

A year of record growth

Financial release

2022 was an excellent year for the iliad Group on a number of different levels: the Group ended the year as European leader¹ in terms of revenue growth and leader in terms of highest number of net adds in its three countries. It also recorded a very strong improvement in operating free cash flow². This performance, which makes iliad the sixth largest European operator in terms of number of Mobile and Fixed subscribers, is attributable to the execution of the Odyssey 2024 plan, based on a reboot of innovation, the excellence of our networks and improved Subscriber Relations. Most of the plan objectives have been achieved two years ahead of schedule. Despite a complex and hard-to-forecast economic environment, the Group's solid foundations and the momentum generated in 2022 mean that we can look forward to 2023 with confidence, and with the clear ambition of combining growth with profitability.

Pro forma like-for-like growth³ in Group revenue, which came in at €8.4 billion in 2022, was 6.9% for the year (7.7% in Q4). Sales grew by 6.9% in France (7.0% in Q4), 15.5% in Italy (16.3% in Q4) and 3.7% in Poland¹ (7.1% in Q4).

In France, Free turned in one of the best sales performances in the last 10 years: with 255,000 net adds for the Fixed business and 607,000 for Mobile (931,000 net new 4G/5G subscribers), **Free finished 2022 as French leader in terms of highest number of net adds⁴**. This performance reflects the strength of the Free brand, its longstanding price/quality positioning and the continuous improvement in the Group's quality of service, as recognized by Free's No.1 ranking for Fixed Internet performance according to the nPerf survey and the excellent results achieved in the rankings of ARCEP's annual audit⁵.

In Italy, for the fifth year in a row, iliad Italia finished the year as the market's leading recruiter of new Mobile subscribers (1.06 million) despite fierce competition, as well as leader in the Fixed broadband segment, among the 5 largest telecom operators, in its first year of marketing operations with 109,000 net adds (in Fiber only). The increase in the number of marketable Fiber optic sockets in 2023 will further strengthen sales momentum.

¹ Among the Top 15 European telecom operators - iliad Group estimate based on operators' published accounts.

² EBITDAaL less net capex (excluding payments for frequencies).

³ Based on a constant scope of consolidation and exchange rates.

⁴ iliad Group estimate.

⁵ Arcep audit on the quality of mobile services published on October 20, 2022.

In Poland, the alliance between Play and UPC – effective since April 1 – is beginning to yield its first results, with the number of net new mobile subscribers rising to 506,000. The Group also performed well in the Fixed segment, notching up 181,000 net new subscribers during the year. **The completion of the deal that will lead to the creation of a FiberCo – which is expected in early 2023 – will allow us to accelerate the expansion of the addressable market.**

EBITDAaL grew by 8.0% on a pro forma like-for-like basis to €3.3 billion. This growth was generated mainly in Italy (€131 million) and France (€102 million), whereas Poland's contribution on a pro forma like-for-like basis was limited (€10 million) due to an unfavorable basis of comparison (i.e., a very significant positive non-recurring item recorded in 2021).

The Group's capex amounted to €2.14 billion in 2022 and focused on densifying the coverage of its mobile networks in its three geographies, continuing to actively support Fiber rollouts and the growing the residential and commercial subscriber base, as well as on our efforts to differentiate our Public and Private Cloud offering. In 2022, capital expenditure in frequencies increased by €1.1 billion following payment of the final installment (€959 million) for 5G frequencies obtained in 2018 in Italy.

The growth in EBITDAaL combined with a return to a more normal level of capex this year, allowed operating free cash flow to increase by 75% to €1.2 billion.

In 2022, the Group also put in place strategic initiatives to strengthen its mid- and long-term growth potential and acquire new skills. In Poland, our early-July acquisition of Redge – a leading OTT technology player in Eastern and Central Europe – has added major expertise to the Group in a complex and fast-growing field. In France, our acquisition in early July of a 10% stake in Certideal – a French leader in smartphone refurbishment – has strengthened the partnership we recently set up with this company and will help us execute our environmental strategy. Lastly, in Italy, we signed a RAN-sharing agreement in April with WindTre for non-densely populated areas, in order to accelerate the rollout of Iliad Italia's mobile network. This agreement was finalized on January 3, 2023.

The Group's financial structure at the end of the year was very strong. The leverage ratio was 3.2x at end-December 2022, a limited 0.5x increase despite payment of the final installment for 5G frequencies obtained in Italy (€0.9 billion) and the acquisition of UPC Polska (€1.55 billion). Despite volatility on the financial markets following the rapid rise in central bank rates, the Group has covered all of its short and medium-term financing needs, notably thanks to the €5 billion medium-term financing program finalized in late July and the €750 million bond issued in December 2022.

Pressure on electricity prices and supply in Europe are a reminder of the importance of complying with the Paris Agreement and to this effect, the Group bolstered its climate commitments with the publication of a detailed energy saving plan on October 6, 2022. The Group continues to invest in the people who will drive its future growth: with nearly 500 net new jobs added in 2022, Iliad is now the second largest employer in the French telecommunications sector and key HR indicators (i.e., employee satisfaction rate, equality index) are improving all the time.

Commenting on the Group's performance, Thomas Reynaud, Iliad's Chief Executive Officer, said: *"The 2022 results reflect our forward momentum in three areas: investment, innovation and commercial wins. Amid hyperinflation and fierce competition, our financial performance is still very solid in our three countries. Iliad is the European group with the strongest growth momentum and these good results should spur us on to keep reinventing what we do and to always look towards the future."*

The Statutory Auditors have carried out their audit work on the financial statements, and will issue the related reports at the end of March 2023.

Key operating performance indicators¹ at December 31, 2022

FRANCE (figures in thousands unless stated otherwise)	2022	2021	YoY change
Number of mobile subscribers	14,218	13,611	+607
<i>Of which 4G/5G plan (incl. French overseas DOM/TOM)</i>	10,190	9,259	+931
<i>Of which on the voice-based plan</i>	4,027	4,352	-325
Number of Broadband and Ultra-Fast Broadband subscribers	7,180	6,925	+255
<i>Of which Fiber</i>	4,658	3,773	+885
Fiber take-up rate	64.9%	54.5%	+10.4 pts
Number of connectible Fiber sockets (in millions)	31.3	25.5	+5.8
Total number of subscribers - France	21,398	20,537	+862
	Q4 2022	Q4 2021	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €) ¹	34.1	33.4	+2.2%
Mobile ARPU billed to subscribers (in €) ¹	11.8	11.4	+3.6%
ITALY (figures in thousands)	2022	2021	YoY change
Number of mobile subscribers	9,567	8,505	+1,062
Number of fiber subscribers	109	-	+109
Total number of subscribers - Italy	9,676	8,505	+1,171
POLAND (figures in thousands unless otherwise stated)	2022	2021	Yoy change
Number of active mobile subscribers	12,763	12,257²	+506
- <i>Of which on plans</i>	8,984	8,650 ²	+334
- <i>Of which prepaid</i>	3,779	3,606	+173
Number of Fixed subscribers	2,018	1,837²	+181
Total number of subscribers - Poland	14,781	14,094²	+687
	Q4 2022	Q4 2021	YoY change
Mobile ARPU billed to subscribers (in PLN)	29.2	27.9 ²	+4.7%
GROUP (figures in thousands)	2022	2021	YoY change
Number of mobile subscribers	36,548	34,373 ²	+2,175
Number of Fixed subscribers	9,307	8,762 ²	+545
TOTAL NUMBER OF SUBSCRIBERS	45,855	43,135²	+2,720

¹ See glossary for definitions.

² Adjusted figures for Q4 2021 and full-year 2021 to include UPC Polska on a pro forma basis.

Full-year/Q4 2022 revenues

The table below shows the breakdown of consolidated revenues by category for fourth-quarter and full-year 2022 and 2021, as well as the percentage change between the two years.

<i>In € millions</i>	2022	2021	% change	Q4 2022	Q4 2021	% change
Consolidated revenues	8,369	7,587	+10.3%	2,195	1,954	+12.3%
Consolidated services revenues ⁽¹⁾	7,763	7,069	+9.8%	2,023	1,810	+11.8%
Consolidated revenues from devices	632	535	+18.1%	183	148	+24.0%
<i>Intra-group sales</i>	(25)	(17)	+46.5%	(11)	(4)	+165.2%
Revenues - France	5,555	5,195	+6.9%	1,441	1,347	+7.0%
- Services	5,322	5,029	+5.8%	1,368	1,296	+5.6%
- Devices	239	174	+37.7%	75	53	+40.7%
- <i>Intra-group sales</i>	(6)	(7)	-16.8%	(2)	(2)	-0.6%
Revenues - Italy	927	802	+15.5%	247	213	+16.3%
- Services	919	796	+15.5%	244	210	+15.9%
- Devices	7	6	+22.8%	3	2	+42.0%
Revenues - Poland²	1,907	1,600	+19.2%	516	397	+30.1%
- Services	1,521	1,244	+22.3%	411	304	+35.0%
- Devices	385	355	+8.4%	105	92	+14.0%

(1) Before eliminations (2) EUR/PLN exchange rate: 4.68611 for 2022 and 4.5652 for 2021

Key financial performance indicators in 2022

<i>In € millions</i>	2022	2021	% change
Consolidated revenues	8,369	7,587	+10.3%
France	5,555	5,195	+6.9%
Italy	927	802	+15.5%
Poland	1,907	1,600	+19.2%
<i>Intra-group sales</i>	(19)	(10)	+93.0%
Consolidated EBITDAaL	3,303	2,949	+12.0%
France	2,287	2,185	+4.7%
Italy	211	80	NM
Poland	805	684	+17.7%
Consolidated capex¹	2,139	2,283	-6.3%
France	1,492	1,673	-10.8%
Italy	381	413	-7.6%
Poland	265	198	+34.1%
Operating free cash flow (EBITDAaL less capex)	1,164	666	+74.8%
France	795	512	+55.1%
Italy	(170)	(333)	-48.8%
Poland	540	487	+11.0%
Profit for the period	758	526	+44.1%
	Dec. 31, 2022	Dec. 31, 2021	Year-on-year change
Net debt	10,815	8,012	+2,803
LTM ² EBITDAaL	3,346	2,949	+397
Leverage ratio (LTM EBITDAaL)	3.2x	2.7x	+0.5x

EUR/PLN exchange rate: 4.68611 for 2022 and 4.5652 for 2021

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

Glossary

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

Broadband and Ultra-Fast Broadband ARPU: Includes revenues from the flat-rate package and value-added services but excludes one-time revenues (e.g., fees for migration 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 FTTH 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.

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

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

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

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.

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 subscribed to a Free Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Number of Fixed 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 Ultra-Fast Broadband subscribers - Italy: Represents, at the end of a given period, the number of subscribers who have subscribed to an Iliad Italia Ultra-Fast Broadband offering, 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 Fixed subscribers in Poland.

About the iliad Group

Created in the early 1990s, the iliad Group is the inventor of the world's first triple-play box and has grown into a major European telecoms player, standing out for its innovative, straightforward and attractive offerings. The Group is the parent of Free in France, iliad in Italy and Play in Poland, has over 16,700 employees serving 45.9 million active subscribers, and generated €8.4 billion in revenues in 2022. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 21.4 million retail subscribers at December 31, 2022 (14.2 million mobile subscribers and 7.2 million fixed subscribers). In Italy – where the Group launched its business in 2018 under the iliad brand, becoming the country's fourth mobile operator with 12% of market share – it had almost 9.6 million subscribers at December 31, 2022. In Poland, the Group became an integrated convergent operator after the acquisition of UPC Polska in 2022 and had almost 12.8 million mobile subscribers and more than 2 million fixed-line subscribers at December 31, 2022. With the acquisition of Play and UPC Polska in 2020 and 2022, respectively, the iliad Group has become Europe's sixth-largest mobile operator by number of retail mobile subscribers (excluding M2M) and Fixed Internet.

Find out more at:

 www.iliad.fr/en

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