Annual Report
iliad Holding S.A.S.

2023

This is the annual report (the "Annual Report") of iliad Holding S.A.S. for the year ended December 31, 2023. The Annual Report consists of the following:

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We have chosen the format of presentation of this document for the relevant period only, and may or may not continue to use the same format of presentation for future periods.

1. Overview of the Group and its businesses [1]

(1) It is expressly specified that the financial figures included in Schedule 1 reflect the position of iliad S.A. and its own subsidiaries.

1.1 The iliad Group

Introduction

The iliad Group (the "**Group**") is a leading European telecommunications provider, with 48.5 million subscribers in France, Poland and Italy, €9.24 billion in revenues in 2023 and more than 17,700 employees.

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

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

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

France

France is our main market and accounted for 65% of the Group's total revenues in 2023. Free entered the Internet service provider (ISP) market in France in April 1999, with a straightforward, no-contract offering. This commercial strategy enabled it to win a large share of the dial-up market with relatively low advertising outlay compared with its competitors.

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

After launching Free's ADSL Broadband offering in October 2002 and then its first mobile plans in 2012, the Group has gradually established itself as a major integrated operator in the fixed and mobile segments (Broadband and Ultra-Fast Broadband) of the French telecommunications market, by investing in local loop unbundling and the rollout of fiber network and a network of mobile masts. In January 2019, the acquisition of Jaguar Network marked the iliad Group's entry into the B2B market. More recently, in April 2023, the Group entered the cybersecurity market by acquiring a majority stake in ITrust.

For over 20 years now, the Company has successfully maintained all its distinctive features – straightforward solutions, attractive pricing and a technical quality that is widely recognized in every market segment addressed.

Italy

In 2018, the Group entered the mobile market in Italy – a country in which it had never before conducted any business – where 11% of total consolidated revenues was generated in 2023. It started deploying its own mobile network in Italy in late 2016 and added to its network coverage, first through a roaming agreement with WindTre, and then by a RAN-sharing agreement which has been in effect since early 2023 (as part of a joint venture owned on a 50/50 basis with WindTre, called Zefiro Net).

In January 2022, iliad Italia became a new entrant in the fixed broadband Internet market with the launch of a double-play Internet and telephony offering (based on wholesale offers using the Open Fiber, FiberCop and Fastweb networks). In May 2023, iliad Italia launched its B2B mobile offering.

Poland

The Group has been present in Poland since 2020, when it acquired Play, a leading nationwide operator in the country's mobile telephony market. In 2023, Poland represented 23% of the Group's revenues. Play is a national mobile operator that also provides fixed services (broadband and OTT TV).

In September 2021, the iliad Group further expanded in Poland through the acquisition of UPC Polska, whose closing on April 1, 2022 made the Group a convergence leader in the country. On April 1, 2023, the Group finalized the creation of PŚO (https://www.swiatlowodotwarty.pl/), a 50/50 joint venture held with InfraVia which is intended to become Poland's largest open-access broadband network.

1.1.1 Significant events of 2023 and key figures

- **Selected financial information – iliad Group**

(in € millions)	Dec. 31, 2023	Dec. 31, 2022
Income statement		
Total revenues	**9,241**	**8,369**
EBITDAaL	**3,444**	**3,303**
Profit from ordinary activities	1,291	1,356
Profit for the period	318	758
Balance sheet		
Non-current assets	21,800	20,333
Current assets [(a)]	4,347	3,192
of which cash and cash equivalents	*1,186*	*521*
Assets held for sale	184	1,470
Total assets	**26,330**	**24,994**
Total equity	4,798	5,213
Non-current liabilities	14,813	14,894
Current liabilities [(a)]	6,709	4,868
Liabilities held for sale	11	19
Total equity and liabilities	**26,330**	**24,994**
Net debt [(b)]	**10,243**	**10,815**
Cash flows		
Cash flows from operations	**4,114**	**3,717**
Right-of-use assets and interest expense on lease liabilities – IFRS 16 impact	(987)	(892)
Capital expenditure excluding payments for frequencies – Group	(2,016)	(2,139)
Payments for frequencies – Group	(185)	(1,185)
Income tax paid	(594)	(527)
Net interest paid	(436)	(281)
Other (including impact of changes in scope of consolidation)	1,531	42
Net change in cash and cash equivalents – Group (excluding change in net debt and dividends paid to owners of the Company)	**1,594**	**(1,333)**
Dividends paid to owners of the Company	(708)	(1,467)

(a) Excl. assets and liabilities held for sale.
(b) Short- and long-term financial liabilities less cash and cash equivalents.

Key figures for 2023

Group

Operational information

The Group's active subscriber base rose sharply in 2023, with the addition of 2.74 million new subscribers, including 2.29 million for Mobile and 454,000 for Fixed-line/Internet. At the year-end, the Group had more than 48.5 million subscribers in its three geographies, including 38.8 million for Mobile and 9.7 million for Fixed-line/Internet. Throughout 2023, the Group kept up its brisk momentum of deploying latest-generation infrastructure (FTTH, 4G and 5G) and new services, continuing the trends of previous years.

Revenues

The Group's consolidated revenues rose 10.4% to €9.24 billion in 2023, driven by solid performances in our three countries of operation: France (up 8.7%), Italy (up 14.5%) and Poland (up 13.1%). On a pro forma like-for-like basis (1), revenues ended the year up 8.2%.

Profitability

Consolidated EBITDAaL increased 4.2% in 2023, coming in at €3.44 billion. Profit for the period amounted to €318 million and operating cash flow (EBITDAaL less capex excluding payments for frequencies) climbed 22.6% to €1.43 billion.

Leverage

At end-2023, consolidated net debt totaled €10.24 billion, representing a €573 million decrease which primarily reflects the strong €264 million increase in operating free cash flow. This led to a 0.2x improvement in leverage, which amounted to 3.0x EBITDAaL.

France

Operational information

The total fixed-line subscriber base rose by 234,000 subscribers in 2023. Growth for Fiber remained strong, with 858,000 new subscribers over the year. The Fiber subscriber base reached 5.52 million at end-December, with the take-up rate advancing 9.5 points year on year to 74.4%. The number of connectible sockets also increased in 2023, by 4 million to 35.3 million. The Group's Fiber offerings are now available in more than 27,000 municipalities.

The number of subscribers on the unlimited 4G/5G Free Mobile Plan (2) continued to rise, with 916,000 net adds in 2023, thanks to the Group's strong commitment to not raising its prices before 2027. This brought the total number of subscribers on the unlimited 4G/5G Free Mobile Plan(2) to 11.1 million, representing 74% of Free's total mobile subscriber base. Free Mobile actively pursued its 4G and 5G mobile network rollouts across France in 2023, switching on over 2,400 new 4G sites and more than 2,175 5G sites. Free Mobile now offers very high population coverage for 5G (over 94%) as well as more than 99% for 4G. The Group intends to continue investing in network coverage and densification in order to become France's alternative operator of choice and to meet the coverage commitments it has made to ARCEP.

Financial information

In 2023, revenues in France rose by 8.7% to €6.04 billion, impelled by sustained gains in every quarter. Fixed services revenues amounted to €3.30 billion for the year, up 8.3%. ARPU over the four quarters improved by €1.40 or 4.1% year on year to €35.00. Mobile services revenues grew by 6.4% to €2.42 billion. Revenues billed to subscribers rose 9.5% over the year, lifted by the average 4.0% increase in ARPU billed to subscribers (€12.10). Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 12.2% during the year. These revenues (which have low margins) are on a structurally downward trend as traffic is switching to digital platforms. Revenues from devices climbed 35.3% over the year to €324 million, reflecting strong subscriber demand for our Free Flex offering.

EBITDAaL in France gained 4.6% to €2.39 billion, while EBITDAaL margin narrowed by 1.6 points to 39.6% due to higher network maintenance and energy costs and the unfavorable sales mix, as device sales outpaced Services revenues. Capital expenditure (excluding payments for frequencies) rose by 0.5% in 2023 to €1.5 billion, including €64 million for the purchase of a supercomputer which has given the Group the most powerful Cloud-native AI computing capacity deployed to date in Europe and is enabling Scaleway to offer a full suite of B2B Cloud-native AI solutions. Other than this investment in AI, the bulk of our capex related to our 5G and Fiber network rollouts throughout France and connecting up new Fiber subscribers and B2B customers. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) therefore increased by 12.1% to €891 million.

Poland

Operational information

The active mobile subscriber base grew by 336,000 in 2023, totaling almost 13.1 million subscribers at year-end. Sales performance in the Plans segment was excellent, with a net gain of 397,000 new subscribers in 2023. Mobile ARPU billed to subscribers rose 3.4% year on year to PLN 30.2.

In parallel, Play continued to execute its growth strategy in the Fixed segment (both organically and through the acquisition of small regional operators), adding 122,000 new subscribers and bringing its total number of fixed-line subscribers to almost 2.1 million at end-2023.

Financial information

Revenues generated in Poland increased by 13.2% to €2.16 billion in euros, and by 9.6% to PLN 9.80 billion in local currency (up 4% on a pro forma basis). Mobile services revenues billed to subscribers rose by 5.9% to PLN 4.62 billion, reflecting growth in the subscriber base and an increase in ARPU after refreshing our offerings. Interconnection and other revenues declined by 6.3% over the year to PLN 1.29 billion (down 8.1% on a pro forma like-for-like basis). The voice call termination charge was reduced to 0.40 euro cents on January 1, 2023 (compared with 0.55 euro cents for 2022) and to 0.20 euro cents on January 1, 2024. Revenues from devices climbed 7.6% to PLN 1.93 billion, led by a better price mix.

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(1) Based on constant scope of consolidation and exchange rates.
(2) 250 GB for non-Freebox subscribers.

EBITDAaL in Poland remained stable in euros, at €805 million, but decreased by 3.1% in local currency to PLN 3.66 billion (down 8.0% on a pro forma like-for-like basis). Profit for the period contracted in 2023, mainly due to the impact of inflation on energy costs and the start-up of the line leasing agreement with PŚO (a 50/50 joint venture held with InfraVia to which Play sold its cable and fiber infrastructure in Poland). Capital expenditure was 0.5% lower year on year (7.7% on a pro forma like-for-like basis). Operating cash flow (EBITDAaL less capex excluding payments for frequencies) increased by 4.4% year on year to PLN 2.42 billion.

Italy

Operational information

In 2023, iliad Italia maintained its position as the net add leader in the Mobile market, adding 1.16 million new subscribers during the year, including 255,000 in the fourth quarter. The market environment remained highly competitive throughout 2023, with numerous aggressive price offers specifically targeted at iliad Italia.

In the Fiber segment, iliad Italia pursued its growth trajectory, with its total number of subscribers reaching 207,000 at the year-end. Thanks to two new infrastructure agreements signed with FiberCop and Fastweb and the expansion of the accessible market to the C&D zones with Open Fiber during the year, we were able to extend our coverage in Italy to 13.7 million sockets at end-2023.

Financial information

Revenues generated by iliad Italia topped the €1 billion mark in 2023, advancing 14.5% to €1.06 billion. Service revenues rose 13.8% year on year to €1.05 billion. Revenues from devices doubled (surging 104.1%) compared with 2022, coming in at €15 million for the year.

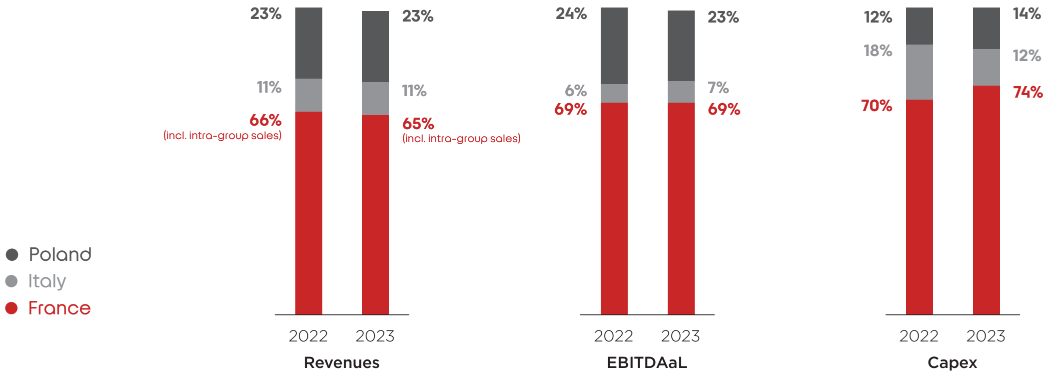
EBITDAaL jumped 17.2% to €247 million and EBITDAaL margin widened by 0.5 of a point to 23.3%. This improvement in profitability was fueled by a positive operating leverage effect, with mobile services billed to subscribers up by €109 million, and the start-up of the Zefiro Net joint venture resulting in a net reduction in network costs. Together, these two factors offset the increase in energy costs and distribution expenses. Capital expenditure (excluding payments for frequencies) was 36.3% lower year on year, totaling €243 million. The decrease was due to a less active rollout program in 2023 than in 2022, as well as the use of inventories of active 5G equipment that were built up in 2022. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) moved into positive territory for the full year for the first time since iliad Italia was created, coming in at €4 million.

- **Key financial indicators**

(in € millions)	2023	2022	Change
Consolidated revenues	**9,241**	**8,369**	**+10.4%**
France	6,040	5,555	+8.7%
Italy	1,061	927	+14.5%
Poland	2,157	1,907	+13.1%
Intra-group sales	(16)	(19)	-17.1%
Consolidated EBITDAaL	**3,444**	**3,303**	**+4.2%**
France	2,392	2,287	+4.6%
Italy	247	211	+17.2%
Poland	805	805	-0.1%
Consolidated capex [(a)]	**2,016**	**2,139**	**-5.8%**
France	1,501	1,492	+0.5%
Italy	243	381	-36.3%
Poland	272	265	+2.7%
Operating free cash flow (EBITDAaL less capex)	**1,428**	**1,164**	**+22.6%**
France	891	795	+12.1%
Italy	4	(170)	NM
Poland	532	540	-1.4%
Profit for the period	**318**	**758**	**-58.0%**
Net debt	**10,243**	**10,815**	**-573**
EBITDAaL [(b)]	**3,444**	**3,303**	**+4.2%**
Leverage ratio (LTM EBITDAaL)	**3.0x**	**3.2x**	**-0.2x**

EUR/PLN exchange rate: 4.452 for 2023 and 4.686 for 2022.
(a) Excluding payments for frequencies.
(b) Including UPC for 12 months in 2022.

Breakdown of key financial indicators



- **Key operating indicators** [(1)]

France *(figures in thousands unless otherwise stated)*	**Q4 2023**	**Q3 2023**	**Change**	**2023**	**2022**	**Change**
Number of mobile subscribers	**15,005**	**14,792**	**+213**	**15,005**	**14,218**	**+787**
• of which on the 4G/5G Free Mobile Plan *(including Free Caraïbe)*	11,106	10,881	+226	11,106	10,190	+916
• of which on the voice-based plan	3,899	3,911	-13	3,899	4,027	-129
Number of Broadband and Ultra-Fast Broadband subscribers	**7,414**	**7,314**	**+100**	**7,414**	**7,180**	**+234**
• of which Fiber	5,516	5,272	+244	5,516	4,658	+858
Fiber take-up rate	**74.4%**	**72.1%**	**+2.3 pts**	**74.4%**	**64.9%**	**+9.5 pts**
Number of connectible Fiber sockets *(in millions)*	35.3m	34.3m	+1.0m	35.3m	31.3m	+4.0m
Total number of subscribers – France	**22,419**	**22,106**	**+313**	**22,419**	**21,398**	**+1,021**

	Q4 2023	**Q4 2022**	**Change**
Broadband and Ultra-Fast Broadband ARPU *(in €)*	35.7	34.1	+4.5%
Mobile ARPU billed to subscribers *(in €)*	12.1	11.8	+2.5%

Italy *(figures in thousands)*	**Q4 2023**	**Q3 2023**	**Change**	**2023**	**2022**	**Change**
Number of mobile subscribers	10,730	10,475	+255	10,730	9,567	+1,163
Number of Fiber subscribers	207	172	+35	207	109	+98
Total number of subscribers – Italy	**10,937**	**10,647**	**+290**	**10,937**	**9,676**	**+1,261**

(1) See glossary for definitions.

Poland (figures in thousands unless otherwise stated)	Q4 2023	Q3 2023	Change	2023	2022	Change
Number of active mobile subscribers	**13,099**	**13,029**	**+70**	**13,099**	**12,763**	**+336**
• of which plans	9,381	9,261	+120	9,381	8,984	+397
• of which prepaid cards	3,718	3,769	-51	3,718	3,779	-61
Number of Fixed-line subscribers [(a)]	**2,059**	**2,022**	**+38**	**2,059**	**1,938**	**+122**
Total number of subscribers – Poland	**15,158**	**15,051**	**+108**	**15,158**	**14,701**	**+458**

(a) The calculation of the number of Fixed-line subscribers in Poland has been changed following the merger between P4 and UPC Polska: figures for previous quarters have been adjusted to take into account (i) the elimination of duplicates between the Play Home and UPC Polska subscriber bases, (ii) the acquisitions of regional ISPs such as Sferanet and Syrion and their subscriber bases, and (iii) the elimination of UPC Solo Start TV subscribers.

	Q4 2023	Q4 2022	Change
Mobile ARPU billed to subscribers *(in PLN)*	30.2	29.2	+3.4%

Group (figures in thousands)	Q4 2023	Q3 2023	Change	2023	2022	Change
Number of mobile subscribers	38,834	38,296	+538	38,834	36,548	+2,286
Number of Fixed-line subscribers	9,681	9,508	+173	9,681	9,227	+454
Total number of subscribers	**48,515**	**47,804**	**+711**	**48,515**	**45,775**	**+2,740**

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

None.

1.2 Markets and strategy

1.2.1 Principal markets

At end-2023, the Group was a convergent fixed-mobile B2C and B2B services provider in each of its three geographies: France, Poland and Italy.

1.2.1.1 The mobile telephony market in France

- **General information about the French mobile telephony market**

	2023 (at Sept. 30, 2023)	2022	2021
Revenues *(in € millions, excluding revenues from M2M cards)*	**11,187** (14,874 LTM)	**14,550**	**14,066**
Number of active SIM cards *(in millions) – excluding M2M[(a)]*	**81.1**	**80.4**	**78.5**
of which active plans	*75.9*	*75.0*	*73.0*
of which active prepaid cards	*5.3*	*5.3*	*5.5*
4G active customer base *(in millions of SIM cards)*	**71.9**	**69.5**	**65**
5G active customer base *(in millions of SIM cards)*	**12.1**	**6.4**	**3.2**
Average bill [(b)] *(in euros per month – LTM)*	**15.0**	**14.8**	**14.7**
Number of Free Mobile subscribers *(in millions) – excluding Free Pro subscriptions*	**15.0**	**14.2**	**13.6**

(a) Machine to Machine.
(b) Revenues excluding M2M card revenues divided by average number of SIM cards (active and inactive) over the period.
Source: ARCEP.

At end-September 2023, the mobile telephony market in France comprised 81.1 million active SIM cards excluding M2M, up by a slight 0.7 million over twelve months (compared with 1.9 million growth a year earlier). The mobile telephone penetration rate [1] in France was 119.1% at end-September 2023, 1.1 points higher year on year.

The key facts and figures for the mobile networks services market in France in the first nine months of 2023 were as follows:

- year-on-year growth in the number of plans slowed, with a rise of just 1.1 million SIM cards in the first nine months of 2023, compared with a 2.5 million increase in the same period of 2022;
- the decline in prepaid cards continued, with an LTM decrease of 0.1 million, on the back of a 0.2 million decrease in the same period of 2022;
- the 4G subscriber base totaled 71.9 million active SIM cards at September 30, 2023 (up 3.2 million on one year earlier), representing 89% of total active SIM cards. In addition, 12.2 million SIM cards were active at least once on 5G networks (up 1.4 million in Q3 2023), representing an average increase of one million additional cards every quarter for the past two years. 5G-enabled SIM cards accounted for 15% of the total number of SIM cards in service at September 30, 2023, up 7 points year on year;
- growth in mobile roaming slowed following the post-Covid upturn, with voice roaming down 11% and SMS roaming down 7% in the first nine months of 2023. However, mobile roaming data traffic continued to rise sharply, up 26% year on year, although the pace of growth was slower than the first nine months of 2022 (when the year-on-year increase was 54%). In parallel, revenues from mobile roaming-out services contracted for the first time in two years, down 4.7% to €133 million in the first nine months of 2023, compared with a 51.7% year-on year increase in the same period of 2022;
- the volume of data traffic on mobile networks continued to increase, with average monthly data usage per active 4G subscriber corresponding to 15.5 GB in the first nine months of 2023, up 8.7% on the same period of 2022 (i.e., 1.3 GB more per active 4G subscriber);
- traditional voice and SMS/MMS pursued their structural decline over the period due to the growing use of social media apps to communicate:
  - the average number of SMS/MMS per active SIM card decreased 10.4% year on year in the first nine months of 2023, amounting to 107 SMS/MMS per user per month,
  - average monthly voice traffic retreated 4.4% year on year to almost 3 hours and 11 minutes per user per month in the first nine months of 2023.

Mobile telephony players in France

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

- the other three mobile network operators: Orange, SFR and Bouygues Telecom;
- MVNOs, such as La Poste Mobile. However, now that several of these operators have been acquired by two of the three MNOs, their market share is clearly shrinking, to 7.3% of the residential market by volume at end-September 2023 in Metropolitan France from 8.3% at end-2021.

1.2.1.2 The fixed Internet access market in France

- **General information about the French Broadband and Ultra-Fast Broadband market**

	2023 (at Sept. 30, 2023)	2022	2021
Revenues *(in € millions)*	**10,058** (13,332 LTM)	**12,894**	**12,551**
Number of subscriptions *(in millions)*	**32.2**	**31.9**	**31.5**
of which Broadband	*8.6*	*10.4*	*13.1*
of which Ultra-Fast Broadband	*23.6*	*21.5*	*18.5*
of which end-to-end fiber	*20.6*	*18.1*	*14.5*
Number of Free subscriptions *(in millions)*	**7.3**	**7.2**	**6.9**

The total number of Broadband and Ultra-Fast Broadband subscriptions in France rose by 0.3 million in the first nine months of 2023.

At September 30, 2023, France had a total of 32.2 million Broadband and Ultra-Fast Broadband subscribers, one of the highest penetration rates in Europe. The sharp rise in the number of fiber users is due to the increase in the number of premises that can be connected to fiber in France (up 3.9 million at end-September 2023 versus one year earlier).

Revenues generated by Broadband and Ultra-Fast Broadband access reached €10.1 billion in the first nine months of 2023 (€13.3 billion on an LTM basis), representing 4.1% year-on-year growth versus 2.8% for the same period in 2022.

With optical fiber now widely available in French households, nearly 73% of subscriptions at end-September 2023 were for Ultra-Fast Broadband (> 30 Mbps) and 87% of these were via FTTH technology (83% at end-September 2022 and 77% at end-September 2021). As a result, almost two-thirds (64%) of Broadband and Ultra-Fast Broadband subscriptions in France at September 30, 2023 were via end-to-end fiber technology, representing a 10-point jump in the space of one year (from 54% at end-September 2022) and making France the country with the most end-to-end fiber subscribers in Europe (Free has 25.6% market share).

(1) Penetration rate calculated by dividing the number of active SIM cards excluding M2M at end-September 2023 by the total French population (Metropolitan + Overseas France) as stated by ARCEP in its electronic communications market report published on February 9, 2024.

Players in the Fixed Internet access market in France

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

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

1.2.1.3 The mobile telephony market in Poland

- **General information about the Polish mobile telephony market**

	2022	2021	2020
Revenues (mobile telephony & data) *(in PLN billions)*	14.4	13.4	12.5
Number of SIM cards *(in millions, excluding M2M)*	52.6	50.6	49.4
Number of SIM cards *(in millions, M2M only)*	6.7	6.0	4.8
Total number of SIM cards *(in millions)*	59.3	56.6	54.1
of which plans	*72.5%*	*72.7%*	*73%*
of which prepaid cards	*27.5%*	*27.3%*	*27%*
Number of active Play mobile subscribers *(in millions, including UPC Polska in 2022)*	12.8	12.1	11.9
Mobile telephony penetration rate	157%	148.7%	141.6%

Source: UKE (Polish national telecoms regulator).

As the annual report for the Polish telecoms market is published by the national regulator in June of the following year, the information currently available for the Polish market as a whole dates from 2022. In 2022, the Polish mobile telephony market counted 59.3 million subscribers (including M2M), representing a 12-month increase of 4.8%. The penetration rate was 157% at end-2022, up 8.3 points.

Total operator revenues rose by 7.6% in 2022 to PLN 14.4 billion, while M2M services saw a 13% increase in revenues for the year. Revenues from postpaid plan fees rose by 31%, driven by a rapid increase in the number of SIM cards and M2M SIMs, and higher ARPU. The steady growth in the mobile segment by value attests to its importance in the Polish telecommunications market, where mobile accounted for 35.2% of total revenues.

Mobile telephony players in Poland

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

- the other three mobile network operators (and their sub-brands): Orange Polska, Polkomtel and T-Mobile, which together with Play accounted for over 96% of mobile subscriptions in 2022;
- independent MVNOs such as Lycamobile, Canal+, Vectra and others.

1.2.1.4 The Broadband and Ultra-Fast Broadband market in Poland

- **General information about the Polish Broadband and Ultra-Fast Broadband market**

	2022	2021	2020
Penetration rate for Fixed Internet in Poland	**63.2%**	**59.8%**	**56.7%**
Fixed Broadband and Ultra-Fast Broadband Internet market[a] *(in PLN billions)*	**5.4**	**4.9**	**4.5**
Cable	22%	22%	23%
xDSL	17%	21%	26%
FTTH	39%	34%	27%
WLAN	7%	8%	9%
LAN-Ethernet	6%	6%	7%
Other	10%	9%	9%
Fixed Internet ARPU *(in PLN per month)*	**49.3**	**47.5**	**45.4**
Number of Fixed Internet subscriptions *(in millions)*	**9.2**	**8.7**	**8.2**
Number of Play Fixed-line subscribers *(in millions, including UPC Polska in 2022)*	**2.0**	**0.3**	**0.1**

(a) Source: UKE, 2022 Annual Report – calculations excluding mobile access.

The Polish fixed Broadband and Ultra-Fast Broadband market represented around PLN 5.4 billion in 2022. Compared to the European average, the household penetration rate is relatively low, at 63.2%. The penetration rate per 100 inhabitants is the lowest in the EU, at 22.8% versus the European average of 35.8%. This reflects the frequent use of mobile technology for fixed Internet connections in Poland, where fixed infrastructure has very low coverage. The three main fixed technologies, FTTH, cable and xDSL, respectively account for 38.9%, 21.7% and 17.3% of the market in terms of revenue and 38.3%, 32.5% and 14% in terms of volume. The number of fiber users is growing rapidly, from 5% at end-2017 to almost 40% at end-2022.

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

According to telecoms regulator UKE's latest annual report (figures at end-2022), Orange Polska is the dominant operator in the xDSL market with a 78.4% market share. UPC Polska (acquired by iliad at the end of 2021) and Vectra account for 67.7% of the country's overall cable market. The fiber market is more fragmented, with three operators (Orange Polska, Inea and Netia) respectively holding 32.6%, 6% and 6%.

1.2.1.5 The mobile telephony market in Italy

- **General information about the Italian mobile telephony market**

	2023 (at Sept. 30, 2023)	2022	2021
Revenues *(in € billions)*	ND	11.74	12.40
Number of SIM cards *(in millions)* – excluding M2M[a]	78.9	78.4	78.0
of which prepaid cards	70.8	70.2	69.2
of which plans	8.0	8.2	8.8
Number of SIM cards with Internet access *(in millions)*	57.2	56.6	57.4
Number of iliad Italia mobile subscribers *(in millions)*	10.5	9.6	8.5

(a) Machine to machine communications.
Source: AGCOM (2023: at Sept. 30, 2023 from the Osservatorio Agcom; 2022 and 2021: data from the last *Relazione annuale Agcom and Osservatorio Agcom* updated at Dec. 31).

At September 30, 2023, the mobile telephony market in Italy counted 78.9 million users (corresponding to SIM cards in use excluding M2M), a 0.5 million year-on-year increase that confirmed the trend reversal following several years of decline in SIM card volumes in the country. The mobile phone penetration rate in Italy was 134%[1].

The key facts and figures for the mobile networks services market in Italy in 2023[2] were as follows:

- the number of prepaid cards increased by 0.9 million and the proportion of prepaid cards rose again, accounting for 89.8% of the market excluding M2M;

(1) Data from the AGCOM database (updated at September 30, 2023) and population figures from ISTAT as at January 1, 2023.
(2) AGCOM data updated at September 30, 2023.

- the number of plans decreased by 0.5 million;
- there was a slight 0.9 million year-on-year increase in the number of SIM cards that used data;
- mobile data usage continued to rise: in the first nine months of 2023, average monthly data usage per subscriber was 0.77 GB per day per SIM card, up 22.4% year on year and up 244.7% since 2019.

At end-September 2023, iliad Italia already held 13.6% of the Mobile market in Italy excluding M2M[(1)].

Mobile telephony players in Italy

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

- the other four mobile operators: Telecom Italia (TIM), Vodafone, WindTre and Fastweb. In Q3 2023, these operators represented a combined 59.3 million SIM cards[(2)] and held 75.1% of the market (including their sub-brands: Kena for TIM, Ho for Vodafone and Very Mobile for WindTre);
- MVNOs such as Poste Mobile, Lycamobile, Coop Voce and Tiscali. Together, they represented 9.1 million SIM cards and 11.5% of the market in third quarter 2023, with the market leader, Poste Mobile, alone accounting for 5.6%.

1.2.1.6 Fixed Internet access market in Italy

- **General information about the Italian market**

	2023 (at Sept. 30, 2023)	**2022**	**2021**
Revenues *(in € billions)*	**ND**	**15.19**	**15.45**
Total number of lines *(in millions)*	**20.08**	**20.21**	**20.05**
of which copper access	*3.76*	*4.37*	*5.47*
of which Fixed Wireless Access (FWA)	*2.07*	*1.96*	*1.70*
of which FTTC[(a)]	*9.95*	*10.26*	*10.23*
of which FTTH[(b)]	*4.30*	*3.62*	*2.65*
Number of iliad Italia Fiber subscribers *(in thousands, at December 31)*	**207**	**109**	**-**

(a) Fiber To The Cabinet.
(b) Fiber To The Home.
Source: AGCOM. (*Principali serie storiche del'Osservatorio Agcom*, September 30, 2023).

With a total of 20.1 million subscribers at September 30, 2023, the penetration rate for fixed Internet services in the Italian population is 78%[(3)].

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

Over the 9 months to September 2023 (versus end-2022), the total number of subscriptions decreased by 132,000 lines. FTTH access increased considerably, with 681,000 more sockets, and Fixed Wireless Access (FWA) connections rose by 111,000. FTTC and copper connections fell by 313,000 and 612,000 respectively.

This move to fiber has pushed up the residential connection speeds on offer. As at end-June 2023 (the most recent data available), lines with speeds of 100 Mbps or more (defined in France as Ultra-Fast Broadband) represented 69.9% of the total residential access market (versus 66.0% a year earlier).

Players in the Fixed Internet access market in Italy

The Group's competitors in the Italian fixed Internet access market are Italy's main fixed network operators, which in third- quarter 2023 held the following market shares[(4)]:

- Telecom Italia (TIM): 38.4%;
- Vodafone: 16.5%;
- WindTre: 14.2%;
- Fastweb: 13.8%;
- Tiscali/Linkem: 3.9%;
- Eolo: 3.4%.

Italy had two nationwide network access providers in 2023: (i) Telecom Italia (TIM), the vertically integrated incumbent operator, which has spun off its Fiber infrastructure wholesale business into a dedicated structure – FiberCop, which is 58% owned by TIM, 37.5% by KKR and 4.5% by Fastweb, and (ii) Open Fiber, a wholesale-only operator which, since 2016, has offered Ultra-Fast Broadband services (using FTTH technology). According to various press releases issued by TIM in 2023 and 2024, FiberCop is going to be sold to the private equity firm KKR as part of the sale of an entity encompassing FiberCop (NetCo).

(1) Only taking into account SIM cards in service and excluding M2M (comparative data versus September 2023).
(2) Data from the AGCOM database (updated at September 30, 2023) and ISTAT (based on a population of 58.977 million and 2.3 people per household).
(3) Data from the AGCOM database (updated at September 30, 2023) and ISTAT (based on a population of 58.997 million and 2.3 people per household).
(4) Based on the total number of subscriptions.

iliad Italia launched its Fixed Internet access offering in January 2022. On its launch, this offering was based solely on Open Fiber's FTTH network, but in 2023, iliad Italia activated the agreements signed with FiberCop and Fastweb and extended its agreement with Open Fiber to the C&D zones, which increased its addressable market to 13.7 million households by end-2023. At end-2023, iliad Italia had 207,000 FTTH subscribers, representing some 5% of the FTTH market, and had a market share of 1% for all technologies combined.

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

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

1.2.2 Competitive advantages

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

Strong brands in each host country

Led by the success of its retail fixed and mobile offerings since its creation in 1999, Free has positioned itself in France as a major player in the Internet access market and mobile telephony. The brand is clearly associated with the concepts of freedom, cutting-edge technology, innovation, quality and attractive prices. The year 2023 saw spiraling inflation, and Free's positioning as an inflation buster thanks to our policy of not raising our prices led to increases in the brand's net promoter score (NPS) for both Fixed and Mobile services (NPS of 26 in October 2023 compared with 20 in September 2022 for the Broadband and Ultra-Fast Broadband segment, and 31 compared with 29 for Mobile – in-house study commissioned from IFOP and delivered in November 2023). The Free brand is one of the 50 most valuable brands in France, according to Brand Finance's 2023 ranking published in May 2023.

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

In Poland, over the years, Play has steadily grown into the market's most recognized brand (number one for spontaneous awareness), thanks to a strategy of constant communication over time, backed up by high-impact advertising campaigns. At end-October 2023, the Play brand was first in the ICT category in the 2023 ranking of the 200 most valuable Polish brands published by Forbes Polska.

Technically sophisticated and attractively priced retail offerings

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

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

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

Research and development capabilities serving retail and B2B customers

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

The Group is also very actively investing in research and development in the B2B segment. In launching its Free Pro solution in France in March 2021, the Group unveiled the Freebox Pro, which was entirely designed and manufactured for business use. It offers the ability to support intense usage, operate in an industrial environment, and withstand vibrations and high temperatures. In the Public Cloud market, Scaleway develops sovereign solutions and facilitates multi-Cloud, in particular, in order to guarantee end-users' security and confidentiality of their data according to their geographical zone. At end-September 2023, the Group purchased an NVIDIA DGX SuperPOD equipped with NVIDIA DGX H100 systems, providing European AI players with the continent's most powerful Cloud-native AI supercomputer via its subsidiary, Scaleway. At the same time, the Group announced the creation of an excellence lab in Paris dedicated to AI research, called Kyutai. Kyutai is a non-profit lab jointly founded by the iliad Group, CMA CGM and Schmidt Futures and is entirely dedicated to open science AI research. Its objective is to tackle the main challenges of modern AI, particularly by developing large multimodal models – using text, but also sound, images, etc. – and by inventing new algorithms to enhance their capacities, reliability and efficiency. To do this, the laboratory is using the computing power made available to it by Scaleway.

Simplicity as a watchword

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

Control over services

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

Control over distribution

The Group is one of the rare ISPs in Europe to have established itself in the Fixed market without relying on a physical distribution network, and it has long-standing, unique know-how in online distribution. Since the launch of its Mobile business in France and Italy, it has also developed a physical distribution network through its directly owned stores – Free Centers in France and iliad Stores in Italy – as well as SIM-card dispensers. In Poland, prior to its acquisition by the iliad Group, Play had built up a leading position in the Mobile market, and since its acquisition we have kept up its strong presence in physical distribution, with a network of over 700 stores. The Group has direct control over the distribution of its services, which enables it to meet the needs both of online subscribers (and adapt to changes in the e-commerce environment) and of subscribers seeking the more conventional physical store.

Control over subscriber relations

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

A Company entirely owned by its managers

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

An international leadership team

For three years now, the Group's leadership team has included executives from Italy and Poland in order to add a European perspective to its strategy.

1.2.3 Strategy

From our very beginnings, we've been driven by an overriding ambition: to provide everyone, everywhere, with equal access to the same offerings. Whether you live in a big city or a remote village, you'll always pay the same price. This view of our business led us to invest massively in deploying our own infrastructure and equipment right from the outset, which means we're helping to bridge the digital divide, boost regional economies and strengthen national cohesion.

Whenever it has entered a market – the French fixed-line market in 1999, the French mobile market in 2012, and then the Italian mobile market in 2018 – the Group's competitors have always been well established operators or players with far more resources than its own. The acquisition of Play in Poland in 2020 was another major milestone for the Group, as it was its largest-ever acquisition and marked its entry into a new country. The subsequent acquisition of UPC Polska, which closed on April 1, 2022, was a further demonstration of the Group's firm foothold in Poland. In order to win subscribers and carve out long-term positions in its markets, the Group adopts an assertive competitive strategy based on innovation and differentiation through its pricing and services. To reach its objectives, the Group must be independent and therefore keep the highest possible level of control over its networks.

The Group's success is built on several pillars:

Control over networks

In both the Fixed and Mobile sectors, our investments in networks give us real commercial autonomy, which allows us to propose differentiated services offerings and optimize our profitability.

Having moved fast in the early 2000s in unbundling the incumbent operator's local loop, we were also naturally very proactive in rolling out fiber across France, either directly in very densely populated areas or via IFT (https://www.ifterritoires.fr/, our joint venture with InfraVia) in the rest of the country. In Poland, on April 1, 2023, the Group completed a deal giving rise to the creation of PŚO (https://www.swiatlowodotwarty.pl/), Poland's largest open-access broadband network. The Group contributed to PŚO UPC Polska's existing HFC network, which can currently provide up to 1 Gbps and will be upgraded to incorporate FTTH technology. Thanks to PŚO's investment program, the aim is for the open-access network to cover over 6 million households. In Italy, the infrastructure market is very different from France and Poland, with little unbundling and no cable operators. As a result, the Group has focused on developing the resale of the Open Fiber network's FTTH lines, and in 2023, it extended its addressable market via FiberCop and Fastweb.

Just as in the fixed-line market, being in control of the mobile network is a sure way of achieving differentiation and longevity. It enables a player to be independent, directly manage its offerings and service quality, and be innovative and reactive. In France, Free Mobile kept up the pace of its mobile rollouts in 2023, adding almost 2,300 new sites, which brought its total network to almost 26,100 sites at the year-end, giving 3G coverage to 99.9% of the French population, 4G coverage to 99.6% and 5G coverage to 94.7%. In Italy, iliad Italia continued its deployments and finalized its network sharing agreement with WindTre in early 2023. Including this agreement, iliad Italia's mobile network comprised more than 17,000 active sites at end-2023. In Poland, Play continued to expand its geographic coverage, adding 1,050 new active sites and ending the year with over 11,600 active sites across the country, giving it population coverage rates of 99.7% for 3G, 99.6% for 4G and 58.8% for 5G.

Innovation

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

Technical innovation

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

Thanks to this strategy, the Group has control over the technological solutions it uses and is free to change and develop them in line with the commercial and technical choices it makes. In France, control over its equipment enabled the iliad Group to integrate VDSL2 at no extra cost to subscribers and to equip all its DSLAMs with VDSL2 within a few months in 2013. And in 2018, Free was able to independently integrate 10G fiber technology into the Freebox Delta in France. The Group has also regularly incorporated new services into its fixed and mobile offerings (4G, 5G, OQEE, FreeWifi, Femtocells, and more).

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

In France in 2020, the Group launched the Freebox Pop, the eighth triple-play box since the first generation was launched in 2003. This box is aimed at optimizing the quality of connectivity within subscribers' households. Designed by iliad's R&D teams, the Freebox Pop offers a maximum theoretical download speed of 5 Gbps, fast, reliable, secure and highly user-friendly WiFi, plus a repeater (provided on request), which was also designed in-house and is extremely simple to configure. The launch of this box also boosted the appeal of the Freebox Delta, as Freebox Delta subscribers can have the Freebox Pop TV box at no extra cost (apart from the shipping costs for the box). With the Freebox Pop and the Freebox Delta, the Group has clearly demonstrated how it is staying ahead of the game in terms of product innovation, offering two of the boxes with the fastest speeds in the market. To develop synergies between countries, the same Freebox Pop was used to launch our Fiber offering in Italy, under the name iliadbox. More recently, on January 30, 2024, the Group launched its ninth triple-play box in France – the Freebox Ultra. This new Freebox offers unprecedented speeds for the general public in France, of up to 8 Gbps for both uploads and downloads. And although it's the most powerful Freebox ever created, the Freebox Ultra uses as little electricity as the Freebox Pop, the smallest box on the market. To make it as energy efficient as possible, our R&D teams carefully selected each component based not only on performance criteria but also on energy-saving capabilities. It also has a new sleep setting – the Total Sleep mode – so users can reduce their box's environmental footprint even further, as well as an Eco WiFi setting, which automatically adapts the WiFi 7 signal strength depending on the devices connected so that the Freebox Ultra uses just the amount of electricity it needs. When it is in Eco-WiFi mode, WiFi bands automatically switch off when they're not being used, and the Freebox Ultra uses only 9.9 W of electricity.

Sales and marketing innovation

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

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

Staying on the lookout for acquisition opportunities to drive growth

Although internal growth remains at the heart of its strategy, the Group also has a targeted external expansion policy that it puts into action if opportunities arise in areas that are a strong fit with its existing business or would result in improved use of its network and/or expertise. In line with this approach, having made its formal entry into the Polish market with the completion of the acquisition of Play in 2020, the Group seized the opportunity to acquire one of Poland's major Fixed Internet players, UPC Polska, and since 2023, we have acquired a number regional operators in Poland in order to extend our national coverage. In 2023, the Group announced that it had acquired a majority stake in ITrust, a French pure player in cybersecurity software and services. ITrust is the only player in France to offer a fully proprietary, fully sovereign cybersecurity platform.

1.3 The Group's businesses

1.3.1 France

1.3.1.1 The Mobile business in France

1.3.1.1.1 Our offerings

In Metropolitan France, the Group is continuing to focus on improving its subscriber mix by increasing the proportion of subscribers on the unlimited 4G/5G Free Mobile Plan. In particular, this has entailed keeping an intermediate plan since 2018, which offers a discounted price for 12 months and then automatically switches to the unlimited 4G/5G Free Mobile Plan. The price of this intermediate plan varies depending on the period, and at end-2023 was €12.99 per month. At the same time, the Group has continued its proactive campaigns to migrate subscribers on the €2 plan to the unlimited 4G/5G Free Mobile Plan. In 2022, the Group undertook not to raise the prices of its mobile plans (€2 and €19.99) for the following five years, i.e., until 2027.

Although Free has had a sales presence on Reunion Island since July 2017 via TRM (a 50/50 joint venture with the Axian group), Free Caraïbe launched its first mobile plan in 2023 in the French overseas territories of Martinique, Guadeloupe, French Guiana, Saint Martin and Saint Barthélemy, based on the same recipe for success as that used in Metropolitan France: an innovative, straightforward and generous offering, on a no-contract basis and at an ultra-competitive price of €9.99 per month.

Revenues from devices

With a view to being as transparent as possible, Free offers phones separately from its subscriptions, which means that subscribers can opt for whichever plan and phone they prefer. Several solutions are available: (i) buying a phone and paying for it upfront in cash or (ii) leasing a phone with a purchase option (Free Flex offer). In all cases, the Group recognizes the corresponding revenue when the phone is received by the subscriber.

1.3.1.1.2 Our frequency portfolios and network rollouts

Since it was awarded Metropolitan France's fourth 3G mobile license in January 2010, the Group has continuously enriched its frequency portfolio. Following the procedure to reallocate frequencies in the 900 MHz, 1,800 MHz and 2.1 GHz bands whose licenses expire between 2021 and 2025, in 2021, the Group was allocated an additional 3.7 MHz in the 900 MHz band and an additional 9.8 MHz in the 2.1 GHz band. This reallocation procedure gradually led to a more balanced split of frequencies between France's operators.

The Group obtained its first frequencies for overseas France in 2016. The 5G licenses (3.5 GHz and 700 MHz) awarded in French Guiana and the islands of Saint Barthélemy and Saint Martin in 2023 have expanded Free Caraïbe's portfolio, and in 2024 the Group will bid for these same licenses for Guadeloupe and Martinique.

	Metropolitan France	
	Frequency portfolio at end-2023	**License expiration dates**
700 MHz	2 x 10 MHz	Dec. 7, 2035
900 MHz	2 x 7.6 MHz	Jan. 11, 2030 (5 MHz) March 24, 2031 (2.6 MHz) Dec. 8, 2034 (1.1 MHz)
1,800 MHz	2 x 15 MHz	Oct. 11, 2031
2.1 GHz	2 x 14.8 MHz	Jan. 11, 2030 (5 MHz) Aug. 20, 2031 (9.8 MHz)
2.6 GHz	2 x 20 MHz	Oct. 10, 2031
3.5 GHz	70 MHz	Nov. 17, 2035
Total	**2 x 67.4 MHz + 70 MHz**	

	French Guiana		Martinique/Guadeloupe	
	Frequency portfolio at end-2023	License expiration dates	Frequency portfolio at end-2023	License expiration dates
700 MHz	2 x 5 MHz	July 24, 2038	-	-
800 MHz	-	-	2 x 10 MHz	Nov. 21, 2036
900 MHz	2 x 4.8 MHz	Nov. 21, 2036	-	-
1,800 MHz	2 x 15 MHz	Nov. 21, 2036	2 x 20 MHz	Nov. 21, 2036
2.1 GHz	2 x 14.8 MHz	Nov. 21, 2036	2 x 14.8 MHz	Nov. 21, 2036
2.6 GHz	2 x 20 MHz	Nov. 21, 2036	2 x 15 MHz	Nov. 21, 2036
3.5 GHz	50 MHz	July 24, 2038	-	-
Total	**2 x 59.6 MHz + 50 MHz**		**2 x 59.8 MHz**	

	Saint Barthélemy (SB)/ Saint Martin (SM)	
	Frequency portfolio at end-2023	License expiration dates
700 MHz	2 x 5 MHz	July 24, 2038
800 MHz	2 x 10 MHz	Nov. 21, 2036
900 MHz	2 x 9.6 MHz (SB) 2 x 4 MHz (SM)	Nov. 21, 2036 April 30, 2025 (4.8 MHz SB)
1,800 MHz	2 x 20 MHz	Nov. 21, 2036
2.1 GHz	2 x 14.8 MHz	Nov. 21, 2036
2.6 GHz	2 x 15 MHz	Nov. 21, 2036
3.5 GHz	80 MHz	July 24, 2038
Total	**2 x 74.4 MHz + 80 MHz (SB)** **2 x 68.8 MHz + 80 MHz (SM)**	

Mobile network rollouts in Metropolitan France and Overseas France

Since being awarded the fourth 3G mobile license in Metropolitan France in late 2009, the Group has rolled out a 3G, then 4G+ and subsequently 5G mobile network covering all the *départements* of Metropolitan France, and not forgetting the rural areas. In 2023, we continued our major rollout drive across all technologies. In Metropolitan France we switched on an additional 2,269 3G sites and 2,445 4G sites, and rendered technically operational 2,175 new 5G sites, which has resulted in very high population coverage rates (99.9% for 3G, 99.6% for 4G, and more than 94.7% for 5G). At the end of 2023, Free had the largest 5G network in Metropolitan France in terms of number of active sites and population coverage rate. In Overseas France, Free's mobile network, which was launched commercially in May 2022, comprised 362 active 2G/3G/4G MORAN sites at end-2023, including 252 added in the space of just one year.

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

- general equipment: 10 years;
- mobile technical equipment: 6 and 18 years;
- other equipment: 3 to 5 years;
- other assets: 2 to 10 years.

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

1.3.1.2 The Fixed business in France

1.3.1.2.1 Our offerings

B2C offerings

The Group is the leading alternative Broadband and Ultra-Fast Broadband Internet operator in Metropolitan France. Under the Free brand, at December 31, 2023, the Group offered three fixed plans: the Freebox Revolution (€19.99/month for the first year, €44.99 thereafter), the Freebox Pop (5G-EPON connectivity, €29.99/month for the first year, €39.99 thereafter) and the Freebox Delta (10G-EPON connectivity, €39.99/month for the first year, €49.99 thereafter). Towards the end of January 2024, Free amended its catalog following the launch of the Freebox Ultra, and it now offers four Fixed-segment plans: the Freebox Revolution Light (€29.99/month), the Freebox Pop (€29.99/month for the first year, then €39.99), the Freebox Ultra Essentiel (€39.99/month for the first year, then €49.99) and the Freebox Ultra (€49.99/month for the first year, then €59.99).

Depending on the eligibility of the subscriber's line, Free's offers are compatible with the various Broadband and Ultra-Fast Broadband delivery technologies (via FTTH, ADSL, VDSL2 and a 4G+ Box), with the Freebox Ultra and Ultra Essential offers only available via FTTH.

B2B offerings

The Group currently addresses the B2B market in France through four segments: Free Pro's B2B services (for very small businesses, SMEs and large corporations), Cybersecurity solutions (via ITrust, which sells its services either directly or via Free Pro), Stancer's innovative payment solutions business, and the Public Cloud & Hosting business, which is split into four activities:

(i) Hosting, which corresponds to the provision by Scaleway and Free Pro of a dedicated server for SMEs wishing to secure their data;

(ii) Scaleway's Public Cloud service, which corresponds to on-demand, self-service access to shared configurable computing resources via an electronic communications network;

(iii) Colocation, which consists of making space available in a datacenter, along with the associated electrical capacity, to house racks and servers (this service is mainly offered by our OpCore subsidiary, which was set up in 2023 and brings together the Group's main datacenters);

(iv) Artificial Intelligence, with the provision of a supercomputer, particularly to train AI models at very high speed.

1.3.1.2.2 Freeboxes, network equipment and datacenters

Freebox and network equipment

The Group has chosen to develop its own Broadband and Ultra-Fast Broadband Internet upload and download equipment in-house in order to win as many new subscribers as possible in a competitive and growing market by providing differentiated service offerings. Thanks to the technological resources of the R&D team at Freebox S.A.S., combined with an extremely selective purchasing policy, the Group has been able to optimize the cost of designing xDSL and Fiber equipment (networks and FTTH) in order to offer high value-added services at the best possible prices.

The Freebox modem – a game changer

In 2001, the iliad Group invented the concept of the "box" – a multi-service modem box offering Internet access as well as telephony (VOIP) and television services (IPTV). Developed by iliad's in-house teams, the Freebox is an easy-to-install scalable modem with multiple functions that enables householders to converge their multimedia requirements. Designed and developed by the Group's research and development teams, the Freebox modem includes components acquired from third-party suppliers and assembled by companies which are not part of the Group. At end-2023, the Freebox was in its eighth version, and a ninth version went on sale in late January 2024.

Datacenters

Via two subsidiaries – Scaleway and Free Pro – the Group directly operates several datacenters in France: five in Greater Paris, and three in other regions of France. These datacenters are used to manage fixed and mobile networks, to provide private and Public Cloud services to customers, and to offer colocation services, in particular for wholesale and hyperscale customers. Given the very high demand for colocation capacity, the Group has begun to consolidate its datacenter management activities (employees, sub-contracting and maintenance contracts, energy contracts, fixtures and fittings, etc.) within a new subsidiary called OpCore. The various certifications that our datacenters hold are detailed in Chapter 4.

1.3.1.3 Subscriber relations and physical distribution network in France

1.3.1.3.1 Support services and subscriber relations

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

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

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

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

1.3.1.3.2 The Free Center retail network

At December 31, 2023, the Group had a network of 228 Free stores (Free Centers) located throughout France, as well as 130 Free Proxi points.

The Free Centers have four different but related objectives:

- to increase the Group's subscriber base by attracting new subscribers or by encouraging existing fixed-line subscribers to add mobile services and vice versa;
- to showcase the Free brand by bringing it physically closer to subscribers and promoting the benefits of its offerings;
- to sell and lease devices;
- to provide after-sales services to subscribers and reassurance through one-on-one contact.

1.3.1.3.3 Self-service kiosks with SIM-card dispensers

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

1.3.2 Poland

1.3.2.1 The Mobile business in Poland

1.3.2.1.1 Our offerings

Since its November 2020 acquisition of Play – one of Poland's leading mobile telecom operators – the iliad Group has become a major player in the Polish telecommunications market. In May 2022, the Group completed its acquisition of cable operator UPC Polska (legal merger effective since August 2023), making Play a fully convergent operator, with over 13 million mobile subscribers and more than 2 million fixed-line subscribers (Internet, telephone and/or TV plans) at end-2023. Following these acquisitions, the Group now provides mobile and fixed services both to individuals and businesses (particularly SMEs). We now use the "Play" brand for all our services in Poland, having withdrawn the "UPC Polska" brand during 2023.

1.3.2.1.2 Our frequency portfolio and network rollout

Since Play launched its business in Poland in 2007, it has expanded its frequency portfolio and the Group has acquired (for PLN 487 million) 100 MHz in the 3.5 GHz frequency band to add to its 5G capabilities. At end-2023, Play's frequency portfolio was as follows:

	Frequency portfolio at end-2023	License expiration date
800 MHz	2 x 5 MHz	June 23, 2031
900 MHz	2 x 5 MHz	Dec. 31, 2038
1,800 MHz	2 x 15 MHz	Dec. 31, 2027
2.1 GHz	2 x 14.8 MHz + 2 x 200 kHz	Dec. 31, 2037
2.6 GHz	2 x 20 MHz	Jan. 25, 2031
3.5 GHz	100 MHz	Dec. 19, 2038
Total	**2 x 59.8 MHz + 100 MHz + 2 x 200 kHz**	

Expansion of the mobile network in Poland

In order to continue providing the best possible quality of service to its subscribers, the Group continued to roll out new active mobile sites in Poland in 2023: at the year-end, Play's network had a total of 11,621 base stations, with 1,050 sites added during the year (281 more than in 2022), giving Play population coverage rates of 99.7%, 99.6% and 58.8% for 3G, 4G and 5G respectively.

Also during 2023, the 5G network was upgraded to operate on the current 2,100 MHz frequency resources in the dynamic frequency sharing model (5G DSS – Dynamic Spectrum Sharing). By end-2023, more than 5,800 base stations in several hundred towns and cities in Poland's 16 provinces supported 5G DSS.

On October 18, 2023, the President of Poland's Office of Electronic Communications (UKE) announced the results of an auction for four reservations of the 3.6 GHz frequency band. Each of the four national operators was granted the right to use one block of 100 MHz for the next 15 years. The 3,500-3,600 MHz block was allocated to Play. The 3.6 GHz frequency band is crucial to the development of Poland's 5G network, which is set to revolutionize the telecoms market and have a significant impact on the country's digitization.

1.3.2.2 The Fixed business in Poland

1.3.2.2.1 Our offerings

B2C offerings

After becoming a major player in the Polish mobile market with the acquisition of Play in November 2020, the iliad Group is now a fully convergent operator following the acquisition of UPC Polska in April 2022. Since then, the Group has extended its Fixed Internet services, built around four plans offering different download speeds (up to 300 Mbps, up to 600 Mbps, up to 1 Gbps and up to 5 Gbps) and different content (up to 182 channels, access to Netflix, HBO Max, Amazon Prime and/or Viaplay, a 4K box, a multi-room system, etc.).

B2B offerings

In addition to fixed and mobile connectivity services for businesses, Play also offers Cloud solutions (public, hybrid, private) and hosting services (dedicated servers, virtual datacenter, archiving). Through its subsidiary Redge Technologies, Play offers an end-to-end platform of video streaming solutions dedicated to broadcasters and telecom operators.

1.3.2.2.2 Our network infrastructure

On March 1, 2023, through a spin-off, the Play group (P4) transferred some of the activities of UPC Polska (UPC) to its subsidiary, Polski Światłowód Otwarty (PŚO), including network access assets representing around 3.7 million network connections in HFC and FTTH technologies. PŚO makes its network infrastructure available to other telecom operators (including Play) on a wholesale access basis.

On March 31, 2023, Play sold a 50% stake in PŚO to a fund of the InfraVia Capital Partners group. Pursuant to the agreements signed on March 1, 2023 between Play, UPC and PŚO, the Group uses the fiber optic infrastructure owned by PŚO. In addition, under the agreement between UPC and PŚO, the Group is providing build-to-suit services to PŚO for the expansion and construction of new fiber optic connections.

On August 31, 2023, Play merged with its subsidiary UPC.

In 2023, the Group pursued its growth strategy in Poland through acquisitions of regional fiber companies. On January 31, 2023, via its subsidiary Vortanoria Investments, the Group acquired 83.55% of the shares in SferaNet (which is listed on Poland's NewConnect market), taking control of the company, and on July 13, it raised its interest to 100%. On June 2, 2023, the Group acquired the entire capital of Syrion, and on October 4, it acquired all of the shares in Fibreo.

At end-2023, the iliad Group addressed almost 7.5 million Polish households with its Broadband and Ultra-Fast Broadband Internet services. Of these, more than 3.8 million were addressed by the PŚO network and the others through the Operational Program Digital Poland (POPC), which is supporting Poland's digital transformation by funding the rollout of a fiber-to-the-subscriber access network in medium and low-density areas.

1.3.2.3 Subscriber relations and physical distribution network in Poland

1.3.2.3.1 Support services and subscriber relations

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

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

1.3.2.3.2 Physical distribution network

The physical distribution network in Poland comprises 712 Play stores dedicated exclusively to the Group's plans and products. Comprising directly owned stores and third-party dealers, the network covers a large area of Poland, including all the city centers and busiest catchment areas in the country's main towns and cities. These stores can meet the needs of small businesses for standard services, and a dedicated service is also available for corporate customers seeking a more tailored approach.

1.3.3 Italy

1.3.3.1 The Mobile business in Italy

1.3.3.1.1 Our offerings

B2C offerings

The Group has enjoyed resounding commercial success in Italy since launching its mobile business there on May 29, 2018. In 2023, it passed the milestone of 10 million mobile subscribers, with a total of nearly 10.7 million subscribers at the year-end, representing around 13.6% of the Italian market (excluding M2M).

At end-December 2023, iliad Italia had four mobile plans (excluding special deals), with prices ranging from €4.99 to €13.99. The SIM card activation fee is €9.99.

The Group's Italian offering also includes a selection of the latest Apple iPhones, such as the iPhone 15, 15 Plus, 15 Pro and 15 Pro Max. With a view to being as transparent as possible, iliad Italia offers phones separately from its mobile subscriptions, which means that subscribers can opt for whichever plan and phone they prefer, or can choose not to purchase a phone at all.

B2B offerings

In May 2023, iliad Italia entered the B2B mobile market, launching two plans aimed at SMEs: one for €9.99 per month (including unlimited calls and texts, 180 GB/month of data, roaming data allowance of 15 GB/month in the EU and 5 GB/month in 30 countries outside the EU) and a second plan for €11.99 per month (including unlimited calls and texts, 220 GB/month of data, roaming data allowance of 16 GB/month in the EU and 5 GB/month in 30 countries outside the EU). Each SIM card activation incurs an activation fee of €9.99.

1.3.3.1.2 Our frequency portfolio and network infrastructure

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

	Frequency portfolio at end-2023	License expiration date
700 MHz	2 x 10 MHz	Dec. 31, 2037
900 MHz	2 x 5 MHz	Dec. 31, 2029
1,800 MHz	2 x 10 MHz	Dec. 31, 2029
2.1 GHz	2 x 10 MHz	Dec. 31, 2029
2.6 GHz	2 x 10 MHz	Dec. 31, 2029
3.6-3.8 GHz	1 x 20 MHz	Dec. 31, 2037
26.5-27.5 GHz	1 x 200 MHz	Dec. 31, 2037
Total	**2 x 45 MHz + 220 MHz**	

As from 2021, the Group started to pay €300 million to the Italian government in eight annual installments for extending the licenses for 900 MHz and 2,100 MHz frequencies until 2029.

Rollout of a mobile network in Italy

In 2016, following the signature of the agreement with the Hutchison and VimpelCom groups, iliad began rolling out its own mobile network in Italy. On January 1, 2023, the Group completed the creation of a 50/50 joint venture (Zefiro Net) with WindTre, aimed mainly at covering non-densely populated areas that are home to 26.8% of Italy's population.

Including Zefiro Net, iliad Italia's network comprises a total of over 17,000 active mobile sites. This network includes (i) an own-network of over 10,570 active mobile sites rolled out in densely and averagely densely populated areas which are home to around 73% of the population, and (ii) sites operated on a RAN sharing basis via a joint venture (Zefiro Net s.r.l.) that is 50/50 owned by iliad Italia and WindTre and which covers around 6,800 mobile sites located in non-densely populated areas.

In addition to its own network and Zefiro Net, since 2016, iliad Italia's traffic has also been carried under the MOCN agreement with WindTre. This technical solution for connecting up WindTre mobile equipment to iliad Italia's core network creates a more effective and optimal flow of traffic between the two networks compared with a "conventional" roaming solution. The original agreement offered nationwide coverage, but since January 3, 2023, it only applies to areas outside the scope of the RAN-sharing agreement.

At end-2023, iliad Italia's service coverage provided 4G/4G+ connectivity to more than 99% of Italy's population. In addition, iliad Italia has deployed 5G technology on its network via the 3.6 GHz and 700 MHz frequency bands it purchased during the 5G spectrum auctions in September 2018. The 700 MHz frequencies have been available since July 1, 2022. At end-2023, iliad Italia's 5G network was available in over 3,000 municipalities (including all municipalities with more than 90,000 inhabitants, it being specified that Italy has 4.5 times fewer municipalities than in France).

1.3.3.2 The Fixed business in Italy

1.3.3.2.1 Our offerings

On January 25, 2022, iliad Italia launched its entirely FTTH-delivered B2C solution based, as in France, on attractive, simple, transparent pricing. When it was first launched the plan was priced at €23.99/month, reduced to €15.99/month for people on an iliad Italia mobile plan. At end-2023, the price of iliad Italia's Fiber plan was €24.99/month, or €19.99/month subscribers to iliad Italia mobile's €9.99/month offer.

1.3.3.2.2 Our network infrastructure

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

The FTTH solution is supported by an iliadbox, the Italian version of the Freebox router developed entirely in-house and WiFi 6-enabled. In early 2023, the company launched its commercial offers on the FiberCop network and in July 2023 on the Fastweb network, enabling it to offer coverage to 13.7 million households.

1.3.3.3 Subscriber relations and physical distribution network in Italy

1.3.3.3.1 Support services and subscriber relations

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

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

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

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

1.3.3.3.2 Physical distribution network

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

- physical distribution:
  - a network of 57 stores in Italy's main towns and cities,
  - a network of over 2,500 SIM card dispensers ("Simboxes") located in some 1,500 kiosks in busy catchment areas. These kiosks comply with the applicable Italian legislation, particularly "Pisanu's law", which requires identification of subscribers when they take out their subscription,
  - access to a nationwide network of resellers, enabling subscribers to top up their mobile plans,
  - a network of partner shops (cafés, tobacconists, newsagents, etc.) where subscriptions can be taken out in just a few minutes,
  - a network of around 2,750 distributors, called iliad Space, launched in July 2023, mainly covering small towns in Italy;
- digital distribution:
  - online distribution accessible via mobile phone, tablet or computer, through which users can take out their mobile plan online and receive their SIM card at home by mail.

1.4 A network serving the Group's Internet and telephony operations

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

The Group's networks are based on:

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

1.4.1 Backbone transmission infrastructure

1.4.1.1 Backbone transmission network technology

France

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

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

Italy

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

Poland

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

1.4.1.2 Ownership of the network

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

1.4.2 Fixed-line networks and local loops

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

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

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

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

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

1.4.2.2 Local loop unbundling in France

The local loop is the part of the network located between the telephone socket on the subscriber's premises and the main distribution frame (or local concentrator) to which the subscriber's line is connected. The incumbent operator must, upon request, provide any Other Licensed Operator (OLO) with direct access to the local loop. This access, which is referred to as unbundling, allows the OLOs to control access to their subscribers by operating their own equipment. Local loop unbundling enables OLOs to become largely independent from the incumbent operator's network. The recurring charges payable to the incumbent operator relate primarily to the rental of the copper pair, the splitter (only for partial unbundling) and the copper tie cable linking the subscriber's modem to the operator's DSLAM.

Transmission network and unbundling the local loop

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

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

Operating costs and capital expenditure by subscriber

The Group's main operating costs relate to:

- the boxes provided to subscribers;
- fees billed by the incumbent operator for access to unbundling services (also known as cabling costs or access fees);
- logistics and modem dispatch costs.

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

1.4.2.3 Rollout of Ultra-Fast fixed networks in France

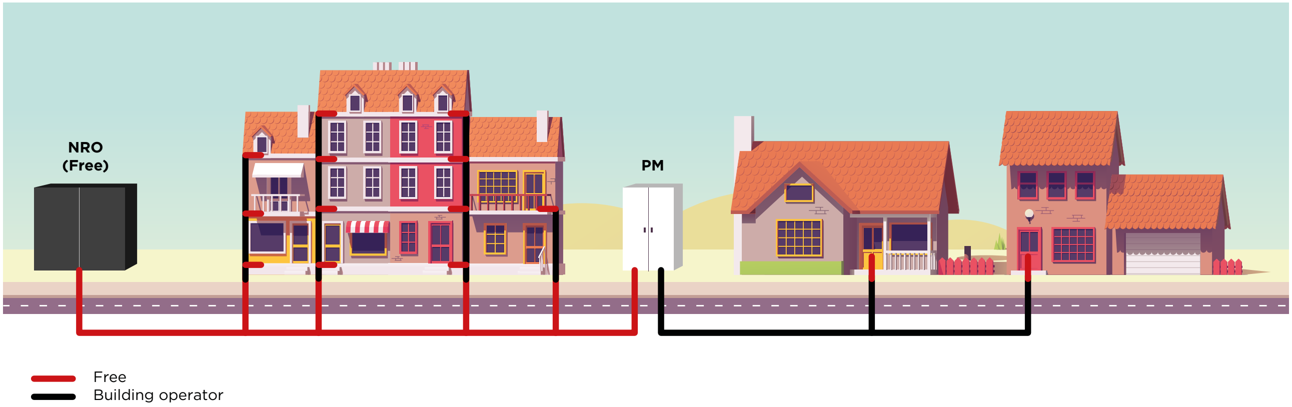
Optical fiber – which has long been used by electronic communications operators for long-distance links – has established itself as the fastest, most reliable and most powerful transmission technology available. It enables data to be transmitted at the speed of the light signal passing through the fiber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

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

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

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

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



In view of the above ARCEP decision, the Group rolled out its own Fiber infrastructure in very densely populated areas, which involves:

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

By rolling out its own optical fiber local loop, the Group directly owns all of its fiber-to-the-home infrastructure and is therefore totally independent from the incumbent operator. This means that it has complete control over its service quality and subscriber relations, and can provide its subscribers with access to a technology that fully meets their growing bandwidth requirements. At end-2023, the Group had 6.85 million marketable fiber sockets in very densely populated areas.

Rollout of optical fiber local loops outside very densely populated areas

Outside very densely populated areas, in order to optimize fiber rollouts and operators' capital expenditure, the applicable regulatory framework provides for more extensive infrastructure sharing as it requires operators that roll out networks to create shared access points located outside property boundaries.

a) Private co-financed areas (approximately 16.8 million lines)

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

b) Public Initiative Networks (PINs) in the rest of France

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

Strategic partnership with InfraVia

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

Fiber progress report at December 31, 2023

In 2023, the Group continued its fast growth in fiber, both in terms of new connectible sockets and new subscribers connected up to FTTH:

- the number of connectible sockets increased by 4 million over 12 months, totaling 35.3 million at end-December 2023. The Group's Fiber plans are now available in more than 27,000 municipalities, compared with almost 22,000 at end-2022. The Group estimates that by the end of 2023 its fiber network had reached 93% of homes in France;
- the FTTH subscriber base grew by 18% over the year, reaching 5.52 million at December 31, 2023, corresponding to 858,000 net adds. This steady rise in the fiber penetration rate (up 9.5 points in the space of a year to 74.4% at end-2023) is due to French households' growing appetite for FTTH technology and to Free's frequent launches of its FTTH offerings in new non-densely populated areas. At the end of 2023, Free had the highest fiber take-up rate out of France's four main telecom operators.

1.4.2.4 Rollout of Ultra-Fast fixed networks in Poland

On March 1, 2023, through a spin-off, the Play group (P4) transferred some of the activities of UPC Polska (UPC) to its subsidiary, Polski Światłowód Otwarty (PŚO), including network access assets representing around 3.7 million network connections in HFC and FTTH technologies. PŚO makes its network infrastructure available to other telecom operators (including Play) on a wholesale access basis.

On March 31, 2023, Play sold a 50% stake in PŚO to a fund of the InfraVia Capital Partners group. Pursuant to the agreements signed on March 1, 2023 between Play, UPC and PŚO, the Group uses the fiber optic infrastructure owned by PŚO. In addition, under the agreement between UPC and PŚO, the Group is providing build-to-suit services to PŚO for the expansion and construction of new fiber optic connections.

On August 31, 2023, Play merged with its subsidiary UPC.

At end-2023, the iliad Group addressed almost 7.5 million Polish households with its Broadband and Ultra-Fast Broadband Internet services. Of these, more than 3.8 million were addressed by the PŚO network and the others through the Operational Program Digital Poland (POPC), which is supporting Poland's digital transformation by funding the rollout of a fiber-to- the- subscriber access network in medium and low- density areas.

1.4.2.5 Rollout of Ultra-Fast fixed networks in Italy

In 2022, iliad Italia decided to offer only FTTH connections based on its wholesale access agreement with Open Fiber (OF), which enabled it to install its own equipment, where possible, in the passive network's optical node to offer 5 Gbps download.

In early 2023, the company launched its commercial offers on the FiberCop network and in July 2023 on the Fastweb network, enabling it to offer coverage to 13.7 million households by the end of December 2023.

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

1.4.3.1 France

Free Mobile's Mobile network is built on a backbone that is shared with the Group's Fixed network. This backbone is a national network of optical fibers lit by transmission equipment. This physical layer is the basis of iliad's national IP network in France. The majority of Free Mobile's mobile masts are fiber-connected in order to minimize data flow capacity constraints and maximize the speeds offered to subscribers. In the second half of 2021, Free Mobile opened the Voice over 4G service, also known as VoLTE, which improves voice quality and reduces call connection times. It began opening the Voice over WiFi service in the first half of 2022, and this service was deployed for all mobile plans during 2023.

Since the launch of its first 3G offering in 2012, Free Mobile has invested massively in rolling out its network, and at end-2023, its population coverage rates in France were 99.9% for 3G, 99.6% for 4G and 94.7% for 5G.

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

Pursuant to the roaming agreement signed with France's incumbent operator, the Free Mobile network is interconnected with the Orange mobile network at four points for voice and two points for data. These interconnections between the Free Mobile and Orange France networks are necessary for carrying traffic (data, voice, text messages etc.) of subscribers in the remaining areas where the Free Mobile network rollout has not yet been completed. So that Free Mobile's 3G subscribers only have to make minimal use of roaming, the Group is continuing to roll out a large number of new mobile sites. Also, since February 2020, it deployed functionalities allowing a 4G/5G mobile to re-select Free Mobile's network as soon as the Free Mobile 4G/5G coverage was available.

1.4.3.2 Italy

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

- rolling out the core network and interconnections with WindTre to manage traffic under the selected MOCN (MultiOperator Core Network) solution. This technical solution for connecting up WindTre's radio equipment to the Group's core network creates a more effective and optimal flow of traffic between the two networks compared with a more "conventional" roaming solution;
- in addition to 5G coverage on 700 MHz using the 3.6 GHz frequency band, with the deployment of several hundred sites despite the difficulties caused by the legal limits on electromagnetic emissions in Italy;
- leveraging synergies with the iliad Group by involving the French technical and operations teams (notably for network management and information systems) and drawing on the infrastructure and platforms already deployed in France that can be shared with the Italian business;
- building the operational skills of the teams in Italy so they can operate the network with the support of the Group's teams;
- RAN sharing, as from 2023 via a joint venture (Zefiro Net s.r.l.) owned on a 50/50 basis by iliad Italia and WindTre, providing a network that covers more than 6,700 base stations located in non-densely populated areas.

1.4.3.3 Poland

The Group stepped up the pace of its mobile network rollout in Poland in 2023 and at the year-end it had 11,621 base stations, representing 1,050 more than a year earlier. This gave it population coverage of 99.7% for 2G/3G and 99.6% and 58.8% respectively for 4G LTE and 5G DSS 2.1 GHz. Play's own-network 2G/3G/4G coverage has been broadened by the roaming services provided under an agreement with Orange (which was extended in 2021 until 2025).

1.4.4 Real estate

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

For further details on the Group's real estate, see Note 19 to the 2023 consolidated financial statements in Schedule 7 of this Annual Report.

1.5 Research and development and intellectual property

1.5.1 Research and development

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

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

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

In parallel, the Group is very active in the field of artificial intelligence, in particular through its subsidiary Scaleway and via its contribution to creating the AI research lab, Kyutai, which is described in Section 1.2.2 above.

1.5.2 Intellectual property

Patents

At the date of this Annual Report, the Group had filed 39 patent families in the areas of optical fiber, multimedia flow distribution, PLC data transmission, femtocell boxes and hosting servers.

1.6 Regulatory framework

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

1.6.1 Regulation of electronic communications networks and services in France

The regulatory framework for electronic communications

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

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

Asymmetric regulation

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

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

- the regulation of fixed and mobile call termination: since July 1, 2021, fixed and mobile call termination charges have been regulated by the European Commission with the same rules applying to all EU operators. The Commission sets the applicable price caps based on recommendations issued by the Body of European Regulators for Electronic Communications (BEREC);
- the regulation of wholesale Broadband and Ultra-Fast Broadband markets: since December 14, 2023, unbundling in these markets is regulated by ARCEP decision 2023-2802 dated December 15, 2020 concerning (i) the definition of the relevant market for wholesale access provided at a fixed location; (ii) the designation of an operator that exercises significant power within this market; and (iii) the obligations imposed on said operator in this market. Also since December 14, 2023, Bitstream offerings are regulated by decision 2023-2804 concerning (i) the definition of the relevant market for wholesale bitstream access offers for Broadband and Ultra-Fast Broadband delivered at the sub-national level; (ii) the designation of an operator that exercises significant power within this market; and (iii) the obligations imposed on said operator in this market.

ARCEP decision 2023-2804 related to unbundling, which has a number of implications for the Group's business in the copper broadband market segment. This decision, which is valid for five years (instead of three years which was the case for previous decisions), provides for a relaxation in the pricing obligations imposed on Orange relating to access to its legacy copper network, which up until now have been cost-based. Under the decision, there will now be three different pricing zones, the parameters of which will evolve over the five-year ARCEP analysis cycle covered by the decision. In pricing zone (1) cost-based pricing will still apply. This zone includes all copper lines in municipalities where FTTH coverage has not yet reached 95% and where the copper switch-off is not scheduled within two years. For lines in this zone (1), the wholesale charge for local loop unbundling (LLU) is €9.20 per month (excluding the IFER tax). In pricing zone (2) – which covers copper lines in municipalities with over 95% FTTH coverage – the tariffs must be "non-excessive". For lines in these municipalities, the LLU unbundling charge is capped at €9.95 per month (excluding the IFER tax) for 2024 and at €10.70 (excluding the IFER tax) per month for 2025. The "non-excessive" tariff has not yet been set for the period beyond the end of 2025, and there is no regulatory definition of "non-excessive" tariffs. In pricing zone (3) the tariff obligations have been completely lifted for copper lines in municipalities where the copper switch-off is scheduled within two years. In these municipalities, Orange can set the LLU unbundling charges it wishes.

The provisions of this decision will result in an increase, as from 2024, in the recurring copper line rental costs borne by Free for its subscribers still on unbundled copper lines. The non-excessive tariffs could apply to most of the copper lines in France as from 2025.

The French competition authority (*Autorité de la Concurrence*) and the European Commission were consulted on this decision, and they explicitly pointed out the rental cost risks associated with the plan to relax Orange's pricing obligations:

(1) Directive (EU) 2018/1972 of the European Parliament and of the Council of December 11, 2018 establishing the European Electronic Communications Code.
(2) Act no. 2020-1508 of December 3, 2020 containing various provisions for adapting to European Union law in economic and financial matters.

- regulation of the wholesale Broadband and Ultra-fast Broadband markets, and regulation of the wholesale market for access to physical civil engineering infrastructure for rolling out electronic communications networks. Since December 14, 2023, access to Orange's civil engineering infrastructure and related services (hosting and fiber backhaul) have been governed by ARCEP decision 2023-2801. This decision maintains all the access and cost-based pricing obligations previously in force, and reinforces the operational procedures for repairing damaged civil engineering infrastructure, within a context of widespread FTTH rollouts across the country and the shut-down of the copper network.

  By way of decision 2023-2820 dated December 14, 2023, ARCEP amended its decision 2017-1488 setting out the financial terms and conditions for accessing Orange's copper local loop civil engineering infrastructure, which will likely lead to price increases. In order for telecom operators to be able to forward plan, and to take into account the European Commission's observations on these price increases, ARCEP asked Orange to publish its provisional prices for accessing its civil engineering infrastructure for the period from 2024 to 2026. Orange published these provisional prices on January 8, 2024. This decision will lead to a price increase of between 68% and 73% in 2024 and between 23% and 28% in 2025.

Dispute resolution decisions

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

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

By way of decision 2020-1498-RDPI (published on the ARCEP website), ARCEP settled a dispute between Free and SFR FTTH concerning certain aspects of the co-financing agreement between the two parties relating to FTTH lines deployed by SFR FTTH in medium-populated areas of France ("AMII areas"). The dispute involved the security of the rights granted to Free in return for its co-financing obligations, tariffs, and changes in pricing over time. ARCEP's decision was mainly in Free's favor, but SFR FTTH lodged an appeal against it with the Paris Court of Appeal in November 2022. In a ruling dated April 20, 2023 (RG no. 21/01780), the Court of Appeal upheld decision 2020-1498-RDPI in its entirety and rejected all of the applications to cancel the decision made by Xp Fibre (formerly SFR FTTH), which subsequently lodged an appeal with the French Court of Cassation (*Cour de Cassation*).

Symmetric regulation

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

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

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

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

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

On June 24, 2018, ARCEP published a recommendation on the consistency of FTTH network rollouts and the completeness of the rollouts in the operators' coverage areas. In late 2018 ARCEP launched legal procedures against several operators, including the iliad Group, on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code, relating to the non-completeness of their FTTH rollouts outside very densely populated areas.

The procedure against the iliad Group concerns rollouts launched in all or some of a dozen municipalities outside very densely populated areas. On September 13, 2019, ARCEP issued decision 2019-0939-RDPI which gave notice to Free Infrastructure to comply with its obligations in terms of the completeness of FTTH rollouts outside very densely populated areas, and providing information to third-party operators about the fiber connections up to and around certain buildings.

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

As part of the aforementioned market analysis review cycle, ARCEP also consulted industry stakeholders on the current symmetric FTTH regulatory framework. For ARCEP, the main challenge for the symmetric framework is to ensure that FTTH networks "are capable of fulfilling their function as the standard fixed line infrastructure." It therefore questioned the effective ability of fiber networks to take over from Orange's copper network. The Authority believes that migrating users from one network to the other is a core issue and can be carried out smoothly only if Orange provides other stakeholders visibility on the process of switching off the copper network. In view of the massive investments it has made in order to use and co-finance FTTH networks over the very long term, in its contribution to the public consultation, the Group defended the benefits for the industry of a stable, predictable symmetric regulatory framework. However, the decisions adopted by ARCEP in December 2023 did not include any changes to the framework for symmetric regulation.

Roaming and shared use of mobile networks

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

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

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

In 2022, Free Mobile and Orange agreed to extend the roaming sunset period to 2025. In December 2022, the extension was approved by ARCEP in an opinion.

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

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

These undertakings have been turned into binding commitments that are contained in the frequency licenses currently in force in Metropolitan France and will be included in the new licenses recently awarded and applicable until 2030. The new licenses were granted following a reallocation process carried out by ARCEP aimed at creating a more balanced split of frequencies between France's operators. The additional 3.8 MHz in the 900 MHz frequency band and 10 MHz in the 2,100 MHz band allocated to Free Mobile will become available on a gradual basis until 2024.

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

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

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

Licenses to use frequencies in France

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

- Free Mobile for 5 MHz in the 900 MHz band and 5 MHz in the 2,100 MHz band (ARCEP decision 2010-0043 dated January 12, 2010, amended by decision 2018-068 dated July 3, 2018);
- Free Mobile for 20 MHz in the 2,600 MHz band (ARCEP decision 2011-1169 dated October 11, 2011);
- Free Mobile for 15 MHz in the 1,800 MHz band (ARCEP decision 2014-1542 dated December 16, 2014, amended by decision 2015-1080 dated September 8, 2015 and further amended by decision 2018-068 of July 3, 2018);
- Free Mobile for an additional 3.7 MHz in the 900 MHz band and an additional 9.8 MHz in the 2.1 GHz band, which will gradually be made available between 2021 and 2024 (ARCEP decision 2018-1391 dated November 15, 2018);
- Free Mobile for 70 MHz in the 3.5 GHz band (ARCEP decision 2020-1255 dated November 12, 2020);
- Free Caraïbe for 10 MHz in the 800 MHz band, 20 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and

15 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in Guadeloupe and Martinique;

- Free Caraïbe for 10 MHz in the 800 MHz band, 4 MHz in the 900 MHz, band, 20 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) and 5 MHz in the 700 MHz band, 4.8 MHz in the 900 MHz band (Saint Barthélemy only) and 80 MHz in the 3.5 GHz band (ARCEP decision 2023-1627 dated July 24, 2023) in Saint Barthélemy and Saint Martin;
- Free Caraïbe for 15 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 20 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) and 5 MHz in the 700 MHz band and 50 MHz in the 3.5 GHz band (ARCEP decision 2023-1622 dated July 24, 2023) in French Guiana;
- Telco OI for 10 MHz in the 800 MHz band, 10 MHz in the 1,800 MHz band, 9.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1526 dated November 22, 2016) and 9.8 MHz in the 900 MHz band (ARCEP decision 2015-0661 dated June 25, 2015) in Reunion Island; Telco OI for 10 MHz in the 800 MHz band, 11.2 MHz in the 1,800 MHz band, 9.8 MHz in the 2,100 MHz band, and 20 MHz in the 2,600 MHz band (ARCEP decision 2016-1526 dated November 22, 2016) and 8.8 MHz in the 900 MHz band (ARCEP decision 2015-0661 dated June 25, 2015) in Mayotte;
- Telco OI for 10 MHz in the 700 MHz band, 100 MHz in the 3.4-3.8 GHz band (ARCEP decision 2022-0878 dated May 24, 2022) on Reunion Island; Telco OI for 10 MHz in the 700 MHz band and 1 MHz in the 900 MHz band (ARCEP decision 2022-0883 dated May 24, 2022) in Mayotte.

These licenses all carry obligations, including requirements related to population coverage and site deployments. Free Mobile has undertaken to roll out (i) a 3G network covering at least 90% of the French population (target achieved) and (ii) a 4G network covering 60% of the population by 2018 (target achieved), 75% by 2023 (target achieved five years ahead of schedule), 98% by 2027 and 99.6% by 2030. Free Caraïbe and Telco OI have not met the coverage obligations provided for in their licenses and ARCEP has therefore launched legal proceedings against them on the basis of Article L. 36-11 of the French Postal and Electronic Communications Code. By way of decision 2020-1455-RDPI dated December 9, 2020, ARCEP gave Free Caraïbe official notice to respect its population coverage obligations in the French West Indies and French Guiana by December 31, 2021. Pursuant to that notice, Free Caraïbe was fined €300,000 in application of Article L. 36-11 in ARCEP decision 2022-1840-FR dated September 26, 2022. In its decision 2023-2603 dated November 21, 2023, ARCEP issued another formal notice to Free Caraïbe to meet its coverage obligations relating to Saint Barthélemy and French Guiana by May 21, 2024.

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

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

Lastly, licenses for the 3.5 GHz and 700 MHz frequencies used for 5G will be allocated in 2024 in Guadeloupe and Martinique, following spectrum auctions in which the iliad Group will be a bidder.

On Reunion Island, the licenses for the 900 MHz band frequencies will be renewed in advance following a spectrum auction that will take place in 2024 and in which Telco OI will be a bidder.

Other regulatory provisions

Interconnection

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

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

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

Portability

Number portability is a symmetric obligation that applies to all operators connecting end-subscribers. Free, Free Mobile and Free Caraïbe are members of three organizations – the APNF, the GIE EGP and the GPMAG – that bring together all of France's leading operators and organize the data flows required for users to retain their fixed and mobile numbers. Following its decision adopted in 2012, which strengthened the regulatory framework applicable to mobile number portability, on June 25, 2013, ARCEP issued a similar decision concerning fixed-line number portability. One of the key provisions was to extend the use of the operator identity statement (RIO) system, which had already been tried and tested in the mobile market. By way of decision 2022-2148 dated December 6, 2022, ARCEP replaced its two previous decisions on number portability with the aim of simplifying the existing processes and making portability smoother in the B2B and B2C markets as well as improving the management of phone number resources. This decision was approved by a government order dated March 21, 2023 and took full effect on December 1, 2023.

Directories and provision of subscriber lists

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

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

Since the "Proximus" ruling by the Court of Justice of the European Union on October 27, 2022 (case C-129/21), Free and Free Mobile have also had to take into account any objections that their subscribers make to universal directory services about featuring in such directories which the universal directory services have passed on to Free and Free Mobile.

Contribution to universal service funding

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

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

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

Broadcasting of audiovisual services

Pursuant to the French online anti-piracy Act (Act no. 2021-1382 of October 25, 2021 on the "regulation and protection of access to cultural works in the digital age"), the French broadcasting watchdog, the *Conseil supérieur de l'audiovisuel*, has been replaced by ARCOM (*Autorité de régulation de la communication audiovisuelle et numérique* – the Audiovisual and Digital Communication Regulatory Authority), which is now in charge of regulating all radio and television services. In its capacity as a provider of audiovisual services via electronic communications networks, Free is subject to the regulatory "must-carry" provisions, which involve two legal requirements: (i) the service provider (which includes Free) has to carry certain public channels, including free-to-air national and local terrestrial channels, the TV5 channel and local public channels that provide information on local activities, and (ii) the must-carry channels have to agree to be carried by the service provider, except if they consider that the service provider's service offering is incompatible with their public service objective. This must-carry obligation also requires service providers to bear the technical costs of broadcasting the channels concerned.

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

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

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

Network upgrades

In September 2006, the iliad Group, which owns the entire capital of Free Infrastructure (since renamed Réseau Optique de France), announced its decision to launch the rollout of a very high-speed fiber optic access network. Between 2006 and 2010, Réseau Optique de France designed, deployed and opened up to other operators its FTTH network based on a high-capacity shared access point (SAP) architecture that complied with the framework in force at the time. This architecture is used for two-thirds of the 350,000 premises covered by Réseau Optique de France's FTTH network.

In 2022, several commercial operators, who are customers of the FTTH network, lodged complaints with ARCEP about the operating conditions of the high-capacity SAP architecture network that they had been using for many years, describing them as "atypical". At the request of and in conjunction with ARCEP, as from end-2022, Réseau Optique de France set up an operational system aimed at improving the operability of the high-capacity SAP architecture network. After several months in operation, this system resulted in a number of improvements, such as reducing line set-up failure rates on Réseau Optique de France's infrastructure, but they were not sufficient for the main commercial operators using the network.

In June 2023, iliad therefore announced a plan to upgrade Réseau Optique de France's high-capacity SAP network, which will involve significantly altering its architecture in order to bring it into line with that of most of the FTTH networks deployed in France since 2012 and to stop using the high-capacity SAP model.

A test was carried out jointly with the commercial operators using the network on some fifty addresses between October and December 2023. The project will enter the industrialization phase during 2024, with the aim of completing the upgrade work by the end of 2026.

1.6.2 Regulation of electronic communications content and personal data in France

Content of online services and liability provisions for Internet market players

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

- providers of online communication services must identify themselves, directly or indirectly. Access and hosting providers must keep data that could identify persons having participated in the creation of the content of the services which they provide, in order to be able to pass on such data to the legal authorities, if required;
- hosting providers can only be held civilly liable on the grounds of the activities or information stored at the request of a recipient of these services if they were aware of their unlawful nature or of any facts or circumstances making this unlawful nature obvious, or if, as soon as they became aware of such unlawful nature, they did not act promptly to withdraw the data or to prevent access to it. Publishers of websites whose content has been created without authorization and/or illegally are notified by email that such content is unacceptable and must rectified or removed;
- access providers cannot be held either civilly or criminally liable for the content to which they provide access, except in circumstances where either they have originated the request for the transmission of the content concerned, or they have selected the recipient of the transmission, or selected and/or modified the transmitted content;
- electronic communications operators are required to store certain information and personal data, including (i) information on the user's identity, (ii) the information provided by the user when they sign up to a contract, (iii) payment-related information, (iv) the technical data enabling the user's connection source to be identified or data concerning the end-equipment used, and (v) other traffic- and location-related data necessary for preventing terrorism or pursuing serious criminal charges, or for the *Autorité Nationale de la Sécurité des Systèmes d'Information* (ANSSI) or the *Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur Internet* (HADOPI – now merged into ARCOM) to carry out their regulatory duties. In addition, French governmental decree no. 2021-1362 of October 20, 2021 – implementing paragraph II of Article 6 of Act no. 2004-575 dated June 21, 2004 on confidence in the digital economy – requires operators to conserve data that enables the identification of any person having contributed to the creation of content published online. Apart from these specific data conservation requirements, the general principle applicable to operators is that they must delete data after a communication has been made. Act no. 2009-669, adopted on June 12, 2009, promotes the dissemination and protection of online creative works and introduced a "graduated response" system in the aim of combating illegal downloads. The first stage in this system is an email sent to any Internet subscriber whose connection is used to illegally download a protected work, which informs the subscriber that they have breached the applicable law and warns them that they need to protect their Internet access to ensure it does not happen again.

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

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

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

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

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

As part of the legislative package on digital services designed to protect online users, two new E.U. regulations have been introduced which regulate digital services players: the Digital Markets Act (DMA) dated September 14, 2022, which aims to combat anti-competitive practices by Internet giants, and the Regulation dated October 19, 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (the Digital Services Act, or DSA), which introduces measures to prevent the trade and exchange of illegal or harmful goods, services and content online. A number of Group companies are subject to new rules and obligations under the Digital Services Act as from 2024, including the requirement to publish an annual Transparency Report about their policies and actions relating to the moderation of online content. Similarly, on October 17, 2023, the French National Assembly adopted a bill aimed at securing and regulating digital space (known as the "SREN" bill) in order to provide better protection for Internet users and businesses, especially against online pornography, scams and fake news. This bill also provides for amendments to the French Act of June 21, 2004 on confidence in the digital economy (the "LCEN" Act) in order to align it with the DSA and DMA, in particular by restructuring the LCEN Act's content and updating its definitions. When the SREN bill becomes law, it will have an impact on the Group companies concerned.

Processing of personal data and protection of individuals

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

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

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

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

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

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

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

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

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

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

A proposal for a regulation to establish additional procedural rules relating to the application of the GDPR was presented by the European Commission on July 4, 2023 and is currently being drafted. This regulation was expected and should facilitate the handling of files involving the cross-border processing of personal data, as well as organizing cooperation between national data protection authorities.

Following in the footsteps of the Data Governance Act adopted on May 30, 2022, the EU is now extending data protection from personal data to include non-personal industrial data. A provisional agreement was reached between the European Council and Parliament on June 27, 2023 on a new regulation on harmonized rules on fair access to and use of data (the "Data Act"). The Data Act aims to ensure fairness in the allocation of value from data among players in the digital environment, and in particular concerning Internet of Things (IoT) technology, which generates vast volumes of data with high economic potential. As such, it will be a key regulation for the Group's projects.

Domain names

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

The Group monitors registrations and the existence of domain names linked to its brands or which have been cybersquatted, in order to recover ownership either through specific legal procedures or when they fall into the public domain.

Digital carbon footprint

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

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

1.6.3 Regulation of electronic communications in Italy

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

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

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

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

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

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

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

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

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

TIM (FiberCop) submitted proposed commitments in relation to a co-investment offer pursuant to Articles 76 and 79 of the European Electronic Communications Code (the "Code"). Following a public consultation and certain requests from AGCOM, TIM submitted a new version of the offer, which was the subject of a new public consultation and a draft decision by AGCOM on lifting the regulation of FiberCop's secondary network (apart from the 29 cities that have Flash Fiber infrastructure). On April 7, 2022, AGCOM ruled that TIM's December 21, 2021 offer complied with Articles 76 and 79 of the Code and notified the European Commission of its draft decision to this effect. Subsequently, in May 2022, TIM informed AGCOM of its unilateral decision to amend its co-investment offer by including an inflation-based price escalation mechanism. Deeming this to be a substantial change in the offer, AGCOM opened a new procedure to review the amended offer's compliance with Articles 76 and 79 of the Code. In December 2023, in its decision 339/23/CONS, AGCOM stated that TIM's amended offer including the inflation-based price escalation system did not comply with Articles 76 and 79 of the Code and TIM decided to withdraw the amended offer.

Separately, Italian competition authority AGCM had opened proceedings into whether the agreements setting up FiberCop infringed Article 101 of the Treaty on the Functioning of the European Union (TFEU). In response, commitments were submitted by the parties involved (Telecom Italia, Fastweb, Teemo Bidco, FiberCop and Tiscali Italia). By decision 30002, AGCM closed the proceedings by accepting the commitments, considering them capable of removing the competition concerns by allowing more operators to provide high-capacity services.

Creation of a NetCo by TIM and binding offer from KKR:

On December 5, 2023, TIM announced [1] that Optics Bidco, a subsidiary of KKR (which has Abu Dhabi Investment Fund as a minority shareholder [2]), had confirmed its interest in continuing negotiations for the purchase of Sparkle and had requested to be allowed to carry out further due diligence processes until the end of January 2024 in order to have all the information it needed to put forward a final offer. The final offer was originally due to be submitted to TIM's Board of Directors at its meeting on December 14, 2023. On December 12, TIM announced that it had granted Optics Bidco an extension until the end of January 2024 for submitting a binding offer for Sparkle.

On November 5, 2023, TIM announced [3] that its Board of Directors had approved the binding offer submitted by KKR for the acquisition of TIM's fixed network assets (called "NetCo"), including FiberCop, by a company (Optics BidCo) controlled by KKR.

Consequently, on November 6, 2023 [4], TIM signed a transaction agreement governing:

- the contribution by TIM of a business unit – consisting of primary network assets, wholesale activities and TIM's entire equity investment in its subsidiary Telenergia – to FiberCop, a company that already managed TIM's activities related to its secondary fiber and copper network, and in which KKR already held a 37.5% stake;
- the simultaneous acquisition by Optics BidCo (a vehicle controlled by KKR) of TIM's entire equity investment in FiberCop, following the above-mentioned contribution (with FiberCop becoming "NetCo" after the contribution).

The transaction agreement provides for the signing of a Master Services Agreement ("MSA") on the closing date of the transaction, which will govern the terms and conditions of the services that will be provided by NetCo to TIM and by TIM to NetCo following completion of the transaction.

According to the information disclosed by TIM, the transaction is expected to close in the summer of 2024, once the related preparatory work is completed and all the other preconditions have been met (completion of the contribution of the network assets such as the primary network, antitrust clearance, and authorizations relating to foreign subsidies distorting the E.U. internal market and the Italian Golden power legislation). KKR is expected to formally notify the European Commission by the end of January 2024 about its plan to buy NetCo.

The regulatory framework for electronic communications

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

The decree transposing the European Electronic Communications Code of December 2018 into Italian law was approved and published on December 9, 2021 and entered into force on December 24, 2021. As Italy did not meet the transposition deadline, on February 3, 2021, the European Commission launched an infringement procedure (no. 2021-0056) pursuant to Articles 258 and 260 of the TFEU.

Government aid and national development plans for ultra-fast networks

National recovery and resilience plan (NRRP)

In response to the Covid crisis, the European Union has put in place a set of measures covering all member states in order to help them through the crisis and create a joint platform for economic and social recovery. The national recovery and resilience plan (NRRP) presented by Italy provides for substantial investment and a set of reforms representing

(1) https://www.gruppotim.it/en/press-archive/corporate/2023/PR-CONTINUATION-OF-DUE-DILIGENCE-FOR-THE-ACQUISITION-OF-SPARKLE.html
(2) Stake in Optics BidCo held through Azure Vista.
(3) **https://www.gruppotim.it/en/press-archive/corporate/2023/PR-5-November-def.html**
(4) https://www.gruppotim.it/en/press-archive/corporate/2023/PR-6-november.html

approximately €250 billion in total, which will be funded both at EU level and nationally.

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

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

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

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

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

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

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

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

Mobile and fixed networks and services

5G frequencies

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

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

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

Agreement with OF to lease iliad's 26 GHz spectrum

iliad has signed an agreement with Open Fiber – which was approved by the Italian Ministry for Business and Made in Italy (MIMIT) on December 23, 2023 – to lease 26 GHz spectrum in specific areas of Italy in order to enable Open Fiber to offer fixed wireless access (FWA) services as part of the "Italia 1 giga" contract awarded to it after an invitation to tender launched by the Italian government under its national recovery and resilience plan.

Analysis of the mobile markets

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

- the identification of 12 operators that supply or will supply voice termination services on their mobile networks;
- the obligation for the 12 identified operators to provide a Reference Interconnection Offer ("RIO") for their networks;
- the use of the cost model prescribed in Resolution 60/11/CONS for setting the prices of termination services for the years 2018 to 2021, using symmetric pricing for all identified operators;
- the obligation to control prices for the supply of interconnection kits, and the removal of the cost accounting obligation imposed on Telecom Italia, Vodafone and WindTre as a result of AGCOM Resolution 497/15/CONS;
- the imposition of a price control obligation only for calls from the European Economic Area according to the following plan:
  - 2018: 0.98 euro cents/min,
  - 2019: 0.90 euro cents/min,
  - 2020: 0.76 euro cents/min,
  - 2021: 0.67 euro cents/min;
- for calls from non-European countries that have regulated prices, the obligation for the identified operators to use those regulated prices as the caps for the prices of their services.

Voice call termination charges in the EU (Eurorates)

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

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

For mobile calls, the single maximum termination rate is 0.2 euro cents per minute which will be reached by 2024 via a plan under which the maximum rates will be gradually decreased (the "glide path"). During the interim period of 2021-2023, operators from the Member States subject to the glide path may apply different rates than the single maximum Union-wide mobile termination rate. In 2024, all European Union operators should apply the same single maximum rate, i.e., 0.20 euro cents per minute. The applicable rates under the glide path for Italy are as follows:

- 2022: 0.55 euro cents/min;
- 2023: 0.40 euro cents/min;
- 2024: 0.20 euro cents/min.

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

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

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

In resolution 337/22/CONS, AGCOM opened a procedure and public consultation regarding the 2022 and 2023 fees for wholesale access to TIM's fixed network. The prices for the services under review include access to TIM's civil engineering infrastructure and its copper, FTTCAB and FTTH networks, i.e., all the services governed by AGCOM decision 348/19/CONS (Market analysis and remedies for local and central access – mass market products (Mkts 3a and 3b/2014)), and AGCOM decision 333/20/CONS (market analysis and remedies for high-quality access (Mkt 4/2014)), for which wholesale prices had been defined until the end of 2021. The procedure was finalized in May 2023 with decision 132/23/CONS. The WACC (weighted average cost of capital) was reduced to 7.4% for 2023, and AGCOM updated the cost model for wholesale copper and fiber products for 2023, while keeping 2022 prices at the same levels as those set for 2021.

AGCOM: public consultation on the revision of primary IRU prices for access to Semi-Gpon services for 2023

By way of decision 36/22/CIR, AGCOM launched a public consultation on the offer proposed by TIM for Semi-Gpon access in 29 major cities (formerly Flash Fiber) and the revision of the financial terms for the IRU for access to the primary network in relation to the commitments given by TIM in connection with AGCM procedure I-850.

The decision was finalized in December 2023 with decision 45/23/CIR, resulting in a reduction in primary IRU prices for Semi-Gpon access with a positive impact for iliad.

AGCOM: new analysis of the wholesale access market for 2024-2028

By way of decision 152/23/CONS, AGCOM launched a public consultation on a new market analysis for the period from 2024 to 2028. A draft decision is expected be sent by the end of January 2024 to the antitrust authorities for their observations and will then be notified to the European Commission. The final decision is expected by the end of June 2024.

AGCOM: regulations to prevent copyright infringement

By way of decision 189/23/CONS, AGCOM adopted amendments to the regulation on copyright infringement at live sporting events, on the basis of which AGCOM has the power to issue "dynamic orders" to counter online copyright infringement, in line with the European Commission's May 4, 2023 recommendation relating to online piracy. With these new measures, it will be possible to block access to copyright-infringing content during the first 30 minutes of the live event, by blocking DNS resolution of domain names and blocking network traffic routed to IP addresses that are unambiguously used for illegitimate activities. AGCOM will also be able to intervene to block the broadcast of all live events – not just sporting events.

AGCOM: amendment to the mobile number portability procedure

To combat fraudulent SIM swapping (i.e., changing ownership of the SIM card to an unauthorized third party), AGCOM resolution 86/21/CIR amended the mobile number portability procedure so that number porting can only be requested by the original subscriber, who must provide a copy of the physical SIM card and his or her tax code.

The other measures introduced by AGCOM are aimed at preventing fraud and include pre-approval of number porting requests using a one-time passcode.

AGCOM: New consumer protection rules for electronic communications services

In December 2023, by way of decision 307/23/CONS, AGCOM approved the revised regulations on contracts between operators offering electronic communications services and end-users. The new rules increase the level of transparency and information that operators must supply to their customers, and provide for the introduction of inflation-linked price rises, which can only be introduced with the customer's express agreement (even in the case of changes to an existing contract).

European regulation on net neutrality

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

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

Increase in the electromagnetic field exposure limit

On December 30, 2023, the 2022 Annual Market and Competition Act (*Legge annuale per il mercato e la concorrenza 2022*) was published in Italy's legal gazette. It includes a provision for raising the limit on exposure to electromagnetic fields, which may be set by the government within 120 days of the Act coming into force, taking into account EU recommendations. If no decision is taken by the government setting the new limit, it will automatically be increased to 15V/m (from the current level of 6V/m) 150 days after December 30, 2023 (i.e., on May 30, 2024).

1.6.4 Regulation of electronic communications in Poland

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

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

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

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

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

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

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

Mobile and fixed call terminations

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

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

- the mobile voice termination rate is 0.40 euro cents/min;
- the fixed voice termination rate is 0.07 euro cents/min.

Management of frequencies

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

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

In June 2023, Play (P4) was allocated a license for spectrum in the 900 MHz band for the next 15-year period. This spectrum can be used until December 31, 2038.

In October 2023, an auction was launched to allocate the frequencies in the 3,400-3,800 MHz band. Each of the participating operators bid for a 100 MHz block, with P4 bidding for spectrum in the 3,500-3,600 MHz band. Networks built using this bandwidth must deliver speeds of 95 Mbps to 99% of Polish households (within 60 months of being allocated the spectrum), and must cover 90% of the country (within 60 months) and 95% of Poland's national and regional roads (within 84 months).

Net neutrality

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

Anti-terrorism legislation

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

Protection of personal data and telecommunications secrets

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

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

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

Environmental protection

Waste electrical and electronic equipment

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

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

Protection against electromagnetic fields

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

Combating abuses in electronic communications

In September 2023, the Act on Combating Abuses in Electronic Communication (CAECA) came into force in Poland. This Act imposes new obligations on telecommunications companies, email providers, public entities and others, in order to prevent and combat abuse in electronic communications. The aim of the new legislation is to introduce mechanisms to protect users against forms of abuse such as smishing, spoofing and artificial traffic generation.

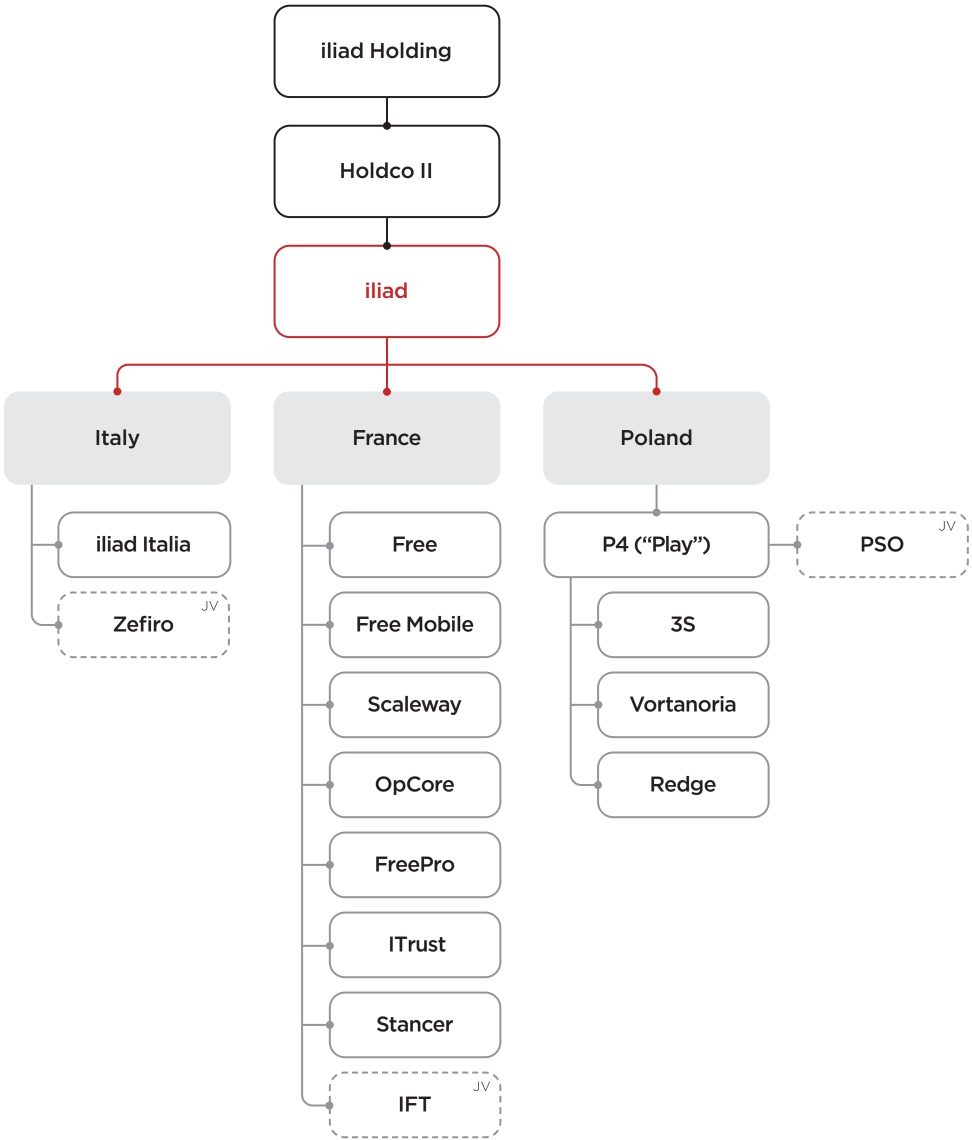
1.7 Organizational structure

Owned by Xavier Niel, iliad Holding indirectly controls the iliad Group, which it forms with iliad S.A. and their subsidiaries, and is the holding company for the Group. iliad Holding owns, through its subsidiary Holdco II, 95.83% of the Company's share capital and voting rights. With the support of Holdco II, iliad Holding controls and manages the iliad Group, playing a major role in defining its general and strategic policies.

iliad Holding is governed by its Chairman, Xavier Niel, and a Strategy Committee, chaired by Xavier Niel, and comprising, alongside him, the key executives of the iliad Group, including Maxime Lombardini, Thomas Reynaud, Cyril Poidatz, Antoine Levavasseur and Aude Durand. Under the supervision of iliad Holding's Chairman, its Strategy Committee helps draw up the Group's strategy and main organizational principles. Within this framework, the Strategy Committee is responsible, among other things, for defining the Group's main areas of business development and its commercial, economic and financial strategy. The Strategy Committee also helps identify investment opportunities for the Group in the telecoms sector both in France and abroad, as well as overseeing major acquisition projects and monitoring the integration of these investments and acquisitions within the Group.

iliad Holding's governance structure is aligned with that of the Company, which has a Board of Directors chaired by Xavier Niel and a Chief Executive Officer, Thomas Reynaud. The Board of Directors sets the direction of the Company's activities and oversees their implementation It handles all matters concerning the smooth running of the Company and carries out any controls and verifications it deems appropriate. The Chief Executive Officer has the broadest powers to act on behalf of the Company within the scope of the corporate purpose and the powers expressly vested by law in shareholders' meetings. In accordance with best corporate governance practices, the Board of Directors' Internal Rules also set restrictions on the powers of the Chief Executive Officer by requiring the Board's prior approval for certain transactions.

This two-tier governance structure, where discussion and debate predominate, reflects a balanced approach and ensures the highest standards and efficiency in making and executing strategic decisions.



Please refer to Note 37 of the consolidated accounts of iliad Holding S.A.S. for the year ended December 31, 2023 for a list of the main consolidated companies as at December 31, 2023.

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

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

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

2. Risk factors

2.1 Risk factors

In accordance with Regulation (EU) 2017/1129 known as the Prospectus Regulation, or PD III – which came into effect on July 21, 2019 – an analysis is provided below setting out the main risk factors that could, at the date of this Annual Report, have an adverse impact on the Group, its business, financial position, earnings and/or ability to meet its objectives.

The risk factors presented are specific to the Group and would have a significant impact if the risks actually occurred. They are grouped into four categories based on the significance of their potential impact and within these categories are ranked in decreasing order of net criticality. The net criticality of the risk factors is determined based on a combination of the probability of the risks actually occurring and their severity level, after taking into account the risk management measures put in place by the Group. iliad's assessment of this criticality may change at any time, in particular if any new internal or external facts or circumstances arise.

The risks presented have been extracted from the results of an ongoing risk mapping process, with the risk map updated in line with changes in our businesses and operating environment. The risk mapping results are reviewed annually by the Board of Directors' Audit Committee.

The risks presented are not the only ones to which the Group is exposed. Other risks of which the Group is not currently aware, or which it does not consider as being significant or specific at the date of this Annual Report, could also have an unfavorable effect on its business, financial position, earnings and/or ability to meet its objectives.

Summary table

Risks	Net criticality
Operational risks	
Risks related to network failure, saturation, interruption or total unavailability, and network rollouts	**High**
Cybersecurity risks	**High**
Competition risks	**High**
Procurement and supplier risks	**Moderate**
Risks related to dependence on the incumbent operator	**Moderate**
Financial risks	
Liquidity and financing risks	**Moderate**
Risks related to asset impairment and provisions	**Moderate**
Risks related to inflation and energy prices	**Moderate**
Risks related to the Group's external growth	**Moderate**
Fraud risks	**Moderate**
Legal risks	
Regulatory compliance risks	**High**
Data protection risks	**Moderate**
Risks related to disputes	**Moderate**
Non-financial risks	
Environmental risks	**High**
Business ethics risks	**Moderate**
Risks related to retaining key people	**Moderate**
Health-related risks	**Low**

2.1.1 Operational risks

2.1.1.1 Risks related to network failure, saturation, interruption or total unavailability, and network rollouts

The availability of the Group's networks is absolutely essential for its operations. The accessibility, continuity and quality of these networks are what enable the Group and its subsidiaries to grow and provide subscribers with optimal fixed and mobile services. This risk is specific to the telecommunications sector.

Traffic on telecommunications networks in general, and on our networks in particular, is constantly increasing. A temporary network interruption or the total unavailability of our networks could have a critical impact on the continuity of the services we provide to subscribers.

Network disruptions can be either unintentional or malicious. They can occur as a result of human error, weather events or failure of equipment or software, on all or part of the infrastructure.

The extent of the service interruption depends not only on the equipment impacted, but also on the network section involved. If an optical node is affected, service may only be interrupted for a short time and only impaired at a local level. However, if a malicious act or, more generally, an unscheduled interruption were to occur on the core network, the consequences could be extremely serious and could lead to total unavailability of service. The infrastructure concerned by these risks include telecommunications equipment, mobile masts, fiber, and civil engineering infrastructure.

In order to address these risks, the Group applies specific procedures and protocols designed to guarantee continuity of service. A business continuity plan has been drawn up to enable teams to react quickly in the event of failure of critical systems or software. The Group also ensures the redundancy of its fixed and mobile equipment, particularly for its core network (*see Section 1.4.3. of the 2023 Universal Registration Document*). All critical equipment and sites are subject to high-level surveillance. In addition, we systematically reply to and deal with all questions and requests relating to the Declarations of Intent to Commence Work (DICT) that are required for the deployment of our services, in order to minimize inconvenience to subscribers and network outages. Lastly, the Group also works with the French government to prepare for any blackouts.

iliad's mission has always been to provide Internet and mobile network access to the widest number of people by developing its own networks. For fixed networks in France, the Group rolls out its own fiber local loop in areas classified as "very densely populated", co-finances the fiber local loop in the rest of the country, and deploys part of the backhaul network of fiber local loops.

For the mobile network, the Group is rolling out its own network made up of directly owned sites and sites shared with other operators. Setting up mobile sites is subject to numerous authorizations and agreements involving regulatory authorities, local authorities and/or private owners. The deployment of the network depends on these administrative procedures going smoothly. Any accumulation of delays in administrative procedures would have an impact on quality of service.

In order to mitigate these risks, the Group has set up collaborative working mechanisms between (i) the local teams who interact with the various stakeholders involved, and (ii) the national teams who coordinate and centralize the work.

Any network failure would represent a major risk for the Group. Despite the measures implemented by the Group, the probability of these incidents occurring is high, as is the severity of their impacts if they were to occur. The Group therefore classifies the net criticality of this risk as high.

2.1.1.2 Cybersecurity risks

The ever-increasing sophistication of cyber attacks is leading to greater impacts every year, and driving up the risk of service disruption. The Group can be affected by attacks on its own systems or on those of its customers. Cyber risk is intrinsically linked to our business, making it a risk specific to the Group.

The most characteristic and significant cybersecurity risks to which the Group is exposed are those related to espionage (exfiltration and theft of data in communications and infrastructure), destabilization (denial of service, theft of published data), ransomware, sabotage (networks, cables, radio equipment), and disinformation that could impact its brand image as a network operator. The occurrence of any of these risks could have a negative impact on the availability of service and on the Group's reputation.

In order to protect our products, services and equipment, as well as our customers' data, the Group has a policy of keeping R&D in-house wherever possible and has put in place incident detection surveillance systems.

Our network architecture is secure in its design, and is deployed and managed in a way that limits subcontracting to strictly specific needs. Our networks are protected by complex mechanisms for managing incoming and outgoing flows which enable us to isolate our very high-risk assets. All of our critical information systems are developed in-house, following very strict partitioning rules to limit interconnections between different heterogeneous information systems. In addition, access to our networks and systems is restricted to a limited number of administrators. Our equipment is hosted in our own premises and maintenance services are carried out by our own teams of specialized engineers and technicians. These strategic choices mean that we are able to control our products and services, as well as our entire value chain. This guarantee of sovereignty is a guard against cyber threats, and also enables us to react quickly in the event of an incident or crisis.

These processes and systems are rounded out by awareness-raising policies. All employees receive specific training that takes into account their level of exposure to cyber risk. For example, telecom engineers and field service technicians are given training tailored to the specific nature of their jobs. Awareness-raising campaigns are also regularly organized among other teams to ensure that best practices become second nature.

All of these measures are tested through audits and intrusion tests carried out by our technical teams, with the support of our subsidiary, ITrust. Thanks to the expertise of ITrust – which is a French pure player in cybersecurity and has been a European leader in this domain since 2007 – the Group is able to continuously improve its cybersecurity systems. Its robust AI-driven technologies enable threats to be effectively identified and dealt with.

The Group is therefore able to develop "homegrown" systems to protect its networks and considerably limit third-party intervention, while arming itself with sovereign solutions to limit its attack surface and vulnerabilities.

Despite the robustness of our protection measures, these risks are major for the Group and their net criticality is therefore considered high.

2.1.1.3 Competition risks

Risks relating to Group's competitive environment are specific to the telecommunications sector in France and Europe, due, in particular, to the number of operators, the prices charged by these operators, and the regulations specific to the regions in which the Group operates.

The Group's principal activities – fixed-line telephony, mobile telephony, content, Internet, hosting services and B2B services – are all exposed to fierce competition in its operating countries of France, Italy and Poland. In order to meet the challenges that this competition creates and control the potential negative impacts of this environment, the appeal of its offerings (in terms of prices and services) and the technological competitiveness of its products are central components of the Group's strategy.

In the fixed and mobile markets, our rapid growth in all three of our geographies has led rival operators to launch counter-offensives. In Italy, the merger of two telecom operators that is currently under discussion could increase this risk. In the mobile subscriptions segment, the development of eSiMs also represents a major potential disintermediation risk for the Group, which could lead to a loss of revenues.

However, the Group stands out from its competitors thanks to its commitment to protecting its subscribers' purchasing power. In France, for example, despite inflation we have not raised the price of existing subscribers' plans, and the prices of our most popular mobile plans – the €2 and €19.99 plans – have been frozen until 2027.

The audiovisual segment is characterized by aggressive sales and marketing strategies adopted by the various players. This is particularly the case for SVOD (Subscription Video on Demand) platforms, which are developing direct sales models that bypass intermediaries such as ISPs. TV manufacturers are also promoting their equipment that incorporates access to SVOD-type audiovisual content. This direct access to end-consumers could lead to disintermediation and a loss of revenues for the Group.

However, particularly in France, Free manages to remain one of the market leaders by including services in its plans at very competitive prices. This is the case for the latest Freebox – the Freebox Ultra – which gives subscribers access to all their content in a single, very competitively priced plan.

Competition in the hosting market is characterized by the dominance of hyperscalers (such as Amazon, Microsoft and Google), who account for 80% of Cloud infrastructure spending growth in France. This concentration creates a restricted competitive environment which is amplified by the considerable financial resources, economies of scale and extensive range of services that these corporations have.

In order to reinforce French and European digital sovereignty and counter foreign interference, initiatives such as the SecNumCloud certification developed by ANSSI (France's cybersecurity agency) and "Trusted Cloud" labels have been launched. The Group's Cloud subsidiary, Scaleway, is a key player in this area, positioning itself as a sovereign alternative by offering innovative, end-to-end, attractively priced and secure Cloud solutions.

In the specific field of hosting AI computing resources, there are real risks relating to the emergence of new players (mainly American), subsidy policies adopted by certain countries, and dependence on NVIDIA. In this context, Scaleway is stepping up its investments and tightening its partnership with NVIDIA in order to retain its leading position in the European market.

All of the measures we have implemented to date have enabled us to further strengthen our relationship of trust with our subscribers. Thanks to these stand-out strategies, in 2023 the Group recorded the highest level of growth in the market out of Europe's top 15 telcos.

The net criticality of risks related to our competitive environment is considered to be high.

2.1.1.4 Procurement and supplier risks

Procurement, the supply chain and supplier relations are essential for the Group. There are two particularly critical risks within these areas: poor selection and monitoring of strategic suppliers, and non-compliance with regulations or our commitments in terms of sustainable procurement.

In the event of difficulties with a strategic supplier concerning quality, price negotiations, contractual terms, supply, or poor relations, the Group would be exposed to adverse consequences. It may also find itself dependent on partners for the supply of equipment or components. This risk is significant, for example, for certain radio equipment and semiconductors.

Between 2020 and 2022, the combination of several crises (the Covid pandemic and the war in Ukraine) put a strain on semiconductor production, and the Group was therefore faced with supply difficulties.

The situation stabilized in 2023, with prices coming back down and supplies becoming more readily available, which enabled the Group to rebuild the buffer inventories that are crucial for its operations, particularly for making Freeboxes. However, tensions between Taiwan and China continue to pose a risk for the semiconductor market, and this risk remains significant in view of Europe's dependence on Asia for its supplies.

Rising raw material costs, inflation and higher energy costs also had a negative impact on the Group's overall procurement in 2023. If these circumstances persist, they could have a non-negligible financial impact.

However, we are adapting our strategy to manage these price increases, and have been able to avoid passing them on to our subscribers *(See "Financial risks – Inflation and higher energy costs")*.

In addition, problems related to logistics, transportation and customs procedures can cause delays. If such problems occur, the Group could encounter difficulties for delivering its products and services. Recent events in the Middle East, with the difficulties in accessing the Suez Canal, have put pressure on the Group's supply lead times for its purchases of equipment and components.

To mitigate the risk of delays, the Group uses several means of transportation, including rail, and ensures that it has buffer inventories so it can react quickly in the event of strong demand or an incident impacting the supply chain.

Failure to meet sustainable procurement requirements is the Group's second critical supplier-related risk. Procurement is considered to be sustainable when it respects certain ethical principles in order to minimize any negative impacts on the environment, society or human rights that could result from the relationship with a supplier. If events contrary to these principles were to occur this would have negative reputational, operational and financial consequences.

With a view to minimizing difficulties with all of its suppliers and strategic partners, the Group implements a range of measures. For example, we constantly monitor the markets concerned in order to anticipate any potential problems. We also make sure we manage our supplier portfolio carefully, which helps to limit dependencies, and we develop multi-sourcing wherever possible. In parallel, we forge strategic partnerships with suppliers for our most critical equipment, and we have a system in place for assessing suppliers, from the moment a business relationship is entered into with them and right throughout the partnership. This allows us to ensure that they comply with our sustainable procurement commitments.

These risks are specific to the Group because if they were to materialize, they could have negative consequences on the sale of its products and services. Mitigation measures have been put in place to limit the probability of this risk occurring and the severity of its potential impacts. As a result, its net criticality is deemed moderate.

2.1.1.5 Risks related to dependence on the incumbent operator

The Group could face complex situations with the incumbent operator in France in its capacity not only as a main competitor but also as a leading supplier. Dependence on the incumbent operator exposes the Group to four principal risks, mainly related to the consequences of the copper network shutdown.

The most critical risk concerns the durability of the Points of Presence (POPs) housing the Group's backhaul equipment for fixed and mobile networks. As part of the copper network shutdown, some of these POPs will no longer be there, which could affect the continuity and capillarity of the backhaul network.

To anticipate this risk, the Group is actively deploying its own FTTH (Fiber To The Home) backhaul network.

The second principal risk relates to the increase in copper local loop unbundling tariffs. The fixed-line market analysis (2024-2028) published by ARCEP (France's electronic communications regulatory authority) at the end of 2023 authorizes the incumbent operator to raise these tariffs in certain areas. This authorization has been highly criticized by the French Antitrust Authority and the European Commission, and the Group agrees with this criticism.

However, irrespective of ARCEP's questionable choices, and in order to mitigate their ensuing financial consequences, the Group is continuing to migrate its customers to fiber, thereby limiting this risk.

Another risk related to dependence on the incumbent operator is the difficulty that some customers may face with migrating to fiber, bearing in mind that the copper network is currently being phased out and will be completely switched off by 2030. Some customers are reluctant to migrate to fiber – despite the Group's incentives – and some homes cannot receive fiber without costly work being undertaken. The Group could therefore lose subscribers, which would result in a decrease in its subscriber base.

As part of its measures to plan ahead for the copper network shutdown, and in order to mitigate the related risks, the Group is trialing and assessing commercial proposals that could be deployed in the areas concerned.

The last significant risk for the Group relating to dependence on the incumbent operator concerns the termination of the national roaming agreement between the incumbent operator and the Group, which is scheduled for 2025. This could lead to a reduction in mobile coverage and a loss of access to services for subscribers who have 2G-only phones.

To remedy this, the Group is looking into commercial options so that the customers concerned can access services on 4G or 5G frequencies operated by the Group.

Dependence on the incumbent operator is therefore a risk specific to the Group, with an average level of probability of occurrence and potential severity. As most of the residual risks are under control, the net criticality of risks related to dependence on the incumbent operator is considered moderate.

2.1.2 Financial risks

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

2.1.2.1 Liquidity and financing risks

Liquidity and financing risks correspond to the risk that the Group will have reduced access to external financial resources, and also the risk of it being unable, when necessary, to sell assets rapidly under satisfactory terms and conditions. If these risks were to materialize, the Group may not have the necessary funds to carry out its activities and meet its operational and financial deadlines, which means they are specific risks that could have a major impact.

These risks are also systemic, as in the event of a disruption in the bond markets or a contraction in the lending capacities of banks, the Group's ability to raise funds would be hampered or any funds raised would be on less favorable financial terms.

The Group's business is mainly financed by the following financial instruments: bonds, credit facilities with various banks (bilateral credit facilities and syndicated loans) and issues of short-term money market securities.

Several factors could complicate access to financing or the sale of assets. The most significant of these would be a breach of the covenants in the Group's lending agreements (particularly those relating to respecting financial ratios), poor management of available liquidity, an erosion of its solvency, or the downgrading of its public financial ratings (Moody's Investor Services, Standard and Poor's and Fitch Ratings).

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

If these risks were to materialize, the Group may be unable to access the funds required to finance its routine operations and capital expenditure and it may have to allocate a significant portion of its available liquidity to service its debt. In such a case, the Group's competitive position would be weakened and it may have to default on debt repayments.

In order to manage our financing requirements and meet our borrowing commitments, the Financing and Treasury Department monitors debt levels and ensures that the Group has permanent access to capital markets under the best possible terms and conditions. We also ensure that we always have the liquidity we need by producing and regularly updating short-, medium- and long-term cash flow forecasts, which take into account the cash inflows and outflows generated by our activities as well as the unused amounts of confirmed credit facilities. In addition, our teams monitor market conditions on a daily basis. With the aim of maximizing the breadth and depth of its access to the markets, since May 2022, the Group has been assigned public financial ratings by Moody's Investor Services, Standard & Poor's and Fitch Ratings for its senior unsecured bonds.

Given all the measures applied by the Group, the net criticality of this risk is considered moderate.

See Section 5.3.3, "Consolidated debt" of the 2023 Universal Registration Document, and Notes 30 and 34 to the consolidated financial statements in this Annual Report for a description of the Group's various sources of financing and liquidity, the maturities of its debt and its debt covenants, as well as information on its commitments in terms of financial ratios and the consequences in the event of a breach or significant unfavorable change in these ratios.

2.1.2.2 Risks related to asset impairment and provisions

Changes in the economic, political and/or regulatory environment could lead to impairment in value of the Group's assets or require it to set aside provisions in relation to long-term contractual obligations. This could have a negative impact, particularly on goodwill, certain intangible assets and provisions for onerous contracts.

Impairment of assets and provisions represent risks specific to the Group due to the high value of its intangible assets and goodwill.

This high value means that material impairment losses or provisions could be recognized, which would have an adverse effect on the Group's *earnings. The value of intangible assets and goodwill can vary based on certain assumptions, judgments and estimates, which are used for the basis of the impairment tests. The factors taken into account include discount rates, the perpetuity growth rate, and forecast cash flows which depend on the Group's assessment of the economic and financial context (see Note 18 to the consolidated financial statements in this Annual Report).*

The carrying amounts of long-term assets, including goodwill and other non-current assets, are sensitive to changes in the Group's operating environment. The Group recognizes an impairment loss against these assets, or, where appropriate, a provision, if events or circumstances suggest that there are significant and prolonged unfavorable changes affecting the assumptions or objectives applied at the date an acquisition was completed or a contractual obligation was entered into (see Notes 16 to 18 to the consolidated financial statements in this Annual Report).

This risk is limited by the implementation of appropriate control procedures for external growth transactions and purchases of significant intangible assets.

The Group considers the net criticality for this risk to be moderate.

2.1.2.3 Risks related to inflation and energy prices

A significant rise in energy prices and further inflation could affect the Group's ability to execute its strategy, as all of its activities are energy-dependent and both costs and revenues are impacted by inflation. Consequently, this represents a specific risk that is specific to the Group.

For almost 20 years, the Group has pursued a policy of proactively investing in its fixed and mobile networks in all of its geographies (France, Italy and Poland), underpinned by an approach focused on innovation, quality control, efficient cost management and energy efficiency.

As all of the Group's activities involve significant energy use, there are multiple associated risks. For example, spiraling electricity prices would have a direct impact on our products and services, the quality of our networks, the performance of our Freeboxes and the running of our datacenters.

The first way in which the Group seeks to mitigate these risks is by working to enhance energy efficiency, particularly in the fixed and mobile segments. For example, mobile frequencies are switched off at certain times, and the latest version of our Freebox has been designed not only with more environmentally friendly components, but also to use much less energy.

The second way we mitigate these risks is by using several levers to limit the impacts of energy price volatility. For "conventional" energy, we negotiate fixed prices set for between one and two years. For renewable energy, we set prices covering a long-term period – between 10 and 15 years – via Power Purchase Agreements (PPAs). In our Climate Plan, we set ourselves the target that by 2035, 50% of our energy in Italy and Poland will be supplied under PPAs, and 20% in France.

Inflation risk is both internal and external, as the Group is affected by inflation not only when purchasing items, such as raw materials, but also in terms of its network operating costs. In addition, higher inflation impacting household spending could lead to fewer fixed-line and mobile subscribers.

Although these risks exist, the Group has managed to significantly reduce the probability of their occurrence and their potential severity, and obtained good results in this respect in 2023. However, because the origins of these risks are external their net criticality is considered moderate. *(See Sections 2.1.4.1 "Environmental risks" and 2.1.1.3 "Competition risks").*

2.1.2.4 Risks related to the Group's external growth

The Group has established itself as a major player in the European telecommunications market, standing out for its innovative, straightforward and attractive offerings. With a view to building further on its market position and cementing its position as European leader, the Group is deploying an offensive strategy focused on winning market share in all segments. To this end, in 2018, it entered the Italian market, in 2020, it acquired Play – Poland's second-largest mobile operator – and in 2022 it acquired UPC Polska, one of Poland's leading cable operators. In 2023, the Group entered into talks to acquire or merge with leading players in several European countries. Its external growth ambitions and changes in its geographic footprint expose it to significant and specific risks.

The main risk is that changes in the political, economic, regulatory, tax and/or social environment could jeopardize the profit forecasts drawn up by the Group when it originally made the investment decision. Additionally, the complexity of international markets makes it difficult to assess target companies. Any inaccurate assessment or overestimation of the benefits associated with an external growth transaction could lead to an unprofitable investment. The main impact on the Group in such a case would be an adverse effect on debt. Future acquisitions or divestments could give rise to contingent liabilities, amortization/depreciation expenses, goodwill write-offs, and/or integration expenses, all of which could have an adverse effect on the Group's business, financial position and/or results of operations.

International acquisitions also expose the Group to exchange rate risks, which can have a negative impact on the value of an investment. These transactions are likewise vulnerable to geopolitical contexts and the instability of domestic political regimes. Finally, the Group's external growth could increase its exposure to risks related to business ethics *(See Section 2.1.4.2. Business ethics risks*).

In order to address these risks, the Group has set up a strict due diligence process to scrutinize potential targets prior to any acquisitions and assess the opportunities they represent in terms of profitability. The Group has also set up a governance structure enabling it to monitor and oversee business development carried out by its foreign subsidiaries and therefore assess the potential risk of these investments becoming impaired. In particular, this structure includes a process for approving the investment amounts agreed to by the Group's executives in the countries concerned.

Although the Group cannot guarantee that it will be able to develop its business in new markets in line with its plans or that it will be able to fully recover the amounts invested due to factors such as competition from other players in the countries concerned, this risk is effectively managed and its net criticality is considered to be moderate.

2.1.2.5 Fraud risks

Against a backdrop of increasingly complex technologies and ever-more new products and services, the Group is exposed to the risk of various forms of fraud. All of these potential fraud methods are specific to the Group's business and require appropriate risk prevention strategies.

Regarding subscribers – both individuals and businesses – the main risk is that they will attempt to avoid paying for products ordered or services subscribed to. This can take the form of using fraudulent payment information or disputing legitimate charges.

Another major fraud risk involves attempted intrusions into the Group's information systems or technical infrastructure, with the aim of diverting them from their intended purpose.

External fraud risks also include the risk of a partner over-billing their goods or services or falsifying documents. For example, the Group could fall victim to suppliers who charge more than the actual cost of goods or services supplied, or who intentionally supply inferior-quality goods or use falsified documents to justify higher costs.

The Group also faces risks of internal fraud. These include the risk of diversion of resources, i.e., the improper use by an employee of company resources, materials, equipment or funds in a way that is contrary to the Group's interests.

The Group implements rigorous control measures to prevent these risks. For both individual and B2B customers, identity checks are carried out and IT security measures are implemented. To prevent intrusion risks, IT and physical security measures are deployed at the Group's many sites. With regard to risks arising from our partners, the Group carries out due diligences adapted to the various types of suppliers to ensure their reliability and integrity.

In relation to accounting, controls are carried out throughout the various procedures for verifying and approving expenses and more widely for all financial transactions.

Because a corporate culture focused on ethics and transparency can play a large part in minimizing fraud risks, employees are made aware of the Group's policies on the use of resources and the behavior we expect of them in terms of business ethics. The Group also ensures that internal procedures are properly applied. Lastly, the Risk Management, Compliance and Internal Audit departments work together to detect any new fraud schemes and assess the ensuing risks.

The net criticality of fraud risks is considered moderate for the Group.

2.1.3 Legal risks

2.1.3.1 Regulatory compliance risks

Telecommunications activities are regulated and overseen by the national regulatory authorities in the Group's three geographies – France, Italy and Poland. The regulations applicable to this sector are complex, governed by European and national legislation on issues such as taxation and allocation of frequencies. As the majority of the Group's revenues are generated by its telecoms activities, any changes in the regulations applicable to the sector could have a significant impact on the Group, which therefore represents a specific risk.

A major risk for the Group in this area is the expiration of its various frequency licenses in France and Italy, which will take place over several years as from the beginning of 2029. This renewal of frequency licenses generates financial risks – linked to the cost of purchasing spectrum – as well as operational risks, i.e., of the Group not being able to renew the licenses for its full frequency portfolio and having to modify its network accordingly. The renewal of frequency licenses also represents a commercial risk, related to the possibility of the quality of service being eroded if the available spectrum is reduced.

In France, the Group is conducting discussions with the government and ARCEP ahead of the expiration of its frequency licenses with a view to securing access to the spectrum concerned.

Two other risks are related to the final FTTH connection phase for homes in France. First, the Group believes that a significant proportion of homes eligible for FTTH connection cannot, in practice, be wired to fiber due to the unavailability of the in-building passive infrastructure required for connection. Some subscribers could therefore be permanently excluded from fiber and the Group's FTTH subscriber base reduced accordingly.

To limit this risk, the Group offers subscribers access to the Internet via mobile networks instead of wired networks, through its 4G offering with fixed-line plans.

The second risk related to the final FTTH connection phase concerns the actual process of bringing the cable into the premises, which is currently carried out by the Group (as a commercial operator) on a sub-contracting basis for infrastructure operators. Some players think that this principle of sub-contracting could result in poor workmanship. Consequently, legislative proposals have been put forward aimed at requiring this cabling process to be carried out directly by the infrastructure operator in some cases. Such a change could destructure the sector's organization and slow down the process of switching the remaining copper subscribers to fiber.

To contain this risk, the Group pays particular attention to the training it gives to technicians and the effectiveness of its quality monitoring tools.

Changes in the financial terms of access to the FTTH local loop in France also represent a risk for the Group, although the impact can be positive or negative. The stability of the financial terms of contracts with infrastructure operators can be the subject of disputes submitted to ARCEP for arbitration.

To manage this risk, the Group set up a joint venture – Investissement dans la fibre des territoires (IFT) – with the French private equity fund InfraVia. IFT was created to hold the access contracts by pooling hundreds of FTTH networks, which enables the Group to more effectively manage changes in pricing conditions.

In Poland, Directive (EU) 2018/1972 establishing the European Electronic Communications Code is expected to be transposed into Polish law in the coming year. The resulting Polish legislation could have an impact on how the Group operates its activities and on its revenues.

But the related risk is limited because the teams have prepared and planned for this transposition.

The European Union and any other countries in which the Group may deploy its networks could decide to restrict or prohibit the use of equipment supplied by Huawei. Replacing such equipment, and the fact that only a small number of providers can supply it – particularly in Poland – could lead to delays in rolling out mobile networks, as well as to higher rollout costs and a lower quality of service provided by the 5G network. The actual costs of such a situation would vary depending on the time needed to replace the equipment and the prevailing market supply conditions. The use of other equipment suppliers such as Ericsson or the Nokia group mitigates this risk.

To secure its investments, the Group strives to make its recommendations heard by participating in numerous public consultations organized by the various competent authorities in France, Italy and Poland, and works on creating a framework of collective decision-making. Given the uncertainties surrounding regulatory developments that could have a significant impact on the Group, the net criticality of this risk is considered high.

2.1.3.2 Data protection risks

The Group's business exposes it to risks of non-compliance with the General Data Protection Regulation (GDPR). If these risks were to materialize they could result in the loss, disclosure and/or unauthorized communication of personal data to third parties. The data concerned could be the data of subscribers (individuals or companies), employees, suppliers, service providers or any other person, which is stored on the Group's infrastructure or that of third parties or transmitted via its networks. Given the significant volume of data processed on a daily basis, these risks are specific to the Group.

If these risks were to materialize they would result in financial penalties and would have an impact on the Group's business development strategies and reputation, and the relationships of trust it has built up with its subscribers and partners.

The risk of a failure to respect the principles described in the applicable regulations (relating to areas such as security, data protection by default, individual rights and transparency) and/or of non-compliance with the recommendations (marketing, passwords, cookies, etc.) issued by the competent authorities and regulatory bodies, including national data protection agencies such as the CNIL in France, represent the most critical risk for the Group.

Internal compliance processes have been put in place to limit the possibility of this risk occurring. For example, three Data Protection Officers (DPOs) have been appointed, in France, Italy and Poland. These DPOs keep an up-to-date documentation library comprising, among other things, registers, DPIAs (Data Protection Impact Assessments) and privacy policies. At the same time, all employees take part in awareness training adapted to their degree of exposure to personal data, and each project that the Group launches is monitored by the legal team.

The second main risk related to data protection is the risk of third-party complaints to the French, Italian and Polish data protection authorities. Any person who has relations with the Group and whose personal data it processes, may refer any alleged breach of our obligations to a regulatory authority.

The Group has put in place several policies to manage requests for exercising data privacy rights, so they can be dealt with efficiently and within the applicable legal timeframes. A dedicated information system has been developed to collect and process these requests, and the overall process involves input from the Subscriber Relations and Legal departments.

The final data protection risk for the Group is inherent to its role as a telecommunications operator, which exposes it to the threat of malicious attacks on its information systems.

The Group has specialized technical teams dedicated to the security of its information systems in order to prevent this risk from occurring and effectively mitigate the consequences of any incidents that do occur.

In view of all the measures implemented by the Group, the net criticality of data protection risks is considered moderate.

2.1.3.3 Risks related to disputes

The Group's entities may be involved in disputes with government agencies, civil or criminal lawsuits, arbitration proceedings with the regulatory or oversight authorities, or proceedings with consumer associations, competitors or other parties. Information about the main disputes in which the Group is currently involved or of which it has been notified is provided in *Note 35.5* to the consolidated financial statements in this Annual Report.

The main disputes – which could have negative impacts and are specific to the Group's activities – relate to (i) compliance with consumer law, (ii) manifestly illicit content and (iii) legal proceedings between competitors *(see Section 2.1.3.2 for information about disputes relating to data protection)*.

As an electronic communications operator offering services to end-consumers, our activities are governed by the provisions of the French Consumer Code, relating to, for example, information provided to consumers, commercial practices, and the signing and performance of contracts. Failure to comply with these provisions could have financial and legal impacts on the Group.

To prevent any risk of violation of this Code, the Legal Department systematically reviews marketing offers, communication materials and the procedures for signing up to the Group's offerings.

The content hosting activities of certain Group companies mean that we are faced with the challenge of managing "manifestly illicit" content. Such content may infringe intellectual property rights, be defamatory or relate to minors or acts of violence. In France, pursuant to the law governing this issue (the "LCEN" Act on trust in the digital economy), a hosting provider can be held liable if it fails to act promptly once it becomes aware of the illicit nature of any content it is hosting.

This risk is managed through internal procedures that enable third parties to report any such content online and ensure that the reports are rapidly processed by dedicated technical teams.

Lastly, competitors and subscribers may also make claims against the Group, which could have negative legal or reputational consequences.

In order to foresee and counter the risk of competitors filing lawsuits concerning our commercial practices, all communications are reviewed by the Legal Department. In parallel, to mitigate the risk of disputes with subscribers, the Group has put in place complaints procedures that are easy to access and are stated in the general terms and conditions in the documents given to subscribers when they sign up to a plan.

All of the disputes described above are specific to the Group's activities and are therefore classified as specific risks. Given the large number of stakeholders involved, the probability of occurrence of these risks is high but their potential severity is limited. Consequently, the net criticality of these risks is considered moderate.

2.1.4 Non-financial risks

2.1.4.1 Environmental risks

The environment is one of the Group's key major preoccupations. Environmental issues represent risks at every level of our business, from the choice of components in designing Freeboxes, to installing antennas for providing mobile coverage to our subscribers.

The most critical environmental risk is physical risk related to climate change. Extreme weather events (such as storms, heat waves, fires, landslides, and floods) can affect the smooth running of our networks, our operations and the people and organizations that depend on them.

In order to limit the effect of this risk if it were to materialize, the Group has set up a specific system for mobilizing resources in order to reduce the impacts and rapidly restore network service. In operational terms, and depending on how the weather event concerned evolves, managing this risk means mobilizing both material and human resources and repairing damaged equipment. After each event, the resilience of our infrastructure and operations is assessed, with a view to continuously improving our systems. The robustness of our networks and the responsiveness of our teams were clearly demonstrated following the severe storms that swept across France in 2023.

Our second major environmental risk is transition risk, particularly that associated with energy transition. Energy-related imperatives have a significant impact on the Group in terms of dependence, adaptation and cost, and also in terms of the carbon strategy it needs to deploy.

The Group has made strong commitments to reduce its carbon emissions and to transform its carbon pathway to bring it into line with the targets of the Paris Agreement. It takes action to limit the impact of its activities on the environment, and in 2021 it published its Climate Strategy based on ten ambitious pledges (see iliad's website for further details). In February 2024, the relevance of these pledges was confirmed when the Science Based Targets initiative (SBTi) validated the Group's carbon reduction pathway. The following short-term pathway (for 2030) and Net-Zero Standard pathway (for 2050) were validated (versus the base year of 2022): (i) iliad undertakes to reduce its absolute Scope 1 and Scope 2 GHG emissions by 60% and its Scope 3 GHG emissions by 46% by 2030, and (ii) iliad undertakes to reduce its absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050.

The energy efficiency of our products and services is a priority for the Group. To this end, we have worked hard to minimize the electricity consumption of our Freeboxes and extend their lifespan. We are also actioning a range of measures to reduce the energy consumption of our networks, datacenters, vehicle fleet and sites.

At the same time, we have taken steps to encourage the creation of more renewable energy production capacity, by signing Power Purchase Agreements (PPAs) in strict compliance with the principle of *additionality* in each of our three geographies (*see Section 2.1.2.3 "Risks related to inflation and energy prices"*). The energy generated under our PPAs, both now and in the future, is EKOenergy certified and covers part of our direct electricity use, with the remaining part covered by guarantees of origin.

Complying with environmental regulations and keeping our environmental pledges are of primordial importance to the Group. Failure to comply with such regulations and/or meet these pledges could not only have an adverse legal impact, but could also affect our ability to attract investors, as banks and financial specialists closely analyze our environmental commitments and compliance with the applicable standards, in particular through the ratings given by ESG rating agencies. Our ability to secure financing and our borrowing costs will depend on our level of sustainability maturity.

The growing number of inquiries we receive about environmental issues, as well as the increasing requirements contained in ESG assessment questionnaires, are enabling us to enhance our transparency in relation to sustainability, raise awareness about our remediation approaches and improve the quality of our financing. In order to limit the risk of non-compliance with global, EU and national regulations, we constantly monitor developments and thanks to the agility of our teams we can anticipate changes and rapidly comply with new regulations. For example, in France the AGEC Act on waste prevention and the circular economy (*Anti-Gaspillage pour une Economie Circulaire*) allowed us to speed up our efforts to display the environmental footprint of our services in our subscriber areas. It also enabled us to more effectively inform our customers about the repairability index of the mobile devices they buy.

As a provider of Internet and data hosting services, these risks have a major impact on our activities and are specific to the Group.

Although the probability of occurrence of environmental risks and their potential severity are currently moderate, in view of the likely future effects of climate change their net criticality is considered to be high.

2.1.4.2 Business ethics risks

Operating in several countries, the Group is exposed to the risk of non-compliance with ethical standards in the conduct of its business and with international sanctions, which have significantly increased as a result of recent geopolitical events. Any such non-compliance could have adverse legal, reputational and financial impacts for the Group. These risks are specific to the Group in that they are inherent to the nature and diversity of its activities.

The Group is required to comply with anti-corruption regulations resulting from the Sapin II law in France, "Modello 231" in Italy and the criminal code in Poland, and is also subject to obligations relating to parent companies' duty of vigilance, the prevention of money laundering and terrorism financing, and European and national antitrust rules.

The Group has put in place strict policies to prevent any breach of these rules. Based on our ethics risk map we have put in place an anti-corruption system focused on several key measures. We have also drawn up an Anti-Corruption Code of Conduct and a Code of Ethics, which are regularly updated. All Group employees are given awareness training about ethical compliance issues, and a training plan adapted to their level of exposure is deployed in all subsidiaries. Brochures outlining the principles of the Group's Code of Ethics are also published. All of these documents are given to employees as soon as they join the Group and are available in physical and electronic form at all Group sites. In addition, the Group assesses the ethical compliance of its stakeholders by carrying out due diligence procedures prior to entering into business relationships, and constantly monitors such compliance throughout the relationship. Any conduct or situation that could represent a breach of the Code of Ethics can be reported via a whistle-blowing system. This system covers issues such as respect for human rights and fundamental freedoms, combating corruption and influence peddling, and financial, accounting and tax irregularities.

The Group is exposed to the risk of non-compliance with international sanctions due to its relations with partners and its international activities. This risk arises when a partner company, its beneficial owners or its business is targeted by an international sanction. Such a situation could require the Group to terminate the business relationship concerned, which could have negative contractual, operational and/or financial consequences. To mitigate this risk, the Group keeps a constant regulatory watch, and has set up processes and systems that enable it to check its partners and their beneficial owners against the various lists of international sanctions.

Thanks to the above measures, the Group is able to effectively manage its business ethics risks. Their net criticality is therefore considered to be moderate.

2.1.4.3 Risks related to retaining key people

The Group's success is particularly dependent on retaining certain executives and employees who have specific skills and/or knowledge, or who occupy key posts within the organization. This risk is analyzed based on two concepts: "key" people and "critical" positions. The loss of one or more key people could affect the Group's ability to execute its strategy and achieve its objectives.

Key people are highly qualified personnel whose skills and knowledge of the Group are essential. The departure of a key person would not affect business continuity in the short term, but could have a significant impact on the Group's ability to achieve its longer-term objectives.

People identified as occupying "critical" posts are not necessarily "key" people. These people carry out work that is crucial to the Group's business continuity, and hold rare technical skills (skills in network architecture, certain technologies, computer servers, etc.). If no successor is identified beforehand, the departure of a person occupying a critical post could have a direct impact on the Group's business continuity in the short and/or medium term.

The Group applies several measures to limit the impact of these risks. First, it carries out specific analyses to identify all "key" people and people occupying critical posts and to define a level of departure risk for each of them (people reviews, talent reviews and individual appraisals). Measures are also put in place for career pathways so as to limit the impact of any such departures (e.g., creating talent pools and drawing up succession plans) as well as employee retention programs.

Actions to retain "key" personnel are implemented with the aim of reducing the risk of departure. For example, regarding compensation, the Group has set up plans giving key people a share in the capital of the Company and/or its subsidiaries. In relation to training and skills development, certain employees are offered individual career development plans and mentoring programs. And lastly, the Group has a strong culture of belonging.

These risks are considered to be specific to the Group as any failure to effectively identify talent could have a major impact on its operations.

All the above-described measures help to limit the probability of the risks occurring and reduce the severity of their potential impacts. Their net criticality is therefore considered to be moderate.

2.1.4.4 Health-related risks

In order to work, wireless telecommunication equipment generates an electromagnetic field that travels through the environment in the form of waves. It is a legitimate question to ask what the impact of exposure to these electromagnetic waves has on people's health. While the scientific community agrees that there is no health risk, the Group nonetheless has to deal with the fears expressed by public opinion and sometimes by local authorities, as well as the actions of certain activists opposed to the installation of mobile masts.

There are also some lobbying groups that claim electromagnetic waves have a negative impact on health, alleging they cause symptoms such as continual headaches. The majority of fears are centered on 5G technology, and may have found a friendly ear among certain conspiracy theorists who widely relayed their ideas at the time of the Covid pandemic. Although these fears generally have no direct effect on the Group's activities and services, in recent years we have been faced with a large number of incidents of sabotage.

Since 2022, numerous scientific publications have concluded that, based on current knowledge, there are no health risks associated with 5G installations. Internationally recognized health authorities largely agree that there is no proven health risk for exposures that are below the exposure limits recommended by the International Commission for Non-Ionizing Radiation Protection (ICNIRP). These standards are based on scientific research, particularly research carried out by health authorities such as the World Health Organization (WHO). The Group strictly complies with all regulations adopted in this area by the public authorities.

Despite this broad scientific consensus and the scrupulous application of the ICNIRP's technical recommendations, misgivings still persist and can sometimes turn into hostility. The concerns of local populations and authorities, as well as the actions of certain activists, represent critical risks for the Group.

The Group applies a particularly proactive policy for managing these risks. Our teams constantly monitor the situation and engage in continuous and constructive dialog with local authorities. Transparency is our goal and to achieve it, we share up-to-date information based on scientific data. iliad also holds internal seminars and participates in discussion forums at the European, national, regional and departmental levels. However, if it were to be established in the future that electromagnetic waves do have a harmful effect on health, or if the applicable laws and regulations become stricter, this could adversely impact the Group's activities.

The risks associated with certain stakeholders' apprehensions about the health impact of electromagnetic waves are specific to mobile activities.

For 2023, based on current knowledge, the net criticality of these risks is considered to be low.

2.2 Insurance and risk coverage

The Group's insurance strategy is aimed at taking out insurance with external firms to cover certain risks. The Group believes that its coverage under its current insurance policies covers a wide range of identified risks, and that the costs of the policies are in line with the prices currently offered in the insurance market. Uninsured risks are either those for which there is no cover available, or those for which the ratio between cover and proposed cost is such that it is not worth insuring the risk externally.

The Group has taken out cross-business third-party liability coverage. Any loss or damage caused to third parties, such as employees or agents, is covered by an operating liability policy. Regarding professional liability, the Group has taken out specific insurance policies tailored to each business. For example, we have specific policies in place to cover our fixed and mobile electronic telecommunications activities and our equipment hosting activities. The Group also has directors and officers ("D&O") liability insurance that protects individuals from personal losses if they are sued as a result of serving as a director or officer of the Group.

iliad has also taken out "single risk" insurance to cover, for example, any additional operating costs for all of its fixed network sites (such as optical nodes and POPs). Under this coverage we would be able to continue to operate the activity concerned in the event of fire, water damage or theft. These policies are backed up by "industrial risk" policies for certain assets, such as warehouses and datacenters.

We adapt our insurance strategy when necessary, in line with changes in our business, with the assistance of Assunet, an insurance brokerage that is an iliad subsidiary. Assunet negotiates most of the Group's insurance policies.

2.3 Internal control

In order to keep pace with the often rapidly changing risks and opportunities that the Group faces, we are committed to maintaining highly effective risk management and internal control systems and to continuously improving them. This section describes the internal control organization and practices we have put in place to ensure the efficiency of our operations and the reliability of our financial information.

2.3.1 Internal control organization

Objectives

Internal control is a process implemented by the Group's Executive Management team and the leadership teams of its subsidiaries with a view to achieving the following objectives:

- guaranteeing the reliability and accuracy of financial and accounting information;
- guaranteeing the effectiveness and efficiency of operations, with a view to continuously improving performance;
- safeguarding the Group's assets, human resources, financial resources and reputation;
- preventing risks of non-compliance and fraud, by promoting a culture of ethics and transparency.

Internal control and risk management participants

Committees of the Board of Directors

The internal control system is underpinned by a structure of committees adapted to all of the Group's risk management issues, at all levels, ranging from the most strategic to the most local and sector-specific.

At Board level, two Committees play a major role in the internal control system – the Audit Committee and the CSR Committee. The Audit Committee is responsible for examining the integrity of the financial statements and the effectiveness of the internal control system. The CSR Committee, in collaboration with the Audit Committee, is responsible for analyzing non-financial risks and for overseeing the Group's ESG objectives, action plans and achievements.

Executive Management and Committees reporting to Executive Management

The Group's Executive Management team defines the Group's overall risk management policy and principles at the highest level of the organization, and is responsible for ensuring that an effective internal control system is in place, which is appropriate and proportionate to the nature of the risks and imperatives identified. To this end, Executive Management sets internal control objectives and allocates the human and material resources required in order for the teams concerned to achieve those objectives. Executive Management has therefore structured the Risk Management, Compliance and Internal Audit functions so that they not only have the appropriate resources to carry out their duties but also so that they report directly to the Group's General Counsel. This position within the Group's organization chart gives those corporate functions the independence from the operational functions that they need to carry out their work, while at the same time ensuring that they are close enough to them to continuously improve processes.

The Group's Executive Management team has several operational and corporate committees, which are responsible for overseeing all of the Group's activities, and work in collaboration with the management teams in its various host countries.

The Finance Department

The Finance Department plays a key role in the internal control system. It is responsible for implementing accounting policies and procedures designed to ensure the reliability of financial information and the accuracy of the financial statements (*see Section 2.1.2.1. "Liquidity and financing risks"*). The Finance Department also oversees the financial information system and administers the automated and/or tracing controls that this system carries out. The Accounting and Treasury teams work with the Finance Department in the process of verifying and approving expenses.

Risk, Audit and Compliance Department

- **Risk Management**

The role of the Risk Management function is to define the framework for identifying, assessing, rating and ranking the risks faced by the Group. In practice, this involves drawing up and updating the Group's risk map, including not only an assessment of financial risks, but also a wider analysis of all operational, legal, non-compliance and reputational risks that could have a negative impact on the Group's activities.

The Risk Management function assists all of the Group's teams with detecting, assessing and preventing new risks. It continually updates the risk mapping system in line with new challenges and trends identified, particularly as a result of its daily monitoring processes, so that Executive Management has the fullest possible information about risks.

In addition to the Group-wide risk mapping, more sector-specific and local risk maps are drawn up, enabling risk scenarios to be matched as closely as possible to the operations concerned. These mapping exercises are used to size and scale the control systems in place.

- **Ethics & Compliance**

The Ethics & Compliance Department deploys a business ethics program based on a proactive risk-mapping methodology that complies with France's Sapin II Act on anti-corruption and transparency. This program is designed to help identify, assess and manage risks at all levels of the organization, and covers not only the prevention of corruption risks, but also combating money laundering and terrorism financing (AML/CFT), and compliance with antitrust rules.

The Group also has a stakeholder assessment system, which gives it an in-depth understanding of the risks associated with any collaboration with a partner, and helps prevent fraud attempts and/or any incidents related to the integrity and knowledge of our partners.

By continuously raising awareness – a central pillar of our overall risk approach – the Group can widely relay anti-corruption principles, which contributes to preventing corruption in all its forms.

Lastly, the Group's whistle-blowing system provides a confidential channel for employees and external partners to report any behavior that breaches its Code of Ethics. This system reinforces the compliance culture within the organization and helps to identify and stop behavior that could cause risks. The Ethics & Compliance Department is also responsible for carrying out any investigations launched by the Ethics Committee, which can involve issues such as internal or external fraud.

- **Internal Audit**

The main role of the Internal Audit Department is to coordinate and implement an audit plan. This plan – which is approved by Executive Management – provides for several audit assignments each year relating to topics that take into account, among other things, the findings of the risk mapping exercises. For each of these assignments, the Internal Audit Department organizes and oversees the processes related to collecting and reviewing relevant information, identifying and assessing the associated risks, implementing specific controls and analyses, and drawing up findings and recommendations.

The Internal Audit Department is also tasked with monitoring improvement measures recommended by the Statutory Auditors during their annual statutory audit work. The Internal Audit Department supports and advises the operations and corporate staff involved in implementing these measures.

Leadership teams in the subsidiaries

Working together with the Group, the leadership teams of iliad's subsidiaries set up their own risk management and oversight systems. The Polish and Italian subsidiaries have dedicated risk management and compliance committees. Operational monitoring of activities is also carried out locally, via specific committees for each of the Group's business scopes: fixed, mobile and hosting.

2.3.2 Controlling the reliability of financial information

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

Control procedures relating to financial communications

The Company is required to keep its shareholders and all of the Group's lenders – bondholders and banks – informed about its financial position.

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

In order to limit the risks relating to erroneous or contradictory information, our internal procedures provide that the Press Relations Officer centralizes all communications published by the Group, whether strategic, commercial, financial or technical. Similarly, the Press Relations Officer attends all interviews, in all forms, granted by any Group representative in order to ensure the consistency and integrity of the information communicated.

Budget process

Each year, the leadership teams and finance departments in each of the Group's operating countries or entities draw up an annual budget, which is presented to Group Executive Management and the Group Finance Department. Once the country- or entity-level budgets have been validated by Group Executive Management, they are consolidated by the Group Finance Department. The consolidated budget is then presented to and approved by iliad's Board of Directors.

Monthly reporting/monitoring process

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

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

Accounts-closing process

The Group's Finance Department performs a monthly close for each Group company and ensures that the accounting principles, methods and treatment applied to the Group's operations are consistent. Local finance departments in Poland and Italy deploy the Group's systems and procedures and contribute to maintaining an effective internal control environment.

Quarterly consolidated financial data are presented to the Board of Directors.

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

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

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

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

3. Events after the reporting date

3.1 Investment in Tele2

On February 26, 2024, the iliad Group announced that Freya Investissement, an investment vehicle jointly owned by iliad and NJJ Holding ("Freya"), had entered into a binding agreement with Kinnevik AB (publ) ("Kinnevik") to acquire approximately 19.8% of the share capital comprising shares of both Class A and Class B in Tele2, one of the leaders in the Swedish and Baltics telecom markets, for a total cash consideration of approximately SEK 13 billion (c. €1.16 billion). After the acquisition is approved by the relevant authorities and the transaction closes, Freya will become Tele2's main shareholder.

4. Management of iliad Holding S.A.S.

Owned by Xavier Niel, iliad Holding indirectly controls the iliad Group, which it forms with iliad S.A. and their subsidiaries, and is the holding company for the Group. iliad Holding owns, through its subsidiary Holdco II, 95.83% of the Company's share capital and voting rights (please refer to schedules 1, 5 and 6 for further details regarding the iliad Group organization and shareholding structure). With the support of Holdco II, iliad Holding controls and manages the iliad Group.

iliad Holding is governed by its Chairman, Xavier Niel, and a Strategy Committee, chaired by Xavier Niel, and comprising, alongside him, the key executives of the iliad Group, including Maxime Lombardini, Thomas Reynaud, Cyril Poidatz, Antoine Levavasseur and Aude Durand.

Set forth below are certain details about Mr. Xavier Niel and a brief biography.

Name	Age	Position
Xavier Niel	56	Sole Director

Xavier Niel is a self-taught entrepreneur and has worked in the Internet and telecommunications industry since the late 1980s. In 1993 he co-founded France's first ISP, and in 1999 he created Free – France's first free-access ISP. He co-invented triple-play and the concept of the box, launching the Freebox in 2002 – a unique, state-of-the-art, multiservices box combining broadband Internet access with telephony and television.

Xavier has invested in telecom operators in a personal capacity in many countries outside France, including Switzerland, Ireland, Senegal and Monaco.

In 2013, he co-founded "42", a not-for-profit organization based in Paris that delivers free coding training based on peer-to-peer learning. This training is given via a network of international partner campuses with 37 campuses in 22 countries and is delivered to more than 12,000 students worldwide. In 2017, the "42" school in Paris was voted the best coding school in the world.

In 2016, together with Matthieu Pigasse and Pierre-Antoine Capton, he created Mediawan, a special purpose acquisition company (SPAC) focused on media and entertainment.

Xavier is also the founder of Station F – the world's largest start-up campus – which opened its doors in 2017 and hosts a thousand start-ups in a former railway station in Paris occupying 34,000 sq.m. In addition, as a figure-head for start-ups, Xavier supports entrepreneurs through his investment fund, Kima Ventures.

Besides his other interests, Xavier is a shareholder of the *Le Monde* newspaper and the *Télérama*, *Courrier International*, *L'Obs*, *Nice-Matin*, *La Provence*, *France Antilles* and *Paris Turf* magazines.

Xavier is also a member of the Supervisory Board of Unibail-Rodamco-Westfield and one of its main shareholders.

In the fall of 2020, alongside Mathieu Pigasse and Moez-Alexandre Zouari, Xavier co-founded Teract (formerly 2MX Organic), a SPAC whose purpose is to invest in the consumer goods sector, with a particular focus on sustainability.

In February 2021, Xavier co-founded Hectar, an ecosystem for agriculture, entrepreneurship and tech based at a 1,500-acre site just outside Paris, which groups together a training campus, a start-up accelerator for agricultural ventures and a teaching center for schoolchildren and young people.

In September 2023, Xavier Niel co-founded Kyutai – a non-profit, open science AI research lab based in Paris – alongside Rodolphe Saadé (Chairman and CEO of CMA CGM) and Eric Schmidt (former Chief Executive Officer and Chairman of Google).

Executive management of iliad S.A.

Set forth below are certain select members of the Group executive management team as of the date of this Annual Report.

Name	Age	Position
Thomas Reynaud	50	Chief Executive Officer
Aude Durand	31	Deputy Chief Executive Officer

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

Aude Durand was previously Deputy CEO of iliad Holding, serving in this capacity since 2020, and leading several major Group projects in France, Italy and Poland, covering areas ranging from marketing, IT systems and network operations through to subscriber services. Aude is in charge of the Group's artificial intelligence strategy, and in this role she managed the creation of the Paris-based independent research lab, Kyutai. She is also Chair of Scaleway and Free Pro. In addition, Aude is a member of the Boards of Directors of Millicom and Monaco Télécom. Before joining the iliad Group, Aude was Chief of Staff for the CEO of Orange Wholesale & International Networks and held various roles within Orange's B2B division. She also spent several months with Boston Consulting Group as a Visiting Associate. Aude has an MSc in Management Science & Engineering from the University of Stanford in the United States and graduated as an engineer from École Polytechnique in France.

5. iliad Holding S.A.S. – Shareholding & additional information

5.1 Sole shareholder of iliad Holding S.A.S.

iliad Holding S.A.S. is wholly owned and controlled by Xavier Niel (for a short biography of Mr. Niel, please see Schedule 4 "Management of iliad Holding S.A.S.").

5.2 Additional information regarding iliad Holding S.A.S.

iliad Holding S.A.S. is a holding company with no business operations of its own other than certain financial management services.

iliad Holding is a *société par actions simplifiée* organized and existing under the laws of France with registration number 811 282 789 R.C.S Paris, having its registered office at 16, rue de la Ville l'Évêque, Paris 75008, France.

5.3 Additional information regarding iliad Group and iliad S.A. shareholding

iliad Holding S.A.S. indirectly controls iliad S.A. through Holdco II S.A.S. and owns 97.45% of the share capital of Holdco II S.A.S.

Please see below a table presenting a detailed breakdown of iliad S.A.'s share capital and voting rights as at December 31, 2023:

	December 31, 2023		
Shareholder	**Number of shares**	**% capital**	**% voting rights (a)**
Holdco II	58,728,482	98.34%	98.60% (b)
Employees	449,767	0.75%	0.63%
Sub-total	**59,178,249**	**99.09%**	**99.24%**
iliad (own shares)	541,989	0.91%	0.76% (c)
Total	**59,720,238**	**100%**	**100%**

(a) Percentage of theoretical voting rights.
(b) Holdco II has double voting rights attached to 11,312,172 shares.
(c) Percentage of theoretical but non-exercisable voting rights. Shares held by the company do not carry voting rights.

Please see Schedule 6 "Management Report and analysis of iliad Holding S.A.S." of this Annual Report for a chart outlining the shareholding of iliad Holding Group as well as Note 37 to the consolidated accounts of iliad Holding S.A.S. for the year ended December 31, 2023 for a list of the main consolidated companies as at December 31, 2023.

6. Management Report and analysis of iliad Holding S.A.S.

for the year ended December 31, 2023

Non-binding translation of the French original.

6.1 Analysis of the group's business and results

6.1.1 Key consolidated financial data

Income statement *(In € millions)*	2023	2022
Total revenues	**9,241**	**8,369**
EBITDAaL	3,438	3,300
Profit from ordinary activities	1,278	1,351
Profit for the period	260	608

Balance sheet	Dec. 31, 2023	Dec. 31, 2022
Non-current assets	22,789	21,100
Current assets [(a)]	4,691	3,234
of which cash and cash equivalents	*1,534*	*530*
Assets held for sale	184	1,470
Total assets	**27,664**	**25,804**
Total equity	2,332	2,178
Non-current liabilities	18,476	18,681
Current liabilities [(a)]	6,845	4,925
Liabilities held for sale	11	19
Total equity and liabilities	**27,664**	**25,804**
Net debt [(b)]	**13,606**	**14,685**

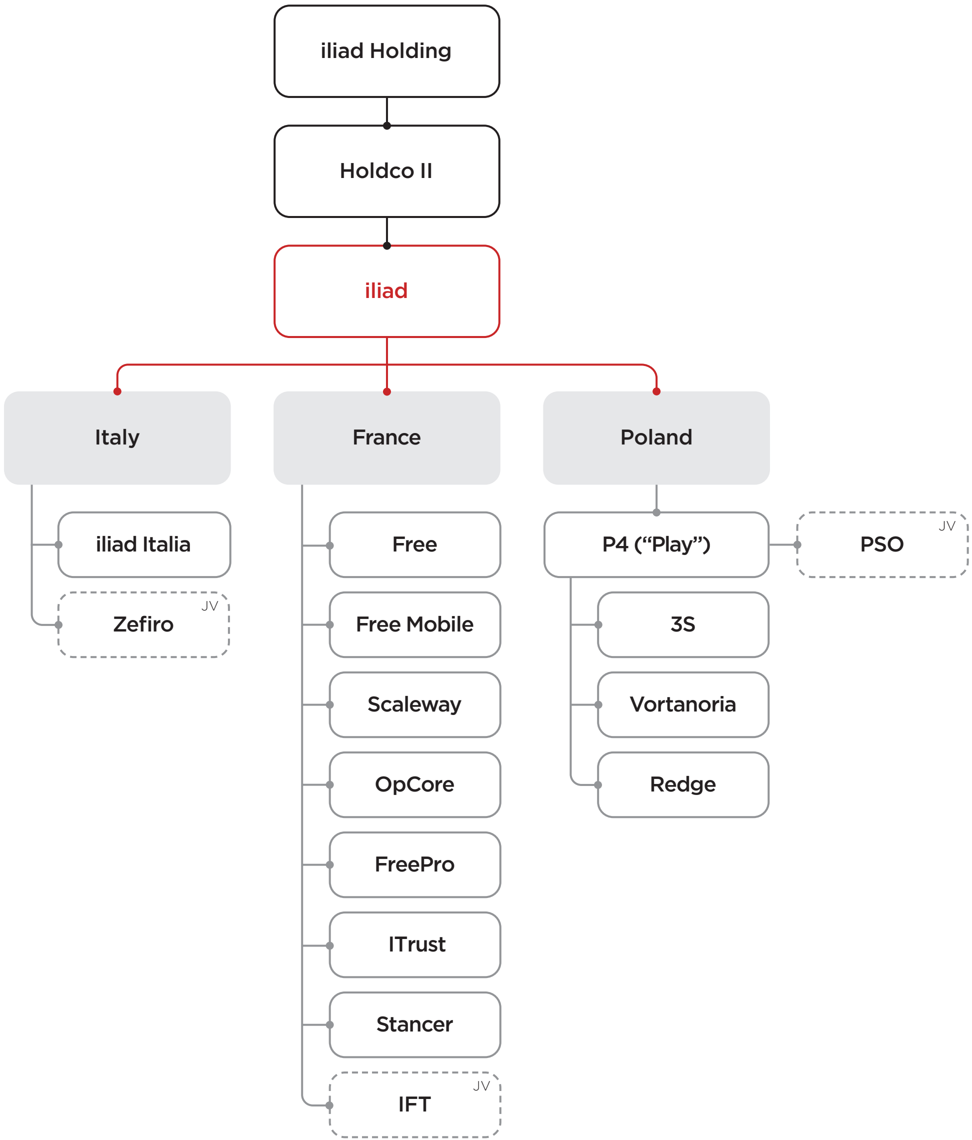
(a) Excl. assets and liabilities held for sale.
(b) Short- and long-term financial liabilities less cash and cash equivalents.

Cash flows	2023	2022
Cash flows from operations	**4,106**	**3,740**
Right-of-use assets and interest expense on lease liabilities – IFRS 16 impact	(987)	(892)
Capital expenditure excluding payments for frequencies – Group	(2,016)	(2,139)
Payments for frequencies – Group	(185)	(1,185)
Income tax paid	(340)	(528)
Net interest paid	(627)	(515)
Other (including impact of changes in scope of consolidation)	1,256	36
Net change in cash and cash equivalents – Group (excluding change in net debt and dividends paid to owners of the Company)	**1,374**	**(1,557)**
Dividends paid to owners of the Company	(34)	(34)

6.2 Overview

iliad Holding, which is wholly owned and controlled by Xavier Niel, indirectly controls iliad through Holdco II. It acts as a management holding company for iliad and its subsidiaries (together, the "iliad Group"), which operate under the Free brand in France, the iliad brand in Italy and the Play brand in Poland, playing a major role in defining the overall business strategy for the Group and its strategic pathways.

Structure of the iliad Holding Group



The iliad Group (the "Group") is one of Europe's leading electronic communications players, with more than 48.5 million subscribers, €9.24 billion in revenues in 2023 and over 17,700 employees.

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.

See the 2023 management report issued by the iliad Group for more information on the Group's regulatory framework, business strategy, network investments and performance in each of its host countries (notably revenues, business indicators, EBITDAaL, profit from ordinary activities and capex).

6.3 Comparison of results for 2023 and 2022

(In € millions)	**2023**	2022	% change
Revenues	**9,241**	**8,369**	**+10.4%**
Purchases used in production	(2,637)	(2,508)	+5.1%
Payroll costs	(625)	(527)	+18.6%
External charges	(1,608)	(1,230)	+30.8%
Taxes other than on income	(211)	(170)	+24.3%
Additions to provisions	(72)	(84)	-14.5%
Other income and expenses from operations, net	223	250	-10.9%
Depreciation of right-of-use assets	(872)	(800)	+9.0%
EBITDAaL	**3,438**	**3,300**	**+4.2%**
EBITDAaL margin	***37.2%***	**39.4%**	**-2.2 pts**
Share-based payment expense	(38)	(40)	-5.0%
Depreciation, amortization and impairment of non-current assets	(2,122)	(1,909)	+11.2%
Profit from ordinary activities	**1,278**	**1,351**	**-5.4%**
Other operating income and expense, net	28	267	NM
Operating profit	**1,307**	**1,618**	**-19.2%**
Finance costs, net	(720)	(545)	+32.3%
Other financial income and expense, net	140	(213)	-165.6%
Interest expense on lease liabilities	(237)	(77)	+209.3%
Corporate income tax	(308)	(219)	+40.7%
Share of profit of equity-accounted investees	79	43	+82.9%
Profit for the period	**260**	**608**	**-57.3%**

(a) Analysis of results – Group

(i) Revenues

Consolidated revenues rose 10.4% year on year, or 8.2% on a pro forma like-for-like basis. In the fourth quarter, revenue growth reached 11.3%, and 9.4% on a pro forma like-for-like basis, driven by increases across all three of our geographies (19.9% for Italy, 9.9% for France and 10.2% for Poland).

(ii) Payroll costs

At December 31, 2023, the Group had over 17,700 employees, representing a near-1,000 increase compared with end-December 2022. Payroll costs rose by 18.3% during the year. France was the main contributor to this increase, reflecting (i) the fast pace of Fiber rollouts and connections and Fiber service quality improvements, (ii) recruitments of sales and technical staff to support the Group's new B2B services, (iii) the expansion of the distribution network. The consolidation of UPC Polska over 12 months versus 9 months in 2022 also contributed to the rise.

(iii) External charges

External charges rose by 30.8% in 2023 to €1.61 billion. The increase in this item – which mainly arose in France and Italy – was attributable to higher fixed and mobile network maintenance costs, higher energy costs due to rising electricity prices and, albeit to a lesser extent, higher costs of services related to infrastructure leasing contracts and higher advertising expenses.

(iv) Taxes other than on income

Taxes other than on income totaled €210 million, up 24.4% year on year, primarily due to the larger number of mobile sites in France (22% increase in IFER tax payments).

(v) Additions to provisions

Additions to provisions for bad debts, impairment of inventories and contingencies amounted to €72 million in 2023, down €12 million year on year. The main additions were for bad debts and claims and litigation.

(vi) Other income and expenses from operations, net

This item represented net income of €223 million in 2023, €27 million lower than in 2022. It mainly includes the recognition of gains generated from the sale of sites in connection with build-to-suit programs in our three geographies.

(vii) Depreciation of right-of-use assets

Depreciation of right-of-use assets totaled €872 million in 2023, a 9.0% increase year on year. 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 retreated 58.0% from €439 million to €318 million. This contraction was due to several factors: (i) an unfavorable basis of comparison resulting from the recognition of significant disposal gains in 2022 (€310 million in total) –

particularly related to the sale of the Group's remaining 30% stake in OTP to Cellnex – versus only €79 million in disposal gains recognized in 2023, i.e., a year-on-year decrease of €231 million, (ii) higher depreciation charges deriving from the high level of investments from the recent years (iii) an increase in finance costs (up €194 million) attributable to higher interest rates and total debt, and (iv) to a lesser extent, the €68 million increase in corporate income tax. These three factors were partially offset by €53 million recognized on the fair value remeasurement of the eir call option and a €43 million foreign exchange gain versus €15 million in 2022.

6.4 Consolidated cash flows and capital expenditure

(In € millions)	2023	2022	change *(%)*
Consolidated cash flows from operations	**4,106**	**3,740**	**9.8%**
Right-of-use assets and interest expense on lease liabilities – IFRS 16 impact	(987)	(892)	10.6%
Change in working capital requirement	168	(75)	NM
Operating free cash flow after IFRS 16	**3,287**	**2,773**	**18.5%**
Consolidated capital expenditure [(a)]	**(2,016)**	**(2,139)**	**-5.8%**
Capital expenditure – France [(a)]	(1,501)	(1,492)	0.5%
Capital expenditure – Italy [(a)]	(243)	(381)	-36.3%
Capital expenditure – Poland [(a)]	(272)	(265)	2.7%
Income tax paid	(340)	(528)	-35.5%
Net interest paid	(627)	(515)	21.8%
Other (including impact of changes in scope of consolidation)	1,256	36	NM
Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends paid to owners of the company)	**1,559**	**(373)**	**NM**
Payments for frequencies – Group	**(185)**	**(1,185)**	**-84.4%**
Payments for frequencies – France	(40)	(112)	-64.1%
Payments for frequencies – Italy	(38)	(997)	-96.2%
Payments for frequencies – Poland	(106)	(75)	41.5%
Consolidated free cash flow (excluding financing activities and dividends paid to owners of the company)	**1,374**	**(1,557)**	**NM**
Dividends paid to owners of the Company	(34)	(34)	-

(a) Excluding payments for frequencies.

6.4.1 Analysis of consolidated free cash flow

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

- €4.1 billion in consolidated cash flows from operations, up 9.8% on 2022, before €987 million in lease payments and interest expense on lease liabilities recognized due to the application of IFRS 16;
- a positive contribution from the change in working capital requirement (€168 million), which includes €310 million in damages paid by Bouygues Telecom in legal proceedings related to so-called "subsidized" offers;
- a 5.8% decrease in capital expenditure (excluding payments for frequencies), due primarily to (i) a favorable basis of comparison in Italy, where large inventories of 5G equipment were built up in 2022, and (ii) capex that was more or less stable, but clearly driven by business growth, in France and Poland;
- €340 million in income tax paid, down 35.5% year on year, mainly as a result of the tax on the gain on sale on the disposal of 70% of OTP paid in H1 2022;
- a €112 million increase in net interest paid, reflecting the rise in interest rates and, to a lesser extent, higher average gross debt than in 2022;
- other: €1.26 billion generated by several non-recurring transaction-related items, including proceeds arising from (i) the sale of a 50% stake in P´SO to a fund in the InfraVia Capital Partners group (ii) the sale of the Group's residual 30% stake in OTP to Cellnex and (iii) IFT due to the reorganization of this joint venture's capital structure.

6.5 Consolidated debt

iliad Holding is not exposed to any significant liquidity risk in view of the iliad Group's profitability and debt maturity, as well as its access to various sources of financing and its leverage level.

At December 31, 2023, iliad Holding had gross debt of €15,140 million and net debt of €13,606 million (excluding IFRS 16 lease liabilities), with adjusted net debt[1] of €13,412 million. At the same date, it had sufficient liquidity to finance its operations, with €1.53 billion in consolidated cash and cash equivalents and €4.0 billion in undrawn credit facilities[2]. We or an affiliate may from time to time seek to acquire, retire or repurchase an interest in our outstanding debt for cash and/or in exchange for other securities or other consideration, in each case through open market purchases, privately negotiated transactions or otherwise.

iliad Holding 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. At December 31, 2023, iliad Holding's leverage ratio was at 3.9x EBITDAaL.

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

6.5.1 Summary of the Group's borrowings due beyond one year at December 31, 2023 (final maturities)

(In € millions)	Amount available	2024	2025	2026	2027 and beyond	Type of repayment/ redemption
Main borrowings – iliad Holding						
Bank borrowings						
€300m revolving credit facility (SS RCF) – 2021	300	-	-	-	300	At maturity
Bond debt						
€1,100m bond issue – 2021 @ 5.125%	-	-	-	1,100	-	At maturity
€750m bond issue – 2021 @ 5.625%	-	-	-	-	742	At maturity
$1,200m bond issue – 2021 @ 6.500% [a]	-	-	-	1,038	-	At maturity
$900m bond issue – 2021 @ 7.000% [a]	-	-	-	-	739	At maturity
Main borrowings – iliad						
Bank borrowings						
€200m EIB loan – 2016	-	20	20	20	80	In installments
€300m EIB loan – 2018	-	30	30	30	230	In installments
€300m EIB loan – 2020	-	-	-	-	300	At maturity
€300m EIB loan – 2022	300	-	-	-	300	At maturity
€300m EIB loan – 2023	300	-	-	-	300	Not set
€90m KFW loan – 2017	-	9	9	9	23	In installments
€150m KFW loan – 2019	-	15	15	15	60	In installments
€2bn syndicated RCF – 2022	2,000	-	-	-	2,000	At maturity
€900m syndicated term loan – 2020	-	157	743	-	-	At maturity
€2,000m mid-term facility – 2022	1,050	-	650	-	-	At maturity
€1,000m syndicated term loan – 2022	-	-	-	-	1,000	At maturity

(1) Adjusted net debt corresponds to the sum of principal outstanding debt less cash and cash equivalents.
(2) Includes (i) syndicated revolving credit facilities held by iliad Holding (undrawn portion), iliad and Play, (ii) the undrawn available amount under the €650 million mid-term facility of iliad and (iii) the two €300 million bilateral loans set up in December 2022 and December 2023 with the EIB, none of which had been used at December 31, 2023.

(In € millions)	Amount available	2024	2025	2026	2027 and beyond	Type of repayment/ redemption
Bond debt						
€650m bond issue – 2017 @ 1.500%	-	445	-	-	-	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%	-	235	-	-	-	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
€650m bond issue – 2023 @ 5.375%	-	-	-	-	650	At maturity
***Schuldschein* notes**						
€500m *Schuldschein* issue – 2019	-	-	-	65	16	At maturity
€500m *Schuldschein* issue – 2021	-	-	185	263	53	At maturity
€112m *Schuldschein* issue – 2022	-	-	-	72	40	At maturity
Main borrowings – Play [(b)]						
Bank borrowings						
PLN 3,500m term loan – 2021	-	-	-	807	-	At maturity
PLN 2,000m RCF – 2021	461	461	-	-	-	At maturity
PLN 500m BGK bilateral loan – 2021	-	23	23	23	40	In installments
PLN 464m ECA bilateral loan – 2021	-	27	27	27	-	In installments
PLN 5,500m acquisition loan – 2021	-	-	-	691	-	At maturity
PLN 470m EIB bilateral loan – 2022	54	-	13	15	26	In installments
Bond debt						
PLN 750m bond issue – 2019 @ Wib + 1.75%	-	-	-	173	-	At maturity
PLN 500m bond issue – 2020 @ Wib + 1.85%	-	-	-	-	115	At maturity

(a) Converted at the EUR/USD cross-currency swap rate of 1.156, set up by iliad Holding on October 13, 2021.
(b) Converted at the EUR/PLN spot rate at December 29, 2023: 4.3395.

1) Main movements in borrowings – Iliad holding

a) Bank borrowings

- **€300 million Senior Secured Revolving Credit Facility set up in July 2021**

  On June 15, 2023, iliad Holding fully repaid any outstanding amount under the Senior Secured Revolving Credit Facility (SSRCF), resulting in a fully available facility of €300 million as of September 30, 2023.

2) Main movements in borrowings – iliad

a) Borrowings due within one year

- **€1.4 billion NEU CP program**

  On June 6, 2023, the iliad Group renewed its short-term NEU CP program, representing a maximum amount of €1.4 billion. €510 million of this program had been used at December 31, 2023.

- **€700 million trade receivables securitization program**

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

  €630 million of this program had been used at December 31, 2023.

- **€600 million worth of bonds issued in February 2021**

  On December 6, 2023, the iliad Group successfully placed a bond issue for a total of €650 million, the proceeds of which were mainly used to finance the bond buyback operation announced on the same date for a total of c. €570 million, of which €365 million were allocated to the buyback of bonds maturing in February 2024. The remaining €235 million worth of bonds outstanding under this issue will be redeemed on February 12, 2024.

- **€650 million worth of bonds issued in October 2018**

  Following the December 6, 2023 bond issue and the above-mentioned buyback operation, €205 million was allocated to the buyback of bonds maturing in October 2024. The remaining €445 million outstanding under this bond issue will be redeemed on October 14, 2024.

b) Borrowings due beyond one year

Bank borrowings:

- **A €650 million mid-term facility (originally €2.0 billion) set up in July 2022**

  On February 20, 2023, following the €500 million bond issue carried out on February 8, 2023 (see above), the iliad Group repaid in full the €200 million it had drawn down as at that date on its mid-term facility.

  On July 20, 2023, iliad carried out an "amend & extend" for its mid-term facility, reducing the amount available under the facility from €750 million to €650 million, extending its maturity to January 21, 2025 from January 1, 2024, and obtaining more favorable lending conditions throughout the facility's term.

- **A €2 billion syndicated revolving credit facility set up in July 2022**

  On July 27, 2023, iliad exercised its first option to extend its €2 billion revolving credit facility (RCF) by one year, to July 2028.

- **A €300 million bilateral loan set up in December 2023**

  On December 19, 2023, the European Investment Bank (EIB) granted the Group a new €300 million loan to help finance the design and rollout of its 5G network in France. The final terms and conditions of the loan will be determined when it is first drawn down. Interest can either be at a fixed rate or a variable rate and the loan can either be repaid in a single payment at the end of an eight-year term or in installments over a period of twelve years (commencing from the first drawdown). No drawdowns had been made on this loan at December 31, 2023.

Bond issues and private placements :

- **€500 million worth of bonds issued in February 2023**

  On February 8, 2023 iliad successfully placed €500 million worth of bonds, maturing in seven years and paying interest at 5.625% per year. The bonds will be redeemed at face value at maturity on February 15, 2030.

- **Redemption of the four-year tranches of the €500 million in *Schuldschein* notes placed in 2019**

  On May 22, 2023, iliad redeemed, for an aggregate amount of €419 million, the fixed and variable rate tranches of the €500 million worth of four-year notes placed in 2019 under a *Schuldscheindarlehen* ("*Schuldschein*") issue.

- **€650 million worth of bonds issued in December 2023**

  On December 6, 2023 iliad successfully placed €650 million worth of bonds, maturing in just over five years and paying interest at 5.375% per year. The bonds will be redeemed at face value at maturity on February 15, 2029. The proceeds from the issue were mainly used to finance the buyback, by way of a c. €570 million tender offer announced on the same day, of iliad's existing bonds, with €365 million allocated to its outstanding bonds due February 2024 and €205 million to those due October 2024.

3) 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 set up in October 2021 with Bank Gospodarstwa Krajowego SA (the "BGK Financing"). The amount drawn down bears fixed interest at 1.93% and is repayable in successive quarterly installments of equal amounts, with a final maturity date of September 20, 2028.

  Play drew down an additional PLN 85 million on this loan on May 31, 2023, and the remaining PLN 69 million on July 31, 2023. Therefore, at December 31, 2023 the loan had been drawn down in full.

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

  On May 22, 2023, Play repaid in advance PLN 1.4 billion of its PLN 5.5 billion syndicated acquisition loan set up in December 2021. It then repaid an additional PLN 700 million of this loan on August 24, 2023 and a further PLN 400 million on October 25, 2023, reducing its total outstanding amount to PLN 3 billion at December 31, 2023.

7. Consolidated financial statements of iliad Holding S.A.S.

for the year ended December 31, 2023

Non-binding translation of the French original.

7.1 Consolidated income statement

(In € millions)	Note	2023	2022
Revenues	4	**9,241**	**8,369**
Purchases used in production	6	(2,637)	(2,508)
Payroll costs	7	(625)	(527)
External charges	6	(1,608)	(1,230)
Taxes other than on income		(211)	(170)
Additions to provisions	10	(72)	(84)
Other income and expenses from operations, net	9	223	250
Depreciation of right-of-use assets	19	(872)	(800)
EBITDAaL	3	**3,438**	**3,300**
Share-based payment expense		(38)	(40)
Depreciation, amortization and impairment of non-current assets	10	(2,122)	(1,909)
Profit from ordinary activities		**1,278**	**1,351**
Other operating income and expense, net	11	28	267
Operating profit		**1,307**	**1,618**
Income from cash and cash equivalents	12	30	0
Finance costs, gross	12	(750)	(545)
Finance costs, net		**(720)**	**(545)**
Interest expense on lease liabilities	12	(237)	(213)
Other financial income and expense, net	12	140	(77)
Corporate income tax	13	(308)	(219)
Share of profit of equity-accounted investees	21	79	43
Profit for the period		**260**	**608**
Profit for the period attributable to:			
• owners of the Company		253	586
• minority interests		6	22
• basic earnings per share	14	0.07	0.17
• diluted earnings per share	14	0.07	0.17

7.2 Consolidated statement of comprehensive income

(In € millions)	2023	2022
Profit for the period	**260**	**608**
Items that may be subsequently reclassified to profit:		
• fair value remeasurement of interest rate and currency hedging instruments	(46)	20
• tax effect	11	(5)
• value adjustments to equity investments	0	(17)
• tax effect	0	4
• share of OCI of equity-accounted investments that may be subsequently reclassified to profit	(4)	0
• tax effect	1	0
• change in translation adjustments	50	(23)
Total	**13**	**(21)**
Items that will not be reclassified to profit:		
• post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	(3)	7
• tax effect	1	(2)
• share of OCI of equity-accounted investments that will not be reclassified to profit	(45)	125
• tax effect	6	(16)
Total	**(42)**	**114**
Other comprehensive income for the period, net of tax	**(29)**	**93**
Total comprehensive income for the period	**230**	**701**
Total comprehensive income for the period attributable to:		
• owners of the Company	217	690
• minority interests	13	11

7.3 Consolidated balance sheet – assets

(In € millions)	Note	Dec. 31, 2023	Dec. 31, 2022
Goodwill	16	825	717
Intangible assets	17	5,286	5,551
Right-of-use assets	19	4,918	4,367
Property, plant and equipment	20	9,074	8,132
Investments in equity-accounted investees	21	852	749
Other financial assets	22	1,188	990
Deferred income tax assets	13	604	542
Other non-current assets	24	42	52
Total non-current assets		**22,789**	**21,100**
Inventories	23	511	324
Current income tax assets	13	26	40
Trade and other receivables	24	1,321	1,161
Other current assets	24	1,287	1,151
Other financial assets	22	11	27
Assets held for sale	25	184	1,470
Cash and cash equivalents	26	1,534	530
Total current assets		**4,874**	**4,704**
Total assets		**27,664**	**25,804**

7.4 Consolidated balance sheet – equity and liabilities

(In € millions)	Note	Dec. 31, 2023	Dec. 31, 2022
Share capital	27	3,390	3,390
Additional paid-in capital		1,716	1,716
Retained earnings and other reserves		(2,773)	(2,928)
Total equity		**2,332**	**2,178**
Attributable to:			
• owners of the Company		2,297	2,134
• minority interests		35	44
Long-term provisions	29	116	108
Financial liabilities	30	12,850	13,783
Non-current lease liabilities	19	4,536	3,951
Deferred income tax liabilities	13	321	309
Other non-current liabilities	31	653	529
Total non-current liabilities		**18,476**	**18,681**
Short-term provisions	29	115	78
Taxes payable	13	24	23
Trade and other payables	31	3,661	2,758
Financial liabilities	30	2,291	1,431
Current lease liabilities	19	754	634
Liabilities held for sale	25	11	19
Total current liabilities		**6,855**	**4,945**
Total equity and liabilities		**27,664**	**25,804**

7.5 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	**3,390**	**1,716**	**(71)**	**(5,143)**	**1,650**	**1,542**	**31**	**1,573**
Movements in 2022								
Profit for the period					586	586	22	608
Impact of interest rate and currency hedges				16		16	(1)	15
Impact of changes in fair value of investments in subsidiaries and affiliates				(13)		(13)	0	(13)
Impact of post-employment benefit obligations				111		111	3	114
Impact of changes in translation adjustments				(10)		(10)	(13)	(23)
Total comprehensive income for the period				**104**	**586**	**690**	**11**	**701**
Change in share capital of iliad Holding						0	0	0
Dividends paid by iliad Holding					(34)	(34)	0	(34)
Dividends paid by subsidiaries						0	(15)	(15)
Purchases/sales of own shares				24		24	1	24
Impact of stock options				(24)		(24)	(1)	(24)
Impact of changes in minority interests in subsidiaries				(18)		(18)	18	0
Other				(46)		(46)	(1)	(47)
Balance at December 31, 2022	**3,390**	**1,716**	**(71)**	**(5,103)**	**2,203**	**2,134**	**44**	**2,178**
Balance at January 1, 2023	**3,390**	**1,716**	**(71)**	**(5,103)**	**2,203**	**2,134**	**44**	**2,178**
Movements in 2023								
Profit for the period					253	253	6	260
Impact of interest rate and currency hedges				(40)		(40)	2	(38)
Impact of changes in fair value of investments in subsidiaries and affiliates						0		0
Impact of post-employment benefit obligations				(40)		(40)	(1)	(42)
Impact of changes in translation adjustments				44		44	6	50
Total comprehensive income for the period				**(36)**	**253**	**217**	**13**	**230**
Change in share capital of iliad Holding						0		0
Dividends paid by iliad Holding					(34)	(34)		(34)
Dividends paid by subsidiaries						0	(35)	(35)
Purchases/sales of own shares			30			30	1	31
Impact of stock options				(25)		(25)	(1)	(25)
Impact of changes in minority interests in subsidiaries				(12)		(12)	12	0
Other				(14)		(14)	2	(13)
Balance at December 31, 2023	**3,390**	**1,716**	**(40)**	**(5,191)**	**2,422**	**2,297**	**35**	**2,332**

7.6 Consolidated statement of cash flows

(In € millions)	Note	2023	2022
Profit for the period (including minority interests)		**260**	**608**
+/- Depreciation, amortization and provisions, net (excluding for current assets)	10	2,967	2,665
-/+ Unrealized gains and losses on changes in fair value		(74)	79
+/- Non-cash expenses and income related to stock options and other share-based payments		40	35
-/+ Other non-cash income and expenses, net		108	187
-/+ Gains and losses on disposals of assets		(143)	(551)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees	21	(79)	(43)
– Dividends (investments in non-consolidated undertakings)		0	(3)
Cash flows from operations after finance costs, net, and income tax		**3,078**	**2,977**
+ Finance costs, net	12	720	545
+/- Income tax expense (including deferred taxes)	13	308	219
Cash flows from operations before finance costs, net, and income tax (A)		**4,106**	**3,740**
– Income tax paid (B)		(340)	(528)
+/- Change in operating working capital requirement (incl. employee benefit obligations) (C)	15	168	(75)
= Net cash generated from operating activities (E) = (A) + (B) + (C)		**3,934**	**3,138**
– Acquisitions of property, plant and equipment and intangible assets (capex)	15	(2,405)	(3,349)
+ Disposals of property, plant and equipment and intangible assets (capex)		204	26
– Acquisitions of investments in non-consolidated undertakings	22	(21)	(86)
+ Disposals of investments in non-consolidated undertakings		8	0
+/- Effect of changes in scope of consolidation – acquisitions		(112)	(1,563)
+/- Effect of changes in scope of consolidation – disposals		885	0
+ Dividends received (from equity-accounted investees and non-consolidated undertakings)		66	254
+/- Change in outstanding loans and advances	22	(181)	(61)
– Cash outflows for leasehold rights		0	0
+ Cash inflows related to assets held for sale	25	682	1,708
– Cash outflows related to assets held for sale	25	(26)	(198)
= Net cash used in investing activities (F)		**(900)**	**(3,268)**
+ 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	
– Dividends paid to owners of the Company		(34)	(34)
– Dividends paid to minority shareholders of consolidated companies		(35)	(22)
+ Proceeds from new borrowings (excluding finance leases)	30	4,598	5,987
– Repayments of borrowings	30	(4,937)	(4,622)
– Repayments of lease liabilities	19	(871)	(808)
– Net interest paid	12	(627)	(515)
– Interest paid on lease liabilities		(130)	(106)
= Net cash used in financing activities (G)		**(2,037)**	**(121)**
+/- Effect of exchange-rate movements on cash and cash equivalents (H)		(10)	2
= Net change in cash and cash equivalents (E + F + G + H)		**988**	**(248)**
+/- Impact of foreign exchange conversion of cash and cash equivalents (opening & closing rates)		1	(5)
Cash and cash equivalents at beginning of year		527	781
Cash and cash equivalents at year-end	15/26	1,516	527

7.7 Notes to the consolidated financial statements

Note 1. Accounting principles and policies

1.1 General information

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

"iliad Holding" or "the Company" refers to iliad Holding S.A.S., a *société par actions simplifiée* (simplified joint stock company) registered in France, which indirectly owns the shares of iliad SA.

The "iliad Holding Group" refers to iliad Holding and its consolidated subsidiaries.

The "iliad Group" refers to iliad SA and its consolidated subsidiaries.

The iliad Holding Group (the "Group") is one of Europe's leading electronic communications players, with 48.5 million subscribers, €9.2 billion in revenues in 2023 and over 17,700 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 iliad Group has become a major Internet and electronic communications player (fixed and mobile) in France.

In 2018, the Group expanded its geographic reach to Italy, where it has captured market share of more than 13% in the space of five years. iliad Holding Group continued its expansion in Europe in 2020, acquiring Play, Poland's leading mobile telecom operator, and on April 1, 2022 completed its acquisition of the Polish cable-operator UPC.

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

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

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2023 on March 13, 2024, and their publication date was set for March 14, 2024. These financial statements will only be definitive after approval by the Company's shareholders at the Annual General Meeting scheduled to be held in May 2024.

1.2 Applicable accounting standards and policies

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

1.2.1 Basis of preparation

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

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

1.2.2 Standards, amendments and interpretations whose application was mandatory for the first time in the fiscal year beginning January 1, 2023

- **Amendment to IAS 1 – Disclosure of Accounting Policies:** This amendment requires entities to disclose their material accounting policy information rather than their significant accounting policies. Its application was mandatory as from January 1, 2023, and its impact on the Group is not material;
- **Amendment to IAS 8 – Accounting Policies and Accounting Estimates:** The purpose of this amendment is to clarify the definitions of "accounting policies" and "accounting estimates". Its application was mandatory as from January 1, 2023, and its impact on the Group is not material;
- **Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction:** Under this amendment, entities are required to recognize deferred tax on the initial recognition of certain transactions where they give rise to equal amounts of deferred tax assets and liabilities. The amendment applies to transactions for which the entity recognizes both an asset and a liability, such as leases or decommissioning obligations. Its application was mandatory as from January 1, 2023, and its impact on the Group is not material;
- **Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules:** The OECD's international tax reform, known as "Pillar Two", which aims in particular to establish a minimum tax rate of 15%, will come into force in France from the 2024 financial year for multinational enterprises with revenues above €750 million. The amendments to IAS 12 also introduce a disclosure requirement whereby companies must disclose any known or reasonably estimable qualitative and/or quantitative information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes in periods in which Pillar Two legislation is enacted. Its application was mandatory as from January 1, 2023, but in May 2023, the IASB issued narrow-scope amendments providing temporary relief (applicable in 2023) from accounting for deferred taxes arising from the implementation of the Pillar Two model rules. The impact of the tax reform on the Group is not material.

The iliad Holding Group has applied these amendments and agenda decision.

1.2.3 Main amendments whose application is mandatory for fiscal years beginning after December 31, 2023 and which were not early adopted

- **Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current:** The purpose of these amendments is to clarify the criteria for classifying a liability as current or non-current. They clarify, but do not change, the existing requirements, and therefore will not significantly impact the Group's consolidated financial statements. Their effective date is January 1, 2024;
- **Amendment to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback:** This amendment introduces a new accounting model for measuring lease liabilities when variable lease payments arise in a sale-and-leaseback transaction. Under this model, the seller-lessee recognizes in profit or loss, as a variable lease payment, the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability. The Group does not have sale-and-leaseback transactions with variable lease payments. The effective date of this amendment is January 1, 2024;
- **Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements**: The purpose of these amendments is to introduce additional disclosure requirements to enhance the transparency of supplier finance arrangements – such as reverse factoring arrangements – and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The effective date of this amendment is January 1, 2024.

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

1.2.4 Consideration of climate risks

The Group strives to limit the impact of its activities on the environment, and in 2021, it published its Climate Strategy based on 10 ambitious pledges (see the iliad website for further details). In February 2024, those pledges were corroborated with the validation by the Science Based Targets initiative (SBTi) of the Group's carbon reduction pathway. Its short-term pathway (for 2030) and its pathway to the SBTi's Corporate Net-Zero Standard (for 2050) have been validated based on the following terms (with 2022 as the base year):

- the iliad Holding Group undertakes to reduce its absolute Scope 1 and 2 GHG emissions by 60% and its Scope 3 GHG emissions by 46% by 2030;
- the iliad Holding Group undertakes to reduce its absolute Scope 1, 2 and 3 GHG emissions by 90% by 2050.

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

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

Impact and financial materiality analyses are currently being carried out in connection with the Group's work relating to the implementation of the Corporate Sustainability Reporting Directive (CSRD).

1.3 Consolidation

Consolidation methods

Subsidiaries

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

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

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

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

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

Associates

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

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

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the iliad Holding Group and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

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

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

Jointly controlled entities

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

Eliminations on consolidation

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

Business combinations

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

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

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

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

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

Goodwill

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

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

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

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

Functional and presentation currency

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

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

Foreign currency translation

Assets and liabilities of iliad Holding Group companies that are denominated in foreign currencies are translated into euros at the year-end rate, corresponding to EUR 1/PLN 4.34 for Poland, EUR 1/MAD 10.95 for Morocco, and EUR 1/USD 1.11 for the United States. The income and expenses of these companies are translated into euros at average exchange rates for the year, i.e. EUR 1/PLN 4.54 for Poland, EUR 1/MAD 10.98 for Morocco and EUR 1/USD 1.08 for the United States.

All resulting exchange differences are recognized directly in equity.

Fiscal year-end

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

1.4 Presentation of the financial statements

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

Operating profit corresponds to profit for the period, before:

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

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

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

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

- EBITDAaL.

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

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

1.5 Summary of significant accounting policies

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

Revenues

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

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

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

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

Foreign currency transactions

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

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

Earnings per share

The iliad Holding Group presents basic and diluted earnings per share.

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

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

Intangible assets

Intangible assets primarily include the following:

- development costs capitalized in accordance with IAS 38:

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

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

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

  - the technical feasibility of completing the intangible asset so that it will be available for use or sale,

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

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

- Intangible assets acquired in connection with business combinations: these assets are recognized separately from goodwill when (i) their fair value can be measured reliably, (ii) they are controlled by the Group, and (iii) they are identifiable, i.e. are separable or arise from contractual or other legal rights. Where these assets have a finite useful life they are amortized from the date they are made available for use in the same way as for intangible assets acquired separately, and an impairment loss is recognized if their carrying amount exceeds their recoverable amount.

  Intangible assets with indefinite useful lives are not amortized but are tested for impairment on an annual basis at the year-end (December 31) or whenever there is an indication that they may be impaired.

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

  Impairment losses recognized following impairment tests are recorded in the income statement under "Other operating income and expense, net" below profit from ordinary activities;
- the "Play" brand, which is not being amortized;
- software, which is amortized on a straight-line basis over a period of one to three years;
- the Play customer base, which is being amortized over eight years for customers on prepaid cards and 15 years for other customers;
- the UPC customer base, which is being amortized over a period of 15 years.

Property, plant and equipment

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

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

- buildings: 15 to 50 years;
- technical equipment: 3 to 18 years;
- general equipment: 10 years;
- specific investments for optical fiber network rollouts: 8 to 30 years;
- specific investments for mobile network rollouts: 6 to 18 years;
- computer equipment: 3 to 5 years;
- office furniture and equipment: 2 to 10 years;
- modems: 5 years;
- access fees for services specific to broadband Internet operations are depreciated over seven years;
- amounts paid as consideration for obtaining indefeasible rights of use (IRUs) on dark optical fibers are depreciated over the initial term of use of the fiber concerned.

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

Borrowing costs

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

Impairment of non-financial assets

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

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

Financial assets

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

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

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

Inventories

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

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

Receivables

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

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

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

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

Deferred taxes

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

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

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

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

Cash and cash equivalents

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

Bank overdrafts are classified as current financial liabilities.

Assets held for sale

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

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

Own shares held

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

Provisions

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

Borrowings

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

Interest-bearing borrowings

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

Employee benefits

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

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

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

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

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

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

IFRS IC IAS 19 agenda decision

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

Stock options and share grants

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

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

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

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

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

Derivative financial instruments and hedging

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

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

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

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

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

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

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

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

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

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

Note 2. Significant events and scope of consolidation

2.1 Significant events and main changes in the scope of consolidation in 2023

Finalization of the RAN sharing agreement with W3

On January 3, 2023, iliad Italia acquired 50% of the shares in the joint venture that owns the network and operates the RAN sharing services on behalf of iliad and W3 (Zefiro). The Group accounts for this arrangement as a joint operation in accordance with IFRS 11. The joint operation has been recognized in the iliad Holding Group's consolidated financial statements since January 3, 2023 based on the Group's share in the joint operation's assets, liabilities, income and expenses.

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

On June 19, 2022, the Group signed an agreement with InfraVia V Invest S.A.R.L (an InfraVia Capital Partner Group company) to sell a 50% stake in Polski Światłowód Otwarty sp. z o.o. ("PŚO", formerly FiberForce sp. z o.o), an iliad Holding Group dedicated entity.

On March 1, 2023, through a spin-off of activities carried out by UPC Polska sp z.o.o. ("UPC"), Play transferred some of UPC's activities to the 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 was completed on March 31, 2023 after the conditions specified in the agreement were lifted. The proceeds received from the sale of the 50% stake amounted to PLN 2.4 billion (€520 million), of which PLN 1.8 billion (€363 million) were received on the transaction date.

The dedicated entity is jointly controlled by InfraVia and Play and is accounted for in the Group's consolidated financial statements under "Investments in equity-accounted investees". UPC's assets that were transferred to this entity were recognized in "Assets held for sale" in the consolidated statement of financial position at December 31, 2022.

Sale of the Group's residual 30% stake in On Tower Poland

On June 30, 2023, iliad sold its residual 30% stake in On Tower Poland ("OTP"), the company that manages the Group's passive mobile telecommunications infrastructure in Poland, to the Cellnex group for PLN 2.3 billion, or €512 million (before tax), generating a €99 million gain.

This sale followed the completion of the transaction consisting of 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 recognized in "Assets held for sale" in the consolidated statement of financial position at December 31, 2022.

Dispute with Bouygues Telecom

On February 23, 2023, the Paris Commercial Court ruled in the case between Free and Bouygues Telecom regarding the bundling of sales of smartphones and mobile plans (so-called "subsidized" offers). This ruling ordered Bouygues Telecom to pay €310 million in damages to Free. Bouygues Telecom then appealed the ruling to the Paris Court of Appeal.

On April 5, 2023, by order of the Chief Judge of the Paris Court of Appeal, 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 Free €310 million, corresponding to the damages ordered by the Paris Commercial Court. Under current accounting rules, income resulting from a favorable ruling in legal proceedings can only be recognized when the case is closed. Accordingly, no income was recorded in this respect in the iliad Holding Group's financial statements in 2023. In the cash flow statement this amount has been recorded in "Change in operating working capital requirement".

2.2 Scope of consolidation and changes in 2023

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

Note 3. Critical accounting estimates and judgments

Accounting judgments

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

The main accounting judgments made by the Group relate to:

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

Accounting estimates

The iliad Holding Group makes estimates and assumptions concerning the future.

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

The main accounting estimates used by the Group relate to:

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

Note 4. Revenues

Consolidated revenues rose 10.4% to €9.2 billion in 2023.

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

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

Note 5. Segment information

The iliad Holding Group has three operating segments:

- France;
- Italy;
- Poland.

- **2023 revenues**

(In € millions)	France	Italy	Poland	Intra-group sales	Total
Revenues					
Fixed	3,312	52	473	(14)	3,824
Mobile	2,735	1,008	1,684	(5)	5,422
Intra-group sales	(5)	0	0	0	(5)
Total	**6,042**	**1,061**	**2,157**	**(19)**	**9,241**

- **2022 revenues**

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

The increase in revenues for 2023 concerns all geographies.

- **2023 earnings**

(In € millions)	France	Italy	Poland	Total
Earnings				
EBITDAaL	2,386	247	805	3,438
Share-based payment expense	(32)	(0)	(6)	(38)
Depreciation, amortization and impairment of non-current assets	(1,275)	(495)	(351)	(2,122)
Profit/(loss) from ordinary activities	1,079	(248)	448	1,278
Corporate income tax	(239)	16	(85)	(308)
Profit for the period	658	(557)	158	260

- **2022 earnings**

(In € millions)	France	Italy	Poland	Total
Earnings				
EBITDAaL	2,284	211	805	3,300
Share-based payment expense	(38)	(0)	(2)	(40)
Depreciation, amortization and impairment of non-current assets	(1,222)	(380)	(306)	(1,909)
Profit/(loss) from ordinary activities	1,024	(169)	497	1,352
Corporate income tax	(230)	71	(60)	(219)
Profit for the period	727	(231)	112	608

- **Assets at December 31, 2023**

(In € millions)	France	Italy	Poland	Total
Non-current assets				
Goodwill	306	0	519	825
Intangible assets (carrying amount)	1,509	1,755	2,023	5,286
Right-of-use assets (carrying amount)	3,182	720	1,016	4,918
Property, plant and equipment (carrying amount)	7,184	1,166	724	9,074
Investments in equity-accounted investees	446	0	406	852
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	**1,918**	**348**	**1,037**	**3,303**
Cash flows	**1,467**	**18**	**50**	**1,534**

- **Assets at December 31, 2022**

(In € millions)	France	Italy	Poland	Total
Non-current assets				
Goodwill	304	0	412	717
Intangible assets (carrying amount)	1,669	2,075	1,807	5,551
Right-of-use assets (carrying amount)	2,811	675	880	4,367
Property, plant and equipment (carrying amount)	6,704	779	649	8,132
Investments in equity-accounted investees	749	0	0	749
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	**1,541**	**379**	**2,187**	**4,107**
Cash and cash equivalents	**394**	**0**	**135**	**529**

- **Liabilities at December 31, 2023, excluding financial liabilities and taxes payable**

(In € millions)	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	318	332	2	653
Current liabilities				
Trade and other payables	2,384	613	665	3,661

- **Liabilities at December 31, 2022, excluding financial liabilities and taxes payable**

(In € millions)	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	352	175	2	529
Current liabilities				
Trade and other payables	1,780	465	514	2,759

Note 6. Purchases used in production and external charges

Purchases used in production mainly include:

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

External charges primarily comprise:

- logistics and dispatch costs;
- leasing expenses (including leases entered into for network development purposes, such as for mobile sites);
- marketing and advertising costs;
- external service provider fees;
- subcontracting costs.

Note 7. Human resources data

Payroll costs

Payroll costs break down as follows:

(In € millions)	2023	2022
Wages and salaries	(460)	(386)
Payroll taxes	(165)	(141)
Total	**(625)**	**(527)**

Number of employees at year-end

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

(Number of employees at year-end)	2023	2022
Management	4,427	4,095
Other	13,297	12,637
Total	**17,724**	**16,732**

Post-employment benefits

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

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

Movements in the Group's retirement benefit obligations in 2023 and 2022 can be analyzed as follows:

(In € millions)	2023	2022
Present value of obligation at beginning of year:	15	21
• impact of changes in scope of consolidation	(0)	0
• current service cost	3	4
• loss/(gain) from changes in assumptions	3	(10)
• experience gains/losses	1	0
Total	**21**	**15**

The main economic assumptions used to measure the Group's retirement benefit obligations at December 31, 2023 and 2022 were as follows:

Retirement benefit obligation assumptions – France

	2023	2022
Discount rate	3.50%	3.75%
Long-term inflation rate	2.10%	2.00%
Mortality table	Insee TD/TV 2016-2018	Insee TD/TV 2016-2018
Type of retirement	Voluntary	Voluntary
Retirement age		
• management • other	France's full state pension age (based on 2023 framework) including for people who started work young	France's full state pension age post 2014 pension reform and the 2015 French Social Security Financing Act

Retirement benefit obligation assumptions – Poland

	2023	2022	
	P4	P4	UPC
Discount rate	5.10%	6.80%	6.70%
Long-term inflation rate	3.50%	6.00%	4.50%
Mortality table	2022 Polish mortality table issued by Poland's central statistics office	2021 Polish mortality table issued by Poland's central statistics office	2021 Polish mortality table issued by Poland's central statistics office
Type of retirement	Voluntary	Voluntary	Voluntary
Retirement age			
• management • other	Poland's full state pension age as set at Nov. 16, 2016	Poland's full state pension age as set at Nov. 16, 2016	Poland's full state pension age as set at Nov. 16, 2016

The impact on equity of the Group's retirement benefit obligations was a negative €48 thousand (before tax) at December 31, 2023 and the amount recognized in the income statement for the year then ended corresponded to €5 million in cost (before tax).

Note 8. Development costs

Development costs include:

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

Development costs incurred in 2023 are presented net of any related research tax credits.

(In € millions)	2023	2022
Capitalized development costs	(26)	(28)
Development costs recognized directly in the income statement	0	0
Total	**(26)**	**(28)**

Note 9. Other income and expenses from operations, net

Other income from operations breaks down as follows:

(In € millions)	2023	2022
Income from partnerships [a]	353	428
Customer contract termination fees	13	11
Other	89	32
Total other income from operations	**455**	**471**

(a) Corresponds mainly to income related to the partnerships with Cellnex concerning the sale of mobile infrastructure.

Other expenses from operations can be analyzed as follows:

(In € millions)	2023	2022
Costs related to partnerships [a]	(136)	(161)
Royalties and similar fees	(55)	(48)
Bad debts	(5)	0
Other	(36)	(13)
Total other expenses from operations	**(232)**	**(221)**

(a) Corresponds mainly to costs related to the partnerships with Cellnex concerning the sale of mobile infrastructure.

(In € millions)	2023	2022
Other income and expenses from operations, net	**223**	**250**

Note 10. Depreciation, amortization, provisions and impairment

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

- **Depreciation, amortization and impairment of non-current assets**

(In € millions)	2023	2022
Depreciation and amortization expense:		
• intangible assets	(645)	(697)
• property, plant and equipment	(1,412)	(1,202)
Impairment of non-current assets:		
• property, plant and equipment	(65)	(9)
Depreciation/amortization of investment grants:		
• intangible assets	0	0
• property, plant and equipment	0	0
Total	**(2,122)**	**(1,909)**

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

(In € millions)	2023	2022
Provisions for contingencies and charges	(1)	(6)
Impairment of inventories	(9)	(2)
Impairment of trade receivables	(62)	(77)
Total	**(72)**	**(84)**

Note 11. Other operating income and expense, net

This item breaks down as follows:

(In € millions)	2023	2022
Gains and losses on asset disposals	79	310
Other operating expenses	(50)	(44)
Total	**28**	**267**

Gains and losses on asset disposals

The gain on disposals of Group assets in 2022 primarily relates to the sale of the residual 30% interest in On Tower France (€330 million).

The figure for 2023 mainly concerns the gain on the sale of the residual 30% interest in On Tower Poland (€99 million).

Other operating expenses

In 2023 this item included a €41 million expense related to costs for hedging electricity supply costs in Italy. As this hedge was set up in the third quarter of 2022, in a highly speculative environment, the related costs were accounted for as non-recurring expenses and were therefore recognized under "Other operating income and expense, net".

"Other operating expenses" also includes miscellaneous costs and other expenses incurred by the Group in connection with operations launched and/or completed in 2022 and 2023.

Note 12. Financial income and expenses

Financial income and expenses can be analyzed as follows:

(In € millions)	2023	2022
Income from cash and cash equivalents	30	0
Finance costs, gross:		
• interest on borrowings	(750)	(544)
Finance costs, net	**(720)**	**(544)**
Other financial income		
• translation adjustments	43	0
• other	122	27
• sub-total – Other financial income	165	27
Other financial expenses		
• translation adjustments/Hedging expenses	(2)	5
• discounting expense	(24)	(40)
• other	0	(69)
• sub-total – Other financial expenses	(26)	(104)
Other financial income and expense, net	**140**	**(77)**
Interest expense on lease liabilities	**(237)**	**(213)**
Net financial expense	**(818)**	**(834)**

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

Finance costs, gross, mainly comprise interest on borrowings.

Other financial income in 2023 included a €53 million impact from the remeasurement of the Group's call option on eir shares, which brought the carrying amount of the option to €90 million at December 31, 2023.

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

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

Note 13. Corporate income tax

Analysis of the corporate income tax charge

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

(In € millions)	2023	2022
Current taxes		
• on income	(336)	(269)
• on value added (CVAE)	(14)	(27)
Current income tax charge	**(350)**	**(295)**
Deferred taxes		
• on income	42	76
• on value added (CVAE)	0	0
Deferred income tax benefit/(charge)	**42**	**76**
Total tax charge	**(308)**	**(219)**

Tax group

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

Since 2022, iliad S.A. has been part of the tax group headed by iliad Holding.

The following rules apply within the tax group:

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

Description of deferred tax assets/liabilities and tax loss carryforwards

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

At December 31, 2023, deferred tax assets arising on tax loss carryforwards related solely to Italy and amounted to €277 million, unchanged from December 31, 2022. The Group estimates that these tax loss carryforwards will be used within five to six years.

The tax losses in Italy can be carried forward indefinitely.

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

Tax proof

The table below reconciles:

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

(In € millions)	2023	2022
Profit for the period	**260**	**608**
Corporate income tax	308	219
Share of profit of equity-accounted investees	(79)	
Consolidated profit from continuing operations before tax	**489**	**827**
Theoretical tax rate	**25.83%**	**25.83%**
Net impact of permanent differences	14.42%	35.87%
Impact of unrecognized tax loss carryforwards	-0.57%	0.00%
Impact of different tax rates	4.48%	-22.14%
Deferred taxes on previously unrecognized tax loss carryforwards	27.88%	0.00%
Other impacts	0.00%	0.00%
Effective tax rate	**63.07%**	**39.55%**

Unrecognized deferred tax assets

Unrecognized deferred tax assets concern:

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

Unrecognized deferred tax assets totaled €117 million at December 31, 2023 and mainly related to Italy. At December 31, 2022 they amounted to €762 thousand.

Note 14. Earnings per share

- **Diluted earnings per share**

(In € millions)	2023	2022
Profit for the period attributable to owners of the Company	253	586
Diluted profit for the period attributable to owners of the Company	253	586
Maximum weighted average number of shares after dilution	**3,389,990,348**	**3,389,990,348**
Diluted earnings per share *(in €)*	**0.07**	**0.17**

Note 15. Consolidated statement of cash flows

Cash flows from operating activities

Net cash generated from operating activities is determined by the indirect method, which consists of adding back to or deducting from profit for the period:

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

Change in operating working capital requirement

The change in operating working capital requirement in 2023 and 2022 can be analyzed as follows:

(In € millions)	Note	At Dec. 31, 2022	Net debits	Net credits	Impact of changes in scope of consolidation	Other	At Dec. 31, 2023
Net inventories	23	324	307	0	0	(119)	511
Net trade receivables	24	1,163	139	0	2	18	1,321
Net other receivables	24	1,152	73	0	1	61	1,287
Trade payables (suppliers of goods and services)	31	(1,226)	0	(179)	(2)	(267)	(1,674)
Other payables		(1,453)	0	(508)	0	(26)	(1,988)
Total		**(41)**	**519**	**(687)**	**0**	**(334)**	**(542)**
Change in operating working capital requirement in 2023				**(168)**			

The change in "Other payables" in 2023 primarily relates to the €310 million received by iliad at the beginning of the year following the first-instance ruling in the legal proceedings between Free and Bouygues Telecom regarding the bundling of smartphone sales and mobile plans (so-called "subsidized" offers). (see Note 2.1 for further details).

(In € millions)	Note	At Dec. 31, 2021	Net debits	Net credits	Impact of changes in scope of consolidation	Other	At Dec. 31, 2022
Net inventories	23	66	179	0	0	78	324
Net trade receivables	24	993	153	0	4	13	1,163
Net other receivables	24	1,234	8	0	5	(95)	1,152
Trade payables (suppliers of goods and services)	31	(952)	0	(141)	(77)	(56)	(1,226)
Other payables		(1,132)	0	(125)	(17)	(180)	(1,453)
Total		**209**	**341**	**(266)**	**(85)**	**(240)**	**(41)**
Change in operating working capital requirement in 2022				**75**			

- **Other receivables**

(In € millions)	Note	Dec. 31, 2023	Dec. 31, 2022
Trade and other receivables:	24	2,608	2,312
Trade receivables	24	(1,321)	(1,160)
Other receivables		**1,287**	**1,152**

- **Other payables**

(In € millions)	Note	Dec. 31, 2023	Dec. 31, 2022
Trade and other payables:	31	4,315	3,287
Suppliers of goods and services	31	(1,674)	(1,226)
Suppliers of non-current assets	31	(1,153)	(1,147)
Other		501	540
Other payables		**1,988**	**1,454**

Acquisitions of property, plant and equipment and intangible assets

This item can be analyzed as follows:

(In € millions)	Note	2023	2022
Acquisition of intangible assets	17	314	303
Acquisition of property, plant and equipment	20	2,163	2,165
Suppliers of non-current assets (excl. VAT):			
• at January 1		1,147	2,225
• newly consolidated company		0	0
• at December 31		(1,153)	(1,147)
Other		(66)	(197)
Total		**2,405**	**3,349**

- **Cash and cash equivalents**

(In € millions)	Note	Cash and cash equivalents at Dec. 31, 2023	Cash and cash equivalents at Dec. 31, 2022
Cash (including currency hedges)	26	1,275	524
Marketable securities	26	259	6
Sub-total		**1,534**	**529**
Bank overdrafts	31	(18)	(2)
Total		**1,516**	**527**

Note 16. Goodwill

(In € millions)	2023	2022
Carrying amount at January 1	717	562
Acquisition of UPC	0	1,275
Allocation of goodwill relating to UPC Polska	0	(301)
Reclassification of the UPC Polska goodwill as "Assets held for sale"	0	(847)
Other	77	31
Disposals	0	0
Translation adjustments	31	(4)
Carrying amount at December 31	**825**	**717**

The year-on-year increase in "Other" is mainly due to the acquisition of several ISPs (Internet Service Providers) in Poland.

Note 17. Intangible assets

Intangible assets break down as follows:

	December 31, 2023			December 31, 2022		
(In € millions)	Gross	Amortization and impairment	Net	Gross	Amortization and impairment	Net
Licenses – France	2,290	883	1,407	2,188	718	1,470
Licenses – Italy	2,063	526	1,537	2,068	367	1,700
Licenses – Poland	773	298	476	669	357	313
Other intangible assets	2,792	1,002	1,790	2,649	637	2,012
Internally-generated intangible assets:						
• development costs	173	96	77	125	70	56
Total	**8,091**	**2,805**	**5,286**	**7,699**	**2,149**	**5,551**

France

At end-2023, the iliad Holding Group had a portfolio of 67.5 MHz duplex with balanced coverage across Metropolitan France, in the 700 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz frequency bands, as well as 70 MHz in the 3.5 GHz band.

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

Italy

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

Poland

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

Since end-2023, the Group also has a balanced portfolio of 100 MHz duplex in the 3,500 MHz-3,600MHz bands.

Group

Borrowing costs capitalized in previous years relating to the Group's licenses represented a gross amount of €88 million at December 31, 2023.

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

Movements in net intangible assets can be analyzed as follows:

(In € millions)	**2023**	**2022**
Net at January 1	5,551	5,472
Additions:		
• newly-consolidated company	4	377
• acquisitions	314	303
• asset remeasurements	0	0
• internally-generated intangible assets	19	35
Reclassifications	(89)	69
Other	(0)	(0)
Translation adjustments	132	(8)
Amortization, provisions and impairment	(645)	(697)
Net at December 31	**5,286**	**5,551**

Intangible assets in progress

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

(In € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Licenses	39	39
Other	44	132
Total	**83**	**171**

Note 18. Impairment tests on goodwill and intangible assets

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

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

Impairment tests

At December 31, 2023, the Group carried out its annual impairment tests on all of its CGUs, i.e., France, Italy, and Poland.

(In € millions)	France	Italy CGU	Poland CGU
Goodwill	306	0	519

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

No impairment losses were recognized against any of the assets allocated to the Group's CGUs following the impairment tests performed at end-2023.

The assumptions used for calculating the recoverable amounts of the Group's CGUs were as follows at December 31, 2023:

	France CGU	Italy CGU	Poland CGU
Post-tax discount rate	6.8%	8.0%	8.2%
Perpetuity growth rate	1.5%	2.0%	2.4%

Sensitivity of recoverable amounts

At December 31, 2023, the Group performed a sensitivity analysis on its France, Italy and Poland CGUs. The sensitivities tested reflect the range of estimations and assumptions deemed reasonably possible by the Group. No significant risk of impairment was identified as a result of this analysis.

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

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

Note 19. Right-of-use assets and lease liabilities

Accounting principles

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

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

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

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

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

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

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

- networks, corresponding mainly to (i) rentals of the local loop for Fixed subscribers, including the rental of the FTTH loop from IFT (see Note 21), (ii) rentals of dark fiber, and (iii) rentals of sites (land, building roofs, pylons, etc.) used for setting up the Group's active and passive mobile network infrastructure, including the rental of assets sold by the Group to Cellnex in 2019 in France and Italy and in 2021 in Poland.

  In most cases, the lease term corresponds to the remaining contractual duration, except for local loop rentals, for which the lease term under IFRS 16 corresponds to the estimated duration of the subscriber's use of the local loop concerned;
- real estate (land and buildings), corresponding to leases for the Group's head offices, stores and technical premises.

  In most cases, the lease term corresponds to the remaining contractual duration without taking into account any potential early termination;
- other (including vehicles).

In most cases, the lease term corresponds to the remaining contractual duration.

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

	Networks	Real estate	Other
December 31, 2022	91.9%	7.6%	0.5%
December 31, 2023	91.6%	7.7%	0.6%

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

(In € millions)	Networks	Real estate	Other	Total
Carrying amount at December 31, 2022	**4,012**	**333**	**22**	**4,367**
Acquisitions (new assets)	1,279	105	26	1,409
Disposals	(108)	(2)	(0)	(111)
Reclassification to assets held for sale	(0)	(1)	0	(1)
Impact of changes in scope of consolidation	55	0	1	56
Translation adjustments	62	3	0	66
Other	5	0	(0)	4
Depreciation, amortization and impairment of non-current assets	(797)	(57)	(18)	(872)
Carrying amount at December 31, 2023	**4,506**	**381**	**30**	**4,918**

Lease liabilities break down as follows:

	December 31, 2023				December 31, 2022			
(In € millions)	Networks	Real estate	Other	Total	Networks	Real estate	Other	Total
Non-current	4,285	243	8	4,536	3,749	195	8	3,951
Current	710	34	10	754	593	32	10	634
Total	**4,995**	**277**	**18**	**5,290**	**4,341**	**226**	**18**	**4,586**

Breakdown of the Group's undiscounted lease liabilities at December 31, 2023:

(In € millions)	December 31, 2023	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Undiscounted lease liabilities	7,760	979	2,564	4,217

Note 20. Property, plant and equipment

Property, plant and equipment can be analyzed as follows:

	December 31, 2023			December 31, 2022		
(In € millions)	Gross	Depreciation	Net	Gross	Depreciation	Net
Land and buildings	99	23	76	101	19	82
Network usage rights	170	121	49	171	116	54
Service access fees	560	375	185	604	399	205
Network equipment	15,044	6,975	8,070	13,013	5,829	7,183
Other	1,086	392	694	898	290	607
Total	**16,960**	**7,886**	**9,074**	**14,786**	**6,654**	**8,132**

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

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

(In € millions)	2023	2022
Net at January 1	**8,132**	**7,403**
Acquisitions	2,163	2,165
Disposals	(212)	(228)
Reclassification to assets held for sale	(21)	(221)
Other	98	2
Impact of changes in scope of consolidation	319	205
Translation adjustments	52	(7)
Depreciation, provisions and impairment	(1,458)	(1,187)
Net at December 31	**9,074**	**8,132**

During 2023, the iliad Holding Group kept up its capital spending drive for growth projects. This particularly included the following:

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

Disposals in 2023 mainly related to sales of certain fiber connection assets in France.

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In 2023, no such events or circumstances were identified that had a material effect on the carrying amount of these assets.

Assets under construction

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

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Land and buildings	46	35
Network usage rights	3	2
Network equipment	1,253	1,094
Other	21	1
Total	**1,322**	**1,131**

Note 21. Equity-accounted investees

The iliad Holding Group has three main equity-accounted investees:

NJJ Boru

On April 6, 2018, iliad acquired a 49% interest in NJJ Boru SAS for c. €316 million, as part of the eir transaction. On the same date, NJJ Boru acquired a 64.5% interest in eir. As of December 31, 2023, NJJ Boru holds a 59.48% interest in eir.

The Group therefore holds a 29.15% indirect interest in eir – Ireland's incumbent telecom operator – alongside NJJ (Xavier Niel's private holding company).

Société de Participation et d'Investissement dans le Numérique (SPIN), which owns Investissement dans la fibre des territoires (IFT)

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

Formed specifically for the purpose of the partnership with InfraVia, IFT is a company dedicated to actively managing fiber lines. In particular, it is tasked with acquiring and operating iliad's co-financed FTTH tranches outside very densely populated areas of France. The company rents subscriber lines between ONs and shared access points to Free, its main customer, and other commercial operators.

On November 28, 2023, IFT reorganized its shareholding structure in order to develop B2B operations with third parties. For this purpose, a company called "Société de Participation et d'Investissement dans le Numérique" ("SPIN") was set up. At the close of the transaction, the shareholders who previously held the capital of IFT became shareholders of SPIN based on the same terms and conditions for allocating shares and voting rights, with SPIN holding all of the capital and voting rights of IFT.

Based on the rights it exercises with respect to SPIN, the Group considers it exercises joint control over the company.

Polski Światłowód Otwarty sp. z o.o ("PŚO")

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 Holding Group dedicated entity.

On March 1, 2023, through a spin-off of activities carried out by UPC Polska sp z.o.o. ("UPC"), Play transferred some of UPC's activities to the 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 was completed on March 31, 2023. The dedicated entity is jointly controlled by InfraVia and Play and is accounted for in the Group's consolidated financial statements under "Investments in equity-accounted investees".

The Group's share of profit of equity-accounted investees in 2023 and 2022 can be analyzed as follows:

(In € millions)	**2023**	**2022**
Share of profit of equity-accounted investees before tax	94	57
Share of tax of equity-accounted investees	(15)	(14)
Share of profit of equity-accounted investees after tax	**79**	**43**

The Group's 2022 results included its share of On Tower Poland's profit for the full year. The Group sold its residual 30% stake in On Tower Poland on June 30,2023. This investment was included in "Assets held for sale" at December 31, 2022.

Movements in the Group's investments in equity-accounted investees were as follows in 2023 and 2022:

(In € millions)	**2023**	**2022**
At January 1	749	1,243
Share of net assets of equity-accounted investees	0	0
Goodwill	0	0
Investments in equity-accounted investees at January 1	**749**	**1,243**
Movements:		
• share of profit/(loss) of equity-accounted investees	79	43
• share of OCI of equity-accounted investees	(43)	109
• dividends paid	(88)	(251)
• translation adjustments	(8)	(8)
• capital increase	11	0
• acquisitions and changes in scope of consolidation	413	0
• reclassifications to assets held for sale	0	(387)
• other	(261)	0
Investments in equity-accounted investees at December 31	**852**	**749**

The main movements in investments in equity-accounted investees concern the following:

- in 2022: an exceptional dividend payment from NJJ Boru (€243 million) linked to the sale of 49.99% of the fiber operations of eir (Fibre Networks Ireland) to InfraVia during the year, as well as an increase in the share of OCI of equity- accounted investees linked to changes in the actuarial assumptions used to measure eir's net pension liability. Movements also included the reclassification of the Group's remaining 30% interest in On Tower Poland from "Investments in equity-accounted investees" to "Assets held for sale";
- in 2023: an increase in the share of OCI of equity-accounted investees linked to changes in the actuarial assumptions used to measure eir's net pension liability. Movements also included the first-time consolidation of Polski Światłowód Otwarty sp. Z o.o. ("PŚO"). The amount recorded under "Other" primarily corresponds to the purchase of IFT shares by SPIN.

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

(In € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Non-current assets	4,957	4,695
Current assets	495	836
Non-current liabilities	(3,619)	(3,793)
Current liabilities	(648)	(629)
Total net assets	**1,185**	**1,109**

The table below sets out the key financial information of Polski Światłowód Otwarty sp. Z o.o. ("PŚO"), based on the company's most recent financial statements prepared in accordance with IFRS:

(In € millions)	**Dec. 31, 2023**
Non-current assets	1,159
Current assets	74
Non-current liabilities	(373)
Current liabilities	(44)
Total net assets	**816**

The table below sets out the key financial information of SPIN, based on the company's most recent financial statements prepared in accordance with IFRS:

(In € millions)	**Dec. 31, 2023**
Non-current assets	2,902
Current assets	14
Non-current liabilities	(2,589)
Current liabilities	0
Total net assets	**327**

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

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

Note 22. Other financial assets

Other financial assets break down as follows by nature:

(In € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Other long-term financial assets		
Other investment securities	110	83
Loans, receivables and other	941	815
eir option	90	37
Guarantee deposits	47	55
Total other long-term financial assets	**1,188**	**990**
Other short-term financial assets		
Loans and receivables	11	27
Total other short-term financial assets	**11**	**27**
Total other financial assets	**1,199**	**1,017**

Non-current assets

- NJJ Tara has granted the Group a call option, exercisable in 2024 and 2025, which covers 80% of NJJ Tara's interest in NJJ Boru (i.e. 41% of NJJ Boru and, indirectly, 24.27% of eir's capital). The option will be exercisable at a price representing a 12.5% discount to fair market value, as determined by an independent valuer, but with a floor calculated based on an annual yield of 2%.

  This call option was recognized in "Other financial assets" in an initial amount of €16 million, which was increased to €22 million at end-2020 and to €56 million at end-2021, and subsequently reduced to €37 million at end-2022. At December 31, 2023 it was remeasured again and its carrying amount in the consolidated statement of financial position has been €90 million since that date;
- in connection with the iliad Holding Group's strategic partnership set up with InfraVia through the joint-venture IFT, a non-recourse financing arrangement was put in place which included a shareholder contribution commitment under which the iliad Holding Group undertook to contribute (based on the proportion of its interest in IFT) to financing the fast-paced development of IFT during the company's first five years. At December 31, 2022, the cumulative amount of contributions made in this respect amounted to €87 million. These contributions were repaid in full in 2023.

Current assets

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

Other financial assets break down as follows by function:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Financial assets carried at fair value through profit or loss	1,041	879
Financial assets carried at fair value through OCI	110	83
Financial assets carried at amortized cost	47	55
Total other financial assets	**1,199**	**1,017**

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

(In € millions)	2023	2022
Carrying amount at January 1	1,017	753
Acquisitions	320	104
Fair value adjustments	(37)	174
Redemptions and repayments	0	(0)
Impact of changes in scope of consolidation	(0)	0
Disposals	(92)	6
Additions to provisions	(10)	(19)
Carrying amount at December 31	**1,199**	**1,017**

Note 23. Inventories

Inventories break down as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Raw materials	0	1
Work-in-progress	92	26
Finished products	437	309
Inventories – gross	**529**	**336**
Impairment:		
• raw materials	0	(0)
• finished products	(18)	(11)
Total impairment	**(18)**	**(11)**
Inventories – net	**511**	**324**

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

Note 24. Other assets

Other non-current assets break down as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Other receivables recorded under other non-current assets:		
Other receivables	327	267
Total – Gross	**327**	**267**
Amortization and impairment of other receivables	(285)	(215)
Net other receivables (other non-current assets)	**42**	**52**

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

Trade and other receivables break down as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Trade and other receivables recorded under current assets:		
Trade receivables	1,427	1,257
Advances and prepayments	8	16
Tax receivables (VAT)	328	320
Contract acquisition costs	232	190
Customer contract assets	430	368
Other receivables	250	266
Prepaid expenses	182	113
Total – Gross	**2,859**	**2,529**
Impairment of trade receivables	(106)	(96)
Impairment of customer contract assets	(114)	(94)
Impairment of contract acquisition costs	(30)	(25)
Impairment of other receivables	(1)	(1)
Net trade and other receivables (current assets)	**2,608**	**2,312**
Net trade receivables	1,321	1,161
Net other receivables	1,287	1,151

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

Although it is difficult to predict the final decisions taken by the competent courts in relation to these cases, the iliad Holding Group is confident that the receivables will be recovered.

The maturity schedule of net trade receivables was as follows as December 31, 2023 and 2022:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Not yet past due or less than 1 month past due	1,169	988
Between 1 and 6 months past due	120	131
Between 6 and 12 months past due	9	4
More than 12 months past due	23	38
Total	**1,321**	**1,161**

Note 25. Assets and liabilities held for sale

Assets and liabilities held for sale break down as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Assets held for sale	184	1,470
Liabilities held for sale	(11)	(19)
Total	**173**	**1,451**

Assets held for sale primarily comprised the following at December 31, 2023:

- the carrying amount of passive mobile telecommunications infrastructure to be sold in Poland under the build-to-suit program with Cellnex;
- the carrying amount of fiber connection infrastructure due to be sold to IFT.

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

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

Note 26. Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

	December 31, 2023		December 31, 2022	
(In € millions)	Carrying amount	Fair value	Carrying amount	Fair value
Mutual funds (UCITS), net	259	259	6	6
Cash (excluding bank overdrafts)	1,275	1,275	524	524
Total – net	**1,534**	**1,534**	**529**	**529**

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

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

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

Note 27. Equity

Share capital

At December 31, 2023 iliad Holding's ownership structure was as follows:

Shareholder	Number of shares	%
Xavier Niel	3,389,990,348	100%
Total	**3,389,990,348**	**100%**

Dividends

At the Annual General Meeting held on May 16, 2023, the Company's shareholders resolved to pay a dividend of €0.01 per share, representing a total payout of €33,900 thousand.

This dividend was paid on May 26, 2023.

Dividends paid in 2023:

- Dividend paid in 2023 for 2022: €33,900 thousand.

The total dividend payout in 2023 therefore amounted to €33,900 thousand.

Note 28. Stock option and share grant plans

Share grant plans

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

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

The main outstanding share grant plans are described below.

iliad

2017 Plan

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

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

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

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

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

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

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

On August 29, 2023, the Board of Directors placed on record that the performance conditions for the last tranche of the plan had been met. Consequently, on October 30, 2023, the Company delivered to the plan's beneficiaries 107,360 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €11,162 thousand in 2022 and €2,993 thousand in 2023.

2018 Plan

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

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

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

- September 30, 2021: end of the vesting period for Tranche 1, representing 25% of the shares granted:
  - 50% Tranche 1 shares were due to vest if EBITDA less CAPEX for France (excluding B2B operations) was €1 billion or more at December 31, 2020,
  - 50% of Tranche 1 shares were due to vest if the EBITDA margin for France (excluding sales of devices) was higher than 40% for the year ended December 31, 2020;
- September 30, 2022: end of the vesting period for Tranche 2, representing 25% of the shares granted: all Tranche 2 shares were due to vest if the EBITDA margin for France (excluding sales of devices) for the year ended December 31, 2021 was equal to or higher than the EBITDA margin for France (excluding sales of devices) for the year ended December 31, 2020;
- September 30, 2023: end of the vesting period for Tranche 3, representing 25% of the shares granted:
  - 50% of Tranche 3 shares vest if the number of fiber subscribers in France is 3 million or more at September 1, 2023,
  - 50% of Tranche 3 shares vest if the number of mobile subscribers in Italy is 6 million or more at September 1, 2023;
- September 30, 2024: end of the vesting period for Tranche 4, representing 25% of the shares granted:
  - 50% of Tranche 4 shares vest if the number of fiber subscribers in France is 3.5 million or more at September 1, 2024,
  - 50% of Tranche 4 shares vest if the Group's revenues in Italy are €500 million or more at June 30, 2024.

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

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

On August 29, 2023, the Board of Directors placed on record that the performance conditions for the third tranche of the plan had been met. Consequently, on September 29, 2023, the Company delivered to the plan's beneficiaries 57,977 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €5,406 thousand in 2022 and €3,224 thousand in 2023.

2019 Plan

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

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

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

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

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

On August 29, 2023, the Board of Directors placed on record that the performance conditions for the last tranche of the plan had been met. Consequently, on November 30, 2023, the Company delivered to the plan's beneficiaries 75,540 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €7,003 thousand in 2022 and €2,097 thousand in 2023.

2020 Plan

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

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

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

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

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

On November 30, 2023, the Company delivered to the plan's beneficiaries 35,280 iliad shares that it held in treasury.

The expense recognized for this plan amounted to €5,170 thousand in 2022 and €3,364 thousand in 2023.

2022 Plans

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

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

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

The aggregate expense recognized for these plans amounted to €6,773 thousand in 2022 and €7,883 thousand in 2023.

2023 Plans

Following the authorization given at the May 11, 2023 Annual General Meeting, in 2023, four other free share grant plans, representing 0.25% of iliad's share capital, were set up for 497 Group employees and executive officers.

The shares granted under the plans will vest on the dates set out below, subject to (i) a continued presence condition and (ii) performance conditions applicable to all or some of the shares granted:

- December 15, 2025: all of the shares granted under the first and second plans, and one third of the shares granted under the fourth plan;
- May 30, 2026: all of the shares granted under the third plan;
- December 15, 2026: one third of the shares granted under the fourth plan;
- December 15, 2027: one third of the shares granted under the fourth plan.

The expense recognized for these plans amounted to €474 thousand in 2023.

iliad 78

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

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

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

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

On March 31, 2023, the Company delivered 17,120 new iliad 78 shares to the beneficiaries under the plan.

The expense recognized for this plan amounted to €100 thousand in 2022 and €64 thousand in 2023.

Scaleway

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

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

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

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

The expense recognized for this plan amounted to €185 thousand in 2022 and €740 thousand in 2023.

iliad Purple

On December 10, 2020, the sole shareholder of iliad Purple authorized a share grant plan comprising shares representing up to 9.82% of iliad Purple's share capital for allocation to employees and executive officers of iliad Purple and to employees of Play.

Pursuant to this authorization, on May 22, 2023 and then on December 12, 2023, seven share grant plans representing an aggregate 2.96% of iliad Purple's share capital were set up for employees and executive officers of iliad Purple and its Polish subsidiaries.

The vesting periods of these plans are staggered between May 2024 and May 2027, and the vesting of the shares is subject to (i) a continued presence condition for each beneficiary and (ii) for some of the plans, the achievement of performance conditions.

The expense recognized for these plans amounted to €7,912 thousand in 2023.

JT Holding

On April 14, 2023, the sole shareholder of JT Holding authorized a share grant plan comprising shares for allocation to employees and executive officers of JT Holding and its subsidiaries.

Pursuant to this authorization, on the same date, two share grant plans representing 3.35% of JT Holding's share capital were set up for seven employees and executive officers of JT Holding and its subsidiaries.

The vesting of these shares – in three unequal tranches between 2024 and 2026 – is subject to a continued presence condition and the achievement of performance conditions for each tranche.

The expense recognized for these plans amounted to €2,100 thousand in 2023.

Play

PCSA – which has since been merged into iliad Purple – set up long-term incentive plans for Play employees. The plans provide that, given that the 80% threshold was exceeded following the public tender offer launched by iliad Purple on PCSA shares, instead of the shares they should have received, plan beneficiaries will be granted additional cash compensation equal to the per-share offer price multiplied by the number of shares they should have received each year. This amount will be paid in tranches at the end of the lock-up periods provided for under the plans, subject to performance conditions and to the criterion that the beneficiary still forms part of the Group at that date. The aggregate expense recognized for these plans amounted to €141 thousand in 2022 and €152 thousand in 2023.

Holdco II

No share grant plan comprising shares of Holdco II is in progress as of December 31.

Note 29. Provisions

The provisions for contingencies and charges recognized at December 31, 2023 are intended to cover costs resulting from the Group's business risks, litigation risks, tax reassessment risks, employee-related risks and expenses on long-term contracts that have become onerous.

These provisions break down as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Total long-term provisions	116	108
Total short-term provisions	115	78
Total provisions for contingencies and charges	**231**	**186**

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

Movements in provisions for contingencies and charges were as follows in 2023:

(In € millions)	At Dec. 31, 2022	Additions in 2023	Reversals in 2023 (utilizations)	Reversals in 2023 (surplus provisions)	Impact of changes in scope of consolidation	Other	At Dec. 31, 2023
Provisions for contingencies and charges	186	62	(70)	(4)	12	45	231
Total	**186**	**62**	**(70)**	**(4)**	**12**	**45**	**231**

Note 30. Financial liabilities

Financial liabilities can be analyzed as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Bank borrowings	4,987	5,757
Bonds	7,840	8,026
Finance lease liabilities	0	0
Other	22	1
Total long-term financial liabilities	**12,850**	**13,783**
Bank borrowings and short-term marketable securities	797	806
Bonds	685	0
Financial liabilities carried at fair value	0	0
Bank overdrafts	18	3
Cash flow hedges	0	0
Other	790	623
Total short-term financial liabilities	**2,291**	**1,431**
Total	**15,140**	**15,215**

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

All Group borrowings are denominated in euros and Polish zlotys.

The table below summarizes movements in financial liabilities in 2023 and 2022:

(In € millions)	2023	2022
At January 1	**15,215**	**13,635**
New borrowings	4,598	5,987
Repayments of borrowings	(4,937)	(4,622)
Change in bank overdrafts	16	(0)
Impact of cash flow hedges	66	8
Impact of changes in scope of consolidation	0	0
Translation adjustments	191	(19)
Other	(8)	226
Total financial liabilities at December 31	**15,140**	**15,215**

Main movements in bond debt and private placements during the year

iliad Holding

On July 28, 2023, iliad Holding partially repurchased and cancelled €8 million on tranche 2 (euro tranche) and $46 million (€40 million) on tranche 4 (dollar tranche) of the SSN bond issue.

iliad Group

On February 8, 2023 iliad successfully placed €500 million worth of bonds, maturing in seven years and paying interest at 5.625% per year. These bonds will be redeemed at face value at maturity on February 15, 2030.

On May 22, 2023, iliad redeemed an aggregate amount of €419 million for the fixed and variable rate tranches of the €500 million worth of four-year notes placed in 2019 under a *Schuldscheindarlehen* ("*Schuldschein*") issue.

On December 6, 2023 iliad successfully placed €650 million worth of bonds, maturing in just over five years and paying interest at 5.375% per year. These bonds will be redeemed at face value at maturity on February 15, 2029. The proceeds from the issue were mainly used to finance the buyback, by way of a c. €570 million tender offer announced on the same day, of iliad's existing bonds, with €365 million allocated to its outstanding bonds due February 2024 and €205 million to those due October 2024.

Main movements in bank borrowings during the year

iliad Holding

On June 15, 2023, iliad Holding repaid in full the amounts drawn down on its revolving credit facility ("Senior Secured Revolving Credit Facility" or "SSRCF").

iliad Group

On February 20, 2023, following the aforementioned bond issue on February 8, 2023 for €500 million, iliad repaid the full amount of the €200 million drawn down at that date on its mid-term facility.

On July 20, 2023, iliad carried out an "amend & extend" for its mid-term facility, reducing the amount available under the facility from €750 million to €650 million, extending its maturity to January 21, 2025 from January 1, 2024, and obtaining more favorable lending conditions throughout the facility's term.

On July 27, 2023, iliad exercised its first option to extend its €2 billion revolving credit facility (RCF) by one year, to July 2028.

On December 19, 2023, the European Investment Bank (EIB) granted the Group a new €300 million loan to help finance the design and rollout of its 5G network in France. The final terms and conditions of the loan will be determined when it is first drawn down. Interest can either be at a fixed rate or a variable rate and the loan can either be repaid in a single payment at the end of an eight-year term or in installments over a period of twelve years (commencing from the first drawdown). No drawdowns had been made on this loan at December 31, 2023.

Short- and medium-term commercial paper program

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

At December 31, 2023, €510 million of the program had been used.

€700 million trade receivables securitization program

On November 27, 2023, the Group amended this program, mainly in order to raise the maximum amount to €700 million.

At December 31, 2023, €630 million of the program had been used.

Main movements in bank borrowings during the year at Play

On March 31, 2023, Play drew down approximately PLN 60 million under its bilateral loan set up in October 2021 with Bank Gospodarstwa Krajowego SA (the "BGK Financing"). The amount drawn down bears fixed interest at 1.93% and is repayable in successive quarterly installments of equal amounts, with a final maturity date of September 20, 2028.

Play drew down an additional PLN 85 million on this loan on May 31, 2023, and the remaining PLN 69 million on July 31, 2023. Therefore, at December 31, 2023 the loan had been drawn down in full.

On May 22, 2023, Play repaid in advance PLN 1.4 billion of its PLN 5.5 billion acquisition loan set up in December 2021.

It then repaid an additional PLN 700 million of this loan on August 24, 2023 and a further PLN 400 million on October 25, 2023, reducing its total outstanding amount to PLN 3 billion at December 31, 2023.

Guarantees given

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

Breakdown of borrowings by type of rate

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

(In € millions)	**Dec. 31, 2023**	**Dec. 31, 2022**
Fixed-rate borrowings [(a)]	10,640	10,500
Variable-rate borrowings	4,501	4,715
Total financial liabilities at December 31	**15,140**	**15,215**

(a) Excluding notional amount of interest rate hedging (see Note 34).

Breakdown of committed financing facilities by maturity

The following table presents a breakdown of the Group's total committed financing facilities by nature and contractual maturity/early repayment date at December 31, 2023:

(In € millions)	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total**
Bank borrowings	287	4,290	4	4,581
Schuldscheindarlehen notes	20	684	30	734
Bonds	670	6,693	1,150	8,513
Short-and medium-term marketable securities	510	0	0	510
Securitization	630	0	0	630
Bank overdrafts	18	0	0	18
Other	155	0	0	155
Total borrowings	**2,291**	**11,667**	**1,183**	**15,140**
Trade payables	2,197	303	327	2,827
Total committed financing facilities	**4,487**	**11,970**	**1,510**	**17,967**

Breakdown of the Group's debt

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

Contract	Issue date	Maturity	Currency	Nominal rate	Dec. 31, 2023 Outstanding amount (€m)
iliad – SUN [(a)]	Oct. 12, 2017	Oct. 14, 2024	EUR	1.500%	445
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%	235
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. 15, 2023	Feb. 15, 2030	EUR	5.625%	500
iliad – SUN	Dec. 15, 2023	Feb. 15, 2029	EUR	5.375%	650
iliad – SSD [(b)] 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					**5,273**
Play – SUN	Dec. 13, 2019	Dec. 11, 2026	PLN	1.750% + Wibor	173
Play – SUN	Dec. 29, 2020	Dec. 29, 2027	PLN	1.850% + Wibor	115
Total – Play					**288**
iliad Holding – SSN [(c)]	October 27, 2021	October 15, 2026	EUR	5.125%	1,100
iliad Holding – SSN	October 27, 2021	October 15, 2026	USD	6.500%	1,038
iliad Holding – SSN	October 27, 2021	October 15, 2028	EUR	5.625%	742
iliad Holding – SSN	October 27, 2021	October 15, 2028	USD	7.000%	739
Total – iliad Holding					**3,619**
Total					**9,180**

(a) SUN: Senior Unsecured Notes
(b) SSD: *Schuldschein* (non-guaranteed private placements under German law)
(c) SSN: Senior Secured Notes. The SSN denominated in USD are converted at a EUR/USD average rate of 1.156, corresponding to the cross-currency swap set up on October 13, 2021 by iliad Holding (see Note 33).

The Group's bank borrowings break down as follows:

Contract	Issue date	Maturity	Type of repayment	Currency	Nominal rate [(a)]	Dec. 31, 2023 Outstanding amount (€m)	Dec. 31, 2023 Amount available (€m)
iliad – EIB loans [(b)]							
2016	Dec. 8, 2016	Sept. 19, 2030	Install.	EUR	1.621%	140	-
2018 – T1	Dec. 14, 2018	Feb. 1, 2033	Install.	EUR	1.921%	200	-
2018 – T2	Dec. 14, 2018	April 8, 2033	Install.	EUR	1.602%	100	-
2020 – T1	Nov. 9, 2020	Nov. 23, 2028	At maturity	EUR	0.835%	150	-
2020 – T2	Nov. 9, 2020	March 29, 2029	At maturity	EUR	1.004%	150	-
2022	Dec. 13, 2022	June 13, 2030	At maturity	EUR	Not set	-	300
2023	Dec. 19, 2023	Not set	Not set	EUR	Not set	-	300
iliad – KFW Loans							
2017	Dec. 13, 2018	June 13, 2029	Install.	EUR	1.100% + Euribor	50	-
2019	April 26, 2020	Oct. 9, 2030	Install.	EUR	1.100% + Euribor	105	-
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	1.400% + Euribor	900	-
iliad – Mid-Term	July 2, 2022	Jan. 21, 2025	At maturity	EUR	1.700% + Euribor	-	650
iliad – Term Loan	July 27, 2022	July 27, 2027	At maturity	EUR	1.500% + Euribor	1,000	-
Total – iliad						**2,795**	**3,250**
Play – Term Loan	March 29, 2021	March 29, 2026	At maturity	PLN	2.000% + Wibor	807	-
Play – RCF	March 29, 2021	March 29, 2024	At maturity	PLN	2.000% + Wibor	-	461
Play – BGK Loan	Oct. 15, 2021	Sept. 20, 2028	Install.	PLN	1.930%	109	-
Play – ECA Loan	Dec. 22, 2021	Dec. 22, 2026	Install.	PLN	0.450% + Wibor	80	-
Play – Term Loan	Dec. 10, 2021	March 26, 2026	At maturity	PLN	2.000% + Wibor	691	-
Play – EIB Loan [(b)]	Jan. 14, 2022	Jan. 13, 2034	Install.	PLN	6.272%	54	54
Total – Play						**1,742**	**515**
iliad Holding – SS RCF	July 28, 2021	January 28, 2028	At maturity	EUR	3.000% + Euribor	-	300
Total – iliad Holding						**-**	**300**
Total						**4,536**	**4,065**

(a) Rates applicable at December 31, 2023, which can vary depending on the leverage ratio of the iliad Group and Play respectively.
(b) For iliad, the nominal rate shown is the rate set following a rider signed on January 20, 2023 amending certain financial terms. The maturity date for the 2022 loan agreement 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 shown corresponds to the average rate of the two fixed-rate tranches as well as the interest rate comprising the 2.32% margin plus Wibor at 5.82%, after the first interest rate setting for the variable tranche on December 19, 2022.

First public rating for iliad SA's senior unsecured notes

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

Breakdown of outstanding borrowings

Adjusted net debt corresponds to the sum of principal outstanding debt less cash and cash equivalents. It is reconciled with net debt and breaks down as follows:

(In € millions)	**Dec. 31, 2023**
Cash and cash equivalents	**(1,534)**
Gross debt	**15,140**
Net debt	**13,606**
Accrued interest	(172)
Debt issuance costs	65
Fair value of hedging instruments (CCS) – currency impact	(82)
Other [(a)]	(5)
Adjusted net debt	**13,412**
Breakdown of adjusted net debt	
Cash and cash equivalents	*(1,534)*
iliad Holding Senior Secured Notes [(b)]	*3,619*
iliad Holding Senior Secured RCF	*0*
iliad Senior Unsecured Notes	*4,580*
iliad RCF	*0*
iliad Schuldscheins	*693*
iliad Term Loan – 2022	*1,000*
iliad Term Loan – 2020	*900*
iliad Mid-Term facility	*0*
iliad EIB Loans	*740*
iliad securitization program	*630*
iliad NEU CP	*510*
iliad KFW Loans	*155*
Play Term Loan (UPC acquisition)	*691*
Play Term Loan	*807*
Play RCF	*0*
Play Senior Unsecured Notes	*288*
Play ECA Loan	*80*
Play EIB Loan	*54*
Play BGK Loan	*109*
Other [(c)]	*92*
Total	**13,412**

(a) Including the reclassification of (i) certain lease liabilities, (ii) the fair value of hedges, and (iii) forex gains/losses on hedging instruments.
(b) Converted at the EUR/USD Cross-Currency Swap rate of 1.156.
(c) Including various short-term bank loans, overdraft facilities and certain lease liabilities.

Note 31. Trade and other payables

This item breaks down as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Trade and other payables recorded under other non-current liabilities		
Trade payables	630	499
Accrued taxes and employee-related payables	23	30
Other payables	0	0
Sub-total	**653**	**529**
Trade and other payables		
Trade payables	2,198	1,875
Advances and prepayments	91	27
Accrued taxes and employee-related payables	706	566
Other payables	324	28
Deferred income	342	262
Sub-total	**3,661**	**2,758**
Total	**4,315**	**3,287**

Total trade payables can be analyzed as follows:

(In € millions)	Dec. 31, 2023	Dec. 31, 2022
Suppliers of goods and services	1,674	1,226
Suppliers of non-current assets	1,153	1,147
Total	**2,827**	**2,374**

Note 32. Related party transactions

Transactions with key management personnel

Persons concerned:

- the iliad Holding Group's management is exercised by iliad Holding's Strategy Committee, which is headed by Xavier Niel and, in accordance with IAS 24, is made up of persons directly having the authority and responsibility for planning, directing and controlling the activities of the iliad Holding Group.

Compensation paid to the 11 members of the Group's key management personnel in 2023 and 2022 breaks down as follows:

(In € millions)	2023	2022
Total compensation	4	4
Share-based payments	11	7
Total	**15**	**11**

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

Impact of share grant plans

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

Transactions with On Tower Poland

Within the scope of the iliad Holding Group's strategic partnership with Cellnex concerning its passive mobile telecommunications infrastructure in Poland, On Tower Poland provides the iliad Holding Group with access services for its passive mobile infrastructure in Poland. The partnership also provides for the construction of new sites which will be sold by the iliad Holding Group to On Tower Poland. On June 30, 2023, iliad Holding Group sold its residual 30% stake in On Tower Poland. As a result, On Tower Poland no longer met the definition of a related party at December 31, 2023.

Transactions with NJJ Boru

The iliad Holding Group performs various services on behalf of NJJ Boru (49%-owned by iliad Holding Group), the parent company of eir, and NJJ Galway, a company controlled by a party related to the iliad Holding Group. The amount recognized in revenues for those services in 2023 was €2,850 thousand.

Transactions with Monaco Telecom

The iliad Holding Group has signed an agreement with Monaco Telecom, a Monaco-based company controlled by a party related to the iliad Holding Group, to lease sites at which the Group's equipment is installed. The amount invoiced by Monaco Telecom for making these sites available totaled €1,500 thousand in 2023.

Transactions with IFT

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

Transaction with NJJ Holding

The iliad Holding Group has signed a loan agreement with NJJ Holding, a company controlled by Xavier Niel. At December 31, 2023, the Group received €47,822 thousand in interest on an €824 million loan.

Transaction with Polski Światłowód Otwarty sp. z o.o. ("PŚO")

PŚO has entered into a very long-term service agreement with Play (with no volume commitment), under which it provides Play with network infrastructure access services.

Note 33. Financial instruments

Reconciliation by class of instrument and accounting category

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

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

(In € millions)	Assets and liabilities carried at fair value through profit or loss	Assets carried at fair value through OCI	Assets carried at amortized cost	Liabilities carried at amortized cost	Carrying amount	Fair value
At December 31, 2023						
Cash	1,275				1,275	1,275
Marketable securities	259				259	259
Trade receivables			1,321		1,321	1,321
Other short-term financial assets	11				11	11
Other long-term financial assets	1,031	110	47		1,188	1,188
Long-term financial liabilities				(12,850)	(12,850)	(12,850)
Short-term financial liabilities				(2,291)	(2,291)	(2,291)
Current lease liabilities	(754)				(754)	(754)
Non-current lease liabilities	(4,536)				(4,536)	(4,536)
Other non-current liabilities				(630)	(630)	(630)
Other current liabilities				(2,198)	(2,198)	(2,198)
Total	**(2,714)**	**110**	**1,368**	**(17,968)**	**(19,204)**	**(19,204)**

(In € millions)	Assets and liabilities carried at fair value through profit or loss	Assets carried at fair value through OCI	Assets carried at amortized cost	Liabilities carried at amortized cost	Carrying amount	Fair value
At December 31, 2022						
Cash	524				524	524
Marketable securities	6				6	6
Trade receivables			1,161		1,161	1,161
Other short-term financial assets	27				27	27
Other long-term financial assets	852	83	55		990	990
Long-term financial liabilities				(13,783)	(13,783)	(13,783)
Short-term financial liabilities				(1,431)	(1,431)	(1,431)
Current lease liabilities	(634)				(634)	(634)
Non-current lease liabilities	(3,951)				(3,951)	(3,951)
Other non-current liabilities				(499)	(499)	(499)
Other current liabilities				(1,875)	(1,875)	(1,875)
Total	**(3,177)**	**83**	**1,216**	**(17,588)**	**(19,466)**	**(19,466)**

Main changes in

iliad Holding's derivative instruments

On October 13, 2021, iliad Holding set up several cross currency swaps (the "CCS") in order to hedge the currency and interest rate risks arising from the issue of the USD SSN placed on October 14, 2021. These swaps are described below:

- to hedge the 2026 USD SSN, on October 27, 2021 iliad Holding received a EUR leg of €1,038 million and paid a USD leg of $1,200 million (at an average EUR/USD rate of 1.156). The average interest rate on the swap was 5.131% for an average USD rate of 6.500% to be received by iliad Holding;

- to hedge the 2028 USD SSN, on October 27, 2021 iliad Holding received a EUR leg of €779 million and paid a USD leg of $900 million (at an average EUR/USD rate of 1.156). In connection with the partial redemption followed by the partial cancellation of this bond tranche (see note 30), iliad Holding entered into a partial termination of the swaps, reducing the nominal value of the USD leg by 46 million and the nominal amount of the EUR leg by 40 million. The average interest rate on the swap was 5.656% for an average USD rate of 7.000% to be received by iliad Holding.

Breakdown of

iliad Holding's main derivative instruments

The iliad Holding Group's main derivatives, corresponding to hedging instruments, break down as follows:

Borrower	Issue date	Maturity	Type of derivative	Underlying	Notional amount	Dec. 31, 2023 Fair value *(€k)*
iliad Holding	October 13, 2021	October 15, 2026	Cross-currency swap	2026 USD SSN	$1,200m	47,193
iliad Holding	October 13, 2021	October 15, 2026	Cross-currency swap	2028 USD SSN	$854m	32,520
Total – iliad Holding						**79,712**

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

- assets carried at fair value through profit or loss primarily comprise cash and cash equivalents, which are measured by reference to a quoted market price in an active market where such a market exists;
- assets carried at fair value through OCI mainly comprise investment securities;
- receivables carried at amortized cost chiefly concern loans, deposits and guarantees and trade receivables;
- liabilities carried at amortized cost – calculated using the effective interest method – essentially correspond to borrowings and trade payables;
- derivative instruments are carried at fair value with changes in fair value recognized either directly in the income statement or in equity when hedge accounting is applied.

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

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

Note 34. Financial risk management

Market risks

Foreign exchange risk

iliad Holding

Due to the USD-denominated senior secured notes issued by iliad Holding in October 2021, and because its revenues are mainly denominated in EUR, the Company is exposed to increases in value of the USD given the fact that it pays interest on the notes in USD and will redeem the principal in USD on maturity. In order to hedge this risk, iliad Holding has set up USD cross-currency swaps backing the notes issues.

The iliad Group

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

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

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

The Group's residual exposure after hedging foreign exchange risk on US dollar-denominated transactions was partly contained in 2023.

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

However, the currency risk relating to Play's consolidation is structurally limited. First, the fact that Play's local debt is denominated in PLN in its balance sheet provides a natural hedge for part of the foreign exchange risk, meaning that the residual exposure is reduced to the amount of its net assets. Second, the EUR/PLN rate is fairly stable, even in an unsettled geopolitical environment as a result of the war in Ukraine, with an average annual exchange rate of 4.43 in 2020, rising 3.1% to 4.57 in 2021, and then again by 2.6% to 4.69 in 2022, before decreasing by 3.1% in 2023 to 4.54, representing an average annual increase of 1% over this four-year period. Nevertheless, the Group may from time to time enter into specific cash flow hedging transactions in response to fluctuations in the EUR/PLN exchange rate.

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

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

At December 31, 2023, all of the Group's currency hedges qualified as cash flow hedges under IFRS 9.

They had a positive €38 million impact on equity at that date.

Interest rate risk

As a significant portion of the iliad Holding Group's medium- and long-term borrowings denominated in euros is at fixed rates (notably its bonds and EIB loans), this provides a natural hedge for part of its exposure in this currency. In addition, in previous years the iliad Holding Group put in place interest rate hedging contracts for its euro- and zloty-denominated debt.

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

With regard to zloty-denominated debt contracted by Play, measures have been taken since November 2021 to hedge the corresponding interest rate risk, also using swaps. At December 31, 2023, these swaps hedged a total notional amount of PLN 7.5 billion, representing nearly 76.6% of the Group's total zloty-denominated debt.

In addition, as interest received by the Group on its cash and cash equivalents is mainly at variable rates, this symmetrically reduces its risk exposure to variable interest rates on its borrowings.

The table below shows the Group's net interest rate exposure at December 31, 2023.

(In € millions)	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Financial liabilities	2,291	11,667	1,183	15,140
Financial assets	11	90	1,098	1,199
Net position before hedging	**2,280**	**11,577**	**85**	**13,942**
Off-balance sheet position				
Net position after hedging	**2,280**	**11,577**	**85**	**13,942**

A sensitivity analysis of the Group's overall net debt after hedging shows that a 1% increase or decrease in euro interest rates at the reporting date would have resulted in a €30,406 thousand increase or decrease in profit for the period.

Equity risk

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

Commodity risk

Owing to the electricity consumed by its businesses, the Group is exposed to fluctuations in the price of electricity on the spot and forward markets, depending on the purchase terms negotiated with its electricity suppliers. Electricity market prices, which historically have been stable, saw unprecedented volatility in 2022 amid a global rally in consumer spending, the unavailability of part of France's nuclear capability and especially the impact of the war in Ukraine. Against this backdrop, the Group is closely monitoring the electricity markets and has set up financial hedging contracts based on electricity price swaps for electricity consumed in Italy (up to 2025), in addition to the forward purchases already entered into directly through its suppliers in France and Poland.

Liquidity risk

iliad Holding

iliad Holding relies on the profit and dividends of the iliad Group to fund its financing requirements and meet its payment obligations.

In addition, the Company has a revolving credit facility (the "SS RCF" described above) that can be used to service its general business needs. This facility was not subject to any financial covenants in 2023 in view of the fact that less than 40% of the available facility was used during the year.

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

iliad Holding ratings

In order to secure financing for the simplified public tender offer for iliad shares launched by Holdco II SAS, iliad Holding was assigned ratings by Standard & Poor's, Moody's and Fitch Ratings. Any change in these ratings could have an impact on the Group's future finance costs and/or access to liquidity.

At December 31, 2023, none of the lending margins on iliad Holding's credit facilities were contingent on credit ratings.

Rating at Dec. 31, 2023	**Standard & Poor's**	**Moody's**	**Fitch Ratings**
Long-term debt	BB	Ba3	BB
Outlook	Stable	Stable	Stable

The iliad Group

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

At December 31, 2023, the iliad Group's borrowings as described above were not subject to any liquidity risk and it had not breached any of the covenants applicable to its various bank credit facilities (including the EIB loans, the KFW IPEX-Bank loans and its syndicated facilities), at the level of both iliad and Play.

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

At December 31, 2023, the covenants applicable to iliad (which take the form of financial ratios), as provided for in the various loan and credit facility agreements described in Note 30 were as follows:

	Applicable financial ratios	Consequence of breach	Actual ratios at December 31, 2023
€2,000 million RCF (borrower – iliad)	iliad Group leverage ratio < 3.75	Early repayment	Leverage ratio: 3.0
€650 million mid-term loan (borrower – iliad)			
€1,000 million term loan (borrower – iliad)			
€900 million term loan (borrower – iliad)			
€200 million EIB loan – 2016 (borrower – iliad)			
€300 million EIB loan – 2018 (borrower – iliad)			
€300 million EIB loan – 2020 (borrower – iliad)			
€300 million EIB loan – 2022 (borrower – iliad)			
€300 million EIB loan – 2023 (borrower – iliad)			
€90 million KFW loan – 2017 (borrower – iliad)			
€150 million KFW loan – 2019 (borrower – iliad)			

At December 31, 2023, the covenants applicable to Play (which take the form of financial ratios), as provided for in Play's various loan and credit facility agreements, were as follows:

	Applicable financial ratios	Consequence of breach	Actual ratios at December 31, 2023
PLN 3,500m term loan (borrower: P4)	Play's leverage leverage ratio < 3.25	Early repayment	Leverage ratio: 2.5
PLN 2,000m RCF (borrower: P4)			
PLN 5,500 million facility (borrower – P4)			
PLN 470 million EIB facility (borrower – P4)			
PLN 500 million BGK facility (borrower – P4)			
PLN 464 million ECA facility (borrower – P4)			

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

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

Credit and counterparty risk

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

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

- trade receivables: at December 31, 2023, trade receivables represented a gross amount of €1,427 million and a net amount of €1,321 million (see Note 24). The Group's exposure to customer credit risk is monitored daily through cash collection and debt recovery processes. Debt collection agencies are used to recover any receivables that remain unpaid after the reminder process;
- short-term investments: other than the sight deposits used for its routine cash requirements, the Group's policy is to invest its surplus cash in (i) short-term money market instruments, generally for a period of less than one month, or (ii) certificates of deposit with a maturity of no more than three months, in compliance with the rules of diversification and counterparty quality.

Analysis of trade receivables

At December 31, 2023 trade receivables totaled €1,427 million and provisions for doubtful receivables amounted to €106 million.

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

The amount of past-due trade receivables that had not been written down at the year-end was not material.

Concentration risk

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

Note 35. Off-balance sheet commitments and contingencies

35.1 Commitments related to telecom licenses

France

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

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

2,600 MHz license

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

1,800 MHz license

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

700 MHz license

By way of decision 2015-1567 dated December 8, 2015, ARCEP authorized Free Mobile to use 10 MHz in the 700 MHz band in Metropolitan France in order to set up and operate a mobile communications network for public use, subject to rollout and coverage obligations. One of these obligations is that the Free Mobile network is required to provide very high-speed mobile broadband coverage to 98% of France's population by January 2027 (milestone already reached) and to 99.6% by -030.

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

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

Licenses for French overseas *départements* and *collectivités*

By way of decisions 2017-1037 dated September 5, 2017 and 2023-1622 and 2023-1989 dated July 25, 2023, ARCEP authorized Free Caraïbe to use the following frequencies:

- Guadeloupe and Martinique:
  - frequencies in the 800 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz bands;
- French Guiana:
  - frequencies in the 700 MHz, 900 MHz, 1,800 MHz, 2.1 GHz, 2.6 GHz and 3.5 GHz bands;
- Saint-Barthélemy and Saint Martin:
  - frequencies in the 700 MHz, 800 MHz, 900 MHz, 1,800 MHz, 2.1 GHz, 2.6 GHz and 3.5 GHz bands.

These decisions contained a number of obligations for the Group concerning (i) network rollouts and coverage, (ii) compliance with the terms of the cross-border coordination agreements entered into with France's neighboring countries, and (iii) regional economic development, employment and investment. For the 700 MHz and 3.5 GHz bands these commitments also included rollout obligations and obligations to develop new services on the mobile network (e.g., VO-WiFi or fixed access to mobile Internet).

Following the auctions in which the company is a bidder and if it is selected, Free Caraïbe will be required to enter into additional commitments in 2024 in connection with the allocation of 5G frequencies in Martinique and Guadeloupe (mainly 700 MHz and 3.5 GHz).

Italy

The decision issued on November 4, 2016 by the Italian Ministry of Economic Development (since renamed the Ministry for Business and Made in Italy) approving the transfer to iliad Italia (an iliad Holding Group subsidiary) of the licenses to use a portfolio of 35MHz (duplex) frequencies specifies the coverage obligations relating to these licenses. Under these obligations, iliad Italia had to:

- provide 2.1 GHz (or 900 MHz) coverage to the main towns and cities of Italy's regions by June 30, 2022 and those of the provinces by December 31, 2024.
- provide 2.6 GHz coverage to:
  - 14% of Italy's population by June 30, 2020;
  - 28% of Italy's population and 5% of the population of each Italian region by June 30, 2022.

By way of decision no. 231/18/CONS, the Italian telecoms regulator, AGCOM, set out the coverage obligations applicable to the operators allocated 5G frequencies in Italy. The requirements applicable to iliad Italia under this decision were/are:

- for the 3.6 GHz and 3.8 GHz licenses:
  - roll out its network and use the frequencies in each Italian region by December 2020,
  - cover at least 5% of the population of each Italian region by end-June 2022. By way of decision no. 185/23/CONS dated July 20, 2023, AGCOM increased the coverage obligation for the 3.6-3.8 GHz band by 2.5% of the population for each Italian region within 12 months of the license being granted. This additional obligation has to be met for as long as the joint operation agreement provides that iliad is authorized to use, through that joint operation, the frequencies in the 3.4-3.6 GHz band;
- for the 700 MHz license: individual obligations (that must be met by June 30, 2025):
  - cover 80% of Italy's population, with 90% population coverage for towns and cities with more than 30,000 inhabitants and all regional capitals,
  - cover 90% of the 149 tourist regions assigned to iliad;
- for the 700 MHz license: collective obligations:
  - cover 99.4% of Italy's population by end-December 2026, with 90% population coverage for 120 municipalities located in rural areas (listed in Appendix A to decision no. 231/18/CONS),
  - cover the main transport routes by end-December 2025 (railways and stations, highways, 351 sea ports and 42 airports). This obligation will be considered met if at least one of the license-holders provides the required service;
- 26 GHz licenses: no coverage obligation, but an obligation to roll out the mobile network and use the frequency band in all of Italy's provinces by December 31, 2022.

Poland

2,100 MHz and 900 MHz licenses

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

1,800 MHz license

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

800 MHz license

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

2,600 MHz license

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

3,500-3,600 MHz licenses

The December 19, 2013 decision to allocate frequencies in the 3,500-3,600 MHz band to the Group contained several regulatory obligations to be met by the Group. These primarily concerned making investments in the telecom network, corresponding to 3,800 sites within no more than 48 months of being allocated the frequencies. 37% of the overall investments had to be made in rural or suburban areas or in towns with fewer than 100,000 inhabitants. Additionally, the Group had to start providing services using the 3,500-3,600 MHz frequencies within no more than four months of the date on which they were allocated.

35.2 Partnerships with Cellnex

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

The iliad Holding Group's minimum commitments under this partnership are at least 2,500 sites for France, 1,000 sites for Italy and 1,871 sites for Poland. At December 31, 2023, the minimum commitment had been reached for France and Italy.

35.3 Other commitments

At December 31, 2023, the Group had received commitments giving it access to:

- a €2 billion revolving credit facility, none of which had been used at December 31, 2023;
- a €300 million revolving credit facility (senior secured RCF), none of which had been used at December 31, 2023;
- a PLN 2 billion revolving credit facility, none of which had been used at December 31, 2023;
- a €650 million mid-term credit facility, none of which had been used at December 31, 2023;
- two EIB loans amounting to €300 million each, none of which had been drawn down at December 31, 2023.

In connection with the strategic partnership entered into with InfraVia through the dedicated entity, SPIN (see Note 21), the iliad Holding Group has given the following commitments;

- a pledge of financial securities, covering the securities account opened in iliad's name in SPIN's books;
- a pledge of receivables, covering any receivables owed to iliad, or that may be owed to it in the future, by SPIN under the intra-group loan agreement.

At December 31, 2023;

- other commitments given by the iliad Holding Group amounted to €175 million and mainly corresponded to iliad Italia's bank guarantee concerning 900 MHz and 2,100 MHz frequencies;
- other commitments received by the iliad Holding Group totaled €1 million.

35.4 Collateralized debt

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

35.5 Claims and litigation

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

The main legal proceedings currently in progress are as follows:

France – Dispute with UFC

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

France – Tax disputes

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

In addition, the iliad Holding Group has been the subject of tax audits for the period covering the years from 2019 to 2022, and some of its subsidiaries have received tax deficiency notices. The proposed adjustments have been contested in their entirety and additional responses have been provided to the tax authorities. However, in accordance with accounting principles, the Group has made a best estimate of these risks in the financial statements at December 31, 2023.

Poland – Antitrust proceedings

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

Poland – Call termination charges

Claim lodged by Polkomtel

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

Poland – UOKiK/UKE/Other

Play is involved in a number of proceedings, including procedures launched by the President of the UKE and the President of the UOKiK (the Polish Office of Competition and Consumer Protection) as well as proceedings resulting from appeals against decisions made by those regulatory bodies. On September 2, 2016, the President of the UOKiK launched proceedings against UPC regarding unfair clauses concerning price increases, a guaranteed a minimum offer of TV programs, technician fees and contract termination fees. On July 17, 2019, the President of the UOKiK issued a decision prohibiting the application of the above-mentioned clauses, ordering UPC to pay a fine of PLN 32 million and imposing on it an obligation to compensate customers. UPC appealed the decision before the Warsaw District Court. On November 23, 2022, the Warsaw District Court confirmed its decision as to the obligation to compensate customers, which had been overturned. At the same time, the Supreme Court revised the fine downwards to PLN 28.6 million – an amount that had already been paid. UPC has further appealed this decision.

On December 1, 2022, the President of the UOKiK launched proceedings against P4 regarding practices against the collective interest of consumers, which in the opinion of the UOKiK President consist of the application of a contractual clause canceling the application of a discount on subscriptions in case of late payment by customers.

Note 36. Events after the reporting date

Investment in Tele2

On February 26, 2024, the iliad Holding Group announced that Freya Investissement, an investment vehicle jointly owned by iliad and NJJ Holding ("Freya"), had entered into a binding agreement with Kinnevik AB (publ) ("Kinnevik") to acquire approximately 19.8% of the share capital comprising shares of both Class A and Class B in Tele2, one of the leaders in the Swedish and Baltics telecom markets, for a total cash consideration of approximately SEK 13 billion (c. €1.16 billion). After the acquisition is approved by the relevant authorities and the transaction closes, Freya will become Tele2's main shareholder.

Note 37. List of main consolidated companies at December 31, 2023

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

	Registration number	Head office	Percentage ownership at Dec. 31, 2023	Percentage ownership at Dec. 31, 2022	Consolidation method in 2023
iliad Holding 16 rue de la Ville l'Évêque 75008 Paris, France	814,040,689	Paris	100.00%	100.00%	Full
Holdco II 16 rue de la Ville l'Évêque 75008 Paris, France	844,857,268	Paris	97.45%	97.43%	Full
Holdco III 16 rue de la Ville l'Évêque 75008 Paris, France	908,731,912	Paris	100.00%	100.00%	Full
iliad 11 16 rue de la Ville l'Évêque 75008 Paris, France	891,404,998	Paris	100.00%	100.00%	Full
iliad 16 rue de la Ville l'Évêque 75008 Paris, France	342 376 332	Paris	96.75%	96.93%	Full
Assunet 16 rue de la Ville l'Évêque 75008 Paris, France	421 259 797	Paris	89.96%	89.96%	Full
Centrapel 57 Boulevard Malesherbes 75008 Paris, France	434 130 860	Paris	100.00%	100.00%	Full
Certicall 40 avenue Jules Cantini 13006 Marseille, France	538 329 913	Marseille	100.00%	100.00%	Full
Connexy 3 rue Paul Brutus 13015 Marseille, France	848 895 173	Marseille	100.00%	100.00%	Full
Equaline 18 rue du Docteur G. Pery 33300 Bordeaux, France	538 330 358	Bordeaux	100.00%	100.00%	Full
F Distribution 8 rue de la Ville l'Évêque 75008 Paris, France	528 815 376	Paris	100.00%	100.00%	Full
Fibre Inc 1209 Orange Street, Wilmington, New Castle County, 19801 Delaware, USA	/	Wilmington	100.00%	100.00%	Full
Freebox 16 rue de la Ville l'Évêque 75008 Paris, France	433 910 619	Paris	98.92%	97.99%	Full
Free Caraïbe 3 rue de la Carrière 97200 Fort-de France, Martinique	808 537 641	Fort-de France	100.00%	100.00%	Full
Free 8 rue de la Ville l'Évêque 75008 Paris, France	421 938 861	Paris	100.00%	100.00%	Full
Free Fréquences 16 rue de la Ville l'Évêque 75008 Paris, France	529 917 833	Paris	/	100.00%	N.D.
Free Mobile 16 rue de la Ville l'Évêque 75008 Paris, France	499 247 138	Paris	100.00%	99.86%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2023	Percentage ownership at Dec. 31, 2022	Consolidation method in 2023
Free Pro 3 rue Paul Brutus 13015 Marseille, France	439 099 656	Marseille	100.00%	75.54%	Full
Free Réseau 16 rue de la Ville l'Évêque 75008 Paris, France	419 392 931	Paris	100.00%	100.00%	Full
IH 8 rue de la Ville l'Évêque 75008 Paris, France	441 532 173	Paris	100.00%	100.00%	Full
iliad 10 16 rue de la Ville l'Évêque 75008 Paris, France	844 880 492	Paris	100.00%	100.00%	Full
iliad 17 16 rue de la Ville l'Évêque 75008 Paris, France	982 150 864	Paris	100.00%	/	Full
iliad 18 16 rue de la Ville l'Évêque 75008 Paris, France	982 165 912	Paris	100.00%	/	Full
iliad 19 16 rue de la Ville l'Évêque 75008 Paris, France	982 109 688	Paris	100.00%	/	Full
iliad 6 16 rue de la Ville l'Évêque 75008 Paris, France	834 309 486	Paris	100.00%	100.00%	Full
IFT 31 rue de la Baume 75008 Paris, France	852 619 352	Paris	/	48.98%	N.D.
IFW 8 rue de la Ville l'Évêque 75008 Paris, France	400 089 942	Paris	/	100.00%	N.D.
iliad 78 16 rue de la Ville l'Évêque 75008 Paris, France	834 315 673	Paris	89.00%	78.45%	Full
iliad Customer Care Viale Restelli Francesco 1/A Milan, Italy	/	Milan	100.00%	100.00%	Full
iliad Italia Holding S.p.A Viale Restelli Francesco 1/A Milan, Italy	/	Milan	100.00%	100.00%	Full
iliad Investments 16 rue de la Ville l'Évêque 75008 Paris, France	919 740 605	Paris	40.85%	40.85%	Equity
iliad Italia S.p.A Viale Restelli Francesco 1/A Milan, Italy	/	Milan	97.78%	97.73%	Full
iliad Purple 16 rue de la Ville l'Évêque 75008 Paris, France	537 915 050	Paris	92.02%	92.57%	Full
Immobilière iliad 16 rue de la Ville l'Évêque 75008 Paris, France	501 194 419	Paris	100.00%	100.00%	Full
IRE 16 rue de la Ville l'Évêque 75008 Paris, France	489 741 645	Paris	100.00%	100.00%	Full
Jaguar Network Suisse rue des Paquis 11 1201 Geneva, Switzerland	/	Geneva	100.00%	100.00%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2023	Percentage ownership at Dec. 31, 2022	Consolidation method in 2023
JT Holding 3 rue Paul Brutus 13015 Marseille, France	801 382 300	Marseille	100.00%	100.00%	Full
Madiacom 44 rue Henri Becquerel Jarry 97122 Baie-Mahault, France	880 041 397	Baie-Mahault	50.00%	50.00%	Joint Operation
MCRA 57 Boulevard Malesherbes 75008 Paris, France	532 822 475	Paris	100.00%	100.00%	Full
Newco 25M 16 rue de la Ville l'Évêque 75008 Paris, France	910 077 478	Paris	49.50%	49.50%	Equity
NJJ Boru 16 rue de la Ville l'Évêque 75008 Paris, France	833 797 467	Paris	49.00%	49.00%	Equity
On Tower Poland Wynalazek 1, 02-677 Warsaw, Poland	/	Poland	/	27.77%	N.D.
Online Immobilier 16 rue de la Ville l'Évêque 75008 Paris, France	537 915 019	Paris	97.58%	97.58%	Full
Opcore 16 rue de la Ville l'Évêque 75008 PARIS	891 405 227	Paris	100%	/	I.G.
P4 SP. Z.O.O Wynalazek 1, 02-677 Warsaw, Poland	/	Poland	92.02%	92.57%	Full
Predictiv Pro S.A.S. 3 rue Paul Brutus 13015 Marseille, France	880 472 683	Marseille	100.00%	100.00%	Full
Protelco 8 rue de la Ville l'Évêque 75008 Paris, France	509 760 948	Paris	100.00%	100.00%	Full
Resolution Call 7 Bld Mohamed V 20800 Mohammedia, Morocco	/	Morocco	100.00%	100.00%	Full
Réseau Optique de France (formerly Free Infrastructure) 16 rue de la Ville l'Évêque 75008 Paris, France	488 095 803	Paris	100.00%	100.00%	Full
Scaleway 8 rue de la Ville l'Évêque 75008 Paris, France	433 115 904	Paris	97.58%	97.58%	Full
Scaleway US Corporation C/O IMS – 1700 W Irving Park, Suite 302 Chicago, IL 606013, United States	/	Chicago	97.58%	97.58%	Full
Solid 19 16 rue de la Ville l'Évêque 75008 Paris, France	790 148 944	Paris	100.00%	100.00%	Full
Société Part. Investments Numérique 14 rue Cambacérès 75008 Paris, France	980 465 108	Paris	48.98%	/	Equity
Telecom Academy "Privé" Lotissement Attaoufik Lot n° 9 & 10 Immeuble Le Shadow Sidi Maarouf Casablanca, Morocco	/	Morocco	100.00%	100.00%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2023	Percentage ownership at Dec. 31, 2022	Consolidation method in 2023
Telecom Réunion Mayotte 16 rue de la Ville l'Évêque 75008 Paris, France	812 123 214	Paris	50.00%	50.00%	Equity
Trax 16 rue de la Ville l'Évêque 75008 Paris, France	850 134 388	Paris	98.00%	98.00%	Full
Total Call Technoparc – Route de Nouceur Sidi Maar Casablanca, Morocco	/	Morocco	100.00%	100.00%	Full
Université F 233 16 rue de la Ville l'Évêque 75008 Paris, France	891 401 507	Paris	100.00%	100.00%	Full
Zefiro.net Via Giotto, 7 Cormano, Italy	/	Cormano	50.00%	/	Joint Operation

Note 38. Audit fees

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

	iliad Holding (excluding iliad)		The iliad Group		Total	
(in € thousands)	2023	2022	2023	2022	2023	2022
Statutory audit services	101	82	839	786	940	868
Non-audit services	0	0	224	168	224	168
Total fees	**101**	**82**	**1,063**	**954**	**1,164**	**1,036**

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

- verifying the consolidated non-financial information statement presented in the iliad Group's management report;
- reviewing asset sale transactions;
- providing various statements.

8. Statutory Auditors' report on the consolidated financial statements

for the year ended December 31, 2023

This is a Free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Sole Shareholder,

Opinion

In compliance with the engagement entrusted to us by the Sole Shareholder, we have audited the accompanying consolidated financial statements of iliad Holding SAS for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2023 to the date of our report.

Justification of assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you that the most significant assessments we made, in accordance with our professional judgment, concerned the appropriateness of the accounting policies applied, the reasonableness of the significant estimates used, and the overall presentation of the financial statements.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Chairman's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Chairman.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company’s management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Neuilly-sur-Seine and Toulouse, April 12, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit	**Fid Sud Audit**	
Thierry Leroux	Valérie Rigaud-Branquart	Thomas Lamarche

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