INWIT

ANNUAL FINANCIAL REPORT 2020

Contents

LETTER TO SHAREHOLDERS

Dear shareholders and stakeholders,

The year 2020 marked a transformation for your company. With the merger of Vodafone Towers S.r.l., INWIT has become the largest operator in Italy in the wireless infrastructure sector, whose mission is to support TIM and Vodafone in building the new network for the development of 5G, in addition to providing the entire market access to its infrastructure through its role as a neutral host. INWIT is now ready to play a leading role in the digital transformation, supporting all mobile and FWA operators.

From a business perspective, the number of sites has doubled, now at over 22,000, providing widespread coverage. The number of hostings has gone beyond the 40,000 mark and there are currently more than 4,500 small cell and DAS remote units.

Our target market is going through a major period of evolution, in response to the profound changes taking place: the digitization of economic and social activities, with growth in connections and data traffic, the expansion of coverage and the need for densification driven by 5G, and the evolution of network architectures. In this scenario, our passive infrastructures are increasingly becoming digital assets, augmented with devices and sensors, related for example to IoT systems and hosting for edge computing.

The 2020 results show an increase in all the major indicators. On a reported basis (only partially including the effects of the merger) revenues grew by 68%, while EBITDA exceeded 603 million euros, up 73%. At organic level, revenues grew by 1.3%, on a like-for-like basis, steadily increasing to +3.2% in the fourth quarter. Our capital expenditure totaled 128 million euros in 2020, up 63 million euros on 2019.

In operational terms, we have made significant progress in the post-merger integration, with a new governance and management team in place since April, and we have redesigned important parts of our processes and implemented new systems to support rapid business development.

All this was also reflected in INWIT's higher market capitalization, over 9 billion euros at the end of 2020, which allowed the shares to enter major stock exchange indexes: FTSE MIB and STOXX Europe 600.

In 2020, INWIT debuted on the bond market with two issuances totaling 1.75 billion euros, which were well received by the market.

These results have been achieved in a difficult overall environment, generated by the ongoing health emergency. Thanks to the systemic nature of wireless infrastructure, our operations have not been significantly impacted by the pandemic. To protect the health and safety of all our employees, suppliers and partners, INWIT has responded to the pandemic through numerous initiatives, ranging from remote working to the extension of medical insurance and the availability of weekly rapid tests.

In November, the update of the 2021-2023 Business Plan was approved by the Board of Directors. The Plan envisages significant capital expenditure, 600 million euros over the period, to support an ambitious development plan that is expected to lead to growth in all financial indicators. Under the plan, considering forecast income and finances, the dividend policy has been approved with a per-share dividend of €0.30 to be paid in May 2021. This will then rise 7.5% per year in the subsequent years of the three-year plan, in line with the growth of the business. The Plan has four main areas of development: partnership with TIM and Vodafone to support the development of 5G; meeting the demand from all the major operators in the mobile and FWA market; developing small cell and DAS micro coverage; and launching innovative services such as IoT, edge collecting and drones, to pave the way for the evolution of towers from passive infrastructure to enablers of digital transformation.

On the sustainability front, INWIT has produced a new 2021-23 ESG plan, with a commitment to achieving carbon neutrality in 2025. INWIT has prepared an Integrated Report based on the criteria of the International Integrated Reporting Framework and is also committed to promoting the inclusion of the Company in ESG sustainability indices and ratings.

Thanks in part to the favorable attention to the themes of digitalization, telecommunications infrastructure, and ecological transition, we are looking forward to 2021 and the future with optimism. INWIT is increasingly central to the systemic transformation processes, whose investment cycle is being accelerated by the key projects that will benefit from the Next Generation EU funds.

Wireless infrastructures are becoming enablers of advanced services in sectors ranging from mobility and industry to healthcare and the management of cultural assets.

We would like to give our heartfelt thanks to INWIT's customers, employees, shareholders, bondholders and all its stakeholders, without whose contribution the 2020 results would not have been achieved.

The Chairman	The Chief Executive Officer
Mr. Emanuele Tournon	Mr. Giovanni Ferigo

Management Report

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

NAME, SHARE CAPITAL AND REGISTERED OFFICE OF THE COMPANY

Name	Infrastrutture Wireless Italiane S.p.A.
Share capital	600,000,000 euros
Registered office	Via G. Negri 1, 20121 Milan
Tax code, VAT no. and registration no. in the Register of Companies of Milan	08936640963
Website	www.inwit.it

As of March 31, 2020, the Company is no longer subject to management and coordination by TIM S.p.A. following the changes in the ownership structure, following the merger of Vodafone Towers into INWIT.

BOARD OF DIRECTORS IN OFFICE AT DECEMBER 31, 2020

Chairman	Emanuele Tournon
CEO	Giovanni Ferigo
Directors	Giovanna Bellezza (1) Laura Cavatorta (independent) Antonio Corda Angela Maria Cossellu (independent) (2) Sabrina Di Bartolomeo Sonia Hernandez Rosario Mazza (independent) (1) Agostino Nuzzolo Secondina Giulia Ravera (independent) Fabrizio Rocchio Francesco Valsecchi (independent)
Secretary to the Board	Salvatore Lo Giudice

(1) On October 2, 2020, the Board of Directors co-opted Giovanna Bellezza and Rosario Mazza as Directors to replace Carlo Nardello and Filomena Passeggio who had resigned. The appointed Directors will remain in office until the next Shareholders' Meeting.

(2) The appointment of the Director Cossellu, co-opted on April 23, 2020, was confirmed by the Shareholders' Meeting on July 28, 2020.

BOARD OF STATUTORY AUDITORS

Chairman	Stefano Sarubbi
Acting Auditors	Umberto La Commara Michela Zeme
Alternate Auditors	Roberto Cassader Elisa Menicucci

INWIT ACTIVITIES

Infrastrutture Wireless Italiane S.p.A. is **the largest operator in Italy in the wireless infrastructure sector**, which constructs and manages technological systems and civil structures (such as towers, pylons and poles) that host radio transmission equipment, mainly for telecommunications operators.
In pursuit of the goal of continuing to support the optimization of wireless services and driving the evolution of towers from passive infrastructure to connected, distributed and protected digital infrastructure, INWIT has expanded its offering in recent years with a series of additional services. In particular, INWIT is developing the coverage service for mobile telephony through its **DAS (Distributed Antenna System) systems**, which enable optimal coverage of sites with high traffic, both outdoors and indoors, which are particularly important for the technological transition underway from 4G to 5G.
As a result, INWIT is ideally positioned to support the ongoing digitalization process and serve the growing demand for connectivity.

INWIT's operations are directly linked to the birth and development of mobile telephony in Italy, at the hands of the two main operators in the sector. In fact, INWIT is the result of the merger between the wireless operations and infrastructure of Telecom Italia and Vodafone. The Company has a wealth of expertise gained over time through the construction and management of the infrastructure hosting the transmission systems of the different generations of mobile radio services that have followed one another over the years. Thanks to this evolution, which began 40 years ago, INWIT today provides its customers access to areas of strategic importance, also in relation to administrative and environmental aspects.

INWIT's history began in **March 2015** following the spin-off of Telecom Italia's "Tower" business line dedicated to the operational management, monitoring and maintenance of the group's towers and repeaters. INWIT then underwent a period of intensive organic growth, which was accompanied, in **March 2020**, by the merger with Vodafone Towers S.r.l., which significantly transformed its size and strategic profile. INWIT's infrastructure now consists of over 22,000 managed sites, spread throughout Italy, which host the transmission equipment of all the major national operators, and thousands of small cells and DAS systems.

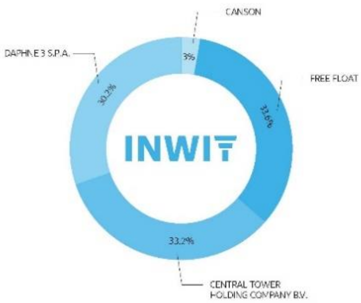
INWIT contributes significantly to the coverage for wireless telephony services in Italy, increasing the number sites also in response to the development of new technologies, starting from 5G. All this makes it an essential infrastructure for the development of telecommunications technologies, providing widespread and extensive coverage that will also contribute substantially to overcoming the digital divide in Italy.

The most significant events in 2020 included the assignment to INWIT of an S&P BB+ (stable) a Fitch BBB- (stable) credit rating in April, following the completion of the merger with Vodafone Towers. Also on the financial front, on June 10, Consob approved and published the prospectus for the listing of the new shares to service the merger with Vodafone Towers, completing the listing of the shares.

Exactly 5 years after their first day of listing, on June 22, 2020 INWIT's shares were included in the main Italian stock index, the FTSE MIB, before their entry in September into the STOXX® Europe 600, made up of 600 of the companies with the largest market capitalization in Europe.

In July, INWIT successfully entered the debt capital market, issuing its inaugural Bond for 1 billion euros, which enabled the Company to optimize its financial structure by diversifying its sources of funding. The Company's second bond issue, for an amount of 750 million euros, was successfully completed in October.
Following the merger with Vodafone Towers, INWIT's shareholding structure at December 31, 2020 was composed as detailed in the chart below.

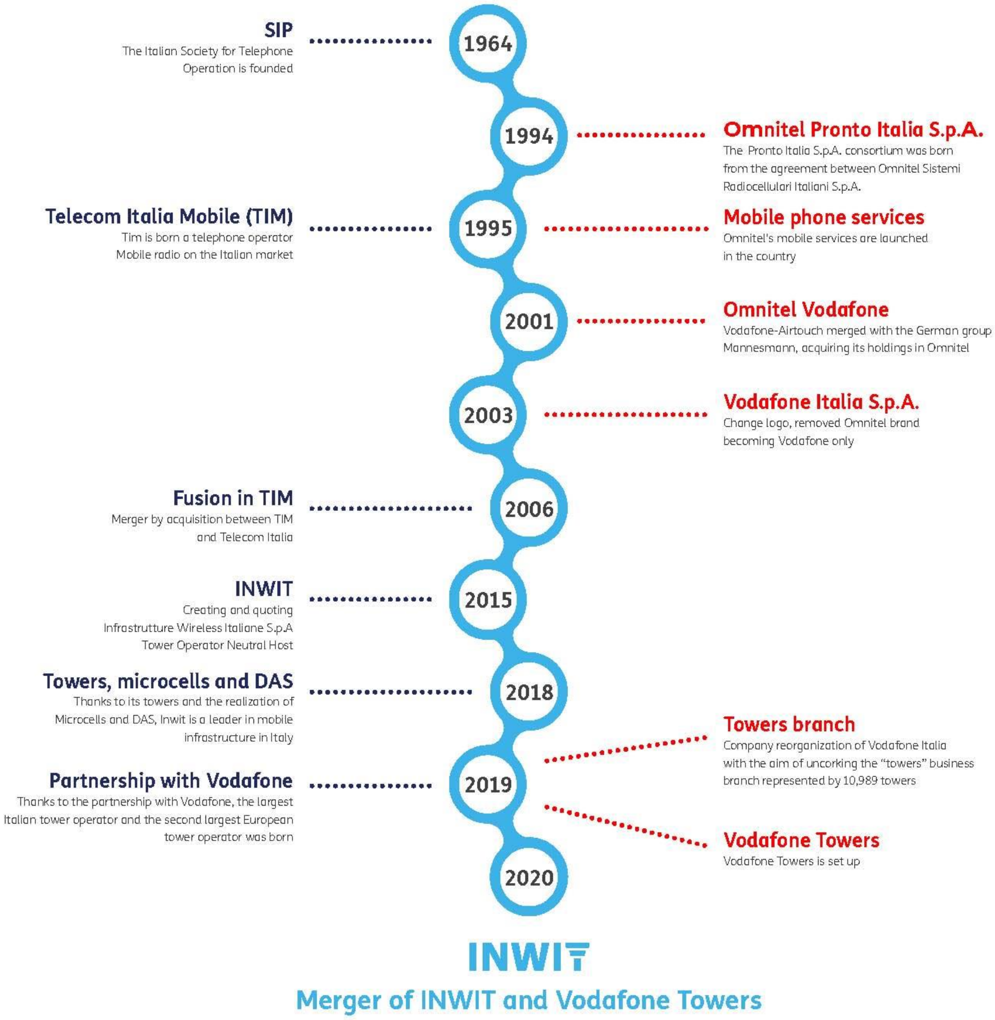
INWIT shareholder structure



Please note that Daphne 3 S.p.A. is in turn 51% controlled by TIM S.p.A. and 49% by a consortium led by Ardian, and Central Tower Holding Company B.V. is indirectly owned by Vodafone Group Plc, like VOD EU, and is therefore a subsidiary of VOD EU. TIM and Vodafone jointly control INWIT. For more details, see the 'Information for Investors' section of this document.

Main events in INWIT's history

Figure 1 The main stages of INWIT's history



The year 2020 was a period of transformation for INWIT, which, after having completed the merger process, is supporting TIM and Vodafone Italia in the creation of the new network for the development of 5G, in addition to providing the entire market access to its infrastructure.

In addition, we believe that INWIT can benefit from the forthcoming cycle of investment resulting from the funds that the Next Generation EU will be allocating to projects for digitalization, ecological transition, and infrastructure for sustainable mobility, culture and health, which will create numerous areas of application for wireless infrastructure.

Competitive positioning and value creation

Digitalization for Italy's growth

The market and technology are rapidly evolving in Italy, due to the development of wireless technology that is extending 5G coverage, accompanied by the associated densification requirements, which are key factors in the development of wireless infrastructure.

Added to this is Next Generation EU, a European Union instrument aimed at stimulating post-pandemic COVID-19 recovery and development. The National Recovery and Resilience Plan that Italy is preparing under the framework of Next Generation EU, devotes significant attention and substantial resources to digital innovation in Italy.

Digitalization, innovation and competitiveness, as well as the security of business, industry and government, will be key elements of the post-COVID society, which will not only need to be more competitive and efficient, but also more sustainable, inclusive and resilient.

Lastly, the ongoing pandemic has highlighted the importance of digital technology, accelerating Italy's process of digitalization. Today, digital technology is a necessity for companies and government in the transformation towards more agile and flexible organizational, production and service models, both private and public.

INWIT working for a more digital and sustainable Italy

Opportunities are opening up for tower operators and INWIT is ideally positioned to **play an key role in the development of digital infrastructure** to support telecommunications operators.
To this end, INWIT has approved the update of the 2021-2023 Business Plan. The Plan calls for strong organic growth, with average annual revenue growth of 8%.

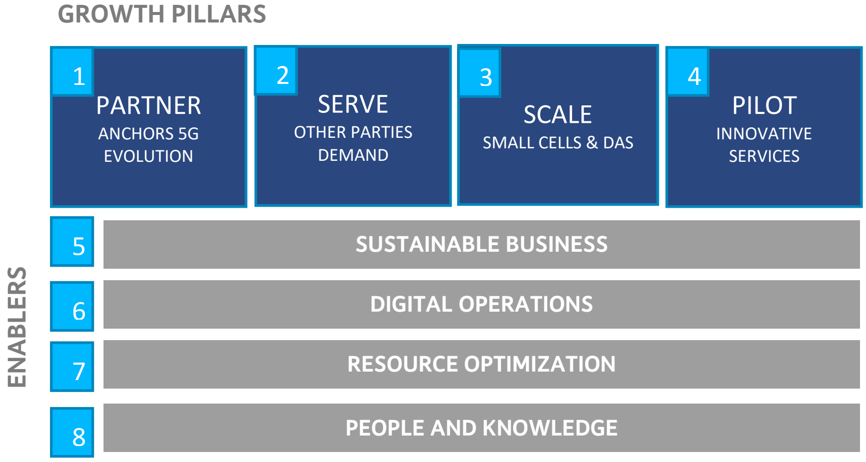
It envisages growth in hostings for TIM and Vodafone to support the efficient and fast development of 5G and continuous improvement of geographical coverage. In addition, in its role as a neutral host, INWIT can meet the demand from all the main market operators in both the mobile segment and fixed wireless access, a technology that is growing strongly.

Another pillar of the Plan is the rapid deployment of micro-coverage, particularly distributed antenna systems (DAS), which enable efficient management of mobile phone signals also in very crowded areas such as stadiums, universities, train stations or industrial facilities. INWIT is already very active on this front and is currently using DAS to cover more than 20 large hospitals, almost all the major train stations in Italy, the Luiss and Federico II universities in Naples and many luxury hotels and industrial facilities. In addition, the Business Plan envisages the testing and development of adjacent businesses: from IoT (Internet of Things), to hosting mini data centers to be placed at the base of our towers for services that need low latency, to the world of drones.

The Business Plan envisions an evolution toward increasingly smart towers: distributed and protected digital assets that will be able to make a concrete contribution to the digital transformation of Italy's economic and social activities. The widespread presence of INWIT towers enables the provision of advanced services also in areas where fiber-optic connectivity will arrive later, anticipating Italy's digitalization and the reduction of the digital divide.

INWIT has also presented a Sustainability Plan whose most challenging targets include achieving **Carbon Neutrality** by 2025, by devising a climate strategy, developing renewable energy sources, implementing energy efficiency initiatives and using green energy.

Strong and sustainable growth driven by the 4 pillars of the Business Plan



The table below outlines the main strategic pillars of the Business Plan and their impact on value creation for the Company's stakeholders.

	Strategic pillars of the Industrial plan	Value created for stakeholders
1	Strengthening partnerships, vision and opportunities for industry collaboration opportunities with anchor tenants to increase **shared value creation**	**Upgrading and expanding assets in Italy.** Significant capital expenditure planned, to support the strengthening of existing facilities and the construction of new sites.
2	Providing rapid and efficient services to other operators	**Expanding coverage of social areas.** The Company aims to develop and consolidate digital infrastructure, strengthening the coverage of areas of high social and cultural importance, such as hospitals, museums and universities
3	Being a frontrunner in the development of the small cell and DAS market	**Digital innovation.** On the innovation front, INWIT intends to offer hosting for numerous technologies through a tower upgrade geared towards smart cities, the Internet of Things and drones
4	Investing in innovation to support new businesses	**Digital innovation.** On the innovation front, INWIT intends to offer hosting for numerous technologies through a tower upgrade geared towards smart cities, the Internet of Things and drones

In the current global environment, INWIT is playing a leading role in the digital transformation supporting operators in developing new infrastructure for the implementation of 5G, fixed wireless access (FWA) and micro-coverage with DAS and small cells, while also looking to future technological opportunities, and directing its choices towards sustainable models. In doing so, INWIT is helping to make Italy a more digital and sustainable country.

For more details on INWIT S.p.A.'s sustainability indexes see the "2020 Non-financial declaration/Sustainability Report", which meets the requirements of Legislative Decree 254/2016 and was approved by the company's Board of Directors on March 4, 2021. The report is available on the www.inwit.it website.

HIGHLIGHTS AT DECEMBER 31, 2020

In 2020, the main economic and financial indicators all showed an upward trend, mainly due to the merger with Vodafone Towers S.r.l. on March 31, 2020.

- revenues amounted to 663,408 thousand euros, up 67.8% compared to the same period of 2019 (395,396 thousand euros). It should be noted that the periods in question include one-off revenues. Specifically, for 2020, these amounted to 8,115 thousand euros (mainly due to the recognition of prepayments relating to active contracts expired early), whereas in December 2019 they amounted to 10,123 thousand euros (quantification of the indemnification in favor of INWIT envisaged by the indemnification mechanism within the MSA for the years 2015/18). Net of these items, the comparison with the same period of 2019 shows an increase of 70.1%, mainly due to the change in the scope of operations following the merger with Vodafone Towers S.r.l.;

- EBITDA amounted to 603,781 thousand euros, an increase of 72.6% compared to 2019. This percentage increases to 74.7% when excluding the non-recurring profit or loss items relating to the Daphne project – project for the merger with Vodafone Towers S.r.l.. The non-recurring costs amounted to 6,711 thousand euros at December 2020 and 5,252 thousand euros at December 2019;

- EBIT amounted to 290,700 thousand euros with an increase of 32.3% compared to the same period in 2019 (+34.6% excluding the aforementioned one-off revenues/costs). The change in EBIT was due to the effect of the change in the scope of operations, offset by higher amortization and depreciation of the assets recorded following the merger with Vodafone Towers S.r.l. (primarily relating to rights of use for land and buildings, as well as the customer contract);

- the profit for the period amounted to 156,667 thousand euros, up 12.5% compared to the same period in 2019 (15.5% excluding the aforementioned one-off revenues/costs). The change in the profit for the period was due to the extension of the scope of operations following the merger with Vodafone Towers S.r.l., partially offset by higher amortization and depreciation of the assets transferred and higher financial expenses related to the financing of the merger;

- the figures for the fourth quarter of 2020 alone show the impact of the merger with Vodafone Tower S.r.l. through the comparison with the corresponding period of 2019, with the following increases in the main income indicators: revenues + 84.0%, EBITDA +82.1% and EBIT +35.71%;

- for a comparison on a more like-for-like basis, the comparison of the fourth quarter of 2020 with the previous two quarters shows an upward trend. The average quarterly performance was: revenues up 1.5%, EBITDA essentially stable, EBIT up 7.5%, and profit for the period up 8.5%;

- capital expenditure for the period totaled 128,264 thousand euros, an increase of 63,447 thousand euros compared to 2019 (64,817 thousand euros);

- Net Financial Debt amounted to 3.7 billion euros, including the IFRS 16 financial liabilities. Compared to December 2019 (equal to 712.1 million euros), the increase was due to the opening of a loan agreement with a pool of national and international banks, used for 2.15 billion euros for the purchase of the investment in Vodafone Towers, and the contribution of Vodafone Towers Srl in relation to IFRS 16 financial liabilities related to leases (equal to 439.3 million euros). In addition, INWIT concluded two bond issuances during the year (on July 1 and October 13) for a total amount of 1.75 billion euros. The bonds are both fixed-rate, with 6- and 8-year maturities, and are listed on the regulated market of the Luxembourg Stock Exchange;

- The last table shows the figure for the “EBITDAaL” (EBITDAafter Leases), i.e. EBITDA net of lease costs. To enable a like-for-like comparison, the figures for the last three quarters have been reported, as well as the position at December 31, 2020.

Financial Highlights

(thousands of euros)	**1/1 – 12/31 2020 (a)**	**1/1 – 12/31 2019 (b)**	**Change Amount c=(a-b)**	**% (c/b)**
Revenues	663,408	395,396	268,012	67.8
EBITDA [(1)]	603,781	349,776	254,005	72.6
EBITDA Margin	91.0%	88.5%	2.6pp	2.6pp
EBIT [(1)]	290,700	219,752	70,948	32.3
EBIT Margin	43.8%	55.6%	(11.8 pp)	(11.8 pp)
Profit for the period	156,667	139,313	17,354	12.5
Operating Free Cash Flow	548,723	299,774	248,949	83.0
Capital expenditure (CAPEX) [(2)]	128,264	64,817	63,447	97.9

ESMA net financial debt	3,713,205	712,379	3,000,826
INWIT net financial debt	3,711,710	712,144	2,999,566

(thousands of euros)	**4th Quarter 2020 (a)**	**4th Quarter 2019 (b)**	**Change Amount c=(a-b)**	**% (c/b)**
Revenues	189,930	103,233	86,697	84.0
EBITDA [(1)]	171,351	94,100	77,251	82.1
EBITDA Margin	90.2%	91.2%	2.6pp	2.6pp
EBIT [(1)]	83,883	61,822	22,061	35.7
EBIT Margin	44.2%	59.9%	(15.7 pp)	(15.7 pp)
Profit for the period	44,740	40,445	4,295	10.6
Operating Free Cash Flow	162,742	67,263	95,479	141.9
Capital expenditure (CAPEX) [(2)]	50,646	29,738	20,908	70.3

[(1)] Details are provided under “Alternative Performance Measures”.
[(2)] Net of consideration received for transfer of fixed assets.

(thousands of euros)	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020
Revenues	189,930	186,098	184,423
EBITDA (1)	***171,351***	***172,845***	***171,563***
EBITDA Margin	*90.2%*	*92.9%*	*93.0%*
EBIT (1)	***83,883***	***77,633***	***72,450***
EBIT Margin	*44.2%*	*41.7%*	*39.3%*
Profit for the period	***44,740***	***40,721***	***38,130***
Operating Free Cash Flow	162,742	199,945	130,621
Capital Expenditure (CAPEX) (2)	50,646	43,944	25,585

(thousands of euros)	1/1 – 12/31 2020	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020
EBITDA	*603,781*	*171,351*	*172,845*	171,563
Rental expense	(185,085)	(49,668)	(51,800)	(52,600)
EBITDAaL	*418,696*	*121,683*	*121,045*	118,963
EBITDAaL Margin	63.1%	64.1%	65.0%	64.5%

BUSINESS ENVIRONMENT

The infrastructure market for radio networks and those for mobile radio networks in particular, is affected by a deep transformation, characterized by:

- a process of digitalization of economic and social activities, which is generating growth in mobile broadband connections and volumes of data traffic, due to the increasingly widespread use of images and video in communications and in personal and professional applications; this process has accelerated sharply as a result of the ongoing health emergency;
- expansion of coverage and the need for densification of the wireless network driven by 5G, which represents a fundamental technological shift;
- evolution of network architectures, which will require a large number of micro-cells integrated with the macro-cell coverage for the delivery of high speeds and low latencies;
- a positive investment cycle in digital technology, ecological transition, mobility infrastructure, education and research, social inclusion and health, the main investment areas of the Next Generation EU, benefiting the services provided by INWIT or the capital expenditure plans of the mobile operators, as well as FWA;
- a strategy of value maximization of infrastructure assets by the main mobile operators, in Italy and the main international markets, leading to greater infrastructure outsourcing and sharing; accompanied by the consolidation of infrastructure operators, already underway in the United States, and also gaining momentum in Europe;

In this context, INWIT, the largest operator in the wireless infrastructure sector in Italy, is well positioned to capture market opportunities, also thanks to the quality of its assets, which give it an unparalleled sustainable competitive advantage.

INWIT has over 22,000 towers, more than 42,000 hostings and in excess of 4,500 small cells and DAS units, serving TIM and Vodafone in the creation of the new network for the deployment of 5G, in addition to providing the entire market access to its infrastructure.

INWIT's technology also supports the development of innovative solutions such as smart cities, Industry 4.0 and indoor coverage in large centers, leading the evolution of towers from passive infrastructure to drivers of digital growth in the 5G ecosystem, which will enable the towers to host IoT equipment, sensors, distributed computing capacity and drones.

In these twelve months, INWIT has:

- continued to develop new hostings, amounting to around 1,500 in the second half and 1,700 in the year;
- launched a multi-operator microcell cover plan in areas with the highest user and traffic concentration, constructing over 1,100 remote units;
- met the demand for new sites by initiating the construction of around 61 new sites, continuing their modernization also through the sale of 381 fiber backhauling links.
- become more efficient by pursuing its plan to renegotiate leases and the land acquisition plan;

The impact of these strategies in the period ended December 31, 2020 is detailed below.

Increased co-tenancy

The table below shows the effects of new hosting agreements at December 31, 2020:

(amounts stated in thousands)		12/31/2020
Number of sites (*)	(a)	22.3
Number of hostings in place with Tenants (**)	(b)	41.9
Number of hostings in place with Tenants, excluding TIM and Vodafone Anchor Tenants (***)	(c)	9.1
Average number of Tenants per Site (Tenancy ratio)	(b)/(a)	1.88

(*) Operational sites net of sites under construction.
(*) Excluding Sites in which the hosting service ceased during the period. Including IoT contracts.
(**)* Number of hostings on the same Site. Please note that each Tenant refers to one hosting per Site only.

As shown in the above table, at December 31, 2020, the average number of operators per site in the new Company scope after the merger, was 1.88x.

INCOME, BALANCE SHEET AND FINANCIAL PERFORMANCE AT DECEMBER 31, 2020

INWIT voluntarily prepares and publishes the Interim Financial Reports for the first and third quarters of each financial year.

The annual Financial Report includes the Management Report and the Individual Financial Statements at December 31, 2020, prepared in compliance with the IFRS accounting standard issued by the IASB and implemented by the EU; The Individual Financial Statements at December 31, 2020 are subject to audit.

Lastly, please note that the chapter “Business outlook for the year 2020” contains forward-looking statements related to the Company’s intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company’s operations and strategies. Readers of this document are cautioned not to place undue reliance on these forward-looking statements as the actual results may differ materially from those contained in those forward-looking statements as a result of a number of factors, most of which are not within the Company’s control.

MERGER BY INCORPORATION WITH VODAFONE TOWERS S.R.L.

On December 19, 2019, the INWIT Shareholders' Meeting approved the merger by incorporation of VOD Towers.

On March 25, 2020, the transaction between INWIT and VOD Towers was closed with the signing of the purchase deed from Vodafone Europe BV of 43.4% of the share capital of VOD Towers equal to 2,140,000 thousand euros and of the subsequent merger deed of the latter into INWIT.

The deed of merger took effect on March 31, 2020 and no. 360,200,000 ordinary shares of INWIT were attributed to Vodafone Europe BV for the exchange service (without share capital increase and with the cancellation of the minority stake held by INWIT in VOD Towers), which will be listed on the MTA organized and managed by Borsa Italiana.
The transaction is part of the strategy that INWIT is pursuing in Italy: continuously improving its earning profile and strengthening its market leadership.

Following the merger, the fair value of the customer contracts migrated from Vodafone Towers S.r.l. was analyzed and subsequently recognized in the financial statements.
As required by IFRS 3, the price adjustment mechanism was used, which resulted in a negative balance in favor of Inwit, leading to the recognition of a receivable from Vodafone set mainly against goodwill.

The accounting effects of the business combination, defined in accordance with the provisions of IFRS 3, are described in note 4 of the Individual Financial Statements at December 31, 2020.

OPERATING PERFORMANCE IN THE PERIOD

(thousands of euros)	1/1 - 12/31 2020 (a)	1/1 - 12/31 2019 (b)	Change Amount c=(a-b)	% (c/b)
Revenues	***663,408***	***395,396***	***268,012***	***67.8***
Costs for lease of premises	*(2,336)*	*(4,615)*	*2,279*	*(49.4)*
Employee benefits expenses - Ordinary expenses	*(18,177)*	*(10,573)*	*(7,604)*	*71.9*
Employee benefits expenses - Restructuring and rationalization expenses	-	*(574)*	*(233)*	*n.r.*
Maintenance and other operating and service expenses	*(39,114)*	*(29,858)*	*(9,256)*	*31.0*
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	***603,781***	***349,776***	***254,005***	***72.6***
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	*(313,081)*	*(130,024)*	*(183,057)*	*140.8*
Operating profit (loss) (EBIT)	***290,700***	***219,752***	***70,948***	***32.3***
Financial income/(expense)	*(69,759)*	*(24,172)*	*(45,587)*	*188.6*
Profit (loss) before tax	***220,941***	***195,580***	***25,361***	***13.0***
Income taxes	*(64,274)*	*(56,267)*	*(8,007)*	*14.2*
Profit for the period	***156,667***	***139,313***	***17,354***	***12.5***

The structure of revenues and costs of the Company is largely determined by medium-term and long-term contracts, entered into as client or provider, under established financial terms and conditions. The main income statement items in 2020 are analyzed below.

Revenues

In 2020, these totaled 663,408 thousand euros (395,396 thousand euros in the corresponding period of 2019, +67.8%) and include revenues deriving from the service contract with TIM S.p.A. and Vodafone Italia S.p.A. (Master Service Agreement), from third-party customers on the transferred towers and the revenues from hosting on new sites and of new services.

Items which by their nature are non-linear or non-recurring (“one-off”) are reported, which mainly relate to prepayments relating to active contracts expired early, totaling 8,115 thousand euros. Revenues of the same type were also present in 2019, relating to the quantification of the indemnification in favor of INWIT envisaged by the indemnification mechanism within the MSA contract for the years 2015/18 for 10,123 thousand euros.

Net of those one-off revenues, the comparison with 2019 showed a 70.1% growth.
In detail:

(thousands of euros)	**1/1 - 12/31 2020 (a)**	**1/1 - 12/31 2019 (b)**	**Change Amount c=(a-b)**	**Change % (c/b)**
Revenues relating to the Master Service Agreement with TIM S.p.A.	*310,040*	*263,769*	*46,271*	*17.5*
Revenues relating to the Master Service Agreement with Vodafone Italia S.p.A.	*244,390*	**-**	*244,390*	**-**
One-off revenues	*8,115*	-	*8,115*	-
Revenues from third-party customers for transferred towers and other revenues	*88,048*	*106,275*	*(18,227)*	*(17.2)*
Revenues from hosting on new sites and from new services.	*12,815*	*25,352*	*(12,537)*	*(49.5)*
Total	***663,408***	***395,396***	***268,012***	***67.8***

(*): Net of one-off revenues, the percentage is 70.1%

EBITDA

EBITDA amounted to 603,781 thousand euros, with an EBITDA margin of 91.0% on revenues for the period (88.5% in the corresponding period of 2019). Compared to 2020, the increase was 72.6%, which rises to 74.7% when excluding the aforementioned one-off revenues/costs from the comparison.

EBITDA was particularly impacted by the change in the line items analyzed below:

- **Costs for lease of premises**

  These amount to 2,336 thousand euros, down 2,279 thousand euros compared to the same period in 2019 (-49.4%). They represent 3.9% of the cost items with an impact on EBITDA (in 2019 they amounted to 10.1%). These consist of areas owned by third parties on which the Sites are situated, which have a duration of less than one year. These are the costs whose conditions are not covered by IFRS 16.

- **Employee benefits expenses - Ordinary expenses**

  These amounted to 18,177 thousand euros. The change was due to the strengthening of the organizational structure, which included 206 employees at December 31, 2020 (compared to 122 employees at December 31, 2019) following the merger with Vodafone Towers S.r.l..

- **Maintenance and other operating and service expenses**

  These amounted to 39,114 thousand euros (29,858 euros in the previous year). Maintenance costs are mainly governed by the Maintenance Agreement signed with TIM S.p.A., in place since 2015, and with Vodafone Italia S.p.A., in place since the merger. There were also one-off costs relating to the Daphne project – integration with Vodafone Towers – equal to 6,711 thousand euros, mainly attributable to the increasing costs with respect to last year.

.

Amortization and depreciation, losses on disposals and impairment losses on non-current assets

Details are as follows:

(thousands of euros)	***1/1 - 12/31***	***1/1 - 12/31***	**Change**	
	2020	**2019**	**Amount**	**%**
	(a)	**(b)**	**c=(a-b)**	**(c/b)**
Amortization of intangible assets with a finite useful life	*76,949*	*808*	*76,141*	*-*
Depreciation of owned tangible assets	*58,313*	*14,503*	*43,810*	*302.1*
Amortization of rights of use on third-party assets	*178,580*	*114,347*	*64,233*	*56.2*
(Gains)/losses on disposals and impairment losses on non-current assets	*(761)*	*366*	*(1,127)*	*(307.9)*
Total	***313,081***	***130,024***	***183,057***	***140.8***

The intangible assets included amortization charge relating to the allocation of 811,200 thousand euros due to the customer contract amounting to 76,050 thousand euros.

In the tangible assets and rights of use on third-party assets, the increase in amortization and depreciation was attributable to the contribution of the assets relating to Vodafone Towers S.r.l. as of March 31, 2020.

EBIT

EBIT amounted to 290,700 thousand euros, with an EBIT ratio of 43.8% on revenues (52.9% in 2019). The increase compared with 2019 was 32.3%. This increase fell to 34.6% after excluding the one-off revenues/costs from the comparison.

Net financial income/(expense)

This amounted to an expense of 69,759 thousand euros.
Income is equal to 19 thousand euros and mainly refers to interest income on bank and postal deposits and financial receivables.

Financial expenses amounted to 69,778 thousand euros and were broken down as follows:

(thousands of euros)	**1/1 - 12/31 2020**	**1/1 - 12/31 2019**
Interest to banks	*19,806*	*1,059*
Interest expense for finance leases	*24,874*	*19,508*
Interest expense and other costs for bonds	*11,955*	*-*
Discounting charges (ARO fund and severance indemnity fund)	*4,544*	*2,137*
Financial fees	*8,580*	*1,220*
Other financial expenses	*19*	*697*
Total	*69,778*	***24,621***

- Interest to banks refers to the financial expenses paid during the period for the syndicated loan agreement and the interest incurred on short and medium/long-term financial payables (Bridge and Term Loan) described in Note 14 - Financial liabilities (non-current and current).

- Interest expense for finance leases refers to leases accounted for in accordance with IFRS 16, which came into force on January 1, 2019. The average interest rate applied was 2.95%.

- Interest expense on bonds refers to the financial expenses for bond issues. Two tranches of bonds were issued: the first on July 1, 2020 for a total amount of 1 billion euros and the second on October 13, 2020 for 750 million euros. The bonds, which are listed on the regulated Luxembourg Stock Exchange, have the following characteristics:

	1st tranche	2nd tranche
▪ Maturity:	July 8, 2026	October 21, 2028
▪ Coupon:	1.875%	1.625%
▪ Issue price:	99.809%	99.755%
▪ Effective yield:	1.909%	1.658%

- Financial fees mainly refer to the fees paid for agreeing and using the 3-billion-euro loan agreement to finance the Company's acquisition of the minority interest in Vodafone Towers and distribution of the extraordinary dividend net of accruals and deferrals for the period.

- Other financial expenses refer to the intercompany loan.

Income taxes

The income tax expense amounted to 64,274 thousand euros. The estimated tax charge on the basis of theoretical rates of 24.0% for IRES and 4.5% for IRAP resulted in a gross tax expense of 86,269 thousand euros. Deferred tax liabilities, net of deferred tax assets (21,221 thousand euros), were recognized in the income statement during the year. The most significant amount related to the decrease in deferred liabilities linked to the non-deductible amortization of the merged company's revalued assets (24,688 thousand euros).

(thousands of euros)	***1/1 – 12/31 2020***	***1/1 – 12/31 2019***
Corporate Income Tax (IRES) for the period	*69,871*	*41,612*
Regional Business Tax (IRAP) for the period	*16,398*	*9,842*
Tax consolidation expenses	*-*	*4,089*
Total current taxes	***86,269***	***55,543***
Deferred taxes for the period	*(21,221)*	*771*
Adjustment of taxation for previous financial years	*(774)*	*(48)*
Total income taxes	***64,274***	***56,267***

Profit for the period

The profit for the period was positive for 156,667 thousand euros, or 23.6% of revenues.

FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

NON-CURRENT ASSETS

Goodwill

The item amounted to 6,112,784 thousand euros (compared to 1,411,770 thousand euros at December 31, 2019).

Pursuant to IFRS 3 (*Business combinations*), goodwill was recognized in the separate financial statements on the acquisition date of Vodafone Towers (March 31, 2020). It was determined as the difference between the consideration paid for 43.4% of the incorporated company added to the fair value assessment of the remaining 56.6% stake and the fair value at the acquisition date of the identifiable assets acquired net of the identifiable liabilities assumed.

Following the merger, the fair value of the customer contracts was recognized in intangible assets for 811,200 thousand euros. This resulted in a reduction in goodwill of 580,008 thousand euros and an increase in deferred tax liabilities of 231,192 thousand euros.
The price adjustment mechanism resulted in a negative balance of 20,800 thousand euros in favor of INWIT, which led to the recognition in the balance sheet of a receivable from Vodafone of the same amount, offset against goodwill (19,484 thousand euros) and a bad debt provision (1,316 thousand euros) relating to invoices to be issued to TIM for prior Vodafone Tower receivables.
An agreement was reached between the parties, following the analyses carried out by Vodafone and the discussions with INWIT. Specifically, INWIT:

- received the amount of 18,700 thousand euros from Vodafone on October 9, 2020;
- will continue the process of collection of the amount of 1,316 thousand euros due from TIM;
- has used the IRAP tax benefit of 800 thousand euros provided for by Decree law 34/2020 (the "Relaunch Decree"), in the financial statements at December 31, 2020.

(thousands of euros)

Pre-merger value	**1,411,770**
Consideration for the purchase of 43.4% of Vodafone Towers S.r.l.	2,140,000
Fair value measurement remainder share of Vodafone Towers S.r.l.	3,558,776
Reversal Vodafone Towers Srl equity	(198,316)
Fair value measurement of Vodafone Towers Srl assets and liabilities	(199,954)
Post-merger value	**6,712,276**
Customer contract	(580,008)
Price adjustment	(19,484)
Value at 12/31/2020	**6,112,784**

Other intangible assets

These amounted to 762,463 thousand euros (11,045 thousand euros at the end of 2019).
Capital expenditure for the period came to 17,757 thousand euros.
The movements in the period, following the merger, included fair value of the customer contracts, amounting to 811,200 thousand euros.

(thousands of euros)	Intangible assets
Value at 12/31/2019	**11,045**
Additions	17,757
Amortization and depreciation	(76,949)
Fair value customer contracts	811,200
Other changes during the period	(832)
Vodafone Towers S.r.l transfer	242
Value at 12/31/2020	**762,463**

Tangible assets

The item amounted to 811,657 thousand euros (compared to 288,735 thousand euros at December 31, 2019).
Capital expenditure for the period totaled 89,249 thousand euros. These included the purchase of 248 sites from TIM S.p.A. for an amount of 24,000 thousand euros. The related consideration was paid in December 2020.
The transfer of Vodafone Towers brought in tangible assets totaling 492,776 thousand euros.

(thousands of euros)	Tangible Assets
Value at 12/31/2019	**288,735**
Additions	89,249
Amortization and depreciation	(58,313)
Other changes during the period	(790)
Vodafone Towers S.r.l transfer	492,776
Value at 12/31/2020	**811,657**

Rights of use on third-party assets

These amounted to 1,140,401 thousand euros (compared to 706,969 thousand euros at 12/31/2019). Capital expenditure during the period totaled 11,634 thousand euros, mainly consisting of the purchase of surface user rights, in addition to the capitalization of renegotiation fees for leases.

(thousands of euros)	Right of use assets
Value at 12/31/2019	**706,969**
Lease increases	91,176
Additions	11,634
Amortization and depreciation	(178,580)
Disposals	(63,642)
Other changes during the period	113,363
Vodafone Towers S.r.l transfer	459,481
Value at 12/31/2020	**1,140,401**

For a more detailed analysis, please refer to Notes 5, 6, 7 and 8 of the Individual Financial Statements at December 31, 2020.

CAPITAL EXPENDITURE

Capital expenditure in 2020 totaled 128,264 thousand euros, of which 118,640 thousand euros relating to the purchase of land, land use rights, extraordinary maintenance, development of small cells, creation of backhauling links and construction of new infrastructures, intellectual works, equipment and for the capitalization of the fees for the renegotiation of leases during 2020.

The remaining 9,624 thousand euros relates to the capitalization of prior year fees (before 2020) for the renegotiation of lease contracts.

EQUITY

At December 31, 2020, equity amounted to 4,580,481 thousand euros, the breakdown of which is as follows:

(thousands of euros)	***1/1 – 12/31 2020***	***1/1 – 12/31 2019***
Share capital issued	***600,000***	*600,000*
Minus treasury shares	***(37)***	*(222)*
Share capital	***599,963***	*599,778*
Share premium reserve	***3,691,703***	*660,000*
Other reserves	***119,576***	*119,196*
Legal reserve	***120,000***	*120,000*
Provision for instruments representing equity	***301***	*533*
Treasury share reserve in excess of nominal value	***(302)***	*(1,215)*
Other reserves	***(423)***	*(122)*
Retained earnings (losses) including earnings (losses) for the period	***169,239***	*182,219*
Total	***4,580,481***	***1,561,193***

The increase in the share premium reserve is related to the reclassification of the merger reserve of 3,558,776 thousand euros arising from the merger agreements with Vodafone Towers. Under these agreements, the equity of Vodt (198,316 thousand euros) was canceled, goodwill was recorded (5,500,460 thousand euros), the investment in Vodt was canceled (2,140,000 thousand euros) and the aforesaid merger reserve was created.

In April, the remaining 83,399 treasury shares – that remained after management had been assigned 138,719 shares having achieved the objectives set out in the 2018-2020 Long Term Incentive Plan – were sold on the stock market. These transactions were carried out against the treasury share reserve in excess of nominal value, created for this purpose in 2018.

On October 2020, the Company launched the new share buyback program, approved by the Shareholders' Meeting on July 28, 2020, to service the implementation of the 2020-2024 Stock Option Plan and the 2020 Broad-Based Share Ownership Plan. This program provides for the purchase, in one or more tranches, of ordinary INWIT shares (maximum 662,000), representing around 0.07% of the share capital for a maximum outlay of 7,500 thousand euros. The purchases must be made within eighteen months of the date of approval by the Shareholders' Meeting (July 28, 2020).

On October 21, the Company purchased 82,000 ordinary shares (representing 0.0086% of the share capital) on the Mercato Telematico Nazionale (electronic stock exchange) at an average price of 9.2212 euros per share, for a total of 756,138.40 euros.

The vesting period of the 2020 Broad-Based Share Ownership Plan, which was subscribed by 98% of INWIT's employees, ended on December 23, 2020. The plan provided for an initial free allotment of 100 shares for each employee, and an option, reserved to them, to purchase shares at a 10% discount on the normal value of the share at the opening of the offer period, subject to a maximum of 200 shares for each employee.

In December, 45,450 ordinary shares of INWIT were delivered to its employees.

Employees who have retained their free shares and purchased shares for the period of one year, subject to their continued status as employees, will be allotted shares free of charge in the ratio of 1 bonus share for every 3 shares held following the allotment and purchase.

FINANCIAL RESOURCES AND CASH FLOWS

Net financial debt

The table below shows a summary of the net financial debt at December 31, 2020, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.

The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.
The main items of ESMA net financial debt are described below:

(thousands of euros)	**1/1 – 12/31 2020 (a)**	**1/1 – 12/31 2019 (b)**	**Change c=(a-b)**	**Vodafone Tower S.r.l transfer**
a) Cash	-	-	-	-
b) Other cash equivalents	*120,207*	*66,569*	*53,638*	*6,989*
c) Securities held for trading	-	-	-	-
d) Liquidity (a+b+c)	***120,207***	***66,569***	***53,638***	***6,989***
e) Current financial receivables	*208*	*15,117*	*(14,909)*	-
f) Current financial payables	-	-	-	-
g) Current portion of financial payables (medium/long-term)	*(171,670)*	*(123,661)*	*(48,009)*	*(65,626)*
of which:				
- Financial payables within 12 months	*(13,027)*	*(14,061)*	*1,034*	-
- Financial lease liabilities within 12 months	*(158,643)*	*(109,600)*	*(49,043)*	*(65,626)*
h) Other current financial payables	-	-	-	-
i) Current financial debt (f+g+h)	***(171,670)***	***(123,661)***	***(48,009)***	***(65,626)***
j) Net current financial debt (i+e+d)	***(51,255)***	***(41,975)***	***(9,280)***	***(58,637)***
k) Financial payables (medium/long-term)	*(1,923,214)*	*(670,404)*	*(1,252,810)*	*(373,721)*
of which:				
- Financial payables over 12 months	*(1,030,200)*	*(139,943)*	*(890,257)*	-
- Financial lease liabilities over 12 months	*(893,014)*	*(530,461)*	*(362,553)*	*(373,721)*
l) Bonds issued	*(1,738,736)*	-	*(1,738,736)*	-
m) Other non-current financial payables	-	-	-	-
n) Non-current financial debt (k+l+m)	***(3,661,950)***	***(670,404)***	***(2,991,546)***	***(373,721)***
o) Net financial debt as recommended by ESMA (j+n)	***(3,713,205)***	***(712,379)***	***(3,000,826)***	***(432,358)***
Other financial receivables and non-current financial assets (*)	*1,495*	*235*	*1,260*	*8,594*
INWIT Net financial debt	***(3,711,710)***	***(712,144)***	***(2,999,566)***	***(423,764)***
Finance lease liabilities expiring within 12 months	*(158,643)*	*(109,600)*	*(49,043)*	*(65,626)*
Finance lease liabilities expiring over 12 months	*(893,014)*	*(530,461)*	*(362,553)*	*(373,721)*
INWIT adjusted net financial debt	***(2,660,053)***	***(72,083)***	***(2,587,970)***	***15,583***

(*) This item refers to loans granted to certain employees of the company at December 31, 2020.

Other cash and cash equivalents

At December 31, 2020, this item amounted to 120,207 thousand euros.

Cash is held in bank and postal current accounts and bank deposit accounts with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank and intercompany deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: loans were made with leading investment grade banking institutions (120,207 thousand euros). There are also 3 thousand euros in checks andcash in hand;
- Country risk: investments were made in Italy, in Luxembourg and in the UK.

Financial debt (current and non-current)

Financial liabilities (non-current and current) (gross financial debt) were broken down as follows:

(thousands of euros)		12/31/2019	Merger	Other changes during the period	12/31/2020
Financial payables (medium/long-term):					
Amounts due to banks		69,943	-	960,257	1,030,200
Corporate Bonds		-	-	1,738,736	1,738,736
Leasing liabilities		530,461	373,722	(11,169)	893,014
Other financial payables		70,000	-	(70,000)	-
Total non-current financial liabilities	(a)	670,404	373,722	2,617,824	3,661,950
Financial payables (short-term):					
Amounts due to banks		13,927	-	(12,397)	1,530
Corporate Bonds		-	-	11,497	11,497
Leasing liabilities		109,600	65,625	(16,582)	158,643
Other financial payables		134	-	(134)	-
Total current financial liabilities	(b)	123,661	65,625	(17,616)	171,670
Total Financial liabilities (Gross financial debt)	(a+b)	794,065	439,347	2,600,208	3,833,620

Financial payables (medium/long-term) included:

- *Amounts due to banks*: refer to the following loan contracts net of the related issue discounts and accrued income and prepayments:
  - with Banca Popolare di Sondrio (signed in November 2018) for a nominal amount of 40,000 thousand euros with bullet repayment at maturity in December 2023;
  - a term loan with a pool of national and international banks (signed in December 2019) for a nominal amount of 1,000,000 thousand euros with a 5-year term and bullet repayment at maturity. Initially, this agreement was signed for a nominal value of 3,000,000 thousand euros, consisting of the following types:
    - a bridge loan of 1,500,000 thousand euros with a 24-month term and bullet repayment at maturity
    - the term loan of 1,000,000 thousand euros, mentioned above

  - a revolving credit facility of 500,000 thousand euros with a 5-year term During 2020, the bridge loan of 1,500,000 thousand euros was repaid early, while the revolving credit facility was not used.

- **Bond** refers to the bond issued in July 2020 with a nominal value of 1,000 thousand euros and maturing in 2026 (further details are provided in the section "Operating performance in the period - net financial income/(expense)", page 21) and the bond issued in October 2020 with a nominal value of 750,000 thousand euros, duration of 8 years and maturing on October 21, 2028, with a coupon of 1.625%, issue price of 99.755% and effective yield of 1.658%.

- **Finance lease liabilities** refer to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019;

- **Other financial payables** referred mainly to loan agreements with TI Finance repaid in the first half of 2020.

Financial payables (short-term) include:

- **Amounts due to banks** mainly refer to accruals on loan agreements signed in December 2019 with a pool of national and international banks.

- **Corporate Bonds** refer to the portion of the accrued interest maturing in July 2021 and October 2021.

- **Finance lease liabilities** refer to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019;

- **Other financial payables** referred mainly to loan agreements with TI Finance repaid in the first half of 2020.

CASH FLOWS

The table below summarizes the main transactions that had an impact on the change in net financial debt during the period:

(thousands of euros)	1/1 - 12/31/2020 (a)	1/1 - 12/31/2019 (b)	Change (a-b)
EBITDA	603,781	349,776	254,005
Write-off of capital contributions in income statement	-	(48)	(48)
Purchases of tangible and intangible assets and rights of use on third-party assets for the period (*)	(118,640)	(64,817)	(53,823)
EBITDA – Capex	485,141	284,911	200,230
Change in net operating working capital:	71,631	(5,993)	77,624
Change in trade receivables	76,344	(23,048)	99,392
Change in trade payables (**)	(4,713)	17,055	(21,768)
Other changes in operating receivables/payables	(7,740)	21,257	(28,997)
Change in provisions for employee benefits	(624)	225	(849)
Change in operating provisions and Other changes	(176)	(626)	450
Operating free cash flow	548,232	299,774	248,458
% of EBITDA	90.8%	85.7%	5.1pp
Capex in other non-current assets	(2,140,000)	-	(2,140,000)
Flow from financial income and charges	(69,759)	(22,035)	(47,724)
Income taxes paid	(93,288)	(55,544)	(37,744)
Treasury shares acquired	(532)	-	(532)
Change in other non-current liabilities	-	6,205	(6,205)
Change in other non-current assets	-	1,925	(1,925)
Dividend payments	(696,720)	(126,553)	(570,167)
Leasing liabilities	27,751	(782,557)	810,308
Impact of Vodafone Towers S.r.l merger	(423,764)	-	(423,764)
Other non-monetary changes	(158,991)	14,712	(173,703)
Other changes	6,245	-	6,245
Reduction/(Increase) in ESMA net financial debt	(3,000,826)	(664,073)	(2,336,753)

(*) Net of considerations received for transfer of assets.
(**) Includes the change in trade payables for amounts due to fixed asset suppliers.

In addition to what has already been detailed with reference to EBITDA, financial debt for the financial year 2020 was affected by the following items:

Capital expenditure

Capital expenditure in the reporting period amounted to 118,640 thousand euros, and related to the purchase of software, land and surface usage rights, the development of new Sites, and the extraordinary maintenance and development of smart cells and backhauling links.

For further details, please refer to the Note "Tangible assets (owned and under finance leases)" of the Individual Financial Statements as at 12/31/2020.

Change in net operating working capital

The change in working capital was positive at 71,631 thousand euros.

Financial income and expenses

The net flow of finance income and expenses accounted for during the year is equal to (69,759) thousand euros, determined by the balance between income (19 thousand euros) and expense (69,778 thousand euros). Lastly, it should be noted that the financial expenses on the debt for financial leases (IFRS 16) is equal to 24,874 thousand euros.

Recurring Free Cash Flow

The recurring free cash flow for the 1st quarter of 2020 – calculated net of both one-off revenues/costs (EBITDA level) and the one-off payable not yet paid *(Change in trade payable)* – came to 271,762 thousand euros, showing 73.5% growth on the same period of 2019 (also determined considering EBITDA net of one-off revenues).

The following table shows the details of the items concerned:

(thousands of euros)	1/1 – 12/31/2020	1.1 - 12/31/2019	Change	
			amount	%
EBITDA	602,381	344,905	257,476	74.7
Recurring investments	(16,829)	(8,011)	(8,818)	110.1
payment of income taxes	(93,288)	(55,544)	(37,744)	68.0
payment of financial expenses	(20,514)	(2,976)	(17,538)	n.r.
Change in Trade Working Capital:	49,898	149	49,749	n.r.
Change in trade receivables	74,686	(17,755)	92,441	n.r.
Change in trade payables (*)	(24,788)	17,904	(42,692)	n.r.
Non-recurring changes in Trade Working Capital	(57,800)	-	(57,800)	n.r.
Change in operating receivables/payables	5,041	20,630	(15,589)	(75.6)
Change in provisions for employee benefits	(427)	225	(652)	(289.8)
Lease Payment	(196,700)	(142,774)	(53,926)	37.8
Recurring Free Cash Flow	271,762	156,604	115,158	73.5

(*): excluding the change in payables for assets

Changes in trade receivables do not include changes in receivables and prepayments for the indemnification.

The changes in trade payables do not include the changes related to the Daphne project payables (integration with Vodafone).

Changes in operating receivables/payables do not include changes related to the migration of Vodafone Towers' VAT results.

Non-recurring changes in Trade Working Capital include the collection of trade receivables due from TIM S.p.A., totaling 57,800 thousand euros, inherited from Vodafone Tower S.r.l. as a result of the merger. These are non-recurring receipts and are therefore not included in the recurring cash flow.

DETAILED TABLES

INWIT's Financial Report at December 31, 2020 was drafted in accordance with Article 154–ter (Financial Reports) of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and subsequent amendments and additions, and prepared in accordance with the international accounting principles issued by the International Accounting Standards Board and approved by the European Union (defined as the "IFRS") and with the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38/2005.

The Financial Report at December 31, 2020, comprises:

- the Management Report
- the Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2020
- certification of INWIT's Financial Statements at December 31, 2020 pursuant to Article 81-ter of Consob Regulation 11971 dated May 14, 1999, and subsequent amendments and additions

In addition to the conventional financial performance measures established by IFRS, INWIT uses certain alternative performance measures are presented for the purpose of a better understanding of the trend of operations and of the Company's financial situation. In particular, the alternative performance indicators refer to: EBITDA, EBIT, net financial debt, INWIT's net financial debt, and Operating Free Cash Flow.

The chapter "Business outlook for the year 2020" contains forward-looking statements related to the management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies.

Readers of this Report are reminded not to place undue reliance on forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

Separate income statement

(euros)	Financial Year 2020	*of which related parties*	Financial Year 2019	*of which related parties*
Revenues	663,407,600	588,742,000	395,396,240	302,515,000
Acquisition of goods and services - Ordinary expenses	(33,459,618)	(14,658,000)	(27,178,227)	(7,185,000)
Acquisition of goods and services - Charges associated with extraordinary transactions	(6,711,309)		(5,252,157)	
Employee benefits expenses - Ordinary expenses	(18,176,946)	(1,975,000)	(10,573,445)	(1,419,000)
Employee benefits expenses - Restructuring and rationalization expenses	-		(573,460)	
Other operating expenses	(1,278,532)		(2,043,189)	
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	603,781,194		349,775,762	
Amortization, gains/losses on disposals and impairment losses on non-current assets	(313,081,410)		(130,023,422)	
Operating profit (loss) (EBIT)	290,699,784		219,752,340	
Financial income	19,313		449,387	15,000
Financial expenses	(69,778,556)	(2,572,000)	(24,621,178)	(2,012,000)
Profit (loss) before tax	220,940,540		195,580,549	
Income taxes	(64,273,773)		(56,266,780)	
Profit for the period	156,666,767		139,313,769	
Basic and Diluted Earnings Per Share	0.180		0.232	

Statement of Comprehensive Income

Pursuant to IAS 1 (*Presentation of Financial Statements*), the Statement of Comprehensive Income, which includes the Profit (Loss) for the period, as per the Separate Income Statement, also includes the other changes in Equity other than those connected to transactions with Shareholders.

(euros)		Financial Year 2020	Financial Year 2019
Profit for the period	(a)	156,666,767	139,313,769
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(176,441)	(120,645)
Net fiscal impact		42,346	28,955
Total other items that will not subsequently be reclassified in the Separate Income Statement	(b)	(134,095)	(91,690)
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement	(c)	-	-
Total other items of the Statement of Comprehensive Income	(d=b+c)	(134,095)	(91,690)
Total Comprehensive income for the period	(e=a+d)	156,532,672	139,222,079

Items of the consolidated statement of financial position

Assets

(euros)	12/31/2020	*of which related parties*	12/31/2019	*of which related parties*
Assets				
Non-current assets				
Intangible assets				
Goodwill	6,112,784,010		1,411,770,320	
Intangible assets with a finite useful life	762,463,054		11,044,372	
Tangible assets				
Property, plant and equipment	811,657,334		288,735,176	
Rights of use on third-party assets	1,140,401,201		706,968,817	
Other non-current assets				
Non-current financial assets	1,495,011		234,627	
Miscellaneous receivables and other non-current assets	431,313		6,931,691	
Deferred tax assets	-		1,939,437	
Total Non-current assets	8,829,231,923		2,427,624,440	
Current assets				
Trade and miscellaneous receivables and other current assets	135,780,077	27,926,000	83,111,169	42,169,000
Financial receivables and other current financial assets	208,211		15,116,738	15,009,000
Income tax receivables	-		1,200	
Cash and cash equivalents	120,207,049		66,570,115	1,401,000
Total Current assets	256,195,337		164,799,222	
Total assets	9,085,427,260		2,592,423,662	

Equity and Liabilities

(euros)	12/31/2020	*of which related parties*	12/31/2019	*of which related parties*
Equity				
Share capital issued	600,000,000		600,000,000	
Minus: treasury shares	(36,550)		(222,118)	
Share capital	599,963,450		599,777,882	
Share premium reserve	3,691,703,016		660,000,000	
Legal reserve	120,000,000		120,000,000	
Other reserves	(423,568)		(804,937)	
Retained earnings (losses) including earnings (losses) for the period	169,238,395		182,219,764	
Total Equity	4,580,481,293		1,561,192,709	
Liabilities				
Non-current liabilities				
Employee benefits	2,643,217		1,791,179	
Deferred tax liabilities	277,390,058		-	
Provisions for Risks and Charges	220,960,752		101,655,979	
Non-current financial liabilities	3,661,949,701	123,410,000	670,404,592	117,922,000
Miscellaneous payables and other non-current liabilities	1,511,333		9,615,610	8,206,000
Total Non-current liabilities	4,164,455,061		783,467,360	
Current liabilities				
Current financial liabilities	171,670,146	17,954,000	123,660,756	20,949,000
Trade and miscellaneous payables and other current liabilities	155,786,867	64,889,000	122,851,726	80,036,000
Provisions for Risks and Charges	450,000		450,000	
Income tax payables	12,583,893		801,111	
Total current Liabilities	340,490,906		247,763,593	
Total liabilities	4,504,945,967		1,031,230,953	
Total Equity and Liabilities	9,085,427,260		2,592,423,662	

Statement of cash flows

(euros)		Financial Year 2020	Financial Year 2019
Cash flows from operating activities:			
Profit for the period		156,666,767	139,313,769
Adjustments for:			
Amortization, loses/gains on disposals and impairment losses on non-current assets		313,081,410	130,023,422
Net change in deferred tax assets and liabilities		(21,162,505)	771,236
Change in provisions for employee benefits		(623,963)	225,631
Change in trade receivables		76,343,608	(23,047,660)
Change in trade payables		(34,051,493)	20,140,282
Net change in miscellaneous receivables/payables and other assets/liabilities		(16,577,769)	20,546,000
Other non-monetary changes		12,954,999	16,854,609
Cash flows from operating activities	(a)	486,631,054	304,827,289
Cash flows from investing activities:			
Total purchases of tangible and intangible assets for the period and rights of use on third-party assets (*)		(209,815,344)	(210,823,000)
Change in amounts due to fixed asset suppliers		120,514,103	142,920,000
Total purchases of tangible and intangible assets and rights of use on third-party assets on a cash basis		(89,301,241)	(67,903,000)
Purchase of investments		(2,140,000,000)	-
Change in financial receivables and other financial assets		22,242,143	3,003,440
Other non-current changes		-	1,925,560
Cash flows used in investing activities	(b)	(2,207,059,098)	(62,974,000)
Cash flows from financing activities:			
Change in current and non-current financial liabilities		2,471,318,160	(152,855,000)
Treasury shares acquired		(532,063)	-
Dividends paid (*)		(696,721,120)	(126,553,133)
Cash flows used in financing activities	(c)	1,774,064,977	(279,408,133)
Aggregate cash flows	(d=a+b+c)	53,636,933	(37,554,844)
Net cash and cash equivalents at beginning of the period	(e)	66,570,115	104,124,959
Net cash and cash equivalents at end of the period	(f=d+e)	120,207,049	66,570,115

(*) of which related parties:

(euros)	Financial Year 2020	Financial Year 2019
Total purchases of tangible and intangible assets and rights of use on TIM assets	34,130,000	18,409,000
Total purchases of tangible and intangible assets and rights of use on Vodafone Italia assets	146,000	-
Dividends paid TIM	255,860,303	76,002,200
Dividends paid Vodafone Italia	255,860,303	-

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Statement of cash flows). For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in 2020.

EVENTS SUBSEQUENT TO DECEMBER 31, 2020

See the specific Note “Events subsequent to December 31, 2020” to the Individual Financial Statements at 12/31/2020.

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS.

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the course of the financial year 2020, no atypical and/or unusual transactions occurred as defined by the Communication.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at December 31, 2020. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

(thousands of euros)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying value	(a)	4,580,481	156,667	(3,711,710)	53,638
Charges associated with extraordinary transactions		(4,798)	(4,798)	-	(5,979)
Total effects	(b)	(4,798)	(4,798)	-	(5,979)
Notional value	(a-b)	4,585,279	161,465	(3,711,710)	59,617

(*) The cash flows relate to the increase (decrease) in the period of cash and cash equivalents.

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euros)	Financial Year 2020	Financial Year 2019
Charges associated with extraordinary transactions	(6,711)	(5,252)
Charges related to restructuring and rationalization processes	-	(574)
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(6,711)	(5,826)
Impact on Operating profit (loss) (EBIT)	(6,711)	(5,826)
Impact on Profit (loss) before tax	(6,711)	(5,826)
Income taxes on non-recurring items	1,913	1,660
Impact on the Profit (Loss) of the Period	(4,798)	(4,166)

BUSINESS OUTLOOK FOR THE YEAR 2021 (1)

The year 2020 was a period of major transformation for INWIT, which has become the largest operator in Italy in the Wireless Infrastructure sector, with the mission of supporting its anchor tenants TIM and Vodafone Italia S.p.A. in building the new network for the development of 5G, while also providing the entire market access to its infrastructure.

The results for the year show an increase in all the main economic indicators, reflecting the increase in the scope of consolidation, and a gradual but significant acceleration in organic growth in pro-forma terms, on a like-for-like basis.

In November 2020, INWIT presented the update to its 2021-2023 Business Plan. The Plan envisages strong growth in the Company's business with an ambitious cumulative capital expenditure program for the period 2021-2023 of around 600 million euros. The capital expenditure will be directed towards the construction of new sites (towers), the intensive development of indoor and outdoor micro-coverage with DAS and small cells, the creation of fiber-optic backhauling links and the increase in owned land.

With the update of the Business Plan, INWIT also provided guidance of growth for the year 2021: compared to the 2020 pro-forma results, expected revenues 785 to 795 million euros (+5%), EBITDA 715 to 725 million euros (+5%), EBITDAaL 510 to 520 million euros (+8%), recurring free cash flow 355 to 365 million euros and dividend per share up by 7.5%.

The results achieved in 2020, the first step in the implementation of the Business Plan, confirm the forecasts for 2021, particularly the trend in the organic growth of revenues and the acceleration in the contracting of new hostings.

In operational terms, in 2021 the Company will focus on growth in hostings, supporting the development of mobile operators and FWA, and continued attention to rental costs, the driver of EBITDAaL and recurring free cash flow growth.

The wireless infrastructure market is continuing its profound transformation and demand for services from mobile operators and other radio network operators is growing. Mobile operators must increase their Service Access Points to expand 4G coverage and develop 5G. Wireless Fixed Access providers are also expanding their networks to increase coverage and improve the quality of service offered to customers.

The operating performance in 2021 is also expected to benefit from the improving outlook for the digital, infrastructure and technology investment cycle in Italy: the substantial resources allocated by the Next Generation EU can directly and indirectly support the growth of INWIT, which is well positioned as an enabler of the ongoing digital transformation.

COVID-19 disclosure

The COVID-19 health emergency has led to a contraction of the economy, with potentially negative effects on the Company's earnings, cash flows and financial position. The rapid spread of COVID-19 from March 2020, and the consequent health emergency have generated significant economic uncertainty, both in Italy and worldwide.

The Company considers this situation to be of medium risk because, despite the economic downturn, the business conducted by INWIT is essential for the provision of services by telephone

(1) The chapter "Business outlook for the year 2021" contains forward-looking statements related to the Company's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies. Readers of this Report are reminded not to place undue reliance on such forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

operators. At present, the Company has not experienced any significant impact on the performance of the business related to the health emergency.

The Company has also mapped the risks associated with COVID-19 and considers the occurrence of the events subject to these risks to be unlikely to occur given the industrial sector it belongs to, which is characterized by low volatility, cyclicality of existing hosting, long-term contracts and other barriers to entry into the sector.

The potential risks identified by the Company can be summarized as follows:

- negative impacts, possibly significant, on the prospects for the growth of revenues and profit margins;
- delays in the delivery of services by the Company's suppliers (e.g. maintenance or construction of new Sites), permits from the various public administrations, orders from Customers;
- the need for mobile telephone operators (INWIT Customers) to incur higher costs and investments that may not be passed on to end consumers or they may end up in default, with negative impacts on the operators' economic and financial position;

At present, there are no significant negative impacts on the company's results that could generate losses in income/financial performance or delays in its strategic planning. In addition, despite the economic downturn, the business conducted by INWIT is essential for the provision of services by telephone operators.

Lastly, the current phase of the pandemic has led to a general acceleration in digitalization processes and a significant increase in data traffic on the networks of the Company's main customers, with a consequent favorable impact on the demand for the services it offers.

MAIN RISKS AND UNCERTAINTIES

The business outlook for 2021 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond INWIT's control.
The main risks concerning the business activities of the Company, which may impact, even significantly, on the ability to achieve the objectives set by the management, are presented below.

The risk factors concerning the Company

Risks associated with the MSA

The Company's earnings, cash flows and financial position are exposed to risks arising from the non-renewal or early termination of agreements (MSAs) entered into with TIM and Vodafone. INWIT's network infrastructure is the essential asset for the delivery of the services provided by the two operators and for the development of new services, in response to market demand (e.g. 5G), and both agreements have a duration of 8 years, automatically renewable for further 8-year periods, unless terminated.
Given the importance of these agreements for the Company's revenues, if the operators exercise their right of withdrawal or terminate the agreement on expiry, this would have a significant adverse impact on the Company's business and its earnings, cash flows and financial position.
In addition, in view of the long-term duration of the MSAs signed with the above-mentioned operators and in light of the presence of a set fee for the entire duration of the agreements, any increase in the costs incurred by the Company (also as a result of measures adopted by the competent Authorities and net of any concessions and/or benefits) that are not covered by the fee due from the operator would lead to a reduction in the Company's revenue margin, with consequent adverse effects on its earnings, cash flows and financial position.

Risks related to potential conflicts of interest by some of the Directors

This risk is related to potential conflicts of interest arising from the fact that some members of the Board of Directors hold positions in companies that are part of the chain of control of the Company.

Risks associated with Related Party Transactions

The Company has engaged and is engaged in significant relations with TIM and with Vodafone. The operations deriving from these relationships have the typical risks connected with operations between parties whose membership of or links to the Company and/or its decision-making structures could compromise the objectivity and impartiality of the decisions relating to those operations. The Company believes that the conditions envisaged and actually applied in the operations deriving from these relationships are in line with normal market conditions. However, there is no guarantee that, if these operations had been carried out with third parties, those parties would have negotiated or entered into the respective agreements, or performed the same transactions, at the same terms and conditions and in the same manner.

Risks related to key personnel

Any interruption in the employment relationship between the Company and its key personnel could have an adverse effect on the Company's income, balance sheet, and financial situation.
The results achieved by the Company also depend on the contribution of certain individuals who hold significant positions within the Company and have significant experience in the industry in which the Company is engaged (including, specifically, the CEO, the Head of "Administration, Finance & Control", the Head of "Marketing & Sales", the Head of "Technology Governance & MSA" and the Head of "Operations & Maintenance").

Risks associated with changes to the organizational model

Many of the Company's operating activities were previously carried out and managed by third parties and/or by the former parent company, TIM. The management of these activities, although provided by alternative suppliers able to offer a quality of service similar to that provided by TIM, may entail more onerous financial conditions with consequent adverse effects on the Company's earnings, cash flows and financial position. It cannot be ruled out that, in order to ensure the full functioning of its equipment, INWIT may need to increase or downsize of its workforce, with potential adverse effects on its operations and its earnings, cash flows and financial position.

Risks related to the Company losing the authorization to conduct its activity

The activity carried out by the Company is subject to the issuance of special authorizations pursuant to the applicable regulations in effect.
In the event the general authorization is not renewed upon expiration or is revoked by the Ministry or the Authority should the Company fail to comply with the conditions and specific obligations provided for in the Electronic Communications Code, the Company would no longer be able to continue operating as a network operator for the installation and provision of Passive Infrastructure, which would result in significant adverse effects on its income, balance sheet, and financial situation.

Risks related to ownership of the rights to use the frequencies assigned to mobile network operators

The Company's activity is not linked to authorizations concerning the rights to use frequencies, which are held by mobile telephone operators on the basis of tender, awarding, and renewal procedures independently of the Company.
The Company's business depends on the ability of its mobile telephone operator customers to preserve their rights to use the frequencies and to renew the related authorizations. There is no certainty that in the long term, telephone operator customers will be able to retain ownership of the frequencies in relation to which the Company provides its services or that the frequencies currently held by such customers will be again allocated to them in the future.

Risks related to the contractual and administrative structure of the Sites

Given the importance of the Company's network infrastructure in the conduct of its business, any adverse events for such infrastructure could have negative effects on the income, balance sheet, and financial situation of the Company.
With regard to the Sites there is a risk that the lease, sublease and/or concession for use agreements are not renewed, the Company being thus obliged to restore the land to its original condition, or the risk that any renewals are not obtained on terms at least comparable to those in place, with negative impact on the profitability of Site operations and consequently on the financial position, earnings and cash flows of the Company.

In addition, with regard to the management of the hosting agreements in particular, the improper management of those agreements and their execution, performance and monitoring could have adverse effects on the profitability of the management of the Sites and consequently on the Company's earnings, cash flows and financial position.

Risks related to the Company's inability to implement its development strategy

In the event the Company is unable to successfully implement one or more of its development strategies, there may be negative effects on its activities and on its income, balance sheet, and financial situation. The Company's ability to increase its revenues and improve profitability also depends on the successful implementation of its strategy. The Company's strategy is based, among other things, on the following elements:

- leveraging the assets of existing Sites by maximizing the co-tenancy ratio;
- rationalization of operating costs;
- development of new services consistent with its core business;
- meeting the hosting demand for existing sites;
- expansion of the number of Sites in line with developments in demand.

With regard to the satisfaction of hosting demand in particular, the ability to meet the demand also depends on the availability of physical and electromagnetic spaces. The presence of spaces that are unable to meet the demand could have an adverse effect on the Company's earnings, cash flows and financial position.

In addition, any future amendments to the legislation applicable to the industry in which the Company and/or the Company's customers operate, including specifically any imposition of stricter limits to EMC emissions, could have adverse effects on the activities and on the income, balance sheet, and financial situation of the Company.

Risks relating to non-compliance with the Commitments and/or amendment of the Commitments by the European Commission.

The failure to meet the Commitments submitted to the Commission pursuant to Article 6(2) of the Merger Regulation by the notifying parties (TIM and Vodafone Group Plc) may have an adverse effect on the Company's earnings, cash flows and financial position if the breach of the Commitments is attributable to default by the Company, as agreed between TIM, Vodafone Group Plc, VOD and INWIT in the letter dated 25 March 2020, according to which, in such case, there is no limitation on any recourse by the notifying parties against INWIT. Consequently, if it is found to be in default, INWIT would be required to compensate the notifying parties for the amount paid by them as a penalty imposed by the European Commission for breach of the Commitments, in addition to any further damages, which would have an adverse effect, potentially even significant, on the Company's earnings, cash flows and financial position.

Risks related to the Loan Agreement

The Loan Agreements signed by the company to finance business activities provide for a series of general and covenant commitments for the Company, both positive and negative, which, albeit in line with market practice for financing and similar, could limit operations.

For additional information see the Note 16 "Financial liabilities (current and non-current)" to the individual Financial Statements at December 31, 2020.

Risks related to costs for restoring the Sites and potentially inadequate provision for restoration costs

As part of its activity following decommissioning of the site, the Company must dismantle the infrastructure and restore the site to its original condition if this is envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located. In this regard it should be noted that, as a rule, the leases provide for the Company's obligation to dismantle and restore the site to its original condition. The valuation of the provision for restoration costs is affected both by the expected unit restoration costs and by the inflation/discount rates, which are beyond the Company's control and whose changes may adversely affect the income and balance sheet situation of the Company.

Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2020 were considered adequate by the Company at the date of completion of this document.

Risks related to court and administrative proceedings and to potentially inadequate provisions

Any adverse outcome in the principal legal proceedings in which the Company is involved, for amounts significantly higher than those for which provision has been made, could have negative effects on the Company's activities and on its income, balance sheet, and financial situation.

Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2020 were considered adequate by the Company at the date of completion of this document.

Risks related to non-compliance with applicable regulations

The Company is subject to potential non-compliance with applicable regulations, both external (laws, regulations, applicable accounting standards) and internal (e.g. code of ethics), and seeks to implement all the actions aimed at ensuring the adequacy of the company processes for the regulations applicable to it, in terms of procedures, supporting information systems and required business conduct.

Of particular importance in this regard are the EU Regulation 2016/679 on General Data Protection Regulation (GDPR) and Legislative Decree 231/2001, which establishes the liability of the Company for offenses committed by its management.

Any breaches of the rules and regulations may have significant adverse effects on the Company's financial position and reputation.

Risk factors related to the industry in which the Company operates

Risks associated with the operation of existing sites, the identification of new sites suitable for the development of the Company's projects, and the issuance and/or revocation of administrative authorizations

Any difficulties connected with the identification of new Sites and/or their allocation, also in view of the increasing competition in the telecommunications network infrastructure sector, as well as any failure or delay in obtaining authorizations and permits and their subsequent withdrawal and/or suspensions or cancellations of the authorizations, could lead to adverse effects on the Company's operations and, consequently, on its earnings, cash flows and financial position.

In addition, in view of the importance of the Sites for the Company, maintenance is essential for the proper operation of the infrastructure, for the quality of the services provided to its customers and for the safety of its employees. The proper management and planning of maintenance work is an important aspect for limiting potential negative impacts on the Company.

Risks related to the effects on infrastructure of natural disasters or other force majeure events

The proper operation of the infrastructure is essential for the Company's activity and to provide services to its customers. Although the Company believes that it has adequate insurance coverage in place to compensate any damage caused by natural disasters or other force majeure events, and has developed operating procedures to be followed should such events occur, any damage to part or all of the towers of the Company or, more generally, to its Sites, resulting from natural disasters or other force majeure events, could hamper or, in some cases, prevent the Company's normal operations and its ability to continue to provide services to its customers.

Risks related to the discontinuation of Site activities

The Company relies on infrastructure to provide its services and, more generally, to conduct its business; by its very nature, this infrastructure is subject to interruptions or other malfunctions caused, among other things, by prolonged power outages, security issues, or suppliers' defaults.

A prolonged interruption in the service provided for reasons attributable to unauthorized accesses or power blackouts or any actions taken in order to deal with or prevent them, could lead to significant additional costs for the Company, or prevent its operation, with possible negative effects on the Company's business and its earnings, cash flows and financial position.

Risks related to IT security and system outages

The management of ICT systems and the need to ensure the security of those systems and their continuous operation are important aspects of the business operations. In this context, loss of data, inappropriate dissemination of data and/or outages of ICT systems as a result of accidental events or malicious acts involving the information system, may have potential adverse effects on the Company's business and its earnings, cash flows and financial position.

Risks related to technical and technological developments

The Company's inability to identify technical solutions capable of addressing market changes and future needs could have a negative impact on the income, balance sheet, and financial situation of the Company.

Risks related to environmental and health protection

The Company is subject to comprehensive regulation on the protection of the environment and human health at the national and EU level. Although the Company is committed to be constantly in compliance with the applicable legislation, any violations of applicable environmental laws may result in adverse effects on the income, balance sheet, and financial situation of the Company.

Risks associated with the reference regulatory framework in relation to the activities carried out by the Company's customers

The business operations of the Company's customers are subject to complex regulations at national and EU level, particularly with regard to environmental and administrative aspects, where the numerous regulatory requirements imposed by the competent authorities and aimed directly at the Company's customers are also significant.

In this regard, the Company's earnings, cash flows and financial position may be impacted both as a result of breaches of or changes in the directly applicable regulatory framework and as a result of indirect consequences deriving from breaches of or changes in the regulatory framework applicable to its customers.

Specifically, mobile phone operators hosted at the Company's sites are subject to regulations aimed at protecting people and the environment from exposure to electromagnetic fields and any infringement of the legal and regulatory framework applicable to the Company's customers may have a negative impact on the earnings, cash flows and financial position of its customers and, indirectly, of the Company.

Risks associated with the possible contraction of customer demand for the Company's services

The Company offers integrated hosting services to its customers, with the aim of covering the entire value chain of the hosting business, in accordance with the business model adopted: from pure leasing of the equipment all the way to the services supporting the operation and maintenance of such equipment. Any contraction of customer demand for the services provided by the Company, even when due to contingent reasons, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to global economic conditions

The COVID-19 health emergency has led to a contraction of the economy, with potentially negative effects on the Company's earnings, cash flows and financial position. The rapid spread of COVID-19 since March 2020 and the consequent public health emergency continue to generate uncertainty about economic prospects both in Italy and globally.
The Company assesses the risk referred to in this Paragraph as medium. Although the COVID-19 health emergency is likely to lead to a contraction in the economy, with potentially negative effects on the economic, equity and financial situation of the Issuer, the activity carried out by Inwit is essential for the provision of the services of the telephone operators.

- The Company has also mapped the risks associated with Covid and considers the occurrence of the events subject to these risks to be unlikely to occur given the industrial sector to which the Company belongs – telecommunications, which is among the least affected by the pandemic – and the Company's business model, which is characterized by low volatility, cyclicality of existing hosting, and long-term contracts. The potential risks identified and analyzed by the Company have been detailed in the chapter above.

- At present, there are no significant negative impacts on the company's results that could generate losses in income/financial performance or delays in its strategic planning.

It should also be noted that the ongoing pandemic has resulted in a general acceleration of digitization processes and a significant increase in data traffic on the networks of the Company's main customers, which translates to favorable dynamics in demand for the services offered by the Company.

The information and conclusions regarding potential risks contained in this report are in line with the Prospectus.

CORPORATE BODIES AT DECEMBER 31, 2020

BOARD OF DIRECTORS

The Board of Directors, appointed by the Shareholders' Meeting of April 13 (as subsequently amended), remained in office until March 31, 2020, the effective date of the merger by incorporation of Vodafone Towers into INWIT (the "Merger"). By virtue of the Agreement signed by TIM S.p.A. Vodafone Europe B.V., Vodafone Italia S.p.A., INWIT S.p.A. and Vodafone Towers S.r.l., on March 20, 2020, the Shareholders' Meeting appointed the current Board of Directors, consisting of 13 directors, which will remain in office until the approval of the financial statements for the year ending December 31, 2022.
The Board of Directors took office on March 31, 2020, the effective date of the merger by incorporation of Vodafone Towers S.r.l. into INWIT S.p.A..

The composition of the current Company's Board of Directors is shown below:

Chairman	Emanuele Tournon
CEO and General Manager	Giovanni Ferigo
Directors	Giovanna Bellezza Laura Cavatorta (independent) Antonio Corda Angela Maria Cossellu (independent) Sabrina Di Bartolomeo Sonia Hernandez Rosario Mazza (independent) Agostino Nuzzolo Secondina Giulia Ravera (independent) Fabrizio Rocchio Francesco Valsecchi (independent)

All board members are domiciled for the positions they hold in INWIT at the registered office of the Company in 1 Via Gaetano Negri, Milan.

On 2 October 2020, the Board of Directors accepted the resignations tendered by the Independent Director Filomena Passeggio and the non-executive Director Carlo Nardello and co-opted Rosario Mazza (independent) and Giovanna Bellezza (non-executive) as Directors, in accordance with Article 2386, paragraph 1 of the Italian Civil Code.
The new directors will remain in office until the next Shareholders' Meeting held by law.

On April 23, 2020, the Board of Directors established internal committees, made up – from December 31, 2020 – of:

- **Nomination and remuneration committee:** Rosario Mazza (Chairman), Laura Cavatorta and Antonio Corda
- **Control and risks committee:** Angela Maria Cossellu (Chairman), Antonio Corda, Agostino Nuzzolo, Secondina Giulia Ravera and Francesco Valsecchi
- **Related parties committee:** Secondina Giulia Ravera (Chairman), Angela Maria Cossellu and Rosario Mazza
- **Sustainability Committee:** Laura Cavatorta (Chairman), Giovanna Bellezza, Sabrina Di Bartolomeo, Fabrizio Rocchio and Francesco Valsecchi.

On April 23, 2020, the Board of Directors also appointed a Supervisory Body, composed of Francesco Monastero (Chairman), Giuliano Foglia, Umberto La Commara and Laura Trucco – with effect from May 5, 2020 and until the end of the term of office of the Board of Directors and therefore until the approval of the Financial Statements at December 31, 2022 – to perform the functions envisaged by Legislative Decree 231/2001.

Until May 5, 2020, the functions of the Supervisory Body were performed by the Board of Statutory Auditors.

Lastly, on April 23, 2020, the Board of Directors also appointed the Director Secondina Giulia Ravera as Lead Independent Director.

BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting of April 13, 2018 appointed the Board of Statutory Auditors, which will remain in office until the approval of the financial statements at December 31, 2020. The Shareholders' Meeting convened for April 20, 2021 will be called upon to appoint the new Board of Statutory Auditors.

The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Stefano Sarubbi
Acting Auditors	Umberto La Commara
	Michela Zeme
Alternate Auditors	Roberto Cassader
	Elisa Menicucci

INDEPENDENT AUDITORS

The Shareholders' Meeting held on February 27, 2015 appointed the audit firm PricewaterhouseCoopers S.p.A. to audit the Company's financial statements for the nine-year period 2015-2023.

MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE FINANCIAL REPORTS

At the meeting held on March 31, 2020, the Board of Directors assigned Diego Galli, Head of the Administration, Finance & Control function, as Manager responsible for preparing the corporate financial reports.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

INWIT's internal control and risk management system is organized, and operates, in accordance with the principles and criteria set out in Borsa Italiana's Code of Corporate Governance. It is an integral part of the Company's general organizational framework, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities as follows: the Board of Directors is responsible for strategic guidance and supervision; the CEO and management are responsible for monitoring and managing the Company's operations; the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and the Board of Statutory Auditors has a supervisory role.

In particular, the Internal Control and Risk Management system is composed of a series of rules, procedures and organizational structures designed to permit - through a process of identification, measurement, management and monitoring of the main risks - the sound, correct management of the Company in keeping with the provisions of the Company's **Code of Ethics** and **Code of Corporate Governance** (both of which may be consulted on the website www.inwit.it, Governance section) approved by the Board of Directors on February 27, 2015, which allow exceptions to and/or supplement the framework of rules governing the duties and working of the Company's governing bodies, and on other matters refers to the Code of Corporate Governance drawn up by the Corporate Governance Committee of Borsa Italiana.

The internal control system is completed by the "**231 Organizational Model**", that is, an organizational and management model adopted pursuant to Italian Legislative Decree no. 231/2001, designed to prevent criminal offenses that may entail the Company's liability.

The Organizational Model of TIM, adopted by INWIT, is organized into:

- the **Code of Ethics** which ideally heads the entire corporate governance system and represents INWIT's charter of values for the ethical (that is, the transparent, correct and true) management of its business affairs. The Code of Ethics sets out, in particular, the nature of disclosure of business practices and affairs to the intended recipients of such information, namely: the members of the governing bodies, the management, those working for the Company. External contractors and consultants, and insofar as the Company's procedural system provides for such, third parties with business relations with INWIT, must comply with the Code of Ethics. As is the case with all of the Company's instruments of governance, the Code of Ethics is constantly monitored and checked in view of developments in the law, and in business and market practices, bearing in mind the results of monitoring by the Control and Governance functions of TIM.

- the "**rules of conduct**" consisting in specific rules governing relations with third parties, formalities and corporate activities;

- the "**internal control process charts**" describing the corporate processes at risk of commission of criminal offenses, the corresponding criminal offenses, the aspects of control, and guidelines aimed at preventing illegal conduct.

The Organizational Model takes into consideration those criminal offenses covered by Italian Legislative Decree 231/2001, with the exception of those considered not to be directly relevant to the TIM Company.

Until May 5, 2020, the functions of the Supervisory Body were assigned to the Board of Statutory Auditors. On 23 April and with effect from 5 May 2020, the Board of Directors appointed a Supervisory Body in the form of board (four members), which also includes a member of the Board of Statutory Auditors and the head of the Audit function, as an internal member. Its task is to monitors the operation and compliance with the Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and the corresponding results of such.

INWIT's website features a specific section concerning the adopted 231 Organizational Model. (www.inwit.it, Governance Systems section).

The following company policies and procedures have been established and adopted:

- the **Anticorruption Policy** that constitutes the benchmark for the prevention of corrupt practices;

- the **Whistleblowing Procedure** which introduces a process designed to guarantee the receipt, analysis and management of reports of conduct suspected of infringing the Code of Ethics and Conduct and the 231 Organizational Model adopted by INWIT, the internal procedures, and any external regulations applicable to INWIT, together with reports from the Board of Statutory Auditors insofar as it is concerned.

- the **Procedure for carrying out transactions with related parties**, transactions with related parties were managed within the RPT procedure approved by the Board of Directors on July 25, 2017 and from January 1, 2019 the new procedure is in force, pursuant to the Regulation adopted by Consob with resolution no.17221/2010 as amended.

- the **Procedure for the internal management and public disclosure of insider information**, approved by the Board of Directors on February 27, 2015, in regard to the means of public disclosure of documents and information regarding the Company, with specific regard to insider information.

In accordance with the Company's Code of Corporate Governance, in exercising the Board of Directors' responsibility for the internal control and risk management system, the Board also avails itself of the services not only of the Internal Control and Risk Management Committee, but also of the head of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. The Head of the Audit Function, Laura Trucco, is responsible for supporting the administrative and control bodies in verifying the adequacy, full operation and effective functioning of the risk management and control system, and consequently for proposing corrective measures in the event of anomalies or shortcomings.

The Head of the Audit Function also acts as guarantor in regard to compliance with the principles and values expressed in the Code of Ethics, by handling the reports received from employees, contractors, consultants, service providers and business partners of the Company, in regard to any violation of the law or regulations, of the Code itself, or of company procedures, and by promoting the most suitable actions as a consequence of such reports.

As permitted by the Company's Code of Corporate Governance, and as decided by the Board of Directors, subject to the opinion of the Control and Risks Committee, the Audit Function avails itself, through a specific Framework Agreement, of the services of a major audit firm, selected following a specific call for tenders, in order to carry out its own activities.

Furthermore, during the course of the financial year 2016 the Compliance and Regulations Function was established with the aim of strengthening the safeguards provided by the internal control system.

The **principal persons and bodies involved in the operation of the internal control system are**:

1. the **Board of Directors**, whose role it is to guide and periodically (annually) assess the system;

2. the **Executive Directors** (at present: the Chairman of the Board of Directors and the Chief Executive Officer), in their capacity as directors appointed to establish and maintain the system, in keeping with the guidelines established by the plenum of the Board of Directors;

3. the **Control and Risks Committee**, whose role it is to provide preliminary support to the Board of Directors in regard to the latter's duties concerning internal control and risk management;

4. the **Head of the Audit Function** who is accountable to the Board of Directors, and whose task it essentially is to monitor the operation and adequacy of the internal control and risk management system;

5. the **manager appointed** to draw up the Company's accounting documents, by the Board of Directors, who is responsible for establishing adequate administrative and accounting procedures for the formation of the interim and final financial statements, together with any other financial disclosures or reports.

6. the **Board of Statutory Auditors** which, borrowing an expression from the Stock Exchange Code, represents the head of the supervisory system. Together with the legal functions assigned to the Board of Statutory Auditors, until 5 May 2020 it also performed the functions of supervisory body, pursuant to Italian Legislative Decree no. 231/2001, for the purposes of corporate self-governance.

7. the Supervisory Body appointed by the Board of Directors on Council, administration on April 23, with effect from 5 May 2020, monitors the operation and compliance with the Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and their results. It is made up of four members, which also includes a member of the Board of Statutory Auditors and the head of the Audit function, as an internal member.

INWIT'S PEOPLE

In a competitive scenario, where business, technology and consumption models are constantly undergoing radical change, the transformation and change required to capture and meet market challenges must include the nurturing of employees and their professional growth.

At INWIT our core values include recognizing the key importance of people, respect for worker rights, ensuring occupational health and safety, and promoting equal opportunities and professional growth, in line with the Code of Ethics, which is based on the UN Global Compact.

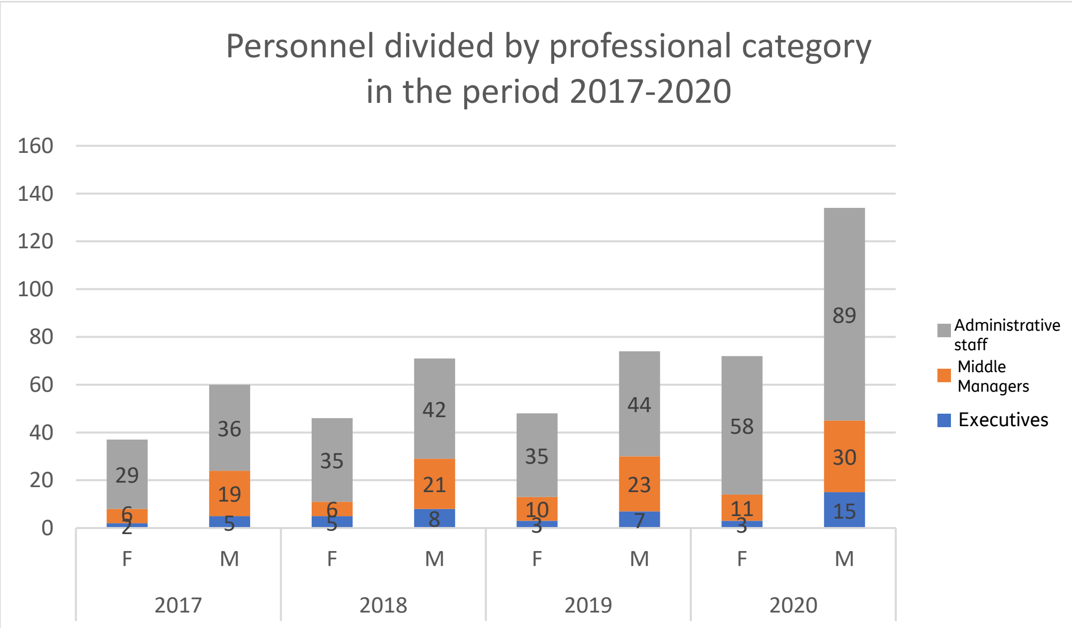
The management of labor relations in INWIT therefore aims to promote equal opportunities, professional development and enhancement human capital, with a view to sustainability of the business in the medium- to long-term.

WORKFORCE

There were 206 employees at December 31, 2020. They can be subdivided into their respective categories, as follows:

(units)	12/31/2020	12/31/2019
Executives	18	10
Middle Managers	41	33
Administrative staff	147	79
Total	**206**	**122**

The distribution of the workforce in gender terms is as follows:



The average entity of the workforce in the period in question was 182.62 employees (units), and can be sub-divided as follows:

average workforce	2020	2019
Executives	16.08	11.08
Middle Managers	39.08	31.17
Administrative staff	127.46	75.40
Total	**182.62**	**117.65**

In 2020, following the merger with Vodafone Towers, INWIT went through a period of major change, with the restructuring of its organization and processes. The workforce increased by 84 people (balance between 107 entries and 14 exits). Since the launch of the business (April 1, 2015), personnel numbers have increased by 147.

The increase in the workforce was attributable to two factors: on the one hand, the merger with Vodafone Towers (64 entries), and on the other hand the company hiring policy, implemented in accordance with the changes in the Company's qualitative and quantitative needs; the people hired, net of the entries following the merger, all rigorously selected based on the skills needed, came from both the TIM Group and Vodafone (15 hires) and the external market (28 hires). 16% of new hires were made to strengthen coverage in the staff functions and 84% (including the entries from Vodafone Towers) were made to improve technological and marketing processes in light of the new organizational structure and market scenario.

The growth in the workforce has been accompanied by a program of continuous training and skill development.

ORGANIZATION

In order to guarantee operations and the achievement of company targets, the Company has restructured its organizational model to cover the activities required for the management and development of the Company's business.

The following departments report to the CEO:

- **Administration, Finance & Control** which is responsible for planning and control processes, investment valuation, administration, accounting and finance, preparing the financial statements, fiscal obligations, relations with investors and the financial community, and risk management. It is also responsible for procurement and the management of business development initiatives.
- **Legal, Corporate Affairs & Compliance,** which protects the Company legally, by overseeing contractual matters and managing disputes and litigation. It is also responsible for corporate affairs and providing support to the Corporate Bodies, representing the company position on regulatory matters, managing relations with the Authorities and the Control Bodies of the financial markets, and monitoring compliance and data protection policies and models
- **Human Resources**, which assists the company units in reaching their objectives, by establishing and implementing people management, people development, education, rewards and "people caring" policies. It is also responsible for developing the

organizational models and workforce planning, in addition to monitoring industrial relations and internal communications.

- **External Relations & Communication**, which is responsible for defining and representing the company position to national and local bodies and institutions, in addition to drawing up the social and environmental sustainability plan and managing the related projects. It is also responsible for corporate communications to the media and on the web, brand development policies, and the organization of sponsorships and corporate events.

- **Marketing & Sales**, which – together with the relevant company functions – responsible for defining the offering and pricing for traditional hosting and backhauling services and for innovative services, such as microcellular coverage and the Internet of Things. It is also responsible for developing the go to market model, implementing backhauling routes for existing sites, marketing services and solutions, and post sales.

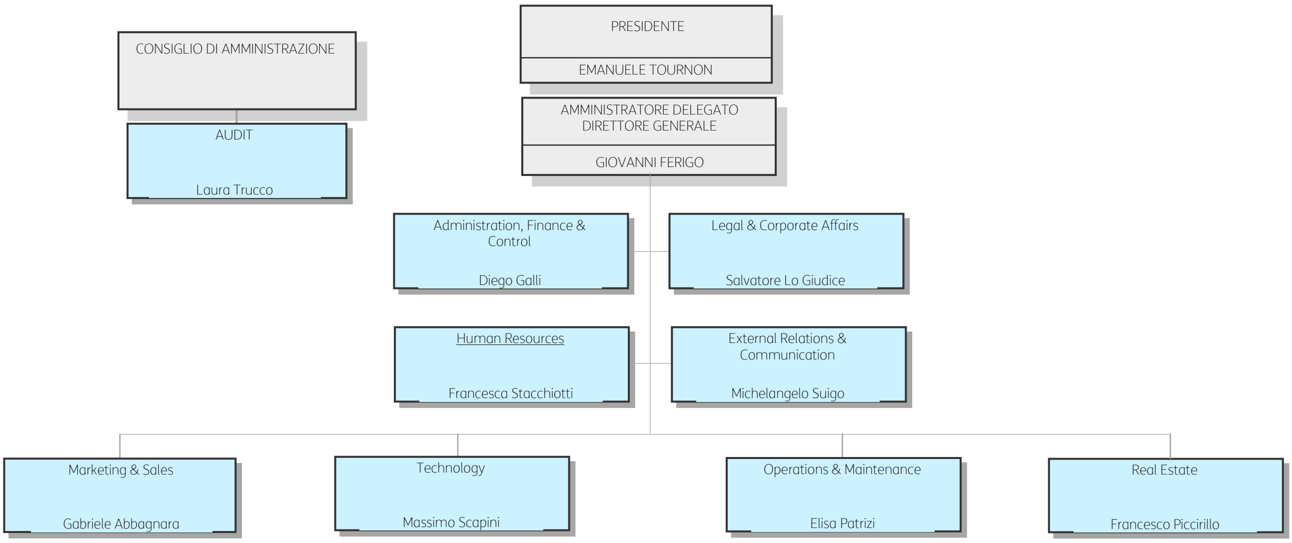
- **Technology Governance & MSA**, which is responsible for innovation, scouting and engineering of technology solutions, governance of physical infrastructure security and cyber security policies, and occupational health and safety. It is also responsible for developing and monitoring IT solutions, developing and managing energy management models, and the overall governance of the Master Service Agreements and Commitments, in order to ensure the monitoring of the technical and financial KPIs and compliance with the SLAs.

- **Operations & Maintenance,** which – together with the relevant company functions – is responsible for designing and constructing the macro-sites, including the related backhauling sections, and the micro-cellular coverage. It is also responsible for managing the maintenance process and supervising infrastructure, in addition to the operational management of the company production sites and assets.

- **Real Estate,** which – together with the relevant company functions – is responsible for the real estate market analysis for wireless infrastructure and supervising the processes of property management and search and acquisition of new sites, in addition to the negotiation/renegotiation of rents with landlords, also by liaising with real estate agencies and other specialist operators, in order to capture opportunities for rationalization in the real estate market and optimize the overall expenditure.

The **Audit** function, which reports to the Board of Directors, verifies the adequacy of the internal control and risk management system by preparing the audit plans and the performance and quality of the planned and required actions, producing the related reporting, and supervising the follow-ups for the monitoring of the implementation of the improvement plans

The organizational structure of INWIT is shown below (available at www.inwit.it).



ISO 9001:2015 CERTIFICATION

In support of the consolidation of business following the initial start-up period, in 2016 INWIT launched a project for the certification, in accordance with UNI EN ISO 9001:2015 standards, of the following process monitored by Marketing & and Technology Operations Functions "Supply of integrated services for hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting, and the associated activities of marketing, implementation and management of contracts entered into with customers and owners, routine and extraordinary maintenance, the construction of new sites and the disposal of existing sites".
The first Certification concluded positively in the first few months of 2017; during 2020, the required recertification checks by the Certifying Body were initiated and successfully concluded. Activities supporting improvement continued throughout the year.

TRAINING

In 2020, a total of 4,011 hours of training were provided, in digital form as result of the COVID-19 health agency, equivalent to an average of just over 19 hours per capita. The training activities involved substantially all of INWIT's personnel.

Training projects were implemented to facilitate the integration of new personnel. Specifically, following the merger with Vodafone Towers, the "Play Original" project was implemented, an extensive program of initiatives, spread throughout the year, dedicated to promoting and facilitating the integration process, accompanied by staff engagement and training initiatives to encourage internal socialization, the sharing of company objectives and challenges, and the development of a sense of common identity and knowledge of the digital tools and instruments.

MANAGEMENT TRAINING

During the year, approximately 1186 hours of managerial training were provided. All employees were involved in an engagement course.

SPECIALIZED TRAINING

During the year, approximately 800 hours of specialized training were provided to employees in digital form. The topics addressed - related to the relevant working areas - concerned, for example:

focus on mobile technologies; specific training on products used, provided by suppliers; digital skills and information systems.

LANGUAGE TRAINING

During the year, 200 hours of language training were provided, in blended and individual form, also through the online platform. All employees also had the opportunity to independently use the online platform to study English on the TIM Group Intranet site.

COMPENSATION

Remuneration policy is designed to help achieve business targets, promote the creation of value for shareholders, and constantly improve company performance. INWIT has established a remuneration system aligned to market best practice, strengthening the engagement of employees, and acknowledging their vital role and professional contribution.
At the managerial level, action has been taken in regard to the short-term variable remuneration system reserved for all heads of recognized organizational units, on the basis of the economic/financial targets and quantitative targets set out in the Business Plan. The 2020-2024 LTI Plan reserved for the CEO, Key Managers and other managers holding critical roles for the Company has been initiated.
In support of the achievement of the key operational and business targets – primarily consisting of a growth in revenue and the optimization of leasing costs – the initial canvassing has been carried out on the people in the teams working on the commercial and operations processes.

HEALTH AND SAFETY PROTECTION

The Company considers the continuous improvement in its health and safety performance to be a key priority, and a factor of vital importance for the safeguarding of the health and safety of its own employees and of other workers.
In 2020, training continued on specific issues related to health and safety in the workplace.

In response to the Covid19 emergency, INWIT adopted specific actions to protect its personnel. These included extensive use of remote working, provision of specific training on safety protocols to all employees, continuous sanitization of work environments, reorganization of workplaces to ensure social distancing and creation of an innovative app to regulate presences in the workplace, together with the activation of **healthcare cover** paid by the Company for all employees in the event of infection by **COVID-19**.

To further support for the protection of health of its personnel, INWIT launched a specific prevention campaign, on a voluntary basis, for the provision of **serological tests** and the flu vaccine throughout the country, in addition to ensuring regular screening through rapid swabs in the Rome office.

WELFARE

In 2020, INWIT again provided welfare initiatives for its employees, in the conviction that economic and social sustainability depends first and foremost on the respect and care shown for those who work for the Company.

The principal measures offered by INWIT during the course of 2020 were:

- partial reimbursement of daycare and preschool tuition costs;
- company loans;
- summer recreational activities in online mode for the children of employees;
- projects in the fields of sport, art, culture, entertainment and events
- confirmation and extension of remote working

2020 BROAD-BASED SHARE OWNERSHIP PLAN

In 2020, and for the first time, INWIT launched a Broad-Based Share Ownership Plan for all employees, aimed at encouraging their “active” participation in the Company’s results and creating a sense of shared identity. This opportunity, which 98% of INWIT’s people took up, consisted of an initial free allotment of 100 shares for each employee, and an option to purchase shares at a 10% discount on the market value, up to a maximum of 200 shares for each employee. Employees who have retained their free shares and purchased shares for the period of one year, subject to their continued status as employees, will be allotted free shares in the ratio of 1 bonus share for every 3 shares held. Around 80% of the employees chose to invest further in INWIT, taking advantage of the discounted purchase price, and 85% of the people who invested purchased the maximum lot of shares available.

OTHER MEASURES FOR THE BENEFIT OF EMPLOYEES

The services of ASSILT (Association for supplementary healthcare for TIM Group employees) were confirmed for all the employees also after the merger with Vodafone Towers and the consequent exit of INWIT from under the control of TIM S.p.A.. The association, which is financed by its member companies, member workers and member retirees, continued to provide non-profit supplementary services to members and beneficiaries, in addition to those provided by the National Health Service. Such supplementary services include joint (with public healthcare facilities) healthcare studies, surveys and actions, both group and individual, together with the promotion of health education projects, aimed at safeguarding the physical well-being and health of members.

The ASSIDA reimburses executive managers for supplementary healthcare services (i.e. in addition to those provided by the National Health Service).

TELEMACO is the National Supplementary Pension Fund for employees of companies in the telecommunications industry. It was established in 1998 in the form of a no-profit association, and has been operative since October 2000; the aim is to guarantee member employees the same standard of living at the moment they retire, thanks to the creation of a supplementary pension scheme in addition to the State one.
It is designed for the white-collar and blue-collar workers, and the management, of those companies that apply the national collective employment contract for the telecommunications industry, for full-time workers, apprentices and workers entering the labor market, as well as those persons dependent on employees who pay in to the Fund.

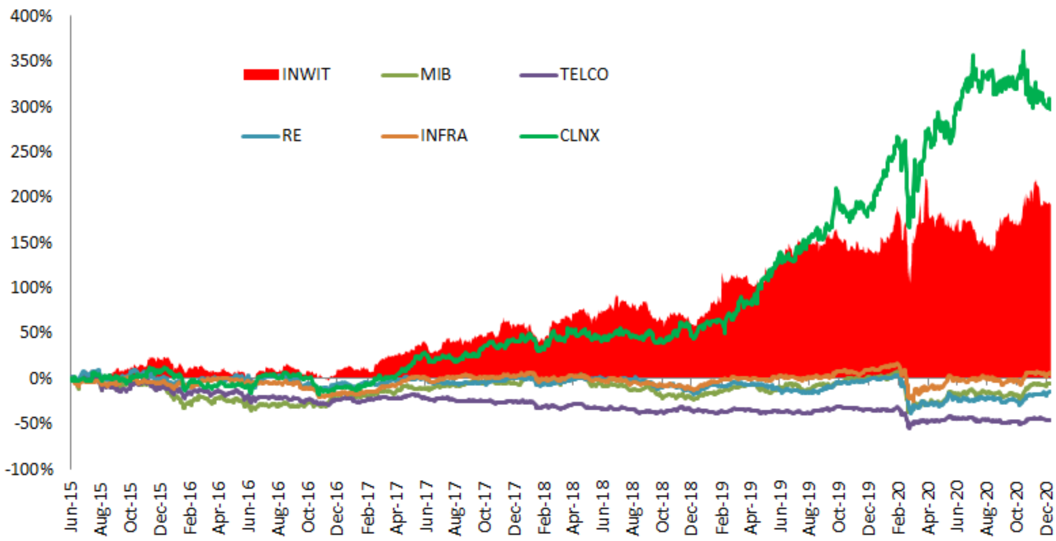
The CRALT (The TIM Group Employees’ Social Club), which INWIT continues to subscribe to after the merger, organizes trips and holidays, together with sporting, cultural and recreational events, for the employees of Companies in the TIM Group. The CRALT also enables members and their families to purchase goods and services at discounted prices/tariffs, with the benefit of paying for such in installments, through the stipulation of special agreements with the suppliers of such goods and services. In this regard, of particular note is the convention regarding, and the corresponding contribution towards the cost of, the school and university text books of members' children, which constitutes a valuable aid to families' spending capacity.

SOLIDARITY

At Christmas time, INWIT made a donation to the Save the Children Fund.

INFORMATION FOR INVESTORS

Following completion of the Global Offering, on June 22, 2015, INWIT shares were listed on the MTA of Borsa Italiana at a price of 3.65 euros per share.
The following chart shows the performance of the stock in the period comprised between the start of trading and December 31, 2020.

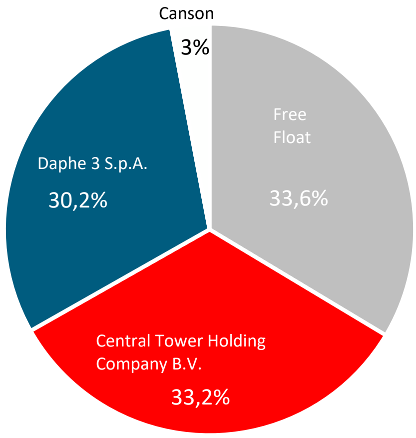


INWIT SHARE CAPITAL AT DECEMBER 31, 2020

Share capital	600,000,000 euros
Number of ordinary shares (without nominal value)	960,200,000
Market capitalization (based on average prices between 1/1/2020 and 31/12/2020)	8,833 million euros

SHAREHOLDERS

Shareholder structure at December 31, 2020:



It should be noted that on April 23, TIM and Vodafone Italia concluded an Accelerated Book Building transaction which resulted in the two shareholders each holding 33.173% of the share capital. Subsequently, on October 5, TIM and Ardian finalized an agreement (Daphne3), under which TIM controls 51% of the holding company, which in turn holds 30.2% of INWIT, while the consortium led by Ardian holds the remaining 49%.

On November 19, 2020, VOD EU signed the deed of transfer to Central Tower Holding Company B.V. (a Dutch registered company indirectly controlled by Vodafone Group Plc., like VOD EU, and therefore an Affiliate of VOD EU).

The remaining 3% of TIM's share capital was sold for 1.2% to a vehicle company supported by Canson with an option to purchase the remaining 1.8% (9.47 euros per share); this option was exercised on December 4, 2020.

TREASURY SHARES

INWIT owns 36,550 treasury shares which represent 0.006% of the share capital (purchased in 2020) for the 2020-2022 Long Term Incentive Plan and the 2020 Broad-Based Share Ownership Plan (bonus shares).

The cash outlay was 337 thousand euros and the shares were purchased at an average market value of 9.2212 euros per share.

The shares are deposited in a securities account held by Inwit S.p.A. with Intesa Sanpaolo S.p.A.

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On February 27, 2015 the Board of Directors of INWIT resolved to adopt the opt-out regime provided by article 70 paragraph 8 and article 71, paragraph 1-bis of Issuers' Regulation and exercised the option to waive the obligations to publish disclosure documents required under Annex 3B of the aforementioned Regulation in the event of significant transactions.

RELATED PARTY TRANSACTIONS

Pursuant to Article 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning "transactions with related parties" and to the subsequent Consob Resolution no. 17389/2010, in 2020 there were no transactions of major significance, as defined by Article 4, paragraph 1(a) of the aforementioned regulation, or any other transactions with related parties, that had any significant impact on the Company's financial position or results for the financial year 2020.

Related party transactions, when not dictated by specific laws, were usually conducted at arm's length; the transactions were subject to an internal procedure (available for consultation on the Company's website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.

The information on related parties required by Consob Communication DEM/6064293 of July 28, 2006 is presented in the financial statements and in the Note "Related Parties" to the individual Financial Statements at December 31, 2020.

ALTERNATIVE PERFORMANCE MEASURES

In this Management Report at December 31, 2020 of the INWIT Company, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the Company's trend of operations and financial condition. Such measures, which are also presented in other periodical financial reports (annual and interim) should, however, not be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA**: this financial indicator is used by the Company as a financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement to assess the Company's operating performance in addition to EBIT. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- **Net Financial Debt ESMA and Net Financial Debt INWIT**: the Net Financial Debt ESMA of the Company is calculated in accordance with the provisions of paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004, as shown below:

A Cash
B Other cash equivalents
C Securities held for trading
D Liquidity (A + B + C)
E Current financial receivables
F Current financial payables
G Current portion of financial payables (medium/long-term)
H Other current financial payables
I Current financial debt (F+G+H)
J Net current financial debt (I+D+E)
K Medium/long term financial payables
L Bonds issued
M Other non-current financial payables
N Non-Current financial debt (K+L+M)
O Net financial debt (J+N)

To monitor the performance of its financial position, INWIT also uses “INWIT net financial debt” as a financial indicator; it is defined as the ESMA net financial debt less receivables and non-current financial assets, where applicable.

ESMA net financial debt
Other financial receivables and non-current financial assets (*)
INWIT net financial debt

(*) This accounting item refers to loans granted to certain employees of the company.

- **Operating Free Cash Flow:** calculated as follows:

EBITDA
Capital expenditure
EBITDA - Capex
Change in trade receivables
Change in trade payables (*)
Other changes in operating receivables/payables
Change in provisions for employee benefits
Change in operating provisions and Other changes
Change in net operating working capital:
Operating free cash flow

(*) Except trade payables for investment activities.

Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2020

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

Contents

INDIVIDUAL FINANCIAL STATEMENTS OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. AT DECEMBER 31, 2020

STATEMENT OF FINANCIAL POSITION

Assets

(euros)	*Notes*	12/31/2020	*of which related parties*	12/31/2019	*of which related parties*
Assets					
Non-current assets					
Intangible assets					
Goodwill	5)	6,112,784,010		1,411,770,320	
Intangible assets with a finite useful life	6)	762,463,054		11,044,372	
Tangible assets					
Property, plant and equipment	7)	811,657,334		288,735,176	
Rights of use on third-party assets	8)	1,140,401,201		706,968,817	
Other non-current assets					
Non-current financial assets	9)	1,495,011		234,627	
Miscellaneous receivables and other non-current assets	11)	431,313		6,931,691	
Deferred tax assets	25)	-		1,939,437	
Total Non-current assets		8,829,231,923		2,427,624,440	
Current assets					
Trade and miscellaneous receivables and other current assets	11)	135,780,077	27,926,000	83,111,169	42,169,000
Financial receivables and other current financial assets	9)	208,211		15,116,738	15,009,000
Income tax receivables		-		1,200	
Cash and cash equivalents	12)	120,207,049		66,570,115	1,401,000
Total Current assets		256,195,337		164,799,222	
Total assets		9,085,427,260		2,592,423,662	

Equity and Liabilities

(euros)	Notes	12/31/2020	*of which related parties*	12/31/2019	*of which related parties*
Equity	13)				
Share capital issued		600,000,000		600,000,000	
Minus: treasury shares		(36,550)		(222,118)	
Share capital		599,963,450		599,777,882	
Share premium reserve		3,691,703,016		660,000,000	
Legal reserve		120,000,000		120,000,000	
Other reserves		(423,568)		(804,937)	
Retained earnings (losses) including earnings (losses) for the period		169,238,395		182,219,764	
Total Equity		4,580,481,293		1,561,192,709	
Liabilities					
Non-current liabilities					
Employee benefits	14)	2,643,217		1,791,179	
Deferred tax liabilities		277,390,058		-	
Provisions for Risks and Charges	15)	220,960,752		101,655,979	
Non-current financial liabilities	16)	3,661,949,701	123,410,000	670,404,592	117,922,000
Miscellaneous payables and other non-current liabilities	18)	1,511,333		9,615,610	8,206,000
Total Non-current liabilities		4,164,455,061		783,467,360	
Current liabilities					
Current financial liabilities	16)	171,670,146	17,954,000	123,660,756	20,949,000
Trade and miscellaneous payables and other current liabilities	18)	155,786,867	64,889,000	122,851,726	80,036,000
Provisions for Risks and Charges	15)	450,000		450,000	
Income tax payables		12,583,893		801,111	
Total current Liabilities		340,490,906		247,763,593	
Total liabilities		4,504,945,967		1,031,230,953	
Total Equity and Liabilities		9,085,427,260		2,592,423,662	

SEPARATE INCOME STATEMENT

(euros)	Notes	Financial Year 2020	*of which related parties*	Financial Year 2019	*of which related parties*
Revenues	19)	663,407,600	588,742,000	395,396,240	302,515,000
Acquisition of goods and services - Ordinary expenses	20)	(33,459,618)	(14,658,000)	(27,178,227)	(7,185,000)
Acquisition of goods and services - Charges associated with extraordinary transactions		(6,711,309)		(5,252,157)	
Employee benefits expenses - Ordinary expenses	21)	(18,176,946)	(2,061,000)	(10,573,445)	(1,419,000)
Employee benefits expenses - Restructuring and rationalization expenses		-		(573,460)	
Other operating expenses	22)	(1,278,532)		(2,043,189)	
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		603,781,194		349,775,762	
Amortization, gains/losses on disposals and impairment losses on non-current assets	23)	(313,081,410)		(130,023,422)	
Operating profit (loss) (EBIT)		290,699,784		219,752,340	
Financial income	24)	19,313		449,387	15,000
Financial expenses	24)	(69,778,556)	(2,572,000)	(24,621,178)	(2,012,000)
Profit (loss) before tax		220,940,540		195,580,549	
Income taxes	25)	(64,273,773)		(56,266,780)	
Profit for the period		156,666,767		139,313,769	
Basic and Diluted Earnings Per Share	26)	0.180		0.232	

STATEMENT OF COMPREHENSIVE INCOME

(euros)		Financial Year 2020	Financial Year 2019
Profit for the period	(a)	156,666,767	139,313,769
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(176,441)	(120,645)
Net fiscal impact		42,346	28,955
Total other items that will not subsequently be reclassified in the Separate Income Statement	(b)	(134,095)	(91,690)
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement	(c)	-	-
Total other items of the Statement of Comprehensive Income	(d=b+c)	(134,095)	(91,690)
Total Comprehensive income for the period	(e=a+d)	156,532,672	139,222,079

CHANGES IN EQUITY

Changes in equity from January 1, 2019 to December 31, 2019

(euros)	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	Total Equity
Amounts at January 1, 2019	599,777,882	(1,215,210)	660,000,000	289,742,634	1,548,305,306
Total Comprehensive income for the period	-	-	-	139,222,079	139,222,079
Dividends approved	-	-	-	(126,553,133)	(126,553,133)
Other changes	-	-	-	218,457	218,457
Values at December 31, 2019	599,777,882	(1,215,210)	660,000,000	302,630,037	1,561,192,709

Changes in equity from January 1, 2020 to December 31, 2020

(euros)	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2020	**599,777,882**	**(1,215,210)**	**660,000,000**	**302,630,037**	**1,561,192,709**
Total Comprehensive income for the period	-	-	-	156,532,672	156,532,672
Dividends approved	-	-	(527,072,984)	(169,648,136)	(696,721,120)
Merger	-	-	3,558,776,000	-	3,558,681,760
Other changes	185,568	913,591	-	(398,127)	795,272
Values at December 31, 2020	**599,963,450**	**(301,619)**	**3,691,703,016**	**289,116,446**	**4,580,481,293**

STATEMENT OF CASH FLOWS

(euros)		Financial Year 2020	Financial Year 2019
Cash flows from operating activities:			
Profit for the period		156,666,767	139,313,769
Adjustments for:			
Amortization, loses/gains on disposals and impairment losses on non-current assets		313,081,410	130,023,422
Net change in deferred tax assets and liabilities		(21,162,505)	771,236
Change in provisions for employee benefits		(623,963)	225,631
Change in trade receivables		76,343,608	(23,047,660)
Change in trade payables		(34,051,493)	20,140,282
Net change in miscellaneous receivables/payables and other assets/liabilities		(16,577,769)	20,546,000
Other non-monetary changes		12,954,999	16,854,609
Cash flows from operating activities	(a)	486,631,054	304,827,289
Cash flows from investing activities:			
Total purchases of tangible and intangible assets for the period and rights of use on third-party assets (*)		(209,815,344)	(210,823,000)
Change in amounts due to fixed asset suppliers		120,514,103	142,920,000
Total purchases of tangible and intangible assets and rights of use on third-party assets on a cash basis		(89,301,241)	(67,903,000)
Purchase of investments		(2,140,000,000)	-
Change in financial receivables and other financial assets		22,242,143	3,003,440
Other non-current changes		-	1,925,560
Cash flows used in investing activities	(b)	(2,207,059,098)	(62,974,000)
Cash flows from financing activities:			
Change in current and non-current financial liabilities		2,471,318,160	(152,855,000)
Treasury shares acquired		(532,063)	-
Dividends paid (*)		(696,721,120)	(126,553,133)
Cash flows used in financing activities	(c)	1,774,064,977	(279,408,133)
Aggregate cash flows	(d=a+b+c)	53,636,933	(37,554,844)
Net cash and cash equivalents at beginning of the period	(e)	66,570,115	104,124,959
Net cash and cash equivalents at end of the period	(f=d+e)	120,207,049	66,570,115

(*) of which related parties

(euros)	Financial Year 2020	Financial Year 2019
Total purchases of tangible and intangible assets and rights of use on TIM assets	34,130,000	18,409,000
Total purchases of tangible and intangible assets and rights of use on Vodafone Italia assets	146,000	-
Dividends paid TIM	255,860,303	76,002,200
Dividends paid Vodafone Italia	255,860,303	-

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Statement of cash flows). For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in 2020.

NOTE 1 - FORM, CONTENT, AND OTHER GENERAL INFORMATION

FORM AND CONTENT

These Financial Statements of Infrastrutture Wireless Italiane S.p.A. ("**INWIT**" or the "**Company**") for the period from January 1, 2020 to December 31, 2020 (the "**Individual Financial Statements at December 31, 2020**") were prepared on a going concern basis (for more details, refer to Note 2 "Accounting Policies" below) and in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union ("IFRS"), as well as the laws and regulations in force in Italy (in particular, the provisions issued in implementation of Article 9 of Legislative Decree No. 38 of February 28, 2005).

INWIT was incorporated on January 14, 2015 and, following the merger by incorporation of Vodafone Towers srl ("**VOD Towers**") is jointly controlled by TIM S.p.A. ("**TIM**"), which directly or indirectly holds a 32.0% stake in the Company, and Vodafone Europe BV, which holds a 33.2% stake in the Company. INWIT is domiciled in Italy, with its registered office at via Gaetano Negri 1, Milan, and is organized according to the laws of the Italian Republic.

The figures at December 31, 2020 are compared with the figures from the statement of financial position at December 31, 2019; The figures from the separate income statement and from the statement of comprehensive income are compared with the figures for the corresponding periods of the previous financial year. The statements of cash flows and of changes in equity are compared with those for the corresponding periods of the previous financial year.

It should be noted that the figures as at December 31, 2019, as shown in the Financial Statements, do not include the economic and equity elements of Vodafone Towers S.r.l., which was subsequently merged into the Company. The figures as at December 31, 2020 comprise the data relating to the Company following this merger with Vodafone Towers S.r.l., which took place in March 2020.

The Company's financial year-end is December 31.

The Financial Statements at December 31, 2020 were prepared in accordance with the general cost principle, except for the initial entering of financial assets and liabilities for which the application of the fair value principle is compulsory; also, they were prepared in euro. The values expressed in the notes to these financial statements are expressed in thousands of euro, unless otherwise indicated.

Publication of the Financial Statements at December 31, 2020 was approved by the Board of Directors' meeting on March 4, 2021.

However, final approval of the Infrastrutture Wireless Italiane S.p.A. individual financial statements rests with the shareholders' meeting.

FINANCIAL STATEMENT STRUCTURE

The structure of the Financial Statements is in keeping with that provided for by IAS 1; Specifically:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current and non-current" principle;
- the separate Income Statement has been prepared by classifying operating costs according to their nature, in that this method of reporting is deemed better capable of representing the Company's specific business, complies with internal reporting methods, and is in line with practices in the industrial sector in question.
- The Separate income statement includes, in addition to EBIT (Operating Earnings), the alternative performance indicator called EBITDA (operating earnings before amortization, depreciation, gains/(losses), and Impairment reversals (losses) on non-current assets).
- Specifically, the Company utilizes EBITDA, in addition to EBIT, as a financial target in internal presentations (business plans) and external presentations (to analysts and investors); the indicator represents a useful unit of measurement for the evaluation of INWIT's operating performance.

EBIT and EBITDA are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
+/-	Expenses (income) from investments
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- the Statement of Comprehensive Income includes, besides the profits (losses) for the year, as per the separate income statement, the other changes in Equity other than those connected to transactions with Shareholders;
- the statement of cash flows was prepared by showing the cash flows deriving from operating activities in accordance with the "indirect method", as allowed by the IAS 7 (Statement of financial position).

Furthermore, as required by CONSOB resolution no. 15519 of July 27, 2006, in the case of the separate income statement, income and expenses deriving from transactions which by their very nature do not regularly occur during normal business transactions (non-recurring transactions), are specifically identified and the corresponding effects on the main interim results are reported separately when of a significant entity. Specifically, non-recurrent expenses/income include, for example: income/expenses deriving from the sale of property, plant and equipment, business units and equity investments; expenses deriving from corporate reorganization and rationalization processes/projects, including those connected to corporate transactions (mergers, demergers, etc.); expenses resulting from litigation and regulatory penalties, and to related liabilities; other provisions for risks and charges, and the corresponding write-offs; expenses for the settlement of disputes; impairment losses on goodwill and/or other intangible and tangible assets.

In regard, once again, to the aforementioned CONSOB resolution, the amounts of positions or transactions with related parties have been reported separately.

SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed periodically by the top operating level of the entity (the Board of Directors for INWIT) in order to adopt decisions concerning the resources to be allocated and to assess the results; and
- for which discrete financial information is available.

The Company has identified only one operating segment (which also represents the level at which the goodwill is monitored by management and will be tested for impairment). Specifically, the management information note prepared and made available to the Board of Directors for the aforementioned purposes considers the business activity carried out by INWIT as a distinct entity; therefore, the financial statements do not contain any segment reporting. The geographical area coincides almost entirely with the territory of Italy.

NOTE 2 - ACCOUNTING POLICIES

The main accounting policies and the most significant valuation criteria utilized to write these Financial statements are described briefly hereafter.

GOING CONCERN

The individual Financial Statements at December 31, 2020 have been prepared on a going concern basis as there is the reasonable expectation that the Group will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

INTANGIBLE ASSETS

Intangible assets are constituted by identifiable non-monetary items devoid of physical being, that are controllable and are designed to produce future economic benefits. Such items are initially reported at purchase and/or production cost, inclusive of those directly attributable costs incurred in preparing the asset for use. Any financial expenses directly imputable to the acquisition, construction or production of an intangible asset requiring a prolonged period of time before it is ready for its intended use, or for sale, must be capitalized. Specifically, within the Company the following intangible assets may be identified:

Goodwill

Pursuant to IFRS 3 (Business Combinations), goodwill is recognized in the separate financial statements at the acquisition date (also through merger or contribution) of companies or business units and is determined as the difference between the consideration paid (measured according to IFRS 3 which is generally determined on the basis of fair value at the acquisition date) and the fair value at the acquisition date of identifiable assets acquired net of identifiable liabilities assumed.
Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life, while any "gain deriving from a purchase at favorable prices (or negative goodwill)" is recorded in the separate income statement.

Intangible assets with a finite useful life

Intangible assets with a finite useful life, acquired or produced internally, are recorded as assets, in accordance with the provisions of IAS 38 (Intangible Assets), when it is likely that the use of the asset in question will generate future economic benefits, and when the cost of the asset may be calculated in a reliable way.
These assets are recorded at purchase or production cost, and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.

TANGIBLE ASSETS

Owned property, plant and equipment are recorded at the cost of purchase or production. Those costs borne subsequent to purchase, are only capitalized if they result in an increase in the future economic benefits inherent in the good to which they refer. All other costs are posted in the separate income statement as they arise.
The cost of assets also includes the costs of disposal of the asset and of the restoration of the site when there is a legal or implied obligation to do so. The corresponding liability is recognized in a provision recognized under provisions for risks and charges at current value; the imputation to the separate income statement of the capitalized charge, takes place during the course of the useful life of the corresponding tangible assets, by means of the amortization of such assets.
The redetermination of the estimates of demolition costs, of time-discounting rates, and of the dates on which these costs are expected to be borne, is carried out annually at each balance sheet date. The variations in the aforementioned liabilities must be recognized as an increase or a reduction in the cost of the corresponding asset; the amount deducted from the value of an asset must not exceed the book value of that asset. Any excess is immediately recorded in the separate income statement, by agreement, under Amortization and Depreciation.
Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. The amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.
Land, including that related to buildings, is not depreciated.

RIGHT-OF-USE ASSETS

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the statement of financial position at the present value of future lease payments, against the recognition of a right-of-use asset of the leased asset.
On the commencement date of the lease, the right-of-use asset is recognized at cost, including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred in negotiating the lease and the present value of the estimated restoration or dismantling costs set out in the lease, less any incentives.

Future contractual lease payments are discounted using the implicit interest rate of the related contract. When the rate cannot be easily and reliably determined, the Company's incremental debt rate is used at the time the lease contract is initially recognized.

After initial recognition:

- the right-of-use is amortized on a straight-line basis over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability;
- the financial liability increases for interest set aside in each period and decreases for payments made. Lease payments are then divided into a repayment of the liability component and an interest component. The interest component is recognized as a financial cost over the entire lease term and is determined on the basis of the effective interest rate method. In addition, the book value of the financial liability must be revalued to reflect any changes in the initial lease term, or to reflect subsequent changes in the amount of the contractual payments, resulting in a corresponding change in the related right of use.

REDUCTION IN THE VALUE OF INTANGIBLE AND TANGIBLE ASSETS

Goodwill

As previously indicated, goodwill is subject to an Impairment Test yearly, or more frequently if there are signs that the value of said goodwill may have fallen. The Impairment Test is conducted in regard to each unit generating cash flows ("***Cash Generating Units***", "***CGU***") to which goodwill has been assigned. Any reduction in value of goodwill is recorded if the recoverable amount of such is lower than its book value. Recoverable amount means the greater of the following two amounts: the fair value of the CGU, net of disposal costs, and the corresponding use value, meaning the current value of the estimated cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the event that the reduction in value resulting from the impairment test is greater than the goodwill value allocated to the CGU, the remaining excess shall be allocated to the assets comprising the CGU in proportion to their book value. The minimum amount of said allocation shall be the highest of the following:

- the fair value of the asset net of selling costs;
- the use value as defined above;
- zero.

the original value of goodwill cannot be restored if the grounds for its reduction no longer exist.

Tangible and intangible assets with finite useful lives and right-of-use assets

At each reporting date, a test is carried out to ascertain whether there are any signs that the value of the tangible and intangible assets with a finite useful life has declined. To this end, both internal and external sources of information are taken into consideration. As regards the former (internal sources), the following factors are considered: the obsolescence or wear and tear of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to expectations. As regards external sources, the following factors are considered: the market price trend of the assets, any technological, market or regulatory changes, market interest rate trends or trends in the cost of capital used to appraise investments.

Should the presence of such indicators be identified, the recoverable amount of the aforesaid assets shall be estimated, and any depreciation compared to their book value shall be entered in the income statement. The recoverable amount of an asset is represented by the greater of the following two amounts: its fair value, net of ancillary costs of sale, and the corresponding use value, meaning the current value of the estimated future cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the case of an asset that does not generate separate cash flows, the recoverable amount is calculated in relation to the Cash Generating Unit to which said asset belongs.

A loss in value is recorded in the income statement if the book value of the asset, or of the corresponding CGU to which the asset is allocated, is greater than its recoverable amount. Reductions in the value of a CGU are imputed, firstly, to a reduction in the book value of any goodwill assigned to said CGU, and thus to the reduction in the value of the other assets, in proportion to their book value and within the limits of the corresponding recoverable amount. If the grounds for a previous write-down no longer exist, then the book value of the asset is restored, and this is recorded in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been performed, and the corresponding amortization had been carried out.

FINANCIAL INSTRUMENTS

Receivables and loans

The receivables and loans included among both the current assets and the non-current assets are initially recorded at fair value and subsequently valued at amortized cost.

Cash and cash equivalents

Cash and cash equivalents are recorded at either book value or at amortized cost, depending on their nature. Cash and cash equivalents represent short-term, highly liquid financial assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, the original maturity of which, at the time they were acquired, is no more than 3 months.

Change in the value of financial assets

At each reporting date, tests are carried out to ascertain whether there is any objective evidence that the value of a financial asset or group of assets has declined. If objective evidence of such exists, the reduction in value is recorded in the separate income statement for financial assets valued at cost or amortized cost.

Financial liabilities

Financial liabilities include financial debts and other financial liabilities. In accordance with IFRS 9, they also include trade and other payables. Financial liabilities are initially recorded at fair value and are subsequently recorded at amortized cost.

EMPLOYEE BENEFITS

Provision for employee severance indemnities (TFR - *Fondo per il Trattamento di Fine Rapporto*)

The provision for severance indemnities due to employees under Article 2120 of the Italian Civil Code ("TFR"), falls within the employee defined benefit plans. In such plans, the amount of the benefit to be paid to the employee can only be quantified after termination of that employee's employment, and is linked to one or more factors, such as age, years of service and salary; thus the corresponding charge is determined by means of an actuarial calculation. The liability recorded in the financial statements for fixed benefit plans corresponds to the current value of the liability at the date of the financial statements. Liabilities for fixed benefit plans are calculated annually by an independent actuary, using the projected unit credit method. The actuarial gains and losses deriving from the changes in the actuarial assumptions are recognized in the statement of comprehensive income.

As of January 1, 2007, the 2007 Finance Act and the corresponding implementing decrees, have introduced important changes to the way TFR is regulated, including the employee's choice of use of his/her own TFR as it falls due. Specifically, the new flows of TFR may be directed by the employee toward selected forms of pension plan, or may be kept in the company. In the event that the employee decides to assign TFR to independent pension schemes, the company is only bound to make a contribution to the chosen pension fund, and starting from that date, the newly matured quotas shall take the form of fixed contribution plans not subject to actuarial assessment.

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

Employee stock option plans are recorded in accordance with IFRS 2 (Share-based payments). The value of the bonus shares, that are to be assigned to those employees participating in the stock option plan, is recorded in the separate income statement, with an equity provision as an offsetting entry.

PROVISIONS FOR RISKS AND CHARGES

The Company records provisions for risks and charges when, in the presence of a current liability, either legal or implied, to third parties as the result of a past event, it is probable that funds will have to be used to meet the liability, and a reliable estimate of the entity of the liability itself will be called for when possible.
When the financial effect of the passing of time is significant, the payment dates of the liabilities are reliably estimable, the allocation is determined by time-discounting the expected cash flows calculated bearing in mind the risks associated with the liability; the increase in the provision related to the passage of time is reported in the separate income statement under "Financial expenses".

TREASURY SHARES

Treasury shares are recognized as a deduction from equity. In particular, the treasury shares are reported as a deduction from the share capital issued in the amount corresponding to the "accounting par value", that is the ratio of total share capital and the number of issued shares, while the excess cost of acquisition over the accounting par value is presented as a deduction from "Other reserves and retained earnings (accumulated losses), including profit (loss) for the year".

REVENUES

Revenues represent the gross flows of economic benefits for the financial period, deriving from ordinary operations. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes, are not economic benefits enjoyed by the Company, and do not result in an increase in equity. For this reason they are not included in Revenues. Revenues are only recorded when it is likely that the Company will receive economic benefits, and the entity of such benefits can be reliably calculated; they are represented net of discounts, allowances and returns.
In those cases when the Company acts as agent, or when the risks and benefits of a transaction are essentially borne by a third party, the revenues are recorded net of the corresponding share collected on behalf of the third party.

RECOGNITION OF COSTS

Costs are recorded in the income statement on an accrual basis.

The rental installments relating to operating leasing agreements, or those leases where the lessor essentially bears all the risks and receives all the benefits associated with ownership of the property, are recorded in the separate income statement on a straight-line basis during the years of the leasing agreement's duration.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method.

DIVIDENDS

Dividends payable to third parties are reported as a change in equity in the year in which they are approved by the shareholders' meeting.

TAXES

Income taxes include the taxes calculated on the Company's taxable income. Deferred taxes are recorded according to the (balance sheet liability method). They are calculated on all temporary differences that emerge between the tax base of assets and liabilities, and the corresponding book values recorded in the individual financial statements. Deferred tax assets resulting from unused tax losses that may be carried over, are recorded insofar as future taxable income is foreseeable against which such losses may be recovered. Tax assets and liabilities are offset separately for current taxes and deferred taxes, when incomes taxes are levied by the same tax authority, and there is legal entitlement to offsetting. Deferred tax assets and liabilities are calculated by adopting the tax rates that are foreseen to be applicable in the financial years in which the temporary differences cancel each other out.
The other taxes unrelated to income are included under "Other operating expenses".

USE OF ACCOUNTING ESTIMATES

The preparation of the separate financial statements and related notes, in accordance with the IFRS, requires company management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could thus differ, even significantly, from such estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates, entailing a considerable use of subjective views and assumptions, are set out below.

Financial statement area	Accounting estimates
Reduction in value of goodwill	Verification of the reduction in value of goodwill is performed by comparing the book value of the cash generating units and their recoverable value; the later value is represented by the greater of fair value less sale costs, and the use value of the same unit. This complex evaluation process implies, among other things, the use of methods such as discounted cash flow with the related assumptions on the estimate of cash flows. The recoverable value depends significantly on the discount rate used in the time-discounted cash flows model, on the expected future cash flows, and on the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable value for the various cash-generating units, including a sensitivity analysis, are detailed in the Note “Goodwill”.
Reduction in value of tangible and intangible assets with finite useful lives and right-of-use assets	At the end of each reporting period, the company assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or its right-of-use – may be impaired. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset requires the Company’s Management to make significant estimates and assumptions concerning the determination of the discount rate to be applied, the useful life and the residual value of the assets. These estimates can have a significant impact on the fair value of the assets and on the amount of any write-downs.
Lease liabilities and right-of-use assets	The value of the lease liability and the corresponding right of use is determined by calculating the present value of lease payments and is influenced by various estimates, including principally the estimate of lease term and the discount rate of the related payments. To this end, the management considers all facts and circumstances that create an economic incentive to exercise renewal options or not to exercise termination options. Periods covered by renewal or termination options are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated). The lease term is revalued if an option is actually exercised (or not exercised). The measurement of reasonable certainty is reviewed if a significant event or significant change in circumstances occurs, which affects this measurement, and which is under the control of the lessee. Lease liability is also estimated on a portfolio basis for leases of a similar nature and for which the result of applying the portfolio approach is expected to be very similar to a lease by lease approach. The use of these estimates is subject to potential future changes based on the actual evolution of some dynamics that may influence management estimates.
Capitalization / deferral of costs	The process of capitalization / deferral of internal and external costs is characterized by certain estimation / evaluation elements; in particular, the evaluation of: i) probability that the amount of capitalized costs will be recovered through the related future revenues; and ii) effective increase in future economic benefits inherent in the asset to which they refer.
Bad debt provision	Impairment on trade receivables and on the contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions.
Amortization and depreciation	Changes in the economic conditions of the markets, technology and the competitive scenario could significantly affect the useful life of non-current tangible and intangible assets and may result in a difference in the timing of the amortization process and therefore in the amount of depreciation costs.
Appropriations, potential liabilities and employee provisions	As far as regards provisions related to the fund for recovery costs, the estimate of the future cost of dismantling the asset and restoring the Site, is a complex process requiring the evaluation of the liabilities deriving from dismantling and restoration obligations that are often not fully specified by law, administrative regulations or contractual clauses, and that in general are to be met over the course of several years. The accruals related to legal, arbitration and fiscal disputes as well as regulatory proceedings are the result of a complex estimation process based upon the probability of an unfavorable outcome. Allocations related to employee provisions, and in particular the provision for employee severance indemnities, are determined on the basis of actuarial assumptions. Changes in those actuarial assumptions could have significant effects on these provisions.
Revenues	The recognition of revenues is influenced by estimates of the amount of discounts, rebates and returns to be reported as a direct adjustment to revenues, as well as the methods for defining individual product or service stand alone selling prices and for determining the duration of the contract when there are renewal options.

Income taxes (current and deferred)	Income taxes (current and deferred) are determined according to a prudent interpretation of the tax regulations in force. This process sometimes involves complex estimates in determining taxable income and temporary deductible and taxable differences between accounting and tax values. In particular, deferred tax assets are recognized insofar as future taxable income is foreseeable against which such losses may be recovered. The assessment of the recoverability of deferred tax assets, recognized in relation both to tax losses that may be used in subsequent years and to temporary deductible differences, takes into account the estimate of future taxable income and is based on prudent tax planning.

NEW STANDARDS AND INTERPRETATIONS INCORPORATED BY THE EU AND IN EFFECT SINCE JANUARY 1, 2020

Pursuant to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in effect since January 1, 2020 are indicated and briefly described hereafter.

Amendments to IFRS 9, Financial instruments, IAS 39, Financial instruments: recognition and measurement and IFRS 7, Financial instruments: additional information - Reform of the reference indices for the determination of interest rates

On January 15, 2020, Regulation (EU) 2020/34 was issued implementing several amendments at EU level to IFRS 9 - Financial instruments, IAS 39 - Financial instruments: recognition and measurement and IFRS 7 - Financial instruments: additional information.
The changes relate to some specific hedge accounting requirements and are aimed at providing an advantage in relation to the potential effects of the uncertainty caused by the reform of the Interbank offered rates (IBOR).
In addition, the changes require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.
These changes must be applied from January 1, 2020.

Amendments to the references to the "Conceptual Framework" in the IFRS

On November 29, 2019, Regulation (EU) 2019/2075 was issued which implemented the revised version of the Conceptual Framework for Financial Reporting at EU level. The main changes compared to the 2010 version relate to:

- a new chapter on measurement;
- better definitions and guidance, in particular with reference to defining liabilities;
- clarifications of important concepts, such as stewardship, prudence and uncertainty in measurements.

A document was also published updating references in IFRS to the previous Conceptual Framework.
These changes must be applied from January 1, 2020.

Amendments to IAS 1 and IAS 8 (Definition of Material)

On November 29, 2019, Regulation (EU) 2019/2104 was issued which incorporated some amendments to IAS 1 (Presentation of the financial statements) and to IAS 8 (Accounting policies, changes in accounting estimates and errors).
These amendments clarify the definition of "materiality" and align the definition used in the "Conceptual Framework" with that used in the individual IFRSs. The definition of "materiality" as revised by the changes in question is as follows: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of a specific reporting entity's general purpose financial statements make on the basis of those financial statements."
The amendments in question come into force on January 1, 2020.

Amendments to IFRS 3 (Business Combinations)

In October 2018, the IASB published some amendments to IFRS 3 (Business combinations). These amendments concern the definition of "business" and help entities determine whether an acquisition made is a "business" or a group of activities.
According to the new definition, a "business" is: "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The amendments also clarify that, to be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create output".
The amendments in question come into force on January 1, 2020.
The adoption of these amendments/interpretations, with the exception of the IFRS 16 accounting principle, did not affect the Financial Statements as at December 31, 2020.

Amendments to IFRS 16 - Leases Covid-19-Related Rent Concessions

In May 2020, the IASB published some amendments to IFRS 16 through Covid-19-Related Rent Concessions.
The amendment permits lessee not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment has no impact on landlords.
The amendments in question come into force on January 1, 2021. However, early adoption is permitted from June 1, 2020.

The Covid-19 related amendments to IFRS 16 Leases have not significantly affected the Financial Statements as at December 31, 2020, and no significant consequences are anticipated in the coming years.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

As at the date of these Financial Statements, the following new Standards/Interpretations have been issued by the IASB, but are not yet applicable.

Amendments to IAS 1 Presentation of the financial statements: classification of liabilities as current or non-current

In January 2020, the IASB issued some limited amendments to IAS 1 to clarify that liabilities are classified as current or non-current, depending on the rights existing at the end of the year. The amendment clarifies that:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. In other words, liabilities are classified as non-current if the entity has a substantial right to defer payment for at least 12 months at the end of the year;
- the classification is not influenced by expectations on whether an entity will exercise its right to defer the payment of a liability, in other words, management expectations do not affect the classification; and
- the payment/settlement refers to the transfer of liquidity, equity instruments, other assets or services to the counterparty.

These amendments must initially be applied retrospectively in accordance with IAS 8 for financial years starting from January 1, 2022. In light of the Covid-19 pandemic, the IASB issued an Exposure Draft proposing to postpone the effective date by one year to January 1, 2023.
Early application is allowed. If an entity applies these changes from a previous period, it must disclose that fact.
Any impacts on the Company's financial statements are currently being assessed.

Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements (2018-2020)

The set of amendments includes limited changes to three standards, as well as the Annual Improvements, in particular:

- The amendments to IFRS 3 - Business Combinations update an IFRS 3 reference to the *Conceptual Framework for Financial Reporting* without changing the accounting requirements for business combinations;
- The amendments to IAS 16 - Property, Plant and Equipment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while preparing the asset for the intended use. The company will recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss;
- The amendments to IAS 37 - Provisions, Liabilities and Contingent Assets specify which costs should be included when assessing whether a contract is onerous;
- The Annual Improvements make minor amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture, and the illustrative examples accompanying IFRS 16 - Leases.

The amendments in question come into force on January 1, 2022.

NOTE 3 - FINANCIAL RISK MANAGEMENT AND COVID-19 IMPACTS

During its everyday operations, the Company may be exposed to the following financial risks:

- market risk: deriving from exposure to the fluctuation of rates, linked to the financial assets generated and to the financial liabilities assumed;
- credit risk: representing the risk of non-fulfillment of obligations undertaken by the counterparty with regard to the Company's liquidity investments;
- liquidity risk: connected with the need to meet short-term financial commitments.

MARKET RISK

The market risk consists in the possibility that changes of the interest and exchange rates or of the rating of the counterparts with which liquidity is utilized, could impact negatively on the value of the assets, liabilities, or expected cash flows.

Interest rate risk

The Company's fixed-interest financial payables at December 31, 2020 refer to the 1 billion euros nominal corporate bond issued in July 2020, the 750 million euros corporate bond issued in October 2020 and the 40 million euros bank debt under the loan agreement entered into with Banca Popolare di Sondrio.

On the other hand, the zero-floor EURIBOR-indexed variable-rate component refers to the loan taken out in December 2019 with a syndicate of banks to acquire the investment in Vodafone Towers. At December 31, 2020, this component had a nominal value of 1,000 million euros.

In view of the foregoing, the Company did not deem it necessary to take out interest rate hedging derivatives.

Exchange rate risk

The Company operates exclusively in euro; therefore, it is not exposed to exchange rate risk.

CREDIT RISK

The Company's exposure to credit risk consists of the potential losses that could derive from the failure of the counterparts, both commercial and financial, to fulfill the obligations undertaken. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The maximum theoretical exposure of the Company to credit risk is the book value of the financial assets and trade receivables recorded in the financial statements.

The Company's main clients are TIM and Vodafone, which generated total revenues of 588,742 thousand euros during the reference period, which is equal to 88.7% of the total revenues at December 31, 2020. The other customers of the Company are the leading national mobile operators with which the Company has entered into multi-year contracts to provide hosting services.

Therefore, the Company is exposed to the risk of concentration of revenues and to credit risk arising from the possibility that its commercial counterparts are not capable or able to meet their obligations. The possible default by one of its commercial counterparts could involve negative effects on the income, balance sheet, and financial situation of the Company. With regard to counterparty risk, formalized procedures to valuate and assess the reliability of commercial partners are adopted to manage the credit.

LIQUIDITY RISK

To meet its liquidity needs, the Company has a 500 million euros revolving credit line (RCF) taken out in December 2019 by a pool of national and international banks and maturing in April 2025. This credit line is to be used to support working capital and for general cashflow needs. As at December 31, 2020, this line was completely undrawn.

COVID-19 IMPACTS

The COVID-19 health emergency has led to a contraction of the economy, with potentially negative effects on the Company's earnings, cash flows and financial position. The rapid spread of COVID-19 since March 2020 and the consequent public health emergency continue to generate uncertainty about economic prospects both in Italy and globally.

The Company has mapped out the risks associated with COVID-19, its potential impact and the probability of these risks occurring.

The potential impact risks to the Company's business can be summarized as follows:

- negative impacts on short-term prospects in revenue and profit margin trends for some types of services offered, with particular reference to services related to connectivity with the economic sectors most affected by the pandemic;
- delays in the provision of services by the Company's strategic suppliers (e.g. maintenance or construction of new sites), permits from various public administrations, orders from customers;
- increase in data traffic on the mobile networks of the Company's main customers, which could require mobile telephone operators to invest more heavily in network capacity and coverage, leading to a greater financial commitment by network operators;

Following an overall assessment of the potential risks indicated above, it is believed that the impacts on the current or future results of the Company are not significant. A similar conclusion can be reached in relation to the market, credit and liquidity risks described in the paragraphs above.

It should also be noted that the ongoing pandemic has resulted in a general acceleration of digitization processes and a significant increase in data traffic on the networks of the Company's main customers, which translates to favorable dynamics in demand for the services offered by the Company.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

For the purpose of providing information to allow a comparison between the book value and fair value of the financial instruments (required by IFRS 7), it is pointed out that the following assumptions were made to determine the fair value:

- for variable-rate loans: the nominal repayment amount has been assumed;
- for trade payables and receivables and for current financial assets and liabilities, it is believed that their book value is a reasonable approximation of their fair value.

The table below shows the assets and liabilities at December 31, 2020 on the basis of the categories contained in IFRS 9.

Carrying amount for each IFRS 9 class of financial asset/liability at December 31, 2020

(thousands of euros)		12/31/2020	Amounts recorded in the financial statements pursuant to IFRS 9			
			Amortized cost	*Cost*	*Fair value recognized in equity*	*Fair value recognized in the income statement*
ASSETS						
Non-current assets						
Non-current financial assets						
of which loans and receivables		1,495	1,495			
	(a)	1,495	1,495			
Current assets						
Trade and miscellaneous receivables and other current assets						
of which loans and receivables		126,295	126,295			
Financial receivables and other current financial assets						
of which loans and receivables		208	208			
Cash and cash equivalents		120,207	120,207			
	(b)	246,710	246,710			
Total	(a+b)	248,205	248,205			
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities						
of which liabilities at amortized cost		3,661,950	3,661,950			
	(c)	3,661,950	3,661,950			
Current liabilities						
Current financial liabilities						
of which liabilities at amortized cost		171,670	171,670			
Trade and miscellaneous payables and other current liabilities						
of which liabilities at amortized cost		134,150	134,150			
	(d)	305,820	305,820			
Total	(c+d)	3,967,770	3,967,770			

NOTE 4 – BUSINESS COMBINATIONS

MERGER BY INCORPORATION OF VODAFONE TOWERS SRL

On March 31, 2020, the acquisition, by merger by incorporation, of VOD Towers Srl, the company that holds the Italian tower and passive infrastructure branch of the Vodafone group, was completed for a total consideration of 5,698,682 thousand euros, of which 2,140,000 thousand euros paid in cash for the purchase of 43.4% of the share capital of VOD Towers and 3,558,682 thousand euros through the issue of 360,200,000 new INWIT ordinary shares, valued at the market price on the date of the exchange, March 31, 2020 (hereinafter the "**Acquisition Date**"). The new shares are listed on the MTA organized and managed by Borsa Italiana.

The transaction is part of the strategy that INWIT is pursuing in Italy: continuously improving its earning profile and strengthening its market leadership.

The purchase of the minority shareholding and the subsequent merger by incorporation of VOD Towers into Inwit were treated in the accounts as a single business combination transaction, whose accounting method is governed by IFRS 3.

As required by IFRS 3, the Company determined the fair value on the Acquisition Date:

- of the consideration for the acquisition, including the equity instruments issued (hereinafter the "**Acquisition Consideration**");
- of the identifiable assets acquired, of the liabilities and contingent liabilities assumed (with the exception of deferred tax assets and liabilities and employee benefit assets and liabilities).

The following table shows a comparison between the book value of the acquired net assets of VOD Towers at the Acquisition Date (based on the financial statements of VOD Towers for the quarter ended March 31, 2020, prepared in accordance with the provisions of the Italian Civil Code governing the preparation of financial statements, as interpreted by the accounting standards issued by the Italian Accounting Body) and the fair value at that date, determined pursuant to paragraph 45 of IFRS 3.

(millions of euros)		VOD Towers book values at the date of acquisition	IFRS and fair value adjustments	Fair value
Non-current assets		**144**	**1,632**	**1,776**
Of which Intangible assets		-	*811*	*811*
Of which Tangible assets		*115*	*378*	*493*
Of which Rights of use on third-party assets		-	*460*	*460*
Of which non-current Financial receivables		-	*9*	*9*
Of which Other non-current assets		*29*	*(26)*	*3*
Current assets		**145**	**-**	**145**
Of which Trade receivables		*131*	-	*131*
Of which Current miscellaneous receivables		*7*	-	*7*
Of which Cash and cash equivalents		*7*	-	*7*
Total assets	**(a)**	**289**	**1,632**	**1,921**
Total non-current liabilities	**(b)**	**(13)**	**(781)**	**(794)**
Of which Non-current financial liabilities		-	*(374)*	*(374)*
Of which Provisions for risks and charges		*(13)*	*(111)*	*(124)*
Of which Deferred tax liabilities			*(296)*	*(296)*
Total current liabilities	**(c)**	**(77)**	**(72)**	**(149)**
Of which Current financial liabilities		-	*(66)*	*(66)*
Of which Trade payables		*(35)*	*1*	*(34)*
Of which Other current liabilities		*(42)*	*(7)*	*(49)*
Net assets acquired	**(a+b+c)**	**199**	**779**	**978**

The following table shows the goodwill recognized in the financial statements following the acquisition, calculated by comparing the Consideration for the Acquisition against the fair value of the acquired net assets at the Acquisition Date.

(values in millions of euros, unless otherwise indicated)	
Number of New Ordinary shares	360,200,000
Fair value of an Inwit share on March 31, 2020 (in euros)	9.88
Fair value of New Ordinary shares	3,559
Consideration for acquiring a 43.4% stake in VOD Towers	2,140
Consideration for acquisition	5,699
Price adjustment collected	(20)
Fair value of net assets acquired	(978)
Goodwill	4,701

If the acquisition had taken place on January 1, 2020, the total revenues and the net profit at December 31, 2020 would have been approximately 750 million euros and 155 million euros, respectively.

The total costs relating to the acquisition amounted to 11,963 thousand euros, of which 5,252 thousand euros was expensed in the income statement for the year 2019 and the remainder was expensed in the income statement at December 31, 2020.

NOTE 5 – GOODWILL

At December 31, 2020, goodwill stood at 6,112,784 thousand euros, with the following changes:

(thousands of euros)	12/31/2018	Other changes	12/31/2019
Goodwill	1,411,770	-	1,411,770
Total	1,411,770	-	1,411,770

(thousands of euros)	12/31/2019	Merger	Other changes	12/31/2020
Goodwill	1,411,770	4,701,014	-	6,112,784
Total	1,411,770	4,701,014	-	6,112,784

The change in 2020 is entirely attributable to the effects of the acquisition of VOD Towers, as described in Note 4 “Business combinations”, above.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment at least annually or more frequently if specific events or circumstances arise leading to the presumption of such impairment.

For the purposes of the impairment test, goodwill is allocated to CGUs, or groups of CGUs, in accordance with the upper merger threshold, which may not exceed the business sector identified for the purposes of IFRS 8. Goodwill is allocated to the Integrated Management of the Sites, which is the main sector of activity in which the Company operates and is considered the minimum level at which goodwill is monitored for internal control purposes.
The impairment test consists of comparing the recoverable value of the Cash Generating Units - CGU to which the goodwill has been allocated, with the carrying amount of their operating assets including goodwill. The recoverable value is the greater of the following: the use value (current value of expected earnings) and the fair value less costs of disposal.

The configuration of the value used to determine the recoverable value is the fair value less costs of disposal and is based on the stock market capitalization of the Company, appropriately adjusted to determine the fair value of the CGU to which the goodwill is allocated. The impairment test conducted on December 31, 2020, failed to reveal any impairment loss, since the recoverable value of the CGU was much greater than its book value.

The difference between the fair value and the corresponding net book value at December 31, 2020, is as follows:

(millions of euros)	
Difference between use values and book values	+4,954

With regard to the results of the sensitivity analyses, the variation required in order to render the recoverable value equal to the book value, is -52.0% of the share’s value, that is, 4.77 euros per ordinary share.

NOTE 6 – INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Intangible assets with a finite useful life comprised the following, with the following changes:

(thousands of euros)	12/31/2018	Adoption of IFRS 16	Additions	Amortization and depreciation	Other changes	12/31/2019
Patent rights and utilization of intellectual property	1,656		-	(808)	-	848
Other intangible assets	29,321		-	-	(29,321)	-
Irrevocable rights of use	1,992	(1,992)	-	-	-	-
Intangible assets under development and advances	7,600		5,900	-	(3,303)	10,197
Total	40,569	(1,992)	5,900	(808)	(32,624)	11,045

(thousands of euros)	12/31/2019	Merger	Additions	Amortization and depreciation	Other changes	12/31/2020
Patent rights and utilization of intellectual property	848	194	2,891	(899)	5,243	8,277
Other intangible assets	-	-	-	(76,050)	811,199	735,149
Intangible assets under development and advances	10,197	48	14,866	-	(6,074)	19,037
Total	11,045	242	17,757	(76,949)	810,368	762,463

Additions for the period came to a total of 17,757 thousand euros.

The increase in other intangible assets is mainly due to the recognition in the financial statements of the fair value of contracts with the existing customers within the scope of VOD Towers Srl at the merger date (as described in more detail in Note 4 "Business combinations", above), through the Purchase Price Allocation (PPA) process (811,200 thousand euros).

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

OWNED PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment comprised the following, with the following changes:

(thousands of euros)	12/31/2018	Adoption of IFRS 16	Additions	Disposals	Amortization and depreciation	Other changes	12/31/2019
Land	26,259	-	2,825	-	-	973	30,057
Plant and equipment	187,263	-	18,778	(280)	(14,455)	18,178	209,484
Manufacturing and distribution equipment	16	-	-	-	(5)	-	11
Other goods	449	(315)	7	-	(43)	(1)	97
Construction in progress and advance payments	40,905	-	29,456	-	-	(21,275)	49,086
Total	254,892	(315)	51,066	(280)	(14,503)	(2,125)	288,735

(thousands of euros)	12/31/2019	Merger	Additions	Disposals	Amortization and depreciation	Other changes	12/31/2020
Land	30,057	-	18,373	-	-	146	48,576
Plant and equipment	209,484	486,403	23,310	-	(58,230)	13,197	674,164
Manufacturing and distribution equipment	11	-	-	-	(5)	-	6
Other goods	97	60	3	-	(78)	5	87
Construction in progress and advance payments	49,086	6,313	47,563	-	-	(14,138)	88,824
Total	288,735	492,776	89,249	-	(58,313)	(790)	811,657

Additions in the period (89,249 thousand euros) mainly refer to the purchase of land (28,350 thousand euros), the construction of new sites (5,346 thousand euros), the construction of Small Cells and DAS (3,984 thousand euros), the implementation of backhauling (8,968 thousand euros) and extraordinary maintenance (16,829 euros).

The gross value and the accumulated depreciation at December 31, 2019 and at December 31, 2020, are detailed as follows:

(thousands of euros)	Gross Value at 12/31/2019	Accumulated impairment losses	Depreciation Provision	Net Value at 12/31/2019
Land	30,057	-	-	30,057
Plant and equipment	1,063,855	(562)	(853,809)	209,484
Manufacturing and distribution equipment	25	-	(14)	11
Other goods	227	-	(130)	97
Construction in progress and advance payments	49,086	-	-	49,086
Total	1,143,250	(562)	(853,953)	288,735

(thousands of euros)	**Gross Value at 12/31/2020**	Accumulated impairment losses	Depreciation Provision	**Net Value at 12/31/2020**
Land	48,576	-	-	48,576
Plant and equipment	1,587,057	(562)	(912,331)	674,164
Manufacturing and distribution equipment	25	-	(19)	6
Other goods	295	-	(208)	87
Construction in progress and advance payments	88,824	-	-	88,824
Total	**1,724,777**	**(562)**	**(912,558)**	**811,657**

The property, plant, and equipment are not subject to liens, mortgages, or other charges.

NOTE 8 – RIGHTS OF USE ON THIRD-PARTY ASSETS

Rights of use on third party assets comprised the following, with the following changes:

(thousands of euros)	12/31/2018	Adoption of IFRS 16	Additions	Lease increases	Lease decreases	Disposals	Amortization and depreciation	Other changes	12/31/2019
Land use rights		290,017	-	63,097	(30,157)	(5,209)	(40,413)	-	277,335
Rights of use on civil and industrial buildings	-	409,385	6,316	82,529	(26,209)	(7,077)	(73,505)	32,680	424,119
Rights of use on plant and equipment	-	3,600	1,535	298	-	(40)	(327)	144	5,210
Rights of use on other assets	325	-	-	82	-	-	(102)	-	305
Total	325	703,002	7,851	146,006	(56,366)	(12,326)	(114,347)	32,824	706,969

(thousands of euros)	12/31/2019	Merger	Additions	Lease increases	Disposals	Amortization and depreciation	Other changes	12/31/2020
Land use rights	277,335	192,556	-	18,945	(9,048)	(43,598)	(436,183)	7
Rights of use on civil and industrial buildings	424,119	266,925	7,633	58,903	(8,107)	(68,062)	(637,993)	43,418
Rights of use on plant and equipment	5,210	-	4,001	12,990	(46,472)	(66,729)	1,187,539	1,096,539
Rights of use on other assets	305	-	-	338	(15)	(191)	-	437
Total	706,969	459,481	11,634	91,176	(63,642)	(178,580)	113,363	1,140,401

Investments made in the period (amounting to 11,634 thousand euros), refer to the purchase of surface rights.

The other changes relate to the accounting reclassification that took place during the year 2020. The total net figure for other changes relates to the significant value of the rights of use on infrastructural sites leased in previous years and purchased during the year. In application of IFRS16, the changes in leases are shown.

Disposals refer to leases that expired or were renegotiated during the period.

Lease increases refer to new leases (in relation to a new site or the renegotiation of a lease).

NOTE 9 – FINANCIAL RECEIVABLES (NON-CURRENT AND CURRENT)

Financial receivables (non-current and current) as at December 31, 2020 are composed as follows:

(thousands of euros)		12/31/2019	Merger	Other changes during the period	12/31/2020
Financial receivables (medium/long-term):					
Loans to staff		235	-	262	497
Prepaid expenses from finance expenses		-	8,594	(7,596)	998
Total non-current financial receivables	**(a)**	**235**	**8,594**	**(7,334)**	**1,495**
Financial receivables (short-term):					
Loans to staff		90	-	100	190
Other financial receivables		15,009	-	(15,009)	-
Prepaid expenses from finance expenses		18	-	-	18
Total current financial receivables	**(b)**	**15,117**	**-**	**(14,909)**	**208**
Total financial receivables	**(a+b)**	**15,352**	**8,594**	**(22,243)**	**1,703**

Financial receivables (medium/long-term) relate to the residual value of prepaid expenses from finance expenses and loans to staff.

NOTE 10 - EQUITY INVESTMENTS

At December 31, 2020, this item had changed as follows:

(thousands of euros)	12/31/2019	Merger	Additions	12/31/2020
Equity investments:				
VOD Towers	-	(2,140,000)	2,140,000	-
Total equity investments	**-**	**(2,140,000)**	**2,140,000**	**-**

On March 31, 2020, the acquisition, by merger by incorporation, of VOD Towers Srl, the company that holds the Italian tower and passive infrastructure branch of the Vodafone group, was completed for a total consideration of 5,698,682 thousand euros, of which 2,140,000 thousand euros paid in cash for the purchase of 43.4% of the share capital of VOD Towers and 3,558,682 thousand euros through the issue of 360,200,000 new INWIT ordinary shares. See Note 4 "Business combinations" for more information.

NOTE 11 – TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER ASSETS (NON CURRENT AND CURRENT)

The item "Trade and miscellaneous receivables and other assets (non current and current)" is detailed in the following table:

(thousands of euros)		12/31/2019	*of which IFRS 9 Financial Instruments*	Merger	Other changes during the period	12/31/2020	*of which Financial Instruments IFRS 9*
Miscellaneous receivables and other non-current assets							
Other non-current assets		6,932	-	-	(6,501)	431	-
Total Miscellaneous receivables and other non-current assets	**(a)**	**6,932**	**-**	**-**	**(6,501)**	**431**	**-**
Total trade receivables	**(b)**	**72,532**	*72,532*	**131,423**	**(77,670)**	**126,295**	*126,295*
Miscellaneous receivables and other current assets							
Other current assets		3,985	-	-	(2,960)	1,025	-
Miscellaneous fixed assets receivables - short term share		1,430	-	-	25	1,455	-
Miscellaneous operating receivables		3,775	-	6,921	(3,691)	7,005	-
Miscellaneous non-operating receivables		1,390	-	-	(1,390)	-	-
Total miscellaneous receivables and other current assets	**(c)**	**10,580**	**-**	**6,921**	**(8,016)**	**9,485**	**-**
Total Current income tax receivables	**(d)**	**1**	**-**	**-**	**(1)**	**-**	**-**
Total trade and miscellaneous receivables and other current assets	**(b+c+d)**	**83,113**	*72,532*	**138,344**	**(85,687)**	**135,780**	*126,295*
Total	**(a+b+c+d)**	**90,045**	*49,484*	**138,344**	**(92,188)**	**136,211**	*126,295*

Miscellaneous receivables and other non-current assets refer to prepaid expenses to suppliers. This item decreased following the capitalization of the fees for renegotiation the pre-2020 leases.

Trade receivables mainly refer to hosting services and the recovery of costs for services provided.

Miscellaneous receivables and other current assets mainly refer to guarantee deposits (1,455 thousand euros), advances to suppliers (3,548 thousand euros) and receivables from the tax authorities for taxes and duties (1,929 thousand euros).
The book value of the trade and miscellaneous receivables and other assets (non current and current) is considered a reasonable approximation of their respective fair value.

NOTE 12 – CASH AND CASH EQUIVALENTS

At December 31, 2020, this item amounted to 120,207 thousand euros, and was composed as follows:

(thousands of euros)	12/31/2020	12/31/2019
Cash at bank and post office deposits	120,205	65,165
Receivables from TIM	-	1,401
Cheques and cash on hand	2	3
Total	120,207	66,569

As at December 31, 2020, cash and cash equivalents were held in bank and postal accounts and in bank deposits, characterized as follows:

- maturities: investments can be converted into cash within three months in the case of bank deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: investments were made with investment-grade banks according to the Company's operational rules limiting credit exposure with financial counterparts and, prior to the merger, with the TIM Group companies;
- Country risk: investments were made in Italy, Luxembourg and the UK.

NOTE 13 - EQUITY

At December 31, 2020, equity amounted to 4,580,481 thousand euros, and was composed as follows:

(thousands of euros)	12/31/2020	12/31/2019
Share capital issued	600,000	600,000
Minus treasury shares	(37)	(222)
Share capital	599,963	599,778
Share premium reserve	3,691,703	660,000
Other reserves and earnings (losses) carried forward, including the result for the period	119,576	119,195
Legal reserve	*120,000*	*120,000*
Provision for instruments representing equity	*301*	*533*
Treasury share reserve in excess of nominal value	*(302)*	*(1,215)*
Other reserves	*(423)*	*(123)*
Retained earnings (losses) including earnings (losses) for the period	169,239	182,219
Total	4,580,481	1,561,192

Movements of share capital during the period from January 1 to December 31, 2020, are shown in the following table:

Reconciliation between the number of shares in circulation at December 31, 2019, and the number of shares in circulation at December 31, 2020.

(number of shares)	At 12/31/2019	Issue of shares	Other changes	At 12/31/2020	% of Capital
Ordinary shares issued	600,000,000	360,200,000		960,200,000	-
Minus: Treasury shares	(222,118)	-	185,568	(36,550)	-
Total Ordinary shares issued	600,000,000	360,200,000	185,568	960,200,000	100.0
Total shares in circulation	599,777,882	-		960,163,450	-

Reconciliation between the value of shares in circulation at December 31, 2019, and the value of shares in circulation at December 31, 2020

(thousands of euros)	Share capital at 12/31/2019	Change in share capital	Share capital at 12/31/2020
Ordinary shares issued	600,000	-	600,000
Minus: Treasury shares	(222)	185	(37)
Ordinary shares outstanding	599,778	185	599,963
Total Share capital issued	600,000	-	600,000
Total Share capital in circulation	599,778	185	599,963

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

The Provision for instruments representing equity of 301 thousand euros refers to:

- the general stock option plan (19 thousand euros) in existence within the TIM Group and subscribed to by a number of employees who transferred to Inwit;
- the 2014-2016 stock option plan (15 thousand euros) launched by the TIM Group and subscribed to by a number of employees who transferred to Inwit;
- the LTI plan (230 thousand euros) in existence at December 31, 2020, used for retention and long-term incentive purposes for managers.
- the general stock option plan (37 thousand euros) in existence and subscribed to by INWIT employees.

GENERAL STOCK OPTION PLAN

On October 2020, the Company launched the new share buyback program, approved by the Shareholders' Meeting on July 28, 2020, to service the implementation of the 2020-2024 Stock Option Plan and the 2020 Broad-Based Share Ownership Plan. This program provides for the purchase, in one or more tranches, of ordinary INWIT shares (maximum 662,000), representing around 0.07% of the share capital for a maximum outlay of 7,500 thousand euros. The buyback must occur within eighteen months of the date approved by the Shareholders' Meeting (July 28, 2020).

On October 21, 82,000 ordinary shares (representing 0.0086% of share capital) were bought back on the Italian electronic stock market at an average unit price of 9.2212 euros, for a total price of 756,138.40 euros.

On December 23, 2020, the subscription period for the 2020 General Stock Option Plan ended, with 98% of Inwit personnel subscribing and a total of 45,450 ordinary shares delivered.

NOTE 14 – EMPLOYEE BENEFITS

The item has the following breakdown and movements:

(thousands of euros)	12/31/2018	Increase/ Present value	Decrease	12/31/2019
Provision for employee severance indemnities	1,774	316	(299)	1,791
Provision for incentivized redundancies	773	350	(1,123)	-
Total	2,547	666	(1,422)	1,791
Of which:				
Non-current amount	*2,223*			*1,791*
Current amount *	324			-

*The current amount refers only to provisions for incentivized redundancies

(thousands of euros)	12/31/2019	Merger	Increase/ Present value	Decrease	12/31/2020
Provision for employee severance indemnities	1,791	1,414	197	(759)	2,643
Provision for incentivized redundancies	-	-	-	-	-
Total	1,791	1,414	197	(759)	2,643
Of which:					
Non-current amount	*1,791*				*2,643*
Current amount *	-				-

*The current amount refers only to provisions for incentivized redundancies

Compared to December 31, 2019, the Provision for Employee Severance Indemnities increased by 852 thousand euros.

The increase of 197 thousand euros in the column "Increases/Present value" is broken down as follows:

(thousands of euros)	12/31/2020	12/31/2019
Financial expenses	21	21
Net actuarial (gains) losses for the period	176	121
Transfers	-	174
Total	197	316

In accordance with IAS 19 (2011), the provision for employee severance indemnity has been calculated using the same actuarial method adopted prior to the introduction of the principle reviewed by means of the Projected Unit Credit Method, as follows:

- projections have been formulated, on the basis of a series of financial assumptions (increased cost of living, interest rates, pay increases, etc.) regarding possible future services that could be provided to each employee registered with the program, in the event of retirement, death, invalidity, resignation, etc.;
- the current average value of future services at the date of evaluation has been calculated, on the basis of the annual interest rate adopted and of the probability that each service be provided;
- the liability has been determined as equal to the current average value of future services, as generated by the existing provision at the date of evaluation, without taking account of any future allocation.

The assumptions made may be detailed as follows:

ECONOMIC ASSUMPTIONS

Inflation rate	0.8% per year
Time-discount rate	0.34% per year
Annual rate of increase in the Provision for employee severance indemnities	2.100% per year

DEMOGRAPHIC ASSUMPTIONS

Probability of death	RG 48 Mortality Tables published by the State Accounting Office
Probability of invalidity	INPS Tables subdivided by age and gender
Probability of resignation:	
up to the age of 40 – Executives	6.50%
up to the age of 40 – Non-Executives	1.00%
from the age of 41 to 50 - Executives	2.00%
from the age of 41 to 50 - Non-Executives	0.50%
from the age of 51 to 59 - Executives	2.00%
from the age of 51 to 59 - Non-Executives	0.50%
from the age of 60 to 64 - Executives	20.00%
from the age of 60 to 64 - Non-Executives	6.50%
Subsequently	0.00%
Probability of retirement	AGO requisites
Probability of receiving, at the start of the year, a 70% advance on the Provision for Employee Severance Indemnities	1.50% in each year

Application of the aforementioned assumptions resulted in a Provision for Employee Severance Indemnities liability of 2,643 thousand euros at December 31, 2020.

The sensitivity analysis for each actuarial assumption that is relevant for the determination of the end-of-period liability, is reported below; said analysis shows the effects, expressed in absolute terms, of the changes in the relevant actuarial assumptions, possible at that date.

The average financial duration of the liability is 11.6 years.

CHANGE IN THE ASSUMPTIONS	Amounts (thousands of euros)
Turnover rate:	
+ 0.25 p.p.	126
- 0.25 p.p.	144
Annual inflation rate:	
+ 0.25 p.p.	192
- 0.25 p.p.	79
Annual time-discounting rate:	
+ 0.25 p.p.	60
- 0.25 p.p.	212

NOTE 15 – PROVISIONS FOR RISKS AND CHARGES

The Provision for risks and charges has the following breakdown and movements:

(thousands of euros)	12/31/2018	Increase	Decrease	Other changes	12/31/2019
Provision for restoration costs	98,852	4,821	(517)	(1,650)	101,506
Deferred tax liabilities	709	-	(109)	-	600
Total	99,561	4,821	(626)	(1,650)	102,106
Of which:					
Non-current amount	*99,111*				*101,656*
Current amount	*450*				*450*

(thousands of euros)	12/31/2019	Merger	Increase	Decrease	Other changes	12/31/2020
Provision for restoration costs	101,506	114,823	5,448	(402)	(790)	220,585
Deferred tax liabilities	-	72,803	-	(21,221)	228,478	277,390
Provision for legal disputes and other risks	600	-	226	-	-	826
Total	102,106	187,626	5,674	(22,958)	226,353	498,801
Of which:						
Non-current amount	*101,656*					*498,351*
Current amount	*450*					*450*

The **Provision for restoration costs** increased mainly due to the provisioning of costs anticipated for the dismantling of sites due to the passage of time (4,523 thousand euros), for the merger by incorporation of VOD TOWERS (114,823 thousand euros) and for the construction of new sites (925 thousand euros). The decrease in provision for restoration costs relates to the coverage of costs incurred in the period (402 thousand euros).

Deferred tax liabilities sustained decreases mainly due to the deferred tax liabilities and prepayments for the period (21,222 thousand euros), and sustained increases due to the tax effect of the fair value recognition of the assets of Vodafone Towers (75,004 thousand euros) and of the contracts ensuing from the allocation of goodwill through the Purchase Price Allocation (PPA) process (231,192 thousand euros), which were recognized as a reduction of the value of goodwill.

NOTE 16 – FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

Financial liabilities (non-current and current) (gross financial debt) were broken down as follows:

(thousands of euros)		12/31/2019	Merger	Other changes during the period	12/31/2020
Financial payables (medium/long-term):					
Amounts due to banks		69,943	-	960,257	1,030,200
Corporate Bonds		-	-	1,738,736	1,738,736
Leasing liabilities		530,461	373,722	(11,169)	893,014
Other financial payables		70,000	-	(70,000)	-
Total non-current financial liabilities	(a)	670,404	373,722	2,617,824	3,661,950
Financial payables (short-term):					
Amounts due to banks		13,927	-	(12,397)	1,530
Corporate Bonds		-	-	11,497	11,497
Leasing liabilities		109,600	65,625	(16,582)	158,643
Other financial payables		134	-	(134)	-
Total current financial liabilities	(b)	123,661	65,625	(17,616)	171,670
Total Financial liabilities (Gross financial debt)	(a+b)	794,065	439,347	2,600,208	3,833,620

Financial payables (medium/long-term):

- **Amounts due to banks** mainly refer to the loan taken out (net of issue discounts and of accruals and deferrals) with Banca Popolare di Sondrio for 40,000 thousand euros nominal with bullet repayment at maturity (December 2023), and with a pool of Italian and international banks for a Term loan amount of 1,000,000 thousand euros nominal, maturing in 5 years and with bullet repayment at maturity (March 2025);
- **Corporate Bonds** refer to the 1,000,000 thousand euros nominal bond issued in July 2020 with a duration of 6 years, maturing on July 8, 2026, with a coupon of 1.875%, an issue price of 99.809% and an effective yield of 1.909%, and to the 750,000 thousand euros nominal bond issued in October 2020 with a duration of 8 years, maturing on October 21, 2028, with a coupon of 1.625%, an issue price of 99.755% and an effective yield of 1.658%.
- **Other financial payables** referred mainly to loan agreements with TI Finance repaid in the first half of 2020.
- **Finance lease liabilities** refer to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019.

Financial payables (short-term):

- **Amounts due to banks** mainly refer to accruals on loan agreements signed in December 2019 with a pool of national and international banks.
- **Corporate Bonds** refer to the portion of the accrued interest maturing in July 2021 and October 2021.
- **Finance lease liabilities** refer to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019;
- **Other financial payables** referred mainly to loan agreements with TI Finance repaid in the first half of 2020.

The maturities of financial liabilities according to the expected nominal repayment amount, as defined by contract, are the following:

(millions of euros)		Within 1 year	From 2 to 5 years	Beyond	Total
Amounts due to banks		2	1,030	-	1,032
Corporate Bonds		11	-	1,739	1,750
Total loans and other financial liabilities	(a)	13	1,030	1,739	2,782
Leasing liabilities		189	595	417	1,201
Total finance lease liabilities	(b)	189	595	412	1,196
Total Financial liabilities	(a+b)	202	1,625	2,151	3,978

COVENANTS, NEGATIVE PLEDGES AND OTHER CONTRACT CLAUSES IN EFFECT AT DECEMBER 31, 2020

The banking loan agreements include some general pledges and covenants, both positive and negative, in line with market practice for loans of similar amounts and nature.
The banking loan agreement entered into in December 2019 contains a 7x pre-IFRS16 Net Debt/EBITDA leverage ratio covenant, as well as containing certain general commitments and covenants compatible with market practice and legal standards, as prepared by the Loan Market Association, which entitle the lending Banks to cancel the commitments undertaken and/or request the early repayment of the sums drawn by the Company.

NOTE 17 – NET FINANCIAL DEBT

The table below shows the Company's net financial debt at December 31, 2020, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.
The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euros)	12/31/2020 (*)	12/31/2019
A Cash	-	-
B Cash and cash equivalents	120,207	66,569
C Securities held for trading	-	-
D Liquidity (A + B + C)	120,207	66,569
E Current financial receivables	208	15,117
F Current financial payables	-	-
G Current portion of financial payables (medium/long-term)	(171,670)	(123,661)
H Other current financial payables	-	-
I Current financial debt (F+G+H)	(171,670)	(123,661)
J Net current financial debt (I+D+E)	(51,255)	(41,975)
K Medium/long term financial payables	(1,923,214)	(670,404)
L Bonds issued	(1,738,736)	-
M Other non-current financial payables	-	-
N Non-Current financial debt (K+L+M)	(3,661,950)	(670,404)
O Net financial debt as recommended by ESMA (J+N)	(3,713,205)	(712,379)
Other financial receivables and non-current financial assets	1,495	235
INWIT Net Financial Debt	(3,711,710)	(712,144)

(*) As regards the effects of related party transactions on Net Financial Debt, reference should be made to the specific table included in the Note "Related Parties".

NOTE 18 - TRADE AND MISCELLANEOUS PAYABLES AND OTHER (NON-CURRENT AND CURRENT) LIABILITIES

The item was composed as follows at December 31, 2020:

(thousands of euros)		12/31/2019	*of which IFRS 9 Financial Instruments*	Merger	Other changes during the period	12/31/2020	*of which IFRS 9 Financial Instruments*
Miscellaneous payables and other non-current liabilities							
Other non-current liabilities		5,099	-	-	(3,724)	1,375	-
Miscellaneous non-current operating payables		428	-	-	(292)	136	-
Miscellaneous non-current non-operating payables		4,089	-	-	(4,089)	-	-
Total miscellaneous payables and other non-current liabilities	(a)	9,616	-	-	(4,381)	1,511	-
Total trade payables	(b)	104,436	*104,436*	34,427	(4,713)	134,150	*134,150*
Miscellaneous payables and other current liabilities							
Other current liabilities		9,167	-	2,150	(5,108)	6,209	-
Miscellaneous current operating payables		5,229	-	28,632	(22,848)	11,013	-
Miscellaneous current non-operating payables		4,021	-	-	394	4,415	-
Total miscellaneous payables and other current liabilities	(c)	18,417	-	30,782	(27,562)	21,637	-
Total trade and miscellaneous payables and other current liabilities	(b+c)	122,853	*104,436*	65,209	(32,277)	155,787	*134,150*
Total Current income tax payables	(d)	801	-	18,115	(6,332)	12,584	-
Total	(a+b+c+d)	133,270	*104,436*	83,324	(42,988)	169,882	*134,150*

Miscellaneous payables and other non-current liabilities refer mainly to prepaid expenses under client contracts (834 thousand euros) and payables due to social security institutions (136 thousand euros).

Trade payables refer mainly to the supply of electrical power and rents due.

Miscellaneous payables and other current liabilities refer mainly to prepaid expenses under client contracts (6,209 thousand euros), taxation payable (2,494 thousand euros), payables due to employees (3,586 euros), payables due to social security institutions (1,396 thousand euros) and tax consolidation expense to TIM (4,415 thousand euros).
The book value of trade and miscellaneous payables and other current liabilities is considered a reasonable approximation of their respective fair value.

NOTE 19 - REVENUES

Revenues amounted to 663,408 thousand euros, broken down as follows:

(thousands of euros)	Financial Year 2020	Financial Year 2019
Revenues		
Revenues from TIM	341,737	302,515
Revenues from Vodafone Italia	247,005	-
Revenues from third parties	74,666	92,881
Total	663,408	395,396

The item includes the revenues attributable to the period and relate to services provided in the course of ordinary business.

Revenues from TIM amount to 341,737 thousand euros and mainly refer to the Master Service Agreement.

Revenues from Vodafone Italia amount to 247,005 thousand euros and refer to the new Master Service Agreement.

The item **Revenues from third parties**, amounting to 74,666 thousand euros, refers essentially to hosting services offered by the Company to Italian mobile operators. Relationships with these operators are regulated by long-term commercial agreements.

NOTE 20 – ACQUISITION OF GOODS AND SERVICES

The item amounted to 40,171 thousand euros and breaks down as follows:

(thousands of euros)		Financial Year 2020	Financial Year 2019
Purchases of materials and goods for resale	(a)	775	528
Costs for services			
Maintenance		11,686	4,791
Professional services		8,123	5,279
Other service expenses		17,009	15,765
	(b)	36,818	25,835
Lease and rental costs			
Lease and rental costs		2,272	4,817
Other lease and rental costs		306	1,250
	(c)	2,578	6,067
Total	(a+b+c)	40,171	32,430

“Other service expenses” increased due to the recognition of maintenance costs on conditioning systems, and also include 6,711 thousand euros in non-recurring costs, as referred to in Note 29 – “Significant non-recurring events and transactions”.

NOTE 21 – EMPLOYEE COSTS

Employee costs amounted to 18,177 thousand euros, broken down as follows:

(thousands of euros)		Financial Year 2020	Financial Year 2019
Ordinary personnel expenses			
Salaries		12,143	7,317
Social security charges		4,262	2,614
Other employee costs		775	399
	(a)	17,180	10,330
Miscellaneous employee costs and sundry labor services			
Fees paid to external personnel		54	68
Costs for assigning stock option		73	141
Other expenses		63	(20)
	(b)	190	189
Total ordinary expenses	(a+b)	17,370	10,519
Restructuring and rationalization expenses			
Expenses for incentivized redundancies		807	628
	(c)	807	628
Total	(a+b+c)	18,177	11,147

The average number of employees during the period was 182.6. They can be subdivided into their respective categories, as follows:

(numbers)	2020	2019
Executives	16.1	11.1
Middle Managers	39.1	31.2
Administrative staff	127.4	75.4
Total	182.6	117.7

There were 206 employees at December 31, 2020. They can be subdivided into their respective categories, as follows:

(numbers)	2020	2019
Executives	18	10
Middle Managers	41	33
Administrative staff	147	79
Total	206	122

NOTE 22 – OTHER OPERATING EXPENSES

Other operating expenses amounted to 1,279 thousand euros, which was down on the year 2019, broken down as follows:

(thousands of euros)	Financial Year 2020	Financial Year 2019
Other operating expenses		
Expenses related to credit management	-	-
Provisions for risks and charges	226	-
Costs and provisions for indirect duties and taxes	749	1,596
Membership fees, donations, study grants and work experience contributions	62	86
Other Expenses	115	361
Total	1,279	2,043

NOTE 23 – AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

Amortization, gains/losses on disposals and impairment losses on non-current assets amounted to 313,081 thousand euros, and are composed as follows:

(thousands of euros)		Financial Year 2020	Financial Year 2019
Amortization of intangible assets with a finite useful life	(a)	76,949	806
Depreciation of owned tangible assets	(b)	58,313	14,503
Amortization of rights of use on third-party assets	(c)	178,580	114,347
(Gains)/losses on disposals and impairment losses on non-current assets	(d)	(761)	366
Total	(a+b+c+d)	313,081	130,024

For further details, see the Notes “Intangible assets with a finite useful life”, “Tangible assets” and “Rights of use on third-party assets”.

(Gains)/losses on disposals and impairment losses on non-current assets includes (gains)/losses on disposals of rights of use on third-party assets.

NOTE 24 – FINANCE INCOME AND EXPENSES

FINANCIAL INCOME

Financial income amounts to 19 thousand euros and mainly refers to interest income on cash at bank and post office deposits.

FINANCIAL EXPENSES

Financial expenses amounted to 69,778 thousand euros and break down as follows:

(thousands of euros)	Financial Year 2020	Financial Year 2019
Interest expenses and other financial expenses		
Interest to banks	19,806	1,059
Finance expenses for corporate bonds	11,955	-
Interest expense for finance leases	24,874	19,508
Financial fees	8,580	1,220
Other financial expenses	4,563	2,834
Total	69,778	24,621

Interest to banks refers to the financial expenses paid during the period for the syndicated loan agreement and the interest incurred on medium/long-term financial payables (Bridge and Term Loan) described in Note 16 - Financial liabilities (non-current and current).

Finance expenses for corporate bonds refer to commissions, issuance discount and corporate bond coupons.

Interest expense for finance leases refers to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019; the average applicable rate was 2.95%.

Financial fees mainly refer to the fees paid for agreeing and using the 3-billion-euro loan agreement to finance the Company's acquisition of the minority interest in VOD Towers and distribution of the extraordinary dividend net of accruals and deferrals for the period.

Other finance expenses refer mainly to the adjustment of the provision for restoration costs (4,523 thousand euros).

NOTE 25 – INCOME TAXES

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

In the reporting year, following the incorporation of Vodafone Towers, the Company imputed a portion of the merger deficit to increase the book value of individual asset items of the merged company, thus created a misalignment between the transaction value and the fiscal value, for which 306,197 thousand euros was recognized in deferred tax liabilities.

Deferred tax liabilities, net of deferred tax assets, recognized in the financial statements amounted to 277,390 thousand euros and mainly refer to temporary tax differences to be taxed in future years.

At December 31, 2020, the Company has no equity reserves the taxation of which has been suspended, subject to taxation in the event of distribution.

INCOME TAXES

Income taxes amount to 64,274 thousand euros and are composed as follows.
Deferred tax liabilities, net of deferred tax assets (21,221 thousand euros), were recognized in the income statement during the year. The lion's share relates to the release of deferred liabilities in relation to the non-deductible portion of amortization and depreciation of the revalued assets of the merged company (86,624 thousand euros).

(thousands of euros)	Financial Year 2020	Financial Year 2019
Regional Business Tax (IRAP) for the period	16,398	9,842
Corporate Income Tax (IRES) for the period	69,871	41,612
Tax consolidation expenses	-	4,089
Total current taxes	86,269	55,543
Deferred taxes for the period	(21,221)	771
Adjustment of taxation for previous financial years	(774)	(48)
Total income taxes	64,274	56,267

The fiscal burden for the period has been estimated on the basis of a Corporate Income Tax rate of 24% and a Regional Business Tax rate of 4.50%.

The reconciliation of the theoretical tax charge, calculated using a Corporate Income Tax rate of 24%, with the actual tax charge resulting from the financial statements, is as follows:

(thousands of euros)	Financial Year 2020	Financial Year 2019
Profit (loss) before tax	220,941	195,581
Theoretical income taxes	53,026	46,939
Tax effect of increases (reductions):	(424)	(1,419)
Non-deductible costs	17,269	181
Actual taxes recorded in the income statement, excluding Regional Business Tax	69,871	45,701
Current and deferred Regional Business Tax	16,398	9,842
Total actual taxes recorded in the income statement	86,269	55,543

In order to better understand the reconciliation in question, the impact of Regional Business Tax has been kept separate, in order to avoid any distortion, given that this tax is calculated on a different tax base from the pre-tax result.

NOTE 26 – EARNINGS PER SHARE

The following table shows the calculation of earnings per share.

		Financial Year 2020	Financial Year 2019
Basic and diluted earnings per share			
Profit for the period	(euros)	156,666,767	139,313,769
Average number of ordinary shares		871,314,724	599,777,882
Basic and diluted earnings per share	(euros)	0.180	0.232

Earnings per share reflects the change in the number of shares following the merger transaction, as referred to in Note 4 – “Business combinations”. The average number of ordinary shares was calculated on the basis of the weighted average of the number of ordinary shares.

NOTE 27 – CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

MAIN DISPUTES AND PENDING LEGAL ACTIONS

As at December 31, 2020, the Company was involved in approximately 120 disputes, six of which were denoted as having a “probable” risk of losing by the defense lawyers.
In relation to the progress of the aforementioned legal proceedings and based on the information available at the time of closing these Financial Statements, a total amount of 376 thousand euros has been allocated to the risk provision.

COMMITMENTS AND GUARANTEES

With regard to guarantees issued by banks or insurance companies to owners of the land where the infrastructure is located, INWIT has undertaken to reimburse all sums that for any reason whatsoever the bank or the insurance company were to bear due to failure to comply with contractual obligations, the Company waiving any objection or opposition, including any legal action.

NOTE 28 - RELATED PARTIES

The Group identified the following related parties, in accordance with the criteria defined by IAS 24 – (Financial statements disclosures concerning related party transactions).

- TIM;
- Vodafone;
- key managers of INWIT; and
- other subsidiaries of TIM and Vodafone and/or companies in which TIM and Vodafone hold an interest, including through the members of Senior Management.

The tables summarizing the balances of related party transactions in absolute amounts and as a percentage of the corresponding values of the separate income statement, the statement of financial position and the statement of cash flows are shown below. Related party transactions, when not dictated by specific laws, were conducted at arm's length. The transactions were subject to an internal procedure (available for consultation on the website www.inwit.it), which establishes procedures and time scales for verification and monitoring.

Although said agreements were settled at normal market conditions, there is no guarantee that, if they had been entered into by or with third parties, the latter would have negotiated and concluded them at the same conditions and by the same methods.

Items of the statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2019 and December 31, 2020 are shown below:

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12/31/2019

(thousands of euros)	Total (a)	Related Parties TIM	Senior manageme nt	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
NET FINANCIAL DEBT						
Cash and cash equivalents	66,569	1,401	-	-	1,401	*2.1%*
Financial receivables (short-term)	15,117	-	-	15,009	15,009	*99.3%*
Non-current financial liabilities	(670,404)	(47,913)	-	(70,009)	(117,922)	*17.6%*
Current financial liabilities	(123,661)	(20,814)		(135)	(20,949)	*16.9%*
Total net financial debt	(712,144)	(67,326)	-	(55,135)	(122,461)	*17.2%*
OTHER STATEMENT OF FINANCIAL POSITION LINE						
Trade and miscellaneous receivables	83,111	42,169	-	-	42,169	*50.7%*
Miscellaneous payables and other non-current liabilities	(9,616)	(8,206)	-	-	(8,206)	*85.3%*
Trade and miscellaneous payables	(123,302)	(37,158)	(924)	(41,954)	(80,036)	*64.9%*

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12/31/2020

(thousands of euros)	Total (a)	Related Parties TIM	Vodafone Italia	Senior manageme nt	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
NET FINANCIAL DEBT							
Non-current financial liabilities	(3,661,950)	(113,366)	(10,036)	-	(8)	(123,410)	*3.4%*
Current financial liabilities	(171,670)	(16,497)	(1,456)	-	(1)	(17,954)	*10.5%*
Total net financial debt	(3,711,710)	(129,863)	(11,492)	-	(9)	(141,364)	*3.8%*
OTHER STATEMENT OF FINANCIAL POSITION LINE							
Trade and miscellaneous receivables	135,780	24,342	3,564	-	20	27,926	*20.6%*
Trade and miscellaneous payables	(155,787)	(41,500)	(2,788)	(1,144)	(19,457)	(64,889)	*41.7%*

Both medium/long-term and short-term financial payables due to TIM and Vodafone Italia refer to the financial lease deriving from the application of IFRS16.

Trade and miscellaneous receivables and other current assets due from TIM (24,342 thousand euros) mainly comprise the recovery of electricity costs and prepaid expenses.

Trade and miscellaneous receivables and other current assets due from Vodafone Italia (3,564 thousand euros) mainly comprise the recovery of electricity costs.

Trade and miscellaneous payables and other current liabilities due to TIM (41,500 thousand euros) mainly concern service agreements, site restoration, ordinary and extraordinary on-site maintenance and miscellaneous current liabilities for tax consolidation expenses (4,415 thousand euros).

Trade and miscellaneous payables and other current liabilities due to Vodafone Italia (2,788 thousand euros) mainly concern ordinary and extraordinary on-site maintenance and other services.

Payables to Senior Management (amounting to 1,144 thousand euros) refer to amounts payable to key management personnel of the Company.

Payables due to other related parties (19,457 thousand euros) consist of trade payables due to Telenergia S.r.l. for the supply of electricity.

Items of the income statement

The effects of the transactions with related parties on the items of the income statement at December 31, 2020, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE INCOME STATEMENT AT 12/31/2019

(thousands of euros)	Total (a)	TIM	Senior management	Other related parties	Total related parties (b)	*% of the financial*
Revenues	395,396	302,515	-	-	302,515	*76.5%*
Acquisition of goods and services - Ordinary expenses	(27,178)	(7,090)	-	(95)	(7,185)	*26.4%*
Employee benefits expenses - Ordinary	(10,573)	(55)	(1,364)	-	(1,419)	*13.4%*
Financial income	449	-	-	15	15	*3.3%*
Financial expenses	(24,621)	(1,408)	-	(604)	(2,012)	*8.2%*

ITEMS OF THE INCOME STATEMENT AT 12/31/2020

(thousands of euros)	Total (a)	TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
Revenues	663,408	341,737	247,005	-	-	588,742	*88.7%*
Acquisition of goods and services - Ordinary	(40,171)	(9,497)	(5,161)	-	-	(14,658)	*36.5%*
Employee benefits expenses - Ordinary	(18,177)	(63)	-	(1,998)	-	(2,061)	*11.3%*
Financial expenses	(69,778)	(2,318)	(105)	-	(149)	(2,572)	*3.7%*

Revenues from TIM (341,737 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement.

Revenues from Vodafone Italia (247,005 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement.

Purchases of materials and services from TIM (9,497 thousand euros) refer mainly to maintenance services (5,195 thousand euros), costs of outsourced services (948 thousand euros), telephone expenses (130 thousand euros) and other service costs (2,916 thousand euros).

Purchases of materials and services from Vodafone Italia (5,161 thousand euros) refer mainly to maintenance services (4,957 thousand euros).

Employee benefits expenses for senior management (1,998 thousand euros) refer to compensation due to Company key managers.

Financial expenses to TIM (2,318 thousand euros) refer to interest expense on finance leases.

Financial expenses related to other related parties (149 thousand euros) refers to interest expense on financial payables to TI Finance SA.

Items of the Statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2020, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12/31/2019

(thousands of euros)	Total (a)	TIM	Senior management	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
		Related Parties				
Operating activities:						
Change in trade receivables	(23,048)	(16,136)	-	-	(16,136)	*70.0%*
Change in trade payables	20,140	(3,038)	-	26,626	23,588	*117.1%*
Net change in miscellaneous receivables/payables and other assets/liabilities	20,546	(556)	286	-	(270)	*-1.3%*

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12/31/2020

(thousands of euros)	Total (a)	TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
		Related Parties					
Operating activities:							
Change in trade receivables	76,344	67,137	6,168	-	(20)	73,285	*95.9%*
Change in trade payables	(34,052)	4,438	1,319	-	(22,497)	(16,740)	*49.2%*
Net change in miscellaneous receivables/payables and other assets/liabilities	(16,578)	(3,399)	19,229	(548)	-	15,282	*-92.2%*
Change in financial receivables and other current financial assets	22,243	-	-	-	15,009	15,009	*67.5%*
Change in current and non-current financial liabilities	2,471,318	61,136	(220)	-	(70,001)	(9,085)	*-0.4%*

The table above shows two significant changes during the 2020 financial year. The first is the decrease in trade receivables due from TIM (67,137 thousand euros). The second is the repayment of the loan to TI Finance SA (70,000 thousand euros).

REMUNERATION OF KEY MANAGERS

The remuneration recorded on an accrual basis in respect of key managers amounted to 1,998 thousand euros.

The short-term compensation is paid during the financial year to which it refers and, in any case, within the six months following the end of the financial year (the entitlements related to the 2020 MBO will be paid during the second quarter of 2021)

The contributions paid in to defined contribution plans (Assida, Fontedir) on behalf of key managers, amounted to 41 thousand euros.

The Company's "key managers", that is, those who have the power and responsibility to plan, manage, and control, directly or indirectly, the Company's activities, including the directors, are identified as follows:

INWIT SPA	
Directors:	
Giovanni Ferigo	CEO
Managers:	
Andrea Balzarini	Head of Administration, Finance and Control & Business Support until 03/30/2020
Diego Galli	Head of Administration, Finance and Control & Business Support appointed key manager by the BoD of 03/31/2020
Elisa Patrizi	Head of Operations & Maintenance
Gabriele Abbagnara	Head of Marketing & Sales
Massimo Scapini	Head of Technology Governance & MSA, appointed key manager by the BoD of 03/31/2020

NOTE 29 – SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at December 31, 2020. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

(thousands of euros)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying value	(a)	4,580,481	156,667	(3,711,710)	53,638
Charges associated with extraordinary transactions		(4,798)	(4,798)	-	(5,979)
Total effects	(b)	(4,798)	(4,798)	-	(5,979)
Notional value	(a-b)	4,585,279	161,465	(3,711,710)	59,617

(*) The cash flows relate to the increase (decrease) in the period of cash and cash equivalents.

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euros)	Financial Year 2020	Financial Year 2019
Charges associated with extraordinary transactions	(6,711)	(5,252)
Charges related to restructuring and rationalization processes	-	(574)
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(6,711)	(5,826)
Impact on Operating profit (loss) (EBIT)	(6,711)	(5,826)
Impact on Profit (loss) before tax	(6,711)	(5,826)
Income taxes on non-recurring items	1,913	1,660
Impact on the Profit (Loss) of the Period	(4,798)	(4,166)

NOTE 30 – POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006 no atypical and/or unusual transactions, as defined by the above Communication, were carried out during the financial year.

NOTE 31 – EVENTS AFTER DECEMBER 31, 2020

There have been no significant events since the close of the financial year.

NOTE 32 – FURTHER INFORMATION

Public funds

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from Italian public administrations be provided. In relation to this, it should be noted that during 2020, INWIT did not receive any form of subsidy, contribution, paid assignment or other economic benefit from Italian public administrations. It should also be noted that revenues generated by services provided to subjects belonging to public administrations as part of the company's core business and regulated by contracts for reciprocal services are not considered relevant for the purposes of the disclosure obligations established by law no. 124/2017.

Directors and statutory auditors' fees

The fees payable to the Company's Statutory Auditors and Directors at December 31, 2020, for the performance of their corresponding duties, amount to 170 thousand euros and 1,521 thousand euros, respectively.

Summary of fees due to the Independent Auditors and to other entities belonging to the Independent Auditors’ network

The table below shows the total fees payable to PricewaterhouseCoopers S.p.A. (“PwC”) and the other entities of the PwC network for auditing the 2020 Financial statement, as well as the fees pertaining to 2020 for other audit/checking services and other non-audit services provided to INWIT by PwC and other entities of the PwC network.

(thousands of euros)	PwC S.p.A.	Other entities of the PwC network	Total PwC network
Auditing services:			
Independent audit of the Individual Financial Statements (*)	324	-	324
Limited review of the Interim Condensed Financial Statements (*)	50	-	50
Other services (**)	765	-	765
Total	1,139	-	1,139

(*) These amounts include 175 thousand euros for the adjustment of fees following the acquisition of Vodafone Towers Srl, which will be submitted for the approval of the Shareholders’ Meeting.

(**) This amount includes the fees for (i) examining the prospectus prepared in order to register the shares issued for the share swap under the merger by incorporation of Vodafone Towers S.r.l.; (ii) issuing comfort letters for the bond issues made in 2020; (iii) conducting the limited review of the Interim Financial Statements at March 31, 2020; (iv) reviewing the 2020 Sustainability Report.

INWIT

CERTIFICATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31,2020 PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED MAY 14, 1999, WITH AMENDMENTS AND ADDITIONS

1. We, the undersigned, Giovanni Ferigo, as Chief Executive Officer, and Diego Galli, as Manager responsible for preparing Infrastrutture Wireless Italiane S.p.A. financial reports, certify, having also considered the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures used in the preparation of the financial statements for the period January 1 – December 31, 2020.

2. Infrastrutture Wireless Italiane S.p.A. has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

3. The undersigned also certify that:
   3.1. the financial statements at December 31, 2020
      a) are prepared in conformity with international accounting principles adopted by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS) as well as the legislative and prescribed provisions in force in Italy also with reference to the measures enacted for the implementation of art. 9 of Legislative Decree 38 of February 28, 2005;
      b) correspond to the results of the accounting records and entries;
      c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company;
   3.2. the report includes a reliable analysis of the operating performance and income and financial situation of the issuer, along with the description of the main risks and uncertainties to which it is exposed.

March 4, 2021

The Chief Executive Officer

________/signed/__________
(Giovanni Ferigo)

The Manager responsible for preparing the Company's Financial Reports

________/signed/___________
(Diego Galli)

Infrastrutture Wireless italiane S.p.A.

Sede legale: Milano, Via Gaetano Negri, 1 – 20123 Milano
Tel. +39 02 54106032 – Fax +39 02 55196874
adminpec@inwit.telecompost.it

Codice Fiscale, Partita IVA e iscrizione al Registro delle Imprese di Milano 08936640963
Numero REA MI 2057238
Capitale Sociale € 600.000.000,00

INFRASTRUTTURE WIRELESS ITALIANE SPA

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE 39/2010 AND ARTICLE 10 OF REGULATION (EU) 537/2014

FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2020

pwc

Independent auditor's report
in accordance with article 14 of Legislative Decree 39/2010 and article 10 of Regulation (EU) 537/2014

Infrastrutture Wireless Italiane SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infrastrutture Wireless Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2020, the separate income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in section Auditor's Responsibilities for the Audit of the Financial Statements of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the key audit matter*
Recoverability of goodwill	
Note 5 "Goodwill"	
As of 31 December 2020 goodwill amounts to € 6,113 million, representing 67% of total assets and 133% of net equity. The recoverability of the carrying amount of goodwill was tested for impairment at year end, in accordance with IAS36 – Impairment of Assets. The recoverable amount of goodwill is based on the fair value less cost of disposal of the group of cash generating units (CGU) to which goodwill is allocated. The fair value less cost of disposal is based on the quoted market price of the Company shares, adjusted by the estimated fair value of the assets and liabilities not directly attributable to the group of CGU. The recoverable amount of the group of CGU is compared with its carrying amount, composed of assets and liabilities attributable to the CGU, including goodwill. The recoverability of goodwill represented a key audit matter considering the magnitude of its carrying amount, the contribution to total assets and net equity and the professional judgement required in assessing how goodwill was allocated to the CGU.	We have performed an understanding and evaluation of the internal controls over the impairment test of goodwill. We have performed the following audit procedures: • assessment of the adequacy of the impairment testing process in accordance with the requirements of the accounting standard; • assessment of the allocation of goodwill to the cash generating units – CGU; • assessment of the key assumptions used when determining the fair value, based on quoted market price; • assessment of the accuracy of the carrying amount of assets and liabilities attributable to the group of CGU to which the goodwill is allocated; • testing the mathematical accuracy of the calculation model used. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Accounting for lease agreements in accordance with IFRS16 - Leases *Note 8 "Right of use on third-party assets" and note 16 "Financial liabilities"* IFRS16 requires the lessee to recognise, with limited exceptions, a right-of-use asset within non-current assets against the recognition of a financial liability measured as the present value of future lease payments. The right-of-use asset is depreciated over the lease term, through income statement. The financial liability is repaid through future lease payments, including interest expenses. As of 31 December 2020, the total amount of right-of-use assets and the associated financial liability recognized in accordance with IFRS16 is € 1,140 million and € 1,052 million, respectively. Annual depreciation and interest expenses amount to € 179 million and € 25 million, respectively. The accounting for lease agreements under IFRS16 represented a key audit matter considering their significance in the financial statements and the professional judgement required for the assessment of the accounting policies and assumptions used by management.	We have performed an understanding of the internal control system over the management of lease agreements where the Company acts as a lessee. We have performed an understanding and evaluation of the accounting policies and assumptions used by management in the accounting for lease agreements, in accordance with IFRS16. We have performed control testing over the portfolio of lease agreements where the Company acts as a lessee, to verify the information flow processed by the accounting systems and the key assumptions used by management for the recognition and measurement of lease agreements in accordance with IFRS16. We have performed control testing and test of details – on a sample baisis – on the key elements of the lease agreements and main assumptions, with particular reference to the calculation of the lease term, the effect of potential options to extend the lease and the rate to discount the liability, used for the recognition and measurement of the lease assets and liabilities, including the depreciation of the period. We have verified the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Revenues from Master Service Agreement with TIM SpA *Note 19 "Revenues"* Annual revenues for 2020 amount to € 663 million, of which 89% or € 589 million generated from TIM SpA and Vodafone Italia SpA. Revenues from TIM SpA and Vodafone Italia SpA relate to different types of service rendered by the Company and are mainly regulated by the Master Service Agreements in place in 2020. The Master Service Agreements are complex agreement, containing several performance obligations, such as lease of tower space, power supply, air conditioning, backup systems, monitoring, security, asset management and maintenance services, guarantees and other minor services. The recognition of revenues derived from the Master Service Agreements represented a key audit matter considering the magnitude and the complexity of the agreements, the different type of services rendered to TIM SpA and Vodafone Italia SpA and the degree of judgement to be used in revenue recognition.	We have performed an understanding and evaluation of internal controls over the identification of performance obligations associated with the Master Service Agreements. We have verified the revenue recognition for the different performance obligations, also based on their stage of completion. We obtained written confirmation of amounts due from TIM SpA and Vodafone Italia SpA. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*

Acquisition of Vodafone Towers Srl

Note 4 "Business combinations"

The acquisition of Vodafone Towers Srl, the company holding the Italian tower and passive infrastructure business of Vodafone group, was completed on 31 March 2020, for a total consideration of € 5,699 million, of which € 2,140 million paid in cash and € 3,559 million through the issuance of new 360,200,000 Company shares, valued at the market price at the acquisition date.

As required by IFRS3 – Business combinations, the Company determined, at the acquition date, the fair value of the consideration transferred, the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed, recognizing a goodwill of € 4,701 million.

The accounting for the business combination in accordance with IFRS3 represented a key audit matter considering the magnitude of the acquisition, the contribution to the Company balance sheet and the income statement and the professional judgement required to measure the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

We have performed an understanding and evaluation of the overall transaction, analyzing the supporting legal and corporate documentation.

We have verified, with the assistance of PwC specialists and experts, the reasonableness of the assumptions and calculation models used by the Company to determine the fair value of the consideration transferred and the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed, also by examining the valuations and appraisals made by the Company.

We performed a full audit of the opening balances of the business acquired. We also verified the process to align the accounting policies used by the Company and their proper application in the financial statements.

We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit.

Furthermore:

- we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Infrastrutture Wireless Italiane SpA at the general meeting held on 23 February 2015 to perform the audit of the Company's financial statements for the years ending 31 December 2015 through 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree 58/1998

Management of Infrastrutture Wireless Italiane SpA is responsible for preparing a report on operations and a report on corporate governance and ownership structure of Infrastrutture Wireless Italiane SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/1998, with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree 254/2016

Management is responsible for the preparation, on a voluntary basis, of the non-financial disclosure in accordance with article 7 of Legislative Decree 254/2016. We have verified that management approved the non-financial disclosure.

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016, the non-financial disclosure is subject to separate audit reporting by our firm.

Milan, 16 March 2021

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

OTHER INFORMATION

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF INFRASTRUTTURE WIRELESS ITALIANE S.p.A. PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE 58/1998

To the Shareholders,
Infrastrutture Wireless Italiane S.p.A ("INWIT" or the "Company") operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.
INWIT commenced operations on April 1, 2015, the effective date of the transfer of the "Tower" business unit of Telecom Italia S.p.A. ("Telecom Italia" or also "TIM") mainly concerning the activities relating to the implementation and operation of the passive infrastructure of the sites, generally consisting of civil structures (such as towers, pylons and poles) and technological systems, necessary to host the transponder equipment owned by mobile telephone operators. In this context, INWIT stands out as the largest Italian Tower Operator in terms of number of sites managed, with a special focus on mobile services.
During the course of the financial year ended on December 31, 2020, INWIT's Board of Statutory Auditors performed its auditing duties as required by law, also taking account of the Principles of the Rules of Conduct recommended by the National Board of Accountants and Bookkeepers, and of the CONSOB communications regarding corporate controls and the activities of the Board of Statutory Auditors.
The Board of Statutory Auditors therefore reports that, during the year ended December 31, 2020, it systematically acquired the information needed for the performance of its functions by attending meetings of the Board of Directors, the Control and Risk Committee (also in the role of Related Parties Committee until March 31, 2020), the Strategic Committee (in office until March 31, 2020), the Related Parties Committee (set up on April 23, 2020) the Nomination and Remuneration Committee and the Sustainability Committee (set up on April 23, 2020), as well as through interviews with managers and representatives of company functions, documentation analysis and inspection activities.
The Delegated Bodies have reported at least once a quarter on business conducted, on those more significant transactions from the financial, economic and equity points of view, on transactions entailing possible conflicts of interest on any atypical or unusual transactions, and on any other business or transaction that it deemed ought to be disclosed.

****

1. I. During the 2020 financial year, the Board of Statutory Auditors, on the basis of the information received and the specific analyses conducted, monitored and supervised the final stages of the merger by incorporation of Vodafone Towers S.r.l. in INWIT - a transaction of major economic, financial and equity significance, as well as qualified as a transaction of more significance with a related party (RPT of more significance pursuant to Consob Regulation no. 17221 of March 12, 2010), on the performance of which the Board of Statutory Auditors, also in the previous year, carried out in-depth supervision - as well as on the integration plan resulting from it. In July 2020, the Company issued a bond with a nominal value of €1,000,000,000 maturing in 2026 and, in October 2020, a further bond with a nominal value of €750,000,000 maturing in 2028. With reference to the ongoing health emergency, the Board of Statutory Auditors has systematically monitored the company's adoption of appropriate measures to protect the health and safety of workers. Additionally, during 2020, it intensified - with reference to this aspect - the information flows with the Management and the auditing company; as a result of said activity, the Board of Statutory Auditors also took note of the fact that the company has

carried out a mapping of the risks associated with Covid-19 assessing the occurrence of events subject to such risks as having a low probability of occurrence, in view of the industrial sector to which it belongs, as illustrated in the "Management Report" contained in the 2020 Annual Financial Report, under the heading "Outlook for Operations in 2021".
To date, as indicated in the said Report, no negative impact on the economic results has been recorded that could generate losses in economic-financial performance or delays in the company's strategic planning. The Board has noted that the company - confirming its increasing focus on the pursuit of sustainability objectives - as from November 2020 has adhered to the principles of the Global Compact promoted by the United Nations regarding human rights, labour standards, environmental protection and anti-corruption, committing to integrating the ten principles into the company's strategy, culture and daily operations. In addition, in order to strengthen its commitment to inclusion and sustainability, INWIT has signed the Women's Empowerment Principles promoted by UN Global Compact and UN Women.

2. With regard to transactions that could potentially constitute a conflict of interest, the Directors, when commenting on the individual items set out in the financial statements, indicate and illustrate the principal transactions with related parties; thus reference should be made to these sections also for a description of the characteristics of the transactions and of their economic effects. As regards transactions with related parties, the Board of Statutory Auditors reports that, in accordance with CONSOB's regulatory provisions contained in resolution no. 17221 of March 12, 2010 (and subsequent amendments and additions), the Company adopted a specific procedure as from May 18, 2015 (subject to various updates over time). The procedure is briefly illustrated in the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the 2020 financial year", to which reference should thus be made. It should also be noted that this procedure was subject to a number of updates during the year, in order to adapt it to the new corporate structure following the integration with Vodafone Towers S.r.l., with Board approval on April 23, 2020 and, most recently, on December 10, 2020 (the updated version of the procedure is published on the company website www.inwit.it).
The Board of Statutory Auditors has monitored the compliance of the procedures adopted with the principles established by CONSOB, together with actual observance thereof, and, with reference to related party transactions of an ordinary nature, the Board has no observations to make regarding their congruity and their compliance with the Company's interests.

3. The Board of Statutory Auditors deems that the information provided by the directors in the Notes to the Financial statements of Infrastrutture Wireless Italiane S.p.A., regarding transactions with related parties, is adequate.

4. On March 16, 2021, the independent auditors PricewaterhouseCoopers S.p.A. issued its report pursuant to Article 14 of Legislative Decree no. 39 of January 27, 2010 and in accordance with the provisions of Article 10 of EU Regulation no. 537/2014, which certifies that the financial statements for the year ended December 31, 2020 provide a true and fair view of the Company's financial position for the year ended on that date, results of operations and cash flows, in accordance with the International Financial Reporting Standards adopted by the European Union and the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005. The report - as required by legislation - indicates the key aspects of the audit as follows: the recoverability of the goodwill, the accounting of the leasing contracts according to the international accounting standard IFRS 16 - Leasing, the revenues deriving from the Master Service Agreements with TIM S.p.a. and Vodafone Italia S.p.a. and the acquisition of Vodafone Towers S.r.l. The Report does not contain any disclosure requirements. The independent auditors also believe that the Management Report and the some specific items of information in the Report on Corporate Governance and Ownership Structures indicated in Article 123-bis, paragraph 4, of the Consolidated Finance Act are consistent with the financial statements of the Company as at December 31, 2020 and drawn up in compliance with the law.

5. During the course of 2020, and up to the date of drafting of this Report, the Board of Statutory Auditors has not received any reports under Article 2408 of the Italian Civil Code.

6. During the course of 2020, and up to the date of drafting of this Report, the Board of Statutory Auditors, has not received any complaints.

7. With reference to the 2020 financial year, the Company assigned to PricewaterhouseCoopers S.p.A. - in addition to the institutional tasks of legal audit on the annual financial statements, the half-yearly report and the reporting package - the tasks of: limited review of the Individual Non-Financial Statement, prepared by the Company, on a voluntary basis, pursuant to Legislative Decree no. 254, of December 30, 2016, for a fee of €20,000; limited review of the interim Management Report at March 31, 2020 for a fee of €40,000; issue of the two comfort letters relating to the Euro Medium Term Note bond programme (July - October 2020) for a total amount of €105,000; examination of the pro-forma financial data supporting the Prospectus for the listing of the new shares in favor of Vodafone Europe for the amount of €600,000. The above amounts are net of VAT and out-of-pocket expenses incurred for the execution of the engagement. Following the request of the Independent Auditors to adjust their fees related to the engagement for the legal audit of the financial years 2015-2023, taking into account the significant expansion of the audit activities following the acquisition and merger by incorporation of Vodafone Towers S.r.l., the Board of Statutory Auditors carried out an in-depth analysis and submitted its reasoned proposal to the Shareholders' Meeting for the financial years 2020-2023, to which reference should be made.

8. The Board of Statutory Auditors monitored the independence of the Independent Auditors; the same company issued, on March 16, 2021, the annual confirmation of its independence, pursuant to Article 6, paragraph 2) a) of EU Regulation no. 537/2014 and paragraph 17 of ISA Italia 260. In particular, the Independent Auditors, PricewaterhouseCoopers S.p.A., confirmed that, in 2020, no relationships or other aspects were found with Infrastrutture Wireless Italiane S.p.A. that are reasonably likely to have an effect on the independence of the same.

9. On March 5, 2020, the Board of Statutory Auditors issued its opinion to the Board of Directors, pursuant to Article 2389, paragraph 3 of the Italian Civil Code, on the Managing Director's variable remuneration for 2020. Pursuant to the Corporate Governance Code published by Borsa Italiana, the Board of Statutory Auditors was consulted within the scope of the definition of the functional objectives for the short-term incentive scheme (2020 MBO) of the Head of the Audit Function.

10. As disclosed in the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A. for 2020", during 2020, the Company's Board of Directors met 15 times; the Control and Risk Committee in office until March 31, 2020 (also acting as the Related Parties Committee) held 5 meetings; after the appointment of the new Committee, it met 8 times; the Nomination and Remuneration Committee held 13 meetings; the Related Parties Committee has held 11 meetings since its establishment; the Sustainability Committee has held 6 meetings since its establishment; the Strategy Committee (in office until March 31, 2020) held one meeting. In addition, in 2020, two meetings for all the Independent Directors were held.
    The Board of Statutory Auditors met 29 times during 2020, 13 of which were held jointly with the Audit and Risk Committee. In addition, the Board in 2020, with the attendance of at last one member, participated in:

    (i) three Shareholders' Meetings;

    (ii) all the meetings of the Board of Directors;

    (iii) all meetings of the Audit and Risk Committee, the Strategy Committee, the Nomination and Remuneration Committee, the Related Parties Committee and the Sustainability Committee.

It is also recalled that the Board of Directors of INWIT, in the meeting of April 13, 2018, in continuity with what had already been resolved by the previous Board on January 27, 2015, had assigned to the Board of Statutory Auditors, until the expiration of its mandate, the functions of the Supervisory Board pursuant to paragraph l, letter b) of Article 6 of Legislative Decree 231/2001. On April 23, 2020, the Board of Directors appointed, effective May 5, 2020 and until the approval of the financial statements as at December 31, 2022, an autonomous Supervisory Board, to which a member of the Board of Statutory Auditors was in any case called upon to ensure a systematic exchange of information with the Supervisory Board. During the year the Board met with the Supervisory Board for a mutual exchange of information.
The Board of Statutory Auditors also held 2 specific meetings in its capacity as Supervisory Board until the new board took office.

11. The Board of Statutory Auditors has taken note of, and monitored - insofar as it is concerned - due compliance with the principles of good administration: through attendance of the meetings of the Board of Directors and of the various Committees; by gathering information from the CEO, the Company's management, the head of the Audit Department, and the Financial Reporting Officer, the Head of the Risk Management Department and the other second-level control functions, as well as through meetings with the aforesaid persons and with the representatives of the independent auditors PricewaterhouseCoopers S.p.A., for the purpose of the reciprocal exchange of relevant information and data and, as a result of the above activities, has no comments to make on the matter.
The Board of Statutory Auditors supervised compliance with the law and the Company Bylaws. Specifically, as far as regards the Board of Directors' deliberative processes, the Board of Statutory Auditors has ascertained, also by attending the Board of Directors' meetings, that the Directors' decisions comply with law and with the Company Bylaws, and has verified that the corresponding resolutions were supported by information, analyses, controls and discussions, and also, when necessary, by recourse to consultation with the committees and with external consultants. The Board of Statutory Auditors has also verified, insofar as such is known, that the Directors have submitted the declarations required by Article 2391 of the Italian Civil Code.

12. In accordance with INWIT's Corporate Governance Code, the Board of Directors provides strategic guidance and supervision, with the principal aim of creating value for shareholders in the medium/long term, while also bearing in mind the legitimate interests of the remaining stakeholders. In order to implement its decisions and to govern the Company's business, the Board of Directors, in compliance with the limits established by law and the Company Bylaws, may delegate the appropriate powers to one or more directors, who report to the Board of Directors and to the Board of Statutory Auditors - promptly and at least on a quarterly basis - on the activities they perform, on the general performance of management, on its foreseeable evolution, and on the Company's significant transactions from the financial, economic and equity points of view.
The Shareholders' Meeting of March 20, 2020 appointed the current Board of Directors, which took office as of March 31, 2020, the effective date of the merger of Vodafone Towers into INWIT. Since that date, the office of Chairman has been held by Emanuele Tournon, who has been granted legal representation and powers of attorney. The office of Chief Executive Officer (and General Manager) remains vested in Giovanni Ferigo.
With effect from 31 March 2020, the Managing Director was granted - in addition to the legal representation of the Company - all powers necessary to carry out, with separate signature, all actions related to the ordinary corporate activities in its various applications, except for those powers reserved to the Board of Directors by law or by the Company Bylaws; responsibility for the ordinary management and overall governance of the Company, including responsibility for disclosure to the market as well as responsibility for defining, proposing to the Board of Directors and then implementing and developing the strategic, industrial and financial plans. The CEO is also assigned responsibility for establishing – through implementation of the Board of Directors' guidelines – the internal control system, and for ensuring that it met the requirements of changing operating conditions and of the evolving legislative/regulatory situation.

The company has adopted an organizational model that provides for the monitoring of the principal activities required for the management, control and development of the Company's business. On the basis of this model, the following functions report to the CEO:

- Marketing & Sales;
- Operations & Maintenance;
- Administration Finance and Control & Business Support;
- Legal & Corporate Affairs;
- Human Resources,
- External Relations & Communication;
- Real Estate;
- Technology Governance & MSA.

The Legal & Corporate Affairs Function, through the Compliance and Data Protection Function, guarantees the management of formalities relating to compliance and regulatory issues; The role of Financial Reporting Officer is assigned to the Head of Administration Finance and Control, Mr Diego Galli.

The Audit Function, which reports directly to the Board of Directors, is headed by Ms Laura Trucco.

The Board of Statutory Auditors, insofar as it is concerned, acquired information regarding the Company's chosen organizational structure, and its implementation and development; it also monitored the dynamic adequacy of the organizational structure and its operation, bearing in mind the Company's objectives and, as a result of these activities, has no comments to make on the matter.

On March 31, 2020, the Board of Directors took note of the termination of the management and coordination activity of TIM S.p.A.

13. The Board of Statutory Auditors monitored the implementation and due operation of the Company's internal control and risk management system (hereinafter, for the sake of brevity: the internal control system), ensuring its adequacy, both now and in the future, by means of: (i) meetings with the Control and Risks Committee; (ii) regular meetings with the Heads of the Audit Function, the Legal Function - who, as mentioned, also oversees questions of compliance - and with the Financial Reporting Officer; (iii) regular meetings with the heads of other company departments; and (iv) acquisition of documentation.
These periodic meetings were aimed, among other things, at examining the activities carried out by these functions, risk mapping and verification programmes, also in the light of the significant dimensional, procedural and organizational evolution of the company. The Board of Statutory Auditors has also examined the periodic reports of the Control and Risk Committee and the Head of the Audit Department, in particular the audits in the various areas of the company on the functioning of the internal control system.
The Board of Statutory Auditors has also systematically met with the appointed Auditing Firm in order to carry out a periodic exchange of information between the various Control Bodies.
The internal control system is organized, and operates, in accordance with the principles and criteria set out in Corporate Governance Code published by Borsa Italiana. It is an integral part of the organizational structure of the Company and involves a number of actors who operate in a coordinated manner according to their respective responsibilities, as follows: (i) the Board of Directors is responsible for strategic guidance and supervision; (ii) the CEO and management are responsible for monitoring and managing the Company's operations; (iii) the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and (iv) the Board of Statutory Auditors has a supervisory role.
The establishment and maintenance of the internal control system is entrusted to the CEO and to the Financial Reporting Officer, insofar as each is concerned, so as to ensure the overall adequacy of the system and its actual operation, from a risk-based perspective, which is also taken into consideration when the Board of Directors' agendas are drawn up.

In accordance with the Company's Corporate Governance Code, in exercising the Board's responsibility for the internal control and risk management system, the Board also avails itself of the services of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. In particular, during 2020, the Audit Function also made recourse to an independent primary consultancy company for the performance of its activities.
For further details of the internal control system, see the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the 2020 financial year".
The Board of Statutory Auditors has acknowledged the overall evaluation of the internal control and risk management system submitted by the Head of the Audit Function and of the Control and Risk Committee.
With a view to the future, the Board of Statutory Auditors deems the internal control and risk management system to be generally adequate. In this regard, the Board of Statutory Auditors monitored with great attention the actions taken to overcome the weaknesses found from time to time and recommended to the management to continue to strengthen the internal control system which, in any case, does not present particular critical situations at present.
During 2020, the Organizational Model was updated on July 30 and October 20 to incorporate the new regulations on tax crimes, as well as those introduced by Legislative Decree no. 75 of July 14, 2020 implementing the so-called PIF Directive (EU Directive of July 5, 2017), on the subject of combating fraud affecting the financial interests of the Union. Subsequently, on March 4, 2021, the Board of Directors approved the Company's new Organizational Model, taking into account, inter alia, the changed organizational structure, the updated processes and sensitive activities potentially exposed to the risk of crime, in compliance with the regulations currently in force.
The Board of Statutory Auditors, in its capacity as Supervisory Board until May 5, 2020, the date on which the new
Supervisory Board took office, monitoring the company's deployment of the Organizational Model, with particular reference to information, training, information flows and specific audit and follow-up activities on selected sensitive processes.

14. The Board of Statutory Auditors – also in its capacity as Internal Control and Audit Committee - has evaluated and monitored the adequacy of the administrative-accounting system and its capacity to reliably and correctly represent company transactions, by obtaining information from the heads of the company functions concerned, by examining company documents and monitoring activities and by analyzing the results of the work carried out by the independent auditors PricewaterhouseCoopers S.p.A. and, as a result of these activities, has no comments to make on the matter.
The Board of Statutory Auditors has acknowledged the statements issued by the CEO and by the Financial Reporting Officer, in regard to the adequacy - in relation to the Company's nature - and the actual application in 2020, of the administrative and accounting procedures required for the drafting of the financial statements.
With regard to the question of the impairment testing of goodwill and of assets with an undefined useful life, in accordance with international accounting standards, the Board of Statutory Auditors has monitored (i) the adoption and periodic updating by the Board of Directors of a specific procedure, and subsequently (ii) the results of the tests conducted in this regard by the management, which confirmed the recoverable nature of said goodwill and assets.
On March 16, 2021, the Independent Auditors issued the Report pursuant to Article 11 of Regulation EU no. 537/2014, which failed to identify any significant inadequacies in the internal control system in regard to the process of financial disclosure, which are sufficiently important to merit being brought to the attention of the present Board of Auditors.
The Board of Statutory Auditors also supervised preparation by the Company of the Individual Non-Financial Statement, prepared for the third year on a voluntary basis by the Company. For the first time, the Company has prepared the Integrated Report containing the Non-Financial Statement. In this regard, the company PricewaterhouseCoopers has been appointed to carry out, on the basis of this statement, the limited assurance engagement, following which, on

March 16, 2021, it issued its report pursuant to Article 3, paragraph 10, Legislative Decree no. 254/2016 and Article 5 of Consob Regulation no. 20267/2018. In this report, the independent auditors concluded, on the basis of the work carried out, that no evidence has come to their attention that the Non-Financial Statement has not been prepared, in all significant respects, in accordance with the requirements of Article 3 of the aforementioned decree and the selected GRI Standards, as described in the "Methodological Note" section of the Non-Financial Statement itself.
The Board of Statutory Auditors examined PricewaterhouseCoopers' report on the matter and monitored compliance with the provisions of Legislative Decree no. 254/2016.

15. The Board of Statutory Auditors found that the obligation under Section 114 (2) of Italian Legislative Decree no. 58/1998 does not apply in that the Company held no interests in other companies as at December 31, 2020.

16. The Board of Statutory Auditors has ascertained, by means of direct audits and information received from the independent auditors PricewaterhouseCoopers S.p.A., that the regulations and laws governing the formation and arrangement of the financial statements and the Management Report have been duly observed.

17. The Company complies with the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana. On February 4, 2021, the Board of Directors resolved to adhere to the new Corporate Governance Code of Borsa Italiana (2020 version).

18. The Board of Statutory Auditors supervised the checking of the requirements, and of due application of the principles of independence of the Company's Directors. The same control body verified the independence requirements of its members, pursuant to Article 148, paragraph 3, of Legislative Decree No. 58/1998, and carried out a self-assessment process, supported by Russell Reynolds, which was completed on February 25, 2021 and concerned, inter alia, the functioning of the body itself. It has also been established that the members of the Board of Statutory Auditors, together possess expertise in the sector in which the Company operates, pursuant to Article 19 of Italian Legislative Decree no. 39/2010. For further information regarding the Company's Corporate Governance, see the "Report on Corporate Governance and Ownership Structure of Infrastrutture Wireless Italiane S.p.A in the 2020 financial year". The Board of Statutory Auditors has monitored the fact that the aforesaid Report offers full information regarding the manner in which the Company has adopted and implemented the recommendations of the Corporate Governance Code.
In addition, the Board of Statutory Auditors verified that the Report on the Remuneration Policy 2021 and the remuneration paid, prepared in accordance with Article 123-ter of Legislative Decree No. 58/1998 and approved by the Board of Directors on March 4, 2021, was prepared in accordance with regulatory provisions and provides adequate information on the Company's remuneration policy and the remuneration paid during the year. This Report also takes into account the amendments made, pursuant to CONSOB Resolution No. 21623 of December 10, 2020, to Article 84-quater and Schedule No. 7-bis of Attachment 3A to the Issuers' Regulations, following the transposition of Directive (EU) 2017/828 on the encouragement of long-term shareholder engagement (SHRD II).

19. The Board of Statutory Auditors' supervisory and auditing activities have failed to reveal any significant facts that need to be reported or mentioned in this Report.

20. The Board of Statutory Auditors, having acknowledged the results of the financial statements as at December 31, 2020, and bearing in mind that the Statutory Reserve has reached one-fifth of Equity capital pursuant to Article 2430 of the Italian Civil Code, has no objection to make in regard to the Board of Directors' proposal to the Shareholders' Meeting, to allocate net profit for the 2020 financial year, amounting to €156,666,767, as well as distributing part of the available reserves for a total of €131,393,233, using the entire retained earnings reserve (for

€12,571,628) and part of the share premium reserve (for €118,821,605), and therefore to allocate a total of €288,060,000, as follows:

- to distribute to the shareholders, by way of dividend, €0.30 for each of the 960,200,000 ordinary shares in circulation at the ex-dividend date (excluding the treasury shares held in the portfolio of Infrastrutture Wireless Italiane S.p.A.), gross of withholding taxes, with an ex-dividend date of May 24, 2021, payment on May 26, 2021 and a dividend payment validity date, pursuant to Article 83-terdecies of the Consolidated Finance Act, of May 25, 2021.

In view of the above, the Board of Statutory Auditors invites the Shareholders to approve the financial statements as at December 31, 2020 presented by the Board of Directors, together with the Management Report.
Moreover, with reference to the proposed adjustment of the fees of the independent auditors relating to the engagement for the legal audit of the accounts for the financial years 2020-2023, taking into account the significant expansion of the audit activities following the acquisition and merger by incorporation of Vodafone Towers S.r.l., the Board refers to what is set out in paragraph 7 of this Report and, more specifically, to its reasoned proposal to the Shareholders' Meeting.

****

With the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2020, the term of office of the Board of Statutory Auditors expires; giving thanks for the trust placed in us, we invite the Shareholders to do so.

Milan, March 16, 2021 THE BOARD OF STATUTORY AUDITORS

_______/signed/______ Stefano Sarubbi

_______/signed/______ Umberto La Commara

_______/signed/______ Michela Zeme