

Orange Polska

FY 2022 results

16 February 2023



.Grow



Orange People

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 3 to IFRS Consolidated Financial Statements of the Orange Polska Group for the year ended 31 December 2022 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	4Q 2022	4Q 2021	FY 2022	FY 2021
Operating income	256	15	1,161	2,211
Less gain on the loss of control of Światłowód Inwestycje	-	-	-	-1,543
Less gains on disposal of assets	-22	-28	-107	-52
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets*	520	591	2,046	2,255
Less share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	9	1	57	-9
Interest expense on lease liabilities	-30	-13	-95	-53
Adjustment for the impact of employment termination programs	-1	136	-1	129
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	4	5	17	25
EBITDAaL (EBITDA after Leases)	736	707	3,078	2,963

* Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 34 million in 4Q 2021 and FY 2021)

FY 2022 highlights

Julien Ducarroz
Chief Executive Officer



Strong 2022 performance in a very challenging environment



Good commercial performance

- Solid customer net additions and ARPO growth in all key subscription services
- Value strategy intensified



Excellent financial results

- c.4% EBITDAaL growth despite PLN 220m higher energy costs (energy crisis addressed with c.85% of consumption contractually secured for 2023)
- ROCE at 6.5% (vs 4.4% in 2021 and 1.6% in 2020) and a solid balance sheet



Securing c.75% of electricity from renewable sources for 2023 and 2/3 from 2024

- CO2 emissions down 14% in 2022 and 38% since 2015
- 2025 strategic goal (reduction of min.65% vs 2015 in Scope 1+2) contractually secured



Simultaneously we transform to meet future challenges and benefit from opportunities

- Developing new services around IoT and big data
- Growing share of digital channels in customer interactions
- Accelerating cultural change and employee reskilling



Strong 2022 financial results; guidance delivered

**2022
guidance**

low single digit
growth

flat/low single digit
growth

PLN 1.7-1.9bn,

**2022
Results
in PLN
YoY**



Revenues
12.49 bn
+4.7%



EBITDAaL
3.08 bn
+3.9%



eCAPEX
1.72 bn
-1.0%





2022 achievements on track with .Grow strategy



Orange People

~60% employees trained in Data&AI, Cloud and cybersecurity

* convergence, mobile-only and broadband-only

** excluding non-fibre fixed wholesale and interconnect (legacy)

Business review

Julien Ducarroz
Chief Executive Officer

Jolanta Dudek
Deputy CEO in charge of the consumer market

Bożena Leśniewska
Deputy CEO in charge of the business market

Maciej Nowohoński
MB member in charge of wholesale market and real estate sales

Our growth is fuelled by all three core business engines



B2C

Convergence strategy supported by growing fibre reach and value strategy



B2B

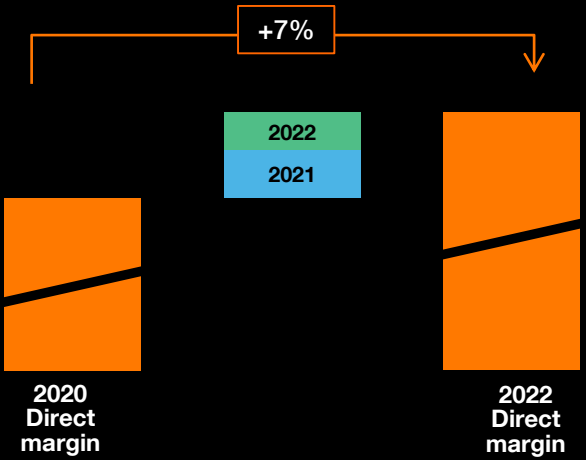
Strong position in telco services complemented by wide portfolio of ICT competencies



Wholesale

Capitalising on the growing demand for data transmission to monetise our infrastructure

Direct margin growth drives EBITDAaL expansion

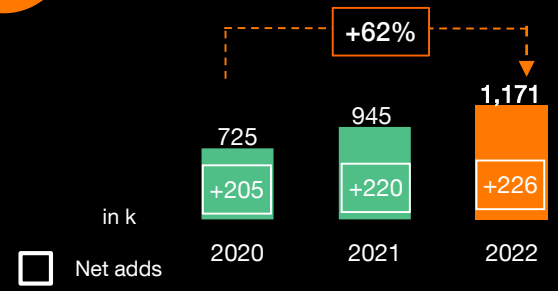




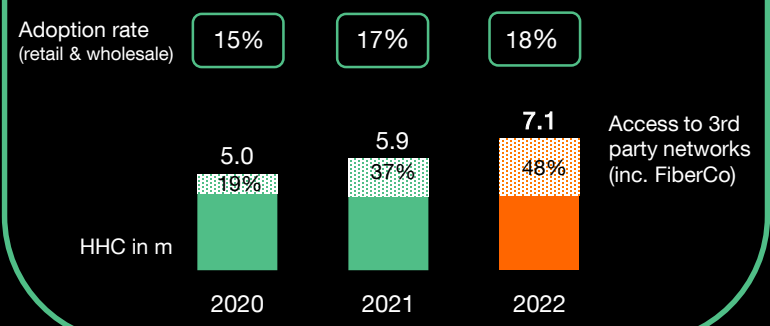
Consistent strong customer base growth underscores the demand for fibre in Poland



Fibre retail customer base expansion



Development of the fibre footprint



2022 highlights:

- Good growth of fibre customer base (+24% yoy) due to high demand and an expanding fibre reach

Fibre footprint on track vs. .Grow ambitions:

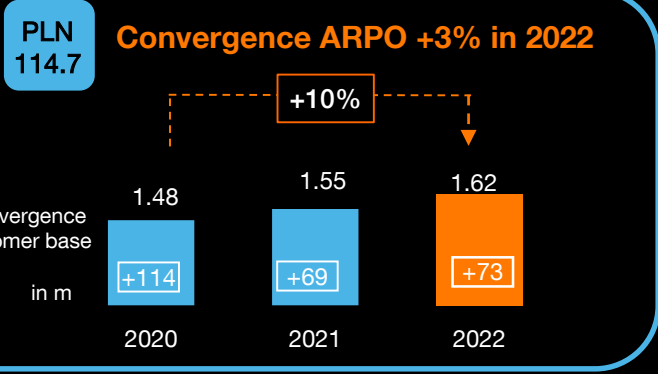
- We already reached low end of the ambition set for 2024 (7-8 million HHC): **>1m new households connectable** added in 2022 mainly on 3rd party networks (FiberCo and many others)

2023 focus:

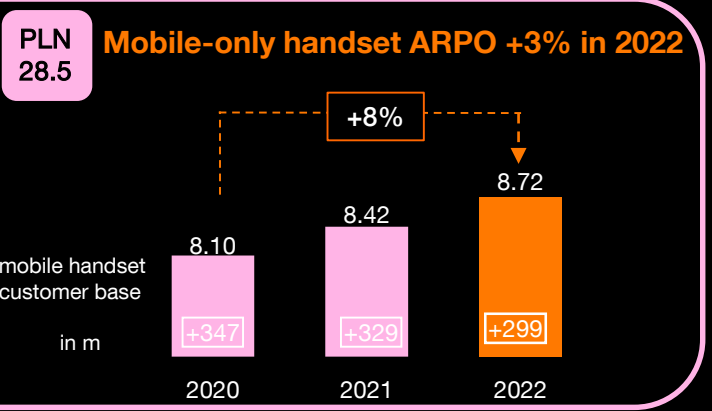
- Further consistent volume and value strategy on the new footprint and growing penetration from existing reach
- To maintain fast footprint expansion mainly via 3rd party networks



Solid commercial performance in convergence and mobile



- **2022 highlights:** solid growth driven by fibre reach expansion and value strategy (ARPO)
- **On track vs. .Grow 2024 ambitions:** 2021-22 customer base growth by 10% (vs. >20% target) and ARPO rise by 9% (vs. >12% target)
- **2023 key focus:** using fibre potential to maximise customer base and execute value strategy



- **2022 highlights:** growth from value strategy (ARPO) supported by all B2C brands and B2B
- **Strong performance over 2021-22:** customer base growth of 8% and ARPO growth of 4% (vs. 2020)
- **2023 key focus:** maximising value strategy while addressing more price sensitive customers with B brands



New opening in wholesale maximises monetisation of our assets



The largest infrastructure in Poland...

205k km
fibre network

3.7m
own fibre HHC

143k km
ducts

1.4m
poles

...meets growing demand from other telco operators for:

- connectivity for networks
- mobile backhaul
- wholesale fibre



Operational results demonstrate strong execution...

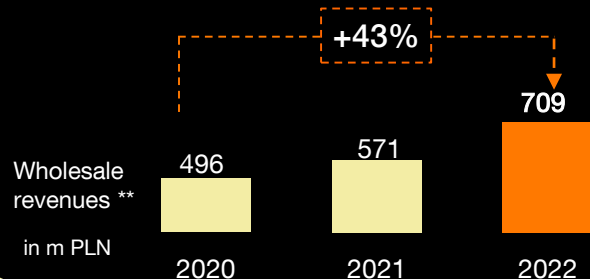
+62%
vs 2020
data transmission
capacity sold

3.2x
vs 2020
wholesale fibre
customer lines

1.3x
vs 2020
ducts rental*

2.6x
vs 2020
poles rental*

...which converts into excellent value creation



*other operators rent ducts and poles from OPL to place fibre cabling for their networks

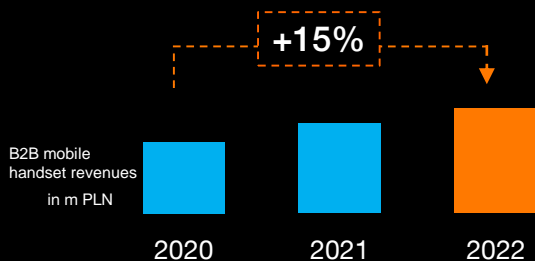
** wholesale revenues excluding non-fibre fixed wholesale and interconnect (legacy)



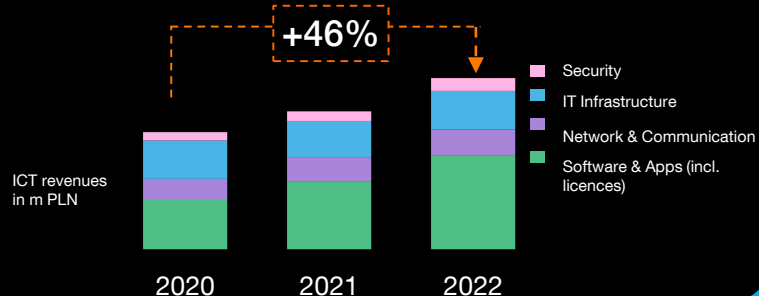
B2B revenues up 9% in 2022 as a result of consistent strategy execution across all business lines



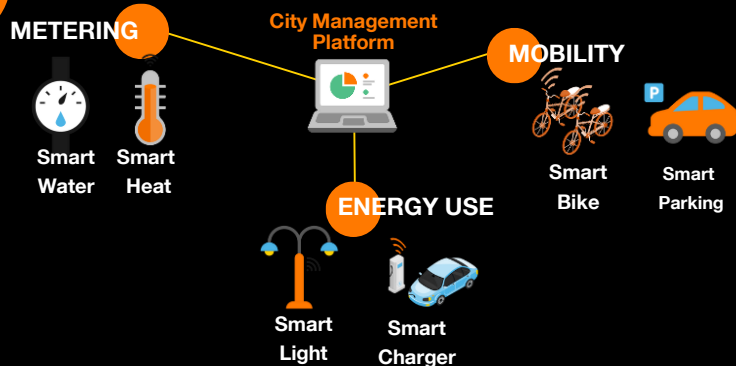
Strong mobile revenue growth driven by value strategy



ICT products continue to benefit from digital transformation of Polish enterprises



102 cities with Smart City services from Orange



2022 highlights:

- Consistent value strategy drives 4% mobile ARPO growth
- All ICT subsidiaries delivered >20% revenue growth
- IoT business x2 on growing demand for smart green solutions

2023 key focus:

- Further execution of more-for-more strategy in mobile and fixed
- Development of new competencies in ICT to keep the growth dynamics (e.g. big data monetisation)
- Acceleration of Mobile Private Network deployments (5G applications)



Leveraging digital tools to become more effective



Development of **advanced data driven marketing** to improve customer value (partnership with Google Cloud)

- **100%** of Central Data Warehouse migrated to Google Cloud Platform. Ongoing migration for the rest of Big Data.



Shift to **selfcare customer management**

- **>2m** less calls to advisors from 2020 mainly thanks to Max (voice and chatbot with AI)
- Increased use of Max in cash collection
- **c.50%** of customers use My Orange app (vs 20% in 2020)
- **10%** of bills paid in My Orange/eCare



Increase of **digital channels in sales**

+20%
yoy
digital
sales acts

+64%
yoy
Flex
customer base

+65%
yoy
top ups
done on digital



Extensive **adoption of AI/Big Data** across the company

- AI used in antifraud, credit risk monitoring, energy optimisation and cybersecurity
- **60%** of employees trained in AI/BD in 2022
- Launch of chatbot AI for employees

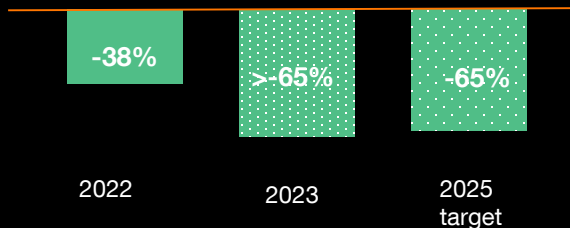


Our responsibility: for the planet and the society

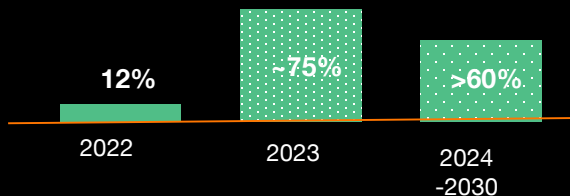
#OrangeGoesGreen



2025 CO2 emissions reduction goal secured (Scope 1+2, vs 2015)



Renewable energy to constitute >60% of our consumption by 2030 (based on currently signed PPAs)

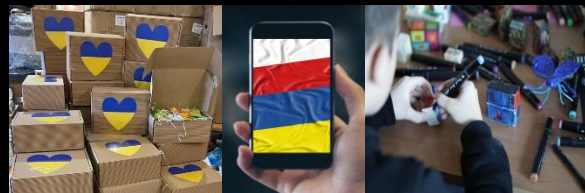


* PPA – power purchase agreement



Support for Ukraine

- **Hosting c. 800 refugees** in OPL properties
- **>1 million** activations of dedicated connectivity packages (special pre-paid offers for refugees with free minutes and SMSes)
- **>1k OPL volunteers among employees** engaged in c.130 grant actions
- **50 trucks (ca 100 tons) with help for Ukraine** coordinated by Orange employees in grassroots initiatives
- **Helping refugees to adopt to life in Poland:**
 - ✓ Helpline for Ukrainian children (cooperation with Empowering Children Foundation)
 - ✓ Polish language lessons for adults








Financial review

Jacek Kunicki
Chief Financial Officer



Strong financial performance in 2022

	in PLNm	FY22	yoy	4Q'22	yoy	
	revenues	12,488	+4.7%	3,379	+6.6%	<ul style="list-style-type: none"> Solid performance in all major revenue lines Acceleration in 2H mainly due to fading MTR/FTR cuts impact
	EBITDAaL	3,078	+3.9%	736	+4.1%	<ul style="list-style-type: none"> FY strong growth (in line with .Grow target) despite PLN 220m surge in energy costs Achieved due to growing direct margin from key revenue streams
	% of revenues	24.6%	-0.2pp	21.8%	-0.5pp	
	eCAPEX	1,719	-1.0%	823	+26.6%	<ul style="list-style-type: none"> In line with guidance Focus shifted to mobile while fibre rollout financed by FiberCo JV
	organic cash flow	822	-5.2%	-4	-135m	<ul style="list-style-type: none"> Strong cash generation from operating activities FY working capital higher by PLN 355m due to strong equipment sales on instalments
	ROCE*	6.5%	+1.5x			<ul style="list-style-type: none"> Growth driven by improvement of operating profit and balance sheet discipline

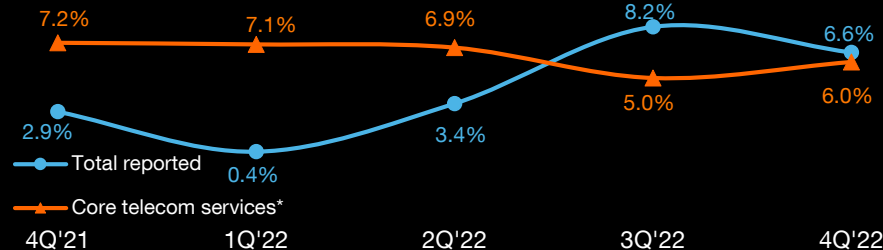
* Calculated excluding gain on FiberCo transaction in 2021

4Q revenue +6.6% yoy with strong performance in all major lines

- **Core telecom services*** (+6% yoy)
Driven by customer base and ARPO growth (reflecting value strategy)
- **IT/IS** (+18% yoy)
Monetising our wide competencies and demand for digitisation
- **Wholesale**** (+19% yoy)
Capitalising on high demand for our infrastructure
- **Other revenues** (+23% yoy)
Energy resale boosted by higher unitary prices

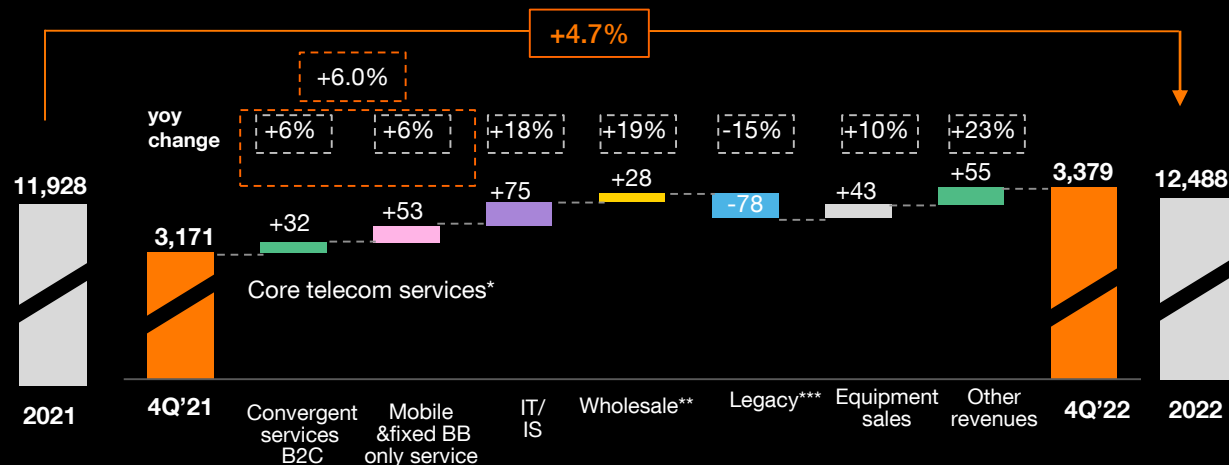
Revenue evolution

yoy change



Revenue evolution breakdown

in PLNm

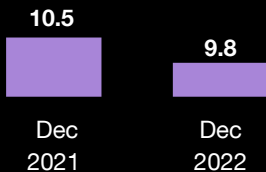


*convergence, mobile-only and broadband-only **wholesale excluding legacy areas (non-fibre fixed wholesale and interconnect) ***legacy: narrowband only, non-fibre fixed wholesale and interconnect revenues

4Q EBITDAaL +4.1% yoy fuelled by strong direct margin expansion

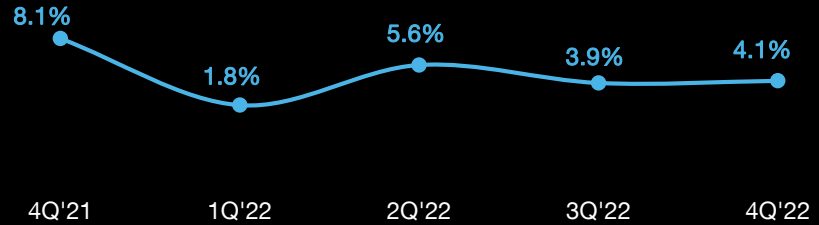
- 4Q direct margin up 3% yoy:
 - Enabled by concerted contribution from retail telecom services, ICT and wholesale
- 4Q indirect costs growth limited to 2% yoy:
 - Energy costs up 70% yoy due to surging unitary prices (but stabilising going forward due to more wind energy in the mix)
 - Includes ongoing savings in many areas (e.g. labour, process optimisation, facility management)

Employment in k FTE



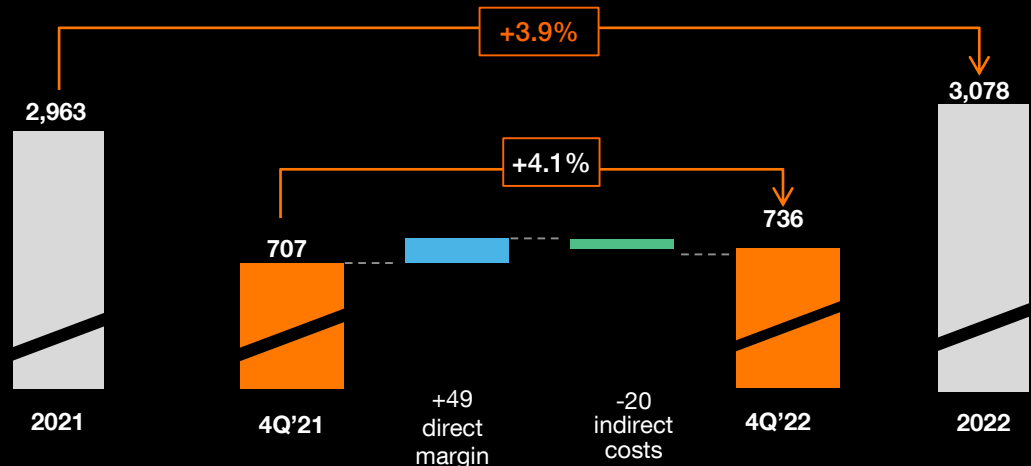
EBITDAaL evolution

(yoy change in %)



EBITDAaL evolution breakdown

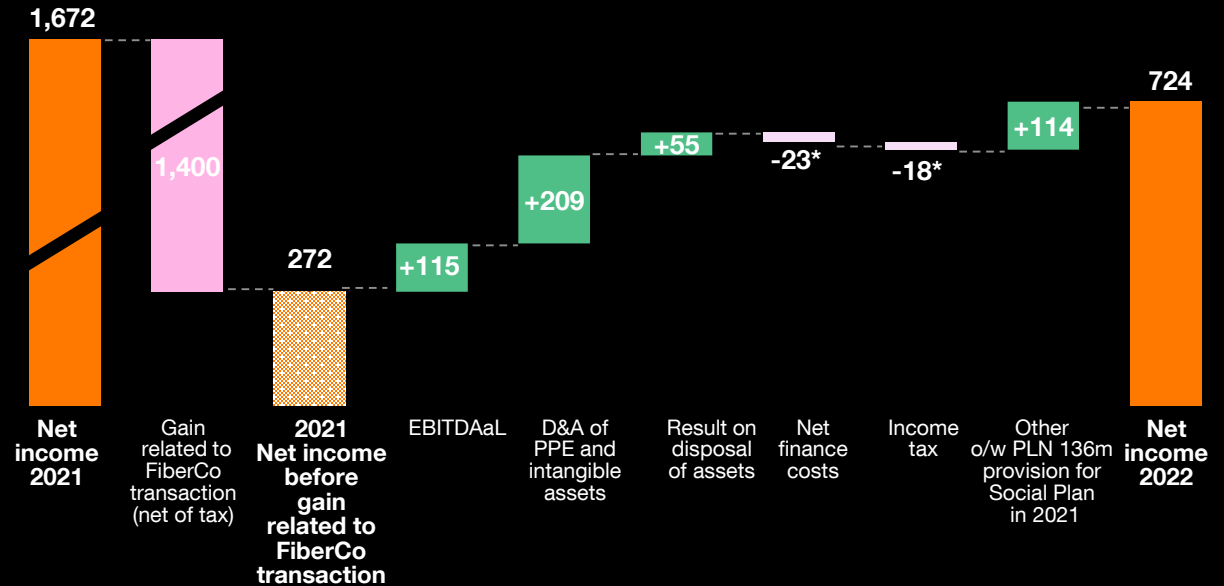
(yoy change in PLNm)



FY net income 2.6x yoy (on comparable basis*) driven by strong operating income

- 8% yoy lower depreciation reflects extension of economic useful life for certain assets and lower mobile capex in the past few years

Net income evolution in 2022
(yoy change in PLNm)



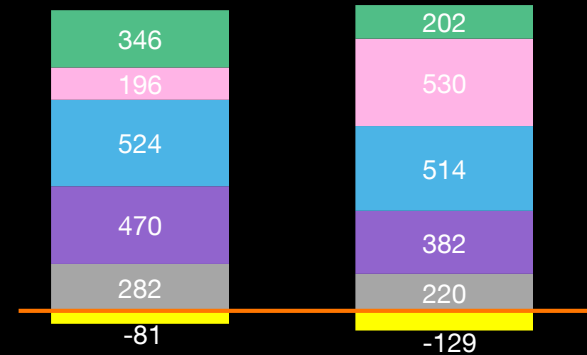
*yoy comparison excludes impact related to FiberCo transaction in 2021

eCapex focus redirected from fibre (financed by FiberCo JV) to mobile

- Much higher **mobile** capex reflects start of RAN renewal project
- >40% lower **fibre** as we benefit from FiberCo JV
- Different phasing of projects in **IT systems & infrastructure**
- Decline in **other capex** due to completion of new data center

Investment areas (in PLNm)

- Fibre net of disposed rollout to FiberCo
- Mobile network
- Fixed & core network
- IT Systems and Infrastructure
- Others incl. non-fibre CPE
- Proceeds from assets disposal excl. assets disposed to FiberCo



eCapex

1,737

1,719

2021

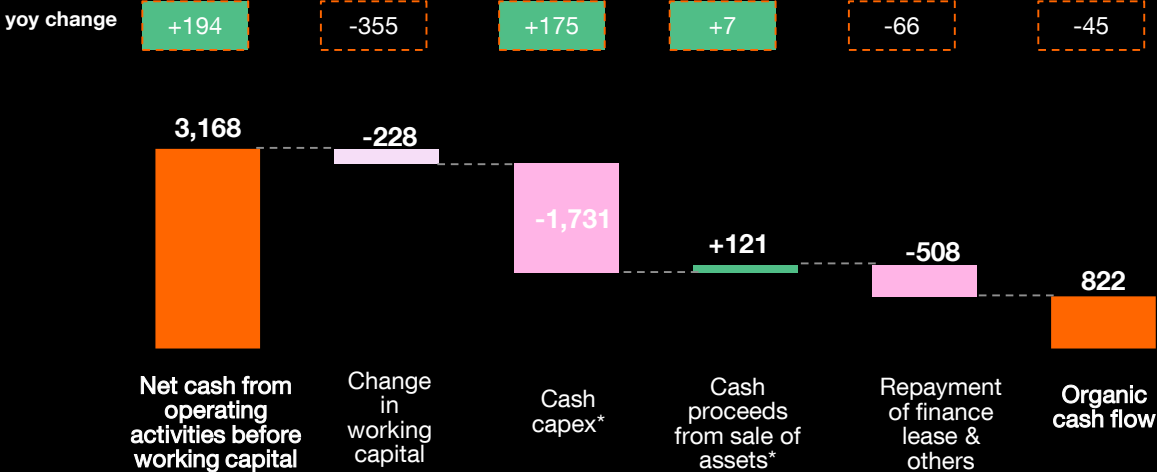
2022

Organic Cash Flow reflects strong operating performance

Cash flow evolution breakdown in FY 2022

in PLNm

- OCF generation driven by:**
- 4% EBITDAaL growth
 - Much higher working capital requirement resulting mainly from record high equipment instalment sale
 - Lower cash capex due to phasing of investment during the year

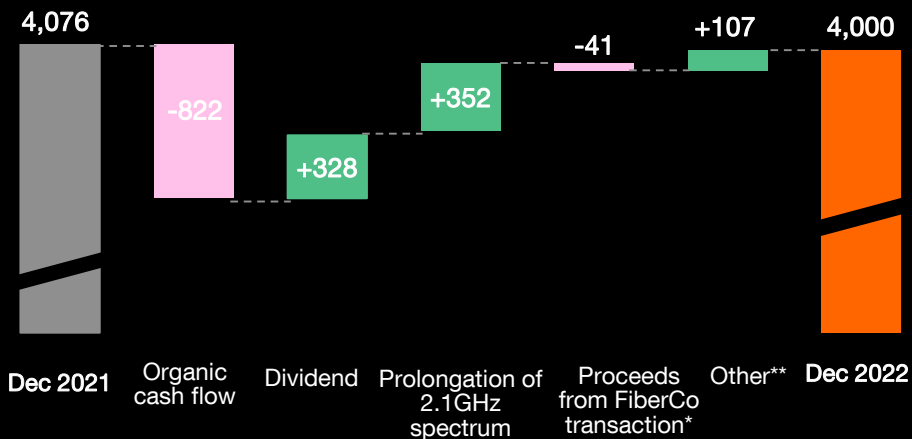


* Cash capex reduced by PLN 154m of cash proceeds from sale of fibre network assets to Fiberco (excluded from cash proceeds from sale of assets)

Strong balance sheet structure due to EBITDAaL growth and solid cash generation

- **92%** of debt at fixed interest rate by mid-2024
- 2.4 years average debt duration
- Financial leverage lower despite payment of dividend and spectrum renewal

Net debt evolution in PLNm



1.4x

net debt to EBITDAaL

1.3x

2.9%

effective interest rate on debt

3.3%

*Instalment paid by APG in 2022 after delivering agreed roll-out plan

**Includes mainly settlements related to EU subsidies for fibre network construction (POPC) and payments related to acquisition and integration of subsidiaries



.Grow strategy: we are in line with the plan despite difficult environment

	Mid-term guidance (2021 to 2024)*	2021-22 performance
 Revenues	low single digit growth CAGR	+4.2% CAGR
 EBITDAaL	low-to-mid single growth CAGR	+4.9% CAGR
 eCapex (PLN bn)	1.7 to 1.9 yearly average over the period	1.73bn (avg 2021-22)
 ROCE	increase 3-4x (vs. 1.6% in 2020)	6.5% in 2022 (4x increase)
 Net debt / EBITDAaL	we aim to keep safe balance sheet, with financial leverage in the range 1.7-2.2x**	1.3x (at the end of 2022)

* As presented in .Grow strategy in June 2021

** Long-term prospects for net debt/EBITDAaL

2023 outlook

Julien Ducarroz
Chief Executive Officer



Key priorities for 2023

Persistent execution of value strategy in key retail areas

Further growth of ICT
(cybersecurity, cloud, big data)

Growing monetisation of infrastructure via wholesale

5G spectrum acquisition and rollout

CO2 emissions reduction inc. Scope 3 (value chain)

Continued **cost transformation**

Further progress on circular economy

Becoming **increasingly digital**



Orange People

Continued cultural change and upskilling

.Grow financial ambitions confirmed by 2021-22 performance & 2023 outlook

	Revenues	EBITDAaL	eCAPEX
Strategy mid-point performance 2021-22	+4.2% CAGR	+4.9% CAGR	PLN 1.73bn (annual average)
2023 outlook	low single digit growth	flat/low single digit growth	PLN 1.5-1.7bn
All .Grow 2020-24 ambitions reconfirmed	low single digit growth CAGR	low-to-mid single digit growth CAGR	PLN 1.7-1.9bn yearly average over the period

Shareholders' remuneration



Cash dividend

PLN 0.35

per share

to be paid in 2023 from 2022 profits*

.Grow dividend policy:

PLN 0.35 as new sustainable floor for the future

Future changes to be considered yearly, including:

- **Projections of underlying financial results**
- **Long-term financial leverage forecast vs the 1.7x to 2.2x leverage corridor**

Q&A

Appendix

Details of bottom line evolution in 2022 and 4Q 2022

in PLNm	2022	2021	Change	4Q'22	4Q'21	Change
EBITDAaL	3,078	2,963	+115	736	707	+29
Gains on disposal of assets	107	52	+55	22	28	-6
Gain on the loss of control of Światłowód Inwestycje	-	1,543	-1,543	-	-	-
D&A of PPE and intangible assets*	-2,046	-2,255	+209	-520	-591	+71
Add-back interest expense on lease liabilities	95	53	+42	30	13	+17
Adjustment for the impact of employment termination programs	1	-129	+130	1	-136	+137
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-17	-25	+8	-4	-5	+1
Share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	-57	9	-66	-9	-1	-8
Operating income	1,161	2,211	-1,050	256	15	+241
Net financial costs	-294	-281	-13	-52	-84	+32
<i>o/w foreign exchange loss/gain</i>	-22	+4	-26	+22	2	+20
Income tax	-143	-258	+115	-41	0	-41
Net income	724	1,672	-948	163	-69	+232

* Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 34 million in 4Q 2021 and FY 2021)

Details of organic cash flow evolution in 2022 and 4Q 2022

in PLNm	2022	2021	Change	4Q'22	4Q'21	Change
Net cash flow from operating activities before change in working capital	3,168	2,974	+194	803	722	+81
Change in working capital	-228	127	-355	-289	-175	-114
Net cash flow from operating activities	2,940	3,101	-161	514	547	-33
CAPEX	-1,962	-2,011	+49	-875	-752	-123
Change in CAPEX payables*	77	23	+54	463	297	+166
Cash proceeds from sale of assets	275	196	+79	20	114	-94
Repayment of lease liabilities	-511	-481	-30	-126	-107	-19
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	3	39	-36	-	32	-32
Organic cash flow	822	867	-45	-4	131	-135

* 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:
 - Net Zero by 2040 (for both own and entire value chain CO₂e emissions)
 - By 2025: min. 60% of renewable energy & own CO₂e emissions (Scopes 1+2) reduced by 65% vs 2015
- Performance in 2022:
 - own emissions -38% vs 2015 & 2025 goals confirmed** thanks to long-term renewable energy PPA contracts signed
 - continued energy optimisation efforts (-3% yoy)
- Announcing Scope 3 emissions & reduction priorities (incl. circular economy)

Social



We make new technologies a supporter of economic and social development

- Our connectivity investments positively impact local societies through:
 - digital inclusion
 - new **Orange Digital Center**
 - digital skills programmes in schools for **6 500 children**
- Diversity management programs: **37% woman among managers** (v 38% total in the company)
- Co-operation with suppliers based on Code of Conduct covering social and environmental responsibility and CSR clauses in **all contracts**.

Governance

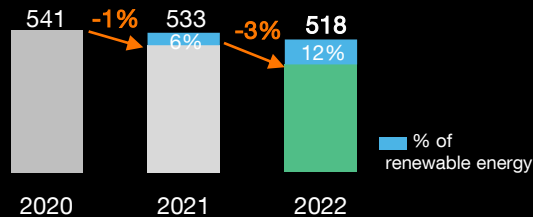


Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

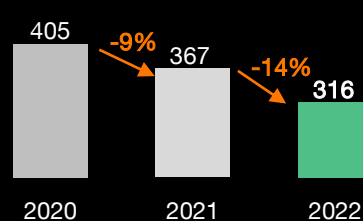
- Compliance with the highest ESG reporting standards (**The best Integrated Report of 2022 in Poland**)
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions
- Social and climate risks included in risk management system

Key Environmental Performance Indicators

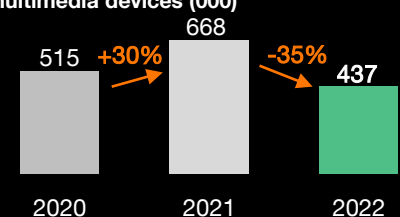
Energy consumption (GWh)



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
ARPO	Average Revenue per Offer
AUPU	Average Usage per user
CAGR	Compound annual growth rate
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 Notes 3 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 Notes 3 to IFRS Consolidated Financial Statements of the Orange Polska Group)
FBB	Fixed Broadband
FiberCo	Światłowód Inwestycje a 50/50 JV of Orange Polska and APG, operator of wholesale fibre network

Glossary (2/2)

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
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
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
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 3 to IFRS Consolidated Financial Statements of the Orange Polska Group)
PPA	Power purchase agreement
ROCE	Return on capital employed = EBIT (ex. extraordinary items) / Average net debt
VDSL	Very-high-bit-rate Digital Subscriber Line