

CONFERENCE CALL

Held on May 6, 2026, at 10:00 a.m. BRT / 9:00 a.m. U.S. EDT

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CORPORATE PARTICIPANTS

- ▣ **Alberto Griselli** – Chief Executive Officer, TIM S.A.
- ▣ **Andrea Viegas** – Chief Financial Officer, TIM S.A.
- ▣ **Vicente Ferreira** – Investor Relations Officer, TIM S.A.
- ▣ **Luiza Macedo** – Investor Relations, TIM S.A.

CONFERENCE CALL PARTICIPANTS

- ▣ Gustavo Farias – UBS
- ▣ Luis Chagas – XP
- ▣ Maria Clara Infantozzi – Itaú BBA
- ▣ Rogério Araujo – Bank of America
- ▣ Phani Kanumuri – HSBC
- ▣ Mathieu Robilliard – Barclays
- ▣ Marcelo Santos – JP Morgan
- ▣ Silvio Doria – Safra
- ▣ Daniel Federle – Bradesco BBI

PRESENTATION

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

From first quarter 2026 financials, I want to highlight a service revenue growth of 6.5% year-over-year, driven mainly by mobile and supported by continued improvement in fixed. Mobile service revenues grew 5.6%, confirming the resilience of our core business. Profitability also evolved positively EBITDA grew at a solid pace and the EBITDA after lease increased 7.8%, reflecting efficiency initiatives and disciplined cost management.

At the same time, operational cash flow grew 16.8%, reinforcing the strength of our cash generation. These results reflect consistent choices around commercial discipline, cost control and capital allocation. To provide further insight, let's discuss our recent mobile performance. Postpaid remains the main contributor to broad. In the quarter, postpaid revenues increased 7.5% year-over-year supported by customer base expansion and disciplined monetization.

We continually adjust our go-to-market strategy to achieve balanced growth and profitability, attract suitable customers, manage churn and offer sustainable propositions. In prepaid, revenues are still contracting year-over-year. But since a part of this loss is have inflicted by pre-to-post migrations we see for now stabilization in the base of the client is a good news.

We continue to work on prepaid offers to better monetize them while improving the customer journey. Our 3B strategy best network, best offer and best service continues to drive our consistent performance in mobile. In best network, we are advancing network swaps in Brasilia and Belo Horizonte, modernizing over 1,400 sites and benefiting



3 million customers with upgraded 5G. These upgrades improve capacity, quality, operational efficiency, and strengthening the foundation of our mobile business and an AI support network.

Under best offer, our Big Brother Brasil sponsorship supported brand engagement and commercial traction during the quarter, translating visibility into tangible business impact. And in best service, the Meu TIM app remains central to our digital strategy. The app reached 18.4 million monthly unique users and expanded its role in customer interaction, sales and recharges contributing to a more efficient model.

Our 3B strategy will continue to be developed to deliver results in the mobile core, while we also seek new revenue opportunities set through partnership. At the end of the quarter, we closed a partnership with PicPay, the third largest digital bank in Brazil, marking our return to financial services through an ecosystem-based model. This partnership brings together two strong brands and massive reach platforms to build a unique value proposition for clients with the potential to create significant value for both companies.

PicPay brings scale with 67 million accounts, BRL550 million in consolidated TPV and strong engagement in digital payments. By joining forces, we aim to enhance customer engagement, increasing interaction frequency and create cross-selling opportunities through simple, fully digital journeys ultimately delivering a more complete and integrated experience.

Next, I'd like to turn to broadband and share recent developments. In first quarter 2026, the fixed business continued to show operational improvement -- revenues were up for the second consecutive quarter, supported by ARPU growth and by fourth consecutive quarter of positive net additions. These results reflect better execution, improved sales quality and a more disciplined commercial approach in selected markets. If broadband is a game of consolidating our recovery, B2B is about acceleration and delivery. As you all know, B2B has become a key pillar of our strategy to diversify revenues and expand beyond traditional connectivity.

Our focus continues to be on connectivity-led solutions, particularly network asset services and IoT across verticals such as agribusiness, utilities, logistics and industry. In the quarter, contracted revenues reached approximately BRL1.1 billion, representing 30% year-over-year growth. This performance reflects both new projects and the scaling of existing contracts supporting by our capillarity, technical expertise and disciplined execution.

A relevant milestone this quarter was our partnership with together, we will implement the first hydropower plant in Brazil with 5G connectivity. This project illustrates how advanced connectivity can support safer operations higher efficiency and new digital use cases in critical infrastructure, reinforcing our position in utilities and energy.

Another strategic step was the acquisition of V8. This transaction adds capabilities in cloud, data, analytics and digital solutions, along with strong relationships across corporate accounts by combining the expertise team scale and connectivity assets, we expand our ability to deliver more integrated solutions and accelerate cross-selling opportunities.

Since we are talking about technology, I want to give you an update on our artificial intelligence initiatives. Our AI program is becoming increasingly more transformative for the company, changing the way we do our daily activities, the way we hire and manage our people and the way we plan and roll out our products. We are adopting generative AI and other AI-based solutions across the organization to run a range of tasks with varying levels of complexity. Productivity gains are becoming more pronounced.

Early results in areas such as IT show gains of above 20% in software development, faster cycles, lower IT costs and improved system performance are supporting the first phase of a long-term transformation. Additionally, we are expanding our partnership with Google and Microsoft to deploy AI solutions across the entire organization while managing token usage through FinOps approach.

Looking ahead, our priorities remain clear. We will continue to strengthen our mobile business by improving network quality, evolving our offers enhancing service while expanding our ecosystem through partnership. We will sustain operational improvements in broadband. And in B2B, we will continue scaling capabilities through connectivity and integration.



The first quarter of 2026 demonstrates our unwavering commitment to progress, innovation and disciplined execution. We are building sustainable value step by step, and we are well positioned to seize future growth opportunities. Thank you for your continued trust and support. And now let's move to the live Q&A session.

QUESTIONS AND ANSWERS

Operator

Next question, Gustavo Farias – UBS

Gustavo Farias – UBS

On my side. So the first one about V8 Tech and B2B in general. What could we expect on this line in terms of growth going forward? Just a consultation. Is this line already embedded in the guidance for the year. And well, or thinking about both organically or inorganically going forward? The second question, if you could comment on about margins, okay? How you're seeing the pace of margin expansion going forward. So in the quarter, we've seen some headwinds on OpEx. So if you could help us separate what are the recurrent effects from the seasonal or one-off effects, maybe roaming costs, maybe renegotiation of contracts with our companies, it would be very helpful.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

Gustavo, thanks for the question. So let me address the first one and then I will hand it over to Andrea for the margin expansion. So when it comes to our revenue growth, as we outlined in our strategic plan in the beginning of February, we got three vectors to support our revenue growth going forward. We got clearly the mobile core business, the broadband expansion and the B2B expansion.

So the B2B expansion -- the B2B vertical has been growing overall over the last years at a double-digit rate. Clearly, our base is relatively small within our total revenues, but the growth has been going forward at a double-digit rate. And we expect this to continue in the coming quarters. Clearly, this year, we have the -- we finalized the closing of V8 in January. And therefore, we have the V8 contribution starting in February.

So we have around BRL40 million already in our numbers for February and March this quarter. And V8 is also on a growth trajectory. And so we expect to contribute to the double-digit growth, but on a larger base. And to your question, if this is included in our guidance yes, the answer is yes. It is. Okay. Gustavo. If it's clear, then Andrea, I can address the margins for you.

Andrea Viegas – Chief Financial Officer, TIM S.A.

Gustavo, related to the margin. This quarter, we have some pressure in OpEx, as you see, we have to major impacts. One is in the connection. And in the connection, we have two impacts international roaming seasonal impact. We always have this in the first quarter in our interfinancial costs.

So this quarter is the higher one. The second is the end providers. Providers we mentioned before, we launched the control plans with the stream in the beginning of last year, and the cost is a result of the growing of this plan.

The second effect is in the debt. By debt, we have a higher level than the previous quarter. We have more pressure in the bad debt. This is related even to B2C also and to be it would be a consequence of our environment. And for the second quarter, we expect to continue to the pressure especially because we have a price up in the first quarter.

Related to the towers, ATC, as we announced in the last quarter, we have renegotiation with American Tower. We negotiation impact several lines was a structure where you're going to negotiation. We're talking about more than 8,000



towers and more than 40 contracts. One of the impact -- we have impact in the reduction of our debt reduction of the lease, we also have a change of the rate. So we have several effects.

One of them is a one-off in this quarter, is related to the deferred revenue, but is in other expense. When we sold our towers to American Tower around 40,000 towers. We received BRL900 million. This gain was deferred during the period of the contract, around 20 years. When we renegotiation with American Tower, this quarter related to this sold also was included and this period was reduced in about two years, and an average of two years.

So with two years less, we have the positive impact of less time to defer this game. So this is the impact that we have in this line of other income. We have another impact in the lease, another positive impact in the lease referred to incentives. So as I mentioned, we have several impacts to relate to -- several positive effects related to American Tower. I'm sorry, that was a long explanation, but I don't know it was clear, but...

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

I can add one point in terms of margin expansion. So clearly, we are going to expand our margins in the coming quarters. And you have, as Andrea said, something seasonal or something that is more related to the macro environment or the price up like bad debt, and at the same time, there are a number of initiatives that we are working on, on leases and on cost to keep optimizing the productivity of our company.

Gustavo Farias – UBS

Thanks for the answer. Just a follow-up, if I may, related to how we could think about margins or margin impact coming from this consolidation of V8 Tech, assuming different margin profile potentially more dilutive than the overall connectivity business. Is that correct to assume?

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

Yes, it's correct. I assume. So V8 is dilutive in terms of it's not coming with an EBITDA margin like the mobile business. but is accretive on the bottom line. So at the end of the day, on the EBITDA margin, you have a dilutive effect because it is specific of the business. So your assumption is correct.

Operator

Next question, Luis Chagas – XP

Luis Chagas – XP

So from my side, I have two questions. So the first one is how do you perceive the coverage competitive landscape in mobile -- and the second question regards -- your fiber results have been improving sequentially. Would you consider M&A or JVs to accelerate growth in this segment? And how do you see the current environment in terms of M&A opportunities.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

So let me start with the competitive landscape. So the competitive landscape, it's constructive and on above the line broadly rational. Of course, there are a number of discussions because this rationality goes up and down, and there was some, let's say, noise in in this first few months of the year. But overall, it remains rational.



So I think that there are a couple of milestones that happen already and some that needs to happen. And so the first one that I think it's a good development. is the pure postpaid in the front book. So just to remember everybody the pure postpaid remain roughly unchanged during the course of 2025, with the exception of some -- one competitor increased it and two of us didn't do it. And so it's good news that this year, a few weeks ago, we increased our enterprise and clearly, all the other plants of around BRL10, so we moved from BRL120 to BRL130.

One of our competitors already implemented the front book adjustment, I think, in February, and the third one moved along a few weeks ago also moving the entry point from 120 to 125. So this, I think, is a good message in terms of market rationality. And it's above inflation in general.

When it comes to the next milestones took for is the control, so the hybrid plan. So the hybrid plan is something that we did last year around June, and we are planning to -- we are assessing to implement this again this year. for the third quarter, let's say, in a safe mode in terms of hybrid plan. And we would expect that it's something that everybody is considering. And so I got a positive outlook in my mind related to this.

On prepaid, I think that we are considering a number of options to make it balanced because if you move up control, then there is something to be considered to be done in prepaid, something that's already been implemented on our side below the line and we are looking at opportunities to do this in a more for more approach on the ATL front as well. So this is for the competitive landscape. If it's okay, Luis, I will move to the other one.

So when you move to the fiber, I think that our priority now is to come to the closing of I-Systems that is pretty close and the integration of I-Systems in our operation. This will further support our organic plan because we're going to have control of the network in some key markets like Rio de Janeiro and São Paulo. So this is a short-term priority related to the fiber. So the incorporation of the I-Systems deal in is going to close pretty soon. And in terms of nonorganic, I think here the question is, we have been analyzing opportunities.

We are analyzing opportunities. It's a mixture between strategic value, a commercial value and the impact on our whole P&L and cash flow projections. So we are looking for an accretive deal if this needs to happen. So we are assessing, but there is nothing defined yet. I don't know if Andrew, you want to add something on the broad. No, it's okay. Luis, good for you.

Operator

Next question, Maria Clara Infantozzi – Itaú BBA.

Maria Clara Infantozzi – Itaú BBA

So I have two questions from my side. The first is related to AI. It's called our attention the focus of your speech in the potential profitability expansion coming from AI and the opportunities in terms of growth in the report. So can you please elaborate more how we should think about the opportunities coming from AI going forward?

And the second question is related to the PicPay partnership announcement. Can you please elaborate more on how should we think about this partnership? What is the opportunity here and the potential going forward?

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

With PicPay, and then we'll hand it over to Andrea for the artificial intelligence and general productivity. So PicPay is a partnership that feel a spot in our customer platform strategy related to the combination of telco and fintech. So as you guys recall, we already had an initiative that has been running for years with a previous digital bank.

And we consider that as accretive to our revenue and cash flow generation. And that was an equity partner, PicPay differs saying the fact that we are in a different phase of the market and the partnership is commercial. The idea is pretty simple. So we want to create a value proposition for our customers and PicPay customers that is better than



the stand-alone value proposition and the cross upsell our customer base is generating revenue growth or commission payments and loyalty because we know that when we cross upsell different packages to our customers, they tend to be more loyal. That's improved.

And at the same time, to develop lower customer acquisition cost channels. For prepaid to cross upsell on our customer base and vice versa. So this is the idea behind the partnership. We're going to work with the two different brands. And so we are associated the rents in the value proposition to our customers. And we are looking for a commercial launch in the third quarter of this year.

Andrea Viegas – Chief Financial Officer, TIM S.A.

Maria Clara. Related to AI opportunity. As you know, we are working for the past two years. Now we are expanding the adoption of rolling out to agents in the key verticals. And we defined Copart call center and net operation, netoperation special in the past part of maintaining. And also, we are using agents to help some staff parts like legal areas, human resource and also the fiscal area, and we are now starting using agents also to collect.

And so we are seeing the benefits it's not a game change, but it's showing -- we are seeing impact -- positive impact. And our expectation is this continues to improve and improve our productivity. But we are doing, we're very careful because all these initiatives need CapEx, and we only saw the initiatives when the counts positive. So that's why I mentioned, it's not a game change, but there's a continuous improvement in our productivity.

Operator

Next question, Rogério Araujo – Bank of America.

Rogério Araujo – Bank of America

Alberto, Andrea. I'll offer the opportunity. I have a couple here. First one is on other operating expenses and revenue line. where you recognized the gains with American Tower, there is also higher legal provisions of BRL115 million this quarter versus an average of BRL55 million in the past couple of years. If you could please talk about the potential recurrency of this incremental provisions and the reason for that?

And second question is regarding leases. Is there a strong potential for further lease renegotiations going forward? Or most of that has been done. If you could also say like, for example, American Tower, have you done already all the contracts have been renegotiated, same for for IHS -- so if you could talk about that.

And also on leases, there is an incentive included in lease payments of BRL66 million this quarter. Will that amount remain over upcoming quarters, maintaining the level of lease payments or this one-off and linked to quarterly renegotiations. So if you could also talk a little bit about this recurrency.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

Rogério, let me start with the leases with a general view and then we'll pass to Andrea for incremental information on the lease and the other question. So when you look at the leases Basically, we are working with three main approaches to keep optimizing our cost. Remembering that the cost, they suffer an increased pressure that is coming from network expansion and inflation. And in order to control this driver of cost increases, basically, we are working on different approaches.

The first one is the negotiational approach, like the American Tower one, the deal that we closed with the under renegotiation that we finalize with them. And the second one is the IHS that you mentioned, whereby basically we make on a -- we go on a make versus lease approach. And the third one is sharing with other competitors. And so what is the status on each one of them.



When it comes to the negotiation approach we've finalized the negotiation last year and the benefits are appearing from this year onwards. We still have a couple of negotiations ongoing with other partners. And this will be information that will release in the coming quarters if we meant to finalize the negotiation and the impact is going to be similar in logic to the American Tower one.

The make versus lease approach is going to be implemented over time. And therefore, we substitute leases with CapEx and the overall economic analysis, it is positive for the CapEx one. And this primarily is going through the objective of towers in area where a tower company have led interest because there is less ability to have two tenants, like, for example, some of the regulatory coverage and the B2B segment. And we also develop an ultra cost solution that optimize our CapEx investment.

And the third one is the more medium-term approach that is related to the sharing that we are discussing with one of our competitors we did some progress, but we can enlarge the scope of this agreement, both in terms of number of the competitors and the scope within the competitor we are working with. But I would say that this is going to kick off more in the medium term because it needs time to be executed because basically, you need to optimize and move electronics from on tower to another. So it takes a bit more time. So this is for the general approach in terms of lease control management.

Andrea Viegas – Chief Financial Officer, TIM S.A.

Rogério, complemented the leasing information that Alberto said we have a one-off of BRL65 million payment in lease. This is also a reflect of ATC agreements. As I mentioned before, we have several impacts. So this is a one-off and was in this quarter. What we have with ATC that is recurring is the downsize in the lease that we have with them. So this will be a recurring impact.

Considering the other income that you're asking, so we have a positive one-off that was ATC also that explained was the deferred revenue. and we have some impact also impact in the provision, a provision increase is a normal course of analysts that we have and it also is a one-off. So you can expect that in the second quarter, this line will be -- we will return the packs that we nonenhave. I don't know if I addressed.

Operator

Next question, Phani Kanumuri, HSBC.

Phani Kanumuri – HSBC

The first one is on what is the reaction from the customers after you had increased your prices this quarter? Are you seeing an increase in churn. And the second one is regarding the recent 700 megahertz auction, how does that change your competitive scenario in mobile?

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

Let's start with the churn one, Phani. So as we mentioned in the previous call, we executed back book prices in between the first quarter, second quarter. So the impact on churn, it's expected. And Basically, this year, we noticed a smaller increase in the voluntary churn that is slightly higher versus the previous quarter, but it's still in the range of 0.8%. This is the number that we shared with you guys in previous earning calls, but there was an increase in voluntary churn, that then is reflecting also a bit in the context of the macroeconomic in the bad debt.

So generally speaking, this impact is higher in the first quarter and then tends to phase down in the second quarter. And so this is what we are going to expect going forward. And the end of April is already showing some sign of this



trend happening. At the same time, you see that the effect is more pronounced in our postpaid net additions in January.

That was a lower number was 30,000, then it moved up to 50,000 in March, it's moving up to 80,000. We closed -- April is going to be higher than 80,000. So basically, we are ramping up back to post price up impact.

When it comes to -- this is for the first question, Phani. When it comes to the 700 megahertz frequencies, this frequency sort of crystallized a situation whereby some of our competitors are -- so this frequency, I don't know if you guys remember, there's already been assigned in secondary use to the small ISP last year. So some of them are already using this frequency to provide voice services or extend 5G services to their customer base.

So from a practical perspective, these frequencies are already being used and therefore, the auction crystallized the use from a secondary use to a primary use. As the press has been reported, connects is the association of the mobile operators and telecom, which is the association having a number of objections related to the way the auction is being carried out, and so there are legal proceedings happening related to the overall auction mechanisms and clear results.

Operator

Next question, Mathieu Robilliard, Barclays.

Mathieu Robilliard – Barclays

I had a few questions. The first one was on energy costs. I understand you do not disclose energy cost, but obviously, there's quite a bit of volatility in some of the prices at least globally. I also understand that you have long-term agreements, but maybe if you could give us a bit of color in terms of what potential impact we could see if the situation stays as it is or deteriorates. Are you hedged in long-term contracts, that would be helpful.

The second question was on power, just a follow-up. Can you clarify if you have the caps on inflation for your leases? And the third one was a bit broad on D2D (direct to device). Obviously, we're seeing a lot of players launching D2D services across different countries. I think you guys also have an agreement with one of the potential providers? Just wanted to see how interesting you thought this vertical could be in Brazil.

Andrea Viegas – Chief Financial Officer, TIM S.A.

Let's start with energy. We don't disclose very much the energy cost. But we work with three lines of earnings. We have the normal contract the open market, and we have the -- what we call "mercado livre" when you buy a package, and we have the third one that is, how to say, farms of energy plant for renewable generation. So -- with these energy plans, we have long-term contracts, and this also is included in our lease costs.

So it is this energy plants give us a very good gain and protect us to the energy with the open market. In Brazil, we have a lot of impact related to rains and what we call red flag here, but because the government that consider this tariffs. So the energy plans protect us to this kind of a lack of predictability. So we are starting to invest in the energy plan three years ago. And now we have half of our costs are managed in this kind of plant that is also one-off pressure that we have in leasing, but we have a positive impact between the general cost of energy.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

And Andrea, just to complement, Matt, there is an important initiative that we launched last year, which is called auto generation, whereby we will extend this predictability, this control in a wholesale agreement to a larger proportion of our overall energy consumption. And this project, it's in the process of being implemented. And so the expectation is going to be live by the end of -- basically in the fourth quarter this year. So we're going to be further hedged versus price -- potential price increases.



Yes, there is -- sorry, on this, there is a gasoline that runs on generators as a backup solution, and we made sure that we provided some spots a safety buffer for months to come.

Mathieu Robilliard – Barclays

Okay. So if I got it right, about 50% of your volume consumption. I don't know if it's the cost, but it's basically under the energy place, and that will increase throughout the year, above 50%.

Andrea Viegas – Chief Financial Officer, TIM S.A.

Yes. Related to the tower inflation. We have -- all the contract is -- have inflation rates, we have the impact. What we work very hard, and our goal is always have to increase the inflation. Putting in other words, we observed the impact of the volume because we have more towers related to the expansion of our network, but we -- our goal is to increase is at maximum, the inflation of the year. So we observed the volume driven.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

And for the satellite, D2D solutions, so this is clearly something, Matti, that we see as interesting in a continental country like Brazil, because clearly, as of operators, we provide coverage to a limited surface area within the country. And, therefore, it's something that is potentially interesting. Now the point is that while from fixed broadband, the product is up and running and it's something that is already gaining share in Brazil for the same reason of continental coverage.

The D2D solution, we understand that in the current format, it's a niche value proposition. And therefore, here, I think that the big question is the cost of this sort of agreement versus the benefits that we'll deliver to the value proposition. So this is something that we are looking at because today, it's basically -- and if you look at the launches in many markets, it's something that is very specific, very segment in remote areas with text like sort of capabilities, this is going to change in the years to come, so it will become more appealing. And therefore, I would guess that the cost benefit analysis are likely to change over time.

Operator

Next question, Marcelo Santos – JP Morgan.

Marcelo Santos – JP Morgan

The first question is regarding the higher delinquency -- you said that you expect this to continue in the next quarter. Would that prompt a more cautious analysis and potentially a slowdown in postpaid adds as you seek to control this because we saw the bad debt, we also saw the NPLs, the 1 to 30 days NPLs that had a big increase. So just wanted to understand how you're going to react to this.

And the second question is a bit more technical is about the deferred revenue regarding the renegotiation with ATC. When you look at that line, like in the past, you always had a certain revenue on that line. So it's just a part of the BRL83 million that is known kind of one-off-ish like you're going to continue to have a level but below? Just wanted to understand how this BRL83 million going to go forward, given that you had this in the past.

**Andrea Viegas – Chief Financial Officer, TIM S.A.**

Marcelo. Related to the debt, as I mentioned, yes, we are seeing more pressure of the debt in this quarter. a consequence of a deterioration of payment of our customers, B2B and also B2C -- more B2C. What we -- I mentioned that respect the pressure continue because we have the price up the first quarter. So as a consequence, as always, we have the price consequence, we have bad debt continues. The -- you mentioned another thing about the debt.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

On the bad debt, let me just use another piece of information. So Marcelo, basically, how we deal with it. So the basically because it's a credit. It was talking about the grade. So you have a number of different mechanisms to control it.

And clearly, the credit analysis is one of them. And then there are also some offer construct you can think of like really more on clients on credit cards, for example, on prepayments. So there are a number of things that we are implementing already and assessing to cope with the current scenario. Just to finalize on this.

Andrea Viegas – Chief Financial Officer, TIM S.A.

So related to the other -- when we sold the towers for American Tower, this gain was around BRL900 million was deferred during the period. So each month, a month since 2018, we have around BRL4.5 million in design. So this was for 20 years. beginning in 2018. When we make the agreement with ATC, despite of the contract, the contract related to the towers sold was reduced in around two years.

So this reduction of two years is the impact that we have now one that we have two years less, we recognize this around BRL80 million related to the 24 months that we -- because our contracts will end it sooner than we expect. So we recognize this in this one-off operation. I don't know if I address your --

Marcelo Santos – JP Morgan

So going forward, you should go...

Andrea Viegas – Chief Financial Officer, TIM S.A.

...4.2% because we also decommissioned some towers. So we will not be any more 4.5% will be around -- between 4% and 4.2%. So this will continue from -- as always. We always have just a BRL30 million impact each quarter related to this line. But this quarter, we have BRL30 plus -- around BRL87 something.

Marcelo Santos – JP Morgan

Okay. On the higher delinquency impact on growth. So I better understand that you have some options that you don't need to do and create an is, but is it reasonable to say you'll be a bit more cautious in adding -- like could we expect some pressure on ads or we cannot say that.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

No, I wouldn't say we couldn't say that. I'd say we're going to try to be more intelligent and selective. That, I would say, is rather than cautious. So if you look at our net additions, as a matter of fact, is performing well. So there are a number of initiatives always in place.



It's always a fine tuning. Marcelo, when you go to the migration or acquisition in terms of you explore different segments, you explore different payment mechanisms different offer construct. So basically, this is something that is going on and we're going to keep optimizing.

Now of course, the macro, it's unknown, it's uncertain. So we need to adjust our approach to the evolution of the macro environment. For example, the roll up plan, at the end of the day, can have a positive impact because it can release a bit of a pressure on the level of depth of families. And in general terms, what is happening is acquisition is improving bit by bit as we move month-over-month.

So this is something that has been and we highlighted in the presentation. So when you look at the big broader impact, our acquisition has been improving and this has been driving the net additions up in the first quarter and the churn has been dragging down a bit. And over time, the churn increase due to price up is going to slow down involuntary and voluntary and the acquisitions are likely to level off. But the acquisition side is improving a bit by bit.

Operator

Next question, Silvio Doria – Safra.

Silvio Doria – Safra

I have a question about Fistel. Fistel is going to be discussed at the STF this week. So what's the company expectation regarding the outcome.

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

Well, Silvio. We believe that we have, as we always said, a strong legal case it's good news that the Fistel is now to be started to be treated starting next week, the vote is going to start. We think that the discussion will take some months to articulate and move forward. What we think as a sector, we have a solid legal case in terms of the modulation of these tariffs related to the -- to their objectives. So let's see what it comes out the eight where the (inaudible) will put for order its point of view, and then there will be a discussion that will involve all the ministers there. We believe that it's going to drag some months yet to be addressed, hopefully, by the end of the year.

Operator

Next question, Daniel Federle – Bradesco BBI

Daniel Federle – Bradesco BBI

The first one is a follow-up on the competitive landscape, but more focused on the hybrid, the controlled segments that I understand is more relevant for revenue dynamics than the pure postpaid. By the same time last year, two of the three operators had already increased prices on in February the other one in the beginning of April. So far this year, no one has increased prices I would like to hear thoughts on why it's happening. That's a very important development for the sector. There seems to be some rationality. But so far, no price increase. So here your thoughts here?

And the second one related to client generated revenue that decelerated from 6.3% growth to 5%. I would like to understand if we should understand this as a deceleration trend or that's more volatility and should rebound going forward?



Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

So Daniel, let me go on the first one. So I would say that for the -- so -- let's see, so price up, you are right. They are quite important, especially of control. Not a lot in terms of the revenue they generate for that year, but basically, the alignment between front book and back book is something important for the sustainability of the more for more strategy. So this is, therefore, an important point.

And as for us, and then I will give you my reading for the others. As for us, we executed our adjustment last year, roughly in -- I think it was June after Mother's Day. So now we are in a promotional period at the Mother's Day, is sort of more for more strategy is going -- is likely to happen afterwards. So my view is that in our scenario -- current scenario, we are seeing this happening in the third quarter across the board. As for the reason in terms of why the other competitors didn't do it in February.

That was something that I mentioned in -- at the beginning. This market repair, the more for more strategy and this constructive approach, and it's already happened, by the way, in the past, they got ups and down, right? And so we already saw ups and downs in the past. Daniel, you follow the sector very closely. So you might remember that one of our competitor certain point implemented of more for more strategy in control and then it went back again. It depends on each company targets, strategy. So it's not like a linear thing.

I still think that, as a whole, my outlook in terms of this happening in the third quarter is positive. That I think if you ask the same question, we are guys going to have a more complete answer. But this is my view in terms of the overall process. It's never been linear in the past, and it's always ups and down and my outlook is that the -- this will unfold positively in the following months. At least, this is the intention on our side.

When it comes to the client-generated revenues, I would say that when you look at our revenue portfolio, you see that we have mobile. Now we said in February that we wanted to complement with growth from broadband and the B2B, this is happening. And we always say that mobile is hinged upon postpaid growth in terms of ARPU and customer base and to a lesser extent, a lower deceleration of prepaid, let's put this way.

And another thing, nothing of this has changed. What has changed in this quarter and you see that everything is accretive, mobile product, B2B and broadband. And when it comes to the mobile in specific, we always say that the almost double digit would have come down to a higher middle digit. And this is basically what is happening. So the mechanics and the engine remain the same with a slightly different intensity.

CLOSING

Alberto Mario Griselli – Chief Executive Officer, TIM S.A.

So guys, thank you all for joining today's video call. I want to thank the tireless efforts of our team for the consistent results and solid start of 2026. The environment is a bit more volatile. So we focus on execution as a critical element to our strategy. I look forward to meeting all of you in the coming days on the one-to-one and group meetings. Thank you, everybody.