

TIM Brasil Company Presentation

August 2021



TIMB
LISTED
NYSE

TIMS
B3 LISTED NM
ISE B3



Imagine as possibilidades

Disclaimer



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



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.



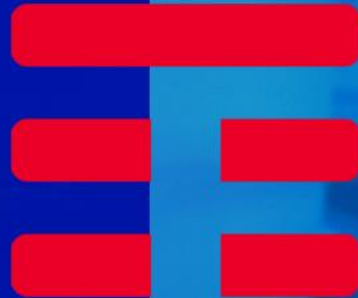
Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. TIM S.A. undertakes no obligation to release publicly the results of any revisions to these forward looking statements.



Financial results are presented considering impacts from IFRS 16 adoption.

The normalized numbers reported in this presentation are adjusted by the effects listed in the notes.





04 ABOUT US

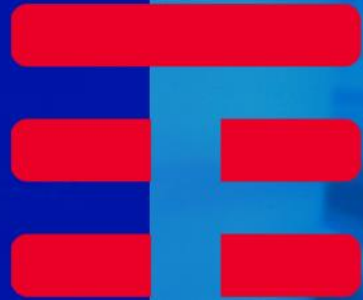
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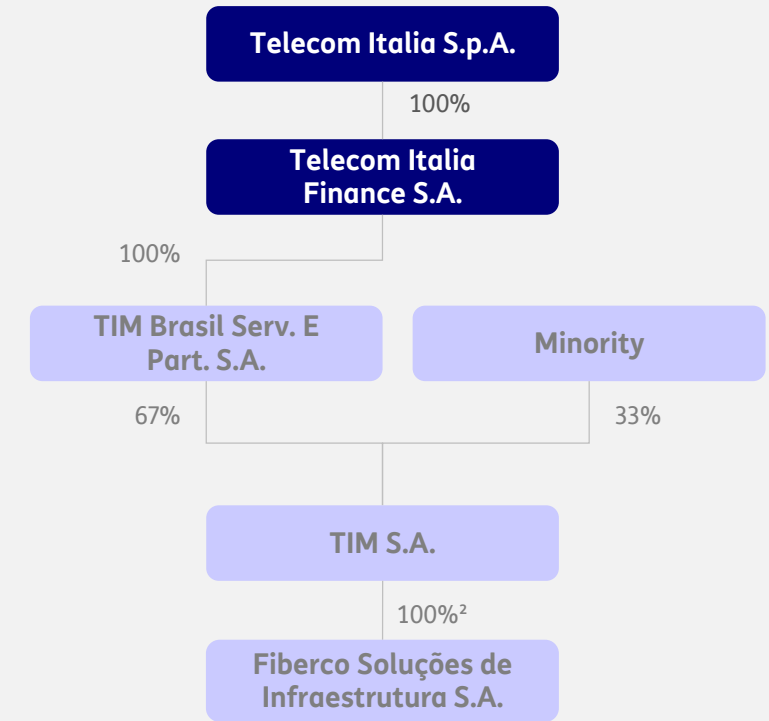


ABOUT US

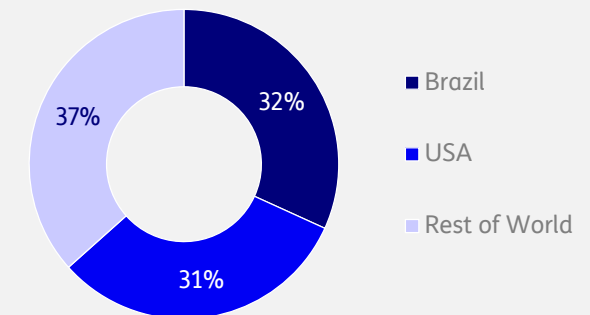
The Company in a nutshell

- Presence in Brazil since 1998
- Telecom Italia subsidiary (67% of shares)
- ISE (Corporate Sustainability Index) **member for 13 years**
- ~R\$ 28 billions of Market Cap
- Introduced the **first plan focus on data** for smartphones
- **Best and Wider 4G Coverage**
- **>100k km of fiber optical network** throughout the country
- **Strong legacy in prepaid**

SHAREHOLDERS' STRUCTURE



Shares (% of Free Float)



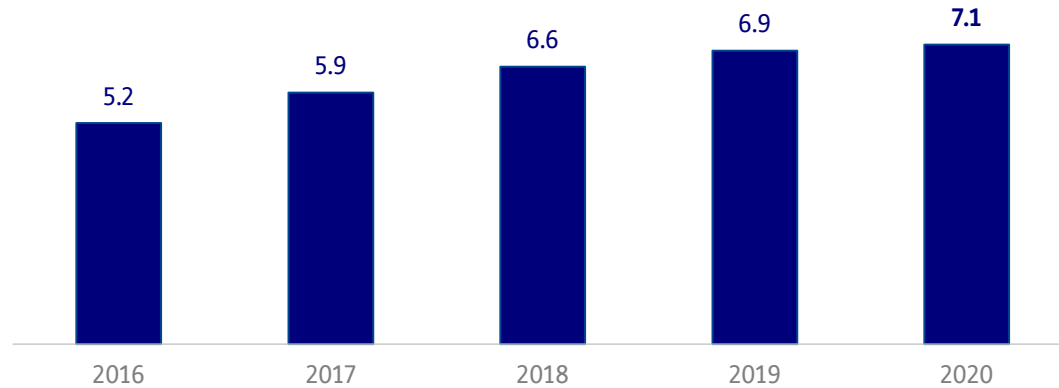
Solid results with sustainable growth



EBITDA¹

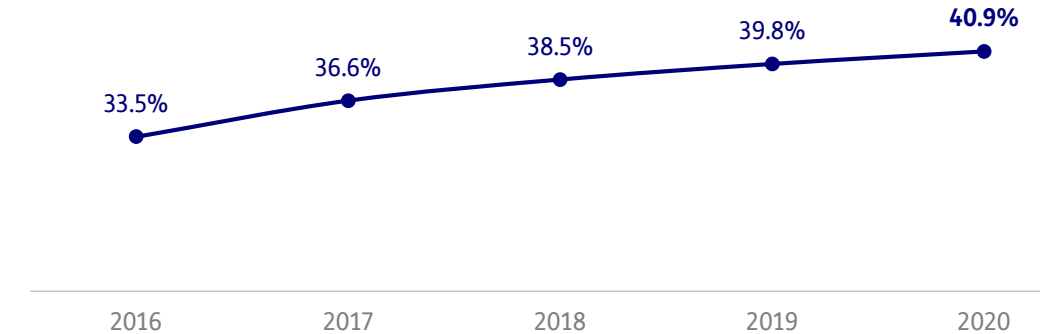
(R\$ bln)

+7.9%
CAGR



EBITDA Margin¹

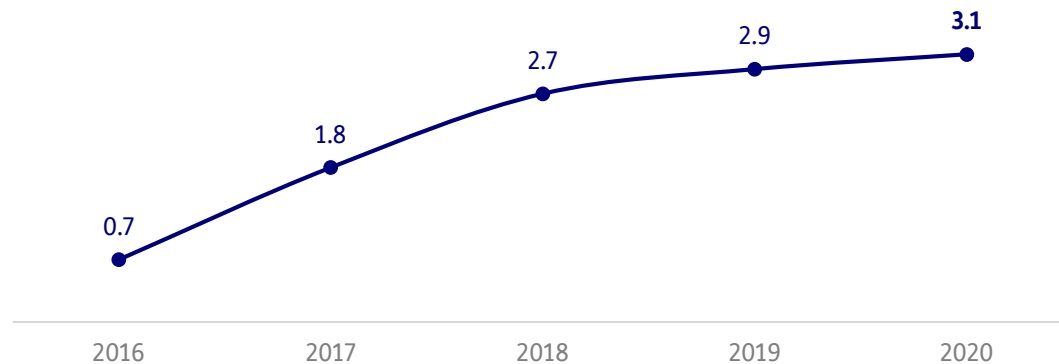
(%)



EBITDA¹ - CAPEX

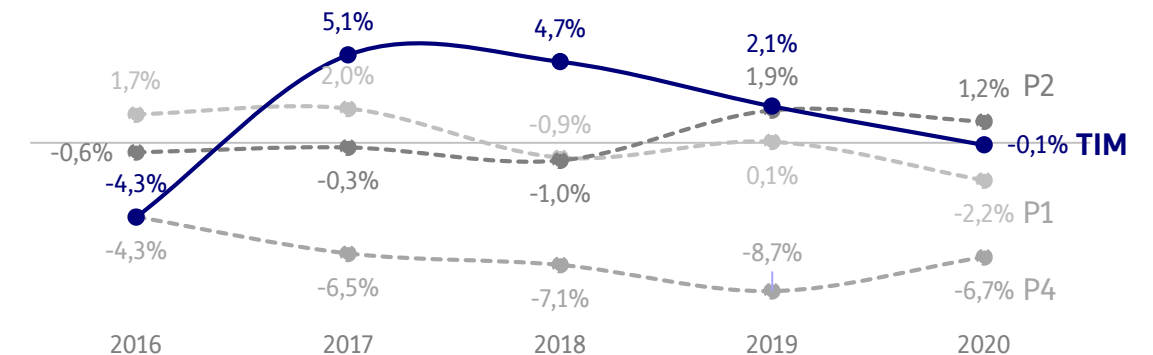
(R\$ bln)

+43.9%
CAGR



Net Service Revenues²

(Δ YoY)



Detailing Strengths and Countering Weaknesses



Ability to Grow Revenues

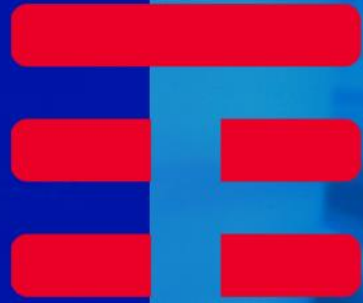
- **Net Service Revenues** growing in 16 of 17 quarters => CAGR (16-20) +3.2% vs. +2.5% (overall market)
- **Mobile ARPU CAGR (16-20): 8.5%**
- **30 quarter of TIM Live Revenues growing double-digits** => CAGR (16-20): +34.2%
- **TIM Live ARPU CAGR (16-20): ~12%**
- Resilient revenues with transformed revenues mix:
 - Postpaid: 45% (16') => ~65% (20')
 - Prepaid: 49% (16') => ~30% (20')
- **>85% of 4G penetration** on customer base from ~25% in 2016
- **Zero revenue legacy in pay-tv or fixed voice**

Efficiency & Capacity to Generate Cash

- **OPEX CAGR (16-20): -0.4% vs. +4.4%** (inflation¹)
- **19 quarters of EBITDA positive growth** => **CAGR (16-20) +7.9%** vs. +2.5% (overall market²)
- **TOP 5 EBITDA margin in the world³**
- **Low leverage** with zero exposure to FX
- **Net cash position** (ex-IFRS16) in 2020
- **~1 bln in dividend/JCP per year**
- Capex on revenues declining: **28% (16') => ~23% (20')**
- **EBITDA-Capex CAGR (16-20): 42.1%**

Tangible & Intangible Assets

- **Broadest and Best 4G coverage**
- **Solid infrastructure**
 - **>100k KM of fiber** (CAGR 16-20: +11.4%)
 - **>20k cell sites** (CAGR 16-20: +7.0%)
- **Leader in agribusiness IOT market**
- Strong brand: **TOP of Mind 2020⁴**
- **Solid ESG metrics:** Novo Mercado, B3 Sustainability Index, ESG S&P Index, etc
- **Employee engagement at 85% in 2020**

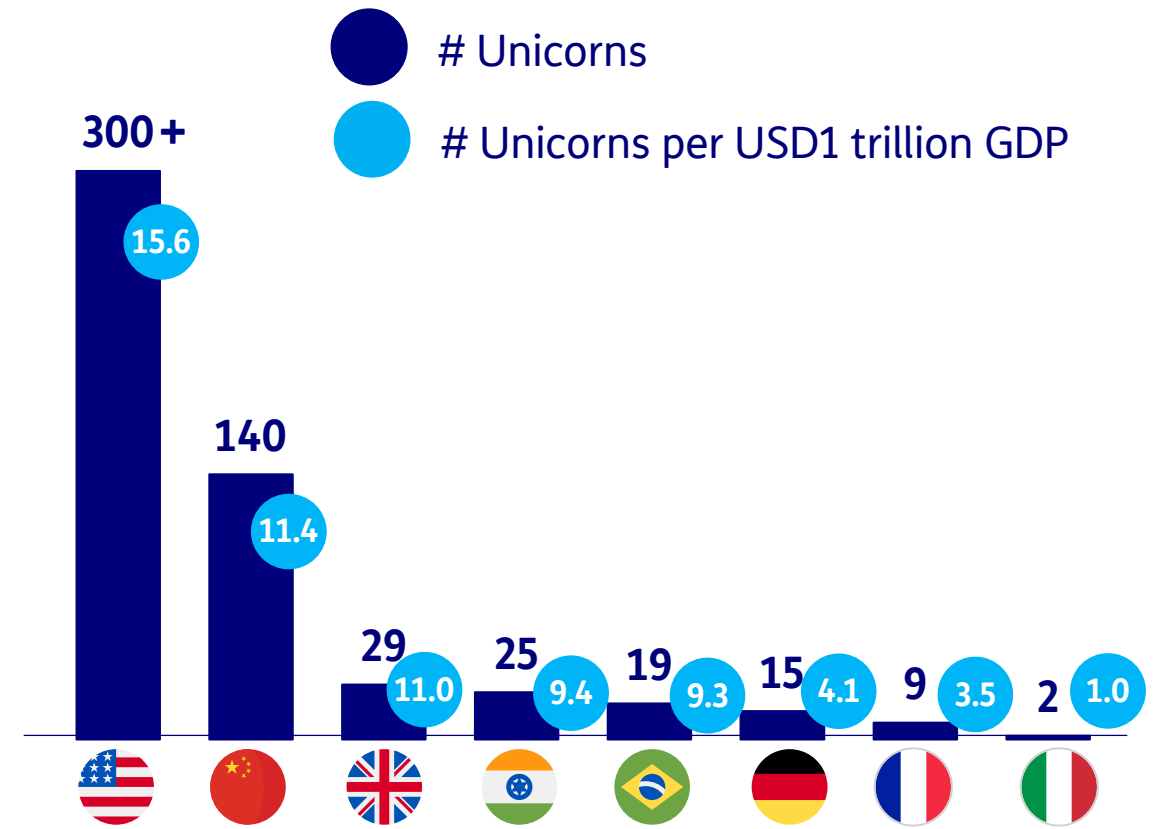
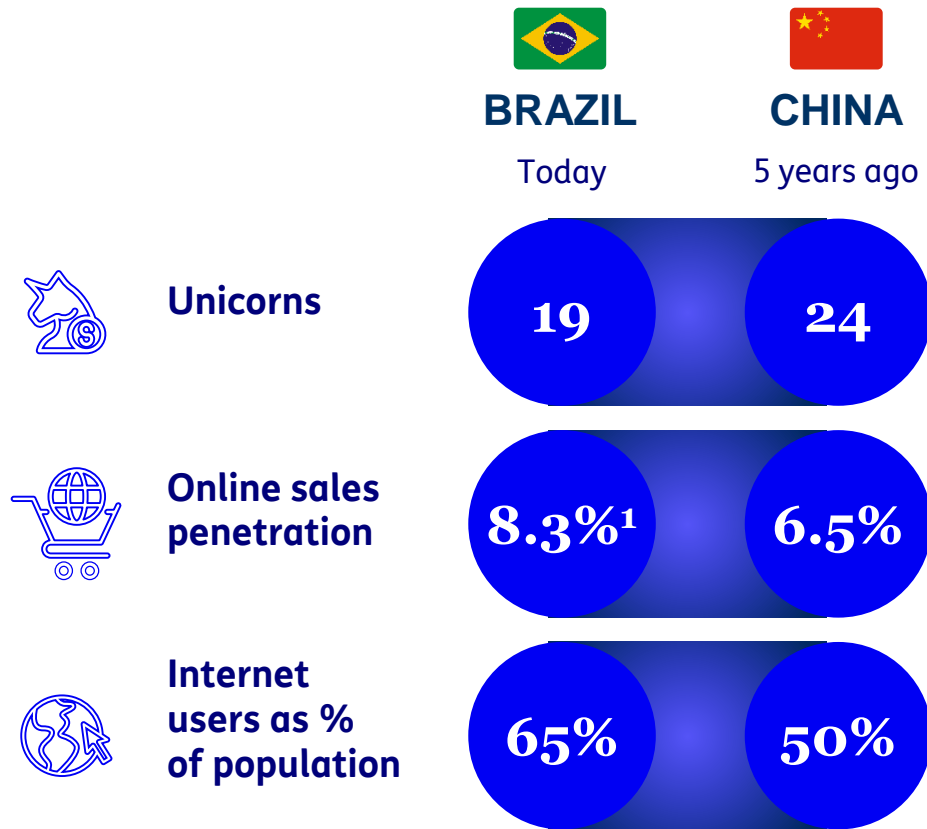


MARKET OVERVIEW AND TIM'S POSITIONING

Therefore, Brazil has a great potential to enable digital disruptions than can generate value and foster digital economy



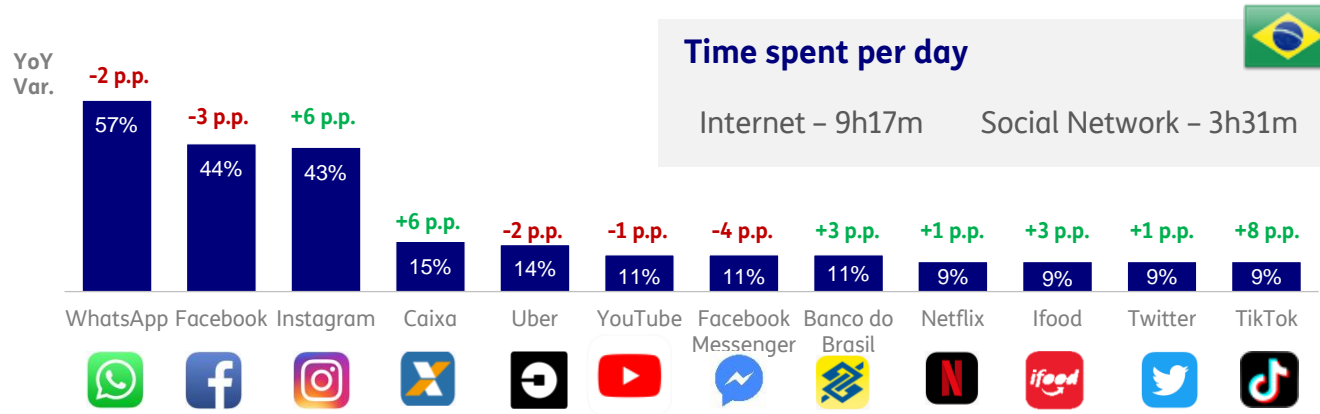
Brazil has already a relevant number of unicorns, which can grow even further



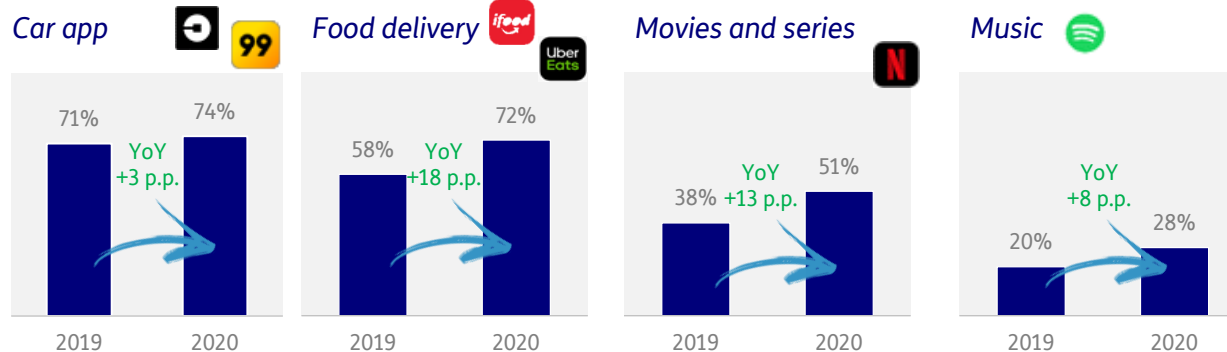
New consumer habits reinforce data service as essential, especially over mobile network



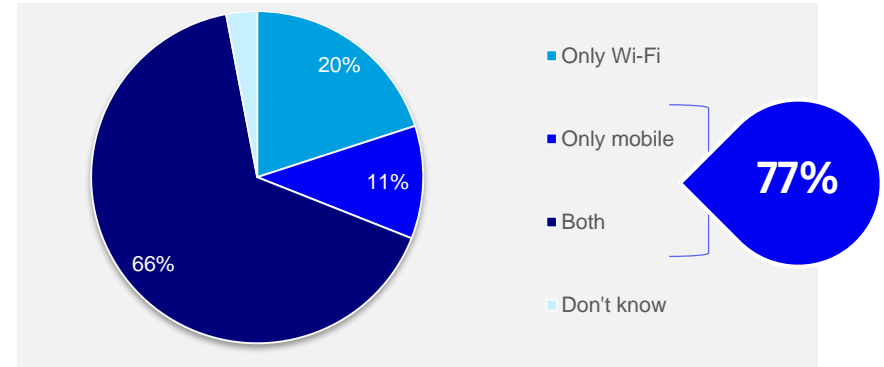
12 Most popular apps at the Brazilian's mobile smartphone home screen (% of Smartphones with the app at the home screen)



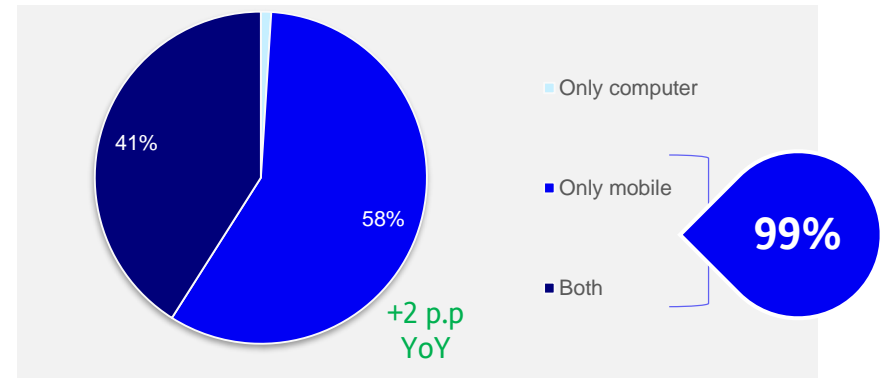
App users (% of smartphone users)



Internet users by connection type (2019 | % of mobile internet users)



Internet users by device (2019 | % of internet users)

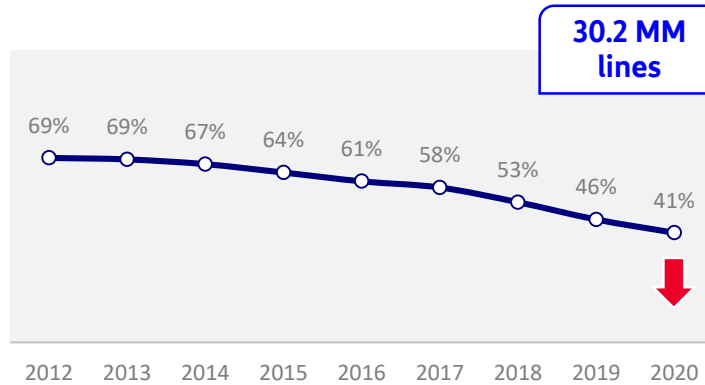


Previous year usually updated in November according to the survey disclosure.

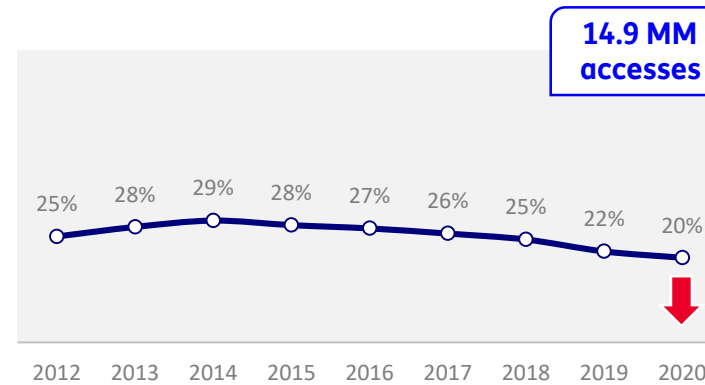
Traditional services have been losing relevance in this new framework and internet has been gaining prominence



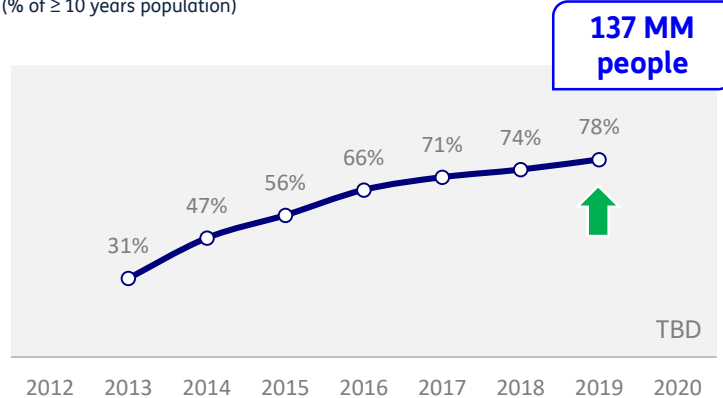
Fixed Voice Penetration
(% of households)



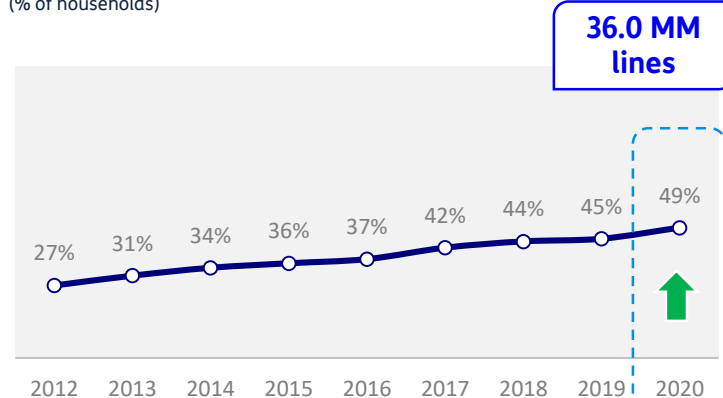
Pay TV Penetration
(% of households)



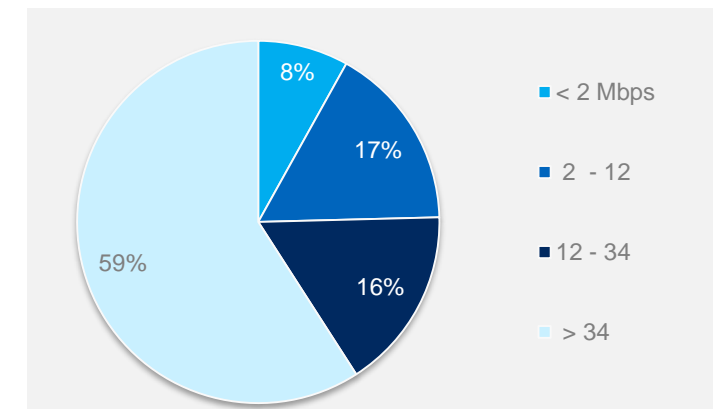
Mobile Internet Users²
(% of ≥ 10 years population)



Fixed Broadband Penetration
(% of households)



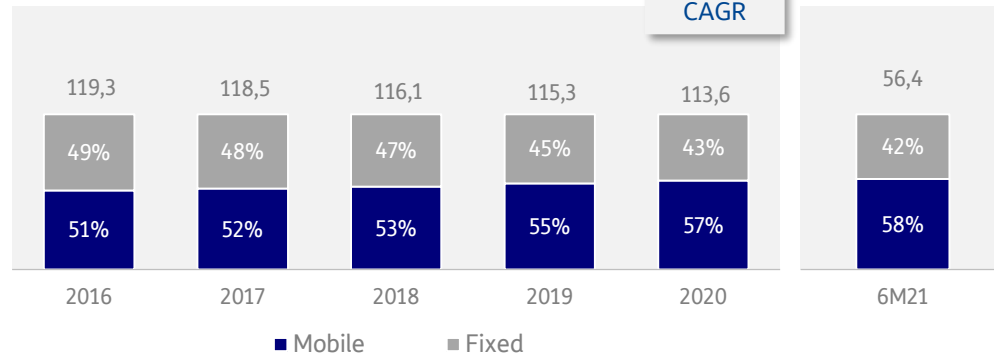
Fixed Broadband Connections Speed



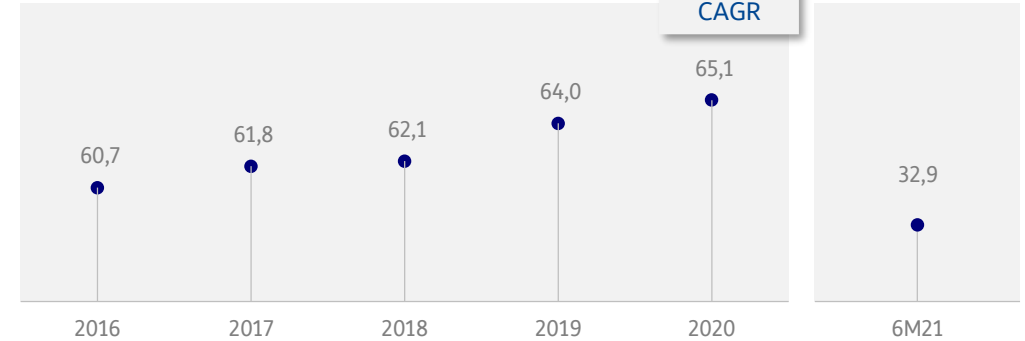
Market revenue dynamic indicates mobile growth, and highlights TIM's evolution



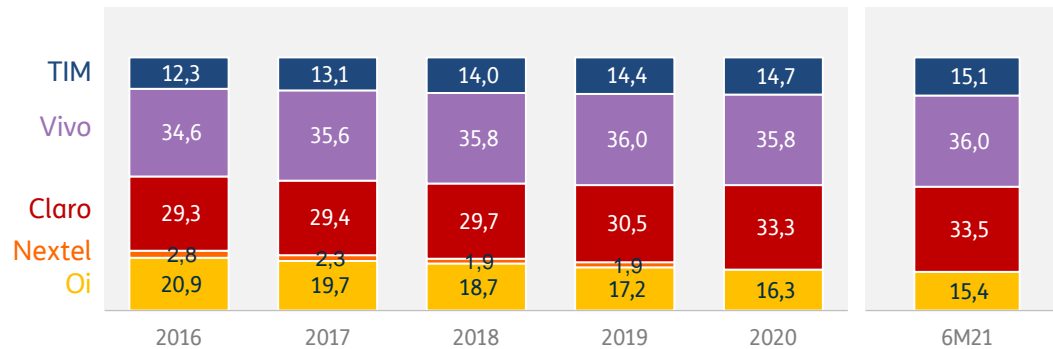
Market | Total Services Net Revenues
(R\$ MM)



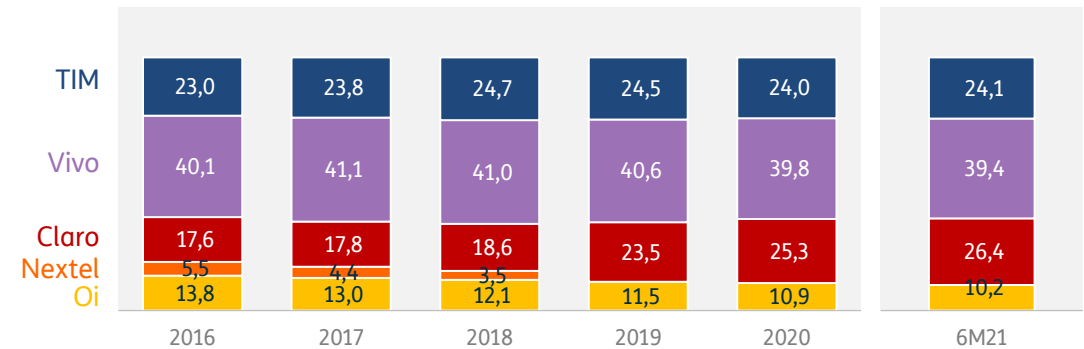
Market | Mobile Service Net Revenues
(R\$ MM)



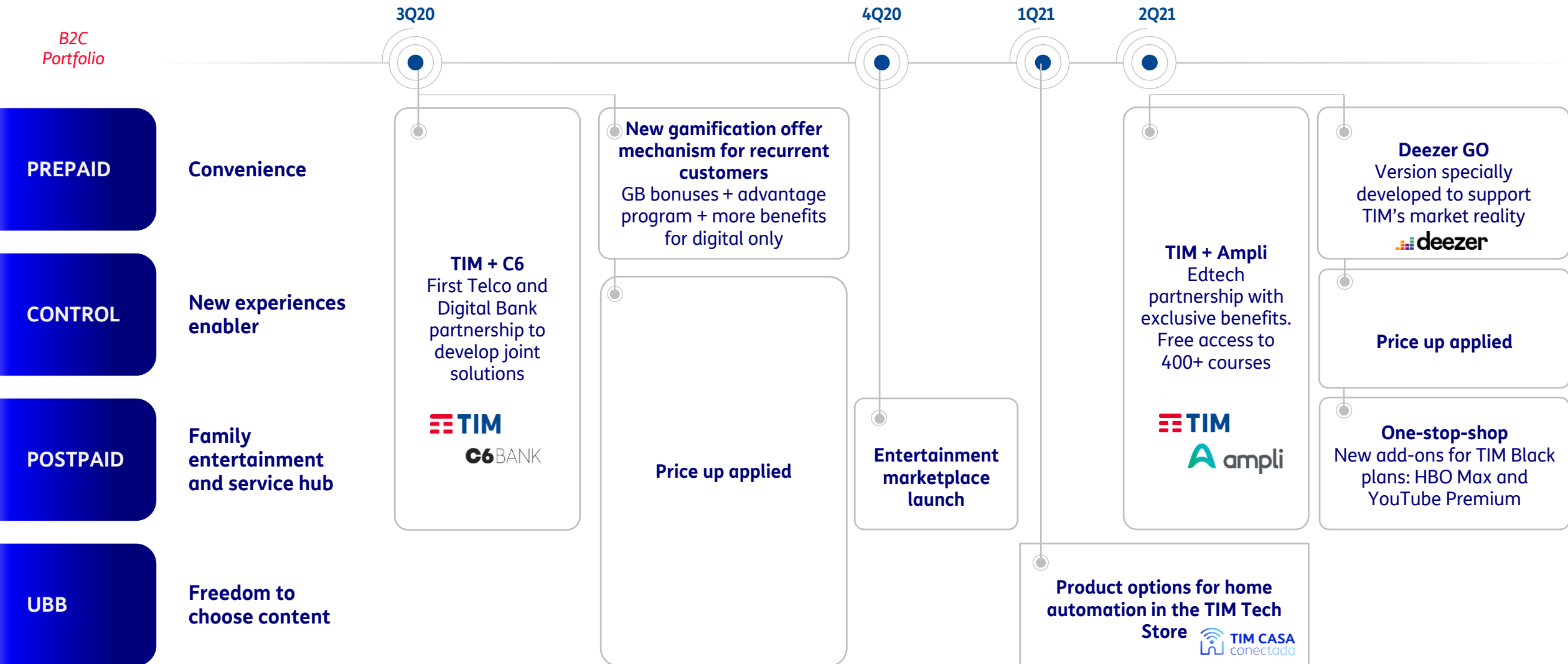
Total Services Net Revenues Share
(%)



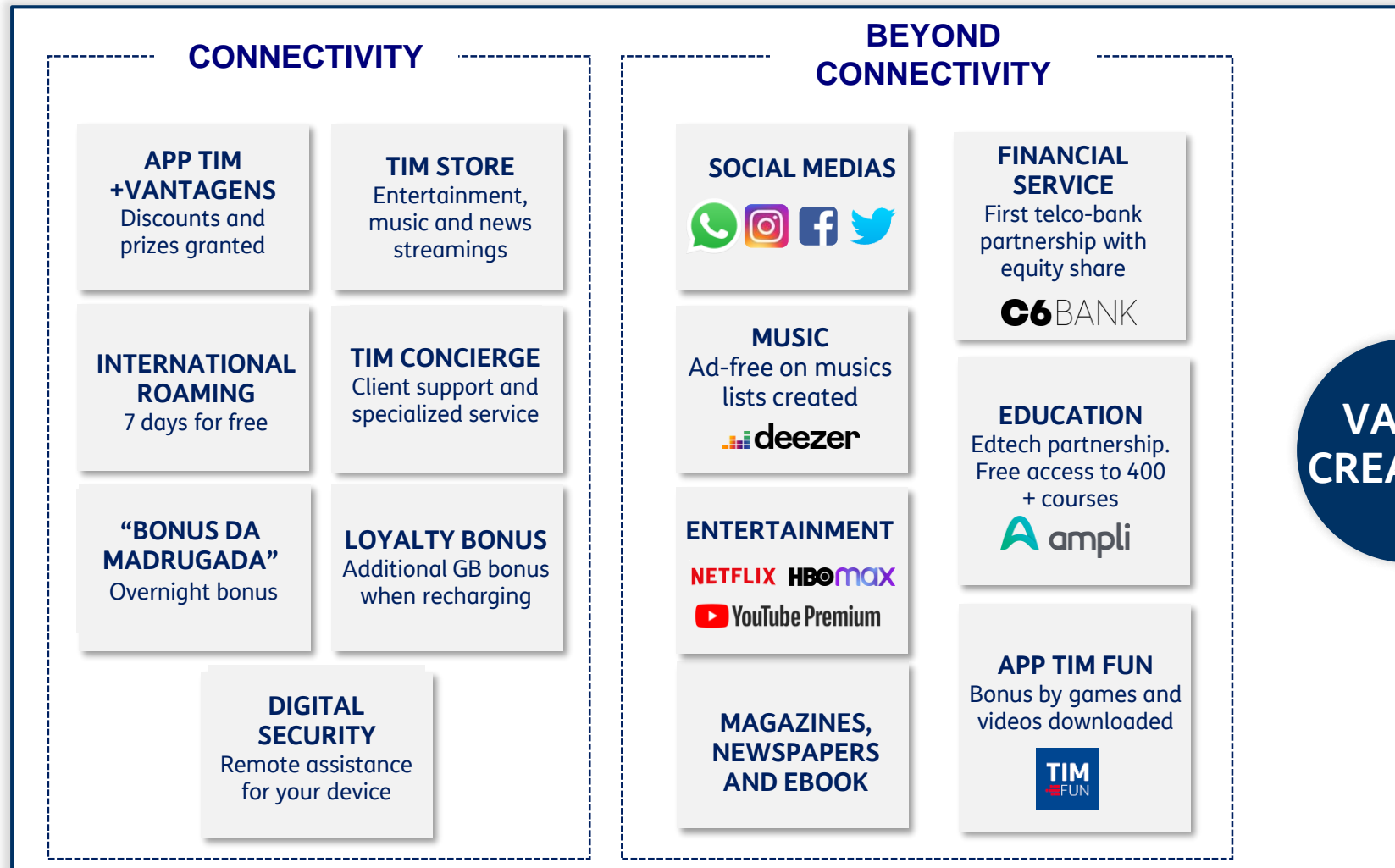
Mobile Service Net Revenue Share
(%)



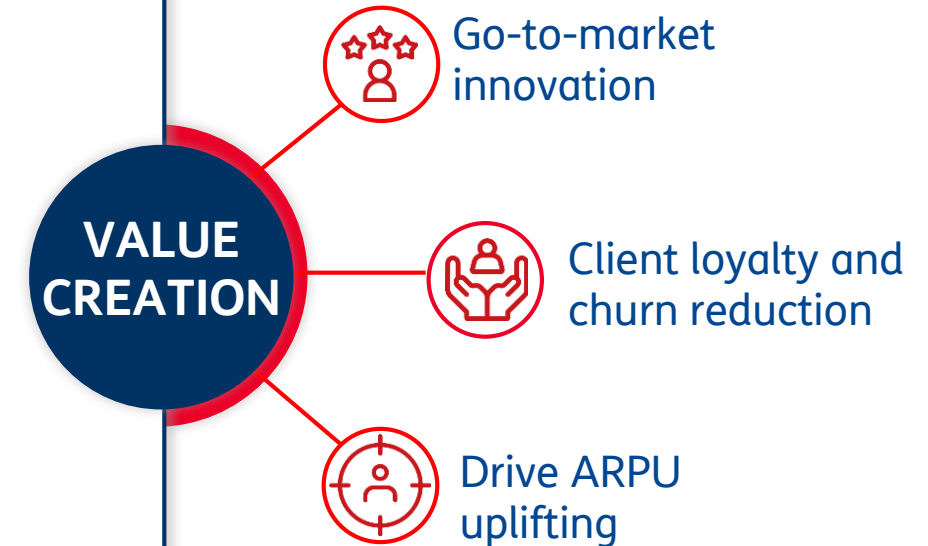
A Rational Market Approach Combined With an Evolved Proposition



Thinking Ahead of the Curve to Create New Sources of Revenues and Generate Value to Clients



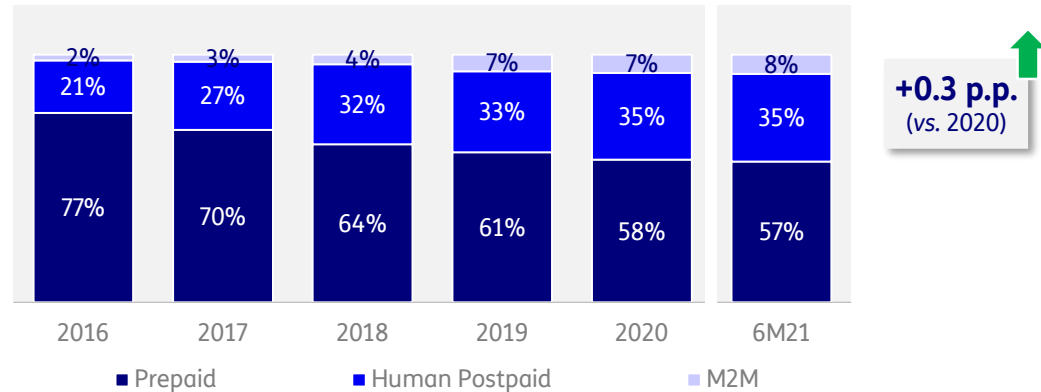
Innovation to differentiate and move away from the "Giga War"



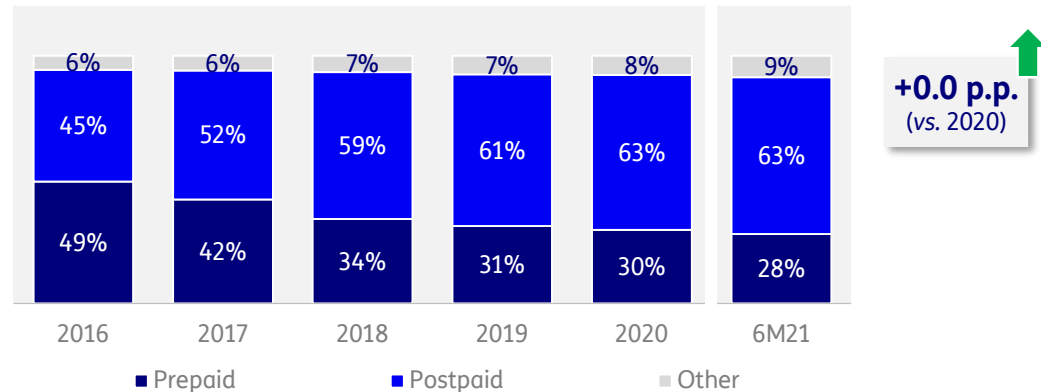
Transformation process of customer base seeks value



TIM Mobile Base Mix

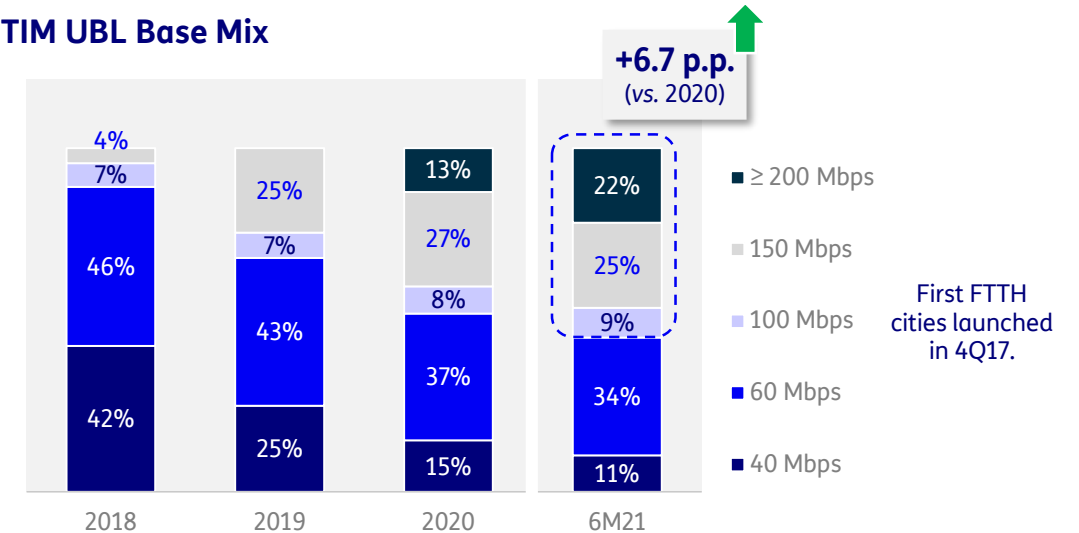


Mobile Service Revenue Mix

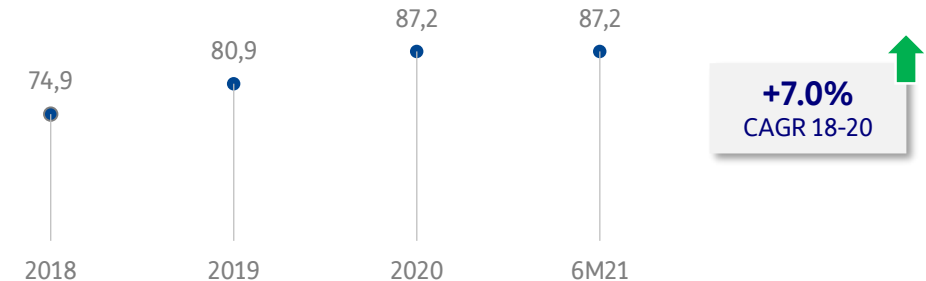


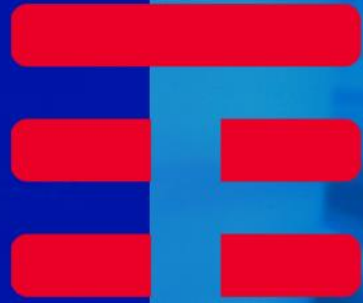
Transformation process from volume to value in mobile does not happen just through segment migration

TIM UBL Base Mix



TIM Live ARPU (R\$/mo)





STRATEGIC PLAN 2021-23

During the next years, some relevant trends will have structural implications on operators' business model in Brazil, while economy will recover, but still at uncertain pace



Mobile market consolidation



Acceleration in digital consumption



Wave of asset separation



Monetization of Consumer Platform



Paving the way for 5G



IoT and M2M technology

Dynamic

Moving from 5 to 4 after Nextel acquisition and from 4 to 3, after Oi's mobile assets sale is completed

Data demand growth for mobile and fixed, further accelerated by Covid-19

Increasing **initiatives of network separation** (InfraCo vs. ServCo)

Increasing numbers of **digital business leveraging Telco's Consumer Platform** (e.g. digital wallet, data monetization)

Preparation to launch **5G**, with 5G DSS as marketing positioning, auction and vendor analysis

Exponential number of **use cases in several industries** (e.g. agribusiness, connected cars, utilities, health)

Implications and Opportunities

Foster more **balanced competitive landscape** (e.g. pairing spectrum gap)

Revenue growth on data monetization
Increase **pressure** over network **cash costs**
Geographical expansion of fiber

Partnership negotiation to finance **network expansion and modernization**

New revenues sources for telco operators leveraging new digital disruptors (e.g. fintech, data provider, OTT content)

Focus on 5G network rollout with proposed auction framework, **Release 16 as catch up** for the country

Expand business beyond connectivity (e.g. applications, data monetization, implementation)



Adapting the approach but reinforcing the strategic pillars



Strategic Paths



Strengthen the core

Enhance and accelerate the transition from **volume to value**, to sustain mobile business growth, focusing on customer experience

Fill current **infrastructure gap with M&A**, also fostering inorganic growth and capturing potential synergies

Capture **ultrabroadband** market **growth opportunity** with new financial and business models

Build the future

Expand **new sources of value** (e.g. IoT, C6, Mobile Advertising, Customer Data Monetization, Health, Education) leveraging the customer base platform through ecosystem and partnerships

Implement **transformational projects** on infrastructure (e.g. 5G, ORAN, M-MIMO, cloudification)



Transformational Enablers

Boost disruptive efficiencies

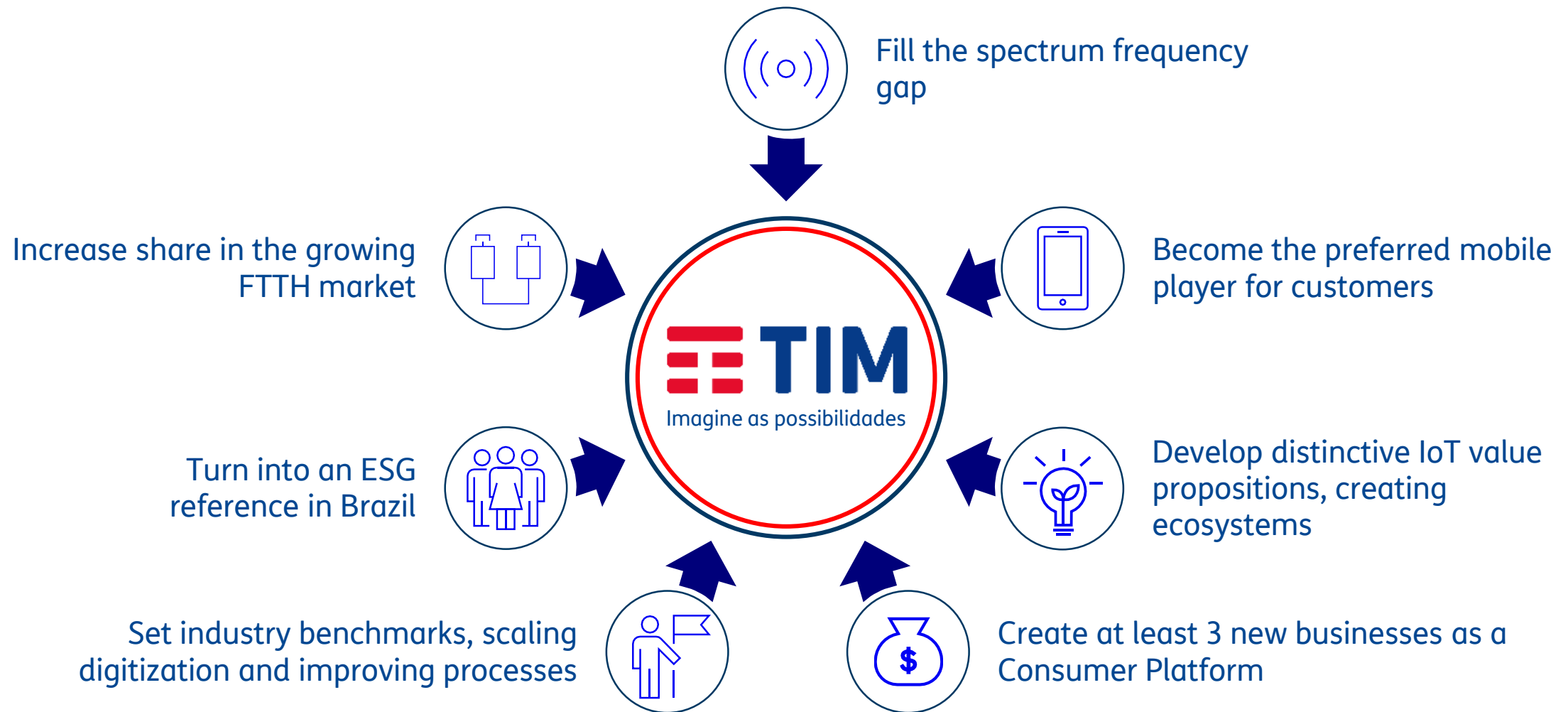
Boost **disruptive efficiencies** through digitalization, automation and new operating models, leveraging skills and capabilities enhancement

Strengthen sustainability

Strengthen and consolidate **ESG proposition** making a positive transformation

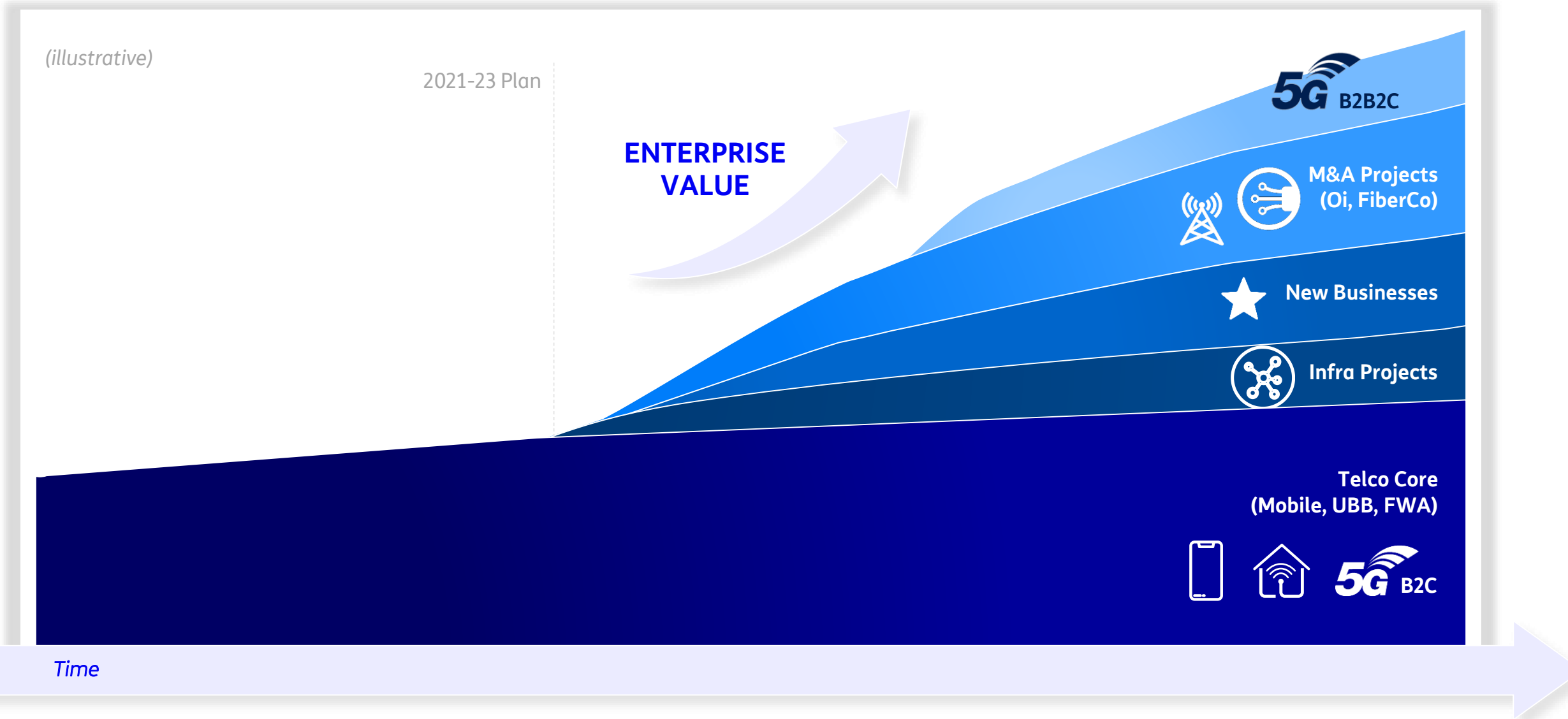


“Imagine as possibilidades”: Our aspirations for 2023 reflect market opportunities and trends





Value Creation through time





We will further accelerate the volume to value transition focusing on customer experience



A Brand

Promote a **brand** “**aspirational**” and “**credible**” by refreshing DNA, a new tag line and innovation format and content

1. Promote our network quality
2. Foster brand engagement
3. Invest in digital media

B Marketing

Increase **product differentiation** through innovative value proposition and customer experience simplification (e.g. journey digitalization)



C Sales

Focus on **customer experience, productivity and sales force optimization**

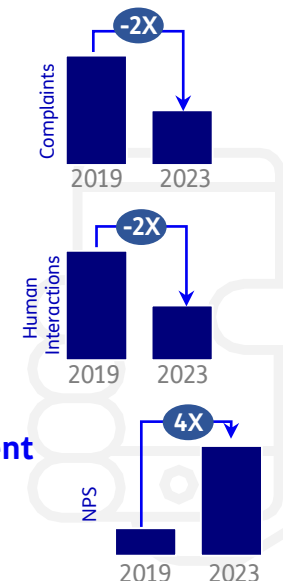
D Customer Relations

Increase **automation** and **offer differentiation in service level**

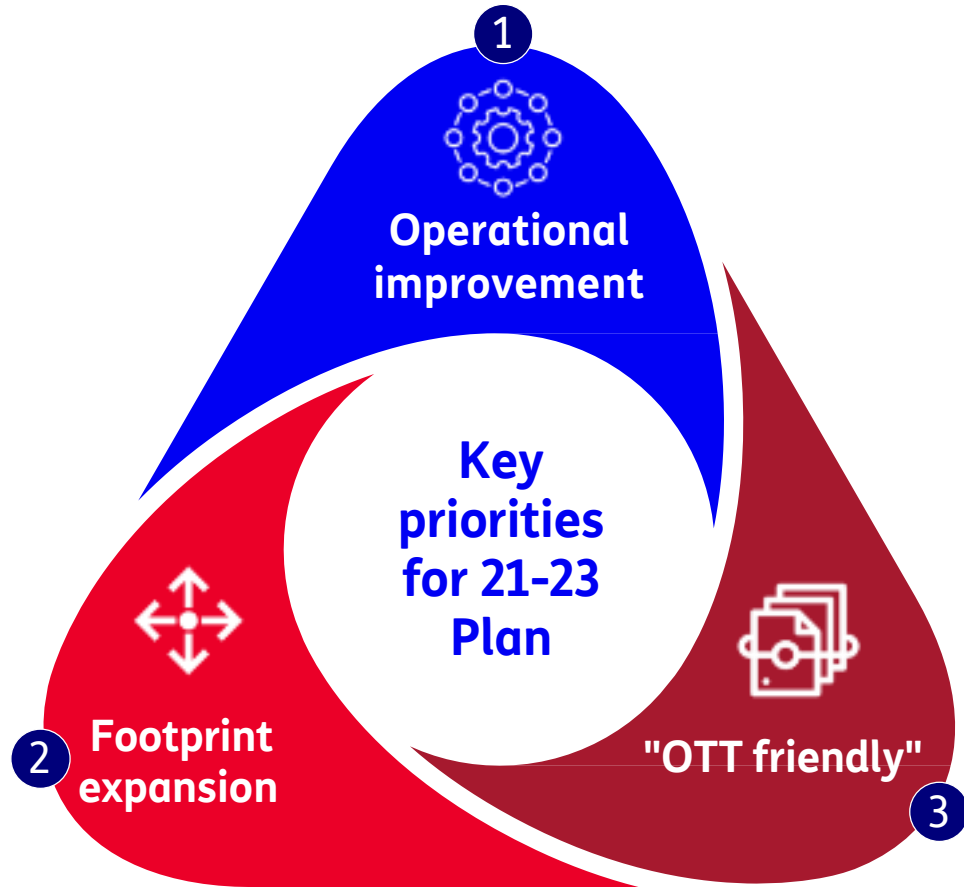
New Caring Model

New Digital Channels

New Management Tools



In order to capture ultrabroadband market growth opportunity, we focus on 3 main pillars



- 1
 - Time-to-market and commercial assertiveness
 - Efficiency and quality on Sales and Post-Sales
 - Increase of self-service and expansion of forms of contact
 - Network QoS and Field Service Efficiency
- 2
 - Consolidation of current clusters and launch of new ones
 - Partnership to grow with financial discipline
 - Selective FTTH overlay over FTTC
 - Cherry picking deployment
- 3
 - Refresh Key Visual and Communication
 - Portfolio evolution to “Power Home” concept and evolve content embedded (Smart Hub)
 - Ultra speed and relevant content claim positioning

Signing with IHS, an Industrial Player with Expertise to Accelerate FTTH Rollout

FIBER CO

- **TIM will hold 49%** of the capital of the new company;
- FiberCo will **deploy, operate and maintain last mile infrastructure**, participating as well in other network projects (e.g., FTTSite). All commercial and customer service activities will remain with TIM;
- Preserving the **prerogative on rollout decisions, with 6 months of exclusivity period** on the use of the network in new areas;
- Expected **closing for 2H21**.

DEAL HIGHLIGHTS



R\$ **2.6** bln
of Enterprise Value

Primary of
R\$ **600** mln

~R\$ **1.1** bln
Secondary to be paid
at closing to help fund
Oi's assets acquisition

Deconsolidation of fiber rollout investments:
~2/3 of TIM Live's Capex

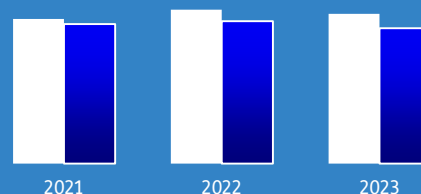
↓ Capex + ↑ Opex should positively impact FCF

Positive impacts expected for customer base and revenue

Capex released in the Industrial Plan¹
(R\$ bln)

◆ R\$ 13.5 bln ◆

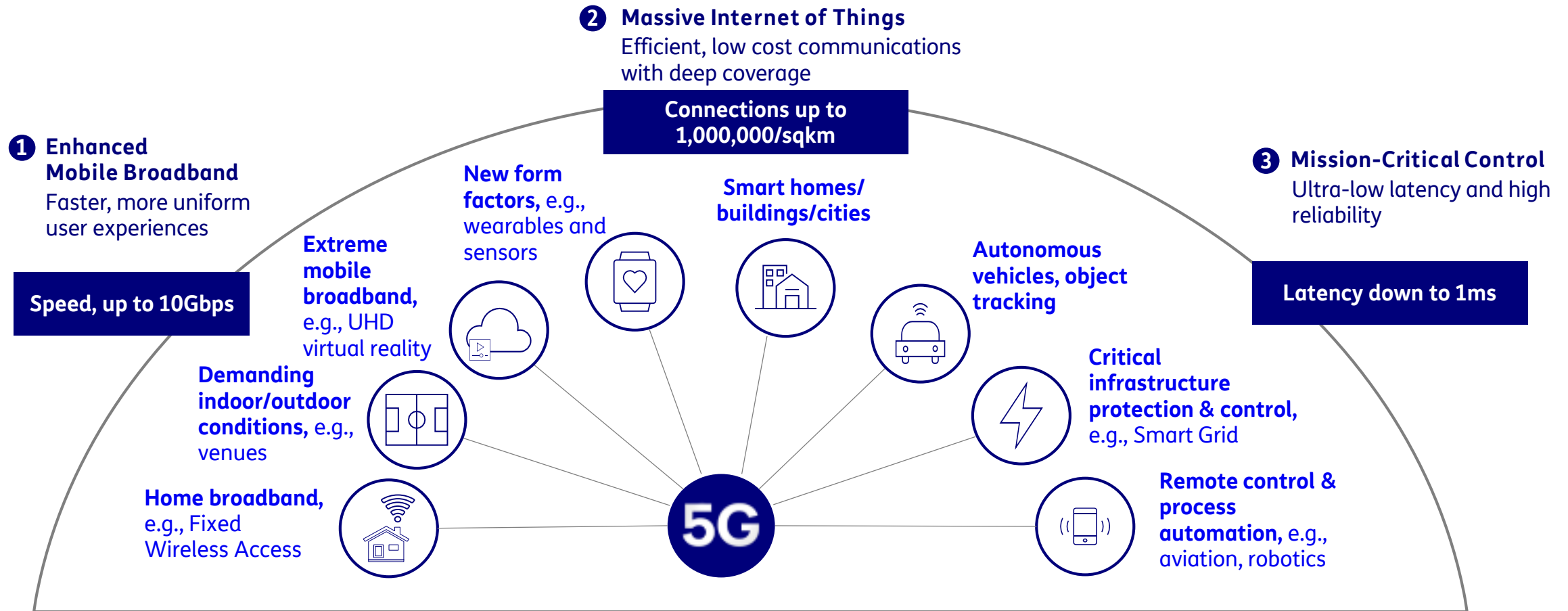
■ Pre Deal
□ Post Deal



- **TIM will contribute with 6.4² mln homes passed** – 3.5 mln of FTTH and 3.5 mln of FTTC
- **FiberCo's 4-year plan expects to reach 8.9 mln of FTTH homes passed**

(1) Investment plan considering the combination of Oi's assets;
(2) Considering a coverage overlap of 577k between FTTH and FTTC.

5G will unlock use cases enhancing mobile broadband, massive internet of things and mission-critical control use cases



TIM Consumer Platform Strategy: A unique approach that can unlock significant value with digital start-ups

Differentiated Approach

1

Strategic partnerships

Explore industrial synergies beyond simple commercial agreements, speeding up time to market, and lowering execution risk and investment (not in house development).

2

“Best of breed”

Choose high flying players that have the best chance to disrupt their industries and generate value.

Where we can generate additional value

Core Business

Add value to our customer base



Increase customer loyalty

Unique positioning



Cost reduction

Beyond the Core



Generate new revenue streams

Improve customer profiling

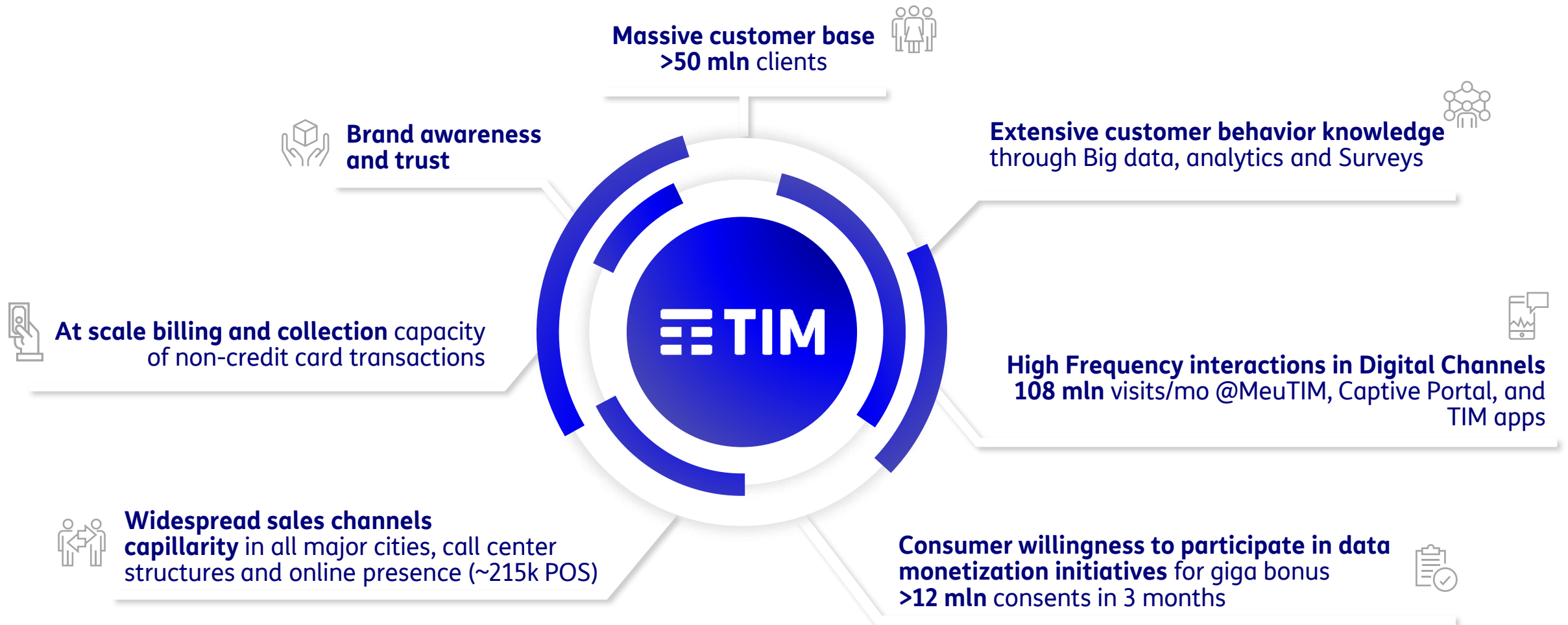


Equity diversification



Share of highly valuable ventures

TIM has unique assets and key capabilities that enable the Consumer Platform strategy



Consumer Platform's target markets

FINANCE



C6BANK

First Telco + Digital Bank integrated offer in LatAm

Additional revenue and equity share

Leveraging customer base to **reduce cost**

New digital payment gateway

stone

+500k POS network for recharge and invoice payment

EDUCATION



48 mln people eligible to a university degree

Double-digit CAGR
Until 2025 **Distance Learning** will reach **4.0 mln students** (from 2.1 mln in 2019)

10-18x EV/Ebitda multiples

HEALTH



Low availability of quality public health services

>150 mln people Without access to private medical care (**~700 mln consultations / year**)

Telemedicine
Pandemic **changed perception** and **potential adoption**

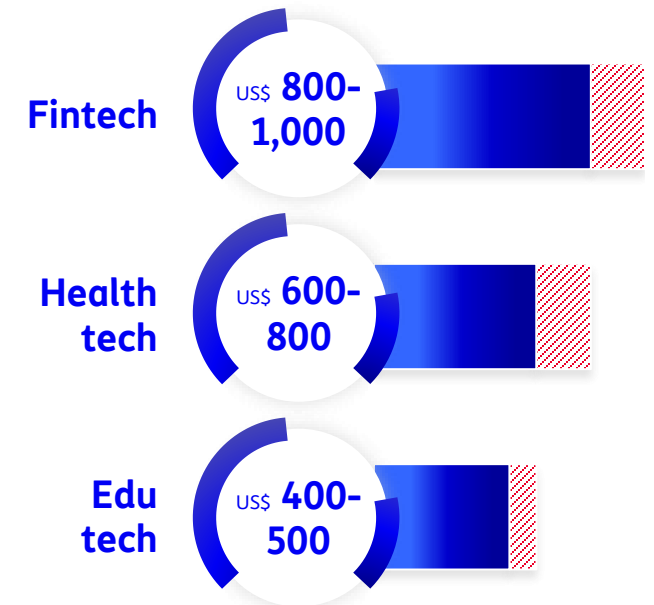
ENTERTAINMENT



Pay TV low penetration ~21% and **decreasing**

Video and other content platforms
Already popular (Video OTT with 35% penetration, reaching 25 mln households) and **growing fast** – expected 17% CAGR from 2020 to 2023

Enterprise value per client of digital disruptors in Brazil (selected industries)



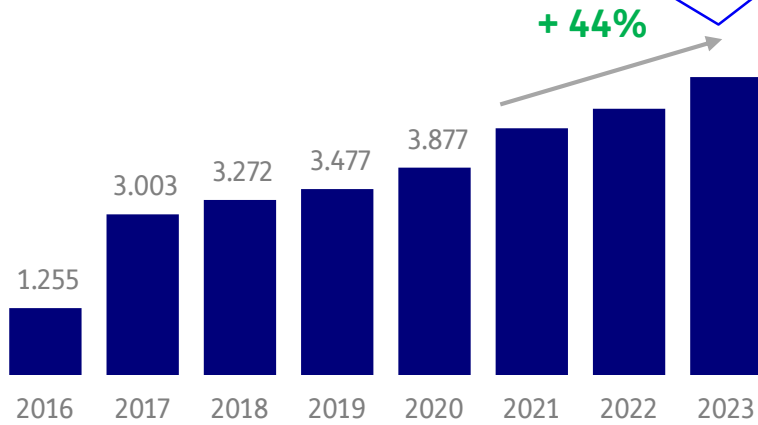
TIM can leverage its assets to achieve:



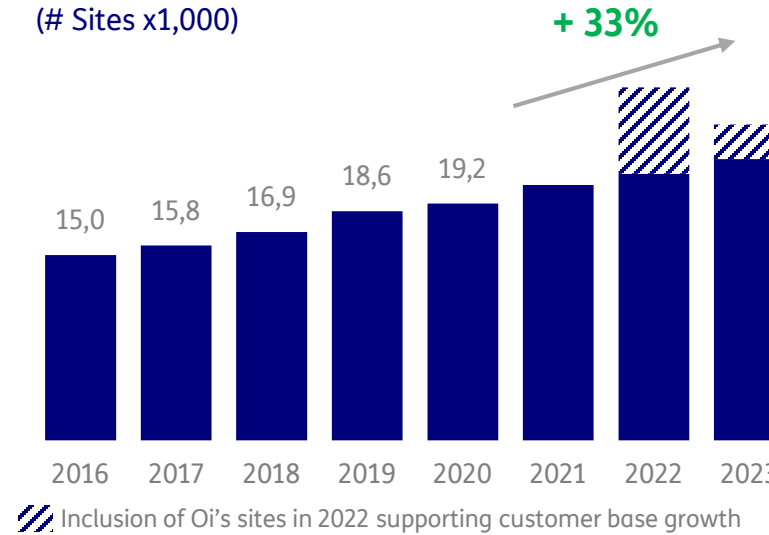
Network Plan

4G Evolution
(# Cities)

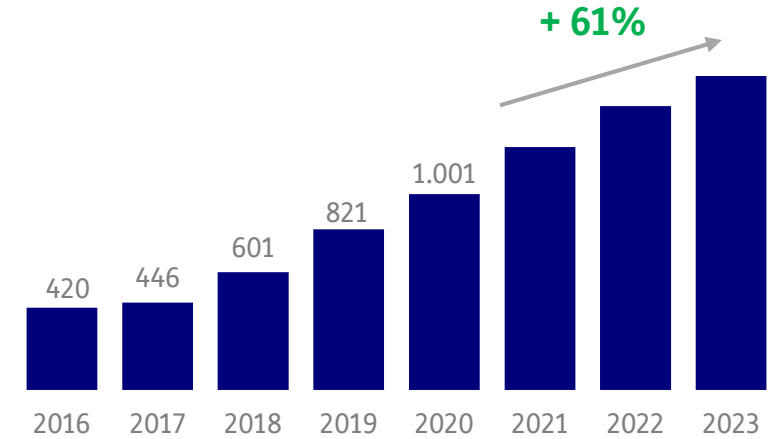
Reach 100% of Brazilian municipalities



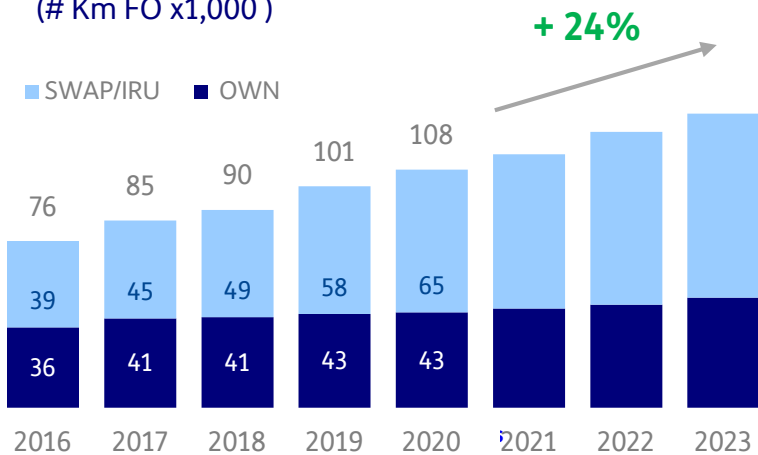
Access Site
(# Sites x1,000)



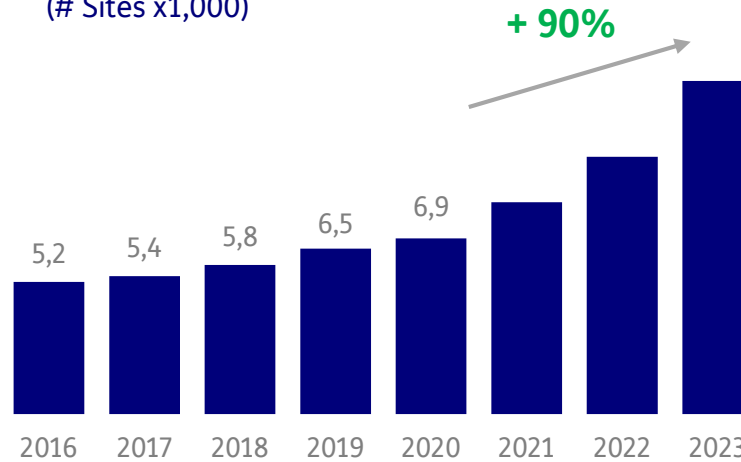
FTTCity Evolution
(# Cities)



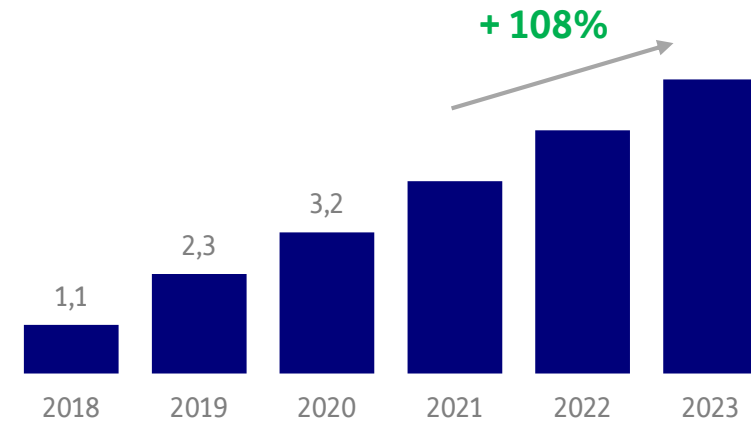
Optical Backbone
(# Km FO x1,000)



FTTS Evolution
(# Sites x1,000)



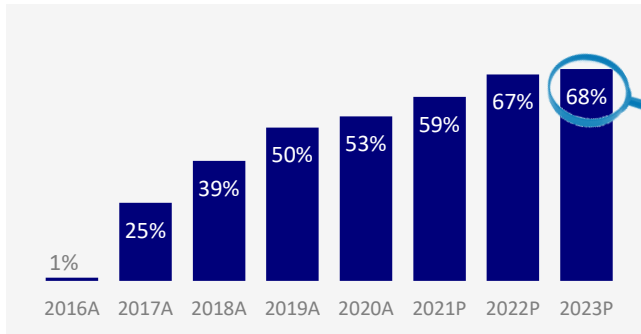
FTTH Coverage
(# Household x1MM)



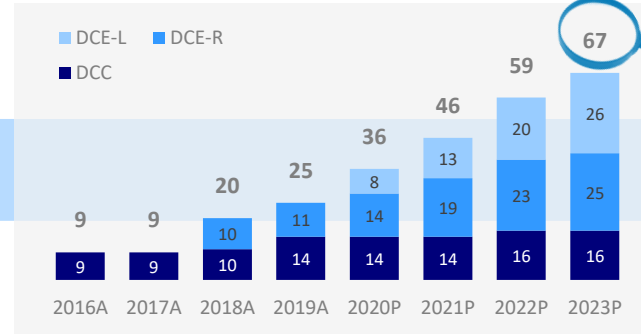
Excellency – Combining Network Virtualization and Edge Computing to bring the best experience to our customers



Network Functions Virtualization %



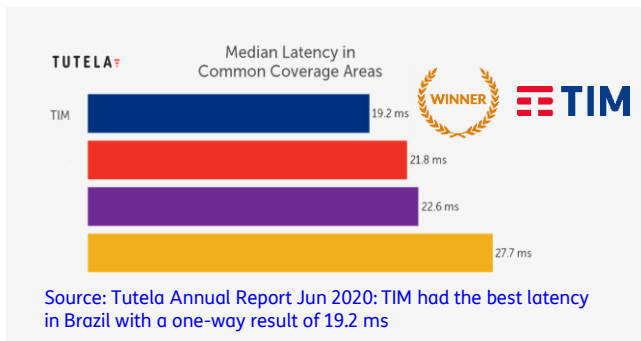
Distributed Data Centers #



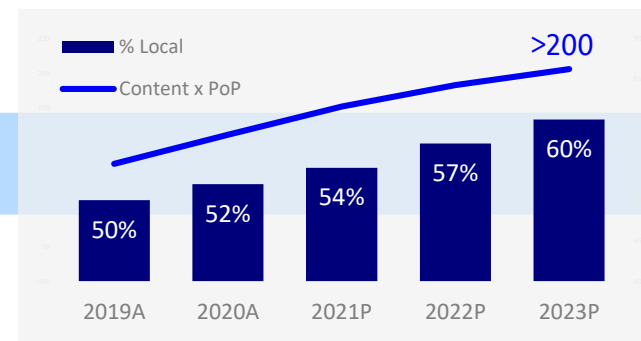
Caching agreements are helping TIM to latency reduce for a customer's content request

Localidade	Facebook	Google	Netflix	Akamai	Open Caching
Rio de Janeiro					
São Paulo					
Salvador					
Fortaleza					
Belo Horizonte					
Brasília					
Recife					
Florianópolis					
R Natal					
Maringá					
Campinas					
Goiânia					
Porto Alegre					
Blumenau					
Londrina					
Ponta Grossa					
São Luís					
João Pessoa					
Petropolis					
Montreal					
Varadero					
Foz de Iguaçu					

The Best Latency in Brazil



Local Traffic %



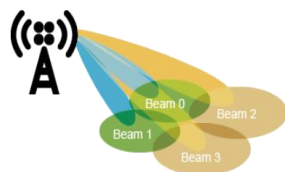
Open Cache



Innovation beyond 4G: Massive MIMO and 5G DSS



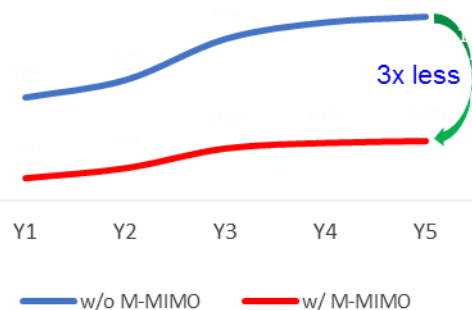
M-MIMO as the cornerstone of the 4G Capacity strategy



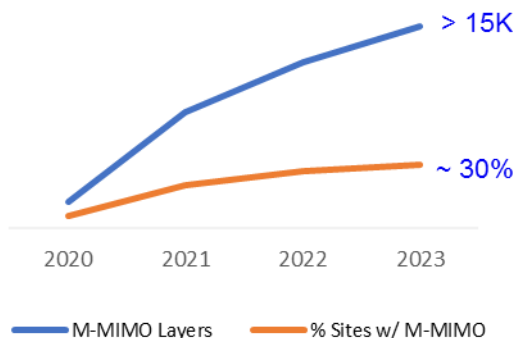
- Expected gain on massive deployment: up to **3x capacity**
- New sites avoidance: **2k less capacity sites needed per year, reducing TCO¹**
- Remaining sites needed for densification to be addressed with innovative **Biosite solution**



New Sites Needed for Capacity



M-MIMO Deployment



5G DSS – Dynamic Spectrum Sharing

Investments in Network to **activate the 5G DSS**

- 5G clusters in the main cities, covering **strategic business markets**, taking advantage of **TIM 5G Readiness**

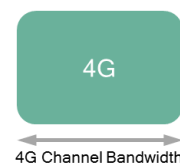
- 7 active clusters:**
 - São Paulo (2)
 - Rio de Janeiro (2)
 - Curitiba (1)
 - Belo Horizonte (1)
 - Brasília (1)



Cluster Rio de Janeiro “Southern Zone”

- 3 trial cities:** Itajubá-MG, B. Gonçalves-RS and Três Lagoas-MS
- DSS Feature use allowing **fast activation** on sites 5G ready
- Full synergy with **4G capacity reinforcement**, improving CEX through Massive MIMO solution

LTE-only Low Band



Step 1

DSS between LTE & NR



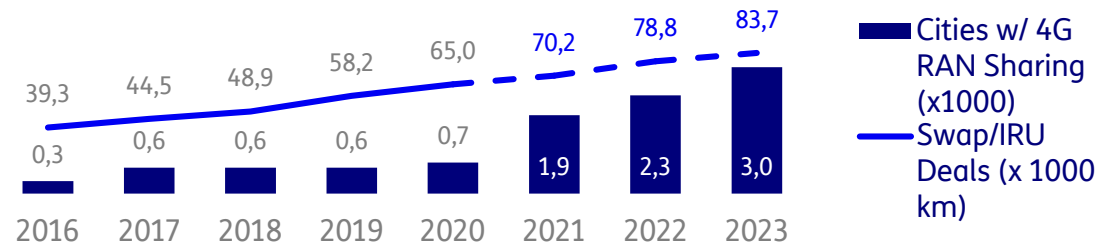
Step 2

Refarming to NR



Efficiency – Smart Capex approach to expand coverage and increase capacity for the mobile network

INNOVATION THROUGH SHARING AGREEMENTS SINCE 2013 TO OPTIMIZE TCO1 AND IMPROVE CEX



SHARING ACCESS

2013 4G RAN Sharing 2.6 GHz TIM & OI 1st Deal in Latin America	2015 4G RAN Sharing 2.6 GHz TIM & OI & VIVO VIVO joins deal	2019 Single Grid & Coverage Expansion 2G Switch-off TIM & VIVO 1st Consolid. Deal for cities < 30k hab.	2021-'23 Single Grid Expansion: 350+ cities (each) Single Grid Consolid.: 800+ cities potential (each) 2G Switch-off: 6,000+ potential sites (each)
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SHARING OPTICAL FIBER

Long distance and metropolitan optical fiber and ducts swap deals, expanding optical connectivity

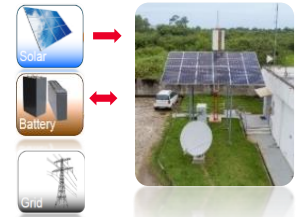
Sky Coverage – Efficient and Unplugged

New business model for leveraging coverage:

- ✓ Coverage expansion to previously non economic viable locations
- ✓ Disruptive Business Model
- ✓ ELC (Extreme Low Cost) and ESG compliant solutions

Coverage Targets:

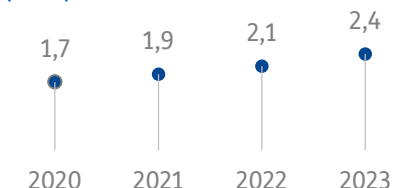
- ✓ Districts and villages ~1.4k
- ✓ Roads ~6,000 Km
- ✓ Resorts and Touristic Spots >40



Biosites (Density and capacity)

- **Main solution** for capacity sites densification
- **Smaller footprint** for infrastructure deployment
- **Multifunctionality:** teleco tower, street lighting, vigilance cameras
- Lower **visual impact in harmony** with the environment
- **Fast deployment & cost efficient**

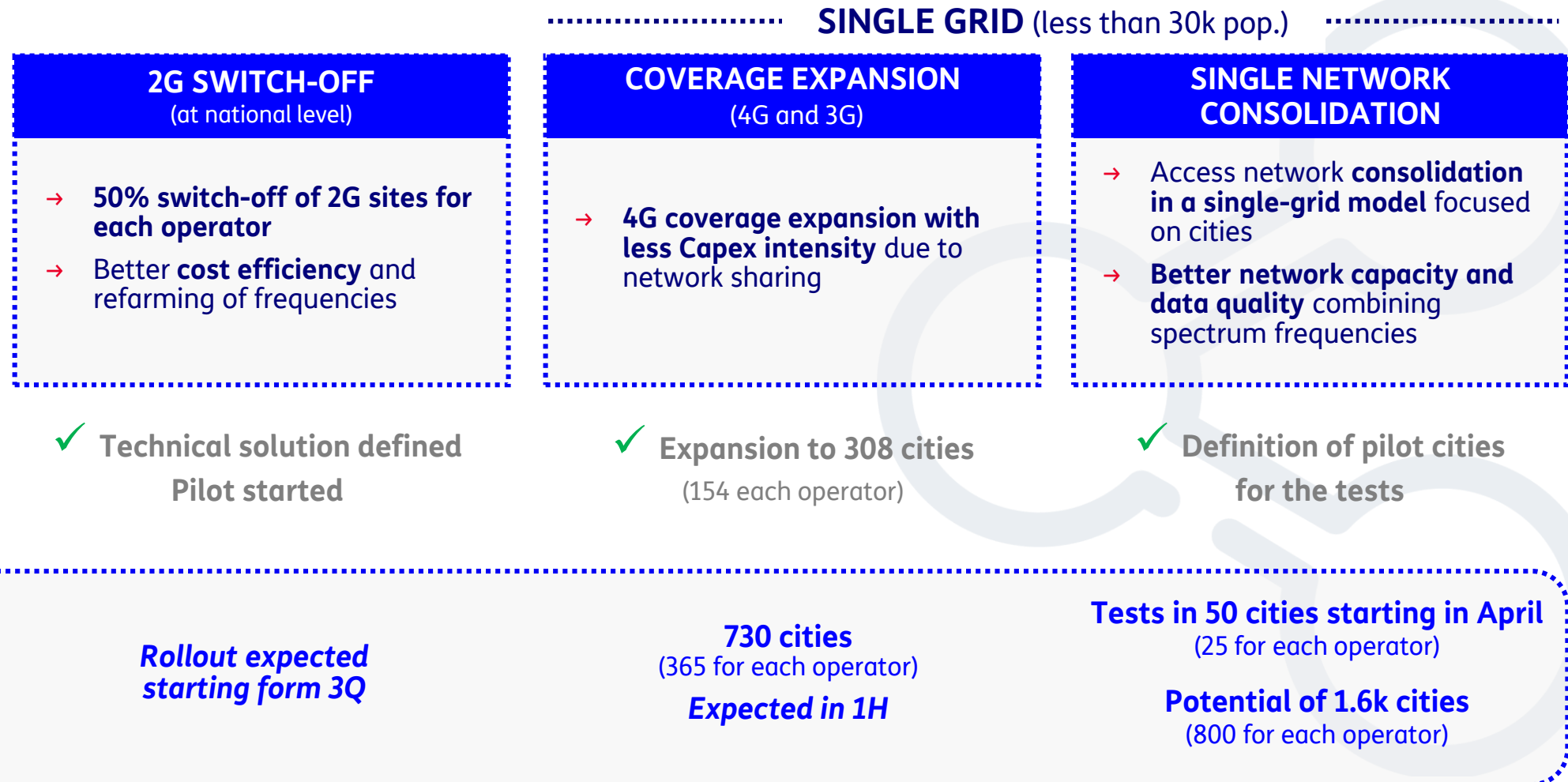
Biosites deployed and planned ('000)





TIM & VIVO Network Sharing Agreement: focus on cost savings and customer experience improvements

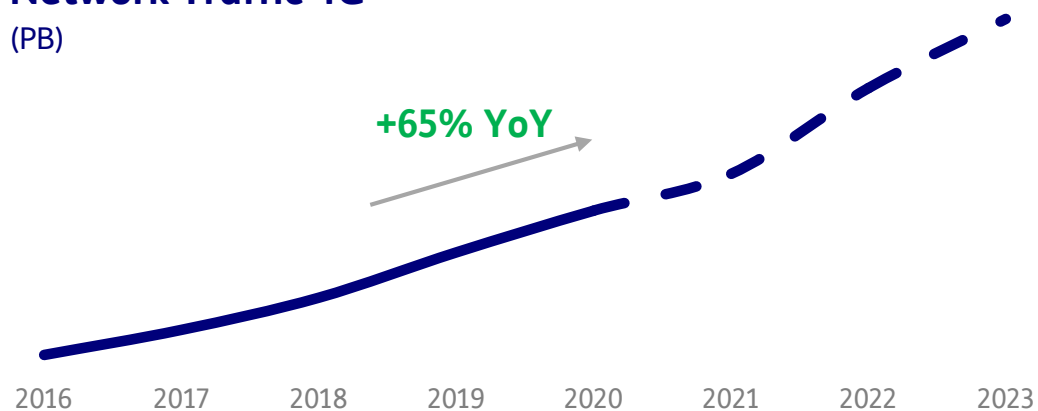
Increasing data demand put pressure at the cost to serve, leading to the **necessity of different approaches...**



Impacts of efficiency in CTIO's total cost

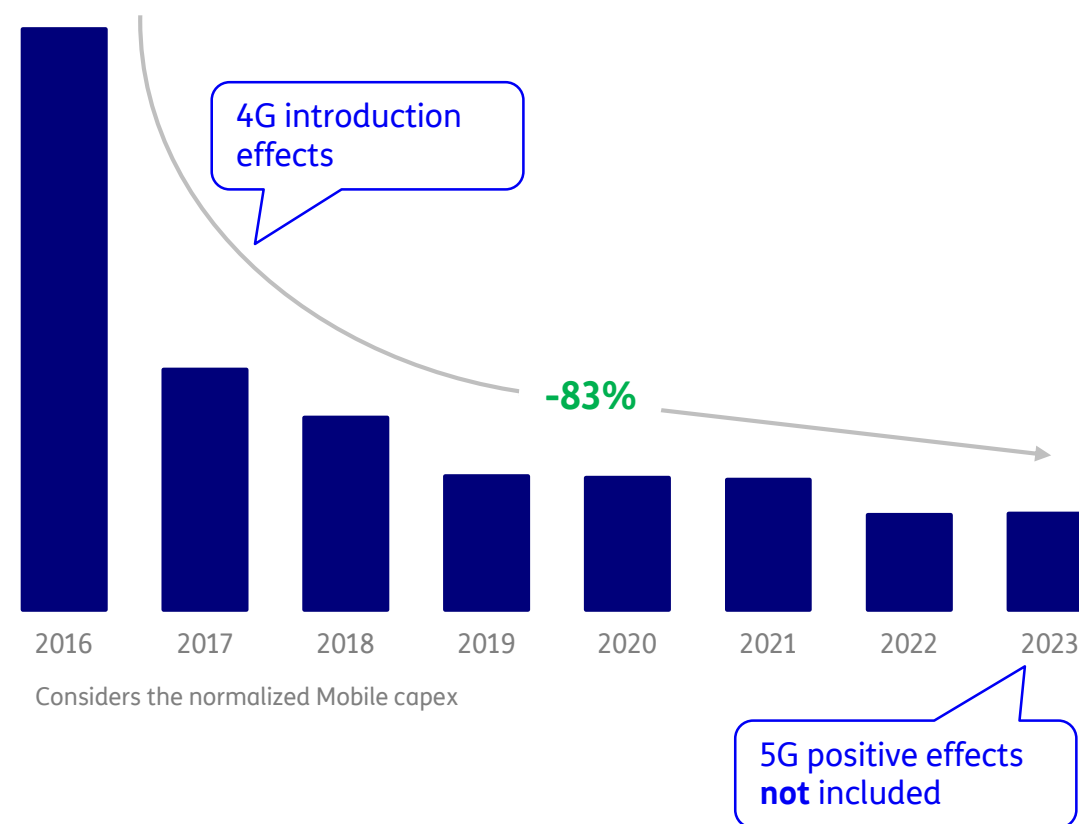
Network Traffic 4G

(PB)



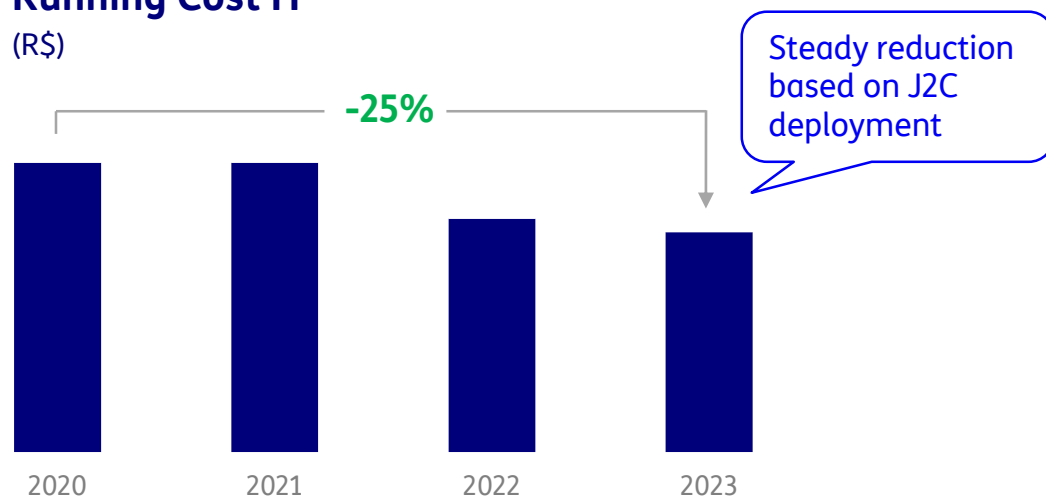
Capex Cost to Serve

(R\$/Incremental PB)

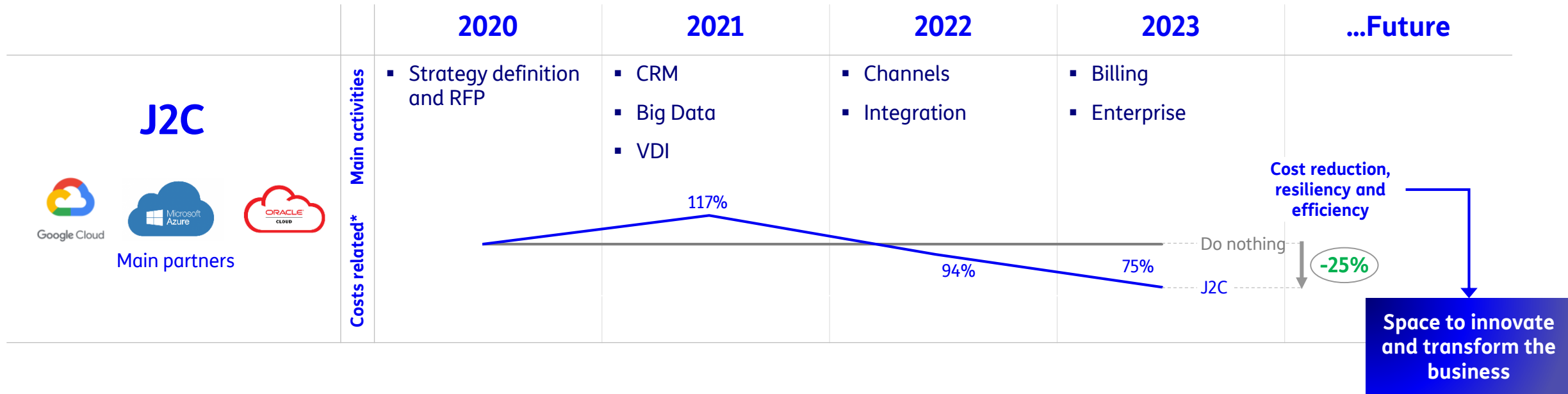


Running Cost IT

(R\$)



Journey to Cloud: Benefits



Business Benefits

- Deliver **best-in-class availability** to TIM's customers
- **Minimize time-to-market** for our business
- Guarantee **the best trade-off between service excellence and spending**
- **Define/Optimize** the current DCs asset strategy

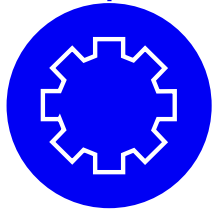


Technology Benefits

- **Harmonize the evolution strategy** across technology department
- Greater **alignment to group technology** strategy
- Process, Tools and Technologies **standardization**
- Guarantee **infrastructure agility, availability and security**
- Re-focus on **differentiating DCs capabilities and related skills**



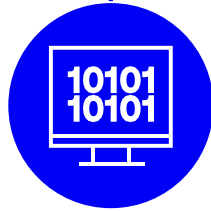
We are taking cash cost efficiency to the next level with a holistic approach using 4 levers



Improve process efficiency

Bad Debt (e.g. new credit models development, collections systems improvement)

Legal processes (e.g. predictive models to reduce JEC expenses)



Accelerate digital & automation

3S's: self-provisioning, self-healing and self-caring

Boost digital channels for sales and customer services (e.g. E-payment)

Increased usage of AI and cognitive systems (e.g. Cognitive IVR) in call centers, back office, operations and Legal

Cloudification (journey to the cloud) decreasing TCO and allowing fast response

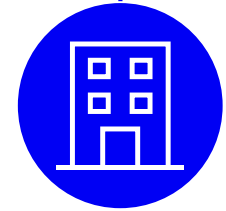


Traditional efficiency initiatives

Administrative processes

Pay-roll management

IT Planning & Development

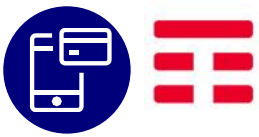


Real Estate/Energy efficiency plan

Office space optimization due to smart working and cloudification

Increased use of **renewable energy sources**

Reassessment of buy/sell due to IFRS 16



Perimeter of the transaction with Oi

Subscriber base



+14.5 mln

40% of Oi's Mobile customer base

Acquired customer base mix

~40%

Postpaid¹

~60%

Prepaid

Sites and towers

+7.2k



Acquired towers overlap

~40%

New location

~60%

Same/near location

Spectrum

+49 MHz



54% of Oi's spectrum holdings

Spectrum bands acquired

900 MHz

1,800 MHz

2,100 MHz

2,600 MHz

Price of the Assets

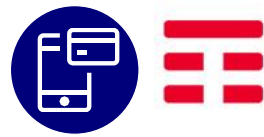
44,3% of the bidding price for Oi assets (R\$ 6.98 billions)

Transition Service Agreement

Temporary contract to serve subscriber base (e.g. supporting care, bill-to-cash) and NOC maintenance during the transition (TIM's part is R\$ 318 millions)

Long term capacity contract

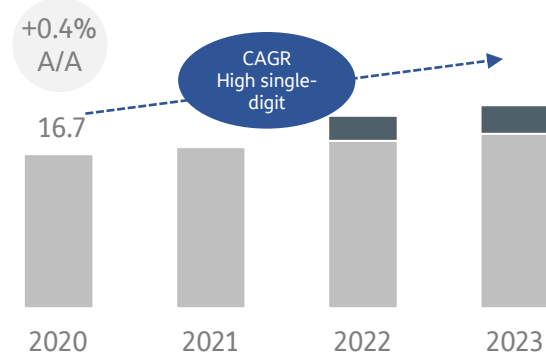
Long-term contract to provide backhaul/backbone capacity, with connectivity assurance services between access and core network (TIM's part has an NPV of ~R\$ 476 millions)²



Oi's assets integration could transform TIM Brasil by 2023

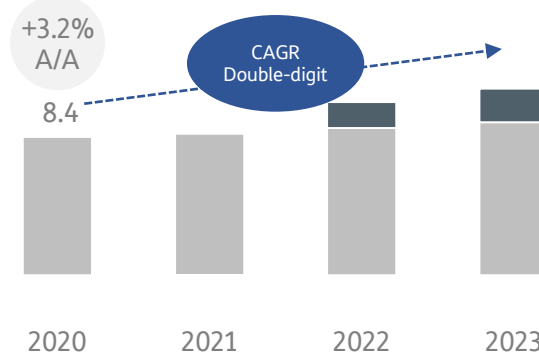
Net Service Revenues (R\$ bln)

■ Incremental 2
■ TIM standalone



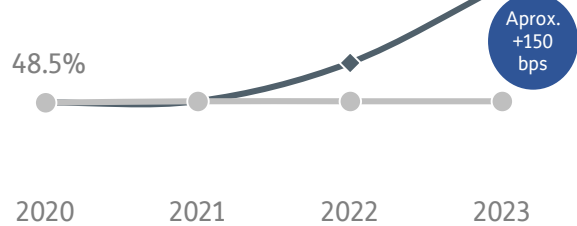
EBITDA (R\$ bln)

■ Incremental 2
■ TIM standalone



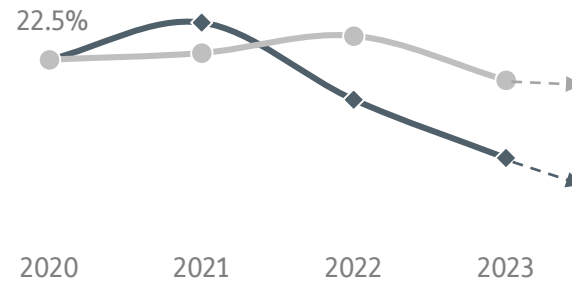
EBITDA Margin (%)

—●— TIM+Oi
—●— TIM standalone



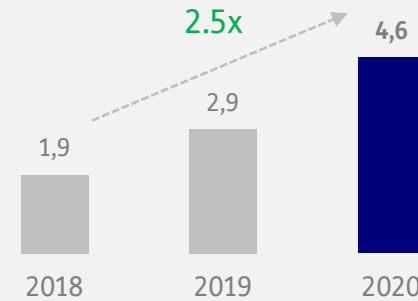
Capex¹/ Revenues (%)

—●— TIM+Oi
—●— TIM standalone

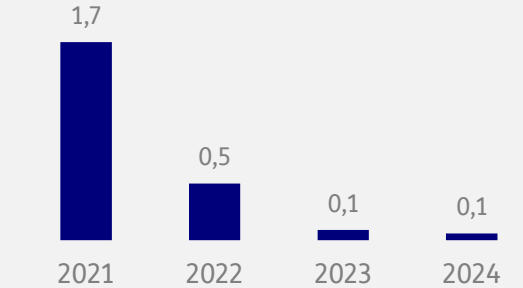


TIM's cash balance and current loans schedule

Cash Balance (R\$ bln)



Loans pre-hedge (R\$ bln)



Deal's Funding

Sources of Financing

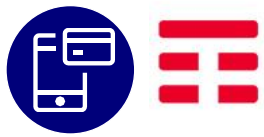
- ✓ Local debt
- ✓ Current cash balance
- ✓ Internally generated cash

Amount of debt to be raised in 2021

- ✓ ~R\$ 6 bln, including refinancing of current debt's portion with maturity in 2021

Instruments mix to be used

- ✓ Debentures
- ✓ Lines of credit already contracted with major Brazilian development banks
- ✓ Bilateral agreements with international banks (100% hedged)



Synergies' buckets and theoretical deal timeline

>60% of synergies

Spectrum & Network



Spectrum

- ✓ Capex and Opex avoidance and reduction
- ✓ Additional frequencies will reduce the necessity for new sites, equipment, and etc.
- ✓ Synergies come fast, and last for long

Sites

- ✓ Opex and leasing reduction from overlapped sites
- ✓ Opex synergies come fast
- ✓ Leasing synergies depend on contract negotiation

Customer Base



SG&A

- ✓ Opex reduction due to **higher cost dilution for a higher revenue base**
- ✓ Synergies come fast, **from day one** after integration

Additional Value

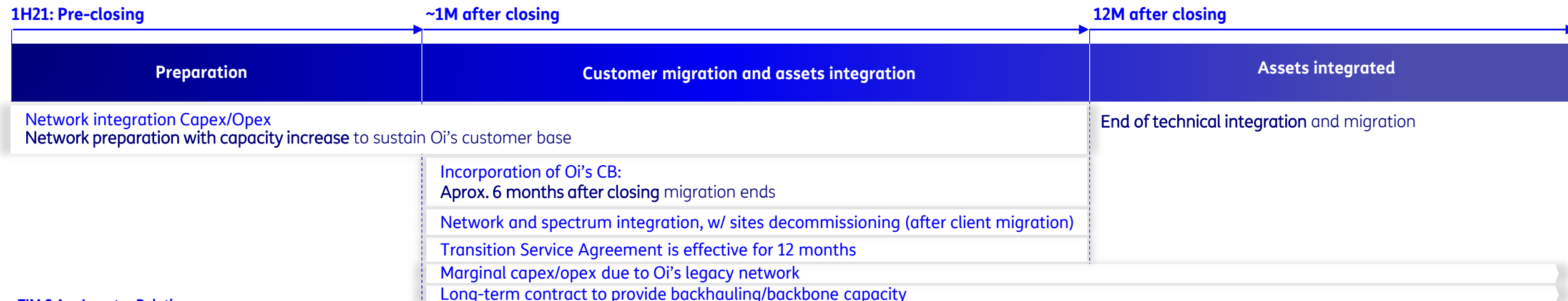


Market

- ✓ **Churn reduction:** decrease in the “washing machine” effect
- ✓ More **balanced competition**
- ✓ **Churn improvement** could materialize **faster**

Revenues

- ✓ Increase with **possible launch of new products and services** as a consequence of **more spectrum**
- ✓ **Long term opportunity** to extract synergy

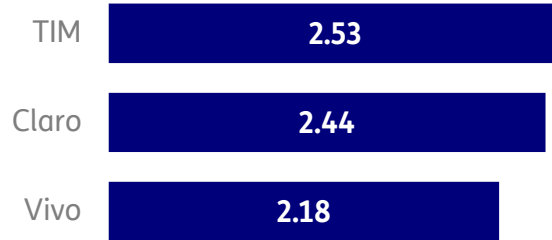
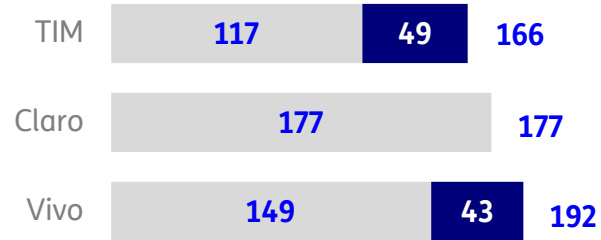


Oi Assets Acquisition + 5G -> Unique opportunity

Closing the historical spectrum gap

Spectrum – National Average (MHz)

Spectrum per Access (MHz / Access)

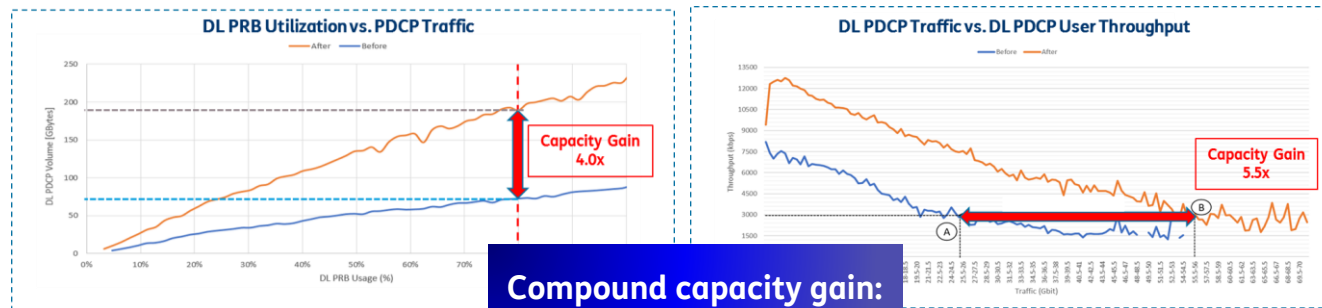


■ Before Merge ■ After Merge

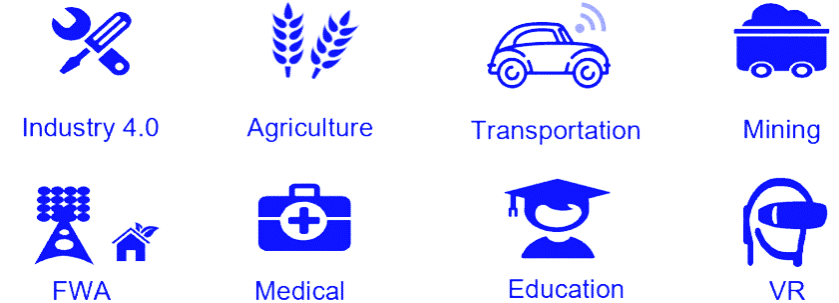
■ After Merge



Massive MIMO Capacity Boost

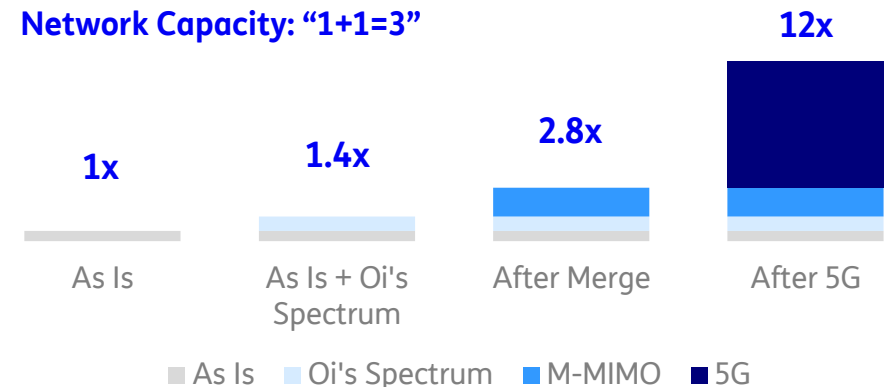


Future Investments



- Lower Cost to Serve
- Better CEX
- New Revenues opportunity

Network Capacity: “1+1=3”



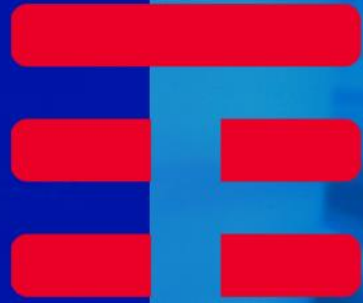
Market guidance 21-23 shows Revenue and EBITDA growth, and positive impact coming from M&A



GOALS	SHORT TERM TARGETS (2021)	LONG TERM TARGETS
Revenue Growth Sustainability	Service Revenues Growth: Mid single digit (YoY)	Service Revenues Growth (CAGR '20-'23): Mid single digit standalone <i>High single digit combining Oi's assets</i>
Improve Profitability	EBITDA Growth: Mid single digit (YoY) <i>(Including preparation costs)</i>	EBITDA Growth (CAGR '20-'23): Mid single digit standalone <i>Double digit combining Oi's assets</i>
Infrastructure Development	Capex: ~R\$ 4.4 bln <i>(including preparation investments)</i>	Capex (cumulated 2021-'23): ~R\$ 13.0 bln standalone <i>~R\$ 13.5 bln combining Oi's assets</i> <i>(Capex on revenues declining starting in 2022 combining Oi's assets)</i>
Expand Cash Generation	EBITDA-Capex on Revenues: ~24% <i>(including preparation costs and investments)</i>	EBITDA-Capex on Revenues: ≥ 29% in 2023 combining Oi's assets

READY

- ✓ 5G auction and launch
 - ✓ Fiber assets carve-out
- (elements not fully incorporated in the Plan numbers)



ESG

ESG: A long journey already taken

MORE THAN A DECADE OF INITIATIVES AND RESULTS

13 years ISE B3 Brazilian Telco for the longest time in the **Corporate Sustainability Index** of the B3



TIMS
B3 LISTED NM

Only Telco in the **Novo Mercado (since 2011)**, with the implementation of the **Statutory Audit Committee** since 2013

Instituto **TIM**

Since 2013, Instituto TIM has been developing and promoting projects and initiatives for the democratization of education in ST&I

Indexes and acknowledgements

(indexes)

ISE B3 **MSCI**

Teva Indices ESG Mulheres no Conselho®

ICO2B3



CDPR Index
Climate Resilience

Ambition

REFINITIV



Índice S&P/B3 Brasil ESG

(reports)



Communication
on Progress (UN)



GHG Inventory



Disclosure of emissions and
climate change-related information

Sustainability
Report

(acknowledgements and best practices)



Global
Compact
Signatory
since 2008



1st Telco
Pró-Ética
Seal (CGU)

TIMS
B3 LISTED NM

Novo Mercado since
2011, highest level of
corporate governance

1st in data privacy
The best rated company in the survey on internet providers' policies for data protection¹

(certifications)

Quality
Management



Environmental
System Management



Anti-Bribery
Management

Ambition



Information
Security
Management

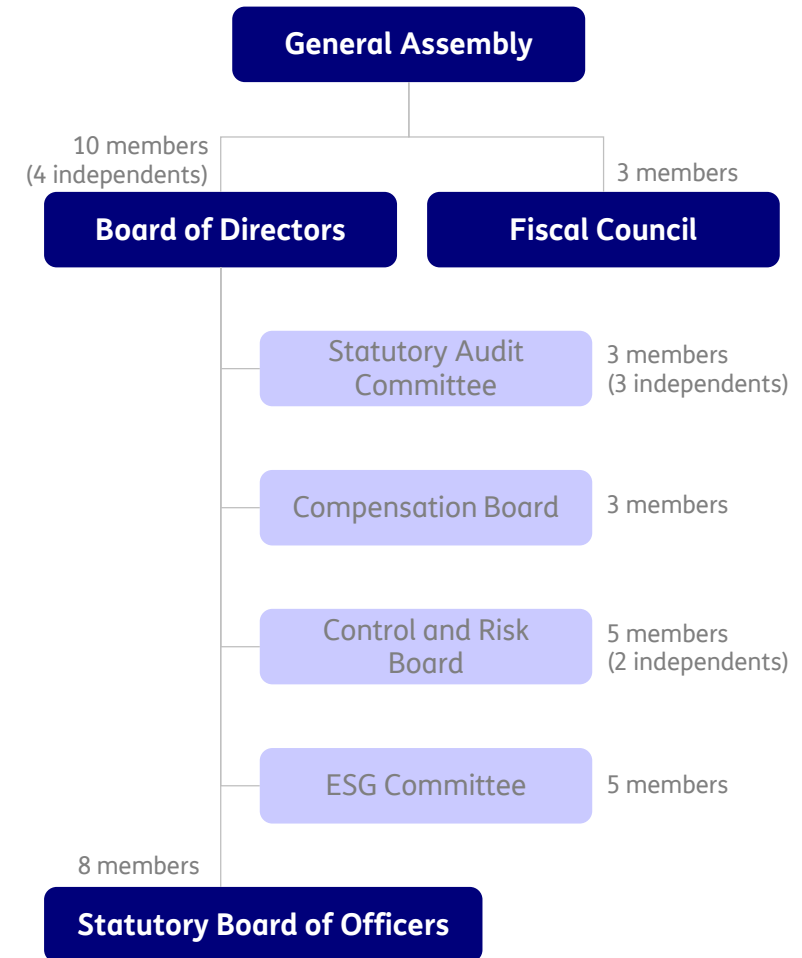
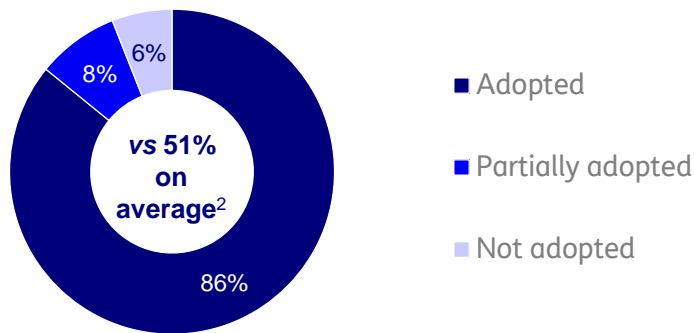
ESG: Highest level of Corporate Governance



STRUCTURE TO REINFORCE AND GUARANTEE A SOLID CORPORATE GOVERNANCE

- Unique Telco **listed on the Novo Mercado segment**: Equal rights – vote, dividends and tag along
- **Stock-based long-term incentives**: compensation aligned to shareholders' interests
- Board of directors: **40% independent + top 12 companies in female representation** (30% of board members)¹

Corporate Governance Form (ICVM 586)



Boosting initiatives that increase our ESG impact

Legend

new New commitment
 ↑ Target increase

Environmental

We want to be green

Enablers

- Increasing **efficiency** and taking advantage of **green energy** cost reduction
- Developing **cloud data centers** to deliver more to our customers with less impact on operations
- Demobilizing obsolete technologies through **innovation** and **infrastructure sharing**
- Promoting efficient and responsible **solid waste** management

Social

New capabilities are a key factor in maintaining leadership

- Promoting an **inclusive environment**, with **equal** opportunities, valuing **talents** and caring for the **health and integrity** of employees
- Developing **digital education** to support the demand for connectivity
- Keeping **Instituto TIM** as a reference in **ST&I and education projects**
- Extending access to 4G **connectivity** to all municipalities in Brazil

Governance

Efficient mechanisms to fairly balance the interests of all stakeholders

- Maintaining the recognition as a company with **the highest level of commitment** to transparency and corporate governance
- Disseminating **ESG principles to high-risk suppliers**
- Adopting best practices related to **compliance, information security, data protection and privacy**
- Promoting **customer empowerment** through **digital transformation**

Commitments

Targets

Carbon neutral (tCO ₂ e, scopes 1 and 2)	-100%		2030
Eco-efficiency in data traffic ¹ (bit/Joule)	+80%	↑	
Renewable energy	≥90%	new	2025
Indirect emissions ¹ (tCO ₂ e, scope 2)	-70%		
Solid waste recycling	≥95%	new	
Employee Engagement (per year)	≥80%	↑	
Black employees	≥40%	new	
Women in leadership	≥35%	new	
Employees trained in ESG culture	≥99%	↑	
Employees trained in digital skills	+5,000	↑	2023
4G presence	100%	new	
Customer complaints ¹ (Regulatory agency)	-50%	new	
ISE, Novo Mercado and Pró-Ética	Maintain	new	
ISO 14001 and ISO 9001	Maintain	new	
ISO 27001 and ISO 37001	Obtain		2022

ESG: Maintaining Consistency is Key for a Long-Term Transformation

SLB Issuance:
Generating positive
impact to society
while reducing
funding costs

R\$ 1.6 bln

ESG Targets



Social

100%
municipalities in
Brazil with TIM's 4G
coverage by 2023

Environmental



+80%
eco-efficiency
increase in data
traffic by 2025

Governance

Disclosure improvement

ESG Report

Sustainability Report
remodeled into
Annual ESG Report



[Link to the ESG Report](#)

IR Website

A brand-new ESG
section



[Link to the IR website](#)

Environment Actions

*Ongoing commitment with environmental
impact*

>1,7k
Active Biosites

+30 new QoQ

+15 Renewable energy
power plants

Power capacity of 25 MWp,
supplying 970 antennas and
towers in NE and CO



The first
biosite in
Ouro Preto
(MG).

Social Actions

Engaged to a more egalitarian community

Women Empowerment

Partnership with
Mulheres Positivas
app to promote
women's career
development



LGBTI+ Rights

Admission to the LGBTI+
Business and Rights Forum



Global Mobile Awards

Winner in the
**Diversity in Tech
Award** category



2Q21 RESULTS

(1) Due to the reverse incorporation of TIM Participações S.A. by TIM S.A. (former wholly owned subsidiary of TIM Participações S.A.) by the end of August 2020, 2020 results present TIM S.A.'s figures, in accordance with the company's financial statements (ITR and DFP). In order to provide an adequate comparison from the economic standpoint, 2019 (and previous) data disclosed reflect that in TIM Participações's financial statements.

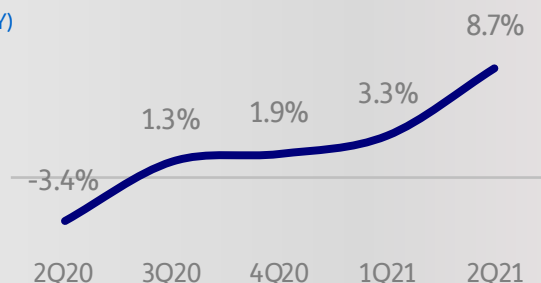
(2) Operating Costs normalized by legal and administrative services (+R\$ 13.7 million in 2Q21). Net income normalized by tax credit (-R\$4.6 million in 2Q21). 2019 and 2020 normalized effects as presented in the 4th quarter release.

Solid 2Q Results Confirms, Recovery is on Track as the Economy Reopens

6M21 Net Service Revenue
+6.0% YoY

Net Service Revenues

(YoY)

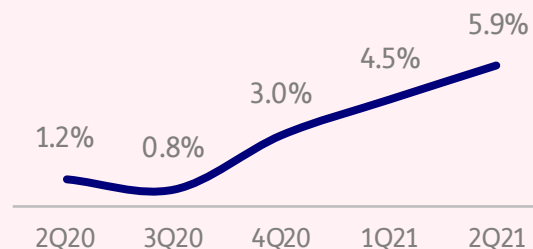


6M21 EBITDA growth
+5.2% YoY

20 quarters of EBITDA positive growth

EBITDA¹

(YoY)



Edtech Partnership with Cogna Group (Ampli Platform)

Mobile and Live: New Portfolio launched in July



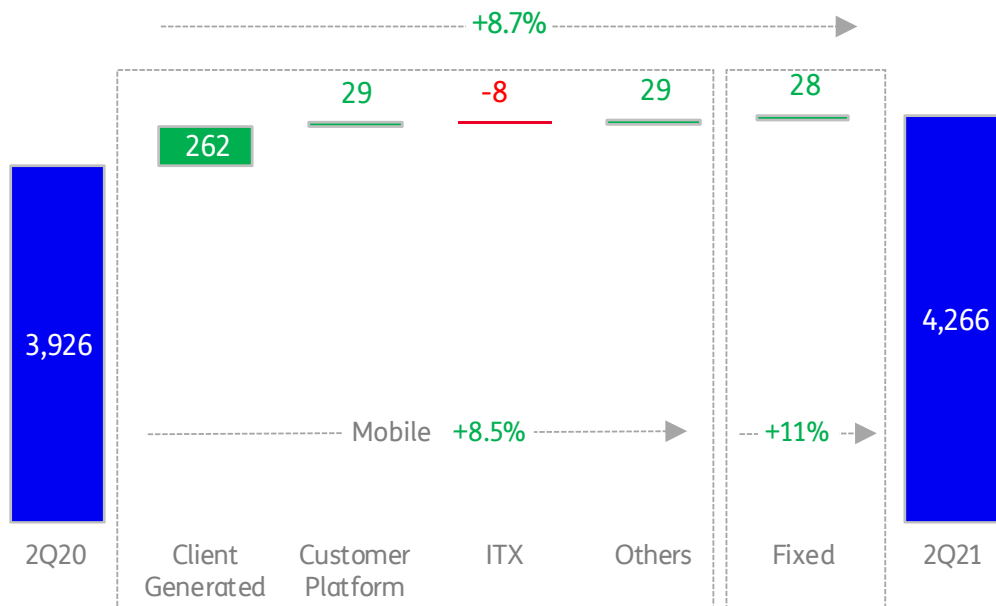
Largest Sustainability-linked debenture in Brazil

R\$ 1.6 bln

Revenues: Positive Contribution From Major Lines

Net Service Revenues Breakdown

(R\$ mln)



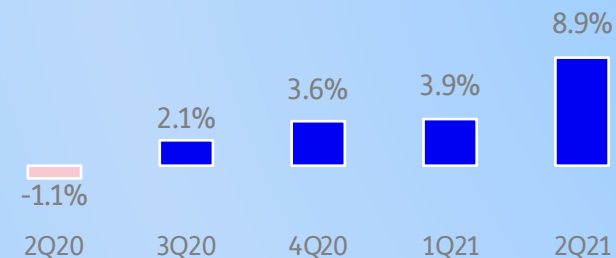
Consistent sequential improvement in a challenge environment (+1% QoQ)

Client generated growth accelerated to 7.8% YoY

Mobile Service Revenues

Postpaid Revenue

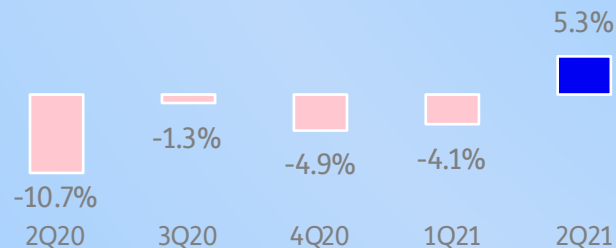
(YoY)



Postpaid consistent trend – Growth acceleration

Prepaid Revenue

(YoY)

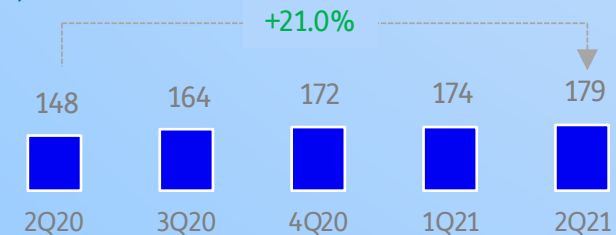


Prepaid recovery – Returning to positive growth

Fixed Revenues

TIM Live Revenue

(R\$ mln)

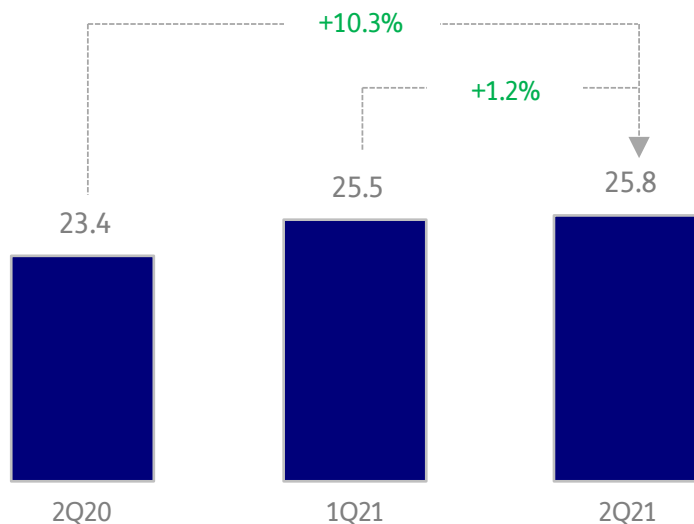


Consistently contributing to the service revenues growth

YoY and QoQ Improvements Driven by ARPU Solid Dynamics, Proving the Positive Impact of Volume to Value Strategy

Mobile ARPU

(R\$/mo)



ARPU growing for 22 consecutive quarters, since 2016

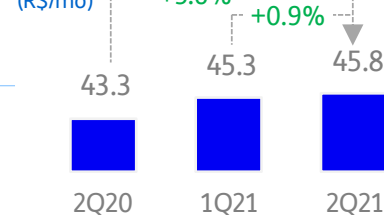
Prepaid

(R\$/mo)



Postpaid ex-M2M

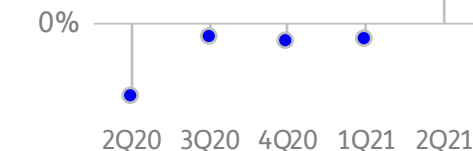
(R\$/mo)



Combined improvement of rechargers and sell-out

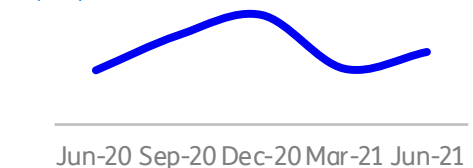
Avg. Recharges Sell-Out per Business Day

(YoY)

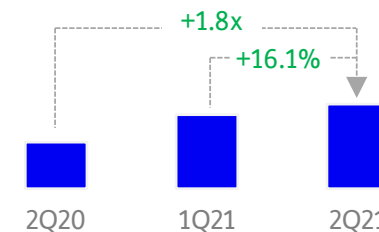


Rechargers

(mln)



Intra segment migrations also helping ARPU¹

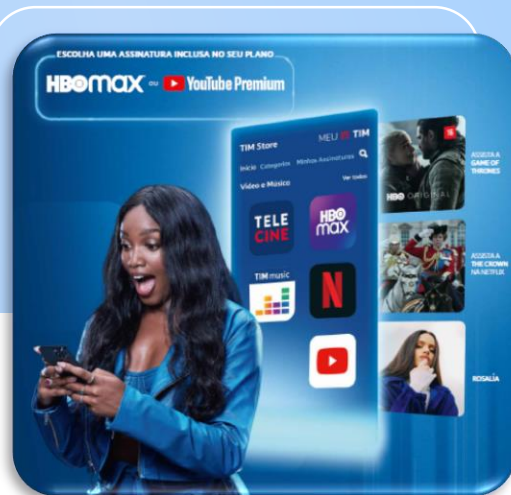


Offer Differentiation to Enchant Customers, While also Creating New Sources of Revenues



Deezer GO

- Ad-free consumption on lists created on music preferences
- New attribute of offer differentiation
- Version specially developed to support TIM's market reality



One-stop-shop

- New add-ons in the entertainment hub for TIM Black plans: HBO Max and YouTube Premium

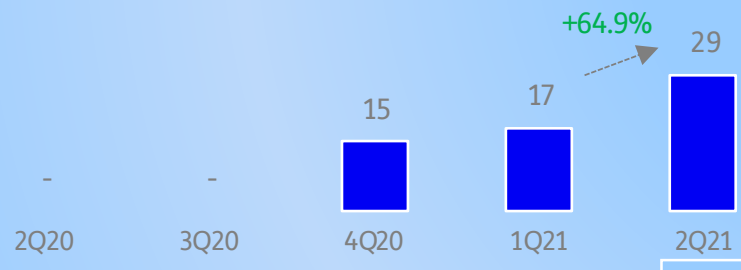


TIM + Ampli

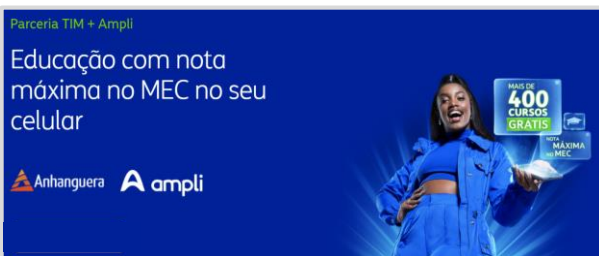
- Edtech partnership with exclusive benefits
- Knowledge bonus: zero rating
- Free access to 400+ courses
- Discounts on distance learning graduation

New Venture Announced and Strong Deliveries on Ongoing Projects

Customer Platform Revenue (R\$ mln)



New Venture in the Customer Platform Portfolio



TIM + Ampli (Cogna Group)

Participating in the fast-growing distance learning segment.

Cogna is the largest education player in Brazil and has the highest quality rate from Education Ministry.

Up to **30%** equity stake

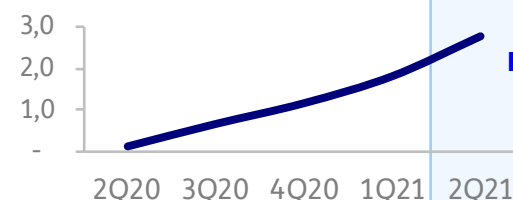
CAC revenues

Potential to acquire **80k** students per year

Using mobile operator assets to accelerate student intake

Financial Services R\$ 20 mln in 2Q

C6 Open Accounts (mln accounts accumulated)



Record numbers of accounts opened

LTV improvement with early churn reduction and higher loyalty

New targets accomplished
Total equity stake¹ **~2.9%**

~1.4% in 1Q ~1.4% in 2Q

Mobile Advertising – TIM Ads R\$ 9 mln in 2Q

19+ million opt-ins

Audience

Insights platform

Segmentation

Informa TIM
Over the Top Ads

Captive Portal
Video Views Ads

Legacy
Massive Push Ads²

TIM Fun
Games+ Ads

TIM News
Content+ Ads

Channels

~8 mln audience for a single campaign

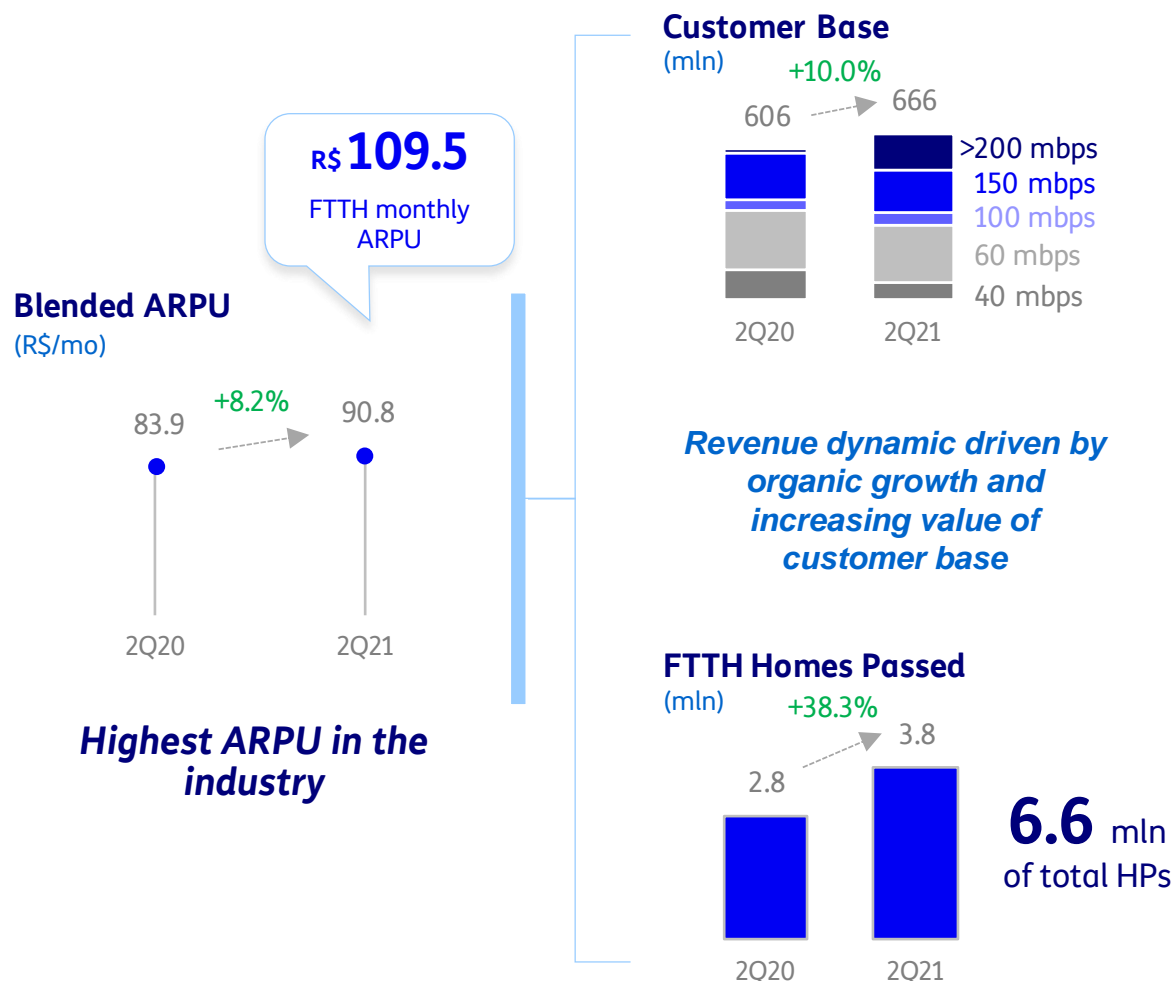
>1.4 mln surveys responses

>200k Informa TIM bonus awards

40% of users w/ daily engagement in TIM Fun

Deliveries

All Set to Deliver the Next Wave of Growth: Valuable Portfolio Combined With an Accelerated Rollout



The best upload speed



New portfolio

500 and 600 mbps plans
New content embedded:
Netflix and Paramount+

FIBER CO

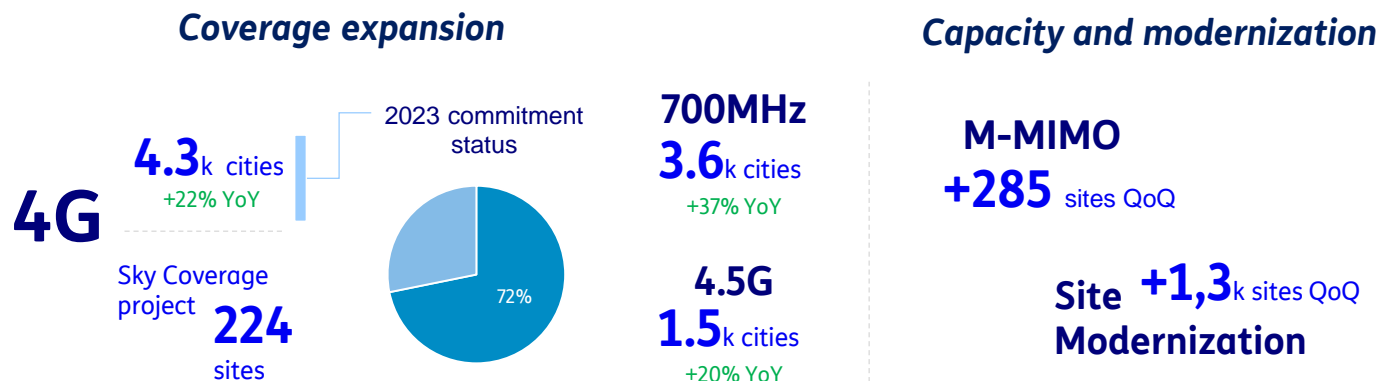
- CADE approval on June 16th

Next steps

- Anatel's prior consent
- Closing expected for September/October
- Higher secondary considering additional HPs vs deal's original scope
- Smooth transition with a TSA contract
- Additional FTTSite contract to be signed at closing

Fast-paced Network Evolution to Quickly Enjoy the New Opportunities That Will Come With Market Consolidation and 5G

Mobile Access Network



Network Sharing Agreement Update

Single Grid

- Coverage Expansion: >350 cities implemented (each)
- Consolidation: tests started in 20 cities (10 each)

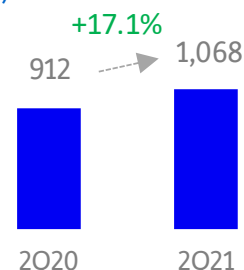
2G switch-off

- Tests underway and rollout expected in 4Q

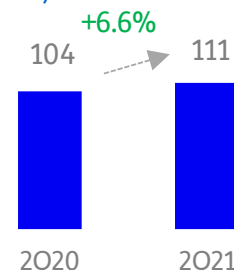
The highest % of customers' time on 4G network and the 2nd in coverage score¹

Transportation Network

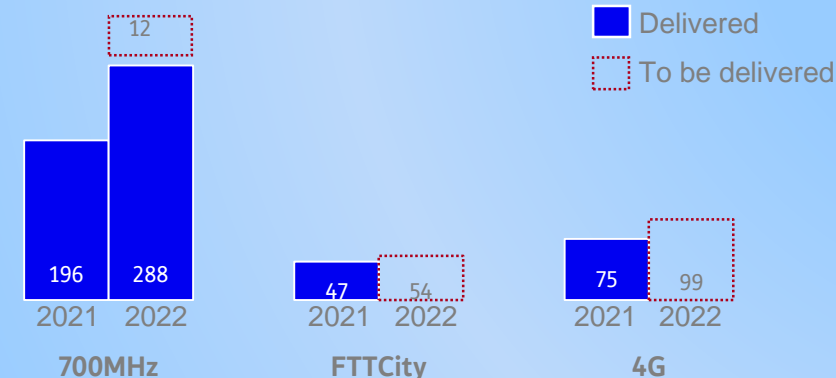
FTTCity ('000)



Backbone + Backhaul ('000 km)

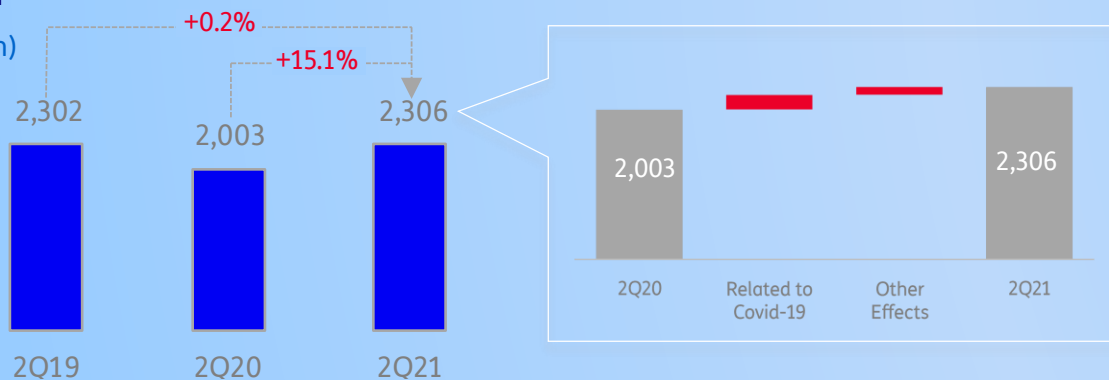


Anticipating TAC commitments deliveries (# cities)



Isolating Volume-Driven Costs Discontinuity, Opex Would've Been Stable With Digitalization Supporting Better Performance on Operational Side

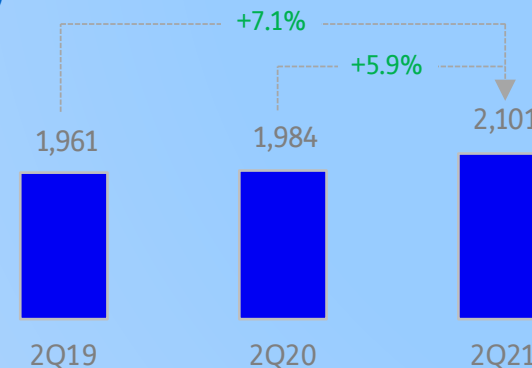
Opex¹
(R\$ mln)



EBITDA¹
(R\$ mln)

+5.2% YoY
1H21 EBITDA

47.1%
EBITDA margin
in 1H21



Digital transformation still contributing to put costs on the right path

+17% YoY
E-Bills
(Penetration of 78%)

+5% YoY
E-Payment amount
(Penetration of 77%)

-10% YoY
Non-human
interactions

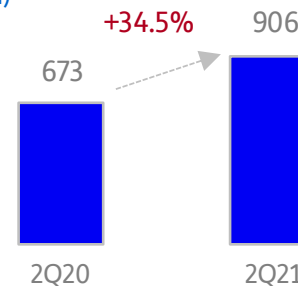
+21% YoY
Meu TIM app
unique users

+19 p.p. YoY
E-Recharges
penetration

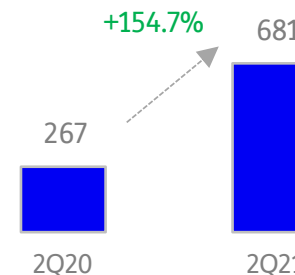
+57% YoY
Recharges
via app

+28% YoY
Pure Postpaid
E-Sales

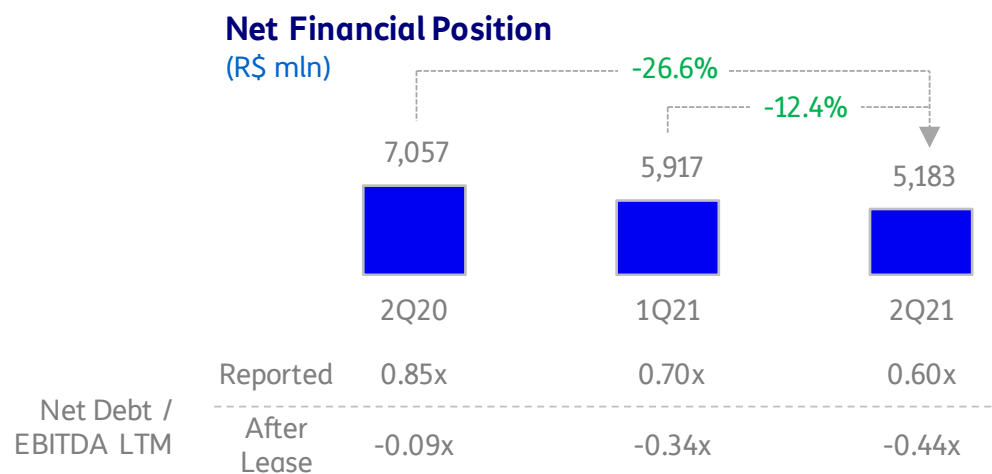
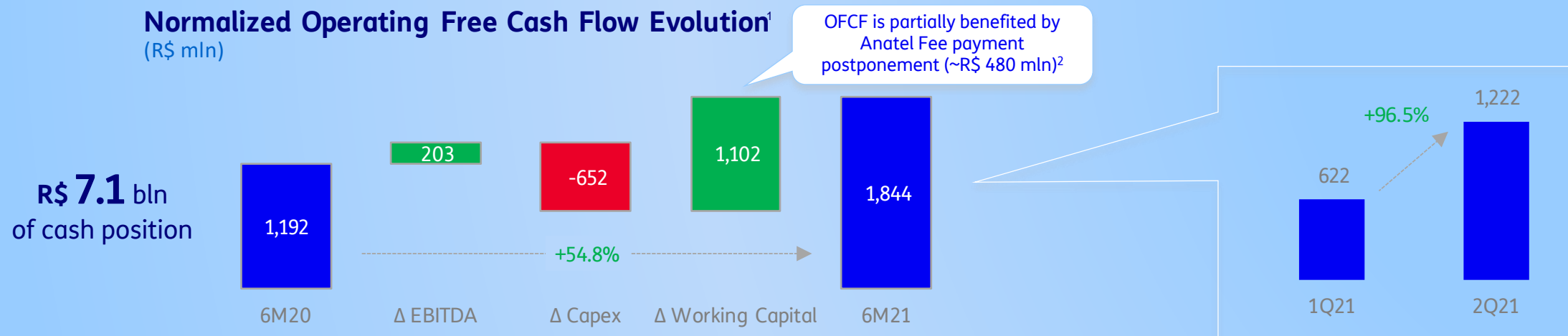
CAPEX
(R\$ mln)



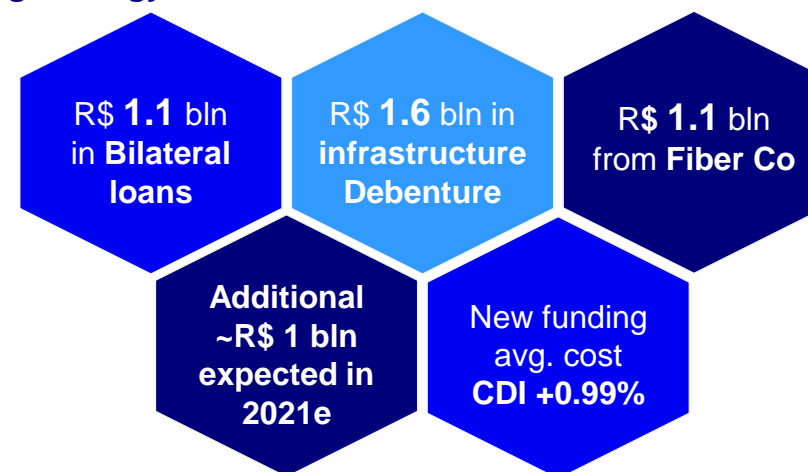
Net Income¹
(R\$ mln)



Strong Cash Flow Generation Improving Financial Position Assessment for Oi's Mobile Assets Acquisition



Financing Strategy



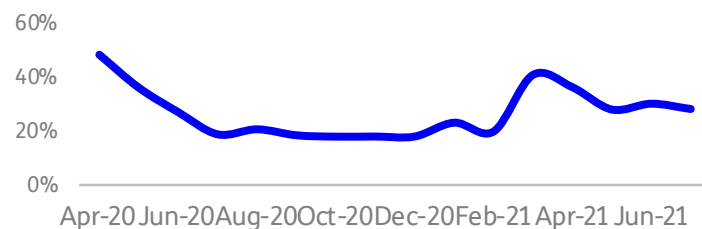


Solid 1H Deliveries Despite Headwinds Confirm a Positive View for 2H

1H21 Recap

Recovery of Pandemic Impacts

% of PoS Closed - Value Channel¹



Financials

+6.0% YoY 6M21 Net Service Revenue

+5.2% YoY 6M21 EBITDA growth

New Sources of Revenues

R\$ 46 mln in Customer Platform Revenues

New partnerships and products launched

M&A Front

Oi Acquisition funding well executed

Signing with IHS for 51% of FiberCo

What to expect for 2H21:

Oi's Assets Acquisition

- Anatel's prior consent and CADE's approval to happen in Q3/Q4
- Positive view on the outcome as the deal already addresses main concerns and respect fundamental rules
- Closing expected for Q4

Spectrum Auction

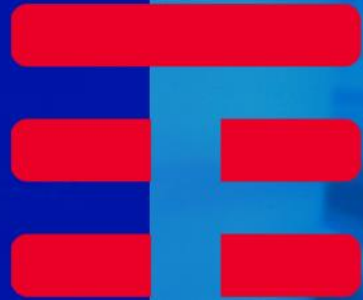
- Auction expected for Sep/Oct
- Infrastructure development focus is being confirmed

New Partnerships on the Horizon

- Digital Wallet to complement financial services portfolio expected for Q3 (contract negotiation stage)
- E-Health solution more broadly discussed, 10+ players interested (from large companies to startups)

Operations

- Continuous focus on execution to deliver the promises made to the market

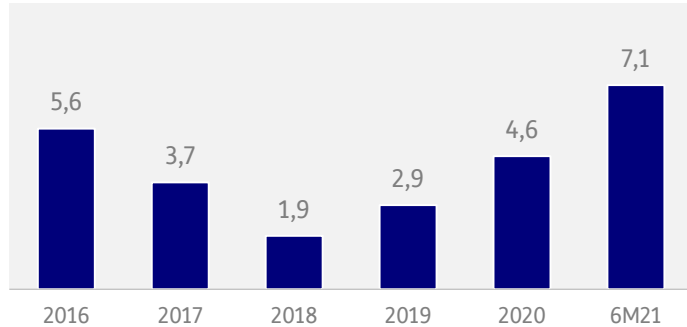


APPENDIX

Solid financial position: Maintaining a strong balance sheet and increasing distribution to shareholders



Cash Position¹
(R\$ bln)

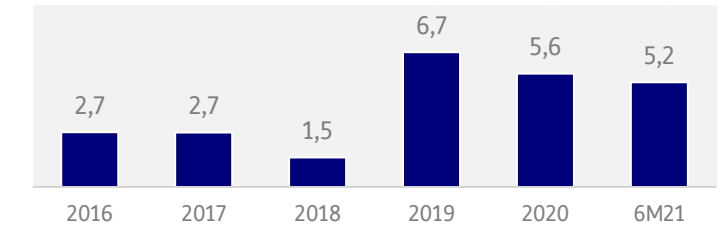


Gross Debt²
(R\$ bln)



Net Debt
(R\$ bln)

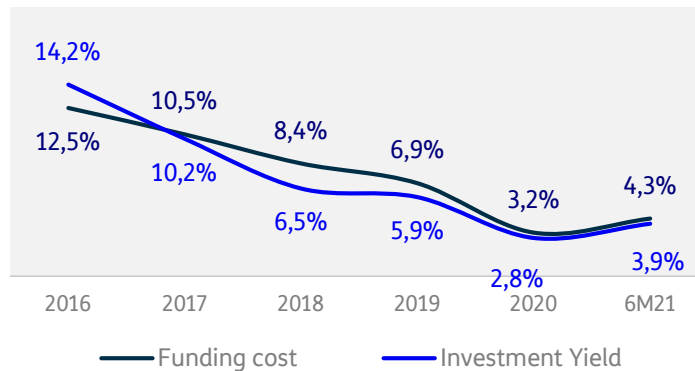
Net Debt-AL³



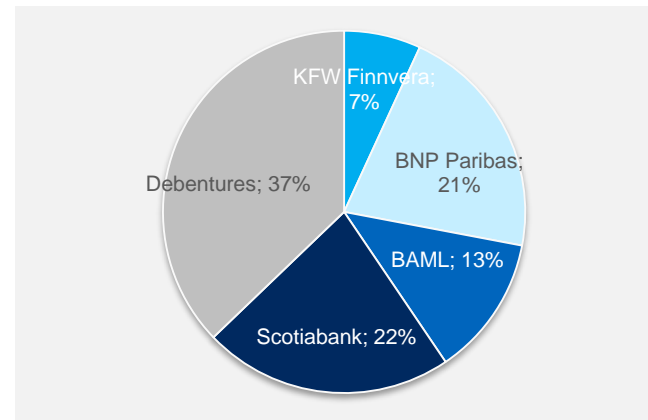
Net Debt / EBITDA 12M⁴



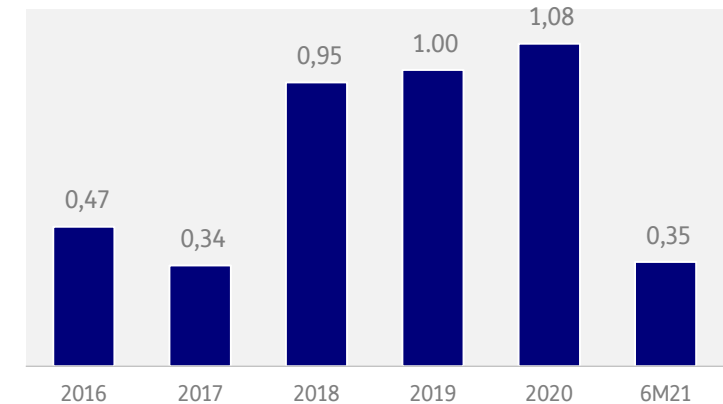
Funding Cost vs Investment Yield
(avg. p.y.)



Bank Debt by Lender (pre-hedge)



Declared IoC
(R\$ bln)



(1) Cash, Cash equivalents and short-term investments; (2) The Derivatives position excludes the subscription bonus in C6 Bank capital (Financial Statements, Note 37). Leasing related to the sale of towers, the LT Amazonas project and lease contracts with terms exceeding 12 months pursuant to IFRS 16; (3) Net Debt-After Leasing does not consider any current and non-current leasing liabilities; (4) EBITDA normalized.

Brazilian Telcos: Financial X-Ray



	TIM			Vivo			Claro + Nextel			Oi¹		
	2Q21	2Q20	% YoY	2Q21	2Q20	% YoY	2Q21	2Q20	% YoY	2Q21	2Q20	% YoY
Total Net Revenues	4.407	3.987	10,5%	10.649	10.317	3,2%	9.755	9.536	2,3%	4.333	4.490	-3,5%
Service Revenues	4.266	4.091	4,3%	10.100	9.944	1,6%	9.427	9.333	1,0%	4.312	4.478	-3,7%
Mobile Service Revenues	3.983	3.671	8,5%	6.441	6.245	3,1%	4.375	3.969	10,2%	1.652	1.708	-3,3%
Fixed Service Revenues	283	255	11,1%	3.659	3.700	-1,1%	5.052	5.364	-5,8%	2.661	2.770	-3,9%
Products Revenues	141	61	130,5%	550	373	47,3%	310	191	62,3%	21	12	77,4%
Organic EBITDA	2.101	1.934	8,6%	4.789	4.103	16,7%	3.916	3.816	2,6%	1.271	1.464	-13,2%
Organic EBITDA Margin	47,7%	45,9%	1,8 p.p.	45,0%	39,8%	5,2 p.p.	40,1%	40,0%	0,1 p.p.	25,7%	32,6%	-6,9 p.p.
Capex	906	904	0,1%	2.251	1.909	17,9%	n.a.	1.399	n.a.	1.883	1.751	7,6%
Capex/Net Revenues	20,5%	22,7%	-2,1 p.p.	21,1%	18,5%	2,6 p.p.	n.a.	14,7%	n.a.	43,5%	39,0%	4,5 p.p.
EBITDA - Capex	1.195	1.030	16,1%	2.538	2.195	15,7%	n.a.	2.535	n.a.	-613	-286	114,1%
Net Debt	5.183	8.561	-39,5%	4.533	4.457	1,7%	n.a.	13.682	n.a.	35.725	28.785	24,1%
Net Debt / EBITDA 12M	0,60	1,04	-41,7%	0,25	0,25	1,5%	n.a.	0,88	n.a.	6,7	5,0	36,0%
ARPU	25,8	23,9	7,9%	26,8	27,9	-4,2%	22,0	23,0	-4,3%	13,9	15,5	-10,3%
Prepaid	12,6	12,1	3,9%	12,1	12,1	-0,4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Postpaid (ex-M2M)	45,3	44,5	1,9%	48,0	49,9	-3,8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Brazilian Telcos: Operational X-Ray



	TIM			Vivo			Claro + Nextel			Oi		
	2Q21	2Q20	% YoY	2Q21	2Q20	% YoY	2Q21	2Q20	% YoY	2Q21	2Q20	% YoY
Mobile Customer Base (MM)	51,3	52,0	-1,3%	81,0	74,4	8,8%	67,8	58,5	15,8%	40,3	36,7	10,0%
Market Share	20,9%	23,1%	-2,2 p.p.	33,0%	33,0%	0,0 p.p.	27,6%	26,0%	1,6 p.p.	16,4%	16,3%	0,2 p.p.
Human Postpaid Customer Base ex-M2M (MM)	18,2	17,5	4,0%	35,9	33,2	8,0%	28,1	23,7	18,5%	13,8	10,4	32,8%
Market Share	18,8%	20,4%	-1,6 p.p.	37,2%	38,8%	-1,6 p.p.	29,1%	27,7%	1,4 p.p.	14,3%	12,1%	2,1 p.p.
Mix	35,4%	33,6%	1,8 p.p.	44,4%	44,7%	-0,3 p.p.	41,4%	40,5%	0,9 p.p.	34,2%	28,3%	5,9 p.p.
M2M Customer Base (MM)	4,0	3,8	6,3%	10,9	10,0	9,0%	10,7	8,0	32,6%	2,3	2,0	11,5%
Market Share	13,0%	14,8%	-1,8 p.p.	35,0%	38,9%	-3,9 p.p.	35,0%	31,0%	4,0 p.p.	7,4%	7,8%	-0,4 p.p.
Prepaid Customer Base (MM)	29,2	30,7	-5,0%	33,9	31,3	8,2%	28,6	26,7	7,4%	24,4	24,3	0,6%
Market Share	24,9%	27,0%	-2,1 p.p.	28,9%	27,5%	1,4 p.p.	24,4%	23,4%	1,0 p.p.	20,8%	21,3%	-0,5 p.p.
Mix	56,8%	59,0%	-2,2 p.p.	41,8%	42,1%	-0,2 p.p.	42,3%	45,6%	-3,3 p.p.	60,5%	66,2%	-5,6 p.p.
4G Customer Base (MM)	44,4	39,3	12,9%	59,4	51,2	16,0%	50,4	41,5	21,4%	30,0	25,5	17,6%
Market Share	23,6%	24,6%	-1,0 p.p.	31,6%	32,1%	-0,4 p.p.	26,8%	26,0%	0,9 p.p.	16,0%	16,0%	0,0 p.p.
Mix	86%	75%	10,9 p.p.	73%	69%	4,5 p.p.	74%	71%	3,4 p.p.	74%	70%	4,8 p.p.
Banda Larga >34 Mbps (MM) ¹	661	599	10,4%	4.262	3.143	35,6%	8.147	6.966	17,0%	2.892	1.339	116,1%
Market Share	2,4%	3,5%	-1,1 p.p.	15,8%	18,5%	-2,7 p.p.	30,2%	40,9%	-10,7 p.p.	10,7%	7,9%	2,9 p.p.



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