

Press release

Paris, August 30, 2022, 8:00 a.m.

The iliad Group maintains its unique European growth profile in second-quarter 2022

 financial release

The Group's results for the second quarter of 2022 clearly show the lasting nature of the strong growth momentum it has seen since 2019. Thanks to its stand-out positioning, which combines innovative, best value-for-money offerings with the rollout of latest-generation networks, the Group delivered very good sales performances and higher profitability. In France, in the first half of 2022, iliad was the market leader for both Fixed and Mobile net adds. We are continuing to keep a vigilant eye on the current volatility of the financial and energy markets and have recently reinforced our financing capacities while taking steps to secure the prices and volumes of our supplies.

As in the first quarter, in the second quarter of 2022 the Group saw strong growth in its subscriber base in each of its three geographies, as well as high subscriber satisfaction rates.

Pro forma like-for-like revenue growth¹ came to 6.6% in the second quarter, and 7.8% excluding the regulatory impacts in Poland. Broken down by country, revenues were up 7.1% year on year in France, 16.8% in Italy, and 1.8% in Poland¹ despite the regulatory impacts which once again did not affect profitability (excluding those impacts, revenues rose by 6.4%). These results mean that iliad's growth was the strongest out of the Top 15 independent European telcos.

In France, the second quarter saw Free once again notch up the market's highest number of new Fixed subscribers (67,000) while also performing extremely well in the Mobile market (120,000 net new subscribers, including 233,000 new 4G/5G subscribers). Thanks to its extensive Fiber network and the quality of its products, in first-half 2022 Free was once again ranked number one² by nPerf for Fixed Internet performance in France and kept its position as the alternative Mobile operator with the fastest 4G speeds³.

¹ Based on a constant scope of consolidation and exchange rates.

² In the nPerf survey of fixed Internet performance in Metropolitan France published on July 20, 2022.

³ In the nPerf survey of mobile Internet performance in Metropolitan France published on July 13, 2022.

In Italy, we added 257,000 new Mobile subscribers in the second quarter, despite a fiercely competitive environment, and Iliad Italia remained the market leader for Mobile net adds. The Fixed business delivered a robust sales performance, with 68,000 subscribers signed up since the launch of the offer.

In Poland, the business combination between Play and UPC has been effective since April 1 and the Group is focusing on achieving synergies. In this context, the Group recorded strong growth in its postpaid mobile subscriber base (up 82,000), and in the Fixed segment, net adds came to 41,000.

Consolidated EBITDAaL rose by 10.1% on a pro forma like-for-like basis in the first half of 2022 (12.8% as reported) to €1.58 billion, mainly driven by Italy and France (up by €82 million and €71 million respectively). Operating cash flow surged year on year (up by 44% or €158 million), led by France and, to a lesser extent, Italy. The Group's capex priorities are still to extend and densify the coverage of its mobile networks in its three geographies, maintain a robust pace of Fiber rollouts, and connect its new B2C and B2B customers to ultra-fast broadband.

On June 20, the Group announced an agreement to sell 50% of its FTTx network in Poland to Infravia. This agreement – which is pending approval from the local authorities – will enable Iliad to accelerate its convergence program in Poland and support the digitalization of usages for both B2C and B2B subscribers.

The Group has also put in place strategic initiatives to strengthen its mid- and long-term growth potential and acquire new skills. 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. 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.

At June 30, 2022, the Group's leverage ratio was 3.1x, which was higher than at end-2021 due to the acquisition of UPC in Poland for €1.5 billion on April 1. On July 27, the Group announced that it had finalized a €5 billion medium-term financing program with a large pool of international banks, which will cover all of its financing needs, notably the payment for 5G frequencies in Italy in late September.

Commenting on the Group's performance, Thomas Reynaud, Iliad's Chief Executive Officer, said: *"It is with a mixture of pride and humility that we are announcing this morning the strong results achieved by the Iliad Group in all three of our operating countries. With pride because we've managed to develop a growth model that is unique among pan-European telcos. And with humility because these very good results are the outcome of the years of investment we've put into our networks and our innovation strategy. We have all the strengths we need, especially strategically and financially, to continue to grow, despite the uncertainties of the current international environment."*

Key operating performance indicators¹ at June 30, 2022

France (figures in thousands unless otherwise stated)	Q2 2022	Q1 2022	3-month change
Number of mobile subscribers	13,858	13,738	+120
- Of which on the 4G/5G Free Mobile Plan (incl. the French DOM-TOM)	9,712	9,479	+233
- Of which on the voice-based plan	4,146	4,258	-112
Number of Broadband and Ultra-Fast Broadband subscribers¹	7,048	6,981	+67
- Of which Fiber	4,216	4,012	+204
Fiber take-up rate	59.8%	57.5%	+2.3 pts
Number of connectible Fiber sockets (millions)	28.6	27.1	+1.5
Total number of subscribers - France	20,906	20,719	+187
	Q2 2022	Q2 2021	Year-on-year change
Broadband and Ultra-Fast Broadband ARPU (in €)	33.4	32.7	+2.1%
Mobile ARPU billed to subscribers (in €)	11.5	10.9	+5.7%
Italy (figures in thousands)	Q2 2022	Q1 2022	3-month change
Number of mobile subscribers	9,082	8,825	+257
Number of Ultra-Fast Broadband subscribers	68	ND	ND
Total number of subscribers - Italy	9,150	8,825	ND
Poland (figures in thousands unless otherwise stated)	Q2 2022	Q1 2022 (pro forma incl. UPC)	3-month change
Number of active mobile subscribers²	12,694	12,614	+81
- Of which on plans	8,788	8,706	+82
- Of which prepaid	3,906	3,908	-2
Number of Fixed subscribers	1,916	1,875	+41
Total number of subscribers - Poland	14,611	14,489	+122
	Q2 2022	Q2 2021	Year-on-year change
Mobile ARPU billed to subscribers (in PLN)	29.0	28.2	+2.7%

¹ See glossary for definitions

² The figures since end-February 2022 have been inflated by the distribution of free SIM cards to support Ukrainian refugees.

First-half/Second-quarter 2022 revenues

The table below shows the breakdown of consolidated revenues by category for the three-month and six-month periods ended June 30, 2022 and June 30, 2021.

<i>In € millions</i>	H1 2022	H1 2021	% change	Q2 2022	Q2 2021	% change
Consolidated revenues	4,024	3,722	+8.1%	2,090	1,875	+11.4%
Consolidated services revenues	3,756	3,478	+8.0%	1,955	1,759	+11.1%
Consolidated revenues from devices	276	252	+9.6%	140	122	+15.0%
<i>Intra-group sales</i>	(6)	(5)	+24.3%	(4)	(3)	+18.0%
Revenues - France	2,710	2,542	+6.6%	1,370	1,280	+7.1%
- Services	2,611	2,467	+5.8%	1,322	1,246	+6.1%
- Devices	101	79	+27.9%	50	36	+39.0%
- Intra-group sales	(3)	(4)	-26.2%	(1)	(2)	-38.3%
Revenues - Italy	442	383	+15.4%	228	195	+16.8%
- Services	440	380	+15.7%	227	194	+17.4%
- Devices	2	3	-21.5%	0	1	-78.0%
Revenues - Poland	879	801	+9.7%	495	404	+22.7%
- Services	705	631	+11.8%	405	319	+27.1%
- Devices	174	171	+1.7%	90	85	+6.1%

EUR/PLN: 4.6354 in H1 2022 and 4.5374 in H1 2021.

Key financial performance indicators in first-half 2022

<i>In € millions</i>	H1 2022	H1 2021	% change
Consolidated revenues	4,024	3,722	+8.1%
O/w France	2,710	2,542	+6.6%
O/w Italy	442	383	+15.4%
O/w Poland	879	801	+9.7%
<i>Intra-group sales</i>	(6)	(5)	+71.7%
Consolidated EBITDAaL	1,577	1,398	+12.8%
O/w France	1,091	1,019	+7.0%
O/w Italy	87	6	NM
O/w Poland	399	373	+7.1%
Consolidated capex¹	1,020	1,036	-1.6%
O/w France	716	771	-7.2%
O/w Italy	198	201	-1.7%
O/w Poland	107	64	+65.7%
Consolidated operating cash flow (EBITDAaL - Capex)	557	362	+54.1%
O/w France	375	248	+51.0%
O/w Italy	(110)	(195)	-43.5%
O/w Poland	293	309	-5.2%
Profit for the period	639	239	+167.7%
	June 30, 2022	Dec. 31, 2021	Change
Net debt	10,031	8,012	+2,019
LTM ² EBITDAaL	3,259	2,949	+310
Leverage ratio (LTM EBITDAaL)	3.1x	2.7x	+0.4x

EUR/PLN: 4.6354 in H1 2022 and 4.5374 in H1 2021.

(1) Excluding payments for frequencies

(2) LTM: last twelve months

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 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 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 expense.

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 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 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 16,500 employees serving 45 million active subscribers, and generated €7.6 billion in pro forma revenues in 2021. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 20.9 million retail subscribers at June 30, 2022 (13.8 million mobile subscribers and 7.0 million fixed subscribers). In Italy – where the Group launched its business in 2018 under the Iliad brand, becoming the country's fourth mobile operator – it had over 9.1 million subscribers at end-June 2022. With the acquisition of the Polish mobile operator, Play, in November 2020, the Iliad Group became Europe's sixth-largest mobile operator by number of subscribers (excluding M2M). And its acquisition of UPC Polska – which closed on April 1, 2022 – has made the Group a convergence leader in Poland.

Find out more at:

 www.iliad.fr/en

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