

Results Allocation Policy

TIM S.A

Approved on July 26th, 2021



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1 - INTRODUCTION

This Policy was designed to establish the general rules for the results distribution to the shareholders of TIM S.A. ("TIM or Company"), within the current legislation, the good corporate governance practices of the Novo Mercado of B3, as well as the general rules issued by the Comissão de Valores Mobiliários ("CVM"), without compromising the investments necessary for the continuity and development of the Company.

Any questions about the provisions of this Policy, the regulations applicable by CVM or by other national and foreign bodies to which TIM is subject should be clarified with the Company's Investor Relations area.

2 – PURPOSE AND SCOPE

The purpose of this Policy is to allow shareholders, investors and other interested parties to better assess the Company, for the purposes of making investment decisions and other transactions with the Company, contributing to the generation of value and reduction of the Company's funding cost.

The allocation of results must respect the economic-financial characteristics of the business – cash generation and investment needs – and be available for the information of all interested parties, shareholders and investors.

This Policy was designed to regulate the possibility of distribution of results to shareholders without compromising the investments necessary for the proper pursuit of the corporate purpose by the Company.

3 - AUTHORITY

Along with the financial statements, the Company's corporate bodies will submit to the Annual Shareholders Meeting a proposal on the allocation of net income for the previous fiscal year.

4 - DESTINATION OF RESULTS

Net profits will have the following destination:

- (i) 5% (five percent) for the legal reserve, until reaching 20% (twenty percent) of the capital stock; and
- (ii) The shareholders are guaranteed the right to receive an annual mandatory dividend of not less than 25% (twenty-five percent) of the net income for the year, reduced or increased by the following amounts:

- The amount allocated for the establishment of the legal reserve;
- The amount allocated to set up provision for contingencies and reversal of this provision set up in prior years;
- The Amount stemming from the reversal of the unearned income reserve set up in prior years, under the terms of article 202, item II of Law 6404/76; and
- The amount allocated for the tax incentive reserve of a portion of net income arising from government donations or subsidies for investments, which should be excluded from the calculation basis of the mandatory dividend.

The net income balance not allocated to the payment of the mandatory minimum dividend shall be allocated to a supplementary reserve for the expansion of corporate business, including, but not limited to: investments in infrastructure, and in the development of products and services. The reserve provided in this Paragraph Two shall not exceed 80% (eighty percent) of the capital stock. Once that limit is reached, the Shareholders' Meeting shall decide on the destination of the balance, either distribution to shareholders or capitalization.

Upon proposal of the corporate bodies, ad referendum of the Annual Shareholders Meeting, the Company may pay or credit interest on capital as provided under paragraph 7, section 9 of Law No. 9,249/95 and applicable laws and regulations, which can be deducted from the mandatory dividends under section 202 of Law No. 6,404/76, including on the basis of interim financial statements, half-yearly, quarterly or monthly, provided under these By-laws, by resolution of the Board of Directors.

The authorization stated in the paragraph above, is equally applied in case of any statement of dividends or interim interest on capital, account of retained earnings or account of profit reserves existing.

5 - RULES ON DIVIDEND DISTRIBUTION

The Company is obliged under the Corporate Law and the Bylaws to hold an Annual General Meeting by the fourth month subsequent to the end of each fiscal year in which, among other matters, the shareholders shall decide as to the distribution of the annual dividend. The payout of annual dividends is based on the audited financial statements for the immediately preceding fiscal year. The holders of shares on the date on which the dividend is declared shall be entitled to receive the dividends

Pursuant to the Corporate Law, the annual dividend must be paid within 60 days from its declaration unless the shareholders shall decide upon another date for payment. However, irrespective of circumstances, payout must occur prior to the end of the fiscal 5 year in which the dividend has been declared. The Company's Bylaws do not establish that the amount of the payment shall be restated for inflation.

The Company's Board of Directors may declare interim dividends or interest on capital for account of profits recorded in the semi-annual balance sheet. In addition, the Board of Directors may determine the raising of balance sheets for periods of less than six months and declare dividends or interest on capital on the basis of profits recorded in these balance sheets, conditional on the total dividends paid in each semester of the fiscal year not exceeding the amount of the capital reserves pursuant to the first paragraph of Article 182 of the Corporate Law.

Brazilian companies are authorized to pay interest on capital limited to the holders of shareholding stakes and to consider such payments deductible for the purposes of corporate income tax and also for the effects of the social contribution.

The deduction is limited to whichever is the higher between: (i) 50% of the Company's net income (after deduction for social contribution and prior to considering the said distribution and any other deductions with respect to income tax) for the period with relation to which the payment is effected; and (ii) 50% of the accumulated profits of the Company.

The payment of interest on capital is made as an alternative to the payment of dividends. Interest on capital is limited to the variation on a daily pro rata basis of the Long Term Interest Rate. The amount paid in the form of interest on capital, net of income tax, may be incorporated as part of the amount of the mandatory dividend.

Toda proposta da administração sobre a distribuição de dividendos e/ou juros sobre o capital próprio deverá levar em consideração as disposições da lei aplicável, do Estatuto Social, além de outras variáveis como os resultados da Companhia, existência de reservas previstas em lei, as obrigações por ela assumidas perante seus credores, necessidade de caixa, sua condição financeira, perspectivas futuras dos mercados de atuação da Companhia, investimentos para manutenção e oportunidades de expansão.

Any management proposal on the distribution of dividends and/or Interest on capital must take into account the provisions of applicable law, the Bylaws, in addition to other variables such as the Company's results, existence of reserves provided for by law, obligations assumed by it to its creditors, cash requirements, its financial condition, future prospects of the Company's markets, maintenance investments and expansion opportunities.

In accordance with the applicable legislation, the Company is obliged to pay shareholders an amount sufficient to ensure that the net value received by them in the form of interest on capital, discounting the payment of withholding tax, plus the value of the declared dividends, is equivalent to at least the amount of the mandatory dividend.

6 - LIMITATIONS ON THE RIGHT TO DIVIDENDS

Shareholders have a timeframe of three years to claim dividends (or payments of interest on capital) with respect to their shares as from the date on which the dividends or interest on

capital has been placed at their disposal, after which the unclaimed dividends or interest on capital shall revert in favor of the Company.

7 - CUSTODY AND PAYMENT

The payment of amounts due shall be undertaken in accordance with the custody of shares as described below:

(i) Shareholders holding American Depositary Receipts (“ADRs”): payment shall be made to B3, which will pass on the amounts directly to the depository bank abroad in operation in the period. It shall be incumbent upon this institution to pass on such amounts to shareholders within an average period of 10 days as from payment in Brazil;

(ii) Shareholders whose shares are deposited under the fiduciary custody of the B3: payment shall be made to the B3. It shall be incumbent upon that institution to pass these amounts on to shareholders through the stock broking depositors;

(iii) Shareholders whose shares are deposited under the fiduciary custody of Banco Bradesco S.A.: payment shall be made by Banco Bradesco through credit made directly to the respective checking accounts, provided that their master records and bank details are duly updated with Banco Bradesco; and

(iv) Shareholders that do not fit into the foregoing items should contact the Company's Investor Relations department on “CONTACT TIM S.A.”, available on the website ri.tim.com.br.

8 - FINAL PROVISIONS

This policy was approved by the Company's Board of Directors on July 26th, 2021 and became effective on the date of its approval.
