Telecom Italia Finance Group

Consolidated Financial Statements 2025

Audited Consolidated Annual Accounts as at December 31, 2025, which have been authorized by the Board of Directors held on March 09, 2026

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Directors' report

The Business Units

BRAZIL

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

- TIM BRASIL SERVIÇOS E PARTICIPAÇÕES S.A.
  - TIM S.A.

OTHER OPERATIONS

This Business Unit provides financial assistance to TIM Group companies and the management of liquidity buffer through money market instruments.
As of December 31, 2025:
- The amount of notes (issued by Telecom Italia Finance and listed on Bourse of Luxembourg) is 656 million euros.
- The amount of net financial debt is equal to -3.834 million euros.

- TELECOM ITALIA FINANCE

Key operating Financial Data

Consolidated Operating and Financial Data

(million euros)	31/12/2025	31/12/2024
Revenues	**4.220**	**4.366**
EBITDA	**2.130**	**2.149**
EBIT	**1.016**	**954**
Profit (loss) before tax from continuing operations	660	627
Profit (loss) for the year	**604**	**534**
Profit (loss) for the year attributable to Owners of the Parent	381	354
Capital expenditures	**720**	**781**

Consolidated Financial Position Data

(million euros)	31/12/2025	31/12/2024
Total assets	**14.659**	**13.844**
Total equity	**7.243**	**7.216**
Attributable to Owners of the Parent	6.020	5.827
Attributable to non-controlling interests	1.224	1.389
Total liabilities	**7.416**	**6.629**
Total equity and liabilities	**14.659**	**13.844**
Share capital	**1.819**	**1.819**
Net financial debt carrying amount	**-1.315**	**-1.130**

Headcount

	31/12/2025	31/12/2024
Number in the Group at year end	8.712	9.133
Average number in the Group	8.496	8.764

Highlights

Parent's activity

In 2025 the Parent's activities continue to be segmented into two business: holding of participations and financial assistance to Telecom Italia Group ("TIM Group") companies.

MACROECONOMIC ENVIRONMENT

The year 2025 was marked by a still challenging economic environment in Brazil, although with signs of moderation in relation to the pressures observed in 2024. The Extended National Consumer Price Index (IPCA) ended December 2025 with a monthly change of 0,33%, accumulating a rise of 4,26% in the last 12 months. The inflationary deceleration was mainly due to the partial normalization of food and commodity prices, although some groups, especially services, maintained above-average variations due to the still heated demand in part of the year.
The Central Bank of Brazil (BCB) maintained a restrictive stance for much of 2025, keeping the basic interest rate (SELIC) high at 15% per year, the highest level in almost two decades. At the end of the year, this rate remained stable, with indications that cuts could begin throughout 2026, if the data realigns with inflation targets.
The exchange rate showed significant fluctuations. Unlike the strong devaluation recorded in 2024, the year 2025 was marked by appreciation of the real against the dollar, with the exchange rate closing the year at 5,50 reais. Throughout 2025, the price ranged from highs above 6,30 reais at the beginning of the year to lows close to 5,27 reais in November.

FINANCIAL HIGHLIGHTS

In terms of economic and financial performance in 2025:

- **Consolidated revenues** amounted to 4,2 billion euros, down by 3,3% on 2024.
- **EBITDA** amounted to 2,1 billion euros, down by 0,9% on 2024.
- **Operating profit (EBIT)** was 1,0 billion euros, up by 6,5% compared to 2024.
- The **Profit for the year attributable to Owners of the Parent** amounted to 0,4 billion euros (0,4 billion euros for 2024).
- **Capital expenditures** in 2025 amounted to 0,7 billion euros (0,8 billion euros in 2024).
- **Net financial debt** amounts to -1,3 billion euros at December 31, 2025, down of 0,2 billion euros compared to the end of 2024 (-1,1 billion euros).

The general decrease in amounts in euros is explained by exchange rate fluctuations.

Consolidated operating performance

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

	Consolidated (millions of euros)		Other operations (millions of euros)		Brazil Business Unit (millions of euros)		Brazil Business Unit (millions of reais)		Changes	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025 (a)	31/12/2024 (b)	Amount (a-b)	% (a-b)/b
Revenues	**4.220**	**4.366**	**—**	**—**	**4.220**	**4.366**	**26.625**	**25.448**	**1.177**	**4,6**
EBITDA	**2.130**	**2.149**	**-6**	**-6**	**2.136**	**2.155**	**13.477**	**12.562**	**915**	**7,3**
EBITDA Margin	50,5	49,2			50,6	49,4	50,6	49,4		1,2 pp
EBIT	**1.016**	**954**	**-6**	**-6**	**1.022**	**960**	**6.449**	**5.597**	**851**	**15,2**
EBIT Margin	24,1	21,9			24,2	22,0	24,2	22,0		2,2 pp
Headcount at year end (number)	**8.712**	**9.133**	**10**	**10**			**8.702**	**9.123**	**-421**	**-4,6**

The average exchange rates used for the translation into euro (expressed in terms of units of real per 1 Euro) were 6,30892 in 2025 and 5,82877 in 2024.

	31/12/2025	31/12/2024
Lines at period end (thousands)	61.974	62.058
ARPU (reais)	32,8	31,4

REVENUES

Revenues in 2025 were entirely related to the Brazil Business Unit and amounted to 26.625 million reais (4.220 million euros), up by 4,6% in reais on 2024.

The acceleration has been determined by **Revenues from services** that totaled 25.856 million reais (4.098 million euros), an increase of 1.269 million reais (-120 million euros) compared to 24.587 million reais (4.218 million euros) in 2024 (+5,2% in reais) with mobile telephony service revenues growing 5,2% in 2025 due to the continuous improvement of the post-paid segment. Revenues from fixed telephony services decreased by 0,4% compared to 2024, mainly due to the Ultrafibre results through 2025.

Revenues from product sales totaled to 769 million reais, or 122 million euros (860 million reais, or 148 million euros in 2024).

Total mobile lines in place at December 31, 2025 amounted to 62,0 million, a decrease of 0,1 million compared to December 31, 2024 (62,1 million). The positive performance of the post-paid segment was offset by the reduction of lines in the pre-paid segment. Post-paid customers represented 52,8% of the customer base as at December 31, 2025 (48,7% as at December 31, 2024).

Mobile Average Revenue Per User (ARPU) for 2025 was 32,8 reais (5,2 euros), up 4,5% compared to the figure posted in 2024.

	31/12/2025	31/12/2024
(millions of reais)		
Net revenues	**26.625**	**25.448**
Service revenues	25.856	24.587
Mobile services	24.519	23.256
Fixed services	1.337	1.331
Product revenues	769	860
(thousands)		
Lines at period end	**61.974**	**62.058**
Average Market Lines	**62.233**	**61.764**
(reais)		
Mobile ARPU (mobile services/average market lines/months)	**32,8**	**31,4**

EBITDA

EBITDA in 2025 totaled 2.130 million euros, of which 2.136 million euros attributable to the Brazil BU.

Considering Brazil BU, EBITDA for 2025 amounted to 13.477 million reais (2.136 million euros), up by 915 million reais (-19 million euros) year-on-year (+7,3%).

EBITDA for the Brazil BU net of the non-recurring component (Organic EBITDA), grew by 7,7% and is calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	31/12/2025 (a)	31/12/2024 (b)	31/12/2025 (c)	31/12/2024 (d)	Amount (c-d)	% (c-d)/d
EBITDA	**2.136**	**2.155**	**13.477**	**12.562**	**915**	**7,3**
+/- Non recurring expenses/(income)	7	—	47	0	47	
= Organic EBITDA	**2.144**	**2.155**	**13.524**	**12.562**	**962**	**7,7**

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

The related margin on revenues stood at 50,8%, up in organic terms by 1,4% compared to 2024.

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

	(millions of euros)		(millions of reais)		
	31/12/2025 (a)	31/12/2024 (b)	31/12/2025 (c)	31/12/2024 (d)	Change (c-d)
Acquisition of goods and services	1.552	1.601	9.789	9.330	459
Employee benefits expenses	307	331	1.935	1.930	5
Other operating expenses	350	392	2.206	2.288	-81
Change in inventories	-10	7	-64	38	-102

EBIT

EBIT totaled 1.016 million euros (954 million euros in 2024), an increase of 62 million euros.

Considering Brazil BU, EBIT for 2025 amounted to 6.449 million reais (1.022 million euros).

Organic EBIT, net of the non-recurring component, amounted to 6.496 million reais (1.030 million euros), with a margin on revenues of 24,4% (22,0% in 2024), and was calculated as follows:

	(millions of euros)		(millions of reais)		Change	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	Amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
EBIT	**1.022**	**960**	**6.449**	**5.597**	**851**	**15,2**
+/- Non recurring expenses/(income)	7	—	47	—	47	
= Organic EBIT	**1.030**	**960**	**6.496**	**5.597**	**899**	**16,1**

PROFIT (LOSS) FOR THE YEAR

(million euros)	31/12/2025	31/12/2024
Profit (loss) for the year	**604**	**534**
Attributable to		
Owners of the Parent	381	354
Non-controlling interests	222	181

CAPITAL EXPENDITURE

All capital expenditure is referred to the Brazil Business Unit. The BU posted capital expenditures in 2025 of 720 million euros, decreasing by 61 million euros on 2024 (781 million euros).
Excluding the unfavourable exchange rate dynamics (-59 million euros), the Business Unit's capital expenditures are substantially stable compared to 2024.

Consolidated financial position and cash flows performance

Non-current assets

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

- **Goodwill** decreased by 4 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 51 million euros representing the balance of the following items:
  - Capex (+264 million euros)
  - Amortization charge for the year (-306 million euros)
  - Disposals, exchange differences, reclassifications and other changes (for a net balance of -9 million euros, of which -8 related to exchange rate differences).
- **Tangible assets** decreased by 87 million euros representing the balance of the following items:
  - Capex (+451 million euros)
  - Depreciation charge for the year (-523 million euros)
  - Disposals, exchange differences, reclassifications and other changes (for a net balance of -14 million euros of which -8 related to exchange rate differences).
- **Rights of use third-party assets:** increased by 126 million euros representing the balance of the following items:
  - Investments and increases in finance leasing contracts (+514 million euros)
  - Amortization charge for the period (-292 million euros)
  - Disposals, exchange differences and other changes (for a net balance of -95 million euros of which -11 related to exchange rate difference).

Consolidated equity

Consolidated equity amounted to 7.243 million euros at December 31, 2025 (7.216 million euros at December 31, 2024), of which 6.020 million euros attributable to Owners of the Parent (5.827 million euros at December 31, 2024) and 1.224 million euros attributable to non-controlling interests (1.389 million euros at December 31, 2024).

Cash flows

(million euros)	31/12/2025	31/12/2024
Cash flows from (used in) operating activities	1.846	1.700
Cash flows from (used in) investing activities	-606	93
Cash flows from (used in) financing activities	-298	-1.573
Aggregate cash flows	**942**	**220**
Net foreign exchange differences on net cash and cash equivalents	-4	-104
Net cash and cash equivalents at beginning of the year	**2.983**	**2.763**
Net cash and cash equivalents at end of the year	**3.925**	**2.983**

Net financial debt

Net financial debt amounts to -1.315 million euros at December 31, 2025, down of 185 million euros compared to the end of 2024 (-1.130 million euros).

(million euros)	Consolidated		Other operations		Brazil Business Unit	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Non-current financial liabilities	3.917	3.626	855	866	3.062	2.760
Current financial liabilities	1.252	1.005	571	456	681	549
Total gross financial debt	**5.169**	**4.631**	**1.426**	**1.322**	**3.743**	**3.309**
Non-current financial assets	-897	-1.001	-866	-888	-31	-113
Current financial assets	-5.587	-4.760	-4.394	-3.764	-1.193	-996
Net financial debt carrying amount	**-1.315**	**-1.130**	**-3.834**	**-3.330**	**2.519**	**2.200**

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

Main commercial developments of the business units of the Group

Brazil

The year 2025 was marked by the consolidation of TIM as a leader in mobile coverage, primarily in the Network Consistency Quality Index.
TIM continues to strengthen its commitment to social, environmental, and governance practices. In 2025, we also remained one of the constituents of the S&P B3 Brazil ESG and S&P Global LargeMidCap ESG Indices. In January 2025, we were selected to remain in the portfolio of the Carbon Efficient Index, or ICO2, of the B3, with the commitment to measure, disclose and monitor our greenhouse gases, or GHG, emissions, and we were selected to remain in B3's Great Place to Work Index, or IGPTW, since we remained a GPTW certified company in 2025, recognizing us an employer that creates an outstanding employee experience. The constant pursuit of best environmental, social and governance practices also ensures our presence in several international indexes and ratings, such as FTSE4GOOD Emerging Markets, FTSE4GOOD Latin America, MSCI AWCI ESG Leaders, MSCI Emerging Markets ESG Leaders, FTSE D&I Index, among others.
Marketing and brand positioning: TIM continues to strengthen brand credibility, supporting social development and digitization in Brazil while developing the quality characteristics of the network. In 2025, we continued to advance our strategy of innovation and pioneering efforts across all consumer segments (prepaid, control and postpaid), reinforcing our commitment to delivering increasingly relevant and differentiated products. We expanded the functionality of our choice bundle to the control segment, allowing customers on this new plan to select — at no additional cost — from leading streaming services, with full flexibility to change their choice according to the content they wish to follow, ensuring greater freedom to enjoy their preferred movies and series across any platform. In the second half of the year, we made significant progress as a technology driven company by deepening our association with highly aspirational devices offered at exceptionally competitive prices. We became the first telecom operator in Brazil to integrate the PlayStation 5 directly into our value proposition, reinforcing our differentiation in the market and elevating the perception of our brand among high value customers.
Mobile phone offers: In 2025, we continued to improve our positioning towards high value consumers, offering a variety of plans bundling voice, data packages, roaming to Latin America, Europe and World (in accordance with the signed plan) and free access to certain applications, as well digital value-added services (i.e. music, e-reading and video streaming). The approach to this segment is driven by the strategy of adding value for the customer base and ensuring users a premium custom experience.
Customer experience: In 2025, we took a significant step forward with the launch of a new MEU TIM customer service portal, fully integrating the mobile application and web environments into a unified platform that delivers consistent and seamless experience across channels. This initiative resulted in substantial improvements in customer experience, including greater usability, journey continuity, and issue resolution, while also positively impacting key business KPIs such as digital engagement, self-service adoption, operational efficiency, and revenue generation through digital channels. According to TELECO, a market intelligence consulting firm, we are ahead of other mobile network operators ("MNO") in terms of number of municipalities covered with 5G technology, with more than 1.000 Brazilian cities served with our fifth-generation network, having brought 5G technology to almost 70% of Brazil's urban population as of December 31, 2025, achieving 100% 5G coverage in all neighborhoods of the 26 state capitals in Brazil and the Federal District (Brasilia), consolidating our position in faster and lower-latency 5G technology. As a result, TIM was awarded the 5G Consistent Quality and also won the Reliability Experience award by Open Signal.
Sales channels: we are improving our sales channel strategy to increase not only efficiency but also sales productivity. Our growth strategy is mainly focused on addressing the potential for mobile Internet in the Brazilian market, particularly increasing mobile Internet penetration and data traffic. We believe mobile operators are in a strong position to address the demand for broadband in Brazil, with the ability to provide flexible price plans affordable to most of the Brazilian population. In addition, our strategy also involves positioning ourselves as a partner of our existing customer base, by increasing their loyalty by offering exclusive products to existing customers, focusing on value-added services in our offers, and by differentiation in our products and services. Value-added services represent an important part of our strategy, as it is already a relevant market and has high growth rates with the potential to increase revenue streams.
Residential market: We have continued our plan to strengthen and expand our fixed internet service. TIM UltraFibra offers high quality ultra-broadband, with high-speed data connection. To navigate our way through new markets, we, through partnership with I-Systems and others, have accelerated our footprint expansion, FTTH network coverage and continued to grow, prioritizing the consolidation of already active clusters. We ended 2025 with growth of 54% YoY of total homes passed (HPs) with fiber, operating in 302 cities, and with an ARPU increasing by 1.9% when compared to 2024.

Main changes in the regulatory framework

Brazil

Revision of the model for the supply of telecommunications services
Law No. 13.879/2019, in effect since October 4, 2019, introduced the most significant regulatory reform in Brazil's telecommunications sector in over two decades. It allows the conversion of fixed-line concession contracts into authorization regimes, subject to ANATEL's approval. In return, operators must commit to investments aimed at expanding fixed broadband and telephony services in underserved areas, thereby reducing regional disparities.
The reform also modernized spectrum management by enabling multiple renewals of frequency authorizations and permitting spectrum trading among operators. Decree No. 10.402/2020 further detailed the procedures for this transition and established criteria for calculating investment commitments. It also provided guidelines for extending spectrum authorizations, enhancing regulatory predictability and investment security. The migration processes for major concessionaires have been under implementation over the past two years, involving ongoing interactions with ANATEL and other relevant authorities.

Public policies applicable to the telecommunications sector
Several public policies have been enacted to support infrastructure expansion and digital inclusion:

- Connectivity Plan (Decree no. 9.612/2018): Promotes the expansion of transport and access networks, particularly in underserved regions.
- Decree no. 10.799/2021: Prioritizes broadband coverage near public schools and in unserved areas.
- Regulation of the Antenna Law (Decree no. 10.480/2020): Facilitates network deployment by addressing infrastructure bottlenecks.
- FUST Reform (Law no. 14.173/2021): Enables private sector access to FUST (Universalization of Telecommunications Services Fund) and offers fee reductions to operators investing in universalization projects. Subsequent regulations (Decree no. 11.004/2022 and Resolution no. 02/2022) clarified the mechanisms for fund use and oversight.
- National Cybersecurity Policy (Decree no. 11.856/2023): Strengthens data governance and security standards. Resolution no. 783/2025: New General Competition Goals Plan (PGMC), still pending final definition from Anatel Board of Directors about some of its articles.
- Tax exemption for IoT devices and telecommunications stations (Law no. 15.320/2025): To extend until December 31, 2030, the tax benefits related to inspection fees for installation and operation, the Contribution for the Promotion of Public Broadcasting, and the Contribution for the Development of the National Film Industry (Condecine) levied on telecommunications stations that are part of machine-to-machine communication systems and small satellite stations.

In 2025, ANATEL approved the following updates to modernise the regulatory framework and promote efficient spectrum use:

- Resolution no. 772/2025: New Frequency Allocation Plan;
- Resolution no. 773/2025: Updated conditions for radio frequency usage;Resolution no. 777/2025: Revised General Telecommunication Services Regulation.

These measures aim to foster innovation, competition, and digital inclusion, supporting the continuous development of telecommunications services in Brazil.

Revision of the Service Quality Regulation
In December 2019, ANATEL approved the new Service Quality Regulation (Regulamento de Qualidade dos Serviços de Telecomunicações) (RQUAL), in response to reactive regulation. In this new model, quality is measured on the basis of three main indicators – a Service Quality Index, a Perceived Quality Index and a User Complaints Index – and operators are classified into five categories (A to E). Based on this reactive regulation, ANATEL will be able to take measures according to specific cases, such as consumer compensation, the adoption of an action plan or the adoption of precautionary measures to ensure quality standard improvements.
Following the joint work of ANATEL, operators and ESAQ (Entidade de Suporte à Aferição da Qualidade) to define the objectives, criteria and reference values of these indicators, in late November 2021 the ANATEL Board of Directors formalized the reference documents supporting this regulation: the Operating Manual and the Reference Values; it also established the operational entry into force on March 1, 2022. The agency now publishes monthly quality indicator results on its website. As regards quality labels, in November 2023 the Agency announced the temporary and partial suspension of the Reference Values Document and the Quality Labels Document for the years 2022 and 2023, granting a period of 120 days to submit a new proposal on the method and parameters for establishing quality labels.
In December 2024, following an industry consultation, the Board of Directors approved an update to the Reference Values Document (Documento de Valores de Referência - DVR); however, this diverged from the industry's requests, prompting operators to file administrative appeals. On considering these appeals, the Agency partially granted the operators' request for a review In June 2025.

Additionally, in December 2025, Anatel published the first quality labels, using data from the first half of 2025 as reference.

Review of the General Regulation on Consumer Rights (RGC)
In November 2023 ANATEL published Resolution 765/2023, the New General Regulation on Consumer Rights ("RGC"), which revokes Resolution no. 632/2014 and establishes new general rules for customer service, billing and offers, applicable to fixed-line, mobile, broadband and cable TV customers.
In December 2024, ANATEL's Board of Directors evaluated the operators' requests for the suspension of some regulatory obligations, introducing greater flexibility in key areas such as offer migration, adjustment data sources, automatic renewals, billing during service suspension, asymmetry for small providers, and partner-related fees. The revised regulatory framework entered into effect in September 2025.

Data protection
On August 14, 2018, the Lei Geral de Proteção de Dados Pessoais (Law 13.709/2018 - LGPD) was enacted.
In December 2018, Provisional Measure 869/2018 created the National Data Protection Authority (Autoridade Nacional de Proteção de Dados - ANPD) and extended the period for the entry into force of the Law to 24 months (August 2020).
In June 2020, Law 14.010/2020 deferred the coming into force of the LGPD, only for the provisions related to fines and penalties, to August 2021. The other provisions of the law took effect in September 2020. In addition, Decree no. 10.474/2020 came into effect in August 2020, establishing the ANPD, which among other things would become responsible for: producing guidelines for national data protection policy; supervising enterprises and applying sanctions; issuing regulations and procedures on personal data protection.
In February 2023, the Regulation on Dosimetry and Enforcement of Administrative Penalties was approved by Res. CD/ANPD no. 4/2023. In April 2024 the ANPD published a Regulation on Security Incident Reporting. In July 2024, the ANPD approved the Regulations on the Role of the Data Processor. In August 2024, the ANPD published the Regulations on International Data Transfer and the Content of Standard Contractual Clauses.
In September 2025, the National Data Protection Authority (or ANPD) was converted into a regulatory Agency through Provisional Measure nº 1.317/2025

Competition

Brazil
In 2025, Brazil's macroeconomic scenario presents a slowdown after the strong economic performance observed in 2024. While 2024 was marked by robust GDP growth of around 3,5%, average income increasing, and unemployment falling to a historic low of 6,6%, economic activity in 2025 slowed to approximately 2,3%, reflecting both external headwinds (such as US tariffs and currency pressure) and internal constraints (persistent high interest rates and fiscal uncertainty). The outlook for 2026 points to a continued economic slowdown, with GDP growth projected to ease further to around 1,8%. Inflation remained a concern throughout 2025: the IPCA closed the year at around 4,3%, lower than early-year expectations yet still keeping living costs under pressure, a trend that is likely to continue into 2026 with a projection of 4,1%. Meanwhile, interest rates were elevated relative to historical levels, at around 15%, and are expected to decline only gradually, with the Selic rate projected to reach approximately 12% by the end of 2026.
The combination of high inflation, rising interest rates, and elevated household indebtedness continues to erode real purchasing power. The share of the population in default has risen to 49%, compared with 45% in 2024, which together with inflation tends to weigh on consumption resilience — especially among lower and middle-income families. Despite these pressures, employment remains relatively strong with the unemployment rate reaching 5,2% in November of 2025.
On the fiscal and political front, uncertainty is increasing as Brazil approaches the 2026 election year. Electoral cycles in the country typically lead to slower decision-making and reduced legislative momentum, as political priorities shift toward campaign positioning and coalition management. At the same time, pre-election dynamics tend to heighten fiscal pressures, as governments face incentives to preserve social spending and limit unpopular adjustment measures. Political and fiscal outcomes post-2026 will shape household purchasing power and investor appetite. This environment reinforces market caution, elevates risk perceptions, and contributes to a more conservative stance from both domestic and foreign investors.
In 2025, the telecommunications sector remains in a phase of competitive rationality. Operators continue to focus on developing increasingly attractive offers, not only in terms of pricing but also through the addition of value-added services. These include partnerships with video and content streaming companies, as well as services of other verticals such as financial services, education, healthcare and energy. At the same time, telcos are increasingly leveraging artificial intelligence and advanced analytics to personalize offers, optimize pricing, improve network performance and automate customer interactions. The key challenge lies in deepening customer engagement by delivering a more convenient end-to-end digital experience, supported by AI-enabled and fully integrated digital solutions, with the dual objective of reducing churn and improving monetization of the customer base.

The structural shift toward post-paid plans continues. After exceeding 50% of the total mobile base in 2024, the segment sustained strong growth in 2025, rising +9,9% YoY in October, driven by both post-paid ex-M2M (+7,4% YoY) and faster expansion in M2M connections (+15,7% YoY). Growth reflects improved offer segmentation and value-added services, as well as continued migration from pre-paid to post-paid and hybrid "Control" plans, encouraged by bundled offers, better data experiences and greater convenience. These dynamics continue to reshape the customer base toward higher-value, more stable relationships, supporting ARPU growth and reducing churn over time. At the same time, M2M expansion is supported by wider adoption of IoT solutions across industries such as logistics, utilities and agribusiness, alongside stronger end-to-end IoT platforms from telcos.
In contrast, the pre-paid segment continued to decline, with the customer base falling by -8,6% YoY in October 2025. Beyond the macroeconomic dynamics, the contraction is largely explained by the sustained migration between segments. In response, market operators have prioritized increasing service usage with focus on encouraging customers to migrate from sporadic, low-usage pre-paid plans toward weekly or monthly offers, supported by bundles that combine unlimited voice, data allowances, and digital services aligned with different usage profiles. These initiatives are designed not merely to offset volume declines in the pre-paid base, but to improve the overall customer mix, enhance revenue visibility, reduce churn, and support sustainable ARPU growth.
Network quality, particularly 5G performance, remains a critical competitive differentiator in this context. Speed continues to be the most visible and tangible measure of 5G performance, showcasing the advanced capacity of next-generation networks. In large land-area markets, TIM, Vivo and Claro are among the Global Leaders for Download Speed in the Opensignal's 5G Global Mobile Network Experience Awards 2025, reinforcing Brazil's position as a global benchmark. This positioning is further supported by the Speedtest Global Index published by Ookla in November 2025, which ranks Brazil as the 6th fastest country in mobile network speeds globally, with Rio de Janeiro (6th) and São Paulo (8th) among the world's top 10 cities for this indicator.
In terms of coverage, Brazil continues to show strong progress across mobile technologies. According to Anatel, 4G networks currently cover 93,1% of the population, ensuring near-universal access to mobile services. At the same time, 5G coverage has expanded steadily on a yearly basis. By 2025, reached 64,9% of the population, spanning a total of 2.019 municipalities. Reflecting this rollout, the 5G subscriber base reached 55 million accesses in October 2025, representing an increase of 49,8% compared to 2024. This combination of broad 4G availability and accelerating 5G adoption reinforces the strength of Brazil's mobile infrastructure, supporting higher data usage, advanced digital services, and the continued migration toward higher-value plans.
The fixed broadband market is approaching maturity, with penetration reaching 74,2% as of October 2025, and is extremely fragmented in Brazil, with more than 9.000 players across large telecom operators and a vast number of regional ISPs. This level of fragmentation helps explain why the market remains highly competitive and challenging.
The broadband subscriber base currently totals 53,1 million accesses, with fluctuations observed throughout 2025. In this context, industry consolidation has remained a defining trend, with M&A activity continuing at a strong pace throughout 2025 and showing clear signs of extending into 2026. This consolidation dynamic reflects operators' search for scale, operational efficiencies, and portfolio optimization in a market where organic growth opportunities are increasingly limited.
In this challenging and competitive environment, TIM's strategy is centered on sustainable revenue growth, supported by competitiveness across all mobile segments, stronger base management and sharper segmentation. At the same time, the company aims to improve operational efficiency in fixed broadband while preserving optionality for future convergence, and accelerate B2B growth through connectivity, IoT and ICT.

Innovation, research and development

Brazil

The TIM Lab department is responsible for Technical Research and Development (R&D) activities; its main tasks are to define technological innovation for the network technology, to identify evolutionary needs for technologies and devices, converging strategic alliances in order to use the new business models and guarantee that the network infrastructure evolution is in line with the corporate strategy.
In December 2025, the TIM Lab function was made up of 25 people, incorporating telecommunications, electrical and electronic, IT and others with professional skills and experience, which cover all areas of network and IT knowledge, meeting the need to innovate and support research and development activities.
The TIM Lab function continued to work on projects and initiatives to develop TIM's business, which can be grouped into the following macro groups:

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

TIM Lab Innovation Center, since December 2025, TIM Lab, located in São Cristóvão district of Rio de Janeiro, in the State of Rio de Janeiro, as an Innovation Center is composed by 2 environments that complement themselves: the Innovation Lab and the TIM IoT Solutions Showroom. It is the multifunction environment focused on innovation, which also plays a strategic role in supporting credibility tests and trials, as well as PoCs (proofs of concepts), collaborating with the main suppliers and technology partners through knowledge sharing, technological infrastructure for interoperability tests, staff assessment and the definition of technical requirements; in synergy with the R&D department, it facilitates innovation activities and promotes collaborations with universities and research institutes.
The Innovation Lab has a surface area of 850 m2 and can also be used as an innovation space open to new opportunities, guiding innovation on the Brazilian telecommunications market and serving as a national point of reference for research and development, as well as strengthening the validation capacity regarding new software, features, solutions, technologies, services and devices and expanding the current structure in order to pursue and develop more business and opportunities in 2026.
The TIM IoT Solutions Showroom is a demonstration and networking space, created to showcase innovative technologies and solutions that make up our TIM IoT Solutions portfolio in a practical and immersive way, applied to the verticals of Agriculture, Industry, Utilities, Logistics and Internet of Vehicles (IoV), with immersive VR/AR experience.
The Guaratiba Valley, Established in 2019, was renamed as TIM Lab Valley in November 2025. TIM Lab Valley is an innovation campus for Silicon Valley-inspired infrastructure solutions. The space covers an area of approximately 10.000 m2 and allows for the development of network projects focused on efficiency, agility and low cost. The innovations produced include urban furnishings, such as flowerpots and park benches, biosites, off-grid sites, and extremely low-cost (ELC) solutions used in the Sky Coverage Project, as well as remote monitoring initiatives, security solutions, and testing and approval of batteries and direct current power sources used in base transceiver stations (BTS). In 2023, TIM S.A. launched the Secure Site project in collaboration with the Security area to demonstrate/test security solutions in general, with the goal of mitigating equipment theft at our sites. On the B2B-project front, TIM S.A. has developed a Zero Footprint site that will be used, for instance, to provide 4G coverage on highways.

Next generation network projects
The reallocation of the 1.800 MHz, 850 MHz, and 2.100 MHz bands from 2G/3G to 4G continues, with a multilayer deployment configuration, bringing important competitive advantages for TIM S.A, such as reducing the cost of LTE deployment, enabling the carrier aggregation strategy, improving the customer experience through higher throughput, and better indoor coverage (the use of the 850/1.800/2.100 MHz bandwidths could increase capacity in cities already covered by the 2,6 GHz LTE bandwidth, with little additional cost). In this scenario, more than 99% of current LTE terminals are compatible with our available LTE bands. Therefore, the implementation of the multilayer LTE continues to be an excellent strategy that benefits from the spread of devices.
Since the end of 2022, TIM SA has covered all cities in Brazil, ensuring 100% presence nationwide (with any technology). By the end of 2023, 100% of Brazilian towns and cities (5.570) had 4G coverage. The implementation of the 700 MHz LTE layer has continued to significantly improve coverage expansion and indoor penetration, promoting the presence of LTE on a national level, and consolidating TIM S.A.'s leadership in LTE.
In addition, since 2022 TIM S.A. is deploying 78 band (3.500 MHz) sites, according to the regulatory rollout specified in the auction, which means that all capitals in Brazil have TIM's 5G SA (Standalone) coverage. TIM leads its competitors in 5G coverage, being the first operator in Brazil to reach more than 1.000 5G cities: as of December 2025, TIM has 1.089 cities covered by 5G, serving more than 77,8% of the urban population. This frequency band has a bandwidth of 100 MHz, which offers higher throughput.
Another highlight is support for TIM's IoT strategy, where NB-IoT network coverage has reached 5.167 cities nationwide. This provides an important basis for exploring new business opportunities.
In February 2024, TIM achieved the speed record in the Americas (11,6 Gbps) when it tested 5,5G (5G Advanced) technology in the TIM lab, using all the available resources of the used radios.
In order to make the use of 5G Advanced tangible in a real-world scenario, in November 2025 during the F1 Grand Prix of Interlagos, using the frequencies available in that region, TIM was the first in Brazil to test the concept of 'Differentiated Connectivity' in 5G: this refers to the ability to differentiate the experience for certain services, according to the needs of its customers. Using technologies such as 5G Standalone, Network Slicing, Guaranteed Data Rate (GBR), and programmable APIs, it is possible to guarantee an even better experience for the user who desires it, delivering speed and quality continuously, even in a highly crowded environment. TIM recorded the highest speed in Brazil for 5G Advanced, reaching 5 Gbps outdoors.

Projects entailing a reduction of energy consumption
The expansion of "LTE RAN Sharing", in partnership with other mobile operators in Brazil to fulfill regulatory obligations from the 4G spectrum auction, aims to define the architectural requirements, technical assumptions and specifications for the "LTE RAN sharing" solution, optimizing network resources and costs. At

present, this is the largest agreement for RAN sharing worldwide and it supplies 4G services to the main cities of Brazil.
The RAN sharing agreement allows TIM S.A. to further the spread of LTE in Brazilian rural areas, thanks to effective sharing of spectrum, access and backhaul. Now, the RAN LTE sharing solution is a partnership between TIM S.A. and Telefónica, based on the MOCN architecture, which has expanded the advantages and efficiency of this technical model. The energy consumption recorded for the site, dependent on the access technology and coverage conditions, showed a reduction of up to 10%.
In December 2019, TIM S.A. and Telefónica stipulated new sharing contracts aimed at increasing the network cost efficiency through the following initiatives:

- Single network: sharing of the 3G and 4G networks in cities with fewer than 30 thousand inhabitants in which both operators provide their services. The underlying idea is to have, in the cities included in the agreement, a single telecommunications infrastructure that is entirely shared by the operators, thereby allowing them to switch off redundant sites and save on energy, rent and maintenance costs. This also allows for greater efficiency in future investments thanks to the sharing of the spectrum in MOCN mode. As of May 2021, each party had increased its 3G and 4G coverage in more than 300 towns and cities with a total of 422 shared sites each. From 2021 up to December 2025, we added further cities within the single network agreement providing 3G and 4G coverage. In 478 cities, one of the operators disconnected the 3G and 4G networks (resulting in 29% of the total scope of the agreement implemented by December 2025).
- 2G switch-off: nationwide sharing of the 2G network using GWCN technology, enabling both operators to switch off part (approximately 50%) of their network with the same technology, consequently saving on energy and maintenance costs. From 2021 to December 2025, operators was sharing its 2G network in 4.818 sites, including in major cities such as Rio de Janeiro, Curitiba, Fortaleza, Brasilia, Belem and Recife by TIM; Belo Horizonte, Salvador, Manaus, Porto Alegre and Campinas by Telefonica (around 89% of the total scope of the agreement implemented by December 2025).
- The Addendum of the Sharing Agreement signed in December 2019 has already been submitted to CADE (Conselho Administrativo de Defesa Econômica) and a decision has already been made. The Sharing Agreement has been submitted to Anatel (still being analyzed).

Next generation network projects, future Internet applications, positive impact on the environment and society
5G Fund, As previously disclosed, we established the 5G Fund in partnership with Upload Ventures Growth, LP ("Upload"), with the objective of supporting early-stage companies developing 5G-based technological solutions. The vehicle targets startups and scale-ups with validated business models and clear expansion plans, which may also benefit from access to our industrial and technological infrastructure to accelerate scalability. By the second quarter of 2025, the 5G Fund had delivered 73 million reais in gains for the Company, with performance supported by all three current portfolio companies. The fund's investees include Topsort, a retail-media technology platform; Simetrik, a financial reconciliation infrastructure provider; and Tractian, an industrial predictive-maintenance solutions company. The 5G Fund was structured in collaboration with Upload, a venture capital manager recognized for its expertise in technology-driven investments and responsible for the fundraising, selection and ongoing monitoring of portfolio companies.
5G for the automotive segment - in June 2023, in collaboration with Stellantis, IP Facens (the Research Institute of the Facens University Center) and the universities of USP, São Carlos, UFSCAR and the German Technische Hochschule Ingolstadt (THI), TIM announced the launch of the project "Conecta 2030": connected, cooperative ecosystem to detect pedestrians at crossroads, aimed at creating a collaborative environment focused on initiatives assuring the safety of pedestrians and cyclists. Since then, the companies involved in Conecta 2030 are addressing the challenge of developing a concept-ecosystem up to August 2026, for the development and implementation of advanced driver assistance systems (ADAS), based on three main pillars: 5G connectivity, artificial intelligence and digital twins.
In 2024, also in the automotive sector, TIM, UFPE (Federal University of Pernambuco) and Stellantis (together with other companies and universities) launched another partnership, which is also supported by the Brazilian government's "Rota 2030" program promoting research and innovation in the vertical automotive segment through the "Vehicle OTA" project. The main goal of this project is to implement a secure and integrated electronic module capable of promoting OTA (Over-The-Air) firmware updates in vehicles' electronic control units (ECUs). This project is expected to be concluded in April 2026.
5G RedCap - In 2024, the TIM Lab team worked to determine and validate TIM's 5G RedCap solution, the new 5G standard designed to address low-power, battery-efficient 5G use-cases (eMBB, uRLLC and mMTC). TIM Lab validated the main vendors, having completed Ericsson by October 2024, and Nokia by May 2025. Commercial adoption of the solution is under discussion.
5G FWA's Favela Marte PoC Focused on expanding access to connectivity and committed to digital inclusion. TIM has partnered with Gerando Falcões to deliver the first 5G Favela in Brazil. The chosen community was the former Vila Itália Favela, in São José dos Campos, in the interior of São Paulo, transformed into a 3D Favela (Dignified, Digital and Developed) and now called Favela Marte. Through the FWA (Fixed Wireless Access) technology, Proof of Concept started in December 2024 and is still ongoing with residents, bringing impacts in terms of digital inclusion as well as social and economic transformation, such as (non-exhaustive list): a)

access to high-quality internet; b) strengthening the community; c) reducing the digital divide; d) boosting remote education and training; e) digital entrepreneurship; f) telemedicine; g) delivery and logistics.
Network Slicing - In 2024, TIM was the first operator in Brazil to perform 5G network slicing on a public network for real-time video transmission. The action allowed the transmission of high-definition internal images of 10 vehicles traveling at over 260 km/h during the last stage of the 2024 Porsche Cup season, at the Interlagos Racetrack (SP). In this sense, TIM validated the prioritization of resources (PRBs) in the RAN of the main vendors, having completed Huawei and Ericsson by March 2025, and Nokia by May 2025. In 2026, multivendor orchestration evaluation (NSSMF, NSMF, CSMF) is expected.
Open Gateway APIs (Application Programmable Interfaces) have a growing strategic importance in the global digital ecosystem. In this vein, TIM Lab has been developing and validating strategic APIs for the evolution of TIM Brasil's business. In May 2025, TIM Lab completed the Proof of Concept for exposing the Device Location API standardized by CAMARA, which allows users to verify their location within a specific area. The solution was end-to-end validated on the 4G network, including all flows, measurements, responses integrated into the existing architecture, parameterizations, and fallback solutions. TIM Device Location Open Gateway API is running for commercial activation since then. In December 2025, TIM has further advanced its digital transformation journey by launching three new strategic APIs within the Open Gateway ecosystem: KYC ("Know Your Customer"), KYC Tenure API, and Device Swap API. These solutions aim to enhance the security, reliability, and efficiency of digital processes across various sectors of the economy, such as fintech, insurance, retail, and online services.

Open Lab initiatives
Living Lab 5G Florianópolis - In May 2025, TIM has concluded its agreement with the City of Florianópolis and ACATE (Catarinense Technological Association) for a technical collaboration, in which connectivity infrastructure was provided for the Living Lab 5G Florianópolis program. This urban lab leveraged the real city environment to test and validate technological innovations and business models using 5G technology. Innovative solutions, in security, sanitation, and urban mobility areas, was considered, tested, and validated. This partnership has encouraged the open innovation and contributed to growth and digital transformation, which is deriving benefit from the 5G network.
Award Winner - In August 2025, TIM, together with NTT DATA, won the TM Forum DTW Ignite 2025 award, held in Copenhagen. TIM was awarded in the Best Moonshot Catalyst – Interactive Showcase category, with a project that develops a new communication protocol for the Spatial Web, or Web 3.0 — the next generation of the internet, which connects the physical and digital worlds through IoT, 5G, spatial computing, and artificial intelligence. The initiative demonstrated how operators can leverage the Spatial Web and open APIs to launch new digital services, offer personalized user experiences, and create new revenue streams.

Environmental, Social & Governance

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

Brazil
TIM S.A. has a solid track record in ESG, being recognized nationally and internationally for its practices in sustainability, governance and social responsibility. In 2025, TIM S.A. was the only company in the telecommunications sector to be recognized by B3 during COP30, in Belém, for simultaneously integrating the three main ESG indices in the Brazilian market: ISE, ICO2 and IDIVERSA. The tribute highlighted the Company's commitment to sustainable practices and reinforced the importance of the ESG agenda as a fundamental pillar for the business.
In addition, the Company demonstrates strong environmental performance, reporting emissions to CDP since 2010 and for the third consecutive year, it is part of the CDP Climate Change A-List, maintaining its leadership in climate change management. To provide transparency to its practices and actions, TIM S.A. has been publishing sustainability reports since 2007 following GRI guidelines and has been independently assured since 2009.
As a signatory to the UN Global Compact since 2008 and to UN Women since 2021, the Company develops projects connected to the Sustainable Development Goals (SDGs) and recognizes the rights to data privacy, secure internet, access to information and freedom of expression as essential and non-negotiable. It also maintains its policies on topics such as Diversity, Environment, Climate Change Management, Corporate Risk Management, Anti-Corruption, Supplier Relations, Occupational Health and Safety, Privacy, among others, for free consultation by its stakeholders. In its materiality matrix updated in 2024, TIM S.A. highlights nine essential themes, which include innovation and technology, digital inclusion, data privacy and security, energy efficiency and ethics and compliance, reinforcing its strategy oriented to double materiality and stakeholder engagement.

Events subsequent to December 31, 2025

Payment of Interest on Equity

On September 23, 2025, TIM S.A.'s Board of Directors, approved the payment of Interest on Capital (IOC) related to the fiscal year ending on December 31, 2025, which was paid in January 2026.

Payment Date	Reais per share	Amount paid (million reais)
21/01/2026	0,199459574	480

Acquisition of V8.Tech Consulting S.A.

On November 26, 2025, TIM S.A. approved the Agreement for the acquisition of 100% of the share capital of V8 Consulting S.A. ("V8.Tech") for 140 million reais (22 million euros), an amount that may be increased by additional payments (earn-outs) of up to 140 million reais (22 million euros), subject to the fulfillment of certain conditions, over a term of 6 years. V8.Tech is a technology company specialized in the integration of digital solutions and managed services, with a strong focus on digital transformation, cloud computing, and artificial intelligence. The Operation reinforces TIM S.A.'s strategy focused on B2B, significantly expanding the Company's ability to offer complete digital transformation solutions. The Operation was approved by the Administrative Council for Economic Defense (CADE) on December 19, 2025, but the closing of the Operation would be conditioned on the verification of other usual conditions for transactions of this nature.
On January 30, 2026, after all applicable conditions precedent had been met, the Company proceeded with the payment and completed the acquisition of the entire share capital of V8.Tech, under the terms and conditions previously communicated.

Acquisition of the Entire Share Capital of I-Systems

On February 11, 2026, the Board of Directors of TIM S.A., a direct subsidiary of the Company, approved the execution of a Share Purchase Agreement with IHS Fiber Brasil – Cessão de Infraestruturas Ltda. ("IHS") for the acquisition by TIM S.A. of 51% of the total share capital of I-Systems Soluções de Infraestrutura S.A. ("I-Systems"), currently held by IHS (the "Transaction"), for an amount of 950 million reais (147 million euros), to be paid on the Transaction closing date. If the Transaction is completed, TIM S.A., which already holds 49% of the share capital of I-Systems, will come to own all of its shares, thereby making I-Systems a wholly owned subsidiary of TIM S.A.
The completion of the Transaction is subject to the fulfillment of certain customary conditions precedent for transactions of this nature, including, among others, obtaining the necessary approvals from CADE and ANATEL, as well as the applicable corporate approvals, as the case may be.

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.
The current climate presents high and persistent uncertainty. Geopolitical conflicts and tensions, US trade policy decisions and the progress of tariff negotiations with the EU are affecting the outlook for international growth, with all institutions extremely cautious in their forecasts of economic indicators.
The Brazilian economy recorded a quarter-on-quarter increase of +0,1% in seasonally adjusted GDP in the third quarter of 2025 (+1,8% year-on-year), according to data published in December by the national statistics

institute IBGE. Regarding the forecast scenario, in its latest Relatório de Política Monetária (December 2025), the Banco Central do Brasil raised its GDP growth projections for 2025 from +2% to +2,3%, due to a revision of some historical series as well as better-than-expected results in certain productive sectors (particularly agriculture and extractive industries). For 2026, growth is expected to be more moderate (+1,6%, an improvement over the +1,5% projected in September), mainly due to expectations of a slowdown in the global economy, which is reflected in the performance of key sectors. The inflation rate fell from 5,13% in August to 4,46% in November. A further decline (3,5%–3,0%) is expected, bringing it closer to the official target.

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 situation, TIM Brasil may not be able to respond in a timely manner to the rapid development of technology and infrastructure.

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, starting from the 2024 financial year, it has been decided to cover a substantial portion of the exposure to fluctuations in the euro-brazilian real exchange rate in order to mitigate the effect of volatility on the Group's Consolidated Equity Free Cash Flow. With regard to translation risk, the performance of the euro exchange rates with respect to the Brazilian real may have a negative impact on the consolidated results. Appreciation of the euro with respect to the currencies of certain countries in which the TIF Group operates or has made investments, will reduce the related value of the revenues or assets, of the transactions implemented in such countries and, therefore, may have a negative impact on the operating profit or financial position.
These risks may adversely impact the earnings and the financial structure of the Group. Accordingly, to manage those risks, the TIF Group has embedded guidelines defined at central level by TIM Group, which must be followed for operational management, identification of the most suitable financial instruments to meet set goals, and monitoring the results achieved.
For further details of financial risks, see the specific Note "Financial risks management".

Regulatory and compliance risks

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

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

Group internal control and risk management

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

Information for investors

Brazil – shares

Regarding the trading of shares issued by Group companies on regulated markets, the ordinary shares of TIM S.A. are listed in Brazil on B3 (formerly BM&F/Bovespa).
Ordinary shares of TIM S.A. were also listed on the NYSE (New York Stock Exchange); share prices are set through ADS (American Depositary Shares) representing 5 ordinary shares of TIM S.A.

Waiver of the obligation to present activities in one report only

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

Alternative Performance Measures

In this Directors' Report and in the Consolidated Financial Statements of the Group for the year ended December 31, 2025, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for a better understanding of the trend of operations and financial condition. Such measures, which are also presented in interim financial reports, should, however, not be considered as a substitute for those required by IFRS.

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

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

- EBITDA margin and EBIT margin: Telecom Italia Finance believes that these margins represent useful indicators of the ability of the Group (and in particular the Brazil BU) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analysing the percentage of revenues that are converted, respectively, into EBITDA and EBIT.

- Capital Expenditures ("Capex"): Telecom Italia Finance considers Capex as relevant measures to understand the Group investments in intangible and tangible nun-current assets. The amount presented corresponds to the sum of columns "addition" in Note "Intangible assets with a finite useful life" and Note "Tangible assets".

- Net financial debt: Telecom Italia Finance believes that Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. The Directors' Report includes a table showing the amounts taken from the statements of financial position and used to calculate the Net Financial Debt of the Group, divided by operating segment. In addition, Note "Net Financial Debt" details the calculation for the Group.

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

Corporate Governance Statement

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

Consolidated Statements of Financial Position
Assets

(millions of euros)	Note	31/12/2025	31/12/2024
Non-current assets			
Intangible assets		**2.560**	**2.615**
Goodwill	[4]	841	845
Intangible assets with a finite useful life	[5]	1.719	1.770
Tangible assets	[6]	**1.895**	**1.982**
Property, plant and equipment		1.895	1.982
Right of use assets	[7]	**1.745**	**1.620**
Other non-current assets		**1.707**	**1.782**
Investments in associates accounted for using the equity method and other investments	[8]	247	271
Non-current financial receivables for lease contracts	[9]	31	32
Other non-current financial assets	[9]	866	969
Miscellaneous receivables and other non-current assets	[10]	353	341
Deferred tax assets	[11]	210	168
Total Non-current assets		**7.908**	**7.999**
Current assets			
Inventories	[12]	55	46
Trade and miscellaneous receivables and other current assets	[13]	1.058	971
Current income tax receivables	[11]	50	69
Current financial assets	[9]	**5.587**	**4.760**
Current financial receivables arising from lease contracts		5	5
Securities other than investments, financial receivables and other current financial assets		1.532	1.651
Cash and cash equivalents		4.050	3.104
Total Current Assets		**6.751**	**5.845**
TOTAL ASSETS		**14.659**	**13.844**

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

Equity and Liabilities

(million euros)	Note	31/12/2025	31/12/2024
Equity			
Share capital issued	[14]	1.819	1.819
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year		4.201	4.008
Equity attributable to owners of the Parent		**6.020**	**5.827**
Non-controlling interests	[3]	**1.224**	**1.389**
TOTAL EQUITY		**7.243**	**7.216**
Non-current liabilities			
Non-current financial liabilities for financing contracts and others	[15]	2.052	1.925
Non-current financial liabilities for lease contracts	[15]	1.866	1.702
Deferred tax liabilities	[11]	—	—
Provisions	[20]	244	252
Miscellaneous payables and other non-current liabilities	[21]	140	98
Total Non-current liabilities		**4.301**	**3.977**
Current liabilities			
Current financial liabilities for financing contracts and others	[15]	988	751
Current financial liabilities for lease contracts	[15]	263	253
Trade and miscellaneous payables and other current liabilities	[22]	1.838	1.630
Current income tax payables	[11]	25	18
Total Current Liabilities		**3.115**	**2.652**
TOTAL LIABILITIES		**7.416**	**6.629**
TOTAL EQUITY AND LIABILITIES		**14.659**	**13.844**

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

Separate Consolidated Income Statements

(million euros)	Note	31/12/2025	31/12/2024
Revenues	[24]	4.220	4.366
Other operating income	[25]	22	24
Total operating revenues and other income		**4.243**	**4.390**
Acquisition of goods and services	[26]	-1.552	-1.602
Employee benefits expenses	[27]	-308	-332
Other operating expenses	[28]	-354	-397
Change in inventories		10	-7
Internally generated assets	[29]	92	97
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**2.130**	**2.149**
Depreciation and amortization	[30]	-1.122	-1.205
Gains/(losses) on disposals of non-current assets	[31]	8	10
Operating profit (loss) (EBIT)		**1.016**	**954**
Share of profits (losses) of equity investments valued using equity method		-17	-14
Other income (expenses) from investments		—	-2
Finance income	[32]	602	638
Finance expenses	[32]	-941	-950
Profit (loss) before tax from continuing operations		**660**	**627**
Income tax expenses	[11]	-56	-93
PROFIT (LOSS) FOR THE YEAR		**604**	**534**
Attributable to			
Owners of the Parent		381	354
Non-controlling interests		222	181

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

Consolidated Statements of Comprehensive Income

(millions of euros)	Note	31/12/2025	31/12/2024
Profit (loss) for the year	**(a)**	**604**	**534**
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)**	**-15**	**-743**
Financial assets measured at fair value through other comprehensive income:	**(e)**	**-6**	**25**
Profit (loss) from fair value adjustments		11	28
Loss (profit) transferred to the Separate Consolidated Income Statements		-17	-3
Hedging derivative instruments:	**(f)**	**-1**	**—**
Profit (loss) from fair value adjustments		-1	—
Loss (profit) transferred to the Separate Consolidated Income Statements		—	—
Exchange rate differences on translating foreign operations:	**(g)**	**-8**	**-768**
Profit (loss) on translating foreign operations		-8	-768
Other components of the Consolidated Statements of Comprehensive Income	**(h=b+d)**	**-15**	**-743**
Total comprehensive income (loss) for the year	**(i=a+h)**	**589**	**-209**
Attributable to			
Owners of the Parent		335	-110
Non-controlling interests		254	-99

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

Consolidated Statements of Changes in Equity

Changes from January 1, 2025 to December 31, 2025

(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, 2025	**1.819**	**3.148**	**29**	**1**	**-2.472**	**—**	**—**	**3.302**	**5.827**	**1.389**	**7.216**
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	-120	-120	-317	**-437**
Total comprehensive income (loss) for the period	—	—	-6	-1	-39	—	—	381	335	254	**589**
Other changes [*]	—	—	—	—	—	—	—	-22	-22	-102	**-125**
Balance at December 31, 2025	**1.819**	**3.148**	**23**	**1**	**-2.511**	**—**	**—**	**3.541**	**6.020**	**1.224**	**7.243**

[*] The variation reported in other changes is primarily attributable to the cancellation of treasury shares from TIM S.A..
During the year, TIM S.A. has repurchased 33.494 thousand shares for a total amount of 748 million reais (119 million euros reported in the consolidated statements of cash flows in "changes in ownership interests in consolidated subsidiaries") and allocated 1.559 thousand shares to the Long Term Incentive Plan program (LTI).
On December 16, 2025, the TIM S.A.'s Board of Directors approved the cancellation of 28.679 thousand shares held in treasury, without a share capital decrease, for a total amount of 644 million reais (102 million euros).

Changes from January 1, 2024 to December 31, 2024

(millions of euros)	Share capital	Additional paid in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other profits (losses) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total Equity attributable to owners of the Parent**	**Non-controlling interests**	**Total equity**
Balance at January 01, 2024	**1.819**	**3.148**	**4**	**1**	**-1.983**	**—**	**—**	**2.946**	**5.934**	**1.646**	**7.581**
Changes in equity during the period:											
Dividends approved	—	—	—	—	—	—	—	—	**—**	-157	**-157**
Total comprehensive income (loss) for the period	—	—	25	—	-489	—	—	354	**-110**	-99	**-209**
Other changes	—	—	—	—	—	—	—	2	**2**	-1	**1**
Balance at December 31, 2024	**1.819**	**3.148**	**29**	**1**	**-2.472**	**—**	**—**	**3.302**	**5.827**	**1.389**	**7.216**

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

Consolidated Statements of Cash Flows

(million euros)	Note	31/12/2025	31/12/2024
Cash Flows from operating activities:			
Profit (loss) from continuing operations		604	534
Adjustments for:			
Depreciation and amortization	[30]	1.122	1.205
Impairment losses(reversals) of assets (including investments)		—	-1
Net change in deferred tax assets and liabilities	[11]	-43	30
Losses (gains) realized on disposal of non-current assets (including investments)	[31]	-8	-10
Share of losses (profits) of associates accounted for using the equity method		17	14
Change in inventories		-10	7
Change in trade receivables and other net receivables	[13]	-35	-155
Change in trade payables		19	45
Net change in current income tax receivables/payables	[11]	26	70
Net changes in miscellaneous receivables/payables and other assets/liabilities		155	-40
Cash flows from (used In) operating activities		**1.846**	**1.700**
Cash Flows from investing activities:			
Purchase of intangible, tangible and right of use on a cash basis		-711	-777
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]	118	889
Proceed from sale/repayment of intangible, tangible and other non-current assets		1	-19
Cash flows from (used In) investing activities		**-606**	**93**
Cash Flows from financing activities:			
Changes in current financial liabilities and other	[15] [16]	115	-835
Proceeds from non-current financial liabilities (including current portion)	[15] [16]	1.014	83
Repayments of non-current financial liabilities (including current portion)	[15] [16]	-1.009	-659
Changes in derivatives		93	5
Dividends paid		-392	-159
Changes in ownership interests in consolidated subsidiaries		-119	-8
Cash flows from (used In) financing activities		**-298**	**-1.573**
Aggregate Cash flows		**942**	**220**
Net foreign exchange differences on net cash and cash equivalents		**-4**	**-104**
Net cash and cash equivalents at the beginning of the year	**[9]**	**2.983**	**2.763**
Net cash and cash equivalents at the end of the year	**[9]**	**3.925**	**2.983**

Additional Cash Flow Information

(million euros)	31/12/2025	31/12/2024
Income taxes (paid) received	-66	-23
Interest expense paid	-514	-671
Interest income received	307	417

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

Notes to the Consolidated Financial Statements

Note 1 - Form, content and other general information

FORM AND CONTENT

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

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

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

The Consolidated Financial Statements 2025 of the Group have been prepared on a going concern basis (further details are provided in the Note “Accounting Policies”) and in accordance with the recognition and measurement criteria of the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as “IFRS”), and were authorized for issue with a resolution of the Board of Directors on March 09, 2026. The Consolidated Financial Statements 2025 are subject to approval by the shareholders meeting.

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

The Consolidated Financial Statements 2025 are expressed in euro (rounded to the nearest million, unless otherwise indicated).

FINANCIAL STATEMENT FORMATS

The financial statement formats adopted are consistent with those indicated in IAS 1. More specifically:

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

Furthermore, according to IAS 1 (paragraphs 97 and 98), certain expense and income items that are material in terms of nature and amount are separately disclosed in the notes to the separate consolidated income statement. Specifically, such items include, for instance: income/expenses arising from the sale of property, plant and equipment, business segments and investments; expenses stemming from company reorganization and streamlining processes and projects, also in connection with corporate transactions (mergers, spin-offs, etc.); expenses resulting from litigation and regulatory sanctions and related liabilities; other provisions and related reversals; costs for the settlement of disputes other than regulatory disputes; adjustments, realignments and other non-recurring items, also relating to previous years; impairment losses on goodwill and/or other intangible and tangible assets.

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

SEGMENT REPORTING

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

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

The operating segments of the Group are as follows:
- Telecommunications (or Brazil Business Unit): includes mobile and fixed telecommunications operations in Brazil;
- Other Operations: includes TI Finance, that provides financial assistance to TIM Group companies.

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

Note 2 - Accounting Policies

GOING CONCERN

The Consolidated Financial Statements 2025 have been prepared on a going concern basis as there is the reasonable expectation that the Group will continue conducting its business in the foreseeable future (and in any event over a period of at least twelve months).
In particular, the following factors have been taken into consideration:
- the main risks and uncertainties (that are for the most part of an external nature) to which the Group and the various activities of the Group are exposed:
  - variations in business conditions, also related to competition;
  - technological risks such as cyber security, ICT network development and maintenance, artificial intelligence;
  - financial risks (interest rate and/or exchange rate trends);
  - macroeconomic changes in the Italian, European and Brazilian markets and financial market volatility due to inflationary risks;
  - the factors of geopolitical instability brought about by ongoing conflicts with possible negative effects on energy security and global supply chains, including possible new tariffs;
  - changes in the legislative and regulatory context (changes in prices and tariffs or decisions that may influence technological choices); and
  - the outcome of the legal and regulatory authority proceedings.
- the optimal mix between risk capital and debt capital;
- the policy for financial risk management (market risk, credit risk and liquidity risk), as described in the Note "Financial risk management" .

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

PRINCIPLES OF CONSOLIDATION

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

The Parent assesses whether it controls an investee if facts and circumstances indicate that there are changes in one or more of the three control elements.
In the preparation of the Consolidated Financial Statements,the global amounts of the assets, liabilities, costs and revenues of the consolidated companies are recognized on a line-by-line basis, while the share of equity

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

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

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

Any other long-term interests (some types of preference shares and long-term loans) in an associate are measured in accordance with IFRS 9.
Gains and losses resulting from "upstream" and "downstream" transactions between an investor (including its consolidated subsidiaries) and its associate are recognized in the investor's financial statements only to the extent of unrelated investors' interests in the associate.
The investor's share of profits and losses of the associate arising from said transactions is eliminated.

INTANGIBLE ASSETS

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

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

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

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

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

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

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

TANGIBLE ASSETS

Property, plant and equipment
Property, plant and equipment are recognized at purchase or production cost. Subsequent expenditures are capitalized only if they increase the future economic benefits embodied in the related item of property, plant

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

RIGHT OF USE ASSETS

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

CAPITALIZED BORROWING COSTS

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

IMPAIRMENT OF INTANGIBLE, TANGIBLE AND RIGHT OF USE ASSETS

Goodwill
Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets); however, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill is not reinstated.
The test is generally conducted at the end of every year, so the date of testing is the year-end closing date of the financial statements. Goodwill acquired and allocated during the year is tested for impairment at the end of the year in which the acquisition and allocation took place.
For the purpose of verifying its recoverability, goodwill is allocated, from the acquisition date, to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the acquisition.
If the carrying amount of the cash-generating unit (or group of cash-generating units) exceeds the recoverable amount, an impairment loss is recognized in the Separate Consolidated Income Statement. The impairment loss is first recognized as a deduction of the carrying amount of goodwill allocated to the cash-generating unit (or group of cash-generating units) and only subsequently applied to the other assets of the cash-generating unit in proportion to their carrying amount, up to the recoverable amount of the assets with a finite useful life.
The recoverable amount of a cash-generating unit (or group of cash-generating units) to which goodwill is allocated is the higher between the fair value less costs to sell and its value in use.
As of December 31, 2025, to calculate the fair value, the level of hierarchy within which the measurement of the fair value of the asset (cash-generating unit) is classified was considered. For the Group, as there is only one CGU, it was classified in its entirety as Level 1. The fair value of Tier 1 instruments comprises instruments

traded on active markets and based on the market prices quoted on the balance sheet date. The shares of the subsidiary TIM S.A. are traded on B3– Brasil, Bolsa, Balcão ("B3") with code (TIMS3) and have a regular trading volume that allows measurement (Level 1) as the product between the price quoted for the individual asset or liability and the amount held by the entity.
For the purpose of calculating impairment, the carrying amount of the cash-generating unit is established based on the same criteria used to determine the recoverable amount of the cash generating unit, excluding surplus assets (that is, financial assets, deferred tax assets and net non-current assets held for sale) and includes the goodwill attributable to non-controlling interests.

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

FINANCIAL LEASES ASSETS

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

FINANCIAL INSTRUMENTS

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

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

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

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

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

Subsequent measurement changes according to category of financial assets:

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

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

Other investments

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

Other investments are classified as “financial assets measured at fair value through consolidated profit or loss” (FVTPL), as current assets.
At the purchase time of each investment, IFRS 9 provides for the irrevocable option to recognize these investments in "financial assets measured at fair value through other consolidated comprehensive income" (FVTOCI) as non-current or current assets. In the Consolidated Financial Statements 2025 the Group has not applied this option for any material other investment.
The other investments classified as “financial assets measured at fair value through other comprehensive income” are measured at fair value; changes in the fair value of these investments are recognized in a special equity reserve under the other components of the statements of comprehensive income (Reserve for financial assets measured at fair value through other comprehensive income), without reclassification to the separate income statement when the financial asset is disposed of or impaired. Dividends are recognized in the separate consolidated income statement.
Changes in the value of other investments classified as "financial assets at fair value through profit or loss" are recognized directly in the separate consolidated income statement.

Securities other than investments

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

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

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

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

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

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

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

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

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

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

INVENTORIES

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

EMPLOYEE BENEFITS

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

PROVISIONS

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

FOREIGN CURRENCY TRANSACTIONS

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

REVENUES

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

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

The recognition of revenues can generate the recognition of an asset or liability deriving from contracts. In particular:

- Contract assets are the rights to a consideration in exchange for goods or services that have been transferred to the customer, when the rights is conditioned on something other than the passage of time.
- Contract liabilities are the obligation to transfer goods or services to the customer for which the Group has received (or for which it is due) a consideration from the customer.

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

RESEARCH COSTS AND ADVERTISING EXPENSES

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

FINANCE INCOME AND EXPENSES

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

DIVIDENDS

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

INCOME TAXES EXPENSE (CURRENT AND DEFERRED)

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

USE OF ESTIMATES

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

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

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

Financial statement line item/area	Accounting estimates
Derivative instruments and equity instruments	The fair value of derivative instruments and equity instruments is determined both using valuation models which also take into account subjective measurements such as, for example, cash flow estimates, expected volatility of prices, etc., and on the basis of prices existing in regulated markets or quotations provided by financial counterparts. For further details, please also see the Note "Supplementary disclosures on financial instruments".
Leasing	The Group has a significant number of lease agreements in which it is the lessee, whereby with the adoption of accounting standard IFRS 16, the Group Management made certain judgments when measuring the lease liability and the right of use assets, such as: (i) an estimation of the lease term, considering a non-cancellable period and the periods covered by options to extend the lease term, where such exercise depends only on the Group and is reasonably certain; (ii) use of certain assumptions to calculate the discount rate. According to paragraph 18 of IFRS 16, an entity shall determine the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease (if the lessee is reasonably certain to exercise that option) and periods covered by an option to terminate the lease (if the lessee is reasonably certain not to exercise that option). During the non-cancellable lease period, the contract must be enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission of the other party with no more than an insignificant penalty. The Group is not able to readily determine the interest rate implicit on the lease and, therefore, considers its incremental rate on loans to measure lease liabilities. Incremental rate on the lessee´s borrowing is the interest rate that the lessee would have to pay when borrowing, for a similar term and with a similar guarantee, the resources necessary to obtain the asset with a value similar to the right of use asset in a similar economic environment. Thus, this assessment of lease, considering non-cancellable period and the period covered by options to extend the contract term. The Group estimates the incremental rate using observable data (such as market interest rates) when available and considers aspects that are specific to the Company (such as the cost of debt) in this estimate. The Group´s average incremental rate is 15,32% for an average lease term.

NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE FROM JANUARY 1, 2025

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, 2025.

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates
On November 12, 2024, Regulation (EU) No. 2024/2862 was enacted, implementing into law certain amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates.
The amendments clarify how an entity should operate/calculate and how it should determine the spot exchange rate if an exchangeable currency shows a lack of exchangeability (a relatively uncommon situation but one that may arise, for example, when authorities impose controls on currencies that prohibit their exchange or limit their transaction volume). In addition, the amendments require disclosures enabling users of financial statements to understand the impact of a currency that is not exchangeable.

The adoption of these amendments had no effect on the Consolidated Financial Statements 2025.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPLICABLE

At the reporting date of these Consolidated Financial Statements 2025, the IASB had issued the following new Standards and Interpretations which have not yet come into force.

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

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.

It should be noted that in April 2024 the IASB issued IFRS 18, which replaces IAS 1 – Presentation of the annual report.
IFRS 18, together with the amendments to other accounting standards, is effective for financial years beginning on or after January 1, 2027; Early application is permitted. IFRS 18 will be applied retrospectively.
IFRS 18 introduces new presentation requirements in the income statement, including specifically defined totals and subtotals. In addition, entities are required to classify all income and expenses in the income statement into one of the following five categories: operating activities, investing activities, loan activities, income tax expense, and discontinued operating activities.
The standard requires specific disclosure on the new performance measures defined by management ("MPM"), represented by subtotals of income and expenses, and also introduces new requirements regarding the aggregation and disaggregation of financial information.
In addition, limited scope amendments have been made to IAS 7 – Cash Flow, which include:

- the change in the starting point for determining cash flows generated from operating activities using the indirect method, which shifts from "profit or loss for the year" to "operating result"; and
- the elimination of the classification options for cash flows relating to interest and dividends.

Consequential amendments to several other accounting standards are also envisaged.
The Group is currently conducting an analysis aimed at identifying all the impacts that the changes introduced by the new standard will have on the primary financial statements and on the notes to the annual report.

Note 3 - Scope of Consolidation

INVESTMENTS IN CONSOLIDATED SUBSIDIARIES

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

SCOPE OF CONSOLIDATION

No changes occurred in the scope of consolidation as of December 31, 2025 compared to December 31, 2024.

SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

At December 31, 2025, the Group held equity investments in subsidiaries with significant non-controlling interests in TIM Brasil Group.

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

TIM Brasil Group – Brazil Business Unit
Non-controlling interests accounted at December 31, 2025 amounted to 32,5% of the capital of TIM S.A., coinciding with the corresponding voting rights.
Financial Position Data TIM Brasil Group

(million euros)	31/12/2025	31/12/2024
Non-current assets	7.042	7.111
Current assets	2.357	2.081
Total Assets	**9.398**	**9.192**
Non-current liabilities	3.446	3.110
Current liabilities	2.570	2.194
Total Liabilities	**6.015**	**5.305**
Equity	**3.383**	**3.887**
of which Non-controlling interests	*1.224*	*1.389*

Income statement Data TIM Brasil Group

(million euros)	31/12/2025	31/12/2024
Revenues	4.220	4.366
Profit (loss) for the year	**539**	**412**
of which Non-controlling interests	*222*	*181*

Financial Data TIM Brasil Group

In 2025, aggregate cash flows generated a positive amount of 54 million euros (1.798 million euros from operating activities, -861 million euros from investing activities and -883 million euros from financing activities), including a negative exchange rate effect of 4 million euros, without which cash flow would have generated a positive amount of 58 million euros.
In 2024, aggregate cash flows generated a negative amount of 116 million euros, partially due to a negative exchange rate effect of 104 million euros, without which cash flow would have generated a negative amount of 12 million euros.

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

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

Note 4 - Goodwill

Goodwill is only referred to Brazil Cash Generating Unit ("CGU") and shows the following changes during 2025 and 2024:

(million euros)	**31/12/2024**	Increase	Decrease	Impairments	Exchange differences	**31/12/2025**
Brazil	**845**	—	—	—	-4	**841**

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

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

(million euros)	31/12/2025			31/12/2024		
	Gross carrying amount	Accumulated impairment losses	**Net carrying amount**	Gross carrying amount	Accumulated impairment losses	**Net carrying amount**
Brazil	**986**	**145**	**841**	**991**	**145**	**845**

The figures for the Brazil CGU are stated in euros, converted at the spot exchange rate at the closing date of the financial statements; the carrying amount of goodwill for the CGU corresponds at December 31, 2025 to 5.439 million reais (986 million euros, 5.439 million reais at December 31, 2024).

With reference to the Brazil Cash Generating Unit, Goodwill recorded net exchange result of -4 million euros. In particular, the exchange rate used to convert Brazilian reais into euros (expressed in terms of local currency units per 1 euro) went from 6,43318 as of December 31, 2024 to 6,46532 as of December 31, 2025.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment on at least an annual basis, when preparing the company's consolidated financial statements. Accordingly, the Group conducted impairment tests on the recoverability of the CGU. The results showed that the recoverable amount of the assets at December 31, 2025 was higher than the net carrying amount for the Brazil CGU (+4.175 million of euros).

The value used to measure the recoverable amount of the Cash Generating Unit to which goodwill has been allocated is the fair value, based on market capitalisation as of the end of the reporting period. The recoverable amount of the assets was denominated in the functional currency and subsequently translated at the spot exchange rate at the reporting date. In estimating the recoverable amounts, simulations were conducted on the results with respect to changes in the relevant parameters. The change in the price per share, compared to the reference quotation considered for the purposes of the financial statements, which would make the recoverable value equal to the carrying amount is equal to -52%.

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 2025 and 2024 are referred to Brazil Business Unit.

(millions of euros)	31/12/2024	Investments	Amortization	Disposals	Exchange differences	Other Changes	31/12/2025
Industrial patents and intellectual property rights	**363**	229	-155	—	-4	21	**454**
Concessions, licenses, trademarks and similar rights	**1.327**	7	-145	—	-3	—	**1.186**
Other intangible assets	**28**	1	-6	—	—	—	**22**
Work in progress and advance payments	**52**	27	—	—	—	-22	**57**
Total	**1.770**	**264**	**-306**	**—**	**-8**	**-1**	**1.719**

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

Industrial patents and intellectual property rights at December 31, 2025 consisted mainly of software licenses.

Concessions, licenses, trademarks and similar rights at December 31, 2025 mainly related to the residual cost of authorizations and rights to use radio frequency bands for 1.158 million of euros (1.293 million euros at December 31, 2024).

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

Type	Residual value at 31/12/2025 (million euros)	Useful life in years	Amortization expense for 2025 (million euros)
800 MHz, 900 MHz and 1800 MHz band	250	From 2 to 20	24
1900 MHz and 2100 MHz band	73	From 2 to 20	7
700 MHz, 2500 MHz and 2,5 GHz band (4G)	318	From 2 to 20	70
2,3 GHz, 3,5 GHz, and 26 GHz band (5G)	517	From 10 to 20	37

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

Investments in 2025 amounted to 264 million euros (188 million euros in 2024) and included 34 million euros in internally generated assets (33 million euros in 2024).

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

No impairment losses have been recorded during the year 2025 and 2024.

Further details are provided in the Note "Internally generated assets".

The gross carrying amount, accumulated impairment losses and accumulated amortization at December 31, 2025 and 2024 can be summarized as follows:

	31/12/2025		
(million euros)	Gross carrying amount	Accumulated amortization	Net carrying amount
Industrial patents and intellectual property rights	3.959	3.505	454
Concessions, licenses, trademarks and similar rights	2.959	1.774	1.186
Other intangible assets with a finite useful life	133	111	22
Work in progress and advance payments	57	—	57
Total intangible assets with a finite useful life	**7.108**	**5.389**	**1.719**

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

Note 6 - Tangible assets

All tangible assets in the 2025 and 2024 are referred to Brazil Business Unit.

PROPERTY, PLANT AND EQUIPMENT OWNED

(million euros)	31/12/2024	Investments	Depreciation	Disposals	Exchange differences	Other Changes	31/12/2025
Land	**6**	—	—	—	—	—	**6**
Buildings (civil and industrial)	**7**	—	-1	—	—	—	**6**
Plant and equipment	**1.797**	338	-471	-1	-7	72	**1.728**
Other	**96**	46	-52	-1	—	3	**91**
Construction in progress and advance payments	**76**	67	—	—	—	-78	**65**
Total	**1.982**	**451**	**-523**	**-2**	**-8**	**-4**	**1.895**

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

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

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

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

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

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

Investments in 2025 amounted to 451 million euros (585 million euros in 2024) and included 58 million euros in internally generated assets (64 million euros in 2024).

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

No impairment losses have been recorded during the year 2025 and 2024.

Further details are provided in the Note "Internally generated assets".

Depreciation for the years 2025 and 2024 was calculated on a straight-line basis over the estimated useful lives of the assets according to the following minimum and maximum rates:

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

The gross carrying amount, accumulated impairment losses and accumulated depreciation at December 31, 2025 and 2024 can be summarized as follows:

	31/12/2025		
(million euros)	**Gross carrying amount**	Accumulated depreciation	Net carrying amount
Land	**6**	—	6
Buildings (civil and industrial)	**20**	14	6
Plant and equipment	**7.820**	6.092	1.728
Other	**1.134**	1.043	91
Construction in progress and advance payments	**65**	**—**	**65**
Total	**9.045**	**7.149**	**1.895**

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

Note 7 - Right of use assets

At December 31, 2025 right of use assets amounted to 1.745 million euros and are referred to Brazil Business Unit. The breakdown and movements during the 2025 and 2024 are shown below.

(millions of euros)	31/12/2024	Investments	Increase in lease contracts	Depreciation and amortization	Disposals	Exchange differences	Other Changes	31/12/2025
Property	493	—	128	-75	-28	-3	—	**515**
Plant and equipment	1.127	6	380	-218	-47	-8	-9	**1.230**
Total	**1.620**	**6**	**508**	**-292**	**-75**	**-11**	**-9**	**1.745**

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

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".

The increases in financial leasing contracts in 2025, equal to 508 million euros (506 million euros at December 31, 2024), include the higher value of user rights entered following new lease contracts payables, increase of lease payments and renegotiations of existing contracts. In accordance with IFRS 16 (Leases), in view of such increases, lease liabilities are presented through the recognition of a financial liability in the statement of financial position at the present value of future lease payments, against the recognition of a rights-of-use asset of the leased asset. Further details on finance lease are provided in the Note "Financial liabilities (non-current and current)".

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

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

No impairment losses have been recorded during the year 2025 and 2024.

The gross carrying amount, accumulated impairment losses and accumulated depreciation at December 31, 2025 and 2024 can be summarized as follows:

	31/12/2025		
(million euros)	Gross carrying amount	Accumulated amortization	Net carrying amount
Property	888	373	515
Plant and equipment	2.444	1.213	1.230
Total	**3.332**	**1.587**	**1.745**

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

Note 8 - Investments

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

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

(million euros)	31/12/2025	31/12/2024
I-Systems S.A.	195	213
Total	**195**	**213**

The changes to the item during the year are due to equity method accounting for -17 million euros and exchange rate difference for -1 million euros.

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

(millions of euros)	31/12/2025	31/12/2024
Assets	**293**	**332**
Current and non-current assets	39	60
Tangible and intangible assets	254	272
Liabilities and shareholders' equity	**293**	**332**
Current and non-current liabilities	114	117
Shareholders' equity	179	214
Net loss for the year	**-35**	**-29**
Group's proportional interest	**49 %**	**49 %**
Group's interest in the associated company's income (loss)	**-17**	**-14**

The Groups' proportional share of the shareholders' equity in I-Systems S.A. corresponds to 88 million euros. The difference with the value of the investment is due to the higher fair value attributed at the acquisition of the associate.

INVESTMENTS IN STRUCTURED ENTITIES

The Group does not hold investments in structured entities.

OTHER INVESTMENTS

Other investments refer mainly to the following:

(million euros)	31/12/2025	31/12/2024
Banco C6 S.A.	—	25
Upload Ventures Growth	52	33
Total	**52**	**58**

In relation to the investment in Banco C6 S.A., on February 11, 2025, TIM S.A. – a Brazilian subsidiary of the TIM Group – and Banco C6 S.A. entered into an agreement to end all disputes related to the partnership between the two companies and, consequently, to resolve the arbitration proceedings pending. During the partnership period, TIM S.A. had obtained the right to a minority stake in the bank's capital of 6,06%, of which 4,62% was held in the form of subscription options (derivatives) and 1,44% as a shareholding in Banco C6 S.A.. The agreement signed also provided for the termination of the partnership, as well as the transfer of all shares held by TIM S.A. in Banco C6 S.A. (163 million reais - 25 million euros) and all outstanding subscription options (357 million reais - 56 million euros), for an amount of 520 million reais before taxes (81 million euros), which, as of December 31, 2025 had been fully collected. Upon settlement in 2025, the related receivable was recognized through the offset of the equity investment and the derivative asset. As a result, the transaction did not generate any additional impact on profit or loss in the year.
Furthermore, as at December 31, 2025, TIM S.A. (Brazil Business Unit) has invested 52 million euros in the investment fund focused on 5G solutions called Upload Ventures Growth. Out of this total amount, on January

16, 2025, the Company made a contribution of approximately 85 million reais (13,50 million euros) to the 5G Fund (185 million reais until 2024).
As at December 31, 2025, 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)	31/12/2025	31/12/2024
Non-current financial assets	**897**	**1.001**
Financial receivables for lease contracts	31	32
Hedging derivatives relating to hedged items classified as non-current assets/ liabilities of a financial nature	1	1
Non-hedging derivatives	110	199
Loans and other financial receivables	755	769
Current financial assets	**5.587**	**4.760**
Securities other than investments	**1.370**	**1.539**
Fair value through other comprehensive income (FVTOCI)	814	1.116
Fair value through profit or loss (FVTPL)	555	423
Financial receivables and other current financial assets	**167**	**116**
Financial receivables arising from lease contracts	5	5
Non-hedging derivatives	75	79
Loans and other financial receivables	87	32
Cash and cash equivalents	**4.050**	**3.104**
Total non-current and current financial assets	**6.484**	**5.761**

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 185 million euros (278 million euros at December 31, 2024). 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”).
The non-current non-hedging derivatives recognized in 2024 included 81 million euros relating to the option to subscribe for shares of C6 Bank, which was fully transferred from TIM S.A. to C6 Bank following the signing of a settlement agreement on February 11, 2025. The agreement provided for the termination of the partnership and for the transfer of all shares held by TIM S.A. in Banco C6 S.A., as well as all outstanding subscription options, whose reduction in fair value was recorded within finance expenses during the period (25 million Eur).

Loans and receivables both in current and non-current financial assets amounts to 842 million euros (801 million euros at December 31, 2024) and refers mainly to loans granted by the Parent to the ultimate Parent and other TIM Group companies. Regarding the loans granted to the ultimate Parent company, the credit risk is considered low based on the financial capability of TIM S.p.A.. Other loans are considered fully recoverable by the management.

Securities other than investments included in current assets relates to:

- listed securities, classified as FVTOCI - *Fair value through other comprehensive income,* due beyond three months. They consist of 305 million euros (568 million euros at December 31, 2024) of treasury bonds and 509 million euros (548 million euros at December 31, 2024) 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 555 million euros (423 million euros at December 31, 2024) in monetary funds.

At December 31, 2025, 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 334 million euros by entering in repurchase agreements ("Repo") expiring in short term.
As per IFRS9, the assets have not been derecognized, being Telecom Italia Finance S.A. the Company which retains the risks and benefits associated with the position.

Cash and cash equivalents:

(millions of euros)	31/12/2025	31/12/2024
Liquid assets with banks, financial institutions and post offices	1.000	1.585
Other financial receivables (due within 3 months)	2.501	1.023
Securities other than investments (due within 3 months)	549	496
Total	**4.050**	**3.104**

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

(millions of euros)	31/12/2025	31/12/2024
Liquid assets with banks, financial institutions and post offices	1.000	1.585
Other financial receivables (due within 3 months)	2.501	1.023
Securities other than investments (due within 3 months)	549	496
	4.050	**3.104**
Financial payables (due within 3 months)	-125	-121
Total	**3.925**	**2.983**

The different technical forms of investing available cash at December 31, 2025 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 549 million euros (496 million euros at December 31, 2024) of Brazilian bank certificates of deposit (*Certificado de Depósito Bancário*) held by the Brazil Business Unit with premier local banking and financial institutions.

Note 10 - Miscellaneous receivables and other non-current assets

(million euros)	31/12/2025	Of which Financial Instruments	31/12/2024	Of which Financial Instruments
Miscellaneous receivables	**300**	**141**	**298**	**140**
Other non-current assets	**53**	**—**	**44**	**—**
Prepaid expenses from customer contracts (contract assets)	6	—	5	—
Other prepaid expenses	47	—	39	—
Total	**353**	**141**	**341**	**140**

As at December 31, 2025 **Miscellaneous receivables** relate to the Brazil Business Unit for an amount of 300 million euros (298 million euros at December 31, 2024). They include:

- receivables for judicial deposits of 104 million euros (103 million euros at December 31, 2024);
- non-current income tax receivables of 35 million euros (33 million euros at December 31, 2024);
- receivables for indirect taxes totaling 111 million euros (108 million euros at December 31, 2024).

Other non-current assets include prepaid expenses related to the Brazil BU for 53 million euros (44 million euros at December 31, 2024) and is mainly represented by the non current portion of i) incremental costs related to sales commissions paid to partners for obtaining customer contracts arising from the adoption of IFRS 15, which are deferred to the result in accordance with the term of the contract and/or economic benefit, usually from 1 to 2 years; ii) the costs of installing a neutral network deferred over the term of the contract and iii) payments of advertising expenses for products and services of the TIM brand that are recognized in the result according to the period of serving the advertisement.

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

Note 11 - Income taxes (current and deferred)

INCOME TAX RECEIVABLES

Non-current and current income tax receivables at December 31, 2025 amounted to 86 million euros (102 million euros at December 31, 2024) and related to the Brazil Business Unit.
Specifically, they consisted of:

- non-current receivables of 35 million euros (33 million at December 31, 2024) of the Brazil Business Unit related to the Brazilian Supreme Federal Court's decision in September 2021 regarding the non collection of corporate income tax and social contribution on the monetary restatement using the SELIC rate in cases of wrongful payment;
- current income tax receivables of 50 million euros (69 million euros at December 31, 2024). They include TIM S.A.'s receivables relating to the positive outcome of the above-mentioned decision of the Brazilian Supreme Federal Court.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The net balance of 210 million euros at December 31, 2025 (168 million euros at December 31, 2024) was broken down as follows:

(million euros)	31/12/2025	31/12/2024
Deferred tax assets	210	168
Deferred tax liabilities	—	—
Total	**210**	**168**

Deferred taxes are all attributable to Brazil BU.

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

(million euros)	31/12/2025	31/12/2024
Deferred tax assets	552	510
Deferred tax liabilities	-342	-342
Total	**210**	**168**

The temporary differences that made up this line item at December 31, 2025 and 2024, as well as the movements during 2025 were as follows:

(million euros)	31/12/2024	Recognized in profit or loss	Recognized in equity	Change in scope of consolidatiom, exchange differences and other changes	31/12/2025
Deferred tax assets	**510**	**45**	**—**	**-4**	**552**
Tax loss carryforwards	2	-2	—	—	—
Provision for bad debts	39	-3	—	—	37
Provisions	319	36	—	-2	352
Other deferred tax assets	150	14	—	-1	163
Deferred tax liabilities	**-342**	**-2**	**—**	**2**	**-342**
Derivatives	-43	25	—	—	-18
Business combinations - for step-up of net assets in excess of tax basis	-107	-25	—	1	-131
Accelerated depreciation	-154	-7	—	1	-160
Other deferred tax liabilities	-38	6	—	—	-33
Total Net deferred tax assets (liabilities)	**168**	**43**	**—**	**-2**	**210**

At December 31, 2025, the Group had unused tax loss carryforwards of 312 million euros with the following expiration dates:

Year of expiration	(million euros)
2026	—
2027	—
2028	—
2029	—
2030	—
Expiration after 2030	28
Without expiration	284
Total unused tax loss carryforwards	**312**

Deferred tax assets are recognized when it is considered probable that taxable income will be available in the future against which the tax losses can be utilized. On the other hand, deferred tax assets of 65 million euros (111 million euros at December 31, 2024) have not been recognized by the Parent on 271 million euros (444 million euros at December 31, 2024) of tax loss carryforwards since, at this time, their recoverability is not considered probable.
At December 31, 2025, deferred tax liabilities have not been recognized on approximately 1,9 billion euros (1,3 billion euros at December 31, 2024) of tax-suspended reserves and undistributed earnings, because the Group is in a position to control the timing of the distribution of those reserves and it is probable that those accumulated earnings will not be distributed in the foreseeable future.

INCOME TAX PAYABLES

Income tax payables amounted to 25 million euros (18 million euros at December 31, 2024) and mainly related to Brazil Business Unit. The amount is entirely composed of current taxes.

INCOME TAX INCOME (EXPENSE)

Details are as follows:

(million euros)	Year 2025	Year 2024
Current taxes for the year	100	63
Net difference in prior year estimates	—	—
Total current taxes	**100**	**63**
Deferred taxes	-43	30
Total income tax for the year	**56**	**93**

The reconciliation between the theoretical tax expense, and the effective tax expense for the years ended December 31, 2025 and 2024 is the following:

(million euros)	Year 2025	Year 2024
Profit (loss) before tax	**660**	**627**
Theoretical income tax	**158**	**156**
Income tax effect on increases (decreases) in variations		
Tax losses of the year not considered recoverable	-43	-42
Different rate compared to theoretical rate in force in Luxembourg and other changes	5	35
Brazil: incentive on investments	-63	-57
Total effective income tax recognized in income statement	**56**	**93**

During the year 2025 tax losses of 43 million euros have been considered not recoverable in relation to tax loss carryforwards whose recoverability is not considered probable.

As from January 01, 2025, the applicable tax rate in Luxembourg is 23,87%, replacing the 24,94% rate in force during the fiscal year 2024.

GLOBAL MINIMUM TAX

Law December 22, 2023 has transposed in Luxembourg legislation the European Union Council Directive no. 2022/2523/EU (the "Directive"), which implements the rules developed by the OECD on Pillar 2 and Global Minimum Tax ("Model Rules" or "GloBE Rules"). The new rules took effect on January 1, 2024.
Luxemburg, by means of Law December 22, 2023 has also introduced a local Qualified Domestic Minimum Top-Up Tax (the so-called QDMTT), included by the OECD in the Central Record of Legislation among the qualified domestic minimum taxes that benefit from the QDMTT safe harbour regime

As a brief overview, the GloBE Rules introduce a coordinated system of rules for multinational groups with total revenues of 750 million euros or more, aimed at ensuring that they are subject to a minimum tax level of at least 15% in relation to income generated in each country in which they operate. The GloBE Rules provide for the application of a top-up tax due if the effective tax rate ("ETR") calculated for each country according to the common rules is below 15%, up to that level. The ETR is equal to the ratio of taxes paid (with adjustments) to accounting profit (with adjustments). Both the calculation of the effective tax rate and the supplementary tax are done on a jurisdictional (i.e. country-by-country) basis.

The OECD has developed a system of transitional safe harbours (i.e., tests) applicable in the first three years of the GloBE Rules (until 2026 but with an extension to 2027 based on recent indications provided by the OECD in the so-called Side-by-Side Agreement), which will make it possible to avoid carrying out the complex calculations provided for and consider the supplementary tax due in a given State to be zero if one of the following tests is passed:

- de minimis test: aggregate revenue in that state is less than 10 million euros and aggregate pre-tax profit is less than 1 million euros (or a loss);

- simplified ETR test: the effective tax rate is at least 15% (for 2024), 16% (for 2025) and 17% (for 2026 and for 2027) and is to be determined on the basis of the ratio of the aggregate values of pre-tax profit/loss (denominator) and income tax (numerator);
- routine profit test: the economic substance present in a given jurisdiction (calculated assuming a given implied profitability of tangible assets and personnel costs located in the jurisdiction) is greater than the aggregate amount of pre-tax profit/loss. In the event that the group is found to have a pre-tax loss, the test will be regarded as positive.

In application of the OECD GloBE Rules, the Group carried out an analysis with reference to the application of the transitional safe harbours to the jurisdictions in which it operates. According to the analysis performed, Luxembourg has not passed any transitional safe harbour for FY 2024 and, as such, is excluded from the transitional safe harbour application also for FY 2025. From initial estimates and based on the best interpretation of documents published by the OECD and Luxembourg competent authorities, the effective tax rate calculated by applying the full-compliance GloBE Rules can be considered sufficiently higher than the 15% threshold level that would trigger an additional top-up tax.

With reference to Brazil — which, on the basis of the information available to date, does not appear to satisfy the relevant tests — the emergence of a potential supplementary tax cannot be excluded, in theory. However, it should be noted that, with effect from January 1, 2025, Brazil has also introduced a local QDMTT, included by the OECD in the Central Record of Legislation among the qualified domestic minimum taxes that benefit from the QDMTT safe harbour regime. Consequently, if a supplementary taxation referring to entities located in Brazil were to be due, the related payment obligation would be fulfilled domestically and would not, in any case, result in any payment obligation neither on the part of the Italian ultimate parent entity TIM S.p.A. nor on the part of Telecom Italia Finance.

Note 12 - Inventories

(million euros)	31/12/2025	31/12/2024
Finished goods	55	46
Total	**55**	**46**

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

Note 13 - Trade and miscellaneous receivables and other current assets

(million euros)	31/12/2025	Of which Financial Instruments	31/12/2024	Of which Financial Instruments
Trade receivables	**775**	**775**	**745**	**745**
Receivables from customers	624	624	600	600
Receivables from other telecommunications operators	151	151	145	145
Miscellaneous receivables	**228**	**2**	**179**	**2**
Other current assets	**55**	**4**	**47**	**4**
Prepaid expenses from customer contracts (contract assets)	32	4	28	4
Other prepaid expenses	24	—	19	—
Total	**1.058**	**781**	**971**	**750**

The aging of financial instruments included in "Trade and miscellaneous receivables and other current assets" at December 31, 2025 and 2024 was as follows:

				overdue:			
(million euros)	**31/12/2025**	Total non-overdue	Total overdue	0-90 days	91-180 days	181-365 days	More than 365 days
Net trade and miscellaneous receivables and other current assets	781	628	153	93	22	38	—

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

The increase in the non-overdue portion (92 million euros) includes a negative exchange adjustment of approximately 3 million euros.

Overdue receivables decreased of 61 million of euros compared to December 31, 2024, including a negative exchange difference of around 1 million euros.

As at December 31, 2025 **Trade receivables** related to the Brazil Business Unit amounted to 775 million euros (745 million euros at December 31, 2024) and are stated net of the provision for expected credit losses of 109 million euros (104 million euros at December 31, 2024).

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

(million euros)	2025	2024
At January 01	**104**	**118**
Provision charges to the income statement	121	119
Utilization and decreases	-116	-112
Exchange differences and other changes	-1	-20
At December 31	**109**	**104**

As at December 31, 2025 **Miscellaneous receivables** amounted to 228 million euros (179 million euros at December 31, 2024) and did not include provisions for bad debts (same as at December 31, 2024).

Details are as follows:

(million euros)	31/12/2025	31/12/2024
Advances to suppliers	9	7
Tax receivables	185	143
Sundry receivables	34	28
Total	**228**	**179**

As at December 31, 2025 **Tax receivables** included 185 million euros (143 million euros at December 31, 2024) 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 i) incremental costs related to sales commissions paid to partners for obtaining customer contracts arising from the adoption of IFRS 15, which are deferred to the result in accordance with the term of the contract and/or economic benefit, usually from 1 to 2 years, and ii) the costs of installing a neutral network deferred over the term of the contract.

Other prepaid expenses refers to the Brazil BU and mainly relates to maintenance contracts and marketing activities.

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

Note 14 - Share capital issued

As at December 31, 2025 the authorized, issued and fully paid capital of 1.818.691.978,50 euros (1.818.691.978,50 euros at December 31, 2024) is represented by 185.960.325 ordinary shares (185.960.325 at December 31, 2024) with a nominal value of EUR 9,78 per share.

As at December 31, 2025 and 2024 the Parent is 100% held by TIM S.p.A.

There has not been any movement in Share Capital in 2025.

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

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

(million euros)	31/12/2025	31/12/2024
Non-current financial liabilities	**3.917**	**3.626**
Financial payables (medium/long-term):	**1.959**	**1.836**
Bonds	1.636	1.456
Amounts due to banks	76	113
Other financial payables	248	266
Finance lease liabilities (medium/long-term)	**1.866**	**1.702**
Other financial liabilities (medium/long-term):	**92**	**89**
Non-hedging derivatives	92	89
Current financial liabilities	**1.252**	**1.005**
Financial payables (short-term):	**958**	**708**
Bonds	391	244
Amounts due to banks	429	331
Other financial payables	138	134
Finance lease liabilities (short-term)	**263**	**253**
Other financial liabilities (short-term):	**31**	**43**
Hedging derivatives	—	—
Non-hedging derivatives	31	43
Total financial liabilities (gross financial debt)	**5.169**	**4.631**

The following tables list the changes in bonds during 2025:

New issues

(millions of original currency)	Currency	Amount	Issue date
TIM Brasil 2.792 million BRL CDI+0,70%	BRL	2.792	23/07/2025
TIM Brasil 2.208 million BRL CDI+0,85%	BRL	2.208	23/07/2025
TIM Brasil 1.400 million BRL CDI+0,35%	BRL	1.400	22/12/2025

Repayments

(millions of original currency)	Currency	Amount	Date
TIM Brasil 5.000 million BRL CDI+2.3%	BRL	294	27/01/2025
TIM Brasil 5.000 million BRL CDI+2.3%	BRL	294	25/04/2025
TIM Brasil 5.000 milioni di BRL CDI+2,3%	BRL	3.824	25/07/2025

The following table lists the bonds issued by the Group, expressed at the nominal repayment amount, net of bond repurchases, and also at market value as at December 31, 2025:

Currency	Amount (millions)	Nominal repayment amount at 31/12/2025 (millions of euros)	Coupon	Issue date	Maturity date	Issue price (%)	Market price at 31/12/2025 (%)	Market value at 31/12/2025 (millions of euros)
Bonds issued by Telecom Italia Finance and guaranteed by TIM S.p.A.								
Euro	656	656	7,750 %	24/01/2003	24/01/2033	109,646[*]	124,482	817
Bonds issued by TIM S.A.								
BRL	1.600	248	IPCA+4,1682%	15/06/2021	15/06/2028	100	124,268	308
Bonds issued by TIM Brasil Serviços e Participações S.A.								
BRL	2.792	432	CDI+0,70%	23/07/2025	23/07/2030	100	103,091	445
BRL	2.208	342	CDI+0,85%	23/07/2025	23/07/2032	100	103,564	354
BRL	1.400	217	CDI+0,35%	22/12/2025	15/12/2026	100	100,170	217
Total								**2.140**

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

Amounts due to banks (medium/long term) of 76 million euros (113 million euros at December 31, 2024) decreased by 38 million euros, mainly as net result of new loans and the transfer to the current portion.

As at December 31, 2025 **Other financial payables (medium/long-term)** amounted to 248 million euros (266 million euros at December 31, 2024) corresponding to Telecom Italia Finance loan of 20.000 million Japanese yens expiring in 2029.

Finance lease liabilities (medium/long-term) totaled 1.866 million euros at December 31, 2025 (1.702 million euros at December 31, 2024). With reference to the financial lease liabilities recognized, in 2025 and 2024 the following is noted:

(million euros)	31/12/2025	31/12/2024
Principal reimbursements	242	310
Cash out interest portion	256	246
Total	**499**	**556**

The lease amounts considered low-value or short-term (less than 12 months) were recognized as rental expenses and totaled 5 million euros in 2025 (5 million euros in 2024).

Non-hedging derivatives relating to items classified as current and non-current financial liabilities totaled 123 million euros (132 million euros at December 31, 2024). 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 429 million euros (331 million euros at December 31, 2024) and included 37 million euros of the current portion of medium/long-term amounts due to banks. As at December 31, 2025, the item includes 334 million euros of short-term capital raised by entering in repurchase agreements (“Repo”).

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

Note 16 - Net financial debt

The following table shows the net financial debt at December 31, 2025 and December 31, 2024, determined in accordance with the provisions of the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by the ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138).

(million euros)		31/12/2025	31/12/2024
Liquid assets with banks, financial institutions and post offices	a)	1.000	1.585
Other cash and cash equivalents	b)	549	496
Securities other than investments	c)	1.370	1.539
Liquidity	**d=a+b+c**	**2.918**	**3.620**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	e)	517	398
Current portion of non-current financial debt	f)	660	527
Current financial debt	**g=e+f**	**1.177**	**925**
Net current financial debt	**h=g-d**	**-1.741**	**-2.695**
Non-current financial debt (excluding the current part and debt instruments)	i)	2.170	1.970
Debt instruments	j)	1.636	1.456
Trade payables and other non-current debt	k)	101	50
Non-current financial debt	**l=i+j+k**	**3.907**	**3.476**
Total net financial debt as per ESMA guidelines 32-382-1138	**m=h+l**	**2.166**	**781**
Trade payables and other non-current debt		-101	-50
Loans and other non-current financial receivables		-755	-769
Non-current financial receivables arising from lease contracts		-31	-32
Loans and other current financial receivables		-2.589	-1.055
Current financial receivables arising from lease contracts		-5	-5
Subtotal	**n)**	**-3.481**	**-1.911**
Net financial debt carrying amount[*]	**o=m+n**	**-1.315**	**-1.130**

[*] 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			
	31/12/2024	Receipts and/or issues	Payments and/or reimbursements	Differences exchange rates	Fair value changes	Other changes	31/12/2025
Financial payables (medium/long-term):	**2.146**	**1.014**	**-761**	**-28**	**—**	**28**	**2.400**
Bonds	1.700	1.014	-699	-13	—	25	2.027
Amounts due to banks	168	—	-61	—	—	7	113
Other financial payables	279	—	—	-15	—	-3	261
of which short-term portion	*311*	—	*-761*	*-5*	—	*896*	*441*
Finance lease liabilities (medium/long-term):	**1.955**	**121**	**-248**	**-14**	**—**	**315**	**2.129**
of which short-term portion	*253*	—	*-248*	*-2*	—	*259*	*263*
Other financial liabilities (medium/long-term):	**132**	**—**	**—**	**-3**	**-8**	**—**	**122**
Hedging derivatives relating to hedged items classified as non-current assets/liabilities of a financial nature	—	—	—	—	—	—	—
Non-hedging derivatives	132	—	—	-3	-8	—	121
of which short-term portion	*43*	—	—	—	*-13*	—	*29*
Financial payables (short-term):	**398**	**120**	**—**	**—**	**—**	**—**	**518**
Amounts due to banks	276	115	—	—	—	—	392
Non-hedging derivatives	—	1	—	—	—	—	1
Other financial payables	122	4	—	—	—	—	125
Total financial liabilities (gross financial debt)	**4.631**	**1.256**	**-1.009**	**-45**	**-7**	**343**	**5.169**
	—						—
Positive hedging derivatives (current and non-current)	2	—	—	—	-1	—	1
Positive non-hedging derivatives (current and non-current)	278	—	—	-3	-103	13	185
Total	**4.351**	**1.255**	**-1.009**	**-42**	**96**	**331**	**4.983**

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

Note 17 - Financial risk management

Financial risk management objectives and policies of the Group
The Group is exposed to the following financial risks in the ordinary course of its business operations:

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

These financial risks are managed by:

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

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

Identification of risks and analysis
The Group is exposed to market risks as a result of changes in interest rates and exchange rates in the markets in which it operates, or has bond issues, principally Europe and Latin America.
The financial risk management policies of the Group are directed towards diversifying market risks, hedging exchange rate risk and minimizing interest rate exposure by an appropriate diversification of the portfolio, which is also achieved by using carefully selected derivative financial instruments.
At TIM Group level is defined an optimum composition of its debt structure by balancing fixed and variable-rates and uses derivative financial instruments to achieve that debt composition. In consideration of the Group's operating activities, the optimum combination of medium/long-term non-current financial liabilities has been identified, on the basis of the nominal value, in the 65%-85% range for the fixed-rate component and in the 15%-35% range for the variable-rate component.
In managing market risk, the Group mainly uses the following financial derivatives:

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

Derivative financial instruments may be designated as fair value hedges for managing exchange rate and interest rate risk on instruments denominated in currencies other than euro and for managing interest rate risk on fixed-rate loans. Derivative financial instruments are designated as cash flow hedges when the objective is to pre-set the exchange rate of future transactions and the interest rate.
All derivative financial instruments are entered into with banking and financial counterparties with at least a "BBB-" rating from Standard & Poor's or an equivalent rating and a non-negative outlook. The exposure to the various market risks can be measured by sensitivity analyses, as set forth in IFRS 7. This analysis illustrates the effects produced by a given and assumed change in the levels of the relevant variables in the various reference markets (exchange rates, interest rates and prices) on finance income and expenses and, at times, directly on equity. The sensitivity analysis was performed based on the suppositions and assumptions indicated below:

- sensitivity analyses were performed by applying reasonably likely changes in the relevant risk variables to the amounts in the Consolidated Financial Statements at December 31, 2025;
- changes in value of fixed-rate financial instruments, other than derivatives, produced by changes in the reference interest rates, generate an impact on profit only when, in accordance with IAS 39 and IFRS 9, they are accounted for at their fair value through profit and loss. All fixed-rate instruments, which are accounted for at amortized cost, are not subject to interest rate risk as defined by IFRS 7;
- in the case of fair value hedge relationships, fair value changes of the underlying hedged item and of the derivative instrument, due to changes in the reference interest rates, offset each other almost entirely in the income statement for the year. As a result, these financial instruments are not exposed to interest rate risk. The Group has not applied fair value hedge accounting for the year ended 31 December 2025;
- changes in the value of designated financial instruments in a cash flow hedge relationship, produced by changes in interest rates, generate an impact on the debt level and on equity; accordingly, they are included in this analysis;

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

Exchange rate risk – Sensitivity analysis
At December 31, 2025 (and also at December 31, 2024), the exchange rate risk of the Group's positions denominated in currencies other than the functional currency of the single companies' Financial Statements was hedged. Accordingly, a sensitivity analysis was not performed on the exchange rate risk.

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

- with regard to derivatives that convert the liabilities contracted by the Group to fixed rates (cash flow hedging), in line with international accounting standards that regulate hedge accounting, the fair value (mark-to-market) measurement of such instruments is set aside in a specific unavailable Equity reserve. The combined change of the numerous market variables to which the mark-to-market calculation is subject between the transaction inception date and the measurement date renders any assumption about the trend of the variables of little significance. As the contract expiration date approaches, the accounting effects described will gradually be absorbed until they cease to exist;
- if at December 31, 2025 the interest rates in the various markets in which the Group operates had been 100 basis points higher/lower compared to the actual rates, then higher/lower finance expenses, before the income tax effect, would have been recognized in the Consolidated income statement of 27 million euros (17 million euros at December 31, 2024).

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

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

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

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

Liquidity risk

The Group pursues the objective of achieving an "adequate level of financial flexibility" which is expressed by maintaining a current treasury margin to cover the refinancing requirements at least for the next 12 months with irrevocable bank lines and liquidity.
Current financial assets at December 31, 2025, together with unused committed bank lines, are sufficient to fully cover the Group's financial liabilities due at least for the next 24 months.

The following tables report the contractual cash flows, not discounted to present value, relating to gross financial debt at nominal repayment amounts and the interest flows, determined using the terms and the interest and exchange rates in place at December 31, 2025 and December 31, 2024. The portions of principal and interest of the hedged liabilities includes both the disbursements and the receipts of the related hedging derivatives.

Financial liabilities – Maturities of contractually expected disbursements as at December 31, 2025:

	maturing by 31/12 of the year:						
(million euros)	2026	2027	2028	2029	2030	After 2030	Total
Bonds							
Principal	299	82	82	216	216	997	1.893
Interest Portion	203	156	138	126	104	197	924
Loans and other financial liabilities							
Principal	37	58	24	128	18	95	361
Interest Portion	22	18	15	13	2	1	71
Finance lease liabilities							—
Principal	257	250	272	244	182	918	2.122
Interest Portion	251	220	187	154	128	390	1.329
Non-current financial liabilities							
Principal	**593**	**391**	**378**	**588**	**416**	**2.010**	**4.377**
Interest Portion	**476**	**394**	**339**	**293**	**233**	**587**	**2.323**
Current financial liabilities							
Principal	**515**	**—**	**—**	**—**	**—**	**—**	**515**
Interest Portion	**7**	**—**	**—**	**—**	**—**	**—**	**7**
Total Financial liabilities							
Principal	**1.108**	**391**	**378**	**588**	**416**	**2.010**	**4.891**
Interest Portion	**483**	**394**	**339**	**293**	**233**	**587**	**2.330**

Derivatives on financial liabilities – Contractually expected interest flows as at December 31, 2025:

	maturing by 31/12 of the year:						
(million euros)	2026	2027	2028	2029	2030	After 2030	Total
Disbursements	1	1	1	1	—	—	4
Receipts	-1	-1	-1	-1	—	—	-5
Hedging derivatives – net disbursements (receipts)	**—**	**—**	**—**	**—**	**—**	**—**	**-1**
Disbursements	188	171	134	41	33	56	624
Receipts	-192	-187	-159	-45	-32	-56	-671
Non-Hedging derivatives – net disbursements (receipts)	**-4**	**-16**	**-24**	**-5**	**1**	**—**	**-47**
Total net disbursements (receipts)	**-4**	**-16**	**-24**	**-5**	**1**	**—**	**-48**

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

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

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

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

Market value of derivative instruments

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

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

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

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

Note 18 - Derivatives

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

Derivative financial instruments are used by the Group to hedge its exposure to foreign exchange rate risk, to manage interest rate risk and to diversify the parameters of debt so that costs and volatility can be reduced to within predetermined operational limits.
Derivative financial instruments existing at December 31, 2025 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 859 million euros (892 million euros at December 31, 2024).
The balance of asset and liability measurements of these contracts is equal to zero.

The following tables show the derivative financial instruments of the Group at December 31, 2025 and December 31, 2024, by type. For CCIRS, the notional amount refers to the contractual value in euros, for IRS in a currency other than the euro, the value is indicated at the market exchange rate.

Type(million euros)	Hedged risk	Notional amount at 31/12/2025	Notional amount at 31/12/2024	Spot Mark-to-Market (Clean Price) at 31/12/2025	Spot Mark-to-Market (Clean Price) at 31/12/2024
Cross Currency and Interest Rate Swap [*]	Interest rate risk and currency exchange rate risk	139	139	1	1
Total Cash Flow Hedge Derivative [**]		**139**	**139**	**1**	**1**
Total Non-Hedge Accounting Derivatives [***]		**1.717**	**1.945**	**(8)**	**88**
Total Telecom Italia Finance Group Derivatives		**1.856**	**2.083**	**(8)**	**89**

[*] 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 hedging of cash flows by cash flow hedges was considered highly effective and at December 31, 2025 led to recognition in equity of unrealized result of -0,7 million euros (0,1 million euros as at December 31, 2024).

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

Currency of denomination	Notional amount in currency of denomination (million)	Start of period	End of period	Rate applied	Interest period
USD	186	Jan-26	Oct-29	0,75 %	Semiannually

For hedge accounting purposes, the Volatility Risk Reduction (VRR) Test was chosen to test the retrospective and prospective effectiveness of all hedges. This test assesses the ratio between the portfolio risk (meaning the derivative and the item hedged) and the risk of the hedged item taken individually. In essence, the portfolio risk must be significantly lower than the risk of the hedged item.
No material ineffective portion has been recognized in the income statement from designated cash flow hedge derivatives during 2025.

Note 19 - Supplementary disclosures on financial instruments

Measurement at fair value

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

- for variable-rate loans, the nominal repayment amount has been assumed;
- for fixed-rate loans, the present value of future cash flows at the market interest rates of December 31, 2025 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, 2025 has been used. Lastly, the fair value of trade accounts receivable is close to the book value recorded on December 31, 2025.

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

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

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

The tables below provide additional information on the financial instruments, including the hierarchy level for each class of financial asset/liability measured at fair value at December 31, 2025.

The assets and liabilities at December 31, 2025 are presented based on the categories established by IFRS 9.
Key for IFRS 9 categories

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

Classification and fair value hierarchy of financial instruments measured at fair value as at December 31, 2025:

				Levels of hierarchy	
(millions of euros)	IFRS 9 Categories	Note	Value at 31/12/2025	Level1	Level2
ASSETS					
Non-current Assets	**a)**		**164**	**52**	**111**
Other investments	FVTPL	[8]	52	52	—
Other non-current financial assets:					
Hedging derivatives	HD[*]	[9]	1	—	1
Non-hedging derivatives	FVTPL	[9]	110	—	110
Current Assets	**b)**		**1.444**	**1.370**	**75**
Securities other than investments, measured at:					
Fair value through other comprehensive income	FVTOCI	[9]	814	814	—
Fair value through profit or loss	FVTPL	[9]	555	555	—
Other current financial assets:					
Non-hedging derivatives	FVTPL	[9]	75	—	75
Total (a+b)			**1.608**	**1.422**	**186**
LIABILITIES					
Non-current liabilities	**c)**		**92**	**—**	**92**
Non-hedging derivatives	FVTPL	[15]	92	—	92
Current liabilities	**d)**		**31**	**—**	**31**
Hedging derivatives	HD[*]	[15]	—	—	—
Non-hedging derivatives	FVTPL	[15]	31	—	31
Total (c+d)			**123**	**—**	**123**

[*] 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, 2024:

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

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

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

Carrying amount and fair value of financial instruments not measured at fair value as at December 31, 2025:

(millions of euros)		IFRS 9 Categories	Note	Value at 31/12/2025	Fair Value at 31/12/2025	Levels of hierarchy Level1	Level2	Level3	Amounts recognized in the financial statements pursuant to IFRS 16
ASSETS									
Non-current Assets	**a)**			**927**	**1.106**				
Other financial receivables		AC	[9]	755	934		825		
Miscellaneous receivables		AC	[10]	141	141				
Financial receivables for lease contracts		n/a	[9]	31	31				31
Current Assets	**b)**			**4.923**	**4.923**				
Other short-term financial receivables		AC	[9]	87	87				
Cash and cash equivalents		AC	[9]	4.050	4.050				
Trade and miscellaneous receivables		AC	[13]	781	781				
Financial receivables for lease contracts		n/a	[9]	5	5				5
Total (a+b)				**5.850**	**6.029**				
LIABILITIES									
Non-current liabilities	**c)**			**3.825**	**4.010**				
Financial payables		AC	[15]	1.959	2.144	1.820			
Finance lease liabilities		n/a	[15]	1.866	1.866				1.866
Current liabilities	**d)**			**2.191**	**2.191**				
Financial payables		AC	[15]	958	958	217			
Trade and miscellaneous payables and other current liabilities		AC	[22]	970	970				
Finance lease liabilities		n/a	[15]	263	263				263
Total (c+d)				**6.016**	**6.200**				

Carrying amount and fair value of financial instruments not measured at fair value as at December 31, 2024:

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

Gains and losses by IFRS 9 category - Year 2025

(million euros)	IFRS 9 Categories	Net gains/(losses) 31/12/2025	of which interest
Amortized Cost	AC	-89	72
Fair Value Through Profit or Loss	FVTPL	-40	-14
Fair Value Through Other Comprehensive Income	FVTOCI	40	23
Total		**-89**	**80**

Gains and losses by IFRS 9 category - Year 2024

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

Note 20 - Provisions

(million euros)	31/12/2024	Increase	Taken to income	Used directly	Exchange differences and other changes	31/12/2025
Provision for taxation and tax risks	**118**	15	—	-10	16	**139**
Provision for restoration costs	**9**	—	—	—	-7	**2**
Provision for legal disputes	**125**	42	—	-31	-33	**103**
Other provisions	**1**	—	—	—	—	**1**
Total	**253**	**56**	**—**	**-41**	**-24**	**245**
of which:						
non-current portion	**252**	56	—	-40	-24	**244**
current portion	**1**	—	—	—	—	**1**

Provision for taxation and tax risks are mainly related to the Brazil Business Unit and Increased by 20 million euros compared to December 31, 2024.

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 31 million euros and resulted from settlement agreements reached.

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

Note 21 - Miscellaneous payables and other non-current liabilities

(million euros)	31/12/2025	31/12/2024
Deferred revenues from customer contracts (Contract liabilities)	2	2
Other deferred income	76	85
Other	62	11
Total	**140**	**98**

Other deferred income includes the non-current portion of approximately 72 million euros as at December 31, 2025 (81 million euros as at December 31, 2024) of deferred gain on the sale and lease back of the telecommunication towers of the Brazil Business Unit.
In particular, TIM S.A. entered into two Sales Agreements with American Tower do Brasil Cessão de Infraestruturas Ltda. (“ATC”) in November 2014 and January 2015 for up to 6.481 telecommunications towers then owned by TIM Celular, for an amount of approximately 3 billion reais (0,5 billion euros), and a Master Lease Agreement (“MLA”) for part of the space on these towers for a period of 20 years from the date of transfer of each tower, under a sale and leaseback transaction, with a provision for monthly rental amounts depending on the type of tower (greenfield or rooftop). The sales agreements provided for the towers to be transferred in tranches to ATC, due to the need to meet certain conditions precedent.
In total, 5.873 towers were transferred. This transaction resulted in a sales amount of 2,7 million reais (0,4 million euros), of which 1,1 million reais (0,2 million euros) was booked as deferred revenue and will be amortized over the period of the contract.

Note 22 - Trade and miscellaneous payables and other current liabilities

(million euros)	31/12/2025	Of which Financial Instruments	31/12/2024	Of which Financial Instruments
Trade payables	**876**	**876**	**854**	**854**
Payables to suppliers	795	795	767	767
Payables to other telecommunication operators	81	81	87	87
Tax payables	**94**	**—**	**92**	**—**
Miscellaneous payables	**815**	**91**	**626**	**47**
Payables for employee compensation	40	—	40	—
Payables to social security agencies	12	—	12	—
Payables for TLC operating fee	672	—	526	—
Dividends approved, but not yet paid to shareholders	91	91	47	47
Provisions for risks and charges for the current portion expected to be settled within 1 year	1	—	1	—
Other current liabilities	**52**	**3**	**58**	**3**
Deferred revenues from customer contracts (Contract liabilities)	14	3	10	3
Customer-related items	18	—	24	—
Other deferred income	9	—	9	—
Advances received	2	—	1	—
Other current liabilities	10	—	13	—
Total	**1.838**	**970**	**1.630**	**904**

Trade payables amounting to 876 million euros as at December 31, 2025 (854 million euros at December 31, 2024) are mainly referred to the Brazil Business Unit.
According to IAS 1, trade payables are part of the working capital used in the entity's normal operating cycle and are classified as current liabilities even if they are due to be settled more than twelve months after the reporting period. At December 31, 2025, trade payables due beyond 12 months totaled 40 million euros (40 million euros at December 31, 2024) and are mainly represented by payables of the Brazil Business Unit for the renewal of telecommunications licenses.

Tax payables amounting to 94 million euros as at December 31, 2025 are entirely referred to the Brazil Business Unit (92 million euros at December 31, 2024).

Miscellaneous payables comprise the debt position of the Brazil Business Unit for the Taxa de Fiscalização de Funcionamento (TFF), a contribution suspended from 2020 amounting to 4.320 million reais (668 million euros) as at December 31, 2025 (3.377 million reais or 525 million euros at December 31, 2024).

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

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

Note 23 - Disputes and pending legal actions, other information, commitments and guarantees

A description is provided below of the most significant judicial, arbitration and tax disputes in which the Group companies are involved as at December 31, 2025, as well as those that came to an end during the financial year.

SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

International tax and regulatory disputes
As of December 31, 2025, the companies belonging to the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 24,5 billion reais (around 3,8 billion euros, 22,3 billion reais at December 31, 2024). 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. In this respect, duringthe third and fourth quarters of 2024, an appeal was filed in relation to a dispute regarding the use of PIS and COFINS credits, deriving from the exclusion of ICMS from the respective calculation bases, in offsetting against the taxes due. The amount in question, classified as a possible risk, amounts to about 1,6 billion reais (about 0,2 billion euros).

Overall, the risk for these cases, considered to be possible, amounts to 5 billion reais (about 0,8 billion euros, 5,1 billion reais at December 31, 2024).

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 13 billion reais (about 2 billion euros, 11,1 billion reais at December 31, 2024).

Municipal taxes
Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 2 billion reais (about 0,3 billion euros, 1,9 billion reais at December 31, 2024).

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 4,5 billion reais (around 0,7 billion euros, 4,2 billion reais at December 31, 2024).

Opportunity Arbitration
In May 2012, TIM and Telecom Italia International N.V. (now merged in Telecom Italia Finance) were served with a notice of arbitration proceedings brought by the Opportunity group, claiming compensation for damages allegedly suffered for presumed breach of a settlement agreement signed in 2005. Based on the claimant's allegations, the damages relate to circumstances that emerged in the criminal proceedings pending before the Milan Court regarding, inter alia, unlawful activities engaged in by former employees of TIM.
The investigatory phase having been completed, the hearing for oral discussion took place in November 2014, after which the parties filed their concluding arguments in preparation for the decision on the case.
In September 2015, the Board of Arbitration declared the proceedings closed, as the award was going to be filed.
In September 2016 the ICC Court notified the parties of its judgment, based on which the Court of Arbitration rejected all the claims made by the Opportunity group and decided that the legal costs, administrative costs and costs for expert witnesses should be split between the parties (the "2016 Arbitration Award").
In April 2017 the Opportunity group filed an appeal against the 2016 Arbitration Award before the Paris Court of Appeal.
In November 2017, TIM and Telecom Italia Finance received from the Secretariat of the ICC's International Court of Arbitration notice of a Request for Revision of the 2016 Arbitration Award, filed by the Opportunity group, asking for a new award. A Board of Arbitration was subsequently established.
In October 2018, TIM and Telecom Italia Finance requested proceedings with the Paris Court of Appeal to be suspended, in the light of proceedings pending with the Court of Arbitration of the International Chamber of Commerce to review the same 2016 Arbitration Award. In November 2018, the Paris Court of Appeal suspended the proceedings until the decision is taken by the Court of Arbitration in the review proceedings.
As regards the proceedings to review the 2016 Arbitration Award, in October 2019 the ICC held the discussion hearing in Paris. In August 2020, the Arbitration Court issued the award rejecting the Request for Revision presented by the Opportunity Group (the "2020 Arbitration Award").
In December 2020, the Opportunity group filed an appeal against the 2020 Arbitration Award before the Paris Court of Appeal. In May 2021 the Opportunity group asked the Paris Court of Appeal to summarize the proceedings brought against the 2016 Arbitration Award. Thereafter, the Opportunity Group, TIM and Telecom Italia Finance filed their briefs in the two proceedings pending before the Paris Court of Appeal, respectively against the 2016 Arbitration Award and the 2020 Arbitration Award. The appeal proceedings were heard on January 8, 2024. In its decision of May 2, 2024, the Paris Court of Appeal quashed the 2016 Arbitration Award on the grounds that the Court considered one of the members sitting on the arbitration panel to be affected by a conflict of interest. In a separate decision issued on the same date, the Court ordered the reopening of the 2020 Arbitration Award proceedings and, on June 24, 2024, observations were submitted on the consequences that the quashing of the 2016 Arbitration Award may have in relation to the appeal against the 2020 Arbitration Award.
On June 20, 2024, TIM and Telecom Italia Finance lodged an appealed with the Court of Cassation against the judgment quashing the 2016 Arbitration Award.
On June 24, 2024, observations were submitted on the consequences that the quashing of the 2016 Arbitration Award may have in relation to the appeal against the 2020 Arbitration Award. Proceedings are still pending.
On September 3, 2024, the Paris Court of Appeal rejected Opportunity's petition to set aside the 2020 Award following the annulment of the 2016 Award. The proceedings have therefore been stayed until the outcome of the case initiated in the Court of Cassation, with the 2020 Award remaining in effect.
On December 19, 2024, TIM and Telecom Italia Finance filed a statement of defense in the proceedings before the Supreme Court, aimed at overturning the decision of the Paris Court of Appeals to quash the 2016 Arbitration Award.
On January 21, 2026, the Court of Cassation confirmed the Court of Appeal's decision to annul the 2016 Award, due to issues related to the participation in the arbitral panel of a member whom the Court considered to be in a conflict of interest. The Court of Cassation's decision is not subject to any recourse and this procedure is closed.
There has been no change in the management risk assessment.

COMMITMENTS AND GUARANTEES

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

(million euros)	31/12/2025	31/12/2024
Guarantee on bonds and other debts issued by the Group	765	779
Guarantee on derivatives financial instruments	19	9
Total	**784**	**787**

There are also insurance guarantees of the Brazil Business Unit, which totaled 3.354 million euros and mainly refer to surety bonds provided primarily for litigation and for telecommunications services using 4G and 5G technology.

ASSETS GUARANTEEING FINANCIAL LIABILITIES

The special rate loan contracts granted by the Brazilian Development Bank BNDES (Banco Nacional de Desenvolvimento Econômico e Social) to TIM S.A. for a total value of 51 million euros are covered by specific covenants. Financial indices are: (1) Shareholders' equity over total assets; (2) EBITDA on net financial expenses; (3) Total financial debt on EBITDA and (4) Short-term net financial debt to EBITDA. The Debentures issued by TIM S.A. (2nd issue in a Single Series) have a financial ratio covenant calculated semiannually. The index is the Net Financial Debt on EBITDA. The company complied with all the ratios established.

Note 24 - Revenues

(million euros)	31/12/2025	31/12/2024
Equipment sales	122	148
Services	4.098	4.218
Total	**4.220**	**4.366**

Revenues only relates to the Brazil Business Unit.

Revenues from telecommunications services are presented gross of amounts due to other TLC operators, equal to 225 million euros in 2025 (217 million euros in 2024, 3,9% 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 25 - Other operating income

(million euros)	Year 2025	Year 2024
Late payment fees charged for telephone services	19	18
Other income	4	6
Total	**22**	**24**

Other operating income only relates to the Brazil Business Unit.

Note 26 - Acquisition of goods and services

(million euros)	Year 2025	Year 2024
Purchase of raw materials and merchandise	**183**	**187**
Costs of services	**1.058**	**1.120**
Revenues due to other TLC operators	225	217
Commissions, sales commissions and other selling expenses	362	372
Advertising and promotion expenses	108	120
Professional and consulting services	106	116
Utilities	63	79
Maintenance	82	94
Outsourcing costs for other services	60	66
Mailing and delivery expenses for telephone bills, directories and other materials to customers	3	4
Other service expenses	49	52
Lease and rental costs	**311**	**295**
Rent of properties	87	82
TLC circuit lease rents and rents for use of satellite systems	201	187
Other lease and rental costs	24	25
Total	**1.552**	**1.602**

Note 27 - Employee benefits expenses

(million euros)	Year 2025	Year 2024
Wages and salaries	200	215
Social security expenses	59	65
Other employee benefits	49	52
Total	**308**	**332**

The employee benefits expenses are mainly related to the Brazil Business Unit for 307 million euros (331 million euros in 2024).

Note 28 - Other operating expenses

(million euros)	Year 2025	Year 2024
Write-downs and expenses in connection with credit management	121	119
Provision charges	25	35
TLC operating fees and charges	168	192
Indirect duties and taxes	27	28
Association dues and fees, donations, scholarships and traineeships	3	2
Sundry expenses	10	20
Total	**354**	**397**
of which, included in the supplementary disclosure on financial instruments	*121*	*119*

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

Note 29 - Internally generated assets

(million euros)	Year 2025	Year 2024
Intangible assets with a finite useful life	34	33
Tangible assets owned	58	64
Total	**92**	**97**

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

Note 30 - Depreciation and amortization

(million euros)	Year 2025	Year 2024
Amortization of intangible assets with a finite useful life	**306**	**324**
Industrial patents and intellectual property rights	155	161
Concessions, licenses, trademarks and similar rights	145	157
Other intangible assets	6	6
Depreciation of tangible assets owned	**523**	**552**
Buildings (civil and industrial)	1	1
Plant and equipment	471	496
Other	52	55
Depreciation of right of use assets	**292**	**330**
Property	75	91
Plant and equipment	218	239
Other	—	—
Total	**1.122**	**1.205**

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

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

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

(million euros)	Year 2025	Year 2024
Gains on disposals of non-current assets	**9**	**10**
Gains on the retirement/disposal of intangible and tangible assets	9	10
Losses on disposals of non-current assets	**(1)**	**—**
Losses on the retirement/disposal of intangible and tangible assets	(1)	—
Total	**8**	**10**

In 2025, the item gains/(losses) on disposal of non-current assets posted a net gain of 8 million euros, connected with the ordinary asset renewal process.

Note 32 - Finance income and expenses

FINANCE INCOME

(million euros)	31/12/2025	31/12/2024
Interest income and other finance income	**560**	**592**
Income from financial receivables, recorded in non-current assets	54	69
Interest income on bank and postal accounts	150	102
Interest income on trade accounts receivable	8	7
Income from securities other than investments measured at FVTOCI	22	18
Income other than the above:		
Interest income on financials leasing receivables	5	5
Exchange gains	92	70
Reversal of the Reserve for cash flow hedge derivatives to the income statement (interest rate component)	1	1
Income from non-hedging derivatives	74	179
Miscellaneous finance income	155	141
Positive fair value adjustments to non-hedging derivatives	**41**	**45**
Positive adjustments and reversal for impairment on financial assets	**1**	**1**
Total	**602**	**638**

FINANCE EXPENSES

(million euros)	31/12/2025	31/12/2024
Interest expenses and other finance expenses	**853**	**902**
Interest expenses and other costs relating to bonds	187	199
Interest expenses to banks	13	37
Interest expenses to others	11	12
Interest expenses on lease liabilities	261	252
Expenses other than the above:		
Financial commissions and fees	31	13
Exchange losses	86	53
Charges from non-hedging derivatives	88	179
Miscellaneous finance expenses	175	155
Negative fair value adjustments to non-hedging derivatives	**87**	**47**
Negative adjustments for impairment on financial assets	**1**	**1**
Total	**941**	**950**

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

(million euros)	31/12/2025	31/12/2024
Exchange gains	92	70
Exchange losses	-86	-53
Net exchange gains and losses	**6**	**17**
Positive Reversal of the Reserve for cash flow hedge derivatives	1	1
Negative Reversal of the Reserve for cash flow hedge derivatives	-1	-1
Net effect of the Reversal of the Reserve of cash flow hedge derivatives to the income statement (interest rate component)	**—**	**—**
Income from non-hedging derivatives	74	179
Charges from non-hedging derivatives	-88	-179
Net result from non-hedging derivatives	-14	—
Net result from derivatives	**-14**	**—**
Positive fair value to non-hedging derivatives	41	45
Negative fair value adjustments to non-hedging derivatives	-87	-47
Net fair value adjustments to non-hedging derivatives	**-46**	**-2**
Positive adjustments and reversal for impairment on financial assets	1	1
Negative adjustments for impairment on financial assets	-1	-1
Net impairment on financial assets	**—**	**1**

Note 33 - Segment reporting

SEGMENT REPORTING

Segment reporting is based on the following operating segments:
- Telecommunications (Brazil)
- Other Operations

Separate Consolidated Income Statements by Operating Segment

(million euros)	Brazil		Other Operations		Consolidated Total	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Third-party revenues	4.220	4.366	—	—	4.220	4.366
Revenues by operating segment	**4.220**	**4.366**	**—**	**—**	**4.220**	**4.366**
Other income	22	24	—	—	22	24
Total operating revenues and other income	**4.242**	**4.389**	**—**	**—**	**4.243**	**4.390**
Acquisition of goods and services	-1.552	-1.601	-1	-1	-1.552	-1.602
Employee benefits expenses	-307	-331	-1	-1	-308	-332
Other operating expenses	-350	-392	-4	-4	-354	-397
of which: write-downs and expenses in connection with credit management and provision charges	*-131*	*-138*	—	—	*-131*	*-138*
Change in inventories	10	-7	—	—	10	-7
Internally generated assets	92	97	—	—	92	97
EBITDA	**2.136**	**2.155**	**-6**	**-6**	**2.130**	**2.149**
Depreciation and amortization	-1.122	-1.205	—	—	-1.122	-1.205
Gains/(losses) on disposals of non-current assets	8	10	—	—	8	10
EBIT	**1.022**	**960**	**-6**	**-6**	**1.016**	**954**
Share of profits (losses) of equity investments valued using equity method					-17	-14
Other income (expenses) from investments					—	-2
Finance income					602	638
Finance expenses					-941	-950
Profit (loss) before tax					**660**	**627**
Income tax income (expense)					-56	-93
Profit (loss) for the year					**604**	**534**
Attributable to:						
Owners of the Parent					381	354
Non-controlling interests					222	181

Revenues by operating segment
The revenues only relate to the Brazil Business Unit.

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

Assets and liabilities by Operating Segment

(millions of euros)	Brazil		Other Operations		Consolidated Total	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Non-current operating assets	6.554	6.558	—	—	6.554	6.559
Current operating assets	1.084	967	29	2	1.114	969
Total operating assets	**7.638**	**7.526**	**29**	**2**	**7.668**	**7.528**
Investments accounted for using the equity method					*195*	*213*
Unallocated assets					6.797	6.104
Total Assets					**14.659**	**13.844**
Total operating liabilities	**2.218**	**1.976**	**4**	**4**	**2.222**	**1.980**
Unallocated liabilities					*5.194*	*4.649*
Equity					7.243	7.216
Total Equity and Liabilities					**14.659**	**13.844**

Note 34 - 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 2025 and 2024 are as follows:

Separate Consolidated Income Statement line items at 31/12/2025

(million euros)		Related Parties					
	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Key managers	Total related parties	% of financial statement item
Revenues	**4.220**	—	4	—	—	4	0,1
Other income	**22**	—	—	—	—	—	0,2
Acquisition of goods and services	**1.552**	73	71	—	—	144	9,3
Employee benefits expenses	**308**	—	—	5	6	11	3,7
Other operating expenses	**354**	—	—	—	—	—	—
Finance income	**602**	—	176	—	—	176	29,2
Finance expenses	**941**	—	34	—	—	34	3,6

[*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to, which as of the end of June 2025 are no longer included in “Other Related Parties'”; Cassa Depositi e Prestiti (CDP) and its subsidiaries which as of the end of March 2025 are no longer included in “Other Related Parties'”; the Poste Italiane Group, which as of the end of June 2025 is included in “Other Related Parties'”; the Ministry of Economy and Finance (MEF) and other related parties through TIM Group Directors, Statutory Auditors ("Collegio sindacale") and Key Managers.

Separate Consolidated Income Statement line items 31/12/2024

(million euros)		Related Parties					
	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Key managers	Total related parties	% of financial statement item
Revenues	**4.366**	—	4		—	4	0,1
Other income	**24**	—	—		—	—	0,9
Acquisition of goods and services	**1.602**	—	212		—	212	13,2
Employee benefits expenses	**332**	—	—	5	9	14	4,1
Other operating expenses	**397**	—	—	—	—	—	—
Finance income	**638**	—	246		—	246	38,6
Finance expenses	**950**	—	101	—	—	101	10,6

[*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to, which as of the end of June 2025 are no longer included in “Other Related Parties'”; Cassa Depositi e Prestiti (CDP) and its subsidiaries which as of the end of March 2025 are no longer included in “Other Related Parties'”; the Poste Italiane Group, which as of the end of June 2025 is included in “Other Related Parties'”; the Ministry of Economy and Finance (MEF) and other related parties through TIM Group Directors, Statutory Auditors ("Collegio sindacale") and Key Managers.

The effects on the individual line items of the consolidated statements of financial position at December 31, 2025 and December 31, 2024 are as follows:

Consolidated Statement of Financial Position line items at 31/12/2025

(million euros)	Total	Associates, companies controlled by associates	Other related parties [*]	Pension funds	Total related parties	% of financial statement item
Net financial debt	**-1.315**	**—**	**-3.454**	**—**	**-3.454**	**262,6**
Non-current financial assets	**-897**	**—**	**-793**	**—**	**-793**	**88,4**
Current financial assets	**-5.587**	**—**	**-2.860**	**—**	**-2.860**	**51,2**
Securities other than investments (current assets)	-1.370	—	-269	—	-269	**19,7**
Financial receivables and other current financial assets	-167	—	-89	—	-89	**53,4**
Cash and cash equivalents	-4.050	—	-2.501	—	-2.501	**61,8**
Non-current financial liabilities	**3.917**	**—**	**73**	**—**	**73**	**1,9**
Current financial liabilities	**1.252**	**—**	**127**	**—**	**127**	**10,1**
Other statement of financial position line items						
Trade and miscellaneous receivables and other current assets	**1.058**	5	2	—	7	**0,7**
Miscellaneous payables and other non-current liabilities	**140**	—	—	—	—	**—**
Trade and miscellaneous payables and other current liabilities	**1.838**	9	17	1	26	**1,4**

[*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to, which as of the end of June 2025 are no longer included in “Other Related Parties'”; Cassa Depositi e Prestiti (CDP) and its subsidiaries which as of the end of March 2025 are no longer included in “Other Related Parties'”; the Poste Italiane Group, which as of the end of June 2025 is included in “Other Related Parties'”; the Ministry of Economy and Finance (MEF) and other related parties through TIM Group Directors, Statutory Auditors ("Collegio sindacale") and Key Managers.

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

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

[*] TIM Group companies; Vivendi Group and companies belonging to the group that it belongs to, which as of the end of June 2025 are no longer included in “Other Related Parties'”; Cassa Depositi e Prestiti (CDP) and its subsidiaries which as of the end of March 2025 are no longer included in “Other Related Parties'”; the Poste Italiane Group, which as of the end of June 2025 is included in “Other Related Parties'”; the Ministry of Economy and Finance (MEF) and other related parties through TIM Group Directors, Statutory Auditors ("Collegio sindacale") and Key Managers.

TRANSACTIONS WITH PENSION FUNDS

The most significant amounts are summarized as follows:

Separate Consolidated Income Statement line items

(million euros)	31/12/2025	31/12/2024	Type of contract
Other pension funds	5	5	
Total employee benefits expenses	**5**	**5**	Contributions to pension funds

Consolidated Statement of Financial Position line items

(million euros)	31/12/2025	31/12/2024	Type of contract
Other pension funds	1	1	
Total trade and miscellaneous payables and other current liabilities	**1**	**1**	Payables for contributions to pension funds

REMUNERATION TO KEY MANAGERS

The remuneration to key managers in 2025 amounted to 6 million euros (9 million euros in 2024). The compensation of key Management personnel for services rendered is shown below:

(million euros)	31/12/2025	31/12/2024
Short-term benefits	4	5
Share-based payments remuneration	2	4
Total remuneration to key managers	**6**	**9**

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

Note 35 - Equity compensation plans

The equity compensation plans in force at December 31, 2025 are used for attraction and retention purposes, and as a long-term incentive for the managers and employees of the Brazil BU.
However, it should be noted that these plans do not have any significant effect on the economic result or on the financial position or on cash flows at December 31, 2025.
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.
For the 2021-2023 and 2024-2026 plan, the term of validity has the same periodicity of 3 years related to its vesting. These Plans, in addition to considering the transfer of shares, also provides for the possibility of making payment to participants of the equivalent amount in cash.

A summary is provided below of the plans in place at December 31, 2025.

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 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 purchase operation for part of Oi Móvel's assets 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 by 220.743 the number of performance shares granted under the Special Grant to the participants appointed to higher-responsibility roles during the period.

On December 31, 2025, three 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, it was ordered in June to make cash payments 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).

Regarding the Special Grant Grant:

- In 2022, in compliance with the results approved on April 26, 2022, 601.936 shares were transferred to beneficiaries in July, of which 579.451 relating to the original volume accrued and 22.485 shares as a result of the dividends distributed during the period.
- In 2023, in compliance with the results approved on May 8, 2023, in July 1.038.041 shares were transferred to beneficiaries, of which 829.161 relating to the original volume accrued, 131.775 granted according to the degree to which objectives had been achieved and 77.105 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 92.254 shares (76.087 relating to the original volume accrued, 9.314 acknowledged according to the degree to which the objectives had been achieved and 6.853 due to dividends distributed during the period).
- In 2024, in compliance with the results approved on May 6, 2024, in July 719.164 shares were transferred to beneficiaries, of which 483.928 relating to the original volume accrued, 164.415 granted according to the degree to which objectives had been achieved and 70.821 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 19.892 shares (13.385 relating to the original volume accrued, 4.548 acknowledged according to the degree to which the objectives had been achieved and 1.959 due to dividends distributed during the period).

At December 31, 2025, and including the shares for July transfer, of the original volume assigned of 3.431.610 shares plus the 220.743 assigned due to participants' appointments to new roles, 746.207 had been canceled due to the beneficiaries having left the company and 3.631.995 shares had been transferred to beneficiaries (2.782.683 related to the original volume vested, 592.632 recognized on the basis of performance achieved and 256.680 for effect of dividends distributed during the period). For participants transferred to other Group companies, as per the Plan rules, payment in cash was considered of the amount corresponding to 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), thus completing the 2021 grant.

- Year 2022

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

- In 2023, in compliance with the results approved on May 8, 2023, in July 392.460 shares were transferred to beneficiaries, of which 264.305 relating to the original volume accrued, 110.928 granted according to the degree to which objectives had been achieved and 17.227 shares as a result of the dividends distributed during the period.
- In 2024, in compliance with the results approved on May 6, 2024, in July 680.532 shares were transferred to beneficiaries, of which 252.442 relating to the original volume accrued, 374.411 granted according to the degree to which objectives had been achieved and 53.679 shares as a result of the dividends distributed during the period. In addition, for participants transferred to other Group companies, as per the Plan rules, payment in cash was considered in July of the amount corresponding to 19.018 shares (7.055 relating to the original volume accrued, 10.463 acknowledged according to the degree to which the objectives had been achieved and 1.500 due to dividends distributed during the period). In October, 57.021 shares were transferred to beneficiaries, of which 37.087 relating to the original volume accrued, 15.437 granted according to the degree to which objectives had been achieved and 4.497 shares as a result of the dividends distributed during the period.
- In 2025, in compliance with the results approved on May 5, 2025, in July 2025 768.845 shares will be transferred to beneficiaries, of which 403.661 relating to the original volume accrued, 253.959 granted according to the degree to which objectives had been achieved and 111.224 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 20.848 shares (11.646 relating to the original volume accrued, 6.186 acknowledged according to the degree to which the objectives had been achieved and 3.016 due to dividends distributed during the period).

At December 31, 2025, including the shares to be transferred in July – of the original volume assigned of 1.227.712 shares, 251.517 had been canceled due to the beneficiaries having left the company and 1.898.858 shares had been transferred to beneficiaries (957.495 related to the original volume vested, 754.735 recognized on the basis of performance achieved and 186.627 for effect of dividends distributed during the period). For participants transferred to other Group companies, as per the Plan rules, cash payment was made of an amount corresponding to 39.866 shares (18.701 relating to the original volume accrued, 16.649 acknowledged according to the degree to which the objectives had been achieved and 4.516 due to dividends distributed during the period), thus completing the 2022 grant.

• Year 2023

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

- In 2024, in compliance with the results approved on May 6, 2024, in August 475.520 shares were transferred to beneficiaries, of which 227.983 relating to the original volume accrued, 223.132 granted according to the degree to which objectives had been achieved and 24.405 shares as a result of the dividends distributed during the period. In addition, 135.421 shares were transferred in October to other beneficiaries transferred to other Group companies, of which 78.467 relating to the original volume accrued, 50.008 granted according to the degree to which objectives had been achieved and 6.946 shares as a result of the dividends distributed during the period.
- In 2025, in compliance with the results approved on May 5, 2025, a total of 646.081 shares will be transferred to beneficiaries in August, of which 303.469 relating to the original volume accrued, 265.491 granted according to the degree to which objectives had been achieved and 77.121 shares as a result of the dividends distributed during the period.

As of December 31, 2025, out of a total of 1.560.993 shares granted, 263.986 were canceled due to the departure of the beneficiaries from the Company, leaving a balance of 687.088 shares that may vest at the end of the period.

TIM S.A. - Long Incentive Plan 2024-2026

On March 28, 2024, 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 2024

On July 30, 2024, plan beneficiaries were granted the right to receive a total of 1.226.859 shares, of which 946.060 performance shares restricted to performance conditions and with gradual vesting over 3 years and 280.799 restricted shares, with a vesting period of 3 years.

- In 2025, in compliance with the results approved on May 5, 2025, a total of 144.065 shares will be transferred to beneficiaries in August, of which 88.693 relating to the original volume accrued, 44.360 granted according to the degree to which objectives had been achieved and 11.012 shares as a result of the dividends distributed during the period.

As of December 31, 2025, out of a total of 1.226.859 shares granted, 169.302 were canceled due to the beneficiaries leaving the Company, leaving a balance of 884.346 shares that may vest at the end of the period.

• Year 2025

On May 5, 2025, plan beneficiaries were granted the right to receive a total of 1.368.704 shares linked to performance, gradually vesting over 3 years.

As of December 31, 2025, out of a total of 1.368.704 shares assigned, plus 15.252 related to the internal movement of participants, 261.997 shares were canceled due to the departure of beneficiaries from the Company, leaving a balance of 1.121.959 shares to be acquired at the end of the period.

CALCULATION OF FAIR VALUE MEASUREMENT OF THE GRANTED RIGHTS

Parameters used for the assignments of TIM S.A.

Plans/Parameters	Nominal value (reais)	Period
PS/RS Plan 2021	12,95	3 years
PS/RS Plan 2022	13,23	3 years
PS/RS Plan 2023	12,60	3 years
PS/RS Plan 2024	18,34	3 years
PS/RS Plan 2025	17,22	3 years

Note 36 - Other information

EXCHANGE RATE USED TO TRANSLATE FOREIGN OPERATIONS

	Period-end exchange rates (statements of financial position)		Average exchange rates for the period (income statements and statements of cash flows)	
Local currency against 1 EUR	31/12/2025	31/12/2024	31/12/2025	31/12/2024
BRL (Brazilian real)	6,46532	6,43318	6,30892	5,82877
USD (U.S. dollar)	1,17500	1,03890	1,13008	1,08209
JPY (Japan Yen)	184,09000	163,06000	169,05533	163,83240
GBP (Pound sterling)	0,87260	0,82918	0,85681	0,84666
CHF (Swiss franc)	0,93140	0,94120	0,93693	0,95268

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

RESEARCH AND DEVELOPMENT

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

(million euros)	31/12/2025	31/12/2024
Capitalized development costs	34	33
Total research and development costs	**34**	**33**

AUDITOR'S FEES

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

(thousands of euros)	31/12/2025	31/12/2024
Audit services	1.799	1.834
Other assurance services	75	170
Total fees due to EY network for the audit and other services	**1.873**	**2.004**
Out of pocket	7	28
Total	**1.881**	**2.032**

Note 37 - Events subsequent to December 31, 2025

Payment of Interest on Equity
On September 23, 2025, TIM S.A.'s Board of Directors, approved the payment of Interest on Capital (IOC) related to the fiscal year ending on December 31, 2025, which will be paid in January 2026.

Payment Date	Reais per share
21/01/2026	0,199459574

Acquisition of V8.Tech Consulting S.A.
On November 26, 2025, TIM S.A. approved the Agreement for the acquisition of 100% of the share capital of V8 Consulting S.A. ("V8.Tech") for 140 million reais (22 million euros), an amount that may be increased by additional payments (earn-outs) of up to 140 million reais (22 million euros), subject to the fulfillment of certain conditions, over a term of 6 years. V8.Tech is a technology company specialized in the integration of digital solutions and managed services, with a strong focus on digital transformation, cloud computing, and artificial intelligence. The Operation reinforces TIM S.A.'s strategy focused on B2B, significantly expanding the Company's ability to offer complete digital transformation solutions. The Operation was approved by the Administrative Council for Economic Defense (CADE) on December 19, 2025, but the closing of the Operation would be conditioned on the verification of other usual conditions for transactions of this nature.
On January 30, 2026, after all applicable conditions precedent had been met, the Company proceeded with the payment and completed the acquisition of the entire share capital of V8.Tech, under the terms and conditions previously communicated.

Acquisition of the Entire Share Capital of I-Systems
On February 11, 2026, the Board of Directors of TIM S.A., a direct subsidiary of the Company, approved the execution of a Share Purchase Agreement with IHS Fiber Brasil – Cessão de Infraestruturas Ltda. ("IHS") for the acquisition by TIM S.A. of 51% of the total share capital of I-Systems Soluções de Infraestrutura S.A. ("I-Systems"), currently held by IHS (the "Transaction"), for an amount of 950 million reais (147 million euros), to be paid on the Transaction closing date. If the Transaction is completed, TIM S.A., which already holds 49% of the share capital of I-Systems, will come to own all of its shares, thereby making I-Systems a wholly owned subsidiary of TIM S.A.
The completion of the Transaction is subject to the fulfillment of certain customary conditions precedent for transactions of this nature, including, among others, obtaining the necessary approvals from CADE and *Agência Nacional de Telecomunicações* (ANATEL), as well as the applicable corporate approvals, as the case may be.

Note 38 - 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	67,3865 0,1445	67,4840	TIM Brasil Serviços & Partecipações S.A. TIM S.A.
ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD						
I-System S.A.	Sao Paulo	BRL	1.794.287.995	49,0000		TIM S.A.

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

Certification of the Consolidated Financial Statements pursuant to Luxembourg Transparency Law

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

Fabio Adducchio
Managing Director

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Autorisations d'établissement :
00117514/13, 00117514/14, 00117514/15, 00117514/17, 00117514/18, 00117514/19

Independent auditor's report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Telecom Italia Finance S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

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Provision for tax contingencies

Risk identified

The Group has tax matters under discussion at various procedural levels, for which, based on its opinion and legal counsel, 3.8 billion euros were disclosed by the Group as possible losses as disclosed in note 23.

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

Our answer

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

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

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

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

Other information

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 25 May 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

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

The corporate governance statement, as published on the Company's website, www.tifinance.lu., is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2025 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

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

In our opinion, the consolidated financial statements of the Group as at 31 December 2025, identified as tel-2025-31-12-eng.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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

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

Ernst & Young
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Cabinet de révision agréé

Gabriel De Maigret

Luxembourg, 8 April 2026

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