



Financial release



FINANCIAL REPORT FIRST HALF 2023

MANAGEMENT REPORT

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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES



MANAGEMENT REPORT

ANALYSIS OF THE GROUP'S BUSINESS AND RESULTS

KEY CONSOLIDATED FINANCIAL DATA

<i>In € millions</i>	H1 2023	H1 2022
INCOME STATEMENT		
Total revenues	4,443	4,024
<i>EBITDAaL</i>	1,642	1,577
Profit from ordinary activities	618	645
Profit for the period	231	639
BALANCE SHEET		
	June 30, 2023	Dec. 31, 2022
Non-current assets	21,531	20,333
Current assets	4,170	3,192
<i>Of which cash and cash equivalents</i>	801	521
Assets held for sale	21	1,470
Total assets	25,722	24,994
Total equity	5,187	5,213
Non-current liabilities	14,542	14,894
Current liabilities	5,993	4,888
Liabilities held for sale	0	19
Total equity and liabilities	25,722	24,994
Net debt¹	10,472	10,815
CASH FLOWS		
	H1 2023	H1 2022
Cash flows from operations	1,933	1,751
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(479)	(441)
Capital expenditure excluding payments for frequencies - Group	(1,040)	(1,020)
Payments for frequencies - Group	(46)	(39)
Income tax paid	(355)	(84)
Net interest paid	(263)	(29)
Other (including impact of changes in scope of consolidation)	913	1,217
Net change in cash and cash equivalents - Group (excluding change in net debt and dividends)	820	1,224
Dividends paid to owners of the Company	(295)	(1,262)

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

1 OVERVIEW

The Iliad Group (the “Group”) is one of Europe’s leading electronic communications players, with 47.0 million subscribers, €8.8 billion in revenues over the last twelve months 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 and continued its expansion in Europe by acquiring Play, Poland’s leading mobile telecom operator, in 2020, and the Polish cable-operator UPC Polska in April 2022.

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

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

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

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

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

2 KEY FIGURES FOR THE FIRST HALF OF 2023

The key figures for the first half of 2023 are as follows:

<i>In € millions</i>	H1 2023	H1 2022	% change
Consolidated revenues	4,443	4,024	+10.4%
France	2,918	2,710	+7.7%
Italy	496	442	+12.2%
Poland	1,036	879	+17.9%
<i>Intra-group sales</i>	(7)	(6)	+15.4%
Consolidated EBITDAaL	1,642	1,577	+4.1%
France	1,110	1,091	+1.7%
Italy	117	87	+34.5%
Poland	415	399	+3.9%
Consolidated capex¹	1,040	1,020	+1.9%
France	785	716	+9.7%
Italy	122	198	-38.3%
Poland	133	107	+24.5%
Operating free cash flow (<i>EBITDAaL less capex</i>)	602	557	+8.1%
France	325	375	-13.4%
Italy	(5)	(110)	-95.8%
Poland	282	293	-3.6%
<i>In € millions</i>	June 30, 2023	Dec. 31, 2022	Variation
Net debt	10,472	10,815	(343)
LTM ² EBITDAaL	3,368	3,346	22
Leverage ratio (LTM EBITDAaL)	3.1x	3.2x	-0.1x

EUR/PLN exchange rate: 4.6244 for H1 2023 and 4.6354 for H1 2022

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

3 COMPARISON OF RESULTS FOR H1 2023 AND H1 2022

<i>In € millions</i>	H1 2023	H1 2022	% change
Revenues	4,443	4,024	+10.4%
Purchases used in production	(1,241)	(1,203)	+3.2%
Payroll costs	(300)	(265)	+13.3%
External charges	(778)	(586)	+32.7%
Taxes other than on income	(127)	(114)	+11.4%
Additions to provisions	(43)	(42)	+4.5%
Other income and expenses from operations, net	118	156	-24.5%
Depreciation of right-of-use assets	(428)	(393)	+9.0%
EBITDAaL	1,642	1,577	+4.1%
<i>EBITDAaL margin</i>	<i>37.0%</i>	<i>39.2%</i>	<i>-220bps</i>
Share-based payment expense	(16)	(20)	-22.7%
Depreciation, amortization and impairment of non-current assets	(1,008)	(912)	+10.5%
Profit from ordinary activities	618	645	-4.1%
Other operating income and expense, net	63	303	-79.0%
Operating profit	682	947	-28.0%
Finance costs, net	(261)	(116)	+125.9%
Other financial income and expense, net	(7)	(11)	-35.8%
Interest expense on lease liabilities	(116)	(103)	+12.9%
Corporate income tax	(100)	(129)	-22.4%
Share of profit of equity-accounted investees	35	50	-30.7%
PROFIT FOR THE PERIOD	231	639	-63.8%

3.1 Analysis of consolidated results

(a) Key indicators¹

France (figures in thousands unless otherwise stated)	Q2 2023	Q1 2023	QoQ change
Number of mobile subscribers	14,518k	14,390k	128k
- Of which Free 4G/5G package (incl. French overseas DOM/TOM)	10,584k	10,397k	187k
- Of which on the voice-based plan	3,934k	3,993k	-59k
Number of Broadband and Ultra-Fast Broadband subscribers	7,264k	7,222k	42k
- Of which Fiber	5,072k	4,870k	202k
Fiber take-up rate	69.8%	67.4%	+240bps
Number of connectible Fiber sockets (in millions)	33.5m	32.5m	+1.0m
Total number of subscribers - France	21,782k	21,612k	170k
	Q2 2023	Q2 2022	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €) ¹	34.6	33.4	+3.6%
Mobile ARPU billed to subscribers (in €) ¹	12.0	11.5	+4.5%
Italy (figures in thousands)	Q2 2023	Q1 2023	QoQ change
Number of mobile subscribers	10,116k	9,849k	267k
Number of fiber subscribers	149k	131k	18k
Total number of subscribers - Italy	10,265k	9,980k	285k
POLAND (figures in thousands unless otherwise stated)	Q2 2023	Q1 2023	QoQ change
Number of active mobile subscribers	12,909k	12,832k	77k
- Of which on plans	9,157k	9,060k	98k
- Of which prepaid	3,752k	3,773k	-21k
Number of Fixed subscribers	2,065k	2,046k	19k
Total number of subscribers - Poland	14,974k	14,878k	96k
	Q2 2023	Q2 2022	YoY change
Mobile ARPU billed to subscribers (in PLN)	29.6	28.8	+2.8%
GROUP (figures in thousands)	Q2 2023	Q1 2023	QoQ change
Number of mobile subscribers	37,543k	37,071k	472k
Number of Fixed subscribers	9,478k	9,399k	79k
TOTAL NUMBER OF SUBSCRIBERS	47,021k	46,471k	551k

¹ See glossary for definitions

(b) Quarterly consolidated revenues

<i>In € million</i>	H1 2023	H1 2022	% change	Q2 2023	Q2 2022	% change
Consolidated revenues	4,443	4,024	+10.4%	2,256	2,090	+8.0%
Consolidated service revenues ¹	4,113	3,756	+9.5%	2,093	1,955	+7.1%
Consolidated equipment revenues	347	276	+25.4%	175	140	+25.4%
<i>Intra-group sales</i>	(17)	(9)	+89.5%	(12)	(5)	+143.1%
Revenues – France	2,918	2,710	+7.7%	1,476	1,370	+7.7%
- Service revenues	2,793	2,611	+7.0%	1,417	1,322	+7.2%
- Equipment revenues	134	101	+32.9%	67	50	+34.3%
- <i>Intersegment sales</i>	(10)	(3)	<i>NM</i>	(8)	(1)	<i>NM</i>
Revenues – Italy	496	442	+12.2%	254	228	+11.8%
- Service revenues	488	440	+11.0%	249	227	+9.7%
- Equipment revenues	8	2	<i>NM</i>	5	0	<i>NM</i>
Revenues – Poland	1,036	879	+17.9%	529	495	+6.9%
- Service revenues	831	705	+17.9%	426	405	+5.1%
- Equipment revenues	205	174	+18.1%	103	90	+15.2%

(1) Excluding intra-group sales.

(2) EUR/PLN exchange rate: 4.6244 for H1 2023 and 4.6354 for H1 2022

(c) Analysis of results – Group

(i) Revenues

Consolidated revenues advanced 10.4% year-on-year in the first half of 2023 (7.5% on a pro forma like-for-like basis²) driven by revenue increases in all three of our geographies (12.2% in Italy, 7.7% in France and 5.6% in Poland on a pro forma like-for-like basis).

(ii) Payroll costs

Payroll costs rose 13.3% (or €35 million) with Poland contributing more than 40% of the increase due to the consolidation from Q1 2022 of UPC Polska and the impact of local inflation on salary increases.

(iii) External charges

External charges rose by 32.7% year-on-year to €778 million. The increase in this item was mainly attributable to higher energy costs which nearly doubled in France and Poland year-on-year and rose by around 25% in Italy (commodity price inflation combined with higher volume of active equipments in our fixed and mobile networks) and higher maintenance costs in our three geographies as we expand our networks.

(iv) Taxes other than on income

² With UPC Polska, Redge, Sferanet and Syrion consolidated, and based on constant exchange rates.

Taxes other than on income totaled €127 million, up 11.4% year-on-year, as a result of the larger number of mobile sites in France leading to a double digit increase in IFER tax payments.

(v) Additions to provisions

Additions to provisions for bad debts, impairment of inventories and contingencies amounted to €43 million in H1 2023, up €2 million year-on-year.

(vi) Other income and expenses from operations, net

This item represented net income of €118 million in H1 2023, down €38 million year-on-year. The decrease mainly reflects the lower 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 €428 million in H1 2023, a 9.0% year-on-year increase. This item results from the Group's application since January 1, 2019 of IFRS 16, Leases and part of the increase reflects the migration from the unbundling / copper business model to FTTH and the related MSA with IFT.

(viii) Profit for the period

Profit for the period declined by 63.8% to €231 million but increased by 6.3% in the second quarter. The main drivers of the decline in the first half of 2023 were i) the recognition in Q1 2022 of a non-recurring gain of €330 million on the sale of the Group's remaining 30% interest in On Tower France to Cellnex, ii) the €148million increase in net finance costs due mainly to the impact of the acquisition of UPC Polska in Poland and refinancing operations carried out during the year.

(d) Analysis of results – France

<i>In € million</i>	H1 2023	H1 2022	% change	Q2 2023	Q2 2022	% change
Revenues	2,918	2,710	+7.7%	1,476	1,370	+7.7%
- Service revenues	2,793	2,611	+7.0%	1,417	1,322	+7.2%
Fixed services revenues	1,618	1,500	+7.9%	822	759	+8.4%
Mobile services revenues	1,175	1,112	+5.7%	595	563	+5.7%
o.w. billed to subscribers	1,034	947	+9.2%	525	479	+9.5%
o.w. others	141	164	-14.2%	70	84	-16.2%
- Equipment revenues	134	101	+32.9%	67	50	+34.3%
<i>Intersegment sales</i>	(10)	(3)	NM	(8)	(1)	NM

(i) Revenues

Revenues in France accelerated slightly sequentially, rising 7.7% in Q2 2023 to €1.48 billion (7.7% as well for H1 2023 to €2.92 billion). The main factors underlying this performance were as follows:

- **Services revenues generated by Fixed services increased 8.4% in Q2 2023 (7.9% in H12023) to €822 million, driven by subscriber base growth, a 3.6%rise in ARPU and a very good dynamic on B2B.**
 - Free was leader in terms of highest number of fixed broadband net adds in the second quarter with 42,000 net new subscribers, a good performance in a market with weak volumes after the price increases implemented by most of our competitors.
 - The take up of Free Fiber maintained a good momentum with 202,000 net new subscribers during the quarter, bringing the total number of Free Fiber subscribers over the 5 million threshold (5.07 million at end-June), representing 69.8% of the overall subscriber base.
 - Among our B2B activities, Free Pro experienced an acceleration of its revenue growth (+45%) in the second quarter as the Group's track record in providing digital solutions for the B2B sector (very small businesses, SMEs, and large private and public corporations) gets more and more visibility.
- **Mobile services revenues growth reached 5.7% to €595 million in Q2 2023 (5.7% in H1 2023).**
 - Free Mobile delivered in Q2 2023 a good quarterly sales performance in Q2 2023 with 128,000 net adds, including 187,000 for the 4G/5G Free Mobile Plan, the best performance in the French market this quarter which experienced more tactical promotions than in the previous quarter.
 - The growth in mobile services revenues billed to subscribers (€525 million) accelerated in Q2 2023 to 9.5% (8.9% in Q1 2023). Mobile ARPU billed to subscribers reached for the first time the €12.0 threshold in the second quarter, up 4.5% on the back of a favorable mix effect, with the 4G/5G (and Série Free) plans accounting for 73% of the Mobile subscriber base at end June 2023 .
 - Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 16% year-on-year to €70 million (12% decrease in the first quarter). This decline is structural, arising from the growing use of mobile applications for calls and messaging. After a 21% cut in

mobile termination rates in 2022 (from 0.70 euro cents to 0.55 euro cents), a new 27% cut was implemented on January 1, 2023 (from 0.55 euro cents to 0.40 euro cents).

- Sales of devices rose by 34.3% to €67 million, led notably by the success of the Free Flex offering.

<i>In € millions</i>	H1 2023	H1 2022	% change
EBITDAaL	1,110	1,091	+1.7%
<i>as a % of revenues</i>	38.0%	40.3%	-230bps
Profit from ordinary activities	485	469	+3.4%
Capital expenditure (excluding payments for frequencies)	785	716	+9.7%
OCF (EBITDAaL minus capital expenditure)	325	375	-13.4%

(ii) EBITDAaL

EBITDAaL generated in France rose 1.7% to €1.11 billion, while EBITDAaL margin decreased by 2.3 percentage points to 38.0%. The main factors affecting EBITDAaL and EBITDAaL margin generated in France in the first half of 2023 were as follows:

- A positive operating leverage effect related to the €182 million year-on-year growth in Fixed and Mobile services revenues.
- These incremental revenues were nearly completely offset by i) a nearly 100% increase in our energy costs as we faced, like the rest of the industry, the extreme increase in electricity prices ii) an 28% increase in external charges, mainly related to the use of our own infrastructure (maintenance charges, taxes, rental costs) such as our mobile sites and Fiber network iii) a 68% decline from "Other income and expenses from operations, net", which includes proceeds from the sale of mobile sites in connection with the build-to-suit program.

(iii) Profit from ordinary activities

Profit from ordinary activities grew 3.4% with depreciation and amortization charges increasing by just 1.4%.

(iv) Capex (excluding payments for frequencies)

Capex excluding payments for frequencies increased by 9.7% year-on-year to €785 million. The increase reflects an accelerated inventory buildup of subscriber equipment (Freebox and set-top boxes) after the strong subscriber intake experienced in 2022, and to a lower extent the acceleration of our roll-out in low density areas. Over the last twelve months, our capex intensity reached 27.1% (total capex expenditure excluding frequencies of €1.60 billion).

Population coverage

- At end-June 2023, the Group's population coverage rates in Metropolitan France were 99.3% for 4G and 90.1% for 5G (43% with 3.5 GHz frequencies).
- At end-June 2023, Free Fiber passed 33.5 million homes in France, including 6.8 million homes in very densely populated areas and 26.7 million in averagely and non-densely populated areas.

(e) Analysis of results– Italy

<i>In € millions</i>	H1 2023	H1 2022	% change	Q2 2023	Q2 2022	% change
Revenues	496	442	+12.2%	254	228	+11.8%
- Service revenues	488	440	+11.0%	249	227	+9.7%
o.w. mobile billed to subscribers ³	409	355	+15.0%	207	184	+12.4%
o.w. other (Fibre, Interconnection, Zefiro)	79	85	-6.0%	42	43	-1.6%
- Equipment revenues	8	2	NM	5	0	NM

(i) Revenues

Revenues generated by Iliad Italia rose 11.8% in Q2 2023 to €254 million (+12.2% in H1 2023 to €496 million), of which €207 million (up 12.4%) from mobile services billed to subscribers. The main factors underlying this performance were as follows:

- **Iliad Italia added 267,000 net new mobile subscribers over the quarter with few thousands net additions from our B2B offer.** Based on the latest AGCOM data (end-March 2023), we estimate that our market share in Italy was around 12.9% at the end of the quarter.
- **Our Fiber subscriber base continued to grow in the second quarter, with 18,000 new subscribers, bringing the total subscriber base to 149,000 at end-June 2023.**

<i>In € millions</i>	H1 2023	H1 2022	% change
EBITDAaL	117	87	+34.5%
<i>as a % of revenues</i>	23.7%	19.7%	+400bps
Loss from ordinary activities	(101)	(87)	+15.9%
Capital expenditure (excluding payments for frequencies)	122	198	-38.3%
OCF (EBITDAaL minus capital expenditure)	(5)	(110)	-95.8%

(ii) EBITDAaL

EBITDAaL increased 34.5% in H1 2023, with EBITDAaL margin improving by 400bps to 23.7%. This improvement was mainly driven by the positive operating leverage effect related to the €53 million increase in Iliad Italia's mobile services billed to subscribers and lower MOCN costs offsetting the hike in energy costs (up 24%), the lower contribution from the BTS program and our 50% share of Zerifo's operating costs.

(iii) Profit/(loss) from ordinary activities

The loss generated by ordinary activities in Italy increased by €11 million year-on-year (representing a 9.9% year-on-year decrease), with the €30 million rise in EBITDAaL offset by the €41 million increase in depreciation and amortization expenses.

(v) Capex (excluding payments for frequencies)

Capex excluding payments for frequencies decreased by €76 million year-on-year to €122 million thanks to a favourable basis of comparison with a lot of 5G equipments purchased last year and as the mobile roll-out slowed down.

³ Also includes roaming-in

(f) Analysis of results – Poland

<i>In PLN million</i>	H1 2023	H1 2022	% change	% organic change	Q2 2023	Q2 2022	% change	% organic change
Revenues	4,792	4,074	+17.6%	+5.6%	2,416	2,300	+5.0%	+4.3%
- Service revenues	3,844	3,273	+17.4%	+2.9%	1,943	1,882	+3.2%	+2.4%
o.w. mobile billed to subscribers	2,257	2,133	+5.8%	+5.9%	1,141	1,087	+5.0%	+5.0%
o.w. interconnection & other services ¹	624	669	-6.7%	-10.3%	316	341	-7.3%	-10.1%
o.w. Fixed	963	471	+104.2%	+5.9%	486	454	+7.0%	+5.9%
- Equipment revenues	948	801	+18.4%	+18.1%	472	418	+12.9%	+12.9%

(1) Mainly interconnection, wholesale and B2B services.

(i) Revenues

Revenues in Poland increased 17.6% to PLN 4.79 billion in H1 2023 and 5.0% in Q2 2023 to PLN 2.42 billion. On a pro forma like-for-like basis, the increases were respectively 5.6% and 4.3%. There was a decrease in mobile termination rates in Poland at January 1, 2023. Excluding this reduction in regulated mobile termination rates, pro forma like-for-like revenue growth would have been 6.8% and 5.5% respectively. In the second quarter of 2023, on a pro forma like-for-like basis, mobile revenues billed to subscribers rose 5.0% and Fixed revenues increased by 5.9%. The main factors underlying this performance were as follows:

- **The active mobile subscriber base grew in the second quarter by 77,000, with the number of subscribers on plans increasing by 98,000 and the number of subscribers with prepaid cards decreasing by 21,000.** 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 ARPU billed to subscribers continued to progress, up by 2.8% in Q2 2023.** Other services revenues (mainly from interconnections and Play's subsidiary, 3S) were down 10.1% in the second quarter (versus a 10.4% decrease in the previous quarter), mainly due to the new reduction in regulated mobile termination rates that took place on January 1, 2023.
- **In the Fixed segment, the subscriber base grew modestly, with 19,000 net adds in the second quarter as we reconfigured our convergence offers to focus on UPC's footprint.**

<i>In PLN millions</i>	H1 2023	H1 2022	% change	Pro forma like-for-like growth (%)
EBITDAaL	1,919	1,851	+3.7%	-6.4%
<i>EBITDAaL margin</i>	<i>40.0%</i>	<i>45.4%</i>	<i>-540bps</i>	<i>-520bps</i>
Profit from ordinary activities	1,094	1,202	-9.0%	-16.6%
Capex (excluding payments for frequencies)	616	494	+24.6%	+6.7%
OCF (EBITDAaL less Capex excluding payments for frequencies)	1,303	1,357	-4.0%	-11.5%

(ii) EBITDAaL

EBITDAaL for the Poland segment increased by 3.7% year-on-year in the first half of 2023 but decreased by 6.4% on a pro forma like-for-like basis. The operating leverage effect related to the like-for-like PLN 108 million increase in services revenues was offset by (i) the

energy costs of our mobile operations which increased by 95% year-on-year and as planned the first implementation from April 1 of the MSA related to our 50/50 JV with InfraVia (PŚO).

(iii) Profit from ordinary activities

Profit from ordinary activities decreased by 9.0% in H1 2023 and 16.6% on a pro forma like-for-like basis due to the lower EBITDAaL on a pro forma like-for-like basis and the higher depreciation and amortization expenses resulting mainly from the final allocation, on December 31, 2022, of the purchase price of UPC Polska.

(vi) Capex (excluding payments for frequencies)

Capex increased by 24.6% on a reported basis and 6.7% like-for-like. The Group continued its mobile network roll out, and at the quarter-end had 10,939 base stations, representing an additional 197 sites over the quarter.

On March 31, 2023, and pursuant to the agreement announced on June 19, 2022, InfraVia Capital Partners (“InfraVia”) and the Iliad Group completed the sale to InfraVia of 50% of Iliad’s interest in Polski Światłowód Otwarty sp. z o.o. (“PŚO”, formerly FiberForce sp. z o.o.). PŚO is a dedicated Iliad Group entity that owns the UPC network infrastructure in Poland and, since April 1, has been jointly controlled by Play and InfraVia. PŚO was covering end-June 2023 3.8 million households.

3.2 Consolidated cash flows and capital expenditure

<i>In € millions</i>	H1 2023	H1 2022	% change
Consolidated cash flows from operations	1,933	1,751	10.4%
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(479)	(441)	8.6%
Change in working capital requirement	156	(120)	NM
Operating free cash flow after IFRS 16	1,610	1,189	35.4%
Consolidated capital expenditure¹	(1,040)	(1,020)	1.9%
Capital expenditure - France ¹	(785)	(716)	9.7%
Capital expenditure - Italy ¹	(122)	(198)	-38.3%
Capital expenditure - Poland ¹	(133)	(107)	24.5%
Income tax paid	(355)	(403)	-12.0%
Net interest paid	(263)	(128)	NM
Other (including impact of changes in scope of consolidation)	913	(157)	NM
Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends)	866	(519)	NM
Payments for frequencies - Group	(46)	(39)	17.8%
Payments for frequencies - France	(8)	0	-
Payments for frequencies - Italy	(38)	(39)	-1.5%
Payments for frequencies - Poland	0	0	-
Consolidated free cash flow (excluding financing activities and dividends)	820	(558)	NM
Dividends paid to owners of the Company	(295)	(1,467)	-79.9%

(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:

- €1.93 billion in consolidated cash flows from operations, up 10.4% year-on-year, before €479 million (up 8.6% year-on-year) in lease payments and interest expense on lease liabilities recognized due to the application of IFRS 16. The Cash flow from operations increased broadly in line with the rise in EBITDAaL;
- €156 million in working capital inflow including €310 million of damages paid by Bouygues Telecom to Iliad relative to a dispute concerning mobile phone and smartphone bundle offers (so-called subsidized offers) – for more information, please refer to Note 2 of the consolidated accounts ;
- consolidated capital expenditure increased by 1.9% in the first half of 2023 to €1.04 billion, driven by France as it invests to rebuild Freebox inventories to cover the strong demand for the Fiber offers and by Poland as we expand our 5G coverage and support the upgrades of UPC customers' equipments;
- €355 million in income tax paid, down 12.0% year-on-year mostly due to a tax on the gain on sale on the disposal of 70% of OTP paid in H1 2022.

- a €135 million increase in net interest paid reflecting the impact of the acquisition of UPC Polska in Poland and the refinancing operations carried out during the year;
- other: €913 million in other cash flows, essentially due to the completion of the transactions in Poland (i) with Infravia resulting in the sale of 50% of PŚO (Poland's biggest open access broadband network) for an amount of PLN 1.8 billion (ii) with Cellnex resulting in the sale of the remaining 30% of OTP for an amount of PLN 2.3 billion, and partially offset by the first payment (out of four annual payments) relative to the creation of Zefiro Net srl, a 50/50 joint venture between Iliad and WindTre, which jointly manages the respective mobile networks in less densely populated areas in Italy.

3.3 Consolidated debt

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

At June 30, 2023, the Group had gross debt of €11,273 million and net debt of €10,472 million (excluding IFRS 16 lease liabilities). At the same date, it had sufficient liquidity to finance its operations, with €801 million in consolidated cash and cash equivalents and €3.5 billion in undrawn credit facilities⁴.

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 June 30, 2023 - corresponding to the ratio of consolidated net debt to €3,368 million in EBITDAaL - was 3.1x EBITDAaL.

Gross debt at June 30, 2023 primarily comprised the borrowings described on the following page.

⁴ Includes (i) syndicated revolving credit facilities held by Iliad and Play, (ii) the undrawn available amount under the initial €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 June 30, 2023

Summary of the Group's borrowings due beyond one year at June 30, 2023 (final maturities)

<i>In € millions</i>	Amount available	2023	2024	2025	2026 and beyond	Type of repayment/redemption
<u>MAIN BORROWINGS - ILIAD</u>						
<u>Bank borrowings</u>						
€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	-	-	-	-	54	In installments
€150m KFW loan - 2019	-	-	-	-	113	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	750	-	750	-	-	At maturity
€1,000m syndicated term loan - 2022	-	-	-	-	1,000	At maturity
<u>Bond debt</u>						
€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
€500m bond issue - 2023 @ 5.625%	-	-	-	-	500	At maturity
<u>Schuldschein notes</u>						
€500m Schuldschein issue - 2019	-	-	-	-	81	At maturity
€500m Schuldschein issue - 2021	-	-	-	185	315	At maturity
€112m Schuldschein issue - 2022	-	-	-	-	112	At maturity
<u>MAIN BORROWINGS - PLAY*</u>						
<u>Bank borrowings</u>						
PLN 3,500m term loan - 2021	-	-	-	-	789	At maturity
PLN 2,000m revolving credit facility - 2021	451	-	451	-	-	At maturity
PLN 500m BGK bilateral loan - 2021	15	16	16	16	49	In installments
PLN 464m ECA bilateral loan - 2021	-	24	24	24	24	In installments
PLN 5,500m acquisition loan - 2021	-	-	-	-	924	At maturity
PLN 470m EIB bilateral loan - 2022	53	-	-	11	42	In installments
<u>Bond debt</u>						
PLN 750m bond issue - 2019 @ Wib + 1.75%	-	-	-	-	169	At maturity
PLN 500m bond issue - 2020 @ Wib + 1.85%	-	-	-	-	113	At maturity

*Converted at the EUR/PLN spot rate at June 30, 2023: 4.4388

1) MAIN MOVEMENTS IN BORROWINGS - ILIAD

(a) Borrowings due within one year

- €1.4 billion NEU CP program

On June 6, 2023, the Group renewed its €1.4 billion short-term NEU CP program

€400 million of this program had been used at June 30, 2023.

- €550 million trade receivables securitization program

€539 million of this program had been used at June 30, 2023.

(b) Borrowings due beyond one year

Bank borrowings:

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

On February 20, 2023, following the €500 million bond issue on February 8, 2023 (see “Bonds and private placements” below), iliad repaid in full the amounts drawn down under this facility amounting to €200 million.

Bond issues and private placements

- €500 million worth of bonds issued in February 2023

On February 8, 2023, iliad successfully placed a €500 million bond issue, paying interest at 5.625% per year. The bonds will be redeemed at face value at maturity on February 15, 2030.

2) MAIN MOVEMENTS IN BORROWINGS - PLAY

Bank borrowings

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

On March 31, 2023, Play drew down approximately PLN 60 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 1.93% and is repayable in installments, by way of successive quarterly payments of equal amounts with a final maturity date of September 20, 2028.

On May 31, 2023, Play drew down another PLN 85 million under this facility, with a total of circa PLN 431 million being outstanding as at June 30, 2023.

- A PLN 5.5 billion syndicated acquisition loan set up in December 2021

On May 22, 2023, Play proceeded to an early partial prepayment under this facility for an amount of PLN 1.4 billion.

At June 30, 2023, the total outstanding amount under this facility was PLN 4.1 billion.

3.4 Events after the reporting date

Amendment and Extension on Iliad's mid-term facility and RCF

On July 20, 2023, Iliad SA amended and extended its mid-term facility, resulting in a commitment reduction from €750 million to €650 million and a maturity extended from January 1, 2024 to January 21, 2025 along with more favorable financial terms throughout the duration of this facility.

On July 27, 2023, Iliad SA exercised its first extension option on its €2 billion RCF, thus extending its original maturity by one year to July 2028.

3.5 Glossary

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

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

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

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

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

FCF: Free Cash Flow.

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

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

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

LTM: Last twelve months.

M2M: Machine to machine communications.

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

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

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

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

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

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

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

Number of mobile subscribers – Italy: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to an Iliad Italia mobile offering (B2C and B2B) and who have issued or received at least one communication during the preceding three months.

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

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

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

Services revenues: Revenues excluding sales of devices.

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



UNAUDITED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX-MONTH PERIOD
ENDED JUNE 30, 2023

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CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>	Note	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
REVENUES		4,443	4,024
Purchases used in production		(1,241)	(1,203)
Payroll costs		(300)	(265)
External charges		(778)	(586)
Taxes other than on income		(127)	(114)
Additions to provisions		(43)	(42)
Other income and expenses from operations, net	4	118	156
Depreciation of right-of-use assets		(428)	(393)
EBITDAaL		1,642	1,577
Share-based payment expense		(16)	(20)
Depreciation, amortization and impairment of non-current assets		(1,008)	(912)
Profit from ordinary activities		618	645
Other operating income and expense, net	5	63	303
Operating profit		682	947
Income from cash and cash equivalents		8	(0)
Finance costs, gross	6	(269)	(116)
Finance costs, net		(261)	(116)
Interest expense on lease liabilities	6	(116)	(103)
Other financial income and expense, net	6	(7)	(11)
Corporate income tax	7	(100)	(129)
Share of profit of equity-accounted investees	11	35	50
Profit for the period		231	639
Profit for the period attributable to:			
• Owners of the company		229	636
• Minority interests		3	3
• Basic earnings per share		3.88	10.84
• Diluted earnings per share		3.86	10.75

<i>In € millions</i>	Note	Q2 2023	Q2 2022
REVENUES		2,256	2,090
Purchases used in production		(629)	(614)
Payroll costs		(147)	(130)
External charges		(396)	(308)
Taxes other than on income		(28)	(25)
Additions to provisions		(16)	(17)
Other income and expenses from operations, net		51	68
Depreciation of right-of-use assets		(231)	(200)
EBITDAaL		859	863
Share-based payment expense		(7)	(12)
Depreciation, amortization and impairment of non-current assets		(513)	(469)
Profit from ordinary activities		339	381
Other operating income and expense, net		74	(23)
Operating profit		413	358
Income from cash and cash equivalents		8	0
Finance costs, gross		(142)	(69)
Finance costs, net		(134)	(69)
Interest expense on lease liabilities		(60)	(52)
Other financial income and expense, net		6	(14)
Corporate income tax		(76)	(74)
Share of profit of equity-accounted investees		22	15
Profit for the period		172	162
Profit for the period attributable to:			
• Owners of the company		170	162
• Minority interests		2	(1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In € millions</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
PROFIT FOR THE PERIOD	231	639
• Items that may be subsequently reclassified to profit:		
Fair value remeasurement of interest rate and currency hedging instruments	(66)	2
Tax effect	17	(0)
Change in translation adjustments	93	(7)
Total	44	(5)
• Items that will not be reclassified to profit:		
Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	(5)	91
Tax effect	1	(11)
Share of OCI of equity-accounted investments that will not be reclassified to profit	0	0
Tax effect	0	0
Total	-4	79
Other comprehensive income/(expense) for the period, net of tax	40	74
Total comprehensive income for the period	271	713
Total comprehensive income for the period attributable to:		
• Owners of the Company	263	723
• Minority interests	9	(10)

<i>In € millions</i>	Q2 2023	Q2 2022
PROFIT FOR THE PERIOD	172	162
• Items that may be subsequently reclassified to profit:		
Fair value remeasurement of interest rate and currency hedging instruments	(26)	(0)
Tax effect	7	0
Change in translation adjustments	88	9
Total	68	8
• Items that will not be reclassified to profit:		
Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	2	91
Tax effect	(0)	(11)
Share of OCI of equity-accounted investments that will not be reclassified to profit	0	0
Tax effect	0	0
Total	2	79
Other comprehensive income/(expense) for the period, net of tax	70	88
Total comprehensive income for the period	242	249
Total comprehensive income for the period attributable to:		
• Owners of the Company	233	263
• Minority interests	9	(14)

CONSOLIDATED BALANCE SHEET

ASSETS (in € millions)	Note	Jun. 30, 2023	Dec. 31, 2022
Goodwill		810	717
Intangible assets		5,413	5,551
Right-of-use assets	9	4,476	4,367
Property, plant and equipment	10	8,861	8,132
Investments in equity-accounted investees	11	1,107	749
Other non-current financial assets	12	218	226
Deferred income tax assets		600	539
Other non-current assets		45	52
TOTAL NON-CURRENT ASSETS		21,531	20,333
Inventories		361	324
Current income tax assets		66	3
Trade and other receivables		1,263	1,163
Other current assets		1,663	1,153
Other financial assets	12	17	27
Assets held for sale	13	21	1,470
Cash and cash equivalents		801	521
TOTAL CURRENT ASSETS		4,191	4,662
TOTAL ASSETS		25,722	24,994

LIABILITIES (in € millions)	Note	Jun. 30, 2023	Dec. 31, 2022
Share capital		15	15
Additional paid-in capital		510	510
Retained earnings and other reserves		4,661	4,687
TOTAL EQUITY		5,187	5,213
Attributable to:			
• Owners of the company		5,224	5,248
• Minority interests		(37)	(36)
Long-term provisions		139	109
Long-term financial liabilities	15	9,583	10,011
Non-current lease liabilities		4,052	3,951
Deferred income tax liabilities		310	309
Other non-current liabilities		458	514
TOTAL NON-CURRENT LIABILITIES		14,542	14,894
Short-term provisions		83	78
Taxes payable		23	149
Trade and other payables		3,476	2,681
Short-term financial liabilities	15	1,690	1,326
Current lease liabilities		722	634
Liabilities held for sale	13	0	19
TOTAL CURRENT LIABILITIES		5,993	4,888
TOTAL EQUITY AND LIABILITIES		25,722	24,994

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, 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 interest rate and currency hedges				(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						0		0
Dividends paid by iliad					(1,467)	(1,467)		(1,467)
Dividends paid by subsidiaries						0	(12)	(12)
Purchases/sales of own shares				24		24		24
Impact of stock options				11		11	(0)	11
Impact of changes in minority interests in subsidiaries				(2)		(2)	2	0
Other				(44)		(44)		(44)
BALANCE AT DECEMBER 31, 2022	15	510	(110)	79	4,755	5,248	(36)	5,213

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, 2023	15	510	(110)	79	4,755	5,248	(36)	5,213
Movements in 2023								
Profit for the period					229	229	3	231
Impact of interest rate and currency hedges				(47)		(47)	(2)	(49)
Impact of post-employment benefit obligations				(4)		(4)	0	(4)
Impact of changes in translation adjustments				85		85	8	93
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				34	229	263	9	271
Change in share capital of iliad						0		0
Dividends paid by iliad					(295)	(295)		(295)
Dividends paid by subsidiaries						0	(15)	-15
Purchases/sales of own shares						0		0
Impact of stock options				12		12	0	12
Impact of changes in minority interests in subsidiaries				(3)		(3)	2	(1)
Other				(2)		(2)	2	0
BALANCE AT JUNE 30, 2023	15	510	(110)	120	4,689	5,224	(37)	5,186

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>En millions d'Euros</i>	<i>No tes</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
Profit for the period (including minority interests)		231	639
+ / - Depreciation, amortization and provisions, net (excluding for current assets)		1,416	1,289
-/+ Unrealized gains and losses on changes in fair value		0	4
+/- Non-cash expenses and income related to stock options and other share-based payments		13	18
-/+ Other non-cash income and expenses, net		89	96
-/+ Gains and losses on disposals of assets	4/ 5	(146)	(486)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees	11	(35)	(50)
- Dividends (investments in non-consolidated undertakings)		0	(3)
Cash flows from operations after finance costs, net, and income tax		1,569	1,506
+ Finance costs, net	5	264	116
+/- Income tax expense (including deferred taxes)		100	129
Cash flows from operations before finance costs, net, and income tax (A)		1,933	1,751
- Income tax paid (B)		(355)	(403)
+/- Change in operating working capital requirement (incl. employee benefit obligations) (C)		156	(120)
= Net cash generated from operating activities (E) = (A) + (B) + (C)		1,734	1,227
- Acquisitions of property, plant and equipment and intangible assets (capex)		(1,092)	(1,082)
+ Disposals of property, plant and equipment and intangible assets (capex)		7	24
- Acquisitions of investments in non-consolidated undertakings		0	0
+ Disposals of investments in non-consolidated undertakings		378	0
+/- Effect of changes in scope of consolidation - acquisitions		(105)	(1,547)
+/- Effect of changes in scope of consolidation - disposals		0	0
+ Dividends received (from equity-accounted investees and non-consolidated undertakings)		38	101
+/- Change in outstanding loans and advances		4	(31)
- Cash outflows for leasehold rights		0	0
+ Cash inflows related to assets held for sale		615	1,500
- Cash outflows related to assets held for sale		(2)	(168)
= Net cash used in investing activities (F)		(157)	(1,202)
+ Amounts received from shareholders on capital increases		0	0
- Amounts paid to shareholders on capital reductions		0	0
+ Proceeds received on exercise of stock options		0	0
-/+ Own-share transactions		0	0
- Dividends paid during the period:		0	0
. Dividends paid to owners of the Company		(295)	(1,467)
. Dividends paid to minority shareholders of consolidated companies		(15)	(16)
+ Proceeds from new borrowings (excluding finance leases)		1,903	2,262
- Repayments of borrowings		(2,174)	(529)
- Repayments of lease liabilities		(424)	(402)
- Net interest paid		(263)	(128)
- Interest paid on lease liabilities		(62)	(52)
= Net cash generated from/(used in) financing activities (G)		(1,330)	(333)
+/- Effect of exchange-rate movements on cash and cash equivalents (H)		(1)	2
= Net change in cash and cash equivalents (E + F + G + H)		247	(305)
+ / - Impact of foreign exchange conversion of cash and cash equivalents (opening & closing rates)		2	(3)
Cash and cash equivalents at beginning of year		519	702
Cash and cash equivalents at year-end		769	394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and policies

“iliad” refers to iliad SA, a *société anonyme* (joint stock company) registered in France.

The “iliad Group” or “the Group” refers to iliad and its consolidated subsidiaries.

iliad Group is one of Europe’s leading electronic communications players, with 47.0 million active subscribers, €8.8 billion in revenues over the last twelve months and over 16,700 employees.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS34, Interim Financial Reporting.

The interim consolidated financial information has been prepared in accordance with the same accounting policies as those applied to prepare the annual financial statements for the year ended December 31, 2022, except for the following policies which are specific to interim financial statements:

- Corporate income tax for the period has been calculated by applying the estimated average effective tax rate for the six-month period ended June 30, 2023 profit before tax.
- Post-employment benefit obligations for the period have been estimated based on the actuarial calculations performed for full-year 2022.

The new IFRS standards and interpretations required as of 1 January 2023 are the following ones:

- **Amendment to IAS 1 – Disclosure of Accounting Policies:** this amendment requires entities to disclose their material accounting policy information rather than significant accounting policies. The impact on the information presented in the notes to the Group’s consolidated financial statements is not significant.
- **Amendment to IAS 8 – Accounting policies and accounting estimates:** this amendment sets out to clarify the definitions of “accounting policies” and “accounting estimates”. The impact on iliad Group is immaterial.
- **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. The impact on iliad Group is immaterial.

Sales and EBITDAaL are not subject to strong seasonal fluctuations, excluding IFRIC 21 impact in Q1 figures. IFRIC 21 clarifies when an entity recognizes a liability for levies imposed by a government other than specified levies such as income taxes.

Note 2 Significant events and scope of consolidation

Completion of the RAN sharing Agreement with W3

On January 3, 2023, iliad Italia acquired 50% of shares in the joint venture that owns the network and operates the RAN sharing services on behalf of iliad and W3 (Zefiro). The Group considers this agreement as a joint operation according to IFRS 11. This joint operation is accounted in the financial statements since January 3rd, 2023.

Agreement to sale 50% of Polish Fixed access network 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. (“PŚO”, formerly FiberForce sp. z o.o), an iliad Group dedicated entity. The sale was subject to the approval of the relevant authorities.

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 transaction has been completed on March 31, 2023 after the removal of the conditions specified in the agreement. The amount collected related to this transaction during the period is representing PLN 1,765 million (€363 million).

The dedicated entity is jointly controlled by Infravia and Play and is accounted 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.

Dispute with Bouygues Telecom

On February 23, 2023 the Commercial Court of Paris rendered a judgment in the case opposing Free and Bouygues Telecom concerning mobile phone and smartphone bundle offers (so-called subsidized offers). By this decision, Bouygues Telecom was ordered to pay €308 million in damages to Free. Bouygues Telecom appealed this decision before the Paris Appeal Court.

On April 5, 2023, by order of the Chief Judge of the Paris Appeal Court, Bouygues Telecom's request to suspend the provisional enforcement ordered by the Paris Commercial Court on February 9, 2023 was dismissed.

On May 16, 2023, Bouygues Telecom paid the amount of €308 million corresponding to the damages ordered by the Commercial Court of Paris. 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 as of June 30, 2023. In the cash-flow statement this amount is accounted in the line 'Change in operating working capital requirement'.

Completion of the sale of the 30% stake in On Tower Poland

On June 30th, 2023 iliad completed the sale of its residual 30% stake in On Tower Poland ("OTP"), the company that manages the Group's passive mobile telecommunication infrastructure in Poland, to the Cellnex Group for PLN 2.3 billion (€512 million) before tax which generated a profit of €99 million.

The sale follows the completion of the transaction consisting in the sale of 60% of OTP to the Cellnex Group on April 1, 2021, and a further sale (of 10% of OTP) on February 28, 2022. The 30% residual stake sold by the Group on June 30, 2023 was recorded in the balance sheet within "Assets held for sale" as of December 31, 2022.

Acquisition of ITrust

On April 4, 2023, the iliad Group announced that the acquisition of a majority stake in ITrust, one of France's leading cybersecurity specialists.

Note 3 Segment information

The Group has 3 operating segments which are:

- France
- Italy
- Poland

- SIX-MONTH TO JUNE 30, 2023 REVENUES

<i>In € millions</i>	France	Italy	Poland	Eliminations between activities	Total
Revenues					
Fixed	1,623	12	238	(5)	1,868
Mobile	1,298	484	798	(2)	2,577
Intra-group sales	(3)	0	0	0	(3)
Total	2,918	496	1,036	(7)	4,443

- SIX-MONTH TO JUNE 30, 2022 REVENUES

<i>In € millions</i>	France	Italy	Poland	Eliminations between activities	Total
Revenues					
Fixed	1,503	4	117	(6)	1,618
Mobile	1,210	438	762	(0)	2,409
Intra-group sales	(3)	0	0	0	(3)
Total	2,710	442	879	(6)	4,024

- SIX-MONTH TO JUNE 30, 2023 EARNINGS

<i>In € millions</i>	France	Italy	Poland	Total
Earnings				
EBITDAaL	1,110	117	415	1,642
Share-based payment expense	(13)	(0)	(2)	(16)
Depreciation, amortization and provisions for impairment	(614)	(218)	(176)	(1,008)
Profit/(loss) from ordinary activities	482	(101)	236	618
Corporate income tax	(99)	55	(56)	(100)
Profit/(loss) for the period	280	(174)	125	231

- SIX-MONTH TO JUNE 30, 2022 EARNINGS

<i>In € millions</i>	France	Italy	Poland	Total
Earnings				
EBITDAaL	1,091	87	399	1,577
Share-based payment expense	(19)	(0)	(1)	(20)
Depreciation, amortization and provisions for impairment	(603)	(174)	(135)	(912)
Profit/(loss) from ordinary activities	468	(87)	263	645
Corporate income tax	(139)	32	(22)	(129)
Profit/(loss) for the period	611	(102)	129	639

- ASSETS AT JUNE 30, 2023

<i>In € millions</i>	France	Italy	Poland	Total
Non-current assets				
Goodwill	306	0	504	810
Intangible assets (carrying amount)	1,584	1,975	1,853	5,413
Right-of-use assets (carrying amount)	2,777	723	976	4,476
Property, plant and equipment (carrying amount)	7,100	1,061	700	8,861
Investments in equity-accounted investees	707	0	400	1,107
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	1,666	463	1,178	3,307
Cash and cash equivalents	220	11	570	801

- ASSETS AT DECEMBER 31, 2022

<i>In € millions</i>	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

- LIABILITIES AT JUNE 30, 2023, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

<i>In € millions</i>	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	316	140	2	458
Current liabilities				
Trade and other payables	2,179	720	577	3,476

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

<i>In € millions</i>	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

Note 4 Other income and expenses from operations, net

Other income and expenses from operations can be analyzed as follows:

<i>In € millions</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
Net Income from partnerships*	122	161
Customer contract termination fees	10	9
Royalties and similar fees	(27)	(30)
Other	13	15
Other income and expenses from operations, net	118	156

*Corresponds mainly to net profit (excluding tax effect) related to the partnerships with Cellnex concerning the sale of mobile passive infrastructure sites ('BTS').

Note 5 Other operating income and expense, net

Other operating income and expenses can be analyzed as follows:

<i>In € millions</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
Gain on assets disposal	93	325
Other operating expenses	(29)	(22)
TOTAL	63	303

Gain on assets disposal includes, for six-month ended June 30, 2022, €330 million corresponding to the profit recognized on the sale of 30% of On Tower France.

This item includes, for the six-month ended June 30, 2023, €99 million corresponding to the profit recognized on the sale of the residual 30% shares in On Tower Poland (see Note 2).

Other operating expenses include a €19 million expense related to hedging cost on electricity in Italy. Considering that this hedging has been set-up in Q3 2022, in a very highly speculative environment, the related costs have been considered as non-recurring costs and therefore have been accounted as "other operating income and expense, net".

Note 6 Financial income and expenses

Financial income and expenses can be analyzed as follows:

<i>In € millions</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
Income from cash and cash equivalents	8	(0)
Finance costs, gross:		
Interest on borrowings	(269)	(116)
Finance costs, net	(261)	(116)
Other financial income	0	6
Sub-total - Other financial income	0	6
Other financial expenses		
Translation adjustments/Hedging expense	15	0
Discounting expense	(12)	0
Other	(10)	(16)

Sub-total - Other financial expenses	(7)	(16)
Other financial expense, net	(7)	(11)
Interest on lease liabilities	(116)	(103)
Net financial expense	(385)	(230)

Finance costs increased from €116 million during the first 6 months of 2022 to €269 million during the first 6 months of 2023 as a result of (i) the increase of our average amount of debt by 23% over that period due to the full impact of the acquisition of UPC closed on the April 1, 2022, and debt raised to finance the 5G spectrum payment in Italy in September 2022, and (ii) impact of the strong increase of both EURIBOR and WIBOR since June 2022 on our average cost of debt.

Net financial expense primarily concerns the costs of the Group's various sources of financing (see Note 15) as well as discounting expense.

Note 7 Corporate income tax

Analysis of the corporate income tax charge

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

<i>In € millions</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
Tax charge		
on income	(93)	(116)
on value added (CVAE)	(7)	(13)
Total tax charge	(100)	(129)

Note 8 Changes in scope of consolidation

'Effect of changes in scope of consolidation - acquisitions' line in the cash-flow statement equal to €105 million for the six-month period ended June 30, 2023 mainly include the acquisition of 50% of Zefiro shares for €60 million (see Note 2).

Note 9 Right-of-use assets and lease liabilities

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

<i>In € millions</i>	Networks	Real estate	Other	TOTAL
Carrying amount at January 1, 2023	4,012	333	22	4,367
Acquisitions (new assets)	470	33	9	513
Disposals	(87)	(0)	(0)	(87)
Reclassification of assets held for sale	0	0	0	0
Impact of changes in scope of consolidation	66	0	0	66
Translation adjustments	45	3	0	48
Other	(0)	0	(0)	(0)
Depreciation	(391)	(29)	(9)	(429)
Carrying amount at June 30, 2023	4,115	339	22	4,477

Lease liabilities break down as follows at June 30, 2023:

<i>In € millions</i>	June 30, 2023				December 31, 2022			
	Networks	Real Estate	Others	Total	Networks	Real Estate	Others	Total
Non-Current	3,847	198	8	4,052	3,749	195	8	3,951
Current	678	35	10	722	593	32	10	634
	4,524	233	18	4,775	4,341	226	18	4,586

Note 10 Property, plant and equipment

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

<i>In € millions</i>	Jun. 30, 2023	Dec. 31, 2022
Net at January 1	8,132	7,403
Acquisitions	963	2,165
Disposals	(129)	(228)
Reclassification to assets held for sale	(17)	(221)
Reclassification	317	0
Other	(12)	2
Impact of changes in scope of consolidation	258	205
Translation adjustments	37	(7)
Depreciation and impairment	(688)	(1,187)
Net End of Period	8,861	8,132

Property, plant and equipment acquisitions are mainly related to network equipment acquisitions.

Disposals for the year ended December 31, 2022 include notably the disposal of some fiber assets to IFT.

Note 11 Equity-accounted investees

The Iliad Group has three main equity-accounted investees:

- **NJJ Boru** (49% of interest in NJJ Boru SAS that holds 64.5% interest in eir, the Irish operator);
- **Investissement dans la Fibre des Territoires (IFT)**. The Group holds 49% stake in IFT;
- **PŚO**. The Group holds 50% stake in PŚO that owns the former UPC network infrastructure in Poland (see Note 2)

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

<i>In € millions</i>	Six months to Jun. 30, 2023	Six months to Jun. 30, 2022
Share of profit/(loss) of equity-accounted investees before tax	41	55
Share of tax of equity-accounted investees	(7)	(5)
Share of profit/(loss) of equity-accounted investees after tax	35	50

Note 12 Other financial assets

Movements in other financial assets can be analyzed as follows:

	Jun. 30, 2023	Dec. 31, 2022
Carrying amount at beginning of period	253	210
Acquisitions	8	52
Fair value adjustments	(8)	5
Redemptions and repayments	(12)	(0)
Impact of changes in scope of consolidation	0	0
Translation adjustments	2	(0)
Disposals	(8)	6
Additions to provisions	0	(19)
Carrying amount at period-end	235	253

Note 13 Assets and liabilities held for sale

Assets and liabilities held for sale break down as follows:

<i>In € millions</i>	Jun. 30, 2023	Dec. 31, 2022
Assets held for sale	21	1,470
Liabilities held for sale	0	(19)
TOTAL	21	1,451

Assets for sale decrease as of June 30, 2023 (versus December 31, 2022) is mainly related to the sale of the Group's 50% stake in Polski Światłowod Otwarty sp. z o.o.(see Note 2) and to the sale of the Group's 30% residual shares in On Tower Poland (see Note 2).

Cash outflows related to assets held for sale also include cash out related to BTS programs in Poland under the build-to-suit program with Cellnex.

Note 14 Share grant plans

During the six-month period ended June 30, 2023, no major free share allocation plan has been set up. Share grant plans described in the notes to the financial statements for the year ended December 31, 2022 are still valid.

Note 15 Financial liabilities

Financial liabilities can be analyzed as follows:

<i>In € millions</i>	Jun. 30, 2023	Dec. 31, 2022
Bank borrowings	5,380	5,757
Bonds	4,171	4,253
Finance lease liabilities	0	0
Other	32	1
Total long-term financial liabilities	9,583	10,011
Bank borrowings and short-term marketable securities	485	745
Bonds	594	0
Financial liabilities carried at fair value	0	0
Bank overdrafts	4	2
Cash flow hedges	0	0
Other	607	579
Total short-term financial liabilities	1,690	1,326
TOTAL	11,273	11,337

All Group borrowings are denominated in euros and Polish zlotys (PLN).

The table below summarizes movements in financial liabilities during the six-month period ended June 30, 2023:

<i>In € millions</i>	Jun. 30, 2023	Dec. 31, 2022
Borrowings at January 1	11,337	8,716
New borrowings	1,903	5,842
Repayments of borrowings	(2,174)	(3,272)
Change in bank overdrafts	2	0
Impact of cash flow hedges	39	8
Impact of changes in scope of consolidation	0	0
Translation adjustments	132	(19)
Other	34	61
Total borrowings	11,273	11,337

Main movements in bonds and private placements during the period

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.

On May 22, 2023, iliad repaid the fixed and variable tranches with a 4-year tenor of its €500 million Schuldscheindarlehen (schuldschein) issued in 2019 for a total amount of €419 million in principal.

Main movements in bank borrowings at iliad level during the period

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

Short- and medium-term marketable securities program

On June 6, 2023, the Group renewed its €1.4 billion short-term NEU CP program. At June 30, 2023, €400 million of the program had been used.

€550 million trade receivables securitization program

At June 30, 2023, the utilization of this program was at €539 million.

Main movements in bank borrowings at Play level during the period

On March 31, 2023, Play drew down circa PLN 60 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 1.93% and is repayable in installments, by way of successive quarterly payments with a final maturity date of September 20, 2028.

On May 31, 2023, Play drew down another PLN 85 million under this facility, with a total of circa PLN 431 million being outstanding as at June 30, 2023.

On May 22, 2023, Play proceeded to an early partial prepayment under its PLN 5.5 billion syndicated acquisition loan set up in December 2021 for an amount of PLN 1.4 billion, bringing the total outstanding amount under this facility down to a total of PLN 4.1 billion as of June 30, 2023.

Guarantees given

The 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 can be analyzed as follows by type of rate:

<i>In € millions</i>	Jun. 30, 2023	Dec. 31, 2022
Fixed-rate borrowings	6,846	6,727
Variable-rate borrowings	4,427	4,610
Total borrowings at June 30	11,273	11,337

Breakdown of the Group's debt

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

Contract	Issue date	Maturity	Currency	Nominal rate	June. 30, 2023
					Outstanding amount (€m)
iliad - SUN ¹	Oct. 12, 2017	Oct. 14, 2024	EUR	1.500%	650
iliad - SUN	April 25, 2018	April 25, 2025	EUR	1.875%	650
iliad - SUN	June 17, 2020	June 17, 2026	EUR	2.375%	650
iliad - SUN	Feb. 11, 2021	Feb. 12, 2024	EUR	0.750%	600
iliad - SUN	Feb. 11, 2021	Feb. 11, 2028	EUR	1.875%	700
iliad - SUN	Dec. 12, 2022	June 14, 2027	EUR	5.375%	750
iliad - SUN	Feb. 8, 2023	Feb. 15, 2030	EUR	5.625%	500
iliad - SSD ² 2019					
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					5,193
Play - SUN	Dec. 13, 2019	Dec. 11, 2026	PLN	1.750% + Wibor	169
Play - SUN	Dec. 29, 2020	Dec. 29, 2027	PLN	1.850% + Wibor	113
Total - Play					282
Total					5,475

Notes:

¹SUN : Senior Unsecured Notes

²SSD : Schuldschein (non-guaranteed private placements under German law)

The Group's bank borrowings break down as follows:

						June. 30, 2023	
Contract	Issue date	Maturity	Type of repayment	Currency	Nominal rate ¹	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 ³	-	300
iliad - KFW Loans							
2017	Dec. 13, 2018	June 13, 2029	Install.	EUR	1.100% + Euribor	54	-
2019	April 26, 2020	Oct. 9, 2030	Install.	EUR	1.100% + Euribor	113	-
iliad - RCF ²	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 ²	July 2, 2022	Jan. 1, 2024	At maturity	EUR	1.700% + Euribor	-	750
iliad - Term Loan	July 27, 2022	July 27, 2027	At maturity	EUR	1.500% + Euribor	1,000	-
Total - iliad						2,827	3,050
Play - Term Loan	March 29, 2021	March 29, 2026	At maturity	PLN	2.0% + Wibor	789	-
Play - RCF	March 29, 2021	March 29, 2024	At maturity	PLN	2.0% + Wibor	-	451
Play - BGK Loan	Oct. 15, 2021	Sept. 20, 2028	Install.	PLN	1.930%	97	15
Play - ECA Loan	Dec. 22, 2021	Dec. 22, 2026	Install.	PLN	0.450% + Wibor	96	-
Play - Term Loan	Dec. 10, 2021	March 26, 2026	At maturity	PLN	2.0% + Wibor	924	-
Play - EIB Loan ³	Jan. 14, 2022	Jan. 13, 2034	Install.	PLN	6.44%	53	53
Total - Play						1,958	519
Total						4784	3,569

Notes:

¹ Rates applicable as at June 30, 2023, which can vary depending on the rating of the iliad group and the leverage ratio of the iliad group and Play respectively.

² On July 20, 2023, iliad SA amended and extended its mid-term facility, resulting in a commitment reduction from €750 million to €650 million and a maturity extended from January 1st, 2024 to January 21, 2025, along with more favorable financial terms throughout the duration of this facility.

On July 27, 2023, iliad SA exercised its first extension option on its €2 billion RCF, thus extending its original maturity by one year to July 2028.

³ 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 2.32% margin plus Wibor at 6.95%, after the interest rate was set for the variable tranche on December 19, 2022.

Note 16 Off-balance sheet commitments and contingencies

Under the strategic partnership entered into with InfraVia through IFT (a company specially created for the purpose of the partnership), iliad's cumulated shareholder contribution is equal to €87 million at end-June 2023 (on a total expected up to €230 million in the first five years following the partnership). No additional shareholder contribution has been made during the six-month period ended June 30, 2023.

There have been no other material changes in iliad Group off-balance sheet commitments and contingencies liabilities during the six-month period ended June 30, 2023.

Note 17 Events after the reporting date

No significant event has occurred after reporting date.