

# 2021 Annual Report

## iliad Holding S.A.S.

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This is the annual report (the “Annual Report”) of Iliad Holding S.A.S. for the year ended December 31, 2021. The Annual Report consists of the following documents, included herein at the schedules indicated below:

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<sup>(1)</sup> It is expressly specified that the financial figures included in such Schedule 1 reflect the position of Iliad S.A. and its own subsidiaries.

# SCHEDULE 1

## Overview of the Group and its businesses<sup>(1)</sup>

### 1.1 THE GROUP

#### Introduction

Our group (the “**Group**”) is a leading electronic communications player in France, Italy and Poland, with 41.4 million active subscribers, €7.6 billion in revenues in 2021 and over 15,000 employees (please refer to schedules 5 and 6 for further details regarding the group organizational and shareholding structure).

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

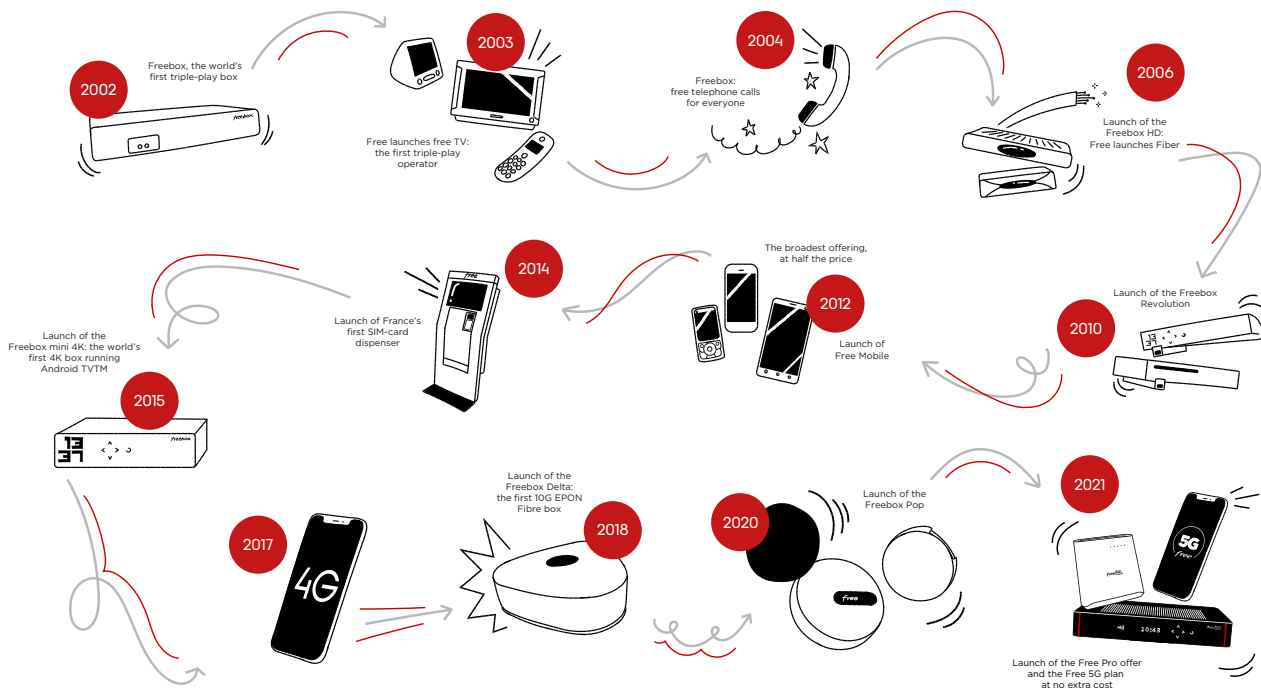
In 2018, the Group expanded its geographic reach to Italy, capturing market share of more than 10% in the space of three years. In 2020, the Group continued its expansion in Europe with

the acquisition of Play, Poland’s leading mobile telecom operator, and on September 22, 2021 it announced that it had signed an agreement with Liberty Global for Play to acquire the entire capital of the cable operator, UPC Polska. The conditions precedent necessary for the acquisition of UPC Polska have been released as of the date of this Annual Report, following the clearance given by the European Commission on March 10, 2022. The deal was closed on April 1, 2022.

iliad S.A. operates under the trade names of Free in France, iliad in Italy and Play in Poland.

Following its acquisition of Play in Poland in late 2020, the Group now has three separate geographic segments.

#### — FROM AN INTERNET SERVICE PROVIDER TO AN INTEGRATED OPERATOR (LANDLINE AND MOBILE) – FREE’S MILESTONES IN FRANCE



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

### A leading Internet service provider in France

France is our main market and accounted for 68% of the Group's total revenues in 2021. Free entered the Internet service provider (ISP) market in France in April 1999, with a straightforward, no-subscription offering. This commercial strategy enabled it to win a large share of the dial-up market with relatively low advertising outlay compared with its competitors.

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

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

In more than 20 years since its beginnings, Free has managed to keep all of the elements that have always set it apart – straightforward offerings, attractive pricing and recognized technical quality.

### A new entrant in 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 2021. Since late 2016, and the signature of the agreement with the Hutchison and VimpelCom groups, the Group has been rolling out its own mobile network in Italy, which has notably involved:

- Deploying mobile sites. At end-2021, the Group had some 9,700 equipped sites in Italy, versus 7,700 at December 31, 2020.

- Switching on mobile sites. At end-2021, it had switched on over 8,700 sites altogether in Italy, exceeding its target of 8,500 sites and enabling Iliad Italia to carry some traffic on its own network.
- Rolling out the core network and interconnections with Wind/Tre to manage traffic under the MOCN (Multi-Operator Core Network) solution. This technical solution for connecting up Wind Tre's radio equipment to the Group's core network creates a more effective and optimal flow of traffic between the two networks compared with a more "conventional" roaming solution.

On January 25, 2022, Iliad Italia also became a new entrant in the fixed ultra-fast broadband market with the launch of a double play Internet and Telephony offer. The plans are initially based on a wholesale offer using the Open Fiber network but Iliad Italia intends to subsequently use the FiberCop network.

### Iliad acquires Play in Poland, marking a turning point in the Group's strategy

The Group has been present in Poland since 2020, when it acquired Play, a leading nationwide operator in the country's mobile telephony market, with its own infrastructure and which also offers fixed services (broadband and IP TV). In 2021, Poland contributed 21% to the Group's revenues.

Play pursued its network rollout plan during the year, adding 967 sites and giving it own-network 3G and 4G coverage rates of over 99% of the Polish population. Play's own 2G/3G/4G coverage is rounded out by a roaming agreement with Orange Polska (it previously also had a roaming agreement with T-Mobile but that was terminated at end-2021).

## 1.1.1 Significant events of 2021 and key figures

### — SELECTED FINANCIAL INFORMATION REGARDING ILIAD S.A. AND ITS CONSOLIDATED SUBSIDIARIES - PLEASE REFER TO SCHEDULE 6 OF THIS ANNUAL REPORT FOR AN ANALYSIS OF THE GROUP BUSINESS AND RESULTS

<i>In € millions</i>	<b>2021</b>	<b>2020</b>
<b>Income statement</b>		
<b>Total revenues</b>	<b>7,587</b>	<b>5,871</b>
<b>Services revenues</b>	<b>7,065</b>	<b>5,642</b>
<i>EBITDAaL</i>	2,949	1,957
Profit from ordinary activities	1,148	556
Profit for the period	526	420
<b>Balance sheet</b>		
Non-current assets	19,498	18,668
Current assets	2,952	2,770
<i>Of which cash and cash equivalents</i>	704	686
Assets held for sale	959	574
<b>TOTAL ASSETS</b>	<b>23,409</b>	<b>22,012</b>
Total equity	5,873	5,503
Non-current liabilities	11,553	11,465
Current liabilities	5,983	4,850
Liabilities related to assets held for sale	0	193
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,409</b>	<b>22,012</b>
<b>Cash flows</b>		
<b>Cash flows from operations</b>	<b>3,208</b>	<b>2,502</b>
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(836)	(818)
Capital expenditure - France <sup>(1)</sup>	(1,673)	(1,312)
Capital expenditure - Italy <sup>(1)</sup>	(413)	(512)
Capital expenditure - Poland <sup>(1)</sup>	(198)	(34)
Capital expenditure - frequencies <sup>(2)</sup>	(175)	(157)
<b>Net change in cash and cash equivalents - Group (excluding change in net debt and dividends)</b>	<b>(19)</b>	<b>(2,640)<sup>(3)</sup></b>
Dividends	(176)	(152)
<b>Net debt</b>	<b>8,012</b>	<b>7,747</b>

(1) Excluding payments for frequencies.

(2) France (2021: €113 million; 2020: €103 million); Italy (2021: €62 million; 2020: €55 million).

(3) Including €2.22 billion for the acquisition of Play in Poland.

## Key figures for 2021

### iliad S.A. and its consolidated subsidiaries

#### Operational information

The Group's active subscriber base grew significantly in 2021, with 2.03 million new subscribers, breaking down as 1.7 million new active Mobile subscribers and 345,000 new subscribers for Fixed services. At end-2021, the Group had 41.4 million total active subscribers in its three host countries, breaking down as 34.2 million for Mobile and 7.2 million for Fixed. 2021 was a particularly busy year for the Group in terms of rollouts of latest-generation infrastructure (5G and FTTH) and launches of new services (notably Free Pro and Free Flex in France).

#### Revenues

Consolidated revenues advanced 29.2% to €7.59 billion in 2021, spurred by the first full-year consolidation of Play in Poland and solid growth for Free in France (3.8%) and iliad in Italy (19.0%). Pro forma like-for-like growth<sup>(1)</sup> amounted to 4.8%, or 5.5% excluding sales of devices. Fourth-quarter trends were similar to those for the year as a whole, with revenues advancing 17.2% (4.5% on a pro forma like-for-like basis) to €1.95 billion. This increase was fueled by growth in France which accelerated for the fifth quarter in a row, with revenues rising by 5.5%.

(1) Calculated based on Play consolidated since January 1, 2020 and at constant exchange rates.

### Profitability

Consolidated EBITDAaL jumped 50.7% in 2021 (22.3% on a pro forma like-for-like basis) to €2.95 billion, with EBITDAaL margin widening by 5.5 points to 38.9%. Profit for the period rose 22.8% year on year and operating cash flow (EBITDAaL less capex excluding payments for frequencies) increased more than six-fold to €666 million.

### Leverage

At end-2021, Iliad S.A. and its consolidated subsidiaries' net debt amounted to €8.01 billion, €265 million higher than one year earlier, with its leverage ratio decreasing by 0.5x EBITDAaL to 2.7x.

### France

#### Operational information

The total Fixed subscriber base grew by 203,000 units in 2021, with 69,000 new subscribers in the fourth quarter. The Fiber subscriber base continued to see firm growth, with 227,000 new subscribers signing up to the Group's Fiber plans in fourth-quarter 2021 and 970,000 over the year as a whole. At end-December 2021, the Group had a total of 3.77 million Fiber subscribers, with the penetration rate among the overall subscriber base advancing 13 points year on year to 54.5%. Sales performance for the unlimited 4G/5G Free Mobile plan<sup>(1)</sup> was very good in 2021 with 696,000 net adds during the year, including 210,000 in the fourth quarter. The number of connectible Fiber sockets increased by 5.6 million over 12 months, totaling 25.5 million at end-December 2021. The Group's Fiber offerings are now available in some 14,200 municipalities. Free is actively pursuing its 4G and 5G mobile network rollouts across all of France's regions. Since the beginning of the year, Free Mobile has switched on over 2,000 new 4G sites, and thanks to its more than 13,500 technically operational 5G sites, it now has the best 5G population coverage rate in France (almost 80%), and its 3G/4G coverage rate is now over 99%. The Group intends to continue investing in coverage and network densification in order to become the alternative operator of choice.

#### Revenues

Revenues in France rose 3.8% in 2021 to €5.2 billion, with excellent momentum in the fourth quarter when revenues grew 5.5% year on year to €1.35 billion. Services revenues generated by the Fixed business amounted to €2.86 billion in 2021, up 6.1% year on year, with a 7.8% increase in the fourth quarter, representing the highest quarterly growth rate since 2013. At €33.4, Fixed ARPU was 1.10 euro cents (3.4%) higher than in the fourth quarter of 2020 and 40 euro cents higher than in third-quarter 2021. Mobile services revenues rose 2.4% to €2.17 billion in 2021, with a 2.9% year-on-year increase in the fourth quarter to €561 million. Revenues billed to subscribers increased 5.0% year on year, driven by a 4.2% rise in average ARPU billed to subscribers, to €11.1. The fourth quarter followed the same upward trend, with revenues billed to subscribers advancing 5.1% and ARPU up 4.2%. Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 8.6% in 2021 (6.6% in the fourth quarter). These revenues (which have low margins) are structurally declining as traffic is switching to digital platforms. Sales of devices contracted 10.4% to €174 million for

the year as a whole, but climbed by the same 10.4% in the fourth quarter to €53 million. The initial positive impacts of the Free Flex offer are only expected to be felt in a few quarters time.

### Profitability

EBITDAaL generated in France advanced 8.1% in 2021 to €2.19 billion, representing an EBITDAaL margin of 42.1%, up 1.7 points on 2020. Capital expenditure (excluding payments for frequencies) peaked in 2021 in France at €1.67 billion, up 27.5% on 2020. This increase was mainly due to our stated objective since first-quarter 2021 to accelerate the rollout of our 5G mobile network and support the deployment of Fiber throughout France, but also reflects the measures taken to secure our inventories of electronic components after the events of 2020 that affected their value chain and production. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) therefore fell by 27.8% to €512 million.

### Poland

#### Operational information

Play delivered a good sales performance in 2021, with the base of active subscribers on plans increasing by 131,000 for the year as a whole (of which 53,000 in the fourth quarter) and the number of active prepaid subscribers growing by 50,000 units for the year as a whole (but declining by 12,000 in the fourth quarter). In the Home segment, the subscriber base rose by 32,000 units in the fourth quarter, on a par with the growth figures for the previous three quarters. Play's value-focused growth strategy is paying off, with average ARPU billed to subscribers up 2.7% for the full year to PLN 28.3 (the figures for ARPU billed to subscribers since Q1 2020 have been adjusted to reflect the new method used for counting active prepaid subscribers), with a 1.2% increase in the fourth quarter. The acquisition of the entire share capital of UPC Polska was completed on April 1, 2022 (the signing of the agreement for the sale by Liberty Global of cable operator UPC Polska to Play was announced on September 22, 2021).

#### Revenues

On a pro forma, local currency basis, Play's revenues in Poland rose 2.0% in 2021 to PLN 7.3 billion (with a 1.4% year-on-year decrease in the fourth quarter to PLN 1.83 billion). Excluding sales of devices they were up 2.2% for the full year (down 1.6% for the fourth quarter). Excluding the decrease in regulated mobile termination tariffs introduced on July 1, full-year growth would be 3.5%, or 4.2% excluding sales of devices (1.6% and 2.3% respectively in the fourth quarter). Mobile service revenues billed to subscribers rose by 5.8% to PLN 4.08 billion (up 2.6% in the fourth quarter), thanks to our strategy which focused on a balance between enhancing its network and winning new subscribers. Interconnection and other revenues declined by 7.7% over the year to PLN 1.56 billion, with a 13.3% reduction in the fourth quarter. The fourth-quarter decrease was similar to the third quarter but was more pronounced than in the first half, chiefly due to the 27% cut in mobile termination tariffs. Termination charges for mobile voice calls were PLN 0.0429 per minute in first-half 2021 and were reduced to PLN 0.0318 (0.7 euro cents) per minute on July 1, 2021. Since January 1, 2022, they have been reduced to 0.55 euro cents per minute and will be further reduced to 0.4 euro cents from January 1, 2023 and 0.2 euro cents from January 1, 2024. Sales of devices edged up 1.2% during the year to PLN 1.62 billion (with a 0.7% contraction in the fourth quarter).

(1) 50/100/150 GB for non-Freebox subscribers

## Profitability

On a pro forma, local currency basis, EBITDAaL in Poland advanced 30.4% in 2021 to €3.12 billion, with the EBITDAaL margin widening by 9.3 points to 42.8%. Excluding the net positive impact of the deal with Cellnex (the higher rental costs of sites transferred to On Tower Poland – which has been 60%-owned by Cellnex since March 31 – were more than offset by the gain realized on the sale of 517 additional sites at the close of the deal), EBITDAaL growth was just over 10% thanks to (i) higher gross profit due to a better revenue mix, and (ii) the beneficial impacts of Play's integration into the Iliad Group. Capital expenditure was 12% higher year on year, at PLN 903 million, due to the acceleration of rollouts to improve the Group's coverage and capacity, as well as to a growing proportion of 5G equipment within the overall capital spend. As a result of the above factors, operating cash flow (EBITDAaL less capex excluding payments for frequencies) increased by a sharp 40% over 12 months to PLN 2.22 billion.

## Italy

### Operational information

Despite a complicated market environment at the beginning of the year due to Covid-19 measures and fierce competition, Iliad Italia delivered a very good sales performance in 2021, with 1.27 million net adds during the year, including 340 in the fourth quarter. This brought our total number of subscribers in

Italy to 8.5 million at end-2021, representing a market share of 10.9%. At the same date, the Group had 24 stores, almost 1,700 Simboxes in more than 1,100 kiosks located in busy catchment areas and over 2,000 indirect sales outlets. In addition, we officially launched our fixed Internet offering in Italy on January 25, 2022.

### Revenues

Revenues generated by Iliad Italia climbed 19.0% year on year to €802 million, with a 10.7% rise in the fourth quarter. Mobile revenues billed to subscribers totaled €624 million for the year, up 21.9% over the 12-month period, with a 13.4% rise in the fourth quarter to €164 million. "Other" revenues rose by 9.1% for the full year and by 2.0% in the fourth quarter.

### Profitability

For the first time, the Italian business made a positive contribution with €80 million in consolidated EBITDAaL in 2021. This €213 million increase was attributable to its €128 million revenue growth as well as lower roaming charges thanks to the rollout of its own network. The rollout pace was still high in 2021 but the peak has now passed and capital expenditure was down 19.3% to €413 million. Operating cash flow (EBITDAaL less capex excluding payments for frequencies) represented a net outflow of €333 million, which was €312 million less than the net outflow for 2020.

## — KEY FINANCIAL INDICATORS FOR ILIAD S.A. AND ITS CONSOLIDATED SUBSIDIARIES

<i>In € millions</i>	2021	2020	% change
<b>Consolidated revenues</b>	<b>7,587</b>	<b>5,871</b>	<b>+29.2%</b>
Consolidated services revenues <sup>(1)</sup>	7,064	5,642	+25.2%
Consolidated revenues from devices	535	243	+120.2%
<i>Intra-group sales</i>	<i>(10)</i>	<i>(8)</i>	<i>+21.3%</i>
<b>Revenues - France</b>	<b>5,195</b>	<b>5,004</b>	<b>+3.8%</b>
<b>Revenues - Italy</b>	<b>802</b>	<b>674</b>	<b>+19.0%</b>
<b>Revenues - Poland</b>	<b>1,600</b>	<b>200</b>	<b>NM</b>
<b>Consolidated EBITDAaL</b>	<b>2,949</b>	<b>1,957</b>	<b>+50.7%</b>
EBITDAaL - France	2,185	2,021	+8.1%
EBITDAaL - Italy	80	(133)	NM
EBITDAaL - Poland	684	70	NM
<b>Consolidated capex<sup>(2)</sup></b>	<b>2,283</b>	<b>1,858</b>	<b>+22.9%</b>
Capex - France <sup>(2)</sup>	1,673	1,312	+27.5%
Capex - Italy <sup>(2)</sup>	413	512	-19.4%
Capex - Poland <sup>(2)</sup>	198	34	NM
<b>Profit from ordinary activities</b>	<b>1,148</b>	<b>556</b>	<b>+106.3%</b>
Profit from ordinary activities - France	958	924	+3.7%
Profit/(loss) from ordinary activities - Italy	(248)	(415)	-40.4%
Profit from ordinary activities - Poland	437	47	NM
<b>Profit for the period</b>	<b>526</b>	<b>420</b>	<b>+25.1%</b>
<b>Net debt</b>	<b>8,012</b>	<b>7,747</b>	<b>+3.5%</b>
<b>Leverage ratio<sup>(3)</sup></b>	<b>2.7x</b>	<b>3.2x</b>	<b>-0.5x</b>

(1) Excluding intra-group sales for the Group and for France, converted at a EUR/PLN exchange rate of 4.5652 for the whole of 2021.

(2) Excluding payments for frequencies.

(3) 3.2x calculated including a 12-month EBITDAaL contribution from Poland.



– BUSINESS ACTIVITIES/KEY OPERATING INDICATORS

France	2021	2020	Year-on-year change
Number of mobile subscribers	13,611K	13,376K	+236K
• Of which on the 4G/5G Free Mobile Plan	9,259K	8,563K	+696K
• Of which on the voice-based plan	4,352K	4,813K	-461K
Number of Broadband and Ultra-Fast Broadband subscribers	6,925K	6,722K	+203K
• Of which Fiber	3,773K	2,803K	+970K
<b>TOTAL NUMBER OF SUBSCRIBERS - FRANCE</b>	<b>20,537K</b>	<b>20,098K</b>	<b>+439K</b>
Number of connectible Fiber sockets	25.5 MILLION	19.9 MILLION	+5.6 MILLION

France	Q4 2021	Q4 2020	Year-on-year change
Broadband and Ultra-Fast Broadband ARPU (in €) <sup>(1)</sup>	33.4	32.3	+3.4%
Mobile ARPU billed to subscribers (in €) <sup>(1)</sup>	11.4	11.0	+4.2%

Italy	2021	2020	Year-on-year change
<b>NUMBER OF MOBILE SUBSCRIBERS</b>	<b>8,505K</b>	<b>7,235K</b>	<b>+1,270K</b>

Poland	2021	2020	Year-on-year change
Number of active mobile subscribers <sup>(1)</sup>	12,129K	11,948K	+181K
• Of which on plans	8,522K	8,391K	+131K
• Of which prepaid	3,606K	3,556K	+50K
Number of Home subscribers <sup>(1)</sup>	267K	126K	+142K
<b>TOTAL NUMBER OF SUBSCRIBERS - POLAND<sup>(1)</sup></b>	<b>12,396K</b>	<b>12,074K</b>	<b>+323K</b>

Poland	Q4 2021	Q4 2020	Year-on-year change
Mobile ARPU billed to subscribers (in PLN) <sup>(2)</sup>	28.1	27.7	+1.2%

(1) See glossary for definitions.

(2) ARPU calculated based on revenues billed to mobile subscribers.

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-2021, the Group was an integrated player in France operating in the Internet access market (Fixed business) and the mobile telephony market (Mobile business), as well as in the mobile telephony market in Italy and, since late 2020, in Poland, essentially in the mobile telephony market but with a presence in the fixed Internet access market that we are currently developing.

#### 1.2.1.1 The fixed Internet access market in France

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

	2021 <i>(at Sept. 30, 2021)</i>	2020	2019
<b>Revenues</b> <i>(in millions of euros)</i>	<b>9,411</b> <i>(12,505 on a 12-month rolling basis)</i>	<b>12,180</b>	<b>11,847</b>
<b>Number of subscriptions</b> <i>(in millions)</i>	<b>31.2</b>	<b>30.6</b>	<b>29.8</b>
<i>of which Broadband</i>	<i>13.7</i>	<i>15.9</i>	<i>18.4</i>
<i>of which Ultra-Fast Broadband</i>	<i>17.5</i>	<i>14.7</i>	<i>11.4</i>

The total number of Broadband and Ultra-Fast Broadband subscriptions in France rose by 0.6 million in the first nine months of 2021. With an aggregate 31.2 million Broadband and Ultra-Fast Broadband subscribers at September 30, 2021, the penetration rate for French households is one of the highest in Europe. The Broadband and Ultra-Fast Broadband markets in France have reached maturity, which is naturally resulting in a lower rate of growth. However, as was the case in 2020, it would appear that the Covid lockdowns in 2021 had a slightly positive impact on demand, with growth coming in at 3.2% for the twelve months ended September 30, 2021, versus 2.9% and 2.3% respectively for the equivalent 12-month periods in 2020 and 2019.

For several years now, with the ramp-up of Fiber technology, the number of Ultra-Fast Broadband subscribers has steadily risen, to the detriment of standard Broadband subscribers, with demand increasing once again in 2021 for better quality connections offering faster speeds. At September 30, 2021, subscriptions for standard Broadband accounted for 44% of the Group's total Internet subscriptions in France, down 11 points year on year.

The number of Ultra-Fast Broadband subscriptions in France rose by 3.9 million in the twelve months ended September 30, 2021, to 17.5 million. This sharp year-on-year increase reflects the acceleration in the deployment and take-up of FTTH technology. At September 30, 2021, Ultra-Fast Broadband subscriptions made up 56% of subscriptions. Of these, Fiber represented a predominant proportion (94%), delivering speeds of over 100 Mbps.

Revenues generated in the overall Broadband and Ultra-Fast Broadband access market amounted to €9.4 billion in the nine months ended September 30, 2021 (€12.5 billion on a 12-month rolling basis), up 3.6% year on year.

##### Players in the fixed Internet access market in France

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

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

#### 1.2.1.2 The mobile telephony market in France

##### — GENERAL INFORMATION ABOUT THE FRENCH MOBILE TELEPHONY MARKET

	2021 <i>(at Sept. 30, 2021)</i>	2020	2019
<b>Revenues</b> <i>(in € millions, excluding revenues from M2M cards)</i>	<b>10,421</b> <i>(13,821 on a 12-month rolling basis)</i>	<b>13,434</b>	<b>13,378</b>
<b>Number of active SIM cards</b> <i>(in millions) – Metropolitan France only, excluding M2M*</i>	<b>77.6</b>	<b>76.1</b>	<b>75.2</b>
<i>Of which locked-in plans</i>	<i>21.2</i>	<i>21.2</i>	<i>21.5</i>
<i>Of which no-commitment plans</i>	<i>50.9</i>	<i>49.2</i>	<i>47.0</i>
<i>o/w active prepaid cards</i>	<i>5.5</i>	<i>5.6</i>	<i>6.7</i>
<b>4G active customer base</b> <i>(in millions of SIM cards)</i>	<b>64.3</b>	<b>60.5</b>	<b>54.8</b>
<b>Average bill</b> <i>(in euros per month – on a rolling annual basis)</i>	<b>15.0</b>	<b>14.8</b>	<b>15.0</b>

\* Machine to machine communications.

Source: ARCEP

At September 30, 2021, the mobile telephony market in Metropolitan France counted 77.6 million users (corresponding to active SIM cards excluding M2M), up by 2.0 million compared with 12 months earlier<sup>(1)</sup>, and the penetration rate was 118.9%, 3.1 points higher year on year.

The key facts and figures for the mobile networks services market in France in the first nine months of 2021 were as follows:

- An increase in the number of no-commitment plans (up 1.6 million) while the number of locked-in plans remained stable.
- The downward trend for prepaid cards softened in the first three quarters of 2021 with a decline of only 0.1 million compared with a 1.1 million decrease in 2020.
- Continued very strong development of 4G technology. In the third quarter of 2021, the number of people having used 4G networks to connect to the Internet during that three-month period was 64.3 million, up by 5.3 million in the space of 12 months and representing 83% of active SIM cards.
- A lesser impact of the Covid crisis on usages than in 2020:
  - After an unprecedented decline in 2020 due to the sharp drop in tourism, the volume of mobile roaming-out data traffic swung back up (increasing 45% in the nine months ended September 30, 2021) and exceeded the level for the same period of 2019 (when growth was 19%). The situation is less positive for the volume of roaming-out voice traffic, which, despite rising 15% in the first three quarters of 2021, is still below pre-pandemic levels.
  - Another increase in the volumes of data carried on mobile networks: in the first three quarters of 2021, average monthly data usage per active 4G subscriber was 11.2 GB, i.e., over 10% higher year on year (versus an almost 26%

year-on-year increase in the same period of 2020). The lower growth was mainly due to the widespread move to home-working, with data mainly carried via Wi-Fi rather than mobile telephone networks.

- Volumes of “traditional” voice calls returned to a downward trend after an unexpected upturn in 2020, and text messages and MMS continued their structural decline:
  - In the first three quarters of 2021, the number of text messages/MMS contracted by 15% year on year to an average of 137 text messages/MMS per user per month.
  - Following the unforeseen trend reversal for voice call minutes in 2020 (up 20%), the downward pattern returned in the first nine months of 2021, with average monthly voice traffic down by 3% at September 30, 2021 to three hours and fifty minutes per user.

The Group’s launch in January 2012 of its Mobile business (see Section 1.3.2.1 below, “Presentation of the Group’s offerings”) has played a significant role in shaping the current trends in France’s mobile telephony market.

### 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.
- Mobile virtual network operators (MVNOs), such as La Poste Mobile and Pritel (in the process of being acquired by SFR), which at September 30, 2021 represented a total 6.9 million SIM cards and held an 8.9% share of the market.

## 1.2.1.3 The mobile telephony market in Italy

### — GENERAL INFORMATION ABOUT THE ITALIAN MOBILE TELEPHONY MARKET

	2021 <i>(at Sept. 30, 2021)</i>	2020	2019
<b>Revenues</b> (in € billions)	N/A	13.03	13.85
<b>Number of SIM cards</b> (in millions) – excluding M2M <sup>(1)</sup>	78.0	77.6	79.6
<i>o/w plans</i>	8.8	9.7	10.5
<i>o/w prepaid cards</i>	69.1	67.9	69.1
<b>SIM cards with Internet access</b> (in millions)	56.6	56.55	55.91
<b>Average revenue per user</b> (in euros)	N/A	207	225

(1) Machine to machine communications.

Source: AGCOM. (2021: at Sept. 30, 2021 from the Osservatorio Agcom; 2020 and 2019: data from the last Relazione annuale Agcom and Osservatorio Agcom updated at Dec. 31).

At September 30, 2021, the mobile telephony market in Italy counted 78 million users (corresponding to SIM cards in use excluding M2M), up by a slight 0.15 million compared with one year earlier. The mobile phone penetration rate in Italy was 132%<sup>(2)</sup>.

(1) Source: ARCEP

(2) Data from the AGCOM database (updated at September 30, 2021) and ISTAT.

The key facts and figures for the mobile networks services market in Italy in the first nine months of 2021<sup>(1)</sup> were as follows:

- A higher number of subscribers with prepaid cards than on plans. The number of prepaid cards rose by 1.22 million year on year, and represented 88.7% of the total standard (non-M2M) SIM cards on the market.
- An increase in SIM cards with access to mobile Broadband: in the third quarter of 2021, the number of SIM cards with Internet access accounted for 72.5% of total SIM cards (excluding M2M).
- A very steep rise in the volume of mobile data traffic:
  - In the third quarter of 2021, average monthly data usage per user was 11.69 GB, up 27.9% year on year.

Iliad Italia's launch of its mobile business in May 2018 has undoubtedly helped shape the current trends in Italy's mobile telephony market. At end-September 2021, just two years after its commercial launch, Iliad Italia already had a market share of 10.5%<sup>(2)</sup>.

### 1.2.1.4 Fixed Internet access market in Italy

#### — GENERAL INFORMATION ABOUT THE ITALIAN MARKET

	2021 <i>(at Sept. 30, 2021)</i>	2020	2019
<b>Revenues</b> (in € billions)	N/A	15.60	16.22
<b>Number of subscriptions</b> (in millions)	19.89	19.81	19.62
<i>Of which copper access</i>	5.82	7.11	9.22
<i>Of which Fixed Wireless Access (FWA)</i>	1.68	1.54	1.23
<i>Of which FTTC<sup>(1)</sup></i>	9.95	9.31	7.85
<i>Of which FTTH<sup>(2)</sup></i>	2.44	1.85	1.32

(1) Fiber To The Cabinet.

(2) Fiber To The Home.

Source: AGCOM. (2021: at Sept. 30, 2021 from the Osservatorio Agcom; 2019 and 2020: data from the last Relazione annuale Agcom and Osservatorio Agcom).

With a total of 19.89 million subscribers at September 30, 2021, the penetration rate for fixed Internet services in the Italian population is 77%<sup>(4)</sup>.

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.

#### Mobile telephony players in Italy

The Group's main competitors in the Italian mobile telephony market<sup>(3)</sup> are:

- The other three mobile network operators: Telecom Italia (TIM), Vodafone and Wind Tre, which together accounted for 59.1 million SIM cards in third-quarter 2021, and held a 75.8% market share.
- Mobile virtual network operators (MVNOs), such as Poste Mobile, Fastweb, Lycamobile, Coop Voce and Tiscali. Together, these MVNOs represented 10.7 million SIM cards in third-quarter 2021 and held a 13.7% share of the market. The largest – Poste Mobile – had a 5.7% market share at September 30, 2021 and had already been overtaken by Iliad Italia at end-September 2019.

Between September 30, 2020 and September 30, 2021, the total number of subscriptions rose by 400,000 lines. At the same time, access via higher-quality technologies increased considerably, with FTTC up by 1.1 million year on year, FTTH by 0.8 million and FWA by 0.2 million. This momentum pushed up the connection speeds available in the market. At September 30, 2021, lines with speeds of 30 Mbps or more (defined in France as Ultra-Fast Broadband) represented 75% of the total Broadband access market and lines with speeds faster than 100 Mbps accounted for 59.4% of the total.

(1) AGCOM data updated at September 30, 2021.

(2) AGCOM data updated at September 30, 2021.

(3) Only taking into account SIM cards in service (excluding M2M).

(4) Data from the AGCOM database (updated at September 30, 2021) and ISTAT (based on a population of 59,236 million and 2.3 people per household).

### Players in the fixed Internet access market in Italy

The Group's future competitors in the Italian fixed Internet access market are Italy's main fixed network operators, which in third-quarter 2021 held the following market shares<sup>(1)</sup>:

- Telecom Italia (TIM): 43.9%
- Vodafone: 16%
- Fastweb: 14.7%
- Wind Tre: 13.8%
- Linkem: 3.2%
- Eolo: 2.9%

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

On January 25, 2022, iliad Italia launched a fixed internet offering via Open Fiber's FTTH network. This offering gives access to speeds of up to 5 Gbps at a price of €15.99 a month for iliad Italia's mobile subscribers and €23.99 a month for fixed-only subscribers.

### 1.2.1.5 The mobile telephony market in Poland

#### — GENERAL INFORMATION ABOUT THE POLISH MOBILE TELEPHONY MARKET

	2020	2019	2018
<b>Revenues (mobile telephony &amp; data, in PLN billions)</b>	<b>14.5</b>	<b>12.9</b>	<b>15.2</b>
<b>Number of SIM cards (in millions, excluding M2M)</b>	<b>49.3</b>	<b>48.4</b>	<b>48.3</b>
<b>Number of SIM cards (in millions, M2M only)</b>	<b>4.8</b>	<b>3.8</b>	<b>3.3</b>
<b>Total number of SIM cards (in millions)</b>	<b>54.1</b>	<b>52.2</b>	<b>51.6</b>
<i>Of which plans</i>	<i>73%</i>	<i>72%</i>	<i>72%</i>
<i>Of which prepaid cards</i>	<i>27%</i>	<i>28%</i>	<i>28%</i>
<b>Mobile telephony ARPU (in PLN per month)</b>	<b>21.1</b>	<b>18.9</b>	<b>23.3</b>
<b>Mobile data ARPU (in PLN per month)</b>	<b>18.8</b>	<b>18.6</b>	<b>18.0</b>
<b>Mobile telephony penetration rate</b>	<b>142%</b>	<b>136%</b>	<b>134%</b>
<b>Mobile data penetration rate</b>	<b>195%</b>	<b>183%</b>	<b>169%</b>

Source: UKE (Polish national telecoms regulator).

As the annual report for the Polish telecoms market is published by the national regulator in September of the following year, the information currently available for the Polish market as a whole dates from 2020. In 2020, the Polish mobile telephony market counted 54.1 million subscribers (including M2M), representing a 12-month increase of 3.6%. The penetration rate at end-2020 was 142%.

The main movements in the market can be analyzed as follows:

- The market for prepaid cards continued its structural decline, decreasing 1% to 13.3 million subscribers at the year-end (27% of the market in volume terms).
- After a sharp 15% decline in 2019, the market saw renewed revenue growth in 2020, with a 12% year-on-year increase.

#### Mobile telephony players in Poland

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

- The other three mobile network operators: Orange Polska, Polkomtel and T-Mobile, which together with Play accounted for over 96% of mobile subscriptions in 2020.
- MVNOs such as Premium, Lycamobile, Canal+, Mobile Vikings and others.

(1) Based on the total number of subscriptions.

### 1.2.1.6 The Broadband and Ultra-Fast Broadband market in Poland

#### – GENERAL INFORMATION ABOUT THE POLISH BROADBAND AND ULTRA-FAST BROADBAND MARKET

	2020	2019	2018
<b>Penetration rate for fixed Internet in Poland</b>	<b>56.7%</b>	<b>54.8%</b>	<b>50.8%</b>
<b>Fixed Broadband and Ultra-Fast Broadband market<sup>(1)</sup> (in PLN billions)</b>	<b>4.5</b>	<b>4.3</b>	<b>4.2</b>
Cable	23%	23%	22%
xDSL	26%	28%	32%
FTTH	27%	21%	16%
WLAN	9%	9%	10%
LAN-Ethernet	7%	8%	8%
Other	9%	11%	11%
<b>Fixed Internet ARPU (in PLN per month)</b>	<b>45.4</b>	<b>45.4</b>	<b>44.6</b>
<b>Number of Fixed Internet subscriptions (in millions)</b>	<b>8.2</b>	<b>7.8</b>	<b>7.9</b>

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

Poland's fixed Broadband and Ultra-Fast Broadband market represented an estimated PLN 4.5 billion in 2020, up 5% on 2019. According to the latest Eurostat figures (updated in December 2021), the household penetration rate for fixed Internet (fixed access including via 3G/4G boxes) is 6 points lower than the European average (76% vs. 82%). Based on a UKE study, the difference in 2020, on a per-100 inhabitants basis and excluding mobile boxes, was more than 13 points (21% vs. 34%). The low penetration rate reflects the fact that mobile technology is often used for "fixed" Internet connections in Poland because of the country's low coverage rate of fixed infrastructure.

FTTH became the main fixed Internet access technology in 2020 with 27% of the market, ahead of xDSL (26%) and cable (23%).

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

According to the UKE's latest annual report (figures at end-2020), Orange Polska is the dominant operator in the market with a 24.3% market share for all technologies combined, including 79% in the xDSL market and 29% for Fiber. UPC is the second largest player with a 15.9% market share for all technologies combined, including 44.3% for cable. Vectra (combined with Multimedia) came in third, holding a 13.0% market share for all technologies combined, with 34.0% for cable.

### 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 Electronic Communications Office (UKE) in Poland, as well as reports issued by the consulting firm, PMR, for 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.

#### Free – a powerful brand

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

#### iliad – a recognized brand in Italy

As a result of the commercial success of its retail mobile offerings, in less than one year, iliad Italia became a recognized brand in Italy, with a brand awareness rate of more than 90%. The iliad Italia brand is known for value for money, transparency and simplicity.

#### Play – a powerful and innovative brand in Poland

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

### Technically sophisticated and attractively priced retail offerings

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

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

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

### Research and development capabilities serving the retail market

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 particularly 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 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 and interconnect software). 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.

### Simplicity as a watchword

In a sector well known for its complexity, the Group proposes straightforward, comprehensive plans that meet the market's expectations. These plans are essentially distributed online, through the mobile.free.fr and free.fr websites. 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 such as 10G fiber for the Freebox Delta. Thanks to its investments in its fixed and mobile networks, the Group is in full control of its services, which gives it all of the capacity and resources it needs to react to changes in usages and the competitive environment.

### Control over distribution

The Group is one of the rare ISPs in Europe to have established itself in the fixed-line market without relying on a physical distribution network, and it has long-standing, unique know-how in online distribution. Since the launch of its Mobile business in France and Italy, it has also been developing a physical distribution network through its directly-owned stores – Free Centers in France and Iliad Stores in Italy – as well as SIM-card dispensers. Consequently, the Group has direct control over the distribution of its services, which enables it to meet the needs both of online subscribers (and adapt to changes in the e-commerce environment) and of subscribers seeking the more conventional physical store.

### Control over subscriber relations

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

### Iliad S.A., a company entirely owned by its managers

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

### A more international management team

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

## 1.2.3 Strategy

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

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

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

### Control over networks

In both the fixed and mobile sectors, being in control of the network and related costs is essential for maintaining commercial autonomy and therefore being able to propose differentiated service offerings and effectively manage the profitability of those offerings. This in turn boosts margins and cash flows. That is why the Group is continuing to actively work on unbundling the local copper loop as well as participating in the rollout of ultra-fast networks across France and deploying its proprietary mobile networks in France and Italy.

### Unbundling

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

### Fixed Ultra-Fast Broadband

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

Iliad's FTTH rollout is a logical extension of its strategy of investing in the deployment of its own infrastructure with the aim of raising margins and profitability.

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

### Mobile

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

In France, Free Mobile kept up the pace of its mobile rollouts in 2021, adding more than 2,200 new sites, which brought its total network to over 21,600 sites at the year end, giving 3G and 4G coverage to over 99% of the French population.

In Italy, Iliad Italia accelerated its rollouts and exceeded the objective it set itself at the beginning of the year, with a total 8,700 active sites at end-2021 versus a target 8,500.

In Poland, Play continued to expand its geographic coverage by adding some 1,000 new active sites.

### Convergence

When the Group launched its Mobile business in France, it leveraged synergies between its fixed network (particularly thanks to unbundling) and its mobile network, to create shared backhaul for the two networks, with the mobile sites connected to the copper network for traffic backhauling purposes. The rapid development of mobile Internet use via 4G, and the launch of 5G in late 2020 have rendered obsolete the backhaul of mobile traffic via wired links or terrestrial microwave links as the bandwidth available is insufficient to provide a proper 4G service. As early as 2014, the Group started to connect up its antennae using dedicated fiber links between its mobile sites, and over 90% of its sites in very densely populated areas are now connected up to the fiber network.

### Innovation

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

### Technical innovation

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 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 2013, this control over its equipment enabled Free to integrate VDSL2 into its offerings at no extra cost for its subscribers, and to equip all of its DSLAMs with VDSL2 in the space of just a few months. And in 2018, Free was able to independently integrate 10G fiber technology into the Freebox Delta. The Group has also



regularly incorporated new services into its fixed and mobile offerings (4G, FreeWifi, Femtocells, and more). In 2020, we launched the Freebox Pop – the result of extensive R&D work by our in-house teams, which enabled us to simplify installation, optimize the wireless connection between the server and the TV box, and considerably improve the Wi-Fi quality of our server and repeaters. At the same time, in line with our goal of reducing our environmental footprint, our engineers worked on the energy efficiency of the Freebox Pop and it uses about 40% less energy than the Freebox Revolution, while offering superior capacity.

### 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. It has won both fixed and mobile subscribers by proposing straightforward, no-commitment offerings which it constantly enriches with new services. In the Fixed business, the Group regularly proposes new television services in its basic offering, has integrated VDSL 2 and Fiber at no extra cost, includes calls to certain destinations and much more. And in the Mobile business, it has broken away from the standard practice of the incumbent operators who make their plans more expensive whenever they add a new service. The Group has integrated 4G (and more recently 5G) into its offerings at no extra cost, as well as unlimited texts into the €2/month plan, roaming into the Free Mobile Plan and again, much more. It 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.

### The Freebox

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 2020, the Group launched the Freebox Pop, 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 Wi-Fi, 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.

### Capital expenditure

The Group has a pro-active capital expenditure strategy aimed at reinforcing its business as a telecommunications operator (unbundling, building and co-financing FTTH networks, rolling out mobile networks in France, Italy and Poland and purchasing spectrum in France and Italy, including 5G frequencies in 2018 in Italy and in 2020 in France) and establishing its commercial presence (through physical stores and SIM-card dispensers). Its strategy is also focused on forging high-quality subscriber relations (by communicating through all media including video calls and virtual assistance) and developing new products and services (such as the Freebox Delta).

Thanks to this strategy, the Group:

- Has one of the largest IP networks in France, both in terms of coverage and traffic volumes.
- Is the leading alternative Fiber operator in France, with some 26 million connectable sockets at end-2021 and 3.8 million FTTH subscribers.
- Has accelerated its rollout in Italy on the back of resounding commercial success since it entered the market.
- Announced the acquisition of UPC Polska in order to give Play all the resources it needs to become a leader in Poland in fixed/mobile convergence.

### Keeping on the lookout for acquisition opportunities to drive growth

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

## 1.3 THE GROUP'S BUSINESSES

### 1.3.1 The Fixed business in France

#### 1.3.1.1 Presentation of the Group's offerings

##### B2C offerings

In 2021, the Group pursued the strategic marketing approach it put in place two years ago, based on a rational pricing and promotions policy, while at the same time focusing on (i) differentiation through innovation, with the launch of the Freebox Pop, and (ii) investing in Free Fiber, which has cemented the Group's position as France's leading alternative Fiber operator. At December 31, 2021, the Group had four main fixed offerings (with two different plans for the Freebox Delta):

✓: Included in the package	Freebox mini 4K	Freebox Revolution	Freebox Pop	Freebox Delta
<b>Internet</b>				
Fiber	✓	✓	✓ (5 GB EPON Fiber)	✓ (10 GB EPON Fiber)
xDSL+4G				✓
<b>Monthly price</b>				
First 12 months	€14.99	€19.99	€29.99	€39.99 <sup>(1)</sup>
After 12 months	€34.99	€44.99	€39.99	€49.99 <sup>(1)</sup>

(1) The Freebox Delta S plan still costs €39.99 per month after the first year.

Depending on the eligibility of the subscriber's line, Free's offers are compatible with the following Broadband and Ultra-Fast Broadband technologies:

- Fiber (FTTH), which gives access to Ultra-Fast Broadband.
- ADSL, which allows subscribers to access the Internet at a speed of at least 2 Mbps and up to 22.4 Mbps in areas where the local loop is unbundled, and 17.6 Mbps in non-unbundled areas, depending on line eligibility (IP speeds).
- VDLS2, which gives subscribers in unbundled areas and with short lines Internet access at speeds of up to 100 Mbps download and 40 Mbps upload.
- 4G+, via a 4G+ Box (€29.99/month), which provides easy access to ultra-fast Internet for people located in areas that are not eligible for Fiber or where fixed-line Internet speeds are low but there is good 4G+ coverage. Similarly, the Freebox Delta has an xDSL/4G function that enables the xDSL signal to be bonded with a 4G signal in areas with low speeds, so subscribers can have up to 10 times faster speeds than when using ADSL alone.

##### B2B offerings

The Group currently addresses the French B2B market through two business segments: Corporate Telecommunications Services (for very small businesses, SMEs and large corporations) and Hosting Services, which involves three different types of services: (i) dedicated hosting services, which correspond to providing dedicated servers to SMEs that wish to secure their data, (ii) colocation services, which consist of providing physical space in a data center, as well as the associated electric capacity, in order to house bays and servers, and (iii) cloud computing, which gives convenient, on-demand network access to a shared pool of configurable computing resources.

On March 23, 2021, the Group entered the B2B market, launching a new dedicated brand called Free Pro, for the self employed and SMEs. The Free Pro offering comes with a box (the Freebox Pro) designed specifically to meet the needs of the business market and proposes a very competitive price for fixed services (€39.99 excl. VAT per month for the first year, with no commitment, and then €49.99 excl. VAT per month, including 1 mobile line with unlimited voice calls and 150 GB of data).

#### 1.3.1.2 Manufacturing operations for the Fixed business

##### Freebox

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

## Freebox DSLAMs

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

## The Freebox modem

In 2001, the Iliad Group invented the concept of the “box” – a multi-service modem box offering Internet access as well as telephony (VOIP) and television services (IPTV). Developed by

Iliad's in-house teams, the Freebox is an easy-to-install scalable modem with multiple functions that enables householders to converge their multimedia requirements.

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

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

## 1.3.2 The Mobile business in France

### 1.3.2.1 Presentation of the Group's offerings

In 2021, as in the past several years, the Group continued to focus on improving its subscriber mix by increasing the proportion of subscribers on the unlimited 4G/5G Free Mobile Plan. This notably entailed keeping an intermediate plan, which offers a discounted price for 12 months and then automatically switches to the unlimited 4G/5G Free Mobile Plan. The price of this intermediate plan varies depending on the period concerned, and for the 12 months of 2021 it ranged between €9.99 and €13.99 per month. At the same time, the Group pursued its pro-active campaigns to migrate subscribers on the €2 plan to the unlimited 4G/5G Free Mobile Plan.

### Mobile phones

The Group offers a selection of the latest mobile phones on the market. With a view to being as transparent as possible, Free offers phones separately from its subscriptions, which means that subscribers can opt for whichever plan and phone they prefer, or can choose not to purchase a phone at all. Several solutions are available for subscribers who do wish to get a phone: (i) buying a phone and paying for it upfront in cash, (ii) buying a phone and spreading its cost (4 interest-free installments or 24 installments depending on the type of phone), or (iii) since the launch of the Free Flex offering on July 6, 2021,

renting a phone with a purchase option. In all cases, the Group recognizes the corresponding revenue when the phone is received by the subscriber.

### 1.3.2.2 Mobile network rollout operations

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

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

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

	Frequency portfolio at end-2021	Frequency portfolio as from February 9, 2025	License expiration dates
700 MHz	2 x 10 MHz	2 x 10 MHz	Dec. 7, 2035
900 MHz	2 x 7.6 MHz	2 x 8.7 MHz	Jan. 11, 2030 (5 MHz), March 24, 2031 (2.6 MHz), Dec. 8, 2034 (1.1 MHz)
1,800 MHz	2 x 15 MHz	2 x 15 MHz	Oct. 11, 2031
2.1 GHz	2 x 14.8 MHz	2 x 14.8 MHz	Jan. 11, 2030 (5 MHz), Aug. 20, 2031 (9.8 MHz)
2.6 GHz	2 x 20 MHz	2 x 20 MHz	Oct. 10, 2031
3.5 GHz	70 MHz	70 MHz	Nov. 17, 2035
<b>TOTAL</b>	<b>2 X 67.4 MHZ + 70 MHZ</b>	<b>2 X 68.6 MHZ + 70 MHZ</b>	

## Rollout of a network of mobile masts

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

In 2021, the Group continued its major rollout drive across all technologies (with an additional 2,200 active 3G sites, 2,600

active 4G sites and 8,300 technically operational 5G sites opened), resulting in very high population coverage rates (over 99% for 3G and 4G, and nearly 80% for 5G).

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

- Licenses: between 15 and 19 years.
- General equipment: 10 years.
- Mobile technical equipment: 6 and 18 years.
- Other equipment: 3 to 5 years.
- Other assets: 2 to 10 years.

## 1.3.3 The Mobile business in Italy

### 1.3.3.1 Presentation of the Group's offerings

The Group has enjoyed resounding commercial success in Italy since launching its mobile business there on May 29, 2018. It ended 2021 with some 8.5 million subscribers, representing more than 10% of the Italian mobile market (excluding M2M).

In May 2018, Iliad Italia originally launched a single plan costing €5.99 a month (unlimited calls and text messages, with 30 GB/month of data in Italy and 2 GB/month in Europe) plus a €9.99 SIM card activation fee. Since then the company has developed its offering and at end-December 2021 it had three mobile plans ranging from €4.99/month for 40 MB of data and unlimited calls and text messages to €9.99/month for 120 GB of data (5G included) and unlimited calls and text messages.

The Group's Italian offering also includes a selection of the latest Apple iPhones (iPhone 13, 13 mini, 13 Pro and 13 Pro Max among others). With a view to being as transparent as possible, Iliad Italia offers phones separately from its mobile subscriptions, which means that subscribers can opt for whichever plan and phone they prefer, or can choose not to purchase a phone at all.

### 1.3.3.2 Presentation of the Group's operations

In November 2016, the Italian authorities authorized the transfer of the various frequencies covered by the agreement signed between Iliad and the Hutchison and VimpelCom groups. This gave Iliad a balanced portfolio of 2 x 35 MHz (duplex) frequencies in Italy, comprising:

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

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

In addition:

- In the second half of 2017, the Group paid €220 million to the Italian government in connection with the process of re-farming 1,800 MHz frequencies and extending their licenses until 2029.

- As from 2021, the Group will pay €300 million to the Italian government in eight annual installments for extending the licenses for 900 MHz and 2,100 MHz frequencies until 2029. The price set for the 2,100 MHz frequencies could be revised, however, as a revision process has been launched by AGCOM, which has been appealed by Iliad Italia and other operators. In 2018, the Italian government carried out an auction for the allocation of 700 MHz frequencies as well as the frequencies in the 3.6 GHz-3.8 GHz and 26 GHz-27 GHz bands used for 5G. The results of the auction were announced in October 2018 and the Group was allocated the following (for a total of €1,193 million):

- 10 MHz in the 700 MHz band.
- 20 MHz in the 3.6-3.8 GHz band.
- 200 MHz in the 26.5-27.5 GHz band.

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

	Frequency portfolio at end-2021	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
<b>TOTAL</b>	<b>2 X 45 MHz + 220 MHz</b>	

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

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

### Rollout of a mobile network in Italy

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

- Deploying mobile sites. At end-2021, the Group had some 9,700 equipped sites in Italy, versus 7,700 at December 31, 2020.
- Switching on mobile sites. At end-2021, it had switched on over 8,700 sites altogether in Italy, exceeding its target of 8,500 and enabling iliad Italia to carry more traffic on its own network.

- Rolling out the core network and interconnections with Wind/Tre to manage traffic under the MOCN (Multi-Operator Core Network) solution. This technical solution for connecting up Wind Tre's radio equipment to the Group's core network creates a more effective and optimal flow of traffic between the two networks compared with a more "conventional" roaming solution.

## 1.3.4 The Mobile business in Poland

### 1.3.4.1 Presentation of the Group's offerings

Through its acquisition of Play in November 2020, the iliad Group has become a major operator in the Polish telecom market. Play is a mobile operator principally positioned in the B2C market (with over 12 million active subscribers), and since early 2020 has become a fixed ISP *via* a white label agreement with a cable operator. Since this acquisition, the Group has provided mobile services in Poland (voice, text messages/MMS and data) to individuals and businesses (particularly SMEs) under monthly post-paid plans or via prepaid cards. Its target subscribers are those on post-paid plans, which generate higher ARPU and have a lower churn rate than prepaid subscribers. The Group operates under a single brand – Play – for all its services, but it also uses the Virgin Media brand, one of the largest MVNOs in Poland, which was purchased by Play in 2020.

The Group constantly broadens its offerings in order to provide its subscribers with the highest quality services, solutions and devices, and in 2021 it introduced convergent offerings. These new offerings allow subscribers to individually pick the telecom services they want and therefore select the best solution for them at an attractive price. Subscribers – new and existing – can choose between fixed Internet, mobile Internet and TV offers.

In 2021, the Group also expanded its fixed Internet offering in Poland, providing fast and stable connections (up to 1 Gbps download). Play broadened its services to include Fiber in three Polish regions (Wielkopolskie, Lubelskie and Mazowieckie). The fiber and other Internet access services that Play offers use the network infrastructure of service providers with which it has cooperation agreements in these three regions.

### 1.3.4.2 Presentation of the Group's operations

Since Play launched its business in Poland in 2007, it has expanded its frequency portfolio, which comprised the following at end-2021:

	Frequency portfolio at end-2021	License expiration date
800 MHz	2 x 5 MHz	June 23, 2031
900 MHz	2 x 5 MHz	Dec. 31, 2023
1,800 MHz	2 x 15 MHz	Dec. 31, 2027
2.1 GHz	2 x 14.8 MHz + 1 x 5 MHz	Dec. 31, 2022
2.6 GHz	2 x 20 MHz	Jan. 25, 2031
<b>TOTAL</b>	<b>2 X 59.8 MHZ + 5MHZ</b>	

### Expansion of the mobile network in Poland

The Group continued to roll out its own network in Poland in 2021 and at the year-end had 9,767 active sites, i.e., 967 additional sites, giving it own-network coverage rates of 99.7% of the Polish population for 2G/3G and 99.4% and 94.1% respectively for 4G LTE and 4G LTE Ultra. Play's own-network 2G/3G/4G coverage is rounded out by roaming services provided under a roaming agreement with Orange Polska (which was extended on June 7, 2021 until 2025). It also previously had roaming agreements with Polkomtel and T-Mobile but these were terminated at end-2019 and end-2021 respectively.

## 1.3.5 Subscriber relations and physical distribution network in France

### 1.3.5.1 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 e-mail, fax, chat and post, as well as via social media, forums and

newsgroups, by video call using the Face to Free app, or in person at one of our Free Centers in France. 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.

### 1.3.5.2 The Free Center retail network

At December 31, 2021, the Group had a network of 158 Free stores (Free Centers) located throughout France.

The Free Centers have a three-fold objective:

- 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 provide after-sales services to subscribers and reassurance through one-on-one contact.
- To showcase the Free brand by bringing it physically closer to subscribers and promoting the benefits of its offering.

## 1.3.6 Subscriber relations and physical distribution network in Italy

### 1.3.6.1 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

### 1.3.5.3 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. These kiosks – which are fully automated and can be used to take out a subscription or change SIM card in a matter of minutes – are made available in partnership with the Maison de la Presse, Mag Presse, La Fnac and The Kase store networks. At December 31, 2021, the Group had approximately 1,500 such kiosks across France.

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.

### 1.3.6.2 Physical distribution network

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

- Physical distribution:
  - A network of 24 stores in Italy's main towns and cities.
  - A network of over 1,600 SIM card dispensers ("Simboxes") located in more than 1,100 kiosks in busy catchment areas. These kiosks comply with the applicable Italian legislation, particularly "Pisanu's law", which requires identification of subscribers when they take out their subscription.
  - Access to a nationwide network of resellers, enabling subscribers to top up their mobile plans.
  - A network of partner shops (cafés, tobacconists, newsagents, etc.) where subscriptions can be taken out in just a few minutes.
- Digital distribution:
  - Online distribution accessible via mobile phone, tablet or computer, through which users can take out their mobile plan online and receive their SIM card at home through the post.

## 1.3.7 Subscriber relations and physical distribution network in Poland

### 1.3.7.1 Support services and subscriber relations

The overriding objective of the subscriber support service is to provide the best customer experience in order to reduce churn. Our priorities are to handle subscriber queries promptly, ensure that subscriber relations staff have the right skills, solve issues on first contact wherever possible, and make our services easy to use. We have a 7/7 phone hotline that subscribers can call for sales or technical issues, with staff based in several different regions of Poland.

We offer a multi-channel approach, with subscribers able to contact us by phone, email or post as well as via our app and social media that we directly control.

### 1.3.7.2 Physical distribution network

Our physical distribution network in Poland comprises 739 stores exclusively dedicated to Play-brand offerings and products. This network – which includes directly-owned stores and third-party distributors – covers a large area of Poland, including all city centers and the busiest catchment areas of the country's main towns and cities. These stores can meet the needs of small-and medium-sized businesses for standard services, but a dedicated B2B service is also available for corporate customers seeking a more tailored approach.

## 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, pro-active 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 (100GE/10GE/1GE) 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

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

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

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

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

### Transmission network and unbundling the local loop

The Group has rolled out one of the largest IP networks in France, both in terms of coverage and traffic volumes. It draws on this extensive network to connect up subscriber connection nodes and unbundle the local loop. It is continuing to extend its unbundled covering by opening new subscriber connection nodes across France. All of the network equipment (Freebox DSLAMs) installed in the subscriber connection nodes is compatible with VDLS2 technology, which means eligible subscribers have access to the fastest possible speeds on the copper local loop.

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

### Operating costs and capital expenditure by subscriber

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

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

- The boxes provided to subscribers.
- Fees billed by the incumbent operator for access to unbundling services (also known as cabling costs or access fees), which amount to €50 per subscriber for full unbundling and €66 per subscriber for partial unbundling.
- 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.

Under Option 5, total capital expenditure is lower as the majority of new subscribers are provided with Freebox Crystal modems.

The main capitalized costs under Option 5 correspond to access fees billed by the incumbent operator, which are as follows:

• Fees for access to the DSL Access service:	€56.00
• Fees for access to the DSL Access Only service:	€61.00
• Fees for access to the DSL Access Only service (where operator access was already in place):	€17.00

Capitalized access fees are depreciated over a period of seven years as from when the related services are provided.



### 1.4.2.3 Rollout of Ultra-Fast fixed networks

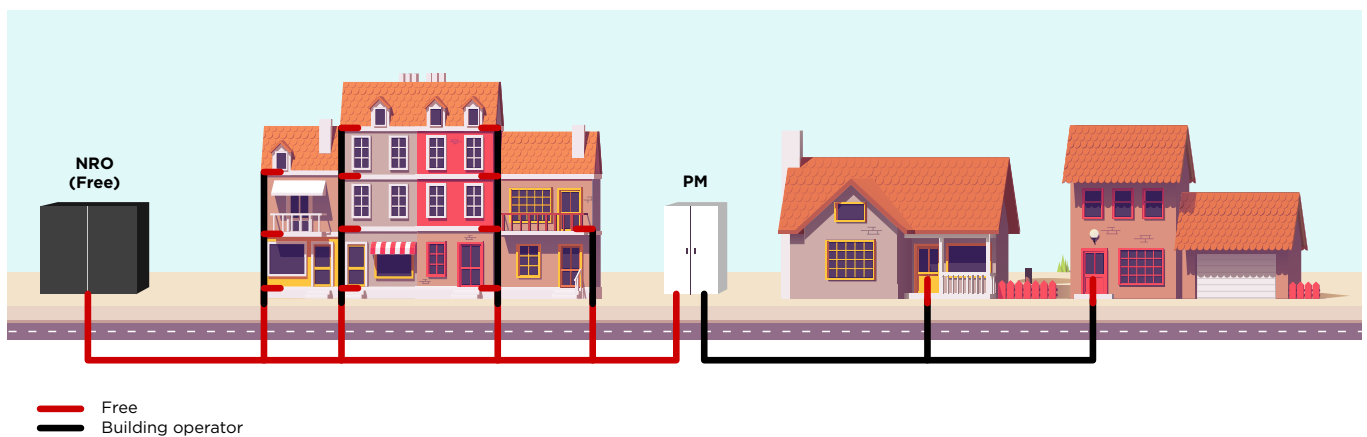
Optical fiber – which has long been used by electronic communications operators for long-distance links – has established itself as the fastest, most reliable and most powerful transmission technology available. It enables data to be transmitted at the speed of light through the fiber and consequently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

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

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

#### Rollout of optical fiber local loops in very densely populated areas (approximately 7 million lines)

In decision 2013-1475 dated December 10, 2013, ARCEP issued a list of 106 municipalities that it classified as “very densely populated areas”. In these areas, each operator is responsible for rolling out its own network up to shared access points, which are generally located inside buildings. The in-building cabling is then shared by the operators.



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

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

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

#### Rollout of optical fiber local loops outside very densely populated areas

Outside very densely populated areas, in order to optimize fiber rollouts and operators' capital expenditure, the applicable regulatory framework (as defined in ARCEP decision 2010-1312 dated December 14, 2010), provides for more extensive infrastructure sharing as it requires the operator that is rolling out the network to create shared access points located outside private property boundaries which can each be used for around 1,000 lines.

##### a) Private co-financed areas (approximately 16 million lines)

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

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

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

#### Strategic partnership with InfraVia

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

In 2019, in order to accelerate its fiber rollouts in private co-financed areas and PIN areas, and to cement its status as the leading alternative FTTH operator, the Group made the strategic decision to enter into a partnership with InfraVia, a French private equity firm specialized in infrastructure. The deal – which closed on February 28, 2020 – involved setting up a company called IFT (49%-owned by the Group), dedicated to co-financing the creation of new fiber sockets and taking up new co-financing tranches.

Since late February 2020, IFT has provided all of Free's access and information services for the co-financed sockets concerned, under a long-term service agreement, and will also be able to offer the same services to third-party operators.

#### Fiber progress report at December 31, 2021

Following a record year in 2020, the Group's fiber rollouts stayed at very high volumes in 2021, both in terms of new connectible sockets and new subscribers connected up to FTTH:

- The number of connectible sockets increased by 5.6 million over 12 months, totaling 25.5 million at end-December 2021. The Group's Fiber plans are now available in some 14,200 municipalities (versus 8,200 at end-2020).
- The FTTH subscriber base grew by 35% over the year, reaching 3.77 million at December 31, 2021. This corresponds to 969,000 new subscribers, following on from a record year in 2020, when the Group added 1.04 million subscribers to its base. The steady rise in the fiber penetration rate is due to two main factors:
  - French households' growing appetite for FTTH technology.
  - Free's frequent launch of its FTTH offerings in new non-densely populated areas.

The Group consolidated its position as France's leading alternative FTTH operator in 2021.

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

### 1.4.3.1 France

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

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

Free Mobile launched its first 3G plans in 2012 and now 4G has been widely deployed across all of its mobile sites, giving it 4G population coverage of over 99%.

The Group began marketing 5G in December 2020 and it has been activated on the vast majority of its mobile sites, giving the Group the largest 5G network in France.

This success was achieved thanks to the mobilization of the Group's teams to upgrade thousands of components of mobile equipment and update its platforms to support 5G.

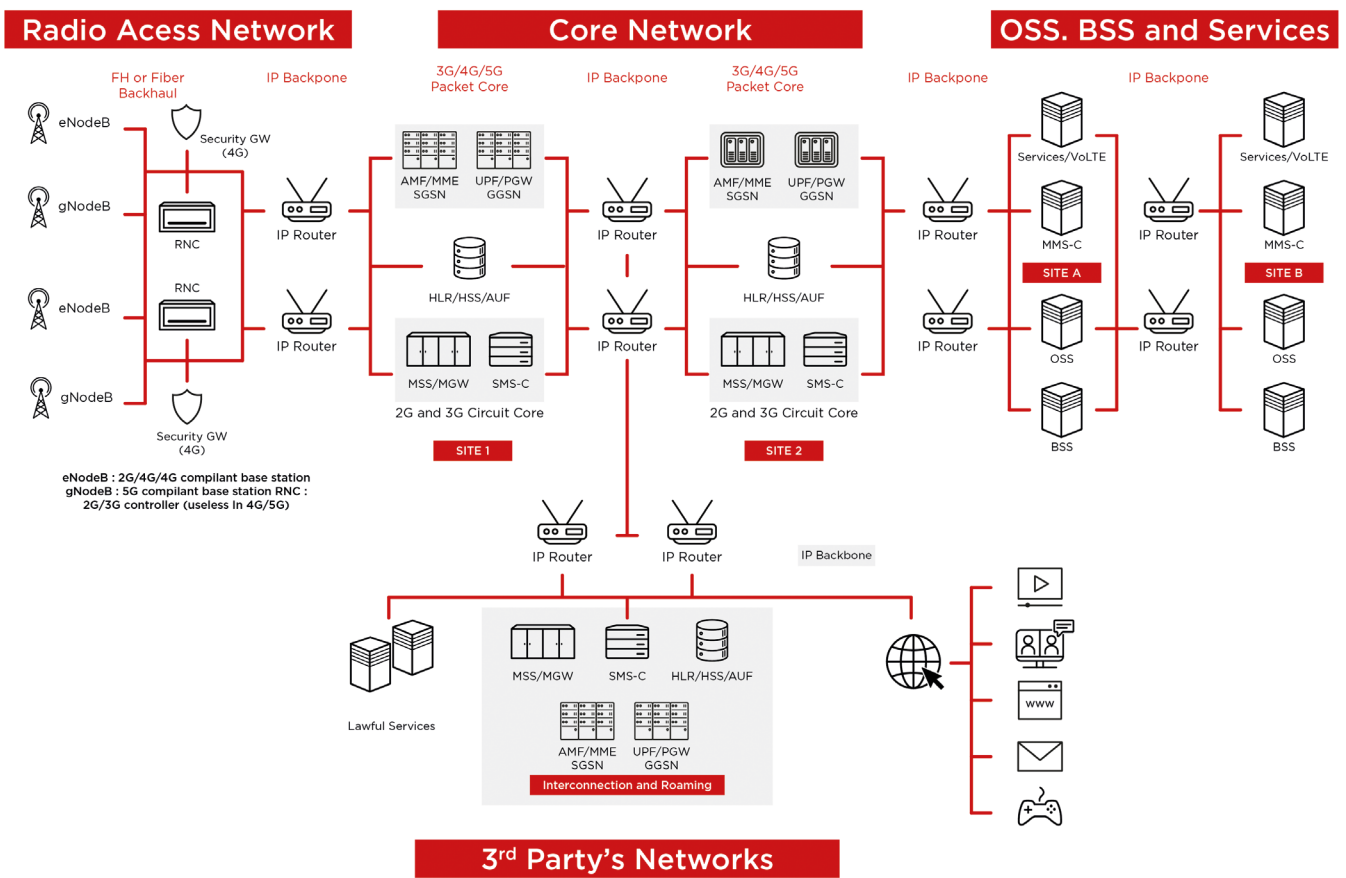
Free Mobile's 5G network is initially being grafted onto its 4G network via a Non Stand Alone ("NSA") architecture, enabling the rapid rollout of 5G but with functions that continue to be 4G driven. 5G technology is being deployed using several different frequency bands to provide ultra-high speeds and 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.

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.

### Architecture of the mobile network in France

The architecture of the Group’s mobile network in France is summarized in the diagram below:

— **DIAGRAM OF THE ARCHITECTURE OF FREE MOBILE’S NETWORK**



Free Mobile’s 3G/4G/5G mobile network is therefore a smooth fit with the fixed Next Generation Network (NGN) currently used by the Group:

- In terms of logical architecture:
  - The two networks use the same addressing plan.
  - The Free Mobile core network directly interacts with the network equipment and services of the fixed network (in particular switches, interconnection capacity with third-party PLMN/PSTN networks, and multimedia applications such as e-mail and voice messaging).
- In terms of physical architecture:
  - The links to the mobile core network are provided through Internet Protocol (IP) links and the capacities of the fixed network.
  - The equipment for the mobile core network is located in the infrastructure (sites and secured rooms) shared with the fixed network.

In addition, 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. To enable Free Mobile’s 4G subscribers to make minimal use of roaming,

the Group is continuing to roll out a large number of new mobile sites. Also, up until February 2020 it deployed functionalities allowing a 4G mobile to re-select Free Mobile’s network as soon as the Free Mobile 4G coverage was available.

All of the Group’s rollout efforts enabled it to achieve similar performances to the market’s benchmarks in 2020, as evidenced in the results of ARCEP’s service quality survey, as well as in the latest NPERF survey for 2021, which ranked Free as the leading alternative Mobile operator.

#### 1.4.3.2 Italy

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

- Rolling out the core network and interconnections with Wind/Tre to manage traffic under the selected MOCN (MultiOperator Core Network) solution. This technical solution for connecting up Wind Tre’s radio equipment to the Group’s core network creates a more effective and optimal flow of traffic between the two networks compared with a more “conventional” roaming solution.
- Putting in place a local team for overseeing the deployment of the network of mobile sites, using (i) sites that Wind/Tre is scheduled to transfer to iliad Italia under agreements signed in July 2016, and (ii) sites made available by major tower companies and other lessors in Italy.

- Launching 5G coverage 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 Group by involving the French technical and operations teams (notably for network management and information systems) and drawing on the infrastructure and platforms already deployed in France that can be shared with the Italian business.
- Building the operational skills of the teams in Italy so they can operate the network with the support of the Group's teams.

#### 1.4.4 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 2021 consolidated financial statements of Iliad Holding S.A.S.

## 1.5 RESEARCH AND DEVELOPMENT

### 1.5.1 Research and development

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

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

### 1.4.3.3 Poland

The Group continued to roll out its own network in Poland in 2021 and at the year-end had 9,767 active sites, i.e., 967 additional sites, giving it own-network coverage rates of 99.7% of the Polish population for 2G/3G and 99.4% and 94.1% respectively for 4G LTE and 4G LTE Ultra. Play's own-network 2G/3G/4G coverage is rounded out by roaming services provided under a roaming agreement with Orange Polska (which was extended on June 7, 2021 until 2025). It also previously had roaming agreements with Polkomtel and T-Mobile but these were terminated at end-2019 and end-2021 respectively.

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

### 1.5.2 Intellectual property

#### Patents

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

#### Trademarks

See Schedule 2, Section 2.1.4.4 of this Annual Report for further information on intellectual property.

## 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 Telecommunications Code, resulting from the EU Telecoms Package reforms and adopted on December 17, 2018, is currently in the final stages of being transposed into French law. However, this new EU Code does not significantly change France's national regulatory framework, particularly with respect to regulations on unbundling and fiber.

During 2019, the French parliament adopted Act no. 2019-810 dated August 1, 2019 aimed at protecting France's defense and national security interests in the operation of mobile radio networks. This Act created a permit system for operating network equipment, notably radio network equipment, which could lead to additional delays and uncertainty in validating new equipment brought to market by manufacturers.

#### 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:

- Concerning the regulation of fixed-line and mobile termination charges: decision 2017-1453 dated December 12, 2017 on (i) determining the relevant markets for voice call terminations on fixed and mobile networks in France, and (ii) designating the operators that exercise significant power in these markets and their related obligations for the three-year period between 2017 and 2020. Since the beginning of 2021, fixed-line and mobile termination charges have been regulated by the European Commission with the same rules applying to all

EU operators. The Commission will set the applicable price caps based on recommendations issued by the Body of European Regulators for Electronic Communications (BEREC).

- Concerning the regulation of wholesale markets for Broadband and Ultra-Fast Broadband: ARCEP carried out its revision process for the decisions regulating these markets in 2020 and the new decisions do not significantly amend the regulatory framework currently in force. Unbundling operations for these markets are now regulated by decision 20-1446 dated December 15, 2020 concerning (i) the definition of the relevant market for wholesale access provided at a fixed location, (ii) the designation of an operator that exercises significant power within this market, and (iii) the obligations imposed on said operator in this market. Bitstream offerings are regulated by decision 2020-1447 dated December 15, 2020 concerning (i) the definition of the relevant market for wholesale bitstream access offers for Broadband and Ultra-Fast Broadband delivered at 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.
- Concerning the wholesale market for access to physical civil engineering infrastructure: as part of its current market analysis cycle, ARCEP issued decision 2020-1445 which creates a "new" relevant market – the wholesale market for access to physical civil engineering infrastructure for the deployment of electronic communications networks – which was previously included within the scope of the wholesale market for Broadband and Ultra-Fast Broadband described above. This new relevant market particularly covers access to civil engineering infrastructure, access to hosting services and access to services for the passive connection of remote distribution frames (passive backhaul services). This market is original in that it is not one of the relevant markets defined in the European regulations. It responds to the need to provide separate regulation for (i) wholesale access offers related to the copper local loop, whose use will decline over the next few years, and (ii) wholesale offers related to the rollout of optical fiber local loops, which will be very widely used in the coming decades. ARCEP's objective in creating this "new" market was to ensure that there would be effective long-term asymmetric regulation of access to the infrastructure that supports fiber networks and the associated hosting and backhaul services. This decision received positive opinions from the European Commission and the French antitrust authorities.
- In decision 2020-1493, ARCEP capped the price for the rental of copper pairs from the incumbent operator at €9.65 per month for the period from 2021 to 2023.

Free – an Iliad Group subsidiary – was a party in a dispute that was settled by ARCEP in 2020.

By way of decision 2020-1498-RDPI (published on the ARCEP website), ARCEP settled a dispute between Free and SFR FTTH concerning certain aspects of the co-financing agreement between the two parties relating to FTTH lines deployed by SFR FTTH in medium-populated areas of France (“AMII areas”). The dispute involved the security of the rights granted to Free in return for its co-financing obligations, tariffs, and changes in pricing over time. ARCEP’s decision was mainly in Free’s favor but it has been appealed by SFR FTTH.

### 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.

### 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 announced that they had entered into a mobile network-sharing agreement for an area covering 57% of the population of Metropolitan France. Orange referred this agreement to the French antitrust authorities, challenging its content and applying for interim protective measures. The application for interim protective measures was rejected.

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

In 2016, Free Mobile signed up to a program for mobile operators to provide 2G and 3G coverage in white spots. This program gave Free Mobile 2G roaming and 3G RAN-sharing (currently being upgraded to 4G) for the 2,400 existing sites in white spots. Free Mobile was the lead operator for the rollout of additional sites, for which it proposed symmetrical 3G/4G RAN-sharing to the other operators.

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 “grey spots” (areas only covered by certain operators). The aim of building the new sites in grey spots is to bring in the services of all operators. The operators have also undertaken to (i) consult and share passive infrastructure for sites built in priority rollout areas (ii) provide better information to subscribers about sites with technical failures and (iii) to market a 4G fixed 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. However, it has not yet officially released its indoor coverage offerings. At end-2020, ARCEP lifted the obligations that had previously been imposed on all of France’s operators to consult and share passive infrastructure in priority rollout areas.

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 2.1 GHz band allocated to Free Mobile will become available on a gradual basis between 2021 and 2024.

In parallel with the launch of the New Deal, ARCEP’s powers to impose sanctions, as provided in Article L. 33-13 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 procedures 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 has been appealed to the French Supreme court by Outremer Telecom.

### Licenses to use frequencies in France

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

- Free Mobile for 5 MHz in the 900 MHz band and 5 MHz in the 2,100 MHz band (ARCEP decision 2010-0043 dated January 12, 2010, amended by decision 2018-068 dated July 3, 2018).
- Free Mobile for 20 MHz in the 2,600 MHz band (ARCEP decision 2011-1169 dated October 11, 2011).
- Free Mobile for 15 MHz in the 1,800 MHz band (ARCEP decision 2014-1542 dated December 16, 2014, amended by decision 2015-1080 dated September 8, 2015 and further amended by decision 2018-068 of July 3, 2018).

- Free Mobile for an additional 3.7 MHz in the 900 MHz band and an additional 9.8 MHz in the 2.1 GHz band, which will gradually be made available between 2021 and 2024 (ARCEP decision 2018-1391 dated November 15, 2018).
- Free Mobile for 70 MHz in the 3.5GHz band (ARCEP decision 2020-1255 dated November 12, 2020).
- Free Caraïbe for 10 MHz in the 800 MHz band, 20 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in Guadeloupe and Martinique.
- Free Caraïbe for 10 MHz in the 800 MHz band, 4 MHz in the 900 MHz band, 20 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in Saint-Barthélemy and Saint-Martin.
- Free Caraïbe for 15 MHz in the 1,800 MHz band, 14.8 MHz in the 2,100 MHz band and 20 MHz in the 2,600 MHz band (ARCEP decision 2016-1520 dated November 22, 2016) in French Guiana.
- Telco OI for 10 MHz in the 800 MHz band, 10 MHz in the 1,800 MHz band, 9.8 MHz in the 2,100 MHz band and 15 MHz in the 2,600 MHz band (ARCEP decision 2016-1526 dated November 22, 2016) and 9.8 MHz in the 900 MHz band (ARCEP decision 2015-0661 dated June 25, 2015) in Reunion Island; Telco OI for 10 MHz in the 800 MHz band, 11.2 MHz in the 1,800 MHz band, 9.8 MHz in the 2,100 MHz band, and 20 MHz in the 2,600 MHz band (ARCEP decision 2016-1526 dated November 22, 2016) and 8.8 MHz in the 900 MHz band (ARCEP decision 2015-0661 dated June 25, 2015) in Mayotte.

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.

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 Post and Electronic Communications Code concerning the implementation of IPV6 in connection with said decision.

An appeal against the procedure for inviting bidders in the auction for 5G frequencies 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 during the course of 2022 in the French Overseas Departments (DOM), following spectrum auctions in which the Iliad Group will be a bidder. These auctions were in the completion stage in early 2022 for Reunion Island and Mayotte, with Telco OI obtaining 10 MHz in the 700 MHz band in both Reunion Island and Mayotte, 100 MHz in the 3.5 GHz band for Reunion Island and 1 MHz in the 900 MHz band for Mayotte.

## 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 ARCEP. Free and Free Mobile have entered into interconnection agreements with France's three incumbent mobile operators and the main national fixed-line operators. These interconnections are gradually being switched from TDM mode to IP mode.

Free Mobile has also entered into 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 other operators' networks are connected 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 and Free Mobile are members of two organizations – the APNF and the GIE EGP – which comprise all of France's main operators and are respectively responsible for managing the information required for users to retain their fixed and mobile numbers. Following its decision adopted in 2012, which strengthened the regulatory framework applicable to mobile number portability, on June 25, 2013 ARCEP issued a similar decision concerning fixed-line number portability. One of the key provisions was to extend the use of the operator identity statement (RIO) system, which had

already been tried and tested in the mobile market. This decision was approved by a government order dated October 23, 2013 and took full effect in October 2015. Free amended its commercial processes to ensure that it complies with this regulatory framework.

### Directories and provision of subscriber lists

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

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

### Contribution to universal service funding

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

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

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

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

### Broadcasting of audiovisual services

Pursuant to the French online anti-piracy Act (Act 2021-1382 of October 25, 2021 on the "regulation and protection of access to cultural works in the digital age"), the French broadcasting watchdog, the *Conseil supérieur de l'audiovisuel*, has been replaced by ARCOM (*Autorité de régulation de la communication audiovisuelle et numérique* – the Audiovisual and Digital Communication Regulatory Authority), which is now in charge of regulating all radio and television services. In its capacity as a provider of audiovisual services via electronic communications networks, Free is subject to the regulatory "must-carry" provisions, which involve two legal requirements: (i) the service



provider (which includes Free) has to carry certain public channels, including free-to-air national and local terrestrial channels, the TV5 channel and local public channels that provide information on local activities, and (ii) the must-carry channels have to agree to be carried by the service provider, except if they consider that the service provider's service offering is incompatible with their public service objective. This must-carry obligation also requires service providers to bear the technical costs of broadcasting the channels concerned.

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

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

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

## 1.6.2 Regulation of electronic communications content 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 who have participated in the creation of the content of the services 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.
- 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 section II of Article 6 of Act no. 2004-575 dated June 21, 2004 on confidence in the digital economy – requires operators to

store data that permits the identification of any person that has contributed to the creation of content published online. Apart from these specific data storage requirements, the general principle is that an operator 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.

The *Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur Internet* (HADOPI) – was specifically created in order to manage and issue these messages. 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 Post and Electronic Communications Code (created by the French Digital Republic Act) alleging breaches of Articles L. 33-1 and D. 98-14 of said Code by Free and Free Mobile.

### Processing of personal data and protection of individuals

Act no. 2004-801 of August 6, 2004 on the protection of individuals with respect to the processing of personal data, amending Act no. 78-17 of January 6, 1978 relating to information technology, computer files and civil liberties, transposed the EU 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 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. On June 1, 2019, a decree dated May 29, 2019 came into force implementing the new French Personal Data Protection Act. This decree was the final stage of the process to bring French national law into line with the GDPR.

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

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

## Domain names

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

## Digital carbon footprint

Act no. 2021-1485 of November 15, 2021, aimed at reducing the digital carbon footprint in France, and Act no. 2021-1755 of December 23, 2021 intended to strengthen ARCEP's

environmental regulatory powers, have created new obligations for the telecom sector regarding environmental impacts, including:

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

## 1.6.3 Regulation of electronic communications in Italy

On July 1, 2016, Iliad S.A. entered into an agreement with the companies that control Wind Telecomunicazioni S.p.A. (VimpelCom Amsterdam B.V.) and H3G S.p.A. (Hutchison Europe Telecommunications S.A.R.L. and Hutchison 3G Italy Investments S.A.R.L.) in order to set out the terms and conditions applicable to (i) the implementation of the roaming and multi-operator core network (MOCN) services to be provided by Wind and H3G to Iliad Italia and (ii) the transfer of sites and frequency usage licenses to Iliad Italia. An addendum to this agreement was signed on July 18, 2016. The aim of the agreement is 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 will be available from 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. In order to launch its FTTH Internet access services in 2022, the Group has signed two agreements confirming its intention to undertake capital spending to contribute to Italy's digitalization projects and offer high-quality connectivity with simple and transparent offers. The first of these was a partnership agreement signed on July 7, 2020 with Open Fiber, an Italian wholesale operator, and the second was a co-investment agreement dated August 3, 2021 entered into with the TIM group via FiberCop – a TIM group entity that will be building Italy's secondary FTTH network.

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.

The co-investment agreement is currently being reviewed by AGCOM and the Italian antitrust authorities (the AGCM):

- Pursuant to Articles 76 and 79 of the European Electronic Communications Code, TIM (FiberCop) submitted proposed commitments in relation to a co-investment offer. A public consultation was carried out, following which AGCOM requested several changes to the offer and the related commitments. A new version of the offer and the commitments was then submitted by TIM and a new public consultation was carried out, which also included a draft decision by AGCOM on lifting the regulation of FiberCop's secondary network (apart from for the 29 cities that have Flash Fiber infrastructure). This draft decision will be subject to approval by the European Commission in accordance with the European Electronic Communications Code.
- In 2020, the AGCM opened an investigation into whether the agreement on the formation of FiberCop violated Article 101 of the Treaty on the Functioning of the European Union (TFEU). Commitments have now been put forward by the parties involved (Telecom Italia, Fastweb, Teemo Bidco, FiberCop and Tiscali Italia) and are in the process of being analyzed.

As the Group conducts, and will continue to conduct, wholesale (call termination) and retail services (to end-customers) in Italy, it is subject to all of the regulatory and legal provisions applicable in the Italian market. These are relatively similar to those to which it is subject in France as the national regulations in both countries are based on the same European framework.

### The regulatory framework for electronic communications

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

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

### Government aid and national development plans for ultra-fast networks

#### National recovery and resilience plan (NRRP)

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

The plan is based on three strategic pillars, which are aligned with the priorities defined by the EU: digitalization and innovation, the green transition and social cohesion. One of the plan's main objectives is the digital modernization of Italy's communication infrastructure - both in public administration and the country's production system - in order to ensure that all residents, businesses, schools and hospitals throughout the country have access to

broadband. The plan therefore comprises several measures to boost the creation of high-performance networks - notably fiber and 5G as well as satellite technologies - and simplifies the regulatory framework for their rollout.

#### Detailed mapping of national 4G and 5G network coverage and the "Italia 5G Public Intervention Plan"

Based on the Italian government's intention to launch the public intervention procedures provided for in the "Italia 5G" plan, in June 2021, Infratel Italia (the MISE's in-house telecommunications company) launched a public consultation on mapping in detail the national coverage of 4G and 5G mobile networks.

This mapping process encompasses the entire country and is aimed at verifying which areas already have 4G and 5G coverage and which areas will be covered during the period from 2021 through 2026 based on the coverage plans of Italy's telecom operators. The process will also show details concerning mobile base station backhauling.

The plans submitted by the operators referred to strategic and executive decisions and stated the coverage of their networks as at May 31, 2021 as well as that scheduled for the following five years (taking into account their coverage obligations).

Infratel Italia drew up the map based on a 100m x 100m geographic grid of the country (approximately 30 million "pixels"). The operators gave the coverage data for each pixel and must send Infratel Italia update reports on the progress of the plans they have submitted. If an operator does not implement their submitted plan or does not provide the required six-monthly update reports, Infratel Italia is empowered to launch a public intervention plan and publish a default notice on the operator's corporate website.

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. These procedures are still under way.

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

In August 2021, the MITD launched a public consultation on the "Italia a 1 Giga" public intervention plan. The plan's objectives are (i) to build ultra-fast infrastructure which will guarantee connectivity of at least 1 Gbps across the whole of Italy by 2026 by connecting homes that do not currently have such coverage, and (ii) in the coming five years to create a network capable of providing stable connectivity with a download speed of at least 300 Mbps. To this end, first of all Italy's fixed networks were mapped in order to identify the areas where there has been market failure and which are therefore eligible for government aid. Based on the information provided by the operators, there are around 6.2 million households requiring public intervention. The Italian government will use an "incentive-type" intervention model, which it believes will encourage companies to rapidly roll out the network, bearing in mind that the operator receiving the government aid will remain the owner of the network. The tender processes for the entities that will be responsible for building the infrastructure are expected to be launched between late 2021 and early 2022.

After public consultations, AGCOM adopted the guidelines on the conditions for wholesale access to the funded infrastructure, the Plan was sent by the MITD to the European Commission (which approved the Plan on the basis of the State Aid regulations), and Infratel Italia published its call for tenders (with the deadline for submitting bids set at March 16, 2022). The related procedures are currently in process.

## 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, which will be freed up from July 1, 2022 (at the latest) with a license expiring on December 31, 2037.
- A 20 MHz block in the 3,600-3,800 GHz band and a 200 MHz block in the 26-27 GHz band. These frequencies have been available to Iliad since January 1, 2019 and their license expires on December 31, 2037.

### Analysis of the mobile markets

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

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

### Voice call termination charges in the EU (Eurorates)

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

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

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

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

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

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

### European regulation on net neutrality

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

costs on the user, or subject the user to unjustified delays, or discriminate the service quality included in their offering if the user uses a terminal of their own choice.

On March 4, 2020, AGCOM adopted Resolution 34/20/CONS in application of a ruling handed down by the Lazio regional administrative court (*TAR Lazio*). This new Resolution amends

Resolution 348/18/CONS by stating that even if operators offer an Internet access device free of charge, they must also have a corresponding Internet access offer without a device, or make it optional to have the device (to ensure that users have the right to freely choose the devices they wish to use to access the Internet via a fixed network).

## 1.6.4 Regulation of electronic communications in Poland

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

At the national level, telecoms activities in Poland are primarily governed by the Telecommunications Act of July 16, 2004 (and its implementing regulations). This Act sets the framework for competition in the telecommunications market and reinforces consumer protection.

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 termination charges

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.

### 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 tenders, 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.

### 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 French 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 provided in the Polish Environment Act dated April 27, 2001. Regulations issued by the Polish Health Ministry on December 17, 2019 set out the maximum levels of exposure to electromagnetic fields permitted in the environment as well as the methods to be used for assessing whether these levels are respected. 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 general public to electromagnetic fields.

# SCHEDULE 2

## Risk factors

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

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

### – SUMMARY TABLE

Risks	Probability of occurrence	Severity level	Net criticality
<b>Risks related to the Group's operations</b>			
Cyber-security and service interruption risks	high	moderate	high
Risks related to network failure, saturation or interruption	high	moderate	moderate
Risks related to total network unavailability	low	high	moderate
Risks related to network rollout delays	low	moderate	moderate
Risks related to dependence on main suppliers	moderate	moderate	moderate
Fraud risks	moderate	low	moderate
Risks related to investments outside France	moderate	low	moderate
Risks related to public health and the effect of electromagnetic waves	low	low	low
Risks related to the Covid-19 pandemic	high	moderate	moderate
Risks related to increases in energy prices	high	low	moderate
<b>Risks related to the Group's industry</b>			
Competition risks	high	high	high
Risks related to dependence on the incumbent operator	moderate	high	high
<b>Risks related to the Group's organizational structure</b>			
Risks related to dependence on Iliad's principal shareholder	high	moderate	moderate
Risks related to retaining key personnel	moderate	moderate	moderate
<b>Financial risks</b>			
Liquidity and financing risks	moderate	high	moderate
Risks related to asset impairment and provisions	low	moderate	moderate
<b>Legal risks</b>			
Regulatory compliance risks	high	high	high
Risks related to electronic communications legislation and new laws (Poland)	moderate	moderate	moderate
Risks related to the loss of Huawei as a supplier	high	high	high
Data protection risks	moderate	high	high
Risks related to liability for illicit content	high	low	moderate
Risks related to disputes	moderate	moderate	moderate



## 2.1 RISKS RELATED TO THE GROUP'S OPERATIONS

### 2.1.1 Cyber-security and service interruption risks

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

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

Such incidents could lead to several impacts, including:

- The interruption or unavailability of services: e.g., subscriber network connections, in-store sales or subscriber relations services.
- The disclosure of sensitive information, such as competitive information and/or the personal data of subscribers (companies or public entities) (see Section 2.5.2, "Data protection risks").
- Intrusion and manipulation of the Group's information systems which can lead to fraud (see Section 2.1.6, "Fraud risks").

In order to protect itself against these risks, the Group has put in place an IT security policy, which includes rigorous management of access authorizations, an anti-DDoS system and a supervision system designed to detect any incidents. It has also made, and will continue to make, the investments required to ensure the reliability of its security system and minimize any problems that could be caused by a security failure or a breach of the security system.

Despite the measures taken by the Group to protect the security of its systems, the number of cyber-attacks is constantly rising and they are becoming increasingly sophisticated, with ever-greater impacts and a higher risk of service interruption. In addition, as the Group's network is so streamlined, with all-IP and fully dematerialized technologies, and in view of the larger size of service platforms and the fact that equipment is grouped

together in a small number of buildings, in the future, service interruptions could affect a greater number of subscribers. The Group ensures that the networks it operates in each of its host countries are independent so that an incident affecting the network in one country does not impact the network in another one.

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

In Poland, a draft Act amending the legislation applicable to cyber-security is currently under discussion and will come into effect in 2022. These legislative changes will address liability, business continuity, the business environment, free competition and participation in Poland's 5G program. The new obligations arising from the Act could have a significant impact on operators and suppliers. The draft Act introduces assessment criteria for suppliers and service providers, with a broad scope of application, and it could:

- Limit the right of operators to choose their equipment manufacturers or software suppliers, which could have a negative impact on operators' activities and affect the investments they have already made, and could result in higher operating costs.
- Introduce a new frequency allocation procedure and a cyber-security certification scheme.
- Create an obligation for telecommunication service providers to set up a department dedicated to IT security, which will undoubtedly increase ICT security expenditure.

In addition, the above changes will require additional costs to adapt the Group's operations in Poland to the new regulatory requirements.

## 2.1.2 Risks related to network failure, saturation or interruption

The Group is exposed to the risks of failure, saturation or interruption of its fixed or mobile telecommunication networks, which could arise if a network has insufficient capacity to absorb the growth in its subscriber base, the development of usages and increased traffic volumes, or when new applications or software are put in place.

Any problems that may arise in adapting the fiber and mobile networks currently under construction to new technological developments and changes in subscriber behavior, as well as any lack of spectrum – e.g., due to uncertainty that the Group will be allocated the additional frequencies it needs to operate its 2G, 3G, 4G or 5G networks or that its existing licenses will be renewed – could directly affect the Group's operations.

If any of these events were to occur, they could reduce the quality of the services provided to Group subscribers or even cause an interruption in its networks. This could adversely impact new subscriber numbers, as well as the Group's image, reputation, financial position and/or ability to meet its objectives. In order to mitigate these risks, the Group has set up local network maintenance teams comprising its own employees and local service providers, as well as supervision centers that can detect incidents 24/7.

The Group must be able to manage the operating risks inherent to (i) the development of its mobile operations in France, Italy and Poland, (ii) the end of its roaming agreements with operators concerning the use of their mobile networks (Orange for 2G/3G in France, Wind Tre in Italy, and Orange in Poland), and (iii) rolling out its own network and building up suitable distribution channels.

Until now, the Group has been able to upgrade the capacity of its technical access platforms in line with the growth in traffic volumes and subscriber numbers in order to offer high quality and fast connections. However, given the generally accepted forecasts for traffic growth and the objectives that the Group has set itself in terms of both increasing the number of users of its services (particularly for Broadband and Ultra-Fast Broadband Internet access) and expanding its network, it cannot guarantee that it will have the resources required for extending the capacity of its access infrastructure.

If the Group is unable to extend this capacity, this could have a significant adverse impact on its business, financial position, earnings and/or ability to meet its objectives.

## 2.1.3 Risks related to total network unavailability

The Group's networks or services could become totally unavailable due to (i) a technical fault or breakdown, (ii) an incident at a site (network or IT) caused by a natural disaster or an accident, or (iii) intentional damage (e.g., as a result of war, terrorism or strikes).

In order to address these risks, the Group:

- Monitors security at its main sites and for its network equipment.
- Has a business continuity plan for its critical systems and software.
- Ensures that it has network redundancy, especially for its core network (see Schedule 1, section 1.4.3.1 of this Annual Report).

The Group has put in place specific procedures, protocols and systems and strengthened its network links in order to guarantee service continuity in the event of a crisis (core network

redundancy and critical links, high-level security and surveillance of critical equipment, priority service restoration in the event of a power outage, self-sufficient power for several days if power supplies are cut off or sabotaged, etc.). In practice, the Group has a transmission network based on secure IP technologies, structured in a chain architecture with network redundancy and which serves several operating centers spread across several geographic regions in France.

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

## 2.1.4 Risks related to network rollout delays

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

For fixed networks in France, the Group is using the existing copper local loop across the whole country, rolling out its own fiber local loop in certain regions ("very densely populated" areas), co-financing the fiber local loop in the rest of the country, and deploying part of the backhaul network of fiber local loops.

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

The rollouts of the fiber-to-the-home (FTTH) network and 3G, 4G and 5G mobile networks are contingent on three main factors. First, obtaining (i) the authorizations required to roll out and operate the networks, which are granted by various entities, including local and regional authorities, site owners and property managers (occupancy of public property, urban planning permits, right of entry into buildings, connections to homes etc.) and (ii) licenses to operate mobile masts, which are granted by the competent frequency regulatory authorities. Second, that the work entrusted to third-party service providers is properly completed. And third, reaching agreements with various partners in order to increase the Group's access to infrastructure, such as co-financing agreements for access to fiber networks, agreements with public or private bodies, or roaming agreements for the mobile network (see Schedule 1, section 1.1.1 of this Annual Report).

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

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

To prevent any such effects, the Group has developed in-house expertise in rolling out its own networks. Its network teams – which included over 3,300 people working on the fiber rollout as at December 31, 2021 – have built up high-level skills in all stages of the process for putting the Group's infrastructure in place and, in conjunction with the business lines concerned, have developed specific expertise in managing these projects (see Schedule 1, Section 1.4 of this Annual Report). The Group has also established close partnerships with selected partners and providers in order to reinforce its infrastructure and extend its coverage.

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

## 2.1.5 Risks related to dependence on main suppliers

In order for it to be able to offer its products and services, the Group uses many suppliers, particularly in relation to network infrastructure, mobile phones and SIM cards, and the components of its routing and transmission equipment. To achieve the transmission capacity and quality levels needed for its growing number of subscribers and their changing requirements, the Group relies partly on electronic communications networks belonging to other operators in France, Italy and Poland, such as Orange, SFR, Fastweb, TIM and Wind Tre, and networks rolled out by certain local authorities. The Group's main critical supply contracts are as follows:

- Agreements entered into by the Group through its subsidiaries, Free and Iliad Italia, granting it Indefeasible Rights of Use ("IRU") relating to the dark optical fibers it uses, notably for its long-distance network. Most of these agreements have been signed with other operators, such as Interoute and Fastweb in Italy, and the SFR group and Completel in France, but some have been entered into with local authorities covering periods of between 15 and 20 years on average.
- Interconnection and unbundling agreements in France and Italy, notably with Orange (the "Incumbent Operator") in France, and Wind Tre in Italy, which give the Group access to the local loop of the operator concerned. As described in more depth in Schedule 1, Section 1.4.2 of this Annual Report, these interconnection and unbundling agreements allow the Group, respectively, to (i) interconnect its own network with the network of the operator concerned by means of a physical connection to one of the operator's switches, and (ii) benefit from direct access to the segment of the network between the subscriber's telephone socket and the main distribution frame to which the subscriber is connected in order to achieve the closest possible proximity to the subscriber. These agreements are open-ended regulated agreements.
- Agreements to access ultra-fast local loops, signed with infrastructure operators (Altitude, Axione, Covage, Orange and SFR), which are generally entered into for 20-year periods renewable by Free for a further 20 years.
- An open-ended agreement signed in 2007 to access Orange's civil engineering infrastructure. The overall agreement is broken down into separate agreements for each link, which have an initial term of ten years and are subsequently automatically renewable every five years for a further five-year term.
- The roaming agreement (MOCN) entered into with Wind Tre on July 1, 2016, providing for Iliad Italia subscribers' traffic to be carried on the merged Wind Tre 2G, 3G and 4G networks for a period of five years, which was renewed in 2021 for a further five-year period.
- Site-sharing and co-location agreements, which are needed for mobile network rollouts and are signed with other operators, notably between Free Mobile and Orange or Ivory (formerly SFR) and between Iliad Italia and Wind Tre, Vodafone and TIM.
- Occupancy agreements entered into with leading European players such as Cellnex and TDF concerning pylons and flat roofs used for mobile base stations.
- A national roaming agreement with Orange in Poland, enabling Play to provide mobile services in areas where its own network rollout has not yet been completed.
- Long-term access agreements for passive mobile infrastructure (MSAs) signed in France, Italy and Poland as part of the partnership with the Cellnex Group.

- The very long-term service agreement signed with IFT, under which IFT provides Free with all of its required access and information services for co-financed fiber sockets.
- Contracts for the supply of the electronic components in the equipment included in the Group's boxes.
- Contracts for the supply of mobile equipment, notably signed with Nokia, Huawei and Ericsson.
- Contracts for the supply of mobile phones and SIM cards, generally entered into for periods of one to five years and renewable for further one- to five-year periods if agreed by the contract parties.
- A service and access contract with Enel Open Fiber concerning the fiber local loop in Italy.

Consequently, if one or more suppliers were unable to supply the products and/or services concerned – e.g., if they were prohibited from selling in the countries where Iliad operates – this could affect the Group's ability to fully control its networks, offer high quality services and conduct its operations, or could lead to additional costs that would have an unfavorable impact on its business, earnings and/or outlook.

The Group has also entered into less strategic supply agreements, primarily with the assemblers of Freeboxes and Freebox DSLAMs and with advertising agencies.

The Group stands out from other operators because it has made the strategic choice to develop in-house its own routing and data transmission equipment, software and boxes (see Schedule 1, Section 1.2.3, "Strategy", of this Annual Report). Any market shortage of components and other items used to manufacture the Group's network equipment, such as the Freeboxes, Freebox DSLAMs, optical fiber and mobile network equipment, or a sharp rise in their price, a ban on their sale, or any delivery delays, could impact the Group's procurement processes and production capacities. Such events could also prevent the Group from providing to its subscribers, on a timely basis, equipment enabling them to access its services, and could also affect its network capacity. In 2021, a combination of causes put pressure on the semiconductor supply chain (the Covid crisis and a sharp rise in global demand for finished products, which impacted the

mobile phone and automotive industries). The first consequence of this was shortages of integrated circuits, which led to a significant rise in the purchase price of those components. Freebox saw the prices of its semiconductors rise by up to 40% between 2020 and the end of 2021. Prices for the memory components used by the Group in the manufacture of its boxes are still highly volatile in the electronics market (fluctuating significantly both upwards and downwards). For instance, the price of "Flash Memory" components rose by 33% between 2020 and 2021, and the prices of "DDR3 2GB Memory" and "DDR3 L 2GB Memory" components surged 118% and 94%, respectively, between Q4 2020 and Q4 2021. In parallel, prices for the "DDR4 4GB Memory" component went up by more than 120% between Q4 2020 and Q3 2021 before coming back down by 24% at end-Q4 2021. Although the Group considers that these components and other items are standardized and replaceable, and that its procurement policy for them allows it to anticipate growth in demand for Internet access (fixed and mobile Broadband and Ultra-Fast Broadband), if any of the above-described events were to occur, the quality of its services could be affected, which could adversely impact its earnings, image and/or reputation.

The Group's Purchasing Department incorporates supplier dependency risks in its controls and actively seeks to vary its supply sources. In addition, the Group's procurement policy includes building up a minimum target inventory level so that Iliad can be production self-sufficient for at least three months. It was particularly difficult to keep up this target inventory level in 2021 due to the supply shortages of certain electronic components (related to the unprecedented circumstances caused by Covid-19).

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

## 2.1.6 Fraud risks

Like all other operators in its industry, the Group is exposed to the risk of being a victim of various types of fraud. One of the main types of fraud risk it faces is people attempting to benefit from its services or goods without paying for them. In view of the large number of invoices it issues and the volume of its payment transactions, such fraud could represent heavy financial losses for the Group. It is also exposed to risks of fraud in its B2B hosting business and its financial services activity where it acts as a payment establishment, with potentially significant impacts should such risks materialize. In today's environment of

increasingly complex technologies, more virtual networks, and faster implementation of new services and new applications, cases of fraud may arise that are more difficult to detect or control. One reason for this is the development of big data, which has enlarged the scope of possible attacks, and particularly cyber-attacks. If a significant fraud of this type were to occur, the Group's revenues, margins and/or service quality could be affected. Similarly, any fraud committed by a Group employee or customer or a third party could also damage Iliad's image and reputation and therefore impact its business and/or earnings.

## 2.1.7 Risks related to investments outside France

One of the Group's main investment goals is to extend the geographic coverage of its services and networks and develop its business internationally. In line with this objective, in 2018, it launched its Mobile business in Italy, and in 2020, it acquired Poland's second-largest mobile operator, Play.

On September 22, 2021, Play entered into an agreement with UPC Polska's main shareholder - which belongs to the Liberty Global group - to purchase all of the shares in UPC Polska. This transaction was approved by the relevant anti-trust authorities on March 10, 2022.

The Group continuously seeks opportunities for new strategic acquisitions that could enhance its business, and any such transactions could have a significant effect on its financial position and/or results of operations. The process of integrating a company, network, business, technology or IT system could result in operational difficulties and unforeseen costs. When an acquisition takes place, it is therefore uncertain whether the expected return will be achieved.

Future acquisitions or divestments could give rise to debt, contingent liabilities, amortization/depreciation expenses, goodwill write-offs, and/or integration expenses, each of which could have an adverse effect on the Group's business, financial position and/or results of operations.

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

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

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

## 2.1.8 Risks related to public health and the effect of electromagnetic waves

There are currently public concerns over the potential health hazards of electromagnetic fields emitted by telecommunication equipment. Irrespective of whether or not these concerns are legitimate, they have led to more protective regulations, which could reduce people's use of mobile electronic communications, prevent the installation of mobile communication masts and wireless networks, or result in more claims and litigation. In France, Act no. 2015-136 dated February 9, 2015 relating to precautionary measures, transparent information and consultation procedures concerning exposure to electromagnetic waves (known as the "Abeille Act") increased public protection regarding exposure to electromagnetic waves, notably by strengthening the consultation process between operators and residents before a mobile mast can be installed. The allocation of the frequencies required for rolling out and operating 5G networks have heightened the public debate and concerns about this issue. These factors could have a negative impact on the Group's objectives and/or earnings.

As the Group holds mobile communications licenses, in light of the concerns about the potential (but not scientifically proven) health effects that could arise from exposure to mobile telecommunication equipment, it faces the risk that lawsuits may be filed against it in relation to its operations. The public's heightened perception of health risks could lead to a decrease in the number of the Group's subscribers, less subscriber usage or potential liability claims, and could affect network rollouts and/or generate additional costs or investment. If it were to be scientifically proven in the future that mobile telecommunication equipment does have a harmful effect on health, this would adversely impact the Group's business, image, earnings, financial position and/or outlook.

## 2.1.9 Risks related to the Covid-19 pandemic

The years 2020 and 2021 were marked by the worldwide health emergency caused by the Covid-19 pandemic. With the rapid spread of the virus across the globe, many governments imposed lockdowns and other restrictive measures. As well as the tragic human implications, the pandemic led to economic slowdowns in several geographic regions.

The Group took all necessary measures to first and foremost ensure the health and safety of its employees in France, Italy and Poland, while also ensuring that it continued to conduct its operations in view of the essential role that telecom networks and services play in keeping a country going.

Despite the uncertainties caused by Covid-19 and the impact of the pandemic, the Group's solid fundamentals are still in place. As at the date of this Annual Report, in view of the measures taken to ensure its business continuity, combined with the worldwide vaccination campaigns, the Group is confident in its ability to achieve its objectives. Nevertheless, if the virus and/or one or more variants leads to further lockdowns, this could impact the Group and some of its objectives.

### 2.1.10 Risks related to increases in energy prices

For almost 20 years, the Group has pursued a policy of pro-actively investing in its fixed and mobile networks in all of its geographies (France, Italy and Poland), underpinned by an approach focused on innovation, quality control and efficient cost management. At December 31, 2021, it had more than 40,000 mobile sites in its three host countries and an FTTH network covering 25.5 million households in France. In order for

its network equipment to operate the Group has to use a large amount of electricity. It is therefore exposed to the risks of price volatility in the European electricity market and supply shortages. Consequently, a rise in electricity prices could affect the Group's ability to achieve its objectives and implement its strategy, and could have a significant adverse effect on its business, revenues, earnings and/or financial position.

## 2.2 RISKS RELATED TO THE GROUP'S INDUSTRY

### 2.2.1 Competition risks

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

The fixed and mobile access services market is characterized by fast-changing technologies and technical access methods (switched access, ADSL, VDSL, FTTH, broadband, ultra-fast broadband, 2G, HSPA, 3G, H+, 4G, 4G+, 5G, etc.). This means that there are similarly rapid changes in the types of services and functions offered to subscribers as well as in pricing structures (unlimited offers, free offers, promotional deals, European roaming). The competitiveness of an electronic communications operator therefore depends on its ability to swiftly offer the latest technologies at the best price. Competitive pressure can render the Group's offers less attractive than those of its competitors and lead to a decrease in the number of its fixed and/or mobile subscribers. It can also push down prices, thus affecting the profitability of the Group's services. As an example, monthly average revenue per user (ARPU) in the Fixed business decreased from €36.10 in September 2013 to €33.40 in December 2021.

In the mobile market, the arrival of Free Mobile in France, Iliad Italia in Italy and Play in Poland, combined with their rapid growth, heightened competition in these already mature markets and prompted market operators (both incumbent and virtual (Mobile Virtual Network Operators or MVNOs)) that had greater financial resources than those of the Group, to launch marketing counter-offensives. The Group's success in the mobile market will depend on its ability to ensure (i) that its offers and services

are and remain sufficiently appealing compared with those of its competitors, (ii) that it can offer its services to the widest number of subscribers through the extension and rollout of its own mobile network, and (iii) that it takes part in the Italian market's digital transition. If the Group is unable to grow, notably if it does not manage to propose sufficiently appealing offerings or rapidly develop its 4G/5G network, this could directly impact its ability to retain its subscribers, adversely affect its revenues and delay return on the investments made in rolling out its own networks.

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

In the fixed market, competition for access services is fierce and the Group expects it to intensify significantly in the future due to the fact that (i) gaining market share is becoming difficult as the market is mature, (ii) the number of strategic and capital alliances between the Group's competitors could increase, (iii) multinationals with more financial resources than the Group have entered the market, such as the GAFA companies (Google, Apple, Facebook and Amazon) and other OTT (over-the-top)<sup>(1)</sup> service providers, whose investment capacity, particularly for advertising, constitutes a considerable competitive advantage, and (iv) new, and notably global, competitors could enter the market. If the Group is unable to manage these subscriber and/or network risks, this could adversely impact its earnings<sup>(2)</sup>.

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

<sup>(2)</sup> Fiber To The Home: technology used to directly connect subscribers' homes to an optical fiber network.

Competition is also strong, and is expected to further intensify, for television and video services via fixed electronic communications networks. In this sector, several of the Group's competitors are implementing strategies involving the convergence of electronic communications networks and media, which has resulted in some competitors gaining greater power and control over access to, and the broadcast of, premium content (TV channels and programs). Consequently, exclusive content distribution rights for particular operators have started to develop in the market, notably for premium content (such as premium TV channels). In addition, some TV channel owners have made access to their free channels contingent on also having access to their pay-TV channels, which has a harmful effect on the appeal of the Group's audiovisual offering and could therefore impact its earnings. Although the Group considers that it has competitive advantages in this market,

notably through the use of its Freeboxes (Delta, Pop, Revolution and mini 4K), which provide secure transmission of content, it cannot guarantee that it will be able to maintain or develop its audiovisual operations in line with its plans. If it is unable to reach agreements on the distribution of certain content, and if certain premium channels and content start being distributed on an almost exclusive basis by the owners of the channels or its competitors, the Group could be unable to provide similar TV offerings, which would prevent it from competing.

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

## 2.2.2 Risks related to dependence on the incumbent operator

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

The Group has signed interconnection and unbundling agreements which give it access to the incumbent operator's local loop (see section 2.1.5 above, "Risks related to dependence on main suppliers"). The Group's profitability depends partly on (i) the pricing and technical conditions established by the incumbent operator, notably in its Reference Interconnect Offer (revised each year) and in its Reference Unbundling Offer (revised from time to time) and (ii) non-discrimination undertakings given for the FTTH<sup>(1)</sup> wholesale market by the incumbent operator. For example, any significant increase in the prices or change in the technical conditions set out in the Reference Interconnect Offer or the Reference Unbundling Offer, as approved by ARCEP, could have a material adverse effect on the Group's business, results of operations and financial position as well as on its ability to meet its objectives. At December 31, 2021, the Group had 3.2 million fixed subscribers on the incumbent operator's ADSL network. Consequently, a 10 euro cent increase in the unbundling tariff would represent an additional annual cost of around €4 million for the Group.

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

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

To meet this objective, regarding its mobile network the Group is gradually stopping its use of roaming services on Orange France's 2G and 3G networks provided for in a roaming agreement originally signed on March 2, 2011 (for further details please refer to Section 1.2 of iliad S.A. management report available on iliad S.A. website).

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

## 2.3 RISKS RELATED TO THE GROUP'S ORGANIZATIONAL STRUCTURE

### 2.3.1 Risks related to dependence on Iliad's principal shareholder

At December 31, 2021, Xavier Niel is indirectly Iliad S.A.'s principal shareholder through Iliad Holding S.A.S. and Holdco II S.A.S. (please refer to Schedules 5 and 6 for further details regarding the Group organizational and shareholding structure). Xavier Niel is the Chairman of Iliad S.A.'s Board of Directors. The Group is structured around a strong executive team. However, Xavier Niel is in a position to have a decisive influence over most of the Group's strategic decision. The Group's success therefore depends on maintaining its relationship with Xavier Niel.

### 2.3.2 Risks related to retaining key personnel

The Group's success is particularly dependent on retaining certain key personnel who have specific expertise in the Group's business (engineers, technicians, executives and key employees). The Group has a culture which fosters teamwork and motivation, and it has set up a human resources and compensation policy adapted to the talent of its people. Furthermore, its key employees have an ownership stake in Iliad and/or its subsidiaries, which plays a major role in building loyalty. Nevertheless, there can be no assurance that these key employees will remain with the Group.

In order to guarantee the long-term future of its business, the Group takes particular care to ensure that the engineers and technicians working on its platforms and networks and on designing and developing "in-house" hardware such as

Freeboxes, SIMboxes and Freebox DSLAMs are skilled in various different areas. The Group's ability to attract, train, retain and motivate highly qualified employees and executives will play a major role in its future success. However, as competition to attract such particularly qualified employees and executives is intense, there can be no assurance that the Group will be able to do so.

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

## 2.4 FINANCIAL RISKS

Information on the Group's financial risk management and a sensitivity analysis are provided in Note 34 to the consolidated financial statements in this Annual Report. Please also refer to Note 35 to the consolidated financial statements of Iliad S.A. for the year ended December 31, 2021 for further details regarding financial risk management at Iliad S.A. level (available on Iliad S.A. website).

### 2.4.1 Liquidity and financing risks

The Group finances its business activity through issues of short-term money-market securities, credit facilities with various different lenders (bank loans, bilateral credit lines or syndicated loans) and bond issues.

At December 31, 2021:

- Gross debt: €13,635 billion.
- Iliad Holding's leverage ratio, including Play, was contained 4.4x EBITDAaL.

See Notes 30 and 34 to the 2021 consolidated financial statements of Iliad Holding S.A.S. 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.

In view of its financing needs, the Group is exposed to liquidity risk in the event of disruptions in bond markets or reduced lending capacity for banks. Such events could affect the Group's ability to raise financing and therefore prevent it from having access to the liquidity it requires. Liquidity risk is the risk of not having the funds necessary to meet commitments at their

maturity date. This includes (i) the risk that assets may not be readily sold under satisfactory conditions when required, and (ii) the risk of borrowings having to be repaid early or of not having access to credit under satisfactory terms and conditions. Iliad S.A.'s earnings and outlook could be adversely affected if its financing requirements were to increase and its access to capital markets were to become difficult. In the event of unfavorable changes in the economic environment, the Group's access to its usual sources of financing could be restricted or become much more expensive due to higher market interest rates and/or lending margins. In order to prevent these risks from occurring, Group Treasury has put in place undrawn confirmed credit facilities and carefully controls the Group's sensitivity to liquidity risk in line with the maturities of its various financing arrangements. Any inability to access financial markets and/or obtain credit on reasonable terms and conditions could prevent the Group from having sufficient liquidity and could affect its competitive positioning. In particular, the Group may have to allocate a considerable portion of its available cash to servicing or repaying its debt, to the detriment of its capital expenditure. In any event, the Group's earnings, cash flows and overall financial position and flexibility could be negatively impacted.



## 2.4.2 Risks related to asset impairment and provisions

Changes in the economic, political or regulatory environment could lead to impairment in value of the Group's assets (notably goodwill and/or other intangible assets), or require it to set aside provisions for long-term contractual obligations or onerous contracts. At December 31, 2021, goodwill recognized by the Group following acquisitions and disposals carried out amounted to approximately €0.562 billion, and intangible assets acquired totaled €5.472 billion. The carrying amounts of long-term assets, including goodwill and other non-current assets, are sensitive to any changes in the operating environment that differ from the assumptions and forecasts used for initially measuring them. The Group recognizes an impairment loss against these assets, or, where appropriate, a provision, if events or circumstances suggest that there are significant and prolonged unfavorable changes affecting either the economic

environment or the assumptions or objectives applied at the date the acquisition was completed or the contractual obligation entered into. For further information on asset impairment and provisions, see Notes 16 to 18 of the 2021 consolidated financial statements of Iliad Holding S.A.S. As the Group has a large amount of goodwill and intangible assets on its balance sheet, any material impairment losses or provisions could have an adverse effect on its financial position and earnings for the year in which they are recognized. These amounts may vary depending on the assumptions, judgment and estimates used when impairment tests are performed, including discount rates, the perpetuity growth rate, and forecast cash flows, which in turn depend on the Group's assessment of the economic and financial context (see Note 18 to the 2021 consolidated financial statements of Iliad Holding S.A.S.).

## 2.5 LEGAL RISKS

### 2.5.1 Regulatory compliance risks

The Group's business activities are highly regulated and therefore extremely dependent on the legal and regulatory context – and even the political situation – in the countries where they are conducted. They are subject to specific regulations governing the electronic communications sector in the countries where the Group operates, which in France notably concern (i) obtaining or renewing fixed or mobile operator licenses and frequencies, (ii) the terms and conditions of access to networks, such as for roaming and network-sharing, (iii) unbundling, (iv) the technical and pricing conditions for access to FTTH networks, (v) the prices of services (unbundling charges and costs for renting copper pairs from the incumbent operator), (vi) restrictions on and national permits for installing sites that emit electromagnetic waves, (vii) rollout and service obligations attached to mobile licenses, (viii) personal data security for digital operations, (ix) taxes levied on telecommunications companies (introduction of new taxes or rises in existing taxes), (x) consumer protection (canvassing and solicitation), and (xi) bitstream offers. For further information about the regulations applicable to the Group, see Schedule 1, Section 1.6, "Regulatory Framework", of this Annual Report. In order to roll out a new mobile technology such as 5G, the Group is dependent on the allocation and auctioning of 5G frequencies carried out by the national regulators. In Poland, a 5G spectrum auction was announced in March 2020 but was then canceled three months later in June. The schedule and terms and conditions of the new procedure are not yet known. Additionally, some operations carried out by the Group's entities are subject to specific industry regulations. This is the case, for example, for Iliad 78's financial services activities, meaning that the Group has to comply with all of the regulations applicable to the banking and finance sector, which exposes it to the risks inherent to that sector (e.g., money laundering and terrorism financing).

The Group's room for maneuver in managing its business activities is therefore restricted, as it has to comply with a range of regulatory obligations concerning the supply of its products

and services which can lead to significant outlay, such as for the rollout of its 5G network. The Group has specific compliance programs which enable it to respect all of the relevant regulations, determine their impacts, and implement any required action plans.

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

In Poland, licenses for frequencies are renewed through a semi-automatic procedure managed by the UKE (the Office of Electronic Communications), whereby the operator submits a request for the license renewal and pays the price that is set in advance in accordance with the applicable legal provisions. However, there can be no assurance that such licenses will be renewed and that they will not be contested by a third party. It also appears that refarming frequencies to support the development of 5G may result in licenses not being renewed.

Any changes in the regulations applicable to the Group or, more generally, in the political context of one of its host countries, could also lead to additional costs or capital expenditure, and could have a significant adverse impact on how the Group conducts its business, as well as on its image, reputation, earnings and/or ability to meet its objectives.

## 2.5.2 Risks related to electronic communications legislation and new laws

Directive (EU) no. 2018/1972 of December 11, 2018 establishing the European Electronic Communications Code, was supposed to be transposed into national law by the European Union member states before the end of 2020.

One of the most significant risks identified by the Group relates to restrictions on telecom operators acting as sales agents and accepting payments for third-party goods and services (concerning, *inter alia*, direct carrier billing and billing VAS). The key issues are the requirement to obtain consent for the supply of such services and the application of spend limits.

These concerns have been amplified in Poland by new draft Acts which amend the Polish Civil Code (UC53-MS), Polish consumer rights law and certain other laws in order to implement changes resulting from a number of European consumer-related directives.

## 2.5.3 Risks related to the loss of Huawei as a supplier

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

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

## 2.5.4 Data protection risks

In the course of its business the Group has access to a vast amount of general personal data (such as the names, addresses and bank details of its subscribers) as well as personal data held in connection with its health data hosting activities. The Group is therefore exposed to the risk of loss, unauthorized disclosure or inappropriate alteration of the personal data of its subscribers (both individuals and companies), employees, suppliers, service providers and any other persons, which is stored on its infrastructure or carried on its networks.

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

The Group could also be held liable under specific data protection legislation applicable in many countries, such as the European General Data Protection Regulation (EU) 2016/679 dated April 27, 2016 (GDPR), which strengthens the rights of individuals and imposes more stringent obligations on data processors.

The Group applies strict measures and takes the necessary precautions to protect the confidentiality of personal data. For example, it has a Data Protection Officer (DPO) as well as a Group Compliance Officer who ensures that it is compliant both with the applicable laws and its own in-house standards, and issues advice on improving its systems. It also has a network of GDPR correspondents tasked with implementing a data protection compliance program. Incident impact analyses are performed, which are used as a basis for putting in place new security measures and/or reviewing processes. Additionally, the Group regularly raises awareness about data security among all of its employees, partners and service providers as part of its training and awareness-raising programs.

If these risks - which are becoming increasingly frequent with widespread media coverage - were to materialize, the Group could be held liable. This could lead to a loss of subscriber confidence, which would have a significant adverse impact on the Group's reputation, image and business.

## 2.5.5 Risks related to liability for illicit content

Lawsuits are regularly filed in France and other countries against Internet service or hosting providers because of the content of the information transmitted or made available online (in particular for press-related violations, invasion of privacy and infringement of trademarks and literary and artistic rights). For example, in 2021 the Group was ordered by a French court to block access to a site conveying a message of extreme hate against people on account of their religion, ethnicity or sexual orientation. Also in 2021, it was ordered to block access to several sites that were contravening intellectual property rights or regulations on financial products and services.

In accordance with the applicable French regulations (as described in Schedule 1, Section 1.6.2 of this Annual Report), the Group has made specific forms available on the Free portal

home page so that web users can report illicit content, and has established a procedure for reporting any breaches of the law, particularly violation of human dignity. In this way, the Group can respond promptly to any issues raised. It has also allocated special teams to manage these alerts and delete reported illicit content.

However, if any such lawsuits were to be filed, the Group could incur significant costs, either for its defense or to comply with any court orders or injunctions issued, even if it is not held liable. Lastly, any such proceedings could damage the Group's image and reputation.

## 2.5.6 Risks related to disputes

In the normal course of their business, the Group's companies may be involved in inquiries, disputes with governmental agencies, civil or criminal lawsuits, arbitration proceedings with the regulatory or oversight authorities, or proceedings with consumer associations, competitors or other parties. Information on the main disputes in which the Group is currently involved or of which it has been given notice is provided in Note 35.6 to the 2021 consolidated financial statements of Iliad Holding S.A.S..

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

The aggregate amount of provisions set aside to cover all of the Group's disputes (see Note 29 to the 2021 consolidated financial statements of Iliad Holding S.A.S.) corresponds to the full amount of the outflows of resources that the Group deems probable (excluding any recoverable amounts) for all types of disputes in which it is involved as a result of conducting its business. At December 31, 2021, these provisions totaled €7 million.

Like other players operating in its industry, the Group is frequently served with writs as part of claims instigated by subscribers in relation to the services it provides. Taken on an individual basis, these cases do not have a significant impact on

the Group. However, any proliferation of such claims or the filing of a class action could constitute a financial risk for the Group. In order to considerably reduce the total final costs of any such suits, the Group generally seeks to negotiate an out-of-court settlement.

Since the Group entered the mobile market, a number of suits have been filed against it by competitors, alleging that it has engaged in misleading commercial practices, unfair competition or defamation.

Some of these proceedings have involved, or may involve in the future, claims for substantial amounts against one or more Group companies, which could jeopardize the conditions in which the Group's companies conduct their business. The advancement or final outcome of some or all of the proceedings currently in process could have a significant adverse effect on the Group's earnings, financial position and/or reputation.

Furthermore, the provisions for disputes that the Group has already recognized in its financial statements, or that it may have to subsequently recognize, may prove to be insufficient. It cannot be ruled out that in the future, new lawsuits or proceedings will be filed against a Group entity, either related or not to those currently in process and arising either from risks already identified by the Group or from new risks. Any rulings against the Group in such lawsuits or proceedings could have an adverse effect on its business, financial position, earnings and/or outlook.

# SCHEDULE 3

## Events after the reporting date

### 3.1 CONFLICT IN UKRAINE

As the Group does not have any business activities in Ukraine, the armed conflict engaged in by Russia on February 24, 2022 has not had a material impact on Iliad's consolidated results for the year ended December 31, 2021.

However, as from the very first days of the war, Play - the Group's Polish subsidiary - put in place measures to manage the increase in data traffic and help the people emigrating to Poland, including increasing its network capacity, securing its systems,

updating its offers for Ukrainians and increasing the number of the Group's contact points on the border with Ukraine and in the rest of the country.

This conflict could lead to higher energy costs in the coming months and years, and more generally to an increase in the cost of certain components and equipment purchased by the Group. However, the Group does not expect these potential cost increases to have a material impact on its business in the coming months/years.

### 3.2 SALE OF ON TOWER FRANCE AND 10% OF ON TOWER POLAND

On February 28, 2022, the Group completed the sale of its remaining 30% stake in On Tower France to the Cellnex group for €950 million (excluding taxes). On the same date, the Group also sold a 10% stake in On Tower Poland for PLN 615 million, with the Group retaining 30% of On Tower Poland's shares after the sale of this 10% interest.

### 3.3 RELEASE OF THE CONDITIONS PRECEDENT FOR THE ACQUISITION OF UPC POLSKA

The conditions precedent necessary for the acquisition of UPC Polska have been released as of the date of this Annual Report, following the clearance given by the European Commission on March 10, 2022. The deal was closed on April 1, 2022.

### 3.4 VOLUNTARY EARLY REPAYMENT OF A LOAN GRANTED THROUGH A SENIOR SECURED BRIDGE TO DISPOSAL FACILITY AGREEMENT

On March 31, 2022, following the sale of On Tower France and 10% of On Tower Poland, Iliad Holding S.A.S entirely reimbursed the loan that had been granted to it after having entered into a Senior Secured Bridge to Disposal facility Agreement dated 28 July 2021 (as amended and restated on September 6, 2021). Such early

voluntary repayment amounted to Euros 1,510,000,000 corresponding to the principal and the accrued interests of the loan. This loan was subscribed by Iliad Holding S.A.S as part of the simplified public tender offer initiated on July 30, 2021 by Holdco II S.A.S with a view to purchasing Iliad S.A. shares.

# SCHEDULE 4

## Management of iliad Holding S.A.S.

iliad Holding S.A.S. sole director is currently Mr. Xavier Niel, who is iliad S.A. founder and indirect majority shareholder (through Holdco II S.A.S. and iliad Holding S.A.S. – please refer to schedules 5 and 6 for further details regarding the Group organization and shareholding structure), he is the chairman of Iliad Holding strategic committee. Set forth below are certain details about Mr. Xavier Niel and a brief summary of his biography.

Name	Age	Position
Xavier Niel	54	Sole Director

Mr. 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.

Mr. Xavier Niel 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 Mr. Matthieu Pigasse and Mr. Pierre-Antoine Capton, he created Mediawan, a special purpose acquisition company (SPAC) focused on media and entertainment.

Mr. Xavier Niel 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, Mr. Xavier Niel supports entrepreneurs through his investment fund, Kima Ventures.

Besides his other interests, Mr. Xavier Niel 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.

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

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

In February 2021, Mr. Xavier Niel co-founded Hectar, an ecosystem for agriculture, entrepreneurship and tech based at a 600-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.

## 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	48	Chief Executive Officer
Nicolas Jaeger	43	Chief Financial Officer and Delegate CEO

### Executive Finance

**Mr. Thomas Reynaud** is the Chief Executive Officer of Iliad S.A. and a member of Iliad Holding strategic committee. Mr. 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 Senior Vice-President in 2010. He has been Iliad S.A. Chief Executive Officer since May 2018. Mr. 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. Mr. Thomas Reynaud is a board member of the Mozaïk Foundation and Tomato-n-co, a member of the supervisory board of IFT S.A.S., as well as an active supporter of the ScholaVie association which campaigns for positive schooling, and a partner of several innovative ventures in the agri-food sector. Passionate about history and the French Revolution in particular, Mr. Reynaud is a graduate of HEC business school and New York University.

**Mr. Nicolas Jaeger** is the Chief Financial Officer of Iliad S.A., a Delegate CEO Executive Finance and a member of Iliad Holding strategic committee. Mr. Nicolas Jaeger joined Company in 2007 as Head of Investor Relations and was then appointed as the Iliad S.A. Treasurer in 2011. Since 2018, he has been Chief Financial Officer and has helped drive the Group's international development. He was appointed as Delegate CEO Executive Finance in April 2021. In connection with Iliad S.A. partnerships and external growth operations, Mr. Nicolas Jaeger is a member of the boards of directors of TRM and IFT. Before joining Iliad S.A., Mr. Nicolas Jaeger worked for five years at Calyon bank (part of the Crédit Agricole Group) as a credit analyst and then as a relationship manager in charge of the TMT sector. Mr. Nicolas Jaeger is a graduate of the EDHEC Business School and holds a Master's degree (MSc) in finance from the University of Strathclyde in Glasgow.

# SCHEDULE 5

## iliad Holding S.A.S. – shareholding & additional information

### 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.”).

### 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 registered number 811 282 789 R.C.S Paris, having its registered office at 16, rue de la Ville l'Évêque, Paris 75008, France.

### 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 97.41% of the share capital of Holdco II S.A.S. Please see below a table evidencing a detailed breakdown of iliad S.A. share capital and voting rights as at December 31, 2021:

Shareholder	December 31, 2021		
	Number of shares	% Share capital	% Voting right
Holdco II	58,571,128	98.08%	98.08%
Employees	116, 418	0.19%	0.19%
Sub-total	58,687,546	98.27%	98.27%
Company (own shares)	1,032,692	1.73%	-
<b>TOTAL</b>	<b>59,720,238</b>	<b>100%</b>	<b>100%</b>

Please also refer to Section 1 of Schedule 6 “Management Report and Analysis” of this Annual Report for a chart evidencing the shareholding of iliad Holding Group as well as Note 37 of the consolidated accounts of iliad Holding S.A.S. for the year ended December 31, 2021 for a list of the main consolidated companies as at December 31, 2021.

# SCHEDULE 6

## Management Report and Analysis of iliad Holding S.A.S.

for the year ended December 31, 2021

Non-binding translation of the French original

### ANALYSIS OF ILIAD HOLDING GROUP'S BUSINESS AND RESULTS

#### — KEY CONSOLIDATED FINANCIAL DATA

<i>In € millions</i>	2021	2020
<b>INCOME STATEMENT</b>		
<b>Total revenues</b>	<b>7,587</b>	<b>5,871</b>
<b>EBITDAaL</b>	<b>2,944</b>	<b>1,954</b>
Profit from ordinary activities	1,131	553
Profit for the period	383	376
<b>BALANCE SHEET</b>		
Non-current assets	20,102	19,201
Current assets	3,030	2,784
<i>Of which cash and cash equivalents</i>	783	698
Assets held for sale	959	574
<b>TOTAL ASSETS</b>	<b>24,091</b>	<b>22,559</b>
Total equity	1,573	4,254
Non-current liabilities	16,472	13,243
Current liabilities	6,047	4,868
Liabilities held for sale	0	194
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24,091</b>	<b>22,559</b>
<b>CASH FLOWS</b>		
<b>Cash flows from operations</b>	<b>3,179</b>	<b>2,522</b>
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(836)	(876)
Capital expenditure excluding payments for frequencies	(2,283)	(1,858)
Capital expenditure - frequencies <sup>(1)</sup>	(175)	(157)
<b>Net change in cash and cash equivalents - Group (excluding change in net debt and dividends)</b>	<b>(2,879)</b>	<b>(3,906)</b>
Dividends paid to minority shareholders of consolidated companies	(71)	(54)
<b>Net debt <sup>(2)</sup></b>	<b>12,852</b>	<b>9,528</b>

(1) France (2021: €113 million; 2020: €103 million) and Italy (2021: €62 million; 2020: €55 million).

(2) Short- and long-term financial liabilities less cash and cash equivalents.



## 1 GENERAL INFORMATION ABOUT ILIAD HOLDING

Iliad Holding S.A.S. – which is wholly owned by Mr. Xavier Niel – indirectly controls (via HoldCo II S.A.S) the group of companies comprising Iliad S.A. and the subsidiaries that Iliad S.A. controls.

Since 2020, Iliad Holding S.A.S. has taken on the role of a holding company that steers the Group, defining its general policy and strategic priorities, as well as identifying areas of development. In view of this, Iliad holding S.A.S. set up a Strategy Committee comprising Mr. Xavier Niel and key executives of the Group as well as technical experts as permanent members, to develop the Group’s strategy and ensure its effective implementation. A strategic management agreement has been entered into between Iliad Holding S.A.S and Iliad S.A.

On July 30, 2021, HoldCo II S.A.S. filed a simplified public tender offer for Iliad S.A.’s shares at a price of €182 per share (the “Offer”). This Offer (which ran from September 9, 2021 through September 24, 2021 and was followed by a squeeze-out procedure and the delisting of Iliad S.A.’s shares from Euronext Paris on October 14, 2021) represented a new stage in the Group’s development and was in line with the shared aim of Mr. Xavier Niel – the indirect majority shareholder of Iliad S.A. and the Group’s founder – and Iliad, to enable the Group, its executives and its teams to fully focus on developing the Group’s business in Europe and to accelerate its capex plans.

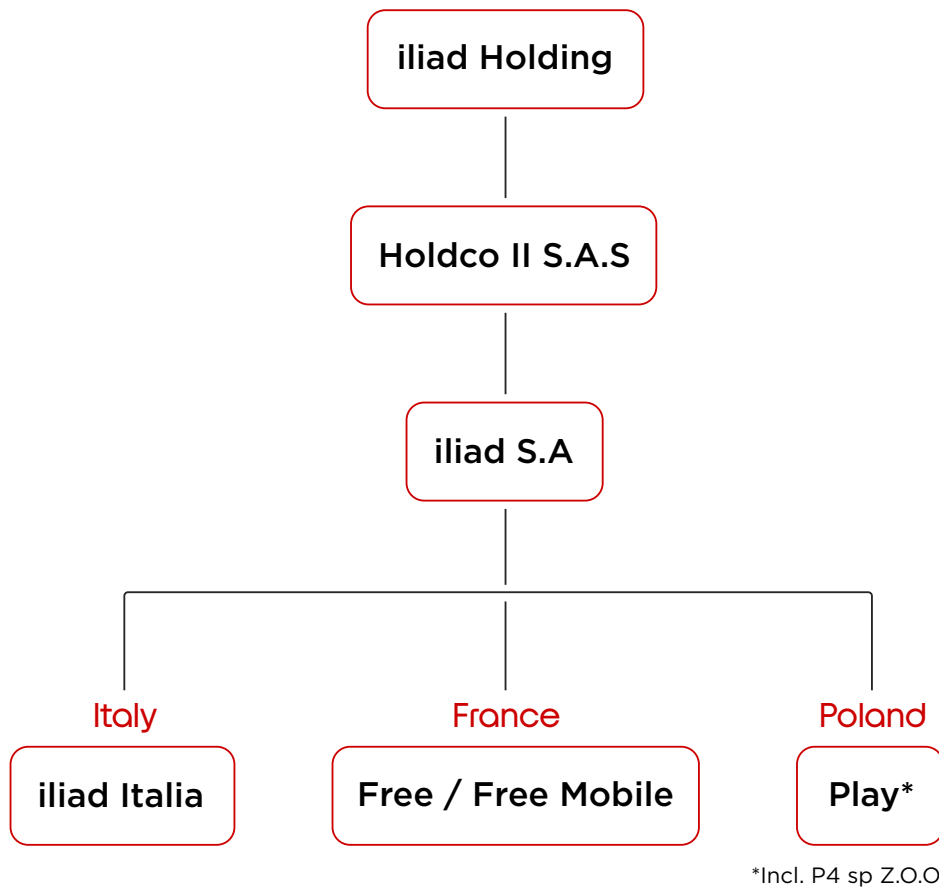
The Iliad Group has a streamlined, simplified organization, structured around Iliad S.A., which directly owns all of the Group’s subsidiaries and manages its strategic partnerships.

The financial relations between Iliad Holding S.A.S. and Iliad S.A. own 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 (for further details regarding the Group organization and shareholding, please refer to schedules 5 and 6 of this Annual Report as well as Note 37 of the consolidated accounts of Iliad Holding S.A.S. for the year ended December 31, 2021).

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.

### – STRUCTURE OF THE ILIAD HOLDING GROUP



The following key performance indicator is 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 2021 management report of the Iliad Group for more information on the Group’s regulatory framework, business strategy, network investments and performance by country (notably revenues, commercial indicators, EBITDAaL, profit from ordinary activities and capex).

## 2 COMPARISON OF RESULTS FOR 2021 AND 2020

<i>In € millions</i>	2021	2020	% change
<b>REVENUES</b>	<b>7,587</b>	<b>5,870</b>	<b>+29.2%</b>
Purchases used in production	(2,516)	(2,013)	+25.0%
<b>GROSS PROFIT</b>	<b>5,071</b>	<b>3,858</b>	<b>+31.4%</b>
<i>as a % of revenues</i>	66.8%	65.7%	+1.1 pts
Payroll costs	(441)	(338)	+30.7%
External charges	(973)	(654)	+48.8%
Taxes other than on income	(156)	(117)	+33.0%
Additions to provisions	(46)	(73)	-37.5%
Other income and expenses from operations, net	221	15	NM
Depreciation of right-of-use assets	(731)	(737)	-0.8%
<b>EBITDAAL</b>	<b>2,944</b>	<b>1,954</b>	<b>+50.7%</b>
<i>as a % of revenues</i>	38.8%	33.3%	+5.5 pts
Share-based payment expense	(61)	(37)	+65.2%
Depreciation, amortization and impairment of non-current assets	(1,752)	(1,364)	+28.4%
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>1,131</b>	<b>553</b>	<b>+104.6%</b>
Other operating income and expense, net	(89)	257	NM
<b>OPERATING PROFIT</b>	<b>1,042</b>	<b>810</b>	<b>+28.6%</b>
Finance costs, net	(356)	(157)	+126.7%
Other financial income and expense, net	10	(13)	NM
Interest expense on lease liabilities	(182)	(134)	+35.2%
Corporate income tax	(201)	(216)	-6.9%
Share of profit of equity-accounted investees	69	86	-19.7%
<b>PROFIT FOR THE PERIOD</b>	<b>383</b>	<b>376</b>	<b>+1.9%</b>

### (a) Analysis of results for the Iliad Holding Group

#### (i) Revenues

Revenues generated by the Iliad Holding Group advanced 29.2% year on year. Pro forma like-for-like growth (with Poland consolidated since January 1, 2020 and based on constant exchange rates) amounted to 4.8%.

#### (ii) Gross profit

Consolidated gross profit totaled €5.1 billion, up 1.1 points as a percentage of revenues. Excluding the consolidation of Play in Poland, the increase came to 4.0 points and was mainly due to lower roaming costs resulting from higher own-network traffic volumes in France and Italy.

#### (iii) Payroll costs

At December 31, 2021, the Group had some 15,100 employees, representing an increase of 360 people compared with end-December 2020.

Excluding the impact of the full-year consolidation of Play, payroll costs rose 11.8%, chiefly stemming from new hires taken on to support (i) the faster pace of Fiber rollouts and connections in France, (ii) the expansion of the distribution network in France and Italy, and (iii) the preparations for the launch of B2B operations in France, including the hosting business.

#### (iv) External charges

External charges rose by 50.7% year on year to €973 million (up 27.2% excluding Poland), reflecting (i) higher rental costs for mobile networks due to the deployment of new mobile sites in France and Italy, and (ii) the faster pace of Fiber rollouts and connections in France, which led to additional expenses (rental, maintenance, energy, insurance, sub-contracting and easement costs, etc.).

#### (v) Taxes other than on income

Taxes other than on income totaled €156 million, up 33.0% year on year (19.1% excluding Poland), due to the larger number of mobile sites in France (28% increase in IFER tax payments) and in Italy.

#### (vi) Additions to provisions

Additions to provisions for bad debts, impairment of inventories and contingencies amounted to €46 million in 2021, down €27 million year on year (and down €43 million excluding Poland). The main additions were for bad debts and claims and litigation.

**(vii) Other income and expenses from operations, net**

This item represented net income of €221 million in 2021 and €15 million in 2020 (€70 million and €11 million respectively excluding Poland). The sharp year-on-year increase primarily reflects the recognition of gains generated from the sale of sites in connection with build-to-suit programs (including 517 sites in Poland when the Group completed its sale of a 60% stake in OTP at end-March 2021).

**(viii) Depreciation of right-of-use assets**

Depreciation of right-of-use assets totaled €731 million in 2021, down 0.8% year on year (or 7.1% excluding Poland). This income statement item results from the application since January 1, 2019 of IFRS 16, Leases.

**(ix) Profit for the period**

Profit for the period was 1.9% higher than in 2020. Net finance costs rose by a sharp €199 million in 2021 due to (i) the cost of financing the simplified public tender offer launched by Iliad Holding for all of Iliad S.A.'s shares, (ii) the acquisition of Play, and (iii) the refinancing operations carried out during the year.

**(b) Cash flows and capital expenditure of the Iliad Holding Group**

<i>In € millions</i>	<b>2021</b>	<b>2020</b>	<b>% change</b>
<b>Consolidated cash flows from operations</b>	<b>3,179</b>	<b>2,522</b>	<b>+26.1%</b>
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(836)	(818)	+2.2%
Change in working capital requirement	(224)	(54)	NM
<b>Operating free cash flow after IFRS 16</b>	<b>2,118</b>	<b>1,650</b>	<b>+28.4%</b>
Capital expenditure excluding payments for frequencies	(2,283)	(1,858)	+22.9%
Income tax paid	(342)	(345)	-1.0%
Other	(2,372)	(3,353)	-29.3%
<b>Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends)</b>	<b>(2,879)</b>	<b>(3,906)</b>	<b>-26.3%</b>
Capital expenditure - frequencies	(175)	(157)	+11.3%
<b>Consolidated free cash flow (excluding financing activities and dividends)</b>	<b>(3,054)</b>	<b>(4,064)</b>	<b>-24.9%</b>
Dividends (paid to the parent company and minority shareholders of consolidated companies)	(71)	(46)	+55.2%
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	<b>781</b>	<b>693</b>	<b>+12.7%</b>

**Consolidated free cash flow for Iliad Holding**

Consolidated capital expenditure rose by 24% in 2021 (15% on a pro forma like-for-like basis). This year-on-year increase is in line with what the Group announced in its press release on May 18, 2021 about accelerating its growth capex program in France - particularly for 5G - and putting in place measures to secure its supply of electronic components. In each of the Group's operating countries, its large-scale capex programs are enabling it to become more autonomous and profitable while at the same time offering a better subscriber experience. Altogether in 2021, the Group invested €2.3 billion in its networks (excluding payments for frequencies), and €175 million for the purchase of frequencies in France and Italy.

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

- €3.2 billion in consolidated cash flows from operations, before €836 million in lease payments and interest expense on lease liabilities recognized due to the application of IFRS 16. The consolidated cash flows from operations figure was much higher than in 2020 thanks to the full-year consolidation of Play in Poland (compared with 43 days in 2020), the sharp reduction in losses in Italy and improved profitability in France.
- An unusually high negative impact of change in working capital (€224 million), primarily attributable to (i) the recognition of an exceptional receivable due from the French tax authorities, and (ii) revenue growth in Italy.

- €2.28 billion in capital expenditure, up 22.9% (or €425 million) year on year. This reflected (i) the first full-year of consolidation of Play, and (ii) the €361 million increase in capex in France, due notably to the acceleration in 5G rollouts, although these two impacts were partly offset by a €99 million decrease in capex in Italy, after the peak in new site rollouts reached in 2020.
- €342 million in income tax paid, down by a slight 1.0% year on year.
- Other: including (i) a €0.8 billion inflow from the sale of 60% of On Tower Poland to Cellnex, (ii) outflows related to the build-to-suit program with Cellnex, (iii) a €43 million outflow for the acquisition of a 12.4% stake in Unieuro, and (iv) an €83 million outflow for buybacks of Iliad shares.
- A 55% rise in dividends paid to minority interests, which came to €71 million, reflecting the increase in the dividend per Iliad S.A. share from €2.6 for 2019 (paid in 2020) to €3.00 for 2020 (paid in 2021).

**Net change in cash and cash equivalents**

Iliad Holding ended the year with €781 million in available cash and cash equivalents.

## (c) Debt of the Iliad Holding Group

Iliad Holding is not exposed to any significant liquidity risk in view of the level and maturities of its debt, its access to financing and the profitability of the Iliad Group's operations.

At December 31, 2021, Iliad Holding had gross debt of €13,635 million and net debt of €12,852 million (excluding IFRS 16 lease liabilities), with adjusted net debt <sup>(1)</sup> of €12,901 million. At the same date, it had sufficient liquidity to finance its operations, with €783 million in consolidated cash and cash equivalents <sup>(2)</sup> and €2.3 billion in undrawn revolving credit facilities.

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, 2021, Iliad Holding's leverage ratio, including Play, was contained at 4.4x EBITDAaL.

Gross debt at December 31, 2021 primarily comprised the borrowings described on the following page:

### — SUMMARY OF ILIAD HOLDING'S BORROWINGS DUE BEYOND ONE YEAR AT DECEMBER 31, 2021 (FINAL MATURITIES)

<i>In € millions</i>	Amount available	2022	2023	2024	2025 and beyond	Type of repayment/redemption
<b>Main borrowings - Iliad Holding</b>						
<b>Bank borrowings</b>						
€1,200m bridge loan (SS BtD) - 2021	-	-	1,200	-	-	At maturity
€300m revolving credit facility (SS RCF) - 2021	230	70	-	-	300	At maturity
<b>Bond debt</b>						
€1,100m SSN issue - 2021 @ 5.125%	-	-	-	-	1,100	At maturity
€750m SSN issue - 2021 @ 5.625%	-	-	-	-	750	At maturity
\$1,200m SSN issue - 2021 @ 6.500%*	-	-	-	-	1,038	At maturity
\$900m SSN issue - 2021 @ 7.000%*	-	-	-	-	779	At maturity
<b>Main borrowings - Iliad</b>						
<b>Bank borrowings</b>						
€200m EIB loan - 2016	-	-	-	-	180	In installments
€300m EIB loan - 2018	-	-	-	-	300	In installments
€300m EIB loan - 2020	-	-	-	-	300	At maturity
€90m KfW loan - 2017	-	-	-	-	68	In installments
€150m KfW loan - 2019	-	-	-	-	135	In installments
€1,650m syndicated revolving credit facility - 2018	1,650	-	-	-	1,650	At maturity
€900m syndicated term loan - 2020	-	-	-	900	-	At maturity
<b>Bond debt</b>						
€650m bond issue - 2015 @ 2.125%	-	650	-	-	-	At maturity
€650m bond issue - 2017 @ 1.500%	-	-	-	650	-	At maturity
€650m bond issue - 2018 @ 1.875%	-	-	-	-	650	At maturity
€650m bond issue - 2020 @ 2.375%	-	-	-	-	650	At maturity
€600m bond issue - 2021 @ 0.750%	-	-	-	600	-	At maturity
€700m bond issue - 2021 @ 1.875%	-	-	-	-	700	At maturity
<b>Schuldschein notes</b>						
€500m Schuldschein issue - 2019	-	-	419	-	81	At maturity

\* Converted at the EUR/USD Cross-Currency Swap rate of 1.156.

\*\* Converted at the EUR/PLN spot rate at December 31, 2021 of 4.5969.

(1) Adjusted net debt corresponds to the sum of the principal amounts of outstanding debt less cash and cash equivalents.

(2) Excluding the PLN 5,500 million (€1,196 million) syndicated term loan obtained in December 2021 to finance Play's acquisition of UPC. None of this loan had been drawn down at December 31, 2021 and it was therefore still available in full at that date. (Details of this loan are provided in the section entitled "Main movements in borrowings - Play" below).

In € millions	Amount available	2022	2023	2024	2025 and beyond	Type of repayment/redemption
€500m Schuldschein issue – 2021	-	-	-	-	500	At maturity
<b>Main Borrowings – Play**</b>						
<b>Bank borrowings</b>						
PLN 3,500m term loan – 2021	-	-	-	-	761	At maturity
PLN 2,000m revolving credit facility – 2021	435	-	-	435	-	At maturity
PLN 500m BGK bilateral loan – 2021	109	-	-	-	109	In installments
PLN 464m ECA bilateral loan – 2021	101	-	-	-	101	In installments
PLN 5,500m acquisition loan – 2021	1,196	-	-	-	1,196	At maturity
<b>Bond debt</b>						
PLN 750m bond issue – 2019 @ Wib + 1.75%	-	-	-	-	163	At maturity
PLN 500m bond issue – 2020 @ Wib + 1.85%	-	-	-	-	109	At maturity

\* Converted at the EUR/USD Cross-Currency Swap rate of 1.156.

\*\* Converted at the EUR/PLN spot rate at December 31, 2021 of 4.5969.

## Main movements in borrowings – Iliad Holding

### (a) Borrowings due beyond one year

#### (i) Bank borrowings

In connection with the announcement on July 30, 2021 of Holdco II's planned simplified tender offer for Iliad SA's shares, on July 28, 2021 Iliad Holding set up a triple-tranche financing facility with a pool of international banks. The tranches of this facility – which were all amended on September 6, 2021 – are as follows:

- **A €1,200 million bridge loan**

This financing, also called a Senior Secured Bridge to Disposal Facility (“SS BtD”), has a maturity date of July 30, 2023 (which can be extended to January 30, 2024) and its interest rate is based on Euribor for the period plus an initial margin of 2.500%, which may increase over time.

- **A €3,600 million bridge loan**

This financing, also called a Senior Secured Bridge to Bond Facility (“SS BtB”), has a maturity date of July 30, 2022 (which can be extended to January 30, 2028) and can be used in several sub-tranches. Its interest rate is based on Euribor for the period, plus an initial margin of 3.500% which can increase over time.

From July 30, 2021 through October 21, 2021, Iliad Holding made several drawdowns on the SS BtB facility in order to finance – via an intra-group loan – Holdco II's payment of the acquisition price of Iliad SA shares and the related transaction costs.

On October 27, 2021, Iliad Holding refinanced the entire SS BtB facility following the issuance of the SSN (see below).

- **A €300 million revolving credit facility**

This financing, also known as the Super Senior Revolving Credit Facility (“SS RCF”), has a maturity date of January 30, 2028. If it is used its interest rate will be based on Euribor for the period plus an initial margin of 3.500%, which can then vary between 2.500% and 3.500% depending on the Group's leverage.

At December 31, 2021, €70 million of this facility had been used and therefore €230 million remained available at that date.

On July 30, 2021, following the arrangement of the SS BtD and SS BtB facilities, Iliad Holding refinanced the following existing bank borrowings (Senior Secured Credit Facilities):

- **€1,500 million term loan**

This loan was granted by a pool of international banks and was fully drawn down at July 30, 2021.

- **€300 million term loan**

This loan was granted by international investors and was fully drawn down at July 30, 2021.

- **A €200 million revolving credit facility**

This facility was granted by a pool of international banks and had not been used at July 30, 2021.

#### (ii) Bond debt

- **Quadruple-tranche SSN issue representing a euro equivalent of €3,667 million and redeemable in 2026 and 2028**

On October 14, 2021, Iliad Holding carried out a quadruple-tranche issue of Senior Secured Notes (“SSN”) in euros and dollars, with the following characteristics:

- Euro tranches (“EUR SSN”)
  - €1,100 million, with a 5-year maturity and paying interest at 5.125% on a six-monthly basis (the “2026 EUR SSN”).
  - €750 million, with a 7-year maturity and paying interest at 5.625% on a six-monthly basis (the “2028 EUR SSN”).

- Dollar tranches (the “USD SSN”)
  - \$1,200 million (equivalent to €1,038 million at the issue date), with a 5-year maturity and paying interest at 6.500% on a six-monthly basis (the “2026 USD SSN”).
  - \$900 million (equivalent to €779 million at the issue date), with a 7-year maturity and paying interest at 7.000% on a six-monthly basis (the “2028 USD SSN”).

## Main movements in borrowings – Iliad

### (a) Borrowings due within one year

#### • €1.4 billion NEU CP program

On June 3, 2021, Iliad renewed its short-term NEU CP program, representing a maximum amount of €1.4 billion. At December 31, 2021, €434 million of this program had been used.

#### • €650 million worth of bonds maturing in December 2022

On December 3, 2015, Iliad issued €650 million worth of bonds paying interest at 2.125% and redeemable at face value on December 5, 2022.

#### • €450 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. At December 31, 2021, the full €450 million of this program had been used.

### (b) Borrowings due beyond one year

#### (i) Bank borrowings

##### • Repayment of the €2,000 million bridge loan

Iliad set up a bridge loan in November 2020 in connection with its acquisition of Play.

On December 18, 2020, the Group repaid part of this loan (€900 million) in advance of maturity, using the funds from the syndicated term loan described below.

On February 12, 2021, the Group repaid in advance the full remaining amount of the bridge loan, i.e., €1,100 million, using the proceeds from a €1,300 million dual-tranche bond issue (see below).

##### • €900 million syndicated term loan

On December 18, 2020, Iliad was granted a €900 million syndicated term loan by a large pool of international banks. This loan has an initial maturity in December 2023, with two successive options to extend until December 2025.

On December 15, 2021, the first extension option was exercised and the loan now matures in December 2024.

#### (ii) Bond debt

##### • Redemption of the €500 million in bonds maturing in November 2021

##### • €1,300 million worth of bonds issued in two tranches, maturing in 2024 and 2028

On February 4, 2021, the Group issued €1,300 million worth of bonds in two tranches:

- A first tranche of €600 million, paying interest at 0.750% per year and redeemable at face value at maturity on February 11, 2024.
- A second tranche of €700 million, paying interest at 1.875% per year and redeemable at face value at maturity on February 11, 2028.

#### (iii) *Schuldschein* notes

On June 30, 2021, Iliad carried out a second issue of *Schuldschein* notes, raising a total of €500 million in six tranches:

- Three fixed-rate tranches totaling €124 million, paying interest at 1.150%, 1.400% and 1.700%, and redeemable at maturity on June 30, 2025, June 30, 2026 and June 30, 2028, respectively.

- Three variable-rate tranches totaling €376 million, with lending margins of 1.150%, 1.400% and 1.700%, and redeemable at maturity on June 30, 2025, June 30, 2026 (with a 6-month or 12-month extension option) and June 30, 2028, respectively.

## Main movements in borrowings – Play

### (i) Bank borrowings

#### • A PLN 5,500 million dual-tranche syndicated credit facility set up in March 2021

On March 29, 2021, Play set up a PLN 5,500 million dual-tranche syndicated credit facility (the “Term and Revolving Facilities Agreement”) with a large pool of international and local banks in order to refinance its existing debt. The two tranches of the facility are as follows:

- A term loan amounting to PLN 3,500 million, repayable at maturity in 2026. The applicable interest rate is based on Wibur for the period plus a margin of between 1.25% and 2.25% per year depending on Play’s leverage ratio.
- A revolving tranche amounting to PLN 2,000 million, maturing in 2024, with two successive options to extend until 2026. The applicable interest rate is based on Wibur for the period plus a margin of between 1.25% and 2.25% per year depending on Play’s leverage ratio. None of this facility had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

#### • A PLN 500 million bilateral loan set up in October 2021

On October 15, 2021, Play was granted a PLN 500 million bilateral loan (the “BGK Financing”) by Bank Gospodarstwa Krajowego SA (“BGK Bank”) to finance investments related to the construction/reconstruction and expansion of Play’s network infrastructure in Poland within the framework of the European Commission’s “Operational Programme Digital Poland 2014-2020”. The loan has a fixed interest rate of 1.93%. None of this loan had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

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

On December 10, 2021, Play set up a new PLN 5,500 million syndicated term loan (the “Term Facility Agreement”) with a large pool of international and local banks in order to finance the majority of the acquisition price of UPC Poland. The applicable interest rate is based on Wibur for the period plus a margin of between 1.25% and 2.25% per year depending on Play’s leverage ratio. None of this loan had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

Play’s bank borrowings are subject to financial covenants based on its leverage ratio. None of these covenants had been breached by Play at December 31, 2021.

#### • A PLN 464 million bilateral loan set up in October 2021

On December 22, 2021, Play was granted a PLN 464 million bilateral loan (the “Export Credit Agency Financing” or “ECA Loan”) by Banco Santander SA (“Santander”) in order to finance part of the acquisition of electronic equipment from Samsung Electronics Polska Sp. zoo during 2021 and 2022. The applicable interest rate is based on Wibur for the period plus a fixed 0.45% margin. None of this loan had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

# SCHEDULE 7

# Consolidated financial statements of Iliad Holding S.A.S.

for the year ended December 31, 2021

Non-binding translation of the French original

## DETAILED SUMMARY OF THE NOTES

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## INTRODUCTION

The consolidated financial statements for the year ended December 31, 2020 that were previously approved by iliad Holding's sole shareholder have been restated in order to correct a number of accounting errors related to (i) the erroneous application of IFRS 3 (Business Combinations) in 2018, in order to account for the transfer of iliad shares by Xavier Niel to iliad Holding and (ii) certain classifications of items presented in the balance sheet at December 31, 2020 and the income statement for the year then ended. The nature and impact of these corrections are explained in detail in Note 1.

In summary, the main impacts of these corrections are as follows:

- Opening equity at January 1, 2020 has been adjusted to include iliad's results of operations between January 1, 2018 and May 15, 2018 (these results were only included as from May 15, 2018 in the financial statements previously approved by iliad Holding's sole shareholder), which led to a €160 million increase in retained earnings and other reserves at January 1, 2020.
- Retained earnings and other reserves were increased by €3,162 million and goodwill was reduced by the same amount in the opening balance sheet at January 1, 2020, as the transfer of iliad shares by Xavier Niel to iliad Holding was accounted for as a capital restructuring instead of a business combination in the financial statements previously approved by iliad Holding's sole shareholder.
- Certain costs previously classified as "Purchases used in production" have been reclassified to "External charges" in the income statement for the year ended December 31, 2020.

## CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>	Note	2021	2020
<b>REVENUES</b>	<b>4</b>	<b>7,587</b>	<b>5,870</b>
Purchases used in production	6	(2,516)	(2,013)
Payroll costs	7	(441)	(338)
External charges	6	(973)	(654)
Taxes other than on income		(156)	(117)
Additions to provisions	10	(46)	(73)
Other income and expenses from operations, net	9	221	15
Depreciation of right-of-use assets	19	(731)	(737)
<b>EBITDAaL</b>	<b>3</b>	<b>2,944</b>	<b>1,954</b>
Share-based payment expense		(61)	(37)
Depreciation, amortization and impairment of non-current assets	10	(1,752)	(1,364)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>		<b>1,131</b>	<b>553</b>
Other operating income and expense, net	11	(89)	257
<b>OPERATING PROFIT</b>		<b>1,042</b>	<b>810</b>
Income from cash and cash equivalents	12	1	0
Finance costs, gross	12	(357)	(157)
<b>FINANCE COSTS, NET</b>		<b>(356)</b>	<b>(157)</b>
Interest expense on lease liabilities	12	(182)	(134)
Other financial income and expense, net	12	10	(13)
Corporate income tax	13	(201)	(216)
Share of profit of equity-accounted investees	21	69	86
<b>Profit for the period</b>		<b>383</b>	<b>376</b>
<b>Profit for the period attributable to:</b>			
• Owners of the Company		364	253
• Minority interests		19	123
<b>Earnings per share attributable to owners of the Company (in €)</b>			
• Basic earnings per share	14	0.11	0.08
• Diluted earnings per share	14	0.11	0.08



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In € millions</i>	2021	2020
<b>Profit for the period</b>	<b>383</b>	<b>376</b>
• Items that may be subsequently reclassified to profit:		
Fair value remeasurement of interest rate and currency hedging instruments	(3)	(4)
Tax effect	1	1
Change in translation adjustments	(21)	(48)
<b>TOTAL</b>	<b>(23)</b>	<b>(51)</b>
• Items that will not be reclassified to profit:		
Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	18	(5)
Tax effect	(5)	2
Share of OCI of equity-accounted investments that will not be reclassified to profit	62	1
Tax effect	(16)	0
<b>TOTAL</b>	<b>60</b>	<b>(2)</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX</b>	<b>37</b>	<b>(53)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>419</b>	<b>323</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>		
• Owners of the Company	399	216
• Minority interests	20	107

## CONSOLIDATED BALANCE SHEET – ASSETS

<i>In € millions</i>	Note	December 31, 2021	December 31, 2020	January 1, 2020
Goodwill	16	562	2,437	294
Intangible assets	17	5,472	4,543	3,729
Right-of-use assets	19	4,163	3,422	2,873
Property, plant and equipment	20	7,403	6,521	5,240
Investments in equity-accounted investees	21	1,243	1,364	982
Other financial assets	22	740	578	602
Deferred income tax assets	13	476	301	185
Other non-current assets	24	44	36	20
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,102</b>	<b>19,201</b>	<b>13,925</b>
Inventories	23	65	84	86
Current income tax assets	13	12	27	14
Trade and other receivables	24	991	946	561
Other current assets	24	1,164	1,029	554
Other financial assets	22	13	(0)	2
Assets held for sale	25	959	574	563
Cash and cash equivalents	26	783	698	1,594
<b>TOTAL CURRENT ASSETS</b>		<b>3,989</b>	<b>3,358</b>	<b>3,373</b>
<b>TOTAL ASSETS</b>		<b>24,091</b>	<b>22,559</b>	<b>17,299</b>

## CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

<i>In € millions</i>	Note	December 31, 2021	December 31, 2020	January 1, 2020
Share capital	27	3,390	3,329	3,329
Additional paid-in capital		1,716	1,664	1,664
Retained earnings and other reserves		(3,533)	(739)	(1,115)
<b>TOTAL EQUITY</b>		<b>1,573</b>	<b>4,254</b>	<b>3,877</b>
Attributable to:				
• Owners of the Company		1,541	2,575	1,984
• Minority interests		31	1,678	1,893
Long-term provisions	29	107	122	164
Long-term financial liabilities	30	11,986	8,990	3,517
Non-current lease liabilities	19	3,652	2,680	2,291
Deferred income tax liabilities	13	264	51	9
Other non-current liabilities	31	463	1,400	1,333
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,472</b>	<b>13,243</b>	<b>7,314</b>
Short-term provisions	29	54	127	156
Taxes payable	13	265	23	0
Trade and other payables	31	3,474	2,730	1,854
Short-term financial liabilities	30	1,649	1,237	2,182
Current lease liabilities	19	604	751	516
Liabilities held for sale	25	0	194	0
Liability related to the share buyback offer		0	0	1,400
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,047</b>	<b>5,062</b>	<b>6,108</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,091</b>	<b>22,559</b>	<b>17,299</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In € millions</i>	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
<b>BALANCE AT JANUARY 1, 2020</b>	<b>3,329</b>	<b>1,664</b>	<b>(26)</b>	<b>(4,016)</b>	<b>1,033</b>	<b>1,984</b>	<b>1,893</b>	<b>3,877</b>
<b>Movements in 2020</b>								
• Profit for the period					253	253	123	376
• Impact of interest rate and currency hedges				(2)		(2)	(1)	(3)
• Impact of post-employment benefit obligations				(1)		(1)	(1)	(2)
• Impact of changes in translation adjustments				(33)		(33)	(15)	(48)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				<b>(37)</b>	<b>253</b>	<b>216</b>	<b>107</b>	<b>323</b>
• Change in share capital of Iliad Holding						0		0
• Dividends paid by Iliad Holding						0		0
• Dividends paid by subsidiaries						0	(46)	(46)
• Purchases/sales of own shares			20			20	9	29
• Impact of stock options				6		6	2	8
• Impact of changes in minority interests in subsidiaries				5	0	5	11	16
• Other				344		344	(297)	47
<b>BALANCE AT DECEMBER 31, 2020</b>	<b>3,329</b>	<b>1,664</b>	<b>(6)</b>	<b>(3,698)</b>	<b>1,286</b>	<b>2,575</b>	<b>1,679</b>	<b>4,254</b>

<i>In € millions</i>	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
<b>BALANCE AT JANUARY 1, 2021</b>	<b>3,329</b>	<b>1,664</b>	<b>(6)</b>	<b>(3,698)</b>	<b>1,286</b>	<b>2,575</b>	<b>1,679</b>	<b>4,254</b>
<b>Movements in 2021</b>								
• Profit for the period					364	364	19	383
• Impact of interest rate and currency hedges				(2)		(2)		(2)
• Impact of post-employment benefit obligations				57		57	2	59
• Impact of changes in translation adjustments				(20)		(20)	(1)	(21)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				<b>35</b>	<b>364</b>	<b>399</b>	<b>20</b>	<b>419</b>
• Change in share capital of Iliad Holding	61	52				113		113
• Dividends paid by Iliad Holding						0		0
• Dividends paid by subsidiaries						0	(79)	(79)
• Purchases/sales of own shares			(65)	(2)		(67)	(2)	(69)
• Impact of stock options				(22)		(22)	0	(22)
• Impact of changes in minority interests in subsidiaries				(1,494)		(1,494)	(1,598)	(3,092)
• Other				38		38	11	49
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>3,390</b>	<b>1,716</b>	<b>(71)</b>	<b>(5,143)</b>	<b>1,650</b>	<b>1,542</b>	<b>31</b>	<b>1,573</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>	Note	2021	2020
<b>PROFIT FOR THE PERIOD (INCLUDING MINORITY INTERESTS)</b>		<b>383</b>	<b>376</b>
+/- Depreciation, amortization and provisions, net (excluding for current assets)	10	2,391	2,020
-/+ Unrealized gains and losses on changes in fair value		(33)	(5)
+/- Non-cash expenses and income related to stock options and other share-based payments		49	28
-/+ Other non-cash income and expenses, net		182	140
-/+ Gains and losses on disposals of assets		(249)	(324)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees	21	(69)	(86)
- Dividends (investments in non-consolidated undertakings)		0	0
<b>CASH FLOWS FROM OPERATIONS AFTER FINANCE COSTS, NET, AND INCOME TAX</b>		<b>2,654</b>	<b>2,148</b>
+ Finance costs, net	12	325	157
+/- Income tax expense (including deferred taxes)	13	201	216
<b>CASH FLOWS FROM OPERATIONS BEFORE FINANCE COSTS, NET, AND INCOME TAX (A)</b>		<b>3,179</b>	<b>2,522</b>
- Income tax paid (B)		(342)	(345)
+/- Change in operating working capital requirement (incl. employee benefit obligations) (C)	15	(224)	(54)
<b>= NET CASH GENERATED FROM OPERATING ACTIVITIES (E) = (A) + (B) + (C)</b>		<b>2,613</b>	<b>2,123</b>
- Acquisitions of property, plant and equipment and intangible assets (capex)	15	(2,450)	(2,017)
+ Disposals of property, plant and equipment and intangible assets (capex)		5	2
- Acquisitions of investments in non-consolidated undertakings	22	(74)	0
+ Disposals of investments in non-consolidated undertakings		0	0
+/- Effect of changes in scope of consolidation – acquisitions		(3,219)	(2,197)
+/- Effect of changes in scope of consolidation – disposals		0	0
+ Dividends received (from equity-accounted investees and non-consolidated undertakings)		21	153
+/- Change in outstanding loans and advances	22	(35)	(32)
- Cash outflows for leasehold rights		(1)	(1)
+ Cash inflows related to assets held for sale	25	1,248	371
- Cash outflows related to assets held for sale	25	(319)	(221)
<b>= NET CASH USED IN INVESTING ACTIVITIES (F)</b>		<b>(4,824)</b>	<b>(3,942)</b>
+ Amounts received from shareholders on capital increases	27	147	103
- Amounts paid to shareholders on capital reductions		0	(1,400)
+ Proceeds received on exercise of stock options		9	10
-/+ Own-share transactions	28	(85)	1
- Dividends paid during the period:		0	0
. Dividends paid to owners of the Company		0	0
. Dividends paid to minority shareholders of consolidated companies		(71)	(46)
+ Proceeds from new borrowings (excluding finance leases)	30	13,886	5,837
- Repayments of borrowings	30	(10,501)	(2,625)
- Repayments of lease liabilities	19	(770)	(749)
- Net interest paid	12	(198)	(116)
- Interest paid on lease liabilities		(86)	(91)
<b>= NET CASH GENERATED FROM FINANCING ACTIVITIES (G)</b>		<b>2,331</b>	<b>924</b>
+/- Effect of exchange-rate movements on cash and cash equivalents (H)		(29)	0
<b>= NET CHANGE IN CASH AND CASH EQUIVALENTS (E + F + G + H)</b>		<b>90</b>	<b>(896)</b>
+/- Impact of foreign exchange conversion of cash and cash equivalents (opening & closing rates)		(2)	(4)
Cash and cash equivalents at beginning of year		693	1,592
Cash and cash equivalents at year-end	26	781	693

## 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 holds the shares of iliad SA.

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

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

The iliad Holding Group is a leading electronic communications player in France, Italy and Poland, with 41.4 million subscribers, €7.6 billion in revenues in 2021 and over 15,000 employees.

#### 1.2 Restatement of the 2020 financial statements

As explained above, the financial statements for the year ended December 31, 2020 that were previously approved by iliad Holding’s sole shareholder have been restated in order to correct a number of accounting errors related to (i) the erroneous application of IFRS 3 (Business Combinations) in 2018, in order to account for the transfer of iliad shares by Xavier Niel to iliad

Holding and (ii) certain classifications of items presented in the balance sheet at December 31, 2020 and the income statement for the year then ended.

The following tables show the corrections to the balance sheet and income statement at December 31, 2020 and January 1, 2020.

#### — 2020 CONSOLIDATED INCOME STATEMENT - RECONCILIATION BETWEEN THE CONSOLIDATED FINANCIAL STATEMENTS APPROVED BY THE SOLE SHAREHOLDER AND THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS

<i>In € millions</i>	2020 approved	Restatements	2020 restated
<b>REVENUES</b>	<b>5,870</b>	-	<b>5,870</b>
Purchases used in production	(2,115)	103	(2,013)
Payroll costs	(338)	-	(338)
External charges	(551)	(103)	(654)
Taxes other than on income	(117)	-	(117)
Additions to provisions	(73)	-	(73)
Other income and expenses from operations, net	15	-	15
Depreciation of right-of-use assets	(737)	-	(737)
<b>EBITDAAL</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>
Share-based payment expense	(37)	-	(37)
Depreciation, amortization and impairment of non-current assets	(1,364)	-	(1,364)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>553</b>	-	<b>553</b>
Other operating income and expense, net	257	-	257
<b>OPERATING PROFIT</b>	<b>810</b>	-	<b>810</b>
Income from cash and cash equivalents	21	(21)	0
Finance costs, gross	(156)	(2)	(157)
<b>FINANCE COSTS, NET</b>	<b>(135)</b>	<b>(22)</b>	<b>(157)</b>
Interest expense on lease liabilities	(134)	-	(134)
Other financial income and expense, net	(35)	22	(13)
Corporate income tax	(216)	-	(216)
Share of profit of equity-accounted investees	86	-	86
<b>PROFIT FOR THE PERIOD</b>	<b>376</b>	-	<b>376</b>
<b>Profit for the period attributable to:</b>			
• Owners of the Company	253	0	253
• Minority interests	123	0	123

Certain items of income and expenses were not properly presented in the income statement for the year ended December 31, 2020 that was approved by the sole shareholder. Consequently, the restated consolidated income statement for the year ended December 31, 2020 includes the following corrections:

- €103 million in expenses has been reclassified from “Purchases used in production” to “External charges”; and
- €22 million in income has been reclassified from “Income from cash and cash equivalents” and “Finance costs, gross” to “Other financial income and expense, net”.

**— CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2020 – RECONCILIATION BETWEEN THE CONSOLIDATED FINANCIAL STATEMENTS APPROVED BY THE SOLE SHAREHOLDER AND THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

<i>In € millions</i>	Dec. 31, 2020 approved	Restatements	Note	Dec. 31, 2020 restated
Goodwill	5,599	(3,162)	(a)	2,437
Intangible assets	4,543	-		4,543
Right-of-use assets	3,421	0		3,422
Property, plant and equipment	6,521	-		6,521
Investments in equity-accounted investees	1,364	-		1,364
Other long-term financial assets	578	-		578
Deferred income tax assets	301	-		301
Other non-current assets	35	0		36
<b>TOTAL NON-CURRENT ASSETS</b>	<b>22,362</b>	<b>(3,162)</b>		<b>19,201</b>
Inventories	84	-		84
Current income tax assets	27	-		27
Trade and other receivables	946	-		946
Other current assets	1,029	-		1,029
Other short-term financial assets	0	-		0
Assets held for sale	574	-		574
Cash and cash equivalents	698	-		698
<b>TOTAL CURRENT ASSETS</b>	<b>3,358</b>	<b>-</b>		<b>3,358</b>
<b>TOTAL ASSETS</b>	<b>25,721</b>	<b>(3,162)</b>		<b>22,559</b>

<i>In € millions</i>	Dec. 31, 2020 approved	Restatements	Note	Dec. 31, 2020 restated
Share capital	3,329	-		3,329
Additional paid-in capital	1,664	-		1,664
Retained earnings and other reserves	2,423	(3,162)	(a)	(739)
<b>TOTAL EQUITY</b>	<b>7,416</b>	<b>(3,162)</b>		<b>4,254</b>
Attributable to:				
• Owners of the Company	5,803	(3,227)	(a)	2,575
• Minority interests	1,613	65	(a)	1,678
Long-term provisions	122	-		122
Long-term financial liabilities	8,989	0		8,990
Non-current lease liabilities	2,681	0		2,680
Deferred income tax liabilities	51	-		51
Other non-current liabilities	1,400	-		1,400
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>13,243</b>	<b>0</b>		<b>13,243</b>
Short-term provisions	127	-		127
Taxes payable	23	-		23
Trade and other payables	2,730	-		2,730
Short-term financial liabilities	1,237	0		1,237
Current lease liabilities	751	-		751
Liabilities held for sale	194	-		194
Liability related to the share buyback offer	-	-		-
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,062</b>	<b>0</b>		<b>5,062</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,721</b>	<b>(3,162)</b>		<b>22,559</b>

(a) See explanations above.

— CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2019 – RECONCILIATION BETWEEN THE CONSOLIDATED FINANCIAL STATEMENTS APPROVED BY THE SOLE SHAREHOLDER AND THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS

<i>In € millions</i>	Dec. 31, 2019 approved	Restatements	Note	Dec. 31, 2019 restated
Goodwill	3,456	(3,162)	(a)	294
Intangible assets	3,729	0		3,729
Right-of-use assets	2,873	-		2,873
Property, plant and equipment	5,240	-		5,240
Investments in equity-accounted investees	982	-		982
Other financial assets	602	-		602
Deferred income tax assets	185	-		185
Other non-current assets	20	-		20
<b>TOTAL NON-CURRENT ASSETS</b>	<b>17,087</b>	<b>(3,162)</b>		<b>13,925</b>
Inventories	86	-		86
Current income tax assets	14	-		14
Trade and other receivables	561	-		561
Other current assets	554	-		554
Other financial assets	2	-		2
Assets held for sale	563	-		563
Cash and cash equivalents	1,594	-		1,594
<b>TOTAL CURRENT ASSETS</b>	<b>3,373</b>	<b>-</b>		<b>3,373</b>
<b>TOTAL ASSETS</b>	<b>20,460</b>	<b>(3,162)</b>		<b>17,299</b>

(a) See explanations above.

<i>In € millions</i>	Dec. 31, 2019 approved	Restatements	Note	Dec. 31, 2019 restated
Share capital	3,329	-		3,329
Additional paid-in capital	1,664	-		1,664
Retained earnings and other reserves	2,046	(3,162)	(a)	(1,115)
<b>TOTAL EQUITY</b>	<b>7,039</b>	<b>(3,162)</b>		<b>3,877</b>
Attributable to:				
• Owners of the Company	5,227	(3,243)	(a)	1,984
• Minority interests	1,812	81	(a)	1,893
Long-term provisions	164	-		164
Long-term financial liabilities	4,013	(497)	(b)	3,517
Non-current lease liabilities	2,291	-		2,291
Deferred income tax liabilities	9	-	(b)	9
Other non-current liabilities	1,333	-		1,333
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,811</b>	<b>(497)</b>		<b>7,314</b>
Short-term provisions	156	-		156
Taxes payable	0	-		0
Trade and other payables	1,854	-		1,854
Short-term financial liabilities	1,685	497	(b)	2,182
Current lease liabilities	516	-		516
Liabilities held for sale	-	-		-
Liability related to the share buyback offer	1,400	-		1,400
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,611</b>	<b>497</b>		<b>6,108</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,460</b>	<b>(3,162)</b>		<b>17,299</b>

(a) See explanations above.

(b) In addition, €497 million historically recorded in long-term financial liabilities in the consolidated financial statements previously approved by the sole shareholder has been reclassified to short-term financial liabilities in the restated consolidated financial statements at January 1, 2020.



## 1.3 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.

### 1.3.1 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.

### 1.3.2 Standards, amendments and interpretations whose application was mandatory for the first time in the fiscal year beginning January 1, 2021

- **Agenda decision by the IFRS Interpretations Committee on IAS 19:** 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. As the application of this decision constitutes a change in accounting method, the effects of its implementation were calculated retrospectively and recognized in opening equity in an amount of €12 million. The income statement impact of implementing this decision was not material for either 2021 or 2020.
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform: Phase 2:** these amendments form the second part of the two-phase project on Interest Rate Benchmark Reform and follow on from the first set of amendments published in 2019. They focus on the

effects on financial statements of transitioning from an existing interest rate benchmark to an alternative interest rate benchmark as a result of the reform.

- **Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021.** This amendment extends by one year the "Covid-19-Related Rent Concessions" amendment endorsed by the EU on October 9, 2020. It extends the availability of the practical expedient in paragraph 46A of IFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects payments originally due on or before June 30, 2022 (versus June 30, 2021 previously).
- **Amendment to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9.** This amendment to the previous insurance contracts Standard, IFRS 4, provides that eligible insurers can still apply IFRS 9 (from January 1, 2021 through January 1, 2023).

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

### 1.3.3 Main amendments whose application is mandatory for fiscal years beginning after December 31, 2021 and which were not early adopted

- **Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current:** the objective of these amendments is to clarify the criteria for classifying a liability as current or non-current. They clarify, but do not change, the existing requirements, and therefore will not significantly impact the Group's consolidated financial statements. Their effective date is January 1, 2023.
- **Amendments to IAS 16 - Proceeds before Intended Use:** these amendments prohibit entities from deducting from the cost of property, plant and equipment amounts received from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. Instead, entities are required to recognize such sales proceeds and related cost in profit or loss. The effective date of the amendments is January 1, 2022.
- **Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract:** these amendments clarify what costs an entity should consider in assessing whether a contract is onerous. They specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract', which can either be incremental costs of fulfilling the contract (such as direct labor or materials) or an allocation of other costs that relate directly to fulfilling the contract (such as the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments - whose effective date is January 1, 2022 - may cause some companies to recognize costs earlier than in the past.
- **Amendments to IFRS 3 - Reference to the Conceptual Framework:** these amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Their effective date is January 1, 2022.

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

### 1.3.4 Consideration of climate risks

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

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

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

The deployment of this climate program is reflected in the iliad Holding Group's 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 long-term effects are not currently quantifiable. At this stage, the climate pledges described above have not had any material impact on the useful lives of the iliad Holding Group's property, plant and equipment and intangible assets.

## 1.4 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 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 intra-group 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.

### 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

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.

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 companies in the Iliad Holding Group that are denominated in foreign currencies are translated into euros at the year-end rate, corresponding to EUR 1/PLN 4.60 for Poland and EUR 1/USD 1.23 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 4.56 for Poland and EUR 1/USD 1.18 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.

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

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

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

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

## 1.6 Summary of significant accounting policies

The main accounting policies applied by the iliad Holding 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 asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

## 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 the Iliad Holding Group.

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

- Buildings: 15 to 50 years.
- Technical equipment: 3 to 14 years.
- General equipment: 10 years.
- Specific investments for optical fiber network rollouts: 8 to 30 years.
- Specific investments for mobile network rollouts: 4 to 18 years.
- Computer equipment: 3 to 5 years.
- Office furniture and equipment: 2 to 10 years.
- Modems: 5 years.
- Access fees for co-location facilities used to conduct unbundling operations are depreciated over a period of 15 years.
- Access fees for services specific to broadband Internet operations are depreciated over 7 years.
- Amounts paid as consideration for obtaining indefeasible rights of use (IRUs) on dark optical fibers are depreciated over the initial term of use of the fiber concerned.

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

## Borrowing costs

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

## Impairment of non-financial assets

Non-financial assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis at the year-end (December 31) or whenever there is an indication that they may be impaired. In assessing whether there is any indication that an asset may be impaired, the Group considers events or circumstances that suggest that significant unfavorable changes

have taken place which may have a prolonged, adverse effect on the Group's economic or technological environment, or on the assumptions used on acquisition of the asset concerned.

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

## Financial assets

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

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

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

However, in some cases, the Group has used the fair value option available in IFRS 9, and on initial recognition has irrevocably designated certain financial assets at fair value through other comprehensive income that would otherwise have been designated at fair value through profit or loss. This is notably the case for investment securities.

## 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;

## 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 (i) at the grant date for equity-settled plans and (ii) the reporting date for cash-settled plans.

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

### Convertible bonds

The fair value of the liability component of convertible bonds is determined based on prevailing market interest rates for similar bonds with no conversion rights. This amount is recognized as a liability based on amortized cost. The balance of the bond issue proceeds is allocated to the conversion option and recognized in equity, net of tax.

- 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 any capped entitlements for the plans concerned. 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).

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, and in employee-related liabilities for cash-settled plans.

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, and in employee-related liabilities for cash-settled plans.

## 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

#### Delisting of Iliad SA

On July 30, 2021, Xavier Niel – Iliad's historical controlling shareholder – launched a simplified public tender offer for Iliad's shares through the company Holdco II (at a price of €182 per share). Following this offer, a squeeze-out procedure for Iliad's shares was launched on October 5, 2021 and Iliad was then delisted with an effective date of October 14, 2021.

This delisting had a negative €3,219 million impact on the Group's equity, corresponding to the acquisition value of the Iliad minority interests purchased.

#### Agreement to acquire UPC Poland

On September 22, 2021, Iliad and Liberty Global announced that they had signed an agreement for Play – an Iliad Group subsidiary – to purchase from Liberty Global 100% of the share capital of Polish cable-operator UPC Poland for an enterprise value of PLN 7.0 billion. As the conditions precedent (including antitrust

clearance) for closing the deal were not met at December 31, 2021 this agreement did not have any impact on the consolidated financial statements at December 31, 2021.



## 2.2 Scope of consolidation and changes in 2021

### 2.2.1 List of main consolidated companies and consolidation methods

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

### 2.2.2 Changes in scope of consolidation in 2021

#### Acquisition of Play

On November 18, 2020, the Iliad Holding Group acquired control of Play, a Polish mobile telecom operator. Since that date, the Iliad Holding Group has held all of Play's capital and voting rights, acquired for €2,223 million. The Iliad Holding Group's 2021 income statement and statement of cash flows therefore include Play's accounts for a full year for the first time.

Pending the final allocation of Play's purchase price, €2,181 million in provisional goodwill was recognized at December 31, 2020. The Group subsequently allocated the final goodwill amounts in the second half of 2021, as follows:

	<i>In €m</i>
<b>Purchase price</b>	<b>2,223</b>
<b>Net assets acquired before purchase price allocation</b>	
• Non-current assets	1,262
• Current assets	821
• Non-current liabilities	1,585
• Current liabilities	457
<b>Purchase price allocation at December 31, 2021</b>	
• Goodwill allocated to passive mobile infrastructure assets	1,200
• Subscriber base	886
• Trademarks	285
• Remeasurement of liabilities	(22)
• Deferred taxes	(445)
• Translation adjustments	(16)
<b>RESIDUAL GOODWILL AT DECEMBER 31, 2021</b>	<b>262</b>

#### Sale of On Tower Poland

On March 31, 2021, the Iliad Holding Group sold 60% of its interest in On Tower Poland, and on the same date, Play's passive mobile network infrastructure was transferred to On Tower Poland. The overall transaction generated an accounting gain in Play's financial statements of approximately €1 billion. This gain was neutralized in the Iliad Group's consolidated financial statements by deducting from Play's provisional

goodwill the amount of goodwill previously allocated to its mobile passive infrastructure assets. At December 31, 2021 the Iliad Holding Group still held a 40% stake in On Tower Poland and it considers that it exercises significant influence over the company. For accounting purposes, the above-described asset transfer to On Tower Poland was treated as a full sale.

## 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 fair value of assets acquired and liabilities assumed in business combinations.

## Note 4 Revenues

Consolidated revenues rose 29% to €7.6 billion in 2021.

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 Group has the following four operating segments, effective since the launch of its business in Italy and the acquisition of Play in Poland:

- France B2C;
- Italy;
- Poland;
- Other (o/w France B2B).

### — 2021 REVENUES

<i>In € millions</i>	France B2C	Italy	Poland	Other	Intra-group sales	Total
<b>Revenues</b>						
Fixed	2,775	0	26	99	(12)	2,888
Mobile	2,333	802	1,574	0	(4)	4,705
Intra-group sales	(6)	0	0	(0)	0	(6)
<b>TOTAL</b>	<b>5,103</b>	<b>802</b>	<b>1,600</b>	<b>99</b>	<b>(16)</b>	<b>7,587</b>

– 2020 REVENUES

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Revenues</b>					
Fixed	2,637	0	1	76	2,714
Mobile	2,290	674	199	0	3,163
Intra-group sales	(7)	0	0	0	(7)
<b>TOTAL</b>	<b>4,920</b>	<b>674</b>	<b>200</b>	<b>76</b>	<b>5,870</b>

The year-on-year increase in total revenues in 2021 mainly stemmed from the consolidation of Play by the Iliad Holding Group (acquired on November 18, 2020).

– 2021 EARNINGS

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Earnings</b>					
EBITDAaL	2,183	80	684	(2)	2,944
Share-based payment expense	(52)	(0)	(7)	(2)	(62)
Depreciation, amortization and impairment of non-current assets	(1,161)	(327)	(239)	(24)	(1,752)
Profit/(loss) from ordinary activities	970	(248)	437	(28)	1,131

– 2020 EARNINGS

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Earnings</b>					
EBITDAaL	2,011	(133)	69	7	1,954
Share-based payment expense	(35)	(1)	(1)	0	(37)
Depreciation, amortization and impairment of non-current assets	(1,040)	(281)	(21)	(22)	(1,364)
Profit/(loss) from ordinary activities	936	(415)	47	(15)	553

– ASSETS AT DECEMBER 31, 2021

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Non-current assets</b>					
Goodwill	221	0	262	79	562
Intangible assets (carrying amount)	1,750	2,192	1,494	36	5,472
Right-of-use assets (carrying amount)	2,717	607	825	14	4,163
Property, plant and equipment (carrying amount)	6,293	671	389	50	7,403
Investments in equity-accounted investees	835	0	407	0	1,243
<b>Current assets (excluding cash and cash equivalents, financial assets and tax assets)</b>	<b>1,966</b>	<b>400</b>	<b>798</b>	<b>15</b>	<b>3,179</b>
<b>Cash and cash equivalents</b>	<b>490</b>	<b>1</b>	<b>282</b>	<b>9</b>	<b>783</b>

– ASSETS AT DECEMBER 31, 2020

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Non-current assets</b>					
Goodwill	220	0	2,138	79	2,437
Intangible assets (carrying amount)	1,872	2,173	463	35	4,543
Right-of-use assets (carrying amount)	2,815	509	78	20	3,422
Property, plant and equipment (carrying amount)	5,612	538	334	37	6,521
Investments in equity-accounted investees	1,364	0	0	0	1,364
<b>Current assets (excluding cash and cash equivalents, financial assets and tax assets)</b>	<b>1,712</b>	<b>326</b>	<b>588</b>	<b>7</b>	<b>2,633</b>
<b>Cash and cash equivalents</b>	<b>505</b>	<b>0</b>	<b>190</b>	<b>3</b>	<b>698</b>

## — LIABILITIES AT DECEMBER 31, 2021, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Non-current liabilities</b>					
Other non-current liabilities	458	0	3	2	463
<b>Current liabilities</b>					
Trade and other payables	1,560	1,561	334	19	3,474

## — LIABILITIES AT DECEMBER 31, 2020, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

<i>In € millions</i>	France B2C	Italy	Poland	Other	Total
<b>Non-current liabilities</b>					
Other non-current liabilities	457	930	11	2	1,400
<b>Current liabilities</b>					
Trade and other payables	1,726	678	312	14	2,730

**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:

<i>In € millions</i>	2021	2020
• Wages and salaries	(330)	(252)
• Payroll taxes	(112)	(86)
<b>TOTAL</b>	<b>(442)</b>	<b>(338)</b>

## Number of employees at year-end

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

<i>Number of employees at year-end</i>	2021	2020
• Management	3,325	2,931
• Other	11,765	11,798
<b>TOTAL</b>	<b>15,090</b>	<b>14,729</b>

## Post-employment benefits

The methods used for recognizing and measuring retirement and other post-employment benefit obligations comply with IAS 19R, Employee Benefits (see Note 1).

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

Movements in the Group's retirement benefit obligations in 2021 and 2020 can be analyzed as follows:

<i>In € millions</i>	2021	2020
Present value of obligation at the end of the previous year	35	-
• Impact of IFRS IC IAS 19 agenda decision (see Note 1.3.2)	(16)	-
Present value of obligation at beginning of year:	19	27
• Impact of changes in scope of consolidation	0	1
• Current service cost	4	5
• Loss/(gain) from changes in assumptions	(2)	2
• Experience (gains)/losses	0	0
<b>TOTAL</b>	<b>21</b>	<b>35</b>

The main economic assumptions used to measure the Group's retirement benefit obligations at December 31, 2021 and 2020 were as follows:

### Retirement benefit obligation assumptions – France

	2021	2020
• Discount rate	1.05%	0.60%
• Long-term inflation rate	2.00%	2.00%
• Mortality table	Insee TD/TV 2015-2017	Insee TD/TV 2014-2016
• Type of retirement	Voluntary	Voluntary
• Retirement age		
• Management	Statutory retirement age post-2014 French pension reform and the 2015 French Social Security Financing Act	Statutory retirement age post-2014 French pension reform and the 2015 French Social Security Financing Act
• Other		

### Retirement benefit obligation assumptions – Poland

	2021	2020
• Discount rate	3.20%	1.50%
• Long-term inflation rate	4.00%	4.00%
• Mortality table	2020 Polish mortality table issued by Poland's central statistics office	2019 Polish mortality table issued by Poland's central statistics office
• Type of retirement	Voluntary	Voluntary
• Retirement age		
• Management	Poland's full state pension age as set at Nov. 16, 2016	Poland's full state pension age as set at Nov. 16, 2016
• Other		

The impact on equity of the Group's retirement benefit obligations was a positive €18,114 thousand (before tax) at December 31, 2021 and the amount recognized in the income statement for the year then ended corresponded to a €4,021 thousand expense (before tax).

## Note 8 Development costs

Development costs include:

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

Development costs incurred in 2021 are presented net of any related research tax credits.

<i>In € millions</i>	2021	2020
• Capitalized development costs	(18)	(10)
• Development costs recognized directly in the income statement	0	0
<b>TOTAL</b>	<b>(18)</b>	<b>(10)</b>

## Note 9 Other income and expenses from operations, net

Other income from operations breaks down as follows:

<i>In € millions</i>	2021	2020
• Income from partnerships*	455	125
• Customer contract termination fees	10	9
• Other	24	10
<b>TOTAL OTHER INCOME FROM OPERATIONS</b>	<b>490</b>	<b>143</b>

\* 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:

<i>In € millions</i>	2021	2020
• Costs related to partnerships*	(199)	(82)
• Royalties and similar fees	(61)	(40)
• Bad debts	(1)	(0)
• Other	(8)	(5)
<b>TOTAL OTHER EXPENSES FROM OPERATIONS</b>	<b>(269)</b>	<b>(128)</b>

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

<i>In € millions</i>	2021	2020
<b>OTHER INCOME AND EXPENSES FROM OPERATIONS, NET</b>	<b>221</b>	<b>15</b>

## 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

<i>In € millions</i>	2021	2020
• Depreciation and amortization expense:		
Intangible assets	(679)	(446)
Property, plant and equipment	(1,073)	(913)
• Impairment of non-current assets:	0	0
Property, plant and equipment	(1)	(8)
• Depreciation/amortization of investment grants:	0	0
Intangible assets	1	2
Property, plant and equipment	0	1
<b>TOTAL</b>	<b>(1,752)</b>	<b>(1,364)</b>

### – ADDITIONS TO AND REVERSALS FROM PROVISIONS FOR CONTINGENCIES AND CHARGES AND IMPAIRMENT OF CURRENT ASSETS

<i>In € millions</i>	2021	2020
• Provisions for contingencies and charges	38	2
• Impairment of inventories	(3)	(8)
• Impairment of trade receivables	(81)	(67)
<b>TOTAL</b>	<b>(46)</b>	<b>(73)</b>

## Note 11 Other operating income and expense, net

This item breaks down as follows:

<i>In € millions</i>	2021	2020
• Gains on asset disposals	(10)	282
• Other operating expenses	(79)	(25)
<b>TOTAL</b>	<b>(89)</b>	<b>257</b>

### Gains on asset disposals

The amount recorded in this item for 2020 included (i) €90 million from the sale of the Group's remaining passive mobile telecommunications infrastructure in Italy, and (ii) €192 million from the sale of shares in IFT.

### Other operating expenses

This item includes miscellaneous costs and other expenses (such as professional fees and taxes and duties on financial transactions) incurred by the Group in connection with operations launched in 2020 and 2021.

## Note 12 Financial income and expenses

Financial income and expenses can be analyzed as follows:

<i>In € millions</i>	2021	2020
• Income from cash and cash equivalents	1	0
• Finance costs, gross:		
Interest on borrowings	(357)	(157)
<b>Finance costs, net</b>	<b>(356)</b>	<b>(157)</b>
• Other financial income	31	0
<b>SUB-TOTAL - OTHER FINANCIAL INCOME</b>	<b>31</b>	<b>0</b>
• Other financial expenses		
Translation adjustments/Hedging expenses	(11)	1
Discounting expense	(44)	(21)
Other	34	7
<b>SUB-TOTAL - OTHER FINANCIAL EXPENSES</b>	<b>(21)</b>	<b>(13)</b>
<b>Other financial income and expense, net</b>	<b>10</b>	<b>(13)</b>
<b>Interest expense on lease liabilities</b>	<b>(182)</b>	<b>(134)</b>
<b>NET FINANCIAL EXPENSE</b>	<b>(528)</b>	<b>(304)</b>

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

Finance costs, gross, mainly comprise interest on borrowings.

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

The Group's call option on eir shares was remeasured in 2021, leading to the recognition of €34 million in financial income and raising the carrying amount of the option to €56 million at December 31, 2021.

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:

<i>In € millions</i>	2021	2020
<b>Current taxes</b>		
• on income	(362)	(296)
• on value added (CVAE)	(23)	(43)
<b>CURRENT INCOME TAX CHARGE</b>	<b>(385)</b>	<b>(339)</b>
<b>Deferred taxes</b>		
• on income	184	123
• on value added (CVAE)	0	0
<b>DEFERRED INCOME TAX BENEFIT/(CHARGE)</b>	<b>184</b>	<b>123</b>
<b>TOTAL TAX CHARGE</b>	<b>(201)</b>	<b>(216)</b>

### Tax group

iliad Holding has set up a tax group, which at December 31, 2021 comprised iliad Holding and Holdco II.

iliad SA has also set up a tax group, which at December 31, 2021 included all companies consolidated by iliad except for companies that are less than 95%-owned and companies whose registered office is located outside France. As from January 1, 2022, all of the companies that are members of iliad's tax group will join iliad Holding's 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, 2021, deferred tax assets arising on tax loss carryforwards related to:

- Italian subsidiaries of the iliad Group, in an amount of €206 million compared with €135 million at December 31, 2020. These tax loss carryforwards, which can be carried forward indefinitely, were recognized in full at December 31, 2021 in

view of the resounding commercial success of the launch of the Group's Italian business and based on the Group's five-year forecasts for the subsidiaries concerned.

- The iliad Holding tax group, in an amount of €50 million. In view of the new scope of this tax group as from 2022 (see above), the iliad Holding Group will be able to use all of its tax loss carryforwards within a short time period. The corresponding tax benefit was therefore taken into account in 2021.

## Tax proof

The table below reconciles the iliad Holding Group's theoretical tax rate with the effective tax rate calculated on consolidated profit from continuing operations before tax.

<i>In € millions</i>	2021	2020
<b>PROFIT FOR THE PERIOD</b>	<b>383</b>	<b>376</b>
• Corporate income tax	201	216
<b>CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>584</b>	<b>592</b>
<b>THEORETICAL TAX RATE</b>	<b>28.41%</b>	<b>32.02%</b>
• Net impact of permanent differences	63.30%	2.31%
• Impact of unrecognized tax loss carryforwards	-11.46%	0.00%
• Impact of different tax rates	-45.86%	-0.34%
• Other impacts	0.00%	0.00%
<b>EFFECTIVE TAX RATE</b>	<b>34.39%</b>	<b>33.99%</b>

## 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 €1,117 thousand at December 31, 2021, versus €1,411 thousand at December 31, 2020.

## Note 14 Earnings per share

### — DILUTED EARNINGS PER SHARE

<i>In € millions</i>	2021	2020
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>364</b>	<b>253</b>
Diluted profit for the period attributable to owners of the Company	364	253
Number of share equivalents	3,389,990,348	3,328,613,876
<b>DILUTED EARNINGS PER SHARE (in €)</b>	<b>0.11</b>	<b>0.08</b>

## Note 15 Analysis of the Consolidated Statement of Cash Flows

### Cash flows from operating activities

Net cash generated from operating activities is determined by the indirect method, which consists of adding back to or deducting from profit for the period:

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

### Change in operating working capital requirement

The change in operating working capital requirement in 2021 and 2020 can be analyzed as follows:

<i>In € millions</i>	Note	At Dec. 31, 2020	Net debits	Net credits	Impact of changes in scope of consolidation	Other	At Dec. 31, 2021
Net inventories	23	84	34	(27)		(24)	66
Net trade receivables	24	867	57	(24)		93	993
Net other receivables	24	1,108	140			(14)	1,234
Trade payables (suppliers of goods and services)	31	(942)	18	(19)		(9)	(952)
Other payables		(912)	34	12		(265)	(1,132)
<b>TOTAL</b>		<b>205</b>	<b>282</b>	<b>(58)</b>		<b>(219)</b>	<b>209</b>
<b>CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT IN 2021</b>			<b>224</b>				

<i>In € millions</i>	Note	At Jan. 1, 2020	Net debits	Net credits	Impact of changes in scope of consolidation	Other	At Dec. 31, 2020
Net inventories	23	86	0	(41)	39	0	84
Net trade receivables	24	561	47	(10)	272	(3)	867
Net other receivables	24	553	96	0	301	(6)	1,108
Trade payables (suppliers of goods and services)	31	(663)	36	(29)	(289)	3	(942)
Other payables		(595)	20	(66)	(273)	2	(912)
<b>TOTAL</b>		<b>(58)</b>	<b>199</b>	<b>(146)</b>	<b>50</b>	<b>(4)</b>	<b>205</b>
<b>CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT IN 2020</b>			<b>53</b>				

#### — OTHER RECEIVABLES

<i>In € millions</i>	Note	Dec. 31, 2021	Dec. 31, 2020
Trade and other receivables:			
• Net trade receivables	24	2,157	1,975
• Receivables on sales of non-current assets	24	(995)	(946)
	24	72	79
<b>OTHER RECEIVABLES</b>		<b>1,234</b>	<b>1,108</b>

## — OTHER PAYABLES

<i>In € millions</i>	Note	Dec. 31, 2021	Dec. 31, 2020
Trade and other payables	31	3,938	4,128
• Suppliers of goods and services	31	(952)	(942)
• Suppliers of non-current assets		(2,225)	(2,481)
• Other		371	207
<b>OTHER PAYABLES</b>		<b>1,132</b>	<b>912</b>

## — ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

This item can be analyzed as follows:

<i>In € millions</i>	Note	2021	2020
Acquisition of intangible assets	17	355	781
Acquisition of property, plant and equipment	20	2,128	1,762
Suppliers of non-current assets (excl. VAT)			
• At January 1		2,413	1,796
• Newly consolidated company		0	35
• Impact of first-time application of IFRS 16		0	0
• At December 31		(2,206)	(2,413)
Other		(241)	56
<b>TOTAL</b>		<b>2,450</b>	<b>2,017</b>

## — CASH AND CASH EQUIVALENTS

<i>In € millions</i>	Note	Cash and cash equivalents at Dec. 31, 2021	Cash and cash equivalents at Dec. 31, 2020
Cash (including currency hedges)	26	683	594
Marketable securities	26	100	104
<b>SUB-TOTAL</b>		<b>783</b>	<b>698</b>
Bank overdrafts	31	(2)	(5)
<b>TOTAL</b>		<b>781</b>	<b>693</b>

## Note 16 Goodwill

<i>In € millions</i>	2021	2020
Carrying amount at January 1	2,437	294
• Acquisition of Madiacom	0	5
• Acquisition of Play	18	2,181
• Allocation of goodwill relating to Play	(1,881)	0
• Disposals	(9)	0
• Translation adjustments	(4)	(43)
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>562</b>	<b>2,437</b>

During 2021, the Group completed the measurement of the identifiable net assets acquired on the acquisition of Play and allocated its purchase price, with the final goodwill amount allocated to the various assets and liabilities concerned (see Note 2).

## Note 17 Intangible assets

Intangible assets break down as follows:

In € millions	At December 31, 2021			At December 31, 2020		
	Gross	Amortization and impairment	Net	Gross value	Amortization and impairment	Net
• Licenses - France	2,182	453	1,729	2,129	463	1,666
• Licenses - Italy	2,067	228	1,839	2,062	111	1,951
• Licenses - Poland	402	282	121	610	285	325
• Other intangible assets	2,421	685	1,736	2,176	1,613	563
<b>Internally-generated intangible assets:</b>						
• Development costs	97	51	47	81	43	38
<b>TOTAL</b>	<b>7,171</b>	<b>1,699</b>	<b>5,472</b>	<b>7,058</b>	<b>2,515</b>	<b>4,543</b>

### France

At end-2021, the Iliad Group had a portfolio of 67.5 MHz duplex with balanced coverage across Metropolitan France, in the 700 MHz, 900 MHz, 1,800 MHz, 2.1 GHz and 2.6 GHz frequency bands, as well as 70 MHz in the 3.5 GHz band.

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

### Italy

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

### Poland

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

### Group

Borrowing costs capitalized in previous years relating to the Iliad Group's licenses represented a gross amount of €88 million at December 31, 2021.

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	2021	2020
Net at January 1	4,543	3,729
Additions:		
• newly-consolidated company	0	466
• acquisitions	355	781
• asset remeasurements	0	0
• internally-generated intangible assets	21	11
Reclassifications	1,222	1
Other	14	(2)
Translation adjustments	(4)	(9)
Amortization, provisions and impairment	(679)	(434)
<b>NET AT DECEMBER 31</b>	<b>5,472</b>	<b>4,543</b>

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

## Intangible assets in progress

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

<i>In € millions</i>	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Licenses	47	664
Other	40	201
<b>TOTAL</b>	<b>87</b>	<b>865</b>

The year-on-year decrease in the carrying amount of intangible assets in progress reflects the deployment in Italy of the 900 MHz, 2.1 GHz and 3.7 GHz licenses.

## 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, 2021 the Group carried out its annual impairment tests on all of its CGUs, i.e., France B2C, France B2B, Italy, and Poland.

<i>In € millions</i>	<b>France B2C</b>	<b>France B2B</b>	<b>Italy CGU</b>	<b>Poland CGU</b>
Goodwill	221	78	0	262

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-2021. The Covid-19 pandemic had little impact on the Group's financial results for 2021 and has not jeopardized its growth prospects.

The assumptions used for calculating the recoverable amounts of the Group's CGUs were as follows at December 31, 2021:

	<b>France B2C CGU</b>	<b>France B2B CGU</b>	<b>Italy CGU</b>	<b>Poland CGU</b>
Post-tax discount rate	7.0%	7.5%	8.0%	8.5%
Perpetuity growth rate	1.0%	1.0%	1.5%	1.5%

### Sensitivity of recoverable amounts

At December 31, 2021, the Group performed a sensitivity analysis on the France B2C, France B2B and Italy 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 measured the sensitivity of the CGUs' 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 weightings of the three main categories of lease are as follows:

	Networks	Real estate	Other
December 31, 2020	91.0%	8.3%	0.7%
December 31, 2021	92.0%	7.4%	0.5%

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

<i>In € millions</i>	Networks	Real estate	Other	Total
<b>Carrying amount at December 31, 2020</b>	<b>3,113</b>	<b>285</b>	<b>23</b>	<b>3,421</b>
Acquisitions (new assets)	1,696	46	15	1,757
Disposals	(432)	(0)	(14)	(446)
Reclassification to assets held for sale	0	0	0	0
Impact of changes in scope of consolidation	0	0	0	0
Translation adjustments	0	0	0	0
Other	(24)	24	0	0
Depreciation	(521)	(47)	(1)	(569)
<b>CARRYING AMOUNT AT DECEMBER 31, 2021</b>	<b>3,832</b>	<b>309</b>	<b>22</b>	<b>4,163</b>

Lease liabilities break down as follows:

<i>In € millions</i>	December 31, 2021				December 31, 2020			
	Networks	Real estate	Other	Total	Networks	Real estate	Other	Total
Non-current	3,450	193	8	3,652	2,481	191	9	2,681
Current	567	28	10	604	715	26	10	751
<b>TOTAL LEASE LIABILITIES</b>	<b>4,017</b>	<b>221</b>	<b>18</b>	<b>4,256</b>	<b>3,196</b>	<b>217</b>	<b>20</b>	<b>3,433</b>

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.

Breakdown of the Group's undiscounted lease liabilities at December 31, 2021:

<i>In € millions</i>	December 31, 2021	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Undiscounted lease liabilities	6,037	791	1,993	3,253	6,037

## Note 20 Property, plant and equipment

Property, plant and equipment can be analyzed as follows:

<i>In € millions</i>	December 31, 2021			December 31, 2020		
	Gross	Depreciation	Net	Gross	Depreciation	Net
• Land and buildings	102	17	85	100	16	84
• Network usage rights	193	131	62	190	122	68
• Service access fees	677	414	263	714	425	289
• Network equipment	11,579	5,170	6,409	9,884	4,401	5,483
• Other	838	254	584	814	218	596
<b>TOTAL</b>	<b>13,389</b>	<b>5,986</b>	<b>7,403</b>	<b>11,702</b>	<b>5,182</b>	<b>6,520</b>

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:

<i>In € millions</i>	2021	2020
<b>Net at January 1</b>	<b>6,521</b>	<b>5,240</b>
Acquisitions	2,128	1,762
Disposals	(173)	(123)
Reclassification to assets held for sale	(7)	(64)
Other	(19)	27
Impact of changes in scope of consolidation	0	581
Translation adjustments	(1)	(11)
Depreciation and impairment	(1,046)	(891)
<b>NET AT DECEMBER 31</b>	<b>7,403</b>	<b>6,521</b>

During 2021, 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 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 and technological upgrades, particularly for 4G/4G+ and 5G.
- Capital expenditure related to the launch of new Freeboxes.
- Capital expenditure for fixed operations (including network expenditure due to increased unbundling and subscriber-related expenditure for modems and other connection expenses).
- Investment in the hosting business, which is growing rapidly.
- Capital expenditure for the Italian mobile business (structural investments and outlay for the network).
- Capital expenditure related to the Fixed business in Poland.

## 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 2021, 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:

<i>In € millions</i>	December 31, 2021	December 31, 2020
• Land and buildings	35	34
• Network usage rights	2	3
• Network equipment	1,162	970
• Other	1	0
<b>TOTAL</b>	<b>1,200</b>	<b>1,007</b>

## Note 21 Equity-accounted investees

The Iliad Group has three main equity-accounted investees:

### NJJ Boru

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

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

### Investissement dans la Fibre des Territoires (IFT)

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

Formed specifically for the purpose of the partnership with InfraVia, IFT is a company dedicated to actively managing fiber lines. In particular, it is tasked with acquiring and operating Iliad's co-financed FTTH tranches outside very densely

populated areas of France. The company rents subscriber lines between ONs and shared access points to Free, its main customer, and other commercial operators. At December 31, 2021, the Group held a 48.98% stake in IFT. Based on the rights it exercises with respect to IFT, the Group considers it exercises joint control over the company.

### On Tower Poland

On March 31, 2021, the Iliad Holding Group sold to Cellnex 60% of the shares in On Tower Poland. Prior to the sale, Play's passive mobile network infrastructure was transferred to On Tower Poland. At December 31, 2021, the Group still held a 40% stake in On Tower Poland but it intends to sell 25% of this interest by the end of 2022.

The Group considers that it exercises significant influence over On Tower Poland. For accounting purposes, the above-mentioned asset transfer to On Tower Poland was treated as a full sale. The Iliad Holding Group's remaining 30% interest in On

Tower Poland (after the sale of an additional 10%) was therefore recognized under "Investments in equity-accounted investees" at December 31, 2021, in an amount of PLN 1,871 million.

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

The Group's share of profit of equity-accounted investees in 2021 and 2020 can be analyzed as follows:

<i>In € millions</i>	2021	2020
Share of profit of equity-accounted investees before tax	78	95
Share of tax of equity-accounted investees	(9)	(9)
<b>SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEES AFTER TAX</b>	<b>69</b>	<b>86</b>



Movements in the Group's investments in equity-accounted investees were as follows in 2021 and 2020:

<i>In € millions</i>	2021	2020
<b>At January 1</b>	<b>1,364</b>	<b>982</b>
Share of net assets of equity-accounted investees	0	0
Goodwill	0	0
<b>INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES AT JANUARY 1</b>	<b>1,364</b>	<b>982</b>
<b>Movements:</b>		
Share of profit of equity-accounted investees	69	86
Share of OCI of equity-accounted investees	46	0
Dividends paid	(15)	(83)
Translation adjustments	(2)	0
Capital reductions	0	(66)
Acquisitions and changes in scope of consolidation	539	447
Reclassifications to assets held for sale	(758)	0
Other	1	(2)
<b>INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES AT DECEMBER 31</b>	<b>1,243</b>	<b>1,364</b>

The main changes in scope of consolidation concern:

- In 2020: principally the first-time equity accounting of IFT (following the sale of 51% of its shares on February 28, 2020).
- In 2021: the first-time equity accounting of On Tower Poland.

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:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	4,685	3,973
Current assets	562	386
Non-current liabilities	(3,430)	(3,309)
Current liabilities	(648)	(518)
<b>TOTAL NET ASSETS</b>	<b>1,169</b>	<b>532</b>

The table below sets out the key financial information of On Tower Poland, based on its most recent financial statements prepared in accordance with IFRS:

<i>In € millions</i>	Dec. 31, 2021
Non-current assets	1,626
Current assets	46
Non-current liabilities	(267)
Current liabilities	(47)
<b>TOTAL NET ASSETS</b>	<b>1,358</b>

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

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	1,617	1,132
Current assets	385	277
Non-current liabilities	(1,152)	(662)
Current liabilities	(406)	(317)
<b>TOTAL NET ASSETS</b>	<b>444</b>	<b>430</b>

The consolidated financial statements of the Iliad Holding Group 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:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Other long-term financial assets		
• Other investment securities	71	2
• Loans, receivables and other	569	520
• Call option	56	22
• Guarantee deposits	44	34
<b>TOTAL OTHER LONG-TERM FINANCIAL ASSETS</b>	<b>740</b>	<b>578</b>
Other short-term financial assets		
• Loans and receivables	13	0
<b>TOTAL OTHER SHORT-TERM FINANCIAL ASSETS</b>	<b>13</b>	<b>0</b>
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>753</b>	<b>578</b>

### Non-current assets

- Out of the amount recorded under “Loans, receivables and other” at December 31, 2021, €509 million corresponds to a loan granted to NJJ Holding, a company controlled by Xavier Niel.
- NJJ Tara has granted the Group a call option, exercisable in 2024 and 2025, which covers 80% of NJJ Tara’s interest in NJJ Boru (i.e. 41% of NJJ Boru and, indirectly, 26.3% of Iliad’s capital). The option will be exercisable at a price corresponding to market value, as determined by an independent valuer, less a 12.5% discount, 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 in 2020 and then to €56 million in the consolidated financial statements at December 31, 2021 (see Note 2);

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

### 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:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
• Financial assets carried at fair value through profit or loss	650	32
• Financial assets carried at fair value through OCI	59	2
• Financial assets carried at amortized cost	44	544
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>753</b>	<b>578</b>

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

<i>In € millions</i>	2021	2020
Carrying amount at January 1	578	603
Acquisitions	108	83
Fair value adjustments	55	6
Redemptions and repayments	0	(82)
Impact of changes in scope of consolidation	11	(32)
Disposals	1	0
Additions to provisions	0	0
<b>CARRYING AMOUNT AT DECEMBER 31</b>	<b>753</b>	<b>578</b>

## Note 23 Inventories

Inventories break down as follows:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Raw materials	1	1
Work-in-progress	0	0
Finished products	79	105
<b>INVENTORIES - GROSS</b>	<b>79</b>	<b>106</b>
Impairment:		
• raw materials	(0)	(0)
• finished products	(14)	(22)
<b>TOTAL IMPAIRMENT</b>	<b>(14)</b>	<b>(22)</b>
<b>INVENTORIES - NET</b>	<b>65</b>	<b>84</b>

Inventories of finished products at December 31, 2021 primarily corresponded to mobile handsets and players. Impairment losses recognized against inventories in 2021 primarily relate to players not available for sale and inventories of old mobile handset models that are no longer marketed by the Group.

## Note 24 Other assets

Other non-current assets break down as follows:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Other receivables recorded under other non-current assets:		
Other receivables	194	123
<b>TOTAL - GROSS</b>	<b>194</b>	<b>123</b>
Amortization and impairment of other receivables	(150)	(88)
<b>NET OTHER RECEIVABLES (OTHER NON-CURRENT ASSETS)</b>	<b>44</b>	<b>35</b>

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:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
<b>Trade and other receivables recorded under current assets:</b>		
Trade receivables	1,098	1,040
Advances and prepayments	2	14
Tax receivables (VAT)	375	425
Contract acquisition costs	178	173
Customer contract assets	343	338
Other receivables	205	62
Prepaid expenses	177	132
<b>TOTAL - GROSS</b>	<b>2,378</b>	<b>2,184</b>
Impairment of trade receivables	(105)	(94)
Impairment of customer contract assets	(25)	(25)
Impairment of contract acquisition costs	(91)	(87)
Impairment of other receivables	(1)	(2)
<b>NET TRADE AND OTHER RECEIVABLES (CURRENT ASSETS)</b>	<b>2,155</b>	<b>1,976</b>
Net trade receivables	993	946
Net other receivables	1,162	1,030

The maturity schedule of net trade receivables was as follows as December 31, 2021 and 2020:

<i>In € millions</i>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
Not yet past due or less than 1 month past due	838	835
Between 1 and 6 months past due	92	58
Between 6 and 12 months past due	45	20
More than 12 months past due	18	33
<b>TOTAL</b>	<b>993</b>	<b>946</b>

## Note 25 Assets and liabilities held for sale

Assets and liabilities held for sale break down as follows:

<i>In € millions</i>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
Assets held for sale	959	574
Liabilities held for sale	0	(194)
<b>TOTAL</b>	<b>959</b>	<b>380</b>

Assets held for sale primarily comprised the following at December 31, 2021:

- The carrying amount of passive mobile telecommunications infrastructure to be sold in France and Italy under the build-to-suit program with Cellnex.
- Parts of buildings purchased by the Group for the rollout of its FTTH network in France, the sales of which are in progress.
- The Group's remaining interest in On Tower France, corresponding to a 30% stake. The sale of this interest to Cellnex is expected to complete in the first quarter of 2022.
- A portion of the interest held by the Group in On Tower Poland (cf. Note 21).

## Note 26 Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

<i>In € millions</i>	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Mutual funds (UCITS), net	100	100	104	104
Cash (excluding bank overdrafts)	683	683	594	594
<b>TOTAL - NET</b>	<b>783</b>	<b>783</b>	<b>698</b>	<b>698</b>

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 Group invests its surplus cash in UCITS that fall into the "euro monetary" classification of the French securities regulator (*Autorité des Marchés Financiers* - AMF).

## Note 27 Equity

### Share capital

At December 31, 2021 Iliad Holding's ownership structure was as follows:

<b>Shareholder</b>	<b>Number of shares</b>	<b>%</b>
Xavier Niel	3,389,990,348	100.00
<b>TOTAL</b>	<b>3,389,990,348</b>	<b>100.00</b>

## Movements in share capital in 2021

In accordance with decisions taken by the sole shareholder on September 17, 2021, a €61,376,472 capital increase was carried out through the issuance of 61,376,472 ordinary shares with a

par value of €1 each, plus a contribution premium of €51,808,302, as consideration for 9,738 Holdco II shares contributed to iliad Holding by Xavier Niel valued at an aggregate €113,195,628.

## Note 28 Stock option and share grant plans

### Stock option plans

The following tables summarize the main features of the various stock option plans approved in 2021 and prior years, and outstanding at the year-end. No expense was recorded for these plans in either 2021 or 2020.

#### At December 31, 2021

Date of Shareholders' Meeting	Date of plan launch	Exercise price (in €)	Number of options outstanding at Jan. 1, 2021	Number of options forfeited in 2021	Number of options exercised in 2021	Number of exercisable options outstanding at Dec. 31, 2021	Number of non-exercisable options outstanding at Dec. 31, 2021
<b>iliad</b>							
May 24, 2011	Nov. 7, 2011	79.91	122,829	9,255	113,574	0	0

#### At December 31, 2020

Date of Shareholders' Meeting	Date of plan launch	Exercise price (in €)	Number of options outstanding at Jan. 1, 2020	Adjustment following the share buyback offer in 2020	Number of options forfeited in 2020	Number of options exercised in 2020	Number of exercisable options outstanding at Dec. 31, 2020	Number of non-exercisable options outstanding at Dec. 31, 2020
<b>iliad</b>								
May 29, 2008	Aug. 30, 2010	67.67	90,743	(75,337)	6,480	8,926	0	0
May 29, 2008	Aug. 30, 2010	64.35		79,222	0	79,222	0	0
May 24, 2011	Nov. 7, 2011	84.03	174,528	(166,197)	0	8,331	0	0
May 24, 2011	Nov. 7, 2011	79.91		174,800	0	51,971	122,829	0

### Exercise dates of options

There were no remaining unexercised options at December 31, 2021.

### Share grant plans

All of the share grant plans set up within 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.

## Iliad

### 2017 Plan

Following an authorization given at the May 19, 2016 Annual General Meeting, Iliad set up a share grant plan involving shares representing up to 0.5% of its share capital.

During 2017, Iliad granted shares representing 0.5% of its share capital to 61 Group employees and executive officers under this plan.

The vesting of these shares – in four unequal tranches between 2020 and 2023 – is subject to (i) a continued presence condition, and (ii) the following performance conditions for each tranche:

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

On September 2, 2020, Iliad's Board of Directors placed on record that the performance conditions for the first tranche of the plan had been met. Consequently, on October 30, 2020, Iliad 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, Iliad delivered to the plan's beneficiaries 26,978 Iliad shares that it held in treasury.

The expense recorded in relation to this plan totaled €7,464 thousand for 2020 and €4,362 thousand for 2021.

### 2018 Plan

Following an authorization given at the May 16, 2018 Annual General Meeting, Iliad set up a share grant plan involving shares representing up to 1% of its share capital.

During 2018, Iliad granted shares representing 0.5% of its share capital to 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:
  - 50% of the shares vest if Iliad's EBITDA less CAPEX for France (excluding B2B operations) is higher than €1 billion at December 31, 2020; and
  - 50% of the shares vest if Iliad's EBITDA margin for France for 2020 (excluding sales of devices) is higher than 40%.
- September 30, 2022 – end of the vesting period for Tranche 2: all of the Tranche 2 shares vest if Iliad's EBITDA margin for France (excluding sales of devices) is higher for the year ended December 31, 2021 than for the year ended December 31, 2020.

- September 30, 2023 – end of the vesting period for Tranche 3:
  - 50% of the shares vest if the number of fiber subscribers in France is higher than 3 million at September 1, 2023; and
  - 50% of the shares vest if the number of mobile subscribers in Italy is higher than 6 million at September 1, 2023.
- September 30, 2024 – end of the vesting period for Tranche 4:
  - 50% of the shares vest if the number of fiber subscribers in France is higher than 3.5 million at September 1, 2024; and
  - 50% of the shares vest if the Iliad Group's revenues in Italy are higher than €500 million at June 30, 2024.

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

The expense recognized for this plan amounted to €9,995 thousand in 2020 and €3,928 thousand in 2021.

### 2019 Plan

During 2019, Iliad set up a share grant plan representing almost 0.5% of its share capital and covering 184 Group employees and executive officers.

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

- November 30, 2021 – end of the vesting period for Tranche 1 (representing 30% of the total shares granted): the shares vest if Iliad's consolidated EBITDAaL less CAPEX (excluding payments for frequencies) in 2020 is at least equal to consolidated EBITDAaL less CAPEX (excluding payments for frequencies) for 2019.
- November 30, 2022 – end of the vesting period for Tranche 2 (representing 40% of the total shares granted):
  - 50% of the shares vest if the number of fiber subscribers is equal to or higher than 3 million at June 30, 2022; and
  - 50% of the shares vest if consolidated EBITDAaL margin for 2021 is equal to or higher than consolidated EBITDAaL margin for 2019.
- November 30, 2023 – end of the vesting period for Tranche 3 (representing 30% of the total shares granted): the shares vest if the number of fiber subscribers is equal to or higher than 3.7 million 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, Iliad delivered to the plan's beneficiaries 79,680 Iliad shares that it held in treasury.

The expense recognized for this plan amounted to €15,928 thousand in 2020 and €9,074 thousand in 2021.

## 2020 Plan

Following an authorization given at the July 21, 2020 Annual General Meeting, iliad set up a share grant plan involving shares representing up to 2% of its share capital.

During 2020, iliad granted shares representing almost 0.16% of its share capital to 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 for Tranche 1 (30% of the total shares granted).

- November 30, 2023 for Tranche 2 (40% of the total shares granted).
- November 30, 2024 for Tranche 3 (30% of the total shares granted).

The expense recognized for this plan amounted to €603 thousand in 2020 and €5,605 thousand in 2021.

## iliad Italia

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

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

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

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

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

Other than the shares granted in 2020, which have a one-year vesting period, the shares granted under this plan vest after a period of two years, provided that the continued presence

condition is met. The vested shares will then be subject to a five-year lock-up period, following which the beneficiaries will have the option to receive their entitlements in cash or iliad shares, with the price of their iliad Italia shares determined by an independent valuer.

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

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

The expense recognized for this plan amounted to €2,348 thousand in 2020 and €357 thousand in 2021.

## iliad 78

Following an authorization given at the January 31, 2020 Annual General Meeting, iliad 78 set up a share grant plan involving shares representing up to 5% of its share capital.

On the same date, iliad 78 granted shares representing an aggregate 2.95% of its share capital to a total of four of its employees and executive officers under this plan.

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:
  - 50% of the shares vest if iliad 78's revenues are higher than €3 million in the year ended December 31, 2022.
  - 50% of the shares vest if the number of transactions using the company's payments services in the 12 months preceding March 31, 2023 represents more than €30 million.

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

The expense recognized for this plan amounted to €92 thousand in 2020 and €100 thousand in 2021.

## Scaleway

Following an authorization given at the September 30, 2020 Annual General Meeting, Scaleway set up a share grant plan involving shares representing up to 5% of its share capital.

On the same date, Scaleway granted shares representing 3% of its share capital to 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 for Tranche 1 (35% of the total shares granted).
- September 30, 2025 for Tranche 2 (30% of the total shares granted).

- September 30, 2026 for Tranche 3 (35% of the total shares granted).

Each beneficiary of this plan has unilaterally granted a call option to iliad under which iliad may purchase their shares at market value as determined by an independent valuer, which is exercisable (i) in the event of the beneficiary's departure, or (ii) within six months of the end of the vesting period. iliad has unilaterally granted a put option to each of the beneficiaries under which they may sell their shares to iliad at market value, as determined by an independent valuer, which is exercisable between the seventh and twelfth month following the end of the vesting period.

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

## iliad Purple

Following an authorization given at the December 10, 2020 Annual General Meeting, iliad Purple set up a share grant plan under which shares representing up to 9.82% of its share capital may be allocated to employees and executive officers of iliad Purple and employees of Play.

An initial share grant, representing 7.71% of iliad Purple's capital was carried out, with the shares allocated to 19 of its employees and executive officers. Around thirty iliad Purple and Play employees could be eligible for share grants under this plan.

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

Purple's bylaws for all of its shareholders, including the approval clause for new shareholders. Each beneficiary of this plan has unilaterally granted a call option to iliad under which iliad may purchase their shares at market value as determined by an independent valuer, which is exercisable (i) in the event of the beneficiary's departure, or (ii) if the shares are transferred to an asset holding company that does not meet the eligibility criteria (and the situation is not remedied within ten days), or (iii) at the end of a 10-year period following the vesting date of the shares.

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

The expense recognized for this plan amounted to €462 thousand in 2020 and €7,563 thousand in 2021.

## Play

PCSA 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 following the lock-up periods provided for under the plans, subject to performance conditions.

As a result of this change, €2,966 thousand in income was recognized in 2021 in relation to these plans.

The amount recognized for these plans by the iliad Holding Group in 2020 totaled €613 thousand.

## Holdco II

In May 2020 Holdco II set up an incentive plan based on share grants for four iliad executive officers and 21 employees of the iliad Holding Group.

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

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

The expense recognized for this plan amounted to €11,566 thousand in 2021.

## Note 29 Provisions

The provisions for contingencies and charges recognized at December 31, 2021 are intended to cover costs resulting from 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:

<i>In € millions</i>	<b>Dec. 31, 2021</b>	<b>Dec. 31, 2020</b>
<b>Long-term provisions</b>		
Provisions for contingencies	0	0
Provisions for charges	106	122
<b>TOTAL LONG-TERM PROVISIONS</b>	<b>106</b>	<b>122</b>
<b>Short-term provisions</b>		
Provisions for contingencies	7	44
Provisions for charges	48	83
<b>TOTAL SHORT-TERM PROVISIONS</b>	<b>54</b>	<b>127</b>
<b>TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES</b>	<b>161</b>	<b>249</b>

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



Movements in provisions for contingencies and charges were as follows in 2021:

<i>In € millions</i>	At Dec. 31, 2020	Additions in 2021	Reversals in 2021 (utilizations)	Reversals in 2021 (surplus provisions)	Impact of changes in scope of consolidation	Other movements	At Dec. 31, 2021
Provisions for contingencies	44	2	(19)	(20)	0	0	7
Provisions for charges	205	77	(129)	(0)	0	0	154
<b>TOTAL</b>	<b>249</b>	<b>79</b>	<b>(148)</b>	<b>(20)</b>	<b>0</b>	<b>0</b>	<b>161</b>

### Note 30 Financial liabilities

Financial liabilities can be analyzed as follows:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Bank borrowings	4,854	6,131
Bond debt	7,131	2,857
Finance lease liabilities	0	0
Other	1	1
<b>TOTAL LONG-TERM FINANCIAL LIABILITIES</b>	<b>11,986</b>	<b>8,989</b>
Bank borrowings and short-term marketable securities	466	691
Bonds	647	498
Financial liabilities carried at fair value	0	0
Bank overdrafts	3	5
Cash flow hedges	0	0
Other	533	43
<b>TOTAL SHORT-TERM FINANCIAL LIABILITIES</b>	<b>1,649</b>	<b>1,237</b>
<b>TOTAL</b>	<b>13,635</b>	<b>10,226</b>

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.

The Group's borrowings are denominated in euros, Polish zlotys and US dollars.

The table below summarizes movements in financial liabilities in 2021 and 2020:

<i>In € millions</i>	December 31, 2021	December 31, 2020
<b>At January 1</b>	<b>10,226</b>	<b>5,698</b>
New borrowings	13,886	5,837
Repayments of borrowings	(10,501)	(2,625)
Change in bank overdrafts	(3)	2
Impact of cash flow hedges	0	0
Impact of changes in scope of consolidation	0	1,334
Translation adjustments	(11)	(26)
Other	37	5
<b>TOTAL FINANCIAL LIABILITIES AT DECEMBER 31</b>	<b>13,635</b>	<b>10,226</b>

## Main movements in bond debt and private placements during the year

### iliad Holding

On October 14, 2021, iliad Holding successfully placed a quadruple-tranche issue of Senior Secured Notes (“SSN”) in euros and dollars. The SSN were issued on October 27, 2021 and have the following characteristics:

- Euro tranches (“EUR SSN”):
  - €1,100 million, paying interest at 5.125% on a six-monthly basis and redeemable at face value at maturity on October 15, 2026 (“2026 EUR SSN”);
  - €750 million, paying interest at 5.625% on a six-monthly basis and redeemable at face value at maturity on October 15, 2028 (“2028 EUR SSN”).

- Dollar tranches (“USD SSN”):
  - \$1,200 million (equivalent to €1,038 million at the issue date), paying interest at 6.500% on a six-monthly basis and redeemable at face value at maturity on October 15, 2026 (“2026 USD SSN”);
  - \$900 million (equivalent to €779 million at the issue date), paying interest at 7.000% on a six-monthly basis and redeemable at face value at maturity on October 15, 2028 (“2028 USD SSN”).

### The iliad Group

- On February 4, 2021, iliad successfully placed a €1,300 million dual-tranche bond issue with an issue date of February 11, 2021.
- The main features of this issue are as follows:
  - A first tranche of €600 million, paying interest at 0.750% per year and redeemable at face value at maturity on February 11, 2024.
  - A second tranche of €700 million, paying interest at 1.875% per year and redeemable at face value at maturity on February 11, 2028.

On June 30, 2021, iliad carried out a second issue of *Schuldscheindarlehen* (“Schuldschein”) notes, raising a total of €500 million in six tranches:

- Three fixed-rate tranches totaling €124 million, paying interest at 1.150%, 1.400% and 1.700%, and redeemable at maturity on June 30, 2025, June 30, 2026 and June 30, 2028, respectively.
- Three variable-rate tranches totaling €376 million, with lending margins of 1.150%, 1.400% and 1.700%, and redeemable at maturity on June 30, 2025, June 30, 2026 (with a 6- or 12-month extension option) and June 30, 2028, respectively.

On November 25, 2021, iliad redeemed, out of its own cash, a €500 million tranche of bonds placed on April 18, 2018 as part of a €1,150 million issue.

## Main movements in bank borrowings during the year

### iliad Holding

In connection with the announcement on July 30, 2021 of Holdco II’s planned simplified tender offer for iliad SA’s shares, on July 28, 2021 iliad Holding set up a triple-tranche financing facility with a pool of international banks. The tranches of this facility – which were all amended on September 6, 2021 – are as follows:

- A €1,200 million bridge loan (Senior Secured Bridge to Disposal Facility, or “SS BtD”), maturing on July 30, 2023 (which can be extended to January 30, 2024). The applicable interest rate is based on Euribor for the period plus an initial margin of 2.500%, which may increase over time.
- A €3,600 million bridge loan (Senior Secured Bridge to Bond Facility, or “SS BtB”), maturing on July 30, 2022 (which can be extended to July 30, 2028). The facility can be used in several sub-tranches and the applicable interest rate is based on Euribor for the period plus an initial margin of 3.500%, which can increase over time.
- A €300 million revolving credit facility (Super Senior Revolving Credit Facility, or “SS RCF”), maturing on January 30, 2028. If this facility is used its interest rate will be based on Euribor for the period plus an initial margin of 3.500%, which can then vary between 2.500% and 3.500% depending on the Group’s leverage. At December 31, 2021, €70 million of this facility had been used and therefore €230 million remained available at that date.

On July 30, 2021, following the arrangement of the SS BtD and SS BtB facilities, iliad Holding refinanced the following existing bank borrowings (Senior Secured Credit Facilities):

- A €1,500 million term loan granted by a pool of international banks, which was fully drawn down at July 30, 2021.
- A €300 million term loan granted by international investors, which was fully drawn down at July 30, 2021.
- A €200 million revolving credit facility granted by a pool of international banks, which had not been used at July 30, 2021.

Until October 27, 2021, iliad Holding made several drawdowns on the SS BtB facility in order to finance – via an intra-group loan – Holdco II’s payment of the acquisition price of iliad SA shares and the related transaction costs.

On October 27, 2021, iliad Holding refinanced the entire SS BtB facility following the issuance of the SSN (see above).

## The iliad Group

On February 12, 2021, using the proceeds from the bond issue placed on February 4, 2021 (described above), iliad repaid in advance of maturity the full remaining amount (€1,100 million) of the €2,000 million bridge loan set up to finance the November 2020 acquisition of the Polish operator Play.

On March 29, 2021, Play set up a PLN 5,500 million dual-tranche syndicated credit facility (the "Term and Revolving Facilities Agreement") with a large pool of international and local banks in order to refinance its existing debt. The two tranches of the facility are as follows:

- A term loan amounting to PLN 3,500 million, repayable at maturity in 2026. The applicable interest rate is based on Wibur for the period plus a margin of between 1.25% and 2.25% per year depending on Play's leverage ratio.
- A PLN 2,000 million revolving credit facility maturing in 2024, with two successive options to extend until 2026. The applicable interest rate is based on Wibur for the period plus a margin of between 1.25% and 2.25% per year depending on Play's leverage ratio. None of this facility had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

On October 15, 2021, Play was granted a PLN 500 million bilateral loan (the "BGK Financing") by Bank Gospodarstwa Krajowego SA ("BGK Bank") to finance investments related to the construction/reconstruction and expansion of Play's network infrastructure in Poland within the framework of the European Commission's "Operational Program Digital Poland 2014-2020.

The loan has a fixed interest rate of 1.93%. None of this loan had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

On December 10, 2021, Play set up a new PLN 5,500 million syndicated term loan (the "Term Facility Agreement") with a large pool of international and local banks in order to finance the majority of the acquisition price of UPC Poland. The applicable interest rate is based on Wibur for the period plus a margin of between 1.25% and 2.25% per year depending on Play's leverage ratio. None of this facility had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

On December 15, 2021, iliad exercised the extension option on its €900 million syndicated term loan granted by a large pool of international banks with an initial maturity in December 2023. Following the exercise of this extension option the loan now matures in December 2024, with a second option remaining to extend until December 2025.

On December 22, 2021, Play was granted a PLN 464 million bilateral loan (the "Export Credit Agency Financing" or "ECA Loan") by Banco Santander SA ("Santander") in order to finance part of the purchase of mobile handsets from Samsung Electronics Polska Sp. zoo during 2021 and 2022. The applicable interest rate is based on Wibur for the period plus a fixed margin of 0.45%. None of this loan had been drawn down at December 31, 2021 and it was therefore still available in full at that date.

## Short- and medium-term marketable securities program

On June 3, 2021, the iliad Group renewed its €1.4 billion short-term NEU CP program.

At December 31, 2021, €434 million of the program had been used.

## €450 million trade receivables securitization program

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

At December 31, 2021, the full €450 million of the program had been used.

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

## Breakdown of borrowings by type of rate

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

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Fixed-rate borrowings	8,626	5,729
Variable-rate borrowings	5,009	4,497
<b>TOTAL BORROWINGS AT DECEMBER 31</b>	<b>13,635</b>	<b>10,226</b>

## 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, 2021:

<i>In € millions</i>	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Bank borrowings	34	3,179	672	3,886
<i>Schuldscheindarlehen</i> notes	0	955	46	1,000
Bond debt	637	4,905	2,236	7,779
Short-and medium-term marketable securities	434	0	0	434
Securitization	450	0	0	450
Bank overdrafts	3	0	0	3
Other	83	0	0	83
<b>TOTAL BORROWINGS</b>	<b>1,641</b>	<b>9,039</b>	<b>2,954</b>	<b>13,635</b>
Trade payables	2,764	222	191	3,177
<b>TOTAL COMMITTED FINANCING FACILITIES</b>	<b>4,405</b>	<b>9,262</b>	<b>3,145</b>	<b>16,812</b>

## Breakdown of the Group's debt

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

Contract	Issue date	Maturity	Currency	Nominal rate	Dec. 31, 2021
					Outstanding amount (€m)
iliad - SUN <sup>(1)</sup>	Dec. 3, 2015	Dec. 5, 2022	EUR	2.125%	650
iliad - SUN	Oct. 12, 2017	Oct. 14, 2024	EUR	1.500%	650
iliad - SUN	April 25, 2018	April 25, 2025	EUR	1.875%	650
iliad - SUN	June 17, 2020	June 17, 2026	EUR	2.375%	650
iliad - SUN	Feb. 11, 2021	Feb. 12, 2024	EUR	0.750%	600
iliad - SUN	Feb. 11, 2021	Feb. 11, 2028	EUR	1.875%	700
iliad - SSD <sup>(2)</sup> 2019					
Tranche 1	May 22, 2019	May 22, 2023	EUR	1.400%	125
Tranche 2	May 22, 2019	May 22, 2023	EUR	1.400% + Euribor	294
Tranche 3	May 22, 2019	May 22, 2026	EUR	1.845%	40
Tranche 4	May 22, 2019	May 22, 2026	EUR	1.700% + Euribor	25
Tranche 5	May 22, 2019	May 24, 2027	EUR	2.038%	10
Tranche 6	May 22, 2019	May 24, 2027	EUR	1.800% + Euribor	6
iliad - SSD 2021					
Tranche 1	June 30, 2021	June 30, 2025	EUR	1.150%	50
Tranche 2	June 30, 2021	June 30, 2025	EUR	1.150% + Euribor	135
Tranche 3	June 30, 2021	June 30, 2026	EUR	1.400%	66
Tranche 4	June 30, 2021	June 30, 2026	EUR	1.400% + Euribor	220
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
<b>TOTAL - ILIAD</b>					<b>4,900</b>
Play - SUN	Dec. 13, 2019	Dec. 11, 2026	PLN	1.750% + Wibor	163
Play - SUN	Dec. 29, 2020	Dec. 29, 2027	PLN	1.875% + Wibor	109
<b>TOTAL - PLAY</b>					<b>272</b>
iliad Holding - SSN <sup>(3)</sup>	Oct. 27, 2021	Oct. 15, 2026	EUR	5.125%	1,100
iliad Holding - SSN	Oct. 27, 2021	Oct. 15, 2026	USD	6.500%	1,038
iliad Holding - SSN	Oct. 27, 2021	Oct. 15, 2028	EUR	5.625%	750
iliad Holding - SSN	Oct. 27, 2021	Oct. 15, 2028	USD	7.000%	779
<b>TOTAL ILIAD HOLDING</b>					<b>3,667</b>
<b>TOTAL</b>					<b>8,839</b>

(1) SUN: Senior Unsecured Notes.

(2) SSD: *Schuldschein* (private placements under German law).

(3) SSN: Senior Secured Notes. The USD-denominated SSN have been converted at an average EUR/USD rate of 1.156, corresponding to the rate applicable in the Cross-Currency Swap set up on October 13, 2021 by iliad Holding (see Note 34).

The iliad Holding Group's bank borrowings break down as follows:

Contract	Drawdown	Maturity	Type of repayment	Currency	Nominal rate <sup>(1)</sup>	Dec. 31, 2021	
						Outstanding amount (€m)	Amount available (€m)
iliad - EIB Loans							
2016	Sept. 19, 2017	Sept. 19, 2030	Install.	EUR	1.501%	180	-
2018 - T1	Feb. 1, 2019	Feb. 1, 2033	Install.	EUR	1.771%	200	-
2018 - T2	April 8, 2019	April 8, 2033	Install.	EUR	1.452%	100	-
2020 - T1	Nov. 23, 2020	Nov. 23, 2028	At maturity	EUR	0.705%	150	-
2020 - T2	March 29, 2021	March 29, 2029	At maturity	EUR	0.874%	150	-
iliad - KFW Loans							
2017	Dec. 13, 2018	June 13, 2029	Install.	EUR	1.100% + Euribor	68	-
2019	Nov. 9, 2020	Oct. 9, 2030	Install.	EUR	1.100% + Euribor	135	-
iliad - RCF	July 16, 2018	July 15, 2025	At maturity	EUR	0.950% + Euribor	-	1,650
iliad - Term Loan	Dec. 18, 2020	Dec. 18, 2024	At maturity	EUR	1.400% + Euribor	900	-
<b>TOTAL - ILIAD</b>						<b>1,883</b>	<b>1,650</b>
Play - Term Loan	March 29, 2021	March 29, 2026	At maturity	PLN	1.250% + Wibor	761	-
Play - RCF	March 29, 2021	March 29, 2024	At maturity	PLN	1.250% + Wibor	-	435
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	-	101
Play - Term Loan <sup>(2)</sup>	Dec. 10, 2021	March 26, 2026	At maturity	PLN	1.750% + Wibor	-	1,196
<b>TOTAL - PLAY</b>						<b>761</b>	<b>1,841</b>
iliad Hold. - SS BtD <sup>(3)</sup>	July 28, 2021	July 28, 2023	At maturity	EUR	2.500%	1,200	-
iliad Hold. - SS RCF <sup>(4)</sup>	July 28, 2021	Jan. 28, 2028	At maturity	EUR	3.500% + Euribor	70	230
<b>TOTAL ILIAD HOLDING</b>						<b>1,270</b>	<b>230</b>
<b>TOTAL</b>						<b>3,914</b>	<b>3,721</b>

(1) Rates applicable at December 31, 2021, which can vary depending on the leverage ratio of the iliad Group and Play respectively, except for under the EIB, BGK and ECA loan contracts signed in 2020 and 2021, and any other specific terms described in this column.

(2) Loan dedicated to financing the acquisition of UPC in Poland. The margin indicated is that set at the inception of the contract, which will apply when the first drawdown is made. It will subsequently vary depending on Play's leverage ratio.

(3) SS BtD: Senior Secured Bridge to Disposal Facility (as described above). The margin indicated is that set at the inception of the contract, which may subsequently vary over time.

(4) SS RCF: Senior Secured Revolving Credit Facility (as described above). The margin indicated is that set at the inception of the contract, which will subsequently vary depending on the leverage ratio of the iliad Holding Group.

## Breakdown of outstanding borrowings

Adjusted net debt corresponds to the sum of the principal amounts of outstanding debt less cash and cash equivalents. It can be reconciled with net debt as follows:

<i>In € millions</i>	<b>At Dec. 31, 2021</b>
<b>Cash and cash equivalents</b>	<b>(783)</b>
<b>Gross debt</b>	<b>13,635</b>
<b>NET DEBT</b>	<b>12,852</b>
Accrued interest	(87)
Debt issuance costs	112
Other <sup>(1)</sup>	24
<b>ADJUSTED NET DEBT</b>	<b>12,901</b>
<b>Breakdown of adjusted net debt</b>	
Cash and cash equivalents	(783)
Iliad Holding Senior Secured Notes <sup>(2)</sup>	3,667
Iliad Holding Bridge to Disposal	1,200
Iliad Holding Senior Secured RCF	70
Iliad Senior Unsecured Notes	3,900
Iliad RCF	-
Iliad Schuldscheins	1,000
Iliad Term Loan	900
Iliad EIB Loans	780
Iliad trade receivables securitization program	450
Iliad NEU CP	434
Iliad KFW Loans	203
Play Term Loan	761
Play RCF	-
Play Senior Unsecured Notes	272
Other <sup>(3)</sup>	48
<b>TOTAL</b>	<b>12,901</b>

(1) Including the reclassification of (i) certain lease liabilities, (ii) the fair value of hedges, and (iii) forex gains/losses on the USD-denominated SSN.

(2) Converted at the EUR/USD Cross-Currency Swap rate of 1.156.

(3) Including various short-term bank loans, overdraft facilities and certain lease liabilities.

## Note 31 Trade and other payables

This item breaks down as follows:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
<b>Trade and other payables recorded under other non-current liabilities</b>		
Trade payables	413	1,356
Accrued taxes and employee-related payables	50	44
Other	1	0
<b>SUB-TOTAL</b>	<b>464</b>	<b>1,400</b>
<b>Trade and other payables</b>		
Trade payables	2,764	2,068
Advances and prepayments	2	0
Accrued taxes and employee-related payables	442	434
Other	27	13
Deferred income	239	215
<b>SUB-TOTAL</b>	<b>3,474</b>	<b>2,730</b>
<b>TOTAL</b>	<b>3,938</b>	<b>4,130</b>

Total trade payables can be analyzed as follows:

<i>In € millions</i>	Dec. 31, 2021	Dec. 31, 2020
Suppliers of goods and services	952	942
Suppliers of non-current assets	2,225	2,481
<b>TOTAL</b>	<b>3,177</b>	<b>3,424</b>

## Note 32 Related party transactions

Related party transactions solely correspond to transactions with key management personnel.

### Transactions with key management personnel

Persons concerned:

- Under IAS 24, key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

For the iliad Holding Group, these persons correspond to the members of the Strategy Committee, which is chaired by Xavier Niel and is responsible for the iliad Holding Group's Management.

The amount of compensation for those persons recognized in the consolidated financial statements of the iliad Holding Group in 2021 and 2020 was as follows:

<i>In € millions</i>	2021	2020
• Short-term benefits (including salaries)	2	2
• Share-based payments <sup>(1)</sup>	10	9
<b>TOTAL</b>	<b>12</b>	<b>11</b>

(1) Share-based payments corresponds to the expense recognized for the year in accordance with IFRS 2.

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 France

Within the scope of the Iliad Holding Group's strategic partnership with Cellnex concerning its passive mobile telecommunications infrastructure in France and Italy, On Tower France has been providing the Iliad Holding Group with access services for its passive mobile infrastructure in France since

December 2019. The partnership also provides for the construction of new sites which will be sold by the Iliad Holding Group to On Tower France. At December 31, 2021, the Iliad Holding Group held 30% of On Tower France's shares, which were recorded in the balance sheet as assets held for sale.

## 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. At December 31, 2021, the Group held 40% of On Tower Poland's shares, including 10% recorded in assets held for sale.

## Transactions with NJJ Boru

The Iliad Holding Group performs various services on behalf of NJJ Boru (49%-owned by the Iliad Holding Group), the parent company of eir. The amount recognized in revenues for those services in 2021 was €2,843 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 2021.

## 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 granted a €509 million loan to NJJ Holding, a company controlled by Xavier Niel. The Group received €23,050 thousand in interest on this loan in 2021.

## 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.

<i>In € millions</i>	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
<b>At December 31, 2021</b>						
Cash	683				683	683
Marketable securities	100				100	100
Trade receivables			993		993	993
Other short-term financial assets	13				13	13
Other long-term financial assets	625	71	44		740	740
Long-term financial liabilities				(11,986)	(11,986)	(11,986)
Short-term financial liabilities				(1,649)	(1,649)	(1,649)
Current lease liabilities	(604)				(604)	(604)
Non-current lease liabilities	(3,652)				(3,652)	(3,652)
Other non-current liabilities				(463)	(463)	(463)
Other current liabilities				(2,764)	(2,764)	(2,764)
<b>TOTAL</b>	<b>(2,835)</b>	<b>71</b>	<b>1,037</b>	<b>(16,862)</b>	<b>(18,590)</b>	<b>(18,590)</b>

<i>In € millions</i>	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
<b>At December 31, 2020</b>						
Cash	594				594	594
Marketable securities	104				104	104
Trade receivables			946		946	946
Other short-term financial assets					0	0
Other long-term financial assets	32	2	544		578	578
Long-term financial liabilities				(8,989)	(8,989)	(8,989)
Short-term financial liabilities				(1,237)	(1,237)	(1,237)
Current lease liabilities	(751)				(751)	(751)
Non-current lease liabilities	(2,681)				(2,681)	(2,681)
Other non-current liabilities				(1,355)	(1,355)	(1,355)
Other current liabilities				(2,068)	(2,068)	(2,068)
<b>TOTAL</b>	<b>(2,702)</b>	<b>2</b>	<b>1,490</b>	<b>(13,649)</b>	<b>(14,859)</b>	<b>(14,859)</b>

### Main changes in iliad Holding's derivative instruments

On October 13, 2021, iliad Holding set up several cross currency swaps ("CCS") in order to hedge the currency and interest rate risks arising from the issue of the USD SSN placed on October 14, 2021. The features of these swaps are as follows.

- 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 (average EUR/USD rate of 1.156). The average payer interest rate on the swap is 5.131%, for an average USD receiver rate of 6.500%.
- 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 (average EUR/USD rate of 1.156). The average payer interest rate on the swap is 5.656%, for an average USD receiver rate of 7.000%.

## 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, 2021
						Fair value (€m)
iliad Holding	Oct. 13, 2021	Oct. 15, 2026	Cross-currency swap	2026 USD SSN	\$1,200m	11,445
iliad Holding	Oct. 13, 2021	Oct. 15, 2026	Cross-currency swap	2028 USD SSN	\$900m	11,148
<b>TOTAL - ILIAD HOLDING</b>						<b>22,594</b>

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

Because iliad Holding issued US dollar-denominated SSN in October 2021, whereas its revenues are mainly in euros, the Company is exposed to foreign exchange risk in relation to (i) the interest it pays on the SSN in US dollars, and (ii) the principal amount it will need to redeem in US dollars at maturity. Consequently, iliad Holding has set up cross-currency swaps to hedge these US dollar-denominated issues.

##### The iliad Group

The iliad Group’s functional currencies are the euro and 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 one and a half years.

The Group has chosen to hedge 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 contained in 2021.

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 exchange rate is relatively stable, with an average monthly rate of between 4.22 and 4.71 (extreme values) for the past three years.

The iliad Group intends to monitor and assess this foreign exchange risk exposure over time, particularly following the recent deterioration (in late February 2022) in the geopolitical context in Ukraine, which has resulted in a rise in the EUR/PLN exchange rate.

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.

The following instruments are used as part of this hedging policy:

- Foreign currency forwards;
- Foreign currency swaps;
- Foreign currency options.

### 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), it did not consider it necessary to set up any interest rate hedges in that currency at December 31, 2021. In relation to Play's PLN-denominated borrowings, in view of the inflationary context, since November 2021 the Group has taken measures to gradually hedge its related interest rate risk, when market conditions are favorable, through interest rate swaps.

The table below shows the Group's net interest rate exposure at December 31, 2021.

<i>In € millions</i>	<b>Due within 1 year</b>	<b>Due in 1 to 5 years</b>	<b>Due beyond 5 years</b>	<b>Total</b>
Financial liabilities	1,641	9,039	2,954	13,635
Financial assets	13	56	684	753
<b>Net position before hedging</b>	<b>1,628</b>	<b>8,984</b>	<b>2,270</b>	<b>12,882</b>
Off-balance sheet position				
<b>Net position after hedging</b>	<b>1,628</b>	<b>8,984</b>	<b>2,270</b>	<b>12,882</b>

At December 31, 2021, all of the Group's currency hedges qualified as cash flow hedges under IFRS 9.

Currency hedges had a negative impact of €2,129 thousand on the Group's equity at December 31, 2021 and a negative impact of €961 thousand on profit for the year then ended.

The Group no longer has any exposure to interest rate risk on finance leases, as the contracts concerned represent non-material amounts and are primarily at fixed rates

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

### Equity risk

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

### Liquidity risk

#### iliad Holding

iliad Holding draws on the profitability 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 2021 as less than 40% of the total amount available had been used.

The Company is not exposed to any significant liquidity risk in view of the iliad Group's profitability and debt maturity profile (see Note 30), as well as its access to various sources of financing and its level of debt.

#### iliad Holding ratings

In order to secure the financing for the simplified public tender offer for iliad's 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, 2021, iliad Holding's various financing facilities were not subject to any changes in costs based on its ratings.

<b>Ratings at December 31, 2021</b>	<b>Standard &amp; Poor's</b>	<b>Moody's</b>	<b>Fitch Ratings</b>
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, 2021, 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

At December 31, 2021, the covenants applicable to iliad (which take the form of financial ratios), as agreed on following the various amendments to iliad's loan agreements described in Note 30 were as follows:

Applicable financial ratios	Consequence of breach	Actual ratios at December 31, 2021
<ul style="list-style-type: none"> <li>• €1,650 million credit facility (borrower - iliad)</li> <li>• €900 million term loan (borrower - iliad)</li> <li>• €200 million EIB loan - 2016 (borrower - iliad)</li> <li>• €300 million EIB loan - 2018 (borrower - iliad)</li> <li>• €300 million EIB loan - 2020 (borrower - iliad)</li> <li>• €90 million KFW loan - 2017 (borrower - iliad)</li> <li>• €150 million KFW loan - 2019 (borrower - iliad)</li> </ul>	iliad Group leverage ratio < 3.75  Early repayment	Leverage ratio: 2.8

At December 31, 2021, the covenants applicable to Play (which take the form of financial ratios), as agreed on following the various amendments to Play's loan agreements, were as follows:

Applicable financial ratios	Consequence of breach	Actual ratios at December 31, 2021
<ul style="list-style-type: none"> <li>• PLN 3,500m term loan (borrower: P4 Sp. z o.o.)</li> <li>• PLN 2,000m RCF (borrower: P4 Sp. z o.o.)</li> </ul>	Play's leverage ratio < 3.25  Early repayment	Leverage ratio: 1.1

The iliad Group's leverage ratio referred to in its loan agreements corresponds to the ratio of consolidated net debt to EBITDA (excluding provisions) for the period, with both of these items calculated excluding the impact of IFRS 16.

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

## Credit and counterparty risk

The iliad Holding 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, 2021, trade receivables represented a gross amount of €1,100 million and a net amount of €995 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.

- Loans, receivables and other financial assets, totaling €581 million at December 31, 2021 and mainly corresponding to the loan granted to NJJ Holding (see Note 22).
- 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, 2021 trade receivables totaled €1,100 million and provisions for doubtful receivables amounted to €105 million.

At the same date, substantially all past-due receivables were classified as doubtful and provisions had been recorded based on statistical recovery rates. 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

On January 14, 2018, the Iliad Group (through its subsidiary, Free Mobile), along with France's other mobile operators, signed an agreement with the French government aimed at improving the national coverage of ultra-fast mobile networks through increased use of active and passive RAN sharing. By way of this agreement, the Group undertook to (i) deploy 2,000 four-operator RAN-sharing sites in "white spots" within five years, (ii) deploy 3,000 sites in "gray spots" (located in priority rollout areas) within five years, and (iii) increase its coverage level by end-2029 if it obtains frequencies in the 900 MHz band following the 900 MHz refarming procedure. In return for these commitments, the government undertook not to increase the annual license fees for the 900, 1,800 and 2,100 MHz licenses and to grant the sites deployed in white and gray spots an exemption from the "IFER" network tax until 2022.

#### 4G license - 2,600 MHz

By way of decision 2011-1169 dated October 11, 2011, ARCEP authorized Free Mobile to use a block of frequencies in the 2.6 GHz band in Metropolitan France in order to set up and operate a mobile communications network for public use. The obligations imposed on Free Mobile under this authorization - which has been given for a renewable 20-year period - require the Free Mobile network to provide 4G coverage (using another 4G frequency if required) to 75% of the French population by 2023, 98% by 2027 and 99.6% by 2030. The first two of these milestones have already been met.

#### 1,800 MHz license

By way of decision 2014-1542 dated December 16, 2014, ARCEP authorized Free Mobile to use a block of frequencies in the 1,800 MHz band in Metropolitan France in order to set up and operate a mobile communications network for public use, between January 2015 and October 2031. The obligations imposed under this authorization require the Free Mobile network to provide 4G coverage (using another 4G frequency if required) to 75% of the French population by October 2023. This milestone had already been reached at December 31, 2020.

#### Italy

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

- Provide 2,100 MHz (or 900 MHz) coverage to the main towns and cities of Italy's regions by July 1, 2022 and those of the provinces by January 1, 2025.
- Provide 2,600 MHz coverage to 40% of the population 48 months after the 2,600 MHz frequencies become available.

#### 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 cover 98% of the French population by January 2027 (milestone already reached) and 99.6% by the end of 2030.

#### 5G license: 3,640-3,710 MHz

By way of decision 2020-1255 dated November 12, 2020, ARCEP authorized Free Mobile to use 70 MHz in the 3,490-3,800 MHz band in Metropolitan France to set up and operate a mobile communications network for public use. The rollout and coverage obligations imposed under this authorization - which has been given for a renewable 15-year period - notably require Free Mobile to emit the allocated frequencies from 3,000 sites by December 31, 2022, from 8,000 sites by December 31, 2024, and from 10,500 sites by December 31, 2025.

#### Licenses for French overseas *départements* and *collectivités*

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

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

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

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

- Roll out its network and use the 3,600 MHz frequencies allocated to it within two years of them becoming available.
- Provide 3,600 MHz coverage to 5% of the population in each of Italy's regions within 48 months of the frequencies being allocated.

- Provide 700 MHz coverage to 80% of the Italian population 36 months after the frequencies become available (June 2022 at the latest) and to 99.4% of the population 54 months after the frequencies become available. The second milestone may be achieved through roaming or frequency sharing agreements, for example.
- Provide 700 MHz coverage across the main transport hubs, including ports, within 42 months, and across the main tourist areas within 66 months of them being identified.

## Poland

### 2,100 MHz and 900 MHz licenses

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

### 1,800 MHz license

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

### 800 MHz license

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

### 2,600 MHz license

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

## 35.2 Partnerships with Cellnex

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

## 35.3 Other commitments

At December 31, 2021, the Group had received commitments giving it access to:

- A €1,650 million revolving credit facility, none of which had been used at December 31, 2021.
- A PLN 2,000 million revolving credit facility, none of which had been used at December 31, 2021.
- A PLN 1,196 million credit facility, none of which had been used at December 31, 2021.

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

- A letter of commitment stating that the Iliad Group will make shareholder contributions, in line with its interest in IFT, in order to support IFT's strong business development in the first five years of its formation, with the total contributions representing up to €230 million (of which an aggregate €35 million had been contributed as at December 31, 2021).
- The standard collateral for no-recourse financing (pledges of IFT shares and various assets).

At December 31, 2021:

- Other commitments given by the Iliad Group amounted to €1,344 million and mainly corresponded to Iliad Italia's bank guarantee concerning 5G frequencies.
- Other commitments received by the Iliad Group totaled €1 million.

### 35.4 Guarantees given

The Iliad Holding Group has not given any specific financial guarantees in return for its existing borrowing facilities.

The following financial guarantees have been granted by the Iliad Holding Group: (i) a guarantee given by Holdco II SAS for bank loans and bond debt set up by Iliad Holding in connection

with Holdco II's simplified public tender offer for Iliad SA's shares, and (ii) a guarantee given by Iliad Holding SAS and Holdco II SAS for the amounts borrowed under the super senior revolving credit facility set up simultaneously with the credit facilities referred to in (i).

### 35.5 Collateralized debt

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

Standard sureties (pledges of Iliad SA and Holdco II SAS shares held by Holdco II SAS and Iliad Holding SAS respectively, receivables due from Iliad SA to Holdco II SAS, receivables due

from Iliad SA and Holdco II SAS to Iliad Holding SAS, Holdco II SAS's and Iliad Holding SAS's bank accounts) have been granted by the Iliad Holding Group as security for bank loans and bond debt set up by Iliad Holding in connection with Holdco II's simplified public tender offer for Iliad SA's shares.

### 35.6 Claims and litigation

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

The main legal proceedings currently in progress are as follows:

#### France – Disputes with BFM and Next Radio

On August 20, 2019, BFM TV, RMC Découverte and Diversité TV France launched legal proceedings (with the *Tribunal de Grande Instance*) for Free to be sanctioned for breaching their brand rights and neighboring rights. In relation to their neighboring rights, the three companies are claiming lump-sum damages (which they will allocate between themselves) amounting to €811,600 for each month between March 20, 2019 and the end of the alleged breach, as well as €150,000 in damages for non-pecuniary losses. For the alleged breach of their brand rights, BFM TV and RMC Découverte are claiming €2,000,000 in damages and Diversité TV France is claiming €500,000. All three companies are claiming €70,000 in damages for non-pecuniary losses related to the alleged breach of their brand rights. Free considers that it did not commit any of the breaches alleged by BFM TV, RMC Découverte and Diversité TV France. Proceedings are still ongoing in this case.

On December 11, 2020, Free launched proceedings with the Paris Commercial Court against NextRadioTV, BFM TV, RMC Découverte, Diversité TV France, BFM Business TV, La Société Française du Radiotéléphone and Altice France (on a joint and several basis) claiming (i) €801,519.25 in damages for the pecuniary losses suffered by Free due to anti-competitive practices committed by all of the defendants, (ii) €500,000 in damages for non-pecuniary losses suffered by Free due to anti-competitive practices committed by all of the defendants, (iii) €14,426,000 in damages for pecuniary losses suffered by Free due to practices carried out by all of the defendants that constitute unfair competition, (iv) €1,946,000 in damages for non-pecuniary losses suffered by Free due to practices carried out by all of the defendants that constitute unfair competition, (v) an order for the Court's decision to be published, and (vi) €238,880 in costs under Article 700 of the French Civil Procedure Code. For all of the damages claimed, the quantum may be subsequently revised. Proceedings are still ongoing in this case.

#### France – Dispute with Bouygues Telecom

In late 2014, Bouygues Telecom filed an application with the Paris Commercial Court, claiming that Free Mobile had breached its obligations as a mobile telephony operator and accusing it of misleading commercial practices. Free Mobile is contesting Bouygues Telecom's position in this case, which it does not consider to be founded. Bouygues Telecom estimated its alleged losses at €813 million. By way of a decision on February 27, 2019, the Paris Commercial Court dismissed all of Bouygues Telecom's claims and ordered it to pay Free Mobile €350,000 in costs

pursuant to Article 700 of the French Civil Procedure Code. On February 10, 2020, Bouygues Telecom appealed this decision. On September 24, 2021, the Paris Court of Appeal ruled in favor of Free Mobile, upholding the decision of the Paris Commercial Court and ordering Bouygues Telecom to pay €350,000 in costs pursuant to Article 700 of the French Civil Procedure Code. Bouygues Telecom further appealed to the French Court of Cassation on March 9, 2022. Proceedings are still ongoing in this case.

#### 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. The case is still ongoing.



## 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 the additional PLN 314 million is still in progress before the Warsaw District Court. In September 2019, Play withdrew its claims against T-Mobile but maintained those against Orange and Polkomtel. As it is not certain that Play will receive the amounts it has claimed, the Iliad Group has not recognized any related income in its consolidated financial statements.

## Poland – Call termination charges

### Claim lodged by Polkomtel

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

### Claim lodged by Play

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

## Poland – UOKiK/UKE/Other

Play is involved in a number of other proceedings, including procedures launched by the President of the UKE or 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. One of these cases

concerns a procedure launched by the President of the UOKiK on July 26, 2021 against Play for alleged practices contrary to collective consumer interests consisting of billing costs for services activated without obtaining consumers' explicit consent for the additional payment for such services.

## Note 36 Events after the reporting date

### Conflict in Ukraine

As the Iliad Holding Group does not have any business activities in Ukraine, the armed conflict engaged in by Russia on February 24, 2022 has not had a material impact on its consolidated results for the year ended December 31, 2021.

However, as from the very first days of the war, Play – the Iliad Holding Group's Polish subsidiary – put in place measures to manage the increase in data traffic and help the people emigrating to Poland, including increasing its network capacity, securing its

systems, updating its offers for Ukrainians and increasing the number of the Group's contact points on the border with Ukraine and in the rest of the country.

This conflict could lead to higher energy costs in the coming months and years, and more generally to a rise in the cost of certain components and equipment purchased by the Iliad Holding Group. However, the Iliad Holding Group does not expect these potential cost increases to have a material impact on the Iliad Group's business in the coming months or years.

### Sale of On Tower France and 10% of On Tower Poland

On February 28, 2022, the Group completed the sale of its remaining 30% stake in On Tower France to the Cellnex group for €950 million (excluding taxes). On the same date, the Group also sold a 10% stake in On Tower Poland for PLN 615 million, with the Group retaining 30% of On Tower Poland's shares after the sale of this 10% interest.

### Release of the conditions precedent for the acquisition of UPC Poland

The conditions precedent necessary for the acquisition of UPC Poland (see Note 2.1) have been released as of the date of this document, following the clearance given by the European Commission on March 10, 2022. The deal is therefore scheduled to close on April 1, 2022.

## Note 37 List of main consolidated companies at December 31, 2021

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

	Registration number	Head office	Percentage ownership at Dec. 31, 2021	Percentage ownership at Dec. 31, 2020	Consolidation method in 2021
<b>Iliad Holding</b> 16, rue de la Ville l'Évêque 75008 Paris, France	814 040 689	Paris	100.00%	100.00%	Full
<b>Holdco II</b> 16, rue de la Ville l'Évêque 75008 Paris, France	844 857 268	Paris	97.41%	100.00%	Full
<b>Holdco III</b> 16, rue de la Ville l'Évêque 75008 Paris, France	908 731 912	Paris	100.00%	100.00%	Full
<b>Iliad 11</b> 16, rue de la Ville l'Évêque 75008 Paris, France	891 404 998	Paris	100.00%	100.00%	Full
<b>Iliad</b> 16, rue de la Ville l'Évêque 75008 Paris, France	342 376 332	Paris	97.27%	69.63%	Full

### — LIST OF COMPANIES IN THE ILIAD GROUP (% OWNED BY ILIAD)

	Registration number	Head office	Percentage ownership at Dec. 31, 2021	Percentage ownership at Dec. 31, 2020	Consolidation method in 2021
<b>Assunet</b> 16, rue de la Ville l'Évêque 75008 Paris, France	421 259 797	Paris	89.96%	89.96%	Full
<b>Centrapel</b> 8, rue de la Ville l'Évêque 75008 Paris, France	434 130 860	Paris	100.00%	100.00%	Full
<b>Certicall</b> 40, avenue Jules Cantini 13006 Marseille, France	538 329 913	Paris	100.00%	100.00%	Full
<b>Equaline</b> 18, rue du Docteur G. Pery 33300 Bordeaux, France	538 330 358	Paris	100.00%	100.00%	Full
<b>F Distribution</b> 8, rue de la Ville l'Évêque 75008 Paris, France	528 815 376	Paris	100.00%	100.00%	Full
<b>Fibre Inc</b> 1209 Orange Street, Wilmington, New Castle County, 19801 Delaware, USA	/	Wilmington	100.00%	100.00%	Full
<b>Freebox</b> 16, rue de la Ville l'Évêque 75008 Paris, France	433 910 619	Paris	97.99%	97.99%	Full
<b>Free Caraïbe</b> 3, rue de la Carrière 97200 Fort-de France, Martinique	808 537 641	Paris	100.00%	100.00%	Full
<b>Free</b> 8, rue de la Ville l'Évêque 75008 Paris, France	421 938 861	Paris	100.00%	100.00%	Full
<b>Free Infrastructure</b> 16, rue de la Ville l'Évêque 75008 Paris, France	488 095 803	Paris	100.00%	100.00%	Full
<b>Free Fréquences</b> 16, rue de la Ville l'Évêque 75008 Paris, France	529 917 833	Paris	99.98%	99.98%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2021	Percentage ownership at Dec. 31, 2020	Consolidation method in 2021
<b>Free Mobile</b> 16, rue de la Ville l'Évêque 75008 Paris, France	499 247 138	Paris	99.86%	99.86%	Full
<b>Free Réseau</b> 16, rue de la Ville l'Évêque 75008 Paris, France	419 392 931	Paris	100.00%	100.00%	Full
<b>IH</b> 8, rue de la Ville l'Évêque 75008 Paris, France	441 532 173	Paris	100.00%	100.00%	Full
<b>iliad 8</b> 16, rue de la Ville l'Évêque 75008 Paris, France	880 117 015	Paris	100.00%	100.00%	Full
<b>iliad 10</b> 16, rue de la Ville l'Évêque 75008 Paris, France	844 880 492	Paris	100.00%	100.00%	Full
<b>iliad 6</b> 16, rue de la Ville l'Évêque 75008 Paris, France	834 309 486	Paris	100.00%	100.00%	Full
<b>IFT</b> 31, rue de la Baume 75008 Paris, France	852 619 352	Paris	48.98%	49.00%	Equity
<b>IFW</b> 16, rue de la Ville l'Évêque 75008 Paris, France	400 089 942	Paris	100.00%	100.00%	Full
<b>iliad 78</b> 16, rue de la Ville l'Évêque 75008 Paris, France	834 315 673	Paris	78.45%	78.45%	Full
<b>iliad Customer Care</b> Viale Restelli Francesco 1/A Milan, Italy	/	Milan	100.00%	100.00%	Full
<b>iliad Italia Holding S.p.A</b> Viale Restelli Francesco 1/A Milan, Italy	/	Milan	100.00%	100.00%	Full
<b>iliad Italia S.p.A</b> Viale Restelli Francesco 1/A Milan, Italy	/	Milan	97.89%	97.81%	Full
<b>iliad Purple</b> 16, rue de la Ville l'Évêque 75008 Paris, France	537,915,050	Paris	93.00%	100.00%	Full
<b>Immobilière Iliad</b> 16, rue de la Ville l'Évêque 75008 Paris, France	501 194 419	Paris	100.00%	100.00%	Full
<b>IRE</b> 16, rue de la Ville l'Évêque 75008 Paris, France	489 741 645	Paris	100.00%	100.00%	Full
<b>Jaguar Network</b> 71, avenue André Roussin 13016 Marseille, France	439 099 656	Marseille	75.54%	75.54%	Full
<b>Jaguar Network Suisse</b> rue des Paquis 11 1201 Geneva, Switzerland	/	Geneva	75.54%	75.54%	Full
<b>JT Holding</b> 71, avenue André Roussin 13016 Marseille, France	801 382 300	Marseille	75.54%	75.54%	Full

	Registration number	Head office	Percentage ownership at Dec. 31, 2021	Percentage ownership at Dec. 31, 2020	Consolidation method in 2021
<b>Kenbourne Invest II</b> 16, avenue de la Gare L1610 Luxembourg	/	Luxembourg	/	100.00%	Full
<b>Madiacom</b> 44, rue Henri Becquerel Jarry 97122 Baie-Mahault, France	880 041 397	Baie-Mahault	50.00%	50.00%	Joint Operation
<b>MCRA</b> 8, rue de la Ville l'Évêque 75008 Paris, France	532 822 475	Paris	100.00%	100.00%	Full
<b>Nikelo Holding</b> Arch Makariou III Av & Nikolaou Gyzi Str. 3060 Limassol, Cyprus	/	Limassol	/	100.00%	Full
<b>NJJ Boru</b> 16, rue de la Ville l'Évêque 75008 Paris, France	833 797 467	Paris	49.00%	49.00%	Equity
<b>On Tower France</b> 31-33, rue de la Baume 75008 Paris, France	834 309 676	Paris	30.00%	30.00%	Equity
<b>On Tower Poland</b> Wynalazek 1, 02-677 Warsaw, Poland	/	Poland	37.20%	/	Equity
<b>Online Immobilier</b> 16, rue de la Ville l'Évêque 75008 Paris, France	537 915 019	Paris	97.58%	97.58%	Full
<b>P4 SP. Z.O.O</b> Wynalazek 1, 02-677 Warsaw, Poland	/	Poland	93.00%	100.00%	Full
<b>Predictiv Pro S.A.S.</b> 71, avenue André Roussin 13 016 Marseille, France	880 472 683	Marseille	75.54%	75.54%	Full
<b>Protelco</b> 8, rue de la Ville l'Évêque 75008 Paris, France	509 760 948	Paris	100.00%	100.00%	Full
<b>Qualipel</b> 61, rue Julien Grimau 94400 Vitry-sur-Seine, France	533 513 958	Vitry-sur-Seine	100.00%	100.00%	Full
<b>Resolution Call</b> 7, boulevard Mohamed V 20800 Mohammedia, Morocco	/	Morocco	100.00%	100.00%	Full
<b>Scaleway</b> 8, rue de la Ville l'Évêque 75008 Paris, France	433 115 904	Paris	97.58%	97.58%	Full
<b>Scaleway US Corporation</b> C/O IMS - 1700 W Irving Park, Suite 302 Chicago, IL 606013, USA	/	Chicago	97.58%	97.58%	Full
<b>Solid 19</b> 16, rue de la Ville l'Évêque 75008 Paris, France	790 148 944	Paris	100.00%	100.00%	Full
<b>Telecom Academy « Privé »</b> 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, 2021	Percentage ownership at Dec. 31, 2020	Consolidation method in 2021
<b>Telecom Réunion Mayotte</b> 16, rue de la Ville l'Évêque 75008 Paris, France	812 123 214	Paris	50.00%	50.00%	Equity
<b>Trax</b> 16, rue de la Ville l'Évêque 75008 Paris, France	850 134 388	Paris	98.00%	98.00%	Full
<b>Total Call</b> Technoparc - Route de Nouceur Sidi Maar Casablanca, Morocco	/	Morocco	100.00%	100.00%	Full

### Note 38 Audit fees

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

<i>In € thousands</i>	iliad Holding (excluding iliad)		The iliad Group			Total
	2021	2020	2021	2020	2021	2020
Statutory audit services	90	46	736	756	795	802
Non-audit services	195	0	270	507	255	507
<b>TOTAL FEES</b>	<b>285</b>	<b>46</b>	<b>1,006</b>	<b>1,263</b>	<b>1,050</b>	<b>1,309</b>

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.

# SCHEDULE 8

# Statutory Auditors' report on the consolidated financial statements of iliad Holding S.A.S.

for the year ended December 31, 2021

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required by French law, such as verification of the information concerning the Group presented in the management report and other documents provided to shareholders. 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 of iliad Holding SAS,

## 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, 2021.

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, 2021 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 "Statutory Auditors' Responsibilities for 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, 2021 to the date of our report.

## Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 1.2 « restatement of 2020 financial statements », which describe the impacts of the restatements of the consolidated

financial statements for the year ended December 31, 2020 compared to previously approved consolidated financial statements to reflect the correction of certain errors.

## Justification of assessments

Due to the global crisis related to the Covid-19 pandemic, the consolidated financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the

justification of our assessments, we inform you that the most significant assessments we made, in accordance with our professional judgment, concerned the appropriateness of the accounting principles applied, the reasonableness of the significant estimates made and the overall presentation of the consolidated financial statements, in particular with regard to the recognition of deferred tax assets relating to loss carryforwards, the valuation of provisions for litigation and the recognition of the acquisition of the Polish operator Play.

These assessments were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the President.

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 the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from 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 is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the President.

## Statutory Auditors' Responsibilities for 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 from 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 of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- Obtains an understanding of internal control 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;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains 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 Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Neuilly-sur-Seine and Toulouse, April 25, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Thierry Leroux

Valérie Rigaud-Branquart

FID Sud Audit

Thomas Lamarche





