Financial release

iliad GROUP

2022 FINANCIAL REPORT

MANAGEMENT REPORT

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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Société anonyme. Share capital: €14,930,060.5
Registered office: 16, rue de la Ville l'Evêque – 75008 Paris, France
Registered in Paris under no. 342 376 332

iliad GROUP

MANAGEMENT REPORT

ANALYSIS OF THE GROUP'S BUSINESS AND RESULTS

KEY CONSOLIDATED FINANCIAL DATA

In € millions	2022	2021
INCOME STATEMENT		
Total revenues	8,369	7,587
EBITDAaL	3,303	2,949
Profit from ordinary activities	1,356	1,148
Profit for the period	758	526

BALANCE SHEET	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	20,333	19,498
Current assets	3,192	2,952
Of which cash and cash equivalents	*521*	*704*
Assets held for sale	1,470	959
Total assets	**24,994**	**23,409**
Total equity	5,213	5,873
Non-current liabilities	14,894	11,553
Current liabilities	4,888	5,983
Liabilities held for sale	19	0
Total equity and liabilities	**24,994**	**23,409**
Net debt[1]	**10,815**	**8,012**

CASH FLOWS	2022	2021
Cash flows from operations	**3,717**	**3,208**
Right-of-use assets and interest expense on lease liabilities – IFRS 16 impact	(892)	(836)
Capital expenditure excluding payments for frequencies – Group	(2,139)	(2,283)
Payments for frequencies – Group	(1,185)	(175)
Income tax paid	(527)	(343)
Net interest paid	(281)	(139)
Other (including impact of changes in scope of consolidation)	42	775
Net change in cash and cash equivalents – Group (excluding change in net debt and dividends)	**(1,333)**	**(19)**
Dividends paid to owners of the Company	(1,467)	(176)

[1] Short- and long-term financial liabilities less cash and cash equivalents

1 OVERVIEW

The iliad Group (the "Group") is one of Europe's leading electronic communications players, with 45.9 million subscribers, €8.4 billion in revenues in 2022 and over 16,700 employees.

Since it was founded in 1991, thanks to its expertise in electronic communications networks and the commercial appeal of its retail offerings marketed under the Free brand, the Group has become a major Internet and electronic communications player (fixed and mobile) in France.

In 2018, the Group expanded its geographic reach to Italy, where it has captured market share of 12% in the space of three years. It continued its expansion in Europe by acquiring Play, Poland's leading mobile telecom operator, in 2020, and the Polish cable-operator UPC Polska in April 2022.

iliad S.A. is the parent company of the iliad Group, which operates under the trade names of Free in France, iliad in Italy and Play in Poland.

The Group has three separate geographic segments: France, Italy and Poland.

The following key performance indicators are used in this management report:

EBITDAaL: profit from ordinary activities before depreciation, amortization and impairment of property, plant and equipment and intangible assets and the impact of share-based payment expense.

Revenues billed to subscribers: Revenues generated from services billed directly to subscribers (services included in subscribers' mobile plans as well as additional services).

1.1 Breakdown of revenues

France

B2C fixed offerings

The Group is the leading alternative Broadband and Ultra-Fast Broadband Internet operator in France. Under the Free brand, the Group proposes three fixed-line plans, with an initial monthly price for the first year ranging from €19.99 (€44.99 per month after one year) up to €39.99 (€49.99 after one year). The packages contained in these three plans vary from one another in terms of download speeds, telephone services and access to content/audiovisual platforms.

Depending on the eligibility of the subscriber's line, Free's offers are compatible with the various Broadband and Ultra-Fast Broadband technologies available on the market (Fiber (FTTH), ADSL, VDSL2 and via a 4G+ Box). In addition to its Internet access plans, the Group offers hosting services, which correspond to (i) providing dedicated servers to private individuals who wish to secure their data, and (ii) website hosting and the purchase/resale of domain names (services targeted mainly at private individuals and very small businesses that have relatively low data storage requirements). Hosting services are billed based on a monthly or annual subscription depending on the type of offer.

B2C mobile offerings

In 2021, the Group continued to focus on improving its subscriber mix by increasing the proportion of subscribers on the unlimited 4G/5G Free Mobile Plan. This notably entailed keeping the intermediate plan first launched in 2018, which offers a discounted price for 12 months and then automatically switches to the unlimited 4G/5G Free Mobile Plan. The price of this intermediate offering varies depending on the period, and at end-2022 was €14.99 per month. At the same time, the Group pursued its proactive campaigns to migrate subscribers on the €2 plan to the unlimited Free Mobile 4G/5G Plan.

B2B offers

The Group's B2B business in France is split out into Business Telecommunications Services (fixed and mobile) that Free Pro provides to very small businesses, SMEs and large corporations, and Hosting Services, which involves three different types of services: (i) dedicated hosting services, which correspond to providing dedicated servers to SMEs that wish to secure their data, (ii) colocation services, consisting of the provision of physical space in a datacenter, as well as the associated electric capacity, in order to house bays and servers, and (iii) cloud computing, which gives convenient, on-demand network access to a shared pool of configurable computing resources. Hosting, colocation and cloud services are primarily managed mainly by Scaleway and Free Pro (formerly Jaguar Network) in France, and by 3S in Poland.

Sales of devices

In order to ensure its offers are fully transparent, Free proposes phones separately from its subscriptions, which means that subscribers can opt for whichever plan and phone they prefer, or can choose not to purchase a phone at all. Several solutions are available: (i) buying a phone and paying for it upfront in cash or (ii) renting a phone with a purchase option (Free Flex offer). In all cases, the Group recognizes the corresponding revenue when the phone is received by the subscriber.

Italy

Mobile offerings

The Group has enjoyed resounding commercial success in Italy since launching its mobile business there on May 29, 2018. It ended 2022 with 9.6 million subscribers, representing more than 12% of the Italian mobile market (excluding M2M).

At end-December 2022, iliad Italia had four mobile plans, all with unlimited calls to fixed lines and mobiles in Italy: (i) a voice-based plan costing €4.99/month including 40 MB of mobile data, (ii) a €7.99/month plan including 100 GB/month of 3G/4G/4G+ mobile data, (iii) a €9.99/month plan including 150 GB/month of 3G/4G/4G+ mobile data, and (iv) a €13.99/month plan including 300 GB/month of 3G/4G/4G+/5G mobile data.

The Group's Italian offering also includes a selection of iPhones (ranging from the iPhone 11 to the iPhone 14 Pro Max). In order to ensure that its offers are fully transparent, iliad Italia proposes phones separately from its mobile subscriptions, which means that subscribers can opt for whichever plan and phone they prefer, or can choose not to purchase a phone at all.

Fixed offerings

On January 25, 2022, iliad Italia launched a fixed internet plan via Open Fiber's FTTH network, giving access to speeds of up to 5 Gbps. At end-2022, the cost of the plan was €19.99 a month for iliad Italia's mobile subscribers and €24.99 a month for fixed-only subscribers.

Poland

Mobile offerings

Through its acquisition of Play in November 2020, the iliad Group has become a major operator in the Polish telecom market. Play provides mobile services in Poland (voice, text messages/MMS and data) to individuals and businesses (particularly to very small businesses and SMEs) under monthly plans and via prepaid cards. We use a single brand ("Play") for all our services except for the Virgin Mobile brand, which targets other market segments.

Fixed offerings

With its acquisition of UPC Polska that closed on April 1, 2022, the Group is now an integrated convergent operator. UPC Polska is one of Poland's leading internet service providers, with over 3.8 million fiber-connected households (via HFC and FTTx networks) and 1.6 million single fixed-line subscribers at end-2022. This acquisition gives iliad a further foothold in the Polish telecommunications market. Together, Play and UPC Polska will form a new convergence leader, proposing some of the most innovative and competitive offerings in the fixed and mobile BtoC and BtoB markets. At end-2022, UPC Polska offered services such as fixed telephone line, internet subscription and TV subscription either on a standalone basis or via multiplay offers (a bundle of several services).

1.2 The Group's main operating costs

France

Main operating costs of the Group's fixed offerings

(i) Costs related to DSL offerings

The operating costs related to the Group's DSL offerings differ depending on whether or not subscribers are unbundled, i.e., whether their communications are carried on the Group's own network (outside the local loop) or are covered by a wholesale offering proposed by the incumbent operator.

Currently, almost all of the Group's DSL subscribers are fully unbundled, for which the Group pays for the rental of the copper pair from the incumbent operator (€9.65 per month[2] and per line in 2022), as well as maintenance costs.

(ii) Costs related to Fiber offerings

In very densely populated areas, the gross margin and EBITDAaL margin on Fiber offerings are higher than DSL margins as the Group no longer has to pay for the rental of the copper pair from the incumbent operator. The Group's objective is therefore to maximize the proportion of Fiber subscribers in eligible areas where technically feasible.

For areas where the fiber rollout is covered by co-financing agreements and public initiative networks ("PINs") the Group leases all of its fiber infrastructure via Investissements dans la Fibre des Territoires (IFT) – a joint venture that is 49%-held by the Group and was set up specifically for that purpose between iliad and InfraVia – with IFT bearing the costs of the co-investments concerned.

Main operating costs of the Group's mobile offerings

(i) Mobile call and text message termination charges

Termination rates for mobile voice calls were 0.55 euro cents from January 1, 2022 through December 31, 2022 (1 euro cent per text message), and have been reduced to 0.4 euro cents since January 1, 2023 (with no change for text messages). They will be reduced to 0.2 euro cents as from January 1, 2024.

(ii) Roaming charges

The Group has to pay roaming charges for the 2G and 3G roaming services provided to it in France, which are defined in a roaming agreement signed with the country's incumbent operator (Orange) in 2011. This agreement has been extended until 2025 so that Free Mobile can continue to gradually stop using the Orange network for 2G/3G roaming services, mainly by progressively and substantially reducing the maximum Internet speeds provided to roaming subscribers (currently capped at 384 kbps). The extension of the agreement with the gradual reduction of Internet speeds is intended to provide for an organized termination of the roaming services, notably for subscribers who have 2G devices and for the residual areas where Free Mobile's network is still in the rollout phase. ARCEP has noted (i) a steady decrease, in volume and proportion, of Free Mobile communications routed via 2G/3G roaming, and (ii) Free Mobile's ongoing high level of investment in its own 3G/4G/5G

[2] €9.65 per month in 2021

network. In this gradual termination phase, the costs of the roaming agreement are no longer material in relation to the Group's overall financial position.

Italy

MOCN (Multi-Operator Core Network) roaming agreement

In 2022, as has been the case since it launched its business in Italy in 2018, the Group had to pay roaming charges for the roaming services provided to it, which are defined in a Multi-Operator Core Network (MOCN) agreement signed with Wind/Tre in 2016. This agreement enabled the Group to offer all-technology services with nationwide coverage immediately as from the launch of its operations in Italy and it has rounded out iliad's proprietary mobile network coverage.

On January 3, 2023, the Group completed the set-up of a 50/50 joint venture with Wind Tre, aimed mainly at covering non-densely populated areas in which 26.8% of Italy's population lives. The joint venture's operating costs are split equally between the two shareholders.

Mobile call and text message termination charges

The Group also pays mobile voice call and text message termination charges in Italy. Termination rates for mobile voice calls are regulated and amounted to 0.55 euro cents per minute in 2022. They were reduced again (to 0.4 euro cents) on January 1, 2023 and will be further reduced to 0.2 euro cents on January 1, 2024.

Poland

Main operating costs of the Group's fixed offerings

Until the acquisition of UPC Polska, the main operating costs for Play's fixed offerings in Poland corresponded to the wholesale price paid to our partners. Post acquisition, the Group signed an agreement with InfraVia for the sale of 50% of its interest in an iliad Group dedicated entity. It is planned that part of UPC Polska's activities will be transferred to this entity, in particular network infrastructure in the form of 3.8 million HFC and FTTx connections. This dedicated entity will make its network available to other operators (including Play and UPC) based on the wholesale price model.

Main operating costs of the Group's mobile offerings

(iii) Mobile call and text message termination charges

In line with France and Italy, termination rates for mobile voice calls in Poland were 0.55 euro cents per minute in 2022. They were reduced to 0.4 euro cents on January 1, 2023 and will be further reduced to 0.2 euro cents on January 1, 2024. Termination rates for text messages – which are unregulated – remained stable at PLN 0.05 per text message. Termination rates for fixed-line calls were 0.07 euro cents per minute (compared with 0.45 euro cents in the first half of 2021 and around 0.10 euro cents in the second half of 2021).

(iv) Roaming charges

Despite its wide network coverage in Poland, Play pays for roaming services in order to ensure it has a full geographic footprint across the country. In 2021, Play and Orange Polska signed an addendum to their roaming agreement, extending it until 2025. The amount payable under this roaming agreement totals PLN 300 million for the period from 2021 to 2025.

Consequently, margin levels in Poland depend on the total number of subscribers, the volume of traffic carried on the Group's network, and subscriber usage patterns, particularly for mobile data. The Group's objective is therefore to maximize the proportion of traffic carried directly on its own network, by deploying its own mobile sites.

1.3 Capital expenditure and depreciation

<u>France</u>

Broadband and Ultra-Fast Broadband

(i) Transmission network and unbundling the local loop

The Group has rolled out one of the largest IP networks in France, both in terms of coverage and traffic volumes. It draws on this extensive network to connect up subscriber connection nodes and unbundle the local loop. All of the network equipment (Freebox DSLAMs) installed in the subscriber connection nodes is compatible with VDSL2 technology, which means eligible subscribers have access to the best possible speeds on the local copper loop.

The optical fiber used in the transmission network is depreciated over periods ranging from 10 to 27 years. The equipment installed in the subscriber connection nodes (Freebox DSLAMs) is depreciated over five or six years.

(ii) Operating costs and capital expenditure by subscriber

The main operating costs and capital expenditure by subscriber relate to the following:

- The boxes provided to subscribers (the cost of which varies depending on the model).
- Subscriber connection costs:
    - xDSL: Fees billed by the incumbent operator for access to unbundling services (also known as cabling costs or access fees), which amount to €50 per subscriber for full unbundling.
    - FTTH: Installation and connection costs for Fiber sockets.
- Logistics and modem dispatch costs.

All of the above items (Freebox modems, access fees and logistics costs) are depreciated over a period of five or seven years.

Rollout of a Fiber local loop

The Fiber rollout is a logical extension of the Group's strategy of investing in the deployment of its own infrastructure with the aim of increasing margins and profitability.

The regulatory framework applicable to rolling out the optical fiber local loop differs depending on the geographic areas concerned.

(i) Very densely populated areas (approximately 7.7 million lines)

ARCEP (the French regulatory authority for electronic and postal communications) has issued a list of 106 municipalities classified as "very densely populated areas". In these areas, each operator is responsible for rolling out its own network up to shared access points, which are generally located inside buildings. The in-building cabling is then shared by the operators.

The Group is therefore rolling out its own Fiber infrastructure in very densely populated areas, which involves:

- Acquiring and fitting out premises to house optical nodes (ONs).
- Carrying out horizontal rollouts, which consists of laying optical fiber cables between the ONs and the shared access points. The Group's horizontal rollout phase is being undertaken using (i) the accessible galleries of the underground wastewater network in Paris, and (ii) the incumbent operator's infrastructure access offer under which third parties can access its existing cable ducts in other areas of France.
- Connecting the horizontal network to the shared access points.
- Carrying out the final connection phase, which entails fitting an optical fiber socket in the subscriber's home and connecting it to the building's vertical fiber cables through the floor distribution box.

By rolling out its own optical fiber local loop, the Group directly owns all of its fiber-to-the-premises infrastructure and is therefore totally independent from the incumbent operator. This means that it has complete control over its service quality and subscriber relations, and can provide its subscribers with access to a technology that fully meets their growing bandwidth requirements.

(ii) Outside very densely populated areas

Outside very densely populated areas, in order to optimize Fiber rollouts and operators' capital expenditure, the applicable regulatory framework provides for more extensive infrastructure sharing as it requires operators that roll out networks to create shared access points located outside property boundaries which can each be used for around 1,000 lines.

a. Private co-financed areas (approximately 18.3 million lines)

Under the offer proposed by the incumbent operator and the second operator responsible for rolling out fiber in private co-financed areas, each operator can access all of the deployed lines and only has to co-finance the rollout to the extent of the local market share it is seeking to achieve, through purchases of 5% tranches. As a result of the incumbent operator's access offer, co-financing can be used not only for the line between the shared access point and the building but also for the backhaul fibers between the shared access point and the optical node.

b. Public Initiative Networks – PINs (rest of France)

FTTH networks are rolled out in PIN areas in many different ways, which may require entering into agreements with the public bodies in charge of deploying the networks or with the private entities responsible for marketing them.

<u>Partnership with InfraVia</u>

In 2019, in order to accelerate its fiber rollouts in private co-financed areas and PIN areas, and to cement its status as the leading alternative FTTH operator, the Group made the strategic decision to enter into a partnership with InfraVia, a French private equity firm specialized in infrastructure. The deal – which closed on February 28, 2020 – involved setting up a company called IFT (49%-owned by the iliad Group), dedicated to co-financing the creation of new FTTH sockets and taking up new co-financing tranches. Since late February 2020, IFT has provided all of Free's access and information services for the co-financed sockets concerned, under a long-term service agreement, and will also be able to offer the same services to third-party operators.

(iii) Fiber progress report at December 31, 2022

As in 2021, the Group's volume of fiber rollouts was very high in 2022, both in terms of new connectible sockets and new subscribers connected up to FTTH:

- The number of connectible sockets increased by 5.8 million over 12 months, totaling 31.3 million at end-December 2022. The Group's Fiber plans are now available in over 90% of FTTH-eligible premises and in more than 22,000 municipalities (versus around 14,200 at end-2021).
- The FTTH subscriber base grew by 23% over the year and totaled 4.66 million subscribers at December 31, 2022, corresponding to 885,000 net adds. This steady rise in the fiber take-up rate (up +10 points year on year to 65% at end-2022) is due to French households' growing appetite for FTTH technology and to Free's frequent launches of its FTTH offerings in new non-densely populated areas.

The Group maintained its position as France's leading alternative FTTH operator in 2022.

A comprehensive and enriched frequency portfolio

Since it was awarded France's fourth 3G mobile license in January 2010, the Group has continuously enriched its frequency portfolio.

Following the procedure to reallocate frequencies in the 900 MHz, 1,800 MHz and 2.1 GHz bands whose licenses expire between 2021 and 2025, in 2021, the Group was allocated an additional 3.7 MHz in the 900 MHz band and an additional 9.8 MHz in the 2.1 GHz band. This reallocation procedure will gradually lead to a more balanced split of frequencies between France's operators.

	Frequency portfolio at end-2022	Frequency portfolio as from February 9, 2025	License expiration dates
700 MHz	2 x 10 MHz	2 x 10 MHz	Dec. 7, 2035
900 MHz	2 x 7.6 MHz	2 x 8.7 MHz	Jan. 11, 2030 (5 MHz), March 24, 2031 (2.6 MHz), Dec. 8, 2034 (1.1 MHz)
1,800 MHz	2 x 15 MHz	2 x 15 MHz	Oct. 11, 2031
2.1 GHz	2 x 14.8 MHz	2 x 14.8 MHz	Jan. 11, 2030 (5 MHz), Aug. 20, 2031 (9.8 MHz)
2.6 GHz	2 x 20 MHz	2 x 20 MHz	Oct. 10, 2031
3.5 GHz	70 MHz	70 MHz	Nov. 17, 2035
Total	2 X 67.4 MHZ + 70 MHZ	2 x 68.6 MHz + 70 MHz	

Rollout of a network of mobile masts

Since it was awarded France's fourth 3G mobile license, the Group has implemented its mobile network rollout strategy by drawing on its extensive fixed-line transmission network and putting in place specific business units that effectively manage and oversee the network rollout process (seeking out sites, undertaking discussions with all types of lessors, carrying out administrative and regulatory procedures, performing installation works and ensuring compliance with the related safety rules, and monitoring the operation and maintenance of radio equipment at sites where it has been installed).

In 2022, we continued our major rollout drive across all technologies. In Metropolitan France we switched on an additional 2,159 3G sites and 2,206 4G sites, and rendered technically operational 2,946 new 5G sites, which has resulted in very high population coverage rates (99.4% for 3G, 99.2%[3] for 4G, and close to 88% for 5G). In the French overseas departments and territories (DOM-TOM), Free's mobile network – whose commercial offerings were launched in May 2022 – comprised 110 own 3G/4G active sites at end-2022, rounded out by 230 active sites via the MOCN agreement with Digicel.

The depreciation/amortization periods applied for the main assets brought into service by the Group are as follows:

- General equipment: 10 years.
- Mobile technical equipment: 6 and 18 years.
- Other equipment: 3 to 5 years.
- Other assets: 2 to 10 years.

Licenses are amortized over the residual license period from the date when the related network is technically ready for the service to be marketed. Licenses other than the 3.5 GHz license in France are being amortized on a straight-line basis over a period of 18 years on average. The 3.5 GHz license is being amortized over 15 years as from December 15, 2020.

Strategic industrial partnership with Cellnex

In France, in late 2019 iliad sold 70% of the company that manages its French passive mobile telecommunications infrastructure ("On Tower France"), comprising 5,700 sites at end-2019. The sale of the remaining 30% interest to Cellnex was completed in March 2022.

In addition to this industrial partnership, through which Cellnex and iliad have teamed up to manage and develop On Tower France, iliad and On Tower France have entered into a long-term access and services agreement, providing for a build-to-suit program.

Rollout of the distribution network: stores and kiosks

At December 31, 2022, the Group had a network of 189 Free stores (Free Centers) located throughout France.

The Free Centers have four different but related objectives:

- To increase the Group's subscriber base by attracting new subscribers or by encouraging existing fixed-line subscribers to add mobile services and vice versa.

- To showcase the Free brand by bringing it physically closer to subscribers and promoting the benefits of its offerings.

- To sell and rent devices.

- To provide after-sales services to subscribers and reassurance through one-on-one contact.

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[3] The March 16, 2023 publication reported 99.9% coverage. Updates to the modeling bases carried out after this date lead to estimate a corrected coverage of 99.2%.

In addition, the Group has a full physical presence in France, thanks to its network of self-service kiosks for mobile subscriptions that have an integrated SIM card dispenser. These dispensers are made available in partnership with the network of Maison de la Presse, Mag Presse and Fnac Darty stores. At end-2022, the Group had around 2,000 such kiosks across France.

Italy

A balanced frequency portfolio of 265 MHz (including 45 MHz duplex)

	Frequency portfolio at end-2022	License expiration date
700 MHz	2 x 10 MHz	Dec. 31, 2037
900 MHz	2 x 5 MHz	Dec. 31, 2029
1,800 MHz	2 x 10 MHz	Dec. 31, 2029
2.1 GHz	2 x 10 MHz	Dec. 31, 2029
2.6 GHz	2 x 10 MHz	Dec. 31, 2029
3.6-3.8 GHz	1 x 20 MHz	Dec. 31, 2037
26.5-27.5 GHz	1 x 200 MHz	Dec. 31, 2037
Total	2 x 45 MHz + 220 MHz	

In 2018, the Italian government carried out an auction for the allocation of 700 MHz frequencies as well as the frequencies in the 3.6 GHz-3.8 GHz and 26 GHz-27 GHz bands used for 5G. The results of the auction were announced in October 2018 and the Group purchased frequencies for an aggregate €1,193 million, with the payments spread between 2018 and 2022 as follows:

In € millions	2018	2019	2020	2021	2022
Payment	144	9	55	27	959

In addition, as from 2021, the Group began the payment of €300 million to the Italian government in eight annual installments in connection with the process for extending the licenses for 900 MHz and 2,100 MHz frequencies until 2029.

Rollout of a mobile network in Italy

In 2016, following the signature of the agreement with the Hutchison and VimpelCom groups, iliad began rolling out its mobile network in Italy. On January 3, 2023, the Group completed the creation of a 50/50 joint venture with Wind Tre, aimed mainly at covering non-densely populated areas that are home to 26.8% of Italy's population.

At January 1, 2023, iliad Italia's network comprised a total of some 16,200 active mobile sites. This network includes (i) an own-network of over 9,470 active mobile sites rolled out in densely and averagely densely populated areas which are home to 73.2% of the population, and (ii) over 6,730 mobile sites in non-densely populated areas operated through RAN sharing via a joint venture (Zefiro Net s.r.l.) that is 50/50 owned by Iliad Italia and WindeTre.

In addition to its own network, since 2016 iliad Italia's traffic has also been carried under the MOCN (Multi-Operator Core Network) agreement with WindTre. This technical solution for connecting up WindTre mobile equipment to iliad Italia's core network creates a more effective and optimal flow of traffic between the two networks compared with a "conventional" roaming solution. The original coverage under this agreement was nationwide, but since January 1, 2023 only covers those areas that do not fall within the scope of the RAN-sharing agreement.

At end-2022, iliad Italia's service coverage provided 4G/4G+ connectivity to over 99% of Italy's population. Additionally, iliad Italia has deployed 5G technology on its network via the 3.6 GHz and 700 MHz frequency bands it purchased during the 5G spectrum auctions in September 2018. The 700 MHz frequencies have been available since July 1, 2022. At end-2022, iliad Italia's 5G network was available in more than 3,000 municipalities (including all municipalities with over 90,000 inhabitants).

The fixed network in Italy

During 2022, iliad Italia based its fixed internet access offering solely on Open Fiber's FTTH network, ending the year with coverage of some 8 million homes. iliad Italia has entered into agreements with FiberCop and Fastweb (a minority shareholder of FiberCop) to expand its addressable market.

Rollout of a distribution network in Italy

The Group has put in place several different distribution channels for its mobile offering in Italy:

- Physical distribution:
  - A network of 31 stores in Italy's main towns and cities.
  - A network of over 2,000 SIM card dispensers ("Simboxes") located in some 1,500 kiosks in busy catchment areas. These kiosks comply with the applicable Italian legislation, particularly "Pisanu's law", which requires identification of subscribers when they take out their subscription.
  - Access to a nationwide network of resellers, enabling subscribers to top up their mobile plans.
  - A network of partner shops (cafés, tobacconists, newsagents, etc.) where subscriptions can be taken out in just a few minutes.
- Digital distribution:
  - Online distribution accessible via mobile phone, tablet or computer, enabling users to take out their mobile plan online and receive their SIM card at home through the post.

Poland

Since Play launched its business in Poland in 2007, it has expanded its frequency portfolio, which comprised the following at end-2022:

	Frequency portfolio at end-December 2022	License expiration
800 MHz	2 x 5 MHz	June 23, 2031
900 MHz	2 x 5 MHz	Dec. 31, 2023
1,800 MHz	2 x 15 MHz	Dec. 31, 2027
2.1 GHz	2 x 14.8 MHz + 2 x 200 kHz	Dec. 31, 2037
2.6 GHz	2 x 20 MHz	Jan. 25, 2031
Total	2 x 59.8 MHz + 2 x 200 kHz	

Expansion of the mobile network in Poland

The Group continued its fast pace of rolling out its own network in 2022, and at the year-end had 10,571 base stations, representing an additional 804 sites over the year. This gave it a population coverage of 99.7% for 2G/3G and 99.5% and 96.0% respectively for 4G LTE and 4G LTE Ultra. Play's own-network 2G/3G/4G coverage is rounded out by roaming services provided under a roaming agreement with Orange (which was extended in 2021 until 2025).

At the same time, in 2022 the network was upgraded to the 5G standard, operating on the current 2,100 MHz frequency resources in the dynamic frequency sharing model (the so-called 5G Legacy). At end-2022, 4,408 base stations located in several hundreds of towns in 16 provinces were equipped for the 5G Legacy standard, giving almost 52% of Poland's population access to the latest technologies offered by Play.

The fixed network in Poland

At December 31, 2022, UPC Polska's own network covered 3.78 million homes. This addressable market is supplemented by POPC networks (networks that receive public subsidies in averagely densely and non-densely populated areas), enabling UPC Polska to pass 1.38 million additional homes at end-2022.

Strategic industrial partnership with Cellnex

On March 31, 2021, the Group completed the extension of its industrial partnership with Cellnex through the sale to Cellnex of 60% of OTP, the company that manages the Group's passive mobile telecommunications infrastructure in Poland. The Group sold a further 10% of OTP to Cellnex in March 2022. Thanks to this industrial partnership, Play has strengthened its capex capacity, enabling it to enter a new growth cycle which will involve (i) deploying and purchasing 5G frequencies, and (ii) densifying its mobile network to support growth in usages. In addition, iliad has undertaken to carry out a build-to-suit program in partnership with Cellnex, entailing the construction of at least 1,500 mobile sites and representing an outlay of around €400 million over ten years.

Distribution network in Poland

Our physical distribution network in Poland comprises 717 stores managed under the Play brand and 38 under the UPC brand, exclusively dedicated to the Group's offerings and products. This network – made up of directly-owned stores and third-party distributors – covers a large area of Poland, including all city centers and the busiest catchment areas of the country's main towns and cities. These stores can meet the needs of small businesses for standard services, and a dedicated B2B service is also available for corporate customers seeking a more tailored approach.

2 KEY FIGURES FOR 2022 – THE ILIAD GROUP

The key figures for 2022 are as follows:

In € millions	2022	2021	% change
Consolidated revenues	**8,369**	**7,587**	**+10.3%**
France	5,555	5,195	+6.9%
Italy	927	802	*+15.5%*
Poland	1,907	1,600	*+19.2%*
Intra-group sales	(19)	(10)	*+93.0%*
Consolidated EBITDAaL	**3,303**	**2,949**	**+12.0%**
France	2,287	2,185	+4.7%
Italy	211	80	NM
Poland	805	684	+17.7%
Consolidated capex[1]	**2,139**	**2,283**	**-6.3%**
France	1,492	1,673	-10.8%
Italy	381	413	-7.6%
Poland	265	198	+34.1%
Operating free cash flow (*EBITDAaL less capex*)	**1,164**	**666**	**+74.8%**
France	795	512	+55.1%
Italy	(170)	(333)	-48.8%
Poland	540	487	+11.0%
Profit for the period	**758**	**526**	**+44.1%**
	Dec. 31, 2022	Dec. 31, 2021	Year-on-year change
Net debt	10,815	8,012	+2,803
LTM[2] EBITDAaL	3,346	2,949	+397
Leverage ratio (LTM EBITDAaL)	3.2x	2.7x	+0.5x

EUR/PLN exchange rate: 4.68611 for 2022 and 4.5652 for 2021

(1) Excluding payments for frequencies (2) LTM: Last Twelve Months and including UPC Polska

3 COMPARISON OF RESULTS FOR 2022 AND 2021

In € millions	2022	2021	% change
Revenues	**8,369**	**7,587**	**+10.3%**
Purchases used in production	(2,508)	(2,516)	-0.3%
Payroll costs	(525)	(440)	+19.4%
External charges	(1,229)	(973)	+26.4%
Taxes other than on income	(169)	(153)	+10.5%
Additions to provisions	(84)	(46)	+84.6%
Other income and expenses from operations, net	250	221	+13.2%
Depreciation of right-of-use assets	(800)	(731)	+9.4%
EBITDAaL	**3,303**	**2,949**	**+12.0%**
EBITDAaL margin	*39.5%*	*38.9%*	*+0.6pts*
Share-based payment expense	(39)	(50)	-21.0%
Depreciation, amortization and impairment of non-current assets	(1,909)	(1,752)	+8.9%
Profit from ordinary activities	**1,356**	**1,148**	**+18.1%**
Other operating income and expense, net	267	(59)	-551.5%
Operating profit	**1,622**	**1089**	**+49.0%**
Finance costs, net	(313)	(180)	+74.0%
Other financial income and expense, net	(50)	(13)	+278.7%
Interest expense on lease liabilities	(213)	(182)	+17.1%
Corporate income tax	(332)	(258)	+28.9%
Share of profit of equity-accounted investees	43	69	-37.9%
PROFIT FOR THE PERIOD	758	526	+44.1%

3.1 Analysis of consolidated results

(a) Key indicators[1]

France (figures in thousands unless otherwise stated)	2022	2021	YoY change
Number of mobile subscribers	14,218	13,611	+607
- *Of which Free 4G/5G package (incl. French overseas DOM/TOM)*	10,190	9,259	+931
- *Of which on the voice-based plan*	4,027	4,352	(325)
Number of Broadband and Ultra-Fast Broadband subscribers	7,180	6,925	+255
- *Of which Fiber*	4,658	3,773	+885
Fiber take-up rate	64.9%	54.5%	+10.4 pts
Number of connectible Fiber sockets (in millions)	31.3	25.5	+5.8
Total number of subscribers – France	21,398	20,537	+862
	Q4 2022	Q4 2021	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €)[1]	34.1	33.4	+2.2%
Mobile ARPU billed to subscribers (in €)[1]	11.8	11.4	+3.6%

Italy (figures in thousands)	2022	2021	YoY change
Number of mobile subscribers	9,567	8,505	++1,062
Number of fiber subscribers	109	-	+109
Total number of subscribers – Italy	9,676	8,505	+1,171

POLAND (figures in thousands unless otherwise stated)	2022	2021	YoY change
Number of active mobile subscribers	12,763	12,257[2]	+506
- *Of which on plans*	8,984	8,650[2]	+334
- *Of which prepaid*	3,779	3,606	+173
Number of Fixed subscribers	2,018	1,837[2]	+181
Total number of subscribers – Poland	14,781	14,094[2]	+687
	Q4 2022	Q4 2021	YoY change
Mobile ARPU billed to subscribers (in PLN)	29.2	27.9[2]	+4.7%

GROUP (figures in thousands)	2022	2021	YoY change
Number of mobile subscribers	36,548	34,373[2]	+2,175
Number of Fixed subscribers	9,307	8,762[2]	+545
TOTAL NUMBER OF SUBSCRIBERS	45,855	43,135[2]	+2,720

[1] *See glossary for definitions.*
[2] *Pro forma adjusted figures for Q4 2021 and full-year 2021 in order to reflect the consolidation of UPC Polska.*

(b) Quarterly consolidated revenues

In € millions	2022	2021	% change	Q4 2022	Q4 2021	% change
Consolidated revenues	**8,369**	**7,587**	**+10.3%**	**2,195**	**1,954**	**+12.3%**
Consolidated services revenues(1)	7,763	7,069	+9.8%	2,023	1,810	+11.8%
Consolidated revenues from devices	632	535	+18.1%	183	148	+24.0%
Intra-group sales	(25)	(17)	*+46.5%*	(11)	(4)	*+165.2%*
Revenues – France	**5,555**	**5,195**	**+6.9%**	**1,441**	**1,347**	**+7.0%**
- Services	5,322	5,029	+5.8%	1,368	1,296	+5.6%
- Devices	239	174	*+37.7%*	75	53	*+40.7%*
- *Intra-group sales*	(6)	(7)	*-16.8%*	(2)	(2)	*-0.6%*
Revenues – Italy	**927**	**802**	***+15.5%***	**247**	**213**	***+16.3%***
- Services	919	796	*+15.5%*	244	210	*+15.9%*
- Devices	7	6	+22.8%	3	2	+42.0%
Revenues – Poland[2]	**1,907**	**1,600**	***+19.2%***	**516**	**397**	***+30.1%***
- Services	1,521	1,244	*+22.3%*	411	304	*+35.0%*
- Devices	385	355	*+8.4%*	105	92	*+14.0%*

(1) Excluding intra-group sales.
(2) EUR/PLN exchange rate: 4.68611 for 2022 and 4.5652 for 2021.

(c) Analysis of results – Group

(i) Revenues

Consolidated revenues advanced 10.3% year on year in 2022 (6.9% on a pro forma like-for-like basis[4]). Fourth-quarter growth reached 12.1% (7.7% pro forma like-for-like), driven by revenue increases in all three of our geographies (16.3% in Italy, 7.2% in France, and 6.9% in Poland on a pro forma like-for-like basis).

(ii) Payroll costs

At December 31, 2022, the Group had over 16,700 employees, representing an increase of 1,645 people compared with end-December 2021. Excluding the impact of the consolidation of UPC Polska since April 1, 2022, payroll costs rose 13.8%. France was the main contributor to this increase, reflecting (i) the fast pace of Fiber rollouts and connections and Fiber service quality improvements, (ii) recruitments of sales and technical staff to support our new B2B services, and (iii) the expansion of our distribution network.

(iii) External charges

External charges rose by 26.4% year on year to €1.23 billion (up 19.5% excluding UPC Polska). The increase in this item was mainly attributable to higher fixed and mobile network maintenance costs in our three geographies, higher energy costs due to the steep rises in

[4] With UPC Polska and Redge consolidated for a full 12 months in 2021 and 2022, and based on constant exchange rates.

electricity prices (especially in Italy) and, albeit to a lesser extent, to higher costs of services related to infrastructure leasing contracts, as well as higher advertising expenses.

(iv) Taxes other than on income

Taxes other than on income totaled €169 million, up 10.5% year on year (9.4% excluding UPC Polska), as a result of the larger number of mobile sites in France (25% increase in IFER tax payments).

(v) Additions to provisions

Additions to provisions for bad debts, impairment of inventories and contingencies amounted to €84 million in 2022, up €39 million year on year, primarily attributable to an unfavorable basis of comparison with 2021 as there were provision reversals that year. The main additions were for bad debts and claims and litigation.

(vi) Other income and expenses from operations, net

This item represented net income of €250 million in 2022, up €29 million year on year. The increase mainly reflects the recognition of gains generated from the sale of sites in connection with build-to-suit programs in our three geographies.

(vii) Depreciation of right-of-use assets

Depreciation of right-of-use assets totaled €800 million in 2022, a 9.4% year-on-year increase (8.9% excluding UPC Polska). This item results from the Group's application since January 1, 2019 of IFRS 16, Leases.

(viii) Profit for the period

Profit for the period advanced 44.1% to €758 million. Net finance costs rose by €133 million due mainly to the impact of the acquisition of UPC Polska in Poland and refinancing operations carried out during the year. Several non-recurring items impacted profit for the period for 2022: (i) the €330 million gain on the sale of the Group's remaining 30% interest in On Tower France to Cellnex in late March, (ii) a €262 million net expense for "Other financial income and expense" including interest expense on lease liabilities (up €68 million), chiefly stemming from the recognition of a non-cash loss arising on the decrease in value of the call option held by iliad over Eir.

(d) Analysis of results – France

In € millions	2022	2021	% change	Q4 2022	Q4 2021	% change
Revenues	**5,555**	**5,195**	**+6.9%**	**1,441**	**1,347**	**+7.0%**
- Services	5,322	5,029	+5.8%	1,368	1,296	+5.6%
Fixed	3,046	2,856	+6.7%	781	735	+6.3%
Mobile	2,276	2,173	+4.7%	588	561	+4.8%
o/w billed to subscribers	1,949	1,798	+8.4%	504	464	+8.5%
o/w other	327	376	-13.0%	84	96	-13.3%
- Devices	239	174	+37.7%	75	53	+40.8%
Intra-group sales	(6)	(7)	-16.8%	(2)	(2)	+29.7%

(i) Revenues

Revenues in France rose 6.9% in 2022 to €5.56 billion (7.0% rise in the fourth quarter to €1.44 billion). The main factors underlying this performance were as follows:

- **Services revenues generated by Fixed services increased 6.7% in 2022 to €3.05 billion (up 6.3% in the fourth quarter to €781 million), driven by subscriber base growth of 256,000 units over the full year and a 2.1% rise in ARPU (2.2% rise in the fourth quarter to €34.1).**

  - **Free's sales performance was up on 2021 (its second-best sales performance in the last five years)**, led by the enhanced quality of our offerings both commercially (richer content) and technically (faster speeds). In the current inflationary context, Free's fundamental values of transparency, simplicity, generosity and fair prices are, in our opinion, what people are seeking even more, resulting in lower churn and a higher NPS. **Free ended the year as market leader for net adds.**

  - **According to the nPerf survey, for the second year in a row, Free was the leader for Fixed Internet performance**, with the best average download speed in the market, at 274 Mbps, and the best average upload speed (183 Mbps).

  - **There continued to be high take up of Free Fiber, with 885,000 new subscribers, bringing the total number of Free Fiber subscribers to nearly 4.66 million at end-2022, representing 65% of the overall subscriber base.**

  - Our B2B business was also a major growth driver in 2022, with Free Pro's digital solutions for the B2B sector (very small businesses, SMEs, and large private and public corporations) seeing almost 40% growth, and Scaleway's Public Cloud and Hosting services (dedicated servers and colocation solutions) also turning in strong performances.

- **Mobile services revenues rose 4.7% to €2.28 billion in 2022 (4.8% increase in the fourth quarter to €588 million).**

  - **Free Mobile notched up its best sales performance in the last five years and the best performance on the French market:** a total of 607,000 net adds in 2022, including 931,000 net adds for the 4G/5G Free Mobile Plan. This success reflects the significant investments the Group has made in extending its network coverage, increasing its capacity and giving ever-faster speeds, all of which resulted in Free Mobile climbing high in the rankings of ARCEP's annual audit on the quality of services provided by mobile operators in France.

- **Mobile services revenues billed to subscribers advanced 8.4% in 2022 (8.5% in the fourth quarter) to €1.95 billion.** Mobile ARPU billed to subscribers came to €11.8 in the fourth quarter, up 3.6% on the back of a favorable mix effect, with the 4G/5G (and Série Free) plans accounting for 72% of the Mobile subscriber base at end-2022, versus 68% at end-2021.
- Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 13% year on year to €327 million (13.3% decrease in the fourth quarter). This decline is structural, arising from the growing use of mobile applications for calls and messaging. There was also a slight decrease in mobile termination rates in 2022 (from 0.70 euro cents to 0.55 euro cents).

- **In 2022 the Group continued to roll out its latest-generation networks and extend the population coverage of its offerings:**
  - At end-2022, the Group's population coverage rates in Metropolitan France were 99.2%[5] for 4G and 88% for 5G (38% with 3.5 GHz frequencies).
  - At end-2022, Free Fiber passed 31.3 million homes in France, including 6.6 million homes in very densely populated areas and 24.6 million in averagely and non-densely populated areas, with more than 22,000 municipalities covered.

- Sales of devices rose by 37.7% to €239 million (40.8% increase in the fourth quarter), led by the success of the Free Flex offering and a favorable basis of comparison, as there was less availability of new phones in 2021 due to shortages of electronic components that hit the industry.

In € millions	2022	2021	% change
EBITDAaL	**2,287**	**2,185**	**+4.7%**
EBITDAaL margin	41.2%	42.1%	*-0.9 pts*
Profit from ordinary activities	**1,028**	**958**	**+7.3%**
Capex (excluding payments for frequencies)	**1,492**	**1,673**	**-10.8%**
OFCF (EBITDAaL less capex excluding payments for frequencies)	**795**	**512**	**+55.1%**

(ii) EBITDAaL

EBITDAaL generated in France rose 4.7% to €2,287 million, while EBITDAaL margin narrowed by just under 1 point to 41.2%. The main factors affecting EBITDAaL generated in France in 2022 were as follows:

[5] The March 16, 2023 publication reported 99.9% coverage. Updates to the modeling bases carried out after this date lead to estimate a corrected coverage of 99.2%.

- An operating leverage effect related to the €293 million year-on-year growth in Fixed and Mobile services revenues, with the increase in sales of devices only slightly impacting EBITDAaL.

- A positive contribution (up €47 million year on year) from "Other income and expenses from operations, net", which included proceeds from the sale of mobile sites in connection with the build-to-suit program.

EBITDAaL margin edged down by 0.9 points as the above two positive factors were partly offset by:

- A 15% rise in payroll as a result of new hires taken on to support the Group's faster pace of Fiber rollouts and service quality drive, as well as recruitments at Free Pro and Scaleway to strengthen our B2B technical and commercial skills and expand our distribution network.

- A 17% increase in external charges, mainly related to the use of our own infrastructure (maintenance charges, energy costs, taxes, rental costs), such as our mobile sites and Fiber network.

- And, to a lesser extent, by a 12% rise in taxes other than on income and a 30% increase in additions to provisions (as there was a provision reversal in 2021).

(iii) Profit from ordinary activities

At €1,028 million, profit from ordinary activities in France was up 7.3% on 2021, with the €102 million growth in EBITDAaL and the decrease in employee benefit expense partly offset by the €37 million rise in depreciation and amortization expenses.

(iv) Capex (excluding payments for frequencies)

Capex excluding payments for frequencies decreased 10.8% year on year to €1,492 million. In line with expectations, capital spending returned to a more normal level following the acceleration of our growth capex program in 2021 for 5G rollouts, outlay for connecting new Fiber subscribers, and the costs of building up our supplies of electronic components to cope with the shortages. Despite the decrease in capex, iliad's capital intensity in France remained very high in 2022 (27% of revenues).

During the year, in Metropolitan France we switched on 2,159 new 3G sites, 2,206 new 4G sites, and rendered technically operational 2,946 new 5G sites. As a result of these efforts, at end-2022 Free Mobile's population coverage rates were over 99.2%[6] for 4G and almost 88% for 5G. In the DOM-TOM, Free's mobile network, which was launched commercially in May 2022, comprised 110 own 3G/4G active sites at end-2022, rounded out by 230 active sites under the MOCN agreement with Digicel.

Free Fiber now passes 31.3 million homes in France, up by 5.8 million year on year, which we estimate as representing 92% coverage of all eligible premises in France.

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[6] The March 16, 2023 publication reported 99.9% coverage. Updates to the modeling bases carried out after this date lead to estimate a corrected coverage of 99.2%.

(e) Analysis of results– Italy

In € millions	2022	2021	% change	Q4 2022	Q4 2021	% change
Revenues	927	802	+15.5%	247	213	+16.3%
- Services	919	796	+15.5%	244	210	+15.9%
o/w billed to subscribers	748	624	+19.9%	207	164	+26.4%
o/w other	171	172	-0.5%	37	46	-20.9%
- Devices	7	6	+25.6%	3	2	+50.5%

(i) Revenues

Revenues generated by iliad Italia advanced 15.5% in 2022 to €927 million (16.3% rise in the fourth quarter). The main factors underlying this performance were as follows:

- Iliad Italia was once again the net add leader in the Mobile market, adding 1.06 million new subscribers over the year. Of these, 224,000 were in the fourth quarter, marking the 19th quarter in a row that iliad Italia has held the top spot for net adds. In a market characterized by persistently fierce competition, fourth-quarter performance was excellent – all the more so in view of the changes to portability that have rendered porting more complex. Based on AGCOM data at end-September 2022, we estimate that our market share in Italy was 12% at the year end.
- **Our Fiber subscriber base continued to grow in the fourth quarter, with 25,000 new subscribers, bringing the total subscriber base to 109,000 at end-2022** This is a very satisfactory performance given the current scope addressed by our infrastructure partner (OpenFiber), and we are confident that our sales momentum will gain further traction in 2023 as the addressable market widens through OpenFiber's ongoing rollouts and via our two new partnerships with FiberCop and Fastweb.

In € millions	2022	2021	% change
EBITDAaL	211	80	NM
EBITDAaL margin	22.8%	10.0%	*+12.8 pts*
Profit/(loss) from ordinary activities	(169)	(248)	-31.6%
Capex (excluding payments for frequencies)	381	413	-7.6%
OFCF (EBITDAaL less capex excluding payments for frequencies)	(170)	(333)	-48.8%

(ii) EBITDAaL

EBITDAaL increased 2.7x in 2022, with EBITDAaL margin nearing 23%. This sharp rise was driven by the operating leverage effect related to the €123 million increase in iliad Italia's services revenues and significantly lower MOCN costs thanks to the rollout of our own network. Together, these two factors offset the one-off hike in energy costs (up 77%) and marketing expenses (up 41%).

(iii) Profit/(loss) from ordinary activities

The loss generated by ordinary activities in Italy was €79 million lower than in 2021 (representing a 31.9% year-on-year decrease), with the €131 million rise in EBITDAaL fully offsetting the €53 million increase in depreciation and amortization expenses.

(v) Capex (excluding payments for frequencies)

Capex excluding payments for frequencies decreased 7.6% year on year to €381 million, due mainly to the fact that inventories of Freeboxes were built up in 2021 ahead of the launch of a dedicated box for Italy in February 2022. During 2022, iliad Italia rolled out 413 new mobile sites and switched on 794, with these figures impacted by the fact that several hundred sites were switched off in the scope covered by the RAN sharing agreement with WindTre. For 5G, in 2022 iliad Italia switched on 8,000 sites equipped for 700 MHz and 592 equipped for 3.7 GHz.

(f) Analysis of results – Poland

In PLN millions	2022	2021	% change	Pro forma like-for-like growth (%)	Q4 2022	Q4 2021	% change	Pro forma like-for-like growth (%)
Revenues	**8,935**	**7,302**	**+22.4%**	**+3.7%**	**2,438**	**1,833**	**+33.0%**	**+7.1%**
- Services	7,145	5,680	+25.8%	+2.2%	1,949	1,407	+38.6%	+5.3%
o/w Mobile services billed to subscribers	4,368	4,075	+7.2%	+7.4%	1,118	1,019	+9.7%	+9.9%
o/w interconnections & other services[1]	1,377	1,560	-11.7%	-13.1%	361	373	-3.1%	-7.6%
Fixed services	1,400	44	NM	+4.6%	469	15	NM	+6.4%
- Devices	1,790	1,622	+10.3%	+10.1%	489	426	+14.8%	+14.8%

(1) Mainly interconnection, wholesale and B2B services.

(i) Revenues

Revenues in Poland advanced 22.3% to PLN 8.9 billion in 2022. On a pro forma like-for-like basis (i.e., including the acquisitions of UPC Polska and Redge) the increase was 3.7%. There was a decrease in mobile termination rates in Poland at January 1, 2022. Excluding this reduction in regulated mobile termination rates, pro forma like-for-like revenue growth would have been 6.7%. In the fourth quarter, on a pro forma like-for-like basis, Mobile revenues billed to subscribers rose 7.4% and Fixed revenues increased by 4.6%. The main factors underlying this performance were as follows:

- **The active mobile subscriber base (Play + UPC) grew only slightly in the fourth quarter (by 1,000), with the number of subscribers on plans increasing by 90,000 and the number of subscribers with prepaid cards decreasing by 89,000.** The prepaid trend in this segment is gradually returning to a more normal situation after a year marked by significant volumes of new cards purchased by Ukrainians arriving in Poland.
- **The increase in Mobile ARPU billed to subscribers gained pace towards the end of the year (up +4.7%[7] in the fourth quarter to PLN 29.2)**, spurred by marketing campaigns organized in late 2022 encouraging subscribers to upscale.
- **In the Fixed segment, the subscriber base also continued to steadily grow, with 48,000 net adds in the fourth quarter.**
- The decrease in other revenues (mainly from interconnections) continued in 2022, down 13.1% on a pro forma like-for-like basis, reflecting the reduction in mobile termination rates and gradual transfer of mobile calls and text messages/MMS to new platforms.

[7] Proforma including UPC Polska in Q4 2021.

In PLN millions	2022	2021	% change	Like-for-like growth (%)
EBITDAaL	3,773	3,121	+20.9%	+1.4%
EBITDAaL margin	*42.2%*	*42.7%*	*-0.5pts*	*-1.0pt*
Profit from ordinary activities	2,329	1,995	+16.7%	+1.8%
Capex (excluding payments for frequencies)	1,243	903	+37.6%	+1.6%
OFCF (EBITDAaL less capex excluding payments for frequencies)	2,531	2,218	+14.1%	+1.3%

(ii) EBITDAaL

EBITDAaL for the Poland segment increased by 20.9% year on year and 1.4% on a pro forma like-for-like basis. The operating leverage effect related to the like-for-like PLN 150 million increase in services revenues was partly offset by (i) higher costs, due to extending the mobile network (up 46%, for Play only), (ii) the inflationary context which has caused energy prices to soar (up 57%, for Play only), and (iii) higher network maintenance costs (up 41%, for Play only).

(iii) Profit from ordinary activities

Profit from ordinary activities climbed 16.7% in 2022, or 1.8% on a pro forma like-for-like basis. The PLN 52 million pro forma like-for-like rise in EBITDAaL was almost entirely offset by higher depreciation and amortization expense.

(vi) Capex (excluding payments for frequencies)

Capex increased by 37.6% on a reported basis but only by 1.6% like-for-like. The Group continued its fast pace of rolling out its own network in 2022, and at the year-end had 10,571 base stations, representing an additional 804 sites over the year. This gave it a population coverage of 99.7% for 2G/3G and 99.5% and 96.0% respectively for 4G LTE and 4G LTE Ultra. Play's own-network 2G/3G/4G coverage is rounded out by roaming services provided under a roaming agreement with Orange (which was extended on June 7, 2021 until 2025).

At December 31, 2022, UPC Polska's own network covered 3.78 million homes, representing an additional 79,000 homes year on year. This addressable market is rounded out by POPC networks (networks that receive public subsidies in averagely and non-densely populated areas), which enabled UPC Polska to pass 1.38 million additional homes as of end-2022. Through the upcoming spin-off of its subsidiary, UPC Polska, Play plans to transfer part of UPC's operations to a dedicated entity, in particular UPC's infrastructure network. This dedicated entity will make its network available to other operators (including Play and UPC) based on the wholesale price model. The transaction is scheduled to close on March 31, 2023.

3.2 Consolidated cash flows and capital expenditure

In € millions	2022	2021	% change
Consolidated cash flows from operations	**3,717**	**3,208**	**+15.9%**
Right-of-use assets and interest expense on lease liabilities – IFRS 16 impact	(892)	(836)	+6.7%
Change in working capital requirement	(68)	(227)	-70.1%
Operating free cash flow after IFRS 16	**2,757**	**2,145**	**+28.5%**
Consolidated capital expenditure[1]	**(2,139)**	**(2,283)**	**-6.3%**
Capital expenditure – France[1]	(1,492)	(1,673)	-10.8%
Capital expenditure – Italy[1]	(381)	(413)	-7.6%
Capital expenditure – Poland[1]	(265)	(198)	+34.1%
Income tax paid	(527)	(343)	+53.9%
Net interest paid	(281)	(139)	+102.5%
Other (including impact of changes in scope of consolidation)	42	775	-94.6%
Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends)	**(148)**	**156**	**NM**
Payments for frequencies – Group	**(1,185)**	**(175)**	**NM**
Payments for frequencies – France	(112)	(113)	-0.7%
Payments for frequencies – Italy	(997)	(62)	NM
Payments for frequencies – Poland	(75)	0	-
Consolidated free cash flow (excluding financing activities and dividends)	**(1,333)**	**(19)**	**NM**
Dividends paid to owners of the Company	(1,467)	(176)	NM

(1) Excluding payments for frequencies.

Analysis of consolidated free cash flow

The year-on-year change in consolidated free cash flow mainly reflects the following:

- €3.7 billion in consolidated cash flows from operations, up 15.9% on 2021, before €892 million in lease payments and interest expense on lease liabilities recognized due to the application of IFRS 16. Cash flow from operations increased sharply, in line with the rise in EBITDAaL and the decrease in capex, and also due to the 9-month consolidation of UPC Polska.
- A negative impact of change in working capital (€68 million), reflecting our actions to develop our mobile phone offering and the ramp-up of our B2B business. However, this figure represents a marked improvement on 2021 which was impacted by the recognition of an exceptional receivable owed by the French tax authorities.
- €527 million in income tax paid, up 53.9% year on year, mainly due to the capital gains tax on the sale of 70% of OTP to Cellnex. This sale closed in April 2021, but

the capital gains tax was paid in 2022 and was applied to 100% of the net asset value.

- A €142 million increase in net interest paid, reflecting (i) the higher leverage ratio (3.2x at end-2022 versus 2.7x at end-2021), following the acquisition of UPC Polska and (ii) to a lesser extent, the rise in interest rates.
- Other: €42 million in other cash flows, including several non-recurring items related to transactions, in particular (i) the €1.48 billion outflow for the acquisition of UPC Polska, (ii) a €1.1 billion inflow from the sale of the Group's remaining 30% interest in OTF and the sale of a 10% stake in OTP to Cellnex, and to a lesser extent, (iii) the acquisition of 92.5% of Redge in Poland, the buyout of minority interests in Jaguar Network, the disposal of assets held for sale (in particular the build-to-suit program with Cellnex), and dividend inflows from equity-accounted investees (mainly Eir).
- €1.47 billion in dividends paid to owners of the Company, reflecting the repayment to iliad Holding by iliad SA of the Bridge to Disposal facility granted in connection with iliad SA's delisting, as well as the payment of a €205 million ordinary dividend.

3.3 Consolidated debt

The Group is not subject to any liquidity risk or the risk of breaching financial covenants (ratios, targets, etc.).

At December 31, 2022, the Group had gross debt of €11,337 million and net debt of €10,815 million (excluding IFRS 16 lease liabilities). At the same date, it had sufficient liquidity to finance its operations, with €521 million in consolidated cash and cash equivalents and €3.8 billion in undrawn credit facilities.[8]

The Group is pursuing its strategy of investing in major industrial projects that will generate substantial future cash flows, while maintaining its solid financial structure and significant access to financing. The Group's leverage ratio at December 31, 2022 – corresponding to the ratio of consolidated net debt to €3,346 million in EBITDAaL (LTM pro forma UPC) – was 3.2x EBITDAaL.

Gross debt at December 31, 2022 primarily comprised the borrowings described on the following page.

[8] Includes (i) syndicated revolving credit facilities held by iliad and Play, (ii) the undrawn available amount under the €2 billion mid-term facility set up in July 2022, and (iii) the €300 million bilateral loan set up in December 2022 with the EIB, none of which had been used at December 31, 2022.

Summary of the Group's borrowings due beyond one year at December 31, 2022 (final maturities)

In € millions	Amount available	2023	2024	2025	2026 and beyond	Type of repayment/ redemption
MAIN BORROWINGS – ILIAD						
Bank borrowings						
€200m EIB loan - 2016	-	-	-	-	160	In installments
€300m EIB loan - 2018	-	-	-	-	300	In installments
€300m EIB loan - 2020	-	-	-	-	300	At maturity
€300m EIB loan - 2022	300	-	-	-	300	At maturity
€90m KFW loan - 2017	-	-	-	-	59	In installments
€150m KFW loan - 2019	-	-	-	-	120	In installments
€2,000m syndicated revolving credit facility - 2022	2,000	-	-	-	2,000	At maturity
€900m syndicated term loan - 2020	-	-	157	743	-	At maturity
€2,000m mid-term facility - 2022	1,050	-	-	1,250	-	At maturity
€1,000m syndicated term loan - 2022	-	-	-	-	1,000	At maturity
Bond debt						
€650m bond issue - 2017@ 1.500%	-	-	650	-	-	At maturity
€650m bond issue - 2018 @ 1.875%	-	-	-	650	-	At maturity
€650m bond issue - 2020 @ 2.375%	-	-	-	-	650	At maturity
€600m bond issue - 2021 @ 0.750%	-	-	600	-	-	At maturity
€700m bond issue - 2021 @ 1.875%	-	-	-	-	700	At maturity
€750m bond issue – 2022 @ 5.375%	-	-	-	-	750	At maturity
Schuldschein notes						
€500m Schuldschein issue - 2019	-	419	-	-	81	At maturity
€500m Schuldschein issue - 2021	-	-	-	185	315	At maturity
€112m Schuldschein issue - 2022	-	-	-	-	112	At maturity
MAIN BORROWINGS – PLAY*						
Bank borrowings						
PLN 3,500m term loan - 2021	-	-	-	-	748	At maturity
PLN 2,000m revolving credit facility - 2021	427	-	427	-	-	At maturity
PLN 500m BGK bilateral loan - 2021	46	10	10	10	31	In installments
PLN 464m ECA bilateral loan - 2021	-	25	25	25	25	In installments
PLN 5,500m acquisition loan - 2021	-	-	-	-	1,175	At maturity
PLN 470m EIB bilateral loan - 2022	50	-	-	13	38	In installments
Bond debt						
PLN 750m bond issue - 2019 @ Wib + 1.75%	-	-	-	-	160	At maturity
PLN 500m bond issue - 2020 @ Wib + 1.85%	-	-	-	-	107	At maturity

*Converted at the EUR/PLN spot rate at December 30, 2022: 4.6808

1) MAIN MOVEMENTS IN BORROWINGS – ILIAD

(a) Borrowings due within one year

- €1.4 billion NEU CP program

On June 22, 2022, iliad renewed its short-term NEU CP program, representing a maximum amount of €1.4 billion. €246 million of this program had been used at December 31, 2022.

- €550 million trade receivables securitization program

In November 2021, iliad set up a securitization program for its trade receivables related to B2C subscriptions in France, representing a maximum amount of €450 million. On December 14, 2022, the Group amended this program, mainly in order to raise the maximum amount to €550 million.

€513 million of this program had been used at December 31, 2022.

- €500 million in Schuldschein notes, partially maturing in May 2023

On May 22, 2019, iliad carried out a Schuldscheindarlehen issue (a German private placement), raising a total of €500 million in six tranches:

- Three fixed-rate tranches totaling €175 million, paying interest at 1.400%, 1.845% and 2.038%, and redeemable at maturity on May 22, 2023, May 22, 2026 and May 24, 2027, respectively.
- Three variable-rate tranches totaling €325 million, with lending margins of 1.40%, 1.70% and 1.80%, and redeemable at maturity on May 22, 2023, May 22, 2026 and May 24, 2027, respectively.

€419 million worth of these notes are redeemable on May 22, 2023, corresponding to the aggregate amount of the fixed- and variable-rate tranches that mature on that date.

(b) Borrowings due beyond one year

Bank borrowings:

- A €900 million syndicated term loan set up in December 2020

On September 15, 2022, iliad exercised an option to extend by one year the €900 million syndicated term loan set up in December 2020, therefore extending the final maturity of this loan to December 2025.

- A €2 billion syndicated revolving credit facility (previously €1.65 billion before the amend and extend clause signed in July 2022)

On June 21, 2022, iliad drew down €500 million from its syndicated revolving credit facility, which it repaid in full on July 27, 2022. At the same date, iliad amended and extended this facility, resulting in a seven-year extension of its maturity (to July 2029). Two extension options were included in the agreement, and the available credit facility was raised to €2 billion (from €1.65 billion previously). Following this amendment, the lending margin is now based on iliad's issuer rating, without any change made to the 3.75x Group leverage ratio set in the financial covenant applicable to iliad.

- A €1 billion syndicated term loan set up in July 2022

On July 27, 2022, iliad set up a new syndicated term loan in an amount of €1 billion with a five-year maturity. At the same date, the Company drew down €500 million from this new loan in order to repay the same amount drawn down on its syndicated revolving credit facility. The contractual terms are aligned with those of the above-described new revolving credit facility.

On September 15, 2022, the Company drew down the remaining €500 million of this loan in order to help finance the payment of 5G frequencies in Italy.

- €2 billion mid-term facility set up in July 2022

On July 2, 2022, iliad set up a new mid-term facility representing an aggregate €2 billion with a maximum maturity of 2.5 years. The contractual terms are aligned with those of the above-described new revolving credit facility.

On September 15, 2022, the Company drew down €300 million from this facility in order to help finance the payment of 5G frequencies in Italy.

On December 5, 2022, iliad drew down a further €650 million in order to redeem bonds falling due in the same amount on the same date, therefore bringing its total drawdowns under this facility to €950 million.

On December 15, 2022, following the €750 million bond issue on December 12, 2022 (see "Bonds and private placements" below), iliad repaid €750 million of the mid-term facility, therefore reducing the amounts drawn down under this facility to a total €200 million at that date.

- €300 million bilateral loan set up in December 2022

On December 13, 2022, iliad signed a new loan agreement with the European Investment Bank (the "EIB") representing an aggregate €300 million, to help finance the Group's FTTH network rollouts in France. This loan can be used in several tranches and can be drawn down until June 13, 2024. It has a final maturity date that can be up to June 13, 2030, depending on the drawdown date(s) and the maturity date chosen. The final applicable interest rate will be set at each drawdown.

Bond issues and private placements

- Redemption of the €650 million in bonds maturing in December 2022

On December 5, 2022, iliad redeemed the €650 million worth of bonds issued in December 2015.

- Partial extension of the €500 million Schuldscheindarlehen ("Schuldschein" – SSD) notes issued in June 2021

In August 2022, in application of the extension options provided for in the indenture, iliad extended by 12 months the maturity date for part of the 5-year tranches, representing €23 million. The notes concerned now mature in June 2027 and they have been denominated as two new tranches.

- €112 million Schuldschein issue in May 2022

On May 23, 2022, iliad carried out an issue of Schuldscheindarlehen ("Schuldschein" – SSD) notes, raising €112 million. This issue follows on from the Schuldschein issue carried out in June 2021 and was driven by investor demand for this type of placement. The May 2022 issue comprises two tranches:

- A fixed tranche totaling €27 million paying interest at 2.734% and redeemable at maturity on June 30, 2026 (with a 6- or 12-month extension option).
- A variable tranche totaling €85 million, with a 1.400% lending margin and redeemable at maturity on June 30, 2026 (with a 6- or 12-month extension option).

In August 2022, in application of the extension options provided for in the indenture, iliad extended by 12 months the maturity date of part of the variable tranche, representing €40 million. The notes concerned now mature in June 2027.

- €750 million worth of bonds issued in December 2022

On December 12, 2022, iliad successfully placed a €750 million bond issue, paying interest at 5.375% per year. The bonds will be redeemed at face value at maturity on June 14, 2027.

2) MAIN MOVEMENTS IN BORROWINGS – PLAY

Bank borrowings

- A PLN 500 million bilateral loan set up in October 2021

On October 31, 2022, Play drew down circa PLN 149 million under its bilateral loan (the "BGK Financing") set up in October 2021 with Bank Gospodarstwa Krajowego SA ("BGK Bank"). The amount drawn down has a fixed interest rate of 1.90% and is repayable in installments, by way of successive quarterly payments of equal amounts, commencing December 20, 2023 and with a final maturity date of September 20, 2028.

On December 29, 2022, Play drew down a further PLN 137 million under the same terms and conditions as its first drawdown in October 2022, therefore bringing the total amount of drawdowns on this loan to circa PLN 286 million.

- A PLN 5,500 million syndicated acquisition loan set up in December 2021

On April 1, 2022, Play drew down the full amount of this loan to help finance the acquisition of UPC.

- A PLN 464 million bilateral loan set up in December 2021

On March 9, 2022, Play drew down PLN 235 million from its “Export Credit Agency Financing”, or “ECA loan” set up in December 2021.

Play drew down an additional PLN 125 million from this loan on June 22, 2022.

On December 23, 2022, Play drew down the remaining circa PLN 104 million, and at that date the loan was therefore fully drawn down.

- A PLN 470 million bilateral loan set up in January 2022

On January 14, 2022, Play signed a bilateral loan agreement with the European Investment Bank (“EIB”) representing a total amount of PLN 470 million. Under this agreement, Play can borrow funds from the EIB to finance its capital expenditure for extending and upgrading its network as part of the European Union’s “Gigabit Society by 2025” project, which is aimed at eliminating regional divides for access to fiber networks, improving cyber security, and achieving other digital transformation goals as described in the “2030 EU Digital Compass”. This loan has a maturity of up to January 2034, depending on the future drawdown dates.

On February 25, 2022, Play drew down PLN 150 million from the loan at a fixed rate of 5.40% and with half-yearly repayment installments commencing in February 2025 and ending in February 2028.

On June 27, 2022, Play drew down a further PLN 50 million at a fixed rate of 7.459% with half-yearly repayment installments commencing in February 2025 and ending in June 2028.

On December 22, 2022, Play drew down a further PLN 35 million, opting for an interest rate based on the Wibor plus a fixed margin of 2.31% with half yearly repayment installments commencing in June 2026 and ending in December 2030, therefore bringing the total amount of drawdowns under this loan to PLN 235 million.

3.4 Events after the reporting date

Finalization of the RAN sharing agreement with W3

On January 3, 2023, iliad Italia and WindTre signed the RAN sharing agreement relating to Italy, having obtained clearance from the relevant authorities. Under this agreement, iliad Italia has purchased, for €319 million, 50% of the shares in the joint venture that owns the network and operates the RAN sharing services on behalf of iliad and WindTre. The cost of the purchase will be recognized over a period of four years. The joint venture will be recognized in the financial statements of the iliad Group with effect from January 3, 2023 for the amount of the Group's share in the joint venture's assets, liabilities, income and expenses.

€500 million bond issue in February 2023

On February 8, 2023, iliad successfully placed a seven-year bond issue, raising a total of €500 million. The bonds are redeemable at maturity, on February 15, 2030, and pay interest at 5.625% per year.

Following this issue, on February 20, 2022 the Group repaid in full the amounts drawn down on its mid-term facility, amounting to €200 million.

Dispute with Bouygues Telecom

On February 23, the Paris Commercial Court ruled in the case between Free and Bouygues Telecom regarding the bundling of smartphone and mobile plans ("subsidized" offers). This ruling ordered Bouygues Telecom to pay €308 million in damages to Free. Bouygues Telecom appealed this decision before the Paris Court of Appeal. Under current accounting rules, income resulting from a favorable ruling in a dispute can only be recognized when the case is closed. Accordingly, no income was recorded in respect of this ruling in the iliad Group's financial statements in 2022.

3.5 Glossary

Alternative operator: An operator that entered the market subsequent to the incumbent State operator losing its monopoly.

Broadband and Ultra-Fast Broadband ARPU (Average Revenue Per Broadband and Ultra-Fast Broadband User): Includes revenues from the flat-rate package and value-added services but excludes one-time revenues (e.g., fees for switching from one offer to another or cancellation fees), divided by the total number of Broadband and Ultra-Fast Broadband subscribers billed for the last month of the quarter.

Broadband and Ultra-Fast Broadband subscribers: Subscribers who have signed up for the Group's xDSL, Cable or Fiber offerings.

Connectible Fiber socket: A socket for which the link between the shared access point and the optical splitter has been put in place by the building operator, which the Group can access in accordance with its co-financing commitments, and for which the connection to the Group's network has been completed or is in progress.

EBITDAaL: Profit from ordinary activities before depreciation, amortization and impairment of property, plant and equipment and intangible assets, and the impact of share-based payment.

FCF: Free Cash Flow.

Fiber: Data delivery technology that directly connects subscribers to an optical node (ON).

Fiber take-up rate: Represents the number of Fiber subscribers as a percentage of the total number of Broadband and Ultra-Fast Broadband subscribers.

Leverage ratio: Represents the ratio between net debt (short- and long-term financial liabilities less cash and cash equivalents) and EBITDAaL.

LTM: Last twelve months.

M2M: Machine to machine communications.

Mobile ARPU billed to subscribers: Includes revenues billed to subscribers divided by the total number of Mobile subscribers during the period.

Net adds: Represents the difference between the total number of subscribers at the end of two different periods.

Net debt: Difference between short- and long-term financial liabilities, and available cash and cash equivalents as presented in the balance sheet.

Number of Broadband and Ultra-Fast Broadband subscribers – France: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Free Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Number of Fiber subscribers – Italy: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to an iliad Italia Fiber offering, excluding those recorded as having requested the termination of their subscription.

Number of Home subscribers – Poland: Represents, at the end of a given period, the number of subscribers who have subscribed to a TV Box plan or a fixed Broadband or Ultra-Fast Broadband plan, excluding those recorded as having requested the termination of their subscription.

Number of mobile subscribers – France: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Free mobile offering, excluding those recorded as having requested the termination of their subscription.

Number of mobile subscribers – Italy: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to an iliad Italia mobile offering and who have issued or received at least one communication during the preceding three months.

Number of mobile subscribers – Poland: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Play mobile offering (excluding M2M and free SIM cards) and who have issued or received at least one communication (voice or data) during the preceding 30 days.

OFCF: Operating free cash flow (EBITDAaL less capex).

Revenues billed to subscribers: Revenues generated from services billed directly to subscribers (services included in subscribers' mobile plans, as well as additional services).

Services revenues: Revenues excluding sales of devices.

Total number of subscribers – Poland: Represents, at the end of a given period, the number of active mobile subscribers in Poland and the number of Home subscribers in Poland.

financial communications

Consolidated financial statements

For the year ended December 31, 2022

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CONSOLIDATED INCOME STATEMENT

In € millions	Note	2022	2021
REVENUES	4	**8,369**	**7,587**
Purchases used in production	6	(2,508)	(2,516)
Payroll costs	7	(525)	(440)
External charges	6	(1,229)	(973)
Taxes other than on income		(169)	(153)
Additions to provisions	10	(84)	(46)
Other income and expenses from operations, net	9	250	221
Depreciation of right-of-use assets	19	(800)	(731)
EBITDAaL	3	**3,303**	**2,949**
Share-based payment expense		(39)	(50)
Depreciation, amortization and impairment of non-current assets	10	(1,909)	(1,752)
Profit from ordinary activities		**1,356**	**1,148**
Other operating income and expense, net	11	267	(59)
Operating profit		**1,622**	**1,089**
Income from cash and cash equivalents	12	0	1
Finance costs, gross	12	(313)	(181)
Finance costs, net		**(313)**	**(180)**
Interest expense on lease liabilities	12	(213)	(182)
Other financial income and expense, net	12	(50)	(13)
Corporate income tax	13	(332)	(258)
Share of profit of equity-accounted investees	21	43	69
Profit for the period		758	526
Profit for the period attributable to:			
• Owners of the Company		754	516
• Minority interests		3	9
• Basic earnings per share	14	12.80	8.83
• Diluted earnings per share	14	12.70	8.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € millions	2022	2021
PROFIT FOR THE PERIOD	758	526
• Items that may be subsequently reclassified to profit:		
Fair value remeasurement of interest rate and currency hedging instruments	(12)	12
Tax effect	3	(3)
Value adjustments to equity investments	(17)	0
Tax effect	4	0
Change in translation adjustments	(23)	(27)
Total	**(45)**	**(18)**
• Items that will not be reclassified to profit:		
Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	8	18
Tax effect	(2)	(5)
Share of OCI of equity-accounted investments that will not be reclassified to profit	125	63
Tax effect	(16)	(16)
Total	**115**	**60**
Other comprehensive income for the period, net of tax	**70**	**42**
Total comprehensive income for the period	**827**	**568**
Total comprehensive income for the period attributable to:		
• Owners of the Company	837	559
• Minority interests	(10)	9

CONSOLIDATED BALANCE SHEET – ASSETS

In € millions	*Note*	Dec. 31, 2022	Dec. 31, 2021
Goodwill	16	717	562
Intangible assets	17	5,551	5,472
Right-of-use assets	19	4,367	4,163
Property, plant and equipment	20	8,132	7,403
Investments in equity-accounted investees	21	749	1,243
Other financial assets	22	226	197
Deferred income tax assets	13	539	415
Other non-current assets	24	52	44
TOTAL NON-CURRENT ASSETS		**20,333**	**19,498**
Inventories	23	324	65
Current income tax assets	13	3	12
Trade and other receivables	24	1,163	995
Other current assets	24	1,153	1,162
Other financial assets	22	27	13
Assets held for sale	25	1,470	959
Cash and cash equivalents	26	521	704
TOTAL CURRENT ASSETS		**4,662**	**3,911**
TOTAL ASSETS		24,994	23,409

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

In € millions	*Note*	Dec. 31, 2022	Dec. 31, 2021
Share capital	27	15	15
Additional paid-in capital		510	510
Retained earnings and other reserves		4,687	5,348
TOTAL EQUITY		**5,213**	**5,873**
Attributable to:			
• Owners of the Company		5,248	5,888
• Minority interests		(36)	(15)
Long-term provisions	29	109	106
Long-term financial liabilities	30	10,011	7,096
Non-current lease liabilities	19	3,951	3,652
Deferred income tax liabilities	13	309	264
Other non-current liabilities	31	514	435
TOTAL NON-CURRENT LIABILITIES		**14,894**	**11,553**
Short-term provisions	29	78	54
Taxes payable	13	149	265
Trade and other payables	31	2,681	3,439
Long-term financial liabilities	30	1,326	1,620
Current lease liabilities	19	634	604
Liabilities held for sale	25	19	0
TOTAL CURRENT LIABILITIES		**4,888**	**5,983**
TOTAL EQUITY AND LIABILITIES		24,994	23,409

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
BALANCE AT JANUARY 1, 2021	15	468	(43)	(76)	5,128	5,492	11	5,503
Movements in 2021								
Profit for the period					516	516	9	526
Impact of interest rate and currency hedges				9		9		9
Impact of post-employment benefit obligations				60		60		60
Impact of changes in translation adjustments				(27)		(27)		(27)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				42	516	558	9	568
Change in share capital of iliad S.A.	0	42				42		42
Dividends paid by iliad S.A.					(176)	(176)		(176)
Dividends paid by subsidiaries						0	(26)	(26)
Purchases/sales of own shares			(67)	(2)		(69)		(69)
Impact of stock options				19		19	0	19
Impact of changes in minority interests in subsidiaries				20		20	(20)	0
Other				3	(1)	2	10	12
BALANCE AT DECEMBER 31, 2021	15	510	(110)	6	5,467	5,888	(16)	5,873

In € millions	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
BALANCE AT JANUARY 1, 2022	15	510	(110)	6	5,467	5,888	(16)	5,873
Movements in 2022								
Profit for the period					754	754	3	758
Impact of interest rate and currency hedges				(8)		(8)	(0)	(9)
Impact of changes in fair value of investments in subsidiaries and affiliates				(13)		(13)		(13)
Impact of post-employment benefit obligations				115		115	0	115
Impact of changes in translation adjustments				(10)		(10)	(13)	(23)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				83	754	837	(10)	827
Change in share capital of iliad S.A.						0	0	0
Dividends paid by iliad S.A.					(1,467)	(1,467)	0	(1,467)
Dividends paid by subsidiaries						0	(12)	(12)
Purchases/sales of own shares				24		24	0	24
Impact of stock options				11		11	0	11
Impact of changes in minority interests in subsidiaries				(2)		(2)	2	0
Other				(44)		(44)	0	(44)
BALANCE AT DECEMBER 31, 2022	15	510	(110)	79	4,755	5,248	(36)	5,213

CONSOLIDATED STATEMENT OF CASH FLOWS

In € millions	*Note*	2022	2021
Profit for the period (including minority interests)		758	526
+ / - Depreciation, amortization and provisions, net (excluding for current assets)	*10*	2,665	2,391
-/+ Unrealized gains and losses on changes in fair value		23	(33)
+/- Non-cash expenses and income related to stock options and other share-based payments		37	36
-/+ Other non-cash income and expenses, net		187	177
-/+ Gains and losses on disposals of assets		(551)	(249)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees	*21*	(43)	(69)
- Dividends (investments in non-consolidated undertakings)		(3)	0
Cash flows from operations after finance costs, net, and income tax		**3,072**	**2,779**
+ Finance costs, net	*12*	313	172
+/- Income tax expense (including deferred taxes)	*13*	332	258
Cash flows from operations before finance costs, net, and income tax (A)		**3,717**	**3,208**
- Income tax paid **(B)**		(527)	(343)
+/- Change in operating working capital requirement (incl. employee benefit obligations) **(C)**	*15*	(68)	(227)
= Net cash generated from operating activities (E) = (A) + (B) + (C)		**3,122**	**2,639**
- Acquisitions of property, plant and equipment and intangible assets (capex)	*15*	(3,349)	(2,450)
+ Disposals of property, plant and equipment and intangible assets (capex)		26	5
- Acquisitions of investments in non-consolidated undertakings	*22*	(7)	(62)
+ Disposals of investments in non-consolidated undertakings		0	0
+/- Effect of changes in scope of consolidation – acquisitions		(1,563)	0
+/- Effect of changes in scope of consolidation – disposals		0	0
+ Dividends received (from equity-accounted investees and non-consolidated undertakings)		254	21
+/- Change in outstanding loans and advances	*22*	(61)	(37)
- Cash outflows for leasehold rights		0	(1)
+ Cash inflows related to assets held for sale	*25*	1,708	1,248
- Cash outflows related to assets held for sale	*25*	(198)	(319)
= Net cash used in investing activities (F)		**(3,189)**	**(1,594)**
+ Amounts received from shareholders on capital increases	*27*	0	33
- Amounts paid to shareholders on capital reductions		0	0
+ Proceeds received on exercise of stock options		0	9
-/+ Own-share transactions	*28*	0	(85)
- Dividends paid during the period:		0	0
. Dividends paid to owners of the Company		(1,467)	(176)
. Dividends paid to minority shareholders of consolidated companies		(19)	(19)
+ Proceeds from new borrowings (excluding finance leases)	*30*	5,842	5,370
- Repayments of borrowings	*30*	(3,272)	(5,133)
- Repayments of lease liabilities	*19*	(808)	(770)
- Net interest paid	*12*	(281)	(139)
- Interest paid on lease liabilities		(106)	(86)
= Net cash used in financing activities (G)		**(112)**	**(993)**
+/- Effect of exchange-rate movements on cash and cash equivalents **(H)**		2	(29)
= Net change in cash and cash equivalents (E + F + G + H)		(177)	23
+ / - Impact of foreign exchange conversion of cash and cash equivalents (opening & closing rates)		(5)	(2)
Cash and cash equivalents at beginning of year		702	681
Cash and cash equivalents at year-end	*26*	519	702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and policies

1.1. General information

iliad SA (the "Company") is a *société anonyme* registered in France.

The iliad Group (the "Group") is one of Europe's leading electronic communications players, with 45.9 million subscribers, €8.4 billion in revenues in 2022 and over 16,700 employees.

Since it was founded in 1991, thanks to its expertise in electronic communications networks and the commercial appeal of its retail offerings marketed under the Free brand, the Group has become a major Internet and electronic communications player (fixed and mobile) in France.

In 2018, the Group expanded its geographic reach to Italy, where it has captured market share of more than 10% in the space of three years. It continued its expansion in Europe in 2020, acquiring Play, Poland's leading mobile telecom operator, and on April 1, 2022 completed its acquisition of the Polish cable-operator UPC.

iliad S.A. is the parent company of the iliad Group, which operates under the trade names of Free in France, iliad in Italy and Play in Poland.

The Group has three separate geographic segments: France, Italy and Poland.

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2022 on March 15, 2023 and their publication date was set for March 16, 2023. These financial statements will only be definitive after approval by the Company's shareholders at the Annual General Meeting scheduled to be held in May 2023.

1.2. Applicable accounting standards and policies

The main accounting policies adopted for the preparation of these consolidated financial statements are set out below. Unless otherwise specified, the same policies have been consistently applied for all of the periods presented.

1.2.1 Basis of preparation

The consolidated financial statements of the iliad Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The historical cost convention has been applied, except for financial assets and liabilities carried at fair value with changes in fair value recognized either directly in the income statement or in equity when hedge accounting is used.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment when applying the Group's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

1.2.2 Standards, amendments and interpretations whose application was mandatory for the first time in the fiscal year beginning January 1, 2022

- **Amendments to IFRS 3 – Reference to the Conceptual Framework:** These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Their effective date is January 1, 2022.

- **Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract:** These amendments clarify what costs an entity should consider in assessing whether a contract is onerous. They specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract', which can either be incremental costs of fulfilling the contract (such as direct labor or materials) or an allocation of other costs that relate directly to fulfilling the contract (such as the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments may cause some companies to recognize costs earlier than in the past. Their effective date is January 1, 2022. The impact of applying these amendments is not material for the iliad Group.

- **Amendments to IAS 16 – Proceeds before Intended Use:** These amendments prohibit entities from deducting from the cost of property, plant and equipment amounts received from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. Instead, entities are required to recognize such sales proceeds and related cost in profit or loss. Their effective date is January 1, 2022. The impact of applying these amendments is not material for the iliad Group.

- **IFRS Interpretations Committee (IFRS IC) agenda decision on Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38:** In April 2021, the IASB approved the conclusions of the December 2020 IFRS Interpretations Committee regarding the accounting for configuration and customization costs in a cloud computing arrangement (SaaS). Depending on their nature, such costs are generally expensed either immediately or over the term of the related agreement. The impact of this agenda decision is not material for the iliad Group.

The Group has applied these amendments and agenda decision.

1.2.3 Main amendments whose application is mandatory for fiscal years beginning after December 31, 2022 and which were not early adopted

- **Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current:** The objective of these amendments is to clarify the criteria for classifying a liability as current or non-current. They clarify, but do not change, the existing requirements, and therefore will not significantly impact the Group's consolidated financial statements. Their effective date is January 1, 2024.

- **Amendment to IAS 1 – Disclosure of Accounting Policies:** This amendment requires entities to disclose their material accounting policy information rather than their significant accounting policies. It is not expected to result in a significant change in the information presented in the notes to the Group's consolidated financial statements. Their effective date is January 1, 2023.

- **Amendment to IAS 8 – Accounting Policies and Accounting Estimates:** This amendment sets out to clarify the definitions of "accounting policies" and "accounting estimates". Its effective date is January 1, 2023.

- **Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction:** Under this amendment, entities are required to recognize deferred tax on the initial recognition of certain transactions where they give rise to equal amounts of deferred tax assets and liabilities. The amendment applies to transactions for which the entity recognizes both an asset and a liability, such as leases or decommissioning obligations. Its effective date is January 1, 2023.

- **Amendment to IAS 1 and IFRS 2:** This amendment aims to clarify disclosure requirements for accounting policies (IAS 1) under the IFRS 2 Practice Statement 2 – Making Materiality Judgements. More specifically, the amendment is intended to provide reporting guidance to entities in applying the concept of materiality in relation to accounting policies. Its effective date is January 1, 2023.

The Group is currently analyzing the impacts of applying the above amendments.

1.2.4 Consideration of climate risks

The iliad Group strives to limit the impact of its activities on the environment. On January 21, 2021, the Group published its Climate strategy (drawn up prior to including its business activities in Poland). This strategy is based on three main objectives:

- As of 2021, 100% of the Group's energy supply to be derived from renewable sources.
- By 2035, net zero for direct emissions – 15 years earlier than the Paris Agreement target.
- By 2050, net zero for the Group's main direct emissions.

To achieve these objectives, the Group made 10 pledges in January 2021 (see the iliad website for further information).

The deployment of the Group's climate program is reflected in its financial statements through operating expenses, research and development costs and corporate sponsorship and philanthropy expenses. In addition, against an overall backdrop of energy and environmental transition, the Group's EBITDAaL will be exposed in the coming years to changes in electricity and raw materials prices and in production, transport and distribution costs, as well as costs related to the end-of-life of products..

The short- and mid-term effects of climate change have been incorporated into the Group's projections, which are used as the basis for impairment tests on goodwill and intangible assets. The Group does not expect the value and useful lives of its property, plant and equipment and intangible assets to be significantly impacted.

1.3. Consolidation

Consolidation methods

Subsidiaries

Subsidiaries are entities that are controlled by the Group. They are fully consolidated in the Group's financial statements.

Control is presumed to exist when the Group has the power to govern an entity's financial and operating policies, either directly or indirectly, so as to obtain benefits from its activities. The Group controls an entity, if and only if, it has all of the following elements of control:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity;
- the ability to use its power over the entity to affect the amount of the Group's returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control (i.e. entities that are not subsidiaries or joint ventures). Interests in associates are accounted for using the equity method.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;

- material transactions between the Group and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

The financial statements of associates are accounted for by the equity method in the consolidated financial statements from the date significant influence arises to the date significant influence ceases.

The Group does not have any investments in special-purpose entities.

Jointly controlled entities

Joint ventures and joint operations are joint arrangements whereby the Group contractually agrees with one or more partners to share control over an economic activity. Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The assets, liabilities, income and expenses of these joint arrangements are accounted for in the consolidated financial statements based on the Group's interest in the joint operation. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. They are accounted for by the equity method.

Eliminations on consolidation

All intragroup transactions and balances are eliminated on consolidation as well as gains and losses on transactions between subsidiaries.

Business combinations

The Group applies the acquisition method to account for business combinations.

The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the transaction date, plus all costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their acquisition-date fair value, including any minority interests.

Any excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets acquired is recognized as goodwill except for costs directly attributable to the acquisition, which are recorded in the income statement.

If the cost of acquisition is less than the Group's share of the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is carried out, the combination is accounted for using those provisional values and any adjustments made as a result of completing the initial accounting must be recognized within 12 months of the acquisition date.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the net identifiable assets of the acquired subsidiary/associate at the acquisition date.

Goodwill arising on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill related to acquisitions of associates is included in "Investments in equity-accounted investees". Separately recognized goodwill is tested for impairment annually – or whenever events or circumstances indicate that it may be impaired – and is carried at cost less any accumulated impairment losses. Impairment losses recognized against goodwill may not be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill impairment losses are recorded within operating profit in the income statement, under "Other operating income and expense, net".

Functional and presentation currency

In accordance with IAS 21, items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the Group's presentation currency.

Unless otherwise specified, all amounts are presented in millions of euros.

Foreign currency translation

Assets and liabilities of Group companies that are denominated in foreign currencies are translated into euros at the year-end rate, corresponding to EUR 1/PLN 4.68 for Poland, to EUR 1/MAD 11.1389 for Morocco and EUR 1/USD 1.07 for the United States. The income and expenses of these companies are translated into euros at average exchange rates for the year, i.e. EUR 1/PLN 4.69 for Poland, EUR 1/MAD 10.70075 and EUR 1/USD 1.05 for the United States.

All resulting exchange differences are recognized directly in equity.

Fiscal year-end

All Group companies have a December 31 fiscal year-end.

1.4. Presentation of the financial statements

As permitted under IAS 1, Presentation of Financial Statements, the Group's income statement is presented by nature.

Operating profit corresponds to profit for the period, before:

- financial income and expenses (as defined in Note 12);
- current and deferred taxes;
- share of profit of equity-accounted investees.

Profit from ordinary activities corresponds to operating profit as defined above, before "Other operating income and expense, net". These items include income and expenses that are rare, unusual and infrequent, which represent material amounts and whose presentation within other items relating to ordinary activities could be misleading for users of the financial statements in their understanding of the Group's performance.

Costs included in "Other operating income and expense, net" notably include expenses incurred for acquiring new entities or costs borne on the sale of a Group entity.

The Group has elected to present an additional indicator of earnings performance in its income statement:

- EBITDAaL.

EBITDAaL is a key indicator of the Group's operating performance and corresponds to profit from ordinary activities (as defined above) before:

  - depreciation, amortization and impairment of property, plant and equipment and intangible assets; and
  - share-based payment expense.

1.5. Summary of significant accounting policies

The main accounting policies applied by the Group are as follows:

Revenues

Revenues from the Group's operations are recognized and presented as follows in accordance with IFRS 15, Revenue from Contracts with Customers:

- Revenues from usage of connection time are recognized in the period in which the usage takes place.
- Revenues from subscriptions and flat-fee plans are recognized over the period covered by the subscriptions or plans.
- Revenues from the sale of mobile phones and boxes are recognized when they are delivered to the purchaser.
- Revenues from the sale or provision of content supplied by external parties are presented as a gross amount when the Group is deemed to be the party in the transaction with primary responsibility in relation to the end-customer. These revenues are presented net of the amounts due to the content supplier when it is the content supplier that is responsible for providing the content to the end-customer and setting the retail price.
- Revenues from the sale of advertising banners are spread over the period during which the banners are displayed.
- Revenues from website hosting activities are recognized during the period in which the service is rendered.

The Group applies IFRS 16 for recognizing revenues generated by the rental of mobile phones. Based on an analysis of the classification criteria in IFRS 16, the Group considers that the present value of the lease payments receivable is approximately equivalent to the fair value of the leased asset and that losses associated with any cancellation are borne by customers (i.e. the lessees). Consequently, revenues from these transactions are accounted for as sales revenue as provided for in IFRS 16.

The cost of sale recognized at the commencement of the lease term is the cost, or carrying amount if different, of the leased phone, less the present value of the unguaranteed residual value. This accounting treatment does not affect the legal classification of these transactions under French law, which still corresponds to the rental of a movable asset.

Foreign currency transactions

The recognition and measurement rules for foreign currency transactions are set out in IAS 21, The Effects of Changes in Foreign Exchange Rates. In accordance with that standard, transactions denominated in foreign currencies are recorded at their value in euros at the date of the transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the period-end rate

and any exchange gains or losses are recognized in profit as follows:

- as operating income or expenses for commercial transactions;
- as financial income or expenses for financial transactions.

Earnings per share

The Group presents basic and diluted earnings per share.

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company (attributable profit) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting attributable profit and the weighted average number of shares outstanding for the impact of all potentially dilutive financial instruments.

Intangible assets

Intangible assets primarily include the following:

- Development costs capitalized in accordance with IAS 38,

  which are amortized over the period during which the Group is expected to consume the related future economic benefits.

  These costs are recognized as intangible assets when they relate to distinctly separate projects for which (i) the costs can be clearly identified, (ii) the technical feasibility of successfully completing the project can be demonstrated, and (iii) it is probable that future economic benefits will be generated.

  These conditions are deemed to be met when the six general criteria defined in IAS 38 are fulfilled, i.e. when the Group can demonstrate:

  - the technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - its intention to complete the intangible asset and use or sell it;
  - its ability to use or sell the asset;
  - how the intangible asset will generate probable future economic benefits;
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
  - its ability to measure reliably the expenditure attributable to the intangible asset during its development.

  Capitalized development costs are presented net of any related subsidies or research tax credits.

- Intangible assets acquired in connection with business combinations. These assets are recognized separately from goodwill when (i) their fair value can be measured reliably, (ii) they are controlled by the Group, and (iii) they are identifiable, i.e. are separable or arise from contractual or other legal rights. Where these assets have a finite useful life they are amortized from the date they are made available for use in the same way as for intangible assets acquired separately, and an impairment loss is recognized if their carrying amount exceeds their recoverable amount.
  - Intangible assets with indefinite useful lives are not amortized but are tested for impairment on an annual basis at the year-end (December 31) or whenever there is an indication that they may be impaired.
  - Licenses are amortized over the residual license period from the date when the related network is technically ready for the service to be marketed. Licenses other than the 3.5 GHz license in France are being amortized on a straight-line basis over a period of 18 years on average. The 3.5 GHz license is being amortized over 15 years as from December 15, 2020.
  - Impairment losses recognized following impairment tests are recorded in the income statement under “Other operating income and expense, net” below profit from ordinary activities.

- The "Play” brand, which is not being amortized.

- Software, which is amortized on a straight-line basis over a period of one to three years.

- The Play customer base, which is being amortized over eight years for customers on prepaid cards and 15 years for other customers.

- The UPC customer base, which is being amortized over a period of 15 years.

Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, including transaction expenses, or at production cost. Cost includes any expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Group Management.

Depreciation is calculated by the straight-line method, based on the following estimated useful lives:

- Buildings: 15 to 50 years

- Technical equipment: 3 to 14 years
- General equipment: 10 years
- Specific investments for optical fiber network rollouts: 8 to 30 years
- Specific investments for mobile network rollouts: 6 to 18 years
- Computer equipment: 3 to 5 years
- Office furniture and equipment: 2 to 10 years
- Modems: 5 years
- Access fees for services specific to broadband Internet operations are depreciated over 7 years.
- Amounts paid as consideration for obtaining indefeasible rights of use (IRUs) on dark optical fibers are depreciated over the initial term of use of the fiber concerned.

At each reporting date, the Group assesses whether the depreciation schedules applied still reflect the useful lives of its assets, and makes amendments where necessary.

Borrowing costs

In accordance with IAS 23, borrowing costs directly attributable to the acquisition or production of a qualifying asset are included in the cost of that asset.

Impairment of non-financial assets

Non-financial assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis at the year-end (December 31) or whenever there is an indication that they may be impaired. In assessing whether there is any indication that an asset may be impaired, the Group considers events or circumstances that suggest that significant unfavorable changes have taken place which may have a prolonged, adverse effect on the Group's economic or technological environment, or on the assumptions used on acquisition of the asset concerned.

All other assets are also tested for impairment, either on an annual basis or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Financial assets

Financial assets held under the “hold to collect” business model (held for the purpose of collecting contractual cash flows, notably for repayments of principal and collection of interest payments) are measured at amortized cost. This is the case for loans and paid deposits and guarantees.

Financial assets held under the “hold to collect and sell” business model (held for the purpose of collecting contractual cash flows – notably for repayments of principal and collection of interest payments – as well as selling the financial assets) are measured at fair value through other comprehensive income.

Financial assets held under other business models are measured at fair value through profit or loss. This is the case for hedging instruments that are classified as financial assets.

Inventories

Inventories are recognized at the lower of cost and estimated net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

Inventories are written down if their carrying amount is higher than their probable selling price less any related selling expenses.

Receivables

Receivables are initially recognized in accordance with IFRS 15 and subsequently measured at amortized cost using the effective interest method. The fair value of short-term receivables with no stated interest rate corresponds to the original invoice amount.

The Group recognizes a provision for expected credit losses on receivables. The probability of default and the expected credit loss are measured based on historical data adjusted for forward-looking information such as specific factors or the general economic environment.

Expected credit losses are measured by reference to the probability of default occurring, the "loss given default" (i.e. the size of the loss in the event of default), and exposure at default.

The amount of expected credit losses is remeasured at each reporting date to reflect changes in credit risk since the initial recognition of the financial instruments concerned. In order to assess whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the credit default risk at the reporting date with the default risk on the financial instrument at the initial recognition date. This allows the Group to collate reasonable and documented quantitative and qualitative information about expected credit losses, including the existence of any unresolved claims and litigation, claims history and any significant financial difficulties experienced by its debtors.

Deferred taxes

Deferred taxes are recognized using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination and there is no difference in the applicable tax and accounting treatment. Deferred taxes are determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is recovered or the deferred tax liability is settled.

Deferred tax assets are recognized for tax loss carryforwards to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxes are recognized on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term investments with original maturities of less than three months and highly liquid investments in money-market mutual funds. Short-term investments are marked to market at each reporting date.

Bank overdrafts are classified as current financial liabilities.

Assets held for sale

In accordance with IFRS 5, non-current assets that are immediately available for sale in their present condition, and whose sale is highly probable in the short/medium term are classified as "Assets held for sale".

These assets are presented in the balance sheet under "Assets held for sale" and are measured at the lower of their carrying amount and fair value less costs to sell.

Own shares held

Own shares held are recognized as a deduction from equity based on their acquisition cost. Gains and losses on the disposal of own shares held are also recorded in equity.

Provisions

In accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, when the Group's obligations to third parties known at the reporting date are certain or likely to cause an outflow of resources for the benefit of a third party, without at least equivalent consideration, a provision is recorded when the amount concerned can be estimated with sufficient reliability.

Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date, in which case they are classified as non-current liabilities.

Interest-bearing borrowings

Interest-bearing borrowings are initially recognized at fair value, net of directly attributable transaction costs incurred. They are subsequently measured at amortized cost.

Employee benefits

Other than share-based payments – which are described in a specific note – the only employee benefits within the Group correspond to post-employment benefits.

In accordance with IAS 19, Employee Benefits, independent actuarial valuations of post-employment benefit obligations under defined benefit plans are made using the projected unit credit method, with benefit entitlements recognized as they vest.

For each active participant, the benefit likely to be paid is estimated based on the rules defined in the applicable collective bargaining agreement and/or company-level agreement, using personal data projected to the standard age for payment of the benefit. The Group's total obligations toward each participant (total actuarial value of future benefits) are then calculated by multiplying the estimated benefit by an actuarial factor, which takes into account:

- assumptions concerning the employee's probability of either leaving the Group or dying before the age of payment of the benefit;
- the discounted value of the benefit at the measurement date.

These total benefits are then allocated over each of the past and future years for which rights are accrued under the plan, taking into account the vesting period of capped benefits for the plans in question. The portion of the Company's obligation allocated to years prior to the measurement date (projected benefit obligation) corresponds to obligations for services rendered. The projected benefit obligation represents the Group's obligation existing at the reporting date. The individual results of the valuation are then aggregated to obtain Group-level results.

In accordance with IAS 19R, actuarial gains and losses are immediately recognized in equity. In addition, interest cost and expected return on plan assets have been replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

IFRS IC IAS 19 agenda decision

In late May 2021, the IAS Board approved an agenda decision by the IFRS Interpretations Committee relating to the way benefit obligations for certain defined benefit plans are measured. This decision was implemented by the Group as of December 31, 2021 for plans falling within its scope of application, which in practice corresponded to amending the way the benefits are measured for certain statutory retirement bonus plans in France.

Stock options and share grants

In accordance with IFRS 2, Share-based Payment, stock options, employee share issues and free grants of shares in Group companies to employees are measured at fair value at the grant or issue date.

Calculations of the fair value of stock options are performed based on criteria such as the exercise price and life of the options, the current price of the underlying shares, the anticipated volatility of the share price, expected dividends on the shares and the risk-free interest rate over the life of the options.

The fair value of stock options is recognized under “Share-based payment expense” on a straight-line basis over the vesting period (i.e. the service period that must be completed in order for the options to vest), with a corresponding adjustment to equity for equity-settled plans and to employee-related liabilities for cash-settled plans.

Performance shares are measured at fair value based on the Group's share price at the grant date and, where appropriate, taking into account certain vesting conditions using a mathematical valuation model. Vesting conditions not taken into account for the fair value measurement at the vesting date are taken into account in estimating the number of shares that will vest at the end of the vesting period. This benefit is recognized in the income statement under “Share-based payment expense”, on a straight-line basis over the vesting period of the shares, with a corresponding adjustment to equity.

A certain number of Group employees have been granted shares in subsidiaries subject to conditions relating to their presence within the Group. The shares are measured based on the fair value of the benefit granted to the employee on the grant date, with the calculation incorporating assumptions concerning the staff turnover rate for beneficiaries, a discount in respect of the lock-up period, and the fair value of the shares at the grant date. This benefit is recognized in the income statement under “Share-based payment expense”, on a straight-line basis over the vesting period of the shares, with a corresponding adjustment to equity.

Derivative financial instruments and hedging

Derivatives are initially recognized at fair value at the inception date of the derivative contract and are subsequently remeasured at fair value at each reporting date.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedged item.

The Group designates certain derivatives as hedges of a particular risk associated with a highly probable forecast transaction (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and hedging strategy. It also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The fair values of the various derivative instruments used for hedging purposes are disclosed in Note 33 and Note 34. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item exceeds 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of any gain or loss from remeasuring a derivative financial instrument designated as a cash flow hedge is recognized

- directly in equity and
- the ineffective portion is recognized in the income statement.

Changes in the fair value of other derivative instruments are recorded in the income statement.

If a derivative instrument no longer qualifies for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is transferred to the income statement under financial income or expense when:

- the hedging instrument is exercised, terminated or sold;
- the Group no longer expects the forecast transaction to occur; or
- the original hedged item affects profit.

Note 2 Significant events and scope of consolidation

2.1 Significant events

Armed conflict in Ukraine

As the Group does not have any business activities in Ukraine, the armed conflict engaged in by Russia on February 24, 2022 has not had a material impact on iliad's consolidated financial statements for the year ended December 31, 2022.

However, as from the very first days of the war, Play – the Group's Polish subsidiary – put in place measures to manage the increase in data traffic and help the people emigrating to Poland, including increasing its network capacity, securing its systems, updating its offers for Ukrainians and increasing the number of the Group's contact points on the border with Ukraine and in the rest of the country. This conflict could increase the cost of the Group's energy purchases in the coming months and years, and more generally lead to a rise in the cost of certain components and equipment purchased by the iliad Group.

Sale of a 30% stake in On Tower France and a 10% stake in On Tower Poland, and payment of an exceptional dividend

On February 28, 2022, the Group completed the sale of its remaining 30% stake in On Tower France to the Cellnex group for €950 million (excluding taxes). This resulted in a €330 million gain (excluding taxes) in the first quarter of 2022. On the same date, the Group also sold a 10% stake in On Tower Poland for PLN 615 million. This sale generated a loss of €7 million, largely owing to the negative currency impact. Following the sale of the 10% stake, the Group has a residual interest of 30% in On Tower Poland. At December 31, 2022, the Group's 30% residual stake in On Tower Poland was recorded in the balance sheet within "Assets held for sale" as the Group aims to sell this stake in 2023.

The cash generated by these two transactions was used to pay exceptional dividend on 2021 earnings of €1,262 million (i.e., €21.5 per share) at the end of March 2022. A €205 million dividend was paid on 2021 profit from ordinary activities in May (i.e., €3.5 per share). Dividends paid in 2022 therefore represent a total of €1,467 million.

Completion of the UPC Polska acquisition

On April 1, 2022, the iliad Group and Liberty Global announced that the latter had completed the sale of 100% of Polish fiber operator UPC Polska to the iliad Group's mobile subsidiary Play for an enterprise value of PLN 7 billion (€1.5 billion). UPC Polska is one of Poland's leading internet service providers, with 3.7 million fiber-eligible homes and 1.6 million single subscribers. UPC Polska generated revenues of €385 million in 2021. Its earnings have been consolidated in the iliad Group's financial statements since April 1, 2022.

The PLN 5,500 million (€1.2 billion) syndicated loan set up on December 10, 2021 in connection with the acquisition was fully drawn on April 1, 2022.

Agreement signed for the sale of 50% of UPC Access Network shares to Infravia

On June 19, 2022, the Group signed an agreement with Infravia V Invest S.A.R.L (an InfraVia Capital Partner Group company) to sell a 50% stake in Polski Światłowód Otwarty sp. z o.o. (formerly FiberForce sp. z o.o), an iliad Group dedicated entity. The sale, representing PLN 1,775 million (approximately €400 million), is subject to the earn-out clauses specified in the agreement and to the approval of the relevant authorities. The transaction will be effective upon the removal of the conditions precedent specified in the agreement and is expected to close end of March 2023.

On March 1, 2023, through the spin-off of UPC Polska sp z.o.o. ("UPC") activities, Play transferred part of UPC's operations to a dedicated entity, including network infrastructure representing 3.7 million HFC and FTTx connections. Polski Światłowód Otwarty sp. z o.o will make its network available to other operators (including Play and UPC) based on the wholesale price model.

The dedicated entity will be jointly controlled by Infravia and Play and will be accounted for after completion of the transaction within "Investments in equity-accounted investees". The assets of UCP Polska to be transferred to this entity were therefore considered as held for sale at December 31, 2022 (see Note 25 – Assets and liabilities held for sale).

2.2 Scope of consolidation and changes in 2022

2.2.1 List of main consolidated companies and consolidation methods

The list of consolidated companies and the consolidation methods used is provided in Note 37.

2.2.2 Main changes in scope of consolidation in 2022

Acquisition of UPC Polska

On April 1, 2022 the Group acquired a controlling interest in UPC Polska (see Note 2.1). UPC Polska's earnings have been consolidated in the iliad Group's financial statements since April 1, 2022.

At December 31, 2022, measurement of the related goodwill was finalized and allocated as follows:

	In €m
Purchase price	1,553
Net assets acquired before purchase price allocation	
• Non-current assets	378
• Current assets	48
• Non-current liabilities	27
• Current liabilities	125
Purchase price allocation at December 31, 2022	
• Subscriber base	338
• Remeasurement of tangible assets	76
• Remeasurement of liabilities	(32)
• Deferred taxes	(72)
• Other	(10)
Goodwill after PPA allocation	978
• Reclassification as Assets held for sale	(847)
Residual goodwill at December 31, 2022	**131**

Sale of a 30% stake in On Tower France

On February 28, 2022, iliad sold its residual 30% stake in On Tower France. This investment was included within "Assets held for sale" at December 31, 2021.

Sale of a 10% stake in On Tower Poland

On February 28, 2022, the iliad Group sold a 10% stake in On Tower Poland. Following the sale of the 10% stake, the Group has a residual interest of 30% in On Tower Poland. At December 31, 2022, the Group's investment in On Tower Poland was recognized in the balance sheet within "Assets held for sale" for €387 million.

Note 3 Critical accounting estimates and judgments

Accounting judgments

The Group makes accounting judgments in order to determine the accounting treatment for certain transactions.

The main accounting judgments made by the Group relate to:

- The method used for consolidating certain companies (see Note 21).
- The contractual terms used for determining lease liabilities in accordance with IFRS 16 (see Note 19).

Accounting estimates

The Group makes estimates and assumptions concerning the future.

It continually reviews these estimates and assumptions which are based both on past experience and on other factors deemed reasonable to be used for assessing the carrying amount of assets and liabilities. Actual amounts may differ significantly from these estimates should different assumptions or conditions apply.

The main accounting estimates used by the Group relate to:

- Useful lives and impairment of non-current assets.
- Assessment of the fair value of certain financial assets.
- Assessment of the recoverable amount of deferred tax assets recognized for tax loss carryforwards.
- Assessment of doubtful receivables and calculating the corresponding impairment losses.
- The duration of mobile phone rental periods.
- Assessment of the estimated net realizable value of inventories and calculating the corresponding impairment losses.
- Assessment of risks related to disputes and litigation in process and calculating the corresponding provisions.
- Determining whether the Group is principal or agent in accordance with IFRS 15.
- Determining the non-cancellable term of leases, separating the lease and service components, and determining the incremental borrowing rate when the rate implicit in the lease cannot be readily determined for the purpose of applying IFRS 16.
- Determining the nature and the fair value of assets and liabilities acquired as part of business combinations.

Note 4 Revenues

Consolidated revenues rose 10% to €8.4 billion in 2022.

The presentation of the Group's revenues by geographic segment is provided in Note 5 below.

This presentation may be changed in the future, depending on operating criteria and the development of the Group's businesses.

Note 5 Segment information

Given Poland's increasing importance to the Group's business, management followed up on its review of operations at the beginning of 2022. As from January 1, 2022, the iliad Group has three operating segments:

- France
- Italy
- Poland

- 2022 REVENUES

In € millions	France	Italy	Poland	Intra-group sales	Total
Revenues					
Fixed	3,054	12	334	(15)	3,385
Mobile	2,508	914	1,573	(5)	4,990
Intra-group sales	(6)	0	0	0	(6)
Total	5,555	927	1,907	(19)	8,369

- 2021 REVENUES

In € millions	France	Italy	Poland	Intra-group sales	Total
Revenues					
Fixed	2,874	0	32	(12)	2,894
Mobile	2,333	802	1,568	(4)	4,699
Intra-group sales	(6)	0	0	0	(6)
Total	5,201	802	1,600	(16)	7,587

The increase in revenues for 2022 concerns all geographies. In Poland, the increase in revenues is mainly due to the inclusion of UPC in the scope of consolidation since April 1 , 2022.

- 2022 EARNINGS

In € millions	France	Italy	Poland	Total
Earnings				
EBITDAaL	2,287	211	805	3,303
Share-based payment expense	(37)	(0)	(2)	(39)
Depreciation, amortization and impairment of non-current assets	(1,222)	(380)	(306)	(1,909)
Profit from ordinary activities	1,028	(169)	497	1,356
Profit for the period	877	(231)	112	758

- 2021 EARNINGS

In € millions	France	Italy	Poland	Total
Earnings				
EBITDAaL	2,185	80	684	2,949
Share-based payment expense	(42)	0	(7)	(50)
Depreciation, amortization and impairment of non-current assets	(1,185)	(327)	(239)	(1,752)
Profit from ordinary activities	958	(248)	437	1,148
Profit/(loss) for the period	557	(259)	228	526

- ASSETS AT DECEMBER 31, 2022

In € millions	France	Italy	Poland	Total
Non-current assets				
Goodwill	304	0	412	717
Intangible assets (carrying amount)	1,669	2,075	1,807	5,551
Right-of-use assets (carrying amount)	2,811	675	880	4,367
Property, plant and equipment (carrying amount)	6,704	779	649	8,132
Investments in equity-accounted investees	749	0	0	749
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	**1,544**	**379**	**2,187**	**4,110**
Cash flows	**386**	**0**	**135**	**521**

- ASSETS AT DECEMBER 31, 2021

In € millions	France	Italy	Poland	Total
Non-current assets				
Goodwill	300	0	262	562
Intangible assets (carrying amount)	1,786	2,192	1,494	5,472
Right-of-use assets (carrying amount)	2,731	607	825	4,163
Property, plant and equipment (carrying amount)	6,343	671	389	7,403
Investments in equity-accounted investees	835	0	407	1,243
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	**1,983**	**400**	**798**	**3,181**
Cash and cash equivalents	**420**	**1**	**282**	**704**

- LIABILITIES AT DECEMBER 31, 2022, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

In € millions	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	337	175	2	514
Total current liabilities				
Trade and other payables	1,702	465	514	2,681

- LIABILITIES AT DECEMBER 31, 2021, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

In € millions	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	432	0	3	435
Current liabilities				
Trade and other payables	1,545	1,561	334	3,439

Note 6 Purchases used in production and external charges

Purchases used in production mainly include:

- Interconnection costs invoiced by other operators (including roaming charges).
- Maintenance costs relating to unbundling operations.
- Costs and fees related to the FTTH business.
- Acquisitions of goods and services for resale or for use in designing goods or services billed by the Group.

External charges primarily comprise:

- Logistics and dispatch costs.
- Leasing expenses (including leases entered into for network development purposes, such as for mobile sites).
- Marketing and advertising costs.
- External service provider fees.
- Subcontracting costs.

Note 7 Human resources data

Payroll costs

Payroll costs break down as follows:

In € millions	2022	2021
Wages and salaries	(384)	(328)
Payroll taxes	(141)	(112)
TOTAL	(525)	(440)

Number of employees at year-end

The Group's headcount can be analyzed as follows by category:

Number of employees at year-end	2022	2021
Management	4,087	3,318
Other	12,637	11,765
TOTAL	16,724	15,083

Post-employment benefits

The methods used for recognizing and measuring retirement and other post-employment benefit obligations comply with IAS 19R, Employee Benefits.

The retirement benefit plans in place in the countries where the Group operates are defined benefit plans.

Movements in the Group's retirement benefit obligations in 2022 and 2021 can be analyzed as follows:

In € millions	2022	2021
Present value of obligation at the end of the previous year	21	35
Impact of IFRIC-IAS 19 (see Note 1.5)	0	(16)
Present value of obligation at beginning of year:	21	19
• Impact of changes in scope of consolidation	0	0
• Current service cost	4	4
• Loss/(gain) from changes in assumptions	(10)	(2)
• Experience (gains)/losses	0	0
Total	15	21

The main economic assumptions used to measure the Group's retirement benefit obligations at December 31, 2022 and 2021 were as follows:

Retirement benefit obligation assumptions – France

	2022	2021
• Discount rate	3.75%	1.05%
• Long-term inflation rate	2.00%	2.00%
• Mortality table	Insee TD/TV 2016-2018	Insee TD/TV 2015-2017
• Type of retirement	Voluntary	Voluntary
• Retirement age		
- Management - Other	Statutory retirement age post 2014 French pension reform and the 2015 French Social Security Financing Act	Statutory retirement age post 2014 French pension reform and the 2015 French Social Security Financing Act

Retirement benefit obligation assumptions – Poland

	2022		Dec. 31, 2021
	P4	UPC	
• Discount rate	6.80%	6.70%	3.20%
• Long-term inflation rate	6.00%	4.50%	4.00%
• Mortality table	2021 Polish mortality table issued by Poland's central statistics office	2021 Polish mortality table issued by Poland's central statistics office	2020 Polish mortality table issued by Poland's central statistics office
• Type of retirement	Voluntary	Voluntary	Voluntary
• Retirement age			
- Management - Other	Poland's full state pension age as set at Nov. 16, 2016	Poland's full state pension age as set at Nov. 16, 2016	Poland's full state pension age as set at Nov. 16, 2016

The impact on equity of the Group's retirement benefit obligations was a positive €114,648 thousand (before tax) at December 31, 2022 and the amount recognized in the income statement for the year then ended corresponded to a €4,349 thousand expense (before tax).

Note 8 Development costs

Development costs include:

- The cost of designing new products, adapting existing products to the Internet, and researching or creating databases for new applications. These costs are primarily incurred by Freebox.
- Development costs for remote data processing and/or data storage by Scaleway.
- The technological development costs incurred in the mobile telephony business, notably concerning the network's architecture and functionalities. These costs are primarily incurred by Free Mobile.

Development costs incurred in 2022 are presented net of any related research tax credits.

In € millions	2022	2021
Capitalized development costs	(28)	(18)
Development costs recognized directly in the income statement	0	0
Total	**(28)**	**(18)**

Note 9 Other income and expenses from operations, net

Other income from operations breaks down as follows:

In € millions	2022	2021
Income from partnerships*	428	455
Customer contract termination fees	11	10
Other	32	24
Total other income from operations	471	490

* Corresponds mainly to income related to the partnerships with Cellnex concerning the sale of mobile infrastructure.

Other expenses from operations can be analyzed as follows:

In € millions	2022	2021
Costs related to partnerships*	(161)	(199)
Royalties and similar fees	(48)	(61)
Bad debts	0	(1)
Other	(13)	(8)
Total other expenses from operations	(221)	(269)

* Corresponds mainly to costs related to the partnerships with Cellnex concerning the sale of mobile infrastructure.

In € millions	2022	2021
Other income and expenses from operations, net	250	221

Note 10 Depreciation, amortization, provisions and impairment

The following tables show the breakdown between the various components of depreciation, amortization, provisions and impairment:

Depreciation, amortization and impairment of non-current assets

In € millions	2022	2021
• Depreciation and amortization expense:		
Intangible assets	(697)	(679)
Property, plant and equipment	(1,202)	(1,073)
• Impairment of non-current assets:	0	0
Property, plant and equipment	(9)	(1)
• Depreciation/amortization of investment grants:	0	0
Intangible assets	0	1
Property, plant and equipment	0	0
Total	(1,909)	(1,752)

Additions to and reversals from provisions for contingencies and charges and impairment of current assets

In € millions	2022	2021
Provisions for contingencies and charges	(6)	38
Impairment of inventories	(2)	(3)
Impairment of trade receivables	(77)	(81)
Total	(84)	(46)

Note 11 Other operating income and expense, net

This item breaks down as follows:

In € millions	2022	2021
Gains on asset disposals	310	(10)
Other operating expenses	(44)	(49)
TOTAL	267	(59)

Gains on asset disposals

The gain on disposals of Group assets in 2022 corresponds mainly to the sale of the residual 30% interest in On Tower France for €330 million (see Note 2).

Other operating expenses

This item includes miscellaneous costs and other expenses incurred by the Group in connection with operations launched in 2021 and 2022.

Note 12 Financial income and expenses

Financial income and expenses can be analyzed as follows:

In € millions	2022	2021
Income from cash and cash equivalents	0	1
Finance costs, gross:		
Interest on borrowings	(313)	(181)
Finance costs, net	(313)	(180)
Other financial income	0	8
Sub-total – Other financial income	**0**	**8**
Other financial expenses		
Translation adjustments/Hedging expenses	5	(11)
Discounting expense	(40)	(44)
Other	(15)	34
Sub-total – Other financial expenses	**(50)**	**(21)**
Other financial income and expense, net	(50)	(13)
Interest expense on lease liabilities	(213)	(182)
Net financial expense	(576)	(375)

Net financial expense primarily concerns the costs of the Group's various sources of financing (see Note 30) as well as discounting expense.

Finance costs, gross, mainly comprise interest on borrowings.

Discounting expense mainly concerns trade payables with maturities of more than one year.

The Group's call option on eir shares was remeasured in 2022, leading to the recognition of €18.5 million in financial expenses and bringing the carrying amount of the option to €37 million at December 31, 2022.

Interest expense on lease liabilities relates to the Group's application of IFRS 16.

Note 13 Corporate income tax

Analysis of the corporate income tax charge

The Group's corporate income tax charge breaks down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Current taxes		
• on income	(432)	(362)
• on value added (CVAE)	(27)	(23)
Current income tax charge	(458)	(385)
Deferred taxes		
• on income	126	127
• on value added (CVAE)	0	0
DEFERRED INCOME TAX BENEFIT/(CHARGE)	126	127
Total tax charge	(332)	(258)

Tax group

As a result of the acquisition in 2021 of more than 95% of iliad's capital by Holdco 2, the tax consolidation group set up in 1998 with iliad as parent company was disbanded with effect from December 31, 2021.

As from 2022, iliad is part of iliad Holding's tax group.

The following rules apply within the tax group:

- Each company in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis.
- Tax savings arising on the Group's use of tax losses generated by a Group company are allocated to the parent.
- Tax credits that are refundable (research tax credit, training tax credit, etc.) are recorded in the subsidiaries.
- Any tax charges or benefits relating to adjustments to total earnings, as well as any tax credits for loss-making companies, are recorded at the level of the parent.
- No payments in relation to these matters may be due by the parent. when a company leaves the tax group.

Description of deferred tax assets/liabilities and tax loss carryforwards

The iliad Group's deferred tax assets and liabilities mainly arise on non-current assets and on tax loss carryforwards.

At December 31, 2022, deferred tax assets arising on tax loss carryforwards related solely to Italy and amounted to €277 million compared with €206 million at December 31, 2021. These tax loss carryforwards were recognized in full at December 31, 2022 in view of the resounding commercial success of the launch of the Group's Italian subsidiary and based on the Group's five-year forecasts for this subsidiary.

The tax losses in Italy can be carried forward indefinitely.

The Group expects these losses to be absorbed within a period of approximately five years.

Tax proof

The table below reconciles

- the Group's theoretical tax rate
- with the effective tax rate calculated on consolidated profit from continuing operations before tax.

In € millions	2022	2021
Profit for the period	758	526
• Corporate income tax	332	258
Consolidated profit from continuing operations before tax	**1,090**	**783**
Theoretical tax rate	25.83%	28.41%
• Net impact of permanent differences	-7.85%	45.61%
• Impact of unrecognized tax loss carryforwards	0.00%	-0.54%
• Impact of different tax rates	12.51%	-40.59%
• Other impacts	0.00%	0.00%
Effective tax rate	**30.49%**	**32.89%**

Unrecognized deferred tax assets

Unrecognized deferred tax assets concern:

- Tax loss carryforwards of companies outside the tax group that have been in a loss-making position for several years and are not expected to return to profit in the near future.
- Tax loss carryforwards that are not expected to be utilized in view of the projected future earnings of the companies concerned based on the information available at the reporting date, or when the companies concerned have been historically loss-making and their turnaround is in progress.

Unrecognized deferred tax assets totaled €256 thousand at December 31, 2022, versus €611 thousand at December 31, 2021.

Note 14 Earnings per share

Basic earnings per share:

Number of shares used for the calculation	2022	2021
• Number of shares at the year-end	59,720,238	59,720,238
• Weighted average number of shares	58,902,092	58,488,191

Diluted earnings per share

In € millions	2022	2021
Profit for the period attributable to owners of the Company	754	516
Diluted profit for the period attributable to owners of the Company	754	516
Weighted average number of shares outstanding (see above)	58,902,092	58,488,191
Number of share equivalents	331,564	433,593
Maximum weighted average number of shares after dilution	59,233,656	58,921,784
Diluted earnings per share (in €)	**12.73**	**8.76**

Note 15 Analysis of the Consolidated Statement of Cash Flows

Cash flows from operating activities

Net cash generated from operating activities is determined by the indirect method,

which consists of adding back to or deducting from profit for the period:

- all non-cash transactions;
- deferrals or adjustments concerning past or future cash inflows or outflows related to operations; and
- all cash flows relating to investing or financing activities.

Change in operating working capital requirement

The change in operating working capital requirement in 2022 and 2021 can be analyzed as follows:

In € millions	Note	2021	Net debits	Net credits	Impact of changes in scope of consolidation	Other	2022
Net inventories	23	66	179	0	0	78	324
Net trade receivables	24	995	151	0	4	13	1,163
Net other receivables	24	1,234	8	0	5	(95)	1,153
Trade payables (suppliers of goods and services)	31	(949)	0	(144)	(77)	(56)	(1,226)
Other payables		(1,071)	0	(127)	(17)	(180)	(1,395)
Total		**275**	**339**	**(271)**	**(85)**	**(240)**	**18**
Change in operating working capital requirement in 2022			**68**				

In € millions	Note	At Dec. 31, 2020	Net debits	Net credits	Impact of changes in scope of consolidation	Other	At Dec. 31, 2021
Net inventories	23	84	34	(27)		(24)	66
Net trade receivables	24	867	57	(24)		95	995
Net other receivables	24	1,108	140			(14)	1,234
Trade payables (suppliers of goods and services)	31	(942)	21	(19)		(9)	(949)
Other payables		(912)	34	12		(204)	(1,071)
Total		**205**	**285**	**(58)**		**(156)**	**275**
Change in operating working capital requirement in 2021			**227**				

Other receivables

In € millions	Note	Dec. 31, 2022	Dec. 31, 2021
Trade and other receivables:	24	2,315	2,157
Trade receivables	24	(1,163)	(923)
Other receivables		**1,153**	**1,234**

Other payables

In € millions	Note	Dec. 31, 2022	Dec. 31, 2021
Trade and other payables	31	3,195	3,874
Suppliers of goods and services	31	(1,226)	(949)
Suppliers of non-current assets		(1,147)	(2,225)
Other		573	371
Other payables		**1,394**	**1,071**

Acquisitions of property, plant and equipment and intangible assets

This item can be analyzed as follows:

In € millions	Note	2022	2021
Acquisition of intangible assets	17	303	355
Acquisition of property, plant and equipment	20	2,165	2,128
Suppliers of non-current assets (excl. VAT)			0
At January 1		2,225	2,413
Newly consolidated company		0	0
Impact of first-time application of IFRS 16		0	0
At December 31		(1,147)	(2,206)
Other		(197)	(241)
Total		3,349	2,450

Cash flows

In € millions	Note	Cash and cash equivalents at Dec. 31, 2022	Cash and cash equivalents at Dec. 31, 2021
Cash (including currency hedges)	26	516	604
Marketable securities	26	6	100
Sub-total		521	704
Bank overdrafts	31	(2)	(2)
TOTAL		519	702

Note 16 Goodwill

In € millions	2022	2021
Carrying amount at January 1	562	2,437
• Acquisition of UPC	1,275	0
• Acquisition of Play	0	18
• Allocation of goodwill relating to Play	0	(1,881)
• Allocation of goodwill relating to UPC Polska	(301)	0
• Reclassification of the UPC Polska goodwill as "assets held for sale	(847)	0
• Other	31	
• Disposals	0	(9)
• Translation adjustments	(4)	(4)
CARRYING AMOUNT AT DECEMBER 31	717	562

During 2021, the Group completed the measurement of the identifiable net assets acquired on the acquisition of Play and allocated its purchase price, with the final goodwill amount allocated to the various assets and liabilities concerned.

During 2022, the Group completed the measurement of the identifiable net assets acquired on the acquisition of UPC and allocated its purchase price, with the final goodwill amount allocated to the various assets and liabilities concerned (see Note 2).

Note 17 Intangible assets

Intangible assets break down as follows:

In € millions	December 31, 2022			December 31, 2021		
	Gross	Amortization and impairment	Net	Gross value	Amortization and impairment	Net
• Licenses – France	2,188	(718)	1,470	2,182	(587)	1,595
• Licenses – Italy	2,068	(367)	1,700	2,067	(228)	1,839
• Licenses – Poland	669	(357)	313	605	(323)	282
• Other intangible assets	2,649	(637)	2,012	2,219	(509)	1,709
Internally-generated intangible assets:				0	0	0
• Development costs	125	(70)	56	97	(51)	47
Total	7,699	(2,149)	5,551	7,171	(1,699)	5,472

France:

At end- 2022, the Group had a portfolio of 67.5 MHz duplex with balanced coverage across Metropolitan France, in the 700 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz frequency bands, as well as 70 MHz in the 3.5 GHz band.

Since late 2016 the iliad Group has also had a balanced frequency portfolio in Guadeloupe, French Guiana, Martinique, Saint Barthélemy and Saint Martin, in the 800 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz bands.

Italy:

The iliad Group has a balanced portfolio of 45 MHz duplex in the 700 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz frequency bands covering the whole of Italy, as well as 20 MHz in the 3.6 GHz-3.8 GHz band and 200 MHz in the 26.5-27.5 GHz band.

Poland:

Following its acquisition of Play in late 2020, the Group has a balanced portfolio of 60 MHz duplex in the 800 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz frequency bands covering the whole of Poland, as well as an additional 5 MHz in the 2.1 GHz band.

Group:

Borrowing costs capitalized in previous years relating to the iliad Group's licenses represented a gross amount of €88 million at December 31, 2022.

There are no restrictions on the legal title of the Group's intangible assets

and none of these assets have been pledged as security for borrowings.

Movements in net intangible assets can be analyzed as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Net at January 1	5,472	4,543
Additions:		
• newly-consolidated company	377	0
• acquisitions	303	355
• asset remeasurements	0	0
• internally-generated intangible assets	35	21
Reclassifications	69	1,222
Other	(0)	14
Translation adjustments	(8)	(4)
Amortization, provisions and impairment	(697)	(679)
NET AT DECEMBER 31	5,551	5,472

The €1,222 million recorded under Reclassifications in 2021 relates to the allocation of goodwill arising on Play.

Intangible assets in progress

The carrying amount of intangible assets in progress is included in the carrying amounts of the various categories of intangible assets, as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Licenses	39	47
Other	132	40
Total	171	87

Note 18 Impairment tests on goodwill and intangible assets

Goodwill and intangible assets not yet available for use are tested for impairment on an annual basis at the year-end (December 31) or whenever there is an indication that they may be impaired.

Intangible assets with finite useful lives are tested for impairment whenever there is an indication that they may be impaired.

Impairment tests

At December 31, 2022, the Group carried out its annual impairment tests on all of its CGUs, i.e., France, Italy, and Poland.

In € millions	France	Italy CGU	Poland CGU
Goodwill	304	0	413

The tests were performed by comparing each CGU's recoverable amount against its carrying amount.

No impairment losses were recognized against any of the assets allocated to the Group's CGUs following the impairment tests performed at end-2022. The current climate of rising procurement costs for the Group, and more generally high inflation, impact the Group's profitability in the short term, but have not altered its long-term growth outlook.

The assumptions used for calculating the recoverable amounts of the Group's CGUs were as follows at December 31, 2022:

	France CGU	Italy CGU	Poland CGU
Post-tax discount rate	7.0%	8.0%	8.9%
Perpetuity growth rate	1.5%	1.5%	2.4%

Sensitivity of recoverable amounts

At December 31, 2022, the Group performed a sensitivity analysis on its France, Italy and Poland CGUs. The sensitivities tested reflect the range of estimations and assumptions deemed reasonably possible by the Group. No significant risk of impairment was identified as a result of this analysis.

The analysis of the three CGUs measured the sensitivity of their recoverable amounts to each of the following variables:

- A 0.5% increase in the discount rate.
- A 0.5% decrease in the perpetual growth rate.
- A 5% decrease in cash flows in the last year of the business plan.

Note 19 Right-of-use assets and lease liabilities

Accounting principles

The Group has applied IFRS 16, Leases, since January 1, 2019.

IFRS 16 requires lessees to recognize a lease liability in the balance sheet representing the present value of future lease payments, with a corresponding right-of-use asset recognized and depreciated over the lease term. The actual payments made for these rights of use are recorded in "Repayments of lease liabilities" in the statement of cash flows under cash flows from financing activities. In accordance with this standard, wherever possible, the Group has separated out the non-lease components (including service components) of its lease contracts in order to only include the lease components for measuring its lease liabilities.

The lease term used to measure lease liabilities generally corresponds to the initial negotiated term of the lease, without taking into account any early termination or extension options, except for specific cases.

The accounting method used for leases when the Group is a lessor is the same as under IAS 17.

The Group elected to use the modified retrospective approach for its first-time application of IFRS 16, under which lease liabilities were measured as the present value of lease payments that had not been paid at the transition date (i.e. January 1, 2019).

The Group did not elect to apply the exemptions available in IFRS 16 relating to leases with terms of 12 months or less or for which the underlying asset is of low value.

The Group has identified three main types of leases, which relate to:

- Networks, corresponding mainly to (i) rentals of the local loop for Fixed subscribers, including the rental of the FTTH loop from IFT (see Note 21), (ii) rentals of dark fiber, and (iii) rentals of sites (land, building roofs, pylons, etc.) used for setting up the Group's active and passive mobile network infrastructure, including the rental of assets sold by the Group to Cellnex in 2019 in France and Italy and in 2021 in Poland.
  In most cases, the lease term corresponds to the remaining contractual duration, except for local loop rentals, for which the lease term under IFRS 16 corresponds to the estimated duration of the subscriber's use of the local loop concerned.
- Real estate (land and buildings), corresponding to leases for the Group's head offices, stores and technical premises.
  In most cases, the lease term corresponds to the remaining contractual duration without taking into account any potential early termination.
- Other (including vehicles).
  In most cases, the lease term corresponds to the remaining contractual duration.

The weightings of the three main categories of lease are as follows:

	Networks	Real estate	Other
December 31, 2021	92.0%	7.4%	0.5%
December 31, 2022	91.9%	7.6%	0.5%

The carrying amount of right-of-use assets breaks down as follows:

In € millions	Networks	Real estate	Other	Total
Carrying amount at December 31, 2021	**3,832**	**309**	**22**	**4,163**
Acquisitions (new assets)	1,065	56	15	1,136
Disposals	(129)	(1)	(0)	(131)
Reclassification to assets held for sale	0	0	0	0
Impact of changes in scope of consolidation	4	21	3	27
Translation adjustments	(14)	(0)	(0)	(15)
Other	(8)	2	(8)	(14)
Depreciation, amortization and impairment of non-current assets	(738)	(52)	(10)	(800)
Carrying amount at December 31, 2022	**4,012**	**333**	**22**	**4,367**

Lease liabilities break down as follows:

In € millions	December 31, 2022				December 31, 2021			
	Networks	Real estate	Other	Total	Networks	Real estate	Other	Total
Non-current	3,749	195	8	3,951	3,450	193	8	3,652
Current	593	32	10	634	567	28	10	604
	4,341	226	18	4,586	4,017	221	18	4,256

Breakdown of the Group's undiscounted lease liabilities at December 31, 2022:

In € millions	December 31, 2022	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Undiscounted lease liabilities	**6,035**	767	1,934	3,333	**6,035**

Note 20 Property, plant and equipment

Property, plant and equipment can be analyzed as follows:

In € millions	December 31, 2022			December 31, 2021		
	Gross	Depreciation	Net	Gross	Depreciation	Net
• Land and buildings	101	19	82	102	17	85
• Network usage rights	171	116	54	193	131	62
• Service access fees	604	399	205	677	414	263
• Network equipment	13,013	5,829	7,183	11,579	5,170	6,409
• Other	898	290	607	838	254	584
Total	14,786	6,654	8,132	13,389	5,986	7,403

There are no restrictions on the legal title of the Group's property, plant and equipment and none of these assets have been pledged as security for borrowings.

Movements in net property, plant and equipment can be analyzed as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Net at January 1	7,403	6,521
Acquisitions	2,165	2,128
Disposals	(228)	(16)
Reclassification to assets held for sale	(221)	(164)
Other	2	(19)
Impact of changes in scope of consolidation	205	0
Translation adjustments	(7)	(1)
Depreciation, provisions and impairment	(1,187)	(1,046)
NET AT DECEMBER 31	8,132	7,403

During 2022, the Group kept up its capital spending drive for growth projects. This particularly included the following:

- A step-up in the pace of investments for the FTTH network rollout, with a particular acceleration in rollouts in averagely populated areas, and an increase in the number of subscribers connected up to fiber;
- Mobile-related capital expenditure, reflecting the significant progress made in the mobile network rollout in France, Italy and Poland, along with technological upgrades, particularly for 4G/4G+ and 5G/5G-ready.
- Capital expenditure related to the launch of new boxes.
- Other capital expenditure related to the Fixed business in the three countries.
- Investment in the hosting business, which is growing rapidly.

The disposals in 2022 comprise notably some fiber assets disposals to IFT (see note 21).

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In 2022, no such events or circumstances were identified that had a material effect on the carrying amount of these assets.

Assets under construction

The carrying amount of assets under construction is included in the carrying amounts of the various categories of property, plant and equipment, as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
• Land and buildings	35	35
• Network usage rights	2	2
• Network equipment	1,094	1,165
• Other	1	1
Total	1,131	1,203

Note 21 Equity-accounted investees

The iliad Group has three main equity-accounted investees:

- NJJ Boru

On April 6, 2018, iliad acquired a 49% interest in NJJ Boru SAS for c. €316 million, as part of the eir transaction. On the same date, NJJ Boru acquired a 64.5% interest in eir.

The Group therefore holds a 31.6% indirect interest in eir – Ireland's incumbent telecom operator – alongside NJJ (Xavier Niel's private holding company).

- Investissement dans la Fibre des Territoires (IFT)

On February 28, 2020, the iliad Group sold a majority stake in IFT to InfraVia.

Formed specifically for the purpose of the partnership with InfraVia, IFT is a company dedicated to actively managing fiber lines. In particular, it is tasked with acquiring and operating iliad's co-financed FTTH tranches outside very densely populated areas of France. The company rents subscriber lines between ONs and shared access points to Free, its main customer, and other commercial operators. At December 31, 2022 the Group held a 48.98% stake in IFT. Based on the rights it exercises with respect to IFT, the Group considers it exercises joint control over the company.

- On Tower Poland

On March 31, 2021, Play sold to Cellnex 60% of the shares in On Tower Poland. Prior to the sale, Play's passive mobile network infrastructure was transferred to On Tower Poland. At December 31, 2021, the Group still held a 40% stake in On Tower Poland. Out of this remaining 40%, 10% was transferred to Cellnex at end-February 2022. The 10% sold in February 2022 was included in assets held for sale at December 31, 2021.

In 2022, the Group considered that it exercised significant influence over On Tower Poland.

Additionally, since April 2021, On Tower Poland has provided access services to Play for passive telecommunications infrastructure in Poland under a Master Service Agreement ("MSA"). This MSA is being accounted for as a lease within the meaning of IFRS 16. The partnership also provides for the construction of new sites which will be sold by the Group to On Tower Poland.

The Group's 2022 results include its share of On Tower Poland's earnings between January 1, 2022 and December 31, 2022. As it planned to sell its residual 30% stake in On Tower Poland in 2023, this residual investment was reclassified within "Assets held for sale" for an amount of €387 million.

The Group's share of profit of equity-accounted investees in 2022 and 2021 can be analyzed as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Share of profit of equity-accounted investees before tax	57	78
Share of tax of equity-accounted investees	(14)	(9)
Share of profit of equity-accounted investees after tax	**43**	**69**

The Group's 2021 results include iliad's share of On Tower France's earnings from January 1, 2021 to May 28, 2021, the date on which the Group announced its intention to sell its residual stake in On Tower France, in which it held a 30% interest up until end-February 2022.

Movements in the Group's investments in equity-accounted investees were as follows in 2022 and 2021:

In € millions	2022	2021
At January 1	1,243	1,364
Share of net assets of equity-accounted investees	0	0
Goodwill	0	0
Investments in equity-accounted investees at January 1	1,243	1,364
Movements:		
Share of profit/(loss) of equity-accounted investees	43	69
Share of OCI of equity-accounted investees	109	46
Dividends paid	(251)	(15)
Translation adjustments	(8)	(2)
Capital reductions	0	0
Acquisitions and changes in scope of consolidation	0	539
Reclassifications to assets held for sale	(387)	(758)
Other	0	1
INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES AT DECEMBER 31	749	1,243

The main changes in scope of consolidation concern:

- In 2021: the equity accounting of On Tower Poland, the sale of a 10% stake in On Tower Poland (out of the 40% interest owned and accounted for by the equity method) and the Group's exit from the capital of On Tower France (recognized within "Assets held for sale" at December 31, 2021).
- In 2022: an exceptional dividend payment from NJJ Boru (€243 million) linked to the sale of 49.99% of the fiber operations of Eir (Fibre Networks Ireland) to Infravia during 2022, as well as an increase in the share of OCI of equity-accounted investees linked to changes in the actuarial assumptions used to measure Eir's net pension liability. Movements also include the reclassification of the Group's remaining 30% interest in On Tower Poland from "Investments in equity-accounted investees" to "Assets held for sale".

The table below sets out the key financial information of the NJJ Boru sub-group, based on its most recent consolidated financial statements prepared in accordance with IFRS:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	4,695	4,685
Current assets	836	562
Total non-current liabilities	(3,793)	(3,430)
Current liabilities	(629)	(648)
Total net assets	1,109	1,169

The table below sets out the key financial information of Investissement dans la Fibre des Territoires, based on its most recent financial statements prepared in accordance with IFRS:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	2,022	1,617
Current assets	519	385
Total non-current liabilities	(1,550)	(1,152)
Current liabilities	(505)	(406)
Total net assets	486	444

The consolidated financial statements include transactions carried out by the Group with equity-accounted investees as part of its routine business. These transactions are conducted on arm's length terms.

The Group has no off-balance-sheet commitments relating to equity-accounted investees.

Note 22 Other financial assets

Other financial assets break down as follows by nature:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Other long-term financial assets		
• Other investment securities	48	59
• Loans, receivables and other	114	59
• eir option	37	56
• Guarantee deposits	27	23
Total other long-term financial assets	**226**	**197**
Other short-term financial assets		
• Loans and receivables	27	13
Total other short-term financial assets	**27**	**13**
Total other financial assets	**253**	**210**

- Non-current assets

  - NJJ Tara has granted the Group a call option, exercisable in 2024 and 2025, which covers 80% of NJJ Tara's interest in NJJ Boru (i.e. 41% of NJJ Boru and, indirectly, 26.3% of eir's capital). The option will be exercisable at a price representing a 12.5% discount to fair market value, as determined by an independent valuer, but with a floor calculated based on an annual yield of 2%.

    This call option was recognized in "Other financial assets" in an initial amount of €16 million, which was increased to €22 million at end-2020 and to €56 million at end-2021. Since December 31, 2022, the option has been carried in the consolidated financial statements at its remeasured amount of €37 million (see Note 2).

  - In April 2021, iliad and iliad Italia Holding acquired, for €49 million, 12% of the capital of Unieuro – an Italian retailer of consumer electronic products. This purchase was recognized under "Other investment securities".

  - A non-recourse financing arrangement was put in place within the framework of the strategic partnership with Infravia through IFT. This arrangement includes a shareholder contribution commitment, at the level of the iliad Group's investment, to support the fast-paced development of IFT in the first five years. At December 31, 2022, the cumulative amount of contributions made in this respect amounted to €87 million.

- Current assets

Other short-term financial assets correspond to the portion of receivables with a maturity of less than one year.

Other financial assets break down as follows by function:

In € millions	Dec. 31, 2022	Dec. 31, 2021
• Financial assets carried at fair value through profit or loss	178	128
• Financial assets carried at fair value through OCI	48	59
• Financial assets carried at amortized cost	27	23
Total other financial assets	**253**	**210**

Movements in net other financial assets can be analyzed as follows:

In € millions	2022	2021
Carrying amount at January 1	210	46
Acquisitions	52	97
Fair value adjustments	5	55
Redemptions and repayments	(0)	0
Impact of changes in scope of consolidation	0	11
Disposals	6	1
Additions to provisions	(19)	0
CARRYING AMOUNT AT DECEMBER 31	253	210

Note 23 Inventories

Inventories break down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Inventories – gross	**336**	**79**
Total impairment	**(11)**	**(14)**
Inventories – net	**324**	**65**

The increase in inventories is mainly due to the recognition in inventories of passive mobile infrastructure intended for sale, in the context of the partnership with Cellnex in France, Italy and Poland. The minimum number of sites to be transferred was defined in the agreement signed with Cellnex in 2019 for France and Italy and in 2021 for Poland. Sites intended for sale in excess of this minimum number of sites to be sold are recognized within the finished products inventory. The finished products inventory also includes more mobile phones.

Note 24 Other assets

Other non-current assets break down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Other receivables recorded under other non-current assets:		
Other receivables	267	194
Total – gross	**267**	**194**
Amortization and impairment of other receivables	(215)	(150)
Net other receivables (other non-current assets)	**52**	**44**

Other receivables recorded under other non-current assets solely relate to contract assets (customer acquisition costs) recognized in accordance with IFRS 15.

Trade and other receivables break down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Trade and other receivables recorded under current assets:		
Trade receivables	1,258	1,100
Advances and prepayments	16	2
Tax receivables (VAT)	320	375
Contract acquisition costs	190	178
Customer contract assets	368	343
Other receivables	267	205
Prepaid expenses	113	177
Total – gross	**2,532**	**2,380**
Impairment of trade receivables	(96)	(105)
Impairment of customer contract assets	(94)	(25)
Impairment of contract acquisition costs	(25)	(91)
Impairment of other receivables	(1)	(1)
Net trade and other receivables (current assets)	2,315	2,157
Net trade receivables	1,163	995
Net other receivables	1,153	1,162

Other receivables include approximately €150 million in receivables from the tax authorities relating to VAT disputes, paid by the iliad Group but for which the Group has filed a repayment claim.

Although it is difficult to predict the final decisions taken by the competent courts in this case, the Group is confident that the receivable will be recovered.

The maturity schedule of net trade receivables was as follows as December 31, 2022 and 2021:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Not yet past due or less than 1 month past due	987	840
Between 1 and 6 months past due	132	92
Between 6 and 12 months past due	5	45
More than 12 months past due	38	18
Total	1,163	995

Note 25 Assets and liabilities held for sale

Assets and liabilities held for sale break down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Assets held for sale	1,470	959
Liabilities held for sale	(19)	0
Total	1,451	959

Assets held for sale primarily comprised the following at December 31, 2022:

- The carrying amount of assets held for sale under the agreement signed with Infravia V Invest S.A.R.L. for the sale of 50% of its stake in Polski Światłowód Otwarty sp. z o.o. (formerly FiberForce sp. z o.o) for an amount of €847 million o (see note 2.2).
- The Group's remaining interest in On Tower Poland, corresponding to a 30% stake with a carrying amount of €387 million.
- The carrying amount of passive mobile telecommunications infrastructure to be sold in Poland under the build-to-suit program with Cellnex.

- Parts of buildings purchased by the Group for the rollout of its FTTH network in France, the sales of which are in progress.

Note 26 Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

In € millions	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Mutual funds (UCITS), net	6	6	100	100
Cash (excluding bank overdrafts)	516	516	604	604
Total - net	521	521	704	704

The Group's policy is to invest its cash in instruments that qualify as cash equivalents under IAS 7. As a result, these investments:

- have a short maturity;
- are highly liquid;
- are readily convertible into a known amount of cash; and
- are subject to an insignificant risk of changes in value.

Consequently, the Company invests its surplus cash in UCITs that fall into the "euro monetary" classification of the French securities regulator (AMF).

Note 27 Equity

Share capital

At December 31, 2022, no stock options granted by the Group were still exercisable.

At December 31, 2022, the Group held 818,146 iliad shares.

At that date, iliad's ownership structure was as follows:

Shareholder	Number of shares	%
Holdco II	58,579,400	98.09%
Other shareholders	322,692	0.54%
Treasury shares	818,146	1.37%
Total	59,720,238	100%

Dividends

Following the sale of its remaining 30% stake in On Tower France and a 10% stake in On Tower Poland (see Note 2), the iliad Group paid an exceptional dividend of €1,261,782 thousand (or €21.5 per share) on March 29, 2022.

At the Annual General Meeting held on May 11, 2022, the Company's shareholders resolved to pay a dividend of €3.5 per share for 2021, representing a total payout of €205,406 thousand.

This dividend was paid on May 27, 2022.

Dividends paid in 2022:

- Exceptional dividend: €1,261,782 thousand
- The dividend paid in 2022 for 2021 totaled €205,406 thousand.
- The interim dividend paid in 2022 for 2022 totaled zero.

This represents a total payout in 2022 of €1,467,188 thousand

At the next Annual General Meeting, the shareholders will be asked to approve a dividend payment of €5 per share in 2023.

Note 28 Stock option and share grant plans

Share grant plans

All of the share grant plans set up by the Group contain a "continued presence" vesting condition.

This condition is met when the beneficiary has uninterruptedly served as an employee or officer of the entity that set up the plan (or any other Group entity) until the end of the plan's vesting period or, if the plan is divided into several tranches, until the end of the vesting period of the tranche concerned.

The main outstanding share grant plans in 2021 and 2022 are described below.

iliad

2017 Plan

The Annual General Meeting of May 19, 2016 authorized a share grant plan to be set up involving shares representing up to 0.5% of iliad's share capital.

Pursuant to this authorization, a share grant plan representing 0.5% of iliad's share capital was set up in 2017 for 61 Group employees and executive officers.

The shares granted under the plan vest in four unequal tranches between 2020 and 2023, subject to performance conditions specific to each tranche and provided that the beneficiary is still with the Group on the vesting date ("continuous service" condition). The vesting dates and performance conditions are as follows for each tranche:

- October 30, 2020: 40% of the shares were due to vest if the EBITDA margin in France for 2019 (excluding sales of devices) was higher than the EBITDA margin in France for 2017.
- October 30, 2021: 10% of the shares were due to vest if the EBITDA margin in France (excluding sales of devices) for 2020 was higher than 40%.
- October 30, 2022: 10% of the shares were due to vest if the total number of fiber subscribers was higher than 1.7 million at October 1, 2022.
- October 30, 2023: 40% of the shares vest if the total number of fiber subscribers is higher than 2.5 million at October 1, 2023.

On September 2, 2020, iliad's Board of Directors placed on record that the performance conditions for the first tranche of the plan had been met. Consequently, on October 30, 2020, the Company delivered to the plan's beneficiaries 117,344 iliad shares that it held in treasury.

On September 28, 2021, iliad's Board of Directors placed on record that the performance conditions for the second tranche of the plan had been met. Consequently, on October 30, 2021, the Company delivered to the plan's beneficiaries 26,978 iliad shares that it held in treasury.

On September 30, 2022, the Board of Directors placed on record that the performance conditions for the third tranche of the plan had been met. Consequently, on October 31, 2022, the Company delivered to the plan's beneficiaries 26,840 iliad shares that it held in treasury.

The expense recorded in relation to this plan totaled €4,362 thousand for 2021 and €11,162 thousand for 2022.

2018 Plan

The Annual General Meeting of May 16, 2018 authorized a share grant plan to be set up involving shares representing up to 1% of iliad's share capital.

Pursuant to this authorization, an initial share grant plan representing 0.5% of iliad's share capital was set up in 2018 for 122 Group employees and executive officers.

The vesting of these shares – in four equal tranches between 2021 and 2024 – is subject to (i) a continued presence condition, and (ii) the following performance conditions for each tranche:

- September 30, 2021: end of the vesting period for Tranche 1, representing 25% of the shares granted:
  - 50% Tranche 1 shares were due to vest if EBITDA less CAPEX for France (excluding B2B operations) was €1 billion or more at December 31, 2020.
  - 50% of Tranche 1 shares were due to vest if the EBITDA margin for France (excluding sales of devices) was higher than 40% for the year ended December 31, 2020.
- September 30, 2022: end of the vesting period for Tranche 2, representing 25% of the shares granted: all Tranche 2 shares were due to vest if the EBITDA margin for France (excluding sales of devices) for the year ended December 31, 2021 was equal to or higher than the EBITDA margin for France (excluding sales of devices) for the year ended December 31, 2020.
- September 30, 2023: end of the vesting period for Tranche 3, representing 25% of the shares granted:

- 50% of Tranche 3 shares vest if the number of fiber subscribers in France is 3 million or more at September 1, 2023;
- 50% of Tranche 3 shares vest if the number of mobile subscribers in Italy is 6 million or more at September 1, 2023.

- September 30, 2024: end of the vesting period for Tranche 4, representing 25% of the shares granted:
  - 50% of Tranche 4 shares vest if the number of fiber subscribers in France is 3.5 million or more at September 1, 2024;
  - 50% of Tranche 4 shares vest if the Group's revenues in Italy are €500 million or more at June 30, 2024.

On September 28, 2021, the Board of Directors placed on record that 50% of the performance conditions for the first tranche of the plan had been met. Consequently, on September 30, 2021, the Company delivered to the plan's beneficiaries 29,909 iliad shares that it held in treasury.

On September 30, 2022, the Company's Board of Directors placed on record that the performance condition for the second tranche of the plan had been met. Consequently, on this date the Company delivered to the plan's beneficiaries 58,464 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €3,928 thousand in 2021 and €5,406 thousand in 2022.

2019 Plan

Following an authorization given at the May 16, 2018 Annual General Meeting, during 2019 a second share grant plan involving shares representing almost 0.5% of iliad's share capital was set up for 184 Group employees and executive officers.

The vesting of these shares – in three unequal tranches between 2021 and 2023 – is subject to (i) a continued presence condition, for all of the shares to be granted, and (ii) performance conditions for 41% of the shares granted. The performance conditions applicable to each tranche at the end of the vesting periods are as follows:

- November 30, 2021: end of the vesting period for Tranche 1, representing 30% of the total shares granted: the shares were due to vest if consolidated EBITDAaL less CAPEX (excluding payments for frequencies) in 2020 was at least equal to consolidated EBITDAaL less CAPEX (excluding payments for frequencies) for 2019;
- November 30, 2022: end of the vesting period for Tranche 2, representing 40% of the total shares granted:
  - 50% of Tranche 2 shares were due to vest if the number of fiber subscribers was 3 million or more at June 30, 2022.
  - 50% of Tranche 2 shares were due to vest if consolidated EBITDAaL margin for 2021 was equal to or higher than consolidated EBITDAaL margin for 2019.
- November 30, 2023: end of the vesting period for Tranche 3 (representing 30% of the shares granted): the shares vest if the total number of fiber subscribers is 3.7 million or more at June 30, 2023.

On September 28, 2021, iliad's Board of Directors placed on record that the performance conditions for the first tranche of the plan had been met. Consequently, on November 30, 2021, the Company delivered to the plan's beneficiaries 79,680 iliad shares that it held in treasury.

On September 30, 2022, the Company's Board of Directors placed on record that the performance conditions for the second tranche of the plan had been met. Consequently, on November 30, 2022, the Company delivered to the plan's beneficiaries 102,080 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €9,074 thousand in 2021 and €7,003 thousand in 2022.

2020 Plan

The Annual General Meeting of July 21, 2020 authorized a share grant plan involving shares representing up to 2% of iliad's share capital.

Pursuant to this authorization, in 2020, a first share grant plan representing almost 0.16% of iliad's share capital was set up for 268 Group employees and executive officers.

The vesting of these shares – in three unequal tranches between 2022 and 2024 – is subject to a continued presence condition. The vesting dates for the plan's three tranches are as follows:

- December 9, 2022: end for the vesting period for Tranche 1, representing 30% of the shares granted.
- November 30, 2023: end of the vesting period for Tranche 2, representing 40% of the shares granted.
- November 30, 2024: end of the vesting period for Tranche 3, representing 30% of the shares granted.

Consequently, on December 9, 2022, the Company delivered to the plan's beneficiaries 27,162 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €5,605 thousand in 2021 and €5,170 thousand in 2022.

2022 Plan

Following the authorization given at the July 21, 2020 Annual General Meeting, in 2022, two other free share grant plans representing 0.20% of iliad's share capital were set up for 430 Group employees.

The shares granted under the plan will vest after a period of one year, subject to a continued presence condition:

- June 1, 2024: all of the shares granted vest for the beneficiaries under the first plan.
- June 1, 2025: all of the shares granted vest for the beneficiaries under the second plan.

The expense recognized in 2022 for this plan amounted to €6,733 thousand.

iliad Italia

Following an authorization given by its director on July 16, 2018, iliad Italia Holding S.p.A set up a share grant plan involving shares representing up to 5% of the share capital of its subsidiary, iliad Italia.

During 2018, shares representing 2.5% of iliad Italia's share capital were granted to 53 Italian and French employees (including two Italian executives).

An additional grant, representing around 0.15% of the share capital, was made to 13 of the Group's Italian employees in 2019.

In 2020, a second additional grant representing around 0.08% of the share capital was made to six of the Group's Italian employees.

A third additional grant, representing around 0.03% of the share capital, was made to one of the Group's Italian employees in 2021.

The shares granted under this plan vest after a period of two years (one year for the most recent plan), provided the applicable continued presence condition is met. The vested shares will then be subject to a five-year lock-up period, following which the beneficiaries will have the option to receive their entitlements in cash or iliad shares, with the price of their iliad Italia shares determined by an independent valuer.

On October 22, 2020, the Board of Directors of iliad Italia Holding S.p.A approved the terms and conditions for delivering the free shares to the beneficiaries of the first tranche of the plan. The delivered shares represent 2.19% of iliad Italia's share capital.

In October 2021, the Board of Directors of iliad Italia Holding S.p.A placed on record that the performance conditions for the first and second additional grants under the plan had been met. The delivered shares represent 0.24% of iliad Italia's share capital.

The expense recognized for this plan amounted to €357 thousand in 2021 and €508 thousand in 2022.

iliad 78

The Annual General Meeting of January 31, 2020 authorized a share grant plan to be set up involving shares representing up to 5% of iliad 78's share capital.

Pursuant to this authorization, on the same date, a share grant plan representing 2.95% of iliad 78's share capital was set up for four of its employees and executive officers.

The vesting of these shares – in three unequal tranches between 2023 and 2025 – is subject to (i) a continued presence condition, and (ii) the following performance conditions for each tranche:

- March 31, 2023: end of the vesting period for Tranche 1, representing 40% of the shares granted:
  - 50% of Tranche 1 shares were due to vest if iliad 78's revenues are higher than €3 million in the year ended December 31, 2022.
  - 50% of Tranche 1 shares vest if the number of transactions using the company's payments services in the 12 months preceding March 31, 2023 represents more than €30 million.
- March 31, 2024: end of the vesting period for Tranche 2, representing 40% of the shares granted:
  - 50% of Tranche 2 shares vest if iliad 78's EBITDA is higher than €1.5 million for the year ended December 31, 2023.
  - 50% of Tranche 2 shares vest if the company has opened a payments service outside France.
- March 31, 2025: end of the vesting period for Tranche 3, representing 20% of the shares granted:
  - 50% of Tranche 3 shares vest if iliad 78's revenues are higher than €10 million in the year ended December 31, 2024.
  - 50% of Tranche 3 shares vest if the number of transactions using the company's payments services in the 12 months preceding March 31, 2025 represents more than €60 million.

The expense recognized for this plan amounted to €100 thousand in 2021 and €100 thousand in 2022.

Scaleway

The Annual General Meeting of September 30, 2020 authorized a share grant plan to be set up, under which shares representing up to 5% of Scaleway's share capital may be allocated to employees and executive officers of Scaleway.

Pursuant to this authorization, on the same date, a share grant plan representing 3% of Scaleways' share capital was set up for two of its employees and executive officers.

The vesting of these shares – in three unequal tranches between 2024 and 2026 – is subject to a continued presence condition. The vesting dates for the plan's three tranches are as follows:

- September 30, 2024: end of the vesting period for Tranche 1, representing 35% of the shares granted.
- September 30, 2025: end of the vesting period for Tranche 2, representing 30% of the shares granted.
- September 30, 2026: end of the vesting period for Tranche 3, representing 35% of the shares granted.

The expense recognized for this plan amounted to €1,849 thousand in 2021 and -€185 thousand in 2022.

iliad Purple

On December 10, 2020, the sole shareholder authorized a share grant plan under which shares representing up to 9.82% of iliad Purple's share capital may be allocated to employees and executive officers of iliad Purple and to employees of Play.

Pursuant to this authorization, on December 10, 2020, a share grant plan representing 7% of iliad Purple's share capital was set up for 28 employees and executive officers of iliad Purple and Play.

The shares of each beneficiary are subject to a one-year vesting period and a continued presence condition. The vested shares received will then be subject to a one year lock-up period, following which they may be sold or otherwise transferred subject to the same terms and conditions as provided for in iliad Purple's bylaws for all of its shareholders, including the approval clause for new shareholders.

On December 10, 2021, the company delivered 834 new shares to the beneficiaries under the plan.

The expense recognized for this plan amounted to €7,563 thousand in 2021 and €431 thousand in 2022.

Play

PCSA – which has since been merged into iliad Purple – set up long-term incentive plans for Play employees. The plans provide that, given that the 80% threshold was exceeded following the public tender offer launched by iliad Purple on PCSA shares, instead of the shares they should have received, plan beneficiaries will be granted additional cash compensation equal to the per-share offer price multiplied by the number of shares they should have received each year. This amount will be paid in tranches at the end of the lock-up periods provided for under the plans, subject to performance conditions and to the criterion that the beneficiary still forms part of the Group at that date.

These conditions were re-estimated in 2021, which led to the recognition of €2,996 thousand during the year.

The expense recognized in 2022 for this plan amounted to €141 thousand.

Note 29 Provisions

The provisions for contingencies and charges recognized at December 31, 2022 are intended to cover costs resulting from the Group's business risks, litigation risks, tax reassessment risks, employee-related risks and expenses on long-term contracts that have become onerous.

These provisions break down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Total long-term provisions	109	106
Total short-term provisions	78	54
Total provisions for contingencies and charges	187	161

Provisions are considered to be long-term when the Group does not expect to use them within 12 months of the reporting date. In all other cases they are deemed to be short-term.

Movements in provisions for contingencies and charges were as follows in 2022:

In € millions	At Dec. 31, 2021	Additions in 2021	Reversals in 2021 (utilizations)	Reversals in 2021 (surplus provisions)	Impact of changes in scope of consolidation	Other	At Dec. 31, 2022
Provisions for contingencies and charges	161	67	(48)	(1)	7	1	187
Total	161	67	(48)	(1)	7	1	187

Note 30 Long-term financial liabilities

Financial liabilities can be analyzed as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Bank borrowings	5,757	3,589
Bonds	4,253	3,506
Finance lease liabilities	0	0
Other	1	1
Total long-term financial liabilities	**10,011**	**7,096**
Bank borrowings and short-term marketable securities	745	476
Bonds	0	647
Financial liabilities carried at fair value	0	0
Bank overdrafts	2	2
Cash flow hedges	0	0
Other	579	495
Total short-term financial liabilities	**1,326**	**1,620**
Total	11,337	8,716

Financial liabilities are classified as short-term when their contractual maturity or early repayment date is within one year and as long-term when their contractual maturity is beyond one year.

All Group borrowings are denominated in euros and Polish zlotys.

The table below summarizes movements in financial liabilities in 2022 and 2021:

In € millions	2022	2021
At January 1	**8,716**	**8,433**
New borrowings	5,842	5,370
Repayments of borrowings	(3,272)	(5,133)
Change in bank overdrafts	0	(3)
Impact of cash flow hedges	8	0
Impact of changes in scope of consolidation	0	0
Translation adjustments	(19)	(11)
Other	61	59
Total financial liabilities at December 31	**11,337**	**8,716**

Main movements in bond debt and private placements during the year at iliad

On May 23, 2022, iliad carried out an issue of Schuldscheindarlehen ("Schuldschein" – SSD) notes, raising €112 million. This issue was driven by investor demand for these placements and was carried out on equivalent terms to the June 2021 issue. It comprises two tranches:

- A fixed tranche totaling €27 million paying interest at 2.732% and redeemable at maturity on June 30, 2026 (with a 6- or 12-month extension option).
- A variable tranche totaling €85 million, with a 1.400% lending margin and redeemable at maturity on June 30, 2026 (with a 6- or 12-month extension option).

In August 2022, in application of the extension options provided for in the indenture, iliad extended by 12 months the maturity date for part of the five-year tranches of the two Schuldschein notes (SSD) issued on June 30, 2021 and May 23, 2022, respectively, for €63 million. The maturity date for the notes concerned is now June 2027 and they have been denominated as two new tranches (see the table below for more details).

On December 5, 2022, iliad redeemed its December 3, 2015 bond issue falling due in an amount of €650 million by drawing down the same amount on its medium-term facility (see "Main movements in bank borrowings during the year at iliad").

On December 12, 2022 iliad successfully placed a €750 million bond issue, paying interest at 5.375 per year. These bonds will be redeemed at face value at maturity on June 14, 2027.

Main movements in bank borrowings during the year at iliad

On June 21, 2022, iliad drew down its revolving credit facility (RCF) in an amount of €500 million. This was repaid in full on July 27, 2022 (see below).

On July 27, 2022, iliad arranged three bank financing lines with a pool of 23 leading international banks for €5 billion, comprising:

- The amended and extended existing RCF facility, with a 7-year extension of its maturity (to July 2029). Two extension options were included in the agreement and the existing facility was raised to €2 billion (from €1.65 billion previously). The lending margin is now based on iliad's issuer rating, without any change having been made to the 3.75x covenant applicable to the Group.
- A new term loan with a 5-year maturity. At the same date, iliad drew down €500 million on this new term loan in order to repay the same amount under its RCF. The conditions are aligned with the amendments described above for the RCF.
- A new mid-term facility representing an aggregate €2 billion with a maximum maturity of 2.5 years. The conditions are aligned with the amendments described above for the RCF.

On September 15, iliad drew down the remaining €500 million on the aforementioned term loan as well as €300 million on the mid-term facility to help finance the payment of 5G frequencies in Italy in an amount of €959 million. Also on September 15, iliad exercised an option to extend by one year the €900 million term loan set up in December 2020, therefore extending the maturity of this loan to December 2025.

On December 5, 2022, iliad drew down a further €650 million on the mid-term facility in order to redeem bonds falling due in the same amount on the same date, therefore bringing its total drawdowns under this facility to €950 million.

On December 13, 2022, iliad signed a new loan agreement with the EIB representing an aggregate €300 million, to help finance FTTH network rollouts in France. This loan can be used in several tranches and can be drawn down until June 13, 2024. The loan has a final maturity date that can be up to June 13, 2030, depending on the drawdown date(s) and the maturity date chosen. The final interest rate will be set at each drawdown.

On December 15, 2022, following the aforementioned bond issue on December 12, 2022, iliad repaid €750 million of the mid-term facility, therefore reducing the amounts drawn down under this facility to a total €200 million at that date.

Short- and medium-term marketable securities program

On June 22, 2022, the Group renewed its €1.4 billion short-term NEU CP program.

At December 31, 2022, €246 million of the program had been used.

€550 million trade receivables securitization program

On November 30, 2021, the iliad Group set up a securitization program involving the sale of trade receivables related to B2C subscriptions in France, representing a maximum amount of €450 million.

On December 14, 2022, the Group amended this program, mainly in order to raise the maximum amount to €550 million.

At December 31, 2022, the full €513 million of the program had been used.

Main movements in bank borrowings during the year at Play

On January 14, 2022, Play signed a bilateral loan agreement with the European Investment Bank ("EIB") representing a total amount of PLN 470 million. Under this agreement, Play can borrow funds from the EIB to finance its capital expenditure for extending and upgrading its network as part of the European Union's "Gigabit Society by 2025" project. This project is aimed at eliminating regional divides for access to fiber networks, improving cyber security and other digital transformation goals as described in the "2030 EU Digital Compass".

This loan has a maturity of up to January 2034, depending on the future drawdown dates. On February 25, 2022, Play drew down PLN 150 million on the loan at a fixed rate of 5.40% and with half-yearly repayment installments commencing in February 2025 and ending in February 2028.

On March 9, 2022, Play drew down PLN 235 million on its "Export Credit Agency Financing", or "ECA loan" set up in December 2021.

On April 1, 2022, Play drew down the full amount of the PLN 5.5 billion syndicated facility set up on December 10, 2021 to help fund the acquisition of UPC.

On June 22, 2022, Play drew down PLN 125 million on its "Export Credit Agency Financing", or "ECA loan" set up in December 2021.

On June 27, 2022, Play drew down PLN 50 million of its EIB loan granted at a fixed rate of 7.459% under the agreement signed on January 14, 2022, with half-yearly repayment installments commencing in February 2025 and ending in June 2028.

On October 31, 2022, Play drew down circa PLN 149 million under its bilateral loan (the "BGK Financing") set up in October 2021 with Bank Gospodarstwa Krajowego SA ("BGK Bank"). The amount drawn down pays fixed interest at 1.90% and is repayable in installments, by way of successive quarterly payments of equal amounts, commencing December 20, 2023 and with a final maturity date of September 20, 2028.

On December 22, 2022, Play drew down a further PLN 35 million, opting for an interest rate based on the Wibor plus a fixed margin of 2.31% with half yearly repayment installments commencing in June 2026 and ending in December 2030, therefore bringing the total amount of drawdowns under this loan to PLN 235 million.

On December 23, 2022, Play drew down almost PLN 104 million on its ECA loan, and at that date the loan was fully drawn down.

On December 29, 2022, Play drew down over PLN 137 million on its BGK facility under the same terms and conditions as the first drawdown in October 2022, therefore bringing the total amount of drawdowns on this loan to circa PLN 286 million.

Guarantees given

The iliad Group has not given any specific financial guarantees in return for its existing borrowing facilities with banks.

Breakdown of borrowings by type of rate

Borrowings after hedging at the year-end can be analyzed as follows by type of rate:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Fixed-rate borrowings	6,727	5,000
Variable-rate borrowings	4,610	3,716
Total financial liabilities at December 31	11,337	8,716

Breakdown of committed financing facilities by maturity

The following table presents a breakdown of the Group's total committed financing facilities by nature and contractual maturity/early repayment date at December 31, 2022:

In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Bank borrowings	101	4,446	617	5,164
Schuldscheindarlehen notes	419	664	30	1,112
Bonds	0	3,554	700	4,254
Short-and medium-term marketable securities	246	0	0	246
Securitization	513	0	0	513
Bank overdrafts	2	0	0	2
Other	47	0	1	47
Total borrowings	**1,327**	**8,663**	**1,347**	**11,337**
Trade payables	2,280	301	198	2,779
Total committed facilities	3,607	8,964	1,545	14,116

Breakdown of the Group's debt

The Group's bonds and private placements break down as follows:

					Dec. 31, 2022
Contract	Issue date	Maturity	Currency	Nominal rate	Outstanding amount (€m)
iliad - SUN[1]	Oct. 12, 2017	Oct. 14, 2024	EUR	1.500%	650
iliad - SUN	April 25, 2018	April 25, 2025	EUR	1.875%	650
iliad - SUN	June 17, 2020	June 17, 2026	EUR	2.375%	650
iliad - SUN	Feb. 11, 2021	Feb. 12, 2024	EUR	0.750%	600
iliad - SUN	Feb. 11, 2021	Feb. 11, 2028	EUR	1.875%	700
iliad - SUN	Dec. 12, 2022	June 14, 2027	EUR	5.375%	750
iliad – SSD[2] 2019					
Tranche 1	May 22, 2019	May 22, 2023	EUR	1.400%	125
Tranche 2	May 22, 2019	May 22, 2023	EUR	1.400% + Euribor	294
Tranche 3	May 22, 2019	May 22, 2026	EUR	1.845%	40
Tranche 4	May 22, 2019	May 22, 2026	EUR	1.700% + Euribor	25
Tranche 5	May 22, 2019	May 24, 2027	EUR	2.038%	10
Tranche 6	May 22, 2019	May 24, 2027	EUR	1.800% + Euribor	6
iliad - SSD 2021					
Tranche 1	June 30, 2021	June 30, 2025	EUR	1.150%	50
Tranche 2	June 30, 2021	June 30, 2025	EUR	1.150% + Euribor	135
Tranche 3	June 30, 2021	June 30, 2026	EUR	1.400%	51
Tranche 4	June 30, 2021	June 30, 2026	EUR	1.400% + Euribor	212
Tranche 5	June 30, 2021	June 30, 2028	EUR	1.700%	8
Tranche 6	June 30, 2021	June 30, 2028	EUR	1.700% + Euribor	22
Tranche 7	June 30, 2021	June 30, 2027	EUR	1.400%	15
Tranche 8	June 30, 2021	June 30, 2027	EUR	1.400% + Euribor	8
iliad - SSD 2022					
Tranche 1	May 27, 2022	June 30, 2026	EUR	2.732%	27
Tranche 2	May 27, 2022	June 30, 2026	EUR	1.400% + Euribor	45
Tranche 3	May 27, 2022	June 30, 2027	EUR	1.400% + Euribor	40
Total – iliad					**5,112**
Play - SUN	Dec. 13, 2019	Dec. 11, 2026	PLN	1.750% + Wibor	160
Play - SUN	Dec. 29, 2020	Dec. 29, 2027	PLN	1.850% + Wibor	107
Total – Play					**267**
Total					5,379

Notes:
[1]*SUN: Senior Unsecured Notes*
[2]*SSD: Schuldschein (non-guaranteed private placements under German law)*

The Group's bank borrowings break down as follows:

Contract	Issue date	Maturity	Type of repayment	Currency	Nominal rate[1]	Dec. 31, 2022 Outstanding amount (€m)	Dec. 31, 2022 Amount available (€m)
iliad - EIB Loans							
2016	Dec. 8, 2016	Sept. 19, 2030	Install.	EUR	1.821%	160	-
2018 - T1	Dec. 14, 2018	Feb. 1, 2033	Install.	EUR	2.091%	200	-
2018 - T2	Dec. 14, 2018	April 8, 2033	Install.	EUR	1.772%	100	-
2020 - T1	Nov. 9, 2020	Nov. 23, 2028	At maturity	EUR	0.705%	150	-
2020 - T2	Nov. 9, 2020	March 29, 2029	At maturity	EUR	0.874%	150	-
2022[2]	Dec. 13, 2022	June 13, 2030	At maturity	EUR	Not fixed[3]	-	300
iliad - KFW Loans							
2017	Dec. 13, 2018	June 13, 2029	Install.	EUR	1.100% + Euribor	59	-
2019	April 26, 2020	Oct. 9, 2030	Install.	EUR	1.100% + Euribor	120	-
iliad - RCF	July 27, 2022	July 27, 2027	At maturity	EUR	1.000% + Euribor	-	2.000
iliad - Term Loan	Dec. 18, 2020	Dec. 18, 2025	At maturity	EUR	1.600% + Euribor	900	-
iliad – Mid-Term	July 2, 2022	Jan. 1, 2025	At maturity	EUR	1.250% + Euribor	200	1,050
iliad – Term Loan	July 27, 2022	July 27, 2027	At maturity	EUR	1.500% + Euribor	1,000	-
Total – iliad						**3,039**	**3,350**
Play - Term Loan	March 29, 2021	March 29, 2026	At maturity	PLN	1.750% + Wibor	748	-
Play - RCF	March 29, 2021	March 29, 2024	At maturity	PLN	1.750% + Wibor	-	427
Play - BGK Loan	Oct. 15, 2021	Sept. 20, 2028	Install.	PLN	1.900%	61	46
Play - ECA Loan	Dec. 22, 2021	Dec. 22, 2026	Install.	PLN	0.450% + Wibor	99	-
Play - Term Loan	Dec. 10, 2021	March 26, 2026	At maturity	PLN	1.750% + Wibor	1,175	-
Play – EIB Loan[2]	Jan. 14, 2022	Jan. 13, 2034	Install.	PLN	7.466%	50	50
Total – Play						**2,133**	**523**
Total						5,172	3,873

Notes:
[1] *Rates applicable at December 31, 2021, which can vary depending on the leverage ratio of the iliad group and Play respectively, except for under the EIB loan contracts signed in 2020.*
[2] *The maturity date shown is indicative and depends on the drawdown date(s) and the maturity chosen. The final interest rate is set at each drawdown. For Play, the interest rate indicated corresponds to the average rate of the two fixed tranches as well as the interest rate comprising the 2.31% margin plus Wibor at 7.19%, after the interest rate was set for the variable tranche on December 22, 2022.*

First public rating for iliad SA's senior unsecured notes

On May 20, 2022 iliad SA received the first public rating of its EUR senior unsecured notes from Moody's Investor Services ("Moody's"), Standard and Poor's ("S&P") and Fitch Ratings ("Fitch"), which respectively assigned Ba2/BB/BB ratings with a stable outlook, applicable to the existing issues. While the corporate rating of iliad SA is in line with that of iliad Holding, i.e., Ba3/BB/BB with a stable outlook, S&P and Fitch have assigned iliad SA a standalone credit profile of bb+.

Note 31 Trade and other payables

This item breaks down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Trade and other payables recorded under other non-current liabilities		
Trade payables	499	413
Accrued taxes and employee-related payables	15	22
Other payables	(0)	0
Sub-total	**514**	**435**
Trade and other payables		
Trade payables	1,874	2,761
Advances and prepayments	27	2
Accrued taxes and employee-related payables	489	410
Other payables	28	27
Deferred income	262	239
Sub-total	**2,681**	**3,439**
Total	3,195	3,874

Total trade payables can be analyzed as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
Suppliers of goods and services	1,226	949
Suppliers of non-current assets	1,147	2,225
Total	2,373	3,174

Note 32 Related party transactions

Transactions with key management personnel

Persons concerned:

- Under IAS 24, key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. For the iliad Group, these persons correspond to members of the Board of Directors of iliad S.A. and members of the Management Committee.

Compensation paid to the 11 members of the Group's key management personnel in 2022 and 2021 breaks down as follows:

In € millions	Dec. 31, 2022	Dec. 31, 2021
• Total compensation	3	2
• Share-based payments	8	12
Total	11	14

No liabilities have been recognized in the balance sheet in relation to compensation payable to key management personnel.

Impact of share grant plans

Details of the Group's share grant plans are provided in Note 28.

Transactions with On Tower Poland

Within the scope of the Group's strategic partnership with Cellnex concerning its passive mobile telecommunications infrastructure in Poland, On Tower Poland provides the Group with access services for its passive mobile infrastructure in Poland. The partnership also provides for the construction of new sites which will be sold by the Group to On Tower Poland. At December 31, 2022, the iliad Group held 30% of the shares in On Tower Poland.

Transactions with NJJ Boru

The Group performs various services on behalf of NJJ Boru (49%-owned by iliad), the parent company of eir. The amount recognized in revenues for those services in 2022 was €2,850 thousand, presented on the balance sheet under "Assets held for sale".

Transactions with Monaco Telecom

iliad has signed an agreement with Monaco Telecom, a Monaco-based company controlled by a party related to the Group, to lease sites at which the Group's equipment is installed. The amount invoiced by Monaco Telecom for making these sites available totaled €1,500 thousand in 2022.

Transactions with IFT

IFT has entered into a very long-term service agreement (with no volume commitment) with Free, under which it provides Free with all access and information services for co-financed FTTH sockets.

Transactions with iliad Holding and Holdco II

Holdco II is a holding company that is over 95% controlled by Iliad Holding (formerly called Holdco), which in turn is wholly owned by Xavier Niel.

Following the share buyback offer and capital increase transactions carried out in January 2020, the control exercised over iliad by Xavier Niel through his personal holding company, iliad Holding (formerly HoldCo) was strengthened.

This strengthening of control was further affirmed on July 30, 2021 when Holdco II launched a simplified public tender offer for iliad's shares, which resulted in the Company being delisted on October 14, 2021

Since January 2020, iliad Holding has taken on the role of management holding company for the iliad Group and has set up a Strategy Committee comprising the iliad Group's key executives and chaired by Xavier Niel. iliad Holding is therefore now involved in determining the iliad Group's strategy and ensuring that it is effectively implemented.

In 2022, iliad Holding invoiced €1,203 thousand to iliad for the management services it provided during the year.

When this new organizational structure was put in place, iliad's Board of Directors was informed that an incentive plan based on share grants had been set up for four of iliad's executive officers and 21 Group employees.

In accordance with the plan's rules, the shares vested after a period of one year, i.e. on May 13, 2021. They were delivered based on a value of €3,311 per share.

The vested shares received will be subject to a one year lock-up period, following which they may then be sold or otherwise transferred subject to the same terms and conditions as provided for in the Company's bylaws for all of its shareholders, including the approval clause for new shareholders.

Transactions with On Tower France

Within the scope of the Group's strategic partnership with Cellnex concerning its passive mobile telecommunications infrastructure in France and Italy, On Tower France has been providing the Group with access services for its passive mobile infrastructure in France since December 2019. The partnership also provides for the construction of new sites that will be sold by the Group to On Tower France. On February 28, 2022, iliad sold its residual 30% stake in On Tower France. As a result, On Tower France no longer meets the definition of a related party at December 31, 2022.

Note 33 Financial instruments

Reconciliation by class of instrument and accounting category

Derivative instruments are measured at fair value, with the fair value measurements categorized in Level 2 of the fair value hierarchy defined in IFRS 13.

Cash and marketable securities are measured at fair value, with the fair value measurements categorized in Level 1 of the fair value hierarchy defined in IFRS 13.

In € millions	Assets and liabilities carried at fair value through profit or loss	Assets carried at fair value through OCI	Assets carried at amortized cost	Liabilities carried at amortized cost	Carrying amount	Fair value
At December 31, 2022						
Cash	516				516	516
Marketable securities	6				6	6
Trade receivables			1,163		1,163	1,163
Other short-term financial assets	27				27	27
Other long-term financial assets	151	48	27		226	226
Long-term financial liabilities				(10,011)	(10,011)	(10,011)
Short-term financial liabilities				(1,326)	(1,326)	(1,326)
Current lease liabilities	(634)				(634)	(634)
Non-current lease liabilities	(3,951)				(3,951)	(3,951)
Other non-current liabilities				(499)	(499)	(499)
Other current liabilities				(1,874)	(1,874)	(1,874)
Total	**(3,886)**	**48**	**1,190**	**(13,710)**	**(16,358)**	**(16,358)**

In € millions	Assets and liabilities carried at fair value through profit or loss	Assets carried at fair value through OCI	Assets carried at amortized cost	Liabilities carried at amortized cost	Carrying amount	Fair value
At December 31, 2021						
Cash	604				604	604
Marketable securities	100				100	100
Trade receivables			995		995	995
Other short-term financial assets	13				13	13
Other long-term financial assets	115	59	23		197	197
Long-term financial liabilities				(7,096)	(7,096)	(7,096)
Short-term financial liabilities				(1,620)	(1,620)	(1,620)
Current lease liabilities	(604)				(604)	(604)
Non-current lease liabilities	(3,652)				(3,652)	(3,652)
Other non-current liabilities				(413)	(413)	(413)
Other current liabilities				(2,761)	(2,761)	(2,761)
Total	**(3,424)**	**59**	**1,018**	**(11,890)**	**(14,238)**	**(14,238)**

The main components of each financial instrument category and the applicable measurement methods are as follows:

- Assets carried at fair value through profit or loss primarily comprise cash and cash equivalents, which are measured by reference to a quoted market price in an active market where such a market exists.
- Assets carried at fair value through OCI mainly comprise investment securities.
- Receivables carried at amortized cost chiefly concern loans, deposits and guarantees and trade

receivables.

- Liabilities carried at amortized cost – calculated using the effective interest method – essentially correspond to borrowings and trade payables.
- Derivative instruments are carried at fair value with changes in fair value recognized either directly in the income statement or in equity when hedge accounting is applied.

The fair value of financial assets and liabilities is primarily determined as follows:

- The fair value of trade receivables and payables and other short-term receivables and payables corresponds to their carrying amount in view of their very short maturities.
- The fair value of bonds is estimated at each reporting date.
- The fair value of lease liabilities corresponds to their carrying amount in view of their differing forms and maturities.

Note 34 Financial risk management

Market risks

Foreign exchange risk

The iliad Group's functional currencies are mainly the euro and, for its subsidiary Play (a stakeholder in UPC Polska since April 1, 2022), the Polish zloty. However, it purchases certain goods and services in currencies other than its functional currencies and is therefore exposed to foreign exchange risk, mainly in relation to the US dollar.

Detailed forecasts of the Group's future purchases denominated in US dollars are drawn up as part of the budget process. These transactions are regularly hedged over a maximum period of two years.

The Group has chosen to hedge part of its exposure to foreign exchange risk through purchases of currency futures and options in order to obtain a partial guaranteed floor rate.

The Group's residual exposure after hedging foreign exchange risk on US dollar-denominated transactions was partly contained in 2022.

Since the acquisition of Play in November 2020, Play's income statement and balance sheet, originally denominated in Polish zloty (PLN) have been consolidated in the iliad Group's financial statements. Similarly, intra-group transactions with Play (dividends etc.) may be denominated in PLN.

However, the currency risk relating to Play's consolidation is structurally limited. First, the fact that Play's local debt is denominated in PLN in its balance sheet provides a natural hedge for part of the foreign exchange risk, meaning that the residual exposure is reduced to the amount of its net assets. Second, the EUR/PLN rate is fairly stable, even in an unsettled geopolitical environment owing to the war in Ukraine, with an average annual exchange rate of 4.43 in 2020, rising 3.1% to 4.57 in 2021, and then again by 2.6% to 4.69 in 2022, representing an average annual increase of 2.9% over this period. Nevertheless, the Group may from time to time enter into specific cash flow hedging transactions in response to fluctuations in the EUR/PLN exchange rate.

The iliad Group continues to monitor and assess its foreign exchange exposure over time.

At local level, Play also has its own hedging policy for foreign exchange risk, as some of its operating costs are denominated in currencies other than the PLN (Play's functional currency) – primarily the euro, and, to a lesser extent, XDR, USD and GBP. Play uses forward purchases, swaps and options on foreign currencies.

At December 31, 2022, all of the Group's currency hedges qualified as cash flow hedges under IFRS 9.

and a positive €8,466 thousand impact on equity.

Interest rate risk

As a significant portion of the Group's medium- and long-term borrowings denominated in euros is at fixed rates (notably its bonds and EIB loans), this provides a natural hedge for part of its exposure in this currency. However, in view of current inflationary pressures and the rise in key interest rates in Europe, in 2022 the iliad

Group put in place interest rate hedging contracts for its euro and zloty debt.

With respect to its euro-denominated debt, the Group entered into interest rate swaps with several counterparties in October and November 2022. These swaps take effect in March 2023 and have a final expiry date of September 2032. At December 31, 2022, these swaps hedged a total notional amount of €1 billion, representing more than 11% of the Group's total euro-denominated debt.

With regard to zloty-denominated debt contracted by Play, measures have been taken since November 2021 to hedge the corresponding interest rate risk, also using swaps. At December 31, 2022, these swaps hedge a total notional amount of PLN 6 billion, representing nearly 52% of the Group's total zloty-denominated debt.

In addition, the Group has no significant financial assets (such as bonds, treasury bills, other money market securities, loans or advances) and no off-balance sheet commitments (such as repos or forward rate agreements) that expose it to interest rate risk.

The table below shows the Group's net interest rate exposure at December 31, 2022.

In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Financial liabilities	1,327	8,663	1,347	11,337
Financial assets	27	37	189	253
Net position before hedging	**1,299**	**8,626**	**1,158**	**11,084**
Off-balance sheet position				
Net position after hedging	**1,299**	**8,626**	**1,158**	**11,084**

A sensitivity analysis of the Group's overall net debt after hedging shows that a 1% increase or decrease in euro interest rates at the reporting date would have resulted in a €28,538 thousand increase or decrease in profit for the period.

Equity risk

The Group does not hold any listed equities in its investment portfolio apart from non-material stakes in two companies.

It does, however, hold some of its own shares, but in view of the very low number concerned any change in the iliad share price would have a negligible impact on the Group's profit and equity (see Note 27).

Commodity risk

Owing to the electricity consumed by its businesses, the Group is exposed to fluctuations in the price of electricity on the spot and forward markets, depending on the purchase terms negotiated with its electricity suppliers. Electricity market prices, which historically have been stable, saw unprecedented volatility in 2022 amid a global rally in consumer spending, the unavailability of part of France's nuclear capability and especially the impact of the war in Ukraine. Against this backdrop, the Group is closely monitoring the electricity markets and has set up financial hedging contracts based on electricity price swaps for electricity consumed in Italy (up to 2024), in addition to the forward purchases already made directly through its suppliers in France and Poland.

Liquidity risk

The iliad Group draws on its solid profitability, available cash and bank credit facilities, as well as its access to various sources of financing (banks, bond markets and money markets) to ensure that it has the requisite funds to finance its business development.

At December 31, 2022, the iliad Group's borrowings as described above were not subject to any liquidity risk and it had not breached any of the covenants applicable to its various bank credit facilities (including the EIB loans, the KFW IPEX-Bank loans and its syndicated facilities), at the level of both iliad and Play.

Overall, the Group was not exposed to any liquidity risk at that date in view of the profitability of its operations, the maturity schedule of its debt (see Note 30), its access to financing, and its level of debt.

At December 31, 2022, the covenants applicable to iliad (which take the form of financial ratios), as agreed on following the various amendments to iliad's loan agreements described in Note 30 were as follows:

	Applicable financial ratios	Consequence of breach	Actual ratios at December 31, 2022
• €2,000 million RCF (borrower - iliad) • €2,000 million mid-term facility (borrower - iliad) • €1,000 million term loan (borrower - iliad) • €900 million term loan (borrower - iliad) • €200 million EIB loan – 2016 (borrower - iliad) • €300 million EIB loan – 2018 (borrower - iliad) • €300 million EIB loan – 2020 (borrower - iliad) • €300 million EIB loan – 2022 (borrower - iliad) • €90 million KFW loan – 2017 (borrower - iliad) • €150 million KFW loan – 2019 (borrower - iliad)	iliad Group leverage ratio < 3.75	Early repayment	Leverage ratio: 3.1

At December 31, 2022, the covenants applicable to Play (which take the form of financial ratios), as agreed on following the various amendments to Play's loan agreements, were as follows:

	Applicable financial ratios	Consequence of breach	Actual ratios at December 31, 2022
• PLN 3,500m term loan (borrower: P4 • PLN 2,000m RCF (borrower: P4 • PLN 5,500 million facility (borrower - P4) • PLN 470 million EIB facility (borrower - P4) • PLN 500 million BGK facility (borrower - P4) • PLN 464 million ECA facility (borrower - P4)	Play's leverage ratio < 3.25	Early repayment	Leverage ratio: 2.6

The Group's financial covenants (leverage) included in its lending agreements relate to its ratio of net debt to consolidated EBITDAaL for the period, as presented in the financial statements, with adjustments to EBITDAaL as defined in the lending agreements.

Lastly, in some of its bank loan agreements, the iliad Group has undertaken to keep the Play sub-group's leverage ratio below 3.25, calculated using the same method as that for iliad's bank covenant, as set out above.

Credit and counterparty risk

The Group's financial assets primarily comprise cash and cash equivalents – particularly short-term investments – as well as trade and other receivables (see Note 33).

The financial assets that could expose the Group to credit or counterparty risk chiefly correspond to:

- Trade receivables: at December 31, 2022, trade receivables represented a gross amount of €1,258 million and a net amount of €1,163 million (see Note 24). The Group's exposure to customer credit risk is monitored daily through cash collection and debt recovery processes. Debt collection agencies are used to recover any receivables that remain unpaid after the reminder process.
- Short-term investments: other than the sight deposits used for its routine cash requirements, the Group's policy is to invest its surplus cash in (i) short-term money market instruments, generally for a period of less than one month, or (ii) certificates of deposit with a maturity of no more than three months, in compliance with the rules of diversification and counterparty quality.

Analysis of trade receivables

At December 31, 2022 trade receivables totaled €1,258 million and provisions for doubtful receivables amounted to €96 million.

At the same date, most past-due receivables were classified as doubtful. The amount of past-due trade receivables that had not been written down at the year-end was not material. The amount of past-due trade receivables that had not been written down at the year-end was not material.

Concentration risk

The Group is not exposed to any concentration risk in view of its high number of customers (subscribers).

Note 35 Off-balance sheet commitments and contingencies

35.1 Commitments related to telecom licenses

France

900 MHz - 1,800 MHz - 2,100 MHz license

On January 14, 2018, the Group (through its subsidiary, Free Mobile), along with France's other mobile operators, entered into an agreement with the French government aimed at improving the national coverage of ultra-fast mobile networks through increased use of active and passive RAN sharing. By way of this agreement, the Group undertook to (i) deploy 2,000 four-operator RAN sharing sites in "white spots", (ii) deploy 3,000 sites in "gray spots" (located in priority roll-out areas), and (iii) increase its mobile radio-telephone coverage level by end-2029 to 99.6% of the population (indoor coverage equivalent). These commitments were reflected in the obligations set out in the renewal of the 900 MHz, 1,800 MHz and 2,100 MHz licenses (Decision No. 2018-0681 and No. 2018-1391). The commitments were supported by various government measures, notably stability of annual license fees for the 900, 1,800 and 2,100 MHz licenses and the five-year exemption of sites deployed in white and gray spots from the "IFER" network tax until the end of 2022.

2,600 MHz license

By way of decision 2011-1169 dated October 11, 2011, ARCEP authorized Free Mobile to use a block of frequencies in the 2.6 GHz band in Metropolitan France in order to set up and operate a mobile communications network for public use. The obligations imposed on Free Mobile under this authorization – which has been given for a renewable 20-year period – require the Free Mobile network to provide very high-speed mobile broadband coverage to 75% of the population by 2023. This milestone had already been reached at the end of 2020.

1,800 MHz license

By way of decision 2014 -1542 dated December 16, 2014, ARCEP authorized Free Mobile to use a block of frequencies in the 1,800 MHz band in Metropolitan France in order to set up and operate a mobile communications network for public use. The obligations imposed on Free Mobile under this authorization – which has been given for a period of 20 years – require the Free Mobile network to provide very high-speed broadband coverage to 75% of the French population by October 2023. This milestone had already been reached at the end of 2020.

700 MHz license

By way of decision 2015-1567 dated December 8, 2015, ARCEP authorized Free Mobile to use 10 MHz in the 700 MHz band in Metropolitan France in order to set up and operate a mobile communications network for public use, subject to rollout and coverage obligations. One of these obligations is that the Free Mobile network is required to provide very high-speed broadband coverage to 98% of the French population by January 2027 (milestone already reached) and to 99.6% by 2030.

5G license: 3,400-3,800 MHz

By way of decision 2020-1255 dated November 12, 2020, ARCEP authorized Free Mobile to use 70 MHz in the 3,400-3,800 MHz band in Metropolitan France to set up and operate a mobile communications network for public use. The rollout and wholesale offer obligations imposed under this authorization – which has been given for a 15-year period that can be renewed for a further five years – notably require Free Mobile to emit the allocated frequencies from 3,000 sites by December 31, 2022 (milestone achieved), from 8,000 sites by December 31, 2024, and from 10,500 sites by December 31, 2025, and meet reasonable requests for supplies of services for vertical markets.

Licenses for French overseas *départements* and *collectivités*

By way of decision 2016-1520, ARCEP authorized Free Mobile to use the following frequencies (authorizations transferred to Free Caraïbe by decision 2017-1037 dated September 5, 2017):

- Guadeloupe and Martinique:
    - Frequencies in the 800 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz bands.
- French Guiana:
    - Frequencies in the 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz bands.
- Saint-Barthélemy and Saint Martin:
    - Frequencies in the 800 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz bands.

This decision contained a number of obligations for the Group concerning (i) network rollouts and coverage, (ii) compliance with the terms of the cross-border coordination agreements entered into with France's neighboring countries, and (iii) regional economic development, employment and investment.

Following the auctions in which the company is a bidder and if it is selected, Free Caraibe will be required to enter into additional commitments in 2023 in connection with the allocation of 5G frequencies in these same territories (mainly 700 MHz and 3.5 GHz). These commitments include roll-out obligations and obligations to develop new services on the mobile network (e.g., VO-WiFi or fixed access to mobile Internet)

Italy

The decision issued on November 4, 2016 by the Italian Ministry of Economic Development (MiSE) approving the transfer of the licenses to use a portfolio of 35 MHz (duplex) frequencies (see Note 17, "Intangible Assets") to iliad Italia (an iliad Group subsidiary) contained a number of coverage obligations, whereby iliad Italia must:

- Provide 2,100 MHz (or 900 MHz) coverage to the main towns and cities of Italy's regions by June 30, 2022 and those of the provinces by December 31, 2024.
- Provide 2,600 MHz coverage to 40% of the population 48 months after the 2,600 MHz frequencies become available.

By way of decision no. 231/18/CONS, the Italian telecoms regulator, AGCOM, set out the coverage obligations applicable to the operators allocated 5G frequencies in Italy. Pursuant to the decision, iliad Italia is required to:

- Roll out its network and use the 3,600 MHz frequencies allocated to it within two years of them becoming available.
- Provide 3,600 MHz coverage to 5% of the population in each of Italy's regions within 48 months of the frequencies being allocated.
- Provide 700 MHz coverage to 80% of the Italian population 36 months after the frequencies become available (June 2022 at the latest) and to 99.4% of the population 54 months after the frequencies become available. The second milestone may be achieved through roaming or frequency sharing agreements, for example.
- Provide 700 MHz coverage across the main transport hubs, including ports, within 42 months, and across the main tourist areas within 66 months of them being identified.

Poland

2,100 MHz and 900 MHz licenses

At the publication date of these financial statements, the Group considers that it has fulfilled its coverage obligations imposed in the decisions relating to the allocation of frequencies in the 2,100 MHz and 900 MHz bands.

1,800 MHz license

The June 14, 2013 decision to allocate frequencies in the 1,800 MHz band to the Group contained several regulatory obligations to be met by the Group. These primarily concerned making investments in the telecom network, corresponding to 3,200 sites within no more than 24 months of being allocated the frequencies. 50% of the overall investments had to be made in rural or suburban areas or in towns with fewer than 100,000 inhabitants. Additionally, the Group had to start providing services using the 1,800 MHz frequencies within no more than 12 months of the date on which they were allocated. At the publication date of these financial statements, the Group had fulfilled all of these obligations.

800 MHz license

The January 25, 2016 decision to allocate frequencies in the 800 MHz band to the Group – which was replaced by a decision dated June 23, 2016 – contains several regulatory obligations that the Group has to meet. These primarily concern making investments in the telecom network covering (i) 83% of the municipalities defined as "white spots" in Appendix 2 of the decision, within no more than 24 months of the date on which the frequencies were allocated, (ii) 90% of the municipalities referred to in Appendix 3 of the decision, within no more than 36 months of said decision, and (iii) 90% of the municipalities referred to in Appendix 4 of the decision, within no more than 48 months of said decision. Additionally, the Group had to start providing services using the 800 MHz frequencies within no more than 12 months of the date on which they were allocated. At the publication date of these financial statements, the Group had fulfilled these investment obligations.

2,600 MHz license

Four decisions dated January 25, 2016 allocating frequencies in the 2,600 MHz band to the Group require the Group to start providing services using those frequencies within no more than 36 months of their allocation date. The Group has met this requirement.

35.2 Partnerships with Cellnex

Under the industrial partnership agreements entered into with Cellnex in 2019 for France and Italy and in 2021 for Poland, the iliad Group has undertaken to build site infrastructure and sell it to Cellnex pursuant to a build-to-suit program.

The Group's minimum commitments under this partnership are at least 2,500 sites for France, 1,000 sites for Italy and 1,871 sites for Poland. At December 31, 2022, the minimum commitment had been reached for France and Italy.

35.3 Other commitments

At December 31, 2022, the Group had received commitments giving it access to:

- A €2,000 million revolving credit facility, none of which had been used at December 31, 2022.
- A PLN 2,000 million revolving credit facility, none of which had been used at December 31, 2022.
- a €1,250 million mid-term credit facility, of which €1,050 million was available for drawdown at December 31, 2022.
- A €300 million revolving credit facility, none of which had been used at December 31, 2022.

In addition, under the strategic partnership entered into with InfraVia through IFT (a company specially created for the purpose of the partnership) a no-recourse financing arrangement amounting to €2,150 million has been set up. The iliad Group has given the following commitments in relation to this arrangement:

- A letter of commitment stating that the iliad Group will make shareholder contributions, in line with its interest in IFT, in order to support IFT's strong business development in the first five years of its formation, with the total contributions representing up to €230 million (of which an aggregate €87 million had been contributed as at December 31, 2022).
- The standard collateral for no-recourse financing (pledges of IFT shares and various assets).

At December 31, 2022:

- Other commitments given by the Group amounted to €180 million and mainly corresponded to iliad Italia's bank guarantee concerning 900 MHz and 2,100 MHz frequencies.
- Other commitments received by the iliad Group totaled €1 million.

35.4 Collateralized debt

None of the Group's other assets have been used as collateral for any debt.

35.5 Claims and litigation

The Group is involved in a number of labor, regulatory, tax and commercial disputes in connection with its business.

The main legal proceedings currently in progress are as follows:

France – Dispute with Bouygues Telecom

In late 2014, Bouygues Telecom filed an application with the Paris Commercial Court, claiming that Free Mobile had breached its obligations as a mobile telephony operator and accusing it of misleading commercial practices. Free Mobile is contesting Bouygues Telecom's position in this case, which it does not consider to be founded. Bouygues Telecom estimated its alleged losses at €813 million. By way of a decision on February 27, 2019, the Paris Commercial Court dismissed all of Bouygues Telecom's claims and ordered it to pay Free Mobile €350,000 in costs pursuant to Article 700 of the French Civil Procedure Code. On February 10, 2020, Bouygues Telecom appealed this decision. On September 24, 2021, the Paris Court of Appeal ruled in favor of Free Mobile, upholding the decision of the Paris Commercial Court and ordering Bouygues Telecom to pay €350,000 in costs pursuant to Article 700 of the French Civil Procedure Code. Bouygues Telecom further appealed to the French Court of Cassation on March 9, 2022. On December 7, 2022, the Court of Cassation dismissed Bouygues Telecom's appeal and ordered it to pay Free Mobile an amount of €3,000 pursuant to Article 700 of the French Civil Procedure Code.

France – Dispute with UFC

On March 11, 2019, the French consumer group, UFC, used the powers granted to it under Article 623-1 of the French Consumer Code to file a petition against Free Mobile with the Paris District Court (*Tribunal de Grande Instance*). UFC is claiming that Free Mobile failed to respect its contractual obligations because it charged nine subscribers for not returning their rented phones, whereas the subscribers had allegedly provided proof that they had sent back the devices in accordance with Free Mobile's General Terms and Conditions of Subscription. UFC requested the court to order Free Mobile (i) to reimburse the expenses wrongly charged, and (ii) publish the requisite information to make the consumers concerned aware of their right to compensation. UFC's claims were dismissed on December 13, 2022, as the court ruled that the rental of a mobile phone is excluded from the scope of the group's proceedings. UFC was ordered to pay €8,000 under Article 700 of the French Civil Procedure Code. It appealed the decision and the proceedings are still ongoing.

France – Tax disputes

The iliad Group has filed a claim with the competent authorities for the refund of VAT payments following a dispute with the tax authorities (see note 24).

In addition, the iliad Group has been the subject of tax audits for the period 2019-2022 and some of its subsidiaries have received tax deficiency notices. The proposed adjustments have been contested in their entirety and additional responses have been provided to the tax authorities. However, in accordance with accounting principles, the Group has made a best estimate of these risks in the financial statements at December 31, 2022.

Poland – Antitrust proceedings

In June 2015, Play applied to the Warsaw District Court claiming PLN 316 million from Orange Polska, Polkomtel and T-Mobile Polska. This amount comprises PLN 231 million in damages for unfair competition – arising from the defendants applying excessive costs for voice connections with the Play network for the period from July 1, 2009 through March 31, 2012 – plus capitalized interest. In July 2018, Play extended its application by claiming an additional PLN 314 million (including PLN 258 million in damages plus capitalized interest) for the subsequent period from April 1, 2012 through December 31, 2014. On December 27, 2018, the court rejected Play's initial claim for PLN 316 million. Play appealed this decision and in a ruling dated December 28, 2020, the Warsaw Court of Appeal overturned the judgment of the first instance court and ordered the case to be judged again. The claim for PLN 316 million and the claim for the additional PLN 314 million are still in progress before the Warsaw District Court. In September 2019, Play withdrew its claims against T-Mobile but maintained those against Orange and Polkomtel. As it is not certain that Play will receive the amounts it has claimed, the iliad Group has not recognized any related income in its consolidated financial statements.

Poland – Call termination charges

Claim lodged by Polkomtel

In December 2018, Polkomtel lodged a claim for the Polish Treasury or Play to be ordered (on a joint and several basis) to pay it (i) the call termination charges that Polkomtel would have received from Play if the UKE (the Polish telecoms regulator) had not reduced the call termination rate by way of a decision that was subsequently canceled by a court as it was held to be unlawful, and (ii) accumulated interest as from the date the claim was lodged. At this stage of the proceedings it is difficult to assess the legal risk relating to this claim.

Claim lodged by Play

In July 2019, Play lodged a claim for T-Mobile to be ordered to pay it (i) the call termination charges that Play would have received from T-Mobile if the UKE had not reduced the call termination rate by way of decisions that were subsequently canceled by a court as they were held to be unlawful, and (ii) accumulated interest as from the date the claim was lodged. In a decision dated December 30, 2020, the Arbitration Tribunal hearing the case rejected Play's claim (with a dissenting opinion from one of the arbitrators) and ordered Play to reimburse the costs incurred by T-Mobile for the arbitration procedure. On April 26, 2021, Play applied to the Warsaw Court of Appeal for the arbitration decision to be overturned. On June 13, 2022, Play's claim was dismissed by the Court of Appeal.

Poland – UOKiK/UKE/Other

Play is involved in a number of proceedings, including procedures launched by the President of the UKE and the President of the UOKIK (the Polish Office of Competition and Consumer Protection) as well as proceedings resulting from appeals against decisions made by those regulatory bodies. On September 2, 2016, the President of the UOKIK launched proceedings against UPC regarding unfair clauses concerning price increases, a guaranteed a minimum offer of TV programs, technician fees and contract termination fees. On July 17, 2019, the President of the UOKIK issued a decision prohibiting the application of the above-mentioned clauses, ordering UPC to pay a fine of PLN 32 million and imposing on it an obligation to compensate customers. UPC appealed the decision before the Warsaw District Court. On November 23, 2022, the Warsaw District Court confirmed its decision as to the obligation to compensate customers, which had been overturned. UPC and the President of the UOKIK may appeal.

On December 1, 2022, the President of the UOKIK launched proceedings against P4 regarding practices against the collective interest of consumers, which in the opinion of the UOKIK

President consist of the application of a contractual clause canceling the application of a discount on subscriptions in case of late payment by customers.

Note 36 Events after the reporting date

Completion of the RAN sharing agreement with W3

On January 3, 2023, iliad Italia and W3 completed the RAN sharing agreement relating to Italy, having obtained clearance from the relevant authorities. Under this agreement, iliad Italia has purchased, for €319 million, 50% of the shares in the joint venture that owns the network and operates the RAN sharing services on behalf of iliad and W3. Payment of the purchase price is to be spread over four years. This joint operation will be recognized in the financial statements of the iliad Group with effect from January 3, 2023 for the amount of the Group's share in the joint operation's assets, liabilities, income and expenses.

Issue of a €500 million bond in February 2023

On February 8, 2023, iliad successfully placed a €500 million bond issue with a 7-year maturity. The bonds are redeemable at maturity on February 15, 2030, and pay interest at 5.625% per year.

Following this issue, on February 20, 2023 the Group repaid in full the amounts drawn down on its mid-term facility, amounting to €200 million.

Dispute with Bouygues Telecom

On February 23, the Paris Commercial Court ruled in the case between Free and Bouygues Telecom regarding the bundling of smartphone and mobile plans ("subsidized" offers). This ruling ordered Bouygues Telecom to pay €308 million in damages to Free. Bouygues Telecom has appealed this decision before the Paris Court of Appeal. Under current accounting rules, income resulting from a favorable ruling in a dispute can only be recognized when the case is closed. Accordingly, no income was recorded in this respect in the Group's financial statements in 2022.

Note 37 List of main consolidated companies at December 31, 2022

The following table includes the Group's main legal holdings.

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
iliad 16 rue de la Ville l'Évêque 75008 Paris, France	342 376 332	Paris	100.00%	100.00%	Full
Assunet 16 rue de la Ville l'Évêque 75008 Paris, France	421 259 797	Paris	89.96%	89.96%	Full
Centrapel 57 Boulevard Malesherbes 75008 Paris, France	434 130 860	Paris	100.00%	100.00%	Full
Certicall 40 avenue Jules Cantini 13006 Marseille, France	538 329 913	Marseille	100.00%	100.00%	Full
Connexy 3 rue Paul Brutus 13015 Marseille, France	848,895,173	Marseille	100.00%	/	Full
Equaline 18 rue du Docteur G. Pery 33300 Bordeaux, France	538 330 358	Bordeaux	100.00%	100.00%	Full
F Distribution 8 rue de la Ville l'Évêque 75008 Paris, France	528 815 376	Paris	100.00%	100.00%	Full
Fibre Inc 1209 Orange Street, Wilmington, New Castle County, 19801 Delaware, USA	/	Wilmington	100.00%	100.00%	Full
Freebox 16 rue de la Ville l'Évêque 75008 Paris, France	433 910 619	Paris	97.99%	97.99%	Full
Free Caraïbe 3 rue de la carrière 97200 Fort-de France, Martinique	808 537 641	Paris	100.00%	100.00%	Full
Free 8 rue de la Ville l'Évêque 75008 Paris, France	421 938 861	Paris	100.00%	100.00%	Full
Free Infrastructure 16 rue de la Ville l'Évêque 75008 Paris, France	488 095 803	Paris	100.00%	100.00%	Full
Free Fréquences 16 rue de la Ville l'Évêque 75008 Paris, France	529 917 833	Paris	100.00%	99.98%	Full
Free Mobile 16 rue de la Ville l'Évêque 75008 Paris, France	499 247 138	Paris	100.00%	99.86%	Full
Free Pro (formerly Jaguar Network) 3 rue Paul Brutus 13015 Marseille, France	439 099 656	Marseille	100.00%	75.54%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
Free Réseau 16 rue de la Ville l'Évêque 75008 Paris, France	419 392 931	Paris	100.00%	100.00%	Full
IH 8 rue de la Ville l'Évêque 75008 Paris, France	441 532 173	Paris	100.00%	100.00%	Full
iliad 10 16 rue de la Ville l'Évêque 75008 Paris, France	844 880 492	Paris	100.00%	100.00%	Full
iliad 6 16 rue de la Ville l'Évêque 75008 Paris, France	834 309 486	Paris	100.00%	100.00%	Full
IFT 31 rue de la Baume 75008 Paris, France	852 619 352	Paris	48.98%	48.98%	Equity
IFW 8 rue de la Ville l'Évêque 75008 Paris, France	400 089 942	Paris	100.00%	100.00%	Full
iliad 78 16 rue de la Ville l'Évêque 75008 Paris, France	834 315 673	Paris	78.45%	78.45%	Full
iliad Customer Care Viale Restelli Francesco 1/A Milan, Italy	/	Milan	100.00%	100.00%	Full
iliad Italia Holding S.p.A Viale Restelli Francesco 1/A Milan, Italy	/	Milan	100.00%	100.00%	Full
Iliad Investments 16 rue de la Ville l'Évêque 75008 Paris, France	919,740,605	Paris	40.85%	/	Equity
iliad Italia S.p.A Viale Restelli Francesco 1/A Milan, Italy	/	Milan	97.73%	97.89%	Full
iliad Purple 16 rue de la Ville l'Évêque 75008 Paris, France	537,915,050	Paris	92.57%	93.00%	Full
Immobilière iliad 16 rue de la Ville l'Évêque 75008 Paris, France	501 194 419	Paris	100.00%	100.00%	Full
IRE 16 rue de la Ville l'Évêque 75008 Paris, France	489 741 645	Paris	100.00%	100.00%	Full
Jaguar Network Suisse rue des Paquis 11 1201 Geneva, Switzerland	/	Geneva	100.00%	75.54%	Full
JT Holding 3 rue Paul Brutus 13015 Marseille, France	801 382 300	Marseille	100.00%	75.54%	Full
Madiacom 44 rue Henri Becquerel Jarry 97122 Baie-Mahault, France	880 041 397	Baie-Mahault	50.00%	50.00%	Joint Operation
MCRA 57 Boulevard Malesherbes 75008 Paris, France	532 822 475	Paris	100.00%	100.00%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
Newco 25M 16 rue de la Ville l'Évêque 75008 Paris, France	910,077,478	Paris	49.50%	/	Equity
NJJ Boru 16 rue de la Ville l'Évêque 75008 Paris, France	833 797 467	Paris	49.00%	49.00%	Equity
On Tower France 58 Avenue Emile Zola 92100 Boulogne-Billancourt, France	834 309 676	Boulogne Billancourt	/	30.00%	Equity
On Tower Poland Wynalazek 1, 02-677 Warsaw, Poland	/	Poland	27.77%	37.20%	Equity
Online Immobilier 16 rue de la Ville l'Évêque 75008 Paris, France	537 915 019	Paris	97.58%	97.58%	Full
P4 SP. Z.O.O Wynalazek 1, 02-677 Warsaw, Poland	/	Poland	92.57%	93.00%	Full
Predictiv Pro S.A.S. 3 rue Paul Brutus 13015 Marseille, France	880 472 683	Marseille	100.00%	75.54%	Full
Protelco 8 rue de la Ville l'Évêque 75008 Paris, France	509 760 948	Paris	100.00%	100.00%	Full
Qualipel 61 rue Julien Grimau 94400 Vitry-sur-Seine, France	533 513 958	Vitry-sur-Seine	/	100.00%	/
Resolution Call 7 Bld Mohamed V 20800 Mohammedia, Morocco	/	Morocco	100.00%	100.00%	Full
Scaleway 8 rue de la Ville l'Évêque 75008 Paris, France	433 115 904	Paris	97.58%	97.58%	Full
Scaleway US Corporation C/O IMS – 1700 W Irving Park, Suite 302 Chicago, IL 606013, USA	/	Chicago	97.58%	97.58%	Full
Solid 19 16 rue de la Ville l'Évêque 75008 Paris, France	790 148 944	Paris	100.00%	100.00%	Full
Telecom Academy « Privé » Lotissement Attaoufik Lot n° 9 & 10 Immeuble Le Shadow Sidi Maarouf Casablanca, Morocco	/	Morocco	100.00%	100.00%	Full
Telecom Réunion Mayotte 16 rue de la Ville l'Évêque 75008 Paris, France	812 123 214	Paris	50.00%	50.00%	Equity
Trax 16 rue de la Ville l'Évêque 75008 Paris, France	850 134 388	Paris	98.00%	98.00%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
Total Call Technoparc – Route de Nouceur Sidi Maar Casablanca, Morocco	/	Morocco	100.00%	100.00%	Full
Université F 233 16 rue de la Ville l'Évêque 75008 Paris, France	891,401,507	Paris	100.00%	/	Full

Note 38 Audit fees

In accordance with the disclosure requirements of standards 2016-08, 2016-09, 2016-10 and 2016-11 issued by France's accounting standards authority (the "ANC"), the table below sets out the amount of fees paid to the statutory auditors of iliad S.A and its fully consolidated subsidiaries, not including fees invoiced by the statutory auditors' network firms:

In € thousands	PricewaterhouseCoopers		Deloitte & Associés		Total	
	2022	2021	2022	2021	2022	2021
Statutory audit services	423	407	363	329	786	736
Non-audit services	118	221	50	49	168	270
TOTAL FEES	541	628	413	378	954	1,006

Services other than audit work provided during the year mainly concern:

- Verifying the consolidated non-financial information statement presented in the iliad Group's management report.
- Reviewing asset sale transactions.
- Providing various statements.