FiberCop S.p.A.

ANNUAL REPORT
December 31, 2024

FiberCop S.p.A.
Registered office in Milan - Via Marco Aurelio 24, 20127
Fully paid - up share capital € 17,835,900
Tax code and company registration number: 11459900962
REA number: MI - 2604085
Managed and coordinated by Optics HoldCo S.r.l.

CONTENTS

Board of Directors

Chairman and Chief Executive Officer	Massimo Sarmi [(1) (3)]
Directors	Luis Miguel Azenha Pisco [(2) (3)]
	Riccardo Busani
	James Anthony Gordon
	Graham Alan Davies
	Mamoun Jamai
	Manilo Marocco
	Mauro Miglio
	Batist Thomas Degaris Ogier
	Gabriele Questa
	Andrea Santana Torregrosa [(2) (3)]
	Alberto Signori
	Simone Vellucci

Board of Statutory Auditors

Chairman	Daniela Travella
Effective Statutory Auditors	Giovanni Maria Garegnani
	Mauro Zanin
Deputy Statutory Auditors	Maurizio Accarino
	Valentina Cortellazzi

Independent Auditor

EY S.p.A.

[1] Luigi Ferraris resigned from his role as Chief Executive Officer and left the Group on January 23, 2025. Acting deputy CEO's responsibilities have been re-assigned to the Chairman Massimo Sarmi.
[2] Luis Miguel Azenha PiscoI and Andrea Santana Torregrosa resigned from their roles as Directors and left the Company on March 18, 2025.
[3] Luigi Ferraris, Luis Miguel Azenha PiscoI and Andrea Santana Torregrosa were replaced as Directors of the Company on March 18, 2025 by Tara Davies, Alexandre Van Meeuven and Laurent Fortino respectively.

Note on presentation

This document includes the management report of FiberCop S.p.A. (hereinafter "**FiberCop**" or the "**Company**") at and for the years ended December 31, 2024 and 2023, prepared in compliance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and as adopted by the European Union.

Basis of preparation of the financial statements

FiberCop is a company established in November 2020 and domiciled in Italy, with registered office in Milan, Marco Aurelio n. 24, and organized according to the legal system of the Italian Republic.

The establishment of FiberCop was originally part of a broader project aimed at expanding fiber-optic coverage across Italy. FiberCop was incorporated with its share capital fully paid by the then sole shareholder, TIM S.p.A. ("**TIM**"). On March 31, 2021, Teemo Bidco Sarl ("**Teemo Bidco**"), a company controlled by investment funds managed or advised by Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"), and Fastweb S.p.A. ("**Fastweb**") acquired a 37.5% and 4.5% stake in FiberCop respectively.

On November 6 2023, TIM, Optics BidCo S.p.A. ("**Optics BidCo**"), a company then controlled by investment funds managed or advised by KKR and Teemo BidCo entered into an agreement whereby (i) TIM agreed to the contribution of a going concern consisting of assets and relationships relating to the primary fiber and copper network (including the relevant infrastructure), the wholesale business and all of the issued and outstanding share capital of Telenergia S.r.l. ("**Telenergia**") to FiberCop (the "**Ramo Contribution**"), and (ii) Optics BidCo agreed to purchase from TIM all of TIM's shares of FiberCop (the "**Transaction Agreement**").

On July 1, 2024, (i) TIM, Optics Bidco and Teemo Bidco implemented the terms of the Transaction Agreement; (ii) Optics Bidco purchased from Fastweb interest in the Company; and (iii) Teemo Bidco contributed its interest in the Company into KKR Optics Aggregator SCSp, a company controlled by investment funds managed or advised by KKR, as capital injection, which interest in the Company was thereafter further contributed into Optics Holdco and Optics Bidco as capital injections (the "**Optics Transaction**"). Following completion of the Optics Transaction, Optics BidCo became the sole shareholder of FiberCop. On October 8, 2024, the shareholders of Optics BidCo approved a resolution to complete a reverse merger, whereby Optics BidCo was merged into FiberCop with retroactive accounting and tax effect as of July 1, 2024 (the "**Reverse Merger**"). As a result of the Reverse Merger, FiberCop became the surviving entity, and Optics BidCo ceased to exist as a separate legal entity.

The Optics Transaction and the Reverse Merger are collectively referred to as "**Business Combination**".

As result of the Business Combination the results of operations, including EBITDA and Organic EBITDA, are not directly comparable with those of 2023, primarily due to the Company's organizational restructuring and changes in its business model following the Business Combination, which has had a significant impact on both revenue generation and cost structures, making year-on-year comparisons less meaningful. In addition, assets and liabilities of FiberCop were measured at their fair value at the Business Combination date using the acquisition method of accounting in accordance with IFRS 3. These adjustments have had a significant impact on the recognition of cost structures. In particular, FiberCop's income statement for the year ended 2024 includes: i) FiberCop's 12-month operating results before the impact of the Business Combination, ii) 6-month operating results arising from Ramo Contribution, starting from July 1, 2024, and iii) 6-month impact arising from the

Reverse Merger starting from July 1, 2024, due to the measurement of assets and liabilities of FiberCop in accordance with IFRS 3.

For additional information on the accounting for the Business Combination, please refer to Note 5 - *Business combinations and reverse merger* of FiberCop's financial statements included elsewhere in this document.

For additional information, please refer to "*Management's discussion and analysis of financial conditions and results of operations — Main events of the period*" and Note 5 — *Business combinations and reverse merger* of the Company's financial statements included elsewhere in this document.

The Company's financial information is presented in Euro ("**€**"). In certain instances, information is presented in U.S. Dollars ("**USD**" and "**$**").

This document is written in English. However, certain legislative references and technical terms are cited in their original language to preserve their precise technical meaning under applicable law. Additionally, some totals in the tables within this document may not sum exactly due to rounding.

MANAGEMENT REPORT

December 31, 2024

Management's discussion and analysis of financial conditions and results of operations

Overview

FiberCop is the country's most advanced, extensive and comprehensive digital network infrastructure operator. With ultra-broadband coverage exceeding 95% of active lines, it reaches approximately 40% of national residential units with fiber to the home ("**FTTH**") technology.

FiberCop is a unique case within the European Union as the first instance of ownership separation from the incumbent national telecoms operator. On July 31, 2024 FiberCop's board of directors approved an investment plan of around €1,400 million for the second half of 2024, with the goal of accelerating development of the optical fiber network.

As of December 2024, FiberCop had over 14.5 million active accesses to its network, providing operators with a comprehensive and integrated range of reliable and innovative solutions, all supported by a constantly evolving cutting-edge technological network. The Company's activities—including access infrastructure, high-capacity networks, and transport infrastructures, as well as monitoring services, diagnostics, and installation and maintenance support—address the market's growing demands and, in the pursuit of the most suitable solutions for individual customers, they ensure the highest levels of quality, security, reliability, and stability.

The people of FiberCop, located across the entire country, are leading the way in enabling and accelerating Italy's digitalisation, developing an optical fiber network to meet the european digital agenda's goal of delivering a 1 Giga connection to the entire population by 2030.

Innovation and sustainability are core to FiberCop's business development, allocating substantial investment to fiber – more sustainable and future proof than traditional technologies – both in areas with existing fiber infrastructure and those historically served solely by copper infrastructure, while also employing available National Recovery and Resilience Plan ("**NRRP**") funds, of which FiberCop has been assigned about €2,300 million. The tenders envisaged under the NRRP are key drivers of the country's technological development and digitalisation. The projects that have been implemented will finally give previously underserved geographical areas access to the ultra-fast connectivity enjoyed by major urban centres.

The entire share capital of FiberCop is held by Optics HoldCo S.r.l. ("**Optics HoldCo**"), whose share capital is in turn held as follows: 33.5% is held by KKR Optics Aggregator SCSp, 4.3% by K-INFRA Optics Limited, 17.5% by 13545369 Canada Inc., 17.5% by Azure Vista C 2020 Sarl, 16% by the Ministry of the Economy and Finance of Italy ("**MEF**") and 11.2% by F2i Fibra S.r.l.

Main events of the period

Business Combination

On November 6, 2023, TIM, Optics BidCo, Fibercop and Teemo Bidco entered into the Transaction Agreement that governed:

- the contribution by TIM of a business unit – consisting of the activities relating to the primary network, the wholesale business and the entire shareholding in the subsidiary Telenergia – to FiberCop, which already managed before such contribution the activities relating to the secondary fiber and copper network; and

- the simultaneous purchase by Optics BidCo of the entire shareholding held by TIM in FiberCop, following the aforementioned contribution.

The Transaction Agreement further provided that, at completion of the transaction, TIM and FiberCop would enter into a master service agreement (“**MSA**”) to govern the terms and conditions of the services provided between the Company and TIM respectively. Pursuant to the MSA FiberCop provides TIM with a variety of access, business and network services as well as real estate services regarding the use by TIM of certain real estate properties owned or rented by FiberCop and other minor services. On the other hand, pursuant to the MSA, TIM provides FiberCop with certain ancillary services, including in connection with the use of TIM Group’s data centers as well as with the provision of certain ancillary wholesale services.The MSA has a duration of 15 years, with a renewal mechanism for additional 15 years.

Following the satisfaction of the relevant condition precedents set out in the Transaction Agreement, TIM contributed the business unit to FiberCop with effect as of July 1, 2024 (the “**Closing Date**”), and on the Closing Date TIM sold to Optics BidCo its entire equity interest in FiberCop and signed the MSA with FiberCop.

On the Closing Date, FiberCop and TIM also entered into a Transitional Services Agreement (“**TSA**”) to govern the supply of certain transitional services from TIM to FiberCop, mainly related to the provision of IT services regarding certain so-called hybrid systems and cyber-security services during FiberCop’s startup phase.

In connection with the Business Combination, certain Euro and USD existing notes issued by TIM, have been exchanged by the issue of certain Euro and USD bonds by Optics BidCo pursuant to a liability management exercise launched on April 18, 2024. These bonds were recognized at their fair value of €5,613 million at July 1, 2024 in FiberCop's financial statements, following the Reverse Merger.

On December 3, 2024, the corporate reorganization transaction was completed, through which FiberCop transferred (i) the entire share capital of Telenergia to EnerNet S.r.l. (“EnerNet”), a company fully owned by the parent company Optics Holdco, and (ii) the cogeneration assets received through the transfer of the business unit. Since these transactions took place at fair value, there were no significant impacts on the financial statements for the year ended December 31, 2024.

On December 13, 2024, Optics BidCo and its wholly owned subsidiary FiberCop executed a Reverse Merger by incorporation, which had been previously approved by the shareholders of Optics BidCo and FiberCop on October 8, 2024, with retroactive accounting and tax effect at July 1, 2024. As a result of the Reverse Merger, FiberCop became the surviving entity, and Optics BidCo ceased to exist as a separate legal entity.

Considering that the entire share capital of FiberCop was, immediately prior to the Reverse Merger, wholly owned by Optics BidCo, the Reverse Merger was carried out without determining an exchange ratio and did not involve any cash adjustments. As a result of the Reverse Merger, the shares representing the entire share capital of FiberCop were allocated to Optics HoldCo in its capacity as the sole shareholder of Optics BidCo prior to the Reverse Merger.

Following the Reverse Merger, the financial statements of FiberCop reflects:

- the assets and liabilities of Optics BidCo at their book value prior to the Reverse Merger, including certain Euro and USD existing notes issued by TIM, which have been exchanged by the issue of certain Euro and USD bonds by Optics BidCo in connection with the Business Combination; and
- the assets and liabilities of FiberCop measured at their fair value at the acquisition date using the acquisition method of accounting in accordance with IFRS 3, which applies the fair value concepts requiring to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date of July 1, 2024 (with certain exceptions).

For further details of the Business Combination please refer to Note 5 — *Business combinations and reverse merger* within the Company's financial statements included elsewhere in this document.

Highlights

The following tables present the Company's highlights at and for the years ended December 31, 2024 and 2023.

(in € million)	At and for the year ended December 31	
	2024	**2023**
Revenues	2,577	1,452
EBITDA		
Organic	*1,654*	*1,254*
Reported	*1,331*	*1,254*
EBITDA-AL		
Organic	*1,468*	1,252
Reported	*1,145*	1,252
(Loss)/Profit for the year	**(191)**	**409**
Equity	8,901	5,790
Net Debt	(11,147)	(3,340)
Net Debt-AL	(9,184)	(3,334)
Investment	2,031	1,184
Numbers of UI ESRI (million)	12.2	10.3
Numbers of employees (unit/FTE)	19,788	80

For further information and definitions of the non-GAAP financial measures — including EBITDA, Organic EBITDA, EBITDA After Lease (EBITDA-AL), Organic EBITDA-AL, Net Debt, and Net Debt-AL — please refer to the section "Non-GAAP Financial Measures" included elsewhere in this document.

The results of operations, including EBITDA and Organic EBITDA, are not directly comparable with those of 2023, primarily due to the Company's organizational restructuring and changes in its business model following the Business Combination. In addition, assets and liabilities of FiberCop were measured at their fair value at the Business Combination date, using the acquisition method of accounting in accordance with IFRS 3. This Company's organizational restructuring hashad a significant impact on both revenue generation and cost structures, making year-over-year comparisons less meaningful. For additional information on the accounting for the Business Combination, please refer to Note 5 - *Business combinations and reverse merger* of FiberCop's financial statements included elsewhere in this document.

Competitive environment and regulatory framework

Macroeconomic context

Throughout 2024, the Italian telecommunications market continues to be characterized by strong competition and an increasing demand for high-speed connectivity. The sector shows signs of revenue stabilization with a positive trend in the fixed network, driven by the expansion of ultra-broadband, which remains the primary market driver, as well as by a significant increase in traffic. This increase is supported by the gradual migration of connections from copper to fiber optics.

The Italian fixed telecommunications market is increasingly oriented towards fiber optics, with a decline in copper-based access and an acceleration in FTTH coverage. FiberCop is at the forefront of this technological transition, thanks to its cutting-edge infrastructure that enables operators to provide high-performance connectivity.

Total fixed accesses continue to show a rationalization trend, with a reduction in legacy connections in favor of new fiber optic activations. FTTH broadband accesses are experiencing significant growth, supported by the expansion of FiberCop's network and investments in next-generation infrastructure.

Competition among retail operators remains high with significant corporate operations. During 2024, Swisscom obtained the necessary regulatory approvals to complete the acquisition of Vodafone Italia for €8,000 million, with the merger expected in the first quarter of 2025. This operation will position Swisscom as the second-largest telecommunications operator in Italy.

In this context FiberCop, as a wholesale operator, positions itself as a key player in providing access services to retail operators, contributing to the country's digital transformation with the goal to enhance network infrastructure.

The Company operates in the wholesale fixed network access services market, a context in which the decisions of both the Italian Communications Regulatory Authority ("**AGCOM**") and the Italian Antitrust Authority ("**AGCM**") play a crucial role. These authorities establish specific rules for the Company's market entry, considering the transition from a monopolistic to a competitive market structure, and monitor anticompetitive practices by dominant operators seeking to hinder competition.

Key regulatory aspects for the Company include:

- the constraints and controls imposed on the dominant operator in the wholesale market, defined through the periodic market analyses conducted by AGCOM, which also apply to that operator's offerings, subject to AGCOM's oversight;
- the terms and conditions of the incumbent operator's wholesale offers; and
- the rules governing the public communication of offers, with particular attention to the accurate disclosure of physical infrastructures used and their characteristics.

In the context of competition protection, the following are especially significant:

- ongoing monitoring of restrictive agreements between operators and anticompetitive conduct by dominant operators aimed at blocking the Company's market entry; and
- a thorough scrutiny of unfair or aggressive commercial practices in the offering of electronic communication services.

Proceeding by the AGCM

Proceeding I850

On December 15, 2020, the AGCM board initiated a proceeding for anti-competitive agreement ("**Proceeding I850**") against TIM, Fastweb, Teemo BidCo Sarl, FiberCop, Tiscali Italia S.p.A. and KKR & Co. Inc.. The investigation concerns the agreements governing the establishment and operation of FiberCop and the supply contracts with Fastweb and Tiscali Italia S.p.A., to verify that these agreements do not impose unnecessary competition restrictions and that they provide sufficient incentives for the decommissioning of legacy copper network technology. Following the AGCM's decision, FiberCop and the other parties involved in the proceeding submitted a set of commitments aimed at proactively addressing any potential anti-competitive concerns identified by the authority. These commitments were accepted and made mandatory by the AGCM with a ruling issued in February 2022. FiberCop has implemented its commitments within the required timeframe, informing the authority through compliance reports. On July 15, 2024, FiberCop, Teemo BidCo and KKR & Co. Inc. asked AGCM to repeal the commitments that are no longer justified once TIM and Fastweb ceased to be shareholders of FiberCop.

At its meeting on December 17, 2024, the AGCM resolved to revoke the commitments previously undertaken by TIM during Proceeding I850, which had been made binding by Decision No. 30002 of February 15, 2022. Therefore, FiberCop is no longer obligated to comply with the commitments imposed, including the primary obligation to achieve specific annual volumes of connected real estate units (network roll-out).

AGCM, accepting the requests for revocation submitted by TIM and FiberCop, determined, among other things, that: "*With the withdrawal of the co-investment offer by TIM, publicly announced in January 2024, and subsequently with the transfer of TIM's network to FiberCop under the indirect control of KKR in July 2024, the commitments made binding by the Authority at the conclusion of Proceeding I850 to mitigate the competitive impact of the agreement resulting from the creation of FiberCop are deemed no longer applicable. This is due to the fact that the agreement investigated in Proceeding I850 is no longer in place.*"

Proceeding I874

At its meeting on December 17, 2024, the AGCM resolved to initiate an investigation pursuant to article 14 of Law No. 287/1990 against FiberCop and TIM to ascertain potential violations of article 101 TFEU. The proceeding focuses on verifying the compatibility of the MSA, with antitrust law. The MSA is in line with article 101 TFEU.

The MSA takes into account the concerns previously raised by the European Commission in its decision on the approval of the Optics Transaction. The competitive concerns highlighted in AGCM's opening decision are as follows:

- the duration of the exclusive supply agreement in favor of FiberCop;
- the provision of volume-based discounts for VULA-H;
- the most-favored nation clause in favor of TIM, which prevents FiberCop from offering services to third parties under better terms than those granted to TIM;
- lastly, the regulation of the indefeasible rights-of-use ("**IRUs**") on point-to-point ("**P2P**") fibers for business customers. AGCM challenges the potential restriction of competition due to the possible preclusion of access to such fibers by other competitors intending to serve these customers.

The proceeding is expected to be concluded by January 31, 2026.

Proceeding by the AGCOM

On September 16, 2024, with Resolution 315/24/CONS, AGCOM started the market analysis process following the structural separation of the fixed access network.

As part of the aforementioned procedure, the authority must firstly ascertain the existence of the conditions referred to in the art. 91 of the Code for the application to FiberCop of the regulatory framework relating to "wholesale-only" operators and, consequently, will proceed with the repeal of the current obligations on the control of wholesale access prices.

The national public consultation on the draft resolution that will outline the new regulatory framework for

FiberCop will probably be launched next April. Notification to the European Commission will follow approximately by October 2025 and the conclusion of the procedure with the publication of the final resolution by the end of 2025.

Currently, while the completion of the new market analysis is pending, the reference regulatory framework applicable to FiberCop would remain that defined by the previous market analysis (resolution no. 114/24/CONS of April 30, 2024).

On October 23, 2024, AGCOM approved the initiative proposed by FiberCop in 30 cities, in order to encourage the use of fiber technology, as it allows download speed up to 10 Gbps. The access fee for this technology has been set equal to that of the standard technology, which allows download speed up to 2.5 Gbps (approximately a decrease of Euro 2.3 per month compared to what was previously applied).

From November 1, 2024, a more competitive fee for fiber access is applied, compared to that regulated in the contestable municipalities. The new fee was communicated to AGCOM, which did not make any comments.

Personnel and sustainability aspects

Personnel

Development paths

FiberCop's development model is based on a holistic and dynamic view of the individual. Through various analytical tools, the Company supports personal and professional growth, fostering a balance between individual aspirations and corporate objectives. These goals are reflected in the following initiatives carried out by the Company: i) individual development, ii) development plans for specific targets, iii) employee surveys, and iv) continuous feedback.

During 2024 294,527 hours of training initiatives carried out on the following topics: cybersecurity awareness, technological and methodological certifications, SMART AOT, compliance, soft skills, sustainability, NEXT - Network of Experts for Training & Sharing, safety, emergency management, environmental protection, separation project and understanding fiber optics to create value in strategic communication.

People caring

FiberCop invests significantly in initiatives aimed at creating an inclusive, respectful work environment that focuses on the well-being of its employees. This is reflected in numerous programs designed to support work-life balance, physical and mental health, and personal growth. Some of the main activities include psychological well-being and parental support.

Inclusion program

Diversity is a core value of our corporate identity. The Company fosters an open and welcoming work environment where everyone, regardless of gender, age, cultural background, sexual orientation, religion, physical abilities, or life experiences, can fully develop their potential. Inclusion is essential for authentic innovation: by embracing varied perspectives, the Company creates more original and accessible solutions. The goal is for every individual to feel valued and respected, so they can contribute to collective success. This is reflected in different initiatives such as: i) the appointment of the diversity & inclusion manager (August 2024), ii) the approval of the human resources and equal opportunities policy (October 2024), iii) training of 8 ambassadors for the prevention of gender violence, and iv) mandatory webinar on the prevention of psychological violence for 15,296 employees.

In addition, the Company has obtained the UNI/PdR 125:2022 certification for gender equality and establishment of the gender equality steering committee and the ISO 30415 certification for promoting diversity and inclusion.

Sustainability

Since its establishment, FiberCop has embraced environmental, social, and governance ("**ESG**") best practices to guide its sustainability journey. Through consistent monitoring and reporting, the Company ensures diligent oversight and transparent internal communication of its projects and objectives. Stakeholder engagement remains a cornerstone of the Company's approach, enabling the measurement of progress and fostering continuous improvement.

The core business of FiberCop, centered on the progressive deployment of fiber to replace copper, inherently delivers positive environmental outcomes. Fiber technology significantly reduces energy consumption and environmental impact compared to copper. Additionally, by leveraging the Company's significant investments in the expansion of solar power generation for self-consumption—reducing reliance on fossil fuels and enhancing energy resilience—as well as in asset modernization to ensure that infrastructure upgrades contribute to long-term environmental benefits, Fibercop is paving the way for a more sustainable and technologically advanced future.

Recognizing the strategic importance of sustainability, FiberCop incorporates ESG targets into its daily operations and long-term strategies. To reinforce its ESG governance, FiberCop integrates enterprise risk management (“**ERM**”) with sustainability initiatives. Operational processes are systematically analyzed to embed ESG factors into risk assessments and management strategies. This integrated approach strengthens the organization’s capacity to:

- identify and mitigate ESG-related risks, such as climate change, regulatory compliance, and social impact issues;
- leverage opportunities in areas such as sustainable investment and innovation;
- align risk management practices with stakeholder expectations, thereby enhancing reputation and long-term value creation.

Oversight of sustainability efforts is vested in FiberCop’s board of directors, which holds ultimate responsibility for ESG matters.

Environmental responsibility

In line with the Italian Legislative Decree n. 125 issued in September 2024, which implements the European Corporate Sustainability Reporting Directive (“**CSRD**”), FiberCop may be required to publish a sustainability statement from the 2025 fiscal year. As part of its preparation, the Company voluntarily assessed its sustainability performance in 2024, using the European Sustainability Reporting Standards (“**ESRS**”), following a double materiality analysis.

Research and development

The innovation in FiberCop focuses on activities that give the Company a competitive advantage in terms of business and technological innovation and recognition of the brand’s innovative value, both in terms of revenue growth and corporate efficiency.

FiberCop places innovation at the heart of its business development, with the aim of offering a complete and integrated range of reliable and competitive solutions, supported by a cutting-edge and constantly evolving network, technologically future proof for the digital and ecological transition of its customers.

All the research and development activities are strictly related to the participation in standard bodies consortia, collaboration with universities and financed projects that ensures an eco-system vision that pursues open innovation, fostering a collaborative ecosystem with strategic European and Italian stakeholders.

In 2024, FiberCop started taking part in the major international standardization forum (ETSI, ITU, MEF, Broadband Forum, ECSO, TM-Forum, AIxIA, GSMA, UNI, UNINFO, CEI) with the purpose of cooperating, contributing and leading the development of international standards on different concerned aspects (technology, regulatory, security, innovation). With this affiliation process, FiberCop will target the following opportunities: (i) sharing the state-of-the-art regarding key innovative matters; (ii) playing an active role in the standardization activities; (iii) peering with industry players to shape a strategic vision for future infrastructures. In addition, at the end of 2024 FiberCop signed a cooperation agreement with Polytechnic University in Turin, with the goal of defining a strong collaboration on innovative technologies, such as artificial intelligence (“**AI**”) and big data, Edge&Cloud, software defined network (“**SDN**”) and optic and others for the next few years.

Participation in European and national initiatives, as well as funded projects is another important area of research in FiberCop: two funding initiatives of the European Union (HORIZON and Digital Europe Programme) and the RESTART national program are ongoing. Procedures are currently underway to include FiberCop among the participants of the funded projects in which it was previously involved as TIM, in continuity with the activities already carried out. Among the projects, the Origami initiative supports the development of flexible, AI-driven network management systems designed for 6G readiness, enhancing FiberCop's network automation and management optimization capabilities. The NextGEM project addresses the enhancement knowledge of electromagnetic field exposure in residential, public and occupational settings, allowing FiberCop to properly evaluate it for the management of operator mobile access networks. SEASON consortium focuses on sustainable high-capacity optical networks using advanced packet-optical convergence while exploring ultra-efficient network architectures leveraging AI.

An important asset of FiberCop's research and development is represented by the laboratories located in Rome and Turin, which employ around 40 people and are centers of corporate and technological innovation, hosting testing and prototyping activities, proof of concepts demos, integrations demos and showcases. A larger set of research and development activities are conducted on issues mainly related to the Company's activities like access infrastructures, high-capacity networks and transport infrastructures, as well as monitoring, diagnostics, installation support and maintenance services. The continuous innovation activity carried out has a direct application impact on the development of the network and of the offered services:

- 10 Gigabit capable symmetric passive optical network ("**XGS-PON**") and beyond: the innovation toward higher performances in access starts from over 30 cities with FTTH fiber connections up to 10 Gbit/s thanks to XGS-PON technology and expanding these possibilities nation-wide; technological innovation activities on access technologies up to 50 Gbit/s and more are a line that FiberCop is also investigating through points of connection (PoCs) and field trials;
- network security: exploiting the capillarity of the fiber network as a sensor that can provide a plurality of environmental information; moreover, quantum computing resistant fiber connections tolerant to most advanced cryptographic challenges are under study to support special customer needs;
- pushing the introduction of efficient and innovative solutions such as: (i) internet protocol and dense wavelength division multiplexing (IP-DWDM) convergence, for a reduction in costs and a tighter integration between optical and packet layers; (ii) SDN and disaggregation towards a vendor agnostic solution and for greater speed in deploying the most innovative solutions when available and (iii) convergence and transparent integration between network domains (backbone, metro and metro aggregation) thanks to the most advanced coherent transceivers, to have greater flexibility and expected impact in terms of costs and consumption;
- autonomous networks: able to self-configure, monitor, optimize and self-heal enabling communications service providers to operate more efficiently, deliver better customer experiences and innovate quickly.

New advanced technologies are also studied and tested to acquire knowledge, verify maturity and application in the future FiberCop network:

- high speed optical disaggregated access, metro and transport network as a framework to test the evolution of open software and hardware solutions and advanced machine learning ("**ML**") and AI assisted SDN control and digital twin;
- advanced coherent point to point and point to multi point solution promising a seamless integration of metro-aggregation and access PON segment;

- digital twin, as a precise and real-time aligned digital version of the optical transmission and radio network with the ability to quickly provide indications on the status of the network or to intervene directly and autonomously;
- ML and AI, which provide a capacity to extract and classify information directly from the data to complement models and analytics based on precise physical knowledge of phenomena; machine learning and artificial intelligence solution has been already developed and used in several of the key FiberCop operation processes;
- management and optimization of access and backhauling exploiting wireless terrestrial and non-terrestrial (i.e. satellites) networks;
- optical security and cryptography for quantum secure optical networks, including quantum key distribution.

Risk management

Risk governance serves as a strategic tool for value creation. Consequently, FiberCop has adopted an ERM model that is continuously evolving and in line with international regulations and standards. This model not only facilitates the identification, assessment, and management of risks — including those linked to ESG factors — but also promotes collaboration and synergy among stakeholders involved in the evaluation of the internal control and risk management system. The ERM process is designed to identify potential events that could influence business activities, manage risks within acceptable thresholds, and provide reasonable assurance on the achievement of the Company's objectives.

Financial risks

The Company is exposed to several financial risks connected with its operations:

- financial market risk, primarily related to foreign currency exchange rates and interest rates;
- liquidity risk relating to the availability of funds and access to credit, if required, and to financial instruments in general;
- credit risk relating to counterparties failing to repay amounts owed or meet contractual obligations.

These risks could significantly impact the Company's financial position, operating results and cash flows. To manage these exposures, the Company identifies and monitors these risks closely, aiming to detect potential adverse effects early and take appropriate mitigation steps. These efforts are primarily managed through the Company's operational and financing activities, and, when necessary, by entering into derivative financial instruments contracts.

Foreign currency risk

The Company is exposed to foreign exchange risk due to its notes denominated in USD. To manage this risk, the Company's policy requires hedging of foreign currency exposure related to financial liabilities. While these hedges are designed to offset exchange rate risk, they may not completely shield the Company from all unfavorable currency fluctuations. If the Euro depreciates or appreciates against other currencies to whom the Company's indebtedness, cash or business could be exposed, it could positively or negatively impact the Company's operating result or financial position. At December 31, 2024, the Company only had a USD original exposure on the principal and interests of the USD bonds issued during the TIM bond exchange (See "*Liquidity and capital resources—Bond and notes"* below for additional information). This risk has been hedged from the inception and for a substantial part of its value (both principal and interest) through cross-currency interest rate swaps executed with primary international standing bank counterparties.

Interest rate risk

The Company is also exposed to the interest rate risk on the portion of its debt that is index-linked to variable rates. The decision to maintain a certain debt structure at fixed and variable rates aims to manage the positive or negative impact of the floating interest rate evolution and is partially achieved through the use of interest rate swaps, through which variable-rate liabilities are synthetically converted into fixed-rate instruments. The use of interest rate swaps is exclusively for the hedging of interest rate risks associated with monetary flows and not for speculative purposes.

At December 31, 2024, the coverage ratio is equal to a substantial part of its value. Any change to floating interest rates that has not been adequately hedged by derivatives may have an impact on the economic profile of the Company’s unhedged variable-rate financial liabilities, which may have negative impacts on the results of its transactions and on cash flows.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations related to a financial instrument or a commercial contract, thus leading to a financial loss. The Company is exposed to credit risk deriving from its operating activities, primarily for trade receivables and from its financial assets, such as cash on bank accounts or deposits with banks and financial institutions. At each balance sheet date, an analysis is carried out on the need for an impairment of trade receivables according to provisions set out by IFRS 9. The maximum exposure to credit risk at the reporting date is the book value of trade and other financial receivables.

Trade and other financial receivables are significantly concentrated among a limited number of key clients, which heightens the potential impact of default by any of these counterparties. At December 31, 2024, the amount of financial assets deemed to be of uncertain recoverability is not significant and is covered by the allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that financial resources will not be sufficient to meet financial and commercial obligations in accordance with established terms and deadlines. The Company monitors the risk of a shortage of funds using specific planning activities in order to maintain a balance between continuity of funding and the use thereof.

At December 31, 2024 and 2023, to meet its short-term obligations, the Company reported cash and cash equivalents amounting to €997 million and €152 million, respectively.

In order to mitigate the liquidity risk, the Company aims to maintain an adequate level of financial flexibility, in terms of cash and syndicated committed credit lines, specifically a €2,000 million revolving credit facility, committed until June 2029 and fully undrawn at December 31, 2024, enabling it to cover refinancing requirements well beyond the next 12-18 months.

For details on the grouping of the main Company’s financial liabilities,based on their contractual maturities and committed credit lines available as at December 31, 2024 and 2023, see Note 28 - *Qualitative and quantitative information on financial risks* within the Company’s financial statements included elsewhere in this document.

Risks related to the business and industry

At the end of September 2024, in the fixed network, total accesses were around 20.25 million. The natural decline in revenues from traditional voice services—driven by a reduction in access and price cuts—was largely, but not entirely, offset by the growth in data service revenues. Copper lines and fiber to the cabinet ("**FTTC**") access continue to decrease, while FTTH is growing by 1.18 million lines year-on-year and fixed wireless access ("**FWA**") also is slightly increasing by 0.22 million lines year-on-year. According to AGCOM, in September 2024 broadband and ultra-broadband users reached an amount of 19.2 million.

In terms of infrastructure, the market has underscored the importance of investments initiated in recent years, not only by FiberCop but also by other key players such as Open Fiber, Fastweb, and several others wholesale operators. These operators are expanding fiber-optic networks on a national level and within regional and provincial areas, increasing wholesale market competition. Within this context, FiberCop has further accelerated the competitive landscape in telecommunications infrastructure, expanding its FTTH coverage by using both its own resources and funds from the "Italia 1 Giga" initiative. During 2025, a company merger between Fastweb and Vodafone will increase competition on the wholesale market and will probably have an effect on their accesses on FiberCop's network. In addition, this merger will have an impact in the retail market as well, affecting TIM's performances. Moreover, exclusive agreements between major telecom operators and Open Fiber remain in place in black areas, limiting FiberCop's commercial penetration. To mitigate risk, FiberCop is following two key strategies: diversification of the offering and enhanced competitiveness and market penetration. For the first strategy, FiberCop is accelerating the roll-out of its FTTH network to expand coverage and solidify its market position. The Company is leveraging both public and private funding while introducing innovative wholesale services, including tailored solutions for the business segment and value-added offerings for partner operators. With regards to the second strategy, FiberCop is forging new commercial agreements with alternative operators, broadening its customer base, and actively participating in public tenders and national initiatives to secure additional funding and enhance its infrastructure.

Risks related to the wholesale-only business model in pay-per-use mode

The Company has adopted a wholesale-only business model based on a pay-per-use approach, which ensures non-discriminatory access conditions for all other licensed operators ("**OLOs**"). Consequently, the Company faces the risk that any change or slowdown in the OLOs' acquisition strategies could result in a lower or slower-than-expected utilization of its network (the so-called "**Take-Up**") and the associated revenues. This risk is mitigated through the establishment of strong commercial relationships with OLOs, which also include the signing of commercial agreements with incentive mechanisms, thus encouraging partners to achieve specific targets on the Company's network.

New ultrabroadband fixed line network

One of FiberCop's key goals is to accelerate the roll-out of a new telecommunications network that delivers ultrabroadband connections, partly supported by government subsidies and NRRP funds (Italia 1G and 5G Backhaul) in regions where it has won tenders. Provided that the Company is properly structured to achieve its objectives, failure to meet ultrabroadband roll-out targets on time, or at all, could significantly harm FiberCop's business, financial performance, and operations. Among the most significant risks to network deployment are potential production capacity constraints within the network enterprise ecosystem.

Additionally, delays in NRRP projects could carry penalties, including fixed charges per unconnected address that increase with delays. However, as of today, no significant issues are detected in this regard.

Technology risks

The telecommunications market is shaped by competitive dynamics driven by technological progress, which can influence customer consumption habits. In particular, the fixed infrastructure sector may continue to experience the impact of FWA technology, especially with the expansion of 5G mobile technology, which is expected to become widely available in the medium term. Moreover, an emerging risk comes from low-earth orbit ("**LEO**") satellite technology which could become a viable alternative in sparsely populated areas where fiber is not yet available and mobile coverage is often limited. To address the impact of FWA and LEO technology, accelerating the expansion of the fiber network is crucial. In particular, the acceleration of FTTH coverage plans will be driven by analyses of the potential market. Additionally, leveraging synergies with fiber roll-out plans, the FTTC network will also be strengthened to cover areas that are currently not served by any ultrabroadband service.

Risks related to cybersecurity

The Company's activities, as an infrastructure communication provider, are significantly dependent on the proper functioning of its network and information systems. Cyber attacks can affect the services provided to the network operators that use the provided infrastructures (i.e. fiber, copper) and compromise data, putting the Company's reputation as a supplier of critical national infrastructures at risk, as well as resulting in financial losses and regulatory sanctions. Given these factors, significant focus has been placed on securing networks against major threats, such as viruses, malware, hacking, and data theft. The Company takes action to secure its own infrastructure considered as a critical asset for the national system. To address these risks, the Company has implemented organizational and technological measures to maintain a structured, continuous risk analysis process. Despite these precautions, potential issues with network and information system functionality could affect the Company's ability to deliver services at expected quality levels, potentially impacting its reputation and operational performance.

Commodity price risk

The Company is exposed to commodity risk due to its energy consumption and correlated cost exposure to the Italian energy market price volatility. To manage this risk, the Company's policy requires hedging of expected energy consumption exposure through long-term power purchase contracts that are valid beyond the current year. In general, while these hedges are designed to mitigate commodity risk, they may not completely shield the Company from all unfavorable energy price fluctuations. To further mitigate these risks, the Company will benefit from the activities carried out by other FiberCop's group companies in the areas of energy efficiency and self-generation of energy.

Risks related to agreements with suppliers

FiberCop maintains significant relationships with various suppliers of hardware, software licenses, and services that it relies on for the operation of its network and systems, as well as for customer support. One or more of FiberCop's suppliers may be unable to provide such products and/or services in a timely manner, under competitive conditions and in adequate quantities. This could affect FiberCop's ability to fully control its network, deliver high-quality services, and conduct its operations. It could also lead to technical issues, additional costs, reputational damage, customer loss, and a substantial negative impact on the Company's business, financial condition, and operational results. Throughout 2024, where expressly provided for in the respective contracts, FiberCop's suppliers have utilized a number of subcontractors for the installation and maintenance of its network. Although FiberCop operates with a carefully monitored number of subcontractors in compliance with applicable regulations, it cannot be entirely ruled out that their assignments may not be carried out correctly or fully in accordance with the required quality and safety standards or that contracts may not be further assigned to other third-party contractors. However, it should be emphasized that such potential misconduct would also be contractually unlawful, resulting in a primary liability for the contractor.

Conflicts and geopolitical tensions

Global economic conditions and political events may adversely impact FiberCop's business, primarily through rising costs of energy, raw materials, and transportation. Currently, the geopolitical situation could affect FiberCop indirectly by driving up these costs. The ongoing conflicts have already contributed to a general increase in energy prices, and any potential escalation or strategic shifts in the conflict could further exacerbate this trend, posing additional risks to energy markets and cost stability. To mitigate these challenges, FiberCop has implemented several proactive measures to reduce its exposure to rising costs and enhance resilience, such as: (i) increasing its reliance on renewable energy sources and exploring alternative energy procurement strategies to limit vulnerability to price fluctuations; and (ii) continuously monitoring geopolitical developments and conducting scenario analyses to anticipate potential impacts on costs and supply chains, allowing for agile decision-making.

Health and safety

FiberCop ensures compliance with legislative provisions regarding health and safety in the workplace, aimed at preventing possible accidents and damage to health in any way connected to the performance of work. To this end, the Company assesses the risks to the safety and health of workers with the aim of progressively reducing them to a minimum and prepares the relevant risk assessment documentation, by adopting the principles, standards and solutions in order to achieve "zero accidents at work", implementing appropriate preventive measures and verifying their adequacy and effectiveness. Raising awareness and involvement on health and safety policies and objectives and relating to internal control systems, as well as training and information on the risks and control measures adopted, are considered fundamental tools for achieving the expected results. To enhance internal management and control while improving workplace quality and employee well-being, FiberCop is ISO 45001 certified. This certification covers all processes related to the management of office and mixed-use real estate assets.

Risk linked to main sustainability topics

Climate and circular economy. FiberCop's operations and value chain have negative environmental impacts, in particular in terms of greenhouse gas ("**GHG**") emissions and e-waste. The majority of FiberCop's GHG emissions are generated from its operations and maintenance activities, while e-waste is primarily associated with network components, such as copper-based products and network equipment. FiberCop is subject to certain requirements and expectations from its stakeholders to manage these negative impacts. There is a growing trend in regulatory and self-regulatory measures on a global scale, which focuses on improving energy efficiency in transitioning to fiber-based network infrastructure and CO2 reduction. Compliance with such environmental standards may result in increased operational and financial costs for FiberCop. As a newly established company, FiberCop is committed to achieving net-zero emissions, setting ambitious sustainability goals that align with global environmental standards. The Company's strategy to reduce its carbon footprint, particularly for Scope 1 and 2 emissions, is centered on a multilayered approach primarily driven by the gradual replacement of traditional copper-based systems with advanced fiber optic networks, which offer greater energy efficiency and sustainability. Additionally, FiberCop will leverage significant investments in the expansion of solar power generation for self-consumption—reducing reliance on fossil fuels and enhancing energy resilience—as well as in asset modernization to ensure that infrastructure upgrades contribute to long-term environmental benefits. Through these initiatives, FiberCop is paving the way for a more sustainable and technologically advanced future.

The Company's assets are strategically distributed across the Italian territory, which inherently exposes them to potential risks from natural disasters such as floods, earthquakes, and other extreme environmental events. These risks are increasingly exacerbated by the growing impacts of climate change, such as more frequent and severe storms. Such events could lead to substantial operational disruptions, damage to physical infrastructure, and increased expenses related to repairs, maintenance or insurance coverage. To address these challenges, the Company places a strong emphasis on proactive risk assessment, the implementation of comprehensive disaster recovery plans, and strategic investments in infrastructure resilience. These measures aim to protect FiberCop's assets, minimize potential disruptions, and ensure business continuity in the face of natural calamities.

In the context of circular business models, delays in the decommissioning plan can hinder both cost savings and revenue generation. However, as of today, no significant issues are detected in this regard.

Social inclusion. The deployment of fiber optic networks that delivers ultrabroadband connections plays a crucial role in reducing the digital divide in Italy by providing high-speed internet access to underserved areas. Many rural and remote regions still struggle with slow or unreliable connections, which pose limits on opportunities for education, remote work, and digital services. By expanding its fiber infrastructure, FiberCop can bridge this gap, ensuring equal access to digital resources, fostering economic growth, and enhancing social inclusion. A more connected country means greater innovation, competitiveness, and improved quality of life for all citizens. Failure to implement the digital inclusion strategy could not only cause a loss in revenues, but also damage the Company's reputation.

Employee engagement. The ability to attract and retain qualified, specialized, motivated personnel is a key factor for a successful pursuit of strategic goals. The demand and competition for highly skilled employees in the telecommunications industry, such as electrical engineers, telecommunication engineers and talents in general is becoming increasingly challenging. To secure appropriate talent, FiberCop needs to recruit, develop and retain highly skilled employees. Failure on this front may affect FiberCop's ability to execute its business strategies effectively.

ESG-related financial disclosure. By meeting the thresholds set by the European Union Directive - CSRD (EU) 2464/2022, which came into force on January 5, 2023, and was adopted in Italy with Legislative Decree 125 of September 6, 2024, FiberCop is required, from 2025, to prepare and approve a mandatory sustainability statement. To this end, FiberCop has prepared a voluntary sustainability statement for 2024. This initiative aims to proactively organize the Company for future obligations, laying the foundation for the gap analysis needed to prepare the 2025 sustainability statement.

The European Union is going to simplify the CSRD directive with the package called “Omnibus”, with the probable redefining of the timeline for public and sustainability statements.

Risks related to legal disputes

The Company may face litigation and, if these disputes result unfavorable, the impact on the Company's reputation and operational results — arising from judicial rulings — may not be immediately assessable.

Regulatory risks

The Company operates in a highly regulated telecommunications sector, and unfavorable changes in regulations or laws could impact its expected results. New AGCOM decisions may alter the regulatory landscape, affecting the Company's projected outcomes and market forecasts. Key uncertainties include:

- AGCOM rulings on wholesale fixed network pricing, which could impact profit margins for end-user services;

- AGCOM decisions influencing technology choices, potentially affecting the timeline for returns on infrastructure investments; and
- AGCOM or AGCM regulations and/or decisions that may limit pricing strategies.

Risks related to licenses and authorizations

The Company operates based on licenses and authorizations that are subject to renewal, modification, suspension, or revocation by the relevant authorities. Should these licenses or authorizations fail to be renewed, suspended or revoked, the Company's operations may face limitations, potentially affecting its economic and financial outlook.

Golden power

The Italian golden power legislation, primarily referring to Decree-Law No. 21/2012, grants the government special powers over companies engaged in activities of strategic importance for national defense and security and/or those holding assets and relationships of strategic significance for national interests in the communications sector.

Failure to comply with notification obligations to the government results in specific penalties, including administrative fines of up to twice the value of the transaction and, in any case, not less than 1% of the turnover of the Company or the combined turnover of the companies involved in the most recent financial year for which the financial statements have been approved. Non-compliance with any veto, condition, or requirement imposed by the government leads to the nullity of the transaction, act, or resolution, and the parties involved are subject to the above-mentioned penalties. The government may also order the Company and any counterparty to restore the previous situation at their own expense. According to the Decree of the President of the Council of Ministers ("**DPCM**") of January 16, 2024, the government exercised the special powers provided under article 1 of Decree-Law No. 21/2012 by imposing specific requirements and conditions on FiberCop. In order to protect assets deemed strategic for national interests, particularly in the defense, national security, and communications sectors, the government made the separation between TIM and FiberCop conditional on compliance with the requirements set forth in the Decree. These measures primarily concern corporate governance and organizational structure.

National cybersecurity perimeter

In the framework of national security regulations, the golden power legislation is complemented by the national cybersecurity perimeter ("**PSNC**"), established by Law No. 133/2019. This regulation aims to ensure a high level of security for the networks, information systems, and IT services of public administrations, entities, and public and private operators based in the national territory, whose activities are essential to the country or provide critical services that are necessary to maintain civil, social, or economic functions that are fundamental to national interests. Any malfunction, disruption (even partial), or improper use of these systems could pose a risk to national security. The Company is required to comply with the PSNC regulations, and failure to meet these obligations may result in administrative fines varying on the basis of the violation, with penalties reaching up to €1.8 million. Furthermore, the use of products and services without the required notifications to the relevant authorities, failure to pass security tests, or violations of stipulated conditions may lead to an additional administrative sanction, including a three-year disqualification from holding executive, administrative, or control roles in legal entities and companies. Lastly, anyone who provides false information, data, or factual elements to obstruct or influence regulatory proceedings or inspections may face imprisonment from one to three years.

Result of operations

The following table provides results of operations for the year ended December 31, 2024 as compared to the year ended December 31, 2023, as well as for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 and for the six months ended December 31, 2024 as compared to the six months ended December 31, 2023.

(in € million)	**For the year ended December 31**		*of which for the six months ended June 30*		*of which for the six months ended December 31*	
	2024	**2023**	*2024*	*2023*	*2024*	*2023*
Revenues	2,577	1,452	*634*	*617*	*1,943*	*835*
Cost of goods and services	(500)	(182)	*(93)*	*(84)*	*(407)*	*(98)*
Personnel costs	(413)	(8)	*(4)*	*(4)*	*(409)*	*(4)*
Other operating income/(expenses)	(10)	(8)	*(4)*	*(5)*	*(6)*	*(3)*
Organic EBITDA	**1,654**	**1,254**	*533*	*524*	*1,121*	*730*
Restructuring and transaction-related costs	(323)	-	-	-	*(323)*	-
EBITDA	**1,331**	**1,254**	*533*	*524*	*798*	*730*
Depreciation, amortization and gains/(losses) on disposals of non-current assets	(969)	(476)	*(256)*	*(231)*	*(713)*	*(245)*
Operating (loss)/income	**362**	**778**	*277*	*293*	*85*	*485*
Net financial expenses and foreign exchange losses	(521)	(207)	*(120)*	*(89)*	*(401)*	*(118)*
(Loss)/Income before tax	**(159)**	**571**	*157*	*204*	*(316)*	*367*
Income taxes	(32)	(162)	*(48)*	*(103)*	*16*	*(59)*
(Loss)/Profit	**(191)**	**409**	*109*	*101*	*(300)*	*308*

The results of operations, including EBITDA and Organic EBITDA, are not directly comparable with those of 2023, primarily due to the Company's organizational restructuring and changes in its business model following the Business Combination, which has had a significant impact on both revenue generation and cost structures, making year-on-year comparisons less meaningful. In addition, assets and liabilities of FiberCop were measured at their fair value at the Business Combination date using the acquisition method of accounting in accordance with IFRS 3. These adjustments have had a significant impact on the recognition of cost structures. For additional information on the accounting for the Business Combination, please refer to Note 5 - *Business combinations and reverse merger* of FiberCop's financial statements included elsewhere in this document.

Restructuring and transaction-related costs

Restructuring and transaction-related costs for the year ended December 31, 2024, amount to €323 million and mainly related to: i) €234 million relate to the early retirement and associated contributions costs for managers and employees, based on the agreement signed with the trade unions during the third quarter of 2024 under article 4 of the Fornero Law, which allows early retirement in 2025; and ii) €89 million for external services related to professional consultancy and advisory services, as well as transaction taxes legal, HR, IT and accounting advisory incurred in connection with the Business Combination and the separation procedures from TIM.

Depreciation and amortization

Depreciation and amortization increased by €493 million compared to 2023, mainly determined by the higher value attributed to certain assets and the recognition of specific intangible assets as a result of the Business Combination as hereinafter:

- recognition of amortization of the customer relationship for an amount of €81 million;
- the depreciation of network infrastructures and equipment for an amount of €188 million;
- the depreciation of the right-of-use assets for an amount of €190 million.

Net financial expenses

Net financial expenses primarily include interest expense on bank borrowings, bonds, notes and lease liabilities, as well as the costs of hedging and derivatives.

Net financial expenses in 2024 increased by €314 million compared to 2023, mainly driven by the effect of the change in financial structure following the Business Combination. For additional information please refer to the "*Liquidity and capital resources*" and "*Risk Management*" sections.

Liquidity and capital resources

The Company's main financial liabilities include bonds and notes, bank borrowings, lease liabilities, trade payables and other payables. The main objective of these liabilities is to finance the Company's operating activities and capital expenditures development plan. The Company has other receivables, trade receivables and non-commercial and liquid assets that originate directly from operating activities.

Capital expenditures

Capital expenditures are defined as additions to property, plant and equipment and intangible assets. Capital expenditures for the years ended December 31, 2024 and 2023 amount to €1,991 million and €1,159 million, respectively.

In 2024, the roll-out of the Company's primary and secondary FTTH network is structured along two parallel work plans:

- the deployment of the secondary FTTH network in both "black" municipalities and in "gray" municipalities, reaching approximately 11.14 million estimated user interface of environmental systems research institute ("**UI ESRI**"), and;
- the activity related to the NRRP "Italia 1 Giga" of the 7 out of 15 lots in the tender.

For the year ended December 31, 2024, the total coverage across both development plans reached approximately 12.2 million estimated UI ESRI, spanning a total of 2,526 municipalities available for commercialization.

Infratel tender

On January 15, 2022, Infratel S.p.A., the Ministry of Economic Development's in-house entity managing NRRP funding, issued the "Italia 1 Giga" tender. This tender aimed to distribute public subsidies for investment projects to build new telecom infrastructures capable of delivering download speeds of at least 1 Gbps and upload speeds of 200 Mbps. Targeting around 6.9 million addresses, the tender was structured into 15 lots, with a total funding allocation of €3,680 million, and bidders could win up to 8 lots.

FiberCop and TIM participated jointly through a temporary association of companies ("**TAC**") and successfully secured 7 lots, allowing the TAC to reach over 2.9 million addresses, with a maximum grant of about €1,600 million. Following the Business Combination, FiberCop is the sole assignee of the 7 lots. At December 31, 2024, roughly 0.7 million addresses (about 1.06 million UI ESRI), as compared to a total realizable amount of 1.3 million, were connected within the TAC-awarded lots, showing significant annual growth with 0.6 million additional UI ESRI.

Following the Business Combination, FiberCop also became the assignee of all the 6 lots of the "5G Backhauling" plan which involves equipping mobile radio sites with fiber optic backhauling and connectivity on a high performance, reliable and enabling transport network for all 5G services.

Net Debt

The following table sets forth the calculation of Net Debt at December 31, 2024 and 2023:

(in € million)	At December 31,	
	2024	2023
Cash and cash equivalents	997	152
Current financial assets	143	87
Cash and cash equivalents and current financial assets	**1,140**	**239**
Current debt	(408)	(5)
Non-current debt	(11,879)	(3,574)
Total debt	**(12,287)**	**(3,579)**
Net Debt	**(11,147)**	**(3,340)**

Net Debt is a non-GAAP financial measure. See "*Non-GAAP Financial Measures*" for important information relating to non-GAAP financial measures.

At December 31, 2024, the Company's financial debt has a weighted average maturity of approximately 5.9 years. Taking into account the impact of hedging derivatives, a substantial part of the financial debt is fixed-rate, with an overall effective interest rate of approximately 5.2[1]%.

The main components of Net Debt are further explained below.

Bond and notes

In connection with the Business Combination, certain Euro and USD existing notes issued by TIM have been exchanged with the issue of Euro and USD bonds by Optics BidCo, which are pursuant to a liability management exercise launched on April 18, 2024. These bonds were recognized at their fair value of €5,613 million at July 1, 2024 in FiberCop's financial statements.

The key interest rate terms of the Company's bond and notes and the amount outstanding at December 31, 2024 are presented in the tables below based on their maturity dates. For additional information, please refer to Note 21 - *Non-current and current debt* in the section "*Bonds and notes"* of the Company's financial statements included elsewhere in this document.

[1] *Based on the margin step-up on the existing credit facilities, the average cost of debt would be 5.4%.*

(in € million)	Interest rates (in bps)	Amount	Within 1 year	1-5 years	Over 5 years
Fixed	237 - 787	**5,763**	112	3,115	2,536

Bank borrowings

During the year ended December 31, 2024, the Company drew down the term loan facility under a senior facilities agreement, for €4,579 million. The term loan facility is bullet, meaning the principal is repaid in full upon maturity, with no scheduled amortization of the principal during the life of the borrowing.

The key interest rate terms of the Company's bank borrowings and the amount outstanding at December 31, 2024 are presented in the tables below based on their maturity dates.

(in € million)	Interest rates (in bps)	Amount	Within 1 year	1-5 years	Over 5 years
Variable	Euribor 3M + (225-350) [1]	**4,562**	3	4,559	-
of which:					
Hedged		***3,500***	-	*3,500*	-
Non-hedged		***1,062***	*3*	*1,059*	-

[1] The spread over the variable component of the interest rate, typically based on the Euribor, is as follows over time: (i) Year 1: 225 bps, (ii) Year 2: 225 bps, (iii) Year 3: 275 bps, (iv) Year 4: 300 bps, and (v) Year 5: 350 bps.

Lease liabilities

The key interest rate terms of the Company's leases and the amount outstanding at December 31, 2024 are presented in the tables below based on their maturity dates. For additional information, please refer to Note 21 - *Non-current and current debt* in the section "*Lease liabilities*" of the Company's financial statements included elsewhere in this document.

(in € million)	Interest rates (in bps)	Amount	Within 1 year	1-5 years	Over 5 years
Fixed	475	**1,963**	294	917	752

Derivative financial instruments

The Company uses derivative contracts solely for hedging purposes, managing cash flow risks related to floating interest rates and currency exchange on its debt, in line with its policy, which prohibits speculative trading. The value of these over-the-counter instruments is determined using market-observable inputs. Derivatives are measured at fair value each reporting date by taking as a reference the applicable foreign currency exchange rates or the interest rates and yield curves observable at commonly quoted intervals.

The following table sets forth a breakdown of derivative financial instruments at December 31, 2024, along with the notional amount hedged:

(in € million)	At December 31, 2024		
	Negative fair value	**Hedged notional (in €)**	**Hedged notional (in foreign currency)**
Cross-currency interest rate swaps	(29)	1,925	2,000
Interest rate swaps	(88)	3,500	3,500
Total	**(117)**		

Debt covenants

The Company's term loans and revolving credit facilities are subject to financial covenants requiring the Company to maintain a ratio equal or lower than 9x of Total Net Debt to Adjusted Reported EBITDA (which both exclude the effects of lease accounting under IFRS 16) for each of the 12-month period ending on June 30 and December 31, as well as negative pledges, pari passu, cross-default and change of control clauses. The ratio can be adjusted to 10x if the Company attains a long-term credit rating of BBB- (or its equivalent) or higher from at least two credit rating agencies. The first measurement date is scheduled for June 30, 2025. Failure to comply with this covenant may provide the lender the option to ask the Company to fully repay the outstanding amounts, unless the Company takes corrective actions through contributions from shareholders or other parties within 20 business days after the due date for reporting the breach. At December 31, 2024, the Company is in compliance with debt covenants requirements.

Ratings

Following the Business Combination and related financing activities, the three rating agencies – Standard & Poor's, Moody's and Fitch Ratings – rated the Company as follows:

	Rating	**Outlook**
STANDARD & POOR'S	BB+	Negative
MOODY'S	Ba1	Stable
FITCH RATINGS	BB	Stable

Business outlook

Looking ahead, FiberCop is optimistic about the opportunities and challenges that are shaping the fixed network sector in Italy. The telecommunications industry continues to evolve rapidly, driven by increasing demand for high-speed connectivity and regulatory developments aimed at fostering digital transformation.

As a leader in this sector, FiberCop is committed to strengthening its market position by investing in network expansion, enhancing service quality, and driving innovation. FiberCop's strategic priorities for the upcoming year include accelerating the deployment of FTTH infrastructure, improving network resilience, and optimizing operational efficiency.

Non-GAAP Financial Measures

The Company's management monitors and evaluates performance through non-GAAP financial measures, including EBITDA, Organic EBITDA, EBITDA-AL, Organic EBITDA-AL, Net Debt and Net Debt-AL. These measures are considered useful in providing insight into the Company’s financial performance and condition, enabling easier comparisons with other companies. Additionally, they offer comparable metrics that help management in identifying operational trends and in taking informed decisions about future spending, resource allocation, and other strategic choices. Definitions, relevance, and reconciliations to the closest IFRS-compliant measures are provided below.

EBITDA and Organic EBITDA

EBITDA is defined as profit/(loss) for the year before (i) income taxes, (ii) net financial expenses and foreign exchange losses and (iii) amortization and depreciation and gains/(losses) on disposal of non-current assets.

Organic EBITDA is defined as EBITDA adjusted for certain income and costs, which are significant in nature and that management considers not reflective of ongoing operational activities.

The Company’s management uses EBITDA and Organic EBITDA to assess and analyze the Company’s underlying operating performance. These non-GAAP financial measures are considered useful as they exclude items that FiberCop’s management believes are not indicative of the Company’s underlying operating performance and allows management to view operating trends, perform analytical comparisons and benchmark performance across periods.

The following table presents a reconciliation of (Loss)/Profit for the period to Organic EBITDA:

(in € million)	**For the year ended December 31,**		*of which For the six months ended June 30*		*of which For the six months ended December 31*	
	2024	**2023**	*2024*	*2023*	*2024*	*2023*
(Loss)/Profit	**(191)**	**409**	*109*	*101*	*(300)*	*308*
Income taxes	32	162	*48*	*103*	*(16)*	*59*
Net financial expenses and foreign exchange losses	521	207	*120*	*89*	*401*	*118*
Operating Loss	**362**	**778**	*277*	*293*	*85*	*485*
Depreciation, amortization and gains/(losses) on disposals of non-current assets	969	476	*256*	*231*	*713*	*245*
EBITDA	**1,331**	**1,254**	*533*	*524*	*798*	*730*
Restructuring and transaction costs	323	-	-	-	*323*	-
Organic EBITDA	**1,654**	**1,254**	*533*	*524*	*1,121*	*730*

EBITDA-AL and Organic EBITDA-AL

EBITDA-AL is defined as profit/(loss) for the year before (i) income taxes, (ii) net financial expenses and foreign exchange losses and (iii) amortization and depreciation and gains/(losses) on disposal of non-current assets, and (iv) adjusted for amounts connected with the accounting treatment of the lease contracts.

Organic EBITDA-AL is defined as EBITDA-AL adjusted for certain income and costs, which are significant in nature and that management considers not reflective of ongoing operational activities.

The Company's management uses EBITDA-AL and Organic EBITDA-AL to assess and analyze the Company's underlying operating performance. These non-GAAP financial measures are considered useful as they exclude items that Company's management believes are not indicative of the Company's underlying operating performance and allows management to view operating trends, perform analytical comparisons and benchmark performance across periods.

The following table presents a reconciliation of (Loss)/Profit for the period to Organic EBITDA-AL:

(in € million)	**For the year ended December 31,**		*of which For the six months ended June 30*		*of which For the six months ended December 31*	
	2024	**2023**	*2024*	*2023*	*2024*	*2023*
(Loss)/Profit	**(191)**	**409**	*109*	*101*	*(300)*	*308*
Income taxes	32	162	*48*	*103*	*(16)*	*59*
Net financial expenses/(income) and foreign exchange losses	521	207	*120*	*89*	*401*	*118*
Operating Loss (EBIT)	**362**	**778**	*277*	*293*	*85*	*485*
Depreciation, amortization and gains/(losses) on disposals of non-current assets	969	476	*256*	*231*	*713*	*245*
EBITDA	**1,331**	**1,254**	*533*	*524*	*798*	*730*
Lease impact (1)	(186)	(2)	*(1)*	*(1)*	*(185)*	*(1)*
EBITDA-AL	**1,145**	**1,252**	*532*	*523*	*613*	*729*
Restructuring and transaction costs	323	-	-	-	*323*	-
Organic EBITDA-AL	**1,468**	**1,252**	*532*	*523*	*936*	*729*

(1) Lease impact relates to lease payments which would have been recognized as cost of goods and services if lease accounting under IFRS 16 had not been applied.

Net Debt and Net Debt After Lease

Net Debt is defined as the sum of current and non-current debt, net of cash and cash equivalents and current financial assets.

Net Debt-AL is defined as Net Debt adjusted for amounts connected with the accounting treatment of the lease contracts.

The Company’s management believes that Net Debt and Net Debt-AL (i) are useful to monitor the level of net liquidity and financial resources available to the Company; (ii) aid it, investors and analysts in analyzing the Company’s financial position and available financial resources; and (iii) are helpful in comparing the Company’s financial position and available financial resources with those of other companies.

The following table sets forth the calculation of Net Debt and Net Debt-AL at December 31, 2024 and 2023:

(in € million)	**At December 31,**	
	2024	**2023**
Cash and cash equivalents	997	152
Current financial assets	143	87
Cash and cash equivalents and current financial assets	**1,140**	**239**
Current debt	(408)	(5)
Non-current debt	(11,879)	(3,574)
Total debt	**(12,287)**	**(3,579)**
Net Debt	**(11,147)**	**(3,340)**
Lease liabilities	1,963	6
Net Debt-AL	**(9,184)**	**(3,334)**

Related parties' transactions

There were no transactions concluded in 2024 that significantly impacted the equity position or results of FiberCop, nor were there any related-party transactions which had a significant effect on the financial position or on the performance of the Company. Related-party transactions, when not dictated by specific laws, were conducted at arm's length, in compliance with the internal procedure, which sets forth rules designed to ensure the transparency and fairness of the transactions in accordance with Consob Regulation No. 17221/2010.

For information on relationships with related parties, see Note 29 – *Related parties' disclosure* of FiberCop's financial statements included elsewhere in this document.

Own shares and shares of parent company

At December 31, 2024 FiberCop does not hold any of its own shares, nor does it hold shares of the parent company, either directly or through a trust company or intermediary. Furthermore, during the same period, the Company did not purchase or sell any of its own shares or shares of the parent company, either directly or through a trust company or intermediary.

Secondary offices

At December 31, 2024, the Company has no secondary offices pursuant to Article 2428 of the Italian Civil Code.

Rome, March 18, 2025

For the Board of Directors
The Chairman and Chief Executive Officer

FINANCIAL STATEMENTS

December 31, 2024

INCOME STATEMENT

(in €)	Note	For the year ended December 31,	
		2024	2023(*)
Revenues	6	2,577,200,225	1,450,989,952
Cost of goods and services	7	(501,122,165)	(180,935,142)
Personnel costs	8	(412,619,653)	(8,010,202)
Other operating income/(expenses)	9	(9,861,936)	(8,653,222)
Restructuring and transaction-related costs	10	(322,931,993)	-
Depreciation and amortization	11	(967,548,406)	(475,799,685)
Gains/(losses) on disposals of non-current assets		(1,339,573)	(359,414)
Operating income /(loss)		**361,776,499**	**777,232,287**
Financial income	12	27,115,575	3,266,480
Financial expenses	12	(543,797,741)	(210,132,468)
Foreign exchange losses	12	(4,003,761)	-
Income /(Loss) before tax		**(158,909,428)**	**570,366,299**
Income taxes	13	(31,643,656)	(161,519,415)
Income / (Loss)for the year		**(190,553,084)**	**408,846,884**

(*) Starting with the year ended December 31, 2024, the Company adopted a revised presentation of the Income Statement In order to conform to this new presentation, the information for the year ended December 31, 2023 have been reclassified compared to what was previously presented by the Company. Please refer to Note 2 — Basis of preparation for additional information.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

(in €)	Note	For the year ended December 31, 2024	For the year ended December 31, 2023
Income/(Loss) for the year		**(190,553,084)**	**408,846,884**
Other comprehensive income/(loss):			
Items that will be subsequently reclassified to the income statement:			
Net loss from cash flow hedges		(200,063,480)	-
Income taxes relating to these items	13	48,015,235	-
Items that will not be subsequently reclassified to the income statement:			
Actuarial losses from defined benefit plans	12	(10,457,186)	(15,590)
Income taxes relating to these items	13	2,509,521	3,742
Total other comprehensive loss, net of tax		**(159,995,910)**	**(11,848)**
Total comprehensive (loss)/income		**(350,548,994)**	**408,835,036**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(in €)	Note	At December 31, 2024	At December 31, 2023(*)
Assets			
Non-current assets			
Intangible assets	14	12,124,723,127	4,680,136,768
Property, plant and equipment	15	10,614,535,273	4,806,482,204
Right-of-use assets	16	2,689,364,288	223,098,546
Non-current financial assets	17	132,501,161	63,241,530
Deferred tax assets	13	-	22,140,079
Other non-current assets	19	217,875,094	196,353,915
Total non-current assets		**25,778,998,943**	**9,991,453,042**
Current assets			
Trade receivables	18	885,799,234	364,331,692
Inventories		33,139,717	-
Current financial assets	17	143,241,126	87,355,318
Income tax receivables		53,529,329	-
Other current assets	19	247,166,273	103,287,760
Cash and cash equivalents		996,959,960	151,905,239
Total current assets		**2,359,835,639**	**706,880,009**
Total assets		**28,138,834,582**	**10,698,333,051**
Liabilities and equity			
Total equity	20	8,901,104,268	5,790,125,913
Non-current liabilities			
Non-current debt	21	11,879,410,079	3,574,036,327
Derivative financial instruments	22	116,433,674	-
Employee benefits	23	308,597,055	772,061
Non-current provisions	24	886,852,565	128,076,350
Deferred tax liabilities	13	1,384,020,642	-
Other non-current liabilities	26	1,549,755,169	239,403,049
Total non-current liabilities		**16,125,069,184**	**3,942,287,787**
Current liabilities			
Current debt	21	408,496,297	5,224,827
Current provisions	24	56,639,801	1,200,000
Trade payables	25	2,138,902,421	777,300,549
Income tax payables		-	2,188,706
Other current liabilities	26	508,622,611	180,005,269
Total current liabilities		**3,112,661,130**	**965,919,351**
Total equity and liabilities		**28,138,834,582**	**10,698,333,051**

(*) Starting with the year ended December 31, 2024, the Company adopted a revised presentation of the Statement of Financial Position In order to conform to this new presentation, the information at December 31, 2023 have been reclassified compared to what was previously presented by the Company. Please refer to Note 2 — Basis of preparation for additional information.

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENT

(in €)	Notes	For the year ended December 31, 2024	2023(*)
Operating activities			
Income/(Loss) for the year		(190,553,084)	408,846,884
Income taxes	13	31,643,656	161,519,415
Depreciation and amortization	11	967,548,406	475,799,685
Financial income, financial expenses and foreign exchange losses	12	520,685,927	206,865,988
Write downs and other provisions		234,600,097	-
Other non-cash expenses/(income), net		(58,738,321)	(222,028,471)
Change in trade receivables		(142,896,678)	20,857,090
Change in trade payables		730,522,680	(874,064)
Change in inventories		(5,793,368)	-
Proceeds from financial receivables	17	111,368,000	-
Payments for guarantee deposits	17	(91,123,000)	-
Change in current and non-current provisions	24	(19,118,775)	(1,378,014)
Change in employee benefits	23	(4,649,338)	43,022
Change in other operating assets and liabilities		(53,118,863)	(38,714,336)
Income taxes paid		(221,871,904)	(144,924,357)
Net cash flows from operating activities		**1,808,505,435**	**866,012,842**
Investing activities			
Payments for tangible assets		(1,936,439,000)	(1,049,564,457)
Payments for intangible assets		(60,180,000)	(3,122,000)
Proceeds from disposals of property, plant and equipment and intangible assets		3,977,622	-
Other changes in non-current assets		-	2,650,427
Net proceeds from loans to employees	17	2,866,000	-
Interest received		17,220,240	2,183,595
Proceeds from disposals of current financial receivables	17	60,000,000	-
Payments for purchases of current financial receivables	17	(80,000,000)	(120,529,253)
Net cash flows used in investing activities		**(1,992,555,138)**	**(1,168,381,688)**
Financing activities			
Proceeds from other financial liabilities	21	195,000,000	-
Repayments of bank borrowings	21	(1,500,000,000)	-
Repayments of other financial liabilities	21	(2,312,099,000)	-
Proceeds from bank borrowings		-	537,300,000
Other financial movements		-	188,632,694
Payments of lease liabilities	21	(146,733,000)	(1,181,500)
Interest paid		(334,860,677)	(185,726,144)
Proceeds from Ramo Contribution		329,002	-
Proceeds from capital contribution and reverse merger		5,127,468,099	-
Dividend paid		-	(145,000,000)
Net cash flows from financing activities		**1,029,104,424**	**394,025,050**
Net increase in cash and cash equivalents		**845,054,721**	**91,656,204**
Cash and cash equivalents at beginning of the year		**151,905,239**	**60,249,035**
Cash and cash equivalents at end of the year		**996,959,960**	**151,905,239**

(*) Starting with the year ended December 31, 2024, the Company adopted a revised presentation of the Cash Flow Statement In order to conform to this new presentation, the information for the year ended December 31, 2023 have been reclassified compared to what was previously presented by the Company. Please refer to Note 2 — Basis of preparation for additional information.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(in €)	Share capital	Share premium reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Total equity
At January 1, 2023	**10,000,000**	**4,841,050,000**	**-**	**(103,973,952)**	**778,932,083**	**5,526,008,131**
Profit for the year	-	-	-	-	408,846,884	**408,846,884**
Net actuarial losses on defined benefit plans	-	-	-	(11,848)	-	**(11,848)**
Total comprehensive income/(loss)	**-**	**-**	**-**	**(11,848)**	**408,846,884**	**408,835,036**
Distribution	-	-	-	-	(145,000,000)	**(145,000,000)**
Other changes	-	-	-	282,746	-	**282,746**
At December 31, 2023	**10,000,000**	**4,841,050,000**	**-**	**(103,703,054)**	**1,042,778,967**	**5,790,125,913**
Loss for the year	-	-	-	-	(190,553,084)	**(190,553,084)**
Loss on cash flow hedges	-	-	(152,048,245)	-	-	**(152,048,245)**
Net actuarial losses on defined benefit plans	-	-	-	(7,947,665)	-	**(7,947,665)**
Total comprehensive income/(loss)	**-**	**-**	**(152,048,245)**	**(7,947,665)**	**(190,553,084)**	**(350,548,994)**
Ramo contribution	4,007,200	3,977,078,079	-	-	-	**3,981,085,279**
Capital contribution	3,828,700	3,810,832,049	-	-	-	**3,814,660,749**
Reverse Merger	-	(4,334,236,247)	-	-	-	**(4,334,236,247)**
Other changes		**-**	-	17,568	-	**17,568**
At December 31, 2024	**17,835,900**	**8,294,723,881**	**(152,048,245)**	**(111,633,151)**	**852,225,883**	**8,901,104,268**

Rome, March 18, 2025

For the Board of Directors
The Chairman and Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AT AND FOR THE YEAR ENDED DECEMBER 31, 2024

1. General information

FiberCop S.p.A. (hereinafter "**FiberCop**" or the "**Company**") is a company established in November 2020 and domiciled in Italy, with registered office in Milan, Via Marco Aurelio, 24, and organized according to the legal system of the Italian Republic.

FiberCop is the country's most advanced, extensive and comprehensive digital network infrastructure operator. With ultra-broadband coverage exceeding 95% of active lines, it reaches approximately 40% of national residential units with Fiber To The Home ("**FTTH**") technology.

FiberCop is a unique case within the European Union as the first instance of ownership separation from the incumbent national telecoms operator. On July 31, 2024 FiberCop's Board of Directors ("**BoD**") approved an investment plan of around €1,400 million for the second half of 2024, with the goal of accelerating development of the optical fiber network. The Strategy Plan is currently being developed and will be announced in the first quarter of 2025.

As of December 2024, FiberCop had over 14.5 million active accesses to its network, providing operators with a comprehensive and integrated range of reliable and innovative solutions, all supported by a constantly evolving cutting-edge technological network. The Company's activities—including access infrastructure, high-capacity networks, and transport infrastructures, as well as monitoring services, diagnostics, and installation and maintenance support —address the market's growing demands and, in the pursuit of the most suitable solutions for individual customers, they ensure the highest levels of quality, security, reliability, and stability.

The establishment of FiberCop was originally part of a broader project aimed at expanding fiber-optic coverage across Italy. FiberCop was incorporated with its share capital fully paid by the then sole shareholder, TIM S.p.A. ("**TIM**"). On March 31, 2021, Teemo Bidco Sarl ("**Teemo Bidco**"), a company controlled by investment funds managed or advised by Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"), and Fastweb S.p.A. ("**Fastweb**") acquired a 37.5% and 4.5% stake in FiberCop respectively.

On November 6, 2023, TIM, Optics BidCo S.p.A. ("**Optics BidCo**"), a company then controlled by investment funds managed or advised by KKR and Teemo BidCo entered into an agreement whereby (i) TIM agreed to the contribution of a going concern consisting of assets and relationships relating to the primary fiber and copper network (including the relevant infrastructure), the wholesale business and all of the issued and outstanding share capital of Telenergia S.r.l. ("**Telenergia**") to FiberCop (the "**Ramo Contribution**"), and (ii) Optics BidCo agreed to purchase from TIM all of TIM's shares of FiberCop (the "**Transaction Agreement**").

On July 1, 2024 (i) TIM, Optics Bidco and Teemo Bidco implemented the terms of the Transaction Agreement; (ii) Optics Bidco purchased from Fastweb Fastweb's interest in the Company; and (iii) Teemo Bidco contributed its interest in the Company into KKR Optics Aggregator SCSp, a company controlled by investment funds managed or advised by KKR, as capital injection, which interest in the Company was thereafter further contributed into Optics Holdco S.r.l. ("**Optics HodlCo**") and Optics Bidco as capital injections (the "**Optics Transaction**"). Following completion of the Optics Transaction, Optics BidCo became the sole shareholder of FiberCop. On October 8, 2024, the shareholders of Optics BidCo approved a resolution to complete a reverse merger, whereby Optics BidCo was merged into FiberCop with retroactive tax and accounting effect as of July 1, 2024 (the "**Reverse Merger**"). As a result of the Reverse Merger, FiberCop became the surviving entity, and Optics BidCo ceased to exist as a separate legal entity.

The Optics Transaction and the Reverse Merger are collectively referred to as “**Business Combination**”.

For additional information, please refer to Note 5 — *Business combination and reverse merger*.

2. Basis of preparation

Statement of compliance with IFRS

The present separate financial statements for the period ended December 31, 2024 have been prepared in accordance with IFRS Accounting Standards meaning the International Accounting Standards (“**IAS**”) and International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”), as well as the interpretations issued by the IFRS Interpretations Committee (“**IFRIC**”) and the Standing Interpretations Committee (“**SIC**”), as adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 and in force at the reporting date. IFRS have been applied consistently to all periods presented in this document except as noted in Note 3 - Summary of material accounting policies in the section “Recently Issued Accounting Standards”.

Contents and structure of the Financial Statements

These financial statements include the income statement, the statement of comprehensive income/(loss), the statement of financial position, the cash flow statement, the statement of changes in equity and the accompanying notes (collectively referred to as the “**Financial Statements**”).

The financial reporting formats presented by the Company have the following characteristics:

- the income statement is presented by nature, in line with internal reporting processes and business operations;
- the statement of comprehensive income/(loss) is presented as a separate statement and, in addition to presenting the components of profit and loss recognized directly in the income statement during the period, presents the components of profit and loss not recognized in the income statement as required or permitted by IFRS;
- the statement of financial position presents assets and liabilities by current and non-current items. Current items are those expected to be realized within 12 months from the reporting date or to be sold or consumed in the normal operating cycle of the Company;
- the cash flow statement has been prepared using the “indirect method,” as permitted by IAS 7 — *Statement of Cash Flows*, and presents cash flows by operating, investing and financing activities;
- the statement of changes in equity presents the movements in shareholder’s equity;
- the notes to the Financial Statements comprise a summary of the material accounting policies and other explanatory information.

The Financial Statements are presented in Euro (“**€**”), which is the functional and presentation currency of the Company, and amounts are stated in Euro in the primary Financial Statements and in thousand of Euro in the accompanying notes, unless otherwise indicated.

The Financial Statements have been prepared on a going concern basis and applying the historical cost method, modified as required for certain financial assets and liabilities (including derivative instruments), which are measured at fair value. Income and expenses are accounted for on an accrual basis.

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of these Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

These Financial Statements were approved and authorized for issue by the BoD of FiberCop on March 18, 2025.

The following tables provide the impact of reclassifications made to align the Fibercop statement of financial position, the income statement and the cash flow statement at and for the year ended December 31, 2023, as previously reported, to the presentation adopted in the statement of financial position, the income statement and the cash flow statement at and for the year ended December 31, 2024. The current presentation, including changes in nomenclature of line items, is most representative of the way management views the business and was driven by changes in the Company's organizational structure following the Business Combination, and aligned with the consolidated financial statements of the parent company Optics HoldCo.

(in €)	At December 31, 2023			
Statement of financial position as previously reported	**As previously reported**	*Reclassifications*	**As reclassified**	**Statement of financial position as reclassified**
Assets				**Assets**
Non-current assets				**Non-current assets**
Goodwill	4,670,277,188			
Intangible assets with a finite useful life	9,859,580			
Total intangible assets	**4,680,136,768**	-	4,680,136,768	Intangible assets
Property, plant and equipment owned	4,806,482,204	-	4,806,482,204	Property, plant and equipment
Rights-of-use on plants and machinery	222,866,416			
Other assets under finance lease	232,130			
Total right-of-use assets	**223,098,546**	-	223,098,546	Right-of-use assets
Non-current financial assets	63,241,530	-	63,241,530	Non-current financial assets
Miscellaneous receivables and other non-current assets	196,353,915	-	196,353,915	Other non-current assets
Deferred tax assets	22,140,079	-	22,140,079	Deferred tax assets
Total other non-current assets	**281,735,524**			
Total non-current assets	**9,991,453,042**		**9,991,453,042**	**Total non-current assets**
Current assets				**Current assets**
Trade and miscellaneous receivables and other current assets	467,619,452	*(103,287,760)*	364,331,692	Trade receivables
		103,287,760	103,287,760	Other current assets
Current financial assets	87,355,318	-	87,355,318	Current financial assets
Cash and cash equivalents	151,905,239	-	151,905,239	Cash and cash equivalents
Total current assets	**706,880,009**		**706,880,009**	**Total current assets**
Total assets	**10,698,333,051**		**10,698,333,051**	**Total assets**

(in €)	At December 31, 2023			
Statement of financial position as previously reported	**As previously reported**	*Reclassifications*	**As reclassified**	**Statement of financial position as reclassified**
Equity				**Liabilities and Equity**
Share capital	10,000,000			
Additional paid-in capital	4,841,050,000			
Legal reserve	2,000,000			
Other reserves	(105,703,054)			
Reserves for capital contributions	*63,061,000*			
Merger reserves	*(169,715,127)*			
Other reserves	*951,073*			
Retained earnings, including profit (loss) for the year	1,042,778,967			
Total equity	**5,790,125,913**	-	**5,790,125,913**	**Total equity**
Non-current liabilities				**Non-current liabilities**
Non-current financial liabilities	3,571,592,970	*2,443,357*	3,574,036,327	Non-current debt
Non-current financial liabilities for lease contracts	2,443,357	*(2,443,357)*	-	
Employee benefits	772,061	-	772,061	Employee benefits
Provisions	128,076,350	-	128,076,350	Non-current provisions
Miscellaneous payables and other non-current liabilities	239,403,049	-	239,403,049	Other non-current liabilities
Total non-current liabilities	**3,942,287,787**		**3,942,287,787**	**Total non-current liabilities**
Current liabilities				**Current liabilities**
Current financial liabilities	2,131,316	*3,093,511*	5,224,827	Current debt
Current financial liabilities for lease contracts	3,093,511	*(3,093,511)*	-	
Current provisions	1,200,000	-	1,200,000	Current provisions
Trade and miscellaneous payables and other current liabilities	959,494,524	*(182,193,975)*	777,300,549	Trade payables
		2,188,706	2,188,706	Income tax payables
		180,005,269	180,005,269	Other current liabilities
Total current liabilities	**965,919,351**		**965,919,351**	**Total current liabilities**
Total liabilities	**4,908,207,138**		**4,908,207,138**	**Total Liabilities**
Total equity and liabilities	**10,698,333,051**		**10,698,333,051**	**Total equity and liabilities**

(in €)	For the year ended December 31, 2023			
Income statement as previously reported	**As previously reported**	*Reclassifications*	**As reclassified**	**Income statement as reclassified**
Revenues	1,450,989,952	-	1,450,989,952	Revenues
Other income	4,862,698	*(4,862,698)*	-	
Total operating revenues and other income	**1,455,852,650**			
Acquisition of goods and services	(180,935,142)	-	(180,935,142)	Cost of goods and services
Employee benefits expenses	(8,689,281)	*679,079*	(8,010,202)	Personnel costs
Other operating expenses	(13,515,920)	*4,862,698*	(8,653,222)	Other operating income/(expenses)
Internally generated assets	679,079	*(679,079)*	-	
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**1,253,391,386**			
Depreciation and amortization	(475,799,685)	-	(475,799,685)	Depreciation and amortization
Impairment reversals (losses) on non-current assets	(359,414)	-	(359,414)	Gains/(losses) on disposals of non-current assets
Operating profit (loss) (EBIT)	**777,232,287**		**777,232,287**	**Operating (loss)/income**
Finance income	3,266,480	-	3,266,480	Financial income
Finance expenses	(210,132,468)	-	(210,132,468)	Financial expenses
Profit (loss) before tax from continuing operations	**570,366,299**		**570,366,299**	**(Loss)/Profit before tax**
Income tax expense	(161,519,415)	-	(161,519,415)	Income taxes
Profit/(Loss) for the year	**408,846,884**		**408,846,884**	**(Loss)/Profit for the year**

(in €)	For the year ended December 31, 2023			
Cash Flow Statement as previously reported	**As previously reported**	*Reclassifications*	**As reclassified**	**Cash Flow Statement as reclassified**
Operating activities				**Operating activities**
(Loss)/Profit for the year	408,846,884	-	408,846,884	(Loss)/Profit for the year
Adjustments for:				
		161,519,415	161,519,415	Income taxes
Depreciation and amortization	475,799,685	-	475,799,685	Depreciation and amortization
		206,865,988	206,865,988	Financial income, financial expenses and foreign exchange losses
Net change in deferred tax assets and liabilities	(10,462,345)	*10,462,345*	-	
Losses/(gains) realized on disposals of non-current assets (including investments)	359,414	*(359,414)*	-	
Change in employee benefits	43,022	-	43,022	Change in employee benefits
Change in provisions	(1,378,014)		(1,378,014)	Change in current and non-current provisions
Change in trade receivables	20,857,090	-	20,857,090	Change in trade receivables
Change in trade payables	(874,064)	-	(874,064)	Change in trade payables
Net change in income tax receivables/payables	(7,535,897)	*7,535,897*	-	
Other non-cash	1,073,161	*(223,101,632)*	(222,028,471)	Other non-cash expenses/(income), net
Net change in miscellaneous receivables/payables and other assets/liabilities	(20,716,094)	*(17,998,242)*	(38,714,336)	Change in other operating assets and liabilities
		(144,924,357)	(144,924,357)	Income taxes paid
Cash flows from operating activities	**866,012,842**		**866,012,842**	**Net cash flows from operating activities**
Investing activities				**Investing activities**
Purchases of intangible, tangible and rights of use assets on a cash basis	(1,052,686,457)	*3,122,000*	(1,049,564,457)	Payments for tangible assets
		(3,122,000)	(3,122,000)	Payments for intangible assets
Change in financial receivables and other financial assets	(118,345,658)	*(2,183,595)*	(120,529,253)	Payments for purchases of current financial receivables
Other changes in non-current assets	2,650,427	-	2,650,427	Other changes in non-current assets
		2,183,595	2,183,595	Interest received
Cash flows used in investing activities	**(1,168,381,688)**		**(1,168,381,688)**	**Net cash flows used in investing activities**
Financing activities				**Financing activities**
Change in current financial liabilities and other	2,906,550	*185,726,144*	188,632,694	Other financial movements
Proceeds from non-current financial liabilities (including current portion)	537,300,000	-	537,300,000	Proceeds from bank borrowings
Repayments of non-current financial liabilities (including current portion)	(1,181,500)	-	(1,181,500)	Payments of lease liabilities
Share capital proceeds/reimbursements (including subsidiaries)	(145,000,000)	-	(145,000,000)	Dividend paid
		(185,726,144)	(185,726,144)	Interest paid
Cash flows from financing activities	**394,025,050**		**394,025,050**	**Net cash flows from financing activities**
Aggregate cash flows	**91,656,204**		**91,656,204**	**Net increase in cash and cash equivalents**
Net cash and cash equivalents at beginning of the year	**60,249,035**		**60,249,035**	**Cash and cash equivalents at beginning of the year**
Net cash and cash equivalents at end of the year	**151,905,239**		**151,905,239**	**Cash and cash equivalents at end of the year**

Other information

The table below shows the exchange rates applied by the Company to convert foreign currency items in Euro.

	Average for the year ended December 31, 2024	At December 31, 2024
USD	1.0824	1.0389

3. Summary of material accounting policies

Intangible assets with indefinite useful lives

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business consider the carrying amount of goodwill relating to the business disposed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

The Company has determined that it has one operating and one reportable segment that reflect the Company's business model of providing access network services in Italy. Therefore, the Company has determined that it has one cash-generating unit in which the goodwill is monitored.

Intangible assets with definite useful lives

Intangible assets with a defined useful life are recognized at cost, net of accumulated amortization and any impairment losses. Production costs include direct and indirect costs that can be reasonably allocated, incurred until the asset is ready for use. Amortization begins when the asset is available for use and is allocated systematically over its remaining estimated useful life.

Separately acquired licenses, trademarks and patents are recorded at historical cost. Intangible assets with definitive useful lives acquired in a business combination are recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses.

The average useful life estimated by the Company for the various categories of intangible assets with a finite useful life is outlined below:

Intangible assets by category	Amortization rates
Licenses and trademarks	14.3%
Patents and software	31.5%
Customer relationships	2.7%

Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost, including ancillary costs, less accumulated depreciation and impairment losses. Production costs include direct and indirect costs that can be reasonably allocated, incurred until the asset is ready for use. Costs incurred subsequently are capitalized or recorded as a separate asset only if they enhance the future economic benefits inherent in the asset to which they relate. The carrying amount of replaced parts is eliminated. Repair and maintenance costs are charged to the income statement in the period in which they are incurred; significant strategic spare parts are capitalized at the time of purchase and amortized from the time of their installation.

The cost of these assets also includes the expected costs of dismantling the asset and restoring the site, if a legal or constructive obligation exists. The corresponding liability is recognized at its present value as a provision in the statement of financial position. The recognition in the income statement of the capitalized expenditure is done over the useful life of the related tangible assets through their depreciation. The calculation of estimates for dismantling costs, discount rates and the dates in which such costs are expected to be incurred is reviewed annually at each financial year-end.

Property, plant and equipment acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

The depreciation of tangible asset is calculated on a straight-line basis, in relation to their estimated useful life and residual value. The average useful life estimated by the Company for the various categories of property, plant and equipment is outlined below:

Property, plant and equipment by category	Depreciation rates
Plant and machinery	2.9%
Land and Buildings	4.0%
Industrial and commercial equipment	20.0%
Other tangible assets	16.1%

The useful life of property, plant and equipment is reviewed and updated, if necessary, at least at the end of each financial year. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is reduced to that recoverable amount.

Leases

Lease contracts mainly involve buildings, industrial and commercial equipment, and vehicles.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Contracts might contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, the Company has elected not to separate lease and non-lease components, and it accounts for these instead as a single lease component.

Lease liabilities are measured at the present value of future lease payments, discounted at the lessee's incremental borrowing rate ("**IBR**"), as the implicit interest rate of the lease is not easily determinable. The IBR at the reporting date is calculated taking into account the terms of the lease contract, the geography, and the specific rates of the Company. After the initial recognition date, the amount of lease liabilities is increased to reflect accrued interest and decreased for lease payments made. Additionally, the carrying amount is remeasured if there is a modification to the lease term or lease payments.

Lease liabilities include the net actual value of the following lease payments: (i) fixed payments (including fixed payments in substance), net of any lease incentives; (ii) variable payments based on an index or rate, initially measured using the index or rate at the commencement date; (iii) the exercise price of a purchase option if the Company has reasonable certainty of exercising such option; (iv) payments of penalties for early termination; (v) payments due in an optional renewal period, if the Company has reasonable certainty of exercising the renewal option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, comprising the following: (i) the amount of the initial measurement of lease liability, (ii) any lease payments made at or before the commencement date, less any lease incentives received, (iii) any initial direct costs, and (iv) restoration costs.

Right-of-use assets are generally amortized on a straight-line basis over the shorter of the asset's useful life and the lease term. Some lease agreements contain extension and termination options, which in most cases can only be exercised by the Company and not by the respective lessor. If the lease contract provides for the transfer of ownership of the leased asset at the end of the lease term, or if the cost of the underlying asset includes a purchase option that is reasonably certain to be exercised, amortization is based on the expected useful life of the leased asset. Right-of-use assets are subject to impairment testing for long-lasting reductions in value.

The Company applies the provisions of IFRS 16, if the criteria are met and the requirements of the standard are satisfied, to contractual arrangements related to cloud software resources and transmission frequency spectrum over fiber optic carriers. This approach is functional to the highly innovative specifics of such contractual types involving hardware and optical transmission infrastructures, as well as technologically advanced software service.

The Company utilizes exemptions that allow the exclusion of contracts with a duration of one year or less (including residual contracts with respect to the date of initial adoption of IFRS principles) and contracts regarding assets with a value of less than $5,000. These costs are recognized as services in the line item for the use of third-party assets.

In the statement of financial position, the Company presents separately right-of-use assets, while lease liabilities is presented among current and non-current debt. In the income statement, interest expenses on lease liabilities constitute a component of financial charges and are presented separately from the amortization charges of right-of-use assets. The Company recognizes deferred tax on right-of-use assets and lease financial liabilities where taxable or deductible differences arise.

As a lessor, the Company classifies leases as either operating leases or finance leases at the lease inception date. Leases that transfer substantially all risks and rewards of ownership to the lessee are classified as finance leases; all other leases are classified as operating leases. For operating leases, lease income is recognized on a straight-line basis over the lease term. For finance leases, the Company recognizes a receivable at an amount equal to the net investment in the lease and recognizes interest income over the lease term using the effective interest rate method.

Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. Specifically, the identifiable assets acquired, the liabilities, and the contingent liabilities assumed are recognized at their respective fair values as of the acquisition date, which is the date on which control is obtained (the "**Acquisition Date**"), except for deferred tax assets and liabilities, employee benefit-related assets and liabilities, lease contracts, and assets held for sale, which are recognized based on the relevant accounting standards. The acquisition consideration is represented by the fair value, as of the acquisition date, of the transferred assets, assumed liabilities, and equity instruments issued for the acquisition. It also includes any contingent consideration, i.e., that portion of the consideration whose amount and payment depend on future events. Acquisition-related costs are recognized in the income statement when incurred. Goodwill is measured as the excess of the sum of the acquisition consideration and the amount of the acquirer's non-controlling interests, already held, over the net fair value of the identifiable assets acquired and the liabilities assumed. If, after adjusting the fair value of the identifiable assets acquired, the liabilities, and the contingent liabilities assumed, a negative difference arises, the excess is recognized in the income statement as a gain from a bargain purchase.

In the event that the fair value of assets, liabilities, and contingent liabilities can only be determined on a provisional basis, the business combination is recognized using such temporary values. Any adjustments resulting from the completion of the valuation process are recognized within twelve months from the acquisition date. In the financial year in which the aforementioned determination is finalized, the provisionally recognized values are retrospectively adjusted.

The purchase of equity interests in subsidiaries and the sale of shares that do not result in a loss of control are considered transactions between shareholders. As such, their accounting effects are recognized directly in the Company's equity.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Inventories

Inventories are recorded at the lower of cost or net realizable value. The cost is determined by using the weighted average cost method.

Cost comprises direct materials, direct labor and an appropriate proportion of variables and fixed overhead expenditure, based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provision is made for obsolete and slow-moving inventories based on their expected future use and estimated realizable value.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance.

Transfer of receivables

The Company transfers receivables through factoring and securitization agreements. These transfers, in the majority of cases, are characterized by the transfer of substantially all the risks and rewards of ownership of the receivables to third parties, therefore meeting the requirements of IFRS 9 for derecognition. Special service agreements, under which the purchasers grant the Company a mandate to oversee the collection and management of receivables, have been entered into to maintain the relationship between the Company and its customers.

Other financial assets

Current assets and current financial assets are generated during the ordinary course of the business and held with the aim of collecting the contractual cash flows consisting of solely payments of principal and interest in accordance with the criteria set by IFRS 9. Consequently, they are initially recognized at fair value adjusted for directly attributable transaction costs and subsequently measured using the amortized cost method based on the effective interest rate method (i.e. the rate that makes, at the time of initial recognition, the present value of expected cash flows equal to the book value), appropriately adjusted to take into account any write-downs, by entering an allowance for doubtful accounts. Other financial assets are included in current assets, with the exception of those with a contractual maturity of more than twelve months from the balance sheet date, which are classified as non-current assets. Receivables with maturities of more than 12 months and without significant financial components are presented at their present value.

Impairment of financial assets

At each reporting date, financial assets, with the exception of those measured at fair value with an offsetting entry in the income statement, are analyzed to verify the existence of any indicators of impairment. According to IFRS 9, a forecast model of expected credit losses must be applied during the assessment of an impairment. In carrying out this assessment, the Company applies a standard simplified approach to estimate the expected credit losses throughout the Company's life and takes into account its historical experience regarding credit losses, adjusted on the basis of specific forward-looking factors, namely: the nature of the Company's receivables and the economic context. If there is evidence of impairment, the loss is recognized in the income statement under net write-downs of financial assets and contractual assets.

Receivables are written down when there is no rational expectation of being recovered. The indicators that signal the absence of rational expectations of recovery include, among others, the inability of a creditor to commit to a recovery plan with the Company, and the inability to make contractual payments for a significant period of time.

For financial assets accounted for using the amortized cost method, when an impairment has been identified, its value is measured as the difference between the book value of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognized in the income statement.

Financial liabilities

Financial liabilities include financial debts, as well as other financial liabilities, including derivative financial instruments and liabilities related to assets recorded under finance lease contracts in accordance with IFRS 16. Under IFRS 9, they also include trade payables and other miscellaneous payables.

Financial liabilities, other than derivative financial instruments, are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities hedged by derivative financial instruments designed to address the risk of changes in cash flows (cash flow hedges) remain measured at amortized cost, following the methods established by IFRS 9 for hedge accounting.

Trade payables

Trade payables are carried at amortized cost and are non-interest bearing.

Derivative financial instruments

Derivative financial instruments are used exclusively as economic hedges to reduce both interest rate and exchange rate risks. The Company hedges floating interest rate risks on its borrowings using interest rate swaps ("**IRS**") and mitigates currency exchange risks on bonds denominated in currencies other than the Euro by using cross-currency interest rate swaps ("**CCIRS**"). All derivatives are used strictly for hedging purposes, not for speculation.

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

Financial derivative instruments qualify for accounting as hedging instruments only when there is formal designation and documentation of the hedging relationship at the inception of the hedge, the hedge is expected to be highly effective, the effectiveness can be reliably measured and is highly effective during the exercises for which it has been designated.

Cash flow hedging instruments

When a financial derivative instrument is designated as a hedging instrument for the exposure to the volatility of future cash flows of an asset or liability recognized in the Financial Statements, or a highly probable forecast transaction and may impact the income statement, the effective portion of any profit or loss on the derivative financial instrument is recognized directly in the statement of comprehensive income(loss) through a specific capital reserve ("cash flow hedge reserve"). The cumulative profit or loss is reclassified from the comprehensive income statement to the income statement when the economic effects deriving from the hedged item impact the income statement. The profit or loss associated with a hedge or a part of the hedge that has become ineffective are recognized in the income statement immediately within the net financial expenses.

When a hedging instrument or relationship expires (for example, the derivative instrument is sold, reaches maturity or the hedging relationship no longer qualifies as effective), but the Company expects the hedged transaction to happen in the future, the cumulative gains or losses realized at the time of settlement remain in the statement of comprehensive income/(loss)and are recognized in the income statement at the time the underlying transaction takes place. If the underlying transaction is no longer probable, the cumulative profit or loss in the comprehensive income statement is immediately recognized in the income statement. If accounting as a hedging instrument cannot be applied, the gains or losses deriving from the fair value measurement of derivative financial instruments are immediately recognized under financial expenses or financial income.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities in the statement of financial position.

Post-employment obligations

Defined contribution plans

Costs arising from defined contribution plans are expensed as incurred.

Defined benefit plans

The Company's net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods, and deducting the fair value of any plan assets.

The present value of defined benefit obligations is measured using actuarial techniques and benefits are attributable to periods in which the obligation to provide postemployment benefits arise by using the *projected unit credit method*. Actuarial assumptions are based on management's best estimates. The components of defined benefit cost are recognized as follows:

- the service costs are recognized in the statement of profit and loss in the personnel costs line item;
- the net interest expense on the defined benefit liability is recognized in the statement of profit and loss within financial expenses;
- the remeasurement components of the net obligation, which comprise actuarial gain and losses,

are recognized immediately in other comprehensive income/(loss).

These remeasurement components are not reclassified in the statement of profit and loss in a subsequent period.

Post-employment benefits include the Italian employee severance indemnity ("**trattamento di fine rapporto**" or "**TFR**") obligation required under Italian Law. The amount of TFR to which each employee is entitled must be paid when the employee leaves the Company and is calculated based on the period of employment and the taxable earnings of each employee. Under certain conditions, the entitlement may be partially advanced to an employee during their working life. The TFR scheme is classified as a defined contribution plan and the Company recognizes the associated costs over the period in which the employee renders service.

Starting from January 1, 2007, the so-called *legge finanziaria 2007* and the related implementing decrees introduced significant changes to the TFR regulation, including the employee's choice regarding the destination of their accruing TFR. Specifically, the new TFR flows can be directed by the employee to chosen pension schemes or retained in the company. In the case of allocation to external pension schemes, the Company is only subject to the payment of a defined contribution to the chosen fund, and from that date, the new accruals are considered defined contribution plans not subject to actuarial valuation.

Provisions

Provisions are recognized when the Company has a current obligation, legal or constructive, for a future outflow of economic resources as a result of past events, and it is probable that such outflow will be required in order to fulfill the obligation. This amount represents the best estimate of the expense required to settle the obligation or to transfer it to third parties at the closing date. The rate used in assessing the present value of the liability reflects current market values and takes into account the specific risk associated with each liability.

When the financial effect of time is significant and the payment dates of the obligations are reliably estimable, the provisions are valued at the present value of the expected disbursement by using a rate that reflects the market conditions, the changes in the cost of money over time and the specific risk associated with the obligation. The increase in the value of the provision, caused by changes in the cost of money over time, is accounted for as interest expense.

The costs that the Company expects to incur in order to implement restructuring programs are recognized in the period in which the program is formally defined and a valid expectation on the fact that the restructuring will take place arises among the affected parties. The provisions are periodically updated to reflect changes in cost estimates, timing of implementation and discount rate; updates on the estimates are charged to the same income statement line item that previously recognized the provision. The risks for which the occurrence of a liability is only possible are disclosed in the appropriate section on potential liabilities, and no provision is made for them.

Revenues

Revenues primarily consist of the sales of services and goods to wholesale customers as part of the Company's ordinary business activities. Revenues are recognized when control over a product or service is transferred to a customer. Revenues are measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer and excludes any sales incentives, rebates or discounts, as well as taxes collected from customers that are remitted to government authorities.

Revenues from sales of services are recognized over time when the Company satisfies its performance obligation according to the stage of completion of the service, that is based on actual consumption. Delivery and activation services are identified as distinct performance obligations, and therefore, revenues from these services are recognized at a point in time upon fulfillment. Revenues for services rendered to wholesale customers are generally invoiced on a monthly basis and due 60 days after the date of issue. Long-term trade receivables are recorded at their present value when the financing component is significant relative to the total contract value. The discount rate applied also accounts for the customer's credit risk. The Company elects not to recognize a significant financing component if the time between the transfer of goods or services to the customer and the payment is one year or less.

The recognition of revenues from network engineering may result in the recording of a contract asset or liability. In particular:

- contract assets represent the right to consideration in exchange for goods or services that have been transferred to the customer when the right is conditional on something other than the passage of time;
- contract liabilities represent the obligation to transfer goods or services to the customer for which the Company has received (or is due) consideration.

Indefeasible rights-of-use ("IRU") agreements

The Company enters into IRU agreements as the lessor, granting lessees the exclusive right to use specific telecommunications infrastructure, such as fiber optic cables, over a specified period. IRU agreements are classified as either finance leases or operating leases based on an assessment of the terms of each lease, in accordance with IFRS 16.

IRU agreements that transfer the control to the lessee are classified as finance leases. For IRUs classified as finance lease, the Company derecognizes the assets under these finance leases and recognizes a lease receivable equal to the net investment in the lease at commencement date. Revenues are recognized at a point in time. Subsequent interest income on the lease receivable is recognized over the lease term using the effective interest method.

IRU agreements that do not transfer the control to the lessee are classified as operating leases. For IRUs classified as operating leases, the Company recognizes the prepaid amount as deferred income and revenues are recognized over the contract term, recognizing the financing component if significant. The assets under operating leases remain on the Company's statement of financial position and are depreciated over their useful lives.

Revenues from maintenance of IRUs are recognized over time on a straight-line basis.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Grants that are aimed at supporting the economic result of specific operations. are classified as an income-related grant and recognized in the income statement on a straight-line basis over the duration of the economic incentive period.

Income taxes

Current taxes are determined on the basis of estimated taxable income and in accordance with the applicable tax regulations.

Deferred tax assets and deferred tax liabilities are calculated based on all differences that arise between the taxable base of an asset or liability and its carrying amount, except for goodwill upon initial recognition.

Deferred tax assets, including those related to prior tax losses, for the portion not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred tax assets and deferred tax liabilities are determined using the tax rates that are expected to be applicable in the periods when the differences are expected to be realized or settled.

The Company recognizes deferred tax assets associated with deductible temporary differences on investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income, against which the temporary difference can be utilized, will be available. Deferred tax assets related to tax losses carryforward and unused tax credits, as well as those arising from deductible temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized. The Company monitors unrecognized deferred tax assets at each reporting date and recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable income will allow its recovery.

Current income taxes and deferred taxes are offset when they are levied by the same tax authority, there is a legal right to offset, and a settlement of the net balance is expected. Current taxes, deferred tax assets and deferred tax liabilities are recognized in the income statement under the income tax line item, except for those related to items recognized among the components of comprehensive income other than net profit and those components related to items directly charged or credited to equity. In these latter cases, deferred taxes are recognized in comprehensive income/(loss) and directly in equity.

Other taxes not related to income, such as indirect taxes and fees, are included in the income statement among other operating income/(expenses).

Recently issued accounting standards

New standards and amendments effective from January 1, 2024

The following new standards and amendments effective from January 1, 2024 were adopted by the Company.

In January 2020 the IASB issued amendments to IAS 1 — *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* to clarify how to classify debt and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that may be settled by converting to equity. There was no effect from the adoption of these amendments.

In September 2022 the IASB issued amendments to IFRS 16 — *Leases*: *Liability in a Sale and Leaseback* to improve the requirements for sale and leaseback transactions, which specify the measurement of the liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right-of-use it retains. There was no effect from the adoption of these amendments.

In October 2022 the IASB issued amendments to IAS 1 — *Presentation of Financial Statements: Non-current Liabilities with Covenants*, that clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. There was no effect from the adoption of these amendments.

In May 2023, the IASB issued amendments to IAS 7 — *Statement of Cash Flows* and IFRS 7 — *Financial Instruments: Disclosures: Supplier Finance Arrangements,* that introduce new disclosure requirements to enhance the transparency and usefulness of the information provided by entities about supplier finance arrangements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The Company has applied these amendments.

New standards, amendments and interpretations not yet effective

The standards, amendments and interpretations issued by the **IASB** that will have mandatory application in 2025 or subsequent years are listed below:

In August 2023, the IASB issued amendments to IAS 21 — *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*, to clarify how an entity has to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The amendments are effective on or after January 1, 2025. The Company is evaluating the potential impact from the adoption of this standard.

In April 2024, the IASB issued IFRS 18 — *Presentation and Disclosure in Financial Statements,* which introduces new concepts relating to: (i) the structure of the statement of profit or loss, (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (management-defined performance measures), and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The standard is effective on or after January 1, 2027. The Company is evaluating the potential impact from the adoption of this standard.

In May 2024, the IASB issued IFRS 19 — *Subsidiaries without Public Accountability: Disclosures*, which permits eligible subsidiaries to use IFRS accounting standards with reduced disclosures better suited to the needs of the users of their financial statements, as well as to keep only one set of accounting records to meet the needs of both their parent company and the users of their financial statements. The standard is effective on or after January 1, 2027 and earlier application is permitted. The Company is evaluating the potential impact from the adoption of this standard.

In May 2024, the IASB issued amendments to the *Classification and Measurement of Financial Instruments* which amended IFRS 9 — *Financial Instruments* and IFRS 7 — *Financial Instruments: Disclosures*, with the aim of addressing diversity in practice by making the requirements more understandable and consistent. The amendments: (a) clarify the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system to be derecognized before the settlement date if certain criteria are met; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("**SPPI**") criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as certain instruments with features linked to the achievement of environment, social and governance ("**ESG**" targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income ("**FVOCI**"). The amendments are effective on or after January 1, 2026 and earlier application is permitted. The Company is evaluating the potential impact from the adoption of these amendments.

In July 2024, the IASB issued *Annual Improvements to IFRS Accounting Standards — Volume 11* which contains amendments to five standards as result of the IASB's annual improvements project. The IASB uses the annual improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. The amended standards are: IFRS 1 — *First-time Adoption of International Financial Reporting Standards*, IFRS 7 — *Financial Instruments: Disclosures* and its accompanying *Guidance on implementing IFRS 7*; IFRS 9 — *Financial Instruments*; IFRS 10 — *Consolidated Financial Statements*; and IAS 7

— *Statement of Cash Flows*. The amendments are effective on or after January 1, 2026 and earlier application is permitted. The Company is evaluating the potential impact from the adoption of these amendments.

In December 2024, IASB issued amendments for nature-dependent electricity contracts which amended IFRS 9 — *Financial Instruments* and IFRS 7 — *Financial Instruments: Disclosures* to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements ("**PPAs**"), in the light of the increased use of these contracts. The amendments are effective on or after January 1, 2026 and earlier application is permitted. The Company is evaluating the potential impact from the adoption of these amendments.

4. Material estimates and judgments

The preparation of Financial Statements requires the use of accounting estimates which, by definition, will likely differ from the actual results. Management also needs to exercise judgment in applying the Company's accounting policies. This note provides an overview of the areas that involve a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to final outcomes deviating from estimates and assumptions made. Detailed information about each of these estimates and judgements is included in other notes, together with information about the basis of calculation for each affected line item in the Financial Statements. Estimates and underlying assumptions are reviewed by the Company periodically and when changes in circumstances occur. The effects of any change in estimates are recognized in the Income Statement in the period in which the adjustment is made.

Below are briefly described the areas that require greater judgment from management in the preparation of estimates and for which a change in the underlying conditions of the assumptions used could have a significant impact on the financial data.

(a) Recoverability of goodwill

In accordance with IAS 36 — *Impairment of Assets*, goodwill is tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired. The impairment test, which may require management to exercise judgment in determining expected future cash flows, is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value, less costs of disposal and its value in use. For additional information please refer to Note 14 — *Intangible assets*.

(b) Impairment of tangible, intangible assets and leased assets

The Company's non-current assets (intangible assets (excluding goodwill), property, plant and equipment and right-of-use assets) recognized in the Financial Statements are subject to impairment testing to determine whether an impairment loss has occurred, which should be recognized through an impairment charge, when indicators suggest difficulties in recovering their carrying amount, represented by the higher of fair value less costs to sell and value in use. Specifically, this assessment involves determining the recoverable amount of the Company-s non-current assets, which is the higher of fair value and value in use. Assessing the existence of such indicators requires management to make subjective judgments based on the information available within the Company's entities and the market, as well as historical experience. Moreover, if it is determined that a potential impairment loss may have occurred, the Company's entities proceed to determine it using appropriate valuation techniques. The correct identification of indicators of potential impairment of tangible and intangible assets, as well as the estimates for their determination, depend on factors that may change over time, influencing the assessments and estimates made by management. The assumptions used by management in this process represent the best estimate for the periods under review.

(c) Business combinations

The recognition of business combinations involves recording the acquired company's assets and liabilities at their respective fair value at the acquisition date, as well as potentially recognizing goodwill. The determination of these values is carried out through a complex estimation process.

(d) Lease Liabilities

The determination of the lease liability and the corresponding right-of-use asset is made by calculating the present value of the lease payments, also taking into account the reasonable certainty of the lease contract's renewal. Lease contracts may include extension and termination options. When assessing whether it is reasonably certain to exercise a renewal or termination option, all relevant factors that create an economic incentive for exercising the option are considered. After the lease commencement date, the lease term is reassessed if a significant event or change occurs that impacts the ability to exercise or terminate the renewal option. Lease liabilities are measured at the present value of future lease payments, discounted at the lessee's IBR because the implicit interest rate of the lease is not easily determinable. The marginal rate at the reference date is calculated taking into account the entity credit spread using observable inputs.

(e) Allowance for doubtful accounts

The provision for credit impairments reflects estimates of expected losses for the credit portfolio. Provisions have been made for expected credit losses, estimated using the expected credit loss model based on careful monitoring of the credit portfolio quality, current and expected economic conditions and reference markets, as well as past experience with credits of similar credit risk and historical default amounts.

(f) Depreciation and amortization

The cost of property, plant and equipment and intangible assets is depreciated or amortized on a straight-line basis over the estimated useful life of the related assets. The economic useful life of these assets is determined at the time of acquisition, based on historical experience with similar assets, market conditions, and expectations regarding future events that could impact the useful life of the assets, including technological changes. Therefore, the actual economic life may differ from the estimated useful life.

(g) Provisions

The estimation of future costs for asset dismantling and site restoration is a complex process that requires the assessment of liabilities arising from dismantling and restoration obligations, often not fully defined by laws, administrative regulations, or contractual clauses, and which generally must be fulfilled many years in the future.

Provisions related to legal and tax disputes, as well as regulatory proceedings, result from a complex estimation process that also considers the likelihood of an unfavorable outcome.

(h) Employee benefits

Employee benefits, particularly the Italian TFR, are determined based on actuarial assumptions, and changes in these assumptions could have significant effects on these funds.

(i) Revenues

Revenue recognition is influenced by estimates of the amount of discounts, allowances, and returns to be recorded as a direct adjustment to revenue, as well as by the methods used to determine the stand-alone selling price of individual products or services and the determination of the contract duration when renewal options are present.

(j) Income taxes

Income taxes (both current and deferred) are determined according to a prudent interpretation of current tax regulations. This process sometimes involves complex estimates in determining taxable income and the temporary deductible and taxable differences between accounting and tax values. In particular, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be recovered. The assessment of the recoverability of deferred tax assets, recognized in relation to both carryforward tax losses and deductible temporary differences, considers the estimation of future taxable incomes and is based on prudent tax planning.

(k) Derivatives

Fair value of derivatives not traded in an active market is determined using a mark-to-model valuation technique. Where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts. Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations. Estimates and assumptions are made with the support of the corporate functions and, where appropriate, of independent specialists, and are regularly reviewed. For additional information, please refer to Note 22 — *Derivative financial instruments*.

(l) Fair value estimates

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. IFRS 13 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

For additional information, please refer to Note 27 — *Fair value measurement*.

5. Business combination and reverse merger

On November 6, 2023, TIM, Optics BidCo, FiberCop and Teemo Bidco entered into the Transaction Agreement that governed:

- the contribution by TIM of a business unit – consisting of the activities relating to the primary network, the wholesale business and the entire shareholding in the subsidiary Telenergia – to FiberCop, which already managed before such contribution the activities relating to the secondary fiber and copper network; and

- the simultaneous purchase by Optics BidCo of the entire shareholding held by TIM in FiberCop, following the aforementioned contribution.

The Transaction Agreement further provided that, at completion of the transaction, TIM and FiberCop would enter into a master service agreement (“**MSA**”) to govern the terms and conditions of the services provided between the Company and TIM respectively. Pursuant to the MSA FiberCop provides TIM with a variety of access, business and network services as well as real estate services regarding the use by TIM of certain real estate properties owned or rented by FiberCop and other minor services. On the other hand, pursuant to the MSA TIM provides FiberCop with certain ancillary services, including in connection with the use of TIM Group’s data centers as well as with the provision of certain ancillary wholesale services. The MSA has a duration of 15 years, with a renewal mechanism for additional 15 years.

Following the satisfaction of the relevant condition precedents set out in the Transaction Agreement, TIM contributed the business unit to FiberCop with effect as of July 1, 2024 (the “**Closing Date**”) and on the Closing Date TIM sold to Optics BidCo its entire equity interest in FiberCop and signed the MSA with FiberCop.

On the Closing Date, FiberCop and TIM also entered into a Transitional Services Agreement (“**TSA**”) to govern the supply of certain transitional services from TIM to FiberCop, mainly related to the provision of IT services regarding certain so-called hybrid systems and cyber-security services during FiberCop’s startup phase.

In connection with the Business Combination, certain Euro and USD existing notes issued by TIM, have been exchanged by the issue of certain Euro and USD bonds by Optics BidCo pursuant to a liability management exercise launched on April 18, 2024. These bonds were recognized at their fair value of €5,613,293 thousand at July 1, 2024 in FiberCop's financial statements, following the Reverse Merger.

On December 13, 2024, Optics BidCo and its wholly owned subsidiary FiberCop executed a Reverse Merger by incorporation, which had been previously approved by the shareholders of Optics BidCo and FiberCop on October 8, 2024, with retroactive accounting and tax effect at July 1, 2024. As a result of the Reverse Merger, FiberCop became the surviving entity, and Optics BidCo ceased to exist as a separate legal entity.

Considering that the entire share capital of FiberCop was, immediately prior to the Reverse Merger, wholly owned by Optics BidCo, the Reverse Merger was carried out without determining an exchange ratio and did not involve any cash adjustments. As a result of the Reverse Merger, the shares representing the entire share capital of FiberCop were allocated to Optics HoldCo in its capacity as the sole shareholder of Optics BidCo prior to the Reverse Merger

The Reverse Merger took retroactive accounting and tax effect at July 1, 2024, pursuant to Article 2504-bis, second paragraph, of the Italian Civil Code. Its primary objectives were as follows:

- the rationalization of the structure of the companies involved, enabling FiberCop to fully execute its operational and management activities;
- the streamlining the ownership chain;
- the improvement of organizational and management processes.

The Reverse Merger was accounted for as a corporate reorganization in accordance with the guidelines set forth in OPI 2 - *Accounting Treatment of Mergers in the Financial Statements*. In FiberCop’s Financial Statements, the assets and liabilities of the merged entity were recorded on a continuity-of-book-values basis, with the costs and revenues of the merged entity included from July 1, 2024.

Therefore, following the Reverse Merger of Optics BidCo into FiberCop, this Financial Statements reflects:

- the assets and liabilities of Optics BidCo at their book value prior to the Reverse Merger, including certain Euro and USD existing notes issued by TIM, which have been exchanged by the issue of certain Euro and USD bonds by Optics Bidco in connection with the Business Combination and cash and cash equivalent as of July 1, 2024, amounting to Euro 1.313 million.; and
- the assets and liabilities of FiberCop measured at their fair value at the acquisition date using the acquisition method of accounting in accordance with IFRS 3, which applies the fair value concepts requiring to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date of July 1, 2024 (with certain exceptions). The following table provides a breakdown of the fair values of the acquired assets and assumed liabilities at July 1, 2024 in FiberCop:

(in € thousand)	**At July 1, 2024**
Cash and cash equivalents	104,943
Trade receivables	782,716
Inventories	44,322
Right-of-use assets	2,855,716
Intangible assets	6,167,895
Property, plant and equipment	9,673,884
Current and non-current financial receivables	190,749
Other current and non-current assets	319,630
Other current and non-current liabilities	(1,714,523)
Current and non-current debt	(9,225,953)
Trade payables	(1,309,445)
Employee benefits	(297,533)
Current and non-current provisions	(687,613)
Subsidiary acquired with a view to resale	4,722
Deferred tax liabilities	(1,415,452)
Net identifiable assets acquired	**5,494,058**
Total consideration	**11,506,137**
Goodwill	**6,012,079**

The fair value estimates reflected above are preliminary in nature. The final valuations will be completed and the fair values assigned to the assets acquired and liabilities assumed will be finalized by the end of the measurement period of one year from the Closing Date (July, 1 2024) as requiredby IFRS 3.

The preliminary fair value assessment of the acquired assets and assumed liabilities, conducted with the support of an independent professional in accordance with IFRS 3 ("**Purchase Price Allocation**"), resulted in the recognition of the following main assets and liabilities:

- customer relationships amounting to €5,972,200 thousand (gross of deferred tax liabilities of € 1,721,188 thousand), determined through the *Multi-period Excess Earnings Method* ("**MEEM**") and considering the present value of net cash flows expected to be generated on long-standing customer relationships;
- network infrastructure and equipment step-down fair value adjustment amounting to €651,548 thousand (gross of deferred tax assets of €187,776 thousand), determined through the depreciated cost approach by computing the difference between the replacement cost at new and the physical, functional and economic obsolescence;
- additional provisions of €469,581 thousand (gross of deferred taxes of €135,333 thousand) mainly related to i) asset retirement obligations on leases and equipment linked to the copper

legacy switch off for which the provision has been estimated based on their sizing, ii) onerous contracts, and iii) other contingent liabilities.

Deferred taxes have been determined using the theoretical National Income Tax rate (IRES 24%) and, where applicable, the Italian Regional Income Tax rate (IRAP 4.82%).

6. Revenues

The following table provides a breakdown for revenues:

(in € thousand)	For the year ended December 31,	
	2024	2023
Access and connectivity	2,269,725	1,171,983
Sale of goods	111,219	207,496
Other services	196,256	71,511
Total revenues	**2,577,200**	**1,450,990**

Revenues primarily consist of the sales of services and goods to wholesale customers as part of the Company's ordinary business activities. In particular, the Company generates revenues from TIM, other licensed operators ("**OLOs**") and public administrators as hereinafter:

- Access and connectivity refers to pay-per-use approach on access services to the proprietary network for both traditional and advanced connectivity, including delivery and activation services as well as repair and maintenance of network;
- Sale of goods refers to the sale of IRU on the secondary network as well as other minor equipment;
- Other services mainly include industrial colocation services in connection with eligible spaces within technical offices suitable for hosting wholesale customers' network elements and equipment, network engineering and energy revenues.

For additional information relating to the revenue recognition of the Company, please refer to Note 3 — *Summary of material accounting policies*.

Information on major customers

For the years ended December 31, 2024 and 2023, the Company's customers that accounted for 10% or more of the total revenues were as follows:

(in %)	For the year ended December 31,	
	2024	2023
Customer A	61%	84%
Customer B	12%	3%
Total	**73%**	**87%**

7. Cost of goods and services

The following table provides a breakdown for cost of goods and services:

(in € thousand)	For the year ended December 31,	
	2024	2023
Electricity and other utilities	(197,069)	(825)
Operation and maintenance	(121,290)	(159,376)
IT services	(62,836)	(40)
Access costs	(36,320)	-
External professional services	(17,409)	(3,401)
Insurance	(11,483)	(4,237)
Purchases of raw materials and goods	(7,953)	(10,347)
Other service costs	(46,762)	(2,709)
Total cost of goods and services	**(501,122)**	**(180,935)**

For the year ended December 31, 2023, operation and maintenance included the lump-sum costs charged monthly by TIM to FiberCop under the previous MSA. These costs mainly related to: (i) maintenance activities necessary and appropriate to ensure the proper provision of secondary network services, (ii) facility services such as security, cleaning, heating, and electricity and (iii) IT services such as system administration and maintenance and granting of sub-licenses.

For the year ended December 31, 2024 the new MSA structure as well as the transition to a direct relationship with Telenergia has enabled a segregation of these costs by nature.

Other services costs mainly include costs for transportation, company employees' vouchers and miscellaneous costs.

8. Personnel costs

The following table provides a breakdown for personnel costs:

(in € thousand)	For the year ended December 31,	
	2024	2023
Wages and salaries	(376,175)	(5,788)
Social contributions, pension plans and severance indemnities	(140,607)	(2,136)
Personnel benefits	(2,735)	(70)
Share-based payments	(18)	(283)
Other payroll expenses	(10,255)	(412)
Total	**(529,790)**	**(8,689)**
Amount capitalized	117,170	679
Total personnel costs	**(412,620)**	**(8,010)**

Personnel costs include expenses related to wages and salaries for employees, social and pension contributions, severance indemnities, benefits and other payroll expenses.

Share-based payments include stock option plans and long-term incentive plans granted to certain executives as part of the TIM Group companies which were recognized until the Business Combination and accounted for in accordance with IFRS 2 — *Share-based Payments*.

Other payroll expenses mainly related to miscellaneous personnel administration expenses and contributions to healthcare funds for the employees.

The following table provides the average number of employees for the years ended December 31, 2024 and 2023, divided into the categories:

(in units)	For the year ended December 31,	
	2024	**2023**
Executive	158	10
Middle managers	1,164	33
White collars	18,466	37
Total	**19,788**	**80**

9. Other operating income/(expense)

The following table provides a breakdown for other operating income/(expense):

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Grants received	18,751	883
Penalties to suppliers	13,182	-
Contributions for telecommunication activities	(3,329)	(1,553)
Contract penalties and administrative fines	(8,555)	(764)
Provisions for risks	(11,474)	(1,963)
Indirect taxes	(26,231)	(6,567)
Other	7,794	1,311
Total net other operating income/(expenses)	**(9,862)**	**(8,653)**

Other operating income/(expense) mainly include expenses related to indirect taxes, accruals for legal and fiscal provisions and contributions for telecommunication activities.

Other mainly include income from compensation for damages caused by third parties, partially offset by other miscellaneous expenses.

10. Restructuring and transaction-related costs

The following table provides a breakdown for restructuring and transaction-related costs:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Provision for employees	(233,913)	-
Separation costs	(54,399)	-
Costs related to the Business Combination	(34,620)	-
Total restructuring and transaction-related costs	**(322,932)**	**-**

Provision for employees mainly relate to the early retirement and associated contributions costs for managers and employees, based on the agreement signed with the trade unions during the third quarter of 2024 under article 4 of the Fornero Law, which allows early retirement.

Costs related to the Business Combination mainly related to external services related to professional consultancy, legal, notary expenses and transaction taxes incurred in connection with the Business Combination.

Separation costs mainly related to external services for professional consultancy, legal, HR, IT and accounting advisory incurred in connection with the separation procedures from TIM.

11. Depreciation and amortization

The following table provides a breakdown for depreciation and amortization:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Depreciation of property, plant and equipment	(648,519)	(460,651)
Depreciation of right-of-use assets	(202,297)	(11,958)
Amortization of intangible assets	(116,732)	(3,191)
Total depreciation and amortization	**(967,548)**	**(475,800)**

12. Financial income, financial expenses and foreign exchange losses

The following table provides a breakdown for financial income, financial expenses and foreign exchange losses:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Financial income		
Interest income	24,356	3,266
Interest income on financial receivables	2,760	-
Total financial income	**27,116**	**3,266**
Financial expenses		
Interest expenses on bank borrowings	(210,283)	(67,318)
Interest expenses on bonds and notes	(156,036)	-
Interest expenses on other financial payables	(115,068)	(142,100)
Interest expenses on lease liabilities	(46,350)	(388)
Interest expense in other liabilities	(28,968)	(435)
Bank fees	(10,135)	109
Hedging operations	23,042	-
Total financial expenses	**(543,798)**	**(210,132)**
Foreign exchange losses	**(4,004)**	**-**
Total net financial expenses	**(520,686)**	**(206,866)**

For the years ended December 31, 2024 and 2023, interest expenses on other financial payables primarily included interest expenses related to a Facility Agreement entered into with TIM in conjunction with the business unit transfer on March 31, 2021, which was repaid in 2024 as part of the Business Combination.

For additional information, please refer to Note 21 — *Non-current and current debt*.

The following table provides a breakdown for hedging operations:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Release of cash flow hedge reserve - cross currency interest rate swaps	13,864	-
Release of cash flow hedge reserve - Interest rate swaps	13,273	-
Net loss on interest rate swaps	(4,095)	-
Hedging operations	**23,042**	**-**

The following table provides a breakdown for the net gain on interest rate swaps:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Transfer to the initial value of the hedged item	(4,095)	-
Net gain on interest rate swaps	**(4,095)**	**-**

The following table provides a breakdown for the foreign exchange gains/(losses):

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Release of cash flow hedge reserve - Cross-currency interest rate swaps	61,042	-
Foreign exchange gains	160	-
Foreign exchange losses	(65,206)	-
Foreign exchange losses	**(4,004)**	**-**

Foreign exchange losses mainly include the effect from translating US Dollar-denominated notes into Euro at the reporting date and the release of the cash flow hedge reserve related to cross-currency interest rate swaps.

13. Income taxes

The following table provides a breakdown for income taxes:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Current taxes	(18,273)	(173,408)
Deferred taxes	(13,252)	10,458
Prior years' income taxes	(119)	1,431
Total income taxes	**(31,644)**	**(161,519)**

The recognized deferred taxes primarily relate to temporary differences in property plant and equipment, provisions and accruals as well as other deductible temporary differences expected to be reversed in future periods. The Company recognized deferred tax assets only to the extent of available deferred tax liabilities, while deferred tax assets on tax losses were not recognized.

The table below provides a reconciliation between actual income taxes and the theoretical income taxes, calculated on the basis of the applicable corporate tax rate in effect in Italy, which was 24% for each of the years ended December 31, 2024 and 2023.

(in € thousand)	For the year ended December 31,	
	2024	2023
(Loss)/Profit before tax	**(158,910)**	**570,367**
Theoretical income tax rate	24%	24%
Theoretical income taxes	38,138	(136,888)
Tax effect on:		
Unrecognized deferred tax assets	(23,224)	-
Permanent and other differences	(19,200)	10,975
Taxes relating to prior years	(119)	1,431
Income taxes, excluding IRAP	**(4,405)**	**(124,482)**
Effective tax rate, excluding IRAP (%)	**(2.8%)**	**21.8%**
Italian Regional Income Tax Current (IRAP)	(18,237)	(37,037)
Permanent differences and other differences IRAP	(8,966)	-
Income taxes	**(31,644)**	**(161,519)**
Effective tax rate (%)	**(19.9%)**	**28.3%**

In order to facilitate the understanding of the tax rate reconciliation presented above, income taxes include a presentation net of the Italian Regional Income Tax ("**IRAP**"), which is based on a measure of income defined by the Italian Civil Code as the difference between operating revenues and costs, before financial income and expense, the cost of fixed term employees, credit losses and any interest included in lease payments. The applicable IRAP rate was 4.82%, for each of the years ended December 31, 2024 and 2023.

Deferred tax assets and deferred tax liabilities

Deferred taxes reflect the net tax effect of temporary differences between the book value and the taxable amount of assets and liabilities. The accounting of assets for deferred taxes was duly adjusted to take account of the effective possibility to be realized. The decision to recognize deferred tax assets is made by assessing whether the conditions exist for the future recoverability of such assets by taking into account the basis of the most recent forecasts from budgets and business plans. Deferred tax assets and deferred tax liabilities are offset as they may be legally offset and management has the intention to settle them through netting.

The following tables provide a breakdown for deferred tax assets and deferred tax liabilities:

(in € thousand)	At December 31, 2023	Business Combination	Recognized in income statement	Recognized in equity	At December 31, 2024
Deferred tax assets arising on:					
Provisions	983	136,207	42,732	-	179,922
Depreciation and amortization	21,064	233,404	(60,825)	-	193,643
Derivative financial instruments	-	-	(20,071)	48,015	27,944
Allowances for doubtful accounts	-	6,492	-	-	6,492
Employee benefits	13	-	-	2,510	2,523
Other	450	17,136	(1,471)	-	16,115
Total deferred tax assets	**22,510**	**393,239**	**(39,635)**	**50,525**	**426,639**
Deferred tax liabilities arising on:					
Depreciation and amortization	-	(1,741,926)	21,791	-	(1,720,135)
Leases	-	(93,383)	4,592	-	(88,791)
Other	(370)	(1,364)	-	-	(1,734)
Total deferred tax liabilities	**(370)**	**(1,836,673)**	**26,383**	**-**	**(1,810,660)**
Total net deferred tax assets/(liabilities)	**22,140**	**(1,443,434)**	**(13,252)**	**50,525**	**(1,384,021)**

(in € thousand)	At December 31, 2022	Recognized in income statement	Recognized in equity	At December 31, 2023
Deferred tax assets arising on:				
Provisions	826	157	-	983
Depreciation and amortization	10,758	10,306	-	21,064
Employee benefits	9	-	4	13
Other	486	(36)	-	450
Total deferred tax assets	**12,079**	**10,427**	**4**	**22,510**
Deferred tax liabilities arising on:				
Other	(401)	31	-	(370)
Total deferred tax liabilities	**(401)**	**31**	**-**	**(370)**
Total net deferred tax assets/(liabilities)	**11,678**	**10,458**	**4**	**22,140**

The following table provides the details of tax losses carried forward for which no deferred tax assets were recognized:

(in € thousand)	At December 31,	
	2024	2023
No expiration	96,767	-
Total	**96,767**	**-**

14. Intangible assets

The following table provides a breakdown for intangible assets:

(in € thousand)	Goodwill	Customer relationships	Licenses, trademarks and patents	Intangibles in progress	Total
At January 1, 2023	**4,670,277**	**-**	**6,109**	**3,820**	**4,680,206**
Additions	-	-	2,329	793	3,122
Reclassifications	-	-	3,361	(3,361)	-
Amortization	-	-	(3,191)	-	(3,191)
At December 31, 2023	**4,670,277**	**-**	**8,608**	**1,252**	**4,680,137**
of which:					-
Historical cost	*4,670,277*	*-*	*21,765*	*1,252*	*4,693,294*
Accumulated depreciation	*-*	*-*	*(13,157)*	*-*	*(13,157)*
Business Combination	1,341,802	5,972,201	141,352	45,783	7,501,138
Additions	-	-	19,388	40,792	60,180
Reclassifications	-	-	15,978	(15,978)	-
Amortization	-	(80,706)	(36,026)	-	(116,732)
At December 31, 2024	**6,012,079**	**5,891,495**	**149,300**	**71,849**	**12,124,723**
of which:					
Historical cost	*6,012,079*	*5,972,201*	*581,722*	*71,849*	*12,637,851*
Accumulated depreciation	*-*	*(80,706)*	*(432,422)*	*-*	*(513,128)*

Customer relationships were acquired as part of the Business Combination. They are recognized at their fair value at July 1, 2024 and are subsequently amortized on a straight line based on the timing of projected cash flows of the contracts over their estimated useful lives. For additional information, please refer to Note 5 — *Business combination and reverse merger*.

Goodwill increased primarily as a result of the Business Combination. For additional information, please refer to Note 5 — *Business combination and reverse merger*.

In accordance with IAS 36, the Company tests goodwill for impairment on an annual basis, or more frequently if facts or circumstances indicate that the asset may be impaired. For 2024, the recoverable amount of the cash-generating unit ("**CGU**") was determined based on value in use calculations which require the use of assumptions.

The recoverable amount of goodwill recognized is estimated, in accordance with IAS 36, using the unlevered version of the *discounted cash flow model* whereby an asset's value in use is calculated on the basis of estimated future cash flows discounted at an appropriate rate. Cash flow projections beyond the explicit period are extrapolated according to the perpetuity growth method to determine terminal value; the growth rates used ("**g rate**") are in line with those for the markets in which the Company operates.

For the purpose of the impairment test, the Company used the projections of future cash flows taken from the 2024-2030 merger Business Plan approved by the BoD) in September 2024 updated to reflect the deviation arising from 2024 actual results and assumptions included in the 2025 budget, which was approved by the BoD in February 2025. To estimate the terminal value the explicit reference period was extrapolated for an additional 10 years till 2040, adjusted as necessary to take into consideration a suitable level of long-term capital expenditure. The long-term growth rates, used to estimate cash flows beyond the stated forecast period and in determining the terminal value, are determined in light of market data.

Expected future cash flows have been discounted using an after tax Weighted Average Cost of Capital ("**WACC**") equal to 6.6% and:

- was estimated using the Capital Asset Pricing Model ("**CAPM**"), which is one of the generally accepted application criteria referred to in IAS 36;
- reflects current market estimates of the time value of money and the specific risks associated with the asset groups;
- was calculated using comparative market parameters to estimate the "*Beta coefficient*" and the weighting coefficient of the equity and debt capital components.

The impairment test has shown that the CGU's recoverable amount exceeds its carrying amount, meaning that no impairment loss was recognized for the period ended December 31, 2024.

The results obtained have been subjected to sensitivity analysis for those assumptions, changes in which might reasonably cause the test results to change materially. The analysis shows that the recoverable amount would be equal to the carrying amount for:

- a 0.8% rise in the WACC (at the value of 7.4%); or
- a growth rate in terminal value of -0.9%; or
- a reduction in gross operating margin of 12.0%.

15. Property, plant and equipment

The following table provides a breakdown for property, plant and equipment:

(in € thousand)	Plant and machinery	Land and Buildings	Industrial and commercial equipment	Other tangible assets	Tangible assets under construction	Total
At January 1, 2023	**4,109,314**	**-**	**-**	**61**	**18,764**	**4,128,139**
Additions	916,976	-	-	20	238,906	1,155,902
Disposals	(14,258)	-	-	-	-	(14,258)
Depreciation	(460,617)	-	-	(34)	-	(460,651)
Reclassifications	7,406	-	-	-	(7,406)	-
Other movements	(2,650)	-	-	-	-	(2,650)
At December 31, 2023	**4,556,171**	**-**	**-**	**47**	**250,264**	**4,806,482**
of which:						
Historical cost	*16,953,419*	*-*	*-*	*266*	*250,264*	*17,203,949*
Accumulated depreciation	*(12,394,233)*	*-*	*-*	*(219)*	*-*	*(12,394,452)*
Accumulated impairment	*(3,015)*	*-*	*-*	*-*	*-*	*(3,015)*
Business Combination	3,539,152	446,822	16,655	31,676	264,904	4,299,209
Additions	615,322	695	2,727	580	1,311,116	1,930,440
Disposals	(6,176)	(55)	(6)	-	-	(6,237)
Depreciation	(628,759)	(9,246)	(3,474)	(7,040)	-	(648,519)
Reclassifications	111,841	310	-	1,193	(113,344)	-
Other movements	230,214	-	-	-	2,946	233,160
At December 31, 2024	**8,417,765**	**438,526**	**15,902**	**26,456**	**1,715,886**	**10,614,535**
of which:						
Historical cost	*55,255,407*	*1,549,619*	*311,038*	*401,432*	*1,715,886*	*59,233,382*
Accumulated depreciation	*(46,837,642)*	*(1,111,093)*	*(295,136)*	*(374,976)*	*-*	*(48,618,847)*

Property, plant and equipment held by the Company increased primarily as a result of the Business Combination. For additional information, please refer to Note 5 — *Business combination and reverse merger*.

16. Right-of-use assets

The following table provides a breakdown for right-of-use assets:

(in € thousand)	Land and Buildings	Plant and machinery	Other tangible assets	Tangible assets under construction	Total
At January 1, 2023	-	213,604	147	2,538	**216,289**
Additions	-	26,873	170	-	27,043
Disposals	-	(8,262)	(13)	-	(8,275)
Reclassifications	-	2,538	-	(2,538)	-
Depreciation	-	(11,887)	(71)	-	(11,958)
At December 31, 2023	**-**	**222,866**	**233**	**-**	**223,099**
of which:					
Historical cost	*-*	*286,379*	*463*	*-*	*286,842*
Accumulated depreciation	*-*	*(63,513)*	*(230)*	*-*	*(63,743)*
Business Combination	2,519,336	64,037	44,166	10,294	2,637,833
Additions	43,674	6,739	2,068	9,819	62,300
Disposals	(31,550)	-	-	-	(31,550)
Depreciation	(168,520)	(22,153)	(11,624)	-	(202,297)
Other movements	(14)	-	(7)	-	(21)
At December 31, 2024	**2,362,926**	**271,489**	**34,836**	**20,113**	**2,689,364**
of which:					
Historical cost	*3,060,936*	*480,497*	*46,404*	*20,113*	*3,607,950*
Accumulated depreciation	*(698,010)*	*(209,008)*	*(11,568)*	*-*	*(918,586)*

Right-of-use assets held by the Company increased primarily as a result of the Business Combination. For additional information, please refer to Note 5 — *Business combination and reverse merger*.

17. Current and non-current financial assets

The following table provides a breakdown for current and non-current financial assets. For a breakdown of current and non-current financial assets by fair value level, please refer to Note 27 — *Fair value measurement*.

(in € thousand)	At December 31, 2024			At December 31, 2023		
	Non-current financial assets	Current financial assets	Total financial assets	Non-current financial assets	Current financial assets	Total financial assets
Financial receivables for IRUs	30,347	113,024	143,371	63,180	87,098	150,278
Loans to employees	11,031	1,971	13,002	62	38	100
Guarantee deposits	91,123	-	91,123	-	-	-
Other financial receivables	-	28,246	28,246	-	219	219
Total	**132,501**	**143,241**	**275,742**	**63,242**	**87,355**	**150,597**

Current and non-current financial assets mainly related to finance lease agreements for the transfer of irrevocable rights-of-use on infrastructure and secondary network fiber.

Other financial receivables mainly refer to the loan granted to Telenergia S.r.l.

At December 31, 2024, guarantee deposits of €91,123 thousand related to bank guarantees, held in escrow, issued in favor of Infratel on the advances of National Recovery and Resilience Plan ("**NRRP**") contributions of the "Italia 1 Giga" Plans which were transferred from TIM to FiberCop in connection with the Business Combination.

The following table provides the changes for current and non-current financial assets:

(in € thousand)	Financial receivables for IRUs	Guarantee deposits	Loans to employees	Other financial receivables	Total
At December 31, 2023	**150,278**	**-**	**100**	**219**	**150,597**
Additions	57,285	91,123	-	80,000	228,408
Business Combination	42,168	-	15,049	814	58,031
Decreases	(111,368)	-	(2,866)	(60,000)	(174,234)
Other movements	5,008	-	719	7,213	12,940
At December 31, 2024	**143,371**	**91,123**	**13,002**	**28,246**	**275,742**
- of which current	*113,024*	*-*	*1,971*	*28,246*	*143,241*
- of which non- current	*30,347*	*91,123*	*11,031*	*-*	*132,501*

For the year ended December 31, 2024, other movements primarily include the ISTAT revaluation applied to financial receivables related to IRUs.

18. Trade receivables

The following table provides a breakdown for trade receivables:

(in € thousand)	At December 31,	
	2024	2023
Trade receivables	921,824	364,332
Allowance for doubtful accounts	(36,025)	-
Total trade receivables	**885,799**	**364,332**

The following table provides a breakdown for the loss allowance relating to trade receivables:

(in € thousand)	Allowance for doubtful accounts
At December 31, 2023	-
Business Combination	(31,542)
Increase in loss allowance	(4,483)
At December 31, 2024	**(36,025)**

The Company applies the simplified approach available under IFRS 9 to always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the debtor creditworthiness and past default experience of, as well as an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date (See Note 28 — *Qualitative and quantitative information on financial risks* for additional information).

19. Other current and non-current assets

The following table provides a breakdown for other current and non-current assets.

(in € thousand)	At December 31, 2024			At December 31, 2023		
	Other current assets	Other non-current assets	Total	Other current assets	Other non-current assets	Total
Receivables from NRRP	-	207,543	207,543	33,764	-	33,764
VAT and other tax receivables	107,101	-	107,101	29,253	-	29,253
Advances to suppliers	87,200	-	87,200	-	-	-
Deferred expenses	20,636	10,332	30,968	35,965	196,354	232,319
Work-in-progress	21,432	-	21,432	-	-	-
Other receivables	10,797	-	10,797	4,306	-	4,306
Total	**247,166**	**217,875**	**465,041**	**103,288**	**196,354**	**299,642**

The receivables from the NRRP relate to the portion of the contribution accrued for the Italia 1G and 5G Backhauling. The recognition in the income statement of these contributions occurs when the related assets start to depreciate

20. Equity

The following table provides a breakdown for equity:

(in € thousand)	At December 31,	
	2024	2023
Share capital	17,836	10,000
Share premium reserve	8,294,724	4,841,050
Legal reserve	2,000	2,000
Reserve for actuarial gains/(losses) on defined benefit plans	(7,913)	34
Cash flow hedge reserve	(152,048)	-
Other reserves	(105,720)	(105,737)
Retained earnings	1,042,779	633,931
(Loss)/Profit for the year	(190,554)	408,848
Total equity	**8,901,104**	**5,790,126**

Share capital

At December 31, 2024, the fully paid up share capital of the Company was €17,836 thousand, consisting of 178,359 shares, with no nominal value (€10,000 thousand, consisting of 100,000 shares, at December 31, 2023).

A pledge over the Company's shares has been granted as part of the security package for FiberCop's bank borrowings and bonds, which also includes an undertaking to assign any potential intercompany loan receivables from Optics HoldCo to FiberCop.

Cash flow hedge reserve

The cash flow hedge reserve reflects the cumulative gains and losses from hedging instruments that are designated to manage exposure to fluctuations in cash flows related to interest rates and foreign currency. At the reporting date, the cash flow hedge reserve shows a negative balance of €152,048 thousand (net of positive tax impact of €48,015 thousand) indicating a net loss from the valuation of these hedging instruments.

Other reserves

At December 31, 2024 and 2023, other reserves mainly included negative reserves related to business combinations completed in previous years.

The following is a detailed breakdown of the individual items, categorized by their origin, usability, and distributability, along with their utilization during the previous financial year.

Nature / Description *(in € thousand)*	**At December 31, 2024**	**Usage possibility**	**Available amount for distribution**
Share capital	17,836		
Share premium reserve (*)	8,294,724	A,B,C	8,293,157
Legal reserve	2,000	B	-
Reserve for actuarial gains/(losses) on defined benefit plans	(7,913)		-
Cash flow hedge reserve	(152,048)		-
Retained earnings	1,042,779	A,B,C	777,098
Other reserves	(105,720)		-
Total	**9,091,658**		**9,070,255**

Legend:
A = for capital increase
B = for loss coverage
C = for distribution to shareholders

(*) The share premium reserve cannot be distributed to shareholders until the legal reserve has reached one-fifth of the share capital, according to article 2431 of the Italian Civil Code.

21. Current and non-current debt

The following table provides a breakdown for current and non-current debt and changes occurred during the period:

(in € thousand)	**Bonds and notes**	**Bank borrowings**	**Lease liabilities**	**Other financial payables**	**Total debt**
At January 1, 2023	**-**	**1,489,360**	**23,041**	**1,534,665**	**3,047,066**
Additions	-	-	-	537,300	537,300
Repayments	-	-	(1,182)	-	(1,182)
Other movements	-	2,734	(16,320)	9,663	(3,923)
At December 31, 2023	**-**	**1,492,094**	**5,539**	**2,081,628**	**3,579,261**
Business Combination	5,613,293	4,507,437	2,109,040	-	12,229,770
Additions	-	-	22,215	195,000	217,215
Repayments	-	(1,500,000)	(146,733)	(2,312,099)	(3,958,832)
Currency exchange differences	65,158	-	-	-	65,158
Other movements	84,344	62,598	(27,079)	35,471	155,334
At December 31, 2024	**5,762,795**	**4,562,129**	**1,962,982**	**-**	**12,287,906**
- of which current	*112,021*	*2,799*	*293,676*	*-*	*408,496*
- of which non-current	*5,650,774*	*4,559,330*	*1,669,306*	*-*	*11,879,410*

Repayments in 2024 primarily consist of the early settlement of the loan previously held by the Company with Unicredit S.p.A.

Other movements reflect the impact of amortized cost adjustments, accrued interest, and other non-cash items. All figures are presented before accounting for the effects of hedging.

Please refer to the following sections for additional information on bond and bank borrowings held by the Company.

The repayment schedule for current and non-current debt is summarized below:

At December 31, 2024 *(in € thousand)*	**Within 1 year**	**1-5 years**	**Over 5 years**	**Total Debt**
Bonds and notes	112,021	3,115,335	2,535,439	**5,762,795**
Bank borrowings	2,799	4,559,330	-	**4,562,129**
Lease liabilities	293,676	917,098	752,208	**1,962,982**
Total debt	**408,496**	**8,591,763**	**3,287,647**	**12,287,906**

Bond and Notes

The following table provides a breakdown for notes at December 31, 2024:

Description	**Currency**	**Nominal amount (in foreign currency)**	**Interest rate** *(in bps)*	**Maturity date**	**At December 31, 2024**	***Of which current:***
EUR Jan 2026 Notes	€	375,000	287	Jan 28, 2026	373,440	*5,405*
EUR May 2026 Notes	€	322,003	362	May 25, 2026	323,438	*5,852*
EUR Oct 2027 Notes	€	507,715	237	Oct 12, 2027	483,633	*6,046*
EUR Feb 2028 Notes	€	625,000	687	Feb 15, 2028	675,094	*16,246*
EUR Jul 2028 Notes	€	750,000	787	Jul 31, 2028	841,444	*24,758*
EUR Jan 2029 Notes	€	500,820	162	Jan 18, 2029	445,885	*4,080*
EUR Jan 2033 Notes	€	359,142	775	Jan 24, 2033	433,449	*13,955*
EUR Mar 2055 Notes	€	230,000	525	Mar 17, 2055	227,353	*6,054*
USD Nov 2033 Notes	$	500,006	637	Nov 15, 2033	474,832	*3,899*
USD Sep 2034 Notes	$	500,001	600	Sep 30, 2034	469,002	*7,339*
USD Jul 2036 Notes	$	500,000	720	Jul 18, 2036	502,217	*15,631*
USD Jun 2038 Notes	$	500,004	772	Jun 4, 2038	513,008	*2,756*
Total					**5,762,795**	***112,021***

In connection with the Business Combination, certain Euro and USD existing notes issued by TIM, have been exchanged by the issue of certain Euro and USD bonds by Optics Bidco pursuant to a liability management exercise launched on April 18, 2024, which were recognized at their fair value of €5,613,293 thousand at July 1, 2024. For additional information, please refer to Note 5 — *Business combination and reverse merger*.

All notes are bullet, meaning the principal is repaid in full upon maturity, with no scheduled amortization of the principal during the life of the bond. The average residual maturity of these bonds is 8 years and the average interest rate across the portfolio is 569 basis points. All bonds are listed on the Official List of the Luxembourg Stock Exchange (“**Euro MTF Market**”) and are secured.

The Company mitigates the risk of currency exchange fluctuations on 100% of its USD notes by using cross-currency interest rate swaps. For additional information, please refer to Note 22 — *Derivative financial instruments*.

Bank borrowings

The following tables provide a breakdown for bank borrowings at December 31, 2024 and 2023:

Description	Currency	Nominal amount (€ thousand)	Interest rate (in bps)	Maturity date	At December 31, 2024	*Of which current:*
Term Loan Facility	€	4,692,095	Euribor 3M + (225-350)	Jun 27, 2029	4,562,129	2,799
Total		**4,692,095**			**4,562,129**	*2,799*

Description	Currency	Nominal amount (€ thousand)	Interest rate (in bps)	Maturity date	At December 31, 2023	*Of which current:*
Term Loan Facility	€	1,500,000	Euribor 3M + (225-350)	December 2026	1,492,094	*829*
Total		**1,500,000**			**1,492,094**	*829*

As a result of the Business Combination, bank borrowings at December 31, 2024 included the Term Loan Facility under a Senior Facilities Agreement drawn down by Optics BidCo in June 2024 for an amount of €4,579,247 thousand. The Term Loan Facility is bullet, meaning the principal is repaid in full upon maturity, with no scheduled amortization of the principal during the life of the borrowing.

The Term Loan Facility accrues interest based on the 3-month Euribor, plus a variable spread that changes over time as follows: (i) Year 1: 225 bps, (ii) Year 2: 225 bps, (iii) Year 3: 275 bps, (iv) Year 4: 300 bps, and (v) Year 5: 350 bps.

In January 2025, the Company has subscribed to additional commitments related to the Term Loan Facility for an amount of Euro 400 million.

The Company mitigates the risk of fluctuations in interest rates on bank borrowings that bear floating rates of interest by using interest rate swaps. The use of interest rate swaps is exclusively to hedge interest rate risks associated with monetary flows and not for speculative purposes. The coverage ratio is a substantial part of its value. For additional information, please refer to Note 22 — *Derivative financial instruments*.

Debt covenants

The Company's term loans and revolving credit facilities are subject to financial covenants requiring the Company to maintain a ratio equal or lower than 9x of total net debt to Adjusted Reported EBITDA (which both exclude the effects of lease accounting under IFRS 16) for each of the 12-month period ending on June 30 and December 31, as well as negative pledges, pari passu, cross-default and change of control clauses. The ratio can be adjusted to 10x if the Company attains a long-term credit rating of BBB- (or its equivalent) or higher from at least two credit rating agencies. The first measurement date is scheduled for June 30, 2025. Failure to comply with this covenant may provide the lender the option to ask the Company to fully repay the outstanding amounts, unless the Company takes corrective actions through contributions from shareholders or other parties within 20 business days after the due date for reporting the breach. At December 31, 2024, the Company is in compliance with debt covenants requirements.

Lease Liabilities

The Company recognizes lease liabilities in relation to right-of-use assets in accordance with IFRS 16 - *Leases*. At December 31, 2024 and 2023 lease liabilities amounted to €1,962,982 thousand and €5,539 thousand, respectively.

Other financial payables

At December 31, 2023, other financial payables amounted to €2,081,628 thousand, related to a Facility Agreement entered into with TIM in conjunction with the Ramo Contribution on March 31, 2021, which was repaid in 2024 as part of the Business Combination.

Net debt

The following table provides a breakdown of the Company's Net Deb ("Net Debt")t:

(in € thousand)	At December 31,	
	2024	**2023**
Cash and cash equivalents	996,960	151,905
Current financial assets	143,241	87,355
Cash and cash equivalents and current financial assets	**1,140,201**	**239,260**
Current debt	(408,496)	(5,225)
Non-current debt	(11,879,410)	(3,574,036)
Total debt	**(12,287,906)**	**(3,579,261)**
Net Debt	**(11,147,705)**	**(3,340,001)**

22. Derivative financial instruments

The Company enters into certain derivative contracts in the course of its risk management activities, primarily to hedge cash flows related to floating interest rates and currency exchange risks on its debt. The Company only enters into these contracts for hedging purposes as its financial management policy does not permit trading in financial instruments for speculative purposes. Derivative financial instruments meeting the hedge requirements of IFRS 9 are accounted for using hedge accounting. Changes in the fair value of derivative financial instruments not qualifying for hedge accounting are recognized in profit or loss in the relevant reporting period. The interest rate and currency derivatives used by the Company are over the counter ("**OTC**") instruments, meaning those negotiated bilaterally with market counterparties, and the determination of their current value is based on valuation techniques that use input parameters (such as interest rate curves, foreign exchange rates, etc.) observable on the market (level 2 of the fair value hierarchy defined in IFRS 13*)*.

Derivatives are measured at fair value each reporting date by taking as a reference the applicable foreign currency exchange rates or the interest rates and yield curves observable at commonly quoted intervals.

The following table sets forth a breakdown of derivatives fair value at December 31, 2024, along with the notional amount hedged:

(in € thousand)	At December 31, 2024		
	Negative fair value	Hedged notional (in €)	Hedged notional (in foreign currency)
Cross-currency interest rate swaps	(28,619)	1,925,124	2,000,011
Interest rate swaps	(87,815)	3,500,000	3,500,000
Total	**(116,434)**		

23. Employee benefits

The following table presents a breakdown of employee benefits.

(in € thousand)	At December 31,	
	2024	2023
Provision for employee termination indemnities (TFR)	308,597	772
Total employee benefits	**308,597**	**772**

The following table shows the changes in defined benefit obligations.

(in € thousand)	2024	2023
At January 1,	772	703
Business Combination	296,785	-
Changes through income statement	5,232	26
- of which: Service cost	*68*	*-*
- of which: Financial charges	*5,164*	*26*
Changes through statement of comprehensive income and loss	10,457	16
Benefits paid	(4,649)	(71)
Other movements	-	98
At December 31,	**308,597**	**772**

The following table summarizes the main financial assumptions used to determine the present value of the TFR.

(in %)	At December 31,			
	2024		2023	
	Executives	Non-Executives	Executives	Non-Executives
Discount rate	2.93%	2.93%	3.08%	3.08%
Inflation rate	2.00%	2.00%	2.00%	2.00%
Turn-over rate	0.00%-2.00%	0.00%-1.00%	0.00%-2.00%	0.00%-1.00%

To determine the defined benefit obligations, the Company used the Italian National Institute of Statistics (“**ISTAT**”) benchmark for the estimated mortality rates in Italy, broken down by age and gender.

The following table presents a quantitative sensitivity analysis for the main assumptions relating to the Company's employee benefit obligations:

(in € thousand)	At December 31, 2024		At December 31, 2023	
	+ 50 bps	- 50 bps	+ 25 bps	- 25 bps
Discount rate	(6,954)	7,322	(31)	33
Inflation rate	5,449	(5,282)	25	(24)
Turn-over rate	(9)	10	-	(1)

The average duration of the defined benefit obligations for the TFR in 2024 was 5.4 years (2023: 9 years).

24. Current and non-current provisions

The following table provides the changes for non-current and current provisions:

(in € thousand)	Asset retirement obligations (ARO)	Termination benefits	Onerous contracts	Legal and fiscal risks	Other provisions	Total
At December 31, 2023	**127,296**	**-**	**-**	**1,980**	**-**	**129,276**
Business Combination	496,541	-	19,700	5,716	37,070	559,027
Addition to the statement of financial position	33,305	-	-	-	-	33,305
Addition to income statement	-	222,676	-	7,546	-	230,222
Releases	-	-	-	(1,350)	-	(1,350)
Utilizations	(19,119)	-	-	-	-	(19,119)
Unwind of discounting	12,132	-	-	-	-	12,132
At December 31, 2024	**650,155**	**222,676**	**19,700**	**13,892**	**37,070**	**943,493**
- of which current	*-*	*49,524*	*-*	*7,116*	*-*	*56,640*
- of which non- current	*650,155*	*173,152*	*19,700*	*6,776*	*37,070*	*886,853*

Addition arising as a result of the Business Combination mainly related to the asset retirement obligations, the estimated costs for dismantling and removing equipment, and restoring the sites in leasing on which they are located. For additional information, please refer to Note 5 — *Business combination and reverse merger*.

For the year ending December 31, 2024, the Company recognized provisions amounting to €222,676 thousand for termination benefits. These primarily relate to early retirement and associated contributions costs for managers and employees based on the agreement signed with the trade unions under article 4 of the Fornero Law, which allows early retirement in 2025. This amount is classified within "Restructuring and transaction-related costs" in the income statement.

25. Trade payables

At December 31, 2024 and 2023, trade payables amounted to €2,138,902 thousand and €777,301 thousand, respectively. Trade payables are non-interest bearing and are normally settled by the Company on 120-day terms, including those trade payables that are included in the Company's supplier finance arrangement.

The Company has established supplier finance arrangements that are offered to some of the Company's key suppliers. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement may receive early payment on invoices sent to the Company directly from the

Company's external finance provider. If suppliers choose to receive early payment, they pay a fee and a funding cost to the finance provider. The Company is not involved in the financial arrangements between the suppliers and the external financial providers, nor bears any cost.

Since the above arrangements do not modify the terms of the original trade payables, given payment terms with suppliers have not been renegotiated in conjunction with the arrangement, and the financial relationship involves only the suppliers, the external financial providers and does not involve the Company, the payment obligations of the company arising from these agreements are classified within trade payables, as they maintain the same nature and function. The Company settles the original invoice by paying the finance provider in line with the original invoice maturity date. This is also the case when, through separate agreements between the supplier and the financial institution, in which the company is not involved in any way, the supplier may request to receive the amounts due in advance from the financial institution.

The following table provides a breakdown for trade payables that are part of a supplier finance arrangement:

(in € thousand)	At December 31, 2024
Carrying amount of trade payables that are part of a supplier finance arrangement	107,270
of which suppliers have received payment	*100,779*

26. Other current and non-current liabilities

The following table provides a breakdown for other current and non-current liabilities:

(in € thousand)	At December 31, 2024			At December 31, 2023		
	Other current liabilities	Other non-current liabilities	Total	Other current liabilities	Other non-current liabilities	Total
Government grants	6,672	1,102,759	1,109,431	-	32,880	32,880
Advance payments	97,667	255,672	353,339	8,192	-	8,192
Deferred income	153,134	191,324	344,458	10,909	71,329	82,238
Social security institutions	45,834	-	45,834	480	-	480
Due to employees	38,447	-	38,447	1,609	-	1,609
Tax payables	28,405	-	28,405	148,063	135,194	283,257
Other payables	138,462	-	138,462	10,753	-	10,753
Total	**508,621**	**1,549,755**	**2,058,376**	**180,006**	**239,403**	**419,409**

At December 31, 2024, other payables mainly included tax consolidation liabilities amounting to €135,294 thousand.

27. Fair value measurement

The following table presents the Company's financial assets and financial liabilities measured and recognized at fair value at December 31, 2024 on a recurring basis:

(in € thousand)	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities	-	(116,434)	-	**(116,434)**

The reported amounts of derivative instruments, whether assets or liabilities, reflect their fair value at the reporting date. The Company did not measure any other financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2024.

At December 31, 2024, the Company measured its derivative financial instruments at fair value according to the Level 2 fair value hierarchy, which means that the fair value is mainly estimated on the basis of data provided by pricing service providers (non-active markets). These derivatives include cross-currency interest rate swaps, used to hedge foreign currency fluctuations on USD-denominated notes, and interest rate swaps, used to hedge Euribor fluctuations on bank borrowings. The fair value was determined using the *hypothetical derivative method* ("**HDM**"), which compares the change in the fair value or cash flows of the hedging instrument with the change in the fair value or cash flows of a hypothetical derivative that models the hedged risk. Hedge effectiveness is assessed quantitatively using regression analysis, and any differences between the fair value changes of the actual and hypothetical derivatives are recognized in the cash flow hedge reserve within Equity or as ineffectiveness in the income statement. Credit risk is monitored continuously. The hedge relationships were assessed as highly effective.

Categories of financial assets and liabilities according to IFRS 7

(in € thousand)	At December 31, 2024			At December 31, 2023	
	FVOCI	Amortized cost	Total	Amortized cost	Total
Financial assets					
Cash and cash equivalents	-	996,960	996,960	151,905	151,905
Trade receivables	-	885,799	885,799	364,332	364,332
Current and non-current financial assets		275,742	275,742	150,597	150,597
Contract assets	-	207,543	207,543	33,764	33,764
Other current and non-current assets	-	87,200	87,200	-	-
Total financial assets	**-**	**2,453,244**	**2,453,244**	**700,598**	**700,598**
Financial liabilities					
Current and non-current debt	-	12,287,906	12,287,906	3,579,261	3,579,261
Trade payables	-	2,138,902	2,138,902	777,301	777,301
Derivative financial liabilities	116,434	-	116,434	-	-
Government grants	-	1,109,431	1,109,431	32,880	32,880
Total financial liabilities	**116,434**	**15,536,239**	**15,652,673**	**4,389,442**	**4,389,442**

The carrying amounts of cash and cash equivalents, financial assets and trade receivables, as adjusted for impairment where necessary as required by IFRS 9, approximate their estimated realizable value and their fair value. Lease liabilities are initially recognized at their present value and subsequently measured at amortized cost, while all other financial liabilities are measured at amortized cost, which approximate their fair value.

28. Qualitative and quantitative information on financial risks

The Company is exposed to several financial risks connected with its operations:

- financial market risk, primarily related to foreign currency exchange rates and interest rates;
- liquidity risk relating to the availability of funds and access to credit, if required, and to financial instruments in general;
- credit risk relating to counterparties failing to repay amounts owed or meet contractual obligations.

These risks could significantly impact the Company's financial position, operating results and cash flows. To manage these exposures, the Company identifies and monitors these risks closely, aiming to detect potential adverse effects early and take appropriate mitigation steps. These efforts are primarily managed through the Company's operational and financing activities, and, when necessary, by entering into derivative financial instruments contracts.

Foreign currency risk

The Company is exposed to foreign exchange risk due to its notes denominated in USD. To manage this risk, the Company uses cross-currency interest rate swaps, through which the cash flows of foreign currency liabilities are converted into Euro at fixed exchange rates. At December 31, 2024, the hedging ratio covers a substantial portion of its exposure. Any exchange rate fluctuations not adequately hedged by derivatives could negatively impact operating results and cash flows. An appreciation or depreciation of the Euro against the currencies to which the debt is exposed could positively or negatively affect the Group's operating results and cash flows.

Interest rate risk

The Company is also exposed to the interest rate risk on the portion of its debt that is index-linked to variable rates. The decision to maintain a certain debt structure at fixed and variable rates aims to manage the positive or negative impact of the floating interest rate evolution and is partially achieved through the use of interest rate swaps, through which variable-rate liabilities are synthetically converted into fixed-rate instruments. The use of interest rate swaps is exclusively for the hedging of interest rate risks associated with monetary flows and not for speculative purposes.

At December 31, 2024, the coverage ratio is equal to a substantial part of its value. Any change to floating interest rates that has not been adequately hedged by derivatives may have an impact on the Company's results of operations and cash flows.

For the year ended December 31, 2024, an increase of 100 basis points in interest rates on floating rate borrowings existing at year end not covered by interest rate swaps would have resulted in an increase in loss before taxes of €5,960 thousand.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations related to a financial instrument or a commercial contract, thus leading to a financial loss. The Company is exposed to credit risk deriving from its operating activities, primarily for trade receivables and from its financial assets, such as cash on bank accounts or deposits with banks and financial institutions. At each balance sheet date, an analysis is carried out on the need for an impairment of trade and other financial receivables according to provisions set out by IFRS 9. The maximum exposure to credit risk at the reporting date is the book value of trade and other financial receivables.

Trade and other financial receivables are significantly concentrated among a limited number of key clients, which heightens the potential impact of default by any of these counterparties. At December 31, 2024 the amount of financial assets deemed to be of uncertain recoverability is not significant and is covered by the allowance for doubtful accounts.

The following table provides the aging of trade and other financial receivables:

At December 31, 2024	Current	Overdue between 1-90 days	Overdue between 91-180 days	Overdue between 181-365 days	More than 365 days past due	Total
Gross carrying amount	1,041,222	73,359	41,759	25,585	15,641	**1,197,566**
Loss allowance	(10,307)	(3,320)	(4,181)	(4,491)	(13,726)	**(36,025)**

Liquidity risk

Liquidity risk is the risk that financial resources will not be sufficient to meet financial and commercial obligations in accordance with established terms and deadlines. The Company monitors the risk of a shortage of funds using specific planning activities in order to maintain a balance between continuity of funding and the use thereof.

The following tables summarize the main Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

At December 31, 2024 *(in € thousand)*	Within 1 year	1-5 years	Over 5 years	Total contractual cash flow	Carrying amount
Bonds and Notes	294,420	4,129,855	3,765,357	8,189,632	5,762,795
Bank borrowings	236,959	5,640,806	-	5,877,765	4,562,129
Lease liabilities	375,413	1,130,425	842,994	2,348,832	1,962,982
Derivative financial instruments	-	87,814	28,620	116,434	116,434
Trade payables	2,138,902	-	-	2,138,902	2,138,902
Total	**3,045,694**	**10,988,900**	**4,636,971**	**18,671,565**	**14,543,242**

At December 31, 2023 *(in € thousand)*	Within 1 year	1-5 years	Over 5 years	Total contractual cash flow	Carrying amount
Bank borrowings	831	1,500,000	-	1,500,831	1,492,094
Lease liabilities	3,094	2,444	-	5,538	5,539
Trade payables	777,301		-	777,301	777,301
Other financial payables	1,301	2,117,300	-	2,118,601	2,081,628
Total	**782,527**	**3,619,744**	**-**	**4,402,271**	**4,356,562**

(1) *Total contractual cash flow includes principal interests and excludes the effects of hedging*

In order to mitigate the liquidity risk, the Company aims to maintain an adequate level of financial flexibility, in terms of cash and syndicated committed credit lines, enabling it to cover refinancing requirements at least for the next 12-18 months.

At December 31, 2024 and 2023, to meet its short-term obligations, the Company reported cash and cash equivalents amounting to €996,960 thousand and €151,905 thousand, respectively.

In addition, at December 31, 2024 and 2023 the Company had committed credit lines available as detailed below:

(in € thousand)	Currency	Maturity	At December 31, 2024		At December 31, 2023	
			Agreed	Drawn down	Agreed	Drawn down
Revolving Credit Facility (RCF)	€	June 27, 2029	2,000,000	-	-	-
Facility Agreement B	€	March 2028	-	-	3,900,000	617,300
Facility Agreement C	€	March 2028	-	-	150,000	-
Total			**2,000,000**	**-**	4,050,000	617,300

The RCF accrues interest based on a base rate, which depends on the currency in which the loan is drawn, plus a variable spread that changes over time from 225bps to 350bps.

29. Related parties' disclosure

The related parties of the Company are all entities and individuals, including their close family members, capable of exercising control, joint control or significant influence over the Company. Related parties include the current Company's sole shareholder, Optics HoldCo, and its subsidiaries as well as Optics HoldCo shareholders and their respective subsidiaries. Related parties also include members of the BoD and executives with strategic responsibilities, as well as their families and entities controlled by them, to the extent capable of exercising control, joint control or significant influence over the Company.

The transactions with related parties were carried out on commercial terms that are normal in the respective markets, considering the characteristics of goods or services involved.

During the year ended December 31, 2024, the Company incurred expenses in connection to the transaction and related advisory activities provided by related parties or in the interest of related parties amounting to €37 million.

The following tables summarize transactions, other than those incurred in connection with the transaction, with related parties for the years ended December 31, 2024 and 2023 and balances at December 31, 2024 and 2023:

(in € thousand)	For the year ended December 31,									
	2024					2023				
	Revenues	Cost of goods and services*	Personnel costs	Other operating income/(expenses)	Financial income/(expenses)	Revenues	Cost of goods and services	Personnel costs	Other operating income/(expenses)	Financial expenses
Company shareholders, companies controlled by the Company shareholder or its shareholders and other related parties										
Parent Shareholders[1]	-	(7,400)	-	-	-	-	-	-	-	-
EnerNet group[3]	528	(153,885)	-	501	2,089	-	-	-	-	-
TIM[2]	600,256	(86,996)	(5)	(4,505)	(83,412)	1,220,359	(163,323)	(109)	(764)	(142,051)
Other	-	-	(201)	-	-	-	-	(388)	-	-
Total transactions with related parties	**600,784**	**(248,281)**	**(206)**	**(4,004)**	**(81,323)**	**1,220,359**	**(163,323)**	**(497)**	**(764)**	**(142,051)**
Total for the Company	**2,577,200**	**(824,054)**	**(412,620)**	**(9,862)**	**(516,682)**	**1,450,990**	**(180,935)**	**(8,010)**	**(8,653)**	**(206,866)**

**Also includes restructuring and transaction related costs*

(in € thousand)	At December 31,							
	2024				2023			
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Company shareholders, companies controlled by the Company shareholder or its shareholders and other related parties								
Parent Shareholders[1]	-	-	-	7,400	-	-	-	-
EnerNet group[3]	-	27,585	-	(50,567)	-	-	-	-
TIM[2]	213,371	522,636	2,348,447	1,003,032	195,223	449,129	2,278,263	933,074
Other	-	-	-	127	-	-	-	786
Total transactions with related parties	**213,371**	**550,221**	**2,348,447**	**959,992**	**195,223**	**449,129**	**2,278,263**	**933,860**
Total for the Company	**25,778,998**	**2,359,835**	**16,125,070**	**3,112,659**	**9,991,454**	**706,880**	**3,942,287**	**965,921**

(1) Relates to advisory services which mainly include general management consulting services.
(2) Includes transactions with TIM and its subsidiaries or its shareholders, prior to the completion of the Business Combination (see note 5 for additional details on the nature of transactions).
*(3) Relates to transactions with EnerNet S.r.l. ("**EnerNet**") and Telenergia, which provide energy services and solutions for energy efficiency and renewable energy.*

Key Management

The relationships with key management primarily relate to the remuneration of executives with strategic responsibilities and the compensation of the members of the BoD. The remuneration of key management for the years ended December 31, 2024, amounted to €6,182 thousand.

30. Other information

Commitments and guarantees

The guarantees provided to third parties by Fibercop, amounted to €920 million, provided by financial institutions or by insurers, as a guarantee of the proper performance of contractual obligations. More specifically, we report:

- insurance guarantees mainly referred to performance bonds provided by Fibercop in applying legal provisions for contracts of public administrations and similar bodies, which totaled €468 million;
- bank guarantees related to real estate, contracts with public administrations and similar institutions and for the purchase of energy which totalled €451 million;
- insurance and bank guarantees issued in favor of Infratel over the advances of contributions under the NRRP which represented a total exposure of €551 million for insurance guarantees in relation to the "Italia 1 Giga" plans (lots 3, 4, 11, 14 and 15) and "Italia 5G Backhauling" plans (lots 1, 2, 3, 4, 5 and 6) and a total exposure of €208 million for bank guarantees in relation to the "Italia 1 Giga" plans (lots 1 and 5).

Litigations

The Company is involved in several litigations, immaterial both on standalone basis and in the aggregate, regarding surface rights of poles pertaining the aerial network. A specific provision is recognized in the financial statements to cover those litigations for which the outcome of losses is deemed probable.

Regarding the investigation initiated by the Italian Competition Authority (AGCM) in December 2024 (case I874), in which the Authority launched an inquiry under Article 14 of Law No. 287/1990 against FiberCop and TIM to assess potential violations of Article 101 of the TFEU concerning the compatibility of the MSA (Master Services Agreement) with antitrust law: the MSA takes into account issues previously raised by the European Commission regarding the approval decision of the Optics Transaction. The competitive issues related to this have been extensively discussed in the Management Report, to which reference is made to. At the present stage, considering the early phase of the proceeding, it has not been possible to assess the related outcome.

Government Grants

Under Italian Law 124/2017, companies are required to disclose information regarding subsidies, contributions, paid assignments and any economic benefits received from Italian public administrations. The Company did not cash-in any contributions during 2024. In the context of the Ramo Contribution by TIM, FiberCop became the owner of the NRRP advance payment made by Infratel to TIM, amounting to €706 million and referring to Italia 1 Giga and 5G backhauling tenders.

Directors' and statutory auditors' compensation

The table below summarizes the compensation due to directors and statutory auditors for the years ended December 31, 2024 and 2023 by the Company:

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Directors	757	500
Statutory auditors	164	140
Total	**921**	**640**

Audit fees

The following table summarizes the fees of EY S.p.A. for the audit of the Financial Statements and other audit and review services.

(in € thousand)	For the year ended December 31,	
	2024	**2023**
Audit of the Financial Statements	1,335	482
Other	840	229
Total	**2,175**	**711**

Other mainly includes the review of the interim financial statement, opinion on the Reverse Merger plan pursuant to article 2501-bis of the Italian Civil Code and other audit-related services provided in the context on the Ramo Contribution pursuant to articles 2441 and 2437-ter of the Italian Civil Code.

Information on the entity exercising management and coordination activities

The Company is subject to management and coordination activities by Optics HoldCo headquartered in Milan - Via Marco Aurelio, 24.

Optics HoldCo, Fibercop’s parent entity, was established in October 2023 and therefore has not yet approved its first statutory financial statements at and for the period ended December 31, 2024. Consequently, the essential data of the company is not yet available for inclusion in the summary paragraph required under Article 2497-bis of the Italian Civil Code.

31. Subsequent events

No events requiring changes to the figures approved occurred between the reporting date of these Financial Statements and the date of their approval by the BoD.

Proposals for the allocation of the loss for the year

The Financial Statements for the year ended December 31, 2024, show a loss of €190,553,084, share capital of €17,835,900 and equity of €8,901,104,268.

Based on these results, the BoD proposes to:

- Approve the Financial Statements as of December 31, 2024; and
- Carry forward the loss for the year of €190,553,084.

Rome, March 18, 2025

For the Board of Directors
The Chairman and Chief Executive Officer