



Financial release



QUARTERLY REPORT FIRST QUARTER 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>	Q1 2023	Q1 2022
INCOME STATEMENT		
Total revenues	2,186	1,934
<i>EBITDAaL</i>	783	714
Profit from ordinary activities	279	264
Profit for the period	59	477
BALANCE SHEET		
	March 31, 2023	Dec. 31, 2022
Non-current assets	21,273	20,333
Current assets	4,457	3,192
<i>Of which cash and cash equivalents</i>	1,278	521
Assets held for sale	420	1,470
Total assets	26,151	24,994
Total equity	5,241	5,213
Non-current liabilities	15,262	14,894
Current liabilities	5,647	4,888
Liabilities held for sale	0	19
Total equity and liabilities	26,151	24,994
Net debt¹	10,614	10,815
CASH FLOWS		
	Q1 2023	Q1 2022
Cash flows from operations	873	810
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(226)	(227)
Capital expenditure excluding payments for frequencies - Group	(553)	(465)
Payments for frequencies - Group	(38)	(35)
Income tax paid	(23)	(84)
Net interest paid	(62)	(29)
Other (including impact of changes in scope of consolidation)	285	1,217
Net change in cash and cash equivalents - Group (excluding change in net debt and dividends)	302	1,224
Dividends paid to owners of the Company	-	(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 46.5 million subscribers, €8.6 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 QUARTER OF 2023

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

<i>In € millions</i>	Q1 2023	Q1 2022	% change
Consolidated revenues	2,186	1,934	+13.0%
France	1,442	1,339	+7.6%
Italy	241	214	+12.6%
Poland	507	384	+32.1%
<i>Intra-group sales</i>	(3)	(3)	+22.9%
Consolidated EBITDAaL	783	714	+9.6%
France	498	493	+0.9%
Italy	64	40	+61.1%
Poland	221	181	+22.0%
Consolidated capex¹	553	465	+19.0%
France	442	332	+33.3%
Italy	59	94	-36.9%
Poland	52	40	+30.6%
Operating free cash flow (<i>EBITDAaL less capex</i>)	229	249	-7.9%
France	55	162	-65.8%
Italy	5	(54)	-108.8%
Poland	169	142	+19.6%
Profit for the period	59	477	-87.6%
<i>In € millions</i>	March 31, 2023	Dec. 31, 2022	Variation
Net debt	10,614	10,815	-201
LTM ² EBITDAaL	3,372	3,346	25
Leverage ratio (LTM EBITDAaL)	3.1x	3.2x	-0.1x

EUR/PLN exchange rate: 4.68935 for Q1 2023 and 4.62299 for Q1 2022.

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

3 COMPARISON OF RESULTS FOR Q1 2023 AND Q1 2022

<i>In € millions</i>	Q1 2023	Q1 2022	% change
Revenues	2,186	1,934	+13.0%
Purchases used in production	(612)	(589)	+3.9%
Payroll costs	(153)	(135)	+13.6%
External charges	(382)	(279)	+37.3%
Taxes other than on income	(99)	(89)	+11.4%
Additions to provisions	(27)	(24)	+12.5%
Other income and expenses from operations, net	66	88	-24.5%
Depreciation of right-of-use assets	(197)	(193)	+1.8%
EBITDAaL	783	714	+9.6%
<i>EBITDAaL margin</i>	<i>35.8%</i>	<i>36.9%</i>	<i>-90bps</i>
Share-based payment expense	(9)	(8)	+8.3%
Depreciation, amortization and impairment of non-current assets	(495)	(443)	+11.8%
Profit from ordinary activities	279	264	+5.9%
Other operating income and expense, net	(11)	326	NM
Operating profit	268	590	-54.5%
Finance costs, net	(127)	(46)	+175.3%
Other financial income and expense, net	(13)	3	NM
Interest expense on lease liabilities	(57)	(51)	+11.9%
Corporate income tax	(24)	(54)	-55.8%
Share of profit of equity-accounted investees	12	35	-64.9%
PROFIT FOR THE PERIOD	59	477	-87.6%

3.1 Analysis of consolidated results

(a) Key indicators¹

France (figures in thousands unless otherwise stated)	Q1 2023	Q4 2022	QoQ change
Number of mobile subscribers	14,390k	14,218k	172k
- Of which Free 4G/5G package (incl. French overseas DOM/TOM)	10,397k	10,190k	207k
- Of which on the voice-based plan	3,993k	4,027k	-34k
Number of Broadband and Ultra-Fast Broadband subscribers	7,222k	7,180k	42k
- Of which Fiber	4,870k	4,658k	212k
Fiber take-up rate	67.4%	64.9%	+260bps
Number of connectible Fiber sockets (in millions)	32.5m	31.3m	+1.3m
Total number of subscribers - France	21,612k	21,398k	214k
	Q1 2023	Q1 2022	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €) ¹	34.4	33.5	+2.7%
Mobile ARPU billed to subscribers (in €) ¹	11.8	11.4	+3.2%
Italy (figures in thousands)	Q1 2023	Q4 2022	QoQ change
Number of mobile subscribers	9,849k	9,567k	282k
Number of fiber subscribers	131k	109k	22k
Total number of subscribers - Italy	9,980k	9,676k	304k
POLAND (figures in thousands unless otherwise stated)	Q1 2023	Q4 2022	QoQ change
Number of active mobile subscribers	12,832k	12,763k	69k
- Of which on plans	9,060k	8,984k	76k
- Of which prepaid	3,773k	3,779k	-6k
Number of Fixed subscribers	2,046k	2,018k	28k
Total number of subscribers - Poland	14,878k	14,781k	97k
	Q1 2023	Q1 2022 ²	YoY change
Mobile ARPU billed to subscribers (in PLN)	29.1	28.2	+3.2%
GROUP (figures in thousands)	Q1 2023	Q4 2022	QoQ change
Number of mobile subscribers	37,071k	36,548k	523k
Number of Fixed subscribers	9,398k	9,307k	92k
TOTAL NUMBER OF SUBSCRIBERS	46,471k	45,855k	615k

¹ See glossary for definitions.

² Pro forma adjusted figures for Q1 2022 to reflect the consolidation of UPC Polska.

(b) Quarterly consolidated revenues

<i>In € millions</i>	Q1 2023	Q1 2022	% change
Consolidated revenues	2,186	1,934	+13.0%
Consolidated service revenues	2,020	1,802	+12.1%
Consolidated equipment revenues	172	136	+26.4%
<i>Intra-group sales</i>	(5)	(4)	+23.6%
Revenues - France	1,442	1,339	+7.6%
- Service revenues	1,376	1,289	+6.7%
- Equipment revenues	67	51	+31.6%
- Intersegment sales	(2)	(1)	+25.1%
Revenues - Italy	241	214	+12.6%
- Service revenues	239	212	+12.4%
- Equipment revenues	3	2	+52.1%
Revenues - Poland¹	507	384	+32.1%
- Service revenues	405	301	+34.7%
- Equipment revenues	102	83	+22.7%

(1) Excluding intra-group sales.

(2) EUR/PLN exchange rate: 4.68935 for Q1 2023 and 4.62299 for Q1 2022

(c) Analysis of results – Group

(i) Revenues

Consolidated revenues advanced 13.0% year on year in the first quarter of 2023 (8.0% on a pro forma like-for-like basis²) driven by revenue increases in all three of our geographies (12.6% in Italy, 7.6% in France and 6.9% in Poland on a pro forma like-for-like basis).

(ii) Payroll costs

Excluding the impact of the consolidation of UPC Polska since April 1, 2022, payroll costs rose 8.4% (or €11 million), an increase fairly split among the three countries where we operate.

(iii) External charges

External charges rose by 37.3% year on year to €382 million (up 30.8% excluding UPC Polska). The increase in this item was mainly attributable to higher energy costs which doubled in 12 months (essentially due to the commodity price inflation but also due to a higher volume of 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 and Redge consolidated for a full 12 months in 2021 and 2022, and based on constant exchange rates.

Taxes other than on income totaled €99 million, up 11.4% year on year (10.7% excluding UPC Polska), as a result of the larger number of mobile sites in France leading to a double digit increase in IFR tax payments.

(v) Additions to provisions

Additions to provisions for bad debts, impairment of inventories and contingencies amounted to €27 million in Q1 2023, up €3 million year on year.

(vi) Other income and expenses from operations, net

This item represented net income of €66 million in Q1 2023, down €22 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 €197 million in Q1 2023, a 1.8% year-on-year increase (1.3% excluding UPC Polska). This item results from the Group's application since January 1, 2019 of IFRS 16, Leases.

(viii) Profit for the period

Profit for the period declined by 87.6% to €59 million. The main drivers of the decline 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 €81 million 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 € millions</i>	Q1 2023	Q1 2022	% change
Revenues	1,442	1,339	+7.6%
- Service revenues	1,376	1,289	+6.7%
Fixed services revenues	796	741	+7.4%
Mobile services revenues	580	548	+5.8%
o.w. billed to subscribers	510	468	+8.9%
o.w. others	71	80	-12.2%
- Equipment revenues	67	51	+31.6%
<i>Intersegment sales</i>	(2)	(1)	+25.1%
EBITDAaL	498	493	+0.9%
<i>as a % of revenues</i>	34.5%	36.8%	-230bps
Profit from ordinary activities	188	185	+1.5%
Capital expenditure (excluding payments for frequencies)	442	332	+33.3%
OCF (EBITDAaL minus capital expenditure)	55	162	-65.8%

(i) Revenues

Revenues in France accelerated sequentially, rising 7.6% in Q1 2023 to €1.44 billion. The main factors underlying this performance were as follows:

- **Services revenues generated by Fixed services increased 7.4% in Q1 2023 (6.3% in Q4 2022) to €796 million, driven by subscriber base growth of 41,000 units over the quarter and a 2.7% rise in ARPU.**
 - Free's sales performance was solid in the first quarter whilst the market, in volume, was weak due to price increases implemented by most of our competitors.
 - The take up of Free Fiber remained strong with 212,000 new subscribers during the quarter, bringing the total number of Free Fiber subscribers to 4.87 million at end-March, representing 67.4% of the overall subscriber base.
 - Our B2B business contributed to the acceleration of the fixed segment in the first quarter of 2023, notably Free Pro which provides digital solutions for the B2B sector (very small businesses, SMEs, and large private and public corporations) seeing growth exceeding 40%.
- **Mobile services revenues rose 5.8% to €580 million in Q1 2023 (4.8% in Q4 2022).**
 - Free Mobile delivered a strong quarterly sales performance in Q1 2023 with 172,000 net adds, including 207,000 for the 4G/5G Free Mobile Plan, the best performance in the French market this quarter.
 - The growth in mobile services revenues billed to subscribers (€507 million) remained strong at 8.9% in Q1 2023 (8.5% in the fourth quarter). Mobile ARPU billed to subscribers came to €11.7 in the first quarter, up 3.2% 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 March 2023.

- Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 12% year on year to €71 million (13.3% decrease in the fourth 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).
- **The Group maintained its efforts in Q1 2023 to roll out the latest-generation networks and extend the population coverage of its offerings:**
 - At end-March 2023, the Group's population coverage rates in Metropolitan France were 99.2% for 4G and 89.1% for 5G (42% with 3.5 GHz frequencies).
 - At end-March 2023, Free Fiber passed 32.5 million homes in France, including 6.7 million homes in very densely populated areas and 25.8 million in averagely and non-densely populated areas.
- Sales of devices rose by 31.6% to €67 million, led notably by the success of the Free Flex offering.

(ii) EBITDAaL

EBITDAaL generated in France rose 0.9% to €498 million, while EBITDAaL margin decreased by 2.3 percentage points to 34.5%. The main factors affecting EBITDAaL and EBITDAaL margin generated in France in the first quarter of 2023 were as follows:

- An operating leverage effect related to the €85 million year-on-year growth in Fixed and Mobile services revenues.
- These incremental revenues were nearly completely offset by i) an increase in our energy costs in excess of 100% as we faced, like the rest of the industry, the extreme increase in electricity prices ii) an 18% 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 lower contribution 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 1.5% with depreciation and amortization charges increasing by just 0.5%.

(iv) Capex (excluding payments for frequencies)

Capex excluding payments for frequencies increased by 33.3% year on year to €442 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 28.3% (total capex expenditure excluding frequencies of €1.60 billion).

During the quarter, in Metropolitan France we switched on 610 new 3G sites, 734 new 4G sites, and rendered 188 new 5G sites technically operational. As a result of these efforts, at end-March 2023 Free Mobile's population coverage rates were over 99.2% for 4G and 89.3% for 5G.

Free Fiber now passes through 32.5 million homes in France, up by 1.3 million quarter on quarter, which we estimate as representing 91% coverage of all eligible premises in France.

(e) Analysis of results– Italy

<i>In € millions</i>	Q1 2023	Q1 2022	% change
Revenues	241	214	+12.6%
- Service revenues	239	212	+12.4%
<i>o/w Mobile services billed to subscribers</i>	201	171	+17.9%
<i>o/w Other</i>	37	42	-10.4%
- Equipment revenues	3	2	+52.1%
EBITDAaL	64	40	+61.1%
<i>as a % of revenues</i>	26.5%	18.5%	+800bps
Loss from ordinary activities	(41)	(45)	-9.9%
Capital expenditure (excluding payments for frequencies)	59	94	-36.9%
OCF (EBITDAaL minus capital expenditure)	5	(54)	-108.8%

(i) Revenues

Revenues generated by Iliad Italia rose 12.6% in Q1 2023 to €241 million, of which €201 million (up 17.9%) from mobile services billed to subscribers. The main factors underlying this performance were as follows:

- **Iliad Italia added 282,000 net new mobile subscribers over the quarter** in a market still characterized by persistently fierce competition. Based on the latest AGCOM data (end-December 2022), we estimate that our market share in Italy was around 12.6% at the end of the quarter.
- **Our Fiber subscriber base continued to grow in the first quarter, with 22,000 new subscribers, bringing the total subscriber base to 131,000 at end-March 2023.**

(ii) EBITDAaL

EBITDAaL increased 61.1% in Q1 2023, with EBITDAaL margin improving by 800bps to 26.5%. This improvement was driven by the operating leverage effect related to the €30 million increase in Iliad Italia's mobile services billed to subscribers and significantly lower MOCN costs thanks to the rollout of our own network. Together, these two factors offset the hike in energy costs (up 57%).

(iii) Profit/(loss) from ordinary activities

The loss generated by ordinary activities in Italy reduced by €4 million year on year (representing a 9.9% year-on-year decrease), with the €24 million rise in EBITDAaL fully offsetting the €20 million increase in depreciation and amortization expenses.

(v) Capex (excluding payments for frequencies)

Capex excluding payments for frequencies decreased by €35 million year on year to €59 million. During the first quarter of 2022, Iliad Italia rolled out more than 500 new 5G sites and more than 250 new active sites in total.

(f) Analysis of results – Poland

<i>In PLN millions</i>	Q1 2023	Q1 2022	% change	Pro forma like-for-like growth (%)
Revenues	2,377	1,773	+34.0%	+6.9%
- Services	1,900	1,391	+36.6%	+3.4%
o/w Mobile services billed to subscribers	1,116	1,045	+6.7%	+6.8%
o/w interconnections & other services ¹	308	328	-6.2%	-10.4%
Fixed services	477	17	NM	+5.9%
- Devices	476	383	+24.5%	+23.8%
EBITDAaL	1,038	838	+23.7%	+0.1%
<i>EBITDAaL margin</i>	<i>43.7%</i>	<i>47.3%</i>	<i>-360bps</i>	<i>-300bps</i>
Profit from ordinary activities	619	572	+8.2%	-13.7%
Capex (excluding payments for frequencies)	243	183	+32.5%	-13.4%
OCF (EBITDAaL less Capex excluding payments for frequencies)	794	655	+21.3%	+5.1%

(1) Mainly interconnection, wholesale and B2B services.

(i) Revenues

Revenues in Poland advanced 34.0% to PLN 2.38 billion in Q1 2023. On a pro forma like-for-like basis, the increase was 6.9%. 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 8.2%. In the first quarter of 2023, on a pro forma like-for-like basis, Mobile revenues billed to subscribers rose 6.8% and Fixed revenues increased by 5.9%. The main factors underlying this performance were as follows:

- **The active mobile subscriber base grew in the first quarter by 69,000, with the number of subscribers on plans increasing by 76,000 and the number of subscribers with prepaid cards decreasing by 6,000.** 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.
- **Continuous improvement in ARPU billed to subscribers, up by 3.2% in Q1 2023.** Other services revenues (mainly from interconnections and Play's subsidiary, 3S) were down 10.4% in the first quarter (versus a 13.1% 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 continued to grow, with 28,000 net adds in the first quarter.** The sequential slowdown of the net additions is driven by the prioritization of UPC's footprint over the distribution of wholesale offers outside UPC's footprint.

(ii) EBITDAaL

EBITDAaL for the Poland segment increased by 23.7% year on year and just 0.1% on a pro forma like-for-like basis. The operating leverage effect related to the like-for-like PLN 64 million increase in services revenues was offset by (i) the energy costs of our mobile operations which more than doubled, and, to a lesser extent, (ii) higher network maintenance costs.

(iii) Profit from ordinary activities

Profit from ordinary activities increased by 8.2% in Q1 2023, but decreased by 13.7% on a pro forma like-for-like basis due to 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 32.5% on a reported basis but declined by 13.4% like-for-like. The Group continued its mobile network roll out, and at the quarter-end had 10,742 base stations, representing an additional 205 sites over the quarter.

At March 31, 2023, UPC Polska's own network covered 3.79 million homes. This addressable market is complemented by POPC networks (networks that receive public subsidies in averagely and non-densely populated areas), which enabled UPC Polska to pass 2.14 million additional homes as of March-2023, an increase of 765,000 compared to end-2022. 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) for an amount of PLN 1,775 million. 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.

3.2 Consolidated cash flows and capital expenditure

<i>In € millions</i>	Q1 2023	Q1 2022	% change
Consolidated cash flows from operations	873	810	+7.7%
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(226)	(227)	0.0%
Change in working capital requirement	47	35	+32.5%
Operating free cash flow after IFRS 16	693	619	+12.0%
Consolidated capital expenditure¹	(553)	(465)	+19.0%
Capital expenditure - France ¹	(442)	(332)	+33.3%
Capital expenditure - Italy ¹	(59)	(94)	-36.9%
Capital expenditure - Poland ¹	(52)	(40)	+30.6%
Income tax paid	(23)	(84)	-72.2%
Net interest paid	(62)	(29)	+115.3%
Other (including impact of changes in scope of consolidation)	285	1 217	-76.6%
Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends)	340	1 259	-73.0%
Payments for frequencies - Group	(38)	(35)	+9.8%
Payments for frequencies - France	0	0	-
Payments for frequencies - Italy	(38)	(35)	+9.8%
Payments for frequencies - Poland	0	0	-
Consolidated free cash flow (excluding financing activities and dividends)	302	1 224	-75.3%
Dividends paid to owners of the Company	0	(1 262)	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:

- €873 million in consolidated cash flows from operations, up 7.7% year on year, before €226 million (flat 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.
- Consolidated capital expenditure increased by 19.0% in the first quarter of 2023, driven by France (capital expenditure up 33.3% year on year) as it invests to rebuild Freebox inventories after the strong demand for the Fiber offers.
- €23 million in income tax paid, down 72.2% year on year mostly due to phasing differences for tax paid in France.
- A €33 million increase in net interest paid, reflecting (i) the higher leverage ratio (3.1x at end-March 2023 versus 2.7x at end-March 2022), following the acquisition of UPC Polska, and (ii) to a lesser extent, the rise in interest rates.

- Other: €285 million in other cash flows, essentially due to the completion of the transaction with Infravia in Poland resulting in the sale of 50% of PŚO (Poland's biggest open access broadband network) for an amount of PLN 1,775 million 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 March 31, 2023, the Group had gross debt of €11,892 million and net debt of €10,614 million (excluding IFRS 16 lease liabilities). At the same date, it had sufficient liquidity to finance its operations, with €1,278 million in consolidated cash and cash equivalents and €3.5 billion in undrawn credit facilities³.

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 March 31, 2023 – corresponding to the ratio of consolidated net debt to €3,372 million in EBITDAaL – was 3.1x EBITDAaL.

Gross debt at March 31, 2023 primarily comprised the borrowings described on the following page.

³ 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 March 31, 2023.

Summary of the Group's borrowings due beyond one year at March 31, 2022 (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	-	-	-	-	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	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	-	419	-	-	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	-	-	-	-	749	At maturity
PLN 2,000m revolving credit facility - 2021	428	-	428	-	-	At maturity
PLN 500m BGK bilateral loan - 2021	33	12	12	12	37	In installments
PLN 464m ECA bilateral loan - 2021	-	25	25	25	25	In installments
PLN 5,500m acquisition loan - 2021	-	-	-	-	1,178	At maturity
PLN 470m EIB bilateral loan - 2022	50	-	-	11	40	In installments
<u>Bond debt</u>						
PLN 750m bond issue - 2019 @ Wib + 1.75%	-	-	-	-	161	At maturity
PLN 500m bond issue - 2020 @ Wib + 1.85%	-	-	-	-	107	At maturity

*Converted at the EUR/PLN spot rate at March 31, 2023: 4.67

1) MAIN MOVEMENTS IN BORROWINGS - ILIAD

(a) Borrowings due within one year

- €1.4 billion NEU CP program

€375 million of this program had been used at March 31, 2023.

- €550 million trade receivables securitization program

€525 million of this program had been used at March 31, 2023.

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

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

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

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

(b) Borrowings due beyond one year

Bank borrowings:

- €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.

On May 4, iliad requested the first extension option by six months, to July 2024, on its remaining €750 million available under this facility.

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 1.90% and is repayable in installments, by way of successive quarterly payments of equal amounts with a final maturity date of September 20, 2028.

At March 31, 2023, a total of approximately PLN 436 million was outstanding under this facility.

3.4 Events after the reporting date

Dispute with Bouygues Telecom

On February 23, 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. The decision of the Commercial Court is therefore enforceable.

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 March 31, 2023.

Acquisition of ITrust

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

3.5 Glossary

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

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

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

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

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

FCF: Free Cash Flow.

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

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

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

LTM: Last twelve months.

M2M: Machine to machine communications.

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

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

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

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

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

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

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

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

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

OFCE: 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 THREE-MONTH PERIOD
ENDED MARCH 31, 2023

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CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>	Note	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
REVENUES		2,186	1,934
Purchases used in production		(612)	(589)
Payroll costs		(153)	(135)
External charges		(382)	(279)
Taxes other than on income		(99)	(89)
Additions to provisions		(27)	(24)
Other income and expenses from operations, net	4	66	88
Depreciation of right-of-use assets		(197)	(193)
EBITDAaL		783	714
Share-based payment expense		(9)	(8)
Depreciation, amortization and impairment of non-current assets		(495)	(443)
Profit from ordinary activities		279	264
Other operating income and expense, net	5	(11)	326
Operating profit		268	590
Income from cash and cash equivalents		0	(0)
Finance costs, gross	6	(127)	(46)
Finance costs, net		(127)	(46)
Interest expense on lease liabilities	6	(57)	(51)
Other financial income and expense, net	6	(13)	3
Corporate income tax	7	(24)	(54)
Share of profit of equity-accounted investees	11	12	35
Profit for the period		59	477
Profit for the period attributable to:			
• Owners of the company		59	474
• Minority interests		0	3
• Basic earnings per share		1.00	8.07
• Diluted earnings per share		1.00	8.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € millions

	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
PROFIT FOR THE PERIOD	59	477
• Items that may be subsequently reclassified to profit:		
Fair value remeasurement of interest rate and currency hedging instruments	(40)	2
Tax effect	10	(1)
Change in translation adjustments	6	(16)
Total	(24)	(14)
• Items that will not be reclassified to profit:		
Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	(7)	0
Tax effect	1	0
Share of OCI of equity-accounted investments that will not be reclassified to profit	0	0
Tax effect	0	0
Total	(6)	0
Other comprehensive income/(expense) for the period, net of tax	(30)	(14)
Total comprehensive income for the period	29	463
Total comprehensive income for the period attributable to:		
• Owners of the Company	30	460
• Minority interests	(0)	4

CONSOLIDATED BALANCE SHEET

ASSETS (in € millions)	Note	Mar. 31, 2023	Dec. 31, 2022
Goodwill		767	717
Intangible assets		5,507	5,551
Right-of-use assets	9	4,491	4,367
Property, plant and equipment	10	8,528	8,132
Investments in equity-accounted investees	11	1,133	749
Other financial assets	12	235	226
Deferred income tax assets		561	539
Other non-current assets		51	52
TOTAL NON-CURRENT ASSETS		21,273	20,333
Inventories		311	324
Current income tax assets		5	3
Trade and other receivables		1,307	1,163
Other current assets		1,530	1,153
Other financial assets	12	27	27
Assets held for sale	13	420	1,470
Cash and cash equivalents		1,278	521
TOTAL CURRENT ASSETS		4,877	4,662
TOTAL ASSETS		26,151	24,994

LIABILITIES (in € millions)	Note	Mar. 31, 2023	Dec. 31, 2022
Share capital		15	15
Additional paid-in capital		510	510
Retained earnings and other reserves		4,716	4,687
TOTAL EQUITY		5,241	5,213
Attributable to:		0	0
• Owners of the company		5,278	5,248
• Minority interests		(37)	(36)
Long-term provisions		151	109
Long-term financial liabilities	15	10,346	10,011
Non-current lease liabilities		4,005	3,951
Deferred income tax liabilities		298	309
Other non-current liabilities		462	514
TOTAL NON-CURRENT LIABILITIES		15,262	14,894
Short-term provisions		88	78
Taxes payable		183	149
Trade and other payables		3,110	2,681
Short-term financial liabilities	15	1,545	1,326
Current lease liabilities		720	634
Liabilities held for sale	13	0	19
TOTAL CURRENT LIABILITIES		5,647	4,888
TOTAL EQUITY AND LIABILITIES		26,151	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				0	0	0	0	0
Profit for the period				0	59	59	0	59
Impact of interest rate and currency hedges				(29)	0	(29)	(1)	(29)
Impact of post-employment benefit obligations				(6)	0	(6)	(0)	(6)
Impact of changes in translation adjustments				5	0	5	0	6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				(29)	59	30	(1)	29
Change in share capital of iliad				(1)		(1)	1	0
Dividends paid by iliad						0		0
Dividends paid by subsidiaries						0		0
Purchases/sales of own shares						0		0
Impact of stock options				7		7	0	7
Impact of changes in minority interests in subsidiaries				1		1	(1)	0
Other				(7)		(7)	(0)	(8)
BALANCE AT MARCH 31, 2023	15	510	(110)	49	4,814	5,278	(37)	5,241

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>	Notes	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
Profit for the period (including minority interests)		59	477
+ / - Depreciation, amortization and provisions, net (excluding for current assets)		685	627
-/+ Unrealized gains and losses on changes in fair value		0	0
+/- Non-cash expenses and income related to stock options and other share-based payments		7	8
-/+ Other non-cash income and expenses, net		50	49
-/+ Gains and losses on disposals of assets	4/5	(66)	(413)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees	11	(12)	(35)
- Dividends (investments in non-consolidated undertakings)		0	0
Cash flows from operations after finance costs, net, and income tax		722	712
+ Finance costs, net	6	126	43
+/- Income tax expense (including deferred taxes)	7	24	54
Cash flows from operations before finance costs, net, and income tax (A)		873	810
- Income tax paid (B)		(23)	(84)
+/- Change in operating working capital requirement (incl. employee benefit obligations) (C)		47	35
= Net cash generated from operating activities (E) = (A) + (B) + (C)		896	762
- Acquisitions of property, plant and equipment and intangible assets (capex)		(592)	(520)
+ Disposals of property, plant and equipment and intangible assets (capex)		1	24
- Acquisitions of investments in non-consolidated undertakings		(8)	0
+ Disposals of investments in non-consolidated undertakings		365	0
+/- Effect of changes in scope of consolidation - acquisitions		(62)	0
+/- Effect of changes in scope of consolidation - disposals		0	0
+ Dividends received (from equity-accounted investees and non-consolidated undertakings)		0	0
+/- Change in outstanding loans and advances		(8)	(30)
- Cash outflows for leasehold rights		0	0
+ Cash inflows related to assets held for sale	13	0	1,378
- Cash outflows related to assets held for sale	13	(2)	(133)
= Net cash used in investing activities (F)		(306)	718
+ 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		0	(1,262)
. Dividends paid to minority shareholders of consolidated companies		0	(7)
+ Proceeds from new borrowings (excluding finance leases)	15	1,151	231
- Repayments of borrowings	15	(692)	(170)
- Repayments of lease liabilities		(201)	(201)
- Net interest paid		(62)	(29)
- Interest paid on lease liabilities		(29)	(26)
= Net cash generated from/(used in) financing activities (G)		167	(1,465)
+/- Effect of exchange-rate movements on cash and cash equivalents (H)		0	2
= Net change in cash and cash equivalents (E + F + G + H)		757	18
+ / - Impact of foreign exchange conversion of cash and cash equivalents (opening & closing rates)		(0)	(5)
Cash and cash equivalents at beginning of year		519	702
Cash and cash equivalents at year-end		1,277	716

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 46.5 million active subscribers, €8.6 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 three-month period ended March 31, 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 2022 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 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 spread over five years. The first payment occurred in January 2023 for €60 million. 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. The transaction has been completed on March 31, 2023 after the removal of the conditions specified in the agreement. The amount collected related to the transaction during the period is representing PLN 1,775 million (€363 million).

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 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.

Note 3 Segment information

The Group has 3 operating segments which are:

- France
- Italy
- Poland

- THREE-MONTH TO MARCH 31, 2023 REVENUES

<i>In € millions</i>	France	Italy	Poland	Eliminations between activities	Total
Revenues					
Fixed	796	6	112	(2)	913
Mobile	644	236	395	(0)	1,274
Intra-group sales	(1)	0	0	(0)	(1)
Total	1,442	241	507	(3)	2,186

- THREE-MONTH TO MARCH 31, 2022 REVENUES

<i>In € millions</i>	France	Italy	Poland	Eliminations between activities	Total
Revenues					
Fixed	743	1	10	(2)	751
Mobile	598	213	374	(1)	1,184
Intra-group sales	(1)	0	0	0	(1)
Total	1,339	214	384	(3)	1,934

- THREE-MONTH TO MARCH 31, 2023 EARNINGS

<i>In € millions</i>	France	Italy	Poland	Total
Earnings				
EBITDAaL	498	64	221	783
Share-based payment expense	(8)	(0)	(1)	(9)
Depreciation, amortization and provisions for impairment	(302)	(105)	(88)	(495)
Profit/(loss) from ordinary activities	188	(41)	132	279
Corporate income tax	(28)	19	(15)	(24)
Profit/(loss) for the period	123	(98)	35	59

THREE-MONTH TO MARCH 31, 2022 EARNINGS

<i>In € millions</i>	France	Italy	Poland	Total
Earnings				
EBITDAaL	493	40	181	714
Share-based payment expense	(8)	(0)	0	(8)
Depreciation, amortization and provisions for impairment	(300)	(85)	(57)	(443)
Profit/(loss) from ordinary activities	185	(45)	124	264
Corporate income tax	(53)	15	(17)	(54)
Profit/(loss) for the period	455	(56)	77	477

- ASSETS AT MARCH 31, 2023

<i>In € millions</i>	France	Italy	Poland	Total
Non-current assets				
Goodwill	304	0	462	767
Intangible assets (carrying amount)	1,629	2,098	1,780	5,507
Right-of-use assets (carrying amount)	2,812	757	923	4,491
Property, plant and equipment (carrying amount)	6,883	998	648	8,528
Investments in equity-accounted investees	755	0	378	1,133
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	1,549	497	1,521	3,567
Cash and cash equivalents	710	7	561	1,277

- 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 MARCH 31, 2023, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

<i>In € millions</i>	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	320	140	2	462
Current liabilities				
Trade and other payables	1,802	775	533	3,110

- 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>	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
Net income from partnerships*	67	85
Customer contract termination fees	8	10
Royalties and similar fees	(14)	(15)
Other	5	8
Other income and expenses from operations, net	66	88

*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>	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
Gain on assets disposal	0	327
Other operating expenses	(11)	(1)
TOTAL	(11)	326

This item includes, for three-month ended March 31, 2022, €330 million corresponding to the profit recognized on the sale of 30% of On Tower France.

Other operating expenses include a €8 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>	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
Income from cash and cash equivalents	0	(0)
Finance costs, gross:		
Interest on borrowings	(127)	(46)
Finance costs, net	(127)	(46)
Other financial income	3	1
Sub-total - Other financial income	3	1
Other financial expenses		
Translation adjustments/Hedging expense	5	14
Discounting expense	(6)	(12)
Other	(15)	(0)
Sub-total - Other financial expenses	(16)	2

Other financial expense, net	(13)	3
Interest on lease liabilities	(57)	(51)
Net financial expense	(197)	(94)

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>	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
Tax charge		
on income	(20)	(48)
on value added (CVAE)	(4)	(6)
Total tax charge	(24)	(54)

Note 8 Changes in scope of consolidation

'Effect of changes in scope of consolidation - acquisitions' line in the cash-flow statement equal to €7 million for the three-month period ended March 31, 2023 include mainly Sfera Net acquisition by Play.

'Effect of change in scope of consolidation - disposals' line in the cash-flow statement, equal to €363 million include mainly the disposal of 50% of the share in PŚO (see Note 2).

Note 9 Right-of-use assets and lease liabilities

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

	Networks	Real estate	Other	TOTAL
Carrying amount at January 1, 2023	4,012	333	22	4,367
Acquisitions (new assets)	258	12	5	275
Disposals	(11)	0	(0)	(11)
Reclassification of assets held for sale	0	0	0	0
Impact of changes in scope of consolidation	64	0	(0)	64
Translation adjustments	2	0	0	2
Other	(8)	0	0	(8)
Depreciation	(179)	(13)	(5)	(197)
Carrying amount at March 31, 2023	4,138	332	22	4,492

Lease liabilities break down as follows at March 31, 2023:

<i>In € millions</i>	March 31, 2023				December 31, 2022			
	Networks	Real Estate	Others	Total	Networks	Real Estate	Others	Total
Non-Current	3,808	190	8	4,005	3,749	195	8	3,951
Current	676	35	10	720	593	32	10	634
	4,483	224	18	4,726	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>	Mar. 31, 2023	Dec. 31, 2022
Net at January 1	8,132	7,403
Acquisitions	424	2,165
Disposals	(2)	(228)
Reclassification to assets held for sale	(18)	(221)
Other	56	2
Impact of changes in scope of consolidation	251	205
Translation adjustments	2	(7)
Depreciation and impairment	(317)	(1,187)
Net End of Period	8,528	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>	Three months to Mar. 31, 2023	Three months to Mar. 31, 2022
Share of profit/(loss) of equity-accounted investees before tax	16	37
Share of tax of equity-accounted investees	(4)	(2)
Share of profit/(loss) of equity-accounted investees after tax	12	35

Note 12 Other financial assets

Movements in other financial assets can be analyzed as follows:

	Mar. 31, 2023	Dec. 31, 2022
Carrying amount at beginning of period	253	210
Acquisitions	6	52
Fair value adjustments	3	5
Redemptions and repayments	(0)	(0)
Impact of changes in scope of consolidation	0	0
Translation adjustments	0	(0)
Disposals	0	6
Additions to provisions	(0)	(19)
Carrying amount at period-end	262	253

Note 13 Assets and liabilities held for sale

Assets and liabilities held for sale break down as follows:

<i>In € millions</i>	Mar. 31, 2023	Dec. 31, 2022
Assets held for sale	420	1,470
Liabilities held for sale	0	(19)
TOTAL	420	1,451

Assets for sale decrease as of March 31, 2023 (versus December 31, 2022) is mainly related to the sale of the Group's 50% stake in Polski Światłowód Otwarty sp. z o.o.(see Note 2). Assets for Sale as of March 31, 2023 include the Group's remaining interest in On Tower Poland, corresponding to a 30% stake with a carrying amount of €388 million.

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 three-month period ended March 31, 2023, no free share allocation plan has been set up.

Other 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>	Mar. 31, 2023	Dec. 31, 2022
Bank borrowings	5,589	5,757
Bonds	4,757	4,253
Finance lease liabilities	0	0
Other	1	1
Total long-term financial liabilities	10,346	10,011
Bank borrowings and short-term marketable securities	919	745
Bonds	(7)	0
Financial liabilities carried at fair value	0	0
Bank overdrafts	2	2
Cash flow hedges	0	0
Other	632	579
Total short-term financial liabilities	1,545	1,326
TOTAL	11,892	11,337

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

The table below summarizes movements in financial liabilities during the three-month period ended March 31, 2023:

<i>In € millions</i>	Mar. 31, 2023	Dec. 31, 2022
Borrowings at January 1	11,337	8,716
New borrowings	1,151	5,842
Repayments of borrowings	(692)	(3,272)
Change in bank overdrafts	(1)	0
Impact of changes in scope of consolidation	0	(11)
Translation adjustments	0	0
Other	96	1,014
Total borrowings	11,892	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.

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 22, 2022, the Group renewed its €1.4 billion short-term NEU CP program. At March 31, 2023, €375 million of the program had been used.

€550 million trade receivables securitization program

At March 31, 2023, the utilization of this program was at €525 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 1.90% and is repayable in installments, by way of successive quarterly payments with a final maturity date of September 20, 2028.

At March 31, 2023, a total of circa PLN 346 million was outstanding under this facility.

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>	Mar. 31, 2023	Dec. 31, 2022
Fixed-rate borrowings	7,452	6,727
Variable-rate borrowings	4,439	4,610
Total borrowings	11,892	11,337

Breakdown of the Group's debt

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

					Mar. 31, 2023
Contract	Issue date	Maturity	Currency	Nominal rate	Outstanding amount (€m)
iliad - SUN ¹	Oct. 12, 2017	Oct. 14, 2024	EUR	1.500%	650
iliad - SUN	April 25, 2018	April 25, 2025	EUR	1.875%	650
iliad - SUN	June 17, 2020	June 17, 2026	EUR	2.375%	650
iliad - SUN	Feb. 11, 2021	Feb. 12, 2024	EUR	0.750%	600
iliad - SUN	Feb. 11, 2021	Feb. 11, 2028	EUR	1.875%	700
iliad - SUN	Dec. 12, 2022	June 14, 2027	EUR	5.375%	750
iliad - SUN	Feb. 8, 2023	Feb. 15, 2030	EUR	5.625%	500
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					5,612
Play - SUN	Dec. 13, 2019	Dec. 11, 2026	PLN	1.750% + Wibor	161
Play - SUN	Dec. 29, 2020	Dec. 29, 2027	PLN	1.850% + Wibor	107
Total - Play					268
Total					5,880

Notes:

¹SUN : Senior Unsecured Notes

²SSD : 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	Mar. 31, 2023	
						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	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 ²	July 2, 2022	Jan. 1, 2024	At maturity	EUR	1.500% + Euribor	-	750
iliad - Term Loan	July 27, 2022	July 27, 2027	At maturity	EUR	1.500% + Euribor	1,000	-
Total - iliad						2,839	3,050
Play - Term Loan	March 29, 2021	March 29, 2026	At maturity	PLN	1.750% + Wibor	749	-
Play - RCF	March 29, 2021	March 29, 2024	At maturity	PLN	1.750% + Wibor	-	428
Play - BGK Loan	Oct. 15, 2021	Sept. 20, 2028	Install.	PLN	1.900%	74	33
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	1,178	-
Play - EIB Loan ³	Jan. 14, 2022	Jan. 13, 2034	Install.	PLN	7.466%	50	50
Total - Play						2,151	511
Total						4,990	3,561

Notes:

¹ Rates applicable at December 31, 2021, which can vary depending on the leverage ratio of the iliad group and Play respectively, except for under the EIB loan contracts signed in 2020.

² On May 4th, iliad requested the first extension option by 6 months, to July 2024, on its remaining €750 million mid-term facility.

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 2.31% margin plus Wibor at 7.19%, after the interest rate was set for the variable tranche on December 22, 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 March 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 three-month period ended March 31, 2023.

There have been no other material changes in iliad Group off-balance sheet commitments and contingencies liabilities during the three-month period ended March 31, 2023.

Note 17 Events after the reporting date

Dispute with Bouygues Telecom

On February 23, 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. The decision of the Commercial Court is therefore enforceable.

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.