Telecom Italia Finance Group

Half-Year Condensed Consolidated Financial Statements at June 30, 2024

Unaudited Half-Year Condensed Consolidated Financial Statements at June 30, 2024, which have been authorized by the Board of Directors held on September 20, 2024

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Directors’ report

The Business Units

BRAZIL

The Brazil Business Unit (Tim Brasil group) provides mobile telephone services using UMTS, GSM, LTE and 5G technologies and offers fiber optic data transmission using full IP technology, such as DWDM and MPLS and residential broadband services. Moreover, Tim Brasil group provides IoT services, focused on the Agribusiness, Industries, Logistics and Utilities verticals.

- 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 June 30, 2024:

- The amount of notes (issued by Telecom Italia Finance and listed on Bourse of Luxembourg) is 1.015 million euros.
- The amount of net financial debt is equal to -3.246 million euros.

- TELECOM ITALIA FINANCE

Key operating Financial Data

Consolidated Operating and Financial Data

(million euros)	1st Half 2024	1st Half 2023
Revenues	**2.257**	**2.098**
EBITDA	**1.092**	**989**
EBIT	**458**	**336**
Profit (loss) before tax from continuing operations	277	241
Profit (loss) for the year	**239**	**209**
Profit (loss) for the year attributable to Owners of the Parent	160	145
Capital expenditures	**415**	**404**

Consolidated Financial Position Data

(million euros)	30/06/2024	31/12/2023
Total assets	**15.171**	**16.662**
Total equity	**7.254**	**7.581**
Attributable to Owners of the Parent	5.807	5.934
Attributable to non-controlling interests	1.446	1.646
Total liabilities	**7.917**	**9.081**
Total equity and liabilities	**15.171**	**16.662**
Share capital	**1.819**	**1.819**
Net financial debt carrying amount	**-372**	**-133**

Headcount

	30/06/2024	31/12/2023
Number in the Group at year end	9.099	9.276
Average number in the Group	8.816	8.924

Highlights

TIM Group: NetCo disposal
On 6 November 2023, TIM S.p.A., 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 S.p.A. 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 S.p.A. to Bidco of the entire stake held by TIM S.p.A. 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 S.p.A. Group's debt on the closing of the NetCo Transaction.
In the framework of the NetCo Transaction, 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, at the end of the offer launched by TIM S.p.A. and TI Finance on their notes issued in EUR, 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, all of the conditions precedent having been satisfied, the NetCo Transaction has been completed.

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.

FINANCIAL HIGHLIGHTS

In terms of economic and financial performance in the 1st Half 2024:

- **Consolidated revenues** amounted to 2,3 billion euros, up by 7,6% on the 1st Half 2023.
- **EBITDA** amounted to 1,1 billion euros, up by 10,4% on the 1st Half 2023.
- **Operating profit (EBIT)** was 0,5 billion euros, up by 36,4% compared to the 1st Half 2023.
- The **Profit for the year attributable to Owners of the Parent** amounted to 160 million euros (145 million euros for the 1st Half 2023).
- **Capital expenditures** in 2024 amounted to 415 million euros (404 million euros in the 1st Half 2023).
- **Net financial debt** amounts to -372 million euros at June 30, 2024, down of 239 million euros compared to the end of 2023 (-133 million 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	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024 (a)	1st Half 2023 (b)	Amount (a-b)	% (a-b)/b
Revenues	**2.257**	**2.098**	—	—	**2.257**	**2.098**	**12.398**	**11.503**	**895**	**7,8**
EBITDA	**1.092**	**989**	**-3**	**-3**	**1.095**	**993**	**6.016**	**5.442**	**574**	**10,5**
EBITDA Margin	48,4	47,2			48,5	47,3	48,5	47,3		1,2 pp
EBIT	**458**	**336**	**-3**	**-3**	**461**	**339**	**2.532**	**1.857**	**674**	**36,3**
EBIT Margin	20,3	16,0			20,4	16,1	20,4	16,1		4,3 pp
Headcount at period end (number)	**9.099**	**9.276**	**10**	**9[*]**			**9.089**	**9.267[*]**	**-178**	**-1,9**

[*] Figures as of December 31, 2023

The average exchange rates used for the translation into euro (expressed in terms of units of real per 1 Euro) were 5,49271 in the 1st Half 2024 and 5,48212 in the 1st Half 2023.

	1st Half 2024	1st Half 2023
Lines at period end (thousands)	61.986	61.248 [*]
ARPU (reais)	30,8	28,4

[*] Figures as of December 31, 2023

REVENUES

Revenues in the 1st Half 2024 were entirely related to the Brazil Business Unit and amounted to 12.398 million reais (2.257 million euros), up by 7,8% on the 1st Half 2023.

The acceleration has been determined by **Revenues from services** that totaled 12.013 million reais (2.187 million euros), an increase of 851 million reais (151 million euros) compared to 11.162 million reais (2.036 million euros) in the 1st Half 2023 (+7,6%) with mobile service revenues growing at +7,8% on the first half of 2024. This performance is mainly attributable to the continuous improvement of the post-paid segment. Revenues from fixed services grew by 5,3% compared to the first half of 2023, driven above all by the growth rate of Ultrafibra.

Revenues from product sales totaled to 385 million reais, or 70 million euros (342 million reais, or 62 million euros in the 1st Half 2023).

Total mobile lines in place at June 30, 2024 amounted to 62,0 million, an increase of 0,8 million compared to December 31, 2023 (61,2 million). Within this change, +1,4 million is attributable to the post-paid segment and -0,6 million to the pre-paid segment. Post-paid customers represented 46,7% of the customer base as of June 30, 2024 (45,1% as of December 31, 2023).

Mobile Average Revenue Per User (ARPU) for the 1st Half 2024 was 30,8 reais (5,6 euros), up 8,5% compared to the figure posted in the 1st Half 2023.

	30/06/2024	31/12/2023
(millions of reais)		
Net revenues	**12.398**	**11.503**
Service revenues	12.013	11.162
Mobile services	11.344	10.524
Fixed services	669	638
Product revenues	385	342
(thousands)		
Lines at period end	**61.986**	**61.225 [*]**
Average Market Lines	**61.450**	**61.704**
(reais)		
Mobile ARPU (mobile services/average market lines/months)	**30,8**	**28,4**

[*] Lines as of December 31, 2023

EBITDA

EBITDA in the 1st Half 2024 totaled 1.092 million euros, of which 1.095 million euros attributable to the Brazil BU.

Considering Brazil BU, EBITDA for the 1st Half 2024 amounted to 6.016 million reais (1.095 million euros), up by 574 million reais (102 million euros) year-on-year (+10,5%).

EBITDA for the Brazil BU net of the non-recurring component (Organic EBITDA), grew by 10,0% and is calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	Amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
EBITDA	**1.095**	**993**	**6.016**	**5.442**	**574**	**10,6**
+/- Non recurring expenses/(income)	0	5	0	30	-30	
= Organic EBITDA	**1.095**	**998**	**6.016**	**5.471**	**545**	**10,0**

The growth in EBITDA can mainly be attributed to the positive performance of service revenues (this result was contributed by solid operational performance on the main fronts: (i) Revenue from Mobile Services increasing 7,8%, being leveraged by postpaid; (ii) Revenue from the TIM UltraFibra Broadband Service growing 5,3%; and (iii) Product Revenue with an increase of 12,8%) and counterbalanced by the increase in operating costs.

The related margin on revenues stood at 48,5%, up in organic terms by 1,0% compared to the 1st Half 2023.

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

	(millions of euros)		(millions of reais)		
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	Change
	(a)	(b)	(c)	(d)	(c-d)
Acquisition of goods and services	860	842	4.723	4.616	107
Employee benefits expenses	173	162	951	888	64
Other operating expenses	206	183	1.130	1.006	124
Change in inventories	-15	-25	-84	-138	54

EBIT

EBIT totaled 458 million euros (336 million euros in the 1st Half 2023), an increase of 122 million euros.

Considering Brazil BU, EBIT for the 1st Half 2024 amounted to 2.532 million reais (461 million euros).

Organic EBIT, net of the non-recurring component, amounted to 2.532 million reais (461 million euros), with a margin on revenues of 20,4% (16,4% in 2023), and was calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	Amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
EBIT	**461**	**339**	**2.532**	**1.857**	**674**	**36,3**
+/- Non recurring expenses/(income)	—	6	—	30	-30	
= Organic EBIT	**461**	**344**	**2.532**	**1.887**	**645**	**34,2**

PROFIT (LOSS) FOR THE YEAR

(million euros)	1st Half 2024	1st Half 2023
Profit (loss) for the year	**239**	**209**
Attributable to		
Owners of the Parent	160	145
Non-controlling interests	79	63

CAPITAL EXPENDITURE

All capital expenditure is referred to the Brazil Business Unit. The BU posted capital expenditures in the 1st Half 2024 of 415 million euros, increasing by 11 million euros on the 1st Half 2023 (404 million euros). Excluding the impact of changes in exchange rates (-1 million euros), capex increased compared to the first half of 2023 (+12 million euros). The slight increase is due to the acceleration of investments in 5G technology and Cyber Security, partially offset by the completion of investments relating to the integration of the Oi Group's activities and the reduction in the development of the 4G network.

Consolidated financial position and cash flows performance

Non-current assets

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

- **Goodwill** decreased by 103 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 301 million euros representing the balance of the following items:
  - Capex (+96 million euros)
  - Amortization charge for the year (-172 million euros)
  - Disposals, exchange differences, reclassifications and other changes (for a net balance of -224 million euros, of which -224 related to exchange rate differences).
- **Tangible assets** decreased by 208 million euros representing the balance of the following items:
  - Capex (+319 million euros)
  - Depreciation charge for the year (-287 million euros)
  - Disposals, exchange differences, reclassifications and other changes for a net balance of -240 million euros of which -239 related to exchange rate differences.
- **Rights of use third-party assets:** decreased by 196 million euros representing the balance of the following items:
  - Investments and increases in finance leasing contracts (+266 million euros)
  - Amortization charge for the period (-179 million euros)
  - Disposals, exchange differences and other changes (for a net balance of -283 million euros of which -193 related to exchange rate difference).

Consolidated equity

Consolidated equity amounted to 7.254 million euros at June 30, 2024 (7.581 million euros at December 31, 2023), of which 5.807 million euros attributable to Owners of the Parent (5.934 million euros at December 31, 2023) and 1.446 million euros attributable to non-controlling interests (1.646 million euros at December 31, 2023).

Cash flows

(million euros)	1st Half 2024	1st Half 2023
Cash flows from (used in) operating activities	636	714
Cash flows from (used in) investing activities	270	-31
Cash flows from (used in) financing activities	-570	-33
Aggregate cash flows	**335**	**-64**
Net foreign exchange differences on net cash and cash equivalents	-46	34
Net cash and cash equivalents at beginning of the year	**2.763**	**3.030**
Net cash and cash equivalents at end of the period	**3.098**	**2.967**

Net financial debt

Net financial debt amounts to -372 million euros at June 30, 2024, down of 239 million euros compared to the end of 2023 (-133 million euros).

(million euros)	**Consolidated**		**Other operations**		**Brazil Business Unit**	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current financial liabilities	3.886	4.796	850	1.392	3.035	3.404
Current financial liabilities	2.165	2.084	1.534	1.323	631	761
Total gross financial debt	**6.051**	**6.880**	**2.384**	**2.715**	**3.667**	**4.165**
Non-current financial assets	-993	-1.547	-869	-1.413	-124	-134
Current financial assets	-5.431	-5.466	-4.761	-4.414	-670	-1.053
Net financial debt carrying amount	**-372**	**-133**	**-3.246**	**-3.112**	**2.873**	**2.979**

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

Main changes in the regulatory framework

Brazil

Revision of the model for the supply of telecommunications services
In 2019 Law no. 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 20 years.
The new telecommunications framework allows fixed-line licensees to adapt their contracts from a concession scheme to an authorization scheme. This transition from concession to authorization must be requested by the licensee and requires the approval of the ANATEL ("Agencia Nacional de Telecomunicações"). In return, licensees must, among other conditions, make a commitment to investment in expanding fixed Broadband telephony services to areas with no adequate competition for these services, in order to minimize inadequacies and inequalities between areas of Brazil.
The change also affects the roles for authorizing the use of radio frequencies, establishing subsequent renewals (previously limited to only one) and allows the exchange of radio frequencies between operators (secondary spectrum market).
In June 2020, Decree no. 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. This decree also establishes that the network resulting from the commitments must be shared from the moment it enters into service, except where there is adequate competition in the 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 expansion of mobile and fixed-line Broadband networks and on specific areas of the country. Telecommunications networks built under the investment plan will have shared access. The decree was amended by Decree no. 10.799/2021, which included public policy priorities for covering "census areas with public schools"; coverage of population centers not served by mobile telephone and the expansion of fixed access to Broadband in places without access. The decree was amended by Decree no. 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 Ministry of State for Communications.
In 2020, Decree no. 10.480/2020 was published by the federal government, which regulates the antennas law (Law no. 13.116/2015) with the purpose of encouraging the development of the telecommunications network infrastructure. This decree fosters development of telecom network infrastructure and is a major step towards removing historical problems in the sector preventing its development (free right of way on highways and railways, positive silence, small cells, dig once are some of the examples of such regulatory removal of historical problems).
That same year, Law no. 14.109/2020 authorized the use of FUST (Fund for the Universalization of Telecommunications Services), 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 no. 1.018/2020 was transformed into Law No. 14.173/2021, reducing charges for satellite internet terrestrial stations and changing some of FUST application rules. The law reduces FUST collection between 2022 and 2026, to telecommunications operators that run universalization programs approved by the 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. In the second half of 2022, the management Board defined, in its Resolution 02/2022, 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 No. 11.856/2023 was published, establishing the National Policy for Cybersecurity (PNCIBER) with cybersecurity guidelines in Brazil. This decree also creates the National Committee of Cybersecurity.
Over the years, ANATEL has published several Resolutions that apply obligations to the telecommunications sector, among which we can highlight the new RQUAL – Service Quality Regulation and the new RGC - General Consumer Protection Regulation. In 2024, ANATEL began the revision of the PGMC – General Plan of Competition and RUE – Spectrum Use Regulations, two of the most significant regulation applicable to the telecommunication sector.
Recently, we also monitored and participated in Public Consultations carried out by Brazil's national electricity agency, Agência Nacional de Energia Elétrica, or ANEEL, on topics related to infrastructure sharing (poles) and distributed generation. The results of the Public Consultations are expected for 2024.

Revision of the Service Quality Regulation

In December 2019, ANATEL approved the new Telecommunications Services Quality Regulation (RQUAL), based on reactive regulation. In this new model, quality is measured based on three main indicators – Service Quality Index, Perceived Quality Index and 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, adoption of an action plan or adoption of precautionary measures to ensure improvements in quality standards. After the joint work of ANATEL, operators and ESAQ ("Quality Assurance Support Authority") to define the objectives, criteria and reference values of the indicators, at the end of November 2021, ANATEL's Board of Directors formalized the reference documents that support this regulation: the Operational Manual and Reference Values; also established the operational entry into force on March 1, 2022. Currently, the results of the quality indicators are already published monthly by the Agency on its website. Specifically in relation to the quality seal, in November 2023, the Agency established the temporary and partial suspension of the document on reference values and quality seals for the years 2022 and 2023 and granted a period of 120 days to present a new proposal for method and parameters for defining quality marks.

Review of the General Regulation on Consumer Rights (RGC)
In November 2023 ANATEL published Resolution no. 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 will come into force in nine months as regards the general rules and in fifteen months as regards the registration of offers and the price adjustment rules.

Data protection
On August 14, 2018, the LGPD ("General Data Protection Law" no. 13.709/2018) was promulgated.
In December 2018, Provisional Measure 869/2018 created the ANPD (National Data Protection Authority), also extended the entry into force of the Law to 24 months (August 2020).
In June 2020, Law no. 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: developing guidelines for the National Data Protection Policy; supervising companies and applying sanctions; and issuing regulations and procedures on personal data protection.
In August 2021, articles relating to supervision and sanctions by the National Authority (ANPD) came into force.
In October 2021, the regulation (CD/ANPD no. 1 of October 2021) was approved for the supervision and sanction administrative process, under the scope of competence of the ANPD.
In January 2022, the regulation (CD/ANPD no. 2 of January 2022) was approved implementing the LGPD for small processing agents.
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 has an immediate effect but must be subject to a Congressional approval to be made into law.
In October 2022, Provisional Measure no. 1.124 was converted into Law no. 14.460/22, transforming the Brazilian National Data Protection Authority ("ANPD") into an independent agency of special nature.
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.

Events subsequent to June 30, 2024

Payment of Interest on Equity

In July 2024, TIM S.A paid Interest on Capital (IOC) related to the fiscal year ending on December 31, 2024 and approved on June 14, 2024 according to the following schedule:

Payment Date	Reais per share
23/07/2024	0,124069241

For others details of subsequent events, see the specific Note "Events Subsequent to June 30, 2024".

Completion of NetCo Transaction

On July 01, 2024, at completion of the NetCo Transaction, the New Notes of TI Finance for an amount of 359.142 thousand euros have been automatically exchanged into BidCo Notes and cancelled. As agreed between TIM S.p.A. and TI Finance, loans previously granted by Ti Finance to TIM S.p.A. have been set off for 353.834 thousand euros. 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 month of July 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 slowdown in the global economy and commodities' demand, in particular in the USA and China. The easing phase of the Banco Central do Brazil ("BCB") might be pushed back by a potential inflation come back. Concerns on the independence of the BCB and how the government spending could be financed have pushed the Brazilian currency to depreciate from the level reached in 2023. Clarity on the path of the BCB 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 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" of the December 31, 2023 Consolidate Financial Statements.

Regulatory and compliance risks

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

Compliance risks
The TIF Group may be exposed to risks of non-compliance due to non-observance/breach of internal (self-regulation, such as, for example, bylaws, code of ethics) and external rules (laws, regulations, new accounting standards and Authority orders), with consequent judicial or administrative penalties, financial losses or reputational damage.
The TIF Group aims to ensure that processes, and, therefore, the procedures and systems governing them, and corporate conduct comply with legal requirements. The risk is associated with potential time lags in making the processes compliant with regulatory changes or whenever non-conformities are identified.

Group internal control and risk management

TIF Group adheres to the principles and criteria of the TIM Group Corporate Governance Code. Its Internal Control and Risk Management System consists of the set of rules, procedures and organizational structures applied to the entire TIM Group, which TIF Group is part of. This set allows the sound, fair and consistent operation of the Group in line with the pre-established objectives. 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.

Alternative Performance Measures

In this Directors' Report and in the Consolidated Financial Statements of the Group for the year ended June 30, 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	30/06/2024	31/12/2023
Non-current assets			
Intangible assets		**2.890**	**3.293**
Goodwill	[4]	914	1.017
Intangible assets with a finite useful life	[5]	1.976	2.277
Tangible assets	[6]	**2.131**	**2.338**
Property, plant and equipment		2.131	2.338
Right of use assets	[7]	**1.717**	**1.913**
Other non-current assets		**1.828**	**2.464**
Investments in associates accounted for using the equity method and other investments	[8]	287	312
Non-current financial receivables for lease contracts	[9]	35	39
Other non-current financial assets	[9]	958	1.508
Miscellaneous receivables and other non-current assets	[10]	352	371
Deferred tax assets		196	235
Total Non-current assets		**8.565**	**10.009**
Current assets			
Inventories		70	62
Trade and miscellaneous receivables and other current assets	[11]	1.007	985
Current income tax receivables		98	139
Current financial assets	[9]	**5.431**	**5.466**
Current financial receivables arising from lease contracts		5	6
Securities other than investments, financial receivables and other current financial assets		2.286	2.631
Cash and cash equivalents		3.139	2.830
Total Current Assets		**6.605**	**6.652**
TOTAL ASSETS		**15.171**	**16.662**

The accompanying notes are an integral part of these half-year Consolidated Financial Statements.

Equity and Liabilities

(million euros)	Note	30/06/2024	31/12/2023
Equity			
Share capital issued	[12]	1.819	1.819
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year		3.988	4.119
Equity attributable to owners of the Parent		**5.807**	**5.934**
Non-controlling interests	[3]	**1.446**	**1.646**
TOTAL EQUITY		**7.254**	**7.581**
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	[13]	2.100	2.843
Non-current financial liabilities for lease contracts	[13]	1.785	1.953
Deferred tax liabilities		—	—
Provisions	[17]	262	288
Miscellaneous payables and other non-current liabilities	[18]	115	140
Total Non-current liabilities		**4.262**	**5.225**
Current liabilities			
Current financial liabilities for financing contracts and others	[13]	1.853	1.746
Current financial liabilities for lease contracts	[13]	312	338
Trade and miscellaneous payables and other current liabilities	[19]	1.478	1.754
Current income tax payables		12	18
Total Current Liabilities		**3.655**	**3.856**
TOTAL LIABILITIES		**7.917**	**9.081**
TOTAL EQUITY AND LIABILITIES		**15.171**	**16.662**

The accompanying notes are an integral part of these half-year Consolidated Financial Statements.

Separate Consolidated Income Statements

(million euros)	Note	1st Half 2024	1st Half 2023
Revenues	[21]	2.257	2.098
Other operating income		10	8
Total operating revenues and other income		**2.268**	**2.106**
Acquisition of goods and services		-861	-843
Employee benefits expenses		-174	-163
Other operating expenses		-208	-185
Change in inventories		15	25
Internally generated assets		51	49
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**1.092**	**989**
Depreciation and amortization		-639	-659
Gains/(losses) on disposals of non-current assets		5	5
Operating profit (loss) (EBIT)		**458**	**336**
Share of profits (losses) of equity investments valued using equity method		-8	-8
Other income (expenses) from investments		—	—
Finance income	[22]	425	440
Finance expenses	[22]	-597	-526
Profit (loss) before tax from continuing operations		**277**	**241**
Income tax expenses		-39	-33
PROFIT (LOSS) FOR THE PERIOD		**239**	**209**
Attributable to			
Owners of the Parent		160	145
Non-controlling interests		79	63

The accompanying notes are an integral part of these half-year Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(millions of euros)	Note	1st Half 2024	1st Half 2023
Profit (loss) for the period	**(a)**	**239**	**209**
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)**	**-452**	**326**
Financial assets measured at fair value through other comprehensive income:	**(e)**	**-1**	**13**
Profit (loss) from fair value adjustments		-6	19
Loss (profit) transferred to the Separate Consolidated Income Statements		5	-6
Exchange rate differences on translating foreign operations:	**(g)**	**-451**	**313**
Profit (loss) on translating foreign operations		-451	313
Other components of the Consolidated Statements of Comprehensive Income	**(h=b+d)**	**-452**	**326**
Total comprehensive income (loss) for the period	**(i=a+h)**	**-213**	**535**
Attributable to			
Owners of the Parent		-131	375
Non-controlling interests		-82	160

The accompanying notes are an integral part of these half-year Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

Changes from January 1, 2024 to June 30, 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	—	—	—	—	—	—	—	—	—	-110	**-110**
Total comprehensive income (loss) for the period	—	—	-1	—	-290	—	—	160	-131	-82	**-213**
Other changes	—	—	—	—	—	—	—	3	3	-8	**-4**
Balance at June 30, 2024	**1.819**	**3.148**	**3**	**1**	**-2.272**	**—**	**—**	**3.109**	**5.807**	**1.446**	**7.254**

Changes from January 1, 2023 to June 30, 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	—	—	—	—	—	—	—	-38	**-38**	-68	**-106**
Total comprehensive income (loss) for the period	—	—	13	—	216	—	—	145	**375**	160	**535**
Other changes	—	—	—	—	—	—	—	1	**1**	1	**2**
Balance at June 30, 2023	**1.819**	**3.148**	**-42**	**2**	**-1.898**	**—**	**—**	**3.677**	**6.704**	**1.638**	**8.342**

The accompanying notes are an integral part of these half-year Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(million euros)	Note	1st Half 2024	1st Half 2023
Cash Flows from operating activities:			
Profit (loss) from continuing operations		239	209
Adjustments for:			
Depreciation and amortization		639	659
Impairment losses(reversals) of assets (including investments)		—	2
Net change in deferred tax assets and liabilities		17	15
Losses (gains) realized on disposal of non-current assets (including investments)		-5	-5
Share of losses (profits) of associates accounted for using the equity method		8	—
Change in inventories		-15	-25
Change in trade receivables and other net receivables	[11]	-14	-27
Change in trade payables		-85	2
Net change in current income tax receivables/payables		35	20
Net changes in miscellaneous receivables/payables and other assets/liabilities		-182	-135
Cash flows from (used In) operating activities		**636**	**714**
Cash Flows from investing activities:			
Purchase of intangible, tangible and right of use on a cash basis		-524	-517
Acquisitions/disposals of other investments	[8]	-14	—
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	[9]	807	-31
Cash flows from (used In) investing activities		**270**	**-31**
Cash Flows from financing activities:			
Changes in current financial liabilities and other	[13] [14]	-178	295
Proceeds from non-current financial liabilities (including current portion)	[13] [14]	70	—
Repayments of non-current financial liabilities (including current portion)	[13] [14]	-364	-192
Changes in derivatives		-8	-6
Dividends paid		-83	-130
Changes in ownership interests in consolidated subsidiaries		-8	—
Cash flows from (used In) financing activities		**-570**	**-33**
Aggregate Cash flows		**335**	**-64**
Net foreign exchange differences on net cash and cash equivalents		**-46**	**34**
Net cash and cash equivalents at the beginning of the year	**[9]**	**2.763**	**3.030**
Net cash and cash equivalents at the end of the period	**[9]**	**3.098**	**2.967**

Additional Cash Flow Information

(million euros)	1st Half 2024	1st Half 2023
Income taxes (paid) received	-16	-47
Interest expense paid	-422	-359
Interest income received	195	165
Dividends received	—	—

The accompanying notes are an integral part of these half-year 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 Half-Year Condensed Consolidated Financial Statements at June 30, 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 September 20, 2024. The Half-Year Condensed Consolidated Financial Statements at June 30, 2024 are subject to approval by the shareholders meeting.

In particular, they have been prepared in accordance with IAS 34 (Interim Financial Reporting) and, as permitted by that standard, do not include all the information that would be required in annual financial statements; accordingly, these financial statements should be read together with the 2023 Telecom Italia Finance Group Consolidated Financial Statements.

In the first six months of 2024, the Group adopted accounting policies consistent with those of the previous year, except for the changes to the accounting standards issued by the IASB and in force as of January 1, 2024. See the Note "Accounting policies" for more details.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2024 have been prepared under the historical cost convention, except for financial assets, which are measured at the fair value recognized in the other components of the comprehensive income, financial assets measured at fair value through the income statement, and derivative financial instruments, which have been measured at fair value.
For the sake of comparison, data from the statement of financial position at December 31, 2023, the separate consolidated income statement and consolidated statement of comprehensive income, consolidated statement of cash flows and changes in consolidated shareholders' equity for the first half of 2023, are also presented.

The Half-Year Condensed Consolidated Financial Statements at June 30, 2024 have been prepared on a going concern basis (for further details see Note "Accounting policies").

The Half-Year Condensed Consolidated Financial Statements at June 30, 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 period as shown in the Separate Consolidated Income Statement and all other changes in equity related to non-controlling interests;
- the Consolidated Statement of Cash Flows has been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows).

Furthermore, according to IAS 1 (paragraphs 97 and 98), certain expense and income items that are material in terms of nature and amount are separately disclosed in the notes to the separate consolidated income statement. Specifically, such items include, 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 for risks and charges and related reversals; costs for the settlement of disputes other than regulatory disputes; adjustments, realignments and other non-recurring items, also relating to previous years; impairment losses on goodwill and/or other intangible and tangible assets.

SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which 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 Half-Year Condensed Consolidated Financial Statements at June 30, 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;
  - financial risks (interest rate and/or exchange rate trends, changes in the Group's credit rating by rating agencies);
  - macroeconomic changes in the Italian, European and Brazilian markets and financial market volatility due to recessionary and inflationary risks. In particular, these risks relate to the increasing costs of raw materials and energy, including as a result of the Russian invasion of Ukraine;
  - 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" of the December 31, 2023 Consolidate Financial Statements.

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

ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION

The accounting policies and principles of consolidation adopted in the preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 have been applied on a basis consistent with those used for the Consolidated Financial Statements at December 31, 2023, to which reference should be made, except for:

- amendments to accounting standards issued by the IASB and in force from January 1, 2024 and subsequently described;
- the changes required because of the nature of interim financial reporting.

Furthermore, in the Half-Year Condensed Consolidated Financial Statements at June 30, 2024, income taxes for the period of the individual consolidated companies are calculated according to the best possible estimate based on available information and on a reasonable forecast of performance up to the end of the tax period. Conventionally, the income tax liabilities (current and deferred) on the profit for the interim period of the individual consolidated companies are recorded net of advances and tax receivables (excluding receivables for which refunds have been requested) as well as deferred tax assets, and classified as an adjustment to "Deferred tax liabilities"; if the balance between deferred tax assets and deferred tax liabilities is an asset it is conventionally recognized in "Deferred tax assets".

USE OF ESTIMATES

The preparation of the Half-Year Condensed Consolidated Financial Statements at June 30, 2024 and related disclosure in conformity with IFRS requires management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could differ, even significantly, from those estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.
As regard the most important accounting estimates, please refer to those illustrated in the Consolidated Financial Statements at December 31, 2023.

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 Leases: Lease Liability in a Sale and Leaseback
On November 20, 2023, Regulation (EU) 2023/2579 was issued, incorporating certain amendments to IFRS16 Leases.
The amendments require a seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the 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 Half-Year Condensed Consolidated Financial Statements at June 30, 2024.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
On December 19, 2023, Regulation (EU) 2032/2822 was issued, incorporating a narrow-scope amendment to IAS 1 Presentation of Financial Statements.
The amendment clarify that:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “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 substantive right to defer settlement for at least 12 months at the end of the reporting period;
- classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, in other word management’s expectations do not affect classification; and
- settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2024.

Amendments to IAS 1 - Presentation of Financial Statements: Non-current Liabilities with Covenants
The same December 19, 2023, Regulation (EU) 2032/2822 amendments clarify 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, the amendments state that at the reporting date, the entity doesn't need to consider covenants to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2024.

Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures
On May 15, 2022, Regulation (EU) 2022/1317 was issued, incorporating certain amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.
The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

- terms and conditions;
- as at the beginning and end of the reporting period:
    - the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented,
    - the carrying amounts of financial liabilities and the line items, for which the finance providers have already settled the corresponding trade payables,
    - the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements.

The adoption of these amendments had no effect on the Half-Year Condensed Consolidated Financial Statements at June 30, 2024.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPLICABLE

At the reporting date of these Half-Year Condensed Consolidated Financial Statements at June 30, 2024, the IASB had issued the following new Standards and Interpretations which have not yet come into force and have not yet been endorsed by the EU.

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

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

There were no changes in the scope of consolidation at June 30, 2024 compared to December 31, 2023.

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	30/06/2024
Brazil	**1.017**	—	—	—	-103	**914**

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

With reference to the Brazil Cash Generating Unit, Goodwill recorded net exchange gains for -103 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 5,95080 as of June 30, 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 consolidated financial statements. If specific events or circumstances occur (trigger events) that may indicate an impairment of goodwill, impairment testing is also carried out when preparing the interim financial statements.
In accordance with the TIM Group procedures, in preparation of the half-year report at June 30, 2024, has been deemed it appropriate to carry out an impairment test on goodwill.
The results showed that the recoverable amount of the assets at June 30, 2024 was higher than the net carrying amount for the Brazil CGU (+2.387 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 capitalization as of the end of the reporting period. The recoverable amount of the assets was denominated in the functional currency and subsequently translated at the spot exchange rate at the reporting date.

In estimating the recoverable amounts, simulations were conducted on the results with respect to changes in the relevant parameters. The result is that a 36,58% price per share reduction, compared to the reference quotation considered for the purposes of the financial statements, would make the fair value based on market capitalization equal to the carrying amount, consequently making it necessary to analyze the Value in Use of the CGU.

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 the 1st Half 2024 and 2023 are referred to Brazil Business Unit.

(millions of euros)	31/12/2023	Investments	Amortization	Disposals	Exchange differences	Other Changes	30/06/2024
Industrial patents and intellectual property rights	**445**	58	-86	—	-44	16	**389**
Concessions, licenses, trademarks and similar rights	**1.755**	14	-83	—	-172	—	**1.513**
Other intangible assets	**39**	—	-3	—	-4	—	**32**
Work in progress and advance payments	**38**	23	—	—	-4	-16	**41**
Total	**2.277**	**96**	**-172**	**—**	**-224**	**—**	**1.976**

(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**

Investments in 2024 amounted to 96 million euros (184 million euros in 2023) and included 17 million euros in internally generated assets (16 million euros in the 1st Half 2023).

Industrial patents and intellectual property rights at June 30, 2024 consisted mainly of software licenses.

Concessions, licenses, trademarks and similar rights at June 30, 2024 mainly related to the residual cost of telephone licenses and similar rights for 1.470 million of euros (1.705 million euros at December 31, 2023). During the 2023 financial year, in particular, the rights of use of the 3,5 GHz (5G) frequencies of the Brazil Business Unit were transferred to exercise and, in 2024, have been fully paid.

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

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	30/06/2024
Land	**7**	—	—	—	-1	—	**6**
Buildings (civil and industrial)	**9**	—	—	—	-1	—	**8**
Plant and equipment	**2.114**	241	-259	—	-218	78	**1.955**
Other	**123**	21	-28	—	-12	4	**108**
Construction in progress and advance payments	**85**	57	—	—	-7	-83	**53**
Total	**2.338**	**319**	**-287**	**-1**	**-239**	**-1**	**2.131**

(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**

Investments in 2024 amounted to 319 million euros (643 million euros in 2023) and included 34 million euros in internally generated assets (33 million euros in the 1st Half 2023).

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.

Note 7 - Right of use assets

At June 30, 2024 right of use assets amounted to 1.717 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	**30/06/2024**
Property	595	—	87	-52	-44	-59	—	**527**
Plant and equipment	1.318	—	178	-127	-46	-134	—	**1.190**
Other	—	—	—	—	—	—	—	**—**
Total	**1.913**	**—**	**266**	**-179**	**-90**	**-193**	**—**	**1.717**

(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**
Other	—	—	—	—	—	—	—	**—**
Total	**1.981**	**8**	**534**	**-444**	**-222**	**78**	**-22**	**1.913**

The increases in financial leasing contracts in 2024, equal to 266 million euros (534 million euros at December 31, 2023), include the higher value of the rights of use recorded as a result of new leases, increases of lease payments and renegotiation of agreements existing 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.

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)".

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)	30/06/2024	31/12/2023
I-Systems S.A.	236	271
Total	**236**	**271**

The changes to the item during the period are due to equity method accounting for -8 million euros and exchange rate difference for -27 million euros.

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

(millions of euros)	30/06/2024	31/12/2023
Assets	**356**	**384**
Current and non-current assets	63	60
Tangible and intangible assets	293	324
Liabilities and shareholders' equity	**356**	**384**
Current and non-current liabilities	134	125
Shareholders' equity	222	259
Net loss for the year	**-17**	**-33**
Group's proportional interest	**49 %**	**49 %**
Group's interest in the associated company's income (loss)	**-8**	**-16**

The Groups' proportional share of the shareholders' equity in I-Systems S.A. corresponds to 109 million euros. The difference with the value of the investment is due to the higher fair value attributed at the acquisition of the associate.

OTHER INVESTMENTS

Other investments refer mainly to the following:

(million euros)	30/06/2024	31/12/2023
Banco C6 S.A.	27	30
Upload Ventures Growth	24	10
Total	**51**	**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 June 30, 2024, TIM S.A. (Brazil Business Unit) has invested 24 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, the company made a new contribution of approximately 15 million US dollars (14 million euros) to the 5G Fund, reinforcing its commitment to boosting the development of solutions based on 5G technology.
As at June 30, 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".

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

(millions of euros)	30/06/2024	31/12/2023
Non-current financial assets	**993**	**1.547**
Financial receivables for lease contracts	35	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	757	1.128
Current financial assets	**5.431**	**5.466**
Securities other than investments	**1.547**	**1.882**
Fair value through other comprehensive income (FVTOCI)	1.297	1.516
Fair value through profit or loss (FVTPL)	250	366
Financial receivables and other current financial assets	**744**	**755**
Financial receivables arising from lease contracts	5	6
Non-hedging derivatives	250	127
Loans and other financial receivables	489	622
Cash and cash equivalents	**3.139**	**2.830**
Total non-current and current financial assets	**6.423**	**7.013**

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

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

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

Non-hedging derivatives relating to items classified as current and non-current financial assets totaled 449 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 June 30, 2024 the mark-to-market component of the non-hedging derivatives of the Brazil Business Unit is equal to 88 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 1.246 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, at the end of the offer launched by TIM S.p.A. and TIF on their notes issued in EUR, 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 complete and the New Notes have been automatically exchanged into BidCo Notes and cancelled. 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. As at June 30, 2024 all the Notes, loans and derivatives involved have been classified as short term.

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 773 million euros (1.007 million euros at December 31, 2023) of treasury bonds and 524 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 250 million euros (366 million euros at December 31, 2023) in monetary funds.

At June 30, 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 733 million euros by entering in repurchase agreements ("Repo") expiring in short term.

At June 30, 2024, the Parent has contracts of security lending with TIM S.p.A. for a total of 171 million euros of government bonds.

On February 14, 2023, Telecom Italia Finance agreed to grant a pledge over securities in favor of the European Investment Bank ("BEI") as security for the performance of TIM S.p.A. obligations under three loans granted by BEI to TIM S.p.A. during 2019 and 2021. The value of the guarantee provided by TI Finance is 360,5 million euros.

As per IFRS9, the assets have not been derecognized, being Telecom Italia Finance S.A. the Company which retains the risks and benefits associated with the position.

Cash and cash equivalents:

(millions of euros)	30/06/2024	31/12/2023
Liquid assets with banks, financial institutions and post offices	27	1.485
Other financial receivables (due within 3 months)	2.760	727
Securities other than investments (due within 3 months)	352	618
Total	**3.139**	**2.830**

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

(millions of euros)	30/06/2024	31/12/2023
Liquid assets with banks, financial institutions and post offices	27	1.485
Other financial receivables (due within 3 months)	2.760	727
Securities other than investments (due within 3 months)	352	618
	3.139	**2.830**
Financial payables (due within 3 months)	-41	-67
Total	**3.098**	**2.763**

The different technical forms of investing available cash at June 30, 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 352 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)	30/06/2024	31/12/2023
Miscellaneous receivables	**315**	**345**
Other non-current assets	**37**	**26**
Prepaid expenses from customer contracts (contract assets)	5	6
Other prepaid expenses	32	20
Total	**352**	**371**

As at June 30, 2024 **Miscellaneous receivables** relate to the Brazil Business Unit for an amount of 315 million euros (345 million euros at December 31, 2023). They include:

- receivables for judicial deposits of 114 million euros (129 million euros at December 31, 2023);
- non-current income tax receivables of 35 million euros (41 million euros at December 31, 2023);
- receivables for indirect taxes totaling 149 million euros (147 million euros at December 31, 2023).

Other non-current assets include prepaid expenses related to the Brazil BU for 37 million euros (26 million euros at December 31, 2023) and is mainly represented by incremental costs related to sales commissions paid to partners for obtaining customer contracts arising from the adoption of IFRS 15, which are deferred to the result in accordance with the term of the contract and/or economic benefit, usually from 1 to 2 years.

Note 11 - Trade and miscellaneous receivables and other current assets

(million euros)	30/06/2024	31/12/2023
Trade receivables	**741**	**727**
Receivables from customers	627	610
Receivables from other telecommunications operators	114	117
Miscellaneous receivables	**179**	**209**
Other current assets	**87**	**49**
Prepaid expenses from customer contracts (contract assets)	30	34
Other prepaid expenses	57	15
Total	**1.007**	**985**

As at June 30, 2024 **Trade receivables** related to the Brazil Business Unit amounted to 741 million euros (727 million euros at December 31, 2023) and are stated net of the provision for expected credit losses of 109 million euros (118 million euros at December 31, 2023).

As at June 30, 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)	30/06/2024	31/12/2023
Advances to suppliers	10	12
Tax receivables	130	153
Sundry receivables	39	44
Total	**179**	**209**

As at June 30, 2024 **Tax receivables** included 130 million euros (153 million euros at December 31, 2023) referring to the Brazil Business Unit and related to local indirect taxes.

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

Other prepaid expenses refers to the Brazil BU and are essentially related to the deferral of service costs.

Note 12 - Share capital issued

As at June 30, 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 June 30, 2024 and 2023 the Parent is 100% held by TIM S.p.A.

There has not been any movement in Share Capital in the 1st Half 2024.

Note 13 - Financial liabilities (non-current and current)

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

(million euros)	30/06/2024	31/12/2023
Non-current financial liabilities	**3.886**	**4.796**
Financial payables (medium/long-term):	**2.020**	**2.591**
Bonds	1.612	2.176
Amounts due to banks	134	120
Other financial payables	274	295
Finance lease liabilities (medium/long-term)	**1.785**	**1.953**
Other financial liabilities (medium/long-term):	**80**	**252**
Non-hedging derivatives	80	252
Current financial liabilities	**2.165**	**2.084**
Financial payables (short-term):	**1.649**	**1.632**
Bonds	598	204
Amounts due to banks	997	1.348
Other financial payables	54	80
Finance lease liabilities (short-term)	**312**	**338**
Other financial liabilities (short-term):	**205**	**114**
Hedging derivatives	1	—
Non-hedging derivatives	204	114
Total financial liabilities (gross financial debt)	**6.051**	**6.880**

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

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

(million euros)	30/06/2024	31/12/2023
Up to 2,5%	132	187
From 2,5% to 5%	1.160	1.334
From 5% to 7,5%	308	221
From 7,5% to 10%	1.012	1.264
Over 10%	3.086	3.385
Accruals/deferrals, MTM and derivatives	352	489
Total	**6.051**	**6.880**

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

(million euros)	30/06/2024	31/12/2023
Up to 2,5%	117	128
From 2,5% to 5%	773	913
From 5% to 7,5%	286	—
From 7,5% to 10%	1.040	1.338
Over 10%	3.483	4.012
Accruals/deferrals, MTM and derivatives	352	489
Total	**6.051**	**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".

There were no changes in bonds during the 1st Half 2024.

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, at the end of the offer launched by TIM S.p.A. and TI Finance on their notes issued in EUR, 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 complete and the New Notes have been automatically exchanged into BidCo Notes and cancelled. 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. As at June 30, 2024 all the Notes, loans and derivatives involved have been classified as short term.

The following tables list the bonds issued by the Group, expressed at the nominal repayment amount, net of bond repurchases, and also at market value as at June 30, 2024:

Currency	Amount (millions)	Nominal repayment amount at 30/06/2024 (millions of euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 30/06/2024 (%)	Market value at 30/06/2024 (millions of euros)
Bonds issued by Telecom Italia Finance and guaranteed by TIM S.p.A.								
Euro	1.015	1.015	7,750 %	24/01/2003	24/01/2033	109,646[*]	116,170	1.179
Bonds issued by TIM S.A.								
BRL	1.600	269	IPCA+4,1682%	15/06/2021	15/06/2028	100	113,064	304
Bonds issued by TIM Brasil Serviços e Participações S.A. [**]								
BRL	5.000	840	CDI+2,3%	31/07/2023	25/07/2028	100	104,819	880
Total								**2.364**

[*]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 134 million euros (120 million euros at December 31, 2023) Increased by 14 million euros, mainly as net result of new loans and the transfer to the current portion.

As at June 30, 2024 **Other financial payables (medium/long-term)** amounted to 274 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) totalled 1.785 million euros at June 30, 2024 (1.953 million euros at December 31, 2023). With reference to the financial lease liabilities recognized, in the 1st Half 2024 and the 1st Half 2023 the following is noted:

(million euros)	30/06/2024	30/06/2023
Principal reimbursements	148	174
Cash out interest portion	127	131
Total	**275**	**305**

The lease amounts considered low-value or short-term (less than 12 months) were recognized as rental expenses and totaled 3 million euros in 2024 (3 million euros in 2023).

Non-hedging derivatives relating to items classified as current and non-current financial liabilities totaled 284 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 997 million euros (1.348 million euros at December 31, 2023) and included 64 million euros of the current portion of medium/long-term amounts due to banks. As at June 30, 2024 the item includes 733 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 14 - Net financial debt

The following table shows the net financial debt at June 30, 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)		30/06/2024	31/12/2023
Liquid assets with banks, financial institutions and post offices	a)	27	1.485
Other cash and cash equivalents	b)	352	618
Securities other than investments	c)	1.186	1.521
Liquidity	**d=a+b+c**	**1.566**	**3.624**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	e)	975	1.178
Current portion of non-current financial debt	f)	941	779
Current financial debt	**g=e+f**	**1.915**	**1.957**
Net current financial debt	**h=g-d**	**349**	**-1.667**
Non-current financial debt (excluding the current part and debt instruments)	i)	2.074	2.240
Debt instruments	j)	1.612	2.176
Trade payables and other non-current debt	k)	57	65
Non-current financial debt	**l=i+j+k**	**3.743**	**4.481**
Total net financial debt as per ESMA guidelines 32-382-1138	**m=h+l**	**4.092**	**2.815**
Trade payables and other non-current debt		-57	-65
Loans and other non-current financial receivables		-757	-1.128
Non-current financial receivables arising from lease contracts		-35	-39
Loans and other current financial receivables		-3.609	-1.710
Current financial receivables arising from lease contracts		-5	-6
Subtotal	**n)**	**-4.464**	**-2.948**
Net financial debt carrying amount[*]	**o=m+n**	**-372**	**-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	30/06/2024
Financial payables (medium/long-term):	**3.045**	**70**	**-213**	**-178**	**—**	**-30**	**2.694**
Bonds	2.380	—	—	-131	—	-39	2.209
Amounts due to banks	357	70	-213	-17	—	1	198
Other financial payables	308	—	—	-30	—	9	287
of which short-term portion	*454*	*—*	*-213*	*-25*	*—*	*459*	*674*
Finance lease liabilities (medium/long-term):	**2.291**	**125**	**-150**	**-235**	**—**	**66**	**2.097**
of which short-term portion	*338*	*—*	*-150*	*-35*	*—*	*159*	*312*
Other financial liabilities (medium/long-term):	**366**	**—**	**—**	**-36**	**-42**	**-3**	**285**
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	—	—	—	—	—	—	1
Non-hedging derivatives	365	—	—	-36	-42	-3	284
of which short-term portion	*114*	*—*	*—*	*-52*	*1*	*142*	*205*
Financial payables (short-term):	**1.178**	**—**	**-200**	**—**	**—**	**-4**	**975**
Amounts due to banks	1.111	—	-174	—	—	-4	933
Non-hedging derivatives	—	—	—	—	—	—	—
Other financial payables	67	—	-26	—	—	—	41
Total financial liabilities (gross financial debt)	**6.880**	**196**	**-563**	**-449**	**-42**	**30**	**6.051**
	—						—
Positive hedging derivatives (current and non-current)	2	—	—	—	—	—	2
Positive non-hedging derivatives (current and non-current)	505	16	—	-33	-51	12	449
Total	**6.373**	**180**	**-563**	**-417**	**9**	**18**	**5.601**

(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 15 - 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 June 30, 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 2.629 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 June 30, 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 30/06/2024	Notional amount at 31/12/2023	Spot Mark-to-Market (Clean Price) at 30/06/2024	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 [***]		**3.284**	**3.852**	**100**	**92**
Total Telecom Italia Finance Group Derivatives		**3.423**	**3.990**	**101**	**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 88 million euros on the basis of a commercial agreement signed by the two companies in March 2020.

Note 16 - Supplementary disclosures on financial instruments

<u>Measurement at fair value</u>

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 June 30, 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 June 30, 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 June 30, 2024.

The assets and liabilities at June 30, 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 June 30, 2024:

(millions of euros)		IFRS 9 Categories	Note	Value at 30/06/2024	Levels of hierarchy Level1	Level2
ASSETS						
Non-current Assets	**a)**			**251**	**24**	**228**
Other investments		FVTPL	[8]	51	24	27
Other non-current financial assets:						
Hedging derivatives		HD[*]	[9]	1	—	1
Non-hedging derivatives		FVTPL	[9]	199	—	199
Current Assets	**b)**			**1.797**	**1.547**	**250**
Securities other than investments, measured at:						
Fair value through other comprehensive income		FVTOCI	[9]	1.297	1.297	—
Fair value through profit or loss		FVTPL	[9]	250	250	—
Other current financial assets:						
Non-hedging derivatives		FVTPL	[9]	250	—	250
Total (a+b)				**2.048**	**1.570**	**478**
LIABILITIES						
Non-current liabilities	**c)**			**80**	**—**	**80**
Non-hedging derivatives		FVTPL	[13]	80	—	80
Current liabilities	**d)**			**205**	**—**	**205**
Hedging derivatives		HD[*]	[13]	1	—	1
Non-hedging derivatives		FVTPL	[13]	204	—	204
Total (c+d)				**285**	**—**	**285**

[*] 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 June 30, 2024:

(millions of euros)		IFRS 9 Categories	Note	Value at 30/06/2024	Fair Value at 30/06/2024	Levels of hierarchy Level1	Level2	Level3	Amounts recognized in the financial statements pursuant to IFRS 16
ASSETS									
Non-current Assets	**a)**			**792**	**914**	**—**	**762**	**116**	**35**
Other financial receivables		AC	[9]	757	879	—	762	116	—
Financial receivables for lease contracts		n/a	[9]	35	35			—	35
Current Assets	**b)**			**4.378**	**4.378**	**—**	**—**	**4.373**	**5**
Other short-term financial receivables		AC	[9]	489	489	—	—	489	—
Cash and cash equivalents		AC	[9]	3.139	3.139	—	—	3.139	—
Trade and miscellaneous receivables		AC	[11]	744	744	—	—	744	—
Financial receivables for lease contracts		n/a	[9]	5	5	—	—	—	5
Total (a+b)				**5.170**	**5.292**	**—**	**762**	**4.489**	**40**
LIABILITIES									
Non-current liabilities	**c)**			**3.806**	**3.934**	**1.739**	**—**	**409**	**1.785**
Financial payables		AC	[13]	2.020	2.148	1.739		409	—
Finance lease liabilities		n/a	[13]	1.785	1.785	—	—	—	1.785
Current liabilities	**d)**			**2.741**	**2.741**	**417**	**—**	**2.012**	**312**
Financial payables		AC	[13]	1.649	1.649	417	—	1.231	—
Trade and miscellaneous payables and other current liabilities		AC	[19]	780	780	—	—	780	—
Finance lease liabilities		n/a	[13]	312	312	—	—	—	312
Total (c+d)				**6.547**	**6.674**	**2.157**	**—**	**2.421**	**2.097**

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

						Levels of hierarchy			
(millions of euros)		IFRS 9 Categories	Note	Value at 31/12/2023	Fair Value at 31/12/2023	Level1	Level2	Level3	Amounts recognized in the financial statements pursuant to IFRS 16
ASSETS									
Non-current Assets	**a)**			**1.307**	**1.510**	**—**	**1.203**	**268**	**39**
Other financial receivables		AC	[9]	1.128	1.331	—	1.203	128	—
Miscellaneous receivables		AC	[10]	140	140	—	—	140	—
Financial receivables for lease contracts		n/a	[9]	39	39			—	39
Current Assets	**b)**			**4.192**	**4.192**	**—**	**—**	**4.186**	**6**
Other short-term financial receivables		AC	[9]	622	622	—	—	622	—
Cash and cash equivalents		AC	[9]	2.830	2.830	—	—	2.830	—
Trade and miscellaneous receivables		AC	[13]	734	734	—	—	734	—
Financial receivables for lease contracts		n/a	[9]	6	6	—	—	—	6
Total (a+b)				**5.499**	**5.701**	**—**	**1.203**	**4.454**	**44**
LIABILITIES									
Non-current liabilities	**c)**			**4.544**	**4.751**	**2.384**	**—**	**414**	**1.953**
Financial payables		AC	[15]	2.591	2.798	2.384	—	414	—
Finance lease liabilities		n/a	[15]	1.953	1.953	—	—	—	1.953
Current liabilities	**d)**			**2.997**	**2.997**	**—**	**—**	**2.659**	**338**
Financial payables		AC	[15]	1.632	1.632	—	—	1.632	—
Trade and miscellaneous payables and other current liabilities		AC	[22]	1.027	1.027	—	—	1.027	—
Finance lease liabilities		n/a	[15]	338	338	—	—	—	338
Total (c+d)				**7.542**	**7.749**	**2.384**	**—**	**3.074**	**2.291**

Note 17 - Provisions

(million euros)	31/12/2023	Increase	Taken to income	Used directly	Exchange differences and other changes	30/06/2024
Provision for taxation and tax risks	**125**	11	—	-11	-7	**118**
Provision for restoration costs	**24**	—	—	—	-11	**13**
Provision for legal disputes	**139**	19	—	-13	-14	**130**
Other provisions	**1**	—	—	—	—	**1**
Total	**289**	**29**	**—**	**-23**	**-33**	**262**
of which:						
non-current portion	**288**	29	—	-23	-33	**262**
current portion	**1**	—	—	—	—	**1**

Provision for taxation and tax risks decreased by (7) million euros compared to December 31, 2023, due to the exchange rate effect of the period for (13) 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 13 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 18 - Miscellaneous payables and other non-current liabilities

(million euros)	30/06/2024	31/12/2023
Deferred revenues from customer contracts (Contract liabilities)	2	3
Other deferred income	97	113
Other	16	24
Total	**115**	**140**

Other deferred income includes the non-current portion 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 (0,6 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 2.651.247 reais (0,5 million euros), of which 1.088.390 reais (0,2 million euros) was booked as deferred revenue and will be amortized over the period of the contract.

Note 19 - Trade and miscellaneous payables and other current liabilities

(million euros)	30/06/2024	31/12/2023
Trade payables	**696**	**972**
Payables to suppliers	640	894
Payables to other telecommunication operators	55	78
Tax payables	**82**	**109**
Miscellaneous payables	**639**	**599**
Payables for employee compensation	43	54
Payables to social security agencies	15	14
Payables for TLC operating fee	498	478
Dividends approved, but not yet paid to shareholders	82	52
Provisions for risks and charges for the current portion expected to be settled within 1 year	1	1
Other current liabilities	**61**	**74**
Deferred revenues from customer contracts (Contract liabilities)	10	10
Customer-related items	23	32
Other deferred income	10	11
Advances received	5	5
Other current liabilities	13	16
Total	**1.478**	**1.754**

Trade payables amounting to 696 million euros as at June 30, 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 June 30, 2024, trade payables due beyond 12 months totaled 42 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 82 million euros as at June 30, 2024 are entirely referred to the Brazil Business Unit (109 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 20 - Disputes and pending legal actions, other information, commitments and guarantees

A description is provided below of the most significant judicial, arbitration and tax disputes in which the Group companies are involved as at June 30, 2024, as well as those that came to an end during the financial period.

SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

International tax and regulatory disputes
As of June 30, 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 totalling around 20,0 billion reais (around 3,4 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 3,5 billion reais (about 0,6 billion euros, 3,1 billion reais at December 31, 2023).

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 10,7 billion reais (about 1,9 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 1,8 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 4,0 billion reais (around 0,7 billion euros, 4,0 billion reais at December 31, 2023).

During the third quarter of 2024, the Federal Tax Administration of Brazil served on TIM S.A. certain orders, due to alleged irregularities, refusing part of the set-offs (with federal tax payables) made using tax credits accounted for between 2018 and 2019. These had resulted from the decisions - favorable to the Company - pronounced in the judgments as to whether the ICMS could be included in the basis for calculating PIS and COFINS levies.
Following tax audits, most of the tax credits were validated and approved, while a minor portion was disputed by the auditors.
In early September 2024, timely appeals were filed against the measures notified by the tax authorities and supplemented with all documentation deemed necessary by the Company, as prepared with the support of leading Brazilian law firms.
This issue will initially be dealt with in administrative tribunals, but could later end up in the courts depending on the outcome of the discussion in the administrative forums.

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. Proceedings are still pending.
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.

TIM S.A. Arbitration proceedings no. 28/2021/SEC8
In March 2020, TIM S.A., a Brazilian subsidiary of the TIM Group, concluded negotiations with C6 bank and, in April 2020, launched exclusive offers for TIM customers who had 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.
Even with the project's success, differences between the partners resulted in the initiation of arbitration proceedings in 2021.

Arbitration proceedings 28/2021/SEC8 were filed with the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce, by TIM S.A. against Banco C6 S.A., Carbon Holding Financeira S.A. and Carbon Holding S.A. through which the interpretation will be discussed of certain clauses of the contracts governing the partnership. In the event of losing, the partnership may be dissolved.
On February 1, 2021, TIM S.A. announced that as part of this partnership it had obtained the right to exercise a Subscription Bonus to an indirect investment of approximately 1,44% in the share capital of Banco C6 S.A. due to the fulfillment of the first tier of agreed objectives in December 2020. This right was exercised, when deemed appropriate by the Company's management, in the amount of 163 million reais.
As of June 30, 2024, TIM S.A. had accomplished eleven objectives. representing a total stake of 6,06% in the bank since the beginning of the partnership, including 4,62% held in the form of derivatives and 1,44% as equity.

COMMITMENTS AND GUARANTEES

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

(million euros)	30/06/2024	31/12/2023
Guarantee on bonds and other debts issued by the Group	1.131	1.143
Guarantee on derivatives financial instruments	18	29
Total	**1.149**	**1.172**

There are also surety bonds on the telecommunication services in Brazil for 594 million euros.

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 88 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. In the event of non-compliance with the covenant obligations, BNDES will have a right to the income which transits on the bank accounts of the company. TIM S.A. has been complying with all the established ratios.

Note 21 - Revenues

(million euros)	1st Half 2024	1st Half 2023
Equipment sales	70	62
Services	2.187	2.036
Total	**2.257**	**2.098**

Revenues only relates to the Brazil Business Unit.

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 108 million euros in 2024 (93 million euros in 2023, 15,9% change), included in the costs of services.

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

Note 22 - Finance income and expenses

FINANCE INCOME

(million euros)	1st Half 2024	1st Half 2023
Interest income and other finance income	**320**	**357**
Income from financial receivables, recorded in non-current assets	42	42
Interest income on bank and postal accounts	44	47
Interest income on trade accounts receivable	4	2
Income from securities other than investments measured at FVTOCI	8	6
Income other than the above:		
Interest income on financials leasing receivables	3	3
Exchange gains	27	70
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	1	1
Income from non-hedging derivatives	107	122
Miscellaneous finance income	85	65
Positive fair value adjustments to non-hedging derivatives	**104**	**76**
Positive adjustments and reversal for impairment on financial assets	**1**	**7**
Total	**425**	**440**

FINANCE EXPENSES

(million euros)	1st Half 2024	1st Half 2023
Interest expenses and other finance expenses	**515**	**451**
Interest expenses and other costs relating to bonds	113	45
Interest expenses to banks	29	23
Interest expenses to others	6	6
Interest expenses on lease liabilities	133	135
Expenses other than the above:		
Financial commissions and fees	7	6
Exchange losses	39	35
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	—	—
Charges from non-hedging derivatives	107	152
Miscellaneous finance expenses	80	49
Negative fair value adjustments to non-hedging derivatives	**82**	**74**
Negative adjustments for impairment on financial assets	**1**	**1**
Total	**597**	**526**

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

(million euros)	1st Half 2024	1st Half 2023
Exchange gains	27	70
Exchange losses	-39	-35
Net exchange gains and losses	**-11**	**35**
Positive Reversal of the Reserve for cash flow hedge derivatives	1	1
Negative Reversal of the Reserve for cash flow hedge derivatives	—	—
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	**1**	**—**
Income from non-hedging derivatives	107	122
Charges from non-hedging derivatives	-107	-152
Net result from non-hedging derivatives	—	-30
Net result from derivatives	**1**	**-30**
Positive fair value to non-hedging derivatives	104	76
Negative fair value adjustments to non-hedging derivatives	-82	-74
Net fair value adjustments to non-hedging derivatives	**22**	**2**
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	**—**	**6**

Note 23 - Segment reporting

SEGMENT REPORTING

Segment reporting is based on the following operating segments:

- Telecommunications (Brazil)
- Other Operations

Separate Consolidated Income Statements by Operating Segment

(million euros)	Brazil		Other Operations		Consolidated Total	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023
Third-party revenues	2.257	2.098	—	—	2.257	2.098
Revenues by operating segment	**2.257**	**2.098**	**—**	**—**	**2.257**	**2.098**
Other income	10	7	—	—	11	8
Total operating revenues and other income	**2.268**	**2.106**	**—**	**—**	**2.268**	**2.106**
Acquisition of goods and services	-860	-842	-1	-1	-861	-843
Employee benefits expenses	-173	-162	-1	-1	-174	-163
Other operating expenses	-206	-183	-2	-2	-208	-185
of which: write-downs and expenses in connection with credit management and provision charges	*-70*	*-74*	—	—	*-70*	*-74*
Change in inventories	15	25	—	—	15	25
Internally generated assets	51	49	—	—	51	49
EBITDA	**1.095**	**993**	**-3**	**-3**	**1.092**	**990**
Depreciation and amortization	-639	-659	—	—	-639	-659
Gains/(losses) on disposals of non-current assets	5	5	—	—	5	5
EBIT	**461**	**339**	**-3**	**-3**	**458**	**336**
Share of profits (losses) of equity investments valued using equity method					-8	-8
Other income (expenses) from investments					—	—
Finance income					425	440
Finance expenses					-597	-526
Profit (loss) before tax					**277**	**241**
Income tax income (expense)					-39	-33
Profit (loss) for the year					**239**	**209**
Attributable to:						
Owners of the Parent					160	145
Non-controlling interests					79	63

Revenues by operating segment

The revenues only relate to the Brazil Business Unit.

Purchase of intangible and tangible assets by operating segment

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

Assets and liabilities by Operating Segment

(millions of euros)	Brazil		Other Operations		Consolidated Total	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current operating assets	7.090	7.916	—	—	7.090	7.916
Current operating assets	990	962	—	36	990	998
Total operating assets	**8.079**	**8.878**	**—**	**36**	**8.080**	**8.914**
Investments accounted for using the equity method					*236*	*271*
Unallocated assets					6.855	7.476
Total Assets					**15.171**	**16.662**
Total operating liabilities	**1.850**	**2.178**	**4**	**4**	**1.854**	**2.182**
Unallocated liabilities					*6.063*	*6.898*
Equity					7.254	7.581
Total Equity and Liabilities					**15.171**	**16.662**

Note 24 - Related party transactions

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

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

The effects on the individual line items of the Group's Separate Consolidated Income Statements for the 1st Half 2024 and the 1st Half 2023 are as follows:

Separate Consolidated Income Statement line items at 30/06/2024

(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	**2.257**	—	1	—	—	1	—
Other income	**10**	—	—	—	—	—	0,2
Acquisition of goods and services	**861**	—	99	—	—	99	11,5
Employee benefits expenses	**174**	—	—	2	3	5	3,1
Other operating expenses	**208**	—	—	—	—	—	—
Finance income	**425**	—	177	—	—	177	41,7
Finance expenses	**597**	—	91	—	—	91	15,2

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

Separate Consolidated Income Statement line items 1st Half 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	**2.098**	—	4		—	4	0,2
Other income	**8**	—	—		—	—	1,8
Acquisition of goods and services	**843**	—	99		—	99	11,7
Employee benefits expenses	**163**	—	—	2	3	5	3,1
Other operating expenses	**185**	—	—	—	—	—	—
Finance income	**440**	—	167		—	167	37,9
Finance expenses	**526**	—	49	—	—	49	9,3

[*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through 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 June 30, 2024 and December 31, 2023 are as follows:

Consolidated Statement of Financial Position line items at 30/06/2024

(million euros)	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Total related parties	% of financial statement item
Net financial debt	**-372**	**—**	**-3.797**	**—**	**-3.797**	**1.020,1**
Non-current financial assets	**-993**	**—**	**-797**	**—**	**-797**	**80,3**
Current financial assets	**-5.431**	**—**	**-3.268**	**—**	**-3.268**	**60,2**
Securities other than investments (current assets)	-1.547	—	—	—	—	**—**
Financial receivables and other current financial assets	-744	—	-508	—	-508	**68,3**
Cash and cash equivalents	-3.139	—	-2.760	—	-2.760	**87,9**
Non-current financial liabilities	**3.886**	**—**	**72**	**—**	**72**	**1,8**
Current financial liabilities	**2.165**	**—**	**197**	**—**	**197**	**9,1**
Other statement of financial position line items						
Trade and miscellaneous receivables and other current assets	**1.007**	—	18	—	18	**1,8**
Miscellaneous payables and other non-current liabilities	**115**	—	—	—	—	**—**
Trade and miscellaneous payables and other current liabilities	**1.478**	—	61	2	62	**4,2**

[*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to; Cassa Depositi e Prestiti (CDP) and its subsidiaries and other related parties through 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 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)	1st Half 2024	1st Half 2023	Type of contract
Other pension funds	2	2	
Total employee benefits expenses	**2**	**2**	Contributions to pension funds

Consolidated Statement of Financial Position line items

(million euros)	30/06/2024	31/12/2023	Type of contract
Other pension funds	2	—	
Total trade and miscellaneous payables and other current liabilities	**2**	**—**	Payables for contributions to pension funds

REMUNERATION TO KEY MANAGERS

The remuneration to key managers in 2024 amounted to 3 million euros (3 million euros in 2023). The compensation of key Management personnel for services rendered is shown below:

(million euros)	1st Half 2024	1st Half 2023
Short-term benefits	2	2
Share-based payments remuneration	1	1
Total remuneration to key managers	**3**	**3**

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

Note 25 - Equity compensation plans

The equity compensation plans in force at June 30, 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 June 30, 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 June 30, 2024.

TIM S.A. - Long Term Incentive Plan 2021-2023
On March 30, 2021, the General Meeting of Shareholders of TIM S.A. approved the long-term incentive plan for managers in key positions in the company. The plan aims to reward participants with shares issued by the company, according to specific time (restricted shares) and performance (performance shares) conditions. The vesting period is 3 years and the company does not have the legal obligation to repurchase or liquidate the shares in cash or in any other form. The plan – in addition to transferring shares to beneficiaries – also includes the possibility of rewarding participants through the settlement of the amount corresponding in cash.

- Year 2021

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

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

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

On 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 June 30, 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 June 30, 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 59.334 shares (22.010 relating to the original volume accrued, 32.644 acknowledged according to the degree to which the objectives had been achieved and 4.680 due to dividends distributed during the period).

At June 30, 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 484.772 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.

As at June 30, 2024, the first vesting period had not yet concluded and 71.407 shares had been canceled due to beneficiaries leaving the Company.

Note 26 - 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	30/06/2024	31/12/2023	30/06/2024	30/06/2023
BRL (Brazilian real)	5,95080	5,34964	5,49271	5,48212
USD (U.S. dollar)	1,07050	1,10500	1,08136	1,08096
JPY (Japan Yen)	171,94000	156,33000	164,41254	145,75308
GBP (Pound sterling)	0,84638	0,86905	0,85477	0,87639
CHF (Swiss franc)	0,96340	0,92600	0,96157	0,98558

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)	1st Half 2024	1st Half 2023
Capitalized development costs	17	16
Total research and development costs	**17**	**16**

Note 27 - Events subsequent to June 30, 2024

Payment of Interest on Equity

In July 2024, TIM S.A paid Interest on Capital (IOC) related to the fiscal year ending on December 31, 2024 and approved on June 14, 2024 according to the following schedule:

Payment Date	Reais per share
23/07/2024	0,124069241

Completion of NetCo Transaction

On July 01, 2024, at completion of the NetCo Transaction, the New Notes of TI Finance for an amount of 359.142 thousand euros have been automatically exchanged into BidCo Notes and cancelled. As agreed between TIM S.p.A and TI Finance, loans previously granted by Ti Finance to TIM S.p.A have been set off for 353.834 thousand euros. 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 month of July 2024.

Partial repayment of TIM Brasil Serviços & Partecipações S.A. debenture

On July 25 2024, TIM Brasil Serviços & Partecipações S.A repaid 294 million reais out of its 5,0 billion reais debenture as scheduled.

Note 28 - 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	66,5885	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 4 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 interim financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and that the management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Fabio Adducchio
Managing Director