



QUARTERLY REPORT
FIRST QUARTER 2022

MANAGEMENT REPORT AND ANALYSIS

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UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE-MONTH PERIOD ENDED MARCH 31, 2022



MANAGEMENT REPORT
AND ANALYSIS

ANALYSIS OF THE GROUP'S BUSINESS AND RESULTS

KEY CONSOLIDATED FINANCIAL DATA

<i>In € millions</i>	Q1 2022	Q1 2021
INCOME STATEMENT		
Total revenues	1,934	1,846
EBITDAaL	714	677
Profit from ordinary activities	264	277
Profit for the period	477	131
BALANCE SHEET		
	March 31, 2022	Dec. 31, 2021
Non-current assets	19,458	19,498
Current assets	3,118	2,952
<i>Of which cash and cash equivalents</i>	747	704
Assets held for sale	224	959
Total assets	22,800	23,409
Total equity	5,081	5,873
Non-current liabilities	11,697	11,553
Current liabilities	6,022	5,983
Liabilities held for sale	0	0
Total equity and liabilities	22,800	23,409
Net debt¹	8,067	8,012
CASH FLOWS		
	Q1 2022	Q1 2021
Cash flows from operations	810	677
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(227)	(226)
Capital expenditure - Group ²	(465)	(713)
Payments for frequencies - Group ³	(35)	(45)
Net change in cash and cash equivalents - Group (excluding change in net debt and dividends)	1,224	484
Dividends	(1,262)	0

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

² Excluding payments for frequencies: France (Q1 2022: €332 million / Q1 2021: €603 million), Italy (Q1 2022: €94 million / Q1 2021: €74 million), Poland (Q1 2022: €40 million / Q1 2021: €36 million)

³ France (Q1 2022: nil / Q1 2021: €6 million), Italy (Q1 2022: €35 million / Q1 2021: €40 million), Poland (Q1 2022 & Q1 2021: nil)

1 OVERVIEW

The Iliad Group (the “Group”) is one of Europe’s leading electronic communications players, with 41.4 million active subscribers, €7.6 billion in revenues in 2021 and over 15,000 employees.

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

In 2018, the Group expanded its geographic reach to Italy, where it captured market share of more than 10% in the space of three years. Then in 2020, it continued its expansion in Europe by acquiring Play, Poland’s leading mobile telecom operator, and more recently on April 1, 2022 it finalized the acquisition of the Polish cable operator, UPC.

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

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

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

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

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

2 KEY FIGURES FOR THE FIRST QUARTER OF 2022

The key figures for the first quarter of 2022 are as follows:

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Consolidated revenues	1,934	1,846	+4.8%
o/w Revenues - France	1,339	1,263	+6.1%
o/w Revenues - Italy	214	188	+13.9%
o/w Revenues - Poland	384	398	-3.5%
<i>Intra-group sales</i>	(3)	(2)	+33.6%
Consolidated EBITDAaL	714	677	+5.4%
o/w EBITDAaL - France	493	460	+7.3%
o/w EBITDAaL - Italy	40	(30)	NM
o/w EBITDAaL - Poland	181	248 ¹	-26.8%
Consolidated capex²	465	713	-34.8%
o/w Capex - France	332	603	-45.0%
o/w Capex - Italy	94	74	+26.1%
o/w Capex - Poland	40	36	+11.1%
Consolidated OCF (<i>OCF: EBITDAaL minus Capex</i>)	249	(35)	NM
o/w OCF - France	162	(143)	NM
o/w OCF - Italy	(54)	(104)	NM
o/w OCF - Poland	142	212	-33.2%
Profit for the period	477	131	NM
	March 31, 2022	Dec. 31, 2021	Change
Net debt	8,067	8,012	+€55M
LTM ³ EBITDAaL	2,986	2,949	+€37M
Leverage ratio (LTM EBITDAaL)	2.7x	2.7x	Unch

(1) including the net positive impact from the disposal of 517 sites to Cellnex (2) Excluding payments for frequencies (2) LTM for Last Twelve Months

3 COMPARISON OF RESULTS FOR Q1 22 AND Q1 21

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Revenues	1,934	1,846	+4.8%
Purchases used in production	(589)	(680)	-13.4%
Payroll costs	(135)	(113)	+19.5%
External charges	(279)	(215)	+29.3%
Taxes other than on income	(89)	(78)	+14.2%
Additions to provisions	(24)	(25)	-4.5%
Other income and expenses from operations, net	88	109	-19.0%
Depreciation of right-of-use assets	(193)	(167)	+15.9%
EBITDAaL	714	677	+5.4%
<i>as a % of revenues</i>	36.9%	36.7%	
Share-based payment expense	(8)	(10)	-18.7%
D&A and impairment of non-current assets	(443)	(391)	+13.2%
Profit from ordinary activities	264	277	-4.7%
Other operating income and expense, net	326	(2)	<i>NM</i>
OPERATING PROFIT	590	275	+114.4%
Finance costs, net	(46)	(59)	-21.1%
Other financial income and expense, net	3	(18)	-118.1%
Interest expense on lease liabilities	(51)	(38)	+33.1%
Corporate income tax	(54)	(40)	+35.5%
Share of profit of equity-accounted investees	35	11	+225.5%
PROFIT FOR THE PERIOD	477	131	+264.3%

a. Analysis of consolidated results

(a) Key indicators

FRANCE	Q1 2022	Q4 2021	Change over the period
Number of mobile subscribers	13,738k	13,611k	+127k
- <i>Of which on the 4G/5G Free Mobile Plan</i>	9,479k	9,259k	+220k
- <i>Of which on the voice-based plan</i>	4,258k	4,352k	-94k
Number of Broadband and Ultra-Fast Broadband subscribers	6,981k	6,925k	+56k
- <i>Of which Fiber</i>	4,012k	3,773k	+239k
Fiber adoption rate	57.5%	45.4%	+12.1 ppts
Total number of subscribers - France	20,719k	20,537k	+182k
Number of connectible Fiber sockets	27.1m	25.5m	+1.6m
	Q1 2022	Q1 2021	Year-on-year change
Broadband and Ultra-Fast Broadband ARPU (in €) ¹	33.5	32.6	+2.8%
Mobile ARPU billed to subscribers (in €) ¹	11.4	10.9	+4.8%
ITALY	Q1 2022	Q4 2021	Change over the period
Number of mobile subscribers	8,825k	8,505k	+320k
POLAND	Q1 2022	Q4 2021	Change over the period
Number of active mobile subscribers¹	12,473k	12,129k	+344k
- <i>Of which on plans</i>	8,565k	8,522k	+43k
- <i>Of which prepaid</i>	3,908k	3,606k	+302k ¹
Number of Home subscribers ²	293k	267k	+26k
Total number of subscribers - Poland²	12,766k	12,396k	+370k
	Q1 22	Q1 21	Year-on-year change
Mobile ARPU billed to subscribers (in PLN) ³	28.3	27.7	+2.4%

¹ Change over the period inflated by free SIM cards distributed to Ukrainian refugees

² See glossary for definitions

³ ARPU calculated based on revenues billed to mobile subscribers

(b) Quarterly consolidated revenues

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Consolidated revenues	1,934	1,846	+4.8%
Consolidated service revenues	1,802	1,719	+4.8%
Consolidated equipment revenues	136	131	+3.9%
<i>Intra-group sales</i>	(3)	(2)	+33.6%
Revenues - France	1,339	1,263	+6.1%
- Service revenues	1,289	1,221	+5.6%
- Equipment revenues	51	43	+18.7%
- Intersegment sales	(1)	(1)	-7.1%
Revenues - Italy	214	188	+13.9%
- Service revenues	212	187	+13.9%
- Equipment revenues	2	1	+22.4%
Revenues - Poland¹	384	398	-3.5%
- Service revenues	301	312	-3.5%
- Equipment revenues	83	86	-3.8%

(1) EUR/PLN exchange rate: 4.62299 for Q1 2022 and 4.54574 for Q1 2021

(c) Analysis of results - Group

(i) Revenues

Consolidated revenues advanced 4.8% year-on-year in the first quarter of 2022. At constant exchange rates, revenues grew 5.1% or €95 million. The majority of the revenue growth came from France (+€76 million or +6.1%) followed by Italy (+€26 million or +13.9%) whilst Poland, adversely impacted by regulatory changes (mobile termination rates cut introduced in July 1, 2021 and January 1, 2022), impacted Group revenue growth by a negative €14 million (essentially due to regulatory and FX headwinds).

(ii) Payroll costs

Payroll costs rose 19.5% due to new hires (mainly in France) to support (i) the high pace of Fiber rollouts and connections in France, (ii) the expansion of the distribution network in France and Italy, and (iii) the sales push of our B2B operations in France, including the hosting business.

(iii) External charges

External charges rose by 29.3% year-on-year to €279 million, reflecting (i) higher rental and maintenance costs for our mobile networks in France, Italy and Poland, (ii) higher energy costs mainly reflecting the extension of our networks and (iii) to a lesser extent higher advertising spending to support the launch of our new services (notably B2B in France, and Fiber in Italy).

(iv) Taxes other than on income

Taxes other than on income totaled €89 million, up 14.2% year-on-year essentially due to higher IFR tax payments in France (up 23%) as the number of active equipments was increased.

(v) Additions to provisions

Additions to provisions for bad debts, impairment of inventories and contingencies amounted to €24 million in Q1 2022, down 4.5% year-on-year.

(vi) Other income and expenses from operations, net

This item represented net income of €88 million in Q1 2022 compared to €109 million in Q1 2021. The year-on-year decrease primarily reflects the lower contribution from the recognition of gains generated from the sale of sites in connection with build-to-suit programs.

(vii) Depreciation of right-of-use assets

Depreciation of right-of-use assets totaled €193 million in Q1 2022, up 15.9% year-on-year. This income statement item results from the Group's application since January 1, 2019 of IFRS 16 Leases. The main contribution to the year-on-year growth stemmed from the higher costs paid to IFT, our Fiber joint venture outside very dense areas in France.

(viii) Profit for the period

Profit for the period grew 264% year-on-year in Q1 2022 mainly thanks to i) a €330 million disposal gain on sale of the 30% stake in OTF to Cellnex at end-March 2022 and ii) the increase in share of profit of equity-accounted investees with Eir's contribution, improving the post downward-revision of its pension liability.

(d) Analysis of results – France

The following table presents income statement data for France (up to “Operating profit”) for the quarters ended March 31, 2022 and March 31, 2021:

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Revenues	1,339	1,263	+6.1%
- Service revenues	1,289	1,221	+5.6%
Fixed services revenues	741	692	+7.0%
Mobile services revenues	548	529	+3.7%
o.w. billed to subscribers	468	436	+7.3%
o.w. others	80	93	-13.2%
- Equipment revenues	51	43	18.7%
<i>Intersegment sales</i>	(1)	(1)	-7.1%
EBITDAaL	493	460	+7.2%
<i>as a % of revenues</i>	36.8%	36.4%	+0.4 ppt
Profit from ordinary activities	185	172	+7.8%
Capital expenditure (excluding payments for frequencies)	332	603	-45.0%
OCF (EBITDAaL minus capital expenditure)	162	(143)	-213.0%

(i) Revenues

Revenues amounted to €1.34 billion in the first quarter of 2022, up 6.1% year-on-year, with services revenues amounting to €1.30 billion (up 6.3%). The main factors underlying this performance in Q1 2022 are as follows:

- **Fixed services grew 7.0% year-on-year in the first quarter to €741 million, supported by an increase of 56,000 in the Fixed subscriber base and an ARPU increase of 2.8% at €33.5.** This very solid performance testifies to the appeal of our offerings, which combine service differentiation with competitive prices. The momentum for Fiber improved slightly compared to the last quarter with 239,000 new subscribers taking up the Group’s Fiber plans. At end-March 2022, the Group had a total of 4.01 million Fiber subscribers, with the penetration rate among the overall subscriber base rising 12 points year-on-year to 57.5%.
- **Mobile services revenues climbed 3.7% year-on-year to €548 million in the first quarter of 2022.** The main factors underlying this performance in Q1 2022 are as follows:
 - **The 4G/5G Free Mobile Plan continued to perform strongly, with 220,000 net new subscribers.** The total mobile subscriber base increased by 127,000 net new subscribers year-on-year.
 - **Growth for Mobile services revenues billed to subscribers accelerated from 5.2% in Q4 2021 to 7.3% in Q1 2022.** Mobile ARPU billed to subscribers rose 4.8% from €10.9 to €11.4, thanks again to the mix effect arising from the steady stream of subscribers switching from the Série Free Plan to the unlimited 4G/5G Free Mobile Plan.
 - Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 13.2% year-on-year to €80 million

(6.5% decrease in the fourth quarter). This decline is structural as subscribers continue to shift from classic voice and SMS usage to messaging apps and social networks to communicate.

■ **The Group is maintaining its efforts to invest in its next-generations networks:**

- In France, 454 new active 4G sites and 1,006 new technically operational 5G sites were added in the first quarter - of which 490 on the 3.5GHz band, which resulted in very high population coverage rates (over 99% for 4G and over 81% for 5G).
- **The number of connectible Fiber sockets increased by 6.0 million over 12 months, totaling 27.1 million at end-March 2022.** The FTTH subscriber base was 31% higher at March 31, 2022 than one year earlier, totaling 4.01 million.

- Equipment revenues increased by 18.7% to €51 million for the first quarter, highlighting the gain in momentum of our Free Flex model introduced in July 2021.

(ii) EBITDAaL

EBITDAaL reached €493 million in the first quarter of 2022, up 7.2% from the same period last year. This improvement results from the revenue increase combined with a reduction in direct costs (-3%), partially offset by an increase in payroll costs (+23%), external charges (+17%) and taxes other than income (+16%).

(iii) Profit from ordinary activities

Profit from ordinary activities grew 8.8% with depreciation and amortization charges increasing by 7.1% (especially from network components) and partially offsetting the higher EBITDAaL.

(iv) Capital expenditure

Capital expenditures decreased by 45% essentially due to a phasing difference with the same period last year (Q1 2021 represented more than 36% of total 2021 spending and was inflated the acceleration of 5G rollout).

In France 454 new active 4G sites and 1,006 new technically operational 5G sites were added in the first quarter - of which 490 on the 3.5GHz band, which resulted in very high population coverage rates (over 99% for 4G and over 81% for 5G).

The number of connectible Fiber sockets increased by 6.0 million over 12 months, totaling 27.1 million at end-March 2022. The FTTH subscriber base was 31% higher at March 31, 2022 than one year earlier, totaling 4.01 million.

(e) Analysis of results – Italy

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Revenues	214	188	+13.9%
- Service revenues	212	187	+13.9%
<i>o/w Mobile services billed to subscribers</i>	171	145	+17.5%
<i>o/w Other</i>	42	41	+1.1%
- Equipment revenues	2	1	+22.4%
EBITDAaL	40	(30)	NM
<i>as a % of revenues</i>	18.5%	(16.1%)	NM
Loss from ordinary activities	(45)	(83)	-45.2%
Capital expenditure (excluding payments for frequencies)	94	74	26.1%
OCF (EBITDAaL minus capital expenditure)	(54)	(104)	-48.3%

(i) Revenues

Revenues generated by Iliad Italia grew 13.9% year-on-year to €214 million. The main factors underlying this performance in the first quarter were as follows:

- **A good sales performance during the quarter, despite very challenging market conditions, with 320,000 net new mobile subscribers**, bringing the total number of subscribers in Italy to 8.83 million at March 31, 2022, representing a market share of 11.3%⁴ (excluding M2M).
- **The Group continued to expand its network coverage with the deployment of 462 new sites during the year, bringing the total number of active sites to 9,189.**

(ii) EBITDAaL

EBITDAaL reached €40 million in the first quarter of 2022, significantly better than the same period last year when EBITDAaL losses reached €30 million. This strong improvement is the result of i) the high level of investments made in network coverage in order to lower our roaming charges ii) the positive operating leverage on our service revenue growth and iii) to a lesser extent, a higher contribution from proceeds from the sale of mobile sites in connection with the build-to-suit program.

(iii) Loss from ordinary activities

The loss generated by ordinary activities in Italy was €45 million, 45% lower than in the first quarter of 2021, including (i) a €33 million increase in depreciation/amortization expense for network equipments, which is rising in line with rollouts, and (ii) payments for frequencies.

(v) Capital expenditure

Capital expenditure increased by 26.1% or €20 million. In the first quarter of 2022, we started to commercialize our Fixed broadband offer. Our mobile network expansion continued at a high pace with the installation and activation of 333 and 462 new mobile sites, respectively.

⁴ As per the latest available AGCOM report (Q4 2021)

(f) Analysis of results – Poland

<i>In PLN millions – 12 months</i>	Q1 2022	Q1 2021	% change
Revenues	1,773	1,808	-1.9%
- Service revenues	1,391	1,417	-1.8%
<i>o/w Mobile services billed to subscribers</i>	1,045	991	5.5%
<i>o/w Interconnection & other services⁴</i>	328	418	-21.4%
<i>o/w Home</i>	17	8	115.2%
- Equipment revenues	383	391	-2.2%
EBITDAaL	838	1,127	-25.6%
<i>as a % of revenues</i>	<i>47.3%</i>	<i>62.3%</i>	<i>-15.0ppts</i>
Profit from ordinary activities	572	854	-33.0%
Capital expenditure (excluding payments for frequencies)	183	162	12.9%
OCF (EBITDAaL minus capital expenditure)	655	964	-32.1%

(i) Revenues

Play's revenues in Poland totaled PLN 1.77 billion for Q1 2022, down 1.9% year-on-year, mainly due to the impact of the two consecutive reductions in regulated mobile termination rates on July 1, 2021 and January 1, 2022. Revenues from services billed to subscribers rose by 5.5%. The main factors underlying this performance in Q1 2022 are as follows:

- **Play's mobile active subscriber base increased by 344,000 this quarter compared to a decrease of 23,000 in the first quarter of 2021.** The postpaid active subscriber base grew by 43,000 over the quarter, while the prepaid active subscriber base grew by 301,000, largely inflated by the initiatives taken at the end of February to support Ukrainian refugees (+117k active cards at the end of March were free SIM cards distributed to refugees).
- **In the Home segment (TV Box and Fixed Internet),** the subscriber base rose by 26,000 units in the first quarter, broadly in line with the growth figures for the previous quarters.
- **Continuous improvement in ARPU billed to subscribers, up by 2.4% in Q1 2022.** Other services revenues (mainly from interconnections, the Home segment and Play's subsidiary, 3S) were down significantly (21.4%) in the first quarter (versus an 13.3% decrease in the fourth quarter of 2021), mainly due to the two consecutive reductions in regulated mobile termination rates that took place on July 1, 2021 and January 1, 2022.

(ii) EBITDAaL

EBITDAaL for the Poland segment declined by 25.6% year-on-year for two main reasons: (i) a net gain of PLN444 million booked in Q1 2021 on the sale of 517 sites at the closing of the deal (on March 31, 2021) with Cellnex (ii) an unfavorable basis of comparison with Play not paying any rental charges to Cellnex in Q1 2021 whilst paying a full quarter in Q1 2022.

(iii) Profit from ordinary activities

Profit from ordinary activities declined by 33.0% year-on-year in the first quarter of 2022, with the reported decrease in EBITDAaL adding to the higher depreciation and amortization expense (up 35.7%) reflecting higher network investments.

(vi) Capital expenditure

Capital expenditure increased by 12.9% or PLN21 million. Play added 99 active mobile sites in Q1 (a total of 9,866 active sites across the country) leading to a population coverage of 99.7% of the Polish population for 2G/3G and 99.4% for 4G LTE. Play's own 2G/3G/4G

coverage was rounded out by a roaming agreement with Orange (which was extended until 2025 on June 7, 2021).

In Q1 2022, Play continued to upgrade the network to the 5G standard, operating on the current 2,100 MHz frequency resources in the dynamic frequency sharing model (the so-called 5G Legacy). At the end of March, 3,226 base stations in all 16 provinces supported the 5G Legacy standard leading to a population coverage of close to 41%.

b. Consolidated cash flows and capital expenditure

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Consolidated cash flows from operations	810	677	+19.7%
Right-of-use assets and interest expense on lease liabilities - IFRS 16 impact	(227)	(226)	+0.4%
Change in working capital requirement	35	(38)	<i>NM</i>
Operating free cash flow after IFRS 16	619	413	+50.0%
Capital expenditure - Group¹	(465)	(713)	-34.8%
<i>o/w France</i>	<i>(332)</i>	<i>(603)</i>	<i>-45.0%</i>
<i>o/w Italy</i>	<i>(94)</i>	<i>(74)</i>	<i>+26.2%</i>
<i>o/w Poland</i>	<i>(40)</i>	<i>(36)</i>	<i>+11.5%</i>
Income tax paid	(84)	(90)	-6.9%
Net interest paid	(29)	(12)	+149.2%
Other (including changes in scope of consolidation)	1 217	931	+30.7%
Consolidated free cash flow (excluding payments for frequencies, financing activities and dividends)	1,259	529	+137.7%
Payments for frequencies - Group	(35)	(45)	-22.7%
<i>o/w France</i>	<i>0</i>	<i>(6)</i>	<i>NM</i>
<i>o/w Italy</i>	<i>(35)</i>	<i>(40)</i>	<i>-11.5%</i>
<i>o/w Poland</i>	<i>0</i>	<i>0</i>	<i>NM</i>
Consolidated free cash flow (excluding financing activities and dividends)	1,224	484	+152.7%
Dividends paid to owners of the Company	(1,262)	0	<i>NM</i>

(1) Excluding payments for frequencies

Consolidated free cash flow

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

- €810 million in consolidated cash flows from operations, before €227 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 grew in line with the improved profitability in our three geographies.
- Consolidated capital expenditure declined by 34.8% in the first quarter of 2022, the lower investments being mostly due to a phasing difference between Q1 2021 and Q2 2021 in France. In Q1 2022, the Group activated a total of 982 new sites across Italy (+462), France (+421) and Poland (+99). In France, 1.6 million new connectible Fiber sockets were also deployed, connecting a net 239,000 new Fiber subscribers.
- Net interest paid increased by €17 million reflecting the increased leverage.
- Other: €1.2 billion including a €1.1 billion inflow from the sale of 30% of On Tower France and 10% of On Tower Poland to Cellnex.
- Dividends of €1.3 billion paid to Iliad Holding reflecting the repayment of the Bridge to Disposal facility post proceeds from the disposals described above.

c. Consolidated debt

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

At March 31, 2022, the Group had gross debt of €8,814 million and net debt of €8,067 million (excluding IFRS 16 lease liabilities). At the same date, it had sufficient liquidity to finance its operations, with €747 million in consolidated cash and cash equivalents and €2.1 billion in undrawn revolving credit facilities.

The Group is pursuing its strategy of investing in major industrial projects that will generate substantial future cash flows, while maintaining its solid financial structure and significant access to financing. At March 31, 2022, the Group's leverage ratio was in comparison to the last twelve months ("LTM") EBITDAaL of €2,991 million - 2.7x EBITDaL.

In this regard, the Group is also pleased to announce that Iliad SA received its first public EUR Senior Unsecured Notes rating by Moody's Investor Services ("Moody's"), S&P and Fitch on May 20, 2022, which assigned ratings of Ba2/BB/BB respectively, that will apply to existing issuances. In addition, Fitch Ratings and Standard and Poor's have assigned Iliad SA a long-term issuer standalone credit profile of bb+.

Summary of the Group's borrowings due beyond one year at March 31, 2022 (final maturities)

<i>In € millions</i>	Amount available	2022	2023	2024	2025 and beyond	Type of repayment/redemption
<u>MAIN BORROWINGS - ILIAD</u>						
<u>Bank borrowings</u>						
€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 RCF - 2018	1,650	-	-	-	1,650	At maturity
€900m syndicated term loan - 2020	-	-	-	900	-	At maturity
<u>Bonds</u>						
€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
<u>Schuldschein notes</u>						
€500m Schuldschein issue - 2019	-	-	419	-	81	At maturity
€500m Schuldschein issue - 2021	-	-	-	-	500	At maturity
<u>MAIN BORROWINGS - PLAY*</u>						
<u>Bank borrowings</u>						
PLN 3,500m term loan - 2021	-	-	-	-	752	At maturity
PLN 2,000m RCF - 2021	430	-	-	430	-	At maturity
PLN 500m BGK bilateral loan - 2021	107	-	-	-	107	In installments
PLN 464m ECA bilateral loan - 2021	49	-	-	-	100	In installments
PLN 5,500m acquisition loan - 2021	1,182	-	-	-	1,182	At maturity
PLN 470m EIB Financing loan - 2022	69	-	-	-	101	In installments
<u>Bonds</u>						
PLN 750m bond issue - 2019 @ Wib + 1.75%	-	-	-	-	161	At maturity
PLN 500m bond issue - 2020 @ Wib + 1.85%	-	-	-	-	108	At maturity

*Converted at the EUR/PLN spot rate at March 31, 2022: 4.6531

1) MAIN MOVEMENTS IN BORROWINGS DURING Q1 2022 - ILIAD HOLDING

Bank borrowings

On February 28, 2022, Iliad Holding drew another €25 million under the Senior Secured Revolving Credit Facility (SSRCF) for working capital purposes, resulting in a total drawn amount under this facility of €95 million as of March 31, 2022.

On March 31, 2022, Iliad Holding fully prepaid the €1,200 million bridge loan (Senior Security Bridge to Disposal Facility), originally maturing on July 30, 2023 (with an extension option to January 30, 2024), following the completion of the sale of the Group's remaining 30% stake in On Tower France to the Cellnex group and a 10% stake in On Tower Poland on February 28, 2022.

2) MAIN MOVEMENTS IN BORROWINGS DURING Q1 2022 - ILIAD

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 March 31, 2022, €413 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, Iliad set up a securitization program for its trade receivables related to B2C subscriptions in France, representing a maximum amount of €450 million.

At March 31, 2022, the full €450 million of this program had been used.

3) MAIN MOVEMENTS IN BORROWINGS DURING Q1 2022 - PLAY

Bank borrowings

■ A PLN464 million bilateral loan set up in October 2021

On March 9, 2022, Play drew PLN235 million under its "Export Credit Agency Financing" or "ECA Loan"

■ A PLN470 million bilateral loan set up in January 2022

On January 14, 2022, Play signed with European Investment Bank ("EIB") a bilateral Facility Agreement amounting to PLN470 million ("EIB Financing"). Under this agreement, Play can borrow funds from EIB to partially finance investments related to the expansion and technological upgrade of the mobile network towards an ultra-high speed broadband service, in line with European Union projects "2025 Gigabit Society", devoted to eliminate territorial inequalities in access to high-speed broadband network as well as cybersecurity and other digital transformation goals announced in the "2030 EU Digital Compass" project.

This loan, depending on future drawdown dates, can have a final maturity as far as January 2034, and bears an interest at a fixed rate of 5.40%. Borrowings under this Facility Agreement are subject to financial covenants based on Play's leverage ratio.

On February 25, 2022, Play drew PLN 150 million under this Facility Agreement, which will have a semi-annual amortization starting in February 2025 with a final maturity in February 2028.

d. Events after the reporting date

Finalization of the acquisition of UPC Poland

The European Commission cleared the conditions of the acquisition of UPC Poland on March 10, 2022. The deal closed on April 1, 2022, for a total acquisition price of PLN7,013 million, leading to the full amount being drawn as of this date under the PLN5,500 million syndicated acquisition loan set up on December 10, 2021.

e. Glossary

The definitions of the main terms used by Iliad are set out below:

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

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

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

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

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

FCF: Free cash flow.

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

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

Gross profit: Corresponds to revenues less purchases used in production.

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

M2M: Machine to machine communications.

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

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

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

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

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

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

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

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

Number of registered mobile subscribers – Poland: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Play mobile offering (including M2M cards and free SIM cards), excluding those recorded as having requested the termination of their subscription.

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

Services revenues: Revenues excluding sales of devices.

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

Unbundled subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or Fiber offerings through a telephone exchange unbundled by Free.



UNAUDITED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2022

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CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>	Note	Three months to Mar 31, 2022	Three months to Mar 31, 2021
REVENUES		1,934	1,846
Purchases used in production		(589)	(680)
Payroll costs		(135)	(113)
External charges		(279)	(215)
Taxes other than on income		(89)	(78)
Additions to provisions		(24)	(25)
Other income and expenses from operations, net	4	88	109
Depreciation of right-of-use assets		(193)	(167)
EBITDAaL		714	677
Share-based payment expense		(8)	(10)
Depreciation, amortization and impairment of non-current assets		(443)	(391)
Profit from ordinary activities		264	277
Other operating income and expense, net	5	326	(2)
Operating profit		590	275
Income from cash and cash equivalents	6	(0)	(0)
Finance costs, gross	6	(46)	(59)
Finance costs, net		(46)	(59)
Interest expense on lease liabilities		(51)	(38)
Other financial income and expense, net	6	3	(18)
Corporate income tax	7	(54)	(40)
Share of profit of equity-accounted investees	10	35	11
Profit for the period		477	131
Profit for the period attributable to:			
• Owners of the company		474	134
• Minority interests		3	(3)
• Basic earnings per share		8.07	2.27
• Diluted earnings per share		8.01	2.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In € millions</i>	Three months to Mar 31, 2022	Three months to Mar 31, 2021
PROFIT FOR THE PERIOD	477	131
• Items that may be subsequently reclassified to profit:		
Fair value remeasurement of interest rate and currency hedging instruments	2	(5)
Tax effect	(1)	1
Change in translation adjustments	(16)	(49)
Total	(14)	(52)
• Items that will not be reclassified to profit:		
Post-employment benefit obligations (IAS 19 revised): impact of changes in actuarial assumptions	0	0
Tax effect	0	0
Share of OCI of equity-accounted investments that will not be reclassified to profit	0	0
Tax effect	0	0
Total	0	0
Other comprehensive income/(expense) for the period, net of tax	(14)	(52)
Total comprehensive income for the period	463	79
Total comprehensive income for the period attributable to:		
• Owners of the Company	460	82
• Minority interests	4	(3)

CONSOLIDATED BALANCE SHEET

ASSETS (in € millions)	Note	Mar. 31, 2022	Dec. 31, 2021
Goodwill		559	562
Intangible assets		5,293	5,472
Right-of-use assets	8	4,347	4,163
Property, plant and equipment	9	7,290	7,403
Investments in equity-accounted investees	10	1,274	1,243
Other financial assets	11	215	197
Deferred income tax assets		427	415
Other non-current assets		53	44
TOTAL NON-CURRENT ASSETS		19,458	19,498
Inventories		70	65
Current income tax assets		30	12
Trade and other receivables		1,020	995
Other current assets		1,234	1,162
Other financial assets	11	17	13
Assets held for sale	12	224	959
Cash and cash equivalents		747	704
TOTAL CURRENT ASSETS		3,342	3,911
TOTAL ASSETS		22,800	23,409

LIABILITIES (in € millions)	Note	Mar. 31, 2022	Dec. 31, 2021
Share capital		15	15
Additional paid-in capital		510	510
Retained earnings and other reserves		4,555	5,348
TOTAL EQUITY		5,081	5,873
Attributable to:		0	0
• Owners of the company		5,094	5,888
• Minority interests		(13)	(15)
Long-term provisions		97	106
Long-term financial liabilities	13	7,193	7,096
Non-current lease liabilities		3,727	3,652
Deferred income tax liabilities		256	264
Other non-current liabilities		424	435
TOTAL NON-CURRENT LIABILITIES		11,697	11,553
Short-term provisions		54	54
Taxes payable		266	265
Trade and other payables		3,382	3,439
Short-term financial liabilities	13	1,621	1,620
Current lease liabilities		698	604
Liabilities held for sale	12	0	0
TOTAL CURRENT LIABILITIES		6,022	5,983
TOTAL EQUITY AND LIABILITIES		22,800	23,409

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
BALANCE AT JANUARY 1, 2021	15	468	(43)	(76)	5,128	5,492	11	5,503
Movements in 2021								
Profit for the period					134	134	(3)	131
Impact of interest rate and currency hedges				(3)		(3)		(3)
Impact of post-employment benefit obligations				0		0		0
Impact of changes in translation adjustments				(49)		(49)		(49)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				(52)	134	81	(3)	79
Change in share capital of iliad						0		0
Dividends paid by iliad						0		0
Dividends paid by subsidiaries						0		0
Purchases/sales of own shares			0	(0)		(0)		(0)
Impact of stock options				8		8	0	9
Impact of changes in minority interests in subsidiaries						0		0
Other				4		4		4
BALANCE AT MARCH 31, 2021	15	468	(43)	(116)	5,262	5,586	8	5,594

In € millions	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Equity attributable to owners of the Company	Minority interests	Total equity
BALANCE AT JANUARY 1, 2022	15	510	(110)	6	5,467	5,888	(16)	5,873
Movements in 2022								
Profit for the period					474	474	3	477
Impact of interest rate and currency hedges				2		2		2
Impact of post-employment benefit obligations						0		0
Impact of changes in translation adjustments				(16)		(16)	1	(16)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				(14)	474	460	4	464
Change in share capital of iliad						0		0
Dividends paid by iliad					(1,262)	(1,262)		(1,262)
Dividends paid by subsidiaries						0		0
Purchases/sales of own shares				(2)		(2)		(2)
Impact of stock options				8		8	0	8
Impact of changes in minority interests in subsidiaries						0		0
Other				3	(2)	2	(1)	1
BALANCE AT MARCH 31, 2022	15	510	(110)	1	4,678	5,093	(13)	5,081

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>	Notes	Three months to Mar 31, 2022	Three months to Mar 31, 2021
Profit for the period (including minority interests)		477	131
+ / - Depreciation, amortization and provisions, net (excluding for current assets)		627	533
-/+ Unrealized gains and losses on changes in fair value		0	(1)
+/- Non-cash expenses and income related to stock options and other share-based payments		8	8
-/+ Other non-cash income and expenses, net		48	35
-/+ Gains and losses on disposals of assets	4/5	(413)	(116)
-/+ Dilution gains and losses		0	0
+/- Share of profit of equity-accounted investees	10	(35)	(11)
- Dividends (investments in non-consolidated undertakings)		0	0
Cash flows from operations after finance costs, net, and income tax		712	578
+ Finance costs, net	6	43	59
+/- Income tax expense (including deferred taxes)	7	54	40
Cash flows from operations before finance costs, net, and income tax (A)		810	677
- Income tax paid (B)	7	(84)	(90)
+/- Change in operating working capital requirement (incl. employee benefit obligations) (C)		35	(38)
= Net cash generated from operating activities (E) = (A) + (B) + (C)		762	548
- Acquisitions of property, plant and equipment and intangible assets (capex)		(520)	(758)
+ Disposals of property, plant and equipment and intangible assets (capex)		24	0
- Acquisitions of investments in non-consolidated undertakings		0	0
+ Disposals of investments in non-consolidated undertakings		0	0
+/- Effect of changes in scope of consolidation - acquisitions		0	0
+/- Effect of changes in scope of consolidation - disposals		0	0
+ Dividends received (from equity-accounted investees and non-consolidated undertakings)		0	0
+/- Change in outstanding loans and advances		(30)	(3)
- Cash outflows for leasehold rights		0	(0)
+ Cash inflows related to assets held for sale	12	1,378	985
- Cash outflows related to assets held for sale	12	(133)	(57)
= Net cash used in investing activities (F)		718	169
+ Amounts received from shareholders on capital increases		0	0
- Amounts paid to shareholders on capital reductions		0	0
+ Proceeds received on exercise of stock options		0	1
-/+ Own-share transactions		0	(0)
- Dividends paid during the period:		0	0
. Dividends paid to owners of the Company	2	(1,262)	0
. Dividends paid to minority shareholders of consolidated companies		(7)	0
+ Proceeds from new borrowings (excluding finance leases)	13	231	3,316
- Repayments of borrowings	13	(170)	(2,633)
- Repayments of lease liabilities	8	(201)	(210)
- Net interest paid		(29)	(12)
- Interest paid on lease liabilities		(26)	(16)
= Net cash generated from/(used in) financing activities (G)		(1,464)	446
+/- Effect of exchange-rate movements on cash and cash equivalents (H)		2	(0)
= Net change in cash and cash equivalents (E + F + G + H)		19	1,161
+ / - Impact of foreign exchange conversion of cash and cash equivalents (opening & closing rates)		(5)	(33)
Cash and cash equivalents at beginning of year		702	681
Cash and cash equivalents at year-end		716	1,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and policies

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

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

iliad Group is 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.

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

The interim consolidated financial information has been prepared in accordance with the same accounting policies as those applied to prepare the annual financial statements for the year ended December 31, 2021, except for the following policies which are specific to interim financial statements:

- Corporate income tax for the period has been calculated by applying the estimated average effective tax rate for the three-month period ended March 31, 2022 profit before tax.
- Post-employment benefit obligations for the period have been estimated based on the actuarial calculations performed for full-year 2021.

The new IFRS standards and interpretations required as of 1 January 2022 are the following ones:

- Amendments to IAS 37 related to onerous contracts: the amendments issued by the IASB in May 2020 clarify what costs an entity should consider in assessing whether a contract is onerous. The impact on iliad Group is immaterial;
- Amendments to IAS 16 related to Proceeds before Intended Use: the amendments issued by the IASB in July 2021 prohibit entities from deducting such proceeds from the cost of the item; rather, the proceeds generated by the sale and the corresponding costs must be recognized in profit or loss. The impact on iliad Group is immaterial.

Sales and EBITDAaL are not subject to strong seasonal fluctuations, excluding IFRIC 21 impact. IFRIC 21 clarifies when an entity recognizes a liability for levies imposed by a government other than specified levies such as income taxes. IFRIC 21 impact on Q1 2022 EBITDAaL is equal to €(48) million.

Note 2 Significant events and scope of consolidation

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 its consolidated results for the three-month period ended March 31, 2022.

However, as from the very first days of the war, Play – the iliad 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.

Sale of On Tower France and 10% of On Tower Poland and extraordinary interim dividend distribution

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, which generated a profit of €330 million in Q1 2022, excluding tax effect. On the same date, the Group also sold a 10% stake in On Tower Poland for PLN 615 million (generating a loss of €7 million, notably due to change rate effect), with the Group retaining 30% of On Tower Poland’s shares after the sale of this 10% interest.

The cash generated by these two transactions has been used for extraordinary interim dividend distribution on 2021 results of € 1,262 million (21.5 € per share) at end March 2022.

Note 3 Segment information

Given the increasing weight of Poland in Iliad Group's activities, Iliad Group's Management reviewed the monitoring of its activities at the start of 2022. The Group has now 3 operating segments which are:

- France
- Italy
- Poland

- Q1 2022 REVENUES

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

- Q1 2021 REVENUES

<i>In € millions</i>	France	Italy	Poland	Eliminations between activities	Total
Revenues					
Fixed	696	0	7	(2)	701
Mobile	568	188	391	(0)	1,146
Intra-group sales	(1)	0	0	0	(1)
Total	1,263	188	398	(2)	1,846

- Q1 2022 EARNINGS

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

- Q1 2021 EARNINGS

<i>In € millions</i>	France	Italy	Poland	Total
Earnings				
EBITDAaL	460	(30)	248 ⁽¹⁾	677
Share-based payment expense	(8)	(0)	(2)	(10)
Depreciation, amortization and provisions for impairment	(281)	(52)	(58)	(391)
Profit/(loss) from ordinary activities	171	(83)	188	277
Profit/(loss) for the period	96	(83)	118	131

(1) including the net positive impact from the disposal of 517 sites to Cellnex

- ASSETS AT MARCH 31, 2022

<i>In € millions</i>	France	Italy	Poland	Total
Non-current assets				
Goodwill	300	0	259	559
Intangible assets (carrying amount)	1,717	2,145	1,432	5,293
Right-of-use assets (carrying amount)	2,843	619	884	4,347
Property, plant and equipment (carrying amount)	6,209	680	401	7,290
Investments in equity-accounted investees	870	0	404	1,274
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	1,492	406	656	2,554
Cash and cash equivalents	156	1	591	747

- ASSETS AT DECEMBER 31, 2021

<i>In € millions</i>	France	Italy	Poland	Total
Non-current assets				
Goodwill	300	0	262	562
Intangible assets (carrying amount)	1,786	2,192	1,494	5,472
Right-of-use assets (carrying amount)	2,731	607	825	4,163
Property, plant and equipment (carrying amount)	6,344	671	389	7,403
Investments in equity-accounted investees	835	0	407	1,243
Current assets (excluding cash and cash equivalents, financial assets and tax assets)	1,983	400	798	3,181
Cash and cash equivalents	420	1	282	704

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

<i>In € millions</i>	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	422	0	3	424
Current liabilities				
Trade and other payables	1,587	1,481	315	3,383

- LIABILITIES AT DECEMBER 31, 2021, EXCLUDING FINANCIAL LIABILITIES AND TAXES PAYABLE

<i>In € millions</i>	France	Italy	Poland	Total
Non-current liabilities				
Other non-current liabilities	432	0	3	435
Current liabilities				
Trade and other payables	1,545	1,561	334	3,439

Note 4 Other income and expenses from operations, net

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

<i>In € millions</i>	Three months to Mar 31, 2022	Three months to Mar 31, 2021
Net income from partnerships*	85	117
Customer contract termination fees	10	4
Royalties and similar fees	(15)	(17)
Other	8	5
Other income and expenses from operations, net	88	109

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

Note 5 Other operating income and expense, net

Other operating income and expenses can be analyzed as follows:

<i>In € millions</i>	Three months to Mar 31, 2022	Three months to Mar 31, 2021
Gain on assets disposal	327	0
Other operating expenses	(1)	(2)
TOTAL	326	(2)

This item includes, for the three-month period ended March 31, 2022, €330 million corresponding to the profit recognized on the sale of 30% of On Tower France (see Note 2).

Note 6 Financial income and expenses

Financial income and expenses can be analyzed as follows:

<i>In € millions</i>	Three months to Mar 31, 2022	Three months to Mar 31, 2021
Income from cash and cash equivalents	(0)	(0)
Finance costs, gross:		
Interest on borrowings	(46)	(59)
Finance costs, net	(46)	(59)
Other financial income	1	1
Sub-total - Other financial income	1	1
Other financial expenses		
Translation adjustments/Hedging expense	14	(3)
Discounting expense	(12)	(12)
Other	(0)	(5)
Sub-total - Other financial expenses	2	(19)
Other financial expense, net	3	(18)
Interest on lease liabilities	(51)	(38)
Net financial expense	(94)	(115)

Net financial expense primarily concerns the costs of the Group's various sources of financing (see Note 13) as well as discounting expense.

Note 7 Corporate income tax

Analysis of the corporate income tax charge

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

<i>In € millions</i>	Three months to Mar 31, 2022	Three months to Mar 31, 2021
Tax charge		
on income	(48)	(35)
on value added (CVAE)	(6)	(6)
Total tax charge	(54)	(40)

Note 8 Right-of-use assets and lease liabilities

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

<i>In € millions</i>	Networks	Real estate	Other	TOTAL
Carrying amount at January 1, 2022	3,832	309	22	4,163
Acquisitions (new assets)	385	8	6	400
Disposals	(6)	0	(0)	(6)
Reclassification of assets held for sale	0	0	0	0
Impact of changes in scope of consolidation	0	0	0	0
Translation adjustments	(14)	(1)	(2)	(17)
Other	0	0	0	0
Depreciation	(175)	(13)	(5)	(193)
Carrying amount at March 31, 2022	4,023	303	21	4,347

Lease liabilities break down as follows at March 31, 2022:

<i>In € millions</i>	March 31, 2022				December 31, 2021			
	Networks	Real Estate	Others	Total	Networks	Real Estate	Others	Total
Non-Current	3,531	188	8	3,727	3,450	193	8	3,652
Current	660	28	10	698	567	28	10	604
TOTAL	4,191	216	18	4,425	4,017	221	18	4,256

Note 9 Property, plant and equipment

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

<i>In € millions</i>	Mar. 31, 2022	Dec. 31, 2021
Net at January 1	7,403	6,521
Acquisitions	407	2,128
Disposals	(178)	(16)
Reclassification to assets held for sale	(61)	(164)
Other	(12)	(19)
Impact of changes in scope of consolidation	0	0
Translation adjustments	(2)	(1)
Depreciation and impairment	(267)	(1,046)
Net at December 31	7,290	7,403

Disposals for the three-month period ended March 31, 2022 include notably the disposal of some fiber assets to IFT (see Note 10).

Note 10 Equity-accounted investees

The Iliad Group has three main equity-accounted investees:

- **NJJ Boru** (49% of interest in NJJ Boru SAS that holds 64.5% interest in eir, the Irish operator);
- **Investissement dans la Fibre des Territoires (IFT)**. The Group holds 48.98% stake in IFT;
- **On Tower Poland**. The Group holds 30% stake in On Tower Poland. The Group has sold 10% of On Tower Poland to Cellnex in February 2022 for PLN 615 million.

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

<i>In € millions</i>	Three months to Mar 31, 2022	Three months to Mar 31, 2021
Share of profit/(loss) of equity-accounted investees before tax	37	12
Share of tax of equity-accounted investees	(2)	(1)
Share of profit/(loss) of equity-accounted investees after tax	35	11

Note 11 Other financial assets

<i>In € millions</i>	Mar. 31, 2022	Dec. 31, 2021
Carrying amount at beginning of period	210	46
Acquisitions	22	97
Fair value adjustments	0	55
Redemptions and repayments	0	0
Impact of changes in scope of consolidation	0	11
Translation adjustments	(0)	11
Disposals	0	1
Additions to provisions	0	0
Carrying amount at period-end	232	210

Note 12 Assets and liabilities held for sale

Assets and liabilities held for sale break down as follows:

<i>In € millions</i>	Mar. 31, 2022	Dec. 31, 2021
Assets held for sale	224	959
Liabilities held for sale	0	0
TOTAL	224	959

Assets for sale decrease as of March 31, 2022 (versus December 31, 2021) is mainly relating to the sale of its remaining 30% stake in On Tower France (for €950 million) and the sale of a 10% stake in On Tower Poland (for PLN 615 million, ie €133 million) to the Cellnex group occurred in February 2022. On Tower France 30% stakes and On Tower Poland 10% stakes were accounted as assets held for sale as of December 31, 2021, for respectively €620 million and €136 million.

Cash outflows related to assets held for sale include cash out related to BTS programs (see Note 4 'Other income and expenses from operations, net') and cash out related to some fiber assets sold to IFT in February 2022 (see Note 9 Property, plant and equipment).

Note 13 Financial liabilities

Financial liabilities can be analyzed as follows:

<i>In € millions</i>	Mar. 31, 2022	Dec. 31, 2021
Bank borrowings	3,683	3,589
Bonds	3,509	3,506
Finance lease liabilities	0	0
Other	1	1
Total long-term financial liabilities	7,193	7,096
Bank borrowings and short-term marketable securities	443	476
Bonds	647	647
Financial liabilities carried at fair value	0	0
Bank overdrafts	31	2

Cash flow hedges	0	0
Other	500	495
Total short-term financial liabilities	1,621	1,620
TOTAL	8,814	8,716

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

The table below summarizes movements in financial liabilities during Q1 2022:

<i>In € millions</i>	Mar. 31, 2022	Dec. 31, 2021
Borrowings at January 1	8,716	8,433
New borrowings	231	5,370
Repayments of borrowings	(170)	(5,133)
Change in bank overdrafts	29	(3)
Impact of cash flow hedges	0	0
Impact of changes in scope of consolidation	0	0
Translation adjustments	(12)	(11)
Other	20	59
Total borrowings	8,814	8,716

Main movements in bank borrowings during the period

On January 14, 2022, Play signed with European Investment Bank (“EIB”) a bilateral Facility Agreement amounting to PLN 470 million (“EIB Financing”). Under this agreement, P4 may borrow funds from EIB to partially finance investments related to expansion and technological upgrade of mobile network towards an ultra-high speed broadband service, in line with European Union projects “2025 Gigabit Society”, devoted to eliminate territorial inequalities in access to high-speed broadband network as well as cybersecurity and other goals of digital transformation announced in “2030 EU Digital Compass”.

This loan, depending on future drawdown dates, can have a final maturity as far as January 2034, and bears a fixed interest rate of 5,40%. Borrowings under this Facility Agreement are subject to financial covenants based on Play’s leverage ratio. On February 25, 2022, Play draw PLN 150 million under this Facility Agreement, which will have a semi-annual amortization starting in February 2025 with a final maturity in February 2028.

On March 9, 2022, Play drew PLN 235 million under its “Export Credit Agency Financing” or “ECA Loan”, granted in December 2021 by Banco Santander SA.

Guarantees given

The Group has not given any specific financial guarantees in return for its existing borrowing facilities with banks.

Short- and medium-term marketable securities program

On June 3, 2021, the Group renewed its €1.4 billion short-term NEU CP program. At March 31, 2022, €413 million of the program had been used.

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>	Mar. 31, 2022	Dec. 31, 2021
Fixed-rate borrowings	5,009	5,000
Variable-rate borrowings	3,805	3,716
Total borrowings	8,814	8,716

Breakdown of the Group's debt

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

					Mar. 31, 2022
Contract	Issue date	Maturity	Currency	Nominal rate	Outstanding amount (€m)
iliad - SUN ¹	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 ² 2019					
Tranche 1	May 22, 2019	May 22, 2023	EUR	1.400%	125
Tranche 2	May 22, 2019	May 22, 2023	EUR	1.400% + Euribor	294
Tranche 3	May 22, 2019	May 22, 2026	EUR	1.845%	40
Tranche 4	May 22, 2019	May 22, 2026	EUR	1.700% + Euribor	25
Tranche 5	May 22, 2019	May 24, 2027	EUR	2.038%	10
Tranche 6	May 22, 2019	May 24, 2027	EUR	1.800% + Euribor	6
iliad - SSD 2021					
Tranche 1	June 30, 2021	June 30, 2025	EUR	1.150%	50
Tranche 2	June 30, 2021	June 30, 2025	EUR	1.150% + Euribor	135
Tranche 3	June 30, 2021	June 30, 2026	EUR	1.400%	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
Total - iliad					4,900
Play - SUN	Dec. 13, 2019	Dec. 11, 2026	PLN	1.750% + Wibor	161
Play - SUN	Dec. 29, 2020	Dec. 29, 2027	PLN	1.875% + Wibor	108
Total - Play					269
Total					5,169

Notes:

¹SUN : Senior Unsecured Notes

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

The Group's bank borrowings break down as follows:

						Mar. 31, 2022	
Contract	Drawdown	Maturity	Type of repayment	Currency	Nominal rate ¹	Outstanding amount (€m)	Amount available (€m)
iliad - EIB Loans							
2016	Sep. 19, 2017	Sep. 19, 2030	Install.	EUR	1.501%	180	-
2018 - T1	Feb. 1, 2019	Feb. 1, 2033	Install.	EUR	1.771%	200	-
2018 - T2	Apr. 8, 2019	Apr. 8, 2033	Install.	EUR	1.452%	100	-
2020 - T1	Nov. 23, 2020	Nov. 23, 2028	At maturity	EUR	0.705%	150	-
2020 - T2	Mar. 29, 2021	Mar. 29, 2029	At maturity	EUR	0.874%	150	-
iliad - KFW Loans							
2017	Dec. 13, 2018	Jun. 13, 2029	Install.	EUR	1.100% + Euribor	68	-
2019	Nov. 9, 2020	Oct. 9, 2030	Install.	EUR	1.100% + Euribor	135	-
iliad - RCF	Jul. 16, 2018	Jul. 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	-
Total - iliad						1,883	1,650
Play - Term Loan	Mar. 29, 2021	Mar. 29, 2026	At maturity	PLN	1.250% + Wibor	752	-
Play - RCF	Mar. 29, 2021	Mar. 29, 2024	At maturity	PLN	1.250% + Wibor	-	430
Play - BGK Loan	Oct. 15, 2021	Sep. 20, 2028	Install.	PLN	1.930%	-	107
Play - ECA Loan	Dec. 22, 2021	Dec. 22, 2026	Install.	PLN	0.450% + Wibor	51	49
Play - Term Loan ²	Dec. 10, 2021	Mar. 26, 2026	At maturity	PLN	1.750% + Wibor	-	1,182
Play - EIB Loan ³	Jan. 14, 2022	Feb. 25, 2028	Install.	PLN	5.400%	32	69
Total - Play						835	1,837
Total						2,718	3,487

Notes:

¹ Rates applicable at March 31, 2022, which can vary depending on the leverage ratio of iliad group and Play respectively, except for under the EIB loan contracts signed in 2020.

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 on the first drawdown date (i.e April, 1st, 2022). It will subsequently vary depending on Play's leverage ratio.

³ Indicated maturity stands for the current drawn amount. Depending on future draw dates final maturity can be as far as January 2034

First public long term issuer Rating for iliad SA

iliad SA has received its first public EUR Senior Unsecured Notes rating by Standard and Poor's ("S&P"), Moody's Investor Services ("Moody's") and Fitch Ratings ("Fitch") on May 20, 2022, which assigned ratings of respectively BB/Ba2/BB and would apply to existing issuances. While iliad SA's corporate ratings are aligned with iliad Holding's, i.e. respectively BB/Ba3/BB with stable outlook, S&P and Fitch have assigned iliad SA a standalone long-term issuer credit profile (respectively "sacp" and "scp") of bb+.

Note 14 Off-balance sheet commitments and contingencies

Under the strategic partnership entered into with InfraVia through IFT, Iliad made an additional shareholder contribution of €25 million to IFT during Q1 2022 (cumulated shareholder contribution from Iliad to IFT is equal to €60 million at March 2022, on a total expected to up to €230 million in the first five years following the partnership).

There have been no other material changes in Iliad Group off-balance sheet commitments and contingencies liabilities during Q1 2022.

Note 15 Events after the reporting date

Finalization of UPC Polska acquisition

The Group and Liberty Global announced on the 1st of April 2022 the finalization of the sale, by Liberty Global, of 100% of the Polish cable operator UPC Poland to Play, the Polish subsidiary of the Group, for an enterprise value of PLN 7.0 billion (c.€1.5 billion). UPC Poland is one of Poland's leading internet access providers with 3.7 million homes covered by fiber and 1.6 million unique fixed subscribers. In 2021, the operator generated a turnover of €385 million. Therefore, UPC Poland results will be incorporated in the Group results from the April 1, 2022.

The dedicated PLN 5,500 million syndicated acquisition loan, set up on 10 December 2021, has been fully drawn on April 1, 2022.