

RESULTS  
PRESENTATION  
2<sup>nd</sup> QTR 2023



**TIMB**  
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**TIMS**  
B3 LISTED NM  
ISE B3



This presentation **contains declarations that constitute forward-looking statements** regarding the intent, belief or current expectations of value creation, customer base dynamics, estimates regarding future financial results and other aspects of the activities.



**Analysts and investors are cautioned not to place undue reliance on those forward-looking statements**, which speak only as of the date of this presentation. TIM S.A. undertakes no obligation to release publicly the results of any revisions to these forward-looking statements, those do not represent necessarily a formal guidance.



Such **forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected** as a result of various factors.



**Financial figures are presented considering impacts from IFRS 16 adoption, unless otherwise indicated.** Normalized numbers in this presentation are adjusted by the effects described in footnotes.

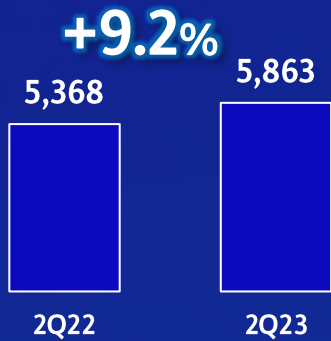
- (1) Net Revenue normalized due to the temporary effect from the inefficiency of PIS/COFINS, as a result of a contract signed between TIM S.A and Cozani (+R\$41.0 million in 1Q23). The merger of Cozani into TIM S.A. came into effect on April 1<sup>st</sup>, 2023.
- (2) Operating Costs normalized by: expenses with consulting within the scope of the acquisition project of Oi Móvel and customer migration (+R\$16.3 million in 2Q23 and +R\$12.5 million in 1Q23), PIS/COFINS credits generated in the intercompany contract with Cozani (-R\$17.7 million in 1Q23), expenses with FUST/FUNTEL related to the intercompany contract with Cozani (+R\$886 thousand in 1Q23), expenses with specialized legal and administrative services (+R\$1.1 million in 2Q23, +R\$50.3 million in 2Q22, and +R\$8.4 million in 1Q22), and payroll expenses also related to the acquisition of Oi's mobile assets (+R\$11.8 million in 1Q22).
- (3) Normalized EBITDA according to the items described in the Revenue (+R\$41.0 million in 1Q23) and Costs (+R\$17.4 million in 2Q23, -R\$4.4 million in 1Q23, +R\$50.3 million in 2Q22, and +R\$20.3 million in 1Q22) sections. EBITDA-AL Normalized by towers decommissioning penalties (-R\$57.0 million in 2Q23).
- (4) Normalized Net Income according to the items described in the Revenue and Costs sections, as and non-recurring items in Income Tax and Social Contribution: tax credits related to the intercompany contract with Cozani (-R\$8.2 million in 1Q23) and other tax effects (-R\$5.9 million in 2Q23, -R\$4.2 million in 1Q23, -R\$17.1 million in 2Q22 and -R\$6.9 million in 1Q22).

# STRONG RESULTS ALL OVER...



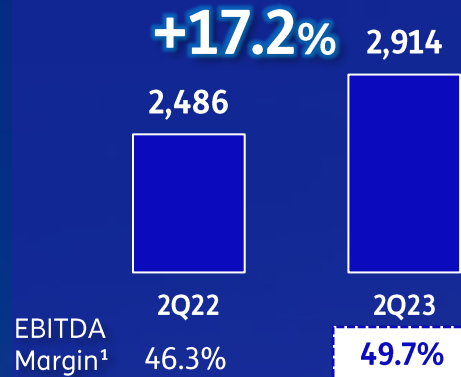
## Net Revenue<sup>1</sup>

(R\$ Mln; %YoY)



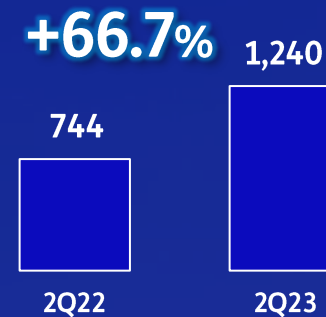
## EBITDA<sup>1</sup>

(R\$ Mln; %YoY)



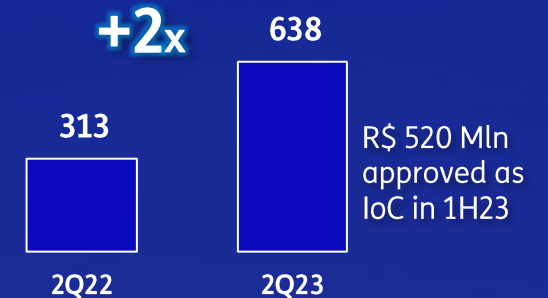
## EBITDA AL<sup>1</sup> – Capex

(R\$ Mln; %YoY)



## Net Income<sup>1</sup>

(R\$ Mln; %YoY)



## ... INCLUDING AN OUTSTANDING OPERATIONAL PERFORMANCE

**ROBUST  
ORGANIC  
GROWTH  
ON MOBILE**

**HIGHEST  
ARPU EVER  
ON PREPAID  
AND  
POSTPAID**

**LOWEST  
POSTPAID  
CHURN  
RATE IN THE  
LAST 12  
QUARTERS**

**BEST MOBILE  
NETWORK  
QUALITY  
AWARD<sup>2</sup>**

**EXCLUSIVE  
APPLE ONE  
LAUNCH**

(1) Normalized for the effects detailed in slide 2; (2) Open Signal Report as of July, 2023 ([LINK](#)).



# ESG HIGHLIGHTS FOR 2Q23



Developing and growing our business while producing positive impact and creating value to all stakeholders.

## TIM & ITS COMMUNITY

Recognized as a **Great Place to Work** for the second year in a row.

91% of favorability (+5 p.p vs. 2022)



## TIM & SOCIETY



Only Telco recognized by the **Human Rights Campaign Foundation** for ensuring an inclusive work experience for LGBTQIA+ employees.

## TIM & THE ENVIRONMENT



TIM closed 2Q with **87 renewable energy plants**.

2023 target is 100 plants to source energy to our operations.

**Smart public lighting reducing energy consumption.**



In Curitiba new lighting will bring an estimated reduction of 33% in the energy consumption.

Smart Lighting (Thousands points)



## BUSINESS INNOVATION WITH SOCIAL IMPACT

TIM Agro projects and Customer Platform partnerships are producing relevant social impact.

**Taking connectivity to the countryside:**

**90k** rural properties covered;

**221** rural public schools;

**65** basic health units;

**Education and career development:**

**450k** people enrolled in courses or classes through our partnerships.

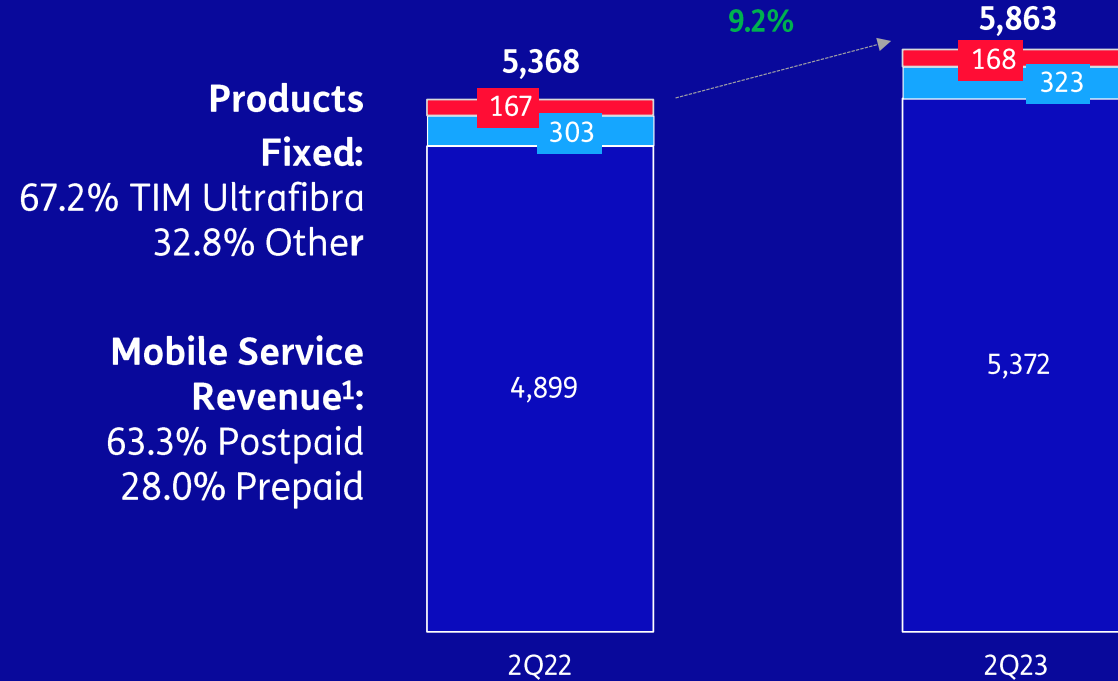




## TOTAL NET REVENUE GROWING HIGH SINGLE-DIGIT

(Normalized<sup>1</sup> Net Revenue in R\$ Mln; %YoY)

# STRONG GROWTH DRIVEN BY A SOLID PERFORMANCE IN MOBILE SERVICES



Robust growth driven by offer and customer base management

### Service Revenues<sup>1</sup>

**+9.5%** YoY in 2Q23

High single-digit growth in Mobile drove service revenues increase.

### Mobile Service Revenues<sup>1</sup>

**+9.7%** YoY in 2Q23

Strong growth driven mainly by organic dynamics (price recovery and CB management).

**R\$ 29.2** Mobile

ARPU in 2Q23

Highest ARPU ever, growing +13% YoY.

### TIM UltraFibra Revenues

**+10.1%** YoY in 2Q23

Growing with focus on FTTH, through migration and geographic expansion.

(1) Normalized for the effects detailed in slide 2.

# MOBILE: A WELL-EXECUTED STRATEGY ON MOBILE IS DRIVING IMPROVEMENTS IN ALL FRONTS OF THE BUSINESS



Meticulous improvement in customer service + network quality and availability + a clever customer base management strategy, combined with a rational market led to an important churn reduction and a rise in ARPU to the highest level ever.

## POSTPAID

**STRONG PERFORMANCE IN POSTPAID**  
(Postpaid Net Revenue; % YoY)

**+10.5%**  
YoY in 2Q23

**ARPU ex-M2M**  
(R\$ /Mo)

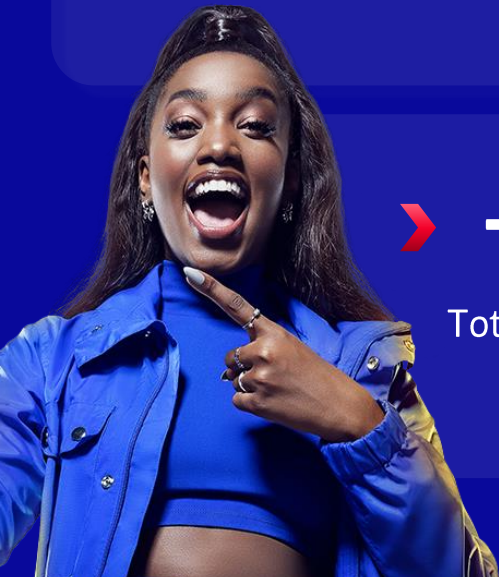
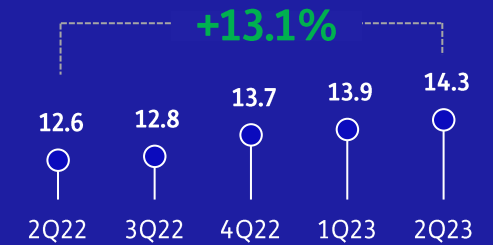


## PREPAID

**CONSISTENT GROWTH PACE IN PREPAID**  
(Prepaid Net Revenue; %YoY)

**+11.8%**  
YoY in 2Q23

**ARPU**  
(R\$ /Mo)



**> +518k**

Total Postpaid Net Additions

**> 1.1%**

The lowest postpaid churn level in 12 quarters

**> +28.0%**

Growth in Customers Total Upselling (Intra-Segment and Prepaid to Postpaid) YoY in 2Q23

**> High-Single Digit**

Growth in Recharges Sell-out Revenues YoY in 2Q23

# MOBILE: VALUE PROPOSITION EVOLUTION BEARING FRUITS



## 1 BEST OFFER

“Innovation as a core differentiator”

The 1<sup>st</sup> and only operator in Latin America to offer Apple One subscription



Apple One brings together amazing subscriptions like iCloud Plus, Apple TV Plus, Apple Music, Apple Arcade and more ...

**BEST IPHONE 14 OFFER** in the market



## 2 BEST SERVICE

“A long journey towards customer experience excellence”

Outstanding results in customer experience metrics (PROCON-SP, Reclame Aqui and Anatel)



**CUSTOMER SERVICE NPS:** +12% improvement vs 1Q23

## 3 BEST NETWORK

“The best quality on Brazil's largest mobile network”

TIM is the most awarded operator by Open Signal<sup>1</sup>

TIM is the first winner in Brazil in the Consistent Quality (CQ) Index



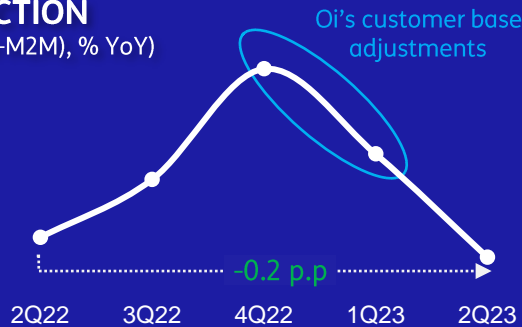
**LARGEST 5G NETWORK IN BRAZIL<sup>2</sup>: 40% MORE SITES THAN 2<sup>nd</sup> PLACE**

### CUSTOMERS' PERCEPTION STARTS TO SHOW THE FIRST SIGNS OF IMPROVEMENT

#### CHURN REDUCTION

(Postpaid Churn (ex-M2M), % YoY)

Sustaining a solid level even in a quarter of price adjustment



#### BAD DEBT IN THE LOWEST HISTORICAL LEVEL

(Bad Debt as a % of Gross Revenues)



#### OVERALL NPS IMPROVEMENT

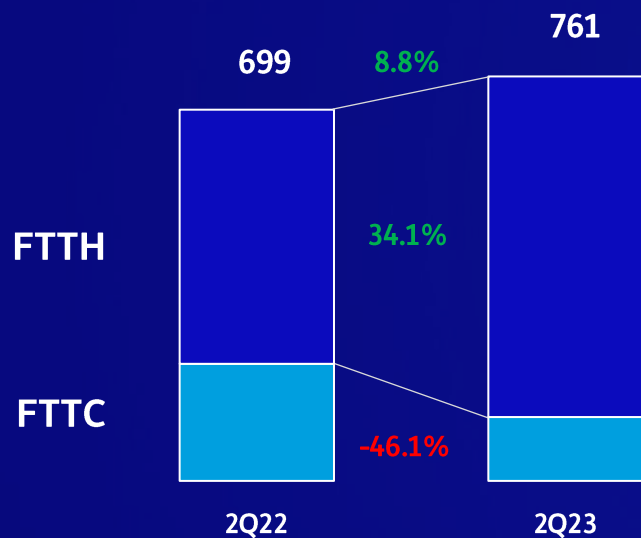
**+ 4 pts**  
in total NPS vs 1Q23

(1) Open Signal Report as of July, 2023 ([LINK](#)); (2) Source: Anatel and Teleco ([LINK](#)).

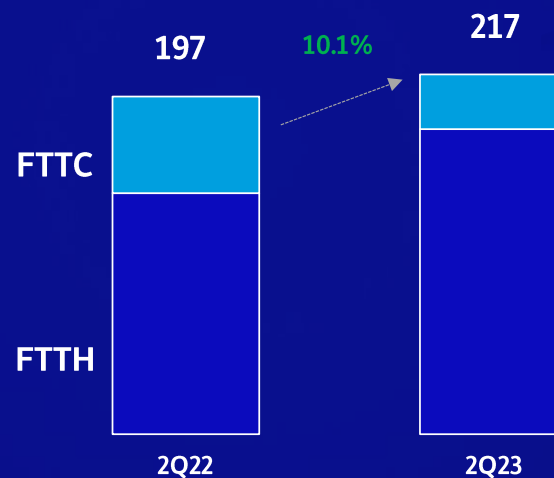
# TIM ULTRAFIBRA: SOLID EXPANSION IN FTTH WHILE FINE-TUNING THE ASSET LIGHT MODEL



## RECORD-HIGH FTTH NET ADDS (Customer Base in '000)



## TIM ULTRAFIBRA NET REVENUE PRESENTED DOUBLE-DIGIT GROWTH (R\$ Mln; %YoY)



TIM's UltraFibra is now even more ULTRA!

# 2GB

of internet for R\$ 289/month<sup>1</sup>

In addition to several services included



➤ FTTH Net Additions of **163.2k** in LTM, of which **38k** in Santa Catarina and Paraná

➤ **ARPU increasing +3.7%** YoY, reaching **R\$94.8**

(1) For the first 12 months, in direct debit.

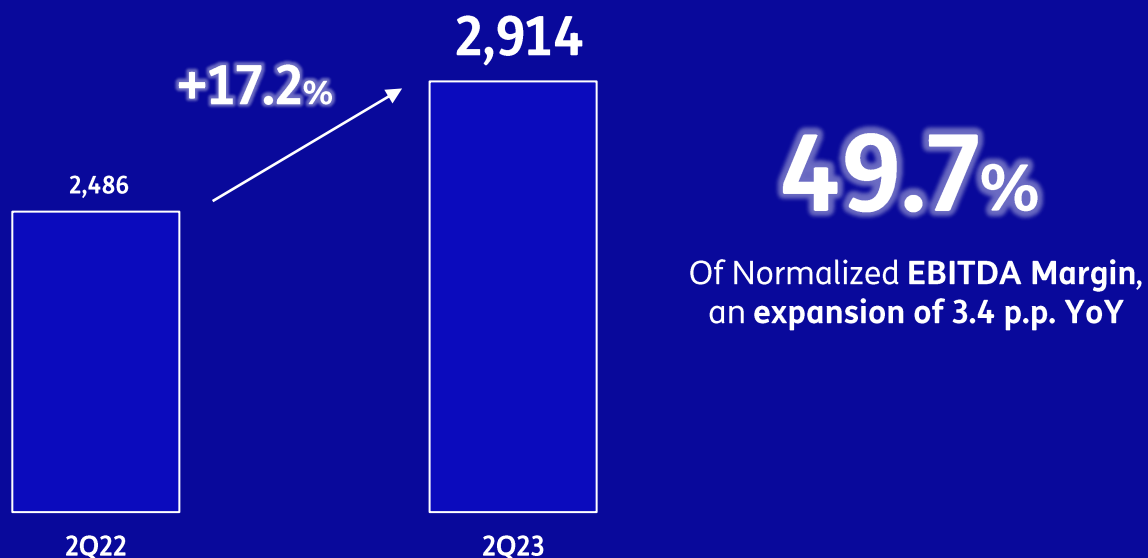


# ROBUST DOUBLE-DIGIT EBITDA GROWTH WITH MARGIN EXPANSION, CONFIRMING THE BENEFITS OF THE M&A TRANSACTION



## EBITDA GROWTH: CONSISTENT ORGANIC REVENUES PERFORMANCE + M&A SYNERGIES + EFFICIENCY

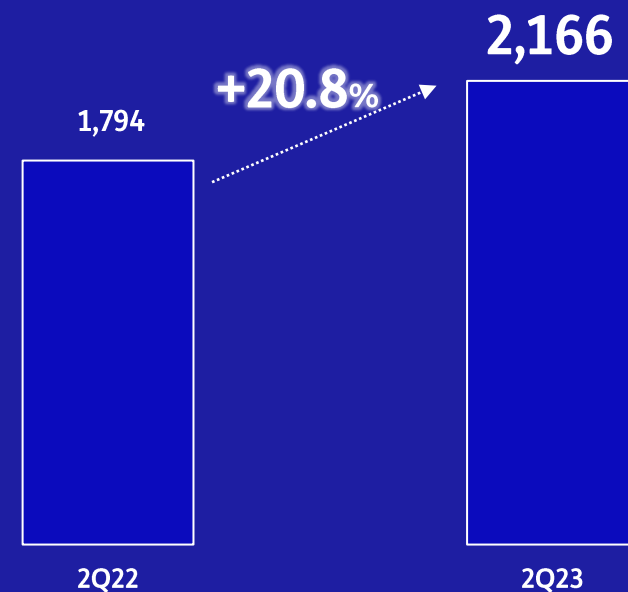
(Normalized<sup>1</sup> EBITDA in R\$ Mln; %YoY)



- EBITDA impacted by 1 month of TSA disbursement;
- OPEX decelerating below inflation growth (+2.3% YoY) in 2Q23.

## DECOMMISSIONING PLAN IS GAINING MOMENTUM TO START HELPING EBITDA-AL PERFORMANCE

(Normalized<sup>1</sup> EBITDA-AL in R\$ Mln; %YoY)



- Lease Cost: yearly deceleration from +44.6% (in 1Q23) to +8.0% (in 2Q23) and decrease of -5.5% vs 1Q23;
- Decommissioning penalties totaled R\$ 57 Mln in the quarter.

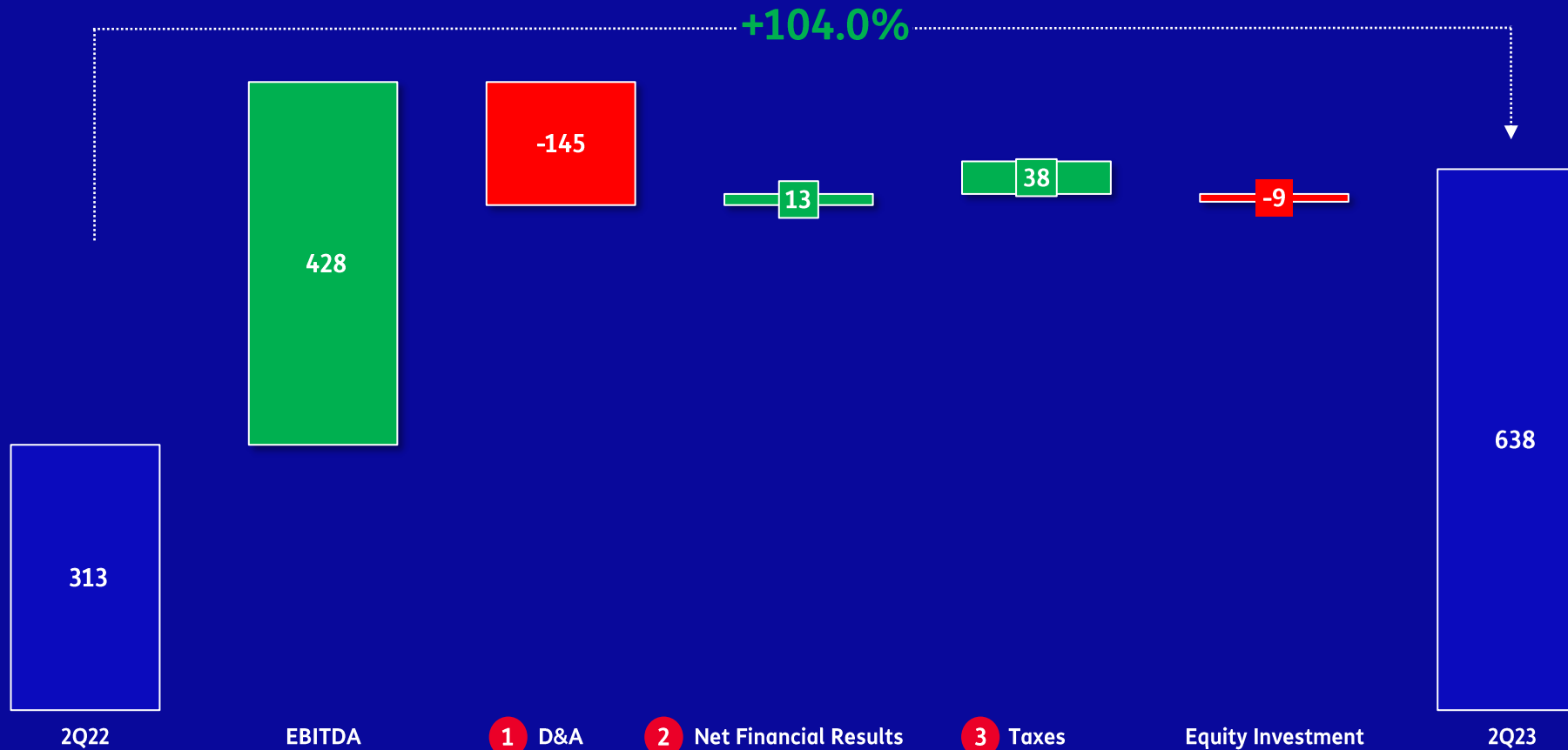
(1) Normalized for the effects detailed in slide 2.

# STRONG NET INCOME AS RESULT OF EXCELLENT OPERATIONAL AND FINANCIAL PERFORMANCES



## SOLID NET INCOME GROWTH LIFTED BY OPERATIONAL AND TAX EFFICIENCIES

(Normalized<sup>1</sup> Net Income in R\$ Mln)



### Net Income main drivers:

- 1 **D&A:**
  - o Leases impact decelerate (+R\$ 83 Mln YoY) and shows an improvement QoQ (-4.9% vs. 1Q23);
  - o 5G deployment acceleration is leading license amortization to start (+R\$ 26 Mln YoY).
- 2 **Net Financial Results:**
  - o Leases impact decelerate the pace (+R\$ 6 Mln YoY) and shows a reduction QoQ (-4.8% vs. 1Q23);
  - o 5G licenses capitalization decreased (-R\$ 27 Mln YoY) following the coverage expansion;
  - o Monetary correction expenses related to 5G auction reduces (+R\$ 45 Mln YoY).
- 3 **Taxes:**
  - o R\$ 520 Mln of IOC approved in 2Q23 benefited the tax shield.

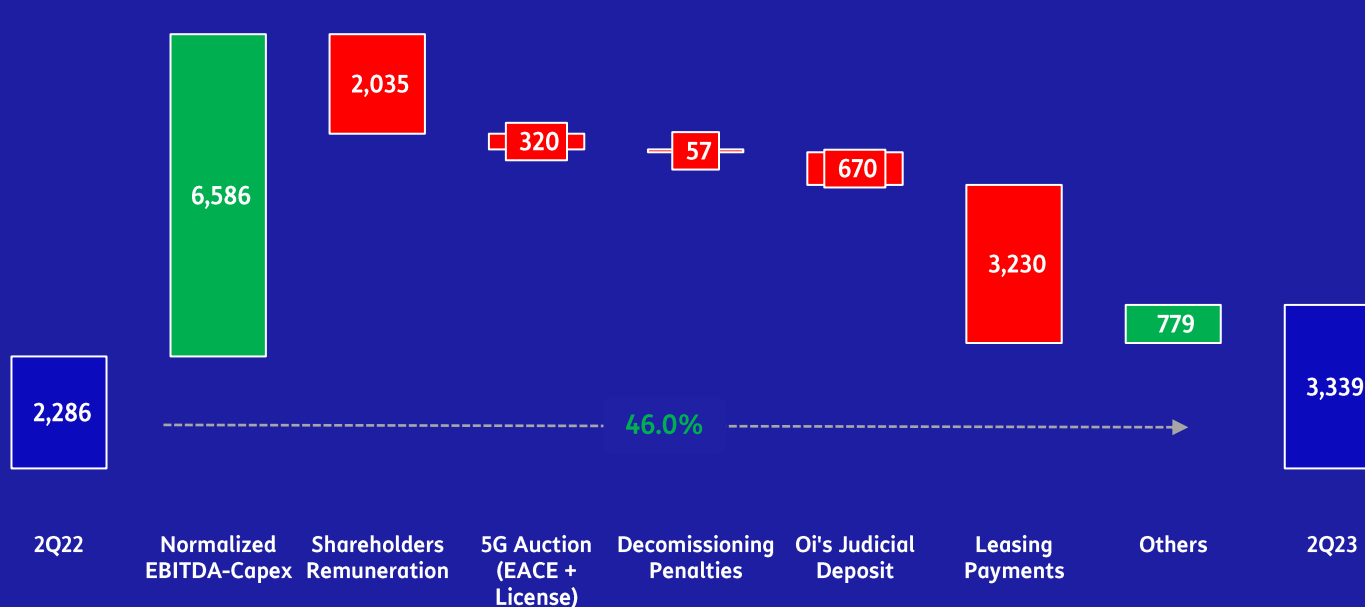
(1) Normalized for the effects detailed in slide 2.

# ROBUST CASH GENERATION SUPPORTING A BETTER FINANCIAL POSITION



## CASH EVOLUTION

(Cash<sup>3</sup> in R\$ Mln; %YoY)

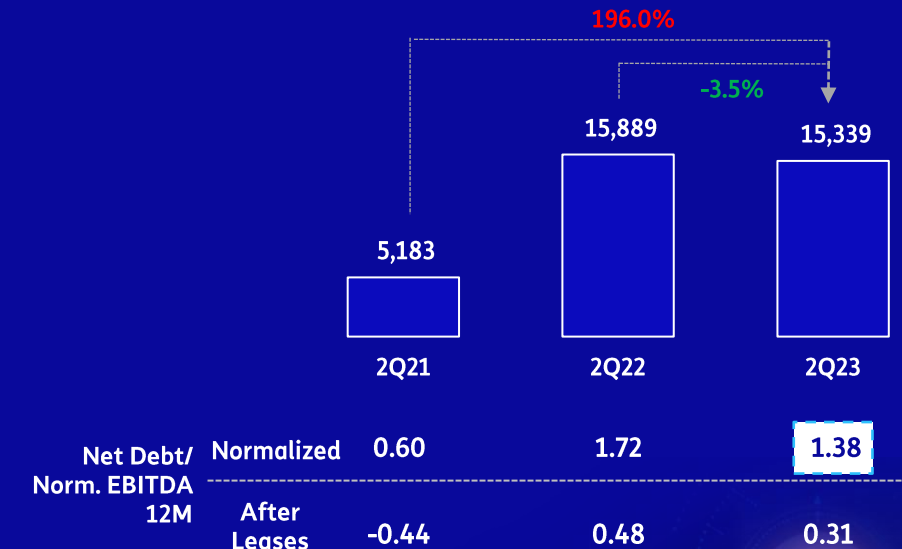


## Main events that impacted cashflow in the period:

- 5G Auction:** Payment of the 2<sup>nd</sup> and 3<sup>rd</sup> installment of EACE + 1 installment of license fee, totaling R\$ 320 Mln
- Shareholders Remuneration:** R\$ 1,205 Mln paid as IoC in 2022, R\$ 600 Mln paid as Dividends in April'23 and R\$ 230 Mln paid as IoC in May'23
- Fistel<sup>2</sup>:** TFF Remains under suspension (total ~R\$ 2.3 Bln)

## REAFFIRMING A STRONG NET FINANCIAL POSITION

(Net Debt in R\$ Mln)



**A BETTER CASHFLOW DYNAMICS LEADING TO A SOLID NET FINANCIAL POSITION**

(1) Normalized for the effects detailed in slide 2; (2) See Note 22 of the Financial Statements; (3) Cash & Cash Equivalents + Marketable Securities.

# NEXT GENERATION TIM IS BECOMING REALITY FOLLOWING A ROCK-SOLID FIRST HALF OF THE YEAR...

## 1H23 RESULTS (YoY)

- Net Revenue Growth of **+14.4%**
- EBITDA AL<sup>1</sup> – Capex **+78.7%**
- EBITDA<sup>1</sup> Growth of **+19.9%**, with Margin of **47.9%**
- Net Income expanded **+46.9%**

## ...AND MORE TO COME IN 2H23...

### BUSINESS LINES EVOLUTION



**Mobile:** Focus on evolving volume-to-value strategy in a rational environment, while capturing post-merger synergies;



**Broadband:** Fine tuning the asset-light model while maintaining a solid expansion;



**Customer Platform:** Accelerate *Cartão de Todos* (health partnership) implementation and preparing a new partnership announcement;



**B2B:** Increase penetration to consolidate leadership in key business verticals, while maturing the business model.

