Orange Polska

28 July 2022

2Q 2022 results

Forward looking statement

This presentation contains 'forward-looking statements' including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'pro forma', and 'intend' or future or conditional verbs such as 'will', 'would', or 'may'. Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Registration Statement, as filed with the Polish securities and exchange commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish, American and/or global financial and/or capital markets. Forward-looking statements represent management's views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward-looking statements.

Reconciliation of operating performance measure to financial statements

Disclosures on performance measures have been presented in the Note 2 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2022 (available at https://www.orange-ir.pl/results-center/).

in PLNm	2Q 2022	1H 2022	2Q 2021	1H 2021
Operating income	**337**	**581**	**224**	**340**
Less gains/add losses on disposal of assets	-49	-70	-7	13
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	506	1,010	542	1,118
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	26	34	-	-
Interest expense on lease liabilities	-21	-38	-14	-27
Adjustment for the impact of employment termination programs	-6	-6	-	-
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	5	9	11	21
EBITDAaL (EBITDA after Leases)	**798**	**1,520**	**756**	**1,465**

Highlights & Business review

Julien Ducarroz
Chief Executive Officer

2Q 2022 key messages

Increasingly challenging environment

- CPI at >15% and further rise in energy prices
- Entrance of a new convergent player

Good commercial performance

- Better yoy customer net additions and solid ARPO growth in all key services; handset sales rebounding
- Good agility of ICT business to adapt to changing environment

Excellent financial results across the board

- >5% EBITDAaL growth as solid performance has offset surging energy prices
- A marked increase of financial outputs: both net income & cash generation more than doubled yoy

Our support for Ukraine continues

- c.700 Ukrainian guests hosted in OPL facilities from beginning of the war
- c.600k free pre-paid starters activated

Further progress on CO_2 emissions reduction

- 1H CO_2 emissions (scope 1 & 2) down 15% yoy as a result of higher wind energy generation and further optimisation of the consumption. With PPA contracts signed in 1H we are on track to reach 65% reduction goal by 2025.

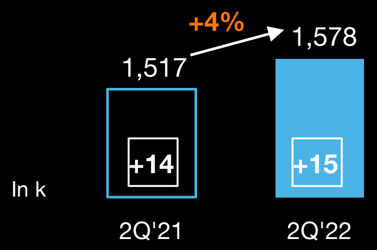
1H 2022 strong financial results

	Revenues	EBITDAaL	eCAPEX
2022 guidance	very small decline due to regulatory MTR/FTR cuts	flat/low single digit growth (energy prices as key uncertainty)	PLN 1.7-1.9bn
1H 2022 Results in PLN YoY	**6.0 bn** **+1.9%**	**1.5 bn** **+3.8%**	**0.6 bn** **-35%**
Update on guidance prospects	Guidance **revised upwards** to low single digit growth	Guidance confirmed. We are confident to reach growth	Guidance confirmed

Solid commercial performance in convergence and fibre

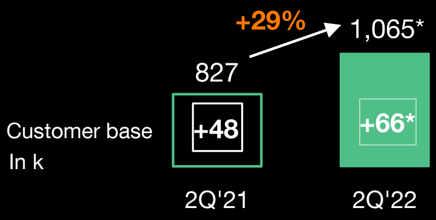
PLN 113.7 **Convergence ARPO +2.1% yoy**

Steady growth pace of convergence customer base



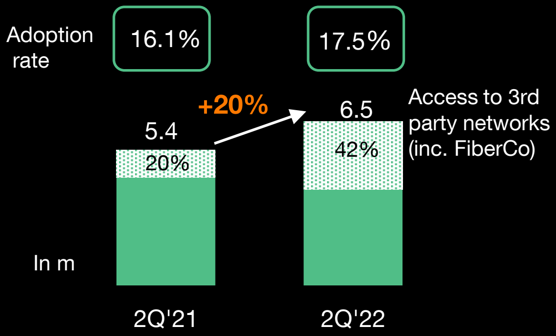
6.5 M **Fibre HHC with 17.5% adoption rate**

Strong demand for Orange fibre continues



* o/w 11k non-organic

Fast expansion of fibre footprint



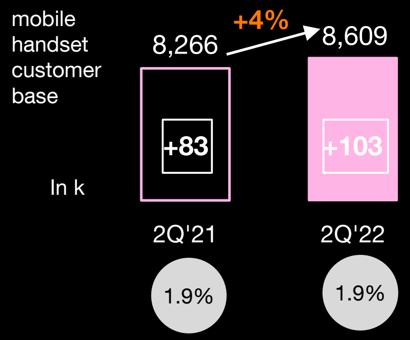
Net adds

Strong net additions in mobile post-paid and pre-paid

PLN 28.3

Mobile-only handset ARPO
+2.2% yoy

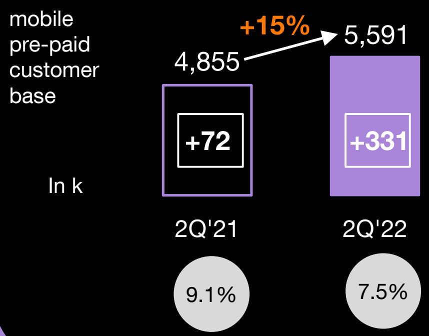
Strong net customer additions in all B2C brands (Orange, Nju, Flex)



PLN 12.5

Mobile pre- paid ARPO
-0.8% yoy (+9% yoy adj. for non-active starters for refugees)

Customer base boosted by distribution of starters for Ukrainian refugees



Net adds   Quarterly churn rate

Financial review

Jacek Kunicki
Chief Financial Officer

Very strong financial results in 2Q bring us closer to reaching full-year objectives

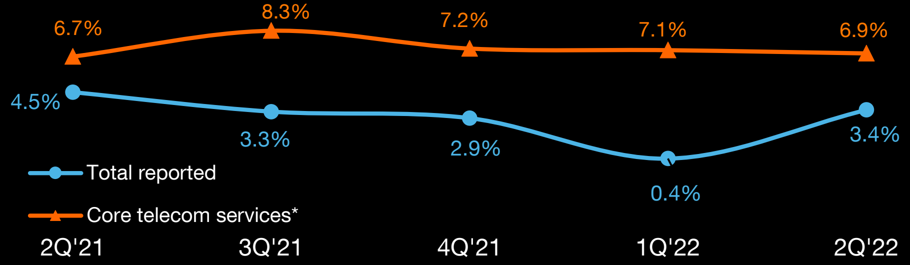
in PLNm	2Q'22	yoy	1H'22	yoy	
revenues	3,055	+3.4%	5,986	+1.9%	▪ Strong performance of core telco services and IT/IS ▪ MTR/FTR cuts affected legacy wholesale
EBITDAaL	798	+5.6%	1,520	+3.8%	▪ Margin from core revenues and lower indirect costs mitigated surging energy prices
% of revenues	26.1%	+0.5pp	25.4%	+0.5%	
net income	243	+109%	368	+137%	▪ Excellent result driven by growing EBITDAaL, higher gain on real estate sales and decreasing depreciation
eCAPEX	328	-26%	573	-35%	▪ Reflects the benefit of transferring fibre rollout to FiberCo and rebound in real estate sales ▪ Higher capex expected in 2H
organic cash flow	417	+162%	648	+82%	▪ Significant growth driven mainly by growing EBITDAaL and lower cash capex

2Q revenue +3.4% yoy (+7.0% ex regulatory impact) with good performance in all major lines

- **Core telecom services*** (+6.9% yoy)
  Strong performance continues driven by both customer base and ARPO growth
- **IT/IS** (+29% yoy)
  As we benefit from our wide competencies and demand for digitisation
- **Legacy** (-30% yoy)
  Affected by regulatory MTR&FTR cuts (c.PLN -105m yoy impact but with limited impact on profit)
- **Equipment revenues** (+10% yoy)
  A good rebound after slow 1Q
- **Other revenues** (+24% yoy)
  Driven by energy resale which benefits from growing unitary prices

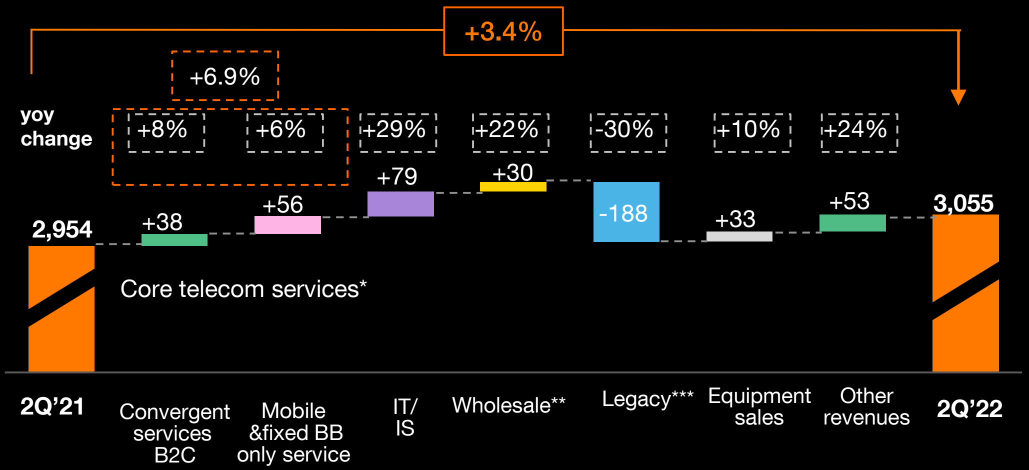
Revenue evolution

(yoy change in %)



Revenue evolution breakdown

in PLNm

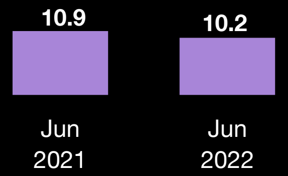


*convergence, mobile-only and broadband-only **wholesale excluding non-fibre fixed wholesale and interconnect, ***legacy: narrowband only, non-fibre fixed wholesale and interconnect revenues

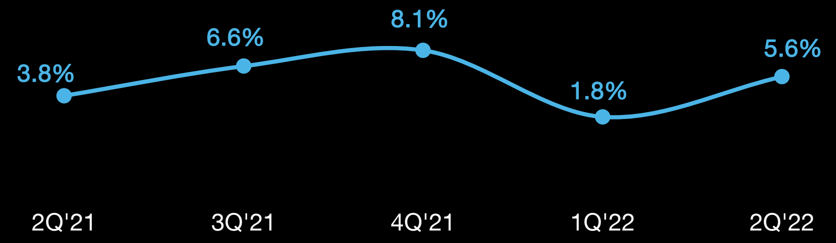
2Q EBITDAaL +5.6% yoy: exceptional performance with direct margin growth and less indirect costs

- **Direct margin up 1% yoy:**
  - Driven by strong revenue performance
  - Includes negative scope impact (c. PLN 20m per quarter due to clients transferred to FiberCo)
- **Indirect costs down 2% yoy:**
  - Energy costs up nearly 50% yoy due to surging unitary prices
  - Includes ongoing savings (e.g. in labour, property expenses) and accumulation of profits from some developments

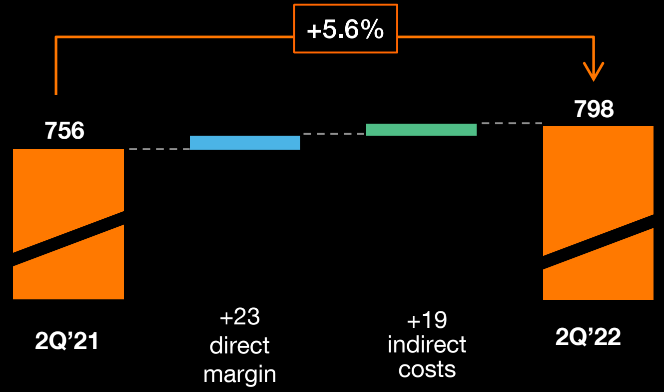
Employment in k FTE



EBITDAaL evolution
(yoy change in %)



EBITDAaL evolution breakdown
(yoy change in PLNm)

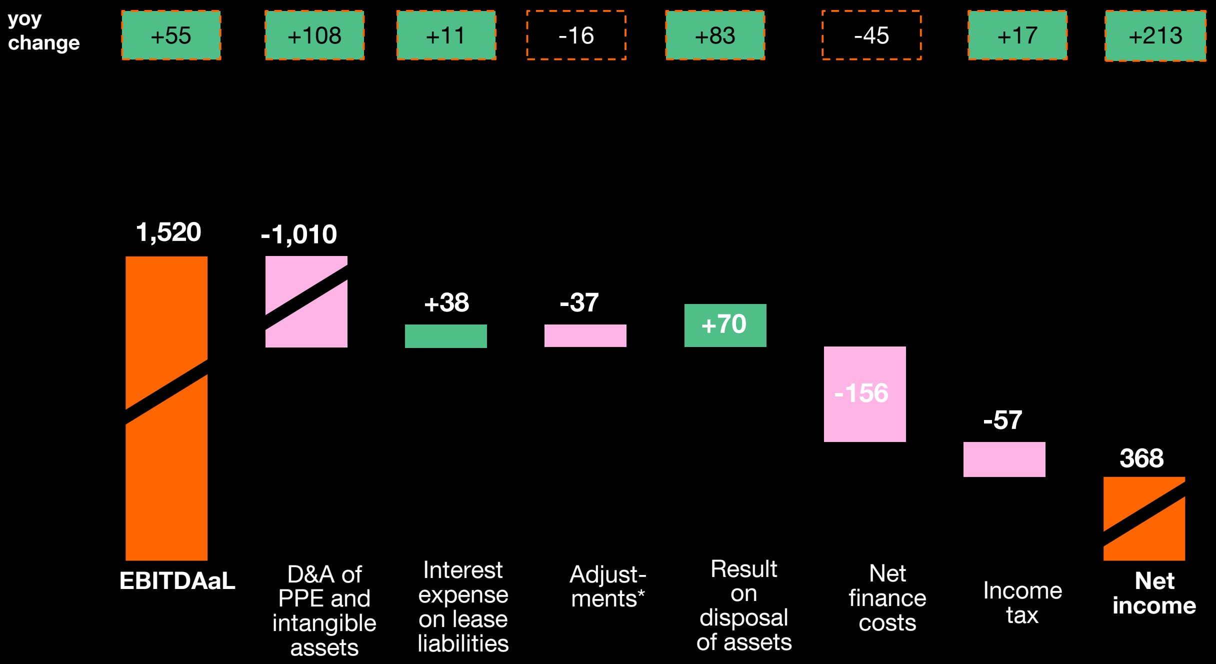


1H net income +140% yoy driven by higher EBITDAaL & gain on real estate sales and lower D&A

- **10% yoy lower depreciation** reflects extension of economic useful life for certain assets and lower mobile capex in 2020-21
- **Higher gain on disposal of assets** as our real estate disposal regains momentum
- **Higher finance costs** reflect less favourable yoy FX impact

Evolution from EBITDAaL to the net income in 1H 2022

(PLNm)



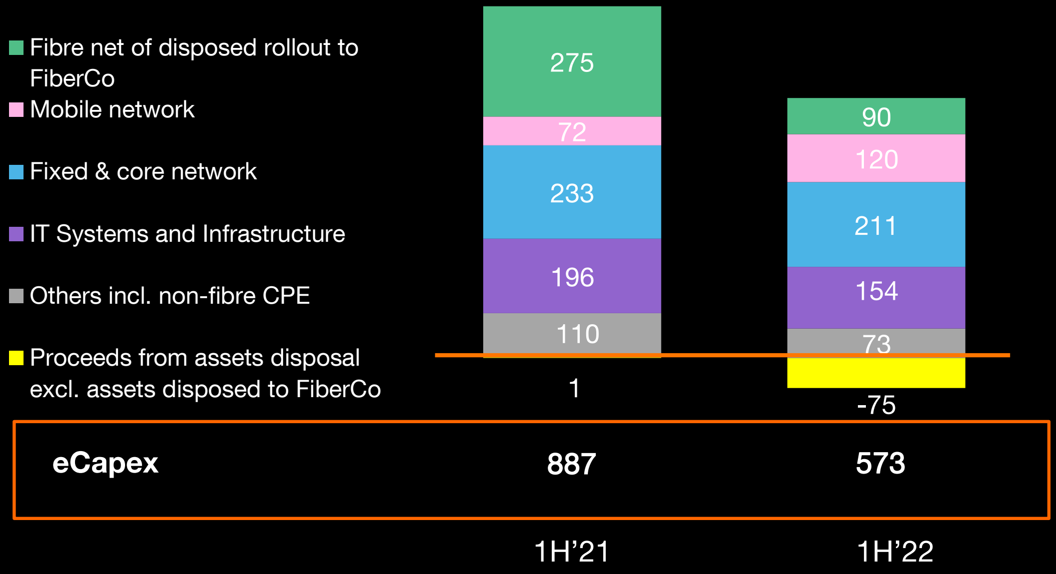
* Related mainly to the impact of employment termination program, M&A, and FiberCo transaction

1H eCapex benefits from transfer of the fibre rollout to FiberCo and rebound of real estate sales

The yoy decline reflects

- c.70% lower **fibre** as we benefit from FiberCo JV
- Growth in **mobile** reflects start of RAN renewal project
- Different phasing of projects in **IT systems & infrastructure**
- Decline in **other capex** due to completion of new data center
- Higher **real estate proceeds** from very low comparable base

Investment areas
(in PLNm)



Cash generation in 1H 80% higher yoy leading to net debt reduction

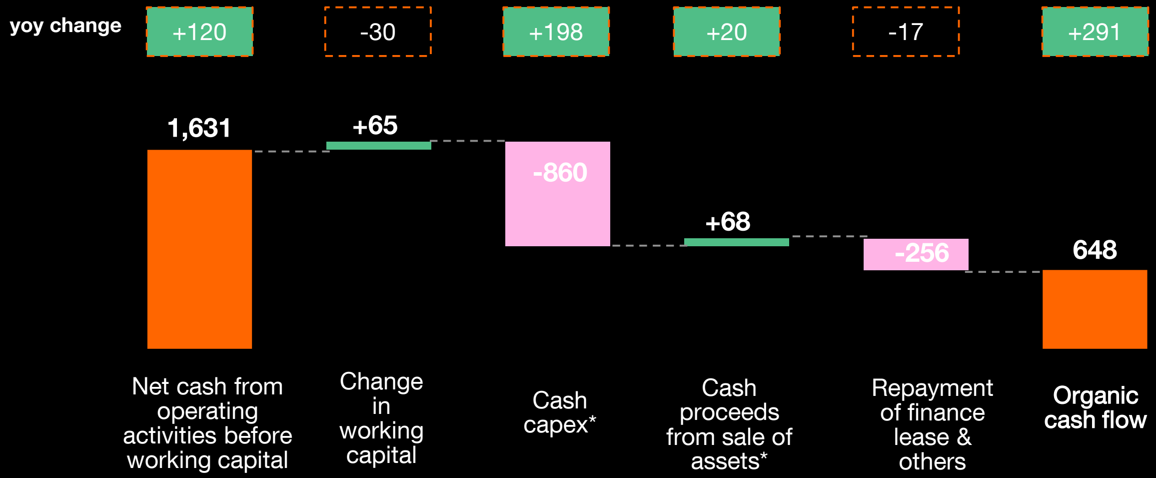
Strong OCF generation mainly driven by:

- EBITDAaL growth
- Lower cash capex

- 90% of outstanding debt at fixed interest rate by mid-2024
- 2.9 years average debt duration
- Dividend paid in July and prologation of 2.1GHz spectrum due in 2H

Cash flow evolution breakdown in 1H 2022

in PLNm



* Cash capex reduced by PLN 126 m of cash proceeds from sale of fibre network assets to FiberCo (excluded from cash proceeds from sale of assets)

Net debt

in PLNm

Summary

Julien Ducarroz
Chief Executive Officer

Summary

Strong 1H results confirm our resilience to an increasingly challenging environment

Focus on value strategy in the inflationary environment

Perseverance in implementation of savings and transformation actions

Acceleration on Green agenda: new PPA contracts to mitigate surging energy prices and to achieve our CO_2 emissions reduction target

Improved outlook for full-year financial targets underscores our tireless efforts to execute the .Grow strategy despite the external headwinds

Q&A

Appendix

Details of bottom line evolution in 2Q and 1H 2022

in PLNm	2Q'22	2Q'21	Change	1H'22	1H'21	Change
EBITDAaL	**798**	**756**	**+42**	**1,520**	**1,465**	**+55**
D&A of PPE and intangible assets	-506	-542	+36	-1,010	-1,118	+108
Add-back interest expense on lease liabilities	21	14	+7	38	27	+11
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-5	-11	+6	-9	-21	+12
Gains/(losses) on disposal of assets	49	7	+42	70	-13	+83
Adjustment for the impact of employment termination programs*	6	-	+6	6	-	+6
Share of profit/ (loss) of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture*	-26	-	-26	-34	-	-34
Operating income	**337**	**224**	**+113**	**581**	**340**	**+241**
Net financial costs	-68	-45	-23	-156	-111	-45
o/w foreign exchange loss/gain	*1*	*25*	*-24*	-17	*18*	*-35*
Income tax	-26	-63	+37	-57	-74	+17
Net income	**243**	**116**	**+127**	**368**	**155**	**+213**

* Labour expenses, other external purchases and other operating incomes & expenses exclude adjustment due to employment termination program and some costs related to acquisition, disposal and integration of subsidiaries, and starting from Q2'22 also for elimination of margin earned on transactions with joint venture

Details of organic cash flow evolution in 2Q and 1H 2022

in PLNm	2Q'22	2Q'21	Change	1H'22	1H'21	Change
Net cash flow from operating activities before change in working capital	848	763	+85	1,631	1,511	+120
Change in working capital	4	-50	+54	65	95	-30
Net cash flow from operating activities	**852**	**713**	**+139**	**1,696**	**1,606**	**+90**
CAPEX	-430	-463	+33	-724	-886	+162
Change in CAPEX payables*	0	5	-5	-262	-172	-90
Cash proceeds from sale of assets	100	24	+76	194	48	+146
Repayment of lease liabilities	-108	-129	+21	-259	-249	-10
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	3	9	-6	3	10	-7
Organic cash flow	**417**	**159**	**+258**	**648**	**357**	**+291**

* Includes exchange rate effect on derivatives economically hedging capital expenditures, net

We successfully combine growth with social responsibility

Environment

We have clear climate/environmental goals and tangible results

- Climate goals and performance:
  - Net Zero by 2040 (for both own and entire value chain CO_2e emissions)
    - -65% own CO_2e emissions reduction by 2025 min. 60% of renewable energy in 2025
- Energy efficiency:
  - ~200 optimisation initiatives launched
  - fibre replacing copper
  - mobile network sharing
- Recycling and refurbishing of handsets and routers

Social

We make new technologies a supporter of economic and social development

- Our connectivity investments positively impact local societies through:
  - digital inclusion
  - local digital activity centres
  - digital skills programmes in schools
- We actively promote safe use of internet among children (5,000 children in the educational programmes at schools)
- Co-operation with suppliers based on Code of Conduct covering social and environmental responsibility and CSR clauses in purchase contracts

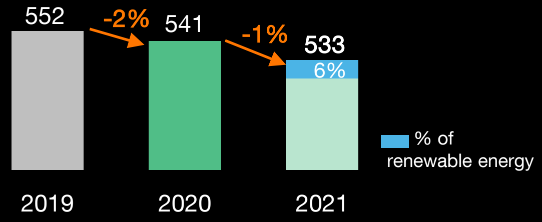
Governance

Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

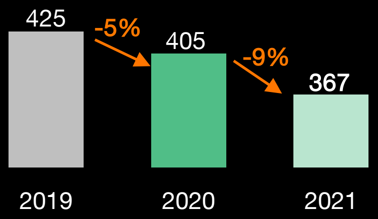
- We conduct active dialogue with all stakeholders to respond better to their expectations
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions
- We include social and climate risks in our risk management system

Key Environmental Performance Indicators

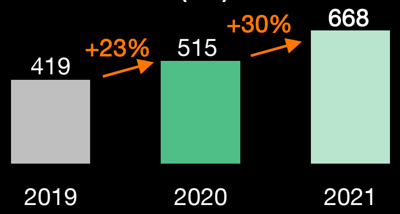
Energy consumption (GWh)



CO2 emission (000' tonnes)



Refurbished and relaunched handsets and multimedia devices (000)



Glossary (1/2)

4G/LTE	Fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
5G	Fifth generation of mobile technology, which is the successor to the 4G mobile network standard
Adoption rate	Fibre customer base (retail + wholesale)/ Total households connectable to our fibre network (own and 3rd parties)
ARPO	Average Revenue per Offer
AUPU	Average Usage per user
Churn rate	The number of customers who disconnect from a network divided by the weighted average number of customers in a given period
Convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTH or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues
Core telecom services	Convergence, mobile-only and broadband-only services
EBITDAaL	EBITDA after leases, key measure of operating profitability used by management (for definition please refer to the Note 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
eCapex	Economic Capex, key measure of resources allocation used by management (for definition please refer to the Note 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
FBB	Fixed Broadband
Fibre	fixed broadband access network based on FTTH (Fibre To The Home) /DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100Mbps

Glossary (2/2)

Fixed broadband-only services	Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services
FTE	Full time equivalent
FTR	Fixed termination rate
HHC (Households connectable) in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies
Mobile-only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue
MTR	Mobile termination rate
Wireless for fixed	fixed broadband cell-locked wireless access offered by Orange Poland for home/office zone with rich data packages
Organic Cash Flow	Organic Cash Flow- key measure of cash generation used by management (for definition please refer to the Notes 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
PPA	Power purchase agreement
ROCE	Return on capital employed = EBIT (ex. extraordinary items) / (Shareholder’s Equity + Average net debt)
VDSL	Very-high-bit-rate Digital Subscriber Line