Press release Paris, November 16, 2021, 8:00 a.m.

An organic growth profile unlike any other telco in Europe

financial release

In the third quarter of 2021, the iliad Group further demonstrated its ability to generate revenue growth, combining net adds with increases in ARPU.

Pro forma like-for-like[1] growth for services revenues reached 5.9% in the third quarter (6.3% in the second quarter), and 6.6% excluding the regulatory impacts in Poland.

The Group recorded subscriber and ARPU growth in all of its operating countries, clearly illustrating the power of its brands, its effective sales strategy and its ability to innovate and continue to differentiate:

- France saw another period of high growth in the third quarter, with revenue up 4.7%[2] year on year, driven by a stronger performance for the Fixed business and a good value/volume mix for Mobile. It was France's best quarter since Q1 2018 in terms of 4G/5G subscriber recruitment.

- In Poland, services revenues growth slowed to 2.3% following the implementation of new mobile termination tariffs as from July 1. However, excluding this regulatory impact, growth[2] was 6.2% versus 4.6% in the second quarter, and sales continued to fare well.
- The pace of growth[2] accelerated slightly in Italy, coming in at 21.0% for the third quarter, led by an upswing in net adds despite even fiercer competition.

On October 13, iliad Holding successfully placed a c. €3.7 billion four-tranche bond issue with European and American investors. The success of the issue clearly demonstrates investors' support for the decision to delist iliad SA, as well as the Group's solid business development outlook in Europe. The acquisition of UPC Poland – which is expected to complete in early 2022 – forms part of the same overall growth objective.

Meanwhile, drawing on its solid third-quarter results, the Group is continuing to implement the pledges in its Climate Strategy.

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[1] *Calculated as if Play had been consolidated as from January 1, 2020*
[2] *Growth in services revenues*

Commenting on iliad's performance, Thomas Reynaud, the Group's Chief Executive Officer, said: *"As our third-quarter results demonstrate, the iliad Group boasts unrivaled growth potential. We are increasing our market share in each of our three host countries. In France, take-up of Fiber is accelerating and we now have more Fiber subscribers than DSL subscribers. Our network rollout policy in Italy is paying off, with a sharp increase in EBITDAaL expected in the second half of the year. And in Poland, a year on from the acquisition, the consolidation of Play can be described as a success."*

Key operating performance indicators at September 30, 2021

FRANCE	Q3 2021	Q2 2021	3-month change
Number of mobile subscribers	13,486k	13,345k	+140k
- *o/w on the Free Mobile Unlimited 4G/5G Plan*[1]	*9,049k*	*8,754k*	*+295k*
- *o/w on the voice-based plan*	*4,437k*	*4,592k*	*-155k*
Number of Broadband and Ultra-Fast Broadband subscribers	6,857k	6,812k	+45k
- *o/w Fiber*	*3,546k*	*3,318k*	*+228k*
Total number of subscribers – France	**20,343k**	**20,157k**	**+185k**
Number of connectible Fiber sockets	24.0m	22.7m	+1.3m
	Q3 2021	**Q3 2020**	**Year-on-year change**
Broadband and Ultra-Fast Broadband ARPU (in €)[2]	33.0	31.8	+3.8%
Mobile ARPU billed to subscribers (in €)[2]	11.4	10.9	+4.7%

ITALY	Q3 2021	Q2 2021	3-month change
Number of mobile subscribers	**8,165k**	**7,820k**	+345k

POLAND	Q3 2021	Q2 2021	3-month change
Number of active mobile subscribers[2]	12,087k	12,019k	+67k
- *o/w on plans*	8,469k	8,428k	+41k
- *o/w prepaid*	3,618k	3,591k	+27k
Number of Home subscribers[2]	235k	198k	+37k
Total number of subscribers – Poland[2]	**12,322k**	**12,217k**	**+104k**
	Q3 2021	**Q3 2020**	**Year-on-year change**
Mobile ARPU billed to subscribers (in PLN)[3]	29.1	27.9	+4.4%

[1] *50/100/150 GB for non-Freebox subscribers*

[2] *See glossary for definitions*

[3] *ARPU calculated based on revenues billed to mobile subscribers*

Third-quarter 2021 revenues

The table below shows the breakdown of consolidated revenues by category for the nine-month and three-month periods ended September 30, 2021 and September 30, 2020.

In € millions	Q3 2021	Q3 2020	% change	9M 2021	9M 2020	% change
Consolidated revenues	**1,912**	**1,420**	**+34.6%**	**5,633**	**4,205**	**+34.0%**
Consolidated services revenues[1]	1,781	1,380	+29.0%	5,259	4,069	+29.2%
Consolidated revenues from devices	135	44	+210.9%	388	146	+164.9%
Total intra-group sales	(3)	*(2)*	*NM*	(8)	(5)	*NM*
Revenues – France	**1,306**	**1,252**	**+4.3%**	**3,849**	**3,728**	**+3.3%**
By type of revenues						
- Services	1,266	1,209	+4.7%	3,733	3,587	*+4.4%*
o/w Fixed services	716	673	+6.4%	2,121	2,009	*+5.6%*
o/w Mobile services	550	537	+2.5%	1,612	1,578	*+2.2%*
o/w billed to subscribers	*459*	*439*	*+4.6%*	*1,333*	*1,270*	*+5.0%*
o/w other[2]	*91*	*106*	*-6.9%*	*279*	*308*	*-9.4%*
- Devices	42	44	-3.8%	121	146	*-17.4%*
- Intra-group sales – France	(2)	*(1)*	*NM*	(5)	(5)	*NM*
By segment						
- B2C	1,284	1,233	+4.1%	3,781	3,674	*+2.9%*
- B2B	23	19	+19.0%	68	54	*+26.1%*
Revenues – Italy	**207**	**171**	**+20.9%**	**590**	**483**	***+22.2%***
- Mobile services	206	170	+21.0%	586	479	*+22.2%*
o/w billed to subscribers	165	*133*	+24.2%	460	368	*+25.3%*
o/w other[2]	41	37	+9.4%	125	112	*+12.0%*
Revenues – Poland[3]	**401**	**-**	**-**	**1,203**	**-**	**-**
- Services	309	-	-	940	-	-
o/w Mobile services billed to subscribers	230	-	-	672	-	-
o/w Interconnection & other services[4]	76	-	-	261	-	-
o/w Home	3	-	-	6	-	-
- Devices	92	-	-	263	-	-

(1) Excluding intra-group sales for the Group and for France (2) Mainly interconnection revenues (3) EUR/PLN: 4.5473 for 9M 2021
(4) Mainly interconnection, wholesale and B2B services revenues

Key figures and events of third-quarter 2021

Group

Operational information

The Group's active subscriber base grew by 634,000 in the third quarter of 2021, breaking down as 552,000 new subscribers for Mobile services and 82,000 for Fixed. At end-September, the Group had 40.82 million total active subscribers (33.7 million for Mobile and 7.1 million for Fixed).

Revenues

Consolidated revenues advanced 34.6% to €1.91 billion in the third quarter of 2021, spurred by the consolidation of Play in Poland (since November 18, 2020) and solid growth for Free in France and iliad in Italy. Excluding Play, Q3 consolidated revenues were 6.3% higher than in Q2 (6.6% excluding sales of devices). For the first nine months of 2021, consolidated revenues came in at €5.63 billion, up 34.0% year on year, or 5.4% excluding the consolidation of Play.

France

Operational information

The Group's total number of Fixed subscribers in France rose by 45,000 in the third quarter of 2021, bringing the number of net adds since the beginning of the year to 135,000. The Fiber subscriber base continued to see firm growth, with 228,000 new subscribers signing up to the Group's Fiber plans in Q3 2021 (743,000 since the beginning of the year). At end-September 2021, the Group had a total of 3.55 million Fiber subscribers, with the penetration rate among the overall subscriber base up 14 points year on year at 51.7%.

With 295,000 net adds in Q3, the Free Mobile Unlimited 4G/5G Plan[3] delivered its best sales performance since the first quarter of 2018, and the total Mobile subscriber base increased by 120,000 net subscribers.

The number of connectible fiber sockets increased by 5.8 million over 12 months, totaling 24.0 million at end-September 2021. The Group's fiber offerings are now available in more than 11,500 municipalities.

Free is actively pursuing its regional 4G and 5G mobile network rollouts across all of France's regions. Since the beginning of the year, Free Mobile has switched on nearly 2,000 new 4G sites and more than 1,800 5G sites and its population coverage rates in France are now 99% for 3G and 4G, and over 70% for 5G. The Group intends to continue investing in coverage and network densification in order to become the alternative operator of choice.

Revenues

The Group's revenues in France grew by 4.3% to €1.31 billion in the third quarter of 2021 and by 3.3% in the first nine months of the year to €3.85 billion.

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[3] 50/100/150 GB for non-Freebox subscribers

Services revenues generated by the Fixed business in the third quarter amounted to €716 million, up 6.4% year on year. At €33.0, Fixed ARPU was €1.20 (3.8%) higher than in the third quarter of 2020 and 30 euro cents higher than in second-quarter 2021.

Mobile services revenues climbed 2.5% to €550 million for the third quarter of 2021. **Revenues billed to subscribers rose 4.6% year on year in third-quarter 2021,** driven by ARPU billed to subscribers which increased 4.7% to €11.4. Other Mobile revenues (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 6.9%. These revenues (which have low margins) are on a structurally downward trend as traffic is switching to digital platforms.

Sale of devices edged down 3.8% to €42 million in the third quarter, with the initial positive effects of the Group's Free Flex offer not expected to be felt until 2022.

Poland

Operational information

Play delivered another robust sales performance in third-quarter 2021, with the base of active subscribers on contracts (excluding M2M and free SIM cards) increasing by 41,000 (versus a 37,000 rise in the second quarter), and the base of active prepaid subscribers up by 27,000 units. *(N.B: the Group has put in place a new method for counting active prepaid subscribers and therefore quarterly figures since Q1 2020 have been adjusted accordingly).*

Adjusted KPIs	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Number of active mobile subscribers	**11,545**	**11,438**	**11,940**	**11,948**	**11,924**	**12,019**	**12,087**
- *o/w on plans*	8,274	8,263	8,349	8,391	8,392	*8,428*	*8,469*
- *o/w prepaid*	3,271	3,175	3,591	3,556	3,533	*3,591*	*3,618*
ARPU billed to subscribers (in PLN)	27.3	27.2	27.9	27.7	27.7	*28.2*	*29.1*

In the Home segment, the subscriber base rose by 37,000 units in the third quarter, on a par with the growth figures for the previous two quarters.

Play's value-focused growth strategy is paying off, with ARPU billed to subscribers up 4.4% year on year in the third quarter of 2021 to PLN 29.1 (*the figures for ARPU billed to subscribers since Q1 2020 have been adjusted to reflect the new method for counting active prepaid subscribers*).

In line with its aim of becoming a convergent fixed-mobile national operator in Poland, on September 22, 2021, the Group announced that it had entered into an agreement to acquire the entire share capital of UPC Poland. The acquisition is expected to close in the first half of 2022.

Revenues

Revenues generated in Poland in third-quarter 2021 came to PLN 1.83 billion, representing year-on-year growth (on a pro forma, local currency basis) of 1.7%, or 2.3% excluding sales of devices. For the first nine months of the year these growth figures were 3.2% and 3.5% respectively. Excluding the decrease in regulated mobile termination tariffs introduced on July 1, year-on-year growth for the third quarter would have been 4.7% (6.2% excluding sales of devices), corresponding to a stronger performance than in second-quarter 2021.

Mobile services revenues billed to subscribers rose 7.7% to PLN 1.05 billion, reflecting balanced growth buoyed by an increase in both ARPU and the subscriber base.

Interconnection and other revenues declined by 12.8% in the third quarter to PLN 347 million. This decrease was more pronounced than in the previous two quarters (0.9% and 4.3% declines in Q1 and Q2 2021 respectively), chiefly due to the 27% cut in mobile termination tariffs. The tariff for mobile call terminations was PLN 0.0429 per minute in first-half 2021 and was reduced to PLN 0.0318 (0.7 euro cents) per minute on July 1, 2021. This tariff will be further decreased to 0.55 euro cents per minute from January 1, 2022 and then to 0.4 euro cents from January 1, 2023 and 0.2 euro cents from January 1, 2024.

Sales of devices were more or less stable year on year, at PLN 422 million.

Italy

Operational information

An upturn in sales performance in third-quarter 2021 with more favorable market churn trends. With 345,000 net adds during the third quarter, at end-September 2021 iliad Italia had a 10.5% market share and 8.2 million subscribers.

At September 30, 2021, the Group had 22 stores, almost 1,500 Simboxes in some 1,000 kiosks located in busy catchment areas and more than 2,000 indirect sales outlets in Italy.

iliad Italia has kept up its brisk pace of network rollouts throughout the year and at end-September it had over 8,200 active mobile sites across the country. This performance is in line with iliad Italia's target of having 8,500 active sites by the year-end, which will enable it to increase the proportion of traffic carried on its own network and significantly enhance its profitability, with a strong positive contribution to consolidated EBITDAaL for the second half of 2021.

Revenues

Revenues generated in Italy came to €207 million in third-quarter 2021, up 21.0% year on year. The growth figure for the first nine months of 2021 was 22.1%.

Third-quarter Mobile revenues invoiced to subscribers jumped 24.2% year on year to €165 million. ARPU billed to subscribers (excluding activation costs) trended higher compared with previous quarters, climbing 6.8% versus 4.3% in Q2 2021 and 4.4% in Q1 2021.

Other revenues rose 9.4% in the second quarter of 2021 versus 7.4% in the second quarter, reflecting a slight increase in the use of text messages.

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 invoiced 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 FTTH 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.

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

Net adds: Represents the difference between total 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 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 invoiced to subscribers: Revenues generated from services invoiced 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

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 15,000 employees serving 41 million active subscribers, and generated €7.5 billion in pro forma revenues in the last 12 months. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 20.3 million retail subscribers at September 30, 2021 (13.5 million mobile subscribers and 6.9 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 almost 8.2 million subscribers at end-September 2021. With the acquisition of the Polish mobile operator Play in November 2020, the iliad Group has become Europe's sixth-largest mobile operator by number of subscribers (excluding M2M).

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