

A year of exceptional growth

Financial release

The Iliad Group's financial results for 2023 clearly illustrate its European leadership, both in terms of revenue growth and net adds in the Mobile and Fixed markets. We saw virtuous growth in each of our three geographies, combining market share gains with increases in ARPU, while remaining true to our values of simplicity, transparency and fair pricing. Building on this momentum, for 2024 the Group is targeting €10 billion in revenues, and is aiming to become Europe's fifth-largest mobile operator.

Consolidated revenues rose **10.4%**¹ to €9.24 billion in 2023, and **11.3%** in the fourth quarter¹. In **France**, revenues were up 9.9% in the fourth quarter – **our strongest growth in the last nine years** – and passed the €6 billion mark for the first time. In **Italy**, revenues advanced by 14.5% over the full year and by 19.9% in the fourth quarter, passing the symbolic €1 billion mark. **Poland's revenues (in euros) grew 13.1% for the year as a whole to €2.2 billion and 10.2% in the fourth quarter** (4.0% and 3.0% respectively on a pro forma like-for-like basis), benefiting from the first full year of consolidation of UPC Polska as well as favorable exchange rate trends.

In France, Free ended 2023 as the market leader in terms of net adds, both in the Mobile and Fixed markets. It gained 787,000 net new Mobile subscribers during the year, including 213,000 in the fourth quarter, and 234,000 net new Broadband and Ultra-fast Broadband subscribers (of which 858,000 new fiber subscribers), including 100,000 in the fourth quarter, which represents Free's best quarterly performance in 10 years. This represented two major milestones for Free, which topped the 15 million Mobile subscribers and 5 million fiber subscribers marks in 2023. This exceptional revenue performance was accompanied by higher ARPU for both Mobile and Fixed-line subscribers, as well as a lower churn rate, testifying to the power of the Free brand. And it was a very busy year too in B2B, with the launch of Free Pro's Cyber XPR solutions following the Group's acquisition of a majority stake in iTrust, the expansion of Free Pro's offerings after its integration of Canal+ Business, the launch of an extended range of new services by our fintech Stancer, and Scaleway's state-of-the-art additions to its suite of services (PaaS, QaaS), including the launch of a dedicated AI offering thanks to the purchase of its supercomputer.

In Italy, Iliad Italia was the net add leader in the Mobile market for the sixth year running, with 1.16 million net new subscribers (of which 255,000 in the fourth quarter), allowing it to pass the 10

¹ 8.2% on a pro forma like-for-like basis in 2023 and 9.4% on a pro forma like-for-like basis in Q4 2023.

million Mobile subscribers mark less than 6 years after it was launched. And for the second year in a row, it was also the leader for net adds in the Fixed market (out of Italy's top five telcos), notching up 98,000 new subscribers during the year, with the pace of growth accelerating in the fourth quarter (35,000 net adds). These excellent sales performances are the result of the extension of our addressable fiber market as well as the sales and marketing initiatives launched during 2023, in particular Iliad Space in July. They also clearly illustrate our subscribers' commitment to a strong brand that has remained true to its values since its launch.

In Poland, Play recorded the country's highest number of net adds² for the second consecutive year, both in the Mobile and Fixed markets. It added 336,000 net new Mobile subscribers during the full year (70,000 in the fourth quarter), including 397,000 subscribers who signed up to a plan (120,000 in the fourth quarter), with the prepaid segment continuing to return to normal levels (a reduction of 61,000 cards in 2023, of which 51,000 in the fourth quarter). With these adds, Play passed the 13 million active Mobile subscribers mark in 2023. With sales performance rebooted since end-2022, and following the completion of the PŚO transaction with InfraVia on April 1, 2023, as well as the launch of new broadband and TV packages in May 2023 and the legal merger of UPC and Play in August 2023, the Group is now ready to fully leverage the potential of the Play brand in the Fixed and convergence markets. Play's net adds in the Fixed market re-accelerated during the fourth quarter, coming in at 38,000 and bringing the total to 122,000 for the year as a whole³.

At €3.44 billion, **consolidated EBITDAaL was up 4.2% year on year** (2.1% on a pro forma like-for-like basis). EBITDAaL growth was primarily led **by France** (up €105 million, or 4.6%), where the increase in revenues billed to subscribers offset energy price inflation and higher personnel costs, as well as **Italy** (up €36 million, or 17.2%). EBITDAaL for **Poland** was stable versus 2022 in euros (but down 3.1% in local currency), reflecting a year of transition that saw the service agreement with PŚO set up as from April 1 and sharp rises in energy prices. Consolidated profit for the period fell 58% to €318 million due to (i) an unfavorable basis of comparison resulting from the one-off €330 million gain recorded in 2022 on the sale of OTP to Cellnex (ii) higher depreciation due to the high level of investments in recent years and (iii) to a lesser extent, the higher level of interest rates.

Consolidated capex totaled €2.02 billion, representing some 22% of revenues, down 5.8% on 2022⁴. This year-on-year decrease was attributable to **Italy's** lower outlay for 5G equipment after its capex drive in 2022 and the creation of the Zefiro joint venture. In **France**, capex remained at a high level (up 0.5%), reflecting investments to keep up with the Group's major market share gains, as well as its build-up of inventories of the Freebox Ultra (which was launched on the market in late January 2024) and Scaleway's purchase of a supercomputer, giving the Group the most powerful cloud-native AI computing capacity deployed to date in Europe. In **Poland**, Play accelerated its 5G rollout, continued to expand its mobile network (1,050 additional active base stations) and launched a new Internet box drawing on the technology developed in France with the Freebox.

² Internal estimates.

³ A small number of these net adds came from acquisitions of small regional operators.

⁴ Down 7.1% on a pro forma like-for-like basis.

Consolidated **operating free cash flow**⁵ rose by **€264 million, or 22.6%**⁶, in 2023 to **€1.43 billion**. This increase was driven by Italy, which ended the year with positive operating free cash flow for the first time (at €4 million, up €174 million year on year), as well as by France (up €96 million).

The Group reinforced its financial structure during the year, reducing its leverage ratio to 3.0x at end-2023 from 3.2x at end-2022. This 0.2x decrease was achieved thanks to the year-on-year growth in EBITDAaL, as well as the proceeds received from the sale of a 50% stake in PŚO – our Fiberco in Poland – and the divestment of our residual interest in OTP. The Group is in an excellent liquidity position, with €1.2 billion in cash and cash equivalents and €3.7 billion in undrawn credit facilities at December 31, 2023. Thanks to this ongoing financial discipline and effective management of our capital structure, we are well placed to seize exciting external growth opportunities, such as our recent transaction with the Kinnevik group which, once completed and approved by the relevant authorities, will make us Tele2's main shareholder, holding 20% of its capital and around 29% of the voting rights.

Also during 2023, the Iliad Group resolutely pursued the implementation of its **Climate Plan**, based on the two priority action areas announced in January 2021: reducing its carbon emissions and decarbonizing its energy supply. **Two major milestones** were passed in this area a few weeks ago, with the validation of our carbon reduction pathway by the Science Based Targets initiative (**SBTi**) and the signing of three new power purchase agreements in our three geographies.

Commenting on the Group's performance, Thomas Reynaud, Iliad's Chief Executive Officer, said: *"Iliad went all out to win in 2023, gaining strong market share in France, Italy and Poland. The Group also transformed itself during the year, in particular by investing massively in artificial intelligence, the Cloud and connectivity for businesses. We consolidated our robust financial position, enabling us to sign an agreement to become the main shareholder⁷ of Tele2 in early 2024 and to extend our geographic reach to eight countries. And we intend to stay on the winning track, as we're aiming to become Europe's fifth-largest telco this year!"*

⁵ EBITDAaL less capex (excluding payments for frequencies).

⁶ Up 5.7% on a pro forma like-for-like basis.

⁷ Via Freya Investissement, an investment vehicle jointly owned with NJJ.

Key operating performance indicators⁸ at December 31, 2023

France (figures in thousands unless otherwise stated)	2023	2022	YoY change	Q4 2023	Q3 2023	QoQ change
Number of Mobile subscribers	15,005	14,218	+787	15,005	14,792	+213
- Of which on the 4G/5G Free Mobile plan (incl. overseas France)	11,106	10,190	+916	11,106	10,881	+226
- Of which on the voice-based plan	3,899	4,027	-129	3,899	3,911	-13
Number of Broadband and Ultra-Fast Broadband subscribers	7,414	7,180	+234	7,414	7,314	+100
- Of which Fiber	5,516	4,658	+858	5,516	5,272	+244
Fiber take-up rate	74.4%	64.9%	+9.5 pts	74.4%	72.1%	+2.3 pts
Number of connectible Fiber sockets (in millions)	35.3m	31.3m	+4.0m	35.3m	34.3m	+1.0m
Total number of subscribers - France	22,419	21,398	+1,021	22,419	22,106	+313
				Q4 2023	Q4 2022	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €)				35.7	34.1	+4.5%
Mobile ARPU billed to subscribers (in €)				12.1	11.8	+2.5%
Italy (figures in thousands)	2023	2022	YoY change	Q4 2023	Q3 2023	QoQ change
Number of Mobile subscribers	10,730	9,567	+1,163	10,730	10,475	+255
Number of Fiber subscribers	207	109	+98	207	172	+35
Total number of subscribers - Italy	10,937	9,676	+1,261	10,937	10,647	+290
Poland (figures in thousands unless otherwise stated)	2023	2022	YoY change	Q4 2023	Q3 2023	QoQ change
Number of active Mobile subscribers	13,099	12,763	+336	13,099	13,029	+70
- Of which on plans	9,381	8,984	+397	9,381	9,261	+120
- Of which prepaid	3,718	3,779	-61	3,718	3,769	-51
Number of Fixed-line subscribers ⁹	2,059	1,938	+122	2,059	2,022	+38
Total number of subscribers - Poland	15,158	14,701	+458	15,158	15,051	+108
				Q4 2023	Q4 2022	YoY change
Mobile ARPU billed to subscribers (in PLN)				30.2	29.2	+3.4%
GROUP (figures in thousands)	2023	2022	YoY change	Q4 2023	Q3 2023	QoQ change
Number of Mobile subscribers	38,834	36,548	+2,286	38,834	38,296	+538
Number of Fixed-line subscribers	9,681	9,227	+454	9,681	9,508	+173
TOTAL NUMBER OF SUBSCRIBERS	48,515	45,775	+2,740	48,515	47,804	+711

⁸ See glossary for definitions.

⁹ The calculation of the number of Fixed-line subscribers in Poland has been changed following the merger between P4 and UPC Polska: figures for previous quarters have been adjusted to take into account (i) the elimination of duplicates between the Play Home and UPC Polska subscriber bases, (ii) the acquisitions of regional ISPs such as Sferanet and Syrion and their subscriber bases, and (iii) the elimination of UPC Solo Start TV subscribers.

Full-year/Fourth-quarter 2023 revenues

The table below shows the breakdown of consolidated revenues by category for full-year and fourth-quarter 2023 and 2022, as well as the percentage change between the two years.

<i>In € millions</i>	2023	2022	% change	Q4 2023	Q4 2022	% change
Consolidated revenues	9,241	8,369	+10.4%	2,444	2,195	+11.3%
Service revenues ¹⁰	8,500	7,763	+9.5%	2,230	2,023	+10.2%
Equipment revenues	763	632	+20.7%	220	183	+20.1%
<i>Intra-group sales¹⁰</i>	-22	-25	-14.2%	-6	-11	-49.2%
Revenues - France	6,040	5,555	+8.7%	1,583	1,441	+9.9%
- Service revenues ¹⁰	5,721	5,322	+7.5%	1,481	1,368	+8.2%
- Equipment revenues	324	239	+35.3%	104	75	+39.1%
- Inter-segment revenues	-6	-6	-5.0%	-2	-2	-22.1%
Revenues - Italy	1,061	927	+14.5%	296	247	+19.9%
- Service revenues	1,046	919	+13.8%	293	244	+20.2%
- Equipment revenues	15	7	+104.1%	3	3	+4.0%
Revenues - Poland¹¹	2,157	1,907	+13.1%	569	516	+10.2%
- Service revenues	1,733	1,521	+13.9%	456	411	+11.0%
- Equipment revenues	424	385	+10.1%	113	105	+7.3%

¹⁰ Service revenues before eliminations - Intra-group sales including France intersegment sales

¹¹ EUR/PLN exchange rate: 4.5420 for 2023 and 4.68611 for 2022

Key financial performance indicators in 2023

<i>In € millions</i>	2023	2022	% change
Consolidated revenues	9,241	8,369	+10.4%
France	6,040	5,555	+8.7%
Italy	1,061	927	+14.5%
Poland	2,157	1,907	+13.1%
Consolidated EBITDAaL	3,444	3,303	+4.2%
France	2,392	2,287	+4.6%
Italy	247	211	+17.2%
Poland	805	805	-0.1%
Consolidated capex (excluding payments for frequencies)	2,016	2,139	-5.8%
France	1,501	1,492	+0.5%
Italy	243	381	-36.3%
Poland	272	265	+2.7%
Consolidated Operating Free Cash Flow (EBITDAaL less capex)	1,428	1,164	+22.6%
France	891	795	+12.1%
Italy	4	-170	-102.6%
Poland	532	540	-1.4%
Profit for the period	318	758	-58.0%
	Dec. 31, 2023	Dec. 31, 2022	Year-on-year change
Net debt	10,243	10,815	-573
LTM EBITDAaL ¹	3,444	3,346	+97
Leverage ratio	3.0x	3.2x	-0.2x

EUR/PLN exchange rate: 4.5420 for 2023 and 4.68611 for 2022

(1) 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 or Alice Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Number of Fixed-line subscribers - Poland: Represents, at the end of a given period, the number of subscribers who have signed up to a Telephone plan or a fixed Broadband/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 (B2C and B2B) 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' 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-line 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 is now 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 17,700 employees serving more than 48.5 million subscribers, and generated €9.2 billion in revenues in 2023. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 22.4 million subscribers at end-December 2023 (15.0 million mobile subscribers and 7.4 million fixed-line subscribers). In Italy, where it launched its business in 2018 under the Iliad brand, it is the country's fourth-largest mobile operator with over 13% market share and had more than 10.7 million mobile subscribers at end-December 2023. In Poland, the Group became an integrated convergent operator following the acquisition of UPC Polska in 2022, and at end-December 2023 had 13.1 million mobile subscribers and nearly 2.1 million fixed-line subscribers. The Iliad Group is Europe's sixth-largest operator by number of retail mobile subscribers (excluding M2M) and its fifth-largest fixed broadband operator.

Find out more at:

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