financial communications

Universal Registration Document

The French language version of this Universal Registration Document is valid for twelve (12) months following approval by the *Commission de Surveillance du Secteur Financier* (the "CSSF"), i.e., until May 5, 2024, subject, where appropriate, to being completed by a supplement in accordance with Article 23 of the Prospectus Regulation. The requirement to issue a supplement to this Universal Registration Document in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Universal Registration Document is no longer valid.

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GROUPE iliad

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iliad

UNIVERSAL REGISTRATION DOCUMENT

May 5, 2023

The French language version of this Universal Registration Document was approved by the *Commission de Surveillance du Secteur Financier* (the "CSSF") on May 5, 2023, in its capacity as competent authority within the meaning of EU Regulation 2017/1129, as amended (the "Prospectus Regulation") and the Luxembourg law of July 16, 2019 on securities prospectuses. The CSSF only approves this Universal Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. This approval should not be construed as a favorable opinion with respect to the issuer that is the subject of the Universal Registration Document. This Universal Registration Document may also be used for the offer of securities to the public or the admission of securities to trading on a regulated market, provided it is accompanied by amendments and, if applicable, a securities note and the summary, approved in accordance to the Prospectus Regulation. Copies of this Universal Registration Document can be obtained free of charge from iliad S.A. (16, rue de la Ville l'Evêque – 75008 Paris, France – Tel.: +33 (0)1 73 50 20 00) and may also be downloaded from the iliad S.A.'s website (**www.iliad.fr**) as well as from the website of the Luxembourg Stock Exchange (**https://www.luxse.com**).

NOTE

It is specified that the French version of this Universal Registration Document has been approved by the CSSF for the purpose of the admission to trading on the Luxembourg Stock Exchange regulated market of debt securities with a par value equal to or higher than €100,000 (or the equivalent thereof in another currency).

Documents incorporated by reference into this Universal Registration Document are disclosed in a specific section "Documents incorporated by reference", page 271, which includes a cross-reference table.

1. Overview of the Group and its businesses

1.1 THE ILIAD GROUP

Introduction

The iliad Group (the "**Group**") is a leading European electronic communications provider, with 45.9 million subscribers in France, Poland and Italy, €8.4 billion in revenues in 2022 and more than 16,700 employees.

Founded in 1991 in France, the Group became a major national provider of Internet access and fixed and mobile electronic communications in the early 2000s before gradually expanding to Italy in 2018 and Poland in 2020.

The Group's parent company, iliad S.A. (the "**Company**") operates under a variety of trade names, including Free, Free Pro and Scaleway in France, iliad in Italy and Play and UPC in Poland.

Since expanding outside France, the Group does business in three separate geographic segments: France, Italy and Poland.

France

France is our main market and accounted for 66% of the Group's total revenues in 2022. Free entered the Internet service provider (ISP) market in France in April 1999, with a straightforward, no-subscription offering. This commercial strategy enabled it to win a large share of the dial-up market with relatively low advertising outlay compared with its competitors.

After completing the rollout of its electronic communications network and interconnecting with the incumbent operator's network in April 2001, Free was able to effectively control the cost structure of an offering based on Internet connection time, and was able to launch an attractively-priced but profitable dial-up plan.

After launching Free's ADSL Broadband offering in October 2002 and then its first mobile plans in 2012, the Group has gradually established itself as a major integrated operator in the fixed and mobile segments (Broadband and Ultra-Fast Broadband) of the French telecommunications market, by investing in local loop unbundling and the roll out of fiber network and a network of mobile masts. In January 2019, the acquisition of Jaguar Network marked the iliad Group's entry into the B2B market.

In the more than 20 years since Free was launched, the Company has successfully maintained all its distinctive features – straightforward solutions, attractive pricing and a technical quality widely recognized in every market segment addressed.

Italy

In 2018, the Group entered the mobile market in Italy – a country in which it had never before conducted any business – where 11% of total consolidated revenues was generated in 2022. The Group started deploying its proprietary mobile network in Italy in late 2016 and completed its network coverage through a roaming agreement with Wind Tre, followed by a network sharing agreement in late 2022.

On January 25, 2022, iliad Italia also became a new entrant in the fixed ultra-fast broadband market with the launch of a double play Internet and Telephony offer. In 2022, the plans were based exclusively on a wholesale offer using the Open Fiber network, but in 2023 they will begin using the FiberCop (wholesale agreement signed in September 2021) and Fastweb (wholesale agreement signed in October 2022) networks.

Poland

The Group has been present in Poland since 2020, when it acquired Play, a leading nationwide operator in the country's mobile telephony market. In 2022, Poland represented 23% of the Group's revenues. Play is a national mobile operator that has its own infrastructure and also provides fixed services (broadband and OTT TV).

In September 2021, the iliad Group further expanded in Poland through the acquisition of UPC Polska, whose closing on April 1, 2022 made the Group a convergence leader in the country.

1.1.1 Significant events of 2022 and key figures

— SELECTED FINANCIAL INFORMATION – ILIAD GROUP

In € millions	Dec. 31, 2022	Dec. 31, 2021
Income statement		
Revenues	**8,369**	**7,587**
EBITDAaL	3,303	2,949
Profit from ordinary activities	1,356	1,148
Profit for the period	646	526
Balance sheet		
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 related to assets held for sale	19	0
TOTAL EQUITY AND LIABILITIES	**24,994**	**23,409**
Cash flows		
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 – Group (excluding payments for frequencies)	(2,139)	(1,673)
Capital expenditure – frequencies	(1,185)	(175)
Net change in cash and cash equivalents – Group (excluding change in net debt and dividends)	**(1,333)**	**(19)**
Dividends paid to the Company	(1,467)	(176)
Net debt	**10,815**	**8,012**

Key figures for 2022

Group

Operational information

The Group's active subscriber base rose sharply on a pro forma basis in 2022, adding 2.72 million new subscribers, of whom 2.2 million new Mobile subscribers and 547,000 new Fixed/Internet subscribers. At the year-end, the Group served a total of 45.9 million subscribers in its three host countries, including 36.5 million for Mobile and 9.3 million for Fixed. As in previous years, the Group remained very active in deploying the latest generation infrastructure (FTTH, 4G and 5G) and new services.

Revenues

Consolidated revenues advanced 10.3% to €8.37 billion in 2022, led by the consolidation on a full-year basis of UPC Polska in Poland as from the second quarter, as well as by the robust growth in France (up 6.9%) and at iliad Italia (up 15.5%). On a pro forma like-for-like basis[(1)] revenues ended the year up 6.9%.

Profitability

Consolidated EBITDAaL jumped 11.9% in 2022 (8.0% on a pro forma like-for-like basis) to €3.30 billion, with EBITDAaL margin widening by 0.6 points to 39.4%. Profit for the period rose 44.1% year on year and operating cash flow (EBITDAaL less capex excluding payments for frequencies) surged 74.8% to €1.16 billion.

Leverage

At year-end 2022, consolidated net debt amounted to €10.82 billion, a €2.80 billion increase that primarily reflected the acquisition of UPC Polska (for €1.7 billion) and the payment for 5G frequencies in Italy (€1.0 billion). Leverage rose by 0.5 points to 3.2x EBITDAaL.

(1) Based on constant scope of consolidation and exchange rates.

France

Operational information

The total Fixed subscriber base rose by 255,000 in 2022, while momentum in the Fiber segment remained strong, with growth of 885,000 subscribers over the year. At end-December 2022, the Group had a total of 4.66 million Fiber subscribers, with the penetration rate among the overall subscriber base advancing 10.4 points year on year to 64.9%. 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 offerings are now available in more than 22,000 municipalities.

With 931,000 net adds to the subscriber base, the Unlimited 4G/5G plan(1) delivered its best sales performance of the past five years. Free is actively pursuing its 4G and 5G mobile network rollouts across all of France's regions. Over the year, Free Mobile switched on nearly 2,200 new 4G sites and more than 2,900 5G sites, increasing its population coverage to nearly 88% in 5G – the best in the country – and 99.2% in 4G. The Group intends to continue investing in coverage and network densification in order to become the alternative operator of choice. The ARCEP quality of service audit released in October 2022 showed strong growth in almost every indicator in every region. In all types of residential areas, Free is the alternative operator that scored the highest on the majority of mobile use indicators measured by ARCEP, including web browsing speed, video streaming quality and file downloading. Free performed particularly well in medium-density and rural areas.

Financial information

In 2022, revenues in France rose by 6.9% to €5.55 billion, impelled by sustained gains in every quarter. Fixed services revenues amounted to €3.05 billion for the year, up 6.7%. ARPU over the four quarters improved by €0.70 or 2.1% year-on-year to €33.60. Mobile services revenues grew by 4.7% to €2.28 billion. Revenues billed to subscribers rose 8.4% over the year, lifted by the average 4.4% increase in ARPU billed to subscribers (€11.60). Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 13.0% during the year. These revenues (which have low margins) are on a structurally downward trend as traffic is switching to digital platforms. Revenue from device sales climbed 37.7% over the year to €239 million, reflecting the ramp-up of our Free Flex plan introduced in 2021.

EBITDAaL in France gained 4.7% to €2.29 billion, while EBITDAaL margin narrowed by 0.9 point to 41.2% due to higher network maintenance and energy costs and the unfavorable sales mix, as device sales outpaced Services revenues. As expected, capital expenditure (excluding frequencies) declined from the previous year's peak, by 10.8% to €1.49 billion in 2022. Outlays were primarily focused on the deployment of our 5G mobile network, the rollout of Fiber in every community and the connection of new Fiber subscribers. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) therefore increased by 55.1% to €795 million.

Poland

Operational information

The active mobile subscriber base in Poland gained 506,000 users in 2022, ending the year at 12.76 million. The year was unusual due to the war in Ukraine, whose outbreak in late February caused large numbers of Ukrainians to seek refuge in Poland and other neighboring countries. In addition to the free prepaid plans introduced to support these refugees, the number of paid prepaid cards also rose on war-related demand, lifting the number of subscribers by 174,000 over the year. The base returned to normal levels over the second half, however, shedding 38,000 subscribers in the third quarter and another 89,000 in the fourth. Sales performance in the Plans segment was excellent, with a net gain of 334,000 new subscribers in 2022. ARPU for the year was up 2.7%, to PLN 28.8. In the Fixed segment, the consolidation of UPC Polska as of April 1, 2022 drove a steep 32,000 user increase in the subscriber base in the fourth quarter, on a par with the growth figures for the previous three quarters. Play's value-focused growth strategy is paying off, with average ARPU billed to subscribers up 2.7% for full year 2021 to PLN 28.3 (the figures for ARPU billed to subscribers since Q1 2020 have been adjusted to reflect the new method used for counting active prepaid subscribers), with a 1.2% increase in the fourth quarter. The acquisition of the entire share capital of UPC Polska was completed on April 1, 2022 (the signing of the agreement for the sale by Liberty Global of cable operator UPC Polska to Play was announced on September 22, 2021).

Financial information

Pro forma like-for-like revenue growth stood at 3.7% for the year, at PLN 8.93 billion. Excluding the cut in regulated mobile termination charges (which had very little impact on margins), growth would have come to 6.7%. Mobile services revenues billed to subscribers rose by 7.4% to PLN 4.37 billion, reflecting growth in the subscriber base and an increase in ARPU after refreshing our offerings. Interconnection and other revenues declined by 13.1% over the year to PLN 1.38 billion. Termination charges for mobile voice calls were reduced by 0.7 euro cents to 0.55 euro cents on January 1, 2022, then by a further 0.4 euro cents on January 1, 2023 and, in the future, by another 0.2 euro cents on January 1, 2024. Device sales edged up 10.3% during the year to PLN 1.79 billion, for a 10.1% pro forma like-for-like gain.

EBITDAaL for the Poland segment increased by 20.9% year on year and by 1.4% on a pro forma like-for-like basis. The operating leverage from the PLN 150 million increase in like-for-like service revenues was partially offset by (i) higher costs related to building out the mobile network (46% increase, for Play only), (ii) inflation, which has caused energy prices to soar (57% increase, for Play only), and (iii) higher network maintenance costs (up 41%, for Play only). Capital expenditure increased by 37.6% on a reported basis but only by 1.6% like-for-like. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) increased by 14.1% year-on-year to PLN 2.53 billion.

(1) 210 GB for non-Freebox subscribers.

Italy

Operational information

In 2022, iliad Italia was once again the net add leader in the Mobile market, with 1.06 million new subscribers signed up over the year, including 224,000 in the final quarter. The market environment remained very competitive during the year, with a wide array of highly price-aggressive competing plans specifically targeting iliad Italia and changes in portability regulations that made porting less seamless, thereby impacting our ability to gain subscribers from other operators late in the year.

Launched in late January 2022, our Fiber plan ended the year with 109,000 subscribers, a very satisfactory performance given the limited population addressed by our infrastructure partner (OpenFiber).

Financial information

iliad Italia revenues stood at €927 million in 2022, up 15.5%. Service revenues rose 15.5% year on year to €919 million. Other revenues, including the Fixed business, eased back just 0.5%, as the first-time contribution from Fixed sales offset the decline in interconnection revenues during the year.

EBITDAaL increased 2.6x in 2022, with the margin nearing 23%. This sharp rise was driven by the operating leverage created by the €123 million increase in iliad Italia's services revenues and significantly lower MOCN (Multi-Operator Core Network) costs thanks to the rollout of our own network. Together, these two factors offset the 77% surge in energy costs and the 41% increase in marketing expenses. Capital expenditure 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. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) represented a net outflow of €170 million, or almost a 50% improvement from the prior-year.

— KEY FINANCIAL INDICATORS

In € millions	2022	2021	Change
CONSOLIDATED REVENUES	**8,369**	**7,587**	**+10.3%**
Revenues – France	5,555	5,195	+6.9%
Revenues – Italy	927	802	+15.5%
Revenues – Poland	1,907	1,600	+19.2%
Intra-group sales	(19)	(10)	+93.0%
CONSOLIDATED *EBITDAAL*	**3,303**	**2,949**	**+12.0%**
EBITDAaL – France	2,287	2,185	+4.7%
EBITDAaL – Italy	211	80	NM
EBITDAaL – Poland	805	684	+17.7%
CONSOLIDATED CAPEX(1)	**2,139**	**2,283**	**-6.3%**
Capex – France	1,492	1,673	-10.8%
Capex – Italy	381	413	-7.6%
Capex – Poland	265	198	+34.1%
OPERATING CASH FLOW(2) ("OCF")	**1,164**	**666**	**+€498m**
OCF France	795	512	+€282m
OCF Italy	(170)	(333)	+€162m
OCF Poland	540	487	+€54m
PROFIT FOR THE PERIOD	**758**	**526**	**+44.1%**
Net debt	**10,815**	**8,012**	**+2,803**
EBITDAaL including 12 months of UPC Polska (in 2022)	3,346	2,949	+397
Leverage ratio(3)	**3.2x**	**2.7x**	**+0.5x**

(1) Acquisitions, net of disposals, of property, plant and equipment and intangible assets, excluding frequencies.
(2) EBITDAaL less capex.
(3) With 12 months of EBITDAaL from UPC Polska in Poland.

— KEY OPERATING INDICATORS[1]

France *(figures in thousands unless otherwise stated)*	2022	2021	Year-on-year change
Number of mobile subscribers	14,218	13,611	+607
• *of which on the 4G/5G Free Mobile Plan (including 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 among Broadband and Ultra-Fast Broadband subscribers	64.9%	54.5%	+10.4 points
Number of connectible Fiber sockets	31.3 million	25.5 million	+5.8 million
TOTAL NUMBER OF SUBSCRIBERS – FRANCE	**21,398**	**20,537**	**+862**

France	Q4 2022	Q4 2021	Year-on-year 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%

(1) See glossary for definitions.

Italy *(figures in thousands)*	2022	2021	Year-on-year 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 (incl. UPC Polska)	Year-on-year change
Number of active mobile subscribers	**12,763**	**12,257**	**+506**
of which plans	*8,984*	*8,650*	*+334*
of which prepaid cards	*3,779*	*3,606*	*+173*
Number of Fixed subscribers	2,018	1,837	+181
TOTAL NUMBER OF SUBSCRIBERS – POLAND	**14,781**	**14,094**	**+687**

Poland	Q4 2022	Q4 2021	Year-on-year change
Mobile ARPU billed to subscribers *(in PLN)*	29.2	27.9	+4.7%

Group	2022	2021 (incl. UPC Polska)	Year-on-year change
Number of mobile subscribers	36,548	34,373	+2,175
Number of Fixed subscribers	9,307	8,762	+545
TOTAL NUMBER OF SUBSCRIBERS	**45,855**	**43,135**	**+2,720**

Exceptional factors that have influenced the Group's main activities or main markets

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 direct material impact on iliad's sales results 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, offering certain services free of charge to Ukrainians and increasing the number of the Group's contact points on the border with Ukraine and in the rest of the country. Support measures were also implemented in France and Italy, with certain services offered free of charge to Ukrainians in France and Ukraine. As was the case across the industry, the conflict has led to an increase in energy costs and a shift in the energy price hedging policies applied in our geographies. However, the Group does not expect these cost increases to have a material impact on its business in the coming months or years.

1.2 MARKETS AND STRATEGY

1.2.1 Principal markets

At end-2022, the Group was a convergent fixed-mobile services provider in each of its three geographies: France, Poland and Italy.

1.2.1.1 The fixed Internet access market in France

— GENERAL INFORMATION ABOUT THE FRENCH BROADBAND AND ULTRA-FAST BROADBAND MARKET

	2022 *(at Sept. 30, 2022)*	2021	2020
Revenues *(in € millions)*	**9,617** *(12,814 on a 12-month rolling basis)*	**12,585**	**12,158**
Number of subscriptions *(in millions)*	**31.9**	**31.5**	**30.6**
of which Broadband	*11.2*	*13.1*	*15.9*
of which Ultra-Fast Broadband	*20.7*	*18.4*	*14.7*
of which end-to-end fiber	*17.2*	*13.4*	*9.3*
Number of Free subscriptions *(in millions)*	7.1	6.9	6.7

The total number of Broadband and Ultra-Fast Broadband subscriptions in France rose by 0.4 million in the first nine months of 2022. With an aggregate 31.9 million Broadband and Ultra-Fast Broadband subscribers at September 30, 2022, the penetration rate for French households was one of the highest in Europe. Given the maturity of the Broadband and Ultra-Fast Broadband market in France, its growth is gradually slowing, with 2020 and 2021 rates lifted by the slight bump in demand during the health crisis and the resulting increase in connectivity needs. Revenues from Broadband and Ultra-Fast Broadband access services amounted to €9.6 billion in the first nine months of the year (€12.8 billion on a 12-month rolling basis), up 2.4% year on year (comparable growth in 2021 and 2020 was 3.5% and 2.8% respectively).

With optical fiber now widely available in French households, nearly 65% of subscriptions at end-September 2022 were for Ultra-Fast Broadband (>30 Mbps) and 83% of these were via FTTH technology (77% at end-September 2021 and 68% at end-September 2020). Altogether, this technology accounts for more than half (53.8%) of all Broadband and Ultra-Fast Broadband subscriptions in France as of end-September 2022.

Players in the fixed Internet access market in France

The Group's main competitors in the French fixed Internet access market are:

- Internet service providers associated with telecommunications operators: Orange, SFR and Bouygues Telecom.
- Independent local access providers.
- Companies offering Internet access as a means of winning customers for other services, such as banks and supermarkets.

1.2.1.2 The mobile telephony market in France

— GENERAL INFORMATION ABOUT THE FRENCH MOBILE TELEPHONY MARKET

	2022 *(at Sept. 30, 2022)*	2021	2020
Revenues *(in € millions, excluding revenues from M2M cards)*	**10,913** *(14,497 on a 12-month rolling basis)*	**13,999**	**13,367**
Number of active SIM cards *(in millions)* **– Metropolitan France only, excluding M2M(1)**	**80.1**	**78.5**	**76.1**
of which locked-in plans	*20.0*	*20.6*	*21.2*
of which no-commitment plans	*54.8*	*52.4*	*49.3*
of which active prepaid cards	*5.3*	*5.5*	*5.6*
4G active customer base *(in millions of SIM cards)*	**69.7**	**66.2**	**60.8**
5G active customer base *(in millions of SIM cards)*	**6.2**	**3.0**	**-**
Average bill(2) *(in euros per month – on a rolling annual basis)*	**15.2**	**15.1**	**14.7**

(1) Machine to machine communications.

(2) Revenue excluding M2M card revenue divided by average number of active SIM cards over the period.

Source: ARCEP.

At end-September 2022, the mobile telephony market in Metropolitan France counted 80.1 million users (corresponding to active SIM cards excluding M2M), up by 2.3 million compared with 12 months earlier[1], and the penetration rate was 121.6%, 2.7 points higher year on year.

The key facts and figures for the mobile networks services market in France in the first nine months of 2022 were as follows:

- a 2.4 million increase in the number of no-commitment plans and a 0.6 million decline in the number of locked-in plans;
- as in 2021, the downward trend in prepaid cards remained limited compared to 2020, at just a 0.2 million in the first nine months of 2022 compared with a 1.1 million drop in the same 2020 period;
- in third-quarter 2022, the 4G active subscriber base exceeded the 3G active base for the first time, at 69.7 million active lines versus 69.3 million. The 5G subscriber base is rising sharply, with a 4.5 million gain year on year, but remains modest compared to the size of the market (6.2 million subscribers out of a total 80.1 million active lines);
- after the unprecedented decline in 2020 due to the steep drop in tourism caused by the health crisis, the volume of mobile roaming-out data traffic pursued its robust rebound, rising 66% over the period after gaining 45% in the first nine months of 2021. The situation was similar for telephony, but to a lesser extent, with a 12% increase in the 2022 period after 15% growth a year earlier;
- sustained growth in mobile data usage, with average monthly data usage per active 4G subscriber of 13.1 GB, a more than 16% increase over the first nine months of 2021;
- traditional voice and SMS/MMS pursued their structural decline over the period due to the growing use of social media apps to communicate;
- the number of SMS/MMS contracted by 10% year on year to an average of 117 SMS/MMS per user per month;
- average monthly voice traffic was down 7.5% in the first nine months, to around 3.5 hours a month per active user.

Mobile telephony players in France

The Group's main competitors in the French mobile telephony market are:

- The other three mobile network operators: Orange, SFR and Bouygues Telecom.
- MVNOs, such as La Poste Mobile. However, now that several of these operators have been acquired by two of the three MNOs, their market share is clearly shrinking, to 7.1% of the residential market by volume at end-2022 in Metropolitan France from 8.3% a year earlier.

1.2.1.3 The mobile telephony market in Poland

— GENERAL INFORMATION ABOUT THE POLISH MOBILE TELEPHONY MARKET

	2021	2020	2019
Revenues (mobile telephony & data, *in PLN billions)*	**13.4**	**12.5**	**11.0**
Number of SIM cards *(in millions, excluding M2M)*	**50.6**	**49.4**	**48.4**
Number of SIM cards *(in millions, M2M only)*	**6.0**	**4.8**	**3.8**
Total number of SIM cards *(in millions)*	**56.6**	**54.1**	**52.2**
of which plans	*72.7%*	*73.0%*	*72.4%*
of which prepaid cards	*27.3%*	*27.0%*	*27.6%*
Mobile telephony penetration rate	**148.7%**	**141.6%**	**136.0%**

Source: UKE (Polish national telecoms regulator).

As the annual report for the Polish telecoms market is published by the national regulator in September of the following year, the information currently available for the Polish market as a whole dates from 2021. In 2021, the Polish mobile telephony market counted 56.6 million subscribers (including M2M), representing a 12-month increase of 4.6%. The penetration rate stood at 148.7% at end-2021, up 7.1 points.

After bottoming out in 2019, the market returned to pre-pandemic conditions in 2021. Operator revenues rose by 7.2% year-on-year, to PLN 13.4 billion, while M2M services saw a more than 30% increase in revenues for the year. The steady growth in the mobile segment by value attests to its importance in the Polish telecommunications market, where mobile accounted for one third of total revenues.

Mobile telephony players in Poland

The Group's main competitors in the Polish mobile telephony market are:

- The other three mobile network operators: Orange Polska, Polkomtel and T-Mobile, which together with Play accounted for over 96% of mobile subscriptions in 2021.
- Mobile Virtual Network Operators (MVNOs) such as Lycamobile, Cyfrowy Polsat Group subsidiaries Netia and Premium, Canal+, Vectra, Mobile Vikings and others. In August 2020, Play acquired Virgin Mobile, one of the market's largest MVNOs, with some 400,000 subscribers. In April 2022, Play completed the acquisition of UPC Polska, which had around 120,000 mobile subscribers at end-2021.

(1) Source: ARCEP.

1.2.1.4 The Broadband and Ultra-Fast Broadband market in Poland

— GENERAL INFORMATION ABOUT THE POLISH BROADBAND AND ULTRA-FAST BROADBAND MARKET

	2021	2020	2019
Penetration rate for fixed Internet in Poland	**59.8%**	**56.7%**	**54.8%**
Fixed broadband and ultra-broadband Internet market(2) *(in PLN billions)*	**4.9**	**4.5**	**4.3**
Cable	22%	23%	23%
xDSL	21%	26%	28%
FTTH	34%	27%	21%
WLAN	8%	9%	9%
LAN-Ethernet	6%	7%	8%
Other	9%	9%	11%
Fixed Internet ARPU *(in PLN per month)*		**45.4**	**45.4**
Number of Fixed Internet subscriptions *(in millions)*		**8.2**	**7.8**

(2) Source: UKE, 2020 Annual Report – calculations excluding mobile access.

The Polish fixed Broadband and Ultra-Fast Broadband market represented around PLN 4.9 billion in 2021. Compared to the European average, the household penetration rate is relatively low, at 60%. The penetration rate per 100 inhabitants is the lowest in the EU, at 22% versus the European average of 35%. This reflects the frequent use of mobile technology for fixed Internet connections in Poland, where fixed infrastructure has very low coverage. The three main fixed technologies, FTTH, cable and xDSL, respectively account for 34%, 22% and 21% of the market in terms of revenue and 33%, 34% and 17% in terms of volume. The number of fiber users is growing rapidly, from 5% at end-2017 to 33% at end-2021.

Players in the Fixed Broadband and Ultra-Fast Broadband market in Poland

According to telecoms regulator UKE's latest annual report (figures at end-2021), Orange Polska is the dominant operator in the xDSL market with an almost 80% market share. Between them, UPC Polska and Vectra account for around 65% of the cable market. The fiber market is more fragmented, with three operators (Orange Polska, Inea and Netia) respectively holding 32%, 7% and 6%.

1.2.1.5 The mobile telephony market in Italy

— GENERAL INFORMATION ABOUT THE ITALIAN MOBILE TELEPHONY MARKET

	2022 *(at Sept. 30, 2022)*	2021	2020
Revenues *(in € billions)*	**N/A**	**12.44**	**13.05**
Number of SIM cards *(in millions)* **– excluding M2M**(1)	**78.5**	**78.0**	**77.6**
of which prepaid cards	*70.0*	*69.2*	*68.0*
of which plans	*8.5*	*8.8*	*9.7*
SIM cards with Internet access *(in millions)*	**56.9**	**57.4**	**56.3**
Average revenue per user *(in euros)*	**N/A**	**200**	**207**

(1) Machine to machine communications.

Source: AGCOM. (2022: at Sept. 30, 2022 from the Osservatorio Agcom; 2021 and 2020: data from the last Relazione annuale Agcom and Osservatorio Agcom updated at Dec. 31).

At September 30, 2022, the mobile telephony market in Italy counted 78.5 million users (corresponding to SIM cards in use excluding M2M), a 0.5 million year-on-year increase that confirmed the trend reversal following several years of decline in SIM card volumes in the country. The mobile phone penetration rate in Italy was 133%[(1)].

The key facts and figures for the mobile networks services market in Italy in 2022[(2)] were as follows:

- 0.8 million increase in prepaid cards, while rate plans declined by 0.3 million. The share of prepaid cards was up slightly, at 89.1% of the market excluding M2M;
- a slight 0.5 million year-on-year decline in the number of data SIM cards in third-quarter 2022;
- a slowdown of the rise in mobile data usage: in the first three quarters of 2022, average monthly data usage per subscriber was 18.1 GB per SIM card, up 28.0% year on year.

At end-September 2022, iliad Italia already held 11.9% of the non-M2M market[(3)].

Mobile telephony players in Italy

The Group's main competitors in the Italian mobile telephony market are:

The other four mobile operators: Telecom Italia (TIM), Vodafone, Wind Tre and Fastweb. In Q3 2022 they represented 60.5 million SIM cards[(3)(4)], and a 77.0% market share (including their second brands Kena for TIM, Ho for Vodafone and Very Mobile for Wind Tre);

- MVNOs such as Poste Mobile, Lycamobile, Coop Voce and Tiscali. Together, they represented 8.7 million SIM cards and 11.1% of the market in third-quarter 2022, with the market leader, Poste Mobile, alone accounting for 5.7%.

1.2.1.6 Fixed Internet access market in Italy

— GENERAL INFORMATION ABOUT THE ITALIAN MARKET

	2022 *(at Sept. 30, 2022)*	2021	2020
Revenues *(in € billions)*	**N/A**	**15.40**	**15.60**
Total number of subscriptions *(in millions)*	**18.68**	**18.69**	**18.18**
of which copper access	*3.30*	*4.10*	*5.50*
of which Fixed Wireless Access (FWA)	*1.75*	*1.70*	*1.54*
of which FTTC[(1)]	*10.35*	*10.22*	*9.27*
of which FTTH[(2)]	*3.26*	*2.65*	*1.85*

(1) Fiber To The Cabinet.
(2) Fiber To The Home.
Source: AGCOM. (Principali serie storiche del'Osservatorio Agcom, September 30, 2022).

With a total of 18.7 million subscribers at September 30, 2022, the penetration rate for fixed Internet services in the Italian population is 73%[(4)].

Like in other Western European countries, during the first decade of 2000, ADSL was the technology of choice in Italy, led by the fast pace of unbundling. However, increasingly intense subscriber usage and the growing popularity of streaming platforms are driving a faster transition to fiber and other network upgrades.

Over the 12 months to September 2022, the total number of subscriptions rose by just 54,000 lines. At the same time, access via higher-quality technologies increased considerably, with FTTC up by 0.35 million year on year, FTTH by 0.81 million and FWA by 0.1 million. This momentum has pushed up the connection speeds on offer. As of end-June 2022 (the most recent data available), lines with speeds of 100 Mbps or more (defined in France as Ultra-Fast Broadband) represented 65% of the total residential access market (versus 57% a year earlier).

(1) Data obtained from the AGCOM database (updated at September 30, 2021) and ISTAT.
(2) AGCOM data updated at September 30, 2022.
(3) Only taking into account SIM cards in service excluding M2M (data published by Swisscom for Fastweb).
(4) Data from the AGCOM database (updated at September 30, 2022) and ISTAT (based on a population of 59.030 million and 2.3 people per household).

Players in the fixed Internet access market in Italy

The Group's competitors in the Italian fixed Internet access market are Italy's main fixed network operators, which in third-quarter 2022 held the following market shares(1):

- Telecom Italia (TIM): 40.3%;
- Vodafone: 16.8%
- Fastweb: 14.4%;
- Wind Tre: 14.3%;
- Tiscali/Linkem: 4.8%;
- Eolo: 3.3%.

There are two main network access providers in Italy: (i) Telecom Italia (TIM), the vertically integrated incumbent operator, which has spun off its Fiber infrastructure wholesale business into a dedicated structure – FiberCop, which is 58% owned by TIM, 37.5% by KKR and 4.5% by Fastweb, and (ii) Open Fiber, a wholesale-only operator which, since 2016, has offered Ultra-Fast Broadband services (using FTTH technology).

Launched in January 2022, iliad Italia's fixed Internet access offering was based solely on Open Fiber's FTTH network during the year, ending the period with coverage of some eight million homes. To expand the addressable market, agreements have been signed with FiberCop and FiberCop minority shareholder Fastweb. At the year-end, iliad Italia had 109,000 FTTH subscribers, representing just over 3% of the FTTH market with a market share of less than 1%.

1.2.1.7 Basis for statements made by the Group regarding its competitive position

The statements made in this Universal Registration Document in relation to the Group's competitive position are primarily based on market analyses published by Arcep in France, AGCOM in Italy, and the Office of Electronic Communications (UKE) in Poland.

1.2.2 Competitive advantages

The Group believes that it has a number of competitive advantages which should enable it to sustain its profitable growth in France, continue developing its operations in Italy and envisage targeted external growth in domains that are complementary to its existing businesses.

Strong brands in each host country

Led by the success of its retail fixed and mobile offerings since its creation in 1999, Free has positioned itself in France as a major player in the Internet access market and mobile telephony. The brand is clearly associated with the concepts of freedom, cutting-edge technology, innovation, quality and attractive prices.

In Italy, less than a year after its launch in May 2018, iliad Italia had ridden the market success of its retail mobile plans to become a recognized brand, with a more than 90% awareness rate. Today, four years after launch, the iliad brand is still appreciated for its value-for-money, transparency and ease of use and is often cited as the most popular telecommunications brand among Italians.

In Poland, over the years, Play has steadily grown into the market's most recognized brand (number one for spontaneous awareness), thanks to a strategy of constant communication over time, backed up by high-impact advertising campaigns.

Technically sophisticated and attractively priced retail offerings

The Group's fixed and mobile networks enable it to design sustainable service offerings that are straightforward, technically sophisticated and attractively priced. Its fixed and mobile Broadband and Ultra-Fast Broadband offerings are among the most competitively priced in their respective markets, while providing best-in-class service.

An ultra-fast integrated national network suited to the needs of both the Fixed and Mobile businesses

In order to be able to offer high-performing and innovative services to its subscribers and to guarantee the profitability of its operations, the Group has always placed importance on rolling out its own electronic communications network, so it can control the technical aspects and pricing of its services for the routing of both data (Internet) and voice (over IP or circuit-switched). The skills and experience built up by the Group's network teams now mean that it is able to operate and maintain its networks and guarantee its subscribers high quality services and fast connection speeds. The specific technical features of the network and its high density are key factors for the success of the Group's offerings as well as its profitability, in both its Fixed and Mobile businesses. The size, design and scalable architecture of the Group's network make it capable of serving all potential subscribers.

(1) Based on the total number of subscriptions.

Research and development capabilities serving retail and B2B customers

The Group's investment in research and development of both hardware and software has enabled it to position itself as a front runner in implementing innovative technological solutions for the retail market. The success of this policy stems primarily from Management's commitment to using high-quality technical equipment and retaining flexibility in its choice of hardware. This in turn has resulted in the design of hardware and software specifically suited to the Group's offerings and using cutting-edge technologies (such as the Freebox modem/DSLAMs), as well as in the development of innovative software solutions (such as billing software, the subscriber management system, interconnect software and IPTV interfaces such as OQEE). Another example of the Group's innovation capabilities is its launch in France and Italy of the first self-service kiosks for mobile subscriptions with integrated SIM-card dispensers. By relying largely on internal resources, the Group has been able to optimize its capital expenditure from the outset.

The Group is also very actively investing in research and development in the B2B segment. In launching its Free Pro solution in France in March 2021, the Group unveiled the Freebox Pro, which was entirely designed and manufactured for business use. It offers the ability to support intense usage, operate in an industrial environment, and withstand vibrations and high temperatures. In the public cloud market, Scaleway has developed sovereign solutions and facilitates multi-cloud in order to guarantee end-users security and confidentiality of their data according to their geographical zone.

Simplicity as a watchword

In a sector well known for its complexity, the Group proposes straightforward, comprehensive plans that meet the market's expectations. These plans are essentially distributed online. In addition, the Group has an organizational structure that is simple, horizontal, centralized and reactive. As a result, its objective of achieving simplicity can be seen at all levels of the organization and is one of the keys to the Group's success.

Control over services

Throughout its growth trajectory, the iliad Group has followed a strategy of directly controlling all of the active equipment it needs to transmit and carry data, manage its networks and supply its services (voice, audiovisual, etc.) as well as controlling its interconnections with third-party networks and its relations with Internet operators. The Group can freely develop and modify its services, improve them, enrich them and anticipate new usages. Thanks to its investments in its fixed and mobile networks, the Group is in full control of its services, which gives it all of the capacity and resources it needs to react to changes in usages and the competitive environment.

Control over distribution

The Group is one of the rare ISPs in Europe to have established itself in the fixed-line market without relying on a physical distribution network, and it has long-standing, unique know-how in online distribution. Since the launch of its Mobile business in France and Italy, it has also been developing a physical distribution network through its directly owned stores – Free Centers in France and iliad Stores in Italy – as well as SIM-card dispensers. In Poland, Play was already a mobile telephony market leader prior to its acquisition by the Group, with a major presence in physical distribution through a network of more than 700 stores. The Group has maintained this network, while adding 30 or so UPC Polska outlets. Consequently, the Group has direct control over the distribution of its services, which enables it to meet the needs both of online subscribers (and adapt to changes in the e-commerce environment) and of subscribers seeking the more conventional physical store.

Control over subscriber relations

In France, the iliad Group mainly manages its subscriber relations via a range of methods including online assistance on its portal, direct contact with advisors over the telephone, chat or video call, or face-to-face in its Free Centers. It designs and develops all of its internal tools and systems for managing subscriber relations and communicating with subscribers.

A Company entirely owned by its managers

iliad's managers own all of the Company's capital. This gives the Group the independence to deliver on its long-term vision, which is sometimes radically different to that of its competitors. It also enables it to be highly reactive when taking decisions and putting them into action. The management and results of the Group's projects are a daily reminder of the competitive advantage that this ownership structure gives it.

A more international management team

In 2020, the Group changed its management team by bringing in executives from Italy and Poland to add a European vision to its strategy.

1.2.3 Strategy

Ever since its formation, and notably since the launch of its Mobile business, the iliad Group has always placed network rollouts – and therefore regional digital development – at the heart of its strategy.

Whenever it has entered a market – the French fixed-line market in 1999, the French mobile market in 2012, and then the Italian mobile market in 2018 – the Group's competitors have always been well established operators or players with far more resources than its own. The acquisition of Play in Poland was another major milestone for the Group, as it was its largest-ever acquisition and marked its entry into a new country. The subsequent acquisition of UPC Polska, which closed on April 1, 2022, was a further demonstration of the Group's firm foothold in Poland. In order to win subscribers and carve out long-term positions in its markets, the Group adopts an assertive competitive strategy based on innovation and differentiation through its pricing and services. To reach its objectives, the Group must be independent and therefore keep the highest possible level of control over its networks.

For these reasons, iliad has structured its business strategy around three pillars, which have been the keys to its success:

Control over networks

In both the fixed and mobile sectors, being in control of the network and related costs is essential for maintaining commercial autonomy and therefore being able to propose differentiated service offerings and effectively manage the profitability of those offerings. This in turn boosts margins and cash flows. For all these reasons, the Group is still actively working on unbundling the copper local loop, participating in the rollout of Ultra-Fast Broadband access, mainly in France and Poland, and deploying its proprietary mobile networks in France, Poland and Italy.

Unbundling (in France only)

The Group unbundled its first distribution frame in 2002 and now covers over 90% of the population. This unbundling strategy is not just directed at the most densely populated – and therefore the most profitable – areas. Instead, the Group has unbundled the loop right up to the smallest frames, enabling less populated areas to have triple-play services and fast Internet access via VDSL. Through this strategy, the Group has demonstrated its long-term commitment to regional development and bridging the digital divide.

Fixed Ultra-Fast Broadband

Optical fiber – which has long been used by electronic communications operators for long-distance links – has established itself as the fastest, most reliable and most powerful transmission technology available. It enables data to be transmitted at the speed of the light signal passing through the fiber and therefore offers speeds of several hundred Mbps and even much more. It is the use of this technology that has driven the surge in Internet usage worldwide. An optical fiber network with high upload and download speeds enables a variety of multimedia services to be used simultaneously.

iliad's FTTH rollout is a logical extension of its strategy of investing in the deployment of its own infrastructure with the aim of raising margins and profitability. The regulatory framework applicable to rolling out the optical fiber local loop differs depending on the geographic areas concerned.

Mobile

Just as in the fixed-line market, being in control of the mobile network is a sure way of achieving differentiation and longevity. It enables a player to be independent, directly manage its offerings and service quality, and be innovative and reactive.

In France, Free Mobile kept up the pace of its mobile rollouts in 2022, adding almost 2,200 new sites, which brought its total network to over 23,800 sites at the year end, giving 3G coverage to over 99.4% of the French population and 4G coverage to 99.2%.

In Italy, iliad Italia continued its deployments and finalized its network sharing agreement with Wind Tre in early 2023. Including the latter, iliad Italia's mobile network comprised 16,240 active sites as of January 3, 2023.

In Poland, Play continued to expand its geographic coverage, adding 804 new active sites and exceeding 10,000 active sites in the country (10,571).

Convergence

In 2022, the Group became convergent in each of its countries. When the Group launched its Mobile business in France in 2012, it leveraged synergies between its fixed network (particularly thanks to unbundling) and its mobile network, to create shared backhaul for the two networks, with the mobile sites connected to the copper network for traffic backhauling purposes. The rapid development of mobile Internet use via 4G, and the launch of 5G in late 2020 have rendered obsolete the backhaul of mobile traffic via wired links or terrestrial microwave links, as the bandwidth available is insufficient to provide a proper 4G service. As early as 2014, the Group started to connect up its antennae using dedicated fiber links between its mobile sites, and over 90% of its sites in very densely populated areas are now connected up to the fiber network. This strategy of combining the deployment of optical fiber (own network and/or co-financing) and the improvement of our mobile network capacity also applies in Italy and Poland.

Innovation

Innovation is deeply embedded in the iliad Group's corporate DNA. Since launching its very first fixed-line offer in France, it has stood out for its innovation capabilities.

Technical innovation

In France, the Group's first innovation was to choose to develop its own equipment for carrying and transmitting data (e.g., DSLAMs), as well as its own software and its own boxes. No other operator in the country has made this choice, which is radically different from the general model of using third-party OEMs for all types of equipment.

Thanks to this strategy, the Group has control over the technological solutions it uses and is free to change and develop them in line with the commercial and technical choices it makes. In France, control over its equipment enabled the iliad Group to integrate VDSL2 at no extra cost to subscribers and to equip all its DSLAMs with VDSL2 within a few months in 2013. And in 2018, Free was able to independently integrate 10G fiber technology into the Freebox Delta in France. The Group has also regularly incorporated new services into its fixed and mobile offerings (4G, FreeWifi, Femtocells, and more).

The Group's most visible and emblematic innovation is the triple-play box, which iliad invented. The Freebox not only enables the Group to develop its offering of added-value services and meet demand for new usages but also helps it stand out from the competition and foster subscriber loyalty.

In France in 2020, the Group launched the Freebox Pop, the eighth triple-play box since the first generation was launched in 2003. This box is aimed at optimizing the quality of connectivity within subscribers' households. Designed by iliad's R&D teams, the Freebox Pop offers a maximum theoretical download speed of 5 Gbps, fast, reliable, secure and highly user-friendly WiFi, plus a repeater (provided on request), which was also designed in-house and is extremely simple to configure. The launch of this box also boosted the appeal of the Freebox Delta, as Freebox Delta subscribers can have the Freebox Pop TV box at no extra cost (apart from the shipping costs for the box). With the Freebox Pop and the Freebox Delta, the Group has clearly demonstrated how it is staying ahead of the game in terms of product innovation, offering two of the boxes with the fastest speeds in the market. To develop synergies between countries, the same Freebox Pop was used to launch our Fiber offering in Italy, under the name iliadbox.

Sales and marketing innovation

The Group's second innovation is its sales and marketing model which allowed it to enter and become a major player in the fixed market in France. The Group has gained both fixed and mobile subscribers by offering straightforward, no-commitment plans that it constantly enriches with new services, a model that served as the basis for the launch of our operations in Italy.

In the Fixed Internet business, the Group regularly proposes new television services in its basic offering, has integrated VDSL 2 and Fiber at no extra cost, includes calls to certain destinations and much more. And in the Mobile business, it has broken away from the standard practice of the incumbent operators who make their plans more expensive whenever they add a new service. In France, the Group integrated 4G and 5G capabilities into its offerings at no extra cost, unlimited texts into the €2.00/month plan and roaming into the Free Mobile Plan. This same mindset enabled the Group to rapidly gain market share in Italy as a new entrant. The Group has also innovated in how it sells its mobile plans by launching the first SIM-card dispensers in France and Italy, which make it easy for subscribers to sign up and immediately receive the right SIM card for their phone.

Capital expenditure

The Group is leading a proactive capital expenditure strategy in every host community, with a focus on (i) strengthening its telecommunications operator capabilities (unbundling, building and co-financing FTTH networks, rolling out mobile networks in France, Italy and Poland and purchasing frequencies); (ii) deepening its commercial presence (through physical stores and SIM-card dispensers); (iii) improving its subscriber relations (by communicating through a variety of media including video calls and online support); and (iv) developing new products and services (such as the Freebox Delta and the iliadbox).

Thanks to this strategy, the Group:

- Has one of the largest IP networks in France, both in terms of coverage and traffic volumes.
- Is the leading alternative Fiber operator in France, with some 31 million connectible sockets at end-2022 and 4.6 million FTTH subscribers.
- Has accelerated its rollout in Italy on the back of resounding commercial success since it entered the market.
- Acquired UPC Polska and integrated an ambitious plan to roll out Fiber access and upgrade the coaxial cable network, to give Play all the resources it needs to become a leader in fixed/mobile convergence in Poland.

Stays on the lookout for acquisition opportunities to drive growth

Although internal growth remains at the heart of its strategy, the Group also has a targeted external expansion policy that it puts into action if opportunities arise in areas that are a strong fit with its existing business or would result in improved use of its network and/or expertise. In line with this approach, having made its formal entry into the Polish market with the completion of the acquisition of Play in 2020, the Group seized the opportunity to acquire one of Poland's major fixed Internet players, UPC Polska.

1.3 THE GROUP'S BUSINESSES

1.3.1 The Fixed business in France

1.3.1.1 Presentation of the Group's offerings

B2C offerings

At December 31, 2022, the Group offered three main fixed plans: the Freebox Revolution (€19.99/month for the first year, €44.99 thereafter), the Freebox Pop (5G-EPON connectivity, €29.99/month for the first year, €39.99 thereafter) and the Freebox Delta (10G-EPON connectivity, €39.99/month for the first year, €49.99 thereafter).

Depending on the eligibility of the subscriber's line, Free's offers are compatible with the various Broadband and Ultra-Fast Broadband delivery technologies, including FTTH, ADSL, VDSL2 and a 4G+ Box (€29.99/month). The Freebox Delta has an xDSL/4G function that enables the xDSL signal to be bonded with a 4G signal in areas with low speeds, so subscribers can have up to 10 times faster speeds than when using ADSL alone.

B2B offerings

The Group currently addresses the French B2B market through two business segments: Corporate Telecommunications Services (for very small businesses, SMEs and large corporations) and Cloud 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, which consist of providing physical space in a data center, as well as the associated electric capacity, in order to house bays and servers, and (iii) Public Cloud, which gives convenient, on-demand network access to a shared pool of configurable computing resources.

Since March 2021, the Group has served the B2B market under the dedicated Free Pro brand, with a Freebox Pro designed specifically to meet the needs of professionals and small and very small businesses at highly competitive fixed and mobile rates.

1.3.1.2 Manufacturing operations for the Fixed business

Freebox

The Group has chosen to develop its own Broadband and Ultra-Fast Broadband Internet upload and download equipment in-house in order to win as many new subscribers as possible in a competitive and growing market by providing differentiated service offerings. As a result of the technological resources of the development team at Freebox S.A.S. combined with an extremely selective purchasing policy, the Group has been able to optimize the cost of designing DSLAMs and a modem capable of meeting the high bandwidth requirements necessary to offer high value-added services. The use of both DSLAMs and modems developed by the Group's in-house teams enables iliad to provide its subscribers with a first-rate technical service offering, capable of transmitting bandwidth-intensive voice, data and audiovisual content simultaneously and over long distances.

Freebox DSLAMs

Freebox S.A.S has developed various transmission devices (DSLAMs) used by the Group for the ADSL, VDSL and fiber technologies that it proposes. These DSLAMs were designed to leverage the Free network, which uses only IP protocol, and accommodate the high bandwidth requirements of audiovisual services.

The Freebox modem

In 2001, the iliad Group invented the concept of the "box" – a multi-service modem box offering Internet access as well as telephony (VOIP) and television services (IPTV). Developed by iliad's in-house teams, the Freebox is an easy-to-install scalable modem with multiple functions that enables householders to converge their multimedia requirements.

Designed and developed by the Group's research and development teams, the Freebox modem includes components acquired from third-party suppliers and assembled by companies which are not part of the Group.

The Freebox is now in its eighth version and boasts a host of functions, some of which are exclusive to Free.

1.3.2 The Mobile business in France

1.3.2.1 Presentation of the Group's offerings

In 2022, the Group continued to focus on improving its subscriber mix by increasing the proportion of subscribers on the Free Mobile Unlimited 4G/5G Plan. This notably entailed keeping an intermediate plan, 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 plan varies depending on the period concerned, and for the 12 months of 2022 it ranged between €9.99 and €14.99 per month. At the same time, the Group pursued its proactive campaigns to migrate subscribers on the €2 plan to the unlimited 4G/5G Free Mobile Plan.

Mobile phones

The Group offers a selection of the latest mobile phones on the market. With a view to being as transparent as possible, Free offers 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.

1.3.2.2 Mobile network rollout operations

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

After being allocated 2 x 5 MHz (duplex) in the 900 MHz and 2,100 MHz frequency bands and 20 MHz duplex in the 2,600 MHz band when it launched its Mobile business in 2012, the Group then rounded out its portfolio in Metropolitan France in 2015 and 2016 by acquiring additional spectrum in several refarming processes carried out by ARCEP, and then in 2020 when it was allocated 5G frequencies in the 3.4-3.8 GHz band. At December 31, 2020, the Group had a total portfolio of 180 MHz (including 110 MHz duplex) with balanced coverage across Metropolitan France, enabling it to deliver high-performing services in 3G, 4G and 5G.

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% for 4G, and close to 88% for 5G). In the French overseas departments and territories (DOM-TOM), Free's mobile network, which was launched commercially in May 2022, comprised 110 active 3G/4G sites at end-2022.

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.

1.3.3 The Mobile business in Poland

1.3.3.1 Presentation of the Group's offerings

Since its acquisition of Play in November 2020, the iliad Group has been a major operator in the Polish telecom market. While primarily positioned in the B2C mobile market, with over 12 million active subscribers, Play has also been a fixed ISP since early 2020 through a white-label agreement with a cable operator. Since the acquisition, the Group has been providing mobile voice, SMS/MMS and data services in Poland to individuals, SMEs and other businesses via postpaid plans or prepaid cards. Its target subscribers are users on postpaid plans, which generate higher ARPU and lower churn than prepaid subscribers. The Group uses the "Play" brand in Poland for all of its services, the "UPC Polska" brand for certain broadband internet and TV services, and the Virgin Mobile brand for other market segments (Prepaid).

The Group constantly broadens its offerings in order to provide its customers with the highest quality services, solutions and devices,

In May 2022, the Group expanded its convergent offering with new options for Play and UPC customers. It also prepared new bundles that allow subscribers to pick and choose among telecom services to craft just the right solution at an attractive price.

1.3.3.2 Presentation of the Group's operations

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-2022	License expiration date
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 14.8MHz + 2 x 200kHz	Dec. 31, 2037
2.6 GHz	2 x 20 MHz	Jan. 25, 2031
TOTAL	**2 * 59.8 MHz + 2 x 200 kHz**	

Expansion of the mobile network in Poland

The Group continued to assertively roll out its own network throughout 2022 and by year-end had 10,571 base stations or 804 more than the year before. This gave it 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 has been broadened by the roaming services provided under an agreement with Orange (which was extended in 2021 until 2025).

In 2022, the network was upgraded to the 5G standard, operating on the current 2,100MHz 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 people living in Poland access to the latest technologies offered by Play.

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.

1.3.4 The Fixed business in Poland

1.3.4.1 Presentation of the Group's offerings

After becoming a major player in the Polish mobile market with the acquisition of Play in November 2020, the iliad Group is now a fully convergent operator following the acquisition of UPC Polska in April 2022. Since then, the Group has extended its fixed Internet services, built around three plans offering different download speeds (up to 300 Mbits/s, up to 600 Mbits/s and up to 1 Gbits/s) and different content (from 137 to 191 channels, access to Viaplay, 4K box, etc.).

1.3.4.2 Presentation of the Group's operations

At end-2022, the iliad Group addressed almost 5.2 million Polish households with its Broadband and Ultra-Fast Broadband Internet services. Of these, 3.8 million were addressed by UPC Polska's own network and 1.4 million through the Operational Program Digital Poland (POPC), which is supporting Poland's digital transformation by funding the rollout of a fiber-to-the-subscriber access network in medium and low-density areas.

On June 30, 2022, the iliad Group acquired a 92.5% stake in Warsaw-based Redge Technologies sp. z o.o., a leading provider of video distribution solutions in Eastern Europe, including Poland, since 2007. One of its flagship solutions is a technology platform that enables partners to create a wide range of streaming services, including OTT and IPTV solutions. The company also offers cybersecurity solutions.

1.3.5 The Mobile business in Italy

1.3.5.1 Presentation of the Group's offerings

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

In May 2018, iliad Italia originally launched a single plan costing €5.99 a month (unlimited calls and text messages, with 30 GB/month of data in Italy and 2 GB/month in Europe) plus a €9.99 SIM card activation fee. Since then the company has developed its offering and at end-December 2022 it had four mobile plans (not including promotions) ranging from €4.99/month for 40 MB of data and unlimited calls and text messages to €13.99/month for 300 GB of data (5G included, data offer only) and unlimited calls and text messages.

The Group's Italian offering also includes a selection of the latest Apple iPhones (iPhone 14, 14 Plus, 14 Pro and 14 Pro Max among others). With a view to being as transparent as possible, iliad Italia offers 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.

1.3.5.2 Presentation of the Group's operations

In November 2016, the Italian authorities authorized the transfer of the various frequencies covered by the agreement. This gave iliad a balanced portfolio of 35 MHz duplex frequencies in Italy, comprising:

- 5 MHz duplex in the 900 MHz band.
- 10 MHz duplex in the 1,800 MHz band.
- 10 MHz duplex in the 2,100 MHz band.
- 10 MHz duplex in the 2,600 MHz band.

The purchase price of this portfolio of frequencies was set at €450 million, which was paid in installments between 2017 and 2019.

In addition:

- In the second half of 2017, the Group paid €220 million to the Italian government in connection with the process of refarming 1,800 MHz frequencies and extending their licenses until 2029.
- As from 2021, the Group will pay €300 million to the Italian government in eight annual installments for extending the licenses for 900 MHz and 2,100 MHz frequencies until 2029. In October 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 and the Group was allocated the following (for a total of €1,193 million):
  - 10 MHz in the 700 MHz band.
  - 20 MHz in the 3.6-3.8 GHz band.
  - 200 MHz in the 26.5-27.5 GHz band.

These frequency purchases were in line with iliad Italia's aim of strengthening its portfolio in order to pursue its innovation drive, rapidly develop a 5G offering and meet the rising demand for bandwidth in Italy.

	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 accordance with the rules set for the spectrum auction and pursuant to Italy's 2018 Finance Act (L. 205/2017), the purchase price for the 5G frequencies is payable in installments over the period 2018-2022 as follows:

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

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 own mobile network in Italy. On January 1, 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 3, 2023, following completion of the network-sharing agreement with Wind Tre, 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 6,700 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 Wind Tre. This sharing network covers more than 6,700 mobile sites located in non-densely populated areas.

In addition to its own network, since 2016 iliad Italia's traffic has also been carried under the MOCN agreement with Wind Tre. This technical solution for connecting up Wind Tre 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 agreement offered nationwide coverage, but since January 3, 2023, it only applies to areas outside the scope of the RAN-sharing agreement.

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

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.

1.3.6 The Fixed business in Italy

1.3.6.1 Presentation of the Group's offerings

On January 25, 2022, iliad Italia launched its entirely FTTH-delivered B2C solution based, as in France, on attractive, simple, transparent pricing. At launch, the solution was offered at €23.99/month for speeds of up to 5 Gbps download and up to 700 Mbps upload, with a special €15.99/month offer for iliad Italia mobile subscribers. It included a fixed phone line offering unlimited calls to fixed-line and mobile numbers in Italy and to fixed numbers in more than 60 countries. At end-2022, the price of iliad Italia's Fiber plan was €24.99/month, or €19.99/month subscribers to iliad Italia mobile's €9.99/month offer.

1.3.6.2 Presentation of the Group's operations

iliad Italia decided to offer only FTTH connections based on its wholesale access agreement with Open Fiber (OF), which enabled it to install its own equipment, where possible, in the passive network's optical node to offer 5 Gbps download.

The FTTH solution is supported by an iliadbox, the Italian version of the Freebox router developed entirely in-house and WiFi 6-enabled. In January 2023, 8.1 million households were addressed by iliad's fixed-line network. At the beginning of 2023, the company launched its commercial offers on FiberCop's network and iliad Italia is currently working on the implementation of its other commercial agreement with Fastweb. iliad Italia expects to reach a total coverage of more than 10 million households during 2023.

1.3.7 Subscriber relations and physical distribution network in France

1.3.7.1 Support services and subscriber relations

The Group's fixed-line and mobile subscribers in France are provided with technical support and after-sales services through a telephone helpdesk platform run by iliad subsidiaries. iliad constantly focuses on strengthening and training its technical and after-sales support teams, developing new systems to optimize the services provided to subscribers, and enhancing subscriber relations.

Subscribers can contact the Group through a 7/7 phone service for help and support with sales or technical issues, or by email, fax, chat and regular mail, as well as via social media, forums and newsgroups, by video call using the Face to Free app, or in person at a Free Center or through the Free Proxi service (see below). Our video call assistance service is also available in sign language. In addition, subscriber requests can be submitted via the support pages and online help module on the Assistance website, where new FAQs, videos and tutorials are posted on a daily basis. Similarly, we have set up a YouTube channel with regularly updated video tutorials.

As well as these services, the SRD provides an online support service through the Free and Free Mobile websites, showing replies to user FAQs and via which subscribers can address questions directly to the support team via email or chat.

To assist subscribers across France, Free created Free Proxi, a support service delivered by small, locally based teams of 8 to 10 Free advisors, who are readily available online to answer any questions about Freebox and Free Mobile plans. Thanks to their local presence, the Free Proxi teams have detailed knowledge of their region's fixed and mobile network infrastructure. They can easily troubleshoot possible incidents, and even go directly to the subscriber's home to restore service or replace a device. In this way, subscriber issues can be handled from start to finish by the same team, and sometimes by the same advisor. Free Proxi is included in all the Free plans. As soon as they are eligible, subscribers contacting support are put in touch directly with their Free Proxi team. They can directly access their advisors in their subscriber area via the mobile app or online, or else by phone at 3244. Available seven days a week from 8am to 9pm, Free Proxi teams are committed to offering subscribers a solution within 15 minutes. Launched in late 2019, Free Proxi is already staffed with 67 local teams based throughout France, covering 25% of its 21 million fixed-line and mobile subscribers. The goal is to have 150 local teams in place by the end of 2023, covering 50% of the subscriber base.

1.3.7.2 The Free Center retail network

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

1.3.7.3 Self-service kiosks with SIM-card dispensers

The Group's research and development teams have devised self-service kiosks for mobile subscriptions with integrated SIM card dispensers. The kiosks, which are fully automated and can be used to take out a subscription or change a SIM card in minutes, are enabling the Group to expand its physical presence throughout France. They are being deployed in partnership with the Maison de la Presse, Mag Presse and Fnac-Darty network. At December 31, 2022, the Group had nearly 2,000 such kiosks in Metropolitan and overseas France.

1.3.8 Subscriber relations and physical distribution network in Poland

1.3.8.1 Support services and subscriber relations

The overriding objective of the subscriber support services is to reduce churn by fostering the most satisfying customer experience possible. Our priorities are to process subscriber requests quickly, to ensure that our subscriber relationship employees have the right skills, to resolve problems at first contact whenever possible and to make our services easy to use. We have a 7/7 hotline that subscribers can call for business or technical issues, staffed with employees based in several different regions.

We offer multi-channel access, enabling subscribers to contact us by phone, email or regular mail, as well as via our directly managed app and social media.

1.3.8.2 Physical distribution network

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

1.3.9 Subscriber relations and physical distribution network in Italy

1.3.9.1 Support services and subscriber relations

The Group's mobile subscribers in Italy are provided with technical support and after-sales services through a telephone helpdesk platform run by Group service providers. iliad Italia constantly focuses on strengthening and training its technical and after-sales support teams, developing new systems to optimize the services provided to subscribers, and enhancing subscriber relations. The main objectives of the Subscriber Relations Department (SRD) are to ensure best-in-class service quality and high subscriber satisfaction rates, effectively and efficiently manage the number and length of calls as well as repeat calls, optimize the call handling process, strengthen career development measures for staff and apply them consistently across the various subscriber support sites, and lastly, launch new projects and concepts.

Subscribers can contact iliad Italia via a 7/7 phone service for help and support with either sales or technical issues, and an online support service is also available on iliad's website. This service provides responses to user FAQs and allows subscribers to address questions directly to the support team.

iliad's Subscriber Relations Department can be contacted by phone or regular mail or via social media (Facebook, Twitter and Instagram). Social media contacts are managed entirely in-house in almost real time in the aim of giving subscribers fast, competent answers to technical and sales queries. The Social Media team operates via a technological platform that agents can use to track and classify each query handled in order to improve self-assistance functions and automated processes and therefore enhance subscriber satisfaction. Service quality is assessed by subscribers themselves via questionnaires sent out at the end of each call or other form of contact with the Subscriber Relations Department. Maintaining high quality services is the support service's primary objective and is a means for iliad to stand out from its competitors in the Italian telecommunications market in terms of customer satisfaction and recommendations. Each query handled by the SRD is regarded as a way of creating close subscriber relations and enhancing the processes and services delivered.

All of the above measures contribute to the Group's overall objective of continuously building on the services offered to subscribers in order to effectively meet their current requirements while anticipating what they might need in the future. With the same aims in mind, the Group's internal processes (related to subscriber recruitment, incident tracking, service utilization, etc.) are regularly reviewed in order to make sure they are always straightforward and easy to use for subscribers.

1.3.9.2 Physical distribution network

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, through which users can take out their mobile plan online and receive their SIM card at home by mail.

1.4 A NETWORK SERVING THE GROUP'S INTERNET AND TELEPHONY OPERATIONS

In line with the strategy described in Section 1.2.3 above, the Group has a focused, proactive policy of investing in its own networks in France, Poland and Italy, in order to offer subscribers optimal connectivity.

The Group's networks are based on:

- Backbone transmission infrastructure in all of its host countries.
- Local fixed loops obtained through unbundling and the fiber rollout (only in France at this stage).
- Rollouts of mobile networks in all of its host countries.

1.4.1 Backbone transmission infrastructure

1.4.1.1 Backbone transmission network technology

France

The Group's backbone transmission network is entirely built with optical fiber. Its optical communications technology is based on the Dense Wavelength Division Multiplexing (DWDM) technique which enables several wavelengths to be carried on the same optical fiber. Using the optical transmission equipment set up by the Group, every wave carries a signal at a very high speed (10 Gbps and 100 Gbps), and at least 32 different waves can be carried on the same optical fiber. This means that each link has a capacity of several hundred Gbps, which can be considered as practically an "infinite" transmission capacity.

The Group has full control over its transmission capacities as it has built or leased the sections of dark optical fiber it requires (see below) and operates its transmission equipment itself thanks to its investments in multiplexers.

Italy

As part of its business development project in Italy, the Group has rolled out an optical fiber backbone network that connects up Italy's main towns and cities between themselves and to the Group's principal mobile network centers located in Milan and Rome. The network set up in Italy is interconnected at different points to the Group's long-standing backbone network in France.

Poland

Play's transmission network is based on high-capacity (100 GE/10 GE/1 GE) redundant IP/MPLS connections, which offer fast speeds, low latency and high network stability. The link aggregation comprises four regional networks, with each regional network carrying voice traffic, text messages and data across two inter-connection points. Each main town or city has its own metropolitan network which uses redundant dark fiber networks to ensure it can handle peaks in traffic flows.

1.4.1.2 Ownership of the network

In the Group's three host countries, the network is partly owned under IRU (Indefeasible Rights of Use) contracts. Under these long-term agreements, the Group has acquired the indefeasible right to use the fibers for a given period, without having to obtain any right-of-way easements. The sections of the network that are not covered by such agreements can be either leased or owned outright, notably following joint construction projects undertaken with private operators or local authorities.

1.4.2 Fixed-line networks and local loops

1.4.2.1 Interconnection architecture between the Group's network and the incumbent operator's network in France

In order to interconnect to the incumbent operator's network in a given trunk exchange area, the Alternative operator must install a physical connection from a point-of-presence (POP) to a switch located in one of the incumbent operator's 18 digital main switching units.

The Alternative operator may also connect to the lowest hierarchical level of switches installed on the network, i.e., the digital local exchange, which is the switch closest to the user.

In turn, each user of the incumbent operator's fixed-line telephone services is connected to a digital local exchange by means of a local concentrator.

In view of the high density of the Group's network, it is directly connected to almost all of the incumbent operator's digital local exchanges in Metropolitan France.

1.4.2.2 Local loop unbundling in France

The local loop is the part of the network located between the telephone socket on the subscriber's premises and the main distribution frame (or local concentrator) to which the subscriber's line is connected.

The incumbent operator must, upon request, provide any Other Licensed Operator (OLO) with direct access to the local loop. This access, which is referred to as unbundling, allows the OLOs to control access to their subscribers by operating their own equipment.

In an unbundled system, the copper pair (the part of the subscriber's line which connects the subscriber to the closest digital local exchange) is not connected directly to the equipment managed by the incumbent operator, but rather to an ADSL/VDSL line concentrator (also called a DSLAM) installed in colocation facilities or dedicated spaces provided for this purpose in the incumbent operator's exchanges and managed by the operator chosen by the subscriber.

Local loop unbundling enables OLOs to become largely independent from the incumbent operator's network. The recurring charges payable to the incumbent operator relate primarily to the rental of the copper pair, the splitter (only for partial unbundling) and the copper tie cable linking the subscriber's modem to the operator's DSLAM.

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. It is continuing to extend its unbundled covering by opening new subscriber connection nodes across France. 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 fastest possible speeds on the copper local 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.

Operating costs and capital expenditure by subscriber

Both operating costs and capital expenditure differ significantly between Option 1 and Option 5.

The main costs that the Group capitalizes for Option 1 relate to the following:

- The boxes provided to subscribers.
- Fees billed by the incumbent operator for access to unbundling services (also known as cabling costs or access fees).
- 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.

1.4.2.3 Rollout of Ultra-Fast fixed networks in France

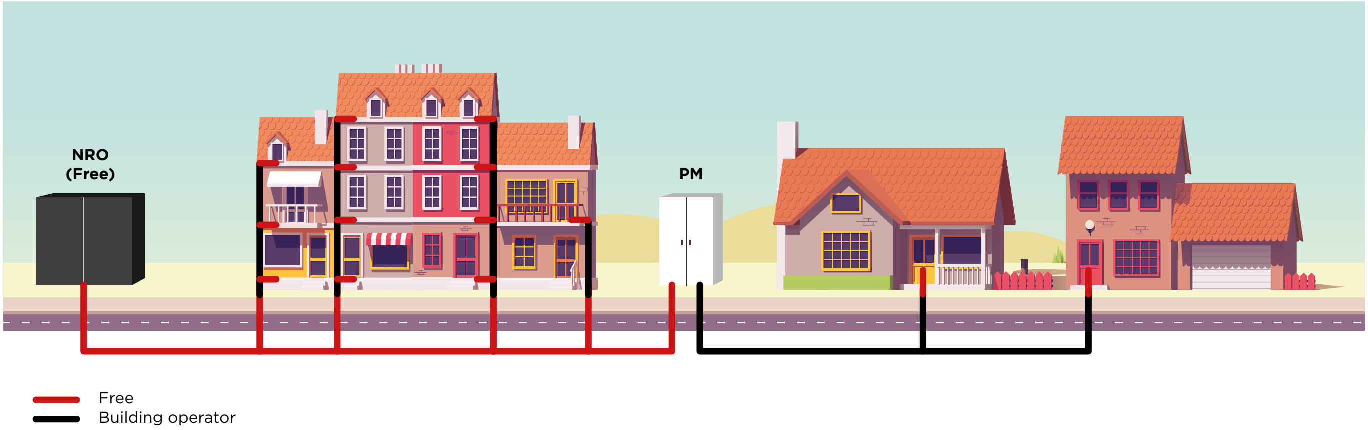
Optical fiber – which has long been used by electronic communications operators for long-distance links – has established itself as the fastest, most reliable and most powerful transmission technology available. It enables data to be transmitted at the speed of the light signal passing through the fiber and consequently offers speeds of several hundred Mbps or even much more. It is the use of this technology that has driven the surge in Internet usage worldwide. An optical fiber network with high upload and download speeds enables a variety of multimedia services to be used simultaneously.

The Fiber rollout is a logical extension of iliad'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.

Rollout of optical fiber local loops in very densely populated areas (approximately 7.7 million lines)

In decision 2013-1475 dated December 10, 2013, ARCEP issued a list of 106 municipalities that it 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.



In view of the above ARCEP decision, the Group is 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 consist 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 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-home 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.

Rollout of optical fiber local loops outside very densely populated areas

Outside very densely populated areas, in order to optimize fiber rollouts and operators' capital expenditure, the applicable regulatory framework (as defined in ARCEP decision 2010-1312 dated December 14, 2010), provides for more extensive infrastructure sharing as it requires the operator that is rolling out the network to create shared access points located outside private 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) in the rest of France

FTTH networks are rolled out in PIN areas in a number of ways, which may require entering into agreements with the public bodies in charge of rolling out the networks or with the private entities that market them.

Strategic partnership with InfraVia

The Group was the first operator, as of August 2012, to (i) take up the incumbent operator's third-party operator access offer for its FTTH lines outside very densely populated areas and (ii) undertake to co-finance the FTTH network in certain urban areas proposed by the incumbent operator. Since 2017, it has also entered into several framework agreements in areas covered by PINs, with the operators marketing FTTH lines in those areas (Axione, Orange and Covage, for example) as well as directly with a number of public bodies (including Auvergne Très Haut Débit, Vendée Numérique and many others).

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 Group), dedicated to co-financing the creation of new fiber 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.

Fiber progress report at December 31, 2022

As in 2021, the Group's volume of fiber rollouts was very high, 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 more than 22,000 municipalities, compared with 14,200 at end-2021.
- The FTTH subscriber base grew by 23% over the year, reaching 4.66 million at December 31, 2022, corresponding to 885,000 net adds. This steady rise in the fiber penetration rate (up 10 points in the space of a 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.

1.4.2.4 Rollout of Ultra-Fast fixed networks in Poland

At end-2022, the iliad Group addressed almost 5.2 million Polish households with its Broadband and Ultra-Fast Broadband Internet services. Of these, 3.8 million were addressed by UPC Polska's own network and 1.4 million through the Operational Program Digital Poland (POPC), which is supporting Poland's digital transformation by funding the rollout of a fiber-to-the-subscriber access network in medium and low-density areas.

On June 19, 2022, iliad Group and InfraVia Capital Partners, an independent private equity firm specializing in infrastructure and technology investments, signed an agreement paving the way for providing access to high-speed connectivity to several million homes in Poland, using existing infrastructure and through further significant investments. The network will be available to all telecommunication operators in a wholesale, open-access model. Under the preliminary agreement, which is subject to regulatory approval, InfraVia Capital Partners will acquire 50% of the shares in the Play Group's operating subsidiary. The subsidiary will seek to build more than two million additional fiber optic connections and make its network infrastructure available to other telecommunications operators (including Play and UPC) in an open and non-discriminatory access model, to maximize take up of the built infrastructure by consumers.

1.4.2.5 Rollout of Ultra-Fast fixed networks in Italy

In Italy, 2022 was shaped by the January launch of iliad's B2C fiber-to-the-home offerings. iliad decided to offer only FTTH connections based on its wholesale access agreement with Open, which enabled iliad Italia to install its own equipment, where possible, in the passive network's optical node. At end-2022, 8.1 million households were covered by iliad's fixed-line network. At the beginning of 2023, the company launched its commercial offers on FiberCop's network and iliad Italia is currently working on the implementation of its other commercial agreement with Fastweb. iliad Italia expects to reach a total coverage of more than 10 million households during 2023.

1.4.3 Rollout of 3G/4G/5G mobile networks

1.4.3.1 France

Free Mobile's Mobile network is built on a backbone that is shared with the Group's Fixed network. This backbone is a national network of optical fibers lit by transmission equipment. This physical layer is the basis of iliad's national IP network in France.

The majority of Free Mobile's mobile masts are fiber-connected in order to minimize data flow capacity constraints and maximize the speeds offered to subscribers.

Free Mobile launched its first 3G plans in 2012 and now 4G has been widely deployed across all of its mobile sites, giving it 4G population coverage of 99.2%. The Group began marketing 5G in December 2020 and it has been activated on the vast majority of its mobile sites, giving the Group the largest 5G network in France.

Free Mobile's 5G network is initially being grafted onto its 4G network via a Non Stand Alone ("NSA") architecture, enabling the rapid rollout of 5G but with functions that continue to be 4G driven. 5G technology is being deployed using several different frequency bands to provide ultra-high speeds and wide coverage. In the second phase, when the equipment is ready and the 5G mobile network is sufficiently deployed and adopted, the architecture will be upgraded to a Stand Alone ("SA") structure so that it can offer all the functionalities of 5G technology.

In the second half of 2021, Free Mobile opened the Voice over 4G service, also known as VoLTE, which improves voice quality and reduces call connection times. In first-half 2022, it opened the voice over WiFi service.

Pursuant to the roaming agreement signed with France's incumbent operator, the Free Mobile network is interconnected with the Orange mobile network at four points for voice and two points for data. These interconnections between the Free Mobile and Orange France networks are necessary for carrying traffic (data, voice, text messages etc.) of subscribers in the remaining areas where the Free Mobile network rollout has not yet been completed. So that Free Mobile's 4G subscribers only have to make minimal use of roaming, the Group is continuing to roll out a large number of new mobile sites. Also, up until February 2020 it deployed functionalities allowing a 4G/5G mobile to re-select Free Mobile's network as soon as the Free Mobile 4G/5G coverage was available.

These efforts helped to drive steady performance improvements in the Free Mobile network, as evidenced in ARCEP's 2022 quality of service survey and the 2022 NPERF mobile Internet survey, which ranked Free Mobile as the leading alternative mobile operator.

1.4.3.2 Italy

Since late 2016 and the signature of the agreement with the Hutchison and VimpelCom groups, iliad has been rolling out its mobile network in Italy, which notably involves:

- Rolling out the core network and interconnections with Wind Tre to manage traffic under the selected MOCN (MultiOperator Core Network) solution. This technical solution for connecting up Wind Tre's radio equipment to the Group's core network creates a more effective and optimal flow of traffic between the two networks compared with a more "conventional" roaming solution.
- Putting in place a local team for overseeing the deployment of the network of mobile sites, using (i) sites that Wind Tre is scheduled to transfer to iliad Italia under agreements signed in July 2016, and (ii) sites made available by major tower companies and other lessors in Italy.
- In addition to 5G coverage on 700 MHz using the 3.6 GHz frequency band, with the deployment of several hundred sites despite the difficulties caused by the legal limits on electromagnetic emissions in Italy.
- Leveraging synergies with the iliad Group by involving the French technical and operations teams (notably for network management and information systems) and drawing on the infrastructure and platforms already deployed in France that can be shared with the Italian business.
- Building the operational skills of the teams in Italy so they can operate the network with the support of the Group's teams.

1.4.3.3 Poland

The Group continued to assertively roll out its own network throughout 2022 and by year-end had 10,571 base stations or 804 more than the year before. This gave it 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 has been broadened by the roaming services provided under an agreement with Orange (which was extended in 2021 until 2025).

In 2022, the network was upgraded to the 5G standard, operating on the current 2,100MHz 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 people living in Poland access to the latest technologies offered by Play.

1.4.4 Real estate

For the purpose of its FTTH rollouts in France, the Group acquires, either directly or under finance leases, premises to house optical nodes (ONs). The majority of the premises used by the Group are occupied under long-term lease agreements entered into with third parties, and are principally located in the Paris area.

For further details on the Group's real estate see Note 19 to the 2022 consolidated financial statements in Chapter 6 of this Universal Registration Document.

1.5 RESEARCH AND DEVELOPMENT

1.5.1 Research and development

The Group devotes significant resources to creating innovative products and services within the information and communication technologies sector. Its research & development ("R&D") policy is structured around two main objectives: (i) offering differentiated services to subscribers thanks to dedicated equipment, and (ii) reducing costs relating to the construction and operation of its network.

It is with these objectives in mind that the Group develops new generations of Freeboxes that incorporate the latest technical innovations, and is deploying innovative xDSL, fiber and mobile network equipment.

The Group also intends to continue its in-house development for the architecture of the equipment used both in the operation of its networks and the provision of services to its subscribers, as well as for the Linux-based software applications that are used by all Group companies.

1.5.2 Intellectual property

Patents

At the approval date of this Universal Registration Document, the Group had filed 43 patent families in the areas of optical fiber, multimedia flow distribution, PLC data transmission, femtocell boxes and hosting servers.

1.6 REGULATORY FRAMEWORK

The Group's business activities are subject to legislation and regulations governing the electronic communications sector and the information society in France, Italy and Poland and the European Union as a whole.

1.6.1 Regulation of electronic communications networks and services in France

The regulatory framework for electronic communications

The majority of the regulatory provisions applicable in France to the telecommunications sector are contained in the French Postal and Electronic Communications Code (CPCE). This Code sets out the applicable formal legal framework and transposes the related European Union (EU) Directives into French law. The European Electronic Communications Code[(1)] was transposed into French law by Act No. 2020-1508 of December 3, 2020[(2)] and government order no. 2021-650 of May 26, 2021, supplemented by regulatory provisions.

In 2022, Regulation (EU) 2022/612 on roaming on public mobile communications networks within the European Union extended for 10 years both the abolition of the retail roaming charges rule (also known as the "roam like at home" rule) and the wholesale price cap mechanism (while further lowering the caps). The regulation also adds provisions aimed at maintaining the quality of roaming services and various obligations concerning transparency and information for roaming customers with regard to emergency and value-added services.

(1) Directive (EU) 2018/1972 of the European Parliament and of the Council of December 11, 2018 establishing the European Electronic Communications Code.

(2) Act no. 2020-1508 of December 3, 2020 containing various provisions for adapting to European Union law in economic and financial matters.

Asymmetric regulation

The analysis of markets is the cornerstone of the asymmetric regulation framework applicable to operators that occupy a dominant market position. *Ex-ante* asymmetric regulation is focused on market segments – mainly wholesale markets – in which distortion of competition and dominant market positions have been identified. Arcep is required, under the supervision of the European Commission and on the recommendation of the French antitrust authorities, to (i) define the relevant markets applicable in France, (ii) analyze the relevant markets and identify companies which have significant market power in these markets, and (iii) decide whether or not to impose on these companies regulatory obligations commensurate with the competition problems identified.

Descriptions of each market analyzed during each phase of the process, along with a table tracking market developments, can be found on ARCEP's website. The main ARCEP decisions currently in force that are relevant to the iliad Group are the following:

- The regulation of fixed and mobile call termination: since July 1, 2021, fixed and mobile call termination charges have been regulated by the European Commission with the same rules applying to all EU operators. The Commission sets the applicable price caps based on recommendations issued by the Body of European Regulators for Electronic Communications (BEREC).
- The regulation of wholesale Broadband and Ultra-Fast Broadband markets: unbundling in these markets is now regulated by ARCEP decision 20-1446 dated December 15, 2020 concerning (i) the definition of the relevant market for wholesale access provided at a fixed location; (ii) the designation of an operator that exercises significant power within this market; and (iii) the obligations imposed on said operator in this market. Bitstream offerings are regulated by decision 2020-1447 dated December 15, 2020 concerning (i) the definition of the relevant market for wholesale bitstream access offers for Broadband and Ultra-Fast Broadband delivered at the sub-national level; (ii) the designation of an operator that exercises significant power within this market; and (iii) the obligations imposed on said operator in this market.

  Two public consultations opened by ARCEP in the first quarter of 2022: the first concerned the formalization of the Orange "copper local loop switch-off" plan and the second a possible increase in the copper local loop access price cap (unbundling fee) over the next few years. Both consultations stemmed from the decisions issued based on the current market analysis cycle. In its 2020-1446 market analysis, for example, Arcep included a review clause allowing for "an upward revision of prices if the incumbent operator presented a clear, tangible plan to switch off the copper network, and depending on the guarantees that it could provide regarding the speed of transition from copper to fiber." In the wake of this second consultation, ARCEP submitted additional questions to Orange concerning its switch-off plan, requesting details and supplementary information on its initial plan. In addition, the regulator decided not to increase the unbundling fee for the 2022-2023 period. In decision 2020-1493, ARCEP capped the price for the rental of copper pairs from the incumbent operator at €9.65 per month for the period from 2021 to 2023.

  The price cap was increased to €10.04 per month from April 1, 2023 further to decision 2023-0695 to take into account changes in taxation on the copper pair;
- The regulation of the wholesale Broadband and Ultra-Broadband markets and the regulation of the wholesale access to physical civil engineering infrastructure for the deployment of electronic communications networks: in 2022, ARCEP launched the process to review regulatory changes to its asymmetric market analysis decisions (2020-1445, 2020-1446 and 2020-1447). A "Scorecard and Outlook" public consultation was held in summer 2022, followed by a public consultation on the proposed regulatory changes for the 2024-2028 cycle. The Authority has identified several objectives in the coming cycle for the copper loop and civil engineering infrastructure: (i) maintaining satisfactory quality of service on the copper network until switch off; (ii) ensuring that professionals and businesses can switch to fiber under the right technical and pricing conditions; and (ii) guaranteeing access to civil engineering infrastructure and related resources, so that the final stages of fiber deployment can be successfully completed. In the draft decision submitted for consultation, the Authority is considering reducing Orange's unbundling tariff obligations. This could result in rate increases, especially in areas where four operators market offers on FTTH. The French Competition Authority and the European Commission will be notified later in the year ahead of probable adoption at year-end. Until the new decisions are issued, the current framework remains in effect.

  In October 2021, Bouygues Telecom requested that ARCEP settle a dispute with Orange over the rules governing the refund of contributions to FTTH end-point connection set-up fees in very high-density areas. On April 23, 2022 (2022-0682-RDPI), the regulator ruled in favor of Bouygues Telecom and ordered Orange to amend its contract so that the contributions are refunded when the line is canceled by the "outgoing" commercial operator and not when the line is taken over by the "incoming" commercial operator. However, ARCEP did not agree with Bouygues Telecom on the requested refund calculation method, which will need to be determined by negotiations between the parties. This decision, whose application is limited to very high density areas, will have a major impact on the economics of FTTH end-point connections and could set a precedent for resale right refunding procedures in other areas of the country. Given the financial stakes involved, it is likely that the decision will lead to litigation in other administrative jurisdictions in 2023.

  Note that iliad Group subsidiary Free was a party in a dispute that was settled by ARCEP in 2020.

By way of decision 2020-1498-RDPI (published on the Arcep website), Arcep settled a dispute between Free and SFR FTTH concerning certain aspects of the co-financing agreement between the two parties relating to FTTH lines deployed by SFR FTTH in medium-populated areas of France ("AMII areas"). The dispute involved the security of the rights granted to Free in return for its co-financing obligations, tariffs, and changes in pricing over time. ARCEP's decision was mainly in Free's favor, but it was appealed by SFR FTTH. The appeal was heard in November 2022 by the Court of Appeals, which is expected to issue its ruling in late May 2023.

Symmetric regulation

ARCEP also regulates in a "symmetric" way, i.e., by imposing the same obligations on all operators, using the regulatory powers vested in it by law. The decisions it makes in terms of symmetric regulation are approved by the French Minister for Electronic Communications. FTTH networks are regulated in a symmetric way.

For the optical fiber networks located in France's 148 most densely populated municipalities, ARCEP decision 2009-1106 regulates access to the terminal section of networks installed by operators in the risers of buildings. If they so wish, operators can co-invest in networks installed by other operators and can ask to have access to a dedicated fiber. ARCEP decision 2013-1475 dated December 10, 2013 amended the list of very densely populated municipalities that was originally defined in decision 2009-1106, reducing their number to 106. On January 11, 2014, ARCEP issued a recommendation concerning fiber rollouts for small buildings with fewer than 12 premises in very densely populated areas. For these buildings ARCEP recommends rollouts from shared access points comprising around 100 single-fiber lines located outside the private property line, using a point-to-point architecture.

ARCEP decision 2010-1312 of December 14, 2010 sets out the terms and conditions for access to ultra-fast optical fiber electronic communications lines in those parts of France other than very densely populated areas. Under this decision, operators are required to establish shared access points that are sufficiently large to enable other operators to gain access at reasonable prices. It also requires operators rolling out a network to store the active or passive network devices of other operators (such as street units, shelters, etc.) at those shared access points.

In 2015, ARCEP adopted decision 2015-0776 of July 2, 2015 related to the technical and operational processes for sharing ultra-fast optical fiber electronic communications networks. The aim of this decision is to create a regulatory framework for and to standardize the processes concerning (i) the provision of information prior to fiber rollouts (relating to rollout plans, which buildings are included in the rollouts, eligible premises, etc.) and (ii) the delivery of optical routes by building operators. The provisions of the decision came into effect in three phases, with the last phase taking place in mid-2017.

By way of decision 2020-1163 of October 22, 2020, ARCEP set the rate of return on capital employed to be used for calculating the costs and controlling the pricing of regulated fixed and mobile operations. This rate has been 4.8% (pre-tax) since 2021.

On June 24, 2018, ARCEP published a recommendation on the consistency of FTTH network rollouts and the completeness of the rollouts in the operators' coverage areas. In late 2018 ARCEP launched legal procedures against several operators, including the iliad Group, on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code, relating to the non-completeness of their FTTH rollouts outside very densely populated areas. The procedure against the iliad Group concerns rollouts launched in all or some of a dozen municipalities outside very densely populated areas. On September 13, 2019, ARCEP issued decision 2019-0939-RDPI which gave notice to Free Infrastructure to comply with its obligations in terms of the completeness of FTTH rollouts outside very densely populated areas, and providing information to third-party operators about the fiber connections up to and around certain buildings.

Lastly, as part of its 2020-2023 market analysis cycle, on December 8, 2020, ARCEP issued decision 2020-1432, which consolidates ARCEP's various recommendations and makes all building operators subject to obligations of non-discrimination for operational and technical issues. The decision also introduces restoration time guarantees for FTTH networks and sets out accounting disclosure requirements for operators.

As part of the aforementioned market analysis review cycle, ARCEP also consulted industry stakeholders on the current symmetric FTTH regulatory framework. For ARCEP, the main challenge for the symmetric framework is to ensure that FTTH networks "are capable of fulfilling their function as the standard fixed line infrastructure." It therefore questioned the effective ability of fiber networks to take over from Orange's copper network. The Authority believes that migrating users from one network to the other is a core issue and can be carried out smoothly only if Orange provides other stakeholders visibility on the process of switching off the copper network. At a time of massive capital expenditure committed to co-finance the very long-term use of FTTH networks, the iliad Group's contribution to the public consultation defended the benefits for the industry of a stable, predictable symmetric regulatory framework. In 2023, ARPEC will therefore have to clarify whether it plans to change its symmetrical framework or whether it prefers to maintain it over the coming cycle. Pending this decision, the regulatory framework remains unchanged.

Roaming and shared use of mobile networks

In Opinion 13-A-08 relating to the terms and conditions of mobile network-sharing and roaming, the French antitrust authorities recommended that the national roaming agreement between Orange and Free Mobile should not be extended beyond a reasonable timeframe. It also provided for a framework for sharing mobile networks (RAN sharing). This Opinion was opened up to consultation.

In early 2014, Bouygues Telecom and SFR signed a mobile network-sharing agreement for an area covering 57% of the mainland French population. Orange referred this agreement to the French antitrust authorities, challenging its content and applying for interim protective measures. The application for interim protective measures was rejected.

In accordance with France's economic reform law (the "Macron Act"), ARCEP was assigned the power to analyze the mobile network-sharing and roaming agreements in place in France, and to require amendments to be made to such agreements where necessary (i) in order to achieve regulatory objectives, or (ii) for the parties to the agreement to respect the terms and conditions of their licenses. Pursuant to this Act, in June 2016 ARCEP adopted a set of guidelines on roaming and mobile network-sharing, following which the operators made amendments to their agreements in force. Free Mobile stated that it would gradually reduce the peak speed for its roaming subscribers from 1 Mbps in 2017 to 384 Kbps in 2020. In 2020, it extended its roaming agreement until end-2022. To date, ARCEP has not itself amended any of the operators' network-sharing or roaming agreements, including after the extension of Free Mobile's roaming agreement. Following appeals by the operators SFR and Bouygues Telecom, in late-2021, ARCEP's decision not to require amendments to the roaming agreement between Free Mobile and Orange was upheld by the French Supreme Court (*Conseil d'Etat*).

In 2022, Free Mobile and Orange agreed to extend the roaming sunset period to 2025. In December 2022, the extension was approved by ARCEP in an opinion that may be appealed by other operators to the French Supreme Court.

In 2016, Free Mobile joined a program for mobile operators to provide 2G and 3G coverage in white spots, which gave Free Mobile 2G roaming and 3G and 4G RAN-sharing for the 2,400 legacy sites in white spots.

This program was replaced in early 2018 by a new governmental action plan called the "New Deal", under which France's four mobile operators undertook, among other things, to deploy 2,000 new sites in white spots and 3,000 sites in "gray spots" (areas only covered by certain operators). The aim of building the new sites in gray spots is to bring in the services of all operators. The operators have also undertaken to (i) provide better information to subscribers about sites with technical failures and (ii) to market a 4G fixed-line offering in areas where the fixed network is insufficient, and market a multi-operator indoor coverage offering. Free Mobile has published a list of its sites that are undergoing maintenance and has also published a fixed 4G offering.

These undertakings have been turned into binding commitments that are contained in the frequency licenses currently in force in Metropolitan France and will be included in the new licenses recently awarded and applicable until 2030. The new licenses were granted following a reallocation process carried out by ARCEP aimed at creating a more balanced split of frequencies between France's operators. The additional 3.8 MHz in the 900 MHz frequency band and 10 MHz in the 2021 band allocated to Free Mobile will become available on a gradual basis between 2021 and 2024.

In parallel with the launch of the New Deal, ARCEP's powers to impose sanctions, as provided in Article L. 36-11 of the French Postal and Electronic Communications Code, were strengthened under Act no. 2018-1021 of November 23, 2018, notably in relation to financial sanctions that can be imposed if operators do not comply with their coverage obligations.

During 2019, ARCEP launched legal proceedings against several operators, including the iliad Group, on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code, concerning compliance with their obligations under the New Deal.

Lastly, in June 2020, the iliad Group announced that it had formed a joint venture with the Digicel Group whose purpose is to hold the mobile network, i.e. infrastructure and active equipment, on behalf of the two groups in the Caribbean zone (Martinique, Guadeloupe, Saint-Martin and Saint-Barthélemy) and in French Guiana. ARCEP decided not to require any amendments to this agreement. This decision was appealed by Outremer Telecom to the French Supreme Court, which rejected it in June 2022.

Licenses to use frequencies in France

Licenses to use radio frequencies have been issued to the following Group subsidiaries:

- Free Mobile for 5 MHz in the 900 MHz band and 5 MHz in the 2,100 MHz band (ARCEP decision 2010-0043 dated January 12, 2010, amended by decision 2018-068 dated July 3, 2018).
- Free Mobile for 20 MHz in the 2,600 MHz band (ARCEP decision 2011-1169 dated October 11, 2011).
- Free Mobile for 15 MHz in the 1,800 MHz band (ARCEP decision 2014-1542 dated December 16, 2014, amended by decision 2015-1080 dated September 8, 2015 and further amended by decision 2018-068 of July 3, 2018).
- Free Mobile for an additional 3.7 MHz in the 900 MHz band and an additional 9.8 MHz in the 2.1 GHz band, which will gradually be made available between 2021 and 2024 (ARCEP decision 2018-1391 dated November 15, 2018).
- Free Mobile for 70 MHz in the 3.5GHz band (ARCEP decision 2020-1255 dated November 12, 2020).
- Free Caraïbe for 10 MHz in the 800 MHz band, 20 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in Guadeloupe and Martinique.
- Free Caraïbe for 10 MHz in the 800 MHz band, 4 MHz in the 900 MHz band, 20 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in Saint-Barthélemy and Saint-Martin.
- Free Caraïbe for 15 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 20 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in French Guiana.
- Telco OI for 10 MHz in the 800 MHz band, 10 MHz in the 1,800 MHz band, 9.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1526 dated November 22, 2016) and 9.8 MHz in the 900 MHz band (ARCEP decision 2015-0661 dated June 25, 2015) in Reunion Island; Telco OI for 10 MHz in the 800 MHz band, 11.2 MHz in the 1,800 MHz band, 9.8 MHz in the 2,100 MHz band, and 20 MHz in the 2,600 MHz band (ARCEP decision 2016-1526 dated November 22, 2016) and 8.8 MHz in the 900 MHz band (ARCEP decision 2015-0661 dated June 25, 2015) in Mayotte.
- Telco OI for 10 MHz in the 700MHz band, 100MHz in the 3.4-3.8GHz band (ARCEP decision 2022-0878 dated May 24, 2022) on Reunion Island; Telco OI for 10MHz in the 700MHz band and 1MHz in the 900MHz band (ARCEP decision 2022-0883 dated May 24, 2022) in Mayotte. In 2022, the allocation of these frequencies was subject to a number of appeals by the Zeop operator to the French Supreme Court, whose rulings are pending.

These licenses all carry obligations, including requirements related to population coverage and site deployments. Free Mobile has undertaken to roll out (i) a 3G network covering at least 90% of the French population (target achieved) and (ii) a 4G network covering 60% of the population by 2018 (target achieved), 75% by 2023 (target achieved five years ahead of schedule), 98% by 2027 and 99.6% by 2030. Free Caraïbe and Telco OI have not met the coverage obligations provided for in their licenses and ARCEP has therefore launched legal proceedings against them on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code. By way of decision 2020-1455-RDPI dated December 9, 2020, ARCEP gave Free Caraïbe official notice to respect its population coverage obligations in the French West Indies and French Guiana by December 31, 2021. Pursuant to that notice, Free Caraïbe was fined €300,000 in application of Article L. 36-11 in ARCEP decision 2022-1840-FR dated September 26, 2022.

Following the auction carried out by the French government for frequencies in the 3.5 GHz band, in late 2020 Free Mobile was allocated licenses to use 70 MHz out of the total 310 MHz available. As is the case with its competitors, under these licenses the Group has undertaken to roll out up to 10,500 sites using the 3.5 GHz band frequencies for 5G by 2025 and ensure harmonized 5G performance on its network by 2030. It has also agreed to several obligations related to improving (i) the competitiveness of businesses in France (provision of differentiating services, offers for vertical markets, access offers for MVNOs), (ii) indoor coverage (small-cell and DAS sharing, (iii) transparency (about network rollouts and network faults), and (iv) national coverage (coverage for roads and highways, and retail and wholesale fixed access offerings). These obligations are described in detail in the above-mentioned ARCEP decision. In 2021, ARCEP launched legal proceedings against Free Mobile on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code concerning the implementation of IPV6 in connection with said decision.

An appeal against the procedure for inviting bidders for frequency attribution was filed with the French Supreme Court by a number of non-profit organizations and an Orange trade union but was rejected. At the end of the bidding procedure and after the allocation decisions had been published, further appeals were lodged with the Supreme Court by non-profit organizations, which were also rejected.

Lastly, licenses for the 3.5 GHz and 700 MHz frequencies used for 5G will be allocated in 2023 in the French West Indies, following spectrum auctions in which the iliad Group will be a bidder.

Other regulatory provisions

Interconnection

The applicable regulations provide that any operator of a network open to the public must enable any other operator that so wishes to interconnect with its voice network. Interconnection agreements are subject to private law but the main tariffs are set by the European Commission. Free, Free Mobile and Free Caraïbe have entered into interconnection agreements with France's three incumbent mobile operators and the main national fixed-line operators. These interconnections are gradually being switched from TDM mode to IP mode.

Free Mobile and Free Caraïbe have also signed reciprocal SMS and MMS interconnection agreements with France's three incumbent mobile operators as well as with several international operators and operators in the French overseas departments. SMS and MMS messages to operators that are not directly interconnected are carried through the BICS international transit platform. SMS and MMS prices are not regulated and the flows exchanged between operators are generally more or less symmetrical.

Free also has access to Internet interconnections provided through (i) free peering agreements (for operators with symmetrical flows of traffic), (ii) paid peering agreements (for content suppliers with more outbound than inbound traffic), and (iii) international transit agreements enabling traffic to be exchanged with all Internet users. Internet interconnection is not regulated but in accordance with French government order 2011-1012 dated August 24, 2011, ARCEP has the power to arbitrate any disputes. Additionally, by way of decision 2012-0366 dated March 29, 2012, as amended by decisions 2014-0433-RDPI and 2017-1492-RDPI, ARCEP introduced a process whereby at six-monthly intervals, it can collect information on Internet connections from ISPs and the main providers of public online communication services.

Portability

Number portability is a symmetric obligation that applies to all operators connecting end-subscribers. Free, Free Mobile and Free Caraïbe are members of three organizations – the APNF, the GIE EGP and the GPMAG – that bring together all of France's leading operators and organize the data flows required for users to retain their fixed and mobile numbers. Following its decision adopted in 2012, which strengthened the regulatory framework applicable to mobile number portability, on June 25, 2013 ARCEP issued a similar decision concerning fixed-line number portability. One of the key provisions was to extend the use of the operator identity statement (RIO) system, which had already been tried and tested in the mobile market. This decision was approved by a government order dated October 23, 2013 and took full effect in October 2015. Free amended its commercial processes to ensure that it complies with this regulatory framework.

Directories and provision of subscriber lists

All fixed and mobile operators that connect end-subscribers are required to supply their subscriber lists for the purpose of publishing directories and/or providing information services. The terms and conditions governing whether or not subscribers are included in these lists depend on the type of service concerned: fixed-line subscribers have to opt out if they do not wish their details to be published whereas mobile subscribers need to opt in. ARCEP decision 06-0639 – which was approved by a government order dated March 8, 2007 – sets out the technical and pricing terms and conditions applicable to supplying subscriber lists.

The Group has an electronic directory business operated under the "ANNU" brand and has entered into agreements with France's main fixed and mobile operators under which they provide their subscriber lists for the purpose of publishing universal directories and/or providing universal information services. Likewise, Free and Free Mobile have signed an agreement with the main players operating in the universal directory and/or information service markets under which Free and Free Mobile supply a list of their subscribers (subject to any restrictive options chosen by subscribers).

Contribution to universal service funding

The operator or operators required to guarantee the provision of the universal service are designated on the basis of calls for tender. Following a tender process carried out during 2017, on November 27, 2017 a government order was issued stating that Orange had been selected as the operator to provide – for a three-year period – the components of the universal service in France, namely connection to the telephone network and service.

When this three-year period expired Orange decided not to bid again for the role, and since then no operator has been in charge of the universal service.

In accordance with the applicable law, the cost of the universal service is shared between operators pro rata to their revenues derived from electronic communication services "excluding revenues from interconnection and access services subject to the agreements defined in paragraph I of Article L. 34-8 of the French Postal and Electronic Communications Code, and other services provided or billed on behalf of third party operators".

Following the transposition into French law of the European Electronic Communications Code, a new universal service obligation is scheduled to come into effect in 2023 in France in order to guarantee that everyone has access to broadband.

Broadcasting of audiovisual services

Pursuant to the French online anti-piracy Act (Act 2021-1382 of October 25, 2021 on the "regulation and protection of access to cultural works in the digital age"), the French broadcasting watchdog, the *Conseil supérieur de l'audiovisuel*, has been replaced by ARCOM (*Autorité de régulation de la communication audiovisuelle et numérique* – the Audiovisual and Digital Communication Regulatory Authority), which is now in charge of regulating all radio and television services. In its capacity as a provider of audiovisual services via electronic communications networks, Free is subject to the regulatory "must-carry" provisions, which involve two legal requirements: (i) the service provider (which includes Free) has to carry certain public channels, including free-to-air national and local terrestrial channels, the TV5 channel and local public channels that provide information on local activities, and (ii) the must-carry channels have to agree to be carried by the service provider, except if they consider that the service provider's service offering is incompatible with their public service objective. This must-carry obligation also requires service providers to bear the technical costs of broadcasting the channels concerned.

The online anti-piracy Act of October 25, 2021 also strengthens the powers of the new regulatory authority in relation to dispute resolution and conciliation between the various market players, particularly between audiovisual service providers and publishers. ARCOM will therefore have the power to make decisions on issues concerning access to viewing data.

Under French Act no. 2007-309, like all television distributors, broadcasters of television channels via electronic communications networks are required to pay contributions to the *Compte de Soutien à l'Industrie de Programmes Audiovisuels* ("COSIP") – via the television services tax (see above) – which is calculated based on the revenue generated by broadcasting television services. In addition, a law reforming the public audiovisual sector has set a new development framework for public service television channels in France and created a regulatory framework for new audiovisual services such as video on demand. This law also provides for a number of taxes to offset the impact of the phased ban on advertising on public channels, including a tax on electronic communications operators such as Free.

Providers of audiovisual services on demand, such as Free, are also required to pay a tax on these services, corresponding to 2% of the related revenues net of tax (10% for adult-content programs).

1.6.2 Regulation of electronic communications content and personal data in France

Content of online services and liability provisions for Internet market players

In French law, the liability provisions applicable to intermediary ISPs are set out in Act no. 2004-575 dated June 21, 2004 and the French Postal and Electronic Communications Code. They include the following:

- Providers of online communication services must identify themselves, directly or indirectly. Access and hosting providers must keep data that could identify persons having participated in the creation of the content of the services which they provide, in order to be able to pass on such data to the legal authorities, if required.
- Hosting providers can only be held civilly liable on the grounds of the activities or information stored at the request of a recipient of these services if they were aware of their unlawful nature or of any facts or circumstances making this unlawful nature obvious, or if, as soon as they became aware of such unlawful nature, they did not act promptly to withdraw the data or to prevent access to it. Publishers of websites whose content has been created without authorization and/or illegally are notified by email that such content is unacceptable and must rectified or removed
- Access providers cannot be held either civilly or criminally liable for the content to which they provide access, except in circumstances where either they have originated the request for the transmission of the content concerned, or they have selected the recipient of the transmission, or selected and/or modified the transmitted content.
- Electronic communications operators are required to store certain information and personal data, including (i) information on the user's identity, (ii) the information provided by the user when they sign up to a contract, (iii) payment-related information, (iv) the technical data enabling the user's connection source to be identified or data concerning the end-equipment used, and (v) other traffic- and location-related data necessary for preventing terrorism or pursuing serious criminal charges, or for the Autorité Nationale de la Sécurité des Systèmes d'Information (ANSSI) or the Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur Internet (HADOPI – now merged into ARCOM) to carry out their regulatory duties. In addition, French governmental decree no. 2021-1362 of October 20, 2021 – implementing paragraph II of Article 6 of Act no. 2004-575 dated June 21, 2004 on confidence in the digital economy – requires operators to conserve date that enables the identification of

any person having contributed to the creation of content published online. Apart from these specific data conservation requirements, the general principle applicable to operators is that they must delete data after a communication has been made. Act no. 2009-669, adopted on June 12, 2009 promotes the dissemination and protection of online creative works and introduced a "graduated response" system in the aim of combating illegal downloads. The first stage in this system is an email sent to any Internet subscriber whose connection is used to illegally download a protected work, which informs the subscriber that they have breached the applicable law and warns them that they need to protect their Internet access to ensure it does not happen again.

These emails are managed and issued by HADOPI, a French government agency created for this purpose and since merged into the ARCOM regulatory authority. A further Act was adopted on October 29, 2009, which protects online literary and artistic property and rounds out the graduated response system by providing that in the event of repeat offenses a judge can impose a fine or even suspend the subscriber's Internet access.

These statutory provisions have been supplemented by a number of regulatory provisions related to (i) types of data and interconnection of information systems (Decree 2010-536 of March 5, 2010), (ii) the obligation for ISPs to act as a vector for the recommendations issued by the HADOPI (Decree 2010-1202 of October 12, 2010), (iii) the terms and conditions for providing compensation for the identifiable and specific additional costs borne by electronic communications operators in order to comply with the HADOPI's requirements (Decree 2017-313 of March 9, 2017), and (iv) the amount of compensation to be awarded for each identified and specific additional cost borne by electronic communications operators in order to comply with the HADOPI's requirements (governmental order dated March 23, 2017).

Lastly, the online anti-piracy Act no. 2021-1382 of October 25, 2021 provided for the CSA and HADOPI to be merged in order to create the new regulator, ARCOM. The Act has kept the above-mentioned graduated response system and has strengthened the regulator's resources for combating artistic piracy by giving it new powers to require both ISPs and online publishers to block mirror sites and sites infringing sports rights.

Statutory provisions have also been introduced in France concerning requirements for ISPs to block access to certain websites and online content (such as illegal gaming sites and child pornography), where ordered by ARJEL (France's online gaming regulator) or the Ministry of the Interior (Act no. 2010-476 of May 13, 2010 on online betting and gaming and Act no. 2011-267 of March 14, 2011 on internal security).

French Act no. 2016-1321 dated October 7, 2016 (the "French Digital Republic Act") requires providers of electronic communications services to make their services accessible to end-customers who are deaf, hard of hearing, blind or aphasic, by providing a written and visual simultaneous translation service for calls made and received. An implementing decree is scheduled to be issued to set the terms and conditions for applying this requirement. The French Digital Republic Act also introduces the right for disadvantaged people to temporarily keep their Internet connection if they fail to pay for the service. In such a case, the connection must be maintained by the provider for the time it takes for the person's application to the local authorities for financial assistance to be processed. In 2020, ARCEP launched proceedings on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code (created by the French Digital Republic Act) alleging breaches of Articles L. 33-1 and D. 98-14 of said Code by Free and Free Mobile.

Processing of personal data and protection of individuals

Act no. 2004-801 of August 6, 2004 on the protection of individuals with respect to the processing of personal data, amending Act no. 78-17 of January 6, 1978 relating to information technology, computer files and civil liberties, transposed the Framework Directive of October 24, 1995 and certain provisions of the Directive of July 12, 2002 into French law. Act no. 2004-575 of June 21, 2004 on confidence in the digital economy and Act no. 2004-669 of July 9, 2004 on electronic communications and audiovisual communication services also transposed into French law certain provisions of Directive 2002/58/EC dated July 12, 2002. Lastly, French government order 2011-1012 of August 24, 2011 transposed into French law the EU Directives adopted in November 2009.

With respect to data relating to the use of its services, the Group is required to store the following: (i) information on the user's identity, (ii) the information provided by the user when they sign up to a contract, (iii) payment-related information, (iv) the technical data enabling the user's connection source to be identified or relating to the end-equipment used, and (v) other traffic- and location-related data necessary for pursuing serious criminal charges, preventing terrorism, and/or for the regulatory authorities to carry out investigations. Apart from the information specified in decree no. 2021-1361 of October 20, 2021 – issued in implementation of Article L. 34-1 of the Postal and Electronic Communications Code – concerning the categories of data that must be stored by electronic communications operators, the principle is that operators must delete the data after one year.

The Group may be required to pass on data it has in its possession on the identification, location and connection of a user of its services but such data may only be provided to duly authorized national, legal and administrative authorities. The information passed on does not include any data concerning the content of any communications or information consulted.

In accordance with Article 100 of the French Criminal Procedure Code (*Code de procédure pénale*) and Chapter IV of the French National Security Code (*Code de la sécurité intérieure*), the Group may also be required to carry out legal interceptions of the electronic communications transmitted over its fixed and mobile networks where required by the duly authorized legal and administrative authorities. This type of interception is carried out in accordance with a strict supervisory framework by qualified professionals using equipment that is duly authorized and controlled by the relevant authorities.

The French Digital Republic Act (Act no. 2016-1321 dated October 7, 2016) (i) created new rights for individuals (confirmation of the right to control the use of personal data, confidentiality of electronic correspondence, the "right to be forgotten" for minors, the possibility for data users to determine what will happen to their personal data after their death, and the possibility for individuals to exercise their rights electronically), (ii) increased the information that electronic communications service providers have to disclose in relation to their service contracts (neutrality, information on protecting individuals' private lives and personal data and the consequences on the quality of Internet access of any limitations in terms of volume, speeds or other factors), and (iii) strengthened the responsibilities and enforcement powers of the CNIL (the French data protection authority).

Certain provisions of the Digital Republic Act were an early adoption of the requirements of EU Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the General Data Protection Regulation, or "GDPR", which came into force on May 25, 2018). The GDPR, which repeals Directive 95/46/EC, extends the scope of the regulatory framework for personal data protection, strengthens privacy rights and increases the maximum amount of the fine that may be imposed for non-compliance to 4% of global revenue.

Subsequent to the GDPR coming into force, French Act no. 2018-493 on personal data protection and decree 2018-687 were introduced in order to amend France's previous Data Protection Act (Act no. 78-17 of January 6, 1978) and bring France's legislation into compliance with the GDPR and EU Directive 2016/680 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offenses or the execution of criminal penalties, and on the free movement of such data. This Personal Data Protection Act also gave additional powers to the CNIL and removed the existing system of prior declaration to and authorization from the CNIL for personal data processing.

Following the introduction of the new French Personal Data Protection Act, on December 12, 2018 (law no. 2018-493), a government order (order no. 2018-1125) was issued to clarify the provisions of the previous Data Protection Act (Act no. 78-17) related to information technology, computer files and civil liberties. And on June 1, 2019, a decree dated May 29, 2019 came into force implementing the new French Personal Data Protection Act. This decree was the final stage of the process to bring French national law into line with the GDPR.

Its main aims were to clarify France's legal framework in this area and ensure that national regulatory provisions are consistent with EU law and the French legislation introduced in application of EU law.

In order to take into account the specific characteristics of the electronic communications sector, another EU Regulation concerning privacy and personal data protection in electronic communications (the "e-Privacy Regulation") is currently being drafted, which will repeal Directive 2002/58/EC.

Domain names

Domain names are assigned to the digital addresses of the servers connected to the Internet and constitute Internet addresses. The Group has registered a certain number of domain names in France, which have been recognized as assets. The French courts have taken measures to strengthen the protection of domain names as they consider that improper use of a domain name can infringe trademark rights.

Digital carbon footprint

Act no. 2021-1485 of November 15, 2021, aimed at reducing the digital carbon footprint in France, and Act no. 2021-1755 of December 23, 2021 intended to strengthen ARCEP's environmental regulatory powers, have created new obligations for the telecom sector regarding environmental impacts, including:

- The creation of a digital carbon footprint observatory, under the aegis of ARCEP and ADEME.
- The launch of a national campaign for collecting used devices, with a "returns incentive".
- The introduction of a lower-rate private copy levy for reconditioned goods.
- The obligation for operators to inform their subscribers about offers including reconditioned products.
- Recovery of waste heat in data centers.
- The obligation for operators to publish a certain number of environmental indicators.

1.6.3 Regulation of electronic communications in Italy

On July 1, 2016, iliad S.A. entered into an agreement with the companies that control Wind Telecomunicazioni S.p.A. (VimpelCom Amsterdam B.V.) and H3G S.p.A. (Hutchison Europe Telecommunications S.A.R.L. and Hutchison 3G Italy Investments S.A.R.L.) in order to set out the terms and conditions applicable to (i) the implementation of the roaming and multi-operator core network (MOCN) services to be provided by Wind and H3G to iliad Italia and (ii) the transfer of sites and frequency usage licenses to iliad Italia. An addendum to this agreement was signed on July 18, 2016. The aim of the agreement was to enable iliad Italia to provide mobile services in Italy following the merger of the two Italian operators, Wind and Tre. The agreement was approved by the European Commission in its decision issued on September 1, 2016 concerning Concentration Case M.7758 – Hutchison 3G Italy/Wind/JV. Fastweb, a telecom operator, initially appealed this European Commission decision but withdrew its appeal on July 2, 2019.

On July 29, 2016, iliad was authorized by the Italian Ministry of Economic Development (MiSE) to be a mobile network operator (MNO) and therefore to provide mobile electronic communications services in Italy. This authorization was subsequently transferred to iliad Italia S.p.A., which was then registered in the register of communications operators (*Registro degli Operatori di Comunicazione*) of the Italian telecommunications regulatory authority (*Autorità per le Garanzie nelle Comunicazioni*, or "AGCOM") on September 29, 2016.

On November 4, 2016 the MiSE granted an authorization for the frequency usage licenses held by Wind and H3G to be transferred to iliad Italia S.p.A. These frequencies became available in line with the timeframe specified in the above-mentioned July 1, 2016 agreement and all of the licenses had been transferred by December 31, 2019. Consequently, iliad Italia S.p.A. now holds the licenses for the following frequencies:

- 5 MHz duplex in the 900 MHz band: this license originally expired on December 31, 2021 but in accordance with the applicable Italian regulations, the relevant authorities have granted iliad Italia an extension until December 31, 2029. The extension process is under way.
- 10 MHz duplex in the 1,800 MHz band, expiring on December 31, 2029.
- 10 MHz duplex in the 2,100 MHz band, expiring on December 31, 2029. The authorities have already set the fees for extending this license from January 1, 2022 to December 31, 2029. The price set for the 2,100 MHz frequencies could be revised, as a revision process has been launched by AGCOM, which has been appealed by iliad Italia and other operators.
- 10 MHz duplex in the 2,600 MHz band, expiring on December 31, 2029.

Taking into account the allocation by the MiSe in October 2018 of the frequencies used for 5G, iliad Italia S.p.A. now holds the licenses for the following frequencies:

- 10 MHz duplex in the 700 MHz band. These frequencies have been available since July 1, 2022 and the license expires on December 31, 2037.
- 20 MHz in the 3.6-3.8 GHz band, expiring on December 31, 2037.
- 200 MHz in the 26.5-27.5 GHz band, expiring on December 31, 2037.

On April 20, 2020, the MiSE authorized iliad to be a fixed network operator in Italy. The fixed FTTH offerings were launched on January 25, 2022, following the signing of two partnership agreements, one in July 2020 with Open Fiber, an Italian wholesale operator, and the other in August 2021 with the TIM Group via FiberCop, a TIM Group company that is building the secondary FTTH network. An agreement was also signed in September 2022 with Fastweb, which will enable iliad to extend the geographical availability of its offerings.

FiberCop's co-investment offer pursuant to Articles 76 and 79 of the European Electronic Communications Code:

FiberCop is controlled as follows: 58% by TIM, 37.5% by KKR Infrastructure and 4.5% by Fastweb. Its objective is to digitalize Italy by increasing the number of FTTH connections. FiberCop operates on the basis of a co-investment model and is the first case in Europe of nationwide application of the new European Electronic Communications Code. The company provides operators with passive access to the fiber network and advanced services. FiberCop has an active network that already offers ultra-fast connections to over 93% of Italy's fixed lines, via FTTC and FTTH technologies, and it will continue to increase its FTTH coverage, with connection speeds of over 1 Gbps. The aim is to cover 80% of households in "black" and "gray" areas by 2030.

TIM (FiberCop) submitted proposed commitments in relation to a co-investment offer pursuant to Articles 76 and 79 of the European Electronic Communications Code. Following a public consultation and certain requests from AGCOM, TIM submitted a new version of the offer, which was the subject of a new public consultation and a draft decision by AGCOM on lifting the regulation of FiberCop's secondary network (apart from the 29 cities that have Flash Fiber infrastructure). On April 7, 2022, AGCOM ruled that TIM's December 21, 2021 offer complied with Articles 76 and 79 of the Code and notified the European Commission of its draft decision to this effect. Subsequently, in May 2022, TIM informed AGCOM of its unilateral decision to amend its co-investment offer by including an inflation-based price escalation mechanism. Deeming this to be a substantial change in the offer, AGCOM opened a new procedure to review the amended offer's compliance with Articles 76 and 79 of the Code. This new procedure is still ongoing.

Separately, Italian competition authority AGCM had opened proceedings into whether the agreements setting up FiberCop infringed Article 101 of the Treaty on the Functioning of the European Union (TFEU). In response, commitments were submitted by the parties involved (Telecom Italia, Fastweb, Teemo Bidco, FiberCop and Tiscali Italia). By decision no. 30002, AGCM closed the proceedings by accepting the commitments, considering them capable of removing the competition concerns by allowing more operators to provide high-capacity services.

The regulatory framework for electronic communications

The majority of the regulatory provisions applicable in Italy to the telecommunications sector are set out in the Italian and Electronic Communications Code ("ECC" – legislative decree 259/2003 and its successive amendments).

The decree transposing the European Electronic Communications Code of December 2018 into Italian law was approved and published on December 9, 2021 and entered into force on December 24, 2021. As Italy did not meet the transposition deadline, on February 3, 2021, the European Commission launched an infringement procedure (no. 2021_0056) pursuant to Articles 258 and 260 of the TFEU.

Government aid and national development plans for ultra-fast networks

National recovery and resilience plan (NRRP)

In response to the Covid crisis, the European Union has put in place a set of measures covering all member states in order to help them through the crisis and create a joint platform for economic and social recovery. The national recovery and resilience plan (NRRP) presented by Italy provides for substantial investment and a set of reforms representing approximately €250 billion in total, which will be funded both at EU level and nationally.

The plan is based on three strategic pillars, which are aligned with the priorities defined by the EU: digitalization and innovation, the green transition and social cohesion. One of the plan's main objectives is the digital modernization of Italy's communication infrastructure – both in public administration and the country's production system – in order to ensure that all residents, businesses, schools and hospitals throughout the country have access to broadband. The plan therefore comprises a wide range of measures to boost the creation of high-performance networks – notably fiber and 5G as well as satellite technologies – while simplifying the regulatory framework for their rollout.

Detailed mapping of national 4G and 5G network coverage and the "Italia 5G" public intervention plan

The Italia 5G Plan is designed to encourage the rollout of 5G mobile networks capable of delivering a significant leap in the quality of mobile radio connectivity through the fiber backhauling of radio base stations (RBSs) and the densification of network infrastructure to ensure speeds of at least 150 Mbps downlink and 30 Mbps uplink in areas where a network capable of providing 30 Mbps in typical peak traffic conditions does not currently exist nor is likely to be deployed in the next five years.

After the mapping was completed, in November 2021, the Italian Ministry for Technological Innovation and Digital Transition (MITD) published a public consultation on the "Italia 5G" public intervention plan and AGCOM published a public consultation on the guidelines concerning the conditions for wholesale access to the funded infrastructure.

The plan was then submitted to the European Commission for approval under EU state aid rules. On March 21, 2022, the two tenders for the development of 5G networks in Italy were issued. The two contracts, totaling €3.7 billion, concern (i) the connection of more than 10 existing mobile RBSs and (ii) the construction of new 5G mobile RBSs in more than 2,000 Italian communities. State funding will cover up to 90% of the total cost of the works. The first tender, divided into six lots covering all the regions, included investment incentives for the fiber optic backhauling of the more than 11,000 mobile RBSs to be connected by fiber by 2026. It was won by TIM for €725 million on June 13, 2022. The second tender, to build new 5G networks in regions lacking fast mobile Internet, was awarded on June 28, 2022 to the consortium formed by Inwit, Vodafone and TIM, with contracts worth around €346 million.

The "Italia a 1 Giga" public intervention plan, provided for in the "Italian strategy for ultra-fast networks – Towards a Gigabit society"

The "Italia a 1 Giga" public intervention plan calls for the allocation of around €3.8 billion. The plan's objectives are (i) to build ultra-fast infrastructure guaranteeing connectivity of at least 1 Gbps across the whole of Italy by 2026 by connecting homes that do not currently have such coverage, and (ii) in the coming five years to create a network capable of providing stable connectivity with a download speed of at least 300 Mbps. To this end, first of all Italy's fixed networks were mapped in order to identify the areas where there has been market failure and which are therefore eligible for government aid. Based on the information provided by the operators, there are around 6.2 million households requiring public intervention.

Following its approval by the European Commission, the call for bids was issued by Infratel Italia, a company that is part of the Ministry of Economic Development. Unlike the white spots plan, the "Italia a 1 Giga" plan has been designed to incentivize, with public funding covering up to 70% of the incurred expenses, leaving at least 30% to be paid by the tender winner. In accordance with AGCOM guidelines, the successful bidder will have to guarantee wholesale access to the funded infrastructure for all market operators. The first tender was issued on January 15, 2022, for a project to connect an additional seven million street addresses to high-speed broadband in 15 geographical areas (lots) across Italy. Of the lots, 14 were awarded on May 24, 2022 and the 15th on June 28, for a total of €3.4 billion. The winners were wholesale only operator Open Fiber s.p.a. and a consortium comprising TIM and FiberCop.

Mobile and fixed networks and services

5G frequencies

In application of the Italian Finance Act (Act no. 205) dated December 27, 2017, on February 26, 2018, AGCOM issued Resolution 89/18/CONS, launching a public consultation on the procedures and rules for the allocation and use of frequencies available in the 700 MHz, 3,600-3,800 GHz and 26-27 GHz bands for terrestrial electronic communication systems in order to facilitate transition to 5G technology. On May 8, 2018, AGCOM adopted its final resolution (231/18/CONS). This Resolution provided for two blocks of spectrum (corresponding to 10 MHz duplex) in the 700 MHz band to be reserved and pre-auctioned to new entrants and the remedy taker.

In July 2018, the Italian Ministry of Economic Development published a notice of calls for tender and the rules concerning the allocation of the above frequencies. The auction ran from September 10, 2018 to October 2, 2018 and iliad was allocated a block in each frequency band and the corresponding licenses:

- a block of 10 MHz duplex in the 700 MHz band, available since July 1, 2022 with a license expiring on December 31, 2037;
- a 20 MHz block in the 3,600-3,800GHz band and a 200 MHz block in the 26-27 GHz band. These frequencies have been available to iliad since January 1, 2019 and their license expires on December 31, 2037.

Analysis of the mobile markets

On January 22, 2019, following a public consultation, AGCOM issued Resolution 599/18/CONS concerning the sixth cycle of analysis of the market for mobile network voice termination services. In this Resolution, AGCOM confirmed:

- The identification of 12 operators that supply or will supply voice termination services on their mobile networks.
- The obligation for the 12 identified operators to provide a Reference Interconnection Offer ("RIO") for their networks.
- The use of the cost model prescribed in Resolution 60/11/CONS for setting the prices of termination services for the years 2018 to 2021, using symmetric pricing for all identified operators.
- The obligation to control prices for the supply of interconnection kits, and the removal of the cost accounting obligation imposed on Telecom Italia, Vodafone and Wind Tre as a result of AGCOM Resolution 497/15/CONS.

- The imposition of a price control obligation only for calls from the European Economic Area according to the following plan:
  - 2018: 0.98 euro cents/min
  - 2019: 0.90 euro cents/min
  - 2020: 0.76 euro cents/min
  - 2021: 0.67 euro cents/min
- For calls from non-European countries that have regulated prices, the obligation for the identified operators to use those regulated prices as the caps for the prices of their services.

Voice call termination charges in the EU (Eurorates)

On December 18, 2020, the European Commission adopted a Delegated Regulation setting single maximum Union-wide voice termination rates (Eurorates) in line with the European Electronic Communications Code and in time for its transposition.

The Regulation (which has been in force since July 1, 2021) sets the maximum termination rates that operators are allowed to charge each other for mobile and fixed termination services respectively. Having single maximum Union-wide rates is intended to reduce fragmentation and ensure a more competitive, cross-border environment, which will ultimately benefit European consumers through lower prices and more varied offers for fixed and mobile calls.

For mobile calls, the single maximum termination rate is 0.2 euro cents per minute which will be reached by 2024 via a plan under which the maximum rates will be gradually decreased (the "glide path"). During the interim period of 2021-2023, operators from the Member States subject to the glide path may apply different rates than the single maximum Union-wide mobile termination rate. In 2024, all European Union operators should apply the same single maximum rate, i.e. 0.2 euro cents per minute. The applicable rates under the glide path for Italy are as follows:

- 2022: 0.55 euro cents/min
- 2023: 0.4 euro cents/min
- 2024: 0.2 euro cents/min

For fixed calls, the single maximum EU-wide termination rate is 0.07 euro cents per minute. Due to the considerable differences between the current fixed termination rates and the final rate, 2021 was set as a transitional period in the Regulation in order to allow for a gradual adjustment. As from 2022, all fixed operators are subject to a maximum fixed termination rate of 0.07 euro cents per minute. The current rate in Italy (0.041 euro cents/min) is lower than the Eurorate. Consequently, Italian operators will be free to raise their fixed termination rates up to the same level as the Eurorate (although there is no obligation to do so in view of the fact that the Eurorate is a maximum rate). However, almost all of Italy's fixed operators stated that they would be applying the Eurorate as from July 2021.

The Eurorates apply to calls to and from numbers in the European Union, i.e., numbers from national numbering plans corresponding to country codes E.164 for geographic zones within the European Union. The rates do not therefore apply to calls whose numbers originate from third countries (i.e., countries outside the European Union), except if the calls originate from (i) a third country operator that applies termination charges for mobile and/or fixed-line calls made to its network from EU numbers which are equal to or lower than those set by the Delegated Act, or (ii) a number originating from a third country which is listed in the Annex to the Delegated Regulation and when its termination rates are set based on the same cost model standards as those set out in Article 75 and Annex III of the EECC.

AGCOM: Public consultation on TIM's 2022-2023 wholesale access pricing

In resolution 337/22/CONS, AGCOM opened a procedure and public consultation regarding the 2022 and 2023 fees for wholesale access to TIM's fixed network. The prices for the services under review include access to TIM's civil engineering infrastructure and its copper, FTTCAB and FTTH networks, i.e. all the services governed by AGCOM decision 348/19/CONS (Market analysis and remedies for local and central access – mass market products (Mkts 3a and 3b/2014)), and AGCOM decision 333/20/CONS (market analysis and remedies for high-quality access (Mkt 4/2014)), for which wholesale prices had been defined until the end of 2021. The related procedures are currently in process.

Amendment to the mobile number portability procedure

To combat fraudulent SIM swapping (i.e. changing ownership of the SIM card to an unauthorized third party), AGCOM resolution 86/21/CIR amended the mobile number portability procedure so that number porting can only be requested by the original subscriber, who must provide a copy of the physical SIM card and his or her tax code. These measures were appealed by iliad, which felt that they made existing procedures considerably more complex, were disproportionate and could have anti-competitive effects. The settlement is currently in progress.

The other measures introduced by AGCOM, which have not been appealed, are aimed at preventing fraud and include pre-approval of number porting requests by a one-time password.

European regulation on net neutrality

In application of EU Regulation 2120/2015, laying down protection measures concerning open Internet access (net neutrality), in August 2018 AGCOM adopted Resolution 348/18/CONS. This resolution establishes the right for users to freely choose the terminals they wish to use to access the Internet via fixed networks, by imposing specific obligations on operators. Consequently, operators may not (i) refuse to connect a terminal to their network if the equipment chosen by the user meets the basic requirements set down in EU law, (ii) impose additional costs on the user, or subject the user to unjustified delays, or discriminate the service quality included in their offering if the user uses a terminal of their own choice.

On March 4, 2020, AGCOM adopted Resolution 34/20/CONS in application of a ruling handed down by the Lazio regional administrative court (*TAR Lazio*). This new Resolution amends Resolution 348/18/CONS by stating that even if operators offer an Internet access device free of charge, they must also have a corresponding Internet access offer without a device, or make it optional to have the device (to ensure that users have the right to freely choose the devices they wish to use to access the Internet via a fixed network).

1.6.4 Regulation of electronic communications in Poland

The regulatory framework for electronic communications in Poland is largely based on EU regulations and directives adapted for the specific characteristics of the Polish telecoms market and the policies of the country's telecoms regulator, the UKE (Office of Electronic Communications).

At the national level, telecoms activities in Poland are primarily governed by the Telecommunications Act of July 16, 2004 (and its implementing regulations). This Act sets the framework for competition in the telecommunications market and reinforces consumer protection. In addition, the Law of May 7, 2010 on support for the development of telecommunications services and networks defines the forms and rules of support for investment in telecommunications, as well as the rules governing access to technical infrastructure and telecommunications infrastructure.

Telecom activities conducted in Poland are regulated and operators have to register with the regulatory authority in the Register of Telecommunications Companies. Play is registered under number 92.

A new regulatory framework came into force in January 2013, introducing various new requirements relating to issues including information provided to consumers, timeframes for number portability, access to infrastructure and the management of spectrum.

Regulatory powers are shared between the Ministry of Digital Affairs and the UKE. In its role as Poland's telecoms regulator, the UKE is vested with regulatory powers (spectrum management, numbering, market analysis, inspections and investigations, settling disputes, imposing sanctions and publishing market reports).

Powers concerning competition issues (anti-competitive practices, market concentration, etc.) and consumer protection are exercised by the UOKiK (the Office of Competition and Consumer Protection). In accordance with the Telecommunications Act, the UKE is required to cooperate with the UOKiK and vice versa, and there are systems in place for reciprocal requests for opinions in certain situations.

Polish telecoms legislation is currently undergoing in-depth revision as part of the process of transposing into Polish law the European Electronic Communications Code of December 11, 2018 (EU Directive 2018/1972).

Mobile and fixed call terminations

In accordance with the European regulatory framework, in December 2021, Play, like Poland's other mobile network operators, was classified as an operator with significant power in the market for mobile network voice termination services. It is therefore subject to a number of obligations related to issues such as non-discrimination and access. The wholesale market for text message termination has been deregulated since a decision issued by the UKE on January 31, 2017.

Mobile and fixed call termination rates were set in European Commission Delegated Regulation 2021/654 of December 18, 2020, setting a single maximum EU-wide mobile voice termination rate and a single maximum EU-wide fixed voice termination rate. As a result, from January 1, 2023:

- the mobile voice termination rate is €0.4 cents a minute;
- the fixed voice termination rate is €0.07 cents a minute.

Management of frequencies

The Polish strategy for frequency utilization is set by the UKE, taking into account national and social requirements as well as international agreements. Various different procedures are used for allocating frequencies depending on the rarity of the frequencies (calls for bids, beauty contests, auctions, etc.).

Frequency licenses are currently granted for fixed terms of up to 15 years (historically the terms have generally been 15 years but there has been some variation). Between four years and one year before the licenses are due to expire, the operator concerned may request that they be renewed for an additional period.

On December 20, 2022, UKE launched public consultation for the upcoming auction of the 3.4-3.8GHz frequency bands for 5G mobile services. The auction will allocate four blocks of 80MHz, with certain coverage obligations for each winning operator. Participation will be open to operators that have invested at least PLN 1 billion in infrastructure in Poland over the 2016-2021 period and hold a license for frequencies in at least one of the 800MHz, 900MHz, 1800MHz, 2100MHz or 2600MHz bands. The consultation was scheduled to close on January 31, 2023.

Net neutrality

Regulation (EU) 2015/2120 of the European Parliament and of the Council dated November 25, 2015 laying down measures concerning open Internet access came into force in Poland on January 1, 2017 (later than in the rest of the European Union due to derogations).

Anti-terrorism legislation

The Polish Anti-Terrorist Operations (ATO) Act came into force in July 2016. This law amended the Telecommunications Act, introducing the requirement that prepaid phone cards can no longer be anonymized.

Protection of personal data and telecommunications secrets

The Polish Telecommunications Act provides for the protection of "telecommunications secrets" (users' data, content of individual messages, transmission data, location data and data related to attempted calls).

In 2009, the Telecommunications Act was amended in order to implement the obligation to retain connection-related data introduced in the EU Data Retention Directive. This obligation applies to several categories of data necessary for establishing a connection to or from a mobile network: (i) the source of the connection; (ii) the outgoing call number; (iii) the date and time; (iv) the duration of the call; (v) the telecommunications equipment used; and (vi) the place where the connection was made. The length of time that the data must be retained varies between the EU States from six months to two years. The applicable period under Polish law is 12 months.

The GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council dated April 27, 2016) entered into force in Poland in May 2018.

Environmental protection

Waste electrical and electronic equipment

Polish telecoms operators are required to comply with environmental regulations for certain aspects of their business operations. This particularly relates to:

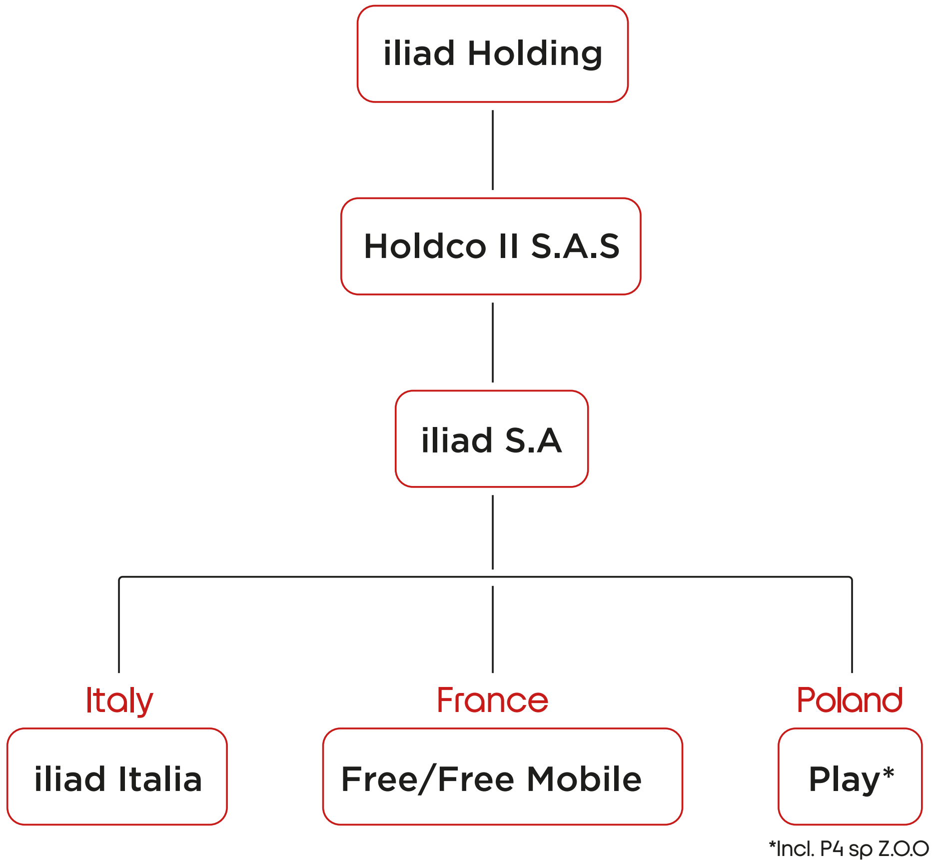
- Packaging waste: the Polish Act of June 13, 2012 on packaging and packaging waste management sets rates for reusing and recycling packaging waste that companies are required to reach each year. If this rate is not achieved, taxes are levied.
- Batteries: the Polish Act on batteries and accumulators dated April 24, 2009 sets out a number of obligations related to marketing and recycling batteries and accumulators.
- Electrical and electronic equipment: the Polish Act dated September 11, 2015 – which transposes into Polish law the EU Directive on waste electrical and electronic equipment (WEEE) dated July 4, 2012 – states that companies are required to organize and finance collections from WEEE drop-off points as well as the processing of electronic waste. This obligation can be carried out by specialist third parties on behalf of the companies concerned.

Protection against electromagnetic fields

The environmental protection rules concerning electromagnetic fields are governed by the Polish Environmental Protection Act dated April 27, 2001. The maximum permissible levels of exposure to electromagnetic fields in the environment are defined in regulations issued by the Polish Health Ministry on December 17, 2019. These regulations align the limits applicable in Poland with those set in the European Council Recommendation of July 12, 1999 on the limitation of exposure of the public to electromagnetic fields. The measurement methods are regulated by the Regulation of the Minister of Climate and Environment issued on February 17, 2020 regarding the methods for tracking compliance with the permissible levels of electromagnetic fields in the environment.

1.7 ORGANIZATIONAL STRUCTURE

iliad Holding S.A.S., which is wholly owned by Xavier Niel, iliad's main shareholder, indirectly controls (via HoldCo II S.A.S.) the group of companies comprising iliad and the subsidiaries that it controls.



At December 31, 2022, iliad Holding S.A.S indirectly held substantially all of iliad S.A.'s shares following two capital transactions: (i) a capital increase carried out by iliad S.A. on January 31, 2020, with Holdco II S.A.S. taking up all of the shares, in order to finance a buyback offer, and (ii) a simplified public tender offer launched on July 30, 2021 by Holdco II S.A.S. for all of iliad S.A's shares, followed by a squeeze-out procedure and delisting from Euronext Paris, which completed on October 14, 2021.

Since 2020, iliad Holding S.A.S. has taken on the role of a holding company that steers the iliad Group, defining its general policy and strategic priorities, as well as identifying areas for development.

In view of this, iliad Holding S.A.S. set up a Strategy Committee comprising Xavier Niel and key executives of the iliad Group as well as technical experts as permanent members, to develop the iliad Group's strategy and ensure its effective implementation. A strategic management agreement has been entered into between iliad Holding S.A.S. and iliad S.A.

See Note 37 to the 2022 consolidated financial statements (Chapter 6 of the Universal Registration Document) for a list of the Group's consolidated companies at December 31, 2022 and Chapter 7, Section 7.2.3.4 for a list of iliad's subsidiaries and affiliates.

The financial relations between iliad Holding, iliad S.A. and its other operating subsidiaries mainly consist of (i) billings to subsidiaries for services and support provided in the areas of training, financial management, accounting, legal matters, etc. and (ii) organizing financing.

There are strong operating links between the Group's subsidiaries at several levels: (i) the Group's telecommunications network is housed within Free and Free Mobile, which are responsible for carrying the traffic of all of the Group's entities, (ii) Free and Free Mobile manage all services relating to the invoicing system for all of the Group's subsidiaries, and (iii) certain Group subsidiaries provide support services – notably telephone support – for all Group entities.

There are no significant non-controlling interests in the Group.

2. Risk factors, insurance and internal control

2.1 RISK FACTORS

The analysis below sets out the main risk factors that could, at the approval date of this Universal Registration Document, have an adverse impact on the Group, its business, financial position, earnings and ability to meet its objectives. These risk factors are specific to iliad and are grouped into five categories. Within these categories, the risks are ranked in decreasing order of net criticality. The net criticality of the risk factors is determined based on a combination of the probability of the risks actually occurring and their severity level, after taking into account the risk management measures put in place by the Group. iliad's assessment of this order of importance may be changed at any time, notably if any new facts or circumstances arise (either external or specific to the Group).

The risks presented are not the only ones to which the Group is exposed. Other risks of which the Group is not currently aware or which it does not consider as being significant or specific at the approval date of this Universal Registration Document, could also have an unfavorable effect on its business, financial position, earnings and/or ability to meet its objectives. Investors are advised to give careful consideration to all of the risks set out below as well as all of the information contained in this Universal Registration Document.

— SUMMARY TABLE

Risks	Probability of occurrence	Severity level	Net criticality
Risks related to the Group's operations			
Cyber-security and service interruption risks	high	moderate	high
Risks related to network rollout delays	low	moderate	moderate
Fraud risks	moderate	low	moderate
Risks related to network failure, saturation or interruption	high	moderate	moderate
Risks related to total network unavailability	low	high	moderate
Risks related to investments outside France	moderate	low	moderate
Risks related to increases in energy prices	high	moderate	moderate
Risks related to a health crisis	moderate	moderate	moderate
Risks related to dependence on main suppliers	moderate	moderate	moderate
Risks related to public health and the effect of electromagnetic waves	low	low	low
Risks related to the Group's industry			
Competition risks	high	high	high
Risks related to dependence on the incumbent operator	moderate	high	high
Risks related to rights of use and resale rights	high	moderate	moderate
Risks related to the Group's organizational structure			
Risks related to dependence on iliad's principal shareholder	high	moderate	moderate
Risks related to retaining key personnel	moderate	moderate	moderate
Financial risks			
Liquidity and financing risks	moderate	high	moderate
Risks related to asset impairment and provisions	low	moderate	moderate
Legal risks			
Regulatory compliance risks	high	high	high
Data protection risks	high	high	high
Risks related to the loss of Huawei as a supplier	moderate	high	high
Risks related to disputes	high	moderate	moderate
Risks related to electronic communications legislation and new laws (Poland)	high	moderate	moderate
Risks related to liability for illicit content	high	low	moderate

2.1.1 Risks related to the Group's operations

2.1.1.1 Cyber-security and service interruption risks

Interruptions of services provided to subscribers may occur as a result of (i) cyber-attacks (on the Group's networks or information systems), such as hacking, viruses or any other form of intrusion, (ii) hardware or software failures, (iii) human error, (iv) sabotage of critical hardware or software, or (v) performance failure by a critical supplier. Out of these interruption risks, telecommunications operators are particularly exposed to malicious acts and cyber-attacks due to their visibility and the vital role that telecommunications play in how an economy functions.

Cyber-attacks can affect the Group directly, i.e., if its own systems are attacked, or indirectly through attacks on the Group's corporate clients, service providers, suppliers or government agencies. For example, some Internet service providers have suffered denial of service attacks, with vast numbers of information requests sent to their websites in the aim of overloading their servers.

Such incidents, which have a high probability of occurrence, could result in several impacts including:

- the interruption, or even unavailability, of services: e.g., subscriber network connections, subscriber sign-ups, or subscriber relations services;
- the interruption of creation of new connections or migration to fiber;
- the disclosure of sensitive information, such as competitive information and/or the personal data of subscribers (see Section 2.1.5.2, "Data protection risks");
- intrusion and manipulation of the Group's information systems which can lead to fraud (see Section 2.1.1.3, "Fraud risks"), or to the interruption of invoicing processes.

In order to protect itself against this risk – which has a severity level deemed as moderate – the Group has put in place an IT security policy based on internal control over developing and operating information systems and managing access authorizations to those systems, as well as an anti-DDoS system and monitoring process designed to detect any incidents. It has also made, and will continue to make, the investments required to ensure the reliability of its security system and minimize any problems that could be caused by a security failure or a breach of the security system.

Despite the measures taken by the Group to protect the security of its systems, the number of cyber-attacks is constantly rising and they are becoming increasingly sophisticated, with ever-greater impacts and a higher risk of service interruption. In addition, as the Group's network is so streamlined, with all-IP and fully dematerialized technologies, and in view of the larger size of service platforms and the fact that equipment is grouped together in a small number of buildings, in the future, service interruptions could affect a greater number of subscribers. The Group ensures that the networks it operates in each of its host countries are independent so that an incident affecting the network in one country does not impact the network in another one.

Although the impact of such attacks is difficult to quantify, if they were to occur they could severely damage the Group's reputation and image and could result in liability claims as well as financial losses. They could also adversely affect the Group's competitive position and result in a loss of subscriber confidence, which could lead to a decrease in its network traffic and revenues, and therefore negatively impact its earnings and outlook. Consequently, the Group could be required to increase its expenditure and its efforts to protect itself against these risks or to alleviate their consequences, which could have a significant adverse effect on its business, financial position, earnings and/or ability to meet its objectives.

In Poland, a draft law is currently being discussed to change the legislation on cyber-security. These legislative changes will address liability, business continuity, the business environment, free competition and the rollout of 5G technology in Poland. These amendments could have a significant impact on operators and suppliers. Any ensuing introduction of new assessment criteria for suppliers and service providers could also:

- limit operators' choice of their suppliers of hardware and software, which could negatively impact their business and affect the investments they have already made, therefore leading to higher operating costs;
- introduce a new frequency allocation procedure and a cyber-security certification scheme;
- require telecommunication service providers to set up a department specifically dedicated to IT security, which would undoubtedly increase ICT security expenditure.

All of these regulatory changes could therefore lead to additional compliance costs for Polish operators.

2.1.1.2 Risks related to network rollout delays

The Group's strategy has always been focused on rolling out its own fixed and mobile networks and developing its regional coverage, which it has done in France, Italy and Poland.

For fixed networks in France, the Group rolls out its own fiber local loop in some locations (very densely populated areas), co-finances the fiber local loop in the rest of the country, deploys part of the backhaul network of fiber local loops and uses the existing copper local loop across the whole country.

In the mobile segment, the Group is rolling out its own network made up of directly-owned or directly-operated sites as well as sites shared with other operators.

The rollouts of the fiber-to-the-home (FTTH) network and 3G, 4G and 5G mobile networks are contingent on three main factors. First, obtaining (i) the authorizations required to roll out and operate the networks, which are granted by various entities, including local and regional authorities, site owners and property managers (occupancy of public property, urban planning permits, right of entry into buildings, connections to homes, etc.) and (ii) licenses to operate mobile masts, which are granted by the competent frequency regulatory authorities. Second, that the work entrusted to third-party service providers is properly completed. And third, reaching agreements with various partners in order to increase the Group's access to infrastructure, such as co-financing agreements for access to fiber networks, agreements with public or private bodies, or roaming agreements for the mobile network.

Any delays in obtaining the requisite authorizations or completing the necessary work (e.g., due to performance failures by third-party service providers, or delays or problems in rolling out the co-financed fiber local loop), or any delays or problems relating to (i) implementing network-sharing agreements or roaming agreements (particularly in Italy), or (ii) entering into co-financing or other agreements, or the Group's ability to obtain such agreements, could slow down its network rollout plans and prevent it from successfully executing its strategy. This in turn could adversely affect the Group's competitive position, business, revenues, financial position, earnings, outlook and/or expansion.

In addition, any rollout delays in the Mobile business could result in the Group not being able to meet its regulatory coverage requirements, its contractual obligations with its main partners, and/or its service quality commitments to subscribers. The financial sustainability of the Group's Mobile business depends on it having the frequencies it needs, as well as a high direct coverage rate and network density in order to ensure appropriate quality of service on its 3G, 4G and 5G networks.

Lastly, if a network is rolled out as part of a project to increase capacity, any "out of the ordinary" delay could result in network saturation and consequently an alteration of some services offered.

The probability of this risk occurring is low and depends on rollout hazards. However, its severity level is moderate.

To prevent any such incidents, the Group has developed in-house expertise in rolling out its own networks. Its network teams – which as of December 31, 2022 included over 3,500 people working on the fiber rollout – have built up high-level skills in all stages of the process for putting the Group's own infrastructure in place, and have developed – in conjunction with the business lines concerned – specific expertise in managing and overseeing these projects. The Group has also established close partnerships with selected partners and providers in order to reinforce its infrastructure and extend its coverage.

If the rollouts of the Group's FTTH network and its own mobile networks were to slow down due to the occurrence of any of the above-described risks, it could particularly affect the Group's ability to act fully independently and to offer its own, differentiated services in all of the regions where it operates. This could then adversely impact the quality of its services, offerings, number of new subscribers, operations, profitability, financial position, ability to meet its objectives, business development and/or outlook.

2.1.1.3 Fraud risks

The interconnection of the telecommunications networks operated by the Group, as well as the expansion of its business activities, expose it to various types of fraud.

The Group's B2B hosting business and its financial services activity, in which it acts as a payment establishment, also expose it to the risk of fraud, which may be targeted at the Group directly or at its customers.

In addition, the use of roaming services exposes the Group to a risk of non-recovery of amounts owed by subscribers who use their plan outside the country of intended use. In such cases, the Group would be dependent on third-party operators located in the place of use and the related risk would depend on the amount of data used. Differences in rates between European countries could also give rise to misuse of the services offered by the Group, therefore impacting its financial margins, and potentially leading to bad debt.

In addition, any fraud committed by a Group employee, customer or third party could impact its business and/or earnings. The probability of this risk occurring is deemed to be moderate.

If a significant case of fraud were to occur it could adversely affect the Group's revenues, margins, service quality and reputation. However, the severity of this risk is considered moderate.

Through its internal control system, the Group ensures that it complies with all the applicable laws and regulations, that its operations adhere to the instructions and guidelines given by Management, that internal processes are run smoothly, particularly in terms of preventing anomalies or fraud, and that the financial information produced and disclosed is reliable.

Nevertheless, in today's environment of increasingly complex technologies, more virtual networks, and faster implementation of new services and new applications, cases of fraud may arise that are more difficult to detect or control. One reason for this is the development of big data, which has enlarged the scope of possible attacks, and particularly cyber-attacks.

In view of the large number of invoices it issues and the volume of its payment transactions, such fraud could represent heavy financial losses for the Group. One of the main types of fraud risk that the Group faces is people attempting to use its services or goods without paying for them.

2.1.1.4 Risks related to network failure, saturation or interruption

These risks relate to the occurrence of any incident impacting all or part of the Group's infrastructure (such as masts and fiber) such that the infrastructure concerned is prevented from operating either in full or in part.

A network interruption is deemed to be involuntary when it occurs following work on civil engineering infrastructure carried out in the vicinity of the existing infrastructure, whether that infrastructure is shared or not, or following a malicious act perpetrated with the intention of destabilizing the network that the infrastructure supports.

A network failure may also arise due to a lack of spectrum (for example, the Group cannot be sure that it will be allocated the requisite additional frequencies – or re-allocated its existing frequencies – that it needs in order to operate its 2G, 3G, 4G and/or 5G networks). If such a failure arises it could directly affect the Group's operations.

This risk is specific to the telecommunications sector, as its occurrence would prevent subscribers from using, in full or in part, fixed and/or mobile services.

The probability of occurrence of this risk is high, given that it exists throughout the year, but peaks during periods of intense infrastructure work (April/May and October/November).

The severity of this risk is considered moderate, although in practice, it depends on the network link impacted by the failures, ranging from the most sensitive to the least sensitive:

- Core network to Core network link:
  - Standard situation: back-up links that can continue to work despite an incident,
  - Deteriorated situation (ongoing standard situation): non-duplicated services not available in the service zones that are not directly served;
- Core network to POP link (regional):
  - Standard situation: back-up links that can continue to work despite an incident,
  - Deteriorated situation (ongoing standard situation): total discontinuity of service;
- POP link (regional) to Optical Node (small town or district optical nodes/subscriber connection nodes):
  - Standard situation: back-up links that can continue to work despite an incident with a slight risk of saturation,
  - Deteriorated situation (ongoing standard situation): total discontinuity of service;
- Technical Site to Subscriber or Mast:
  - Total service discontinuity.

If any of these events were to occur, they could reduce the quality of the services provided to Group subscribers or even cause network interruption. This could adversely impact numbers of new subscribers, as well as the Group's image, reputation, financial position and/or ability to meet its objectives.

The Group takes the following steps before works begin by a third party that has sent the Group a Declaration of Intent to Commence Work, or DICT (a requirement in France whereby third parties working within the vicinity of a service or utility network have to inform the network operator concerned of the planned works):

1. systematically responding to the DICT, in particular when the works are near the Group's networks;
2. co-ordinating the works if they are very close;
3. marking and logoing all of the Group's network components in the area (to minimize the risk of accidental damage);
4. forward-planning maintenance works by pre-identifying relevant contacts.

Despite the above measure, service interruptions due to human error may still occur, whether intentional or not. For example, services that rely on this infrastructure could be damaged or cut off due to saturation of back-up links, or due to there being no back-up links at all.

2.1.1.5 Risks related to total network unavailability

The Group's networks or services could become totally unavailable as a result of (i) a technical fault or breakdown, (ii) a network or IT incident at a site caused by a natural disaster, accidental events, or rolling power blackouts, or (iii) intentional damage (e.g., as a result of war, terrorism or industrial action).

This risk is significant for the Group as such incidents could result in an interruption of the services provided to its subscribers as well as in high repair costs, even after any amounts received from its insurers. This could adversely impact the Group's continuity of services, as well as its number of new subscribers, image, reputation, earnings, financial position and/or ability to meet its objectives.

The probability of occurrence for this risk is low, but the level of impact if it were to occur would be high.

In order to address these risks the Group:

- monitors security at its main sites and for its network equipment;
- has a business continuity plan for its critical systems and software;
- ensures that it has network redundancy, especially for its core network (see Chapter 1, section 1.4.3.1 of this Universal Registration Document).

The Group has put in place specific procedures, protocols and systems and strengthened its network links in order to guarantee service continuity in the event of a crisis (core network redundancy and critical links, high-level security and surveillance of critical equipment, priority service restoration in the event of a power outage, self-sufficient power for several days if power supplies are cut off or sabotaged, etc.). In practice, the Group has a transmission network based on secure IP technologies, structured in a chain architecture with network redundancy and which serves several operating centers spread across several geographic regions in France. The Group is also working with the French government to prepare for any rolling blackouts.

2.1.1.6 Risks related to investments outside France

Changes in the Group's geographic footprint involve a considerable number of risks. These include the risk that changes in the political, economic, regulatory, tax and/or social environment could jeopardize profit forecasts drawn up by the Group when it originally made the investment decision, which would therefore adversely affect its earnings and financial position. In certain countries in which the Group may carry out investment projects, risks related to corruption and business ethics could potentially expose it to international sanctions, which could affect its image and reputation.

One of the Group's main investment goals is to build up broader and deeper geographic coverage of its services and networks, and grow its business internationally. In line with this objective, in 2018, it entered the Italian market, in 2020, it acquired Play – Poland's second-largest mobile operator – and in 2022 it acquired UPC Polska, one of Poland's leading cable-operators.

Any of these transactions could have a significant effect on its financial position and/or results of operations. The probability of occurrence of this risk is deemed moderate.

However, its severity level is low as the only main impact on the Group's business would be that a debt situation would arise. Future acquisitions or divestments could give rise to debt, contingent liabilities, amortization/depreciation expenses, goodwill write-offs, and/or integration expenses, each of which could have an adverse effect on the Group's business, financial position and/or results of operations.

The Group has set up a governance structure enabling it to monitor and oversee business development carried out by its foreign subsidiaries and therefore assess the potential risk of these investments becoming impaired. In particular, this structure includes a process for approving the investment amounts agreed to by the Group's executives in the countries concerned.

Nevertheless, the Group cannot guarantee that it will be able to develop its business in these markets in line with its plans or that it will be able to fully recover the amounts invested to develop its networks and services or to acquire other operators. Similarly, it can give no assurance that the deployment of its services in new markets will be successful, in view of the competition from other operators or players already present in those countries.

If the Group is unable to extend its networks and service offering to such new markets, the value and/or sustainability of its investments could be affected, which could have an adverse impact on its business, financial position, earnings and/or outlook.

2.1.1.7 Risks related to increases in energy prices

A significant rise in electricity prices could affect the Group's ability to achieve its objectives and implement its strategy, and could have a significant adverse effect on its business, revenues, earnings and/or financial position.

For almost 20 years, the Group has pursued a policy of pro-actively investing in its fixed and mobile networks in all of its geographies (France, Italy and Poland), underpinned by an approach focused on innovation, quality control and efficient cost management. At December 31, 2022, it had more than 42,000 mobile sites in its three geographies. In order for its network equipment to operate, the Group has to use a large amount of electricity.

The probability of occurrence of this risk is high, but its severity level is low.

This is due to the fact that, depending on the country, the Group has set up hedging arrangements with energy producers, and it uses financial hedges covering a period of one-to-two years for its direct supplies.

A process is also underway to gain medium-term visibility for the Group's indirect scope, namely the energy rebilled by its subcontractors/partners/co-contractors that are "Tower Companies" or other operators.

In order to reduce the impact of the rise in energy prices and to meet its climate pledges, since 2021 the Group has been working on setting up Power Purchase Agreements (PPAs), under which it purchases electricity directly from the producer at a contained price in its three geographies. In 2022, the Group signed its first off-site PPA in France with Engie, its historical energy supplier and the leading developer of solar and wind power in France. Under this agreement, for 15 years the Group will purchase from Engie the electricity and guarantees of origin that will be produced by the Labrit solar farm located in the Landes region of France.

In addition, the Group has undertaken energy-saving measures by switching off some frequencies during certain time periods and investing in energy-efficient equipment. Similarly, a number of the Group's entities carry out load-shedding, which entails not using electricity when the network is under strain, which therefore also helps to save energy.

However, the Group remains exposed on a yearly basis to the risk of price volatility in the European electricity market and to the risk of supply shortages.

2.1.1.8 Risks related to a health crisis

The years 2020, 2021 and 2022 were marked by the worldwide health emergency caused by the Covid-19 pandemic. With the rapid spread of the virus across the globe, many governments imposed lockdowns and other restrictive measures.

The specific risk that the iliad Group faces is that some of its business activities are not particularly compatible with homeworking, or they require working in premises that are open to the public. Typically, these concern jobs carried out by Free Center advisors, rollout engineers, and maintenance and support services staff.

In view of recent developments relating to the pandemic, and because of vaccination coverage, the probability of this risk is becoming lower. It is therefore considered to be moderate.

Its severity level is also moderate as the Group has taken all the necessary measures to first and foremost protect its employees in France, Italy and Poland, and at the same time ensure business continuity.

Despite the uncertainties caused by Covid-19 and the impact of the pandemic, the Group's solid fundamentals are still in place. As of the approval date of this Universal Registration Document, in view of the measures taken to ensure its business continuity, combined with the worldwide vaccination campaigns, the Group is confident in its ability to achieve its objectives.

Nevertheless, any resurgence of Covid-19 or the outbreak of a new health crisis could impact the Group and a number of its objectives.

This would particularly be the case if the restrictions imposed were to include one or more lockdown(s), as besides the impact they have on people, lockdowns can trigger economic slowdowns in some regions.

2.1.1.9 Risks related to dependence on main suppliers

In order to be able to offer its products and services and meet demand fueled by the growth in its subscriber base, the Group has entered into strategic partnership agreements in relation to its network infrastructure and equipment, mobile phones and SIM cards, and Internet/TV boxes.

These agreements provide for:

- rights of use for the dark optical fiber used by the Group, especially for its backbone network;
- access and information services for co-financed fiber sockets;
- access to Orange's civil engineering infrastructure;
- access to ultra-fast broadband local loops via agreements signed with infrastructure operators (Altitude, Axione, Covage, Orange, SFR);
- interconnection and unbundling, giving the Group access to the local loops – particularly ultra-fast broadband loops – of the operator concerned;
- access to the Tower Companies' passive mobile infrastructures, e.g., the agreements with Cellnex and TDF;
- supply of mobile communications equipment (Nokia, Huawei and Ericsson);

- roaming, enabling the Group to provide mobile services in areas where its own network has not yet been deployed;
- carrying data traffic generated by the Group's subscribers, signed with international players such as Telia and Cogent;
- the supply of mobile phones and SIM cards;
- the supply of internet/TV boxes and electronic components;
- the assembly of Freeboxes.

If any of these strategic partnership agreements were to be terminated, there could be a significant adverse effect on sales of the Group's products and/or services and therefore on its business, earnings, financial position, outlook, and/or ability to meet its objectives. The Group cannot guarantee that it will be able to renew all of its contracts with its main suppliers, or that the financial terms of the contract renewals will be similar to the previous ones, or acceptable, or that it will be able to find replacement suppliers.

Other factors may increase the probability of supplier dependency risks. These include the risk of shortages of certain components, a significant rise in the price of those components, and/or potential sanctions or sale bans. These risks could affect the Group's procurement processes and production capacities. They could therefore jeopardize its ability to provide its subscribers on a timely basis with the equipment and devices they need in order to access the Group's services, and could also hinder the capacity of the Group's networks.

If one or more of the Group's suppliers were unable to provide the products and/or services concerned this could affect its ability to fully control its networks, offer high quality services and conduct its operations, or could give rise to additional costs that would have an unfavorable impact on its business, earnings and outlook.

From 2020 to 2022, the combination of several crises (Covid crisis, semiconductor crisis, and more recently the war in Ukraine) have put a strain on the semiconductor supply chain and caused a sharp increase in supply delays. This in turn has led to a steep rise in the prices of semiconductors as well as to a disruption of the supply chain. Between 2020 and 2022, Freebox experienced increases of up to 40% in the price of semiconductors, and it has also suffered from rising raw material prices (cardboard, plastics, metals) and soaring inflation (higher salaries, higher overheads – especially for buildings – and higher energy costs).

Currently, however, the semiconductor and memory market is becoming less strained. Freebox is therefore moving swiftly to renegotiate all its contracts. Likewise, supply lead times are getting much shorter, which is enabling the Group to rebuild safety stocks for its various set-top boxes and network equipment and give its sales and marketing teams room for maneuver again.

The Group's Purchasing Department incorporates supplier dependency risks in its controls and actively seeks to vary its supply sources. Furthermore, the Group's procurement policy includes building up a minimum target inventory level so that it can be production self-sufficient for at least three months.

The Freebox teams are actively working to maximize multi-sourcing of electronic components in order to reduce the risks of dependency and supply disruptions that they experienced during the Covid crisis.

Although the Group considers that its procurement policy allows it to anticipate growth in demand for Internet access (fixed and mobile Broadband and Ultra-Fast Broadband), if any new major health crisis or geopolitical event were to occur, its business could be affected, which could adversely impact its earnings, image and/or reputation.

2.1.1.10 Risks related to public health and the effect of electromagnetic waves

An item of wireless telecommunication equipment in operation generates an electromagnetic field that travels through the environment in the form of waves.

Although the health authorities largely agree that there is no proven health risk for exposures that are below certain limits, the general public is concerned about potential health risks from exposure to such electromagnetic fields.

The allocation of the frequencies required for rolling out and operating 5G networks have heightened the public debate and concerns about this issue. These 5G-related concerns were alleviated in 2022 following the publication of the results of scientific studies on 5G that factor in updated opinions issued by a number of national health authorities which state that, based on current knowledge, no new risks have arisen.

However, this context could hinder the rollout of wireless networks and may result in the population reducing its use of mobile electronic communication services.

The iliad Group holds mobile communications licenses under which it has obligations to deploy wireless telecommunication equipment nationwide. This deployment is intended to meet the growing needs of the Group's subscribers within their working and private lives and also enable them to contact the emergency services if needed.

These risks would increase if tighter laws and regulations were to be introduced, as such a situation would reduce the Group's national coverage and would erode network service quality which would subsequently make it impossible for the iliad Group to fulfill the population coverage and network service quality obligations under the licenses or network operation permits it has been granted.

The health authorities, in particular the World Health Organization, largely agree that there is no proven health risk for exposures that are below the exposure limits recommended by the International Commission for Non-Ionizing Radiation Protection (ICNIRP), which are regularly reassessed on the basis of many scientific publications in this area. The reassessment conducted by ICNIRP in 2020 with the arrival of 5G resulted in the same finding.

The public authorities have adopted restrictive regulations taking into account these exposure limits.

iliad strictly complies with all these regulations, but it cannot predict the future findings of scientific research conducted by the various mandated organizations, nor can it foresee regulatory changes that may be introduced in the future.

The public's heightened perception of health risks could lead to a decrease in the number of the Group's subscribers, less subscriber usage or potential liability claims, and could affect network rollouts and/or generate additional costs or investment.

Ever since iliad entered the mobile telephony market and began rolling out its networks, it has applied a proactive policy regarding electromagnetic waves.

This policy is focused on the following key areas:

- rigorously and continuously complying with regulations;
- providing transparent information, backed by scientifically proven facts;
- setting up constructive and transparent partnerships with the local authorities;
- setting up a national and international regulatory watch unit to monitor regulations relating to electromagnetic waves;
- putting in place and regularly updating an information base on magnetic waves which is shared with the Group's in-house teams, particularly those in charge of relations with local authorities;
- regularly holding in-house seminars to share knowledge about magnetic waves as well as feedback from operations teams;
- participating in meetings organized by local councilors prior to installing new mobile masts;
- participating in discussion with public authorities at national, regional and local level, and more broadly, in discussion committees set up by the public authorities and health agencies.

If it were to be established in the future that electromagnetic waves do have a harmful effect on health, or if the applicable laws and regulations were to become stricter, this could adversely impact the Group's business, image, earnings, financial position and/or outlook.

2.1.2 Risks related to the Group's industry

2.1.2.1 Competition risks

The markets in which the Group conducts the majority of its business are mature markets (the French fixed and mobile markets and the Italian and Polish mobile markets). It therefore faces fierce competition from other Internet access providers and operators, or from new players. This is especially the case in the retail market, in terms of prices and the ability to swiftly offer the latest technologies, as well as the ability to propose data-rich offerings with network and content convergence (fixed and mobile Ultra-Fast Broadband). There is also a high level of subscriber volatility as most offerings on the market come with no commitment and there are frequent launches of promotional deals.

The fixed and mobile access services market is characterized by fast-changing technologies and technical access methods (switched access, ADSL, VDSL, FTTH, broadband, ultra-fast broadband, 2G, HSPA, 3G, H+, 4G, 4G+, 5G, etc.). This means that there are similarly rapid changes in the types of services and functions offered to subscribers as well as in pricing structures (unlimited offers, free offers, promotional deals, European roaming). The competitiveness of an electronic communications operator therefore depends on its ability to swiftly offer the latest technologies at the best price. Competitive pressure can render the Group's offers less attractive than those of its competitors and lead to a decrease in the number of its fixed and/or mobile subscribers. It can also push down prices, thus affecting the profitability of the Group's services.

In the mobile market, the arrival of Free Mobile in France, iliad Italia in Italy and Play in Poland, combined with their rapid growth, heightened competition in these already mature markets and prompted market operators, both incumbent and virtual (Mobile Virtual Network Operators or MVNOs), that had greater financial resources than those of the Group, to launch marketing counter-offensives. The Group's success in the mobile market depends on its ability to ensure (i) that its offers and services are and remain sufficiently attractive compared with those of its competitors and (ii) that it can offer its services to the widest number of subscribers through the extension and rollout of its own mobile network.

In the fixed market, competition for access services is fierce and the Group expects it to intensify significantly in the future due to the fact that (i) gaining market share is becoming difficult as the market is mature, (ii) the number of strategic and capital alliances between the Group's competitors could increase, (iii) multinationals with more financial resources than the Group have entered the market, such as the GAFA companies (Google, Apple, Facebook and Amazon) and other OTT (over-the-top)[1] service providers, whose investment capacity, particularly for advertising, constitutes a considerable competitive advantage, and (iv) new, and notably global, competitors could enter the market.

Competition is also strong, and is expected to further intensify, for television and video services via fixed electronic communications networks. In this sector, several of the Group's competitors are implementing strategies involving the convergence of electronic communications networks and media, which has resulted in some competitors gaining greater power and control over access to, and the broadcast of, premium content (TV channels and programs). Consequently, exclusive content distribution rights for particular operators have started to develop in the market, notably for premium content (such as premium TV channels). In addition, some TV channel owners have made access to their free channels contingent on also having access to their pay-TV channels, which has a harmful effect on the appeal of the Group's audiovisual offering and could therefore impact its earnings. Although the Group considers that it has competitive advantages in this market, notably through the use of its Freeboxes (Delta, Pop, Revolution and mini 4K), which provide secure transmission of content, it cannot guarantee that it will be able to maintain or develop its audiovisual operations in line with its plans.

(1) The supply of content over the Internet without the involvement of an operator or its set-top box.

The aforementioned risks are relatively contained in France in the mobile, fixed and audiovisual segments due to the competitive maturity of those markets.

In Italy's mobile market, price competition will in all likelihood remain fierce during 2023.

In the audiovisual segment in Poland, the risk of changes in regulations concerning broadcasting/distribution obligations is likely to alter the balance of power between the channels (and their groups) and the distributors and Internet service providers owned by the Group, leading to potential renegotiations of broadcasting or content distribution contracts.

The probability of this risk occurring is high.

In the mobile segment, if the Group is unable to grow, notably if it does not manage to propose sufficiently appealing offerings or rapidly develop its 4G/5G network, this could directly impact its ability to retain its subscribers, adversely affect its revenues and delay return on the investments made in rolling out its own networks.

In the fixed segment, if the Group is unable to manage these subscriber and/or network risks, this could adversely impact its earnings.

In the audiovisual segment, if it is unable to reach agreements on the distribution of certain content, and if certain premium channels and content start being distributed on an almost exclusive basis by the owners of the channels or its competitors, the Group could be unable to provide similar TV offerings, which would prevent it from competing.

The severity level of this risk is therefore high.

In order to counter such competitive pressure and be technically and commercially self-sufficient, the Group has made rolling out its own networks a strategic priority. It also has a very pro-active capital expenditure strategy, focused on innovation and R&D, in order to stay at the cutting-edge of innovative solutions and be able to roll out new-generation networks. The strong brand recognition of the "Free", "iliad" and "Play" names, allied with the Group's differentiating sales strategy, are also major competitive strengths. To remain competitive, the Group must be agile, while constantly developing new functions and features for its products and services – which may require significant investments – and must continue to propose new and attractive offerings for users.

In order to invest in networks, innovate and remain competitive in the fixed and mobile segments, the market is clearly showing a fundamental trend towards divesting telecom network infrastructure, or financial arrangements offering the same advantages as divestment, i.e., freeing up and preserving investment capacity.

All operators have had to sell their network assets (towers, fiber, indefeasible rights of use) for the purpose of financing the deployment of FTTH. For example, in France, the Group has sold its mobile masts and 50% of its fixed-line indefeasible rights of use and therefore now has fewer of these assets that it is able to sell.

This fiercely competitive situation could have a significant adverse impact on the Group and its ability to retain subscribers and win new ones, as well as on its market share, margins, earnings, return on investment, financial position, ability to meet all or some of its objectives, business development and outlook.

2.1.2.2 Risks related to dependence on the incumbent operator

Despite the legal and regulatory framework applicable in France, which requires the incumbent operator to permit the development of local loop unbundling and to grant the Group access to its installations, the Group could be confronted by situations where there is a conflict of interest with the incumbent operator as its dominant competitor and principal supplier. The incumbent operator could therefore exercise significant influence over the Group's operations and strategy, with potentially adverse effects, and could also restrict its capacity for growth.

Regarding the pricing applied for access to the unbundled local loop, ARCEP included a review clause in its 2020-1446 market analysis allowing for "an upward revision of prices if the incumbent operator presented a clear, tangible plan to switch off the copper network, and depending on the guarantees that it could provide regarding the speed of transition from copper to fiber". Following this public consultation, on the one hand, ARCEP addressed to Orange additional questions about its "Switch-off Plan" inviting it to provide clarifications and additional information about its initial plan, but on the other hand, the regulator decided not to revise the unbundling price for 2022-2023 following the public consultation.

Orange has announced and given details on its "Plan to switch off Orange's copper local loop network" which provides for the complete shutdown by 2030 of the technical operation of all of its copper local loop infrastructure that is currently unbundled by alternative operators.

In 2022, ARCEP launched the process to review its asymmetric market analysis decisions (2020-1445, 2020-1446 and 2020-1447). A "Scorecard and Outlook" public consultation held over the summer may result in an adjustment to the current price cap framework. The possibility of remedies for the unbundling price appears to have been confirmed in the draft market analysis Decision 1 published in a working document for public consultation by ARCEP on February 20, 2023. According to this document, ARCEP proposes to ease price regulations for copper local loop access:

- restrictions may be relaxed entirely for lines where a total commercial switch-off has been announced and a technical switch-off is likely to be implemented rapidly;
- for copper lines at addresses that have been switched off commercially, pricing changes will be on a "non-excessive" basis, although this notion remains unclear;
- other lines would continue to be regulated on a cost-oriented pricing basis, with an unchanged methodology in principle based on a FTTH network reconstruction model.

This draft decision remains provisional and further input is still being sought from the sector's stakeholders. Any amended drafts will subsequently be referred to the French Competition Authority and the European Commission during 2023 prior to publication of the final decision and the related pricing remedies for enforcement in late 2023 or early 2024.

In Opinion 13-A-08 relating to the terms and conditions of mobile network-sharing and roaming, the French antitrust authorities recommended that the national roaming agreement between Orange and Free Mobile should not be extended beyond a reasonable timeframe. It also provided for a framework for sharing mobile networks (RAN sharing). This Opinion was opened up to consultation.

In accordance with France's economic reform law (the "Macron Act"), ARCEP was assigned the power to analyze the mobile network-sharing and roaming agreements in place in France, and to require amendments to be made to such agreements where necessary (i) in order to achieve regulatory objectives, or (ii) for the parties to the agreement to respect the terms and conditions of their licenses. Pursuant to this Act, in June 2016 ARCEP adopted a set of guidelines on roaming and mobile network-sharing,

The Group has entered into interconnection and unbundling agreements to give the Group access to the incumbent operator's local loop. The Group's profitability depends partly on (i) the pricing and technical conditions established by the incumbent operator, notably in its Reference Interconnect Offer (revised each year) and in its Reference Unbundling Offer (revised from time to time) and (ii) non-discrimination undertakings given for the FTTH[1] wholesale market by the incumbent operator. For example, any significant increase in the prices or change in the technical conditions set out in the Reference Interconnect Offer or the Reference Unbundling Offer, as approved by ARCEP, could have a significant adverse effect on the Group's business, results of operations and financial position as well as on its ability to meet its objectives.

Regarding unbundled access pricing, in decision 2020-1493, ARCEP capped the price for the rental of copper pairs from the incumbent operator at €9.65 per month for the period from 2021 to 2023. A new public consultation will be held in 2023 on setting the unbundled access price for beyond 2023.

Regarding the copper switch-off, following experiments in several municipalities, Orange has announced that it will be phasing its Switch-off Plan, with two initial batches of shutdowns by 2024/2025 (with batch 1 representing some 200 thousand homes and batch 2 approximately 1.2 million). The overall switch-off has to be carried out under the best possible conditions for subscribers (migration to fiber) and for the Group, in particular with regard to the related services used by iliad in the incumbent operator's infrastructures (dark fiber backhaul, hosting, etc.).

The Group's exposure to the risk of copper shutdowns in 2023 is low because no shutdown is scheduled for 2023.

For mobile roaming, the operators concerned have made amendments to their agreements in force. Free Mobile stated that it would gradually reduce the peak speed for its roaming subscribers from 1 Mbps in 2017 to 384 Kbps in 2020. In 2020, it extended its roaming agreement until end-2022. To date, ARCEP has not itself amended any of the operators' network-sharing or roaming agreements, including after the extension of Free Mobile's roaming agreement. Following appeals by the operators SFR and Bouygues Telecom, in late-2021, ARCEP's decision not to require amendments to the roaming agreement between Free Mobile and Orange was upheld by the French Supreme Court (*Conseil d'État*).

In 2022, Free Mobile and Orange extended the roaming termination period to 2025. In December 2022, the extension was approved by ARCEP in an opinion that may be appealed by other operators to the French Supreme Court.

The probability of occurrence of this risk is deemed moderate.

At December 31, 2022, the Group had 2.5 million fixed subscribers on the incumbent operator's ADSL network. Consequently, a 10 euro cent increase in the unbundling tariff would represent an additional annual cost of around €3 million for the Group. The severity level of this risk is therefore considered to be high. In the event that ARCEP revises its decision and introduces remedies for unbundling prices in certain areas (deregulation or non-excessive pricing instead of cost-oriented pricing), increases in unbundling prices would be likely beginning from the enforcement date of the decision and at the initiative of the incumbent operator. These increases would exceed the levels used in regulatory pricing models up to now.

As part of the FTTH network rollout – which is being carried out in accordance with the regulatory framework set by ARCEP – the Group has entered into numerous network-sharing and co-financing agreements with the incumbent operator. These agreements cover areas that are classified by ARCEP as "very densely populated" as well as other areas (which have privately co-financed networks or public initiative networks ("PINs")). One of the main objectives of the agreements is for the Group to participate in co-financing Orange's rollouts of FTTH lines in return for access to all of the deployed lines for an initial period of between 20 and 30 years (renewable for periods ranging from 20 to 40 years). The terms and conditions applicable to (i) cabling buildings in non-densely populated areas, and (ii) the renewal of the right to use the deployed FTTH lines could have an adverse effect on the Group's business, results of operations, financial position and/or its ability to meet its objectives.

In order to free itself from this dependence on the incumbent operator's network, the Group has made it a strategic priority to roll out its own networks and control all of its infrastructure, so that it can have the highest possible degree of technical and commercial independence.

Furthermore, as part of its commercial operations, the Group is rapidly and efficiently migrating to FTTH networks (for which the Group has indefeasible rights of use) subscribers who are connected via the incumbent operator's copper infrastructure.

As the unbundling price is set by the regulator, it applies to all copper lines leased by the Group from the incumbent operator.

In view of the recently published draft market analysis Decision 1, there is a possibility that pricing remedies and *ex ante* rules may be relaxed. Competition law (ex-post regulation) would then apply to the areas of operations covered by the relaxed regulations.

In view of the uncertainty over unbundling pricing arrangements over the next fixed market analysis cycle, changes in the regulatory environment relating to the charges applied by the incumbent operator for providing the Group with access to its fixed and mobile infrastructure will be examined carefully during 2023.

(1) *Fiber To The Home: technology used to directly connect subscribers' homes to an optical fiber network.*

2.1.2.3 Risks related to rights of use and resale rights

To provide Ultra-Fast Broadband services to newly-eligible subscribers, it is necessary to build the terminal section of FTTH networks – known as the end-point connection – using optical fiber cables to connect the optical splitter deployed in the immediate vicinity of the premises to the terminal outlet inside the premises.

This segment of the network represents between a quarter and a third of the total cost of the network and is complex to deploy within multiple privately-owned properties. It is also where a large part of maintenance operations are concentrated.

Because end-point connection deployment requires contact and effective dialog with end users (ISP subscribers), this segment is mostly built by the commercial operator acting as subcontractor for the infrastructure operator.

Once complete, the end-point connection becomes part of the FTTH infrastructure operator's assets, and the commercial operator (ISP) then pays a license fee to use this segment for as long as the end user subscribes to these services. The FTTH regulatory framework has set this license fee at an amount equal or close to the cost of building the end-point connection (i.e., between €250 and €300 per end-point connection).

If the commercial operator loses the subscriber, the "incoming" commercial operator then pays the amortized license fee to the infrastructure operator, who then pays it over to the "outgoing" commercial operator: this arrangement is known as "resale right".

This situation exposes the Group to operational and regulatory risks, the severity of which is deemed to be medium.

On an operational level, "resale right" arrangements have not yet become standard practice between different operators and they have become the subject of numerous disputes between them. The Group is therefore exposed to a risk of loss in the event of non-repayment or partial repayment of these "resale rights".

The probability of occurrence of this risk is deemed to be high given the absence of standard practices between operators to collect these fees and the discrepancies noted between amounts accrued and amounts actually collected.

In terms of regulations, ARCEP consulted operators in early 2023 with a view to publishing a recommendation to reduce end-point connection fees and resale rights in particular. In brief, ARCEP's recommendation may result in impairment of the value of end-point connections already paid for by the commercial operators and by Free (the amount of future "resale rights" would be lower than the amount of "resale rights" paid in the past).

To mitigate these risks, the Group deploys tools to identify and track "resale rights". Although the Group uses its best efforts to collect fees due from its partners, it has no assurance that it will be able to collect all such amounts. This situation has already led to a dispute taken before the Regulator between Orange (infrastructure operator) and Bouygues Telecom (commercial operator) concerning a very densely populated area. The dispute is still ongoing and an appeal is currently pending.

2.1.3 Risks related to the Group's organizational structure

2.1.3.1 Risks related to dependence on iliad's principal shareholder

The Group is exposed to the risk of dependence on its main shareholder. At December 31, 2022, Xavier Niel – the Company's main shareholder – held 98.08% of the Company's capital. Xavier Niel is also a director of the Company and Chairman of its Board of Directors. He is therefore in a position to have a decisive influence over most of the Group's strategic decisions. Consequently, the Group's success depends on maintaining its relationship with Xavier Niel.

This risk is specific to the Group's organization and governance: Xavier Niel is the main shareholder of the Company and is also a director and Chairman of the Company's Board of Directors.

The probability of occurrence of this risk is high. However, its severity level is moderate.

The Group has implemented measures to control this risk. In particular, iliad is structured around a strong executive team. The fact that the roles of the Chief Executive Officer and the Chairman are separated means that there is clear segregation between strategic, decision-making and oversight duties – roles that fall within the remit of the Board of Directors – and operational and executive duties, which are the responsibility of Executive Management. In addition, the Board of Directors places great importance on having independent members on the Board and takes steps to ensure that such members represent a significant proportion of the overall number of directors. Board decisions are taken based on a majority vote of the directors present or represented. In accordance with best corporate governance practices, the Board of Directors has set up a procedure aimed at avoiding any conflicts of interest between the Company and the private interests of Xavier Niel, its majority shareholder. In line with this, in the event of a conflict of interests Xavier Niel does not attend the related Board meetings nor does he take part in the related discussions or vote.

The residual risk is therefore moderate but is likely to persist while Xavier Niel remains the Company's main shareholder.

2.1.3.2 Risks related to retaining key personnel

The Group's success is particularly dependent on retaining certain key personnel who have specific expertise in the Group's business (engineers, developers, technicians, executives and key employees).

The Group's ability to attract, train, retain and motivate highly qualified employees and executives will play a major role in its future success. This risk is particularly specific to people in charge of activities requiring technical expertise and/or skills that are in shortage and who are needed by the Group in order for it to continue to operate its critical services.

The probability of occurrence of this risk is moderate, as teams are generally small and rely on a few key people.

The impact of this risk is based on the loss of key skills and the loss of the knowledge required to continue to conduct the Group's business. The criticality linked to any departure of these key people also puts a strain on the teams in charge of recruiting successors. Additionally, the potential difficulties associated with knowledge transfer and the time it takes for a newcomer taking over these key roles to become technically proficient may result in a temporary loss of effectiveness.

The Group has a culture which fosters teamwork and motivation, and it has set up a human resources and compensation policy adapted to the talent of its people.

Furthermore, its key employees have an ownership stake in iliad and/or its subsidiaries, which plays a major role in building loyalty.

In order to futureproof its business, the Group takes particular care to ensure that the engineers and technicians working on its platforms and networks and on designing and developing "in-house" hardware such as Freeboxes, SIMboxes and Freebox DSLAMs are skilled in various areas.

Additionally, the Group has launched a process to define a succession plan aimed at identifying, for each key position, one or more members of personnel who could replace a departing member in the short or medium term.

However, as competition to attract such qualified employees and executives is intense, there is no guarantee that those key personnel will continue to work with the Group.

The loss of one or more key employees or an executive, or an inability to replace them or to attract other qualified employees and executives could affect the Group's ability to meet its objectives and implement its strategy and could have a significant adverse effect on its business, revenues, earnings and/or financial position.

2.1.4 Financial risks

Information on the Group's financial risk management and a sensitivity analysis are provided in Note 34 to the consolidated financial statements in this Universal Registration Document.

2.1.4.1 Liquidity and financing risks

Liquidity and financing risks correspond to the risk that the Group will have reduced access to internal and external financial resources, and also to the risk of it being unable, when necessary, to sell assets rapidly under satisfactory terms and conditions. This would result in a situation whereby the funds required to meet the needs of the Group's business activities and/or debt maturities may become more expensive or even unavailable.

Given that the Group's operations are largely financed through issues of short-term money-market securities, credit facilities with various different lenders (bank loans, bilateral credit lines or syndicated loans) and bond issues, it is critical for the Group to secure permanent access to the capital markets under the best possible conditions. Moreover, the Group must ensure that it has the necessary liquidity at all times to meet its operating and financial commitments and at the relevant maturity dates, taking into account the cash generated from its business, so that it does not default on payments to its lenders.

The risks related to accessing financing and liquidity are first and foremost systemic: if there are disruptions in bond markets or reduced bank lending capacity this could affect the Group's ability to raise financing and therefore prevent it from having access to the liquidity it requires, or if it does gain access this could be at a much higher cost than was previously the case.

In addition, these risks may be specific to the Group and may arise in the event of (i) a breach of its covenants (in particular those relating to specific financial ratios), (ii) a downgrading of the Group's public financial ratings, (iii) poor management of its available liquidity, or (iv) an erosion of its solvency.

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

The occurrence of these risks would be serious for the Group, given its intense capital expenditure, insufficient self-financing capacity and its obligations to its lenders (which, if not met, would in turn increase the risk of it being unable to access financing). The impact of these risks on the Group is (i) a loss of profitability (arising from the effect that higher financing costs would have on profit), (ii) that it would have to allocate a significant portion of its available liquidity to service its debt, (iii) an inability to raise funds to finance its routine business and capital expenditure, (iv) reduced room for maneuver, (v) a weaker competitive position, and (vi) that it would default on debt repayments, or even be required to repay its liabilities in advance of term.

In order to prevent these risks, the Group's treasury department monitors iliad's level of debt in order to ensure that the Group is in compliance with the covenants and other commitments provided for in the various lending agreements, that it has unused confirmed credit lines, and that its borrowings are taken out mainly at fixed rates. This department also regularly renews its cash flow forecasts, tracks sensitivity to liquidity risk according to the maturities of the Group's various financing arrangements, monitors market conditions and sets up interest rate hedges.

Since May 2022, the Group has been assigned public financial ratings by Moody's Investor Services, Standard & Poor's and Fitch Ratings for its senior unsecured bonds, with the aim of maximizing the breadth and depth of its access to the markets.

Given the Group's liquidity (undrawn confirmed credit lines and available cash) and the hedges in place, the main residual risk is an increase in the cost of its unhedged variable-rate financing and future fixed-rate financing. The Group also has a lesser residual risk of not being able to obtain large-scale financing for strategic operations.

See Section 5.3.3, "Consolidated debt" of this Universal Registration Document, and Notes 30 and 34 to the consolidated financial statements in this Universal Registration Document for a description of the Group's various sources of financing and liquidity, the maturities of its debt and its debt covenants, as well as information on its commitments in terms of financial ratios and the consequences in the event of a breach or significant unfavorable change in these ratios.

2.1.4.2 Risks related to asset impairment and provisions

Changes in the economic, political or regulatory environment could lead to impairment in value of the Group's assets (notably goodwill and/or other intangible assets), or require it to set aside provisions for long-term contractual obligations or onerous contracts. At December 31, 2022, goodwill recognized by the Group following acquisitions and disposals carried out amounted to approximately €0.716 billion, and intangible assets acquired totaled €5.551 billion. The carrying amounts of long-term assets, including goodwill and other non-current assets, are sensitive to any changes in the operating environment that differ from the assumptions and forecasts used for initially measuring them. The Group recognizes an impairment loss against these assets, or, where appropriate, a provision, if events or circumstances suggest that there are significant and prolonged unfavorable changes affecting either the economic environment or the assumptions or objectives applied at the date the acquisition was completed or the contractual obligation entered into. For further information on asset impairment and provisions, see Notes 16 to 18 of the consolidated financial statements in this Universal Registration Document.

As the Group has a significant amount of goodwill and intangible assets on its balance sheet, any material impairment losses or provisions could have an adverse effect on its financial position and earnings for the year in which they are recognized. These amounts may vary depending on the assumptions, judgment and estimates used when impairment tests are performed, including discount rates, the perpetuity growth rate, and forecast cash flows, which in turn depend on the Group's assessment of the economic and financial context (see Note 18 to the consolidated financial statements in this Universal Registration Document).

2.1.5 Legal risks

2.1.5.1 Regulatory compliance risks

The Group's business activities are highly regulated and therefore extremely dependent on the legal and regulatory context – and even the political situation – in the countries where they are conducted.

Consequently, the Group's operations are subject to specific regulations governing the electronic communications sector in the Group's geographies. In France, for example, they are subject to:

- obtaining or renewing fixed or mobile operator licenses and frequencies;
- network access conditions, such as roaming and network sharing;
- unbundling;
- technical and pricing conditions for access to FTTH networks;
- the pricing of services (pricing of unbundling and the rental of copper pairs by the incumbent operator);
- national constraints and permits for installing electromagnetic emission sites;
- deployment and service provision obligations attached to mobile licenses;
- digital technology;
- data protection security;
- the taxation of telecommunications companies, such as levy of new taxes or an increase in existing taxes;
- the consumer environment (canvassing).

For further information on the regulations applicable to the Group, see section 1.6 "Regulatory Framework" of this Universal Registration Document.

In order to roll out a new mobile technology such as 5G, the Group is dependent on the allocation and auctioning of 5G frequencies carried out by the national regulators. In Poland, a 5G spectrum auction was announced in March 2020 but then canceled three months later in June. The Polish authorities have launched a consultation process that is currently underway, with a new auction scheduled for the first half of 2023. In Poland, licenses for frequencies are renewed through a semi-automatic procedure managed by the Polish national telecoms regulator (UKE), whereby the operator submits a request for the license renewal and pays the price that is set in advance in accordance with the applicable legal provisions. However, there can be no assurance that such licenses will be renewed and that they will not be contested by a third party. It also appears that refarming frequencies to support the development of 5G may result in licenses not being renewed.

Additionally, some operations carried out by the Group's entities are subject to specific industry regulations. This is the case, for example, for iliad 78's financial services activities, meaning that the Group has to comply with all of the regulations applicable to the banking and finance sector, which exposes it to the risks inherent to that sector (e.g., money laundering and terrorism financing).

The Group's room for maneuver in managing its business activities is therefore restricted, as it has to comply with a range of regulatory obligations concerning the supply of its products and services which can lead to significant outlay, such as for the rollout of its 5G network.

The probability of occurrence of this risk is high, particularly because of an increase in laws and regulations both at national and European level.

If the Group does not comply with the laws, regulations, standards and mobile license-related obligations to which it is subject – not only in the countries where it currently operates, as of the approval date of this Universal Registration Document, but also in the rest of Europe and internationally – it could face various sanctions, fines or other penalties, which could affect its business, revenues, earnings and/or reputation. For example, if the Group does not fulfill the commitments it gave when it was granted its licenses and authorizations to operate its 3G, 4G and 5G networks – notably in relation to population coverage and service quality – the licenses or authorizations concerned may be terminated and the Group could be required to pay compensation to the French state or other related parties. The severity level of this risk is deemed high.

The Group has put in place specific compliance programs which enable it to respect all of the relevant regulations, determine their impacts, and implement any required action plans.

Any changes in regulations applicable to the Group, or more generally, changes in the political situation of a country in which the Group operates, could result in additional costs and/or outlay.

If this risk were to materialize it could have a significant adverse effect on the way the Group conducts its business, as well as on its image, reputation, earnings, and the achievement of its objectives.

2.1.5.2 Data protection risks

In the course of its business the Group has access to a vast amount of general personal data (such as the names, addresses and bank details of its subscribers) as well as personal data held in connection with its health data hosting activities (datacenter business only).

The Group is therefore exposed to the risk of loss, unauthorized disclosure or inappropriate alteration of the personal data of its subscribers (both individuals and companies), employees, suppliers, service providers and any other persons, which is stored on its infrastructure (or on third-party infrastructure) or is carried on its networks. The Group could also be held liable under specific data protection legislation applicable in many countries, such as the European General Data Protection Regulation (EU) 2016/679 dated April 27, 2016 (GDPR), which strengthens the rights of individuals and imposes more stringent obligations on data processors.

The above risks could occur due to (i) the implementation or upgrading of new services or applications, (ii) the development of new business activities, particularly in the domain of connected objects, (iii) malicious acts (such as cyber-attacks) targeted at personal data (both sensitive and non-sensitive) held by the Group, (iv) negligence or human error that may be committed either within the Group or by partners to which certain operations are outsourced, (v) governmental requests that do not comply with the applicable legal and regulatory formalities, or (vi) changes in case law such as those resulting from the ruling handed down by the Court of Justice of the European Union on July 16, 2020 invalidating the Privacy Shield. The probability of occurrence of this risk is high.

In addition to the financial penalties that would be imposed by national data protection authorities, which could represent very significant amounts, the reputation and image of the Group's brands could be damaged, resulting in a loss of confidence in the services provided by the Group. The severity level of this risk is therefore high.

The Group applies strict measures and takes the necessary precautions to protect the confidentiality and security of personal data. For example, it has three Data Protection Officers (DPOs), for France, Italy and Poland, as well as a Group Chief Compliance Officer who ensures that the Group is compliant both with the applicable laws and with its own internal standards, and issues advice on improving its systems. It also has a network of GDPR correspondents in France and in Europe as a whole who are tasked with implementing a data protection compliance program that is consistent across the Group. Incident impact analyses are performed and records of data processing activities are kept which are used as a basis for putting in place new security measures and/or reviewing the Group's existing processes. Additionally, the Group regularly raises awareness among its employees about the importance of data security and confidentiality, as part of its training and awareness-raising programs.

Given the specific nature of these risks and despite all the measures that could be taken to control their occurrence and consequences, there will always be a reputational risk should a personal data protection incident arise.

If these risks were to materialize, the Group could be held liable. This could result in a loss of subscriber confidence and could harm the Group's image, and would therefore have an adverse impact on the Group's financial results and reputation.

2.1.5.3 Risks related to the loss of Huawei as a supplier

Huawei is one of the leading equipment suppliers to electronic communication operators worldwide. The loss of Huawei as a supplier could give rise to financial, commercial and reputational risks for the Group's brands.

In Poland, Huawei is one of the Group's main equipment suppliers. Play currently uses the services of two network suppliers: Huawei and Ericsson. Amendments to Poland's cyber-security law have been proposed recently, pursuant to which certain entities could be classified as high-risk suppliers. If an equipment supplier were designated as a high-risk supplier, operators in Poland would have to immediately stop purchasing new equipment from that supplier and would have a period of five years to remove all of that supplier's equipment already installed.

There is a moderate probability of occurrence of the risk of Huawei being designated as a high-risk supplier, as several European Union member states, including France, have restricted or banned the deployment of Huawei equipment.

The severity level of this risk is high. If the Group had to replace some of its equipment in Poland, because there is only a limited number of potential suppliers it could use, this could cause delays in its 5G rollout plans, increase rollout costs, and reduce the quality of the services provided via the 5G network. The actual costs of such a situation would vary depending on a range of different factors (such as the time needed to replace the equipment and the market conditions prevailing in the OEM sector).

The use of third-party equipment suppliers such as Ericsson or the Nokia group would mitigate the risk but would not eliminate it altogether, and there would therefore still remain the risk of an increase in costs and impact on quality of subscriber service, which would jeopardize the appeal of the Group's offerings.

If this risk were to materialize it could have significant adverse financial, commercial and reputational impacts on the Group.

2.1.5.4 Risks related to disputes

In the normal course of their business, the Group's companies may be involved in inquiries, disputes with governmental agencies, civil or criminal lawsuits, arbitration proceedings with the regulatory or oversight authorities, or proceedings with consumer associations, competitors or other parties.

Information on the main disputes in which the Group is currently involved or of which it has been notified is provided in Note 35.5 to the consolidated financial statements in this Universal Registration Document.

To the best of the Group's knowledge, apart from the cases referred to above, there are no governmental, legal or arbitration proceedings (in progress, pending or threatened) that could have, or have had in the past twelve months, a significant impact on the Group's financial position or profitability.

As part of these proceedings, financial claims representing substantial amounts may be made against one or more Group companies, and these or other claims could jeopardize the conditions in which the Group's companies conduct their business.

The Group is regularly subject to suits filed against it by competitors, alleging that it has engaged in misleading commercial practices, unfair competition or defamation. The probability of occurrence of this risk is high.

Like other players operating in its industry, the Group is frequently served with writs as part of civil and commercial claims instigated by subscribers in relation to the services it provides. Taken on an individual basis, these cases do not have a significant impact on the Group. However, any proliferation of such claims or the filing of a class action could constitute a financial risk for the Group. The severity level of the impact of this risk is therefore considered to be moderate.

In order to considerably reduce the total final costs of any such suits, the Group generally seeks to negotiate an out-of-court settlement.

The aggregate amount of provisions set aside to cover all of the Group's claims and litigation corresponds to all of the outflows of resources (excluding any amounts recoverable) that are deemed probable for all types of claims and litigation in which the Group is involved as a result of conducting its business. At December 31, 2022, these provisions totaled €69 million.

Furthermore, the provisions for disputes that the Group has already recognized in its financial statements, or that it may have to subsequently recognize, may prove to be insufficient. It cannot be ruled out that in the future, new lawsuits or proceedings will be filed against a Group entity, either related or not to those currently in process and arising either from risks already identified by the Group or from new risks.

Any rulings against the Group in such lawsuits or proceedings could have an adverse effect on its business, financial position, earnings and/or outlook.

2.1.5.5 Risks related to electronic communications legislation and new laws (Poland)

The transposition of Directive (EU) no. 2018/1972 of December 11, 2018 establishing the EU Electronic Communications Code in Poland could significantly impact the Group's activities in Poland.

Directive (EU) no. 2018/1972 of December 11, 2018 establishing the European Electronic Communications Code was transposed into French law by government order no. 2021-650 dated May 26, 2021 (in force since May 28, 2021). This Directive has not yet been transposed into Polish law as the draft law on electronic communications and the draft law containing the introductory (interim) provisions applicable to that law were only submitted to the Polish Parliament in December 2022.

A large number of related changes stemming from national initiatives as well as a few directly required under the directive itself pose a significant risk to the Group. The potential risk may result in reduced revenue, higher subscriber churn and regulatory risk (including fines and consumer refunds).

Shortly before the draft laws were submitted to Parliament, significant changes regarding Must Carry (MC)/Must Offer (MO) obligations were introduced into Polish legislation, including limiting the MC/MO rule to fixed services provided in the permanent location of subscribers (the draft law clearly excludes OTT services although regulatory changes could still be implemented in order to incorporate such services). The list of channels covered by MC/MO obligations currently comprises only public television channels, but other channels may be added by order of the National Broadcasting Council. Another important change is the requirement for operators to offer each channel on an *à la carte* basis (i.e., to sell them individually) and the requirement to retransmit all components of the broadcast signal (including HbbTV, which is not supported by the current Play and UPC set-top boxes).

One of the most significant risks for the Group is that the maximum duration of all subscription contracts will be limited to 24 months.

In addition to the EU directive, the Polish draft law would introduce the obligation to transfer remaining prepaid top-ups that have not been refunded to subscribers to the Public Broadband Fund. Furthermore, Polish operators would be required to allow consumers to provide a bank account number when signing up for a prepaid card so that future unused top-ups can be refunded. This process would be particularly difficult as it would require changes to the IT systems of many of Play's partners.

The new regulation would also impose several restrictions on direct billing by the operator and miscellaneous third-party billing services, such as billing caps (default cap of PLN 70 per month) and the requirement to obtain consent (including from the subscribers) for third-party billing. The current wording of the introductory (intermediate) provision allows for third-party billing activated prior to the announcement of the new law to continue without such consent for a period not exceeding the duration of the contract, which must not represent more than 24 months. If this were to change during the legislative process, it would have a significant impact on the Group's revenues.

The new law would also introduce a number of restrictions on the debt recovery process as well as a cap on the amount of termination fees payable if a subscriber terminates their contract in advance of term (corresponding to 50% of the monthly service fee). Lastly, it introduces many obligations concerning defense and public security (including requirements to store data and to block calls or electronic communications within six hours of receiving the national regulatory authority's decision). The probability of occurrence of this risk is therefore high.

The Polish law transposing Directive (EU) no. 2018/1972 of December 11, 2018 will most likely come into force in 2023 and will have a moderate impact on the Group's business and financial results. If this risk were to materialize, among other things it could result in a significant change in services provided, a decrease in revenue, an increase in the cost of providing services, and greater attrition. The severity level of this risk is therefore moderate.

The Group expects there to be only minor changes to the draft laws currently being reviewed by Parliament. The new law will have an impact on the Group's business in Poland as soon as it is implemented, and regulatory risks could arise in the future should any proceedings be launched by the authorities.

Despite mitigation measures, there will be some degree of unavoidable impact on the Group's earnings. The introduction of new obligations may give rise, among other things, to a significant change in services, lower revenues, an increase in the cost of supplying services, and greater attrition. If the new provisions are not properly implemented, or if they fail to be implemented, this could result in regulatory risks (including fines and consumer refunds).

2.1.5.6 Risks related to liability for illicit content

The Group is regularly involved in legal disputes, the outcome of which could have a significant adverse effect on its earnings, financial position and/or reputation.

Lawsuits are regularly filed in France and other countries against Internet service or hosting providers because of the content of the information hosted, transmitted or made available online via the Group's services (in particular for violent content, violation of integrity or harm to minors, press-related violations, invasion of privacy and infringement of trademarks and literary and artistic rights).

For example, in 2021 the Group was ordered by a French court to block access to (i) a site conveying a message of extreme hate against people on account of their religion, ethnicity or sexual orientation, and (ii) several sites that were contravening intellectual property rights or regulations on financial products and services. In 2022, a large number of accesses to personal pages were also suspended due to privacy violations as well as to sites illegally broadcasting sports events.

The Group is exposed to this risk on an almost daily basis. The probability of occurrence is therefore high. In view of the increasing number of requests for blocking or deleting content and the automation of deletions and blocking, the Group could incur significant costs and outlay in order to ensure that its equipment and networks meet the requests within the required timeframes. However, the impact of this risk is low.

In accordance with French rules and regulations, the Group has made specific forms available on the Free portal home page so that web users can report unlawful content, and has established a procedure for reporting any breaches of the law, particularly violation of human dignity. In this way, Free can respond promptly to any issues raised. The Free Transfer service also contains a feature for reporting illegal links. It has also allocated special teams to manage these alerts and delete reported illicit content.

Although the Group has taken the necessary measures to minimize these risks, they may still occur, which would affect the Group's reputation and image. Any such occurrence could also have a significant adverse effect on the Group's financial results and reputation.

2.2 INSURANCE AND RISK COVERAGE

The Group's strategy is to obtain insurance from external sources to cover the risks which can be insured at a reasonable cost. Its current insurance policies cover Group companies' assets and third-party liability, under standard terms.

In 2017, iliad renegotiated Telco OI's insurance policies and used the EU's free provision of services system to integrate iliad Italia into the Group's various third-party liability, equipment breakage and industrial risk insurance programs.

The cost of insurance coverage for all iliad Group companies in 2022 was approximately €16.9 million, corresponding to the aggregate amount of insurance premiums paid by the Group's companies. In order to obtain the best possible coverage for all Group companies, iliad uses the services of its online insurance brokerage subsidiary, Assunet, which negotiates the insurance policies on its behalf.

The Group's main policy covers third-party liability in the event of fire as required by the incumbent operator in respect of the premises it owns which are occupied by the Group.

Network rollouts are covered by principal contractor, site works damage and "property developer" (*constructeur non-réalisateur*) insurance policies.

The Group has taken out specific insurance policies to cover the operation of active and inactive electronic communications networks. The terms of these policies have been amended to reflect the sale of Free Mobile's passive mobile infrastructure to OTF. The Group's business as a fixed and mobile electronic communications operator and as a hosting operator for private and professional websites is covered by professional liability insurance. The Group has also taken out an insurance policy to cover industrial risks and equipment breakage for all of its fixed sites (Points of Presence, subscriber connection nodes and LTO-ON sites) as well as for its mobile sites (base stations) and its head office. Lastly, in March 2021, the Group renewed the directors' and officers' liability insurance policy it took out in March 2005.

iliad considers that this insurance covers the risks incurred by Group companies and is appropriate in view of the insurance coverage currently available on the market for groups of a similar size and with similar business activities.

2.3 INTERNAL CONTROL

The Group's internal control principles and procedures form part of an overall corporate governance approach that complies with the Reference Framework for internal control systems issued by the French securities regulator (*Autorité des Marchés Financiers* – AMF).

Presentation and organization of the Group

All of the Group's corporate departments – encompassing the General Counsel's office, finance and accounting, legal affairs, human resources, technology and marketing – are cross-business functions and are identical for all Group entities. This structure enables the Group to be managed consistently and makes it easier to perform controls, and is further simplified by Executive Management and central functions being located together at the iliad Group headquarters. The Play group was acquired on November 18, 2020 because it is an extremely good strategic and organizational fit with the iliad Group. The process of integrating the acquired companies into iliad's organization began in 2020 and was still actively under way at the date this Universal Registration Document was approved for issue.

Internal control objectives

Internal control is a process implemented by management designed to provide reasonable assurance that the Company's objectives are achieved in the following areas:

- efficiency and effectiveness of operations;
- safeguarding assets, particularly intellectual property, human and financial resources and the Company's image;
- preventing the risk of fraud;
- reliability and fairness of financial and accounting information; and
- compliance with applicable laws and regulations.

The stated objective of the internal control system is therefore to anticipate and control all the risks arising in the course of the Group's business, particularly in the areas of accounting and finance – including the risks of error and fraud – as well as various operational, strategic and compliance risks.

An internal control system can only provide reasonable assurance – and not an absolute guarantee – that the Company will achieve its objectives.

The iliad Group's internal control system is structured around:

- internal rules, which set out regulations to be respected by employees within each Group company; and
- processes and controls inherent to the individual systems of each department.

The Internal Control Department serves the entire Group, including all Group entities. It supports and advises operations and support staff in the implementation of internal control in line with the guidance set by the Group's management.

The Finance Department, which is also assisted by the accounting and management control teams and the other departments described in this document, is central to the overall internal control system.

Each Group company reviews its accounting and financial data on a monthly basis.

2.3.1 Internal control players

The Group's main internal control bodies are as follows:

The Management Committee

The Management Committee is an operations decision-making body for the Group. It is responsible for tracking monthly reporting schedules, deciding on the Group's strategy and operations in conjunction with the Board, discussing and collectively deciding on key management issues, and setting annual objectives. It meets as often as required in the interests of the Company and the meetings are attended by the Chairman of the Board of Directors as well as the Group's Chief Executive Officer and Senior Vice-Presidents. The senior managers of the Group's main subsidiaries also attend certain meetings and the issues covered serve as a basis for the management presentations given during Board of Directors' meetings.

The Management Committee coordinates relations between the parent company and its subsidiaries, and as such can ensure that the Group's operations run smoothly.

Committees reporting to Executive Management

Several specialist committees reporting to Executive Management have been set up to apply – or verify the application of – internal guidelines that are reviewed by the Audit Committee.

The main committees – which are made up of operations, accounting and finance staff – are as follows:

- The Fiber Committee, which is tasked with ensuring the effective application of the Group's strategy for acquiring premises to house optical nodes (ONs), for the "horizontal" and "vertical" rollouts of the fiber network, and for connecting subscribers to the network.
- The Mobile Committee, which is in charge of monitoring the progress of the Group's network rollout, as well as negotiations with suppliers and levels of financial commitments.
- The Manufacturing/Freebox Committee, which verifies that production cycles are effectively managed and that all necessary measures are taken to meet the Group's targets.
- The Accounting Committee, which sets the framework for the Group's accounts closing procedures and ensures that they are formally documented. It examines the financial statements and checks that accounting standards are properly applied and that risks are effectively taken into account. It also verifies that the financial statements give a true and fair view of the Group in accordance with the applicable accounting principles. Lastly, it schedules pre-closes, carries out reviews of the accounts and ensures that financial data is effectively shared, which helps strengthen the financial control function.
- The Subscriber Relations Committee, comprising the heads of the call centers and managers from the Subscriber Relations Department. This committee meets monthly in order to coordinate the work of the call centers and anticipate future needs. It also ensures that all the requisite resources have been allocated to the call centers in order to meet the requirements of subscribers and foster their loyalty.
- The Environment and Sustainable Development Committee, which puts forward proposals aimed at defining and putting in place the Group's corporate social responsibility (CSR) policy and commitments. It is responsible for overseeing the operational aspects of the CSR policy and its deployment across the Group.
- The Ethics Committee, which is tasked with reviewing the compliance programs set up within the Group, notably in connection with France's "Sapin II" Act dated December 9, 2016 on transparency, anti-corruption measures and modernization of business practices. This Committee ensures that the compliance measures deployed within the Group are appropriate in view of the level of identified risks and decides on any improvements that need to be made to the compliance programs. It meets in an advisory capacity to discuss matters related to business ethics and issues opinions on the Group's exposure to ethical risks and any corrective actions that need to be implemented. This Committee also has an oversight role and acts as the body of last resort in the Company's whistle-blowing and stakeholder control processes.
- The aim of this Committee is to review the compliance program set up within the Group for the purpose of complying with EU Regulation no. 2016/679 issued by the European Parliament and the Council on April 27, 2016 on the protection of individuals with regard to the processing of personal data.

2.3.2 Control processes for major risks

The Group has set up an internal control system that enables it to manage the risks relating to its business strategy, development and decision-making processes on a continuous basis.

The main risks that could impact the Company are identified, assessed and reviewed by Executive Management. A detailed analysis of these risks for the year ended December 31, 2022 is provided above in this Chapter of the Universal Registration Document.

Risks relating to the Group's operations and business strategy

An analysis of the Group's risk exposure concerning revenue protection is carried out jointly – under the supervision of Executive Management – by the IT teams through automated controls, and the finance teams through consistency checks and manual controls.

Executive Management is also provided with information on recruitment needs (in terms of number of staff and skills) and the financing required in order to develop the Group's technical infrastructure.

Risks relating to managing and properly accounting for data and other flows transiting on the Group's network are also identified and assessed by the IT and finance teams under the supervision of Executive Management.

In terms of subscriber relations risks, a reporting procedure has been established to measure the volume of calls received and dealt with, and to monitor waiting times. The reporting schedules are relayed regularly to Executive Management.

Lastly, the Group's research and development team – which reports directly to Executive Management – helps to ensure that iliad remains technologically innovative.

Risks relating to the Internet and telecommunications sectors

As the Group is subject to the specific laws and regulations applicable to the telecommunications sector, its Compliance Department carries out regular controls to ensure that these laws and regulations are respected. Risks relating to the Group's business sectors are principally monitored by an internal team dedicated to tracking regulations within the electronic communications sector as well as the impact of these regulations on the Group's operations.

Security

The Group has set up procedures to guarantee the security and physical integrity of its network. It has invested in, and will continue to invest in, the measures required to guarantee the reliability of its security system and to limit problems that could be caused by security failures or a breach of the security system.

Legal risks

A detailed analysis of legal risks – which are tracked by the Group Legal Affairs Department – is provided in section 2.1.5 above for the year ended December 31, 2022.

Control procedures relating to financial communication

The Company is required to keep its shareholders and more generally, the Group's lenders, bondholders and banks informed about its financial position.

All financial information – which is drawn up by the Finance Department – including press releases, management reports, and financial statements, is reviewed on a cross-business basis by Executive Management.

In order to limit the risks relating to erroneous or contradictory information, an internal procedure is used whereby the Group's media relations officer centralizes all strategic, commercial, financial and technical information that is released outside the Group. Executive Management provides any information for external communication directly to the media relations officer who is required to attend any and all interviews in order to ensure that the information relayed is consistent.

2.3.3 Financial information

The following procedures have been set up to implement controls over the Group's financial management and ensure that the accounting data produced is correct.

Budget process

Each year, the Finance Department – assisted by financial control – draws up a forecast business plan for the Group, which is regularly updated. This plan is based on the Group's strategic decisions, and is approved by Executive Management.

Monthly reporting/monitoring process

A monthly reporting schedule is drawn up by the Group's financial units, incorporating the main operating and financial indicators related to the Group's sales activities and the rollout of its fixed and mobile networks. The reports prepared by the financial controllers are transmitted to the Finance Department and incorporated into the Group's overall reporting schedule, which contains the key data used for monitoring its operations and results. This process forms one of the cornerstones of the internal control and financial information systems and it is the main tool used by Executive Management for tracking, controlling and monitoring the Group's business activity.

The Board of Directors is informed of the latest available indicators during its meetings.

Accounts-closing process

The Group's Finance Department performs a monthly close for each Group company

and ensures that the accounting principles, methods and treatment applied to the Group's operations are consistent. Local finance departments in Poland and Italy deploy the Group's systems and procedures and contribute to maintaining an effective internal control environment.

In addition, the Group's Finance Department tasks an external certified public accountant with reviewing the individual accounts of each entity on at least a monthly basis.

Half-yearly consolidated financial data are presented to the Board of Directors.

Specific procedures relating to the preparation and processing of accounting and financial information

The internal control procedures in force within the Group relating to the major operating functions are as follows:

- **Sales:** the revenues of each Group company are controlled by the Finance Department in conjunction with the operating teams concerned, by carrying out tests on sales movements, valuations and invoicing of communications and subscriptions, as well as on payment collection and debt recovery processes.
- **Capital expenditure:** controls on the outlay for and management of assets making up the Group's telecommunication network are performed through a validation procedure based on pre-determined authorized thresholds and budgets.
- **Purchases:** purchases other than capital expenditure are also controlled based on authorized thresholds, as well as by segregating tasks, with controls of Internet operating costs and fixed telephony operating costs carried out each month based on a reconciliation of actual usage and bills issued.
- **Cash flows:** control over cash management is performed through bank reconciliations, secure means of payment, specific signature authorizations, including for off-balance sheet commitments, and daily, weekly, monthly and quarterly reporting. Cash flow hedging operations are subject to specific authorization and monitoring procedures.
- **Payroll:** employees' pay is controlled through a procedure that is based on segregating the controls performed by line managers.

These procedures are controlled by the Finance Department with the help of operations staff, based on tests that are regularly performed by the Company, with a view to ensuring that the verification procedures set up within the Group are effective.

3. Corporate governance

This chapter of the Universal Registration Document constitutes the Board of Directors' report on corporate governance required under Article L. 225-37 of the French Commercial Code (*Code de commerce*). The main purposes of the Board of Directors' report on corporate governance, drawn up as part of the overall preparation of the financial statements for the year ended December 31, 2022, are to disclose (i) information on the preparation and organization of the work of the Board of Directors, (ii) the powers of the Chief Executive Officer, and (iii) the other information required in the report pursuant to Articles L. 225-37 *et seq.* of the French Commercial Code.

This report was drawn up by the Board of Directors based on work carried out by various departments within the Company, notably the General Counsel's Department.

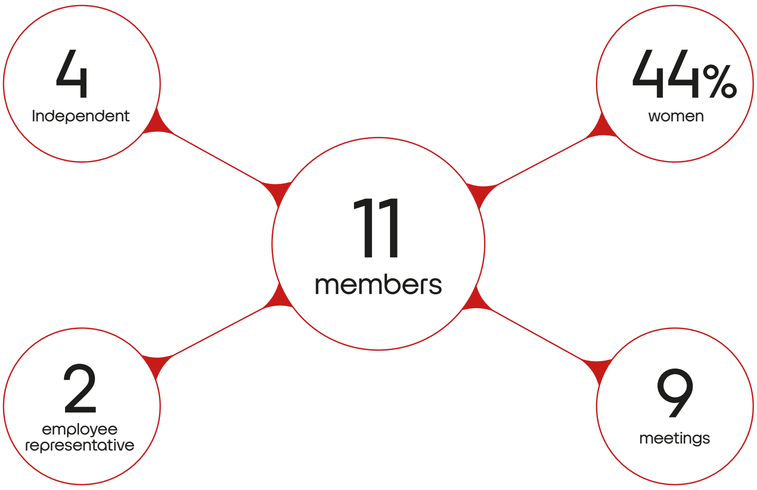
It was approved by the Board of Directors on March 15, 2023 and will be presented to the Company's shareholders at the 2023 Annual General Meeting.

Following the successful simplified public tender offer initiated by Holdco II S.A.S. for iliad's shares, the subsequent squeeze-out procedure and the shares' delisting from Euronext Paris on October 14, 2021, the Company is no longer required to officially refer to a corporate governance code. However, despite this fact, the Company intends to maintain, and continue to implement, high standards of corporate governance.

3.1 MEMBERSHIP STRUCTURE OF THE COMPANY'S ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 Membership structure of the Board of Directors and general principles

3.1.1.1 Membership structure of the Board of Directors



At the date this report was drawn up, the Board of Directors had eleven members, including four independent directors and two employee representative directors. Its membership structure has not changed since December 31, 2022. The proportion of women on the Board of Directors was 44% (excluding the employee representative directors, who are not taken into account when calculating the proportion of women on the Board). The profiles of the Board's members are set out in Section 3.1.1.3 below. The Committees that assisted the Board of Directors with its work during the year ended December 31, 2022 are presented below.

3.1.1.2 Summary table of the members of the Board of Directors and its Committees at December 31, 2022**

	Age	Date first elected as a director	Expiration of current term	Number of years on the Board	Audit Committee	Compensation Committee	CSR Committee
Executive directors							
Xavier Niel Chairman of the Board of Directors *French nationality*	55	Dec. 12, 2003	2025 AGM	19			
Maxime Lombardini Vice-Chairman of the Board of Directors *French nationality*	57	May 29, 2007	2026 AGM	16	●		
Thomas Reynaud Chief Executive Officer and a director *French nationality*	49	May 29, 2008	2024 AGM	15			
Directors qualified as independent by the Board							
Bertile Burel *French nationality*	53	May 17, 2017	2025 AGM	6			●
Céline Lazorthes *French nationality*	40	July 21, 2020	2024 AGM	3	●	●	
Jacques Veyrat *French nationality*	60	July 21, 2020	2024 AGM	3		Chair	Chair
Esther Gaide *French nationality*	61	June 2, 2021	2025 AGM	2	Chair		
Non-independent directors							
Cyril Poidatz *French nationality*	61	Dec. 12, 2003	2024 AGM	19			
Virginie Calmels *French nationality*	51	June 23, 2009	2025 AGM	14		●	●
Employee representative directors							
Ilan Dahan *French nationality*	42	Nov. 18, 2015	Nov. 30, 2023	7		●	
Saad Boudjadi *French nationality*	45	Dec. 17, 2020	Dec. 17, 2024	2			
Number of meetings in 2022				**9**	**4**	**2**	**0***
Average attendance rate				**93%**	**100%**	**100%**	**N/A**

* *The Corporate Social Responsibility Committee ("CSR Committee") was set up at the Board of Directors' meeting of December 12, 2022.*

3.1.1.3 Profiles of the Company's directors

Xavier Niel

Chairman of the Board of Directors

Xavier Niel is a self-taught entrepreneur and has worked in the Internet and telecommunications industry since the late 1980s. In 1993, he co-founded France's first ISP, and in 1999, he created Free – France's first free-access ISP. He co-invented triple-play and the concept of the box, launching the Freebox in 2002 – a unique, state-of-the-art, multiservices box combining broadband Internet access with telephony and television.
Xavier has invested in telecom operators in a personal capacity in many countries outside France, including Switzerland, Ireland, Senegal and Monaco.
In 2013, he co-founded "42", a not-for-profit organization based in Paris that delivers free coding training based on peer-to-peer learning. This training is given via a network of international partner campuses with 37 campuses in 22 countries and is delivered to more than 12,000 students worldwide.
In 2017, the "42" school in Paris was voted the best coding school in the world.
In 2016, together with Matthieu Pigasse and Pierre-Antoine Capton, he created Mediawan, a special purpose acquisition company (SPAC) focused on media and entertainment.
Xavier is also the founder of Station F – the world's largest start-up campus – which opened its doors in 2017 and hosts a thousand start-ups in a former railway station in Paris occupying 34,000 sq.m[2]. In addition, as a figure-head for start-ups, Xavier supports entrepreneurs through his investment fund, Kima Ventures.
Besides his other interests, Xavier is a shareholder of the *Le Monde* newspaper and the *Télérama, Courrier International, L'Obs, Nice-Matin, La Provence, France Antilles* and *Paris Turf* magazines.
Xavier is also a member of the Supervisory Board of Unibail-Rodamco-Westfield and one of its main shareholders.
In the fall of 2020, alongside Mathieu Pigasse and Moez-Alexandre Zouari, Xavier co-founded Teract (formerly 2MX Organic), a SPAC whose purpose is to invest in the consumer goods sector, with a particular focus on sustainability.
In February 2021, Xavier co-founded Hectar, an ecosystem for agriculture, entrepreneurship and tech based at a 1,500-acre site just outside Paris, which groups together a training campus, a start-up accelerator for agricultural ventures and a teaching center for schoolchildren and young people.

Main positions and directorships held

Within the Group

- **French companies**
  Chairman of Freebox S.A.S.
  Chairman of iliad Holding S.A.S.
  Chairman of the Strategy Committee of iliad Holding S.A.S.

Outside the Group

- **French companies**
  Legal Manager of Élysées Capital S.C.I.
  Chairman of SE 51 S.A.S.
  Chairman of Bidco 22
  Chairman of NJJ Vosges S.A.S.
  Member of the Supervisory Board of La Société Éditrice du Monde S.A.
  Member of the Supervisory Board of Le Nouvel Observateur du Monde S.A.
  Member of the Supervisory Board of Mediawan S.A.S.
  Member of the Supervisory Board of Unibail-Rodamco-Westfield SE*
  Chairman of Invest SB S.A.S.
  Chairman of NJJ Holding S.A.S.
  Chairman of NJJ Immobilier S.A.S.
  Chairman of NJJ Strategy S.A.S.
  Chairman and member of the Supervisory Board of NJJ Boru S.A.S.
  Chairman of NJJ Telecom Europe S.A.S.
  Chairman of La Compagnie des Immeubles Parisiens S.A.S.
  Legal Manager of Paris Grenelle S.C.I.
  Member of the Supervisory Board of Teract S.A.
  Permanent representative of NJJ Capital S.A.S, itself a director of Teract
- **Non-French companies**
  Member of the Board of Salt Mobile AG (Switzerland)
  Member of the Board of Monaco Telecom (Monaco)
  Member of the Board of Eircom Holdings Ireland Limited (Ireland)
  Member of the Board of Toohil Telecom Holdings Limited (Ireland)
  Member of the Board of Carraun Telecom Holdings Limited (Ireland)
  Member of the Board of KKR Management LLC (USA)
  Member of the Board of Telma Comores Holding (Comores)

Positions and directorships that have expired in the past five years

Within the Group

- **French companies**
  Deputy Chief Executive Officer of iliad S.A.
  Vice-Chairman of the Board of Directors of iliad S.A.

Outside the Group

- **French companies**
  Member of the Supervisory Board of Le Monde S.A.
  Director of Ateme S.A.
  Director of Groupe Nice Matin S.A.S.
  Chairman of Sons Holdco S.A.S.
  Chairman of NJJ Animation S.A.S.
  Chairman of NJJ Project Four S.A.S.
  Chairman of Flatmates S.A.S.
  Legal Manager of OH4S SNC
  Legal Manager of Lagny Immobilier SARL
  Chairman of Golf du Lys Chantilly S.A.S.
  Chairman of the Supervisory Board of BlackPills S.A.S.
  Chairman of NJJ Capital S.A.S.
  Chairman of NJJ Market S.A.S.
  Chairman of NJJ Capital Monaco Acquisition S.A.S.
  Chairman of NJJ Indian Ocean S.A.S.
  Chairman of NJJ Invest Tel S.A.S.
  Chairman of NJJ Medias S.A.S.
  Chairman of NJJ Suisse Acquisition S.A.S.
  Chairman of NJJ Investco S.A.S.
  Chairman of NJJ North Atlantic S.A.S.
  Chairman of NJJ Kaba S.A.S.
  Chairman of NJJ Project Two S.A.S.
  Chairman of NJJ Project Three S.A.S.
  Chairman of NJJ Exclusive S.A.S.
  Chairman of NJJ Innovation S.A.S.
  Chairman of NJJ Presse S.A.S.
  Chairman of NJJ Tara S.A.S.
  Chairman of NJJ Galway S.A.S.
  Chairman of NJJ Télécom S.A.S.
  Chairman of NJJ Project Five S.A.S.
  Chairman of SEHF S.A.S.
  Chairman of IT Solutions Factory S.A.S.
  Chairman of Kima Ventures S.A.S.
  Chairman of Kima Ventures II S.A.S.
  Chairman of Station F S.A.S.
  Chairman of Square Vergennes S.A.S.
  Joint Legal Manager of Diderot S.A.S.
  Joint Legal Manager of Kléber Levallois S.N.C
  Co-manager of SCI Light CF
- **Non-French companies**
  Member of the Board of Salt Network S.A. (Switzerland)

* *Listed company.*

Maxime Lombardini

Vice-Chairman of the Board of Directors

Maxime Lombardini began his career in 1989 with the Bouygues group, where he held successive positions as General Secretary of TPS (satellite television), Development Director of TF1 and Chief Executive Officer of TF1 Production. He then held the position of Chief Executive Officer of the iliad Group from 2007 through 2018. On May 21, 2018, he was appointed as Chairman of iliad's Board of Directors. Since March 16, 2020, he has served as the Vice-Chairman of the Board of Directors, alongside Xavier Niel. Maxime is a graduate of Sciences Po Paris and holds a postgraduate degree in business and tax law from the University of Paris II.

Main positions and directorships held

Within the Group

- **French companies**
  Chairman of F Distribution S.A.S.
  Chairman of Free S.A.S.*
  Chairman of Free Fréquences S.A.S.
  Chairman of Free Infrastructure S.A.S.
  Chairman of Free Réseau S.A.S.
  Chairman of IFW S.A.S.
  Chairman of IH S.A.S.
  Chairman of IRE S.A.S.
  Legal Manager of Immobilière iliad S.A.S.
  Chairman of Protelco S.A.S.
  Chairman of Online Immobilier S.A.S.
  Chairman of Solid-19 S.A.S.
  Chairman of Free Dial S.A.S.
  Chairman of Free Caraïbe S.A.S.
  Chairman of iliad 6 S.A.S.
  Director of TRM S.A.S.
  Member of the Supervisory Board of NJJ Boru
  Deputy Chief Executive Officer of Holdco II
  Member of the Strategy Committee of iliad Holding S.A.S.
  Chairman of iliad 9 S.A.S.
  Chairman of iliad 10 S.A.S.
  Chairman of iliad 12 S.A.S.
  Chairman of iliad 14 S.A.S.
  Chairman of iliad 15 S.A.S.
  Chairman of iliad 16 S.A.S.
  Chairman of Université F233 S.A.S.
- **Non-French companies**
  Chairman of the Board of Directors of iliad Italia holding S.p.A. (Italy)
  Chairman of the Board of Directors of iliad Italia S.p.A. (Italy)

Outside the Group

- **Non-French companies**
  Director of Carraun Telecom Holdings Limited (Ireland)
  Director of Play Finance 1 (Luxembourg)

Positions and directorships that have expired in the past five years

Within the Group

- **French companies**
  Chief Executive Officer of iliad S.A.
  Chairman of the Board of Directors of iliad S.A.
  Member of the Supervisory Board of JT Holding
  Chairman of iliad Purple S.A.S.
  Chairman of iliad 8 S.A.S.
  Chairman of iliad 11 S.A.S.
  Chairman of iliad 13 S.A.S.
  Chairman of Free Mobile S.A.S.
- **Non-French companies**
  Director of Play Communications S.A. (Luxembourg)

* *By way of the decisions of March 6, 2023, the sole shareholder of Free S.A.S. placed on record Maxime Lombardini's resignation from his position as Chairman and appointed Nicolas Thomas as the new Chairman.*

Thomas Reynaud

Chief Executive Officer and a director

Thomas Reynaud joined iliad in 2007, tasked with structuring the Group's growth. He first served as Head of Business Development before becoming Chief Financial Officer in 2008 and then a Deputy Chief Executive Officer in 2010. He has been the Group's Chief Executive Officer since May 2018. As part of his successive responsibilities since joining the Group in 2007, Thomas Reynaud has taken part in the major developments that have shaped the Company's growth. He notably oversaw the launch of the fourth mobile operator, Free Mobile, which revolutionized the French market, before focusing more directly on international business development in Italy and Poland. Thomas Reynaud began his career in New York in 1997. He then went on to become Managing Director in charge of the Telecoms, Media and Technology sector at Société Générale, where he advised European companies on their business development, and notably iliad at the time of its IPO. He is a graduate of HEC business school and New York University.

Main positions and directorships held

Within the Group

- **French companies**
  Chief Executive Officer of Holdco II S.A.S.
  Member of the Strategy Committee of iliad Holding S.A.S.
  Member of the Supervisory Board of IFT S.A.S.
  Chairman of iliad Purple S.A.S.
- **Non-French companies**
  Director of iliad Italia Holding S.p.A (Italy)
  Director of iliad Italia S.p.A. (Italy)
  Director of Play Finance 1 (Luxembourg)

Outside the Group

- **French companies**
  Member of the Board of Directors of the Mozaik Foundation
  Member of the Board of Directors of Tomato-n-co

Positions and directorships that have expired in the past five years

Within the Group

- **French companies**
  Deputy Chief Executive Officer of iliad
  Deputy Chief Executive Officer of Free Mobile S.A.S.
  Member of the Supervisory Board of On Tower France S.A.S.
  Member of the Supervisory Board of iliad 78 S.A.S.
  Member of the Supervisory Board of JT Holding S.A.S.
- **Non-French companies**
  Chairman of the Board of Directors of Play Communications S.A. (Luxembourg)

Cyril Poidatz

Director

Cyril Poidatz began his career as an auditor with Coopers & Lybrand and then worked for ten years at Cap Gemini. For several years he was Finance Director at Cap Gemini Italia, where he led the restructuring of Cap Gemini's Italian divisions. Cyril joined the iliad Group in 1998, holding several management positions, including Group General Counsel from 2018 through 2020. He is currently a member of the Strategy Committee of iliad Holding S.A.S.

Main positions and directorships held

Within the Group

- **French companies**
  Chairman of the Board of Directors of TRM S.A.S.
  Chairman of the Board of Directors of SEPIA S.A.S.
  Member of the Strategy Committee of iliad Holding S.A.S.
  Chairman and member of the Supervisory Board of iliad 78
  Chairman of iliad 11 S.A.S.

Outside the Group

- **French companies**
  Director of Oxio S.A.S.

Positions and directorships that have expired in the past five years

Within the Group

- **French companies**
  Chairman of Free Mobile S.A.S.
  Chairman of Free Réseau S.A.S.
  Chairman of IFW S.A.S.
  Chairman of IH S.A.S.
  Legal Manager of Immobilière Iliad S.A.R.L.
  Chairman of IRE S.A.S.
  Chairman of Online S.A.S.
  Chairman of Protelco S.A.S.
  Chairman of Online Immobilier S.A.S.
  Chairman of Free R&D S.A.S.
  Chairman of Free Carrier S.A.S.
  Chairman of iliad 4 S.A.S.
  Chairman of Free Caraïbe S.A.S.
  Chairman of iliad 6 S.A.S.
  Chairman of iliad 7 S.A.S.
  Chairman of the Board of Directors of iliad S.A.
  Chairman of F Distribution S.A.S.
  Chairman of Free S.A.S.
  Chairman of Free Fréquences S.A.S.
  Chairman of Free Infrastructure S.A.S.
  Deputy Chief Executive Officer of Free Mobile S.A.S.

Virginie Calmels

Director

Virginie Calmels is the Chair of SHOWer Company, which in turn chairs CV Education – a higher education group providing training in the professions of the future in the domains of creative industries and digital marketing. CV Education opened its first school – Futurae – in Boulogne-Billancourt near Paris, France in October 2020.

Virginie has been a director of iliad since June 2009, and a director of Assystem since March 2016. Since November 2019, she has been Chair of the Strategy Committee of the OuiCare group, and Honorary Chair of the OuiCare Foundation, which campaigns against violence against women. Virginie has also been a director of Focus Entertainment since April 2022 and of Ipsos since May 2022.

She also founded the DroiteLib' think and do tank, and has served as its Chair since 2016.

Virginie began her career in 1993 with the audit firm Salustro Reydel. She then worked with the Canal+ group between 1998 and 2003, holding the positions of Finance Director of NC Numericable, Finance Director of the Canal+ group's international and development divisions and subsequently Chief Financial Officer of Canal+ S.A. before being appointed as the Deputy Chief Executive Officer and then joint Chief Operating Officer of the Canal+ television channel. She joined Endemol France in 2003 as CEO and was appointed Chair and CEO in October 2007. She then became CEO of Endemol Monde in May 2012 while remaining Chair of Endemol France, before resigning from those positions in mid-January 2013. From January 2013 through February 2017, she chaired the Supervisory Boards of Euro Disney and Euro Disney Associés S.C.A., of which she had been a member since March 2011. She was also a director of Technicolor from May 2014 through July 2016 and then a non-voting member of Technicolor's Board until May 2017.

Virginie is a graduate of Toulouse École Supérieure de Commerce (ESC) and of INSEAD, holds a postgraduate degree in accounting and finance (DESCF), and is a certified accountant and auditor. She is a member of the "Le Siècle" think-tank and has been awarded the title of Knight of the French National Order of Merit.

Main positions and directorships held

Outside the Group

- **French companies**

  Chair of SHOWer Company S.A.S.
  Chair of CV Education
  Director of Assystem S.A.
  Chair of the Strategy Committee of the OuiCare group
  Honorary Chair of the OuiCare Foundation
  Director of Focus Entertainment
  Director of Ipsos

Positions and directorships that have expired in the past five years

Outside the Group

- **French companies**

  Chair of the Supervisory Board of Eurodisney S.C.A. and Eurodisney Associés S.C.A.
  Associés S.C.A.
  Non-voting member of the Board of Directors of Technicolor S.A.
  Director of Technicolor S.A.
  Director of MEDEF Paris
  Vice-President of the CEPS research center
  Chair of Barnes SAS, Paris Résidence & Club and Barnes Support Services
  Support Services
  Chair of the Board of Directors of SAEML Régaz
  Director of SAEML SBEPE
  Director of Bordeaux Mérignac airport
  Director of BGI Bordeaux Gironde Investissement
  Director of Aerospace Valley
  Director of Bordeaux Aéroparc SPL
  Deputy Mayor of Bordeaux
  Vice-President of Bordeaux Metropole
  President of Établissement Public d'Aménagement Bordeaux Euratlantique
  Regional councilor for the Nouvelle Aquitaine region

Bertile Burel

Independent director

Bertile Burel graduated from Sciences Po Paris in 1996, and in 1997 earned a postgraduate degree in international business studies from Paris Dauphine University.
Bertile began her career in 1998 at WizArt Software (specialized in client/server applications), where she was responsible for operations in the Benelux region and subsequently Japan and the United States. Then in 2000, she joined TPS (a French satellite television company) as Head of Business Development. Subsequently, Bertile founded Wonderbox with her husband, James Blouzard, on their return to France from a six-month round-the-world tour. Wonderbox has grown into France's leading gift box company and now has operations in 11 countries and employs over 500 people. It is still growing strongly, driven by its constant objective of being at the cutting edge of innovation in the leisure industry.

Main positions and directorships held

Outside the Group

- **French companies**
  Legal Manager of W Group
  Chief Executive Officer of Wonderbox S.A.S.
  Chair of Multipass S.A.S.
  Chief Executive Officer of Wonderbox NewCo 1
  Chief Executive Officer of Wonderbox NewCo 2
- **Non-French companies**
  Branch Chief Executive Officer of Multipass Paris Zweigniederlassung Zurich (Switzerland)
  Director of Wonderbox S.A. (Belgium)
  Director of Wonderbox Italia SRL (Italy)
  Director of Vivaboxes International S.A. (Belgium)
  Director of WBX Business Support Espana SL (Spain)

Positions and directorships that have expired in the past five years

N/A

Céline Lazorthes

Independent director

An optimistic and passionate entrepreneur, Céline Lazorthes is the co-founder and co-CEO of Resilience, whose purpose is to ensure universal medical excellence to help people live better and longer lives.
She was also the founder of the Leetchi group, which she sold to Crédit Mutuel Arkea in September 2015 and headed up until June 2019.
The Leetchi group includes Leetchi.com – the leading European online money pot specialist (with over 14 million users) – and Mangopay, an online payment solution dedicated to marketplaces, crowdfunding and the collaborative economy (which processes €10 billion in annual trades for over 3,000 customers).
Highly committed to using tech for good, Céline co-founded France Digitale, France FinTech, SISTA, and, more recently, #ProtègeTonSoignant, an association of entrepreneurs and artists providing help and support to medical professionals.
She is also a member of the Board of Directors of SNCF, 101 Fund and the Génération Libre think-tank.
She is a regular speaker on the topics of the sharing economy, equal opportunities and women's empowerment, including at the following events: Wired Money (London, 2015), Noah Conference (London, 2016), TedX (Marseille, 2016), Hub Conference (Berlin, 2016) and Vivatech (Paris, 2018).
Céline is an active business angel who has invested in more than 40 companies, such as Jimmy Fairly, Talent.io, Frichti, Le Slip Français, Tacotax, Alan, Pumpkin (sold to CM Arkea), Tiller Systems, Yuka, Ivesta, Welcome to the Jungle and Dejbox.

Main positions and directorships held

Outside the Group

- **French companies**
  Member of the Board of Directors of SNCF SA
  Member of the Board of Directors of 101 Fund
  Member of the Strategy Committee of Florac
  Member of the Supervisory Board of NJJ Boru S.A.S.
  Chair of Célavi S.A.S.
  Chairman of Sista
  Chair of Resilience S.A.S.
- **Non-French companies**
  N/A

Positions and directorships that have expired in the past five years

Outside the Group

- **French companies**
  Chair of the Supervisory Board of Leetchi S.A.
  Member of the Board of Directors of Oney Bank S.A.
- **Non-French companies**
  Chair of the Supervisory Board of Mangopay (Luxembourg)

Jacques Veyrat
Independent director

Jacques Veyrat is a graduate of *École Polytechnique* and a member of the *Corps des Ponts et Chaussées* (the French civil service corps for engineering graduates of the *École Polytechnique)*. He worked in the Treasury department at the French Ministry of Finance from 1989 through 1993, and then in the cabinet team of the Ministry of Equipment between 1993 and 1995.
From 1995 he held various management posts in the companies of the Louis Dreyfus group, notably Chief Executive Officer of Louis Dreyfus Armateurs SNC.
In 1998, he founded LDCom, renamed Neuf Telecom in 2004 and subsequently Neuf Cegetel in 2005. He served as Chairman and CEO of Neuf Cegetel until April 2008, when a takeover bid for the company was launched on the Paris stock exchange.
Jacques was then the Chairman and Chief Executive Officer of the Louis Dreyfus group from 2008 through 2011. Since July 2011, he has chaired Impala S.A.S., a holding entity that controls some fifteen companies. Impala is the principal shareholder of Neoen, which invests around €1 billion a year in renewable energy start-up projects.

Main positions and directorships held

Outside the Group

- **French companies**
  Chairman of Impala S.A.S.
  Chairman and a member of the Board of Directors of Fnac Darty
  Member of the Supervisory Board of Pacemar
  Non-voting member of the Board of Directors of Neoen
- **Non-French companies**
  Guisando B.V., (Netherlands) and Groupe Bruxelles Lambert (GBL) (Belgium)

Positions and directorships that have expired in the past five years

Outside the Group

- **French companies**
  Member of the Supervisory Board of Eurazeo
  Member of the Board of Directors of Imerys
  Member of the Board of Directors of HSBC France
  Member of the Board of Directors of Nexity
  Non-voting member of the Board of Directors of ID Logistics

Esther Gaide
Independent director

Esther Gaide graduated from ESSEC (Paris) and is a certified accountant. She began her career in 1983 working in external audit, first with PricewaterhouseCoopers (PwC) in Paris and London, then with Deloitte in Paris and the USA. In 1994, she joined the Bolloré Group where she set up the Internal Audit Department and participated both in the reorganization of the maritime department and the takeover of the Rivaud Group. Between 1996 and 2006, she successively held the posts of CFO of the Bolloré Logistics division, CFO of the Bolloré Africa Logistics division and then Group Controller, in charge of all of the Bolloré Group's central management accounting, consolidation and control functions. In 2006, she moved to Havas to take up the position of Deputy Chief Financial Officer and Director of Human Resources and served in this post for five years. In 2011, Esther joined Technicolor (formerly Thomson) as Group Controller, overseeing all management accounting, consolidation and control functions. In 2012, she was appointed Deputy Chief Financial Officer of the Technicolor group before becoming CFO and a member of the Executive Committee in 2015. She has been Chief Financial Officer of Elior Group since March 2018.

Main positions and directorships held

Outside the Group

- **French companies**
  Chief Financial Officer of Elior Group
  Member of the Executive Committee of Elior Group
  Member of the Corporate Committee of Elior Group
  Chair and Chief Executive Officer of Elior Financement S.A.
  Chief Operating Officer of Elior Restauration et Services S.A
  Legal Manager of Bercy Services II – BSII SARL
  Director of Eutelsat Communication S.A. since November 8, 2017
  Director of Eutelsat S.A. since March 19, 2020
  Chair of Eutelsat's Audit Committee since February 14, 2019
  Permanent representative of Elior Participations SCA as:
  Chair of Elior FA3C
  Chair of Elior Trésorerie
  Chair of Elior Gestion
  Chair of Sacores
  Chair of Egee Venture
  Chair of L'Académie By Elior
  Chair of SC2R
  Chair of Bercy Services I
  Chair of Bercy Services XXIX
  Chair of C2L
  Chair of Bercy Services XXV
  Chair of Eleat Solutions
  Chair of Elior Data RC France
  Permanent representative of Egee Venture as Chair of Bercy Services XXVII
  Permanent representative of Elior Restauration et Services on the Board of Directors of Elres SAS and Elior Entreprises SAS
  Permanent representative of Elior Participations as a director of Ducasse Développement
- **Non-French companies**
  Representative of Elior Restauration et Services as a director of Serunion S.A.
  Director of Elior UK Holding Limited
  Director of Elior UK Plc
  Director of Waterfall Elior Limited
  Director of Edwards and Blake Limited

Positions and directorships that have expired in the past five years

Outside the Group

- **French companies**
  Permanent representative of Elior Participations as a director of Ducasse Développement
- **Non-French companies**
  Director of Gemeaz Elio S.p.A.
  Director of Elichef Holding S.p.A.
  Director of My Chef Ristorazione Commerciale

Ilan Dahan*
Employee representative director

Ilan Dahan has been an employee representative director since November 2015. He joined iliad in 2003 as a call center operator and subsequently developed his career within the Group, successively serving as a technician, a network operations supervisor and then Deployment Project Manager and Engineering Project Manager in the Group's Fiber rollout team. He headed up the Group's FTTH design office from 2012 through September 2017, and since then has been Head of Production Operating Methods for the overall FTTH project, responsible for liaising between the Group's various entities in order to optimize connection processes.

Saad Boudjadi*

Employee representative director

Saad Boudjadi has been an employee representative director since December 2020. He joined iliad in 2011 as a works supervisor at Free Infrastructure and was subsequently appointed head of the design office at Free Réseau. Prior to joining iliad, Saad was a works supervisor at NGI and Dumez Sud within the Vinci Group. Saad is a qualified civil engineer and holds a Master's degree in regional planning from the University of Montpellier.

* *Has not been a member of the administrative, management or supervisory bodies of any French or non-French company outside the Group during the past year.*

For the purposes of their capacity as directors and executive directors of the Company, said directors and executive directors are domiciled at the Company's registered office (16, rue de la Ville L'Évêque, 75008 Paris).

3.1.2 Governance structure

In accordance with French law, the Company's executive management function can be carried out either by the Chairman of the Board of Directors, who then has the title of Chairman and Chief Executive Officer, or by another person appointed by the Board of Directors who has the title of Chief Executive Officer. On December 12, 2003, the Board of Directors decided to separate the roles of Chairman of the Board and Chief Executive Officer with a view to ensuring transparency of corporate governance within the Company. This separation of roles was confirmed on May 21, 2018 when Thomas Reynaud was appointed Chief Executive Officer.

By separating the roles of the Chairman and the Chief Executive Officer, the Board is able to operate more effectively, as it means that its Chairman is exclusively devoted to that position and it gives the Board greater supervisory authority over executive management functions.

Having a two-tier governance structure also ensures a clear distinction between strategic, decision-making and control duties (which fall within the remit of the Board of Directors) and operational and executive duties (which fall within the remit of the Chief Executive Officer).

As at the date of this Universal Registration Document, the Board of Directors is chaired by Xavier Niel, the iliad Group's founder and majority shareholder (appointed as Chairman of the Board on March 16, 2020), and Thomas Reynaud is the Chief Executive Officer.

As Chairman of the Board of Directors, Xavier Niel organizes and oversees the Board's work and reports on that work to the Annual General Meeting. He ensures that the Company's administrative and management bodies operate effectively and that the directors are able to fulfill their duties.

In his capacity as a director and Chief Executive Officer of the Company, Thomas Reynaud has the broadest powers to act on behalf of the Company in all circumstances, within the scope of the corporate purpose and except for those matters which by law may only be dealt with in Shareholders' Meetings or by the Board of Directors as defined in the Board's Internal Rules.

3.1.3 Executive Management

At its meeting on May 14, 2018, the Board of Directors named Thomas Reynaud as its Chief Executive Officer. Thomas Reynaud's profile is set out in Section 3.1.1.3 above.

At that same meeting, acting on the recommendation of the Chief Executive Officer, the Board renewed the terms of office of the Deputy Chief Executive Officers for the same duration as the Chief Executive Officer's term.

At the date of this report, the Company's Deputy Chief Executive Officers are:

Antoine Levavasseur

Deputy Chief Executive Officer

Aged 44, French nationality
Antoine Levavasseur holds an engineering degree from the French engineering school EFREI. He joined iliad in 1999 as manager of Free's system platform and servers. He then developed the subscriber management information system and was in charge of running and upgrading the email platforms, web servers and applications used by subscribers.

Main positions and directorships held	Positions and directorships that have expired in the past five years
Within the Group	**Within the Group**
French companies Member of the Strategy Committee of iliad Holding S.A.S.	**French companies** Member of the Board of Directors of iliad S.A. Deputy Chief Executive Officer of Free Mobile S.A.S.

Nicolas Jaeger

Deputy Chief Executive Officer

Aged 44, French nationality

Nicolas joined iliad in 2007 as Head of Investor Relations and was then appointed Group Treasurer in 2011. Since 2018 he has been Chief Financial Officer and has helped drive the Group's international development. He was appointed Deputy Chief Executive Officer, Finance on April 15, 2021. Before joining iliad, Nicolas worked for five years at Calyon bank (part of the Crédit Agricole Group) as a credit analyst and then as relationship manager in charge of the TMT sector.

Nicolas is a graduate of the EDHEC Business School and holds a Master's degree (MSc) in Finance from the University of Strathclyde in Glasgow.

Main positions and directorships held

Within the Group

- **French companies**

  Member of the Strategy Committee of iliad Holding S.A.S.
  Member of the Board of Directors of TRM S.A.S.
  Member of the Supervisory Board of IFT S.A.S.
  Chairman of Free Mobile S.A.S.*
  Chairman of Predictiv Pro S.A.S.U
  Deputy Chief Executive Officer of Holdco II S.A.S.
  Chief Executive Officer of iliad Purple S.A.S.
  Member of the Supervisory Board of iliad 78 S.A.S.
  Chairman of JT Holding S.A.S.
- **Non-French companies**

  N/A

Positions and directorships that have expired in the past five years

Within the Group

- **French companies**

  Member of the Supervisory Board of JT Holding S.A.S.
  Member of the Supervisory Board of On Tower France S.A.S.
  Director of Play Finance 1 (Luxembourg)

* *By way of the decisions of March 6, 2023, the sole shareholder of Free S.A.S. placed on record Nicolas Jaeger resignation from his position as Chairman and appointed Nicolas Thomas as the new Chairman.*

3.2 ORGANIZATION AND OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

3.2.1. General rules and principles relating to the membership structure of the Board of Directors

3.2.1.1 General rules relating to the membership structure of the Board of Directors and the appointment and election of directors

The names of the current members of iliad's Board of Directors are provided above in Section 3.1.1.3.

The rules for appointing and electing directors and removing them from office – which are described below – are set down by law and in Articles 12 *et seq.* of the Company's current bylaws.

3.2.1.2. Changes in the membership structure of the Board of Directors

In 2022

The directorship of Maxime Lombardini (appointed as Vice-Chairman of the Board of Directors on March 16, 2020) expired at the close of the Annual General Meeting on May 11, 2022. Based on the recommendation of the Board of Directors, the Annual General Meeting decided to re-elect him as a director, for a four-year term expiring at the close of the Annual General Meeting to be held in 2026 to approve the 2025 financial statements. Maxime Lombardini's profile is set out in Section 3.1.1.3. above.

In 2023

XAVIER NIEL
Chairman of the Board of Directors

MAXIME LOMBARDINI
Vice-Chairman of the Board of Directors

THOMAS REYNAUD
Chief Executive Ocer

CYRIL POIDATZ
Director

VIRGINIE CALMELS
Director

ESTHER GAIDE
Independent director

BERTILLE BUREL
Independent director

JACQUES VEYRAT
Independent director

CELINE LAZORTHES
Independent director

ILAN DAHAN
Employee representative director

SAAD BOUDJADI
Employee representative director

3.2.1.3 Balanced, diverse Board membership

The Board of Directors regularly assesses whether its membership structure, and that of the Board Committees, has the right balance in terms of diversity. The table below describes the diversity policy applied within the Board, indicating the criteria used, the objectives set, how the policy is implemented, and the results obtained.

The diversity of the Board's members and their complementary profiles are a strong asset for the quality of the Board's discussions and the decisions it has to make.

Criteria	Policy and objectives	Implementation and results obtained
Gender balance	To have balanced representation of men and women on the Board of Directors and the Board Committees.	At the close of the 2023 Annual General Meeting, the Board will include four women (i.e., 44% of its members). At December 31, 2022, one Board Committee was chaired by a woman (Audit Committee).
Qualifications and experience	To achieve the best possible balance by seeking members with complementary profiles in terms of experience, expertise and qualifications.	The members of the Board of Directors have a range of diverse and complementary skills and qualifications (a skills matrix is provided below). They all have a highly-developed sense of ethics, commitment, innovation and strategy and have built up in-depth expertise in their business areas. In addition, they have skills and know-how in operations and sectors that are key to the Group's business and strategy: • industry-sector knowledge; • expertise in administering and/or managing large companies; • expertise in digital and new technologies; • international management experience; • commitment to CSR and sustainability.
Independence	For independent directors to represent at least one third of the Board's members.	At the close of the 2023 Annual General Meeting, 44% of the Board's members will qualify as independent directors (excluding the employee representative directors). At December 31, 2022, the three Board Committees were chaired by independent directors (Audit Committee, Compensation Committee and CSR Committee).
Employee representation	Appointment of one or two employee representative directors.	The Board currently has two employee representative directors, one of whom is a member of the Compensation Committee.

The skills matrix of the members of the Board of Directors (excluding employee representative directors) is shown below:

Name	Digital and new technologies	International experience	CSR and sustainable development	Finance	Strategy and innovation	Business administration/ management of large companies
Xavier Niel	✓	✓	✓	✓	✓	✓
Maxime Lombardini	✓	✓	✓	✓	✓	✓
Thomas Reynaud	✓	✓	✓	✓	✓	✓
Cyril Poidatz	✓	✓	✓	✓	✓	✓
Virginie Calmels	✓	✓	✓	✓	✓	✓
Bertile Burel	✓	✓	✓	✓	✓	✓
Céline Lazorthes	✓	✓	✓	✓	✓	✓
Jacques Veyrat	✓	✓	✓	✓	✓	✓
Esther Gaide	✓	✓	✓	✓	✓	✓

3.2.1.4 Director independence

For the purpose of assessing the independence of its members, the Board of Directors applies all of the independence criteria provided for in the Board's Internal Rules.

In accordance with these criteria, a director is deemed to be independent when he or she has no relationship of any kind with the Company, the Group or Executive Management that could affect his or her freedom of judgment.

Consequently, in order to be considered independent, a director must comply with the following criteria:

Criterion 1	**Positions and offices held in the past five years** An independent director must not be, or have been at any time in the last five years: (i) an employee or executive officer of the Company, (ii) an employee, executive officer or director of an entity consolidated by the Company, or (iii) an employee, executive officer or director of the Company's parent or an entity consolidated by the Company's parent.
Criterion 2	**Cross directorships and other offices** An independent director must not be an executive officer of an entity in which the Company directly or indirectly holds a directorship, or in which an employee or an executive officer of the Company (currently in office or having held such office in the past five years) is a director.
Criterion 3	**Significant business relations** An independent director must not be, or have any direct or indirect ties with, a customer, supplier, investment banker or commercial banker that is significant for the Company or the Group or for which the Company or Group represents a significant portion of its business.
Criterion 4	**Family ties** An independent director must not have any close family ties with a corporate officer of the Company or the Group, or with a shareholder owning over 10% of the Company's capital.
Criterion 5	**Statutory Auditors** An independent director must not have been a Statutory Auditor of the Company at any time in the past five years.
Criterion 6	**Directorship of more than 12 years** An independent director must not have been a director of the Company for more than 12 years.
Criterion 7	**Receiving remuneration linked to the performance of the Company or the Group** An independent director must not receive any variable compensation (settled either in cash or shares) or any other form of compensation linked to the performance of the Company or the Group.
Criterion 8	**Significant shareholding** An independent director must not hold a significant percentage (over 10%) of the Company's capital or voting rights.

In accordance with the Board of Directors' Internal Rules (as amended at the Board meeting of March 21, 2022), each time a director is elected or re-elected, the Board assesses the independence of the director concerned based on the independence criteria set out above. On the recommendation of its Chairman, the Board may also assess a director's independence if, during their term of office, their length of time on the Board exceeds twelve years.

Concerning Criterion 3, the Board of Directors' Internal Rules provide for a multi-criteria approach to be used when assessing whether or not the business relationship between a director and the Company or Group is significant. The analysis is based on (i) qualitative criteria (the significance of the business relationship for each of the parties concerned, any financial dependency, the organization of the business relationship and, particularly, the position of the director concerned in the entity doing business with the Company or Group) and (ii) quantitative criteria (the proportion of iliad's total consolidated revenues that the revenue generated from the business relationship represents).

The Board's independence assessment must therefore take into account any business relationships that may exist between iliad Group companies and the companies in which certain directors hold an executive position or a directorship or similar office.

At its meeting on March 21, 2022, the Board of Directors noted that, based on the independence criteria set out in its Internal Rules, Maxime Lombardini, who is standing for re-election, is not considered to be independent.

In 2022, the proportion of independent directors on the Board was 44% (excluding employee representative directors, who are not included for the purposes of this calculation).

3.2.1.5 Responsible directors

The Board's Internal Rules include an appendix containing a Code of Conduct that all directors are required to respect. This Code sets out the rights and duties of directors as well as the rules governing the exercise of their duties, which include the following:

Attendance and diligence

By taking on their directorship, directors undertake to devote the required time and attention to their duties. In particular, they must attend all meetings of the Board of Directors and of any Board Committees of which they are a member. They must also familiarize themselves with the businesses and specific characteristics of the Company as well as its strategic objectives and corporate values, and must upskill as necessary for exercising their duties.

Directors must ensure that they keep the number of directorships they hold within the limits prescribed by law.

Loyalty and preventing conflicts of interest

Each director is bound by a duty of loyalty towards the Company and must not take any course of action that could adversely affect the interests of the Company or any other Group entity.

The directors must strive to avoid all situations of conflicts of interest and immediately inform the Board of Directors of any situation that gives rise to any actual or potential conflicts of interest of which they are aware. In the event of any actual or potential conflict of interest, the director concerned may not take part in any related work, discussions or votes carried out by the Board or the Board Committees.

Duty of confidentiality

Each director is bound by a duty of confidentiality regarding the information to which they have access in the performance of their duties, both with respect to persons outside the Group and persons within the Group who should not be privy to such information.

3.2.1.6 Statements made by the Company in relation to its directors

No family ties

There are no family ties between any members of the Board of Directors and the Company's Executive Management.

No convictions, for fraud, involvement in bankruptcy, or any official public incrimination and/or sanctions by statutory or regulatory authorities

To the best of the Company's knowledge, as at the date of this Universal Registration Document, in the past five years, none of the members of the Board of Directors or Executive Management team have been:

- Convicted of fraud.
- Involved with a company that has been declared bankrupt or gone into receivership, liquidation or administration.
- Subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities.
- Disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

No conflicts of interest

To the best of the Company's knowledge, as at the date of this Universal Registration Document, there are:

- No potential conflicts of interest between (i) the duties of the members of the Company's Board of Directors and Executive Management team with respect to the Company and (ii) their private interests and/or other duties.
- No arrangements or understandings with major shareholders or with customers, suppliers or other parties, pursuant to which a member of the Company's Board of Directors or Executive Management team has been appointed to the Board of Directors or Executive Management team.

In accordance with best corporate governance practices, the Board of Directors has set up a procedure aimed at avoiding any conflicts of interest between the Company and the private interests of Xavier Niel, its majority shareholder. A disclosure procedure has been put in place for the investment projects of NJJ Holding, Xavier Niel's personal holding company (whose corporate purpose is to acquire interests in different types of companies and assets, notably in the media and telecommunications sectors). This procedure is intended to avoid any conflicts of interest between iliad and NJJ and to clarify the positioning of each entity when NJJ is considering an investment opportunity in a fixed and/or mobile telecommunications operator. Consequently, if NJJ were to consider acquiring a stake in a fixed and/or mobile telecommunications operator in France or abroad, it would be required to inform iliad's Board of Directors about the potential investment project in a timely fashion. The Board would then examine the project to see whether it was of interest to the Company and would inform NJJ of its decision. If iliad decided to pursue the project, NJJ would then withdraw from it (unless it reached a joint-investment agreement with iliad). However, NJJ would be free to go ahead with the project again if iliad subsequently decided not to pursue it.

No service agreements

None of the members of iliad 's Board of Directors or Executive Management have entered into a service agreement with iliad or any of its subsidiaries that provides for the granting of benefits.

Agreements with a controlled company

No agreement has been entered into, either directly or indirectly, between (i) any of the Company's corporate officers or any shareholder owning more than 10% of the Company's voting rights and (ii) a Group subsidiary.

3.2.2 Operating procedures of the Board of Directors

The Board of Directors' operating procedures are set in accordance with the applicable laws and regulations as well as with the Company's bylaws and the Board of Directors' Internal Rules originally adopted in 2003 and last amended on March 21, 2022. In addition to specifying the Board's operating procedures, the Board's Internal Rules include an appendix containing a Code of Conduct which sets out the rights and duties of directors.

3.2.2.1 Work of the Board of Directors

Work conducted by the Board of Directors in 2022

The Board of Directors met nine times in 2022. No special meetings were held. The meetings lasted one hour on average and the average attendance rate was 93%.

At each meeting the directors discussed the Company's business performance. During 2022, the Board notably:

- Made decisions regarding the business, economic and financial strategies of the Company and the Group as well as their implementation.
- Approved the annual and interim financial statements and prepared and called the Annual General Meeting.
- Examined the budget.
- Approved the exercise of the call option on 30% of the shares of On Tower France held by the Company.
- Amended the Board of Directors' Internal Rules, restructured the Board Committees and amended their Internal Rules.
- Amended the Internal Charter used to identify regulated related-party agreements.
- Paid an interim dividend.
- Gave its authorization to issue sureties, endorsements and guarantees.
- Concluded a network sharing agreement in Italy.
- Allocated the directors' remuneration.
- Set up a Corporate Social Responsibility (CSR) Committee and appointed members to this Committee.
- Used the authorization given by the Annual General Meeting of July 21, 2020 to award existing free shares or free shares to be issued (approval of an iliad 2022 share grant plan).
- Authorized financing arrangements.
- Authorized the signature of a new strategic management agreement between iliad Holding S.A.S. and the Company.
- Authorized the signature of regulated related-party agreements.
- Placed on record that the performance conditions for the 2017, 2018 and 2019 share grant plans had been met.

3.2.2.2 Organization of the work of the Board of Directors

Information provided to directors

Prior to every meeting, Board members receive a pack containing information about items on the agenda, in order to help them prepare for the meeting and make fully informed decisions.

At the meetings held concerning the preparation of the annual and interim parent company and consolidated financial statements, the directors are informed of the Company's financial and cash positions and its off-balance sheet commitments.

The Chairman also regularly provides the Board's members with any significant information concerning the Company, and each director may request from the Chairman any information that they consider would be useful for performing their role. Any such requests must be made within a reasonable timeframe. Directors may also request any explanations from the Chairman that they deem useful for fulfilling their duties.

Board meetings

The Board of Directors meets as often as is required in the Company's interests, on notice from the Chairman, and at least four times a year. If the Board has not met for over two months, directors representing at least one-third of the Board's members may call a meeting, specifying the agenda.

Notice of meeting may be given by any written means (including by letter, fax or e-mail) or verbally. The meeting must be called at least two days prior to it being held, except if matters need to be urgently addressed, in which case it must be called no later than the day preceding the meeting, by any method. In all circumstances, a meeting may be called verbally without notice if all the Board members so agree.

If the notice of meeting so states, Board meetings may take place by conference call, videoconference or any other means of telecommunications technology, provided the system used is technically capable of enabling the directors to effectively take part in the meeting and of broadcasting the meeting's business on a continuous basis. Directors who participate in Board meetings by these means are considered as being physically present for the calculation of the quorum and voting majority.

The Board of Directors draws up a schedule for future Board meetings which is approved by the directors. Additional and/or special meetings are called if there are any issues that need to be specifically or urgently addressed.

3.2.2.3 Discussions on how the Board is run

As often as is required in the Company's interests, the Board devotes an agenda item to how the Board is run, in order to:

- Discuss the operating procedures of the Board and its Committees.
- Verify that important issues are properly prepared and discussed.
- Assess each director's actual contribution to the Board's work.

3.2.2.4 Procedures for identifying and verifying related-party agreements

At its March 16, 2020 meeting, the Board of Directors adopted a procedure for identifying and verifying regulated and unregulated related-party agreements, which was subsequently amended at its March 21, 2022 meeting (the "Charter"). Following the squeeze-out procedure carried out in 2021 and the delisting of the Company's shares from Euronext Paris on October 14, 2021, the Company is no longer required to have this Charter. However, in order to continue to implement high standards of corporate governance, the Company has decided to keep it.

The purpose of the procedure is to define the methods used by the Company to identify and classify regulated related-party agreements to which it is a party.

In accordance with this procedure, the Group's General Counsel must be informed prior to any transaction that could constitute a regulated related-party agreement. The General Counsel examines the agreement concerned and, after consulting with the Group Finance Department, decides whether it constitutes a regulated related-party agreement or if it meets the criteria to be classified as unregulated. If the agreement is classified as a regulated related-party agreement within the meaning of Article L. 225-38 of the French Commercial Code, the applicable legal procedure will then be followed. The Board periodically reviews the classification of such agreements and decides whether they should be reclassified (i.e. as a regulated or unregulated related-party agreement, depending on the case) based on the qualification criteria set out in the applicable procedure. There were no such reclassifications in 2022.

3.2.3 Membership structure of the Board's Committees

The Board of Directors may be assisted in its duties by one or more specialist committees. When such a committee is created, the Board of Directors sets its organizational and operating procedures and draws up its internal rules.

During the year ended December 31, 2022, the Board had three standing committees: the Audit Committee, the Compensation Committee and the CSR Committee. At its meeting on March 21, 2022, the Board of Directors decided to abolish the Nominations Committee. In accordance with the Board of Directors' amended Internal Rules, the roles and responsibilities of the Nominations Committee may be assigned to the Compensation Committee.

At its meeting on December 12, 2022, the Board of Directors decided to set up a CSR Committee.

These committees actively prepare the Board's work, put forward proposals to the Board, and report to the Board on their work after each meeting. Additionally, in the interests of good corporate governance practice, the Board of Directors may also set up special committees to put forward recommendations about specific topics.

At December 31, 2022, the members of the Audit Committee, the Compensation Committee and the CSR Committee were as follows:

— AUDIT COMMITTEE

Membership	Chair: Esther Gaide Members: • Esther Gaide (independent director) • Céline Lazorthes (independent director) • Maxime Lombardini (Vice-Chairman of the Board of Directors).

— CSR COMMITTEE

Membership as from December 12, 2022	Chair: Jacques Veyrat Members: • Virginie Calmels (director) • Jacques Veyrat (independent director) • Bertile Burel (independent director)

— COMPENSATION COMMITTEE

Membership	Chair: Jacques Veyrat Members: • Virginie Calmels (director) • Jacques Veyrat (independent director) • Céline Lazorthes (independent director) • Ilan Dahan (employee representative director).

* *Following the squeeze-out procedure and the subsequent delisting of the Company's shares from Euronext Paris on October 14, 2021, the Company is no longer required to have a Nominations Committee. At its meeting on March 21, 2022, the Board of Directors therefore decided to abolish the Nominations Committee. In accordance with the Board of Directors' amended Internal Rules, the roles and responsibilities of the Nominations Committee may be assigned to the Compensation Committee.*

3.3 ORGANIZATION AND OPERATING PROCEDURES OF EXECUTIVE MANAGEMENT AND MANAGEMENT BODIES

3.3.1 Separation of the roles of Chairman and Chief Executive Officer

In accordance with the applicable laws and with a view to ensuring transparent governance within the Company, on December 12, 2003, the Board of Directors decided to separate the roles of Chairman of the Board and Chief Executive Officer. This separation of roles was confirmed on May 21, 2018 when Thomas Reynaud was appointed Chief Executive Officer.

By separating out the roles of the Chairman and the Chief Executive Officer, the Board is able to operate more effectively, as it means that its Chairman is exclusively devoted to that position and it gives the Board greater supervisory authority over Executive Management functions.

Having a two-tier governance structure also ensures a clear distinction between strategic, decision-making and control duties (which fall within the remit of the Board of Directors) and operational and executive duties (which fall within the remit of the Chief Executive Officer).

3.3.2 Executive Management

Appointments

The Company's Executive Management is carried out under the responsibility of an individual appointed by the Board who holds the title of Chief Executive Officer and has the broadest powers to act on behalf of the Company in all circumstances.

Since May 21, 2018, the Company's Executive Management has been placed under the responsibility of the Chief Executive Officer, Thomas Reynaud.

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals holding the title of Deputy Chief Executive Officer to assist the Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is five.

Powers

The Chief Executive Officer has the broadest powers to act on behalf of the Company in all circumstances, within the scope of the corporate purpose and subject to the restrictions set by the Board of Directors in its Internal Rules, and except for those matters which by law may only be dealt with in Shareholders' Meetings or by the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. Actions taken by the Chief Executive Officer are binding on the Company with respect to third parties, even when they fall outside the scope of the corporate purpose, unless the Company can prove that the third party was aware that such an action exceeded said scope or, in view of the circumstances, could not have been unaware thereof. Publication of the bylaws does not, in itself, constitute such proof.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to the Deputy Chief Executive Officers appointed on the recommendation of the Chief Executive Officer. Deputy Chief Executive Officers have the same powers as the Chief Executive Officer *vis-à-vis* third parties.

Restrictions on the powers of the Chief Executive Officer and Deputy Chief Executive Officers

In accordance with the Board's Internal Rules, the Chief Executive Officer and Deputy Chief Executive Officers require the Board's prior approval for the following projects or transactions:

- Any acquisition or investment project entered into by the Company (in any form whatsoever, including in the context of an exchange, contribution, acquisition of an equity interest, creation and/or dissolution of a subsidiary, partnership, joint venture, asset transfer, etc.) representing over €100 million per transaction, as well as any substantial amendments to the terms and conditions of such a project.
- Any project by the Company to sell an equity investment representing over €100 million per transaction or to sell an asset that would substantially impact the Group's strategy, financial structure or scope of operations.
- Any transaction or commitment, including routine management transactions, representing a unit amount of over €200 million, it being specified that routine management transactions correspond to any transactions that fall within the scope of the ordinary business of a telecommunications group.

At its March 15, 2022 meeting, the Board of Directors gave the Chief Executive Officer a one-year authorization to issue guarantees, deposits and endorsements in the Company's name for (i) an aggregate amount of up to €150 million for commitments given to third parties other than controlled companies, and (ii) an unlimited amount for commitments given to controlled companies and to the tax or customs authorities.

3.3.3 Committees reporting to Executive Management

Several specialist committees reporting to Group Executive Management have been set up to apply – or verify the application of – internal guidelines that are reviewed by the Audit Committee. The main committees – which are made up of operations staff as well as members of the corporate support units – are as follows:

- The Executive Committee

  The role of the Executive Committee is to manage the Group's business activities and ensure that its main strategies and policies are being implemented. As of the date of this Universal Registration Document, the Executive Committee, comprising operations staff along with members of Group management, includes a network director responsible for network security and data protection. The Executive Committee includes three women among its nine members.

- The Operators Committee

  The Operators Committee examines purchases from operators in order to assess whether proper internal controls are in place in terms of approvals and accounting treatment. It also examines the Group's main claims, litigation and commitments in this area, to ensure that there are adequate provisions to cover the related risks.

- The Fiber Committee

  The Fiber Committee is tasked with ensuring the effective application of the Group's strategy for acquiring premises to house optical nodes (ONs), for the "horizontal" and "vertical" rollouts of the Fiber network, and for connecting subscribers to the network.

- The Mobile Committee

  The main role of the Mobile Committee is to monitor the progress of the rollout of the Group's network, as well as negotiations with suppliers and levels of financial commitments.

- The Sales and Marketing Committee

  Comprising the heads of the call centers and managers from the Subscriber Relations Department, this Committee meets monthly in order to coordinate all of the Group's sales activity and marketing campaigns.

- The CSR Steering Committee

  This committee puts forward proposals aimed at defining and putting in place the Group's corporate social responsibility (CSR) policy and commitments. It is responsible for overseeing the operational aspects of the CSR policy and its deployment across the Group.

- The Ethics Committee

  The Ethics Committee holds both regular and special meetings. At its regular meetings, it defines the main lines of the Group's ethics policy and reviews the compliance programs set up within the Group, notably in connection with the French "Sapin II" Act dated December 9, 2016 on transparency, anti-corruption measures and modernization of business practices. It also ensures that the compliance measures deployed within the Group are appropriate in view of the level of identified risks, and decides on any improvements that need to be made to the compliance programs. At its special meetings, the Ethics Committee deals with any sensitive issues that may arise when implementing the Group's compliance programs, particularly in relation to whistle-blowing and stakeholder control procedures.

- The Human Resources Committee

  This committee is responsible for (i) ensuring HR practices are consistent across the Group, (ii) overseeing the application of new laws and regulations, (iii) setting the framework for and tracking the achievement of objectives related to recruitment, onboarding, training, employee-related data, HR systems, and the scheduling and content of collective bargaining negotiations.

- The Personal Data Committee

  The aim of this Committee is to review the compliance program set up within the Group for the purpose of complying with EU Regulation no. 2016/679 issued by the European Parliament and the Council on April 27, 2016 on the protection of individuals with regard to the processing of personal data.

3.3.4 Gender equality in the workplace

The Group has a gender equality policy in place that applies to all aspects of employees' careers, particularly recruitment, access to training, compensation and promotion.

In 2022, women represented 31% of the workforce. This low proportion of women within the overall workforce is mainly due to the fact that the Group insourced its fiber and mobile network rollouts in 2017, which resulted in a large number of hires of technicians – a profession that is largely made up of men. In general, technical professions in construction and civil engineering as well as in IT are still male dominated, which therefore affects the overall proportion of women in the Group's workforce. However, the proportion of women is higher in the Group's contact centers and iliad S.A. (53% at December 31, 2022).

Since the Group was founded, in line with its corporate values it has always sought to reward employees based on their talent and without discrimination, including on the grounds of gender. It has always taken, and continues to take, care to ensure equal pay for men and women who carry out equivalent jobs and have the same levels of skills, responsibility and performance.

The policy of equal career opportunities and equal pay that the Group has implemented for several years has now produced satisfactory results. At December 31, 2022, 20% of the Group's female staff held managerial posts (28% in France), and its scores in the Gender Equality Index have steadily increased since it was introduced by France's Employment Ministry in 2019.

The Group's measures to steadily increase the proportion of women within its management bodies have led to the following results as at December 31, 2022:

- 44% of the members of the Board of Directors were women. It is important to note that in 2007 – i.e. even before France introduced the Copé Zimmerman Act on gender quotas on corporate boards – the proportion of women on iliad's Board was already 27%, one of the highest ratios among SBF 120 companies. The Audit Committee is chaired by a woman.
- Women made up 33% of the Executive Committee, which is a higher proportion than the average for SBF 120 companies. Also, three women have been appointed to the Group's executive team since 2018, accounting for 75% of its new members. The Group intends to ensure that women continue to represent at least 30% of its Executive Committee.
- 16% of iliad's top management posts are held by women. The "top management" category includes all managerial posts within the Group corresponding to categories F and G in the classification set out in the National Collective Bargaining Agreement for the telecommunications industry or the equivalent for other collective bargaining agreements. It represents 245 Group employees and includes 38 women.

The Group intends to pursue its measures and initiatives in this area, with the aim of achieving gender balance across all levels of responsibility. Several action areas have been identified to continue this approach of rewarding talent without discrimination, including:

- Systematically involving women in the recruitment process. There must be a balanced selection of candidates for corporate officer positions or top management posts.
- Strengthening the training offered to women, particularly management training, to open up a wider range of managerial job opportunities to them.
- Ensuring that job descriptions, compensation packages and career opportunities are totally gender-neutral.

With a view to continuously improving the gender balance within the Company's management bodies, based on the recommendations of the Executive Management team, the Board of Directors has set the following objectives:

- Maintain the proportion of women on the Executive Committee to at least 30%.
- Ensure that women make up at least 20% of top management positions by 2024.

3.4 COMPENSATION AND BENEFITS

3.4.1 2022 compensation for corporate officers

Components of the compensation paid during or allocated for 2022 to the Company's corporate officers

Following the squeeze-out procedure and subsequent delisting of the Company's shares from Euronext Paris on October 14, 2021, iliad is no longer required to put forward resolutions at the Annual General Meeting concerning its corporate officers' compensation policies.

3.4.2 Tables of compensation and benefits of executive officers and directors

Executive directors

The compensation and benefits paid during or allocated for 2022 to each executive officer are shown in the tables below:

Xavier Niel* **Chairman of the Board of Directors** *(In €)*	2022	
	Amounts due(1)	Amounts paid*
Fixed compensation	-	-
Annual variable compensation	-	-
Multi-year variable compensation	-	-
Exceptional compensation	-	-
Directors' remuneration	-	-
Benefits-in-kind	-	-
Supplementary pension benefits	-	-
TOTAL	**-**	**-**

(1) Amount due for the year ended December 31, 2022.

** Xavier Niel did not receive any compensation during the year ended December 31, 2022.*

Thomas Reynaud **Chief Executive Officer** *(In €)*	2022	
	Amounts due(1)	Amounts paid*
Fixed compensation	384,000	230,400
Annual variable compensation	-	-
Multi-year variable compensation	-	-
Exceptional compensation	-	-
Directors' remuneration	-	-
Benefits-in-kind	-	-
Supplementary pension benefits	-	-
TOTAL	**384,000**	**230,400**

(1) Amount due for the year ended December 31, 2022.

** Since March 16, 2020, Thomas Reynaud's compensation, set at €384,000, has been 60% paid by iliad and 40% by Holdco II.*

Antoine Levavasseur **Deputy Chief Executive Officer** *(In €)*	2022	
	Amounts due(1)	Amounts paid
Fixed compensation	189,000	189,000
Annual variable compensation	-	-
Multi-year variable compensation	-	-
Exceptional compensation	-	-
Directors' remuneration	-	-
Benefits-in-kind	-	-
Supplementary pension benefits	-	-
TOTAL	**189,000**	**189,000**

(1) *Amount due for the year ended December 31, 2022.*

Nicolas Jaeger **Deputy Chief Executive Officer since April 15, 2021*** *(In €)*	Amounts due(1)	Amounts paid**
Fixed compensation	361,250	216,750
Annual variable compensation	-	-
Multi-year variable compensation	-	-
Exceptional compensation	-	-
Directors' remuneration	-	-
Benefits-in-kind	-	-
Supplementary pension benefits	-	-
TOTAL	**361,250**	**216,750**

(1) *Amount due for the year ended December 31, 2022.*

* *On April 15, 2021, the Board of Directors placed on record Rani Assaf's resignation from his post as Deputy Chief Executive Officer, and on the recommendation of the Nominations Committee, appointed Nicolas Jaeger as a Deputy Chief Executive Officer.*

** *Since June 1, 2022, Nicolas Jaeger's compensation, set at €380,000, has been 60% paid by iliad and 40% paid by Holdco II.*

To date, the Company's Board of Directors has not awarded any annual variable compensation. No annual variable compensation was therefore awarded to the Group's executive directors in 2022. In future years and based on the recommendation of the Compensation Committee, the Company's Board of Directors may decide to award variable compensation to the executive directors linked to one or more CSR criteria.

iliad's executive officers are not eligible for any benefits or indemnities for the termination of their office or a change in duties, or for any non-compete indemnity.

No supplementary pension plans have been set up by iliad for its executive officers.

The executive officers do not receive any benefits-in-kind.

The executive officers are members of the same personal protection and healthcare insurance plans as the Group's employees.

— AMOUNT OF REMUNERATION PAID DURING OR ALLOCATED FOR[(1)] 2022 TO THE NON-EXECUTIVE DIRECTORS

	Fixed portion	Variable portion
Virginie Calmels	15,000	42,500
Bertile Burel	15,000	17,500
Céline Lazorthes	15,000	35,000
Jacques Veyrat	15,000	27,500
Esther Gaide[(2)]	15,000	27,500
Cyril Poidatz	N/A	N/A
Maxime Lombardini	N/A	N/A
Ilan Dahan[(3)]	N/A	N/A
Saad Boudjadi[(3)]	N/A	N/A

(1) Remuneration allocated to the non-executive directors is paid in the same year.
(2) Esther Gaide's directorship began at the close of the June 2, 2021 Annual General Meeting.
(3) Ilan Dahan and Saad Boudjadi also receive compensation under their respective employment contracts.

Stock option grants

2022

The executive officers were not granted any stock options in 2022.

Share grants

2022

The executive officers were not granted any iliad shares in 2022.

3.5 RESTRICTIONS ON THE EXERCISE OF STOCK OPTIONS/SALE OF SHARES GRANTED FREE OF CONSIDERATION TO EXECUTIVE OFFICERS

3.5.1 Restrictions on the exercise of stock options granted

No stock option plans were adopted by the Company in 2022.

3.5.2 Restrictions on the sale of shares granted free of consideration

In accordance with Article L. 225-197-1 II paragraph 4 of the French Commercial Code, the Board of Directors requires executive officers to hold in registered form, until the end of their term of office, a quantity of shares corresponding to 10% of their vested shares under share grant plans.

4. Non-financial performance

4.1 INTRODUCTION – OUR CORPORATE SOCIAL RESPONSIBILITY POLICY

4.1.1 Our mission

"At iliad, we firmly believe that the digital revolution is a means of progress for everyone, by shaking up usages, business models and even the structures of society.

Over the past 20 years, we have both driven and partnered this revolution throughout France. By inventing the Freebox – the world's first triple-play box – we were the ones who brought Internet to many households. And with our generous, no-commitment Mobile plans, we have also helped bring mobile usage within everyone's reach.

Today, we are taking this mission ever further by providing access to Ultra-Fast Broadband via the rollout of our Fiber and 5G networks everywhere we operate.

In 2018, we entered the Italian Mobile market with the same credo: digital revolution for everyone. And in 2020, we acquired Play – the leading mobile operator in Poland – because its DNA is similar to ours and it will enable us to address the Polish market with the same vision. 2022 was the year of convergence: the January 2022 launch of our Fiber offer in Italy and the April 2022 acquisition of UPC Polska have made the iliad Group a convergent operator in each of these host countries. B2C and B2B convergence is another priority for the Group. In France, the early 2021 launch of our B2B offers is helping intensify the digital transformation of French SMEs, the merger between Play and UPC Polska will enable us to address the Business market optimally in Poland, and we aim to launch our B2B offers in Italy in 2023.

In recent years, the environmental crisis, changes in society's expectations, combined with increasing inequalities, have transformed the world we live in. The war in Ukraine has brought to light structural weaknesses in the European electricity market, sparked an inflationary shock and disrupted countless industries. Our entrepreneurial spirit, our culture of insourcing and our thirst for innovation will all be assets in meeting these new challenges and bringing about an inclusive, supportive and environmentally friendly digital revolution for the coming decade."

Thomas Reynaud – Chief Executive Officer of the iliad Group

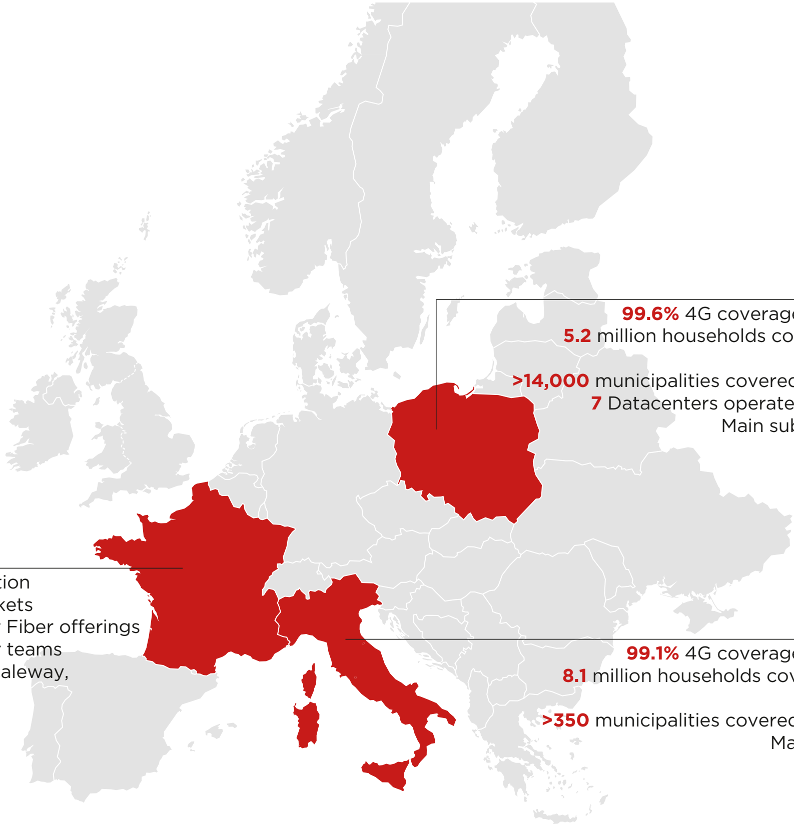
This chapter is an integral part of the management report, in accordance with Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code on transparency requirements for companies. The Group takes a continuous improvement approach to disclosing its CSR data and information related to human rights, based on a map of its specific risks and opportunities and an internal reporting process.

4.1.2 Presentation of the Group's business model

The iliad Group is a major player in the European telecommunications market. Our operating presence in three of the European Union's five largest countries means that our corporate social responsibility (CSR) is inextricably linked to our business objectives. The Group uses latest-generation networks, along with significant financial, human, environmental and technical resources, to support its Fixed, Mobile and Cloud services. With their vast expertise, the Group's employees bring their added value to each step in the process as do all the stakeholders we have contact with.

Scope of our business model

iliad GROUP
Mobile population coverage
165 million households
Broadband and Ultra-Fast Broadband population coverage
45 million households



Poland
99.6% 4G coverage rate of the population
5.2 million households covered by our Ultra-Fast Broadband offerings
>14,000 municipalities covered by our Fixed offerings
7 Datacenters operated directly by our teams
Main subsidiaries: Play, UPC, 3S

France
99.2% 4G coverage rate of the population
31.3 million connectible fiber optic sockets
>22,000 municipalities covered by our Fiber offerings
8 Datacenters operated directly by our teams
Main subsidiaries: Free, Free Mobile, Scaleway, Free Pro, Free Distribution

Italy
99.1% 4G coverage rate of the population
8.1 million households covered by our Ultra-Fast tBroadband offerings
>350 municipalities covered by our Fixed offerings
Main subsidiary: iliad Italia

Our strategy

Ever since its formation, the iliad Group has always placed network rollouts – and regional digital development – at the heart of its strategy. In order to sustain its market positions and maintain its competitiveness, the Group's strategy is based on three pillars:

- **simple and affordable offers.** We invent solutions to allow everyone to access digital technologies simply and affordably. We believe that the starting cost for consumers should be as fair as possible. Our rates were game-changers in the telecoms market;
- **rollout of directly owned infrastructure throughout the country,** and in partnership where standalone rollout does not make economic sense. We believe that everyone should have access to our communication technologies regardless of where they are. That is why we have chosen to develop our own fixed and mobile infrastructure throughout the country, in urban and rural areas alike. And our rates are the same everywhere;
- **organization built on diversity and openness.** The digital language is a universal one and the Internet an aspiration to connect all individuals. This vision is embodied in the formidable diversity of our teams. We also seek to ensure that everyone can find their place in our company, by fostering autonomy and accountability rather than inflexible hierarchies.

The Group needs a variety of resources to create the right conditions for the execution of its strategy:

OUR RESOURCES

Financial capital

- At end-2022, **100%** of outstanding shares were owned by Xavier Niel and the Group's management
- Net value of licenses: **€3.8 billion**
- Net value of network equipment: **€7.2 billion**
- Equity: €5.2 billion

Industrial capital

- More than **50,000** active mobile sites in Europe (nearly **24,000** in France, nearly **17,000** in Italy including the Zefiro joint venture with Wind Tre, nearly **10,600 in Poland)**
- **39.4** million households covered by our FTTH offers in France and Italy, and **5.2** million households covered by our HFC/FTTx offers in Poland
- **€2.1** billion in net investments excluding licenses in 2022, **€3.3** billion including licenses

Intellectual capital

- Free was ranked **50th** among the most valued brands in France, according to Brand Finance
- Owner of the Freebox operating system
- iliad is the favorite telecom brand in Italy (BVA Doxa, Q4 2022)

Human capital

- More than **16,700** employees in Europe and Morocco, 92% of whom have permanent work contracts
- Nearly **3,100** employees in our contact centers
- Nearly **1,200** employees in our distribution network in France
- Constant growth in the workforce over the past 13 years
- The Free Foundation working to make digital technology available to as many people as possible

Environmental capital

- **Ambitious environmental objectives** including reductions in Scope 1 & 2 emissions by 2035 of **95%** in France (compared with 2019) and **98%** in Italy (compared with 2020)
- Energy consumption representing **174k** tonnes of CO_2 equivalent (market-based, Scopes 1 & 2) in 2022
- ISO 27001 and HDS certification of our data centers in France + ISO 50001 for the Scaleway data centers; data centers in Europe representing over **34 MW** of IT power
- Freebox delivery/return system to make recycling easier

Stakeholders, both internal and external, are central to our business model. Our employees, subscribers, suppliers, partners and institutions, as well as our investors all play a role in creating and sharing value.

IMPACTS OF OUR BUSINESS MODEL

Strong market positions

- Group revenues of €**8.4** billion (**+7%** organic pro forma)
- EBITDAaL €**3.3** billion (**+8%** organic pro forma)
- **45.9** million subscribers in Europe, of which **36.5** million mobile and **9.3** million fixed
- **4.7 million** fiber subscribers in France (1st after the incumbent operator)

Commercial success

- **2.7** million new subscribers in Europe, of which
  - **1.2** million in Italy
  - **0.8** million in France
  - **0.7** million in Poland

High-quality brand identity and service

- In 2022, Free was ranked **no. 1** (as in 2021) in fixed-line performance in the nPerf study
- iliad Italia was ranked by GfK among the 10 fastest-growing brands in Italy in 2022
- Play was ranked no. 1 mobile brand in terms of first choice purchasing and spontaneous awareness
- Free was ranked **no. 2** in 2022 for the performance of its Mobile network in France
- More than **20 GB/month** of data per 4G subscriber in France

An outstanding contributor to society

- Nearly **500** net new hires in 2022 in France
- €**525** million in payroll costs in 2022, up 19% year on year (up 14% excluding UPC Polska)
- A leading corporate taxpayer in France, with **194 million** paid in 2022

Contribution to environmental protection and reducing global warming

- Scope 1 & 2 energy consumption (market-based) down **18%** (pro forma)
- **2,256** tonnes of Freebox materials recycled in France, including **1,240** tonnes of plastic

Our commitments

The Internet is not an ordinary innovation. It allows universal access to information and in doing so disrupts not only the way we communicate with each other, but also our relationship to knowledge. From the outset, the iliad Group's founders realized that the Internet was an essential service and that everyone should have access to it in the same way as for other such services. On the strength of this belief, they founded Free and revolutionized the telecoms market in France. Since 2018, the Group has been exporting its values across Europe for the good of consumers, individuals and businesses.

The Free revolution has forged the iliad Group's identity and commits the Group to embodying its motto: Liberty, Honesty, Simplicity:

We are committed to defending the value of Liberty

Driven by a resolute belief in consumer freedom, we shook up the French telecoms market right from the outset with our no-commitment plans. For us, liberty involves defending consumer rights, and we've always fought against monopolies and dominant positions which restrict consumer choices. And liberty is also about having high-quality connectivity, which frees up usages. Thanks to fiber, 4G and 5G, we're shaping a world where everyone can be globally connected, anywhere, at any time, and with no barriers.

We are committed to defending the value of Honesty

We've always campaigned for fair prices in the telecoms sector, and were the first operator to bring unlimited calls and text messages within everyone's reach thanks to our Free Mobile Plan costing less than €20 a month. We invest heavily in our infrastructure to deliver the most cost-effective service. Honesty also means being transparent about the impacts of our activity on the environment and reducing it wherever possible. And we are pursuing our efforts relentlessly on that score.

We are committed to defending the value of Simplicity

Our products are at the cutting edge of technological innovation, but we've always sought to make them easy to use. Our plans and packages are ultra-clear and straightforward, such as our 2 hours-for-€2 plan. This simplicity doesn't come out of the blue – it's a direct reflection of how our Group is organized. We don't like heavy hierarchical structures that complicate decision-making and much prefer flexibility, agility and autonomy.

4.1.3 Our stakeholders

We need to be closely attuned to our stakeholders to run our business effectively.

To ensure that we constantly maintain the links with our ecosystem, we use several channels of dialog depending on the stakeholder concerned.

For the purposes of the materiality analysis currently in process, the CSR Committee has drawn up the following table of the Group's main stakeholders:

Stakeholder	Dialog and interaction channels
Human capital Employees Employee representative bodies Job candidates Interns, work-study students	The Group's people are its greatest asset. We therefore place great importance on nurturing their engagement and ensuring the long-term appeal of our employer brand. To that end, the Group maintains constructive dialog and close relationships with its employees. The Group also works closely with the educational establishments that teach and train the talent of tomorrow.
Subscribers B2C subscribers B2B subscribers (Local authorities)	At all levels of the organization we build up long-term relationships with our subscribers, underpinned by close and regular contact. We frequently hold in-depth discussions with our communities in order to fully understand their needs and expectations.
Financial players Bondholders Banks Financial analysts Rating agencies	The Group keeps up a steady stream of dialog with financial players, providing them with transparent, high-quality information about its strategic choices and its business. Through these exchanges, we are able to understand and anticipate their expectations, particularly in terms of governance and environmental and social performance. We also respond to the questionnaires issued by the main financial and non-financial rating agencies.
Suppliers and subcontractors	The quality of our supplier relations is a powerful competitive asset. The Group builds up long-term trusted partnerships with its major suppliers. This trust includes holding strategic meetings with them that lead to mutual improvements in terms of innovation and CSR.
Public authorities	The Group strictly respects all of the applicable regulations and ethical rules wherever it conducts business. Thanks to our strong regional presence, we have been able to forge close dialog with local public authorities. We ensure that we provide transparent and reliable regulatory information.
Partners Industry bodies Universities and colleges Start-ups	We operate in a wide ecosystem in which it is vital to anticipate major social trends and bring on board new expertise. The Group is therefore a member of various professional associations and participates in joint working groups with organizations such as ARCEP, AFEP and Ademe.
Civil society Local communities Media and journalists NGOs and non-profits	The Group is committed to building up a relationship of trust with civil society. We regularly talk to the press, post on social media and take part in local forums to give information to local communities and get their feedback. The Free Foundation's activities also enable our employees to get involved in projects with local charities and other non-profits, with the Group's backing. We also participate in think-tanks working towards a low-carbon economy and responsible digital technology, notably Entreprises pour l'Environnement (the French partner organization of the World Business Council for Sustainable Development).

4.1.4 A Group focused on the digital revolution

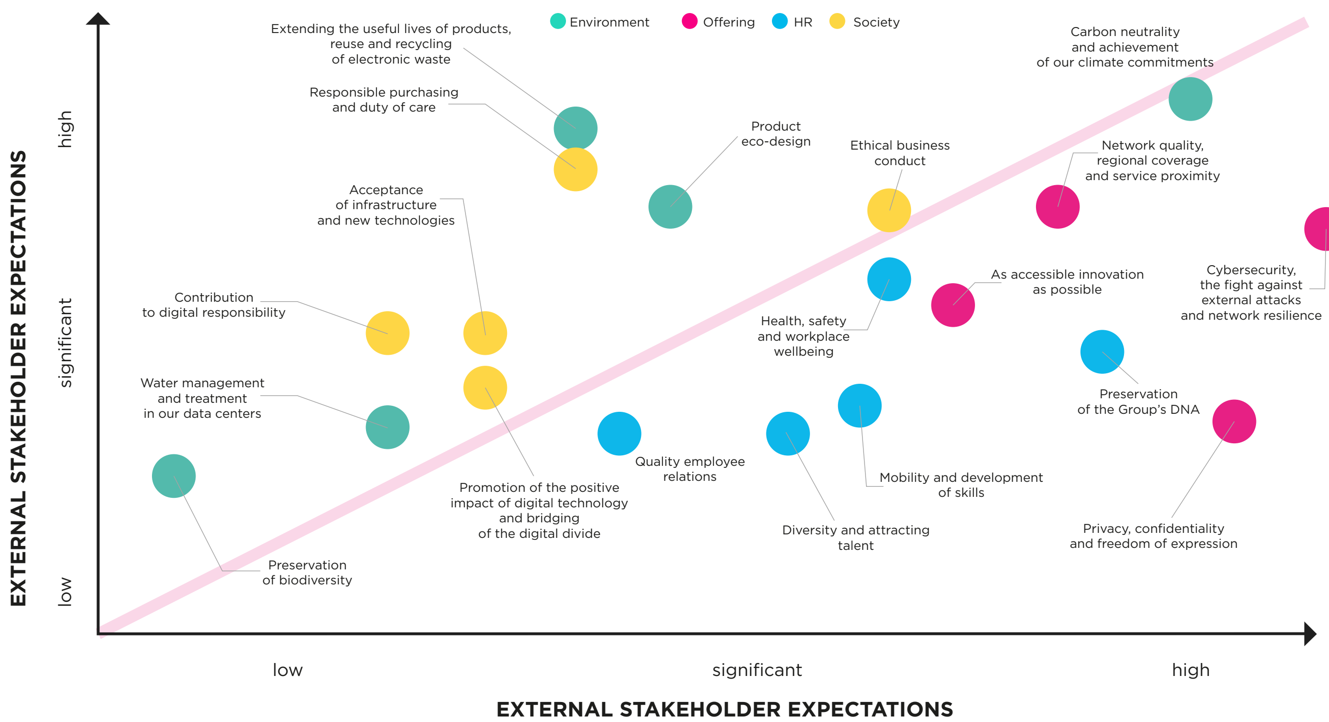
4.1.4.1 A strategic approach based on dedicated governance

Human resources, social and environmental challenges are central to the iliad Group's strategy and are managed at the highest level of governance:

- within the Board of Directors, the iliad Group established a CSR Committee with three members at the end of 2022. Its role is to oversee the iliad Group's ESG (Environment, Social and Governance) objectives, action plans and outcomes. It is chaired by Jacques Veyrat (independent director);
- the CSR Steering Committee, which meets several times a year, brings together the heads of key functions of the Company to discuss action plans, initiatives announced by our peers and in adjacent sectors, and progress made on these cross-cutting challenges. It is chaired by Group CEO Thomas Reynaud. The recruitment of a new Group CSR Director is underway, and the person chosen will eventually chair the CSR Steering Committee;
- operationally, each department manager is tasked with overseeing the proper functioning of the environmental and human resources data collection process and its passage through the reporting network;
- in 2022, the Finance Department established a steering committee to address sustainable finance challenges. It is tasked with ensuring the reliability of the reporting process and non-financial information, the calculation of indicators relating to the European Taxonomy, and the selection and evaluation of climate scenarios, including the targets to be submitted to the SBTi.

4.1.4.2 Identifying risks and opportunities

The Group embarked on its first materiality analysis at the end of 2021 (preliminary results were used in our 2021 non-financial performance information statement). The full findings were delivered in December 2022. As part of this exercise, interviews were conducted with internal and external stakeholders in order to update the Group's imperatives and identify new emerging risks.



The materiality analysis is based on the following classification:

Consensus priority challenges	Limited priority challenges
• Carbon neutrality and achievement of our climate commitments • Ethics in business conduct and commercial practices • Cybersecurity, the fight against external attacks and network resilience • Network quality, regional coverage and service proximity • Health, safety and workplace wellbeing	• Acceptability of infrastructure and new technologies • Contribution to responsible digital technology • Quality social dialog • Water management and treatment in our data centers • Promotion of the positive impact of digital technology and bridging of the digital divide • Biodiversity preservation
Priority challenges for external stakeholders	**Priority challenges in terms of their impact on the Group's activities**
• Product eco-design • Product life extension, reuse and recycling of electronic waste • Responsible purchasing and duty of care	• Innovation accessible to as many people as possible • Privacy, confidentiality and freedom of expression • Preservation of the Group's DNA • Mobility and skills development • Diversity and attraction of talent

The risks and opportunities presented in our risk map below, as well as risk mitigation, are drawn from this materiality analysis. The findings of the materiality analysis are based on articles, position papers and reports such as the Global Risks Report (published by the World Economic Forum at the start of each year). They have been supplemented by an industry ESG benchmark study based on the rating agencies most widely used by investors (S&P CSA, MSCI, Sustainalytics, Moody's) and the Carbon Disclosure Project (CDP) for climate change issues. Given the nature of the Group's activities, our CSR commitments do not include (as they are not material) measures related to the promotion of physical and sporting activities, the prevention of food waste or food insecurity, animal welfare, and responsible, fair and sustainable food.

4.1.4.2.1 Environmental priorities

The materiality analysis highlights three environmental priorities:

- carbon neutrality and achievement of our climate commitments;
- product eco-design;
- product life extension, reuse and recycling of electronic waste.

Based on these three priorities, we have identified three risks to our business model. The issues of biodiversity preservation and water management and treatment in our data centers will be the subject of more in-depth analysis in 2023 and have not yet been associated with a risk to our business model.

Priorities identified	Risks	Policies and actions implemented
Carbon neutrality and achievement of our climate commitments	**Failure to meet our environmental objectives** The risk of not meeting our environmental objectives could impact the brand's reputation and the Group's financing conditions. Without the rollout of adaptation solutions, unchecked climate change could also impact the course of our business.	Sections 4.2.1, 4.2.2, 4.2.3 and 4.2.4 concern the need to increase the share of renewables in our energy mix, our strategy for optimizing the consumption of our fixed and mobile networks, for optimizing our mobility solutions for our employees and for controlling the environmental impacts of our supply chain.
Product eco-design		Section 4.2.5 concerns the measures taken to limit the carbon footprint resulting from the manufacture of Freeboxes (and any other Internet and/or IPTV boxes); and which the Group influences directly and indirectly through the purchase and use of smartphones.
Product life extension, reuse and recycling of electronic waste		

4.1.4.2.2 Human resources priorities

The materiality analysis highlights four human resources priorities:

- health, safety and workplace wellbeing;
- preservation of the Group's DNA;
- mobility and skills development;
- diversity and attraction of talent.

Although the materiality analysis does not consider this to be a priority, we believe that maintaining quality social dialog is essential and have accordingly integrated it into the risk map. Based on these five social priorities, we have identified five risks.

Priorities identified	Risks	Policies and actions implemented
Diversity and attraction of talent	**Risks related to discrimination, failure to ensure equal opportunities and difficulties in continuing to recruit**	Section 4.3.1 concerns the risk for iliad of failure to take action to promote and foster employee diversity, equal treatment and inclusion, potentially compromising the maintenance of a robust employer brand and the capacity to continue attracting talent.
Mobility and skills development	**Risks related to the loss of key skills**	Section 4.3.2 concerns the means implemented by the Group to provide adequate training for its teams in current and future business areas in order to continue to be able to meet the needs of iliad's customers and adapt to market developments (notably nationwide fiber coverage).
Health, safety and workplace wellbeing	**Risks related to our employees' working conditions**	Section 4.3.3 concerns the need for the Group to put in place policies and monitoring mechanisms to guarantee the health and safety of all employees and facilitate their working lives, particularly in terms of equipment for technicians. It also concerns the Group's ability to provide a pleasant working environment that promotes the wellbeing of its people (e.g., work/life balance).
Quality social dialog **Preservation of the Group's DNA**	**Risks related to the loss of key skills and the deterioration of the brand image**	Section 4.3.4 concerns the risk of not creating the conditions required for effective dialog with all stakeholders, as a deterioration in such dialog could impact the quality of network maintenance, customer service and therefore customer satisfaction.

4.1.4.2.3 Social priorities

The materiality analysis highlights two social priorities:

- ethics in business conduct and commercial practices;
- responsible purchasing and duty of care.

The materiality analysis deprioritizes three social issues:

- acceptability of infrastructure and new technologies;
- contribution to responsible digital technology;
- promotion of the positive impact of digital technology and bridging of the digital divide.

Although the materiality analysis does not consider this to be a priority, we believe that our contribution to responsible digital technology is essential and have accordingly integrated it into the risk map. Promoting the positive impact of digital technology and bridging the digital divide appears to us to be very similar to the challenges of making innovation accessible to as many people as possible and ensuring network quality, regional coverage and service proximity, which are priorities relating to our offer and are addressed together in the next section.

Priorities identified	Risks	Policies and actions implemented
Responsible purchasing and duty of care	Risks of non-compliance with respect to business ethics	Section 4.4.1 concerns the implementation by the iliad Group of an organizational structure enabling traceability of the Group's products and business activities, including the origin of a product and its components and production, storage and distribution conditions, in order to know and control all upstream suppliers, mainly raw materials suppliers. This section also concerns taking into consideration the Group's duty of care obligations and the requirement for fair value distribution in the supply chain (such as social progress, respect for human rights and economic development).
Ethics in business conduct and commercial practices	Risks of non-compliance with respect to business ethics	Section 4.4.2 concerns the internal framework of standards and specific operating procedures implemented to avoid ethical and corruption risks within the Group's subsidiaries in France, Italy and Poland.
Contribution to responsible digital technology	Risks related to the psychological impact of certain content on children and the hosting of illegal content	Section 4.4.3.2 concerns the measures implemented to minimize the risks of younger users being exposed to the dangers of the digital world and to regulate content hosting. See also the section 1.6.2 which concerns the legal framework governing the obligations of hosting providers.
Promotion of the positive impact of digital technology and bridging of the digital divide	Risks associated with the absence of access to essential digital services	See sections 4.4.3.3 and 4.4.3.4.

4.1.4.2.4 Priorities regarding the offering

The materiality analysis highlights four priorities with respect to the Group's offering:

- cybersecurity, the fight against external attacks and network resilience.
- innovation accessible to as many people as possible;
- privacy, confidentiality and freedom of expression;
- network quality, regional coverage and service proximity.

Based on these four priorities, we have identified four main risks to our business model.

Priorities identified	Risks	Policies and actions implemented
Innovation accessible to as many people as possible Network quality, regional coverage and service proximity	Risks related to the digital divide	Section 4.4.3.3 concerns the Group's strategy of offering its services to as many people as possible through a proactive policy of investment in infrastructure, and by offering the same prices throughout the country in the interests of equality. It also concerns the initiatives carried out by the Free Foundation to contribute to the fight against the digital divide.
Cybersecurity, the fight against external attacks and network resilience Privacy, confidentiality and freedom of expression	Risks related to protecting users' personal data	Sections 4.4.3.1 and 4.4.3.2 concern the measures implemented by the iliad Group to ensure the proper management and protection of its subscribers' personal data as well as the iliad Group's determination to ensure the protection, confidentiality and security of the personal data of the users of its services.
Cybersecurity, the fight against external attacks and network resilience	Risks related to the cybersecurity of information systems and service disruptions	Section 4.4.3.1 concerns the initiatives taken by the Group to reduce the potential for cybercriminal attacks, with the risk of fraud, business interruption, intrusion, loss or disclosure of confidential information, etc.

4.2 BUILDING AN ENVIRONMENTALLY RESPONSIBLE DIGITAL WORLD

This chapter is an integral part of the management report, in accordance with Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code on transparency requirements for companies. The Group takes a continuous improvement approach to disclosing its CSR data and information related to human rights, based on a map of its specific risks and opportunities and an internal reporting process.

The digital revolution[1] – in which iliad is playing a key role – is expected to lead to a sharp increase in digital usages in all sectors of the economy and society in the mid-term. iliad operates in France, Poland and Italy. In 2020, these three countries accounted for 35%[2] of the European Union's greenhouse gas emissions and 37%[3] of its population. iliad's operations are therefore extensive in Europe and their development cannot disregard the climate emergency. In 2019, digital technology accounted for 4% of global greenhouse gas (GHG) emissions and 2% of national emissions[4] in France. While the use of telecom networks currently represents only a small part of the digital carbon footprint, its rapid growth means that the Group must play its part in achieving carbon neutrality as quickly as possible. According to a joint Ademe-ARCEP report published on March 6, 2023 on the environmental impact of digital technology in 2030 and 2050, the carbon footprint of digital technology in France could increase by 45% (tripling between 2020 and 2050) in the absence of efforts to control it between 2020 and 2030.

In addition to climate change, other environmental impacts of digital technology are emerging today, such as ionizing radiation, waste production and abiotic resource depletion (minerals and metals), mainly caused by devices (65%-92%), data centers (4%-20%) and networks (4%-13%)[5]. These figures show how the Group needs to work towards reducing the environmental impact of its activities.

Our three focuses for reducing our environmental footprint are:

- meeting our 10 climate pledges as quickly as possible;
- improving our energy efficiency; and
- minimizing the impact of our products based on an eco-design approach.

— INTERNAL FRAMEWORK/TCFD

At the end of 2022, the CSR Steering Committee embarked on analysis to assess the level of alignment of the measures implemented for climate with the TCFD (Task Force on Climate-related Financial Disclosures). Within this process, and with a view to ultimately joining the initiative, the iliad Group has prepared an alignment matrix listing the Group's current responses to the TCFD recommendations (see below).

Governance	Reference in the URD	Strategy	Reference in the URD	Risk management	Reference in the URD	Metrics and targets	Reference in the URD
Board of Directors oversight of climate risks and opportunities	Sections 3.2 and 4.1.4.1	Analysis of risks and opportunities over the short, medium, and long term	Analysis process under development	Process for identifying and assessing risks and opportunities	Section 4.1.4.2	Metrics and targets used to assess risks and opportunities	Assessment process under development
Assessment and management of these risks and opportunities by the Executive Committee	Sections 3.3 and 4.1.4.1	Analysis of impacts on the strategy, business model and financial planning	Analysis process under development	Risk management process	Section 4.1.4.2	Emissions in Scopes 1, 2 and 3 if appropriate	Section 4.2.1.3
		Analysis of the company's financial resilience under different climate scenarios	Analysis process under development	Integration of these processes into overall risk management	Section 4.1.4.2	Progress against targets	Section 4.2.1.3

(1) *Digital technology refers to a combination of infrastructure (telecom networks, Datacenters), hardware (telephones, computers, Internet boxes) and services (content, applications, software, etc.).*

(2) *EEA Dashboard.*

(3) *Eurostat.*

(4) *Report by the French Senate aimed at encouraging an ecological digital transition, 2019-2020.*

(5) *Report by Ademe and ARCEP on the environmental footprint of digital technology in France, January 19, 2022.*

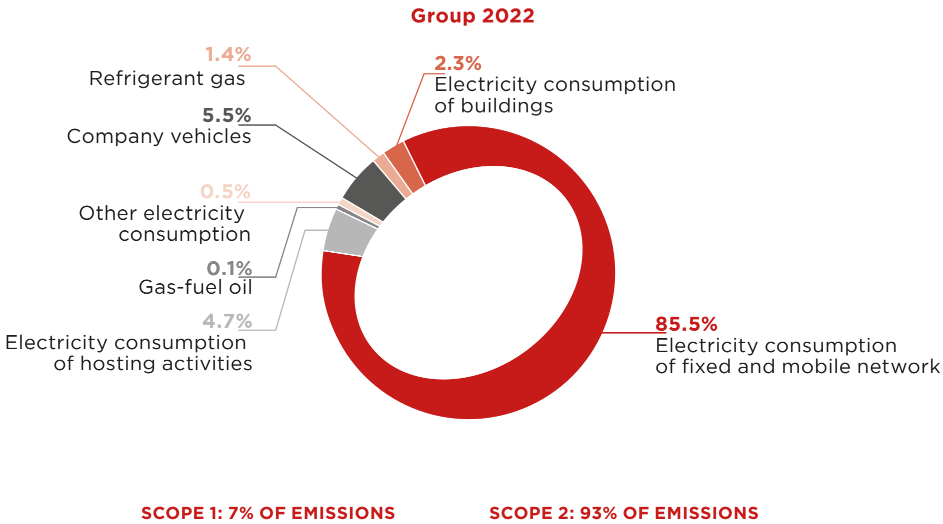
4.2.1 Carbon neutrality and achievement of our climate commitments: improving our sourcing

Doing the right thing for future generations and achieving carbon neutrality as quickly as possible means making serious choices. We want to reduce our impact on the environment as much as possible and help others to do the same thing, so that together we can create a better future. In view of the environmental challenges the world is currently facing, we are determined to take our commitment to the next level in order to rapidly contribute to worldwide carbon neutrality.

Telecom networks account for the bulk of the iliad Group's electricity consumption. Players across the entire sector see overall electricity consumption for this item increasing, on the back of mounting traffic growth. Since the launch of our climate strategy, we have nevertheless been making every effort to optimize the energy efficiency of our networks, taking whatever actions we can. In our energy saving plan published on October 6, 2022, the Group makes commitments in two areas: further intensify our energy efficiency measures, and practice load shedding in our data centers in the event of major spikes in consumption.

— GROUP CO_2EQ EMISSIONS (INCLUDING UPC POLSKA OVER 12 MONTHS IN 2022)

— % OF SCOPE 1 & 2 EMISSIONS



4.2.1.1 Policies and objectives

Setting science-based targets is an integral part of iliad's climate roadmap. The Science Based Targets Initiative* (SBTi) has become the standard for companies to set credible targets to address the climate crisis. iliad has pledged to submit its targets by the end of June 2023. By undertaking to set these targets aimed at limiting global warming to 1.5°C, iliad has committed to (i) stepping up its current climate pledges and to aligning its Scope 1 and 2 emissions, and the Scope 3 emissions that apply to it, with a 1.5°C and net zero pathway, and (ii) reinforcing its short- and mid-term objectives.

We want to get it right and we want to do it quickly. Our targets are ambitious and break down into three stages to achieve carbon neutrality in France and Italy. In 2021, 100% of our direct electricity supply in both countries was from renewable sources; this target was achieved in Poland in 2022. Our aim is to achieve zero net carbon emissions in France and Italy for energy consumption associated with the assets we own or operate by 2035, 15 years ahead of the Paris Agreement objective. This target was set in 2021 and as such excludes Poland, which was not in the initial scope of our targets and which has a high proportion of fossil fuels in the national energy mix. However, we are now looking into the feasibility of including Poland with the same timeframe. By 2050, we are aiming for net zero for the Group's main indirect emissions.

iliad is growing at a rapid pace and thanks to its acquisitions, it is positioning itself as a catalyst for the climate transition by transferring its low-carbon know-how to the companies it acquires. This means that our climate pledges are not hampering our growth strategy – quite the opposite in fact.

In Poland, the activities of Play and the recently consolidated UPC Polska were integrated in just two years and the reporting scope for carbon footprint data now covers the whole Group. The SBTi trajectory, which will be submitted for validation in the first half of 2023, will therefore cover the entire end-2022 climate scope, with SBTi trajectories adapted country by country.

The ten climate pledges we made in 2021 are as follows:

- **No. 1 -** Invest €1 billion over 15 years
- **No. 2 -** Improve the energy efficiency of our Fixed and Mobile networks
- **No. 3 -** Ensure our Datacenters have advanced environmental performance
- **No. 4 -** Further enhance the environmental performance of our Freeboxes
- **No. 5 -** Deploy an environmentally friendly sales strategy
- **No. 6 -** Deploy a responsible procurement policy
- **No. 7 -** Reduce emissions generated by our fleet of 4,200 vehicles
- **No. 8 -** Help create more renewable energy capacity
- **No. 9 -** Invest in carbon sinks
- **No. 10 -** Set up a climate performance tracking system

4.2.1.2 Actions implemented

4.2.1.2.1 Increasing our clean energy purchases

It is our duty to make a decisive contribution to achieving global carbon neutrality, as defined by the Paris Agreement. Since 2017, the Group has chosen to optimize the carbon footprint of its data centers by powering them entirely with renewable energy. To focus investment on the projects with the greatest impact, iliad can enter into contracts directly with project developers to physically deliver the power to the areas and electricity grids where the Group operates via direct energy purchase agreements and PPAs going forward.

Since 2021, 100% of the electricity used by the Group in France and Italy comes from renewable sources[1], covered by guarantee of origin certificates. For Play, in Poland, this proportion was 50% in 2021 and 100% in 2022[1].

Regarding our direct supply, our objective is to source at least 50% of our energy through PPAs by 2035 in Italy, where the electricity mix is eight times more carbon-intensive than in France. In France, where the energy mix is already low-carbon, we are aiming for 20% sourcing from PPAs by 2035. Given the high carbon intensity of electricity in Poland, we are also exploring the feasibility of using PPAs in that country, with a minimum coverage objective of 50%.

The Group's first PPA was announced in February 2023. In France, the iliad Group and Engie have signed a 15-year contract covering a solar farm that will produce more than 20 GWh of electricity per year, i.e., roughly 5% of the Group's direct consumption in France in 2022. The Group is endeavoring to conclude further PPAs with trusted partners such as Engie, particularly in Italy and Poland, where the energy mix is more carbon-intensive.

4.2.1.2.2 Participating in the low-carbon transition thanks to the positive impacts of digital technology – focus on passenger transport

Assessing the direct environmental impacts of digital technology, and notably the sector's greenhouse gas emissions, also provides an opportunity to look at the positive effects of digitalization on the ecological transition process, and in particular the emissions avoided thanks to the low-carbon transition. One example of the emissions reductions made possible by iliad's services is the way that remote working is made easier by the use of digital solutions – especially video calls – which help both our customers and our employees lower their CO_2eq emissions by avoiding the need to commute to get to work. Where it is necessary, travel is facilitated by the use of GPS services such as Waze or Google Maps, which allow our private and professional subscribers to optimize travel times and avoid busy roads where vehicle engines are often left idling. The frequent use of these geolocation services has even prompted French lawmakers to require digital players to promote less carbon-intensive alternatives to cars: decree No. 2022-1119 of August 3, 2022 on digital travel assistance services published in the *Official Journal of the French Republic* No. 1080 of August 5, 2022 "aims both to support the transition of uses towards low-carbon mobility, notably by leveraging digital travel assistance services, and to regulate the negative externalities of the use of such digital services". In addition to awareness-raising messages, the result of a journey planning request – whatever the mode of transport – must give rise to a display of the pollution generated (CO_2eq emissions, PM10 particles, nitrogen oxide, etc.). The challenge is to keep things as simple as possible for users by delivering optimally timed information, with the quality and availability of the Free Mobile network contributing to reducing the carbon intensity of everyday mobility.

Carpooling is an illustration of the positive impacts of digital technology and mobile telephony on the reduction of GHG emissions. By optimizing the load factors of private vehicles via the connection made possible by a smartphone and a mobile subscription, carpooling allows a genuine saving in terms of CO_2eq. Analysis of 2021 and 2022 statistics for France points to a substantial increase in carpooling thanks to digital platforms and a definite saving in tonnes of CO_2eq.

(1) *On consumption billed directly.*

	2021	2022	Change
Average number of passengers transported per month	128,443	422,870	+229%
Average number of vehicles pooled per month	95,440	322,466	+238%
Total tonnes of CO_2 saved	7,009	24,341	+247%

Source: National Daily Carpooling Observatory (France).

Another example of potential savings offered by the digital economy is the optimization of public transport: the transmission of meteorological information to public transport companies (the iliad Group being a B2B connectivity and cloud services operator and responding to public tenders) will ultimately make it possible to optimize the volume of buses and trams operating by establishing correlations between the weather and the number of tickets validated.

4.2.1.2.3 Actively participating in the development of carbon sinks

Increasing the quantity of carbon sinks

We are committed to contributing to global carbon neutrality by increasing the quantity of carbon sinks in France, Italy and Poland in proportion to our total emissions. We have set ourselves the target of obtaining environmental certification or labels for most of our projects by 2035. Our reference framework in France is the government's National Low Carbon Strategy and its specific Low Carbon label for projects developed in France.

Four initial projects were launched in 2021 in France. These certified projects will enable the capture of 22,500 tonnes of CO_2 in France with more than 80,000 trees planted covering a total area of 76 hectares. The projects were selected because they bring combined benefits in terms of local employment and preserving land and biodiversity. New projects are under consideration in France. Obviously, investments of this nature must be seen in a long-term perspective, as carbon storage by trees is only fully mature 50 to 100 years after their planting, depending on the species, which is why it is important to act quickly.

Internal carbon price (ICP)

In line with our Climate Plan, we created an internal carbon pricing mechanism in 2021, with the price set at €50 per tonne of CO_2, which corresponds to the minimum price to be used to guide our decision-making. It was also the average price in 2021 in France's voluntary carbon offset market (Low Carbon label), so it will help us monitor the costs that we avoid by reducing carbon emissions instead of offsetting them. The role of this theoretical carbon price is to help us move our investments towards low-emission products and processes.

Given the surge in energy prices in 2022 following the outbreak of the war in Ukraine, the volatility of prices and the risks weighing on supply, particularly the question of load shedding, there are plans to overhaul the mechanism in 2023 so as to take the new energy environment into account.

4.2.1.3 Emissions results and indicators in 2022

Since 2018, iliad has gone from being an exclusively French consumer telecom group to being a European-scale telecom group covering both the residential and business markets via connectivity offers and cloud services. This has led to:

- Continuous growth in our subscriber base, which now totals 46 million subscribers in our three host countries.
- An acceleration in our network rollouts, particularly with regard to our regulatory obligations.
- The ramp-up of new businesses such as Cloud solutions and B2B telecoms services.

The Group intends to pursue its growth strategy while controlling its direct and indirect CO_2 emissions in the short term (with a slower increase than the Group's pace of growth) and subsequently to reduce these emissions in the mid and long term, with the target of becoming carbon neutral by 2035.

In 2022, Poland joined France and Italy in achieving our target of only using renewable electricity (for direct consumption). These actions are an extension of the efforts we have been making for many years now. For example, we eliminated air freight from our transport mix a while ago (only using it in exceptional circumstances as a result of the pandemic or geostrategic events such as the war in Ukraine, which has disrupted rail traffic between Asia and Europe since the outbreak of the conflict), and we now use sea, river and rail transport instead. Furthermore, we have always paid particular attention to the environmental performance of the boxes made available to our subscribers, in terms of both their components and their electricity consumption.

The following table shows the Group's annual carbon footprint using the market-based and location-based emissions accounting methods defined in the GHG Protocol Scope 2 Guidance. Location-based data is calculated by reference to the emissions intensity of grids in the locations where energy consumption occurs The market-based method reflects emissions from electricity that the Group has purposefully chosen in all of its geographies via contractual instruments such as renewable energy certificates (RECs).

— FRANCE + ITALY + POLAND GROUP – ANNUAL CARBON FOOTPRINT

Group

tCO_2eq	2020 (with Play over 12 months)	2021	2021 restated (with UPC Polska over 12 months)	2022 (with UPC Polska over 12 months)	% change year-on-year
Scope 1	19,038	20,610	22,615	24,093	7%
Scope 2 (Location based)	193,119	221,967	270,407	320,392	18%
Scope 2 (Market based)	202,945	123,928	190,406	149,826	-21%
Total 1 + 2 (Location based)	**212,157**	**242,577**	**293,023**	**344,485**	**18%**
Total 1 + 2 (Market based)	**221,982**	**144,538**	**213,021**	**173,919**	**-18%**
Significant Scope 3 emissions(1)	630,785	651,091	877,766	909,634	4%
Other Scope 3 emissions (Location based)	145,752	162,312	101,431	116,688	15%
Other Scope 3 emissions (Market based)	144,497	150,699	76,040	77,122	1%
Scope 3 (Location based)	**776,537**	**813,404**	**979,197**	**1,026,323**	**5%**
Scope 3 (Market based)	**775,282**	**801,790**	**953,806**	**986,756**	**3%**

France

tCO_2eq	2020	2021	2021 restated	2022	% change year-on-year
Scope 1	15,851	17,441	19,047	18,642	-2%
Scope 2 (Location based)	35,389	38,786	37,124	37,529	1%
Scope 2 (Market based)	25,767	20,480	18,094	16,189	-11%
Total 1 + 2 (Location based)	**51,240**	**56,228**	**56,171**	**56,171**	**0%**
Total 1 + 2 (Market based)	**41,618**	**37,922**	**37,141**	**34,831**	**-6%**
Significant Scope 3 emissions	303,518	350,070	368,921	368,105	0%
Other Scope 3 emissions (Location based)	22,799	62,053	39,762	43,513	9%
Other Scope 3 emissions (Market based)	21,544	65,556	43,695	39,663	-9%
Scope 3 (Location based)	**326,317**	**412,123**	**408,683**	**411,618**	**1%**
Scope 3 (Market based)	**325,062**	**415,626**	**412,616**	**407,768**	**-1%**

Italy

tCO_2eq	2020	2021	2021 restated	2022	% change year-on-year
Scope 1	618	961	961	1,711	78%
Scope 2 (Location based)	29,180	33,423	58,677	76,701	31%
Scope 2 (Market based)(2)	22,470	0	38,950	43,381	11%
Total 1 + 2 (Location based)	**29,798**	**34,384**	**59,638**	**78,412**	**31%**
Total 1 + 2 (Market based)	**23,088**	**961**	**39,911**	**45,092**	**13%**
Significant Scope 3 emissions	96,524	73,804	113,195	123,884	9%
Other Scope 3 emissions (Location based)	78,406	50,423	19,175	24,697	29%
Other Scope 3 emissions (Market based)	78,406	45,934	14,591	12,722	-13%
Scope 3 (Location based)	**174,930**	**124,227**	**132,370**	**148,580**	**12%**
Scope 3 (Market based)	**174,930**	**119,738**	**127,786**	**136,605**	**7%**

(1) *Subscriber box and mobile equipment and consumption, new active fixed and mobile network equipment and their maintenance, roaming, purchases of services.*

(2) *The market-based Scope 2 figures for Italy for 2021 do not include indirect consumption (mainly mobile sites owned by third parties).*

Poland

tCO_2eq	2020	2021	2021 restated and pro forma UPC Polska	2022	% change year-on-year
Scope 1	2,569	2,208	2,607	3,740	43%
Scope 2 (Location based)	128,550	149,757	174,606	206,162	18%
Scope 2 (Market based)	154,708	103,447	133,362	90,257	-32%
Total 1 + 2 (Location based)	**131,119**	**151,965**	**177,213**	**209,902**	**18%**
Total 1 + 2 (Market based)	**157,277**	**105,655**	**135,970**	**93,997**	**-31%**
Significant Scope 3 emissions	230,743	227,218	395,649	417,646	6%
Other Scope 3 emissions (Location based)	44,547	49,836	42,494	48,479	14%
Other Scope 3 emissions (Market based)	44,547	39,208	17,755	24,737	39%
Scope 3 (Location based)	**275,290**	**277,054**	**438,143**	**466,125**	**6%**
Scope 3 (Market based)	**275,290**	**266,427**	**413,404**	**442,383**	**7%**

In this table, the restated 2021 data differ from the reported figures, primarily for the following reasons:

- consolidation of UPC Polska over 12 months in 2021 (12 months also in 2022) so as to present full-year pro forma figures;
- on Scope 1: some adjustments in France, particularly relating to refrigerant gases;
- on Scope 2: we have applied new, more precise calculation methodology for indirect[1] electricity consumption;
- on Scope 3: we have applied new, more precise calculation methodology for purchases of goods and services, in particular international roaming, fiber maintenance, optical fiber production, construction of new mobile sites, new servers, purchases of IT equipment and transport services (reliability and update of emission factors for upstream freight data and employee travel), and updated the calculation of the consumption of equipment depending on whether it belongs to the Group or was sold to subscribers and companies.

On a restated pro forma basis for UPC Polska over 12 months, the Group's Scope 1 and 2 (market-based) emissions are down 18%. Significant Scope 3 emission sources (subscriber box and mobile equipment and consumption, active fixed and mobile network equipment, roaming), which accounted for 90% of Scope 3 emissions in 2022, increased by just 4% despite an increase in data consumption and the growth of the subscriber base, and by 3% overall (location-based). This increase notably reflects the principle of "capitalizing" GHG emissions, attributed in a given year when network infrastructure and data centers (servers) are deployed.

4.2.2 Carbon neutrality and achievement of our climate commitments: sustainably improving our energy efficiency

4.2.2.1 Improving the energy efficiency of our networks and use of natural resources

At a time of strong growth in usage and rollouts, energy consumption related to the Group's activities increased in 2022 (at constant scope), notably with the continued rollout of networks in our three geographies (4G and 5G for mobile, FTTH in France and Italy and HFC and FTTx in Poland) and the development of our data center activity (Public Cloud offer by Scaleway Elements and Business offers by Free Pro), which use cooling systems to ensure optimal quality of service.

4.2.2.2 Policies and objectives

Networks account for 85% of the Group's direct CO_2 emissions (Scopes 1 and 2, location-based) and are therefore a top priority for iliad.

These emissions relate to:

- electricity consumption, which accounts for almost all of the networks' CO_2 emissions;
- the use of refrigerant gas to cool infrastructure for the core network and data hosting servers;
- consumption of fuel oil (in very small quantities) to power electricity generators in the event of electricity outages in the above-mentioned infrastructure (periodic tests of correct operation).

In addition to its energy footprint, the digital industry's environmental responsibility involves the energy supply and intrinsic energy efficiency of data centers, as well as water management. Making the right ethical, regulatory and

(1) *Direct electricity is electricity consumption billed directly, for which iliad is bound by a contract with a supplier. Indirect electricity is electricity consumption billed to iliad by a third party, itself bound by a contract to a supplier for that electricity consumption.*

technological choices is the only way to stop the benefits of the world's digitalization from being wiped out by damaging ecological impacts.

Network electricity consumption was 1,508 GWh in 2022, an increase of 176 GWh year on year (on an adjusted pro forma 2021 basis). The increase is split fairly evenly between the three geographies (increases of 68 GWh for Italy, 62 GWh for France and 51 GWh for Poland).

— GROUP ELECTRICITY CONSUMPTION

GWh	2019	2020	2021[1]	2021 restated (with UPC Polska over 12 months)	2022 (with UPC Polska over 12 months)
Building consumption	11 GWh	18 GWh	20 GWh	20 GWh	23 GWh
Network consumption	808 GWh	1,139 GWh	1,240 GWh	1,333 GWh	1,508 GWh
Core network	*30 GWh*	*31 GWh*	*29 GWh*	*87 GWh*	*76 GWh*
Datacenters	*121 GWh*	*157 GWh*	*163 GWh*	*148 GWh*	*142 GWh*
ADSL network	*270 GWh*	*241 GWh*	*190 GWh*	*143 GWh*	*120 GWh*
FTTH network (HFC/FTTx in Poland)	*27 GWh*	*28 GWh*	*69 GWh*	*70 GWh*	*79 GWh*
Mobile network	*360 GWh*	*682 GWh*	*790 GWh*	*885 GWh*	*1,091 GWh*
Vehicle electricity	0 GWh	0 GWh	0 GWh	0 GWh	0 GWh
Heating/cooling network	5 GWh	6 GWh	6 GWh	6 GWh	9 GWh
TOTAL	**824 GWH**	**1,163 GWH**	**1,266 GWH**	**1,359 GWH**	**1,540 GWH**
Total excluding heating/cooling network	0	1,157 GWh	1,260 GWh	1,353 GWh	1,532 GWh
Consumption France	799 GWh	863 GWh	903 GWh	861 GWh	924 GWh
Consumption Italy	26 GWh	97 GWh	126 GWh	221 GWh	289 GWh
Consumption Poland		204 GWh	237 GWh	277 GWh	328 GWh

(1) Reported figures for 2021 do not include indirect consumption in Italy (mainly mobile sites owned by third parties).

The Group's activities (Fixed and Mobile electronic communications) require the deployment of infrastructure that is relatively energy hungry. However, the rollout of 5G technology should lead to significant energy savings by 2028 for mobile networks. Following a temporary transition period from a 4G network to a 4G/5G network, we should see savings of up to ten times the energy consumption in 2020[1]. For several years now, the Group has been participating in this transition by purchasing the latest generation energy-efficient equipment for its networks. Two eco-efficient technologies are being deployed, with subscribers gradually being migrated to fiber and 5G.

As part of its Climate Strategy, in 2021 the Group pledged to make network energy efficiency a priority. This pledge is reflected in our work to help subscribers gradually move to fiber and 5G, as well as in our stated objective of having data centers with advanced environmental performance, which we will achieve notably thanks to the widespread use of a new cooling process based on the adiabatic principle.

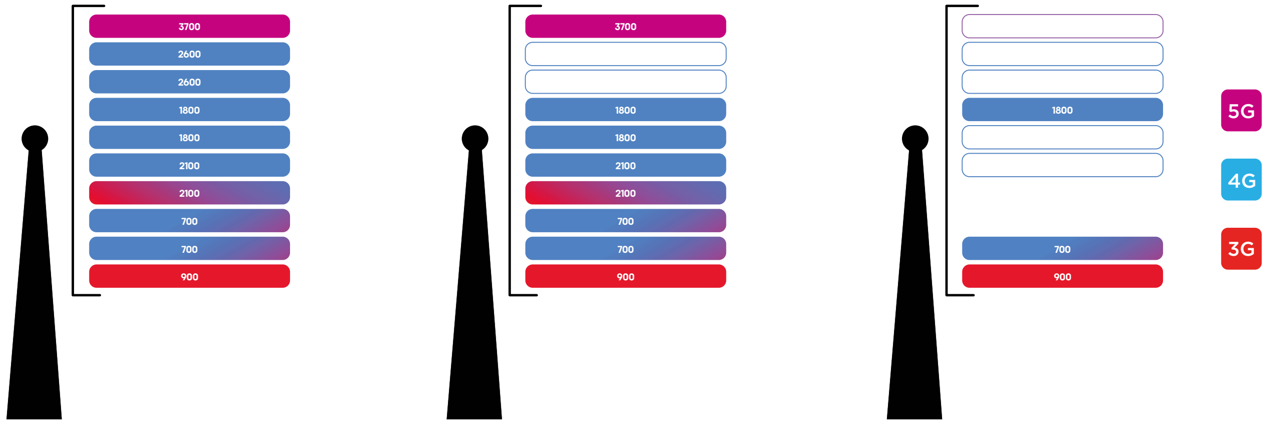
4.2.2.2.1 Actions implemented

Reducing the energy consumption of our fixed and mobile networks

In line with our objective of making our fixed and mobile networks more energy efficient, we are constantly on the lookout for the least energy-hungry equipment. We have also launched a program with our electricity and equipment suppliers to optimize the management of electricity consumption.

In France, the radioelectric equipment installed by Free Mobile is new generation, which is up to five times smaller and lighter than previous generations and consumes 30% less energy. This has enabled us to keep the increase in our mobile network's energy consumption at contained levels, despite the strong growth in our mobile business and the growing use of 4G, and more recently 5G. This is just one of the ways we are taking steps to optimize our equipment, because even if it's renewable, the best type of energy is energy that's not used at all. In September 2021, we accordingly rolled out a standby mode for 2,600 MHz frequency at night in order to reduce the energy consumption of Free's mobile network in France. We have now gone even further: since the end of 2022, we have also been switching off 2,100 MHz 3G/4G frequency and 3.5 GHz 5G frequency at night. This helps reduce the site's electricity consumption by more than 10% during the period when the cells are switched off, without impacting usage or quality of service (for sites where all frequencies are available during the day). If the volume of traffic requires it, the cells automatically come back on to maintain optimal quality of service.

(1) ARCEP, Energy consumption of mobile networks, Comparative study on the evaluation of energy consumption of a 4G vs 5G rollout, January 14, 2022.



A mobile site with all active frequency bands

A mobile site with all active frequency bands except the 2,600 band inactive at night since September 2021

A mobile site with 3 active frequency bands at night since September 2022

We are also reducing the number of simultaneous transmitters in the same frequency band (MIMO reduction) for those that remain operational at night, which allows us to cut the amplifiers on the bands in question. We are obviously continuing to roll out 5G, which will make it possible to achieve better control of energy consumption despite the increase in usage over time.

Lastly, in line with our climate pledges, environmental criteria are now a decisive factor in our partner selection process. We are already in discussions with several of our suppliers to find ways of reducing the electricity consumption of our network equipment. A work group on this topic has been set up with Nokia, our leading supplier of Mobile network equipment.

For fixed networks, the Group is committed to continuing and further accelerating our policy of rolling out optical fiber and migrating to it. An FTTH line consumes just over a quarter of the power required by an ADSL line (0.5 watts vs. 1.8 watts per line). Over the last 12 months, we have rolled out 5.8 million new fiber connections. The Group systematically encourages every eligible subscriber to migrate to a fiber connection at no extra cost; 65% of our subscriber base had taken up this technology at the end of 2022. The iliad Group is the most active operator on this issue in France, and boasts the highest Fiber take-up rate of all operators. We are also working to optimize the equipment in place as we decommission ADSL networks, notably by disconnecting and miniaturizing DSLAMs. We plan to step up the pace of this process in the coming months so as to increase energy savings. The Group also advocates the accelerated decommissioning of the copper network and recommends a gradual technical shutdown in the very near term.

Optimizing data center energy consumption and improving efficiency and use of natural resources

In line with the third pledge of our Climate Plan, we constantly strive to improve the energy consumption of our data centers, in accordance with the EU Code of Conduct on Data Centre Energy Efficiency, which the Group signed up to in 2012. In addition, staff at our hosting subsidiaries are educated about environmental issues and take measures to optimize and reduce energy consumption.

Scaleway, which accounts for the bulk of the Group's data center power consumption, has set an ambitious PUE (Power Usage Effectiveness) target of <1.15 for all new data centers built after 2018, and <1.3 for all previously built data centers. This entails the continuous improvement of cooling systems (e.g., natural cooling using outside air) and the modernization of primary infrastructure through the use of energy efficient equipment. Scaleway aims to go beyond this indicator and to adopt WUE (Water Usage Effectiveness), which measures the services' ratio of cooling system water consumption (in liters) to electricity consumption (in kWh). Our current PUE targets represent an average incremental efficiency gain of up to 30% over the weighted industry average of 1.55[(1)].

(1) Uptime Institute's 2022 Global Data Center Survey (https://uptimeinstitute.com/about-ui/press-releases/2022-global-data-center-survey-reveals-strong-industry-growth).

We believe firmly in the relevance of the WUE indicator. Fresh water is abundant in France, "however, most water withdrawals take place in summer, when the availability of the resource is at its lowest, which can result in significant local strain on this resource, as well as temporary shortages"[1]. This analysis is backed up by the European Environment Agency: "Similar to many regions in the rest of the world, worries over water stress and scarcity are increasing in Europe too, amid an increased risk of droughts due to climate change. (…) Water demand across Europe has steadily increased over the past 50 years, partly due to population growth. This has led to an overall decrease in renewable water resources per capita by 24% across Europe. (…) energy production also uses a lot of water, accounting for around 28% of annual water use." [2]

Ensuring transparent energy management for our data centers through certification

In parallel with implementing the innovative environmental measures described above, we have also obtained various certifications for our data centers. For instance, Online-Scaleway's data center operations are ISO 50001 certified, attesting to the quality of their energy management system. Certification was successfully renewed in 2021, attesting to the effectiveness of the continuous improvement initiatives implemented. The measures adopted to achieve energy efficiency and minimize energy loss have made our data centers highly innovative structures in terms of electricity consumption. The technologies used are detailed in an internal specifications document entitled ECS 2.0.

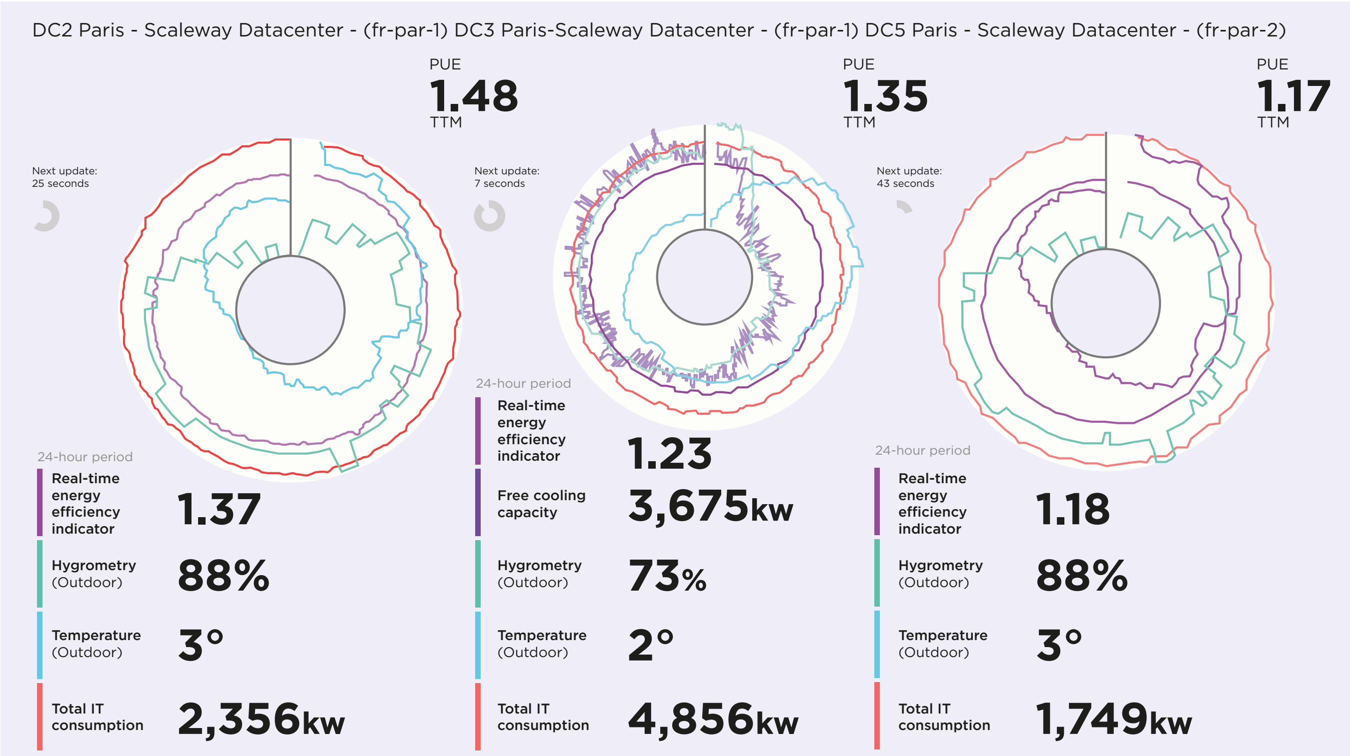
Name of data center operated by the Group	Subsidiary	Certifications
DC2 fr-par-1 Paris	*Scaleway*	ISO 27001 ISO 50001 HDS1 APSAD Code of Conduct
DC3 fr-par-1 Paris	Scaleway	ISO 27001 ISO 50001 HDS1 *APSAD* Code of Conduct Uptime Institute Tier III
DC4 fr-par-2 Paris	*Scaleway*	ISO 27001 ISO 50001 HDS1 APSAD Code of Conduct
DC5 fr-par-2 Paris	*Scaleway*	ISO 27001 ISO 50001 HDS1 *APSAD* Code of Conduct
MRS01 Marseille	*Jaguar Network/Free Pro*	ISO 27001 HDS PCI DSS
LYO02 Lyon	*Jaguar Network/Free Pro*	ISO 27001 HDS
LYO03 Lyon	*Jaguar Network/Free Pro*	ISO 27001 HDS

In addition, in line with the Kyoto Protocol and EU Directive 2003/87/EC, Scaleway has launched a plan to gradually replace sulfur hexafluoride (SF_6). This gas is currently used in traditional electrical switchgear, which will be replaced by vacuum switchgear by 2026.

In a bid to be as transparent as possible, the Group has decided to publish the energy indicators for its data centers in open data format. The energy performance of each of our data centers is therefore available on the website of Scaleway, our dedicated data center subsidiary.

(1) Water in France: resources and use – Summary of knowledge in 2021.

(2) Water use in Europe – Quantity and quality face big challenges, May 11, 2021.



Lastly, since 2021, customer invoices issued by Scaleway have shown energy use, water use and estimated carbon emissions for each product invoiced, with the initial aim of making customers more aware about their energy consumption.

4.2.2.2.2 Results and indicators

On energy efficiency and use of natural resources

The Group's Fixed and Mobile networks, together with its data centers, account for the vast majority of its CO_2 emissions.

Data center indicators	2020	2021	2022
Average PUE for iliad[(a)]	1.42	1.39	1.37
Average PUE published by the Uptime Institute	1.59	1.57	1.55
WUE (L/kWh)[(b)]	0.02	0.02	0.04

(a) *Datacenters in France whose capacity is marketed (DC2, DC3, DC4 and DC5 at Scaleway and Marseille, Lyon Rockefeller and Limonest for Jaguar Network) i.e., approximately 17 MW net IT. Poland represents only about 3 MW net IT marketed and no historical data prior to 2022 are available.*

(b) *Weighted average of use by data centers operated by Scaleway in France (DC2, DC3, DC4, DC5).*

Similarly, for CO_2 equivalent emissions, the Group considers it important to select relevant KPIs for mobile network emissions. The indicator used is therefore the amount of CO_2 emitted by the mobile network per gigabyte of mobile data consumed, as that is the indicator that the Group seeks to control, along with the kilos of CO_2 equivalent emitted by our subscribers (without distinction between fixed and mobile).

Network Indicators	2018	2019	2020	2021[(1)]	2022[(1)]
Grams of CO_2eq per Gb consumed (Group) – New indicator	NC	NC	37.9	41	38.9
Grams of CO_2 per Gb consumed (France)	11.6	10	8.6	9.5	8.6
Kilos of CO_2eq per subscriber (Group) – New indicator	NC	NC	6.9	5.1	3.9
Kilos of CO_2eq per subscriber (France) – New indicator	NC	NC	2.1	1.8	1.6

(1) The 2021 figures for the new Group indicators and the 2022 figures include UPC over 12 months for both years.

4.2.3 Carbon neutrality and achievement of our climate commitments: optimizing our mobility solutions

The vehicle fleet represents the main source of reductions for our Scope 1 emissions because it accounts for 6% of the Group's direct CO_2eq emissions[(1)] and 78% of Scope 1 emissions. The Group has a two-pronged objective concerning its vehicle fleet: minimize the increase in the fleet's size, while reinforcing the goal of significantly increasing the proportion of electric vehicles vs. gasoline/diesel powered vehicles in its three geographies.

In 2022, the fleet was stable despite further growth in our European operations: adding UPC Polska to the 2021 pro forma total, the fleet actually declined by 44 units in 2022. At end-2022, the fleet numbered 5,914 vehicles. The main factors underlying this performance in 2022 are as follows:

- 327 additional vehicles linked to the consolidation of UPC Polska in Poland, nine additional vehicles at constant scope;
- 71 fewer vehicles in France;
- 18 additional vehicles in Italy.

4.2.3.1 Policies and objectives

Our subsidiaries' vehicle policies changed since 2021 following the implementation of our Climate Plan announced in January 2021, in which we pledged that 25% of our vehicles will be electric by 2025.

The main areas in which we can take action for decarbonizing our vehicle fleet are setting CO_2eq emission ceilings in each vehicle category, reducing engine sizes, adding electric (or hybrid) vehicles, and financing charging points, both at employees' homes and at the Group's premises.

We are also focusing on the following three areas:

- Low-carbon mobility – renewing the vehicle fleet: Group policy for short distances is to use more environmentally friendly vehicles to reduce the fleet's carbon intensity and fine particulate emissions (nitrogen oxides) per kilometer traveled.
- Optimizing travel for roaming technicians: the Group seeks to reduce energy consumption and CO_2eq emissions by minimizing the distances between each appointment.
- Alternative transport solutions: the Group encourages employees to avoid using their cars and to choose less polluting means of transport. They are also recommended to use videoconferencing and conference calls whenever possible in order to reduce non-priority travel. The iliad Group has chosen not to provide its employees with "prestige" company cars. A company car is only provided after a realistic appraisal of its utility, and this will be reassessed periodically from 2023.

At Group level, our objective remains to reach an average performance of 20 grams of CO_2eq/km by 2035. To achieve this, we intend to significantly increase our proportion of electric vehicles so that they make up 25% of the fleet by 2025 (versus 3.8% in 2022).

4.2.3.2 Actions implemented

4.2.3.2.1 Optimizing the management of our vehicle fleet

Renewing the fleet to limit our environmental impact

When we recently renewed our vehicle fleet, the process took into account CO_2eq emissions, which led to the selection of vehicles with engines that emit less fine particles (NO_x). In addition, the Group is gradually adding new electric vehicles to the fleet, and had 220 of them in France (222 for the Group) at end-2022, representing 4.7% of the total fleet for France (2.7% in 2020).

These vehicles are made available for employee use, mainly for short journeys.

(1) Scopes 1 and 2.

Optimizing travel

Again in line with our aim of reducing the carbon footprint of our vehicle fleet, the IT system we use for scheduling the appointments and journeys of our roaming technicians helps to reduce energy consumption and CO_2eq emissions. This system's features include automatic route calculation and arranging the order of technicians' appointments to minimize the distances between them. As part of our green driving program, we provide eco-driving lessons to employees who use a car as part of their job.

Thanks to the optimizations introduced in 2021, it is now possible to track mileage data, driving behavior and vehicle energy consumption. As mentioned above, as part of our green driving program launched six years ago, eco-driving lessons are available for employees who use a car for their job.

— ROAMING TECHNICIAN MANAGEMENT

Feature	Aim
Technician's first appointment of the day is located as close as possible to the vehicle storage point	Optimize journey between home and first call-out location
Server automatically calculates distances between each appointment	Optimize the day's routes
Slot any new appointments into the previously calculated route	Optimize the distance between each appointment

— SCHEDULING MANAGEMENT

Feature	Aim
Creation of a scheduling procedure that proposes the best routes when appointments are changed	Optimize the day's routes
Creation of a graphic presentation of routes, with sectors differentiated by color	Optimize routes with the aid of a visual tool

4.2.3.3 Results and indicators

Average vehicle emissions

Our average emissions were down on a like-for-like basis in 2022 (including UPC Polska over 12 months) thanks to a greater proportion of electric vehicles in the mix in France (average emissions in France were down 3.7% in 2022) and thanks to Poland, where average emissions are 6% lower than in France.

	2019	2020	2021	2021 with UPC Polska	2022
NUMBER OF VEHICLES	**4,439**	**4,632**	**5,632**	**5,958**	**5,914**
France	4,240	4,402	4,777	4,777	4,706
Rest of the Group (Play consolidated from 2021 and UPC Polska from 2022)	199	230	855	1,181	1,208
Electric vehicles	17	25	128	129	222
Average annual emissions of kilograms of CO_2eq per vehicle	3,533	3,579	3,306	3,281	3,171

4.2.4 Carbon neutrality and achievement of our climate commitments: controlling the environmental impact of the supply chain

Reducing the environmental impact of our products requires closer control of the supply chain, both upstream and downstream. As part of our Climate Strategy, we set ourselves the goal of rethinking our entire supply chain in order to optimize it.

4.2.4.1 Policies and objectives

In order to control our emissions, we use the most environmentally friendly means of transport for our logistics operations.

Consequently, air freight is only used in exceptional circumstances and we are working on massively reducing our use of road transport.

Our aim is for trucks to be used only for the few legs of the journey where rail transport is impossible, and for air freight to account for less than 10% of our transport mix in the medium term. For deliveries of Freeboxes to subscribers, we use pick-up points as close as possible to subscribers' homes in order to avoid small, fragmented deliveries.

4.2.4.2 Actions implemented

Optimizing transport to and from logistics sites

Loads are optimized by packing more into containers and trucks. The format of the loading pallets used has been standardized in order to enhance the surface area/energy ratio. The Group also strives to eliminate empty running, with only full trucks going out on the roads. We now use reusable plastic shipping pallets which has increased the truck fill rate by about 30% and at the same time reduces waste by minimizing the use of wooden pallets and cardboard packaging.

To reduce inventories, costs and CO_2eq emissions, multiservice platforms have been set up from which products are distributed in an optimal way to end-customers (via local stores, pick-up points or home deliveries).

Favoring low-carbon means of transport through a multimodal transport mix

Multimodal transport – which combines road, rail, sea and, in exceptional situations, air freight – helps the Group to contain its energy consumption and greenhouse gas emissions.

Despite longer timeframes and more complex tracking processes, sea freight is the Group's standard form of transport for its Freeboxes as it is less polluting than other means of transport. Our teams at Freebox have therefore developed highly efficient systems for anticipating order levels.

For overland and inter-site transport requirements, Freebox is a pioneer in its industry as it uses rail for part of the freight journey, which is less polluting than road transport.

The war in Ukraine is one of the geopolitical events that could impact our transport strategy. The impossibility of transiting our orders by train from Asia to Europe without going through Russia could force us to use more carbon-intensive alternatives temporarily.

Optimizing our delivery logistics

We are also pursuing our efforts to reduce the number of deliveries to subscribers' homes and encourage the use of pick-up points. We have developed partnerships with specialized companies that have very good national coverage so that Freebox delivery and return points are located near subscribers' homes. Our network of Free Centers also has good nationwide coverage, with 189 stores across France at end-2022, offering another effective way of pooling shipments of Freeboxes and accessories.

The Group has also continued its partnership with a specialized transport company that can deliver to subscribers' homes at a pre-agreed time.

In a constant bid to reduce distances traveled, our logistics sites are located as near as possible to unloading and distribution points, i.e., as near as possible to subscribers and road freight providers.

Another way transport distances have been optimized is by reducing the number of links in the supply chain, with certain products delivered directly from the logistics platform to the Free Centers.

4.2.4.3 Results and indicators

In 2022, the Group saw the quantity of its products transported fall by 26% due to production issues experienced by our service providers (for deliveries of Freeboxes from Asia to France). In the mix, the use of air freight increased in 2022 due to the major semiconductor crisis dating from the end of 2020, causing very substantial tension on inventories of boxes and accessories, and requiring them to be replenished very quickly to meet demand. Our goal remains to use air freight as little as possible.

— BREAKDOWN OF MODES OF TRANSPORTATION FROM ASIA TO FRANCE FOR FREEBOX

	2020 adjusted(1)		2021 adjusted(1)		2022	
	Tonnes	Mix %	Tonnes	Mix %	Tonnes	Mix %
Air	417	11%	226	6%	902	31%
Sea	2,990	80%	3,543	91%	1,907	66%
Rail	0	0%	123	3%	73	3%
Road	339	9%	0	0%	0	0%
TOTAL	**3,746**	**100%**	**3,893**	**100%**	**2,881**	**100%**

(1) 2020 and 2021 have been corrected to correct calculation errors on the Rail portion.

4.2.5 Minimizing the impact of our products and promoting the circular economy

Freebox

In 2002, Free invented the world's first triple-play box, providing Internet access, telephone and television services for a single monthly fee. Since then, the Group has brought eight generations of Freeboxes to market, each featuring the latest technological innovations. From design to transportation and recycling of the Freeboxes, our teams work hard to reduce their environmental impact and take action across the value chain to fight programmed obsolescence. Freeboxes are designed to last. The Freebox Revolution, for example, has a useful life in excess of 10 years. The more recent Freebox Delta and Freebox Pop were designed according to the same principles, by exclusively selecting long-lasting technologies and materials for both the hardware and software components.

4.2.5.1 Policies and objectives

To reduce the environmental footprint of Freeboxes, action has to be taken across the value chain, from the design stage, through each production phase, and up to shipment to the subscriber.

The direct environmental impacts of Freeboxes relate to (i) their manufacture and reconditioning, (ii) their upstream and downstream logistics, and (iii) management of their waste electrical and electronic equipment (WEEE). The indirect impacts correspond to the energy consumed by subscribers when using their Freeboxes.

As part of its Climate Strategy, the Group has set itself the target of reducing the energy use of its subscriber base by at least 15% by 2025. We are totally opposed to programmed obsolescence and are therefore committed to extending the useful lives of our equipment to up to ten years. Our goal is to have a recycling rate of at least 80% for Freeboxes each year.

4.2.5.2 Actions implemented

Extending the useful lives of our boxes from the design and manufacture stage and fighting against programmed obsolescence

The products designed and brought to market by the Group are made to last.

We have our own R&D center so that we can control all of our product design and production processes based on an overall eco-design approach. Production specifications stipulate the use of recycled materials and the reduction in the amount of raw materials used in packaging.

Current generation Freeboxes are designed to be more multifunctional than earlier models, replacing a host of other devices (Blu-Ray™ DVD player, speaker, hard drive, etc.). Thanks to our continuous innovation strategy and the numerous capabilities integrated into our products, we are helping to scale back the number of devices in consumer homes.

The Group also pays particular attention to reducing subscribers' electricity consumption from the use of its products so as to minimize its indirect environmental impact and also lower subscribers' energy bills.

For example, the set-top box for the Freebox Revolution has a deep-sleep mode enabling electricity consumption to be reduced to less than 0.5 Wh, which is 30 times less than the previous generation. We regularly work with our suppliers to cut down the time it takes for the Freebox to re-start from the deep-sleep mode (enabling it to automatically go into deep-sleep mode as soon as it is switched off) or to program when the Freebox switches into deep-sleep mode depending on the subscriber's usage patterns.

In line with our climate pledges, environmental criteria are now a decisive factor in our supplier selection process. We are working with electronic component manufacturers to limit the energy consumption of our Freeboxes. And we are continuing our work on end-to-end life cycle assessments for all of our Freeboxes in order to give us a detailed, accurate picture of the current generation's environmental footprint and help to improve the eco-design of future generations. These assessments are conducted according to a protocol based on the main principles of ISO 14040, using the EIME tool developed by Bureau Veritas, which defines an ecopassport by product in line with the approach adopted by the European Commission in 2013.

Reducing the amount of packaging and optimizing its use

We have significantly reduced our utilization of single-use packaging, and our processes for preparing parcels for delivery to subscribers minimize the use of cardboard boxes. Our research teams have designed packaging made only of biodegradable materials and recycled paper. It is shaped and sized in line with the boxes it contains, which reduces both empty space and the amount of paper required. Freebox packaging is also optimized in terms of weight and volume and is designed to be resistant throughout the boxes' life cycle and ensure its primary function of maintaining quality standards in transport.

From a logistics perspective, the reduced volume of packaging means that more boxes can be transported in one delivery journey. This reduces the packaging used by the service providers responsible for transporting Freeboxes, as well as the carbon footprint related to such transport.

For several years now, the Group has also sought to design attractive packaging and encourage users to keep and return it. The new packaging can be used to return Freeboxes in the event of cancellations or for after-sales service or exchange.

Ensuring the reuse and recycling of our Freeboxes

In order to extend the useful lives of our Freeboxes, all of their materials are designed to be reused or recycled. The plastic casing, accessories and connector cables are reconditioned and re-used, while used materials such as plastic and motherboards are recycled, with material recovery. All used plastic is ground down to make new plastic components.

To ensure that our boxes can be reused, whenever subscribers terminate their subscription, the equipment provided to them has to be returned in good working order, failing which the subscriber is required to pay a penalty. This means that the parts of old Freeboxes can be reconditioned and used to make new ones.

The Group ensures that it complies with the applicable regulations concerning the recycling of waste generated by its activities. All waste generated by the Group's manufacturing operations – which make up the largest proportion of its total waste by volume – is sent to waste disposal providers, where it is fully recovered and/or recycled in accordance with the applicable European standards and regulations.

For managing its WEEE, the Group uses registered waste disposal providers. Freeboxes and related accessories (cables, remote controls, gamepads and plastic covers) are reconditioned in the Group's Freebox manufacturing plants in France or elsewhere in Europe before being redispatched for use by other subscribers. Any defective equipment is repaired at the same plants and any components that cannot be reused are recycled through specifically approved channels. The Group's Freebox teams have introduced a polishing process so that the plastic cover on the Freebox Crystal no longer systematically has to be changed when it is reconditioned. In addition, around 80% recycled plastic is used when the cover on the Freebox Revolution is changed. Leftover ground plastic is then sold to other industries that can use the material for their own purposes, such as garden or street furniture.

Mobile phones

Collecting used mobile phones and promoting reconditioning

Our Group stands out for its environmentally responsible choices relating to mobile phones. We chose not to make sales of mobile phones a key aspect of our marketing strategy when we entered the Mobile services market in 2012 and have kept that approach ever since. We have always refused to encourage our subscribers to replace their mobile phones before necessary and we intend to hold firm to this policy. The Group once again confirmed its responsible sales policy by launching Free Flex in 2021, ushering in a new way to get a mobile phone. In the long term, we are seeking to enter an economy of use rather than one of ownership, where the repair of our equipment is anticipated and facilitated from the design phase. With Free Flex, subscribers are not encouraged to get a new smartphone before they need to, as they are offered the same plan tariff either with or without a phone, at Free's fair prices. In addition, all of the handsets returned under the Free Flex offer are reconditioned or recycled, depending on their condition.

Similarly, on June 14, 2022 the Group announced a commercial partnership with Certideal, allowing existing or new Free Mobile subscribers to benefit from the best prices for refurbished phones, with discounts of up to 10%.

We have also set up programs throughout France for reusing/recycling mobile phones, encouraging people to drop off old phones that can be recycled. In addition, in line with the fifth pledge we made in January 2021 in our Climate Plan, we have installed collection boxes in all of our stores where people can drop off their mobile phones and accessories so they can be recycled.

A specific module has been included in the training program for all of our sales advisors to show them how to make subscribers and prospects aware of the importance of recycling and encourage them to drop off their used phones in store.

4.2.5.3 Results and indicators

Freebox

The waste generated and recycled in 2022 on behalf of the Freebox company – which accounts for most of the waste related to the Group's operations – mainly corresponded to plastic and electronic waste.

— BREAKDOWN OF WASTE RECYCLED ON BEHALF OF FREEBOX

In tonnes	2018	2019	2020	2021	2022
Plastic	746	1,022	1,636	1,411	1,240
Electronic waste	984	1,075	888	1,023	599
Scrap metal	47	38	58	93	71
Cables and wires	158	222	213	202	177
Other (hard drives, cardboard, plugs, foam, wood, etc.)	46	0	0	446	169
TOTAL	**1,982**	**2,357**	**2,795**	**3,175**	**2,256**
Change		*+18.9%*	*+18.6%*	*+13.6%*	*-28.9%*

It is important to put the Freebox recycling strategy into perspective with the rate of Freebox returns and the rate of reconditioned Freebox production (i.e., number of Freeboxes reconditioned out of every 100 put into circulation for new subscribers or migrations).

Results for Freebox	2020	2021	2022
Return rate	86.7%	94.3%	90.2%
Reconditioned production rate	62.1%	55.7%	61.1%

Mobile phones

The launch of Free Flex in 2021 has enabled us to promote reconditioned products even more widely among our prospects and subscribers.

	2019	2020	2021	2022
% of reconditioned phones sold out of the total volume of phones sold[1] (France)	3.0%	5.1%	9.4%	8.8%

(1) Excluding private sales.

The slight decline in 2022 is attributable to an unfavorable comparison base: in 2021, the post-pandemic shortage of electronic components weighed on production volumes of new smartphones and prompted many buyers either to postpone their purchase of a new phone or to opt instead for a reconditioned high-end model.

In Poland, the share of reconditioned phones is very low at this stage (0.4% in 2022, vs. 0.5% in 2021); our view is that this essentially reflects the iPhone's relatively small market share in Poland (less than 7% according to our estimates, although iPhones represent the bulk of the reconditioned phone market), and an average price for a smartphone almost 50% lower in Poland than in France.

4.2.6 Application of the European taxonomy to iliad's activities

Under European Regulation 2020/852 (known as the "Taxonomy Regulation") on establishing a framework to facilitate sustainable investment within the European Union (EU), iliad is required to publish KPIs for its full financial scope of consolidation, showing the proportion of its net revenues OpEx and CapEx that are classified as "eligible". Eligible revenues, OpEx and CapEx are derived from/associated with economic activities that are considered sustainable within the meaning of the Taxonomy Regulation because they contribute to two climate-related objectives: climate change mitigation and climate change adaptation. iliad assessed the eligibility of its activities and set its KPIs for 2022 on the basis of the implementing legislation for the Taxonomy Regulation, i.e., the Climate Delegated Act of June 4, 2021 and the Disclosures Delegated Act of July 6, 2021. The Group will progressively publish the "green" proportion of its revenues, OpEx and CapEx, and since 2021 has disclosed the KPIs relating to activities that contribute to the two above-mentioned climate objectives.

4.2.6.1 Presentation of iliad's Taxonomy KPIs

The Group's economic activities have been analyzed on the basis of the Taxonomy Regulation (and delegated acts). The regulation's "Information and communication" sector covers four economic activities falling under NACE codes J60, J61, J62 and J63.11.

Economic activities	Description of the activity	Associated NACE code
Data processing, hosting and related activities (section 8.1 – Annex 1 Climate change mitigation)	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centers, including edge computing.	J63.11
Computer programming, consultancy and related activities Data-driven solutions (section 8.2 – Annex 2 Climate change adaptation)	Providing expertise in the field of information technologies: writing, modifying, testing and supporting software; planning and designing computer systems that integrate computer hardware, software and communication technologies; on-site management and operation of clients' computer systems and/or data processing facilities; and other professional and technical computer-related activities.	J62
Data-driven solutions for GHG emissions reductions (section 8.2 – Annex 1 Climate change mitigation)	Development or use of ICT solutions that are aimed at collecting, transmitting and storing data, as well as its modeling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Such ICT solutions may include, inter alia, the use of decentralized technologies (i.e. distributed ledger technologies), Internet of Things (IoT), 5G and Artificial Intelligence.	J61 J62 J63.11
Programming and broadcasting activities (section 8.3 – Annex 2 Climate change adaptation)	Programming and broadcasting activities include creating content or acquiring the right to distribute content and subsequently broadcasting that content, such as radio and television programs for entertainment, news, debate, and the like. Also included is data broadcasting, typically integrated with radio or TV broadcasting. The broadcasting can be performed using different technologies, over-the-air, via satellite, via a cable network or via Internet. This division also includes the production of programs that are typically narrowcast in nature (limited format, such as news, sports, education, and youth-oriented programming) on a subscription or fee basis, to a third party, for subsequent broadcasting to the public.	J60

An analysis of the NACE codes has been carried out for the Group's various subsidiaries, and these activities were checked against the definitions of economic activities in the European Taxonomy Regulation. This analysis shows that only three Group companies (Scaleway S.A.S., Jaguar Network S.A.S.U., 3S sp. z o.o.) perform an economic activity considered eligible (data processing, hosting and related activities, associated with NACE code J63.11). This activity is considered eligible for the climate change mitigation objective.

The application of the NACE code J63.11. to the figures of these subsidiaries, in proportion to the Group figures, gives the following figures:

2022	Group *(€m)*	% eligible for the Taxonomy	% aligned
Revenues	8,372	2%	0%
Operating expenses (OpEx)	2,665	2%	0%
Capital expenditure (CapEx)	2,139	2%	0%

Eligibility is based on the description of activities as provided in the Taxonomy Regulation and does not take into account the substantial contribution or do no significant harm criteria. OpEx and CapEx include "individually sustainable" eligible expenses relating to the Group's entire scope (e.g., expenses relating to the purchase or leasing of electric vehicles or the additional cost of purchasing guarantees of origin) and not only to a scope confined to the three subsidiaries whose activities are eligible.

As the Taxonomy's actual scope of application is very restricted and excludes the base activities of the telecoms sector, eligible data were not material for the Group in 2022. Based on a preliminary assessment of the technical review criteria required by the Taxonomy Regulation (substantial contribution, no significant harm criterion for the other objectives and compliance with minimum safeguards), it appears that these eligible activities are non-Taxonomy-aligned.

— TABLE 1 – REVENUES

Share of revenues from products or services associated with Taxonomy-aligned economic activities – Information for the year under review

				Substantial contribution criteria						Do No Significant Harm criterion										
Economic activities	Code(s)	Total revenues	Share of revenues	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Share of Taxonomy-aligned revenues in the year under review	Share of Taxonomy-aligned revenues in the prior year	Category – (enabling activity)	Category – (transitional activity)
		Functional and presentation currency	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned)																				
Data processing, hosting and related activities	J63.11	130	2%														0%	0%		
Revenue from Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned)		**130**	**2%**														**0%**	**0%**		
Total revenue of Taxonomy-eligible activities (A.1 + A.2) (A)		**130**	**2%**														**0%**	**0%**		
B. Non-Taxonomy-eligible activities																				
Revenue from non-Taxonomy-eligible activities (B)		**8,243**	**98%**																	
TOTAL (A + B)		**8,372**	**100%**																	

— TABLE 1 – CAPEX

Share of CapEx related to products or services associated with Taxonomy-aligned economic activities – Information for the year under review

				Substantial contribution criteria						Do No Significant Harm criterion										
Economic activities	Code(s)	Absolute CapEx	Share of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Share of Taxonomy-aligned CapEx, year under review	Share of Taxonomy-aligned CapEx, prior year	Category – (enabling activity)	Category – (transitional activity)
		Functional and presentation currency	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx related to environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned)																				
Data processing, hosting and related activities	J63.11	62	2%														0%	0%		
CapEx related to Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned)		**62**	**2%**														**0%**	**0%**		
Total CapEx related to Taxonomy-eligible activities (A.1 + A.2) (A)		**62**	**2%**														**0%**	**0%**		
B. Non-Taxonomy-eligible activities																				
CapEx related to non-Taxonomy-eligible activities (B)		**3,265**	**98%**																	
TOTAL (A + B)		**3,327**	**100%**																	

— TABLE 1 – OPEX

Share of OpEx concerning products or services associated with Taxonomy-aligned economic activities – Information for the year under review

				Substantial contribution criteria						Do No Significant Harm criterion										
Economic activities	Code(s)	Absolute OpEx	Share of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Share of Taxonomy-aligned OpEx, year under review	Share of Taxonomy-aligned OpEx, prior year	Category – (enabling activity)	Category – (transitional activity)
		Functional and presentation currency	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned)																				
Data processing, hosting and related activities	J63.11	60	2%														0%	0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned)		**60**	**2%**														**0%**	**0%**		
Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		**60**	**2%**														**0%**	**0%**		
B. Non-Taxonomy-eligible activities																				
OpEx of non-Taxonomy-eligible activities (B)		**2,605**	**98%**																	
TOTAL (A + B)		**2,665**	**100%**																	

4.3 SUPPORT THOSE WHO ARE BUILDING THE DIGITAL WORLD OF TOMORROW

For three years, we have been living in a complex macroeconomic environment characterized by a health crisis, an energy crisis and the resurgence of inflation. However, while remaining cautious, our Group is facing up to the challenge thanks to its sound fundamentals, a responsible investment strategy and an ongoing recruitment policy.

We are maintaining our HR policy by creating jobs and involving our employees in the Group's success with a compensation policy blending collective and individual measures.

We estimate that the iliad Group now ranks as the sector's second-biggest employer in France, with growth in its French workforce amounting to more than 2,400 net jobs over the last five years (and nearly 500 in 2022 alone). iliad currently has nearly 10,200 employees in France (excluding joint venture staff) and over 16,700 Group-wide (mostly in Europe).

— BREAKDOWN OF WORKFORCE BY GEOGRAPHIC AREA

	at December 31, 2022	at December 31, 2021	at December 31, 2020	at December 31, 2019	at December 31, 2018	at December 31, 2017
Number of employees based in France	10,162	9,681	9,134	8,603	7,812	7,731
Number of employees based outside France	6,562	5,398	5,588	2,496	2,316	1,980
o/w Italy	*812*	*694*	*624*	*458*	*311*	*76*
o/w Morocco	*1,478*	*1,805*	*1,949*	*2,038*	*2,005*	*1,904*
o/w Poland	*4,272*	2,899	*3,015*	-	-	-
TOTAL WORKFORCE	**16,724**	**15,079**	**14,722**	**11,099**	**10,128**	**9,711**

— BREAKDOWN OF WORKFORCE BY BUSINESS LINE (POLAND CONSOLIDATED FROM 2021)

	at December 31, 2022	at December 31, 2021	at December 31, 2020	at December 31, 2019	at December 31, 2018
Subscriber relations	25%	25%	35%	40%	43%
Network/Technical/IT	53%	53%	57%	55%	51%
Retail	17%	16%	6%	6%	4%
Other	5%	5%	2%	2%	2%

4.3.1 Diversity and attracting talent

4.3.1.1 Policies and objectives

Diversity is much more than just the outcome of a policy. It is an integral part of our purpose. We ascribe a great deal of our success to the combination of the very diverse profiles of our iliad Group employees, with nationals from 87 countries. It is a cornerstone of the Group's robust corporate culture, built on a shared passion for technological innovation. Promoting equal opportunity in a group with technical and technological potential is not easy. First and foremost, the Group values talent without distinction. More than graduates, we are looking for passionate and committed applicants. We recruit our employees and promote them on the basis of their soft skills, their expertise and their backgrounds. To combat job insecurity and create a corporate culture that is a source of satisfaction for its employees, while at the same time providing the Group with the stability it needs to pursue its strategy over the long term, iliad aims for at least 90% of its employees to be on permanent contracts.

4.3.1.2 Actions implemented

An exciting employer brand to attract talents in all areas

Work on our employer brand

In 2022, we looked at the fundamentals that unite us all within the iliad Group in France. This resulted in audits of our three images:

- our desired image: what is our vision as an employer?
- our actual image: what is the reality experienced by our employees?
- our projected image: how are we seen by applicants?

This work was carried out in collaboration with Tambour Battant, a firm that met and interviewed various stakeholders throughout the project, from Group management to directors of key entities, "transformed" applicants (those who have joined us), "drop-out" applicants, headhunters and employees who have been with the Group for less than one year and more than five years. It also involved visits to several locations to get a fuller grasp of our identity.

Among the key findings:

- total internal alignment around an organization in "commando" mode championed on all links of the chain;
- a singular, widely supported and uninhibited internal culture: one of "critical benevolence" blending human values and performance;
- employees who serve naturally as ambassadors;
- respect for individuals throughout the Group;
- individualized approach to employees.

2023 will be an opportunity to transform this audit and its findings into practical initiatives to highlight the components of our employer brand for applicants, giving them the means to better project themselves in our Group.

- Our HR vision.
- Our HR pillars.
- Our HR promise.

Similar work was carried out on the Free Pro scope, whose activity is very much B2B. The initial idea of revisiting the brand image was broken down into a series of messages and visual identities to bring out both the commercial brand and the employer brand. At the end of December 2022, Free Pro seized the communication opportunity offered by the relocation of its two sites in Marseille to present its employer brand to employees.

2022 was also marked by the takeover of Polish operator UPC, which was merged into our Polish subsidiary, Play. The merger process was followed by work to align the two subsidiaries' employer brands on their various platforms and networks.

Welcoming and onboarding policy

The Group places great importance on the welcome it gives new employees.

For several years, it has been holding monthly inter-entity and inter-business Welcome Days in France. Enjoyable morning-long events, they break down into three parts: presentation of the Group, Q&A with the Group's Directors, then brunch and souvenir photos.

Monthly lunch meetings also bring together the CEO and the HR Officer, and small groups of a dozen employees.

Within the entities, onboarding and immersion days/weeks are organized at various frequencies depending on the entity and the position held.

Examples

In contact centers, each newly hired employee is assigned a sponsor. Sponsors all boast a wealth of experience in their job, and their role is to provide support to new employees just starting out. Sessions for sharing best practices and informal conversations on the way the company operates are also organized.

At Scaleway, each newcomer is invited to a session dedicated to the company culture, good communication practices, and the notion of feedback, which are the founding principles of collaboration within the entity.

Presence on forums and social media

To reach out directly to applicants, the iliad Group:

- takes part in recruitment forums. Other than "classic" forums, such as the APEC forum, our teams participate in a number of more specialized events including the digital inclusion summit (organized by the Mozaïk Foundation), whose second edition was held on November 29, 2022;
- seeks to keep a high profile in various recruitment channels: social media (LinkedIn, Twitter, etc.), job boards, media dedicated to work and employment (Welcome to the Jungle).

Promotion of new activities

Our major projects often create jobs, and we are always keen to talk about them as soon as they take on a significant dimension, as a means of promoting the Group's innovation and dynamics and attracting new applicants. With this in mind, on November 22, 2022, we issued a press pack highlighting the new Free Proxi support service and its strong recruitment dynamic geared towards fielding local teams throughout France. A hundred agent positions are available throughout France. They are full-time permanent contracts. A dozen work-study positions are also open in the Paris region; others will soon be opened elsewhere in France. The contracts are permanent work-study contracts and the training is provided through F233, our corporate university. The recruitment process is simple: applications are submitted via our Careers site; preselected applicants are required to sit a written test followed by an interview with the Free Proxi teams.

Recruiting together in an innovative and inclusive way

Showcasing of our jobs by our employees

Our employees are our best ambassadors. They are the ones who really know how to talk about their jobs and promote them among future applicants. That is why we give them the chance to reach out to others in short videos posted on the "Careers" page of our **iliad.fr** website.

To increase the number of women within the Group, a special focus is being put on talented female employees working in jobs that previously mainly attracted men. On the iliad website, a Free Mobile employee talks about her job as a radio engineer.

Co-opting is one of the other vital recruitment channels that we seek to encourage. We all share the firm belief that employees who are "happy in their job and in the Group" will be the perfect intermediaries, putting the Group into contact with potential talents in their entourage.

Examples

Free Distribution promotes this recruitment channel through "Boost cooptation", doubling the bonuses granted to co-opting employees over given periods.

And the policy is paying off, as shown by the example of Free Mobile. In 2022, co-opting resulted in 29 hires (approximately 15% of new hires), and 37 co-opting bonuses were paid. To date, all co-opted individuals who completed their trial periods in 2022 are still in our workforce.

At Free Pro, 27% of 2022 hires were co-opted, reflecting employees' active involvement in the company's growth.

Challenging our methods and innovating

The world of work is constantly shifting, and we have to keep up at all times with the changing expectations of applicants of different generations. Thinking out of the box when it comes to recruitment is a never-ending challenge. For example, an experiment is underway in our "store" scope on recruitment via video rather than CV. With the Ile-de-France stores as the pilot, the aim is to address a population that is not familiar with traditional job boards. A social media campaign gives people the chance to apply for a job by posting a video on YouTube, or to record it directly on our recruitment tool, Softy.

Free Pro is particularly enthusiastic about this approach, and has put together a disruptive recruitment scheme in partnership with sales training school Iconoclass. Their partnership has taken shape in the form of talks by Free Pro teams to Iconoclass learners: a full day based on the transmission of information, tips, and practical cases on specific "Sales" themes. The day is a chance for us to pre-qualify the profiles that really stand out, to give the Iconoclass trainees visibility on the jobs they could have at Free Pro, and to pass on the company's culture.

To speak with one voice on our shared values, we regularly hold workshops to harmonize our offers, although we always seek to keep the specific identity of each of our entities.

Our Polish subsidiaries have worked hard to automate the recruitment process for sales staff, through automated skills tests using the BRIGHT and Staffly tools, and by adopting deferred video interviews. These actions have come with an alignment of recruitment policies, teams, processes and practices between UPC and Play, with a view to improving the applicant experience. Managers have also been trained in good recruitment practices.

Inclusive recruitment

Our recruitment policy is embodied in and aligned with our commitments, which are set out notably on our **iliad.fr** website:

- "Diversity – Our identity"… For us, digital has no boundaries, no skin color, no religion. It is universal by its very nature. And we make every effort to welcome employees with disabilities. In recent years, two scopes – Protelco and the iliad UES – have had an agreement involving an active commitment to maintaining and developing support for colleagues and future colleagues with disabilities. Our goal is for disability to cease being a subject and to become an integral part of our corporate culture. This is especially so for Certicall, Centrapel and Protelco, entities where people who have officially declared their disability make up 8%, 7% and 6% of the headcount respectively.
- "Employability – Our responsibility"… the Group is a major job creator. We recruit many young people and a lot of people with no qualifications. And some of our job offers even say as much in black and white: "no qualifications required" (namely Protelco offers). In several of our subsidiaries, resolute action has been taken to promote "non-discriminatory" recruitment. A "Recruit without discriminating" training course has been rolled out at Equaline for all HR populations, but also for the operational staff who provide support for the recruitment teams selecting applicants. By giving recruitment criteria an objective basis through the "STAR guidelines", Scaleway is seeking to eliminate selection bias and turn the focus back on to the essential ingredient – competence.
- "Gender balance – Our pride"… The Group values talent, without distinction. During the mandatory annual negotiations, Free Pro reaffirmed its determination to promote a recruitment policy that combats discrimination, particularly discrimination based on the applicant's gender. Free Pro is now committed to increasing the proportion of women in its workforce to at least 23% by December 31, 2023, notably by stepping up its efforts to recruit women for technical and sales positions. The same issues have found the same response at Free Réseau, which achieved 6% growth in its female workforce in 2022 and continues to promote its jobs. In our Polish subsidiaries, discussion and networking circles allow female managers to share their difficulties and give each other advice. At the same time, webinars are available for managers to raise awareness of unconscious bias and provide the keys to inclusive communication.

Sharing value with everyone

Overall compensation policy

In 2022, investment in overall compensation in France averaged 8%, including a cost-of-living bonus (paid to 90% of our employees, 82% of whom received a net amount of €1,000), additional profit-sharing, a sum earmarked for career development and promotion within the Group, and a sum negotiated with our union partners. Our various collective bargaining agreements now all feature measures going beyond legal minimums.

One particularly telling example of our HR policies is the "health expenses" agreement concluded at the end of 2020, which is more advantageous for the vast majority of our employees via a single rate for the employee and his or her dependent children, and an employer's share of 55%.

In addition, several employee shareholding schemes are in place within the Group, including two "Uptoshare" plans implemented in 2019 and 2021. The second was a great success, with nearly 5,000 employees subscribing.

To keep key employees (talents, scarce skills) within the Group, special shareholding or bonus plans are also in place.

Equal pay

The Group takes care to ensure equal pay for men and women who carry out equivalent jobs and have the same levels of skills, responsibility and performance. In particular, we are careful to eliminate any pay gaps between women and men with equivalent skills and seniority.

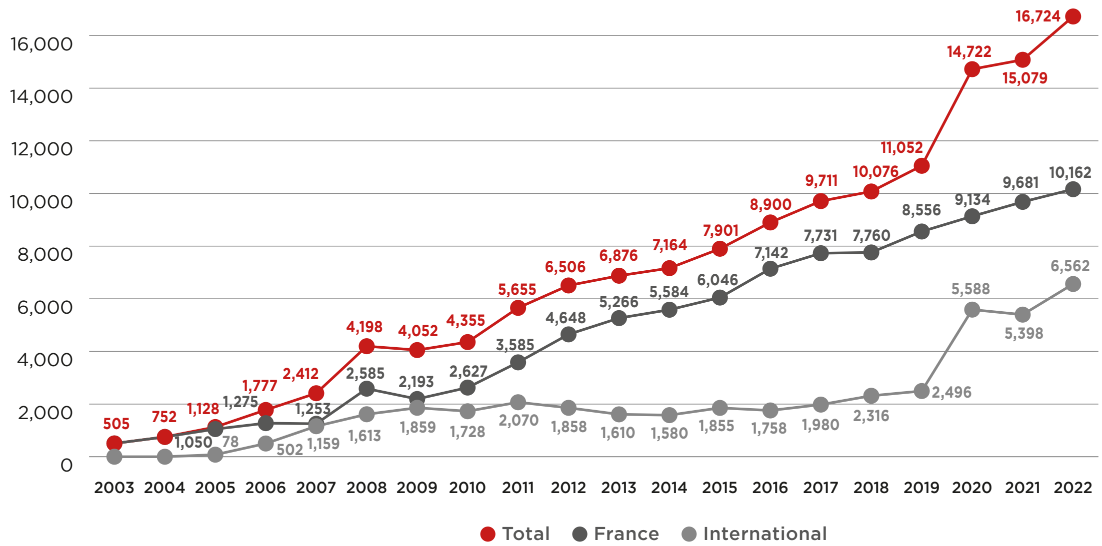
The 2022 Gender Equality Index, published on March 1, 2023, saw the Group record a consolidated score of 91/100 across all entities, an increase of 3 points on the previous year. The MCRA UES (up 19 points), Protelco (up 10 points), and Free Pro (up 4 points) all made good progress. Also noteworthy were the readings for two entities reporting their index for the first time: Predictiv Pro earned a total of 82 points and Freebox a total of 75 points.

4.3.1.3 Results and indicators

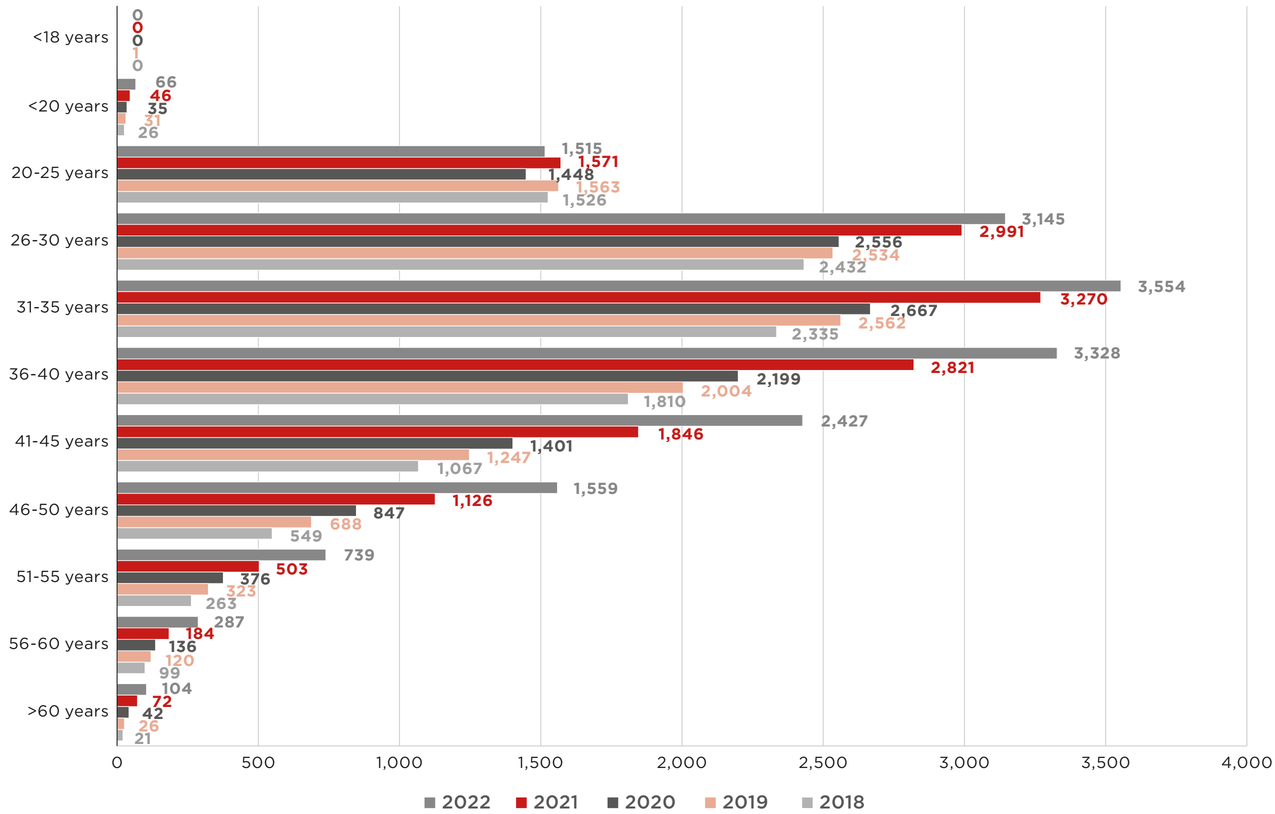
In 2022, the Group created 279 net jobs (481 in France), excluding the integration of UPC. At December 31, 2022, 92% of the Group's total employment contracts were permanent (94% in France). We take great care over our recruitments for all employee categories and we favor permanent rather than fixed-term contracts. This demonstrates our commitment to forging long-term relations with our employees and providing them with a stable employment situation. In 2022, 1,762 external recruitments were made across the Group, compared with 974 resignations and 673 dismissals.

The Group is a responsible employer, and as such offers employment opportunities for young people by giving them their first job, the possibility of developing their skill sets, and real prospects for in-house promotion and internal mobility. For example, in 2022, nearly 10% of the workforce (over 1,581 people) was aged 25 or under, and around 50% was aged 19 to 35.

— BREAKDOWN OF WORKFORCE BY GEOGRAPHIC AREA



BREAKDOWN OF WORKFORCE BY AGE



2022	Pay gap (%)		Difference in individual pay increases (in % points)		Promotion gap (in % points)		Percentage of employees receiving a raise after returning from maternity leave (%)		Number of women among the 10 highest paid employees		Sum of the countable indicators		Index (out of 100 points)			
	Points obtained	Maximum points	Points obtained	Maximum points	Points obtained	Maximum points	Points obtained	Maximum points	Points obtained	Maximum points	Points obtained	Maximum points	**Points obtained in 2022**	**Maximum points**	**2021**	**2020**
ILIAD UES	36	40	20	20	15	15	15	15	5	10	91	100	**91**	**100**	**92**	**95**
MCRA UES	38	40	20	20	15	15	15	15	10	10	98	100	**98**	**100**	**79**	**94**
Protelco	40	40	20	20	15	15	15	15	5	10	95	100	**95**	**100**	**85**	**80**
Jaguar Network	35	40	20	20	15	15	15	15	0	10	85	100	**85**	**100**	**81**	**61**
Scaleway	36	40	5	20	15	15	15	15	5	10	76	100	**76**	**100**	**91**	**64**
F-Distribution	40	40	10	20	15	15	15	15	10	10	90	100	**90**	**100**	**94**	**89**
FREEBOX (new)	25	40	35	35	-	-	15	15	0	10	75	100	**75**	**100**	**N/D**	**N/D**
Predictiv Pro (new)	35	40	35	35	-	-	-	-	0	10	70	85	**82**	**100**	**N/D**	**N/D**

4.3.2 Mobility and skills development

4.3.2.1 Policies and objectives

Our commitment to fair access to employment comes hand in hand with a determination to inspire vocations. Offering vocational contracts and career paths is a way for us to give all our employees the keys to their employability.

This commitment is also reflected in the significant investment made in continuous skills updating through a training policy aligned as closely as possible with the day-to-day work of our teams. New technologies are constantly emerging and taking root in companies. This means that employees need to adapt and be given appropriate training. In the digital age, ensuring that our people can build their skill sets, and that their capabilities are adapted to market needs, is vital – not only for their individual motivation but also for the future of the Group as a whole.

Lastly, our employees can project themselves out of their initial job and into a range of career paths opened by the great breadth of our activities. That turns our innovations and business development into opportunities to build up internal mobility and career momentum. To get the most out of internal mobility and ensure that employees have the chance to adapt and boost their careers, the Group aims to provide at least 30 hours of training per employee per year.

4.3.2.2 Actions implemented

Vocational training for the future

Vocational and apprenticeship contracts

We are developing new contractual tools in response to the fierce competition for skills in the market. For networks, subscriber relations and support services, the Group has a proactive training policy for new hires which goes hand in hand with its recruitment policy. The consistency between these two policies lays the foundations for motivating employees and building their loyalty right from when they first join the Group.

Vocational contracts, subsidized contracts and "free jobs" earmarked for residents of priority urban areas are all ways of getting our future talents on board. As we transform, we implement them in order to recruit and develop the skills of the employees destined to bring our new ambitions to life tomorrow. We are therefore committed to a day-to-day process of employment assistance while offering our future talents the chance to develop the skills necessary for their new job.

Examples

In 2022, the Group managed more than 250 work-study contracts and interns. For many, a work-study contract within the Group is synonymous with a permanent contract. This is particularly so at Free Pro, where more than 20% of work-study students were hired in 2022.

At December 31, 2022, the number of apprenticeship contracts in progress in our main entities was as follows:

- Free Réseau: 57;
- Free Mobile: 19;
- Scaleway: 9;
- Free Pro + Predictiv Pro: 23;
- FD: 27;
- iliad Italia: 15.

The number of vocational contracts in progress within the contact centers:

- in progress within the contact centers: 102 contracts.

At Certicall, multimedia advisors are recruited in "free job" zones wherever possible, in partnership with Pôle Emploi. This was the case for four employees this year. In addition, all multimedia advisors joining Certicall first complete a one-year vocational contract allowing them to obtain a professional qualification certificate. This was the case for 29 employees at Certicall and 50 at Equaline this year.

In 2022, Protelco set up a dedicated course for its work-study students, in partnership with CFA Ducretet. The program's objective is to provide comprehensive training for our work-study trainees, allowing them to acquire the key skills for the position of Free Proxi operator-technician so that they can provide quality assistance to our subscribers.

This training is intended for future advisors working in the Free Proxi service, which consists of advising, informing and troubleshooting our fixed and mobile subscribers remotely and in their homes. In total, work-study trainees receive 315 hours of training spread over a period of 12 months, including 140 hours provided by the Ducretet network and 175 hours provided by Protelco trainers. They also have a dedicated tutor between training periods, to help them put the theory into practice within their team. Training is aimed at developing five key skills:

- have the right attitude: interpersonal and writing skills;
- know the copper and fiber networks;
- be comfortable with processing software (production tools, logging);
- provide assistance to our subscribers (remote and home assistance);
- sell our fixed and mobile offers.

At Scaleway, the Launchpad initiative is designed to offer training for the position of DevOps Engineer, giving young Scaleway recruits the keys to build and maintain the company's cloud APIs. This is broken down into three major skills to be mastered:

- build and use APIs in the Scaleway environment;
- restructure old Scaleway code;
- work as a team in the Scaleway environment.

The program consists of four months of intensive training followed by six months in a work-study team.

The 399 hours of intensive training over the year are broken down into two parts:

- Agency: during these periods, the intern team produces code as a subcontractor for Scaleway's internal teams. The primary objective is to learn by doing; the code produced is destroyed and redone until the required quality is achieved;
- Training: these periods are devoted to learning and theoretical exercises.

Initial training

Induction training remains a key element of the Group's human resources policy. The onboarding process includes intensive initial training before the job actually starts. The Group's "technical" entities also offer long and progressive training courses with one-on-one mentoring so that new hires all receive the personalized support they need.

Outside the F233 University, the induction courses are led by Group employees who have on-the-job knowledge and have followed "train the trainer" programs. These trainers are assisted by training managers who are responsible for monitoring the courses given and their overall quality,

Examples

- New Free Proxi employees receive three weeks of initial training, i.e., 105 hours dedicated to mastering the fundamentals of the job of operator-technician. New Free Proxi team leaders receive initial training on how to lead and oversee a team, public speaking, leading meetings, psychosocial risk management and combating harassment.
- In the contact centers, new hires receive five to seven weeks of initial training, split between theoretical and practical phases, thereby easing them into the position. This allows them to acquire all the internal knowledge bases enabling them to carry out all the tasks required by their position. Participants complete specific training modules on the use of shared and business-specific internal tools.
- New Free Center advisors start with 13 days of initial training (91 hours in total). Their first steps within Free Distribution are based on a blend of e-learning, in-store observation sessions, and face-to-face sessions. The aim here is for them to acquire the basics of the job of advisor, to discover the store universe, and to develop the commercial and technical skills necessary to take up the position through the use of internal tools and role playing. Peppered with a series of quizzes to validate knowledge, the course culminates with a week of immersion in the field.

Validation of acquired experience and diploma courses

Our entities, in partnership with the F233 corporate university, are also driving forces in the construction of validation of acquired experience pathways. Validation of acquired experience (VAE) is a means of allowing people to have their professional experience recognized in the form of a professional qualification diploma, title or certificate. It allows people to obtain qualifications through experience (and not only through initial training), rather than by sitting exams.

The result is that over 30% of all employees who have started a VAE process since 2018 have changed jobs and been promoted within the company.

Our ambition with the VAE program is to recruit talented individuals without any qualifications, and to let them earn academic recognition after a few years on their internal path. This commitment promotes loyalty among our employees, but it is also in the Company's interests.

Examples

In 2022, 29 employees from various entities began a process of validating acquired experience in three courses:

- Project Manager course (Master's level) consisting of 14 days of training plus 30 hours of VAE support;
- Operational Business Management course (Master's level) consisting of 12 days of training plus 30 hours of VAE support;
- Retail and Distribution course (Bachelor's level) consisting of 24 hours of VAE support.

Nationwide, 42% of certificates obtained through the VAE system are diplomas. Today, 90% of our employees have earned a diploma.

Developing skills throughout people's careers

Assessments and talent reviews

Recruiting and training our employees is just the first step. In 2022, entities wishing to strengthen talent support and retention structures implemented an ambitious skills assessment and development policy. From the definition of job objectives to the employee's continuous assessment and the collective talent review, the entire support chain is currently undergoing major change.

Examples

Scaleway has implemented an ambitious plan aimed at setting clear objectives for each employee in line with strategic ambitions. Once these objectives have been set, an individual assessment process is used to monitor the employee's development through rituals throughout the year (annual appraisal, career interview, managerial feedback, etc.):

- monitor the achievement of individual objectives;
- assess the acquisition of key skills;
- discuss employee feedback on managerial practices;
- discuss the workload;
- share career and development requests (training, pay, mobility, etc.).

The growing importance of close support for talent through these regular rituals is reflected at Free Pro in the introduction of two annual interviews in 2022.

At Freebox, 360-degree interviews have been introduced, using the Elevo tool allowing employees to collect feedback from all their peers, thereby reinforcing the objectivity and exhaustiveness of these assessments.

At Certicall, high-potential employees are identified for internal mobility during interviews. Employees identified as having potential for the targeted position are coached to sharpen their skills. At Protelco, employees can request career updates, which are geared towards helping employees develop their career path, especially in view of the skills development plan defined in the company, to clarify their career objectives and to identify success factors. Another aim is to identify their areas of improvement in view of their acquired skills, recorded in the management tool (iliad UP).

In Poland, UPC and Play have introduced an annual feedback process with managers to unify the skills expected of the managerial line, assess managers' performance and identify the Top Managers.

Lastly, for iliad Italia, priority has gone to the implementation of 20 workshops bringing together 250 employees, aimed at strengthening the ability of all employees to invest personally in their professional development by learning to set objectives and to collect feedback from peers.

At the same time, managers are playing an increasingly important role in employees' career development. Training managers to support their teams' careers has become vital as a means of guaranteeing the success of these policies. Free Distribution has accordingly ushered in training to prepare managers for conducting annual appraisals and skills assessments. Scaleway has also trained its entire management team in the definition and evaluation of SMART objectives, to help foster team development.

Following individual assessments, Scaleway regularly organizes collective reviews allowing managers to make shared decisions regarding assessments, career plans and salary decisions for the employees in their teams.

Protelco has also established career committees that can meet two to four times a year, in addition to career updates. They are led by the relevant segment or department manager, the business manager and a member of the human resources department.

They serve to:

- assess the pool of skills within the company;
- adapt the skills development plan by offering consistent training;
- identify people with potential and offer them vacant positions matching their skills;
- provide a better view of employees' aspirations;
- promote connections between jobs.

The career committee is also a forward-looking management tool for the development of both the company and the employee.

Mandatory training

The Group took numerous measures in 2022 to reduce the number of accidents, particularly among Free Distribution, Protelco, Free Réseau and Free Mobile staff. Its policy is built on training and awareness-raising for teams from the moment they arrive and throughout their careers. Training plans are also developed in close sight of teams and field workers to ensure that they reflect the reality of their work and that they take into account the various risks inherent to it.

Examples

To raise their awareness of risk prevention in their jobs, new hires in one of our network installation subsidiaries (Free Réseau, Free Infrastructure, Free S.A.S. and Free Mobile) attend a two-hour safety induction training session the first day they start work.

Technicians take an additional three-hour module during their first induction week. Similarly, all of Protelco's new roaming technicians are given a safety training session lasting around one hour as part of their induction training, during which all of the risks inherent to their post and the related preventive measures are carefully explained. They are also regularly informed about proper driving postures and how to correctly wear a backpack to balance the load. For office-based workers, information is regularly provided about working on screen.

Examples of training provided regularly within the Group:

- training on gestures and postures;
- electrician accreditations (B2V, BR, BC and H0, B0, BC and BE measurement);
- working at height accreditation;
- the CACES® license to operate aerial work platforms;
- PPE inspections for aerial work platforms;
- training on psychosocial risks;
- training to prevent musculoskeletal disorders;
- occupational first-aid training (widely offered in all Group entities);
- CATEC training for working in confined spaces;
- training in electromagnetic fields;
- online training in Covid-19 precautionary measures;
- fire extinguisher training and fire drills;
- training for armed robbery situations (provided in our stores);
- positive communication training, managing emotions, etc.

Various awareness-raising initiatives were also carried out within the Group, mainly via emails or webinars, including:

- a sleep webinar;
- information about working on screen;
- tobacco-free month;
- road risk awareness;
- an addictions webinar.

Optional training

Although safety training remains central to our system, new subjects have been added to iliad's training offer. The bi-monthly meetings of the training committee resulted in a Group-wide catalog of training providers, a selection of training solutions shared among several units, joint negotiations on trainer fees, and training data reporting systems used by all the Group units.

Giving our employees access to 17,000 LinkedIn Learning courses has enabled them to activate more than 12,184 licenses since 2020, and to complete 10,931 hours of training.

The Group endeavors to leverage the knowledge of its most experienced people and to share their insight and expertise. Consequently, the training committee continued to offer training curricula dedicated to developing skill-sets, such as sales, technical abilities and management. It also conducted courses leading to certification based on the French validation of acquired experience (VAE) program. These curricula are generally led by specialized outside trainers, an approach that helps enhance the quality of the service provided.

2022 was also focused on strengthening support for managers. Targeted initiatives and courses have been designed in several entities to help managers play their key role.

Examples

In addition to the safety training already mentioned, examples of the topics covered by the specific training courses deployed in 2022 include:

- cyber-security and GDPR;
- databases and SQL language for non-IT staff;
- the basics of labor law for managers;
- how to be a good tutor;
- expert-level Excel;
- Freebox and configurations for subscribers;
- subscriber behavior and communications (video calls);
- what to do when an employee is unfit for work (management training);
- reflectometry (*Backbone*);
- network architecture and equipment;
- non-violent communication;
- personal data protection for EU citizens;
- communication between two people;
- improving editorial impact;
- public speaking;
- time management;
- good practices in change management;
- one-on-one coaching.

Numerous training courses have also been rolled out in our Italian subsidiary:

- three-day digital transformation, agile approach and new working methods training;
- written and interpersonal communication training, and time management when working from home;
- "The Art of Effective Negotiation" provided by the Palo Alto school;
- technical training for the Radio Network engineering department (144 hours of training on network topics, TLC, etc.).

In addition, an internal academy – iliad College – is now also up and running in Italy. Its purpose is to train in-store employees on subjects such as iliad's values, the commercial approach, 5G technologies, user experience and relational intelligence. On completing their courses, participants become part of a community with the chance to attend monthly meetings on a range of topics.

In Poland, the X-Sell campaign (the first joint offer between UPC and PLAY) came with training on the offer, systems and sales practices for 1,700 sales agents. More broadly, the Technology Academy format offers talks for all employees on questions relating to technologies, offers, products and mobile devices, given by internal and external experts.

Moreover, Group employees all have unlimited access to three self-training offers available at any time:

- LinkedIn Learning: a comprehensive on-demand training offering containing over 17,000 online video courses designed by professional trainers to acquire new skills;
- Projet Voltaire: to help employees become more comfortable with written French, the Group has subscribed to Projet Voltaire. People joining the Group each receive a free license;
- Neo Forma: this specialist in corporate health and safety training offers a range of awareness-raising courses to help people take care of their own health and that of others, to learn to prevent everyday risks and as such to become an actor in the workplace wellbeing approach within the Group.

  Via our external LMS tool, in 2022, 3,109 people in the Group also took a module on the GDPR, and a further 2,661 on cybersecurity.

At Free Pro, the dedicated Manager modules allow the acquisition of the managerial skills necessary to oversee and lead a team:

- conducting meetings and conflict resolution;
- team management through steering and organization;
- motivating and leading your team;
- successful public speaking;
- recruiting and onboarding new employees.

Free Distribution has a three-stage pathway:

- engagement and self-awareness;
- face-to-face communication;
- collective dynamic within a team.

At iliad Italia, managerial training involves an approach based on the definition of a corporate culture, in several stages:

- assessment of the internal culture (focus groups, surveys);
- immersive training for managers on leadership skills and managing complexity;
- co-design activities to define the leadership model and the associated practical exercises.

Projecting yourself within the Group

Giving visibility to our jobs and career paths

The Group aims to encourage employees to develop their expertise and strengthen their involvement with subscribers. With the diversity of our jobs, we see internal mobility as an opportunity to create individual career paths, to develop new skills and to gain in turn from a holistic vision of our business. In 2022, just over 500 people transferred to other positions in the Group, representing nearly 13% of hires.

This goal is a major asset in building subscriber and employee loyalty alike.

Examples

To promote mobility, the iliad Group also launched "iliad Inside" internal meetings to provide information on vacant jobs in 2022. They are moments of exchange where employees from different teams can present their day-to-day lives, their expertise and their challenges. This year, we had the chance to hear about:

- Lab42, presented by Free SAS developers;
- the Radio team, presented by Free Mobile employees;
- the marketing team, presented by iliad SA employees.

Our Italian subsidiary also organizes communication in a "Curiosity box" newsletter format, highlighting a different team each month so as to build up knowledge about the organization as a whole and foster collaboration.

The iliad Inside initiative is rounded out by a monthly iliad UP Mobility newsletter. Sent regularly to all Group employees, it features the latest job offers open to internal mobility and accessible on the iliad Up Mobility tool. At any given time, an average of 600 internal offers are available to Group employees in a wide variety of jobs.

Promoting mobility also means promoting examples of career paths. So employees who have changed jobs within the Group are regularly called on to recount their experiences in the "Stories of Mobility" format posted on our intranet, daili. In December, Martial told us how he went from being a Freebox salesman at Certicall to a mobile platform manager at Qualipel and then to his current position as regional coach for Free Distribution, a job that involves coordinating some 10 store managers in a region. These major projects are led by the Group HR Development team with the help of the corporate HR managers and the HR teams of the Group's different entities.

Implementing mobility for all

To facilitate access to job opportunities within the Group and identify employee career development and/or mobility aspirations, in December 2020, a skills mapping and mobility management platform – iliad UP skills and iliad UP mobility – was rolled out to all employees, with a new version launched in early 2022.

The initial work was designed to map our core skills and job families, improve data reliability and consistency in the databases, and then get employees, managers, HR teams and other stakeholders involved in the reporting process to build buy-in as we co-constructed the Group's jobs and skills repository.

It is being deployed in stages so that it gradually becomes one of the entry points for employee reviews, co-constructed career paths and skills development programs. We also offer employees skills assessments to help them with their mobility objectives.

The new iliad UP platform enables employees to play an active role in managing their careers by directly applying for job openings posted by the Group. Moreover, the employee skills and career development and/or mobility aspirations posted on the platform provide invaluable information for managers and HR teams seeking to support and retain talented people.

A total of 404 employees were promoted across the Group in 2022, including 214 to managers. As well as being the hallmark of our culture, these promotions are a powerful symbol of how effectively knowledge is transferred within the Group.

Similarly, the vast majority of our managers started out lower down in the organization before stepping up to management positions, and some now to strategic executive positions. At Equaline, for example, 100% of employees in management, helpdesk, training, support and HR positions were appointed internally.

In addition to promotions, the ESP agreement signed in July 2019 ensures that the mobility process is properly respected by defining the rules applicable Group-wide.

Our mobility projects – Focus on Free Proxi

In addition to internal mobility initiatives, which are now an integral part of the daily lives of our teams, transformation and innovation within the Group's entities are synonymous with chances for employees to take their careers in a new direction. Choosing internal mobility when creating teams means choosing to trust in the skills and adaptability of our employees.

Examples

Free Proxi is the new local assistance service created by Free for its subscribers, delivered by small, locally based teams of eight to ten Free advisors, who are readily available online to answer any questions about Freebox and Free Mobile plans. Thanks to their local presence, the Free Proxi teams have detailed knowledge of their region's fixed and mobile network infrastructure. They can easily troubleshoot possible incidents, and even go directly to the subscriber's home to restore service or exchange a device. In this way, subscriber issues can be handled from start to finish by the same team, and sometimes by the same advisor.

Thanks to our resolute internal mobility policy, two-thirds of Free Proxi's staff hail from other iliad Group entities.

We continue to communicate with Group employees wishing to take part in this exciting project, through news on our intranet. An interactive map of vacant Free Proxi positions is also available to everyone on our iliad Up Mobility website.

This dynamic will be bolstered in the coming months and years to support the rollout of Free Proxi throughout France, notably through the implementation of an employment and career path management system.

In 2022, new positions were created in Free Mobile's Radio Supervision Team, and internal mobility was called on to help find the skills needed for the 16 vacant jobs. Following dedicated communication in Scroll, the Group newsletter, five employees received internal transfers to the team.

4.3.2.3 Results and indicators

Training represents a significant investment for iliad. In 2022, 14,583 employees received internal training at Group level and 8,095 completed at least one external training course. The two main topics were safety and the environment.

The Group provided 535,776 hours of training in 2022, the equivalent of 32 hours per employee.

	Training hours				Average monthly headcount				Training hours/average annual headcount			
	2022	2021	2020	2019	2022	2021	2020	2019	2022	2021	2020	2019
Total – France	362,125	361,085	252,240	356,200	9,876	9,484	8,836	8,273	37	38	29	46
Total – Outside France	173,651	160,936	116,325	175,491	6,611	5,502	2,537	2,241	26	29	46	69
TOTAL	**535,776**	**522,021**	**368,565**	**531,691**	**16,488**	**14,997**	**11,372**	**10,514**	**32**	**35**	**32**	**51**

4.3.3 Health, safety and workplace wellbeing

4.3.3.1 Policies and objectives

Providing a safe, inclusive and positive working environment is a priority for the iliad Group. Each year, we make significant headway in these vital HR areas. In terms of safety, we put in place many awareness-raising and training initiatives[(1)], and introduced practical tools for reducing risks, both for our employees and service providers. The importance placed on workplace safety in the employee satisfaction survey continues to increase, rising from 88% in 2021 to 92% in 2022[(2)].

The implementation of new technologies results in the network regularly undergoing changes, requiring the installation of new equipment and the replacement or maintenance of existing equipment. Our people travel frequently to different sites, carrying out a wide range of technical interventions, including working underground or at height. The Group is therefore exposed to the risk of occupational accidents, whose number and severity it constantly strives to reduce.

The Group has a well-established health and safety policy to protect the physical and mental wellbeing of all its people.

The aim of this policy is not just to reduce occupational accidents or illnesses, as no company can reasonably aim for zero accidents or illnesses, but it's all about identifying and preventing risks. This risk identification and prevention work is carried out annually (or whenever necessary if significant changes take place during the year), via the update to the DUERP occupational health risk assessment report (*Document Unique d'Evaluation des Risques Professionnels*) that all entities in France are required to file, along with the related action plans.

At iliad we apply a continuous improvement approach to our health and safety performance and implement a wide range of prevention measures. These include awareness-raising and training sessions and constantly improving personal protective equipment, particularly for technicians, who are the most at risk of an occupational accident due to the diversity of the locations where they carry out their work.

4.3.3.2 Actions implemented

Guaranteeing a safe working environment

The DUERP occupational risk assessment report

Preparing and filing the DUERP occupational risk assessment report and related action plan enables each unit to manage the preventive measures taken to safeguard the health and safety of its employees.

A review is performed at least once a year to update the DUERP as needed, track the initiatives underway and define new actions to be taken in the following year. The DUERP may also be updated during the year if there is a major change in the Group's organizational structure or if a particular risk emerges. This was the case in 2020, for example, with the health crisis.

To ensure the traceability of information/exposure to occupational risks identified in the DUERP, Free Réseau now uses risk exposure sheets, signed by employees, for all positions within the entity. All such sheets are available on our intranet, daili.

Stakeholders in workplace health and safety

These policies and procedures are defined and implemented by a dedicated team of employees specialized in workplace health and safety issues.

In addition, the Group works closely with occupational physicians and nurses to (i) identify the health and safety characteristics of each workstation and obtain practical recommendations; and (ii) support employees on a case-by-case basis, for example by improving working conditions for employees experiencing physical or psychological stress, or by adjusting workstations following an accident or proactively when a person with disabilities is hired.

(1) See details of training courses in section 4.3.2.

(2) https://iliad-strapi.s3.fr-par.scw.cloud/Barometre_social_2021_Synthese_Groupe_4c4db0d153.pdf.

Sedentary and mobile safety officers have been appointed at Free Réseau to act as relays for the safety prevention unit in the field to take action in dangerous situations. Before taking up their position, they are trained on what is expected of them and the rules that apply in their work.

Individual and collective protective equipment

Among other preventive measures, employees are provided with equipment appropriate to any work situation that poses a particular risk. We regularly review change in work situations and the related equipment to ensure that we are always on top of the challenges of prevention. Examples of personal protective equipment include harnesses, lanyards, helmets, safety shoes, gloves, helmets and earplugs. Collective protective equipment includes guardrails and marking. Purchases of accessories to prevent back pain or poor posture include trolleys, backpacks and tool belts. On the recommendation of our occupational physician, certain sedentary employees are provided with lumbar cushions and ergonomic seats for specific physical problems. Field employees are also provided with all the protective equipment they need. Field technicians, for example, are assigned vehicles with automatic transmissions, accessories to ease driver seating and other features. All of this equipment is supported by regular information concerning the correct postures for its safe use.

The condition and use-by dates of protective equipment are regularly reviewed so that it is appropriately replaced as needed. In late 2021, Free Réseau rolled out an IT application that simplifies checks and makes it easier to monitor equipment used for working at height, both for reviews carried out by managers and for safety audits. Where required, the monitoring process can trigger automatic orders for new equipment and requests for scrapping old equipment. As such, in 2022, an aerial work platform verification sheet was adopted for Free Réseau. Users must validate several control points before using the equipment. In addition, operating procedures have been adopted to list the equipment to be placed in an aerial work platform to respect the tool load.

Effective healthcare coverage

Finally, in line with our overall aim of helping and supporting our people, we take care to provide all of them with the same high-quality coverage for healthcare costs, at competitive prices.

The components of the employee healthcare and personal protection coverage set up in 2018 and renewed in 2021 are as follows:

- employees in France have a supplementary health insurance plan that provides top-up benefits in addition to the amounts received under the French statutory health regime. This mandatory plan offers employees (and their children, if any) more favorable benefits than the minimum coverage stipulated in the applicable collective bargaining agreements;
- employees may also opt to purchase additional cover by paying into an individual plan that has been especially negotiated by the Group to offer participating employees very good, yet affordable, supplemental coverage.
- The Group has also set up a personal protection insurance plan that provides all employees with death and disability coverage. Under this plan, employees receive a replacement income if they become incapacitated or disabled. In the event of an employee's death, a life annuity is paid to their spouse as well as an education benefit for each dependent child until their 26th birthday.
- In addition, the Group has negotiated a competitive rate with several options available for the spouses of its employees.

Examples

The health crisis has put the spotlight on the risk linked to biological agents during a pandemic and exacerbated that related to psychosocial risks. Numerous action plans have therefore been set up in the Group's entities to implement appropriate processes, instructions and training.

At F-Distribution (Free stores), the Workplace Health & Safety and Wellbeing teams were strengthened to give the central teams an even greater role in assisting teams in the field and to create a network of safety ambassadors throughout our store network. These ambassadors operate directly in the field, working to identify areas for improvement and to help store managers implement sustainable solutions. Incident reporting procedures have been reinforced, as have specific protocols for managing certain situations, particularly those relating to the heightened risk of aggressive behavior. The incident reporting tool has been redesigned to facilitate the reporting of minor incidents that are all too often overlooked as some of them have become so commonplace.

At Protelco/Free Proxi, our field support and local subscriber support entity, the "occupational accidents/employee" ratio remained stable, with an improvement at the end of the year against the backdrop of strong growth in the headcount.

At Free Réseau, our optical fiber rollout and maintenance entity for fixed and mobile services, the focus was placed on psychosocial risks (PSR) in 2022. A specialized external consulting firm led a collaborative effort combining our Human Resources, and Health and Safety Prevention teams, and our unions. Voluntary workshops to identify PSRs were conducted throughout the country, based on geographical proximity. The PSRs identified will be included in the single document to be presented and distributed in 2023. Awareness-raising initiatives for employees on risk exposure are also ongoing. As is the case each year, protective equipment was reviewed and reinforced where necessary.

Our actions on health and safety are not restricted to our employees. For example, Free Réseau and Free Infrastructure now track the health and safety performance of their contractors by:

- preparing a prevention plan jointly with each contractor;
- performing safety audits;
- conducting safety briefings with contractors.

Ensuring the health and wellbeing of all

In line with our corporate values, ensuring the wellbeing of our people is an absolute priority. Working conditions are a key factor in employee engagement and therefore the Group's overall performance.

A working environment where people feel good

We seek to provide all of our employees with optimal working conditions. To that end, the Group embarked in 2018 on a plan to carry out remodeling work at its various sites each year (head office, regional offices, etc.). The aim is to enhance working environments and adapt them to the needs of employees and their wellbeing.

The head office and many sites now all feature "home feel" relaxation areas.

For many years, employees working at the head office have had permanent and free access to hot drinks from quality vending machines. A cold soft drink is also offered free of charge.

Examples

At Protelco, within the Free Proxi cells, our local teams are kept deliberately small – between 8 and 10 people – in the aim of promoting cooperation between their members. This also fosters a family spirit within our teams, which in turn promotes genuine loyalty among our employees. Because happy advisors make for happy subscribers, we pay particular attention to the working environment of our local teams. The Free Proxi spaces are designed as real living spaces, with a large part dedicated to break and eating areas to make them more enjoyable. Located in the heart of our subscribers' residential areas, these spaces are more akin to small, comfortable apartments than offices. And as they are located close to our employees' homes, they are also synonymous with a better work-life balance.

In another register, but with similar objectives of reducing travel time and protecting the environment, Free Réseau has opened regional logistics centers (RLC) in Île-de-France. The project aims to increase proximity and reduce business travel by opening sites as close to the field as possible, outside Paris. This involves providing technicians with sites located closer to their work area for them to pick up equipment and meet, thereby removing the need to have to go into Paris. A study has also been conducted to allow most of the relevant people in sedentary jobs, formerly assigned to our Paris headquarters, to work closer to their homes and their team in the field. It is reckoned that this will allow 61% of the employees concerned to reduce their current commuting time, thereby achieving the twofold aim of improving work-life balance and optimizing office space in the Paris headquarters.

Lastly, more recently, at the end of 2022, our Free Pro teams moved to SMARTSEA, their new headquarters in Marseille, offering them a new and very pleasant working environment, with common areas to foster exchanges between teams working on the same or different subjects. The move was an opportunity to combine two sites and to bring all employees to one place. This relocation project provided Free Pro with the means to meet three objectives:

- CSR: an environmental and sustainable development policy with goals of zero paper, zero bottled water in vending machines and zero coffee capsules;
- clean desk policy: SMARTSEA was imagined as a showcase for our customers, visitable at any time and reflecting our quality of service and professionalism. A clean and tidy office makes our business much more presentable to anyone wishing to visit. So we have opted for lockers rather than boxes and a policy of a common living area (ground floor and seventh floor) where employees can take their coffee breaks and eat lunch;
- a focus on workplace wellbeing: eating better, communicating better and staying on the move. From March, employees will have access to the gym and a coach, with optional group classes for €19.90 per month. A better eating policy has also been launched with unlimited free organic fruit, compatible connected fridges offering a gourmet selection, without compromising on the quality of service and above all committed to its social and environmental impact.

A working environment designed to accommodate our employees with disabilities

Facilitating measures are implemented for employees with disabilities as part of company agreements and charters, or through targeted initiatives.

Examples

With a company-level agreement on disability, first signed in 2015 and renewed for three years on December 16, 2020, Protelco continues its commitment to implementing a long-term policy in favor of the employment of people with disabilities and their retention in their jobs. By fully integrating this issue into everyday operations, from hiring to workstation adjustments, and changing perceptions of disability, the policies have driven an increase in the number of disabled employees, to 6% of the workforce at year-end 2022.

In 2020, the entities making up the iliad UES signed a three-year agreement on disability issues. This agreement was renegotiated at the end of 2022 for signing on January 13, 2023 to strengthen our commitment to welcoming and/or supporting employees with disabilities. Within the iliad UES, our Disability Manager takes part in integration meetings and visits the various sites to raise awareness on the subject and to study workstation adaptation needs.

In our contact centers, some of our disabled employees' workstations have been replicated at home, to facilitate work-from-home arrangements (ergonomic seats, sit-stand platforms, various accessories). Moreover, Centrapel regularly renews its partnership with DEAFI to have a cell entirely composed of deaf and hearing-impaired workers in charge of the treatment of our subscribers with the same type of disability.

At F-Distribution, an in-house ergonomist assists with workstation design at the head office and in our stores. This came after a disability diagnostic-initiative aimed at identifying relevant actions with regard to the obligation to employ disabled workers and the way the company operates, and to suggest ways of implementing them. This diagnosis resulted in a plan of 20 actions ranging from the management of the disability policy to raising employee awareness, recruitment, integration and career management for employees with disabilities.

At Free Pro, a disability charter has been adopted, and awareness-raising sessions are held regularly, including a day of collective action on the theme "Handi'Cap at work, what is it?" On-demand consultations are also available to answer employees' questions and help them put together a file to have their disability officially recognized. These actions have enabled three employees to come forward and have their disability recognized.

One of the key moments for highlighting the subject within the Group comes with the organization of events during the European Disability Employment Week. This year, our disability manager, equipped with the Handicube, came to meet employees from different entities, directly at their workstations. By a roll of the dice, participants were given an accessory reproducing a physical disability. Their challenge was to continue performing their everyday tasks with a splint, cataract glasses or helmets replicating deafness.

Preserving work-life balance and Workplace Wellbeing

We have set up a Workplace Wellbeing group, which meets several times a year to discuss workplace wellbeing initiatives and decide which ones should be implemented within the Group, as well as to ensure that best practices are shared between entities.

This group's work helps achieve our overall aim of continuously improving our work organization methods and encouraging flexible working arrangements. We have made it a policy to let employees organize their working time with, whenever possible, a degree of flexibility and independence.

Since 2021, the Group has signed individual agreements giving employees the chance to work from home one or two days per week depending on the entity. Managers are tasked with organizing this option in their teams and determining the eligible positions, in a spirit of fairness. Individual agreements define the framework, obligations and reversibility conditions of working from home.

In addition, with this same aim of giving employees the best work/life balance, each Group entity has adopted measures concerning the right for workers to "disconnect" – i.e., not to engage in work-related electronic communications – outside working hours. These measures, implemented following talks with employee representatives, take the form of collective agreements that not only set out best practices but also encourage rest and recuperation, vigilance over workloads, and reasonable and proper use of communication tools (professional messaging and chat systems and/or company telephones).

Examples

Activities are organized within the Group during Workplace Wellbeing Week.

At Free Mobile, awareness of a good work-life balance is provided to radio supervision teams, subject to specific schedules and an on-call system. A single document and a dedicated action plan are currently being drawn up. They are expected to be adopted in 2023.

At F-Distribution, regular communication is provided on health, and employees can contact the Workplace Wellbeing team via a hotline. In addition, the HR teams speak at each meeting of regional managers on a topic related to workplace wellbeing.

Scaleway organizes regular "wellness weeks". The program includes webinars on subjects such as managing emotions, mental health, meditation and nutrition. Yoga classes and massages are also available to employees on request.

PLAY, our Polish entity, recently adopted the Mindgram tool, offering employees personal development content, but also psychological support as needed. In the first month, 17% of employees signed up for this content.

In our 2022 survey, 84% of our employees said that their work allows them to strike a balance between their personal and professional lives (80% in 2021).

Strengthening cooperation and the direct link between teams

The new forms of work associated with the Group's growth require us to find ways to maintain our uniqueness, to promote cooperation within and between teams, and to preserve special moments bringing people physically together.

Tools, communication media and projects for collaboration

A study was conducted in 2022 to harmonize communication tools – messaging, chat, workspace, document sharing and videoconferencing – within the Group. The aim is to roll out an effective package of shared work material and communication tools in France in 2023. This work is also a response to an area of improvement identified following the analysis of our 2022 employee satisfaction survey on work tools, where our employees estimated the effectiveness of our working methods at 64% (72% in 2021).

Examples

At the European level, a "Fra-Pol-Ita" working group has been launched to promote the sharing of good practices between the Group's three main European countries, France, Poland and Italy. Working groups have been launched on each of the Group's key themes and services. The first feedback was provided in mid-January 2023.

At Scaleway, the Worktango project combines within a single tool all the functionalities that allow us to survey the state of mind of our teams and their level of engagement and satisfaction, and also to allow employees to acknowledge the work of their peers, in line with Scaleway's values.

In addition to an annual employee satisfaction survey conducted by the Group, a monthly “Pixo” survey is conducted within the MCRA UES. The participation rate averages 75%, and employees are questioned on a variety of topics related to engagement and workplace wellbeing. The aim is to identify action plans to be implemented to achieve progress on these themes throughout the year.

Also in our Polish entities, a “Pulse Survey” is used to measure the mood of the teams through frequent quick surveys, allowing managers to collect feedback from their teams.

Transparent and direct communication

Since 2018, we have regularly relayed information about the Group – in text, image and video format – in our in-house newsletter, Scroll. The aim of this newsletter is to share information with all employees in France about the Group’s news or specific activities or people.

We also regularly provide information via email and webinars about the Group’s results, key news or specific actions and events, as well as holding transparent discussions with employees through video question and answer sessions. This type of communication is a regular feature both in France and in our Italian and Polish subsidiaries.

A new intranet known as “daili” has been rolled out to centralize Group news in one place, provide a common directory and distribute information to employees in a targeted manner via pages dedicated to the “entities”.

At Free Distribution, the monthly newspaper, OneTeam Mag, is regularly enriched with short video formats putting the spotlight on different teams. OneTeam Mag also provides news from the entity, sales results and articles recounting slices of life and collective events. In line with our goal of direct communication, Xavier Niel regularly answers questions from Free Distribution employees through webinars where the floor is open to everyone.

For contact centers, all employees receive the monthly Free For You newsletter containing all the most important news.

Collective events

The health crisis highlighted the importance of face-to-face meetings and the need to maintain these essential moments of exchange. The various events that had to be put on hold or temporarily switched to remote arrangements all resumed in face-to-face format in 2022 – to the great satisfaction of our employees.

Examples

At F-Distribution, the two highlights of the year are “Top Ones Day” and the “Manager Day” seminar. The Top Ones 2022 day was an opportunity to celebrate the 31 sales consultants who stood out by virtue of their exemplary sales performance and quality of service in Free stores. On June 8 and 9, all Free Distribution managers and support functions came together for Manager Day, two days of reunions and encounters on the “Feel Free” theme.

At Free Mobile, eight seminars were held in 2022 (six in the regions and two in Greater Paris). They allowed employees from the same region to meet with the main managers from head office in order to discuss business figures, review objectives, and raise awareness about HR topics (disability, co-opting, etc.). The event was topped off by a moment of relaxation over a good dinner in a nice venue.

Employees of Freebox, Trax, and iliad’s head office entities enjoyed a family event this summer, with the Free Kids Summer Party. The event featured creative workshops and outdoor games to the delight of parents and kids alike.

Participation in sports challenges within the Group and between entities is a way for our employees to share a common passion or simply to get involved in a day for solidarity. Events included the Maif Ekide relay race, the Adidas 10 km race and soccer with Sport dans la Ville.

4.3.3.3 Results and indicators

Absenteeism in 2022

Data on absenteeism has been broken down into two sections for 2022: “including accidents” and “excluding accidents”. The absenteeism rate is based on unplanned leaves of absence, which cannot be foreseen or planned by the Group.

Group data (including Poland since 2021)	2022	2021	2020	2019	2018
Total Group absenteeism rate, excluding accidents	4.49%	5.91%	5.10%	4.97%	5.28%
Total Group absenteeism rate, including accidents	4.80%	6.72%	5.72%	5.61%	6.04%

Workplace injuries in 2022

A total of 225 lost-time occupational accidents were identified across the Group in 2022, compared with 316 in 2021 and 268 in 2020. The 2022 figure represented 1.3% of the consolidated workforce. The accidents mainly occurred in France, where 60% of the workforce is based. The accident rate was down in some subsidiaries (Centrapel, Free Mobile, Free Réseau and iliad SA), but up slightly at Protelco, Certicall, Scaleway and iliad Italia. Overall, the figure edged up in France, but was down for the Group as a whole. In the Free Centers, 33% of accidents are related to altercations with visitors/subscribers. This was 12 points lower than in 2021. A specific procedure for preventing and managing these incidents has been put in place, and each incident is individually monitored by the Quality of Worklife Officer.

The Group carefully monitors the frequency and severity rates of occupational accidents in all of its units. In 2022, rates were as follows:

	Frequency rate – Group	Frequency rate – France	Severity rate – France
2022	5.90	12.95	0.85
2021	12.14	19.38	1.00
2020	13.93	18.24	1.04
2019	17.15	18.24	0.96
2018	31.40	41.03	1.31

In order to reduce the number of accidents in the coming years and to train our new employees, 103,611 hours of safety training were provided within the Group in 2022 (including 87,325 in France).

In line with its corporate culture, and to maintain the technical skills of its staff, iliad has always favored in-house expertise. As a result, it decided to employ its own roaming technicians and FTTH rollout/connection personnel, who are grouped within Protelco, Free Infrastructure and Free Réseau. These three entities therefore make up a large proportion of iliad's overall headcount. The specific nature of these employees' work leads to a high number of non-severe accidents, which are nevertheless carefully monitored and for which the Group provides support.

4.3.4 Quality social dialog and preservation of the Group's DNA

4.3.4.1 Policies and objectives

The iliad Group strives to "do the right thing" for future generations. This is reflected in the shift in our activities to low-carbon models, our investments and actions for environmental and social causes through the Free Foundation, and the various initiatives we take as a company. And while the iliad Group is committed in the singular, our employees are also committed in the plural. This commitment to corporate citizenship is essential to the Group's brand image, for both its commercial competitiveness and its attractiveness as an employer. To maintain this regular dialog with its employees and obtain usable quantitative feedback, the Group aims to achieve a response rate of at least 50% for its annual employee satisfaction survey.

4.3.4.2 Actions implemented

Commitment to the environment

The climate crisis going back several years is intrinsically linked with complex economic and social challenges. iliad Group employees all nevertheless share the firm belief that change can begin at the individual level. From the sum of these individual convictions, collective actions for the preservation of the planet and the protection of biodiversity are born daily.

Examples

Throughout the Group, European Sustainable Development Week from September 18 to October 8, 2022 was a chance to put a focus on environmental and biodiversity issues. An internal talk was held on October 6 to review progress on our climate commitments.

Climate Fresco collaborative workshops were also held in Paris and regional cities to help provide employees with a better understanding of the challenges of global warming.

The workshops are in small groups of five to fourteen people. Supervised by an expert facilitator, they give rise to the creation of an educational mural setting out the various factors and interactions at play. The workshops leave participants well-armed to find practical initiatives.

The energy efficiency plan implemented by the iliad Group in 2022 is ambitious and requires full commitment from our employees. Some measures, like the optimization of the tools used to control our air treatment facilities or the installation of new energy management systems to better control consumption on our sites, require our employees to be fully on board, especially in stores. Free Distribution helped win employees over to the cause with dedicated coaches and training for electrical modifications and on air conditioning. Another measure was the provision of down jackets to Free Center advisors to make up for the reduction in temperatures in stores.

An energy saving awareness plan has also been rolled out for all of employees. It features on-site displays at the Group's Paris headquarters and "GreenTips" newsletters in Italy.

Lastly, the iliad Group is committed to the switch to soft mobility. Free Proxi responds to this challenge by making its regional footprint central to its organization. Our goal is to reduce distances so as to offer our employees alternative means of transportation to cars – whether to get to their workplace or to our subscribers' homes – and as such to avoid their related emissions. We therefore encourage our teams in cities to use public transportation.

To further reduce our emissions within the Free Proxi scope, we have begun equipping our teams with electric vehicles and electric bicycles for work in our subscribers' homes. The project is ongoing, and our goal is for all local teams to be equipped as quickly as possible.

Equaline employees have access to a repairperson who comes to the call center twice a year to diagnose and repair bicycles for all employees. Recharging points are also available for electric scooters.

Commitments for people

By eschewing the dogma of diplomas, by creating local employment, by committing to recruiting and training marginalized people, by helping to ease cost-of-living constraints for French people, we have made corporate citizenship a common thread of our work. This is naturally reflected in the recurring initiatives in which our employees take part to support general interest causes.

Examples

International Women's Day falls every year on March 8. To mark it, the iliad Group hosted an inspiring talk by Clarisse Agbégnénou, double Olympic judo champion, who shared her vision of gender equality through her experience not only as an athlete, but also as a committed woman. Accompanied by five women ambassadors from our subsidiaries, she answered questions from employees and talked with them.

As it does every year during the European Disabled Employment Week, from November 14 to 18, the Group took part in the DuoDay event. This nationwide event allows a jobseeker with a disability to spend a day working as part of a duo with a volunteer employee. Several duos were formed within the Group, some lasting more than a day.

The following initiatives were particularly popular among our contact center employees:

- for Sidaction, an Aids fundraising campaign, Centrapel provided equipment and premises to collect pledges;
- charity drives are also part of daily life for Equaline, with work alongside local non-profits such as Cravate Solidaire, the SPA and Emmaüs.

With non-profit Les Entreprises de la Cité, Equaline allowed a class of students from a middle school near Bordeaux to participate in a work experience course.

Its receipt of the Empl'itude label demonstrates Free Pro's commitment to employment in the Marseille Provence area. This regional label recognizes the actions and good practices of organizations in the areas of employment, human resources and corporate citizenship.

In addition, the Free Foundation this year chose to lend its support to non-profits working to strengthen social and cultural ties in underprivileged urban areas. We rewarded initiatives calling on digital tools to create places for exchanges between the residents of underprivileged areas around cultural and artistic projects, such as the making of films or the creation of local media.

Guaranteeing respect for human rights

The Group upholds the principles of the Fundamental Conventions of the International Labour Organization (ILO) and the human rights principles set out in the United Nations' Universal Declaration of Human Rights.

Consequently, it has undertaken to (i) respect the right to freedom of association and protect the right of collective bargaining (the Freedom of Association and Protection of the Right to Organise Convention (no. 87) dated July 9, 1948, and the Right to Organise and Collective Bargaining Convention (no. 98) dated June 8, 1949); and (ii) combat all forms of forced labor and child labor (the Abolition of Forced Labour Convention (no. 105) dated June 25, 1957, and the Worst Forms of Child Labour Convention (no. 182), dated June 17, 1999).

These commitments are implemented in compliance with local regulations in the different countries where iliad operates.

We are also vigilant about respecting the principles of equality, diversity and non-discrimination, both within our Group and in our wider stakeholder ecosystem.

The Code of Ethics distributed to all employees and available on the Group intranet lists our commitments to human rights.

4.3.4.3 Results and indicators

The participation rate in the 2022 employee satisfaction survey was 59% (11,400 employees surveyed on the "France activity" scope covering employees in France and Morocco).

Employee dialog indicators	2022	2021	2020
Response rate to the annual employee satisfaction survey (France)	59%	57%	68%
Overall satisfaction rate in the annual employee satisfaction survey (France)	83%	74%	70%

4.4 CONTRIBUTING TO A USEFUL, RESPONSIBLE AND TRUSTED DIGITAL WORLD

With more than 16,000 employees serving nearly 46 million subscribers in Europe, the iliad Group has a major responsibility towards society.

As a leading economic player, the Group must first and foremost guarantee exemplary business conduct. Whether in terms of business law, citizens' rights or relationships with our suppliers, we are committed to a process of continuous improvement in our compliance standards.

As an actor in the digital revolution, iliad has always been committed to defending consumer rights, whether that means allowing them to pay a fair price for telecom service or having their personal data protected. From the outset, this approach has been embodied in militant corporate citizenship backed up since 2006 by the Free Foundation.

4.4.1 Responsible purchasing and duty of care

4.4.1.1 Policies and objectives

While we take great care to provide our subscribers with high-quality products and services, we also take into careful consideration the CSR performance of our partners and all the links in our supply chain. We have therefore put in place a responsible purchasing policy to help us meet our CSR aims while at the same time ensuring full regulatory compliance.

Sustainable development is an essential component of our purchasing policy and we give it as much importance as we do to price and quality. In practice, this means fully integrating CSR into the purchasing process. In 2022, the Group published a Partner Relations Charter setting out the principles and commitments it imposes on itself, and to which its suppliers must also adhere. The objectives are to:

- strengthen CSR practices in dealings with our partners;
- improve the Group's social and environmental performance by selecting virtuous and committed partners;
- contribute to risk management by assessing the external effects of the products or services offered.

4.4.1.2 Actions implemented

Guaranteeing a responsible purchasing policy

The iliad Groups is a signatory of the United Nations Global Compact with the objective to develop partnerships that contribute to the UN Sustainable Development Goals (UN SDGs) - SDG 17. In addition, we constantly strive to protect the health and safety of our customers. Lastly, we are gradually shifting our vehicle fleet toward electric vehicles.

Certifying our suppliers and service providers (EcoVadis ISO 26000 standard)

Sharing common values is essential to building and maintaining lasting partnerships and business relations. This is why our policy is to involve stakeholders in a continuous assessment and improvement approach that aims to deliver outstanding performance in key issues, including business ethics, environmental protection and respect for labor and human rights.

We assess the CSR performance of a group of strategic suppliers that work in the most sensitive fields, selected based on our risk map. The selection covers the Group's various purchasing units and concerns activities such as supply chain management, network rollouts and device procurement.

In 2018, the Group selected an initial group of strategic suppliers. It also laid down assessment criteria and created a dedicated platform. The assessments are conducted by a specialized firm, EcoVadis, whose review methodology is based on ISO 26000. Suppliers are selected for review based on an ethical and non-compliance risk map, combining criteria such as the supplier's industry, regional location and business volumes, as well as indices defined by leading NGOs (e.g., Transparency International's Corruption Perceptions Index). In 2020, we developed a proprietary supplier management system designed to facilitate our relationship with these stakeholders and to track their CSR performance, in particular.

4.4.1.3 Results and indicators

At the end of 2022, 382 suppliers in France and Italy had been assessed by EcoVadis, our service provider. The Group plans to extend this analysis to Poland from 2023.

	2022	2021	2020
% of new suppliers and providers undertaking to respect our ethical principles	100%	100%	ND
% of expenditure in France and Italy assessed by EcoVadis	40%	50%	ND
% of assessed suppliers to have implemented an anti-corruption policy	77% (new indicator)	ND	ND

4.4.2 Ethics in business and commercial practices

4.4.2.1 Policies and objectives

The business environment is constantly changing, and becoming increasingly demanding in terms of ethics and compliance. In that spirit, ethical conduct and compliance are absolute prerequisites at iliad, throughout our organization and at all levels.

Our ethical principles inform all of the Group's activities, including relationships with external partners and stakeholders (subscribers, service providers, employees, etc.), which are themselves becoming increasingly focused on these issues.

We have adopted a strict ethics and compliance policy, not only to meet the requirements of increasingly stringent regulations, but also to prevent any non-compliance and reputational risk, especially in terms of corruption. To that end, our main goal is to maintain a rate of 100% of employment contracts signed with the Code of Ethics.

Code of Ethics

The Group's Code of Ethics, whose latest version was published in 2021, sets out the Group's values and business ethics principles. The Ethics & Compliance department has also issued a new Anti-Corruption Code of Conduct. Designed for the Group's employees, this Code provides a clear framework for them to make the right choices and take the right steps when faced with risks of corruption. It includes a number of illustrative examples of situations that employees could encounter in their job and how they should behave in those situations. It is a succinct, go-to-guide that can also be given to any business partner. These documents are adapted to local regulations for the Group's international subsidiaries.

An Ethics & Compliance section is available in French and English on the Group's corporate website and its intranet portal. It gives all employees access to ethics policies and procedures at all times.

Gifts and invitations

Although giving and accepting gifts, invitations and signs of hospitality may be commonplace in the world of business, the practice may carry risks that all of our staff members know how to identify and avoid. In order to prevent these risks and ensure that everyone makes the right choices, the Group has set up a system for disclosing and monitoring gifts and invitations, and communicates widely about the best practices to adopt. In 2021, the Group published a Gifts and Invitations brochure and updated the related electronic disclosure system. After being compiled and analyzed, the gift and invitation disclosures are used in the annual review of iliad's risk map to update operational factors.

Whistle-blowing system

This system is a procedure put in place by the Group to enable its employees, as well as external and occasional partners, to bring to the attention of the Compliance department any behavior or situation that may be contrary to the iliad Code of Ethics (relating to topics such as respecting human rights and fundamental freedoms, combating corruption and influence peddling, or financial, accounting or tax irregularities). Such disclosures allow the Group to put a stop to any inappropriate behavior and impose sanctions where necessary. Its scope of application is described in the whistle-blowing procedure available at **https://alerteethique.iliad.fr**./

In 2022, the iliad Group updated its ethics whistle-blowing system and website in accordance with the Waserman law and its implementing decree, thereby improving the protection of whistle-blowers. A whistle-blowing system has also been set up in the Group's international subsidiaries, in accordance with local regulations.

4.4.2.2 Actions implemented

Governing and managing ethical risks

With a view to making the Group and its subsidiaries standard-setters in ethics and compliance, iliad's management plays a driving role in defining and implementing a zero-tolerance ethics and compliance policy, based on the "tone at the top" principle in France, Italy and Poland.

The commitment of iliad's management team is further demonstrated by:

1) the active promotion of business ethics principles;
2) the creation of a function dedicated to compliance issues. In 2018, the General Counsel's department set up an ethics and compliance program and appointed a Chief Ethics & Compliance Officer in charge of developing and implementing the program and monitoring the effectiveness of the measures taken. In 2022, a position of Compliance Director was created, reporting both to the Finance Department and the Group's General Counsel. Since the creation of this function, the number of people dedicated to compliance tasks has increased. This trend is backed up by the implementation of compliance programs dedicated to certain activities (network rollout) and certain Group entities (notably Stancer, a banking institution whose activity is regulated by the ACPR);
3) the participation of some of its members in the ethics committee, an Executive Management committee tasked with defining the main tenets of the Group's ethics policy and reviewing its compliance program.

Code of Ethics

All iliad Group employees are kept regularly informed of the content of ethics documentation through internal communications. This documentation is also given to them in person when they take up their position and is available at all times on the corporate website and on the Group's intranet. All new employment contracts refer to the Code of Ethics, which is appended to the Company's Internal Rules. Ethics news is also published on the Group's corporate website. The Code of Ethics and the Anti-Corruption Code of Conduct are both freely accessible there.

Training our teams

An awareness-raising and training plan has been developed on preventing ethics and compliance risks. Its main objective is to spread a culture of compliance within the Group and to reiterate the principles enshrined in the Code of Ethics.

To best cover the diversity of profiles exposed to these risks within the Group, the plan provides for several training modules in face-to-face, videoconference and e-learning formats.

The scenarios proposed are adapted to the various participants' activities. They are based on situations reflecting the Group's risk mapping and operational challenges.

This training is available in France, Italy and Poland so as to cover all country-based regulatory specificities. As well as being annually updated, the modules are revised whenever there is a substantial change in Group policy or the legal and regulatory context.

Controlling ethics risks

The risks and uncertainties of which the Group is currently aware and which it considers to be material are described in Chapter 4, Section 4.1.5.3 of this Universal Registration Document – Risk factors.

The Group's corruption risk mapping process consists of identifying, assessing, prioritizing and managing the corruption risks inherent in its activities.

It involves analyzing business processes at all levels of the Group, within each subsidiary and activity. This means that corruption risks are identified and assessed in consultation with representatives of the activities concerned.

This map is a guide for the Group's Executive Management when drawing up the compliance program. It also helps to guarantee that the Compliance Program is suited, proportionate and effective.

Taking the form of structured documentation, the corruption risk map provides an overview of internal and external corruption risks for everyone involved in implementing the related corrective measures, including members of the Ethics Committee and the CEOs of the Group's subsidiaries. Actions tailored to the desired outcomes are being deployed with the goal of preventing, mitigating and eliminating any risk of non-compliance.

Whistle-blowing system

For employees, the whistle-blowing system represents an alternative to the traditional route of informing line management. It is not compulsory but employees are recommended to use it so that they can be covered by the legal protection provisions applicable to whistle-blowers. The way the system works and how whistle-blowing alerts are handled are described in a plain-language video on the home page of the dedicated whistle-blowing site.

Statistical monitoring is also carried out on the processing of whistle-blowing alerts as part of a continuous improvement process and in the interests of transparency.

4.4.2.3 Results and indicators

In 2022, more than 570 employees took the Anticorruption – Sapin II training in France, 976 in Poland and 720 in Italy.

	2022	2021	2020	2019
Employment contracts signed with Code of Ethics (appended to the internal regulations)	100%	100%	100%	100%

4.4.3 Contribution to responsible and secure digital technology

Digital technology is playing an increasingly important role in all aspects of our everyday lives, impacting our lifestyles on so many levels – at home, in our families, at school, at work, in our wellbeing and in our entertainment choices. It is also transforming an ever-growing array of industries, from automobiles and energy to home automation, healthcare, financial services and retailing.

The business model of major Internet companies is based on monetizing data that they collect and cross-reference using innovative solutions leveraging Big Data and, increasingly, artificial intelligence. Against this backdrop, users, i.e., citizens, have very high expectations in terms of the quality and reliability of telecom networks and the protection of their personal data, which means they need to have a relationship of trust with their operator.

4.4.3.1 Cybersecurity, the fight against external attacks and network resilience

4.4.3.1.1 Policies and objectives

Faced with the mounting number of cyberattacks, the Group has intensified its focus on the protection of its information systems. The Group attaches the utmost importance to the security and confidentiality of its subscribers' and employees' personal data. This major concern has resulted in defining choices for:

- fixed and mobile telephony and Internet access activities;
- subscriber management platforms;
- human resources tools.

The Group's cybersecurity policy is based above all on the choice of trusted technical partners, in-house oversight of critical equipment and the encryption of the various accesses (wireless encryption, remote VPN access). The Group has also implemented an information systems security policy (ISSP), which is regularly updated. The Group aims to train at least 15% of the workforce of its French subsidiaries on cybersecurity each year.

4.4.3.1.2 Actions implemented

Our exacting standards are clearly illustrated in the fact that:

- the Group's strategic equipment manufacturers are all based in Europe or form part of the Group (Freebox);
- wireless connections are always encrypted using the latest algorithms;
- oversight and operation of equipment is carried out in-house with secure, authentication-based access control;
- subscriber relations platforms are managed internally at Group level by dedicated structures to ensure that personal data is not relayed to external parties;
- the Group prefers to develop its information systems in-house;
- access to databases containing subscribers' personal information systematically requires authentication, with hierarchical access levels;
- all actions on information systems and equipment are traced;
- the policy for creating and storing passwords for accessing subscriber areas is regularly updated in line with security requirements;
- website encryption protocols adhere to the best recommendations.

To make sure that its employees fully understand these issues, the Group has set up a specific training plan and provides them with appropriate support systems.

4.4.3.1.3 Results and indicators

In 2022, 1,700 employees in France completed e-learning on cybersecurity. Since 2020, over 8,000 employees of French subsidiaries have received training on these issues.

	2022	2021	2020
Number of employees of French subsidiaries receiving cybersecurity training	1,700	4,809	1,808
% of the average workforce of French subsidiaries over the year	17%	51%	20%

4.4.3.2 Privacy, confidentiality and freedom of expression and contribution to digital responsibility

4.4.3.2.1 Policies and objectives

Protecting personal data is a priority for iliad. Personal data management is an intrinsic part of the Group's activities, which are governed by European regulations and the national laws of the countries where the Group operates. The collection of personal data, their use and their storage imply compliance with the applicable regulations, including European regulation 2016/679 of April 27, 2016 on the protection of personal data, which came into force on May 25, 2018 (the "GDPR"). Certain breaches of the law can result in administrative fines of up to €20 million or 4% of annual worldwide revenues, whichever is higher.

The security of personal data is another important issue. Personal data, especially those of customers, are exposed to the risk of loss of confidentiality, unauthorized modification or involuntary deletion, particularly in the event of a cyberattack.

The content hosting activity also entails compliance with applicable regulations regarding the removal of illegal content. On the subject of content, another of our priorities is to guarantee the protection of vulnerable populations. Free has designed and put in place a number of different solutions aimed at protecting vulnerable populations from inappropriate content.

Lastly, the laws applicable in the countries where the Group operates may impose the obligation to comply with injunctions and/or requisitions from local authorities. iliad must ensure compliance with the requisite legal and regulatory formalities in order to preserve the rights and freedoms of individuals, in particular the freedom of expression.

iliad strives constantly to improve its compliance in all areas so as to make the protection of personal data a major asset in its market. The Group has set itself the objective of training at least 20% of the average workforce of its French subsidiaries on the subject of personal data protection each year.

4.4.3.2.2 Actions implemented

In 2022, iliad continued its work to ensure compliance with personal data protection regulations. Our exacting standards are clearly illustrated in the fact that:

- we have created a team to back up the DPO;
- a GDPR Committee has been established for the French subsidiaries in order to spread best practices and report questions;
- an international working group is working to harmonize our best practices at Group level;
- online personal data training is mandatory;
- the tool for managing the processing register has been modernized;
- the procedure for managing requests for removal of any illegal content hosted has been improved;
- a parental PIN for protecting vulnerable populations is in place;
- processes related to information systems have been improved;
- the DPO team provides ongoing support for all Group projects involving personal data.

In the field of protection of vulnerable populations, Free has added a parental PIN system to its television interface for their protection. The PIN is set in the subscriber's online personal space, which only the adult holder of the subscription can access using his or her user name and password. Concerning Internet access, the FreeboxOS (for computers) and the Freebox Compagnon application (for mobile phones) contain a parental control service that can be set up and configured remotely and in real time. Additionally, Freebox subscribers can use a WiFi planning function to enable or disable their WiFi service at specified times.

4.4.3.2.3 Results and indicators

In 2022, 1,950 employees in France completed e-learning training on personal data protection. Since 2020, over 10,000 employees of French subsidiaries have received training on these issues.

	2022	2021	2020
Number of employees of French subsidiaries receiving cybersecurity training	1,950	3,163	5,155
% of the average annual workforce of French subsidiaries receiving training on personal data protection	20%	34%	58%
% of countries where the iliad Group operates with a DPO	100%	100%	100%
% of Freebox subscribers to have activated the parental control system	6%	6%	6%

4.4.3.3 Network quality, regional coverage and service proximity

4.4.3.3.1 Policies and objectives

The iliad Group grew out of the conviction that digital technology is a formidable vector of personal and professional opportunities and must be accessible to as many people as possible.

This belief has taken shape on three strategic pillars:

- designing simple products and providing affordable offers for everyone;
- giving everyone, wherever they live, equal access to digital technologies and products through a policy of sustained investment in the rollout of equipment and infrastructure throughout the country;
- building an open and committed company that supports digital inclusion and training for its employees and society as a whole. This strategic pillar is set out in section 4.4.3.4 (Innovation accessible to as many people as possible).

4.4.3.3.2 Actions implemented

Unbundling as a matter of course in our committed policy

Very quickly, iliad came to see local loop unbundling in France as a tremendous source of growth and a tool for increasing access to the Internet. Since 2003, Free's fixed-line Internet offer in France has been simple and affordable: the operator has never imposed a minimum commitment on its subscribers (September 2002), it was the first to offer unlimited voice calls both to fixed lines in France (July 2003 for unbundled subscribers, then March 2004 including non-unbundled subscribers) and to mobiles (December 2010), and offers the same price to its subscribers, whether or not they are in unbundled areas (Free's costs being significantly higher outside unbundled areas), while constantly enriching its offer without raising the price (€29.99 since 2002 with greater speed, more free TV channels, more telephony and more value-added services). **This strategy of not distinguishing between its subscribers depending on where they live has required considerable investment, which has had an impact on the Group's margins over time given the inherent imbalance in profitability of selling its offers at a fixed price regardless of where subscribers are located.**

The rollout of fiber (FTTH) is replicating the philosophy underpinning our copper strategy

In 2006, the Group embarked on a long and costly phase of investment in optical fiber to the home (FTTH) in France. Free's fiber rollout and its pricing strategy demonstrate the operator's determination to offer equal access to digital technologies throughout France. While most of our competitors charge subscribers a higher price for an FTTH connection or for Orange's copper pair, Free opted from the very outset to offer the same price regardless of the technology chosen by the subscriber. To provide its fiber offers to as many customers as possible, and in accordance with the regulatory framework set out by ARCEP, Free began investing in FTTH in high-density areas on its horizontal network in 2006, and has almost systematically co-financed investments in the vertical network. Investissement dans la fibre des territoires (IFT), a joint venture set up in 2020 with InfraVia, was created to pursue its strategy of providing equal access across the country, outside very densely populated areas.

The launch of Free Mobile, a lesson in reducing the cost of living

As soon as it obtained a 3G telephony license in 2010, Free Mobile turned the market codes upside down by launching unbeatably priced offers in January 2012. We estimated at the time that the €2 package offering 60 minutes of calls and 60 texts per month was priced at less than a quarter of the cheapest rival offer on the market. And while the price is still the same, the service has been enriched: it now includes 120 minutes of calls per month, unlimited SMS/MMS and 50 MB of 4G/4G+ mobile Internet. The €19.99 per month offer launched with unlimited calls, SMS, MMS and Internet was considered 60% cheaper than the cheapest rival offer on the market. The price has not changed here either, but the offer has again been enriched to include 5G (unlike some of our competitors, which impose a premium for new technologies, as they have for fiber). In Italy, the Group has adopted the same approach. After obtaining the remedies linked to the merger between Wind and Tre, iliad launched iliad Italia and unveiled transparent, simple offers accessible to everyone.

Free Proxi and our networks, the perfect combination for a local service

Free Proxi is the new local assistance service created by Free for its subscribers, delivered by small, locally based teams of 8 to 10 Free advisors, who are readily available online to answer any questions about Freebox and Free Mobile plans. Thanks to their local presence, the Free Proxi teams have detailed knowledge of their region's fixed and mobile network infrastructure. They can easily troubleshoot possible incidents, and even go directly to the subscriber's home to restore service or replace a device. In this way, subscriber issues can be handled from start to finish by the same team, and sometimes by the same advisor. Free Proxi is included in all the Free plans. As soon as they are eligible, subscribers contacting support are put in touch directly with their Free Proxi team. They can directly access their advisors in their subscriber area via the mobile app or online, or else by phone at 3244. Available seven days a week from 8am to 9pm, Free Proxi teams are committed to offering subscribers a solution within 15 minutes. Launched in late 2019, Free Proxi is already staffed with 67 local teams based throughout France, covering 25% of its 21 million fixed-line and mobile subscribers. The goal is to have 150 local teams in place by the end of 2023, covering 50% of the subscriber base.

4.4.3.3.3 Results and indicators

The iliad Group has long considered the rollout of its own infrastructure as a virtue. It is synonymous with independence, differentiation and innovation. It is a guarantee of network quality and reflects our determination to cover the entire country. In 2022, iliad invested €2.1 billion Group-wide.

	2022	2021	2020
% coverage of the population with 5G in France	88%	79%	-
% coverage of the population with 4G in France	> 99%	99%	98%
Number of households covered by Free Fiber in France	31.3 million	25.5 million	19.9 million
% of total premises in France that can be connected to Free Fiber	92%	85%	89%
Number of active new 4G mobile sites rolled out in France	2,206	2,603	3,890
Number of active new 4G mobile sites rolled out in Italy (before impact of network sharing with Wind Tre)	1,593	2,612	4,053
% of French revenues devoted to investments	26.6%	32.2%	26.2%
% of Italian revenues devoted to investments	42.7%	51.4%	76.0%
% of Polish revenues devoted to investments	14.0%	12.4%	17.0%

Launched in late 2019, Free Proxi is already staffed with 67 local teams based throughout France, covering 25% of its 21 million fixed-line and mobile subscribers. The goal is to have 150 local teams in place by the end of 2023, covering 50% of the subscriber base.

4.4.3.4 Innovation accessible to as many people as possible

4.4.3.4.1 Policies and objectives

Founded in 2006, the Free Foundation has been combating the digital divide for 16 years, providing a powerful illustration of the Group's commitment to its people and society as a whole. Acting in complete independence, the Foundation works to promote digital inclusion projects throughout the country, a more responsible digital environment and open-source software. It now wields internal and external influence benefiting a very great number of people. The Foundation's goal is to provide support to at least 10 projects each year.

4.4.3.4.2 Actions implemented

Financial support for non-profits specializing in digital technology through calls for projects and partnerships

Since its creation, the Foundation has provided support for more than 370 projects. To respond to emerging issues in the fight against the digital divide or the promotion of a more responsible digital environment, the Foundation provides financial support to non-profits selected on the basis of calls for projects issued regularly. Each call focuses on a social issue for which digital tools offer leverage.

Once a call for proposals closes, the Foundation's team reviews each project before pre-selecting the best applications. The projects are then pitched before a selection committee of iliad Group employees, which meets to make the final decision.

The Foundation also forges lasting partnerships with non-profits working on digital inclusion programs for young people. The Innov'Avenir program is a prime example. Supported by Les Entreprises pour la Cité, this nationwide digital inclusion program seeks to combat the new forms of inequality that have emerged in the wake of the digital revolution. The project works primarily with young people in underprivileged urban areas. Inspired by the notion of equal opportunity, it aims to give each young person the means to their find place in society and in the professional environment.

Support for the open-source world

Since its inception, and in keeping with iliad's DNA, the Foundation has also supported the open-source software community. It provides servers for 14 open-source non-profits such as "My Human Kit", which invents, makes and shares technical assistance solutions for, and with, people with disabilities.

Encouraging the reuse and recycling of mobile phones

The Foundation supports the fight against digital pollution and global warming by taking practical measures to extend product lives and to encourage the recycling of mobile phones. Its actions in this area target both Group employees and Free subscribers.

Employee engagement

The Foundation also aims to encourage and support the involvement of iliad Group employees in non-profits or charitable initiatives. Various dedicated programs are now in place.

4.4.3.4.3 Results and indicators

Financial support for non-profits specializing in digital technology through calls for projects and partnerships

The 2022 call for projects, "Connect, cultivate… bring together!", rewarded the initiatives of non-profits calling on digital tools to create places for exchanges between the residents of underprivileged areas around cultural and artistic projects, such as the making of films or the creation of local media.

The field of culture, and more particularly entertainment, was hit hard by the health crisis. While individual practices (video, video games, etc.) enjoyed a real boom, collective projects – those that create social ties, like the performing arts, concerts and audiovisual production – fell by the wayside. That is why the Free Foundation has chosen to lend its support to non-profits working to strengthen social and cultural ties in underprivileged urban areas. The 2022 call for projects rewarded initiatives calling on digital tools to create places for exchanges between the residents of underprivileged areas around cultural and artistic projects, such as the making of films or the creation of local media.

Support for the open-source world

The Foundation provides servers for 14 representatives of the open-source software community.

Encouraging the reuse and recycling of mobile phones

Drop-off boxes have now been put in place in all Free stores, where people can leave their used phones or accessories. Their discarded equipment is then reconditioned or recycled in French channels, in partnership with Les Ateliers du Bocage, members of the Emmaus movement, which employs people marginalized in the job market or people with disabilities. More than 80% of the phones collected have been reconditioned and will be resold to people in need or to non-profits at very affordable prices thanks to the Solidatech program.

Rounding wages

Rounding their pay is a way for employees to donate a few cents to a non-profit. Their company doubles the cents donated, and those wanting to can add between €1 and €10 extra every month. The Foundation has implemented this system in five Group entities with the help of Human Resources departments.

Skills volunteering

The iliad Group and the Free Foundation encourage solidarity among their employees and since 2021 have been running a skills-volunteering platform allowing willing employees to donate their time. The program allows all Group employees to get involved with non-profits throughout France, either online or in person, for anywhere from a few hours to several months.

The Cohesion program

The Cohesion program is an internal call for projects that encourages the goodwill and personal investment of iliad Group employees by providing support for their non-profit projects in the digital field.

Free Foundation projects

The charities and other non-profit organizations we support have very diverse needs and the amounts of funding we provide vary widely. Since its creation in 2006, the Free Foundation has provided support for over 300 projects. In mid-2022, the Free Foundation's organization underwent changes resulting in a reduction in the number of projects that received financial support this year to 11, from 21 in 2021 and 19 in 2020.

4.5 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

(For the year ended December 31, 2022)

To the Shareholders,

In our capacity as Statutory Auditor of iliad SA (hereinafter the "entity"), appointed as an independent third party ("third party") and certified by COFRAC (Cofrac Inspection Accreditation n°3-1862, whose scope is available at www.cofrac.fr), we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information (observed and extrapolated) in the consolidated non-financial information statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (**hereinafter respectively the "Information" and the "Statement"**), included in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

Conclusion

Based on the procedures performed, as described in the "Nature and scope of our work" section, and the elements that we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Preparation of the non-financial information statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and through time.

Consequently, the Information needs to be read and understood with reference to the Guidelines, which are available upon request from the entity's headquarters.

Inherent limitations in preparing the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Certain Information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

The entity's responsibility

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of those policies, including key performance indicators and the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy); and
- preparing the Statement in accordance with the entity's Guidelines as mentioned above; and
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by the Board of Directors.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the historical information (observed and extrapolated) provided in accordance with 3° of Article R. 225-105 I and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As we have been engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the consistency of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code and with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*, "CNCC") applicable to such engagements, in particular the *Compagnie nationale des commissaires aux comptes* technical opinion, *Auditor engagements – Third Party engagements – non-financial information statement*, and with ISAE 3000 (Revised) – *Assurance engagements other than audits or reviews of historical Financial Information*.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of Statutory Auditors. In addition, we have implemented a system of quality control including documented policies and procedures to ensure compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of five people between October 2022 and March 2023 and took a total of six weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 26 interviews with people responsible for preparing the Statement, including from the CSR, Compliance, Human Resources, Health and Safety, Environmental and Purchasing Departments.

Nature and scope of our work

We planned and performed our work considering the risk of material misstatement of the Information.

We consider that the procedures we performed based on our professional judgment allowed us to express a limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents the information set out in Article R. 225-105 II where relevant to the principal risks and, where necessary, includes an explanation for the absence of the information required under Article L. 225-102-1 III, 2;

- we verified that the Statement presents the business model and the principal risks associated with the entity's activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks and the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in the appendix. For certain social risks (e.g. relaying ethical commitments, ensuring responsible management of the supply chain, guaranteeing data protection, promoting digital access for all), our work was carried out at parent entity level; for other risks, work was carried out at parent entity level and in a selection of entities: Free Mobile, Free Réseaux, Play Group, iliad Italy, Resolution Call, Equaline and Scaleway;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we gained an understanding of the internal control and risk management procedures the entity has put in place and assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in the appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of detail, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out at parent entity level and in a selection of contributing entities: Free Mobile, Free Network, Play Group, iliad Italy, Resolution Call, Equaline, Scaleway, and cover between 68% (for social data), 76% (for environmental data) and 100% (for data prepared directly at the group level) of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities included in the scope of consolidation.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance of the CNCC; a higher level of assurance would have required us to carry out more extensive procedures.

Signed in Neuilly-sur-Seine, March 31, 2023

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Thierry Leroux Partner	Aurélie Castellino-Cornetto Sustainable Development Director

5. 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		
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		
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.

5.1 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 SA 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).

5.1.1 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 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. The Group uses the "Play" brand in Poland for all of its services, the "UPC Polska" brand for certain broadband internet and TV services, and the Virgin Mobile brand for other market segments (Prepaid).

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).

5.1.2 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[1] per month 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 (1.0 euro cent per text message), and have been reduced to 0.40 euro cents since January 1, 2023 (with no change for text messages). They will be reduced to 0.20 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

(1) €9.65 per month in 2021.

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 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 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. 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 0.40 euro cents) on January 1, 2023 and will be further reduced to 0.20 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

(i) 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 0.40 euro cents on January 1, 2023 and will be further reduced to 0.20 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).

(ii) 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.

5.1.3 Capital expenditure and depreciation

France

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.

Partnership with InfraVia

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 mobile 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% 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.

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 very densely and averagely densely populated areas which are home to 73.2% of the population, and (ii) over 6,700 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 Wind Tre. This technical solution for connecting up Wind Tre 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. Agreements have been signed with FiberCop and Fastweb (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 date
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 14.8MHz + 2 x 200kHz	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.

5.2 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%**
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.

5.3 COMPARISON OF RESULTS FOR 2022 AND 2021

Figures in € thousands unless otherwise stated	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%**	**+0.6 pts**
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**	**1,089**	**+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%**

5.3.1 Analysis of consolidated results

(a) Key indicators[(1)]

France *(figures in € thousands unless otherwise stated)*	2022	2021	Year-on-year 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	Year-on-year 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	Year-on-year 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	Year-on-year 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	Year-on-year change
Mobile ARPU billed to subscribers *(in PLN)*	29.2	27.9[(2)]	+4.7%

Group *(figures in thousands)*	2022	2021	Year-on-year 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.

(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[1]). Fourth-quarter growth reached 12.3% (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 the Group's new B2B services, (iii) the expansion of the 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 the three geographies, higher energy costs due to the steep rises in 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.

(1) With UPC Polska and Redge consolidated for a full 12 months in 2021 and 2022, and based on constant exchange rates.

(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 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% 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 the 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 what people are seeking even more, resulting in lower churn and a higher NPS.
  - **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.**
  - The 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% 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:

- 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% 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.

(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 nineteenth 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 2.7 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 31.6% year-on-year decrease), with the €131 million rise in EBITDAaL fully offsetting the €53 million increase in depreciation and amortization expenses.

(iv) 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 Wind Tre. 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%[1] 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.

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%*	*-0.5 pts*	*-1.0 pt*
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.

(iv) 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% 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.

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(1) Proforma including UPC Polska in Q4 2021.

5.3.2 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 the mobile phone offering and the ramp-up of the 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.

5.3.3 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(1).

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.

— 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) *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.*

5.3.3.1 Main movements in borrowings – iliad

(a) Borrowings due within one year

- **€1.4 billion NEU CP program**

  On June 22, 2022, the iliad Group 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, the iliad Group 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

(i) 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 2027**

  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.

- **A €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.

- **A €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.

(ii) 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 2.732% 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 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.

5.3.3.2 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.

5.3.4 Events after the reporting date

To the best of the Group's knowledge, with the exception of the information provided in Chapter 5, Section 5.3.4 of this Universal Registration Document, there have been no significant changes in the Group's financial performance since December 31, 2022.

Finalization of the RAN sharing agreement with W3

On January 3, 2023, iliad Italia and Wind Tre 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 Wind Tre. 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.

6. Consolidated financial statements

DETAILED SUMMARY OF THE NOTES

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**
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 12% in the space of four 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, 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 was 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. Its 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 – 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, EUR 1/MAD 11.14 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 10.70 for Morocco 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 seven 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 19, 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, having planned to sell its 30% residual stake in On Tower Poland in 2023, the Group recorded this 30% stake in the balance sheet within "Assets held for sale".

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. UPC Polska's 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. The transaction is scheduled to close on March 31, 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 € millions

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
• Acquisitions of property, plant and equipment	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/(loss) from ordinary activities	1,028	(169)	497	1,356
Profit/(loss) 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/(loss) 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 and cash equivalents	**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
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		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)**
FINANCIAL INCOME AND EXPENSES	**(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	2022	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	At Dec. 31, 2021	Net debits	Net credits	Impact of changes in scope of consolidation	Other	At Dec. 31, 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 AND CASH EQUIVALENTS

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:

	December 31, 2022			December 31, 2021		
In € millions	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:						
• 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	2022	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:

	December 31, 2022				December 31, 2021			
In € millions	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
TOTAL	**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:

	December 31, 2022			December 31, 2021		
In € millions	Gross	Depreciation Impairment	Net	Gross	Depreciation Impairment	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	2022	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.

Disposals in 2022 include the sale of certain Fiber assets 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	2022	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 provisions for contingencies and charges	(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 (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:

	December 31, 2022		December 31, 2021	
In € millions	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 are due to 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 recognized for this plan amounted to €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 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 for 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 2022	Reversals in 2022 (utilizations)	Reversals in 2022 (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 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 FINANCING 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:

Contract	Issue date	Maturity	Currency	Nominal rate	Dec. 31, 2022 Outstanding amount (€m) *In € millions*
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**

(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 *In € millions*	Dec. 31, 2022 Amount available *In € millions*
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	-	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**

(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	2022	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 Group's 30% residual stake in On Tower Poland was recorded in the balance sheet within "Assets held for sale".

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.

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 are 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.

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. They had 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:

<table>
<tr><th></th><th>Applicable financial ratios</th><th>Consequence of breach</th><th>Actual ratios at December 31, 2022</th></tr>
<tr><td>• €2,000 million RCF (borrower - iliad)</td><td rowspan="10">iliad Group leverage ratio <3.75</td><td rowspan="10">Early repayment</td><td rowspan="10">Leverage ratio: 3.1</td></tr>
<tr><td>• €2,000 million mid-term facility (borrower - iliad)</td></tr>
<tr><td>• €1,000 million term loan (borrower - iliad)</td></tr>
<tr><td>• €900 million term loan (borrower - iliad)</td></tr>
<tr><td>• €200 million EIB loan – 2016 (borrower - iliad)</td></tr>
<tr><td>• €300 million EIB loan – 2018 (borrower - iliad)</td></tr>
<tr><td>• €300 million EIB loan – 2020 (borrower - iliad)</td></tr>
<tr><td>• €300 million EIB loan – 2022 (borrower - iliad)</td></tr>
<tr><td>• €90 million KFW loan – 2017 (borrower - iliad)</td></tr>
<tr><td>• €150 million KFW loan – 2019 (borrower - iliad)</td></tr>
</table>

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:

<table>
<tr><th></th><th>Applicable financial ratios</th><th>Consequence of breach</th><th>Actual ratios at December 31, 2022</th></tr>
<tr><td>• PLN 3,500m term loan
• (borrower: P4)</td><td rowspan="6">iliad Group leverage ratio <3.25</td><td rowspan="6">Early repayment</td><td rowspan="6">Leverage ratio: 2.6</td></tr>
<tr><td>• PLN 2,000m RCF
• (borrower: P4)</td></tr>
<tr><td>• PLN 5,500 million facility (borrower - P4)</td></tr>
<tr><td>• PLN 470 million EIB facility (borrower - P4)</td></tr>
<tr><td>• PLN 500 million BGK facility (borrower - P4)</td></tr>
<tr><td>• PLN 464 million ECA facility (borrower - P4)</td></tr>
</table>

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 rollout 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 rollout 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 Polish telecoms regulator (UKE) 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.

In the last 12 months, there are no other governmental, legal or arbitration proceedings (in progress, pending or threatened) of which iliad is aware that could have, or have recently had, a significant impact on the financial position or profitability of iliad and/or the Group.

Note 36 Events after the reporting date

Finalization 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.

€500 million bond issue 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 – États-Unis	/	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

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
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 (ex-Jaguar Network) 3 rue Paul Brutus, 13015 Marseille, France	439,099,656	Marseille	100.00%	75.54%	Full
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

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
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
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 Émile 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

	Registration number	Head office	Percentage ownership at Dec. 31, 2022	Percentage ownership at Dec. 31, 2021	Consolidation method in 2022
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
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:

	PricewaterhouseCoopers		Deloitte & Associés		Total	
(in € thousands)	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.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2022)

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of iliad for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of revenues from fixed and mobile subscribers

Description of risk

iliad operates in the telecommunications sector, offering various solutions to private individuals in France, Italy and Poland.

The landline business mainly comprises Internet access solutions, with a box provided, via broadband (mostly ADSL) or ultra-fast broadband (optical fiber, FTTH), The mobile business (France and Italy) mostly comprises offerings/packages including telephone and Internet access.

The mobile business mostly comprises offerings/packages including telephone and Internet access. iliad also sells or rents (France only) phone terminals to its customers separately from their subscription package.

For both its landline and mobile businesses, iliad has developed:

- its own operational information systems within its telecommunications network to identify and measure the different types of services provided to subsidiaries (subscriptions, usage, etc.);
- its own systems for billing these different services.

Using data drawn from these different information systems, revenues are recognized based on the specific features of each type of business and service in line with the accounting methods described in Note 1.5 – "Revenues" to the consolidated financial statements.

We deemed the recognition of revenues from the landline and mobile businesses to be a key audit matter insofar as it relies on complex information systems, developed in-house, that handle a large volume of data.

How our audit addressed this risk

We gained an understanding of the processes and internal control systems implemented by iliad to identify and measure services provided to subscribers, as well as for billing and recognizing the related revenues.

With the guidance of our information systems specialists, we assessed the design and robustness of the main IT controls set up within the operational information and billing systems to ensure the completeness and accuracy of the billing and accounting processes relating to the services.

We used sampling techniques to reconcile the revenues recognized by iliad with the data generated by the operational information and billing systems.

We also used sampling techniques to verify that any partially manual accounting entries that impact revenues, in particular with respect to mobile phone rentals, are substantiated in accordance with IFRS 16.

We also assessed the appropriateness of the disclosures provided in Notes 1.5, 4 and 5 to the consolidated financial statements.

Recognition of deferred tax assets for tax loss carryforwards

Description of risk

A total of €277 million, relating to Italy overall, was recognized at December 31, 2022, with respect to deferred tax assets for tax loss carryforwards.

As stated in Note 1.5 – "Deferred taxes" to the consolidated financial statements, deferred tax assets for tax loss carryforwards are recognized to the extent that it is probable that the Group will have sufficient future taxable profit to recover them. The recoverability of the assets is assessed based on the business plan used for impairment testing purposes.

We deemed the recognition of deferred tax assets for tax loss carryforwards to be a key audit matter due to the high level of judgment required to assess the ability of the Group entities, particularly in Italy, to generate the profit forecast in the business plans.

How our audit addressed this risk

We assessed the recoverability of deferred tax assets.

In order to assess the probability of recoverability of deferred tax assets, our work mainly consisted of:

- assessing the reasonableness of the methodology used by iliad to identify the existing tax loss carryforwards to be used;
- assessing the process used to prepare and approve the business plans substantiating the ability of each entity to generate future taxable profit that may be used to absorb previous tax losses;
- comparing actual profit from prior periods with the amounts forecast in the business plans for those years;
- assessing the reasonableness of the assumptions used by iliad in the business plans.

We also assessed the appropriateness of the disclosures provided in Notes 1.5 – "Deferred taxes", 3 and 13 to the consolidated financial statements.

Assessment of risks related to disputes

Description of risk

In the normal course of its business, iliad is involved in a number of labor, regulatory, tax and commercial disputes, which are described in Note 35.5 "Claims and litigation" to the consolidated financial statements.

Provisions for litigation are recorded in Note 29 "Provisions" to the consolidated financial statements when there is an obligation to third parties that is likely to result in a definite or probable outflow of resources and when they can be estimated with sufficient reliability, as specified in Note 1.5 "Provisions" to the consolidated financial statements.

In addition, with regard to VAT disputes, iliad has made payments to the tax authorities and has filed a repayment claim, resulting in the recognition of a receivable of approximately €150 million described in Note 24 "Other assets" to the consolidated financial statements.

We deemed these claims and litigation to be a key audit matter in view of the amounts at stake and the level of judgment required to determine related provisions in a constantly changing regulatory environment.

How our audit addressed this risk

We assessed the bases used to determine the provisions and receivables.

Our work mainly consisted in:

- assessing the consistency of the assumptions used by iliad in estimating the risk, based in particular on interviews with the financial department, examining the related documentation, and, where applicable, carrying out a critical assessment of any consultations provided by external advisors;
- directly obtaining information and opinions on ongoing disputes from iliad's legal counsel;
- involving our specialist experts in order to assess the reasonableness of the amount of receivables or provisions made, if any;
- assessing the appropriateness of the disclosures provided in Notes 1.5 – "Provisions", 24, 29 and 35.5 to the consolidated financial statements.

Determination of the fair value of the main assets recorded in connection with the acquisition of UPC Polska

Description of risk

On April 1, 2022, the iliad Group completed the purchase of 100% of Polish fiber operator UPC Polska from Liberty Global for €1.5 billion.

In addition, on June 19, 2022, the Group signed an agreement with Infravia V Invest to sell a 50% stake in Polski Światłowód Otwarty sp z.o.o (formerly FiberForce sp z.o.o) for approximately €400 million. The transaction is scheduled to close at the end of March 2023, upon the removal of the conditions precedent specified in the agreement.

Lastly, on March 1, 2023, through the spin-off of its subsidiary, UPC Polska sp z.o.o ("UPC"), Play transfered part of UPC's operations to Polski Światłowód Otwarty sp z.o.o, in particular UPC's infrastructure network. These assets were therefore considered as "Assets held for sale" at December 31, 2022.

In 2022, the Group determined the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date in accordance with IFRS 3.

The final purchase price allocation, carried out in the second half of 2022, resulted in particular in the recognition of a subscriber base and the classification as assets held for sale of the assets subject to the transaction with Polski Światłowód Otwarty sp z.o.o.

The allocation of the purchase price is described in Note 2.2.2 to the consolidated financial statements.

We considered that the determination of the fair value of the subscriber base associated with the acquisition of UPC Polska and the goodwill attributed to the assets classified as assets held for sale to be a key audit matter due to the significance of the amounts involved and the estimates made by the Group's management.

How our audit addressed this risk

We reviewed the legal documentation relating to the transactions in question and the scope of the work performed by iliad to measure the fair value of the subscriber base and the goodwill attributed to the assets classified as assets held for sale.

With the assistance of our valuation specialists in the audit team, we:

- reviewed the identification of liabilities, contingent liabilities and intangible assets acquired by corroborating it with (i) the analysis performed by management and (ii) our understanding of the acquired entity's activity;
- reviewed the valuation method used by management to determine the fair value of the subscriber base and the goodwill attributed to the assets classified as assets held for sale;
- analyzed the consistency of the valuation assumptions used, comparing them to source data and industry market data.

We examined the related disclosures in Notes 2.2.2 and 25 to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group provided in the management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of iliad SA by the Annual General Meetings held on October 19, 2000 for PricewaterhouseCoopers Audit and on May 20, 2015 for Deloitte & Associés.

At December 31, 2022, PricewaterhouseCoopers Audit and Deloitte & Associés were in the twenty-third and eighth consecutive year of their engagement, respectively, and the nineteenth and eighth year since the Company's securities were admitted to trading on a regulated market, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, March 31, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Thierry Leroux	Ariane Bucaille

7. iliad S.A. financial statements

Balance sheet – Assets

In € thousands	Gross	Depr., amort. and provisions	Net at Dec. 31, 2022	Net at Dec. 31, 2021
Intangible assets				
Start-up costs	0	0	0	0
Research and development costs	0	0	0	0
Concessions, patents and trademarks	0	0	0	0
Business goodwill	0	0	0	0
Other intangible assets	2,875	2,578	297	617
Property, plant and equipment				
Land	66	0	66	66
Buildings	200	200	(0)	0
Fixtures and fittings	25,720	10,214	15,506	11,507
Technical equipment	648	618	30	92
Computer equipment	2,347	1,575	772	676
Furniture	4,000	2,599	1,402	940
Assets under construction	0	0	0	0
Advances and prepayments	0	0	0	0
Long-term investments				
Investments in subsidiaries and affiliates	2,405,151	117,894	2,287,258	2,373,462
Loans and advances to subsidiaries and affiliates	4,945,775	5,729	4,940,046	8,642,522
Other investment securities	201,852	0	201,852	105,426
Other loans	7,822,997	0	7,822,997	2,035,000
Other long-term investments	4,045	0	4,045	3,810
TOTAL FIXED ASSETS	**15,415,678**	**141,407**	**15,274,271**	**13,174,118**
Inventories	0	0	0	0
Advances and prepayments on orders	0	0	0	0
Trade receivables	89,627	400	89,227	37,451
Receivables from suppliers	55	0	55	147
Employees	935	0	935	849
Recoverable corporate income tax	111,056	0	111,056	257,442
Recoverable sales taxes	3,373	0	3,373	2,652
Other receivables	37,241	0	37,241	0
Other advances and prepayments made	0	0	0	0
Marketable securities	97,449	0	97,449	217,585
Treasury instruments	1,312	0	1,312	4,503
Cash at bank and in hand	244,847	0	244,847	263,746
Prepaid expenses	14,430	0	14,430	17,448
TOTAL CURRENT ASSETS	**600,325**	**400**	**599,925**	**801,823**
Accruals				
Deferred charges	45,182	0	45,182	24,149
Conversion losses	0	0	0	0
TOTAL ASSETS	**16,061,185**	**141,806**	**15,919,379**	**14,000,090**

Balance sheet – Equity and liabilities

In € thousands	Net at Dec. 31, 2022	Net at At Dec. 31, 2021
Share capital	14,930	14,930
Additional paid-in capital	510,414	510,414
Legal reserve	1,493	1,490
Regulated reserves	0	0
Other reserves	59,931	59,931
Retained earnings	4,122,348	4,127,085
Interim dividends	0	0
Profit for the year	**2,017,495**	**1,462,455**
TOTAL EQUITY	**6,726,612**	**6,176,305**
QUASI-EQUITY	**0**	**0**
Provisions for contingencies	0	33
Provisions for charges	48,645	5,104
TOTAL PROVISIONS	**48,645**	**5,137**
Convertible bonds	0	0
Ordinary bonds	4,036,368	3,935,561
Bank borrowings	4,167,493	2,886,756
Bank overdrafts	0	0
Other borrowings	765,374	890,222
Current accounts with subsidiaries	122,036	48,914
Advances and prepayments received	0	0
Trade payables	32,569	27,556
Employees	1,565	1,302
Accrued payroll and other employee-related taxes	2,301	6,797
Accrued corporate income tax	0	0
Accrued sales taxes	3,251	4,424
Other accrued taxes	663	525
Amounts due on fixed assets	901	315
Other payables	11,601	16,276
Deferred income	0	0
TOTAL ACCRUALS AND OTHER LIABILITIES	**9,144,122**	**7,818,648**
TOTAL EQUITY AND LIABILITIES	**15,919,379**	**14,000,090**

Income statement

In € thousands	2022	2021
Rebillings	190,802	151,315
Sales of services in France	37,302	31,918
TOTAL REVENUES	**228,104**	**183,233**
Operating grants	11	0
Reversals of depreciation, amortization and provisions; expense transfers	133	441
Other	0	33
TOTAL OPERATING INCOME	**228,248**	**183,707**
Rebilled purchases	190,802	151,315
Other purchases and external charges	55,709	40,244
Taxes other than on income	701	764
Wages and salaries	19,416	10,062
Payroll taxes	7,127	14,672
Depreciation and amortization of fixed assets	16,335	12,221
Additions to provisions for impairment of current assets	0	0
Additions to provisions for contingencies and charges	0	0
Other expenses	444	772
TOTAL OPERATING EXPENSES	**290,535**	**230,050**
NET OPERATING EXPENSE	**(62,287)**	**(46,343)**
Interest and other financial income	1,523,044	1,611,685
Reversals of provisions	42	235
Foreign exchange gains	0	69
Net gains on disposals of marketable securities	154	1,136
TOTAL FINANCIAL INCOME	**1,523,240**	**1,613,125**
Interest and other financial expenses	139,198	110,758
Additions to provisions	(36)	317
Foreign exchange losses	3	2
Net losses on disposals of marketable securities	968	2,875
TOTAL FINANCIAL EXPENSES	**140,134**	**113,952**
NET FINANCIAL INCOME	**1,383,107**	**1,499,173**
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	**1,320,820**	**1,452,830**
Exceptional income from operating transactions	0	0
Exceptional income from capital transactions	950,020	123
Reversals of provisions, expense transfers	53,239	9,229
TOTAL EXCEPTIONAL INCOME	**1,003,259**	**9,352**
Exceptional expense on operating transactions	0	0
Exceptional expense on capital transactions	245,116	15,651
Exceptional depreciation, amortization and provision expense	0	0
TOTAL EXCEPTIONAL EXPENSES	**245,116**	**15,651**
NET EXCEPTIONAL EXPENSE	**758,143**	**(6,299)**
Employee profit-sharing	2,300	274
Corporate income tax	59,168	(16,198)
TOTAL INCOME	**2,754,747**	**1,806,184**
TOTAL EXPENSES	**737,252**	**343,729**
PROFIT FOR THE YEAR	**2,017,495**	**1,462,455**

Statement of changes in equity

In € thousands	Share capital	Additional paid-in capital	Retained earnings and reserves	Profit for the year	Total equity
EQUITY AT DECEMBER 31, 2020	**14,828**	**467,908**	**4,301,393**	**62,482**	**4,846,611**
Movements in 2021					
• Movements in share capital	102	42,506	10		42,618
• Appropriation of 2020 profit			62,482	(62,482)	0
• Dividends paid			(175,379)		(175,379)
• Profit for the year				1,462,455	1,462,455
• Other movements					
EQUITY AT DECEMBER 31, 2021	**14,930**	**510,414**	**4,188,506**	**1,462,455**	**6,176,305**
Movements in 2022					
• Movements in share capital					0
• Appropriation of 2021 profit			1,462,455	(1,462,455)	0
• Dividends paid			(1,467,188)		(1,467,188)
• Profit for the year				2,017,495	2,017,495
• Other movements					0
BALANCE AT DECEMBER 31, 2022	**14,930**	**510,414**	**4,183,773**	**2,017,495**	**6,726,612**

Significant events of 2022

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, having planned to sell its 30% residual stake in On Tower Poland in 2023, the Group recorded this 30% stake in the balance sheet within "Assets held for sale".

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.

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+.

Notes to the financial statements

These financial statements and the notes thereto have been prepared based on the following data, within the meaning of Articles L 123-16 and D 123-200 of the French Commercial Code *(Code de Commerce)*:

- Year-end: **December 31, 2022**
- Accounting period: **12 months**
- Previous accounting period: **12 months**
- Total assets at December 31, 2022: **€15,919,379 thousand**
- 2022 revenues: **€228,104 thousand**
- Number of employees at December 31, 2022: **243**

The balance sheet and income statement are presented in the standard format provided for in the French Commercial Code (Articles R. 123-182 and R. 123-190 for the balance sheet and Articles R. 123-192 and R. 123-193 for the income statement). The financial statements have been prepared in accordance with French generally accepted accounting principles.

Note: Unless otherwise specified, all amounts in the following notes are stated in thousands of euros.

7.1 ACCOUNTING PRINCIPLES AND POLICIES

7.1.1 General accounting principles

These financial statements have been prepared in accordance with French accounting standards (ANC regulation 2014-03 dated June 5, 2014 and subsequent regulations).

They have been prepared on a going concern basis, in accordance with generally accepted accounting principles in France – including the principles of prudence and segregation of accounting periods – applied consistently from one accounting period to the next.

7.1.2 Exceptions

No exceptions to French generally accepted accounting principles were applied in the preparation of these financial statements.

7.1.3 Summary of significant accounting policies

The main accounting policies applied by the Company are described below.

7.1.3.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at acquisition cost (including incidental expenses) or production cost.

Depreciation and amortization are calculated by the straight-line method over the following estimated useful lives:

• Software	2 to 4 years
• Trademarks/Domain names	2 to 10 years
• Buildings	20 to 30 years
• Fixtures and fittings	5 to 15 years.
• Technical equipment	5 years
• Computer equipment	1 to 4 years
• Furniture	5 to 6.5 years

7.1.3.2 Investments in subsidiaries and affiliates, loans and advances to subsidiaries and affiliates, and other investment securities

Investments in subsidiaries and affiliates, loans and advances to subsidiaries and affiliates, and other investment securities are stated at cost (excluding incidental expenses). A provision for impairment is recorded when their value in use falls below their carrying amount on an other-than-temporary basis. Value in use is determined based on the net assets of the company concerned and its projected future earnings.

7.1.3.3 Receivables

Receivables are stated at nominal value.

A provision for impairment is recorded when it is uncertain that the receivable will be recovered, determined based on the risk of non-recovery.

7.1.3.4 Marketable securities

Marketable securities are stated at their transfer value or acquisition cost and are written down to their net realizable value where necessary.

7.1.3.5 Foreign currency transactions

Income and expenses denominated in foreign currencies are converted at the exchange rate prevailing on the transaction date.

Balance sheet items are converted at the year-end rate.

7.1.3.6 Provisions for contingencies and charges

iliad's obligations to third parties known at the balance sheet date are certain or likely to cause an outflow of economic resources, without at least equivalent consideration, a provision is recorded when the amount can be estimated reliably.

In accordance with recommendation 2013-02 dated November 7, 2013 issued by France's accounting standards authority (the "ANC"), as amended on November 5, 2021, in 2021, the Company changed the method it uses for calculating its retirement benefit obligations. Under the new method, the retirement benefit obligation is calculated by reference to the benefit entitlement accrued by an employee at their retirement date. The amount of the retirement benefit to which an employee is entitled depends on their length of service and their annual salary prior to their retirement date. The benefit is attributed on a straight-line basis over the period preceding retirement which would result in the employee accruing the maximum capped benefit entitlement. The benefit entitlement vests when the employee retires and it is paid in the form of a lump sum.

7.1.3.7 Difference between operating and exceptional items

Exceptional income and expenses include both exceptional items relating to ordinary activities and extraordinary items.

Exceptional items relating to ordinary activities correspond to items that are unusual in terms of their amount or impact or which arise from events that occur rarely.

7.1.3.8 Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in France involves the use of estimates and assumptions which may have an impact on the reported amounts in the financial statements and accompanying notes. Actual amounts may differ from these estimates.

7.2 NOTES TO THE BALANCE SHEET AT DECEMBER 31, 2022

7.2.1 Intangible assets

7.2.1.1 Movements in 2022

Movements in intangible assets in 2022 can be analyzed as follows:

Intangible assets *In € thousands*	**Depreciation and amortization at January 1, 2022**	**Acquisitions**	**Transfers**	**Disposals**	**Depreciation and amortization at December 31, 2022**
Software	2,817	0	0	(8)	2,809
Trademarks	118	0	0	(51)	67
Assets in progress	0	0	0	0	0
TOTAL	**2,935**	**0**	**0**	**(59)**	**2,875**

7.2.1.2 Trademarks

The Company has registered several trademarks related to its corporate name and businesses.

7.2.2 Property, plant and equipment

7.2.2.1 Movements in 2022

Movements in property, plant and equipment in 2022 can be analyzed as follows:

Property, plant and equipment *In € thousands*	**Depreciation and amortization at January 1, 2022**	**Acquisitions**	**Disposals**	**Depreciation and amortization at December 31, 2022**
Land	66	0	0	66
Buildings	200	0	0	200
Fixtures and fittings	20,713	6,348	(1,341)	25,721
Technical equipment	648	0	0	648
Computer equipment	1,916	431	0	2,347
Furniture	3,037	964	0	4,001
Assets in progress	0	0	0	0
TOTAL	**26,580**	**7,743**	**(1,341)**	**32,982**

7.2.2.2 Analysis of property, plant and equipment

Land and buildings

The Company owns a building at Rue de Crimée in Paris, France.

Fixtures and fittings and technical equipment

These items primarily concern buildings located in central Paris that house the head office of the Company and several subsidiaries.

Computer equipment

This item corresponds to purchased computer equipment.

7.2.3 Long-term investments

7.2.3.1 Movements in 2022

Long-term investments *In € thousands*	**Depreciation and amortization at January 1, 2022**	**Acquisitions**	**Transfers**	**Disposals**	**At December 31, 2022**
Investments in subsidiaries and affiliates	2,491,397	33,151	64,024	(183,421)	2,405,151
Loans and advances to subsidiaries and affiliates	8,648,251	1,584,081	0	(5,286,557)	4,945,775
Other investment securities	105,426	193,986	(64,024)	(33,536)	201,852
Other loans	2,035,000	7,787,997	0	(2,000,000)	7,822,997
Guarantee deposits	3,810	234	0	0	4,044
TOTAL	**13,283,884**	**9,599,450**	**0**	**(7,503,514)**	**15,379,820**

7.2.3.2 Investments in subsidiaries and affiliates

The main movements in this item during the year reflect the following:

- €15 million capital increase for Free Caraïbe;
- €6.8 million capital increase for Solid 19;
- purchase of €11 million worth of Free Mobile shares from minority shareholders;
- sale of €183.4 million worth of On Tower France shares for €950 million.

7.2.3.3 Loans and advances to subsidiaries and affiliates

iliad S.A. is responsible for the Group's overall cash management and notably provides financing for (i) investments in optical fiber made by its subsidiaries Free Infrastructure, Immobilière iliad and IRE, (ii) investments related to the Mobile business made by its subsidiary Free Mobile, and (iii) mobile telephony operations carried out in Italy by its subsidiaries iliad Holding S.p.A. and iliad Italia.

7.2.3.4 List of subsidiaries and affiliates

See table below.

	Share capital *(in € thousands)*	Reserves and retained earnings *(in € thousands)*	% ownership	2021 profit/ (loss) *(in € thousands)*	Gross value of shares held *(in € thousands)*	Net value of shares held *(in € thousands)*	Loans and advances granted by the Company *(in € thousands)*	Commitments given *(in € thousands)*	2021 revenues *(in € thousands)*	Dividends received during the year *(in € thousands)*
Assunet SAS Registration no.: 421 259 797	38	745	89.96	2,078	34	34	0	/	3,580	1,349
F Distribution SAS Registration no.: 528 815 376	5,000	(13,752)	100.00	19	25,000	25,000	48,991	/	75,670	0
Fibre Inc. (USA)[1]	KUSD 20,243	KUSD 2,272	100.00	KUSD (2,560)	17,122	17,122	73,009	/	KUSD 4,301	0
Free SAS Registration no.: 421 938 861	3,442	595,502	100.00	44,132	496,836	496,836	2,824,169	/	3,229,230	222,998
Freebox SAS Registration no.: 433 910 619	50	17,295	97.99	15,447	5,190	5,190	116,184	/	372,048	0
Free Caraïbes SAS Registration no.: 808 537 641	2,000	1,585	100.00	(21,508)	19,521	19,521	71,709	/	18,231	0
Free Fréquences SAS Registration no.: 529 917 833	5,000	291	95.00	0	4,750	4,750	0	/	0	0
Free Infrastructure SAS Registration no.: 488 095 803	1,000	85,067	100.00	9,226	439,124	439,124	1,491,550	/	245,075	0
Free Mobile SAS Registration no.: 499 247 138	365,139	327,001	100.00	607,804	347,915	347,915	1,718,510	/	2,709,333	479,304
Free Réseau SAS Registration no.: 419 392 931	2,511	3,562	100.00	(2,344)	20,775	20,775	37,845	/	239,369	4,000
IFT Registration no.: 852 619 352	467,010	(22,115)	13.69	41,058	63,950	63,950	87,000	/	395,649	0
IFW SAS Registration no.: 400 089 942	2,000	23	100.00	(7)	71,950	0	0	/	0	0
IH SAS Registration no.: 441 532 173	39	(5,753)	100.00	30	1,336	0	6,053	/	1,213	0
Free Dial SAS Registration no.: 799 285 820	10	19	100.00	(23)	65	65	0	/	0	0
iliad 6 SAS Registration no.: 834 309 486	10	102	100.00	(1,740)	260	260	2,244	/	0	0
iliad 78 SAS Registration no.: 834 315 673	1,885	461	78.45	973	1,894	1,894	720	/	4,464	0
iliad 9 Registration no.: 880 117 064	10	5	100.00	(3)	21	21	0	/	0	0
iliad 10 Registration no.: 844 880 492	1,000	(421)	100.00	(4,020)	3,501	3,501	238,160	/	0	0
iliad 12 Registration no.: 891 405 227	10	(4)	100.00	(3)	10	10	0	/	0	0

	Share capital *(in € thousands)*	Reserves and retained earnings *(in € thousands)*	% ownership	2021 profit/ (loss) *(in € thousands)*	Gross value of shares held *(in € thousands)*	Net value of shares held *(in € thousands)*	Loans and advances granted by the Company *(in € thousands)*	Commitments given *(in € thousands)*	2021 revenues *(in € thousands)*	Dividends received during the year *(in € thousands)*
iliad 14 Registration no.: 908 714 348	10	(2)	100.00	(87)	10	10	5,086	/	0	0
iliad 15 Registration no.: 921 763 397	10	0	100.00	(2)	10	10	0	/	0	0
iliad 16 Registration no.: 921 855 573	10	0	100.00	(2)	10	10	0	/	0	0
iliad Italia Holding S.p.A.	350,000	(32,324)	100.00	(41,128)	350,035	350,035	3,449,255	/	3,523	0
iliad Purple SAS Registration no.: 537 915 050	12	213,792	92.57	353,723	173,024	173,024	2,383,895	/	1,208	277,705
Immobilière Iliad EURL Registration no.: 501 194 419	1,000	1,637	100.00	50	47,456	2,849	8,364	/	0	0
IRE SAS Registration no.: 489 741 645	1,000	209	100.00	4,410	31,398	31,398	23,984	/	12,735	3,500
MCRA SAS Registration no.: 532 822 475	4,268	631	100.00	4,167	7,695	7,695	5,851	/	10,553	600
NJJ Boru SAS Registration no.: 833 797 467	419,250	41,925	49.00	498,738	250,182	250,182	6	/	7,000	243,187
Protelco SAS Registration no.: 509 760 948	37	6,526	100.00	1,928	37	37	0	/	64,881	1,700
Resolution Call(2)	KMAD 839	KMAD 3,739	100.00	KMAD 4,919	80	80	4,488	559	KMAD 116,615	0
Scaleway SAS Registration no.: 433 115 904	214	5,250	97.58	(8,833)	6,522	6,522	89,892	/	103,181	0
Sepia SAS Registration no.: 839 216 819	100	(103)	50.00	120	50	50	0	/	1,630	0
Solid 19 SAS Registration no.: 790 148 944	6,810	245	100.00	305	6,831	6,831	6,227	/	0	0
Telecom Academy "Privé"(2)	KMAD 616	KMAD 7,454	100.00	KMAD 1,069	59	59	394	/	KMAD 21,579	0
Telecom Réunion Mayotte	21,710	(8,157)	50.00	14,952	10,850	10,850	0	/	1,140	7,513
Total Call (2)	KMAD 16,569	KMAD 86,556	100.00	KMAD 5,050	1,543	1,543	3,666	/	KMAD 201,997	0
Trax Registration no.: 850 134 388	10	(2,246)	98.00	(5,979)	10	10	6,786	/	960	0
Université F 233 Registration no.: 891 401 507	20	(36)	100.00	15	20	20	0	/	124	0

(1) EUR/USD exchange rate: 1.05305.
(2) EUR/ MAD exchange rate: 10.73895.

7.2.3.5 Related-party transactions

In € thousands	Debit balances	Credit balances
Other loans	7,735,997	0
Loans and advances to subsidiaries and affiliates	4,945,775	122,036
Trade receivables	89,147	249
Deposits received for business premises	0	0
Miscellaneous borrowings	0	0
Trade payables	0	244
Other receivables/payables	0	11,351
Total financial expenses	0	8
Total financial income	0	1,521,688

7.2.3.6 Other loans

At December 31, 2022, the amount of long-term loans granted by iliad to its subsidiaries Free, Free Infrastructures, Iliad Purple, Free Mobile and iliad 10 amounted to €7,736 million.

The weighted average interest rate applied is 2.5% and was set by comparison with the rates that would have been applied on the market. The loans are repayable at maturity at January 1, 2027, with the exception of the loan granted to iliad 10, which is repayable at maturity on June 30, 2027.

7.2.3.7 Impairment of long-term investments

Impairment *(in € thousands)*	Depreciation and amortization at December 31, 2021	Additions	Reversals	At December 31, 2022
Investments in subsidiaries and affiliates	117,935	0	(42)	117,894
Loans and advances to subsidiaries and affiliates	5,729	0	0	5,729
TOTAL	**123,664**	**0**	**(42)**	**123,623**

Investments in subsidiaries and affiliates written down mainly concern IFW (€71,950 thousand), IH (€1,336 thousand) and Immobilière iliad (€44,607 thousand).

7.2.3.8 Depreciation and amortization

Movements in depreciation and amortization are broken down in the following table:

Depreciation and amortization *(in € thousands)*	Depreciation and amortization at December 31, 2021	Additions for the year	Divested assets	Depreciation and amortization at December 31, 2022
Intangible assets				
SUB-TOTAL I	**2,318**	**320**	**(59)**	**2,578**
Property, plant and equipment				
Buildings	200	0	0	200
Other property, plant and equipment:	0	0	0	0
Technical equipment	556	62	0	618
Fixtures and fittings	9,206	2,327	(1,319)	10,214
Furniture, office and computer equipment	3,337	837	0	4,173
SUB-TOTAL II	**13,299**	**3,226**	**(1,319)**	**15,205**
TOTAL I+II	**15,617**	**3,546**	**(1,378)**	**17,784**

7.2.4 Other assets

7.2.4.1 Analysis of receivables by maturity

An analysis of the Company's receivables by maturity is provided in the table below:

At December 31, 2022 *In € thousands*	**Gross amount**	**Due within 1 year**	**Due beyond 1 year**
Fixed assets			
• Loans and advances to subsidiaries and affiliates	4,945,775	4,945,775	0
• Other loans	7,822,997	0	7,822,997
• Other long-term investments	4,045	0	4,045
Current assets			
• Advances and prepayments on orders	0	0	0
• Trade receivables	89,148	89,148	0
• Doubtful and disputed receivables	479	479	0
• Recoverable payroll and other employee-related taxes	0	0	0
• Employee-related receivables	935	935	0
• Recoverable corporate income tax	111,056	111,056	0
• Recoverable VAT	3,373	3,373	0
• Other receivables (including inter-company current accounts)	55	55	0
• Prepaid expenses	14,430	8,720	5,711
TOTAL	**12,992,293**	**5,159,540**	**7,832,754**

Prepaid expenses primarily correspond to bond issue premiums, which are being amortized on a straight-line basis over the life of the bonds concerned.

7.2.4.2 Debt issuance costs

Expenses incurred in relation to issuing or setting up the Group's borrowings are amortized on a straight-line basis over the life of the borrowings concerned.

Movements in debt issuance costs were as follows in 2022:

In € thousands	**Amount**
• Accumulated debt issuance costs at start of the year	62,584
• Prior-period amortization	(38,434)
• Debt issuance costs recognized during the year	31,439
• Amortization charge for the year	(10,407)
NET AT DECEMBER 31, 2022	**45,182**

7.2.4.3 Marketable securities

Marketable securities break down as follows:

	At December 31, 2022		**At December 31, 2021**	
In € thousands	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Certificates of deposit				
Net value	**0**	**0**	**5,000**	**5,000**
Mutual funds (UCITs)				
Net value	**4,196**	**4,196**	**94,914**	**94,878**
Own shares				
Net value	**93,253**	**134,585**	**117,707**	**187,950**
Treasury instruments				
Net value	**1,312**	**1,312**	**4,503**	**4,503**
TOTAL, NET	**98,761**	**140,093**	**222,124**	**292,331**

iliad's policy is to invest its cash in instruments that qualify as cash equivalents. 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).

iliad has purchased currency futures in order to hedge the exposure of its subsidiary Freebox to the volatility of the US dollar. The premiums paid on the signature of the hedging contracts have been recognized in the balance sheet, under "Treasury instruments" and will be recycled to the income statement as the related hedges expire.

7.2.5 Share capital and changes in share capital

7.2.5.1 Share capital

At December 31, 2022 the Company's share capital amounted to €14,930 thousand, divided into 59,720,238 shares which are all fully paid-up.

7.2.5.2 Form of the shares

iliad's shares may be held in either registered or bearer form.

The Company does not have any preference shares.

7.2.5.3 Changes in share capital

There were no changes in the Company's share capital in 2022.

7.2.5.4 Ownership structure

At December 31, 2022, iliad's ownership structure was as follows:

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

7.2.5.5 Dividends

At the Annual General Meeting held on May 11, 2022, the Company's shareholders resolved to pay a dividend of €25 per share, representing a total payout of €1,467,189 thousand.

This dividend was paid on March 29, 2022 and May 27, 2022.

No interim dividend was paid in 2022.

- The dividend paid in 2022 for 2021 totaled €1,467,188,650
- No interim dividend was paid in 2022.

This represents a total payout in 2021 of €1,467,189 thousand.

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

7.2.5.6 Own shares

At December 31, 2022, iliad held 818,146 of its own shares.

7.2.5.7 Stock option and share grant plans

The following tables summarize the main features of the various stock option plans approved in 2022 and prior years, and outstanding at the year-end. No expense was recorded for these plans in either 2022 or 2021.

At December 31, 2021

Date of Annual General Meeting	Date of plan launch	Exercise price *(in €)*	Number of options outstanding at Jan. 1, 2021	Number of options forfeited in 2021	Number of options exercised in 2021	Number of exercisable options outstanding at Dec. 31, 2021	Number of non-exercisable options outstanding at Dec. 31, 2021
iliad							
May 24, 2011	Nov. 7, 2011	79.91	122,829	9,255	113,574	0	0

Share grant plans

2017 Plan

Following an authorization given at the May 19, 2016 Annual General Meeting, iliad set up a share grant plan involving shares representing up to 0.5% of its share capital.

During 2017, the Company granted shares representing 0.5% of its share capital to 61 employees and executive officers under this plan.

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 will vest if the total number of fiber subscribers is higher than 1.7 million at October 1, 2022.
- October 30, 2023: 40% of the shares will vest if the total number of fiber subscribers is higher than 2.5 million at October 1, 2023.

On September 2, 2020, the Company'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 held in treasury for that purpose.

On September 28, 2021, 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 October 30, 2021, the Company delivered to the plan's beneficiaries 26,978 iliad shares held in treasury for that purpose.

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

2018 Plan

Following an authorization given at the May 16, 2018 Annual General Meeting, iliad set up a share grant plan involving shares representing up to 1% of its share capital.

During 2018, the Company granted shares representing 0.5% of its share capital to 122 Group employees and executive officers.

The vesting of these shares – which will take place in four equal tranches between 2021 and 2024 – is subject to (i) the beneficiary still forming part of the Group at the vesting date, and (ii) performance conditions for each tranche.

- September 30, 2021 – end of the vesting period for Tranche 1:
  - 50% of the shares were due to vest if EBITDA less CAPEX for France (excluding B2B operations) was higher than €1 billion at December 31, 2020; and
  - 50% of the shares were due to vest if the EBITDA margin for France for 2020 (excluding sales of devices) was higher than 40%.
- September 30, 2022 – end of the vesting period for Tranche 2: all of the Tranche 2 shares will vest if the EBITDA margin for France (excluding sales of devices) is higher for the year ended December 31, 2021 than for the year ended December 31, 2020.
- September 30, 2023 – end of the vesting period for Tranche 3:
  - 50% of the shares will vest if the number of fiber subscribers in France is higher than 3 million at September 1, 2023; and
  - 50% of the shares will vest if the number of mobile subscribers in Italy is higher than 6 million at September 1, 2023.
- September 30, 2024 – end of the vesting period for Tranche 4:
  - 50% of the shares will vest if the number of fiber subscribers in France is higher than 3.5 million at September 1, 2024; and
  - 50% of the shares will vest if the Group's revenues in Italy are higher than €500 million at June 30, 2024.

On September 28, 2021, the Board of Directors placed on record that only 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, iliad's Chief Executive Officer placed on record that the performance conditions 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.

2019 Plan

During 2019, the Company set up a share grant plan representing almost 0.5% of its share capital and covering 184 Group employees and executive officers.

The vesting of these shares – which will take place in three unequal tranches between 2021 and 2023 – is subject to (i) a continuous service condition, for all of the shares granted, and (ii) performance conditions for 41% of the shares granted. The performance conditions applicable to each tranche 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 the shares will vest if the number of fiber subscribers is equal to or higher than 3 million at June 30, 2022; and
  - 50% of the shares vest if consolidated EBITDAaL margin for 2021 is 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 total shares granted): the shares will vest if the number of fiber subscribers is equal to or higher than 3.7 million at June 30, 2023.

On September 28, 2021, the 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 November 30, 2022, the Company's Chief Executive Officer placed on record that the performance conditions for the second tranche of the plan had been met. Consequently, on this date the Company delivered to the plan's beneficiaries 102,080 iliad shares that it held in treasury.

2020 Plan

Following an authorization given at the Annual General Meeting of July 21, 2020, iliad set up a share grant plan involving shares representing up to 2% of its share capital.

During 2020, the Company granted shares representing approximately 0.16% of its share capital to 268 Group employees and executive officers.

The vesting of these shares – which will take place in three unequal tranches between 2022 and 2024 – is subject to a continuous service condition. The vesting dates for the plan's three tranches are as follows:

- December 9, 2022 for Tranche 1 (30% of the total shares granted).
- November 30, 2023 for Tranche 2 (40% of the total shares granted).
- November 30, 2024 for Tranche 3 (30% of the total shares granted).

On December 9, 2022, the Company's Chief Executive Officer placed on record that the performance conditions for the first tranche of the plan had been met. Consequently, on this date the Company delivered to the plan's beneficiaries 27,162 iliad shares that it held in treasury.

2022 Plan

Following an authorization given at the Annual General Meeting of July 21, 2020, iliad set up a share grant plan involving shares representing up to 2% of its share capital.

During 2022, the Company set up a second grant representing approximately 0.20% of its share capital and covering 428 beneficiaries.

It was broken down into two unequal tranches, exercisable in 2024 and 2025 subject to a continued presence condition:

- June 1, 2024: Tranche 1, which concerns the plan's French and Polish beneficiaries;
- June 1, 2025: Tranche 2, which concerns the plan's Italian beneficiaries.

7.2.6 Provisions for contingencies and charges

7.2.6.1 Movements in 2022

Movements in provisions for contingencies and charges in 2022 can be analyzed as follows:

In € thousands	Depreciation and amortization at January 1, 2022	Additions in 2022	Reversals in 2022 (utilizations)	Reversals in 2022 (surplus provisions)	Depreciation and amortization at December 31, 2022
Provisions for employment tribunal cases	33	0	(33)	0	0
Provisions for other contingencies and charges	5,104	46,123	(2,582)	0	48,645
TOTAL	**5,137**	**46,123**	**(2,615)**	**0**	**48,645**

7.2.6.2 Recognition of provisions for contingencies and charges

Provisions for contingencies and charges

The provisions for contingencies and charges recognized at December 31, 2022 are intended to cover all of the circumstances of which the Company was aware at that date that could have an adverse effect on its assets or liabilities.

7.2.7 Other liabilities

None of the Company's payables are significantly aged or unusual.

An analysis of the Company's borrowings and payables by maturity is provided in the table below.

At December 31, 2022 *(in € thousands)*	Gross amount	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bonds:				
• due within one year at issue date	0	0	0	0
• due beyond one year at issue date	4,036,368	36,368	3,300,000	700,000
Bank borrowings:				
• due within one year at inception of loan	245,500	245,500	0	0
• due beyond one year at inception of loan	4,173,886	686,386	2,859,500	628,000
• Bank overdrafts	0	0	0	0
• Other borrowings	513,481	513,481	0	0
• Guarantees and deposits received	0	0	0	0
• Current accounts with subsidiaries	122,036	122,036	0	0
• Advances and prepayments received	0	0	0	0
• Trade payables	32,569	32,569	0	0
• Employee-related payables	1,565	1,565	0	0
• Accrued payroll and other employee-related taxes	2,301	2,301	0	0
Other accrued taxes:				
• corporate income tax	0	0	0	0
• VAT	3,251	3,251	0	0
• other	663	663	0	0
• Amounts due on fixed assets	901	901	0	0
• Other payables	11,601	11,601	0	0
TOTAL	**9,144,122**	**1,656,622**	**6,159,500**	**1,328,000**

Main movements in bonds and private placements during the year

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. 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 three 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. The bonds will be redeemed at face value at maturity on June 14, 2027.

Main movements in bank borrowings during the year

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 seven-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 five-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. 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 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 €1,400 million 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, €513 million of the program had been used.

Breakdown of iliad S.A.'s debt

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

Contract	Issue date	Maturity	Currency	Nominal rate	Dec. 31, 2022 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. 11, 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[2] 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, 2027	EUR	1.400%	15
Tranche 6	June 30, 2021	June 30, 2027	EUR	1.400% + Euribor	8
Tranche 7	June 30, 2021	June 30, 2028	EUR	1.700%	8
Tranche 8	June 30, 2021	June 30, 2028	EUR	1.700% + Euribor	22
iliad – SSD[2] 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					**5,112**

(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)	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	-	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**

(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.

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+.

7.3 2022 REVIEW OF OPERATIONS

7.3.1 Revenues

2022 revenues can be analyzed as follows by segment:

In € thousands	Amount
iliad Telecom services	115
Inter-company rebillings	190,802
Inter-company services	34,017
Other	3,170
TOTAL	**228,104**

The Company's revenues are generated in France and Italy.

7.3.2 Number of employees

At December 31, 2022, iliad S.A. had 243 employees, split out as follows by category:

	Men	Women	Total
• Management	73	53	126
• Other	42	75	117
TOTAL	**115**	**128**	**243**

The average number of employees during 2022 was 230.

7.3.3 Net financial income

Net financial income came to €1,383,107 thousand in 2022, breaking down as follows:

In € thousands	Amount
Net interest on subsidiaries' current accounts	83,753
Interest income from loans and other receivables	193,877
Income from securities	1,242,231
Net additions to financial provisions	77
Overdraft charges, interest on borrowings and other financial expenses	(136,015)
Net proceeds from disposals of marketable securities	(814)
Net losses on disposals of own shares	0
Net foreign exchange gains	(3)
TOTAL	**1,383,107**

7.3.4 Exceptional items

In 2022, exceptional items represented a net expense of €758,143 thousand and corresponded to:

In € thousands	Amount
Expense transfers	53,239
Gains on disposals of fixed assets	766,599
Losses on share buybacks	(61,695)
TOTAL	**758,143**

The expense transfers recognized during the year relate to the share grant program.

Capital gains on disposals of fixed assets relate mainly to the sale of On Tower France shares (see section on significant events of the year).

7.3.5 Directors' and officers' compensation

The tables below set out aggregate information concerning the compensation and benefits paid to members of iliad's administrative and management bodies.

Administrative bodies *(in €)*	**2022**	**2021**
• Salaries, commission and other compensation (including lump-sum expense allowances), and paid leave	230,780	230,400
• Directors' remuneration:		
• Exempt from payroll taxes	210,000	345,000

Management bodies *(in €)*	**2022**	**2021**
• Salaries, commission and other compensation (including lump-sum expense allowances), and paid leave	217,180	402,986
• Benefits-in-kind	0	0

In 2022, HoldCo invoiced €1,124 thousand to iliad for the management services it provided during the year.

7.4 FINANCIAL ITEMS

7.4.1 Finance leases

iliad S.A. had no outstanding finance leases at December 31, 2022.

7.4.2 Financial instruments

The iliad Group's functional currency is the euro. However, it purchases certain goods and services outside the eurozone 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 and the transactions may be hedged over a period of up to one and a half years. The Company has chosen to hedge a portion of the Group's exposure to foreign exchange risk through purchases of forwards and options in order to obtain a guaranteed floor rate.

The cost of the hedging instruments set up by the Company is rebilled in full to the subsidiaries whose commercial transactions in US dollars are effectively hedged.

7.4.3 Financial commitments

At December 31, 2022, iliad had access to the credit facilities described in Note 3.7. The following facilities had not been used at that date:

- a €5 billion bank financing line of which €1.2 billion had been drawn down at December 31, 2022;
- an EIB loan of €300 million, which had not been used at December 31, 2022;
- a €1,400 million NEU CP program, of which €246 million had been used;

7.4.3.1 Commitments given by iliad S.A. on behalf of Group companies

At December 31, 2022, iliad S.A. had given the following commitments on behalf of Group companies:

Subsidiary	Amount *(in € thousands)*
Resolution Call	559

7.4.3.2 Other commitments given by iliad S.A.

Under the strategic partnership entered into with InfraVia through IFT (a company specially created for the purpose of the partnership) a no-recourse €2,150 million loan has been set up. iliad S.A. has given the following commitments in relation to this loan:

- 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 its first five years, with the total contributions potentially representing up to €230 million.
- The standard collateral for no-recourse financing (pledges of IFT shares and various assets).

7.4.4 Collateralized debt

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

7.4.5 Post-employment benefits

The Company's obligation for statutory retirement bonuses has been measured and recognized using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement, and applying the corridor rule.

In accordance with recommendation 2013-02 dated November 7, 2013 issued by France's accounting standards authority (the "ANC"), as amended on November 5, 2021, in 2021, the Company changed the method it uses for calculating its retirement benefit obligations. Under the new method, the retirement benefit obligation is calculated by reference to the benefit entitlement accrued by an employee at their retirement date. The amount of the retirement benefit to which an employee is entitled depends on their length of service and their annual salary prior to their retirement date. The benefit is attributed on a straight-line basis over the period preceding retirement which would result in the employee accruing the maximum capped benefit entitlement. The benefit entitlement vests when the employee retires and it is paid in the form of a lump sum.

The Company's obligation for post-employment benefits amounted to €836 thousand at December 31, 2022 (versus €1,207 thousand at December 31, 2021).

7.5 ADDITIONAL INFORMATION

7.5.1 Consolidation

iliad S.A. – which is registered under number 342 376 332 and whose registered office is located at 16 rue de la Ville l'Evêque, 75008 Paris, France – prepares consolidated financial statements in its capacity as the parent company of the iliad Group.

7.5.2 Tax-related information

7.5.2.1 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.

7.5.2.2 Deferred taxes

Items subject to adjustments for the purposes of calculating taxable profit will have the following expected impact on taxes in future years:

Type of temporary difference	Amount *(in € thousands)*
Deferred tax liabilities	/
TOTAL	/
TOTAL DEFERRED TAX LIABILITIES	/
Deferred tax assets	
Government housing levy	13
"Contribution sociale" surtax	85
Temporary differences related to marketable securities	0
TOTAL	**98**
TOTAL DEFERRED TAX ASSETS	**98**
Tax loss carryforwards for the Company	None

7.5.2.3 Corporate income tax relating to exceptional items

The Company recorded a corporate income tax benefit of €59,168 thousand for 2022, breaking down as follows:

- Portion relating to ordinary activities: €38,870 thousand.
- Portion relating to exceptional items: €20,298 thousand.

7.5.3 Information on the segregation of accounting periods

7.5.3.1 Accrued expenses

Accrued expenses included in balance sheet items break down as follows:

Balance sheet item *In € thousands*	Amount
Convertible bonds	0
Ordinary bonds	36,368
Bank borrowings	24,335
Trade payables	15,882
Accrued taxes and employee-related payables	2,578
Amounts due on fixed assets	0
Other payables	0
TOTAL	**79,164**

7.5.3.2 Deferred income and prepaid expenses

Deferred income and prepaid expenses break down as follows:

In € thousands	Prepaid expenses	Deferred income
Operating expenses/income	5,118	0
Financial expenses/income	9,312	0
Exceptional expenses/income	0	0
TOTAL	**14,430**	**0**

7.5.3.3 Breakdown of accrued income

Accrued income breaks down as follows:

Balance sheet item *In € thousands*	**Amount**
Other loans	193,945
Accrued revenues	0
Other receivables	37,241
Cash at bank and in hand	0
TOTAL	**231,186**

7.5.4 Events after the balance sheet date

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

7.6 DIVIDENDS PAID IN THE PAST FIVE FISCAL YEARS

The Board of Directors determines the dividend policy based on a review of the Company's earnings and financial position and other factors. At the Annual General Meeting to be held on May 11, 2023, the Board will recommend the payment of a €5 dividend per share for all the shares making up the Company's share capital at that date, and carrying rights to the 2022 dividend. This dividend will be paid on May 26, 2023.

By default, in accordance with Article 200A of the French Tax Code *(Code Général des Impôts)*, the gross amount of the dividend paid to individuals who are tax residents in France (within the meaning of both domestic law and international tax treaties) will be subject to (i) the 12.8% flat-rate dividend tax (PFU) and will not be eligible for the 40% tax relief provided for in Article 158-3 2° of the French Tax Code, and (ii) social security contributions at a rate of 17.2%, giving an overall taxation rate of 30%.

However, individual shareholders who are tax residents in France (within the meaning of both domestic law and international tax treaties) may expressly and irrevocably opt for all of their investment income that falls within the scope of the PFU to be taxed using the standard progressive income tax scale, in which case the above-mentioned 40% tax relief would apply. In all circumstances the dividend will be subject to social security contributions at a rate of 17.2%.

In addition, for taxpayers whose reference taxable income exceeds certain thresholds, their dividend may also be subject to the exceptional tax on high income earners provided for in Article 223 *sexies* of the French Tax Code, which amounts to 3% or 4% depending on the case.

The Company expects its dividend policy to be consistent with its expansion strategy in 2023. This does not, however, represent any commitment on the part of the Company, which may decide to reduce its dividend payment, or not make any dividend payment at all, depending on its financial results, capital expenditure requirements, and level of debt.

The Company paid the following dividends in the past five fiscal years:

Year	**Per-share dividend**	**Total dividend**
2017	€0.68	€39,956,186
2018	€0.90	€52,192,522
2019	€2.60	€152,378,138
2020	€3.00	€175,378,593
2021	€25(1)	€1,467,188,650

(1) The Board of Directors decided at its meeting on March 21, 2022, on an exceptional basis, to pay an interim dividend of €21.50 per share eligible for the dividend payment. This interim dividend was paid on March 29, 2022.

7.7 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended December 31, 2022)

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of ILIAD SA for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates and related loans and advances

Description of risk

At December 31, 2022, the balance of investments in subsidiaries and affiliates and loans and advances to those entities amounted to €2,287 million and €4,940 million, respectively, making them the largest balance sheet items. They are initially stated at their acquisition cost and subsequently impaired based on their fair value.

As indicated in Note 2.3.2 to the financial statements, value in use is estimated by management based on the net assets of the entities concerned at the balance sheet date, adjusted for projected future earnings. Estimating fair value thus requires management to exercise its judgment based on forward-looking information used to project future earnings.

Moreover, as indicated in Note 2.3.3 to the financial statements, loans and advances are stated at nominal value. A provision for impairment is recorded when it is uncertain that the receivable will be recovered, determined based on the risk of non-recovery. Forward-looking information is again used to estimate these risks and this also requires management to exercise its judgment.

Consequently, in view of the uncertainty inherent in certain forward-looking information and, in particular, the probability that will reflect reality, we deemed the correct measurement of investments in subsidiaries and affiliates and related loans and advances to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimates of the values in use of investments in subsidiaries and affiliates and of the recoverability of loans and advances, based on the information provided to us, our work mainly consisted in verifying that the estimates determined by management were based on an appropriate justification of the measurement method and amounts used.

For measurements based on historical data, we verified that the net assets used corresponded to the amounts that appear in the audited financial statements of the entities concerned. For measurements based on forward-looking information, we obtained cash flow forecasts and analyses from management relating to the strategic nature of these entities. We also assessed the quality of the budget process by comparing the forecasts with the actual performances of the entities concerned, as well as the consistency of the assumptions used with regard to the economic outlook at year-end and the date of preparation of the financial statements.

Where the values in use of investments in subsidiaries and affiliates were lower than their acquisition cost, or where there is a risk that loans and advances granted to those entities may not be recovered, we verified that a provision for impairment had been recorded for those investments or those loans and advances.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other information

In accordance with French law, we have verified that the required information has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of iliad SA by the Annual General Meetings held on October 19, 2000 for PricewaterhouseCoopers Audit and on May 20, 2015 for Deloitte & Associés.

At December 31, 2022, PricewaterhouseCoopers Audit and Deloitte & Associés were in the twenty-third and eighth consecutive year of their engagement, respectively, and the nineteenth and eighth year since the Company's securities were admitted to trading on a regulated market, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, March 31, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Thierry Leroux	Ariane Bucaille

8. Information about the Company and its capital

8.1 INFORMATION ABOUT THE COMPANY

8.1.1 Company name

The Company's name is iliad.

8.1.2 Registered office, legal form and applicable law

Registered office: 16, rue de la Ville l'Evêque – 75008 Paris, France

Telephone: + 33 (0)1 73 50 20 00

The Company is a French *société anonyme* with a Board of Directors. It is governed by French company law, notably the French Commercial Code (*Code de commerce*).

The Company's website is **www.iliad.fr**

8.1.3 Registration details

The Company is registered at the Paris Trade and Companies Registry under number 342 376 332.

The Company's LEI is 969500FZ9BTRZS3JNB97.

8.1.4 Date of incorporation and term

The Company's business sector (A.P.E.) code is 7010Z.

The Company was incorporated on August 31, 1987 for a fixed period of 99 years from its registration date at the Trade and Companies Registry, expiring on October 15, 2086 unless said period is extended or the Company is wound up in advance.

8.1.5 Fiscal year

The Company's fiscal year begins on January 1 and ends on December 31 of each calendar year.

8.1.6 Corporate purpose

As stated in Article 2 of the Company's bylaws, the purpose of the Company is to directly or indirectly conduct the following activities in France or any other country:

- Study, implement, maintain, operate, manage and/or market all systems, equipment, networks or services in the fields of telecommunications, the Internet, data processing, telematics and communications, including the installation and operation of electronic communications networks.
- Publish and broadcast all services, programs and information, in particular, publish and provide telephone and telematics services to the public and broadcast audiovisual communications services by any technical means, including through the press, radio, audiovisual media, video or remote transmission, on magnetic or other media.
- Acquire by any means and manage investments in the capital of any French or foreign company, regardless of its form or purpose, by purchase, subscription of shares or otherwise.
- Acquire, by any means, bonds, founders' shares or other securities issued by such companies.
- Provide any services relating to commercial, financial, accounting and administrative activities.
- Directly or indirectly invest, through contributions from partnerships or otherwise, in any businesses or companies having one or more activities directly or indirectly related to the Company's corporate purpose.
- Invest in any business or company with one or more activities which may be directly or indirectly related to the Company's corporate purpose or to any similar or associated purpose, in particular by creating new companies, or through contributions, mergers, alliances, joint ventures, partnerships or consortia.
- More generally, conduct any industrial, commercial or financial transactions, or any transactions involving either real estate or securities, directly or indirectly related to the Company's corporate purpose or any similar or associated purpose.

8.1.7 Rights and obligations attached to shares

Any changes in the rights attached to the shares making up the Company's capital are subject to the general provisions of French company law as the Company's bylaws do not contain any specific provisions on this matter.

Dividend rights – Appropriation of profit

The Company's income statement shows the profit or loss for the year calculated by deducting from income for the year all expenses, including depreciation, amortization and provisions.

At least 5% of profit for the year, less any losses carried forward from prior years, is allocated to the legal reserve until such time as that reserve represents one-tenth of the Company's share capital. Further transfers are made on the same basis if the legal reserve falls to below one-tenth of the Company's share capital for any reason.

Distributable profit represents profit for the year, less any losses carried forward from prior years and any amount to be appropriated to reserves pursuant to the applicable law or the Company's bylaws, plus any retained earnings. The Annual General Meeting may appropriate all or part of this amount to any discretionary reserves or to retained earnings.

The Annual General Meeting may also decide to distribute funds drawn from available reserves, expressly indicating the reserve account from which the distributed amounts are to be taken. However, dividends are deducted in priority from distributable profit.

Except in the case of a capital reduction, no distribution may be made to shareholders if the Company's equity represents – or would represent after the planned distribution – less than the sum of its share capital plus any reserves which, under applicable laws or the Company's bylaws, are not available for distribution.

The revaluation reserve may not be distributed, but all or part of it may be incorporated into the Company's share capital.

Any losses are carried forward to be offset against profit in future years.

Voting rights

Proportionate voting rights

In accordance with the law, at Ordinary and Extraordinary General Meetings, each shareholder has a number of votes equal to the number of shares they hold or represent, without limitation.

Where shares have a beneficial owner and a legal owner, unless otherwise agreed and notified to the Company, the voting rights attached to the shares are exercised by the beneficial owner at Ordinary General Meetings and by the legal owner at Extraordinary General Meetings.

Double voting rights

At the Extraordinary General Meeting held on December 12, 2003, the shareholders decided to attribute double voting rights to all fully paid-up shares registered in the name of the same shareholder for at least three years as from the listing of the Company's shares on a regulated market (i.e., January 30, 2004) or subsequent to that date.

In the event of a capital increase paid up by capitalizing reserves, retained earnings or additional paid-in capital, or when shares are exchanged as part of a stock split or reverse stock split, the new shares allocated to a shareholder in proportion to existing registered shares carrying double voting rights will also have double voting rights from their issue date, provided that said new shares are also held in registered form.

Any shares converted into bearer form or whose ownership is transferred lose their double voting rights, in accordance with Article 26-1 of the Company's bylaws. However, registered shares do not lose their double voting rights, and the qualifying period continues to run, following the transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate or an *inter vivos* gift to a spouse or relative in the direct line of succession. Any merger or demerger of the Company would have no impact on double voting rights, which can be exercised within the new company if the latter's bylaws include such a provision. Double voting rights may only be abolished at an Extraordinary General Meeting after prior approval by a special meeting of the shareholders holding those rights.

Articles of the bylaws that could have an impact on a change in control

None.

8.1.8 Auditors

8.1.8.1 Statutory Auditors

Member of a professional organization: PricewaterhouseCoopers Audit is a member of the *Versailles Compagnie régionale des commissaires aux comptes*.	**Member of a professional organization:** Deloitte & Associés is a member of the Versailles *Compagnie Régionale des Commissaires aux Comptes*.
PricewaterhouseCoopers Audit Represented by Thierry Leroux 63, rue de Villiers 92200 Neuilly-sur-Seine, France	Deloitte & Associés Represented by Arianne Bucaille Tour Majunga 6, place de la Pyramide 92908 Paris La Défense Cedex, France
First appointed at the Annual General Meeting of October 19, 2000. Re-appointed at the Annual General Meeting of May 16, 2018 for a term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2023.	First appointed at the Annual General Meeting of May 20, 2015. Re-appointed at the Annual General Meeting of June 2, 2021 for a term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2026.

8.1.8.2 Alternate Auditors

Étienne Boris 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex, France	BEAS 6, place de la Pyramide 92908 Paris La Défense Cedex, France
First appointed at the Annual General Meeting of May 29, 2006 and re-appointed at the Annual General Meeting of May 24, 2012. Not re-appointed at the Annual General Meeting of May 16, 2018.	First appointed at the Annual General Meeting of May 20, 2015. Re-appointed at the Annual General Meeting of June 2, 2021 for a term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2026.

8.2 INFORMATION ABOUT THE COMPANY'S CAPITAL

The terms and conditions set out in the Company's bylaws concerning changes in its capital and rights attached to shares fully comply with the applicable laws and regulations. The bylaws do not provide for any exemptions and do not contain any specific conditions related to those matters.

8.2.1 Amount of and movements in the Company's capital

8.2.1.1 Amount of capital

At the date this Universal Registration Document was approved, the Company's capital amounted to €14,930,059.50 divided into 59,720,238 shares with a par value of €0.25 each, all issued, fully paid up and of the same class.

8.2.1.2 Changes in the Company's capital over the past five years

Date of Shareholders' Meeting or Board meeting	Transaction	Number of shares issued or canceled	Nominal amount of capital increase or decrease *(in €)*	Issue premium *(in €)*	Aggregate issue premiums *(in €)*	New nominal amount of share capital *(in €)*	Total shares outstanding	Per-share par value *(in €)*
Jan. 29, 2018	Capital increase following exercise of stock options	195,323	43,283.57	14,303,996.50	432,685,134.70	13,081,654.89	59,032,661	0.22*
Jan. 29, 2018	Cancellation of shares purchased under the buyback program	86,393	19,144.69	15,403,079.35	417,282,055.35	13,062,510.20	58,946,268	0.22*
Jan. 28, 2019	Capital increase following exercise of stock options	99,287	22,002	6,697,179.53	423,979,234.88	13,084,512.20	59,045,555	0.22*
Jan. 28, 2019	Cancellation of shares purchased under the buyback program	200,000	44,320	34,769,302.65	389,209,932.73	13,040,192.20	58,845,555	0.22*
June 14, 2019	Employee share issue	283,396	62,347.12	22,283,427.48	411,493,360.21	13,102,539.32	59,128,951	0.22*
Jan. 17, 2020	Capital increase following exercise of stock options	48,387	10,722.20	3,567,528.74	415,060,888.95	13,113,261.52	59,177,338	0.22*
Jan. 29, 2020	Capital increase via a public offering without pre-emptive subscription rights	11,666,666	2,585,247.12	1,397,414,672.88	1,812,475,561.83	15,698,508.64	70,844,004	0.22*
Jan. 31, 2020	Capital reduction following the share buyback offer	11,666,666	2,585,247.12	1,397,414,672.88	415,060,888.95	13,113,261.52	59,177,338	0.22*
Dec. 9, 2020	Capital increase following exercise of stock options	129,201	28,629.99	9,063,222.45	424,124,111.40	13,141,891.51	59,306,539	0.22*
Dec. 9, 2020	Capital increase by capitalizing reserves, profit, additional paid-in capital or other eligible items	N/A	1,684,743.24	N/A	424,124,111.40	14,826,634.75	59,306,539	0.25
Jan. 25, 2021	Capital increase following exercise of stock options	3,992	998	317,998.74	424,442,110.14	14,827,632.75	59,310,531	0.25
June 15, 2021	Employee share issue	296,133	74,033.25	33,628,863.48	458,070,973.62	14,901,666.00	59,606,664	0.25
March 21, 2022	Capital increase following exercise of stock options	113,574	28,393.50	9,047,191.32	467,118,164.94	14,930,059.50	59,720,238	0.25

* *0.2216 rounded to 0.22.*

8.2.1.3 Shares not representing capital

The Group regularly carries out bond issues. Information on these issues is provided in Chapter 5, Section 5.3.3 of this Universal Registration Document. The Company has not issued any shares not representing capital.

8.2.1.4 Potential capital

Apart from iliad free share grant plans, which could have a dilutive impact on the Company's capital, at December 31, 2022 there were no securities other than shares that carry rights to the Company's capital or voting rights.

Information about the potential dilution of the Company's capital is provided in Note 14 to the consolidated financial statements.

8.2.2 Authorizations to increase the Company's capital

Authorized unissued share capital

At the Annual General Meetings of July 21, 2020, June 2, 2021, and May 11, 2022 by way of extraordinary resolutions, the shareholders authorized the Board of Directors to increase the Company's capital as follows:

Authorization given to the Board of Directors at the Annual General Meeting	Date of the AGM (resolution no.)	Duration (expiration date)	Maximum nominal amount authorized *(in €)*	Utilization	Amendments to ceilings and/or expiration dates of authorizations as submitted for shareholder approval at the May 11, 2023 Annual General Meeting
TO INCREASE THE COMPANY'S CAPITAL, WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS					**CEILING** *(in €)*
To increase the Company's capital through the issue of shares and/or securities carrying rights to shares or debt securities, with pre-emptive subscription rights for existing shareholders	May 11, 2022 (7th resolution)	26 months (July 11, 2024)	5,000,000 2,000,000,000	N/A	N/A
To increase the Company's capital by capitalizing reserves, profit or additional paid-in capital	May 11, 2022 (8th resolution)	26 months (July 11, 2024)	500,000,000	N/A	N/A
TO INCREASE THE COMPANY'S CAPITAL, WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS					**CEILING** *(in €)*
To increase the Company's capital by way of a public offering – other than an offering that falls within the scope of Article L. 411-2 1° of the French Monetary and Financial Code – of shares and/or securities carrying rights to shares or debt securities, without pre-emptive subscription rights for existing shareholders	June 2, 2021 (25th resolution)	26 months (Aug. 2, 2023)	20% of the Company's capital at the Meeting date, i.e. approx. 3 million(1) 2,000,000,000(2)	N/A	N/A Not re-appointed at the 2023 Annual General Meeting
To increase the Company's capital by way of an offering of shares and/or securities carrying rights to shares or debt securities that falls within the scope of Article L. 411-2 1° of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders	June 2, 2021 (26th resolution)	26 months (Aug. 2, 2023)	20% of the Company's capital at the Meeting date, i.e., approx. 3 million(1) 2,000,000,000(2)	N/A	N/A Not re-appointed at the 2023 Annual General Meeting
Authorization for the Board of Directors to set the issue price for issues of securities carried out, without pre-emptive subscription rights, by way of a public offering or a private placement, subject to a ceiling of 10% of the Company's capital per twelve-month period	June 2, 2021 (27th resolution)	26 months (Aug. 2, 2023)	10% of the Company's capital at the issue date(1) (2)	N/A	N/A Not re-appointed at the 2023 Annual General Meeting
To increase the Company's capital in payment for shares and/or securities carrying rights to shares of another company	June 2, 2021 (29th resolution)	26 months (Aug. 2, 2023)	10% of the Company's capital at the issue date(1)	N/A	N/A Not re-appointed at the 2023 Annual General Meeting
To increase the Company's capital through the issue of shares and/or securities carrying rights to shares in the event of a public offering with a stock component initiated by the Company	June 2, 2021 (30th resolution)	26 months (Aug. 2, 2023)	2,000,000(1)	N/A	N/A Not re-appointed at the 2023 Annual General Meeting

Authorization given to the Board of Directors at the Annual General Meeting	Date of the AGM (resolution no.)	Duration (expiration date)	Maximum nominal amount authorized *(in €)*	Utilization	Amendments to ceilings and/or expiration dates of authorizations as submitted for shareholder approval at the May 11, 2023 Annual General Meeting
TO INCREASE THE COMPANY'S CAPITAL, WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS					
To increase the number of securities included in an issue carried out with or without pre-emptive subscription rights if the issue is oversubscribed	June 2, 2021 (28th resolution)	26 months (Aug. 2, 2023)	15% of the original issue(1)	N/A	N/A Not re-appointed at the 2023 Annual General Meeting
TO CARRY OUT EMPLOYEE SHARE ISSUES					
To issue shares to Group employees	May 11, 2022 (9th resolution)	26 months (July 11, 2024)	1% of the Company's capital at the Meeting date(3)	N/A	N/A
TO SET UP STOCK OPTION AND SHARE GRANT PLANS					
To issue shares for allocation on exercise of stock options	July 21, 2020 (25th resolution)	38 months (Sept. 21, 2023)	1% of the Company's capital at the grant date, taking into account options granted	N/A	N/A Not re-appointed at the 2023 Annual General Meeting
To grant shares free of consideration	July 21, 2020 (24th resolution)	38 months (Sept. 21, 2023)	2% of the Company's capital at the grant date	Shares granted representing 0.36% of the Company's capital	2% of the Company's capital at the grant date 38 months (July 11, 2026)

(1) *This amount is included in the overall €5,000,000 ceiling applicable to issues of shares and/or securities carrying rights to shares as set in the twenty-fourth resolution (extraordinary) of the June 2, 2021 Annual General Meeting.*

(2) *This amount is included in the overall €2,000,000,000 ceiling applicable to issues of debt securities as set in the twenty-fourth resolution (extraordinary) of the June 2, 2021 Annual General Meeting.*

(3) *This amount is included in the overall €5,000,000 ceiling applicable to issues of shares and/or securities carrying rights to shares which will be set in the seventh resolution (extraordinary) of the May 11, 2022 Annual General Meeting.*

8.2.3 Own shares and share buybacks

The Company's shares were delisted from Euronext Paris on October 14, 2021 following the implementation of a squeeze-out procedure.

At December 31, 2022, the Company held:

Percentage of capital held directly or indirectly by the Company	1.37%
For the purpose of:	
granting shares free of consideration	100%
Number of shares canceled in the past 24 months	0
Number of shares held in the portfolio	818,146
Carrying amount of the portfolio *(in €)*	93,252,784.78
Carrying amount of the portfolio *(in €)*	204,536.5

Presentation of the authorization given to the Board of Directors to carry out a share buyback program

The Company did not carry out any share buybacks in 2022.

8.2.4 Ownership structure

8.2.4.1 Shareholding structure

Breakdown of the Company's capital and voting rights at December 31, 2022

Movements in ownership interests and voting rights

	December 31, 2022		
Shareholder	**Number of shares**	**% capital**	**% voting rights**
Holdco II	58,579,400	98.09%	98.09%
Employees	322,692	0.54%	0.54%
SUB-TOTAL	**58,902,092**	**98.63%**	**98.63%**
iliad (own shares)	818,146	1.37%	-
TOTAL	**59,720,238**	**100%**	**100%**

At December 31, 2022, Holdco II S.A.S, majority shareholder, did not have any double voting rights. No shareholders had double voting rights at December 31, 2022.

iliad Holding S.A.S., which is wholly owned by Xavier Niel, iliad S.A.'s main shareholder, indirectly controls (via HoldCo II S.A.S.) the group of companies comprising iliad S.A. and the subsidiaries that it controls. Holdco II S.A.S. is 97.43% owned by iliad Holding S.A.S. Following the changes made to iliad Group's ownership structure, iliad Holding S.A.S. has since 2020 taken on the role of a holding company that steers the iliad Group and plays a key role in defining its general policy and strategic priorities. On March 16, 2020, iliad Holding S.A.S. set up a Strategy Committee comprising Xavier Niel and the iliad Group's key executives, notably Maxime Lombardini, Thomas Reynaud, Cyril Poidatz, Antoine Levavasseur and Nicolas Jaeger.

To the best of the Company's knowledge, there are no shareholders other than those mentioned above who directly or indirectly hold more than 5% of the Company's capital or voting rights.

Disclosure thresholds

Article 12 of the Company's bylaws contains provisions requiring shareholders to disclose when they cross ownership thresholds for shares and voting rights.

Following the squeeze-out procedure and the delisting of the Company's shares from Euronext Paris on October 14, 2021, the Company is no longer subject to the legal and regulatory disclosure requirements relating to the crossing of ownership thresholds. Consequently, at the Annual General Meeting to be held on May 11, 2022 meeting, the Board of Directors decided, the shareholders will be asked to delete the provisions of Article 12 of the bylaws requiring the disclosure of the crossing of ownership thresholds.

8.2.5 Stock market data

iliad's shares have been traded on Eurolist by Euronext™ (compartment A) since January 30, 2004. Following the squeeze-out, iliad shares were delisted from the regulated market Eurolist by Euronext™ (compartment A) on October 14, 2021.

8.2.6 Provisional timetable for financial communications

May 11, 2023:	Annual General Meeting
May 16, 2023:	First-quarter 2023 revenues release
August 30, 2023:	First-half 2023 revenues and earnings release
November 15, 2023:	Revenues release for the first nine months of 2023

8.2.7 Additional information

8.2.7.1 Shareholders' agreements and undertakings

Shareholders' agreements

None.

Lock-up undertakings

None.

Shareholders acting in concert

To the best of the Company's knowledge, there are no shareholders acting in concert other than the shareholders who are executive managers of the Company who act in concert in their capacity as executive managers.

Measures taken to ensure that control is not exercised in an abusive manner

As described in Section 8.2.4.1 above, the Company is controlled by its majority shareholder. However, the Company considers that there is no risk that control will be exercised in an abusive manner thanks to the measures taken within its corporate governance structures, notably the separation of the positions of Chairman of the Board of Directors and Chief Executive Officer, and due to the fact that there are independent directors on the Board and the Board committees.

8.2.7.2 Arrangements that could result in a change in control of the Company

None.

9. Additional information

9.1 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

9.1.1 Name and position of the person responsible

Nicolas Jaeger, Deputy Chief Executive Officer and Chief Financial Officer of iliad

9.1.2 Statement by the person responsible for the Universal Registration Document

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import. "

Nicolas Jaeger

Deputy Chief Executive Officer and Chief Financial Officer of iliad

May 5, 2023

9.1.3 Name and position of the person responsible for financial information

Nicolas Jaeger

Deputy Chief Executive Officer and Chief Financial Officer of iliad

iliad

16 rue de la Ville l'Évêque

75008 Paris, France

Telephone: + 33 (0)1 73 50 20 00

www.iliad.fr

9.2 DOCUMENTS ACCESSIBLE TO THE PUBLIC

The Company's bylaws can be consulted on **https://www.iliad.fr/fr/investisseurs/groupe/documents-legaux/2022**.

Copies of this Universal Registration Document can be obtained free of charge from the Company's registered office (16, rue de la Ville l'Évêque, 75008 Paris, France – Tel: +33 1 73 50 20 00) and may also be downloaded from the Company's website (**www.iliad.fr**) as well as from the website of the Luxembourg Stock Exchange (**https://www.luxse.com**).

9.3 MATERIAL CONTRACTS

9.3.1 Financial contracts

Information on the Group's debt is provided in Chapter 5, Section 5.3.3 of this Universal Registration Document.

9.3.2 Operating contracts

The main operating contracts are presented in chapter 5 of this Universal Registration Document.

DOCUMENTS INCORPORATED BY REFERENCE

In accordance with Article 19 of the Prospectus Regulation, the sections and pages referred to in the cross-reference table below and included in the following documents are incorporated by reference in this Universal Registration Document:

(i) the Universal Registration Document filed (in French) with the French securities regulator (*Autorité des Marchés Financiers* – AMF) on April 15, 2021 under no. D.21-0312 (available at https://iliad-strapi.s3.fr-par.scw.cloud/ILIAD_DEU_2020_Eng_d1e283f4ae.pdf) (the "**2020 URD**");

(ii) the Universal Registration Document filed (in French) with the *Commission de Surveillance du Secteur Financier* ("CSSF") on June 15, 2022 (available at http://iliad-strapi.s3.fr-par.scw.cloud/ILIAD_URD_15062022_ENG_2473b2c06c.pdf) (the "**2021 URD**"); and

(iii) the Quarterly Report for the first nine months of 2022, including the unaudited consolidated financial statements at September 30, 2022 (in English) (available at https://iliad-strapi.s3.fr-par.scw.cloud/Slideshow_151122_d8be3ce2a8.pdf) (the "**Quarterly Report**").

European Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	2020 URD (pages)	2021 URD (pages)	Quarterly Report (pages[1])
BUSINESS OVERVIEW			
Principal activities	20 to 27	18 to 23	N/A
Principal markets	12 to 19	10 to 17	N/A
Investments	153 to 157 and 165 to 166	128 to 131 and 140	N/A
OPERATING AND FINANCIAL REVIEW			
Financial position	32, 147 to 170	28, 123 to 144	N/A
Related-party transactions	217 to 218	192 to 193	N/A
FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
Historical financial information	165, 171 to 234	140, 145 to 210	26 to 45
• Consolidated income statement	173 and 174	147 and 148	27 and 28
• Consolidated balance sheet –	175 and 176	149 and 150	30
• Consolidated statement of changes in equity	177	151	31
• Analysis of the Consolidated Statement of Cash Flows	178	152	32
• Notes to the consolidated financial statements	179 to 229	153 to 204	33 to 45
• Statutory Auditors' report on the consolidated financial statements	230 to 234	205 to 209	N/A
Management report and interim results analysis	N/A	N/A	3 to 24

(1) The page numbers of the Quarterly Report mentioned in this cross-reference table correspond to the PDF version of the report.

Other than the information listed in the cross-reference table above, the other information set out in Sections (i) and (ii) above is expressly not incorporated by reference into this Universal Registration Document; the other sections of these documents, which are not incorporated by reference, are not deemed to be relevant to investors.

The information on the websites mentioned in this Universal Registration Document is not part of this Universal Registration Document and has not been reviewed or approved by the CSSF, unless such information is included by reference in this Universal Registration Document.

Glossary

The glossary below is provided as a supplement and as an aid to understanding this Universal Registration Document. Some of the definitions below therefore give only a summary of the technical processes described, without providing details as to the functioning of such processes.

Add/Drop Multiplexer (ADM): Equipment on a telecommunications network used for inserting or extracting data packets.

ADM (Add/Drop Multiplexer): See Add/Drop Multiplexer.

ADSL (Asymmetrical Digital Subscriber Line): ADSL is an xDSL technology used for high-speed data transmission, in particular when using a subscriber's conventional telephone line consisting of a pair of copper wires. By using two modems, one installed on the subscriber's premises and the other in a DSLAM located in the main distribution frame, ADSL technology is able to increase network bandwidth considerably and obtain transmission speeds up to 320 times faster than with a conventional analog modem. The principle behind ADSL is that part of the bandwidth is reserved for transporting voice traffic (low frequencies) while another part is used for transporting data (high frequencies) either in the direction of the network backbone (upload) or in the direction of the subscriber (download). The technology is asymmetrical in the sense that the upload bit rate (data sent by the user) is lower than the download rate (data received by the user). For the correct representation of voice traffic (using the low frequency spectrum), splitters located at each end of the line eliminate those parts of the signal which are not needed.

In the ADSL2+ version, the bandwidth of the line is divided as follows:

0 – 5kHz:	analog telephone line
30kHz – 130kHz:	narrowband channel towards the network (upload)
30kHz – 2.2MHz:	broadband channel towards the subscriber (download)

FDM (Frequency Division Multiplexing) is used to separate the various data traffic flows. An echo cancellation system is used for spectrum recovery on the upload and download channels.

Afnic (*Association Française pour le Nommage Internet en Coopération* – www.afnic.fr/_en): Afnic is a non-profit organization whose principal function is to establish and implement a naming registry for the .fr (France) and .re (Reunion Island) domains. It has drawn up naming charters which set out its rules for registering domain names in these geographic areas. Members of Afnic include service providers who have been accredited as registrars of domain names in the French domain name areas.

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

ARCOM (*Autorité de régulation de la communication audiovisuelle et numérique* – the Audiovisual and Digital Communication Regulatory Authority: www.arcom.fr) is a French independent administrative authority established by the Act of October 25, 2021 that merged the CSA (*Conseil supérieur de l'audiovisuel*) and the HADOPI (*Haute Autorité pour la diffusion des œuvres et la protection des droits sur Internet*). Its objective is to ensure freedom of communication and monitor the financing of audiovisual productions and the protection of rights. Its scope covers online platforms such as social media and search engines.

Backbone: Network consisting of a number of very high bandwidth links to which other, smaller networks are connected (including metropolitan networks).

Bandwidth: The transmission capacity of a transmission line. Bandwidth determines the quantity of data (in bits per second) that can be transmitted simultaneously.

Bit: Contraction of "binary digit". A bit is the smallest unit of data processed by a computer. In a binary system, each bit has a value 0 or 1. Data recorded in digital form are coded in bits. One character (letter or figure) is generally coded as 8 bits (1 byte).

Bit rate: Amount of data passing through a communication channel over a given period of time. The bit rate is measured in bits per second or in multiples thereof (kbps = kilobits per second, Mbps = megabits per second, Gbps = gigabits per second, Tbps = terabits per second). The upload bit rate corresponds to the transmission of data from the subscriber to the network and the download bit rate corresponds to data transmitted from the network to the subscriber.

Broadband: The concept of broadband is a relative concept, depending on the capabilities of transmission technology at any given time. At present, broadband is generally accepted as corresponding to a bit rate of at least 512 kbps. See also "bit rate".

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 onetime revenues (e.g., fees for migration from one offer to another or subscription and cancellation fees), divided by the total number of Broadband and Ultra-Fast Broadband subscribers invoiced at the end of the period.

Broadband and Ultra-Fast Broadband ARPU (Average Revenue Per Freebox Revolution Broadband and Ultra-Fast Broadband User, excluding promotional offers): Includes revenues from the flat-rate package and value-added services but excludes one-time revenues (e.g., fees for migration from one offer to another or subscription and cancellation fees) and the impact of promotions, divided by the total number of Freebox Revolution Broadband and Ultra-Fast Broadband subscribers invoiced at the end of the period.

Broadband and Ultra-Fast Broadband subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings.

Byte: A set of eight bits. Bytes and their multiples (kilobyte (kB), megabyte (MB), gigabyte (GB), terabyte (TB), etc.) are used to measure the size of electronic files. When such measurements are given in multiples of bytes, it is generally accepted that a kilobyte is equal to 210, or 1,024, bytes (and not 1,000 bytes), and that a megabyte is equal to 220 bytes (and not 1,000,000 bytes).

Call termination: An operation that consists of the routing of calls to subscribers on a particular network. In principle, call termination requires either that the call be made from the network on which the caller is a subscriber or from an interconnected network.

Capex: Capex corresponds to the net cash outflow for acquisitions of property, plant and equipment and intangible assets (excluding payments for frequencies).

CNIL (*Commission Nationale de l'Informatique et des Libertés* – http://www.cnil.fr/english/): The CNIL is an independent administrative authority established by Act no. 78-17 of January 6, 1978 (France's data protection law). Its principal role is to protect privacy and personal or public freedom, and it is responsible for ensuring compliance with the data protection law.

Colocation facilities or space: A room located in the incumbent operator's sites containing equipment belonging to third-party operators used for local loop unbundling. The room is built by the incumbent operator which then rebills the cost of construction to the operators located in the room. The third-party operators then rent whatever space they need (one or more racks each occupying a floor area of 600mm x 600mm) for their unbundled activities.

Connectible FTTH 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.

Consolidated free cash flow (excluding financing activities and dividends): Consolidated free cash flow (excluding frequencies, financing activities and dividends) after payments for frequencies.

Consolidated Free Cash Flow: Consolidated free cash flow (excluding financing activities and dividends) after (i) repayment of borrowings, (ii) proceeds from new borrowings (including finance leases), and (iii) dividends paid to owners of the parent company.

Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends): Operating free cash flow after IFRS 16 after (i) net cash outflows/inflows related to acquisitions of property, plant and equipment and intangible assets, excluding payments for frequencies, (ii) net cash outflows/inflows related to investments in non-consolidated undertakings, (iii) net impact of changes in scope of consolidation), (iv) dividends received, (v) change in outstanding loans and advances, (vi) cash outflows for leasehold rights, (vii) net cash inflows/outflows related to assets held for sale, (viii) tax paid, (ix) net sums received from or paid to shareholders on capital increases, (x) proceeds received on exercise of stock options, (xi) own share transactions, (xii) dividends paid to minority shareholders of consolidated companies, and (xiii) effect of exchange-rate movements.

Cookie: Information recorded by a server in a text file located on the subscriber's computer and which can be read by this same server (and by this server alone) at a later time.

Copper pair: Type of cable used for the transmission of electrical signals, consisting of one or more pairs of metal conductors. The two wires forming the pair are braided in order to minimize potential interference between two conductors. By extension, the copper pair also refers to the local loop link between a subscriber and the local concentrator. See also "local loop".

Dark optical fiber: Raw optical fiber without the equipment which allows it to be used.

Dedicated facilities or space: A room located in the incumbent operator's sites containing equipment belonging to third-party operators used for local loop unbundling. Third-party operators rent the space (one or more racks each occupying a floor area of 600mm x 600mm) necessary for their unbundling activities. See also "Colocation facilities or space".

Dial-up (also called narrowband): Historically this corresponds to the bit rate of a conventional telephone line using the voice frequency spectrum. By way of example, an Internet connection using a conventional telephone line is established at a maximum download rate of 56 kilobits per second (kbps). See also "bit rate".

Digital: Coding in binary form (0 or 1) of information to be processed by a computer.

Digital local exchange (DLE/LX): Switch on the incumbent operator's telephone network to which subscribers are connected by means of local concentrators. The incumbent operator's network is organized in a hierarchical fashion, with the digital local exchange being the lowest level in the hierarchy of exchanges installed on the network.

Digital main switching unit (DMSU): The incumbent operator's interconnect point, occupying the highest level in the hierarchy of switches in a trunk exchange area. See also "trunk exchange area".

DNS (Domain Name System): A DNS is a database which registers Internet resources (computer, server, router, etc.) in the form of a domain name and allocates them a unique IP address. The Internet protocol converts the domain name into the corresponding IP address. Without the DNS, users would have to remember websites or email addresses in the complicated form of the domain's IP address. See also "domain name".

Domain name: A domain name is the unique identifier of an IP address. The DNS (see "DNS – Domain Name System") matches the domain name to the IP address. A domain name consists of a string of characters (from "a" to "z" or "0" to "9", plus "-") corresponding to the name of a trademark, association, company, individual, etc., plus a suffix known as the TLD (see "TLD [Top Level Domain]"), such as ".fr", ".de", ".net", or ".com".

Domain name registration: Domain name registration consists of hosting domain names on a computer with an IP address on behalf of the domain name owners, who are in turn entered in the register relating to their top level domain or TLD. See also "TLD".

DSL (Digital Subscriber Line): See xDSL.

DSLAM (Digital Subscriber Line Access Multiplexer): Equipment installed in the telephone exchange closest to the subscriber which is part of the equipment used to transform a conventional telephone line into an xDSL line. DSLAMs connect several xDSL lines and are connected to the modem on the subscriber's premises via the local loop.

DWDM (Dense Wavelength Division Multiplexing): Technology permitting the transmission of a large number of frequencies on the same fiber strand, thereby significantly increasing the bandwidth capacity of the optical fiber.

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

Eligibility: A telephone line is said to be "eligible" for ADSL when the technical characteristics of the line in terms of signal loss are such that xDSL-type technologies can be used. The length and diameter of the copper pairs (local loop) are the main parameters determining eligibility. Using current technologies, in order to obtain a 512 kbps Internet connection, the subscriber's access point must be located within four kilometers of the DSLAM.

FCF: Free Cash Flow.

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

Firewall: Hardware or software device which controls access to all the computers on a network from a single point of entry. The main function of the firewall is to filter the data packets transmitted between the protected network and outside networks. In addition, a firewall can be used to perform advanced security functions such as virus detection, IP address masking on the protected network and the establishment of encryption tunnels subject to authentication.

Free Cash Flow from ADSL operations: Represents EBITDA plus or minus changes in working capital requirement and minus investments made in connection with property, plant and equipment and intangible assets acquired for the Group's ADSL operations.

FTTH (fiber-to-the-home): Data delivery technology that directly connects subscribers' homes to an optical node (ON).

Gross profit: Corresponds to revenues less purchases used in production.

IEEE 802.11a/b/g/n standards: Radio-telecommunications standards established by the IEEE (Institute of Electrical and Electronic Engineers) describing the characteristics of wireless networks using the 5 GHz (IEEE 802.11a/n) and 2.4 GHz (IEEE 802.11b/g/n) frequency bands. (See also "RLAN – Radio Local Area Network" and "WLAN – Wireless Local Area Network").

Interconnection: The term interconnection refers to the reciprocal services provided by two operators of networks open to the public, permitting all of their users to communicate freely with one another, no matter the type of network or services they use. The term also refers to the provision to a public telephone service provider of access to a public network operator's network. The objective of interconnection is to allow a given operator's subscribers to make telephone calls to the subscribers of all other interconnected operators. Interconnection between the incumbent operator (France Telecom) and third-party operators is governed by the provisions of the French Post and Electronic Communications Code and is regulated by ARCEP.

Internet Service Provider (ISP): Organization or company that provides subscribers with access to the Internet, either free of charge, or for a cost.

IP (Internet Protocol): Telecommunications protocol used on the networks supporting the Internet which divides the data to be transmitted into packets, addresses the various packets, transports them independently of one another and, finally, recreates the packets in their initial form once they reach their destination. This protocol uses a technique known as packet switching. On the Internet, it is associated with a data transmission control protocol (TCP) – hence the term TCP/IP.

IP address: The IP address allows a router using TCP/IP to identify the unique network interface of a machine connected to the Internet. In order to be accessible or to send data packets over the Internet, a machine must have a public IP address, i.e., an address that is known on the Internet. ICANN has overall responsibility for managing IP addressing on a worldwide basis, but delegates responsibility for certain areas to regional and local organizations. An IP address is a sequence of 32 binary digits (see also "bit") grouped into four bytes in the form A.B.C.D where A, B, C and D are numbers between 0 and 255 (this structure corresponds to version 4 of the IP protocol, or IPv4). The problem of limited addressing resources caused by the growth of the Internet has led to the development of a new version of the IP protocol (IPv6), based on 128 binary elements, which is gradually being brought into use.

IRU (Indefeasible Right of Use): Special type of agreement, specific to the telecommunications sector, for the provision of optical fibers (or transmission capacity) over a long period. Leverage ratio: Represents the ratio between Net debt (short- and long-term financial liabilities less cash and cash equivalents) and EBITDAaL.

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

Linux: Linux is a multi-task and multi-user operating system based on Unix (Uniplexed Information and Computer Service). It is a so-called "open source" software system, i.e., it is freely available in source code form and modifiable under the terms of a General Public License (GNU GPL).

Local concentrator: Active telecommunications equipment connected to both the digital local exchange and the copper pairs constituting the local loop. This is the primary active equipment in the incumbent operator's network. The function of the local concentrator is to group several subscriber lines into one cable.

Local loop: Physical circuit of the telephone network which connects the termination point of the network on the subscriber's premises (i.e., the subscriber's telephone socket) and the local loop operator's main distribution frame (i.e., generally the incumbent operator's local telephone exchange) which contains a digital switch. The local loop is composed of a pair of braided copper wires.

LTM: Last twelve months.

M2M: Machine to machine communications.

Main distribution frame (MDF): Establishes a temporary connection between a copper pair (local loop) and any active equipment on the operator's network. It is a vital point of flexibility in the operation of a telecommunications network.

MMS (Multimedia Messaging Service): Extends the core SMS capability by enabling users to send to and from their phones messages that include photos as well as audio and video content.

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

Modem (modulator-demodulator): Device that transforms analog signals into digital signals and vice versa. A modem is required in order to connect to the Internet (where the data exchanged is digital).

MPEG-2: Video signal compression standard, used mainly for DVDs.

MPEG-4: Digital compression standard for new-generation audiovisual content. This format is able to broadcast High Definition streaming data and provides enhanced audiovisual quality at low bandwidths.

Multicast: Routing system minimizing the number of data flows from a server to various subscribers by multiplying the data flows only when they are as close as possible to end users.

Multiplexing: Technique permitting several communication flows to pass through the same channel/transmission bearer. Multiplexing can work in different ways: frequency multiplexing uses different frequencies for the various communications, while time division multiplexing allocates a period of time (known as a slot) to each communication.

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

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

Number of active 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.

Number of Home subscribers – Poland: Represents, at the end of a period, the number of subscribers who have signed up 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 registered 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 (including M2M cards and free SIM cards), excluding those recorded as having requested the termination of their subscription.

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

Operating free cash flow after IFRS 16: Cash flow from operations before finance costs and tax after (i) cash outflows related to right-of-use assets and interest expense on lease liabilities resulting from the application of IFRS 16, and (ii) change in operating working capital requirement (including employee benefit obligations).

Optical fiber: Transmission medium which routes digital data in the form of modulated light signals. It consists of an extremely thin glass cylinder (the core strand) surrounded by a concentric layer of glass (the sheath). The potential bandwidth that can be passed through an optical fiber in conjunction with the corresponding active equipment is enormous.

Optical node (ON): Site hosting optical local loop equipment bringing together all of the optical local loop interconnection links serving end-subscribers for a given geographic area.

Peering: Type of interconnection agreement between two IP backbone networks (known as peer networks) for the exchange of Internet traffic destined for their respective networks. These exchanges take place at exchange nodes called peering points and may be invoiced if they are not fully reciprocal.

Ping: Ping is an acronym for Packet Internet Groper, and is a component of the Internet connection protocol which verifies the connections established on the Internet between one or more remote hosts and measures the time data packets require to be transmitted to one computer connected to the Internet and back again. The lower the ping value (i.e., the closer to zero) the faster the network connection.

POP (Point of Presence): Physical site from which the operator can use an interconnection link to connect to the interconnect point of another operator (whether another POP or, in the case of the incumbent operator, a digital main switching unit or a digital local exchange). The POP is located on the operator's network backbone. See also digital main switching unit".

Portability: Possibility for subscribers to keep their telephone numbers when changing operators and/or geographical location.

Preselection: Carrier selection mechanism allowing a subscriber to automatically route all eligible calls (local, national, international, and calls to mobile phones) so that they are carried by the operator of the subscriber's choice, without having to dial a special prefix.

Profit for the period from recurring operations: Profit for the period excluding the impact of the additional and exceptional income tax contribution.

Public switched telephone network (PSTN): Conventional telephone network which uses switching (a non-permanent link established by line seizure and then dialing). Each call established on the PSTN ties up network resources.

Reference Interconnect Offer: Document describing the technical and pricing terms of the incumbent operator's interconnect offer (or the interconnect offer of any other operator designated as having significant market power pursuant to Article L. 36-7 of the French Post and Electronic Communications Code). It informs third-party operators of what interconnection services are available and sets out the prices and the technical terms of these services.

Revenues invoiced to subscribers: revenues generated from the sale of services to subscribers.

RLAN (Radio Local Area Network): Wireless network. RLANs generally conform to IEEE 802.11 standards.

SDH (Synchronous Digital Hierarchy): Multiplexing technique providing for the secure transmission of different types of data. This technique is used for the transmission of data on conventional telephone networks.

Services revenues: Total revenues excluding revenues from sales of devices.

SMS (Short Message Services): Short alphanumerical text messages.

Source code: List of instructions in a computer program in a language capable of being understood by human beings.

Spamming: The bulk mailing of unsolicited electronic messages. This type of message is generally sent to email lists obtained unconventionally or illegally (for example, through the use of a search engine on public websites or through the sale of email address files without the permission of the owners of such addresses).

Subscriber connection node: A site hosting the incumbent operator's network equipment bringing together all of the interconnection links for its copper local loop for a given geographic area. Subscriber connection nodes provide access to the various services available via the copper local loop. Third-party operators may access these services through unbundling arrangements in order to directly serve end-subscribers.

Switch: Equipment which routes calls to destinations by establishing a temporary link between two circuits on a telecommunications network (or occasionally by routing information in packet form). Switches are organized in a hierarchical fashion, i.e., the higher the position they occupy in the hierarchy, the more subscribers they serve.

TLD (Top Level Domain): The top level domain name classification, corresponding to a geographic area or a sector of activity, such as ".com", ".org" or ".fr".

Total Broadband and Ultra-Fast Broadband subscribers: Represents, at the end of a period, the total number of subscribers, identified by their telephone lines, who have signed up for a Free or Alice Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Total mobile subscribers – France: Represents, at the end of a 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.

Total mobile subscribers – Italy: Represents, at the end of a 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.

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

Triple-play: A technical service capable of managing bandwidth-intensive voice, data and audiovisual content simultaneously and over long distances.

Trunk exchange (TX): Telephone network switch linking together the digital local exchanges. The incumbent operator's network is organized in a hierarchical fashion, with the trunk exchange being the highest level in the hierarchy of national exchanges. Through the digital local exchanges, the trunk exchange serves all subscribers in a given geographic area (called a trunk exchange area). See also "trunk exchange area".

Trunk exchange area: The geographic area covered by a trunk exchange. The incumbent operator's switched network in Metropolitan France is divided into 18 trunk exchange areas, defined by the incumbent operator in its Reference Interconnect Offer and generally corresponding.

Unbundled subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings through a telephone exchange unbundled by Free.

Unbundling: Operation involving the separation of a range of telecommunications services into several distinct units. Unbundling of the local loop (or unbundled access to the incumbent operator's local network) consists of separating the access services provided over the local loop, allowing new operators to use the local network of the incumbent operator and provide services directly to their subscribers.

Universal service: The main element of the public telecommunications service as defined by law, with the intended purpose of providing high quality telephone services to the general public at an affordable price.

Urban area: In the architecture of the incumbent operator's network, the Ile-de-France region is divided into two trunk exchange areas: the urban area which corresponds to the former Seine département (Paris, Hauts-de-Seine, Seine-Saint-Denis, and Val de Marne) and the peripheral area, which covers the Seine-et-Marne, Essonne, Yvelines and Val-d'Oise départements.

VoIP (Voice over DSL): Transmission of voice traffic (in packets) using ADSL technology, i.e., using the high frequencies of the local loop, as compared to conventional telephony which uses the low frequencies of the local loop.

WLAN (Wireless Local Area Network): A wireless network based on radio telecommunications. An RLAN (see "RLAN [Radio Local Area Network]) is a specific type of WLAN.

xDSL (x Digital Subscriber Line): The family of technologies used to transmit digital data over the copper pair (local loop) at high speeds (such as ADSL, SDSL, ADSL2+, VDSL2, etc.). See also "ADSL".

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