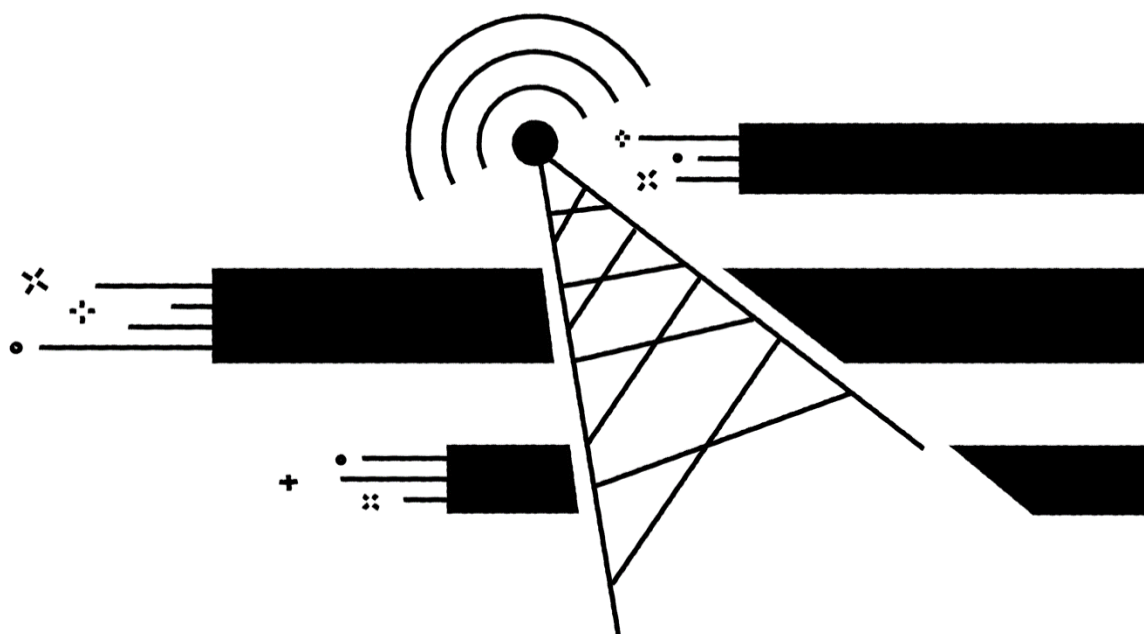


A solid start to the year shaped by growth and ambitious projects

 financial release



The Iliad Group continued its growth trajectory in the first quarter of 2021 and confirmed its underlying strength.

- ▶ **Revenues** advanced by a strong 33.6%, driven by the consolidation of Play, And **like-for-like growth** was solid, coming in at nearly 5%.
- ▶ The Group maintained its good sales performance, despite the closure of a large portion of its distribution networks during the period.

The first three months of 2021 saw the successful integration - ahead of schedule - of the Polish operator Play.

- ▶ A new extended Management Committee was set up in April, including both new and home-grown talent.

- ▶ Momentum was good for all of Play's operating and financial indicators during the period.
- ▶ The period also saw the sale of a 60% stake in **On Tower Poland** for €0.8 billion and the creation of a strategic partnership with Cellnex.

In Italy, despite the tougher Covid restrictions, the Group's revenues rose by 25.1% in the first quarter:

- ▶ Iliad Italia recruited **305,000 new mobile subscribers** during the quarter.
- ▶ Thanks to the ongoing robust pace of the mobile network rollout, the Group is expecting EBITDAaL in Italy to move into positive territory in the second quarter and therefore for 2021 as a whole.

In France, the Group kept up the brisk pace of rollouts for its Fixed and Mobile Ultra-Fast networks in first-quarter 2021:

- ▶ More than **3 million** people in France have subscribed for **Free Fiber** and the Group now has over 21 million marketable sockets nationwide.
- ▶ The Group's 4G and 5G networks exceeded 20,000 and 8,000 activated sites respectively. **Free Mobile is France's 5G network leader** in terms of number of sites deployed¹, and quality of service on its networks is increasing significantly.
- ▶ Firmly convinced that the rollout of 5G will be a major growth driver in the coming years, the Group decided to accelerate its capex program for 5G infrastructure in France. One of the short-term objectives is to address new, high value-added segments in the Mobile market. Against this backdrop, Iliad has decided to sell its 30% stake in On Tower France and to dedicate part of the sale proceeds to infrastructure capex.

Lastly, on March 23, 2021, the Group launched its B2B Fixed and Mobile offering by creating a new dedicated brand called Free Pro.

¹ All frequencies combined (700 MHz, 2.1 GHz, 3.5 GHz) - ANFR
2/11 • Press Release

Key operating performance indicators at March 31, 2021

| FRANCE | Q1 2021 | Q4 2020 | 3-month change |
|---|----------------|----------------|----------------|
| Number of mobile subscribers | 13,382k | 13,376k | +6k |
| o/w Free Mobile Unlimited 4G/5G Plan ¹ | 8,657k | 8,563k | +94k |
| o/w voice-based plan | 4,725k | 4,813k | -88k |
| Number of Broadband and Ultra-Fast Broadband subscribers | 6,765k | 6,722k | +43k |
| o/w Fiber | 3,071k | 2,803k | +268k |
| Total number of subscribers - France | 20,147k | 20,098k | +49k |
| Number of connectible Fiber sockets | 21.1m | 19.9m | +1.2m |
| | Q1 2021 | Q1 2020 | YoY change |
| Broadband and Ultra-Fast Broadband ARPU (in €) ² | 32.6 | 32.0 | +1.9% |
| Mobile ARPU billed to subscribers (in €) ² | 10.8 | 10.6 | +2.7% |
| ITALY | Q1 2021 | Q4 2020 | 3-month change |
| Number of mobile subscribers | 7,540k | 7,235k | +305k |
| POLAND | Q1 2021 | Q4 2020 | 3-month change |
| Number of registered mobile subscribers ² | 15,373k | 15,402k | -29k |
| Number of active mobile subscribers ² | 12,165k | 12,193k | -28k |
| o/w on plans | 8,392k | 8,391k | +1k |
| o/w prepaid | 3,773k | 3,802k | -29k |
| Number of Home subscribers ² | 162k | 126k | +36k |
| o/w TV Box subscribers | 149k | 118k | +31k |
| o/w Fixed Broadband subscribers | 13k | 7k | +6k |
| Total number of subscribers - Poland² | 12,327k | 12,319k | +8k |
| | Q1 2021 | Q1 2020 | YoY change |
| Mobile ARPU billed to subscribers (in PLN) ³ | 27.1 | 26.5 | +2.3% |

¹ 50/100/150 GB for non-Freebox subscribers.

² See glossary for definitions.

³ ARPU calculated based on revenues billed to mobile subscribers.

First-quarter 2021 revenues

Consolidated revenues **advanced 33.6%** year on year to **€1.85 billion**, fueled by:

- 1) The first full quarter of consolidation for the Group's operations in **Poland** (€398 million in revenues for the quarter).
- 2) A 26.7% increase in revenues billed to subscribers in **Italy**.
- 3) 2.4% revenue growth in **France**, with a 4.4% increase for the Fixed business and a 3.4% rise in mobile services billed to subscribers.

The table below shows the breakdown of consolidated revenues by category for the first quarters of 2021 and 2020, as well as the percentage change between the two periods:

| <i>In € millions</i> | Q1 2021 | Q1 2020 | % change |
|---|----------------|----------------|-----------------|
| Consolidated revenues | 1,846 | 1,382 | +33.6% |
| Consolidated services revenues ¹ | 1,719 | 1,339 | +28.3% |
| Consolidated revenues from devices | 131 | 45 | +192.5% |
| Total intra-group sales | (3) | (3) | NM |
| Revenues - France | 1,263 | 1,233 | +2.4% |
| <i>By type of revenues</i> | | | |
| - Fixed services | 692 | 663 | +4.4% |
| - Mobile services | 529 | 527 | +0.3% |
| <i>o/w billed to subscribers</i> | 436 | 422 | +3.4% |
| <i>o/w other²</i> | 93 | 105 | -11.8% |
| - Devices | 43 | 45 | -3.4% |
| - Intra-group sales - France | (1) | (1) | NM |
| <i>By segment</i> | | | |
| - B2C | 1,242 | 1,216 | +2.2% |
| - B2B | 21 | 17 | +20.1% |
| Revenues - Italy | 188 | 150 | +25.1% |
| - Mobile services | 186 | 149 | +24.2% |
| <i>o/w billed to subscribers</i> | 145 | 114 | +26.7% |
| <i>o/w other²</i> | 41 | 34 | +20.2% |
| Revenues - Poland³ | 398 | - | - |
| - Services | 312 | - | - |
| <i>o/w Mobile services billed to subscribers</i> | 224 | - | - |
| <i>o/w Interconnection & other services⁴</i> | 86 | - | - |
| <i>o/w Home</i> | 2 | - | - |
| - Devices | 86 | - | - |

(1) Excluding intra-group sales for the Group as a whole and for France. (2) Mainly interconnection revenues. (3) EUR/PLN: 4.54574.

(4) Mainly interconnection, wholesale and B2B services revenues.

France

The Group's revenues in France rose **2.4%** in the first quarter of 2021 to €1.26 billion (2.6% increase excluding sales of devices).

Operational information

- ▶ The **Fixed** subscriber base increased by **43,000** during the quarter. Led by robust subscriber recruitment for **Fiber** – which is now starting to level out, with **268,000 new subscribers** in first-quarter 2021 – the Free brand continued to enjoy high demand for its two main offerings – the Freebox Pop and the Freebox Delta, which together made up the majority of new subscriptions during the period. At March 31, 2021, the **Fiber subscriber base** totaled **3.07 million**, with the penetration rate among the overall subscriber base rising 15 points year on year to 45.4%.
- ▶ The **Free Mobile Unlimited 4G/5G Plan** continued to do well, with **94,000 net adds** during the quarter. At end-March 2021, subscribers on this plan accounted for **64.7%** of the total mobile subscriber base versus 62.1% one year earlier. At that same date, the Group had **13.4 million mobile subscribers** in France, including 8.7 million on the Free Mobile Unlimited 4G/5G Plan.
- ▶ On **March 23, 2021**, the Group entered the **B2B** market, launching a new dedicated brand called **Free Pro**. The Group's B2B offering is **innovative, straightforward and attractive** and is aimed at all businesses, from the smallest to the largest, as well as for public administrations. Free Pro combines a **Fixed plan**, with a new Freebox Pro entirely designed to meet business needs, and a **Mobile offering**, with attractive prices and solutions to facilitate the management of mobile fleets.

Financial information

- ▶ **Fixed services revenues** amounted to **€692 million in Q1 2021, up 4.4%** year on year (versus 5.4% growth in fourth-quarter 2020 on a comparable basis, i.e. excluding the impact of e-books).
- ▶ At €32.6, **Fixed ARPU** was 30 euro cents higher than in fourth-quarter 2020 and 60 cents higher than in first-quarter 2020.
- ▶ Led by a robust performance from our subsidiary, Jaguar Network, **B2B revenues** – which were exclusively generated by Fixed services in Q1 2021 – increased by 20.1%.
- ▶ Growth for **Mobile services billed to subscribers** was adversely affected in Q1 2021 by a very high basis of comparison with Q1 2020 (when the year-on-year increase was 11.6%). However it was still **solid**, coming in at 3.4%, and was achieved despite the negative impact of the Covid-19 pandemic on international revenues (calls to countries outside France and international roaming).
- ▶ **Mobile ARPU** rose 2.7% on a like-for-like basis to €10.8. This growth was more modest than the 6.5% increase recorded for the previous quarter, reflecting (i) a more marked decline in off-plan revenues than in the previous quarter (15.2%

versus 3.0% in Q4 2020), and (ii) to a lesser extent, fiercer competition for no-phone plans at the beginning of the year.

- ▶ **Other Mobile revenues** (mainly corresponding to income from voice and SMS/MMS interconnections) decreased by 11.8% year on year to €93 million (versus a 0.1% decrease in Q4 2020). These revenues, which generate low margins, were boosted at the end of Q1 2020 by a one-off increase in volumes of voice traffic and text messages due to the unprecedented travel restrictions imposed in France.
- ▶ Revenues from **sales of devices** retreated 3.4% in the first quarter of 2021 to €43 million.

Fixed and Mobile networks

The Group pursued its rollouts of Fixed and Mobile Ultra-Fast networks in the first quarter of 2021, in line with its aim of being the **alternative operator of choice** for latest-generation networks:

- ▶ The Group had **21.1 million marketable FTTH sockets** at end-March 2021 (5.7 million more than one year previously).
- ▶ In the **Mobile** business, Free has deployed **over 800 new active sites** since the beginning of 2021, therefore passing the milestone of 20,000 active sites. At end-April 2021, the Group had **20,188 sites** in Metropolitan France, of which more than 19,700 are equipped for 4G. At the same date, Free's mobile network covered more than 98.8% of the French population for 3G and 98.5% for 4G.
- ▶ The Iliad Group aims to have France's **leading 5G network out of the country's telecom challengers**. At end-April 2021, it had the **largest number of 5G sites** (all frequencies combined) in Metropolitan France, with **over 8,800 technically operational sites** (including more than 1,000 using 3.5 GHz frequencies).

Acceleration of the 5G capex program

Every year for the past ten years the Group has invested **almost 30% of its revenues** in its network infrastructure. We are currently actively pursuing this strategy – which is clearly paying off as illustrated by our good sales momentum over the last 18 months – so that in the short term we can address **new high value-added segments in the Mobile market**.

As well as its 5G network, which is the largest in France, the Group has a number of other growth drivers going forward:

- ▶ A **4G network with a constantly improving quality of service**. In August 2021, the Group's frequency portfolio will be further expanded when it receives an additional 19.6 MHz² in the 2.1 GHz band, which will enable us to significantly increase the capacity of our 4G network;

- ▶ An **expanding distribution network**. By the end of 2021 we will have 150 Free Centers across the whole of France and our aim is to have more than 200 by 2023;
- ▶ A **go-to brand** – one of the most powerful in France, all sectors combined;
- ▶ **High customer satisfaction**, as shown in the last IFOP market research survey commissioned by the Group.

Against this backdrop, the Group believes that the **rollout of 5G** is a unique growth driver. It has therefore decided to allocate a portion of the future proceeds from the sale of its 30% stake in On Tower France to **accelerating its 5G capex program**.

Consequently, the Group has put under review its **full-year 2021 objective of generating approximately €900 million in operating cash flow** for France excluding B2B. We will announce a **revised objective** in September which will take into account the accelerated 5G capex program and, to a lesser extent, measures taken to secure inventories of electronic components and devices amid the ongoing supply shortages.

Italy

Against a backdrop of tougher Covid restrictions the Group generated **€188 million in revenues** in Italy in the first quarter of 2021, up **25.1%** year on year, with a **26.7%** increase in revenues billed to subscribers.

- ▶ Despite the unfavorable operating context for a new entrant, with lower market churn due to the closure of shopping malls, iliad Italia added **305,000 new subscribers** during the period. At March 31, 2021, **the Group had a total of 7.54 million subscribers in Italy**, representing a **market share of nearly 10%**.
- ▶ iliad Italia kept up the same brisk pace as in 2020 for its network rollout, and at end-April 2021 had **7,285 active mobile sites**, in line with its objective of having around **8,500 active sites** by the end of the year.
- ▶ The increase in traffic carried on iliad Italia's own network is having a positive impact on profitability in Italy, and the company now expects to achieve **positive EBITDAaL** in the second quarter of 2021.

Poland

Play in Poland has been consolidated by iliad since November 18, 2020, and the first three months of 2021 was therefore its **first full quarter of consolidation**. During the quarter, the Poland segment generated PLN 1.81 billion (**€398 million**) in revenues, up **3.6%** year on year.

- ▶ **Services revenues**, excluding sales of devices, rose by 3.6%, including 5.1% growth in services billed to subscribers, driven by a 2.3% increase in mobile ARPU billed to Play subscribers.

- ▶ In Q1 2021, Play continued to apply a **sales strategy** focused on (i) an approach based on value creation and segmenting the existing subscriber base, and (ii) launching new offers and products to tap into the new markets of Home & Video. The **base of active subscribers on contracts** (excluding M2M and free SIM cards) remained more or less stable during the quarter at 8.4 million, and the **prepaid subscriber base** narrowed by 29,000 units, notably due to low tourist numbers.
- ▶ In the **Home segment** (TV Box and Fixed Internet), the subscriber base rose sharply by 36,000 units over the quarter, illustrating both the potential for the Play brand in this segment and the growing demand for new services.

Play's integration into the iliad Group has been a success:

- ▶ The **Executive Committee** has been extended from 7 to 10 members, through in-house promotions and one external recruitment (the new Chief Financial Officer). Thirty percent of the Executive Committee's members are now women, versus zero previously.
- ▶ **10 priority areas** have been identified out of 56 projects currently under way, notably relating to 5G, Fixed Ultra-Fast Internet and the acceleration of Digitalization.
- ▶ Play's stock market delisting was finalized on April 6, 2021.
- ▶ The deal with the Group's strategic partner, Cellnex, in relation to Poland was signed on April 1, 2021.

Group objectives

As well as the effect it is continuing to have on people's lives, the Covid-19 pandemic is still weighing heavily on the economies of many countries. In 2020, the social and financial impacts of the virus on the Iliad Group were limited. However, for 2021 and beyond, the pandemic could affect the Iliad Group and its objectives, just as it may affect all telecommunications companies. Potential impacts include a shortage of certain electronic components and a slower rollout of Fixed and Mobile networks.

FRANCE

Long-term goal for the B2C market: 25% share of the Mobile, Broadband and Ultra-Fast Broadband markets

▶ B2C

▶ Fixed

- More than 5 million Fiber subscribers by 2023.
- 30 million connectible Fiber sockets by end-2022.

▶ Mobile

- Over 80% of the subscriber base signed up to the Free Mobile Unlimited 4G/5G Plan³ by 2024
- Over 25,000 sites by 2023.

▶ Financial targets

- 2021: EBITDAaL less capex (excluding B2B activities) of approximately €900 million (**objective under review following the decision to allocate a portion of the future proceeds of the sale of the Group's stake in On Tower France to the 5G capex program**)

▶ B2B

- B2B market share of around 4% to 5% by 2024
- B2B revenues of between €400 million and €500 million by 2024.

ITALY

▶ Mobile

- Have around 8,500 active sites by end-2021.
- Have rolled out between 10,000 and 12,000 sites by end-2023.

▶ Fixed

- Launch the Fixed business after the summer of 2021 (**vs. "by summer 2021"**)

▶ Financial targets

- Achieve positive EBITDAaL for full-year 2021 (**objective revised upwards**)
- Generate €1.5 billion in revenues in Italy in the long term

POLAND

- ▶ Increase EBITDAaL less capex in 2021 – on a 12-month pro forma basis

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 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 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 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 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.

About iliad

Formed 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 some 15,000 employees serving 42.7 million subscribers, and generated €5.9 billion in revenues in 2020. In France, the Group is an integrated Fixed and Mobile Ultra-Fast operator and had over 20 million retail subscribers at March 31, 2021 (13.4 million mobile subscribers and 6.8 million fixed subscribers). On March 23, 2021, it launched its B2B activity in France under the Free Pro brand. In Italy - where the Group launched its business in 2018 under the iliad brand, becoming the country's fourth mobile operator - it had over 7.5 million subscribers at end-March 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). iliad is listed on Euronext Paris (under the ILD ticker symbol).

To find out more:

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