.A. (2nd issue in a Single Series) have a financial ratio covenant calculated semiannually. The index is the Net Financial Debt on EBITDA. The company complied with all the ratios established.

Note 24 - Revenues

(million euros)	31/12/2024	31/12/2023
Equipment sales	148	141
Services	4.218	4.271
Total	**4.366**	**4.412**

Revenues only relates to the Brazil Business Unit.

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 217 million euros in 2024 (206 million euros in 2023, 5,1% 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 25 - Other operating income

(million euros)	Year 2024	Year 2023
Late payment fees charged for telephone services	18	14
Other income	6	2
Total	**24**	**17**

Other operating income only relates to the Brazil Business Unit.

Note 26 - Acquisition of goods and services

(million euros)	Year 2024	Year 2023
Purchase of raw materials and merchandise	**187**	**214**
Costs of services	**1.120**	**1.180**
Revenues due to other TLC operators	217	206
Commissions, sales commissions and other selling expenses	372	406
Advertising and promotion expenses	120	111
Professional and consulting services	116	140
Utilities	79	78
Maintenance	94	90
Outsourcing costs for other services	66	81
Mailing and delivery expenses for telephone bills, directories and other materials to customers	4	6
Other service expenses	52	61
Lease and rental costs	**295**	**294**
Rent of properties	82	80
TLC circuit lease rents and rents for use of satellite systems	187	190
Other lease and rental costs	25	23
Total	**1.602**	**1.688**

Note 27 - Employee benefits expenses

(million euros)	Year 2024	Year 2023
Wages and salaries	215	229
Social security expenses	65	64
Other employee benefits	52	45
Total	**332**	**339**

The employee benefits expenses are mainly related to the Brazil Business Unit for 331 million euros (338 million euros in 2023).

Note 28 - Other operating expenses

(million euros)	Year 2024	Year 2023
Write-downs and expenses in connection with credit management	119	118
Provision charges	35	46
TLC operating fees and charges	192	195
Indirect duties and taxes	28	10
Association dues and fees, donations, scholarships and traineeships	2	2
Sundry expenses	20	17
Total	**397**	**388**
of which, included in the supplementary disclosure on financial instruments	*119*	*118*

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

Note 29 - Internally generated assets

(million euros)	Year 2024	Year 2023
Intangible assets with a finite useful life	33	34
Tangible assets owned	64	69
Total	**97**	**103**

Internally generated assets mainly include labor costs of dedicated technical staff for software development and work in connection with the executive design, construction and testing of network installations.

Note 30 - Depreciation and amortization

(million euros)	Year 2024	Year 2023
Amortization of intangible assets with a finite useful life	**324**	**350**
Industrial patents and intellectual property rights	161	179
Concessions, licenses, trademarks and similar rights	157	163
Other intangible assets	6	8
Depreciation of tangible assets owned	**552**	**524**
Buildings (civil and industrial)	1	1
Plant and equipment	496	470
Other	55	53
Depreciation of right of use assets	**330**	**444**
Property	91	121
Plant and equipment	239	323
Other	—	—
Total	**1.205**	**1.318**

For further details refer to the Notes "Intangible assets with finite useful lives", "Tangible assets" and "Rights of use assets".

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

Note 31 - Gains/(losses) on disposals of non-current assets

(million euros)	Year 2024	Year 2023
Gains on disposals of non-current assets	**10**	**10**
Gains on the retirement/disposal of intangible and tangible assets	10	10
Total	**10**	**10**

In 2024, the item posted a net gain of 10 million euros, connected with the ordinary asset renewal process.

Note 32 - Other income (expenses) from investments

(million euros)	Year 2024	Year 2023
Sundry income (expense)	-2	—
Net gains on investments	—	56
Total	**-2**	**56**

The balance for the 2023 financial year mainly includes the income connected to the definition of the Adjusted Closing Price relating to the acquisition by the Brazilian subsidiary TIM SA of part of the Oi group's mobile telephony assets (56 million euros).

Note 33 - Finance income and expenses

FINANCE INCOME

(million euros)	31/12/2024	31/12/2023
Interest income and other finance income	**592**	**695**
Income from financial receivables, recorded in non-current assets	69	85
Interest income on bank and postal accounts	102	114
Interest income on trade accounts receivable	7	5
Income from securities other than investments measured at FVTOCI	17	13
Income other than the above:		
Interest income on financials leasing receivables	5	5
Exchange gains	70	76
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	1	1
Income from non-hedging derivatives	179	238
Miscellaneous finance income	142	156
Positive fair value adjustments to non-hedging derivatives	**45**	**108**
Positive adjustments and reversal for impairment on financial assets	**1**	**7**
Total	**638**	**810**

FINANCE EXPENSES

(million euros)	31/12/2024	31/12/2023
Interest expenses and other finance expenses	**902**	**991**
Interest expenses and other costs relating to bonds	199	150
Interest expenses to banks	37	58
Interest expenses to others	12	12
Interest expenses on lease liabilities	252	275
Expenses other than the above:		
Financial commissions and fees	13	14
Exchange losses	53	69
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	1	1
Charges from non-hedging derivatives	179	297
Miscellaneous finance expenses	155	115
Negative fair value adjustments to non-hedging derivatives	**47**	**88**
Negative adjustments for impairment on financial assets	**1**	**1**
Total	**950**	**1.079**

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

(million euros)	31/12/2024	31/12/2023
Exchange gains	70	76
Exchange losses	-53	-69
Net exchange gains and losses	**17**	**7**
Positive Reversal of the Reserve for cash flow hedge derivatives	1	1
Negative Reversal of the Reserve for cash flow hedge derivatives	-1	-1
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	**—**	**—**
Income from non-hedging derivatives	179	238
Charges from non-hedging derivatives	-179	-297
Net result from non-hedging derivatives	—	-59
Net result from derivatives	**—**	**-59**
Positive fair value to non-hedging derivatives	45	108
Negative fair value adjustments to non-hedging derivatives	-47	-88
Net fair value adjustments to non-hedging derivatives	**-2**	**20**
Positive adjustments and reversal for impairment on financial assets	1	7
Negative adjustments for impairment on financial assets	-1	-1
Net impairment on financial assets	**1**	**6**

Note 34 - 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	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Third-party revenues	4.366	4.412	—	—	4.366	4.412
Revenues by operating segment	**4.366**	**4.412**	**—**	**—**	**4.366**	**4.412**
Other income	24	17	—	—	24	17
Total operating revenues and other income	**4.389**	**4.429**	**—**	**—**	**4.390**	**4.429**
Acquisition of goods and services	-1.601	-1.687	-1	-1	-1.602	-1.688
Employee benefits expenses	-331	-338	-1	-1	-332	-339
Other operating expenses	-392	-384	-4	-4	-397	-388
of which: write-downs and expenses in connection with credit management and provision charges	*-138*	*-147*	—	—	*-138*	*-147*
Change in inventories	-7	18	—	—	-7	18
Internally generated assets	97	102	—	—	97	102
EBITDA	**2.155**	**2.141**	**-6**	**-6**	**2.149**	**2.134**
Depreciation and amortization	-1.205	-1.318	—	—	-1.205	-1.318
Gains/(losses) on disposals of non-current assets	10	10	—	—	10	10
EBIT	**960**	**833**	**-6**	**-7**	**954**	**827**
Share of profits (losses) of equity investments valued using equity method					-14	-17
Other income (expenses) from investments					-2	56
Finance income					638	810
Finance expenses					-950	-1.079
Profit (loss) before tax					**627**	**597**
Income tax income (expense)					-93	-86
Profit (loss) for the year					**534**	**511**
Attributable to:						
Owners of the Parent					354	335
Non-controlling interests					181	176

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	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Non-current operating assets	6.558	7.916	—	—	6.559	7.916
Current operating assets	967	962	2	36	969	998
Total operating assets	**7.526**	**8.878**	**2**	**36**	**7.528**	**8.914**
Investments accounted for using the equity method					*213*	*271*
Unallocated assets					6.104	7.476
Total Assets					**13.844**	**16.662**
Total operating liabilities	**1.976**	**2.178**	**4**	**4**	**1.980**	**2.182**
Unallocated liabilities					*4.649*	*6.898*
Equity					7.216	7.581
Total Equity and Liabilities					**13.844**	**16.662**

Note 35 - 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 2024 and 2023 are as follows:

Separate Consolidated Income Statement line items at 31/12/2024

(million euros)		Related Parties					
	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Key managers	Total related parties	% of financial statement item
Revenues	**4.366**	—	4	—	—	4	0,1
Other income	**24**	—	—	—	—	—	0,9
Acquisition of goods and services	**1.602**	—	212	—	—	212	13,2
Employee benefits expenses	**332**	—	—	5	8	13	3,8
Other operating expenses	**397**	—	—	—	—	—	—
Finance income	**638**	—	246	—	—	246	38,6
Finance expenses	**950**	—	101	—	—	101	10,6

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

Separate Consolidated Income Statement line items 31/12/2023

(million euros)		Related Parties					
	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Key managers	Total related parties	% of financial statement item
Revenues	**4.412**	—	7		—	7	0,2
Other income	**17**	—	—		—	—	1,0
Acquisition of goods and services	**1.688**	—	210		—	210	12,4
Employee benefits expenses	**339**	—	—	3	6	10	2,9
Other operating expenses	**388**	—	—	—	—	—	—
Other income (expenses) from investments	**56**	—	—	—	—	—	0,1
Finance income	**810**	—	346		—	346	42,7
Finance expenses	**1.079**	—	100	—	—	100	9,2

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

The effects on the individual line items of the consolidated statements of financial position at December 31, 2024 and December 31, 2023 are as follows:

Consolidated Statement of Financial Position line items at 31/12/2024

(million euros)	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Total related parties	% of financial statement item
Net financial debt	**-1.130**	**—**	**-2.097**	**—**	**-2.097**	**185,5**
Non-current financial assets	**-1.001**	**—**	**-806**	**—**	**-806**	**80,5**
Current financial assets	**-4.760**	**—**	**-1.496**	**—**	**-1.496**	**31,4**
Securities other than investments (current assets)	-1.539	—	-437	—	-437	**28,4**
Financial receivables and other current financial assets	-117	—	-35	—	-35	**30,4**
Cash and cash equivalents	-3.104	—	-1.023	—	-1.023	**33,0**
Non-current financial liabilities	**3.626**	**—**	**82**	**—**	**82**	**2,3**
Current financial liabilities	**1.005**	**—**	**124**	**—**	**124**	**12,3**
Other statement of financial position line items						
Trade and miscellaneous receivables and other current assets	**971**	—	11	—	11	**1,2**
Miscellaneous payables and other non-current liabilities	**98**	—	—	—	—	**—**
Trade and miscellaneous payables and other current liabilities	**1.630**	—	54	1	54	**3,3**

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

Consolidated Statement of Financial Position line items at 31/12/2023

(million euros)	Total	Associates and companies controlled by associates	Other related parties [*]	Pension funds	Total related parties	% of financial statement item
Net financial debt	**-133**	**—**	**-2.201**	**—**	**-2.201**	**1654,3**
Non-current financial assets	**-1.547**	**—**	**-1.191**	**—**	**-1.191**	**77,0**
Current financial assets	**-5.466**	**—**	**-1.360**	**—**	**-1.360**	**24,9**
Securities other than investments (current assets)	-1.882	—	—	—	—	**—**
Financial receivables and other current financial assets	-755	—	-633	—	-633	**83,8**
Cash and cash equivalents	-2.830	—	-727	—	-727	**25,7**
Non-current financial liabilities	**4.796**	**—**	**222**	**—**	**222**	**4,6**
Current financial liabilities	**2.084**	**—**	**128**	**—**	**128**	**6,1**
Other statement of financial position line items						
Trade and miscellaneous receivables and other current assets	**985**	—	4	—	4	**0,4**
Miscellaneous payables and other non-current liabilities	**140**	—	—	—	—	**—**
Trade and miscellaneous payables and other current liabilities	**1.754**	—	53	—	54	**3,1**

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

TRANSACTIONS WITH PENSION FUNDS

The most significant amounts are summarized as follows:

Separate Consolidated Income Statement line items

(million euros)	31/12/2024	31/12/2023	Type of contract
Other pension funds	5	3	
Total employee benefits expenses	**5**	**3**	Contributions to pension funds

Consolidated Statement of Financial Position line items

(million euros)	31/12/2024	31/12/2023	Type of contract
Other pension funds	1	—	
Total trade and miscellaneous payables and other current liabilities	**1**	**—**	Payables for contributions to pension funds

REMUNERATION TO KEY MANAGERS

The remuneration to key managers in 2024 amounted to 8 million euros (6 million euros in 2023). The compensation of key Management personnel for services rendered is shown below:

(million euros)	31/12/2024	31/12/2023
Short-term benefits	5	5
Share-based payments remuneration	4	2
Total remuneration to key managers	**8**	**6**

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

Note 36 - Equity compensation plans

The equity compensation plans in force at December 31, 2024 are used for attraction and retention purposes, and as a long-term incentive for the managers and employees of the Brazil BU.
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 December 31, 2024.
The 2021-2023 Plan provides for the granting of shares (performance shares and/or restricted shares). They propose to grant participants shares issued by TIM S.A., subject to the participant's permanence in the Company (achievement of specific goals). The number of shares may vary, for more or for less, as a result of the performance and possibly of the dividend award, considering the criteria provided for in each Grant.

A summary is provided below of the plans in place at December 31, 2024.

<u>TIM S.A. - Long Term Incentive Plan 2021-2023</u>
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 February 9, 2023, the Board of Directors agreed to adjust the number of performance shares granted under the Special Grant by 220.743 to conform the award to the new participant role.

On December 31, 2024, two vesting periods were completed with regard to the traditional grant:

- In 2022, 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 July 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).
- In 2023, in compliance with the results approved on May 8, 2023, in July 169.462 shares were transferred to beneficiaries, of which 128.384 relating to the original volume accrued, 28.484 granted according to the degree to which objectives had been achieved and 12.594 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 July of the amount corresponding to 17.576 shares (13.316 relating to the original volume accrued, 2.954 acknowledged according to the degree to which the objectives had been achieved and 1.306 due to dividends distributed during the period).
- In 2024, in compliance with the results approved on May 6, 2024, in July 530.784 shares were transferred to beneficiaries, of which 298.151 relating to the original volume accrued, 180.353 granted according to the degree to which objectives had been achieved and 52.280 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 July of the amount corresponding to 31.677 shares (17.792 relating to the original volume accrued, 10.764 acknowledged according to the degree to which the objectives had been achieved and 3.121 due to dividends distributed during the period).

Relating to the Special Grant Grant

- In 2022, 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.
- In 2023, in compliance with the results approved on May 8, 2023, in July 1.038.041 shares were transferred to beneficiaries, of which 829.161 relating to the original volume accrued, 131.775 granted according to the degree to which objectives had been achieved and 77.105 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 July of the amount corresponding to 92.254 shares (76.087 relating to the original volume accrued, 9.314 acknowledged according to the degree to which the objectives had been achieved and 6.853 due to dividends distributed during the period).
- In 2024, in compliance with the results approved on May 6, 2024, in July 719.164 shares were transferred to beneficiaries, of which 483.928 relating to the original volume accrued, 164.415 granted according to the degree to which objectives had been achieved and 70.821 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 July of the amount corresponding to 19.892 shares (13.385 relating to the original volume accrued, 4.548 acknowledged according to the degree to which the objectives had been achieved and 1.959 due to dividends distributed during the period).

At December 31, 2024, including the shares to be transferred in July, 746.207 of a total of 3.431.610 allocated shares and 220.743 related to to the new participant role, had been canceled due to beneficiaries leaving the Company and 3.631.995 has been transferred to beneficiaries (of which 2.782.683 relating to the original volume accrued, 592.632 granted according to the degree to which objectives had been achieved and 256.680 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 July of the amount corresponding to 164.885 shares (123.463 relating to the original volume accrued, 28.053 acknowledged according to the degree to which the objectives had been achieved and 13.369 due to dividends distributed during the period), completing the 2021 grant.

• Year 2022

On April 26, 2022, plan beneficiaries were granted the right to receive a total of 1.227.712 shares, of which 927.428 performance shares restricted to performance conditions and with gradual vesting over 3 years and 300.284 restricted shares, with a vesting period of 3 years.

- In 2023, in compliance with the results approved on May 8, 2023, in July 392.460 shares were transferred to beneficiaries, of which 264.305 relating to the original volume accrued, 110.928 granted according to the degree to which objectives had been achieved and 17.227 shares as a result of the dividends distributed during the period.
- In 2024, in compliance with the results approved on May 6, 2024, in July 680.532 shares were transferred to beneficiaries, of which 252.442 relating to the original volume accrued, 374.411 granted according to the degree to which objectives had been achieved and 53.679 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 July of the amount corresponding to 19.018 shares (7.055 relating to the original volume accrued, 10.463 acknowledged according to the degree to which the objectives had been achieved and 1.500 due to dividends distributed during the period). In October, 57.021 shares were transferred to beneficiaries, of which 37.087 relating to the original volume accrued, 15.437 granted according to the degree to which objectives had been achieved and 4.497 shares as a result of the dividends distributed during the period. As of December 31, 2024, 48.123 shares had been canceled due to beneficiaries leaving the Company.

At December 31, 2024, 204.183 of a total of 1.227.712 allocated shares had been canceled due to beneficiaries leaving the Company. This left a total of 426.595 shares that could be vested at the end of the period.

• Year 2023

On July 31, 2023, plan beneficiaries were granted the right to receive a total of 1.560.993 shares, of which 1.189.900 performance shares restricted to performance conditions and with gradual vesting over 3 years and 371.093 restricted shares, with a vesting period of 3 years.

- In 2024, in compliance with the results approved on May 6, 2024, in August 475.520 shares were transferred to beneficiaries, of which 227.983 relating to the original volume accrued, 223.132 granted according to the degree to which objectives had been achieved and 24.405 shares as a result of the dividends distributed during the period. In October, 135.421 shares were transferred to beneficiaries, of which 78.467 relating to the original volume accrued, 50.008 granted according to the degree to which objectives had been achieved and 6.946 shares as a result of the dividends distributed during the period.

As at December 31, 2024, 156.811 of a total of 1.560.993 allocated shares had been canceled due to beneficiaries leaving the Company. This left a total of 1.097.732 shares that could be vested at the end of the period.

CALCULATION OF FAIR VALUE MEASUREMENT OF THE GRANTED RIGHTS

Parameters used for the assignments of TIM S.A.

Plans/Parameters	Nominal value (reais)	Period
PS/RS Plan 2021	12,95	3 years
PS/RS Plan 2022	13,23	3 years
PS/RS Plan 2023	12,60	3 years
PS/RS Plan 2024	18,34	3 years

Note 37 - 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)	
Local currency against 1 EUR	31/12/2024	31/12/2023	31/12/2024	31/12/2023
BRL (Brazilian real)	6,43318	5,34964	5,82877	5,40158
USD (U.S. dollar)	1,03890	1,10500	1,08209	1,08157
JPY (Japan Yen)	163,06000	156,33000	163,83240	151,95065
GBP (Pound sterling)	0,82918	0,86905	0,84666	0,86984
CHF (Swiss franc)	0,94120	0,92600	0,95268	0,97174

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

RESEARCH AND DEVELOPMENT

Costs 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)	31/12/2024	31/12/2023
Capitalized development costs	33	34
Total research and development costs	**33**	**34**

AUDITOR'S FEES

The following schedule reports the fees due to Ernst & Young for the audit of financial statements:

(thousands of euros)	31/12/2024	31/12/2023
Audit services	1.834	1.908
Verification services with issue of certification	—	28
Other assurance services	170	142
Total fees due to EY network for the audit and other services	**2.004**	**2.079**
Out of pocket	28	28
Total	**2.032**	**2.107**

Note 38 - Events subsequent to December 31, 2024

Payment of Interest on Equity

In January 2025, TIM S.A paid Interest on Capital (IOC) related to the fiscal year ending on December 31, 2024 and approved on December 17, 2024.
On February 10, 2025, TIM S.A.'s Board of Directors, approved the payment of Interest on Capital (IOC) related to the fiscal year ending on December 31, 2025, which will be paid in April 2025.
On March 24, 2025, TIM S.A.'s Board of Directors, approved the payment of Interest on Capital (IOC) related to the fiscal year ending on December 31, 2025, which will be paid by April 2026.

Payment Date	Reais per share
23/01/2025	0,268528123
22/04/2025	0,082624038
30/04/2026	0,202495716

Payment of dividends

On March 27, 2025, the General Meeting approved the distribution of 2.050.000.000 reais (318,7 million euros) in dividends. The payment is expected to take place in April, July, and October 2025.

Capital contribution - 5G Fund

On January 16, 2025, TIM S.A. made a contribution of approximately 84,7 million reais to the 5G Fund, reinforcing its commitment to boosting the development of solutions based on 5G technology.

TIM settles disputes with C6 Group and monetizes its interests

On February 11, 2025, TIM S.A. (“TIM” or the “Company”) – a Brazilian subsidiary of the TIM Group – and Banco C6 S.A. (“C6” or the “Bank”), entered into an agreement (“Agreement”) that will end all disputes related to the partnership between the two Companies (“Partnership”) and, as a result, resolve the four arbitration proceedings currently pending.
During the lifetime of the partnership, TIM had acquired a minority interest in the bank (equal to 6,06%, of which 4,62% in derivatives and 1,44% in equity). The termination of the partnership will see TIM realize total gross proceeds of approximately 280 million Brazilian reais.
The combination of financial services with mobile telephony has produced positive effects in other areas of TIM S.A.’s business, such as increased customer loyalty, increased digitization in the purchase of top-ups and payment of bills.
The Agreement provides for the termination of the Partnership, as well as the transfer of all shares held by TIM in C6, as well as all outstanding signing bonuses, in the amount of 520 million Brazilian reais (before taxes). The transfer of shares is subject to the approval of the Cayman Islands Monetary Authority (CIMA). Once this approval is obtained, the Agreement and Partnership will be concluded.

TIM S.A.: Approval of a new share buyback program and termination of the previous program

On February 12, 2025, TIM S.A. (Brazil Business Unit) announced that on that date its Board of Directors approved a new program to repurchase shares issued by it (Program 8), pursuant to Section 22, V, of the Company's Bylaws and CVM Resolution No. 77/22, with the following conditions:

- objective: acquisition of ordinary shares issued by the Company to be held in treasury and subsequently cancelled, without reducing share capital, and with the main objective of increasing shareholder value through the efficient use of available cash resources by optimizing TIM's capital allocation. In addition, a small portion of these shares will be allocated to support the share-based compensation of the Long-Term Incentive Plan ("LTI");
- number of shares that can be purchased under Program 8: up to 67.210.173 ordinary shares of the Company, corresponding to approximately 2,78% of the total ordinary shares of the Company. The share related to LTI represents less than 8% of the total to be repurchased (about 5 million shares). The company's management can decide on the best time within the duration of the program to make share purchases, and may make one or more purchases;
- deadline price and acquisition method: Program 8 will commence from the date of the Board resolution and remain in effect until August 13, 2026. Acquisitions will be made on the Stock Exchange (B3 S.A. - Brasil, Bolsa, Balcão), at market prices, subject to applicable legal and regulatory limits;
- Intermediary financial institutions: for the share acquisition transactions, the intermediaries will be MORGAN STANLEY CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A, J.P. MORGAN

CORRETORA DE CÂMBIO E VALORES MOBILIÁRIOS S.A., BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A. and UBS BB CORRETORA DE CÂMBIO, TÍTULOS E VALORES MOBILIÁRIOS S.A;

- resources that will be used: resources from the balances of profit reserves, which amount to 6.285.419.877,54 reais, according to the budget for the year ending December 31, 2024, will be used, with the exception of the reserves referred to in Section 8, paragraph 1 of CVM Resolution 77/22. The approximate maximum amount to be used in Program 8 is 1 billion reais.

As a condition for approval of Program 8, the previous program approved at the July 30, 2024 meeting of the Company's Board of Directors ("Program 7") has come to an end. For the latter, no share repurchases were carried out.

Reverse Split and Split Operation

On February 24, 2025, the Board of Directors of TIM S.A. approved a reverse split and subsequent split of its common shares, at a ratio of 100:1 followed by 1:100, without affecting TIM's capital stock or ADRs.
The proposal, submitted to the AEGM (Annual Extraordinary General Meeting), considers that the Operation: (i) will be applied to all shareholders of TIM, (ii) will not result in a change in the value of TIM's capital stock or in the total number of shares, (iii) will not modify the rights conferred by the shares issued by TIM to their holders, and (iv) will not imply a change in the number of shares that make up each ADR, the total number of ADRs in circulation remained unchanged.

The reverse split and subsequent split was approved in the shareholders meeting held on March 27, 2025.

Note 39 - List of companies of the Telecom Italia Finance Group

Company name	Head office	Currency	Share Capital	% Ownership	% of voting [*]	Held by
PARENT COMPANY						
Telecom Italia Finance	Luxembourg	EUR	1.818.691.979			
SUBSIDIARIES CONSOLIDATED LINE-BY-LINE						
Brazil Business Unit						
• TIM Brasil Serviços & Partecipações 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 0,0005	66,5937	TIM Brasil Serviços & Partecipações S.A. TIM S.A.
ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD						
I-System S.A.	Rio de Janeiro	BRL	1.794.287.995	49,0000		TIM S.A.

[*] In addition to the percentage ownership of share capital, the percentage of voting rights in the ordinary shareholders' meeting is presented, if different from the percentage holding of share capital.

Certification of the Consolidated Financial Statements pursuant to Luxembourg Transparency Law

Pursuant to paragraph 3 of Luxembourg's Transparency Law, the undersigned Fabio Adducchio, Managing Director of the Company, to the best of his knowledge, hereby declares that the above financial statements prepared in accordance with IFRS legal and regulatory requirements as adopted by EU give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole and that the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Fabio Adducchio
Managing Director

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg
Tél : +352 42 124 1
www.ey.com/en_lu

B.P. 780
L-2017 Luxembourg
R.C.S. Luxembourg B47771
TVA LU 16063074

Autorisations d'établissement :
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Independent auditor's report

To the sole Shareholder of
Telecom Italia Finance S.A.
12 rue Eugène Ruppert
L-2453 Luxembourg

Report on the audit of the consolidated financial statement

Opinion

We have audited the consolidated financial statements of Telecom Italia Finance S.A. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2024, the related consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended 31 December 2024, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for tax contingencies

Risk identified

The Group has tax matters under discussion at various procedural levels, for which, based on its opinion and legal counsel, 3.5 billion euros were disclosed by the Group as possible losses as disclosed in note 23.

The determination of the amount of the provision and the amounts disclosed depends on critical judgments made by management, based on the analysis of the proceedings and the corresponding prognosis for their final resolution by its legal advisors. The audit of management's assessment of the likelihood of loss in tax proceedings is complex, highly subjective and based on interpretations of tax legislation and court decisions, since there is significant uncertainty in the estimates as to the outcome of court decisions, how formerly adjudged cases have evolved and the position of the tax authorities. In addition, in view of the magnitude of the amounts involved, any changes in estimates or assumptions that impact the determination of the loss prognosis may have significant impacts on the Group's financial statements. Accordingly, this was considered as a key audit matter.

Our answer

Our audit procedures included, with the assistance of our tax experts, the following, among others:

(i) We requested and obtained confirmation from all internal and external legal advisors who are involved in the tax proceedings of the Group, confirming the amounts and prognosis of proceedings losses, as determined by the Group's management.

(ii) To test the Group's assessment of the likelihood of loss in tax proceedings, our audit procedures included, among others, the involvement of our internal Tax Controversy experts to support us in discussions regarding the forecasts made by Group's external lawyers for the most significant tax contingencies.

(iii) Additionally, for the most significant tax proceedings, we obtained additional legal opinions from other legal advisors to assess the reasonableness of the prognosis determined by the Group's legal advisors in charge of the respective proceedings, and we evaluated the arguments, case law and/or strategy of defense adopted by the Group's legal advisors.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report and the corporate governance statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for the preparation and fair presentation of the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on 25 May 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The directors’ report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the directors’ report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.
We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2024, identified as tel-2024-12-31-en.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Maigret

Gabriel De Maigret

Luxembourg, 7 April 2025