

Orange Polska

24 October 2023

3Q 2023 results



.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 2 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2023 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	3Q 2023	3Q 2022	9M 2023	9M 2022
Operating income	377	324	1,112	905
Less gains on disposal of assets	-11	-15	-125	-85
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	494	516	1,483	1,526
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	13	14	42	48
Interest expense on lease liabilities	-36	-27	-102	-65
Adjustment for the impact of employment termination programs	4	6	16	-
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-	4	-	13
EBITDAaL (EBITDA after Leases)	841	822	2,426	2,342

Highlights & Business review

Liudmila Climoc
Chief Executive Officer



3Q'23 performance on track with full-year plans



Solid commercial performance with focus on value

- Steady pace of ARPO growth coupled with solid customer base expansion in all key services
- Strong demand for high value handsets continues



Good financial results with EBITDAaL growth of 2.3%

- Strong core telecom service revenues drive 3% direct margin expansion
- Inflation impact on indirect costs partly compensated by our mitigation actions
- 23% yoy net income growth driven by EBITDAaL and lower depreciation

5G

5G auction concluded – new growth lever for the future

- OPL secured reservation for 100MHz block in c-band spectrum
- Price of PLN 487m is expected to be paid by end of 2023



9M 2023 strong financial results

**2023
guidance**

low-to-mid single
digit growth

low single digit
growth

PLN 1.5-1.7bn

**9M 2023
Results**



Revenues

9.48 bn

+4.1%



EBITDAaL

2.43 bn

+3.6%



eCAPEX

902m

+0.7%

in PLN

YoY

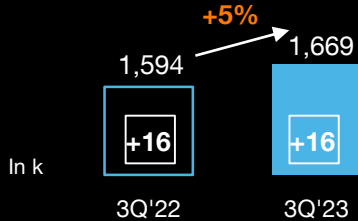


Good ARPO growth **coupled with** solid customer base expansion in all key services



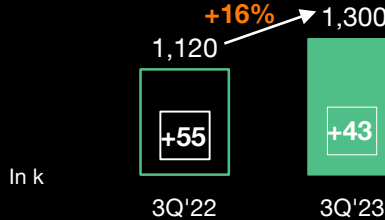
PLN 120.0 **Convergence ARPO +3.8%**
yoy (vs +3.3% in 1H)

Solid convergence customer base growth



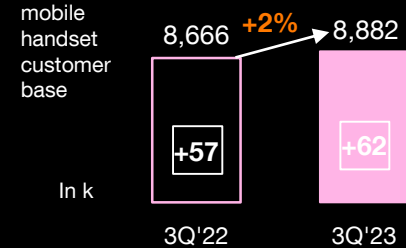
PLN 64.5 **Fixed broadband-only ARPO +4.0%**
yoy (vs +3.8% in 1H)

Good fibre customer base growth despite intensive competition



PLN 29.9 **Mobile-only handset ARPO +3.5%**
yoy (vs +3.2% in 1H)

Improving net customer additions with B2C and B2B contributing

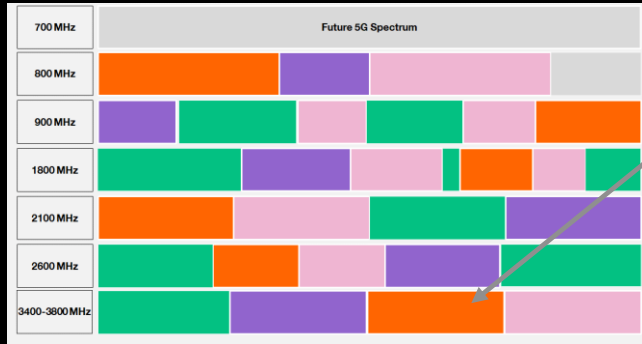


net customers additions



Acquisition of 5G spectrum unlocks new business opportunities

Map of Polish spectrum



- OPL secured 15-year reservation for a 100 MHz block of spectrum in 3400–3800 MHz band
- Price of PLN 487m to be paid by the year end

Legend: OPL (Orange), Play (Purple), T-Mobile (Pink), Plus (Green)

New spectrum significantly improves capacity of our mobile network

- More resources necessary to carry increasing data traffic and support top service quality
- New opportunities for B2B related mainly to mobile private networks and various IoT ecosystems

Expected rollout capex in line with .Grow strategy assumptions (up to PLN 0.5bn p.a. for 5G & RAN renewal)






- We are already well advanced with preparation (c.PLN 0.7bn will be spent by the end of 2023) but most of the investment program to be conducted in 2024-26

Financial review

Jacek Kunicki
Chief Financial Officer



Strong 3M/9M'23 financial results

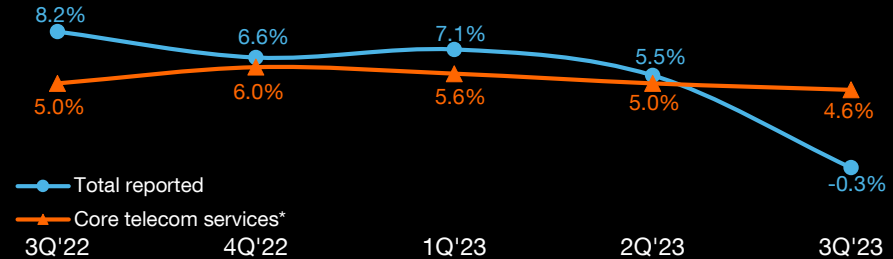
	in PLNm	3Q'23	yoy	9M'23	yoy	
	revenues	3,115	-0.3%	9,478	+4.1%	<ul style="list-style-type: none"> Strong performance of core telco services and equipment offset by drop in IT/IS and energy resale
	EBITDAaL	841	+2.3%	2,426	+3.6%	
	% of revenues	27.0%	+0.7pp	25.6%	-0.1pp	<ul style="list-style-type: none"> Growth driven by direct margin performance Inflation impact on costs partly mitigated
	net income	237	+23%	746	+33%	<ul style="list-style-type: none"> Driven by EBITDAaL growth and lower depreciation
	eCAPEX	364	+13%	902	+0.7%	<ul style="list-style-type: none"> Reflects more evenly phased capex spending
	organic cash flow	424	+138%	848	+2.7%	<ul style="list-style-type: none"> Yoy growth reflects better operating cash flow and lower cash capex

Flat yoy 3Q revenue reflects drop in IT/IS and energy resale while core telecom services remain strong

- **Core telecom services*** (+5% yoy)
Strong performance driven by both customer base and ARPO growth
- **Equipment sales** (+11% yoy)
Good demand in high value handsets continues
- **IT/IS** (-3% yoy)
Slowdown in market demand following a robust growth in 1H growth
- **Other** (-17% yoy)
Big drop in energy resale revenue reflects lower volume sold and high comparable base for prices

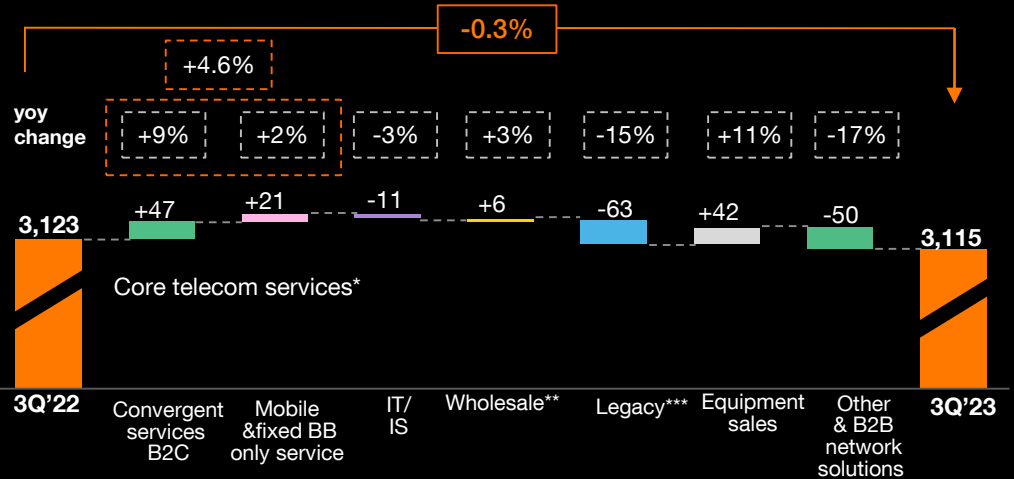
Revenue evolution

(yoy change in %)



Revenue evolution breakdown

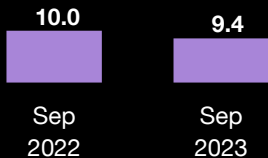
in PLNm



3Q EBITDAaL +2.3% yoy fuelled by direct margin expansion

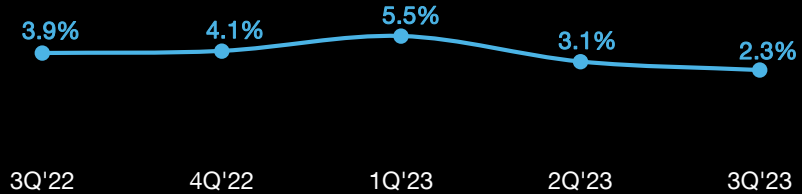
- **Direct margin up 3% yoy:**
 - Strong contribution from **core telecom services, equipment** and energy resale business
- **Indirect costs up 3% yoy:**
 - **Inflation impact** mainly rentals & external services
 - Supported by **universal service obligation** costs reimbursement
 - **Ongoing transformation** including workforce efficiency

Employment in k FTE



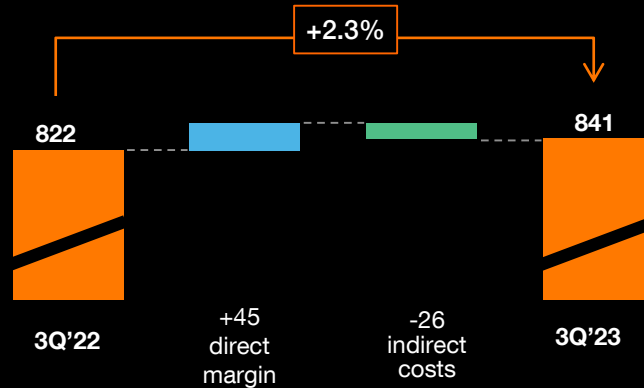
EBITDAaL evolution

(yoy change in %)



EBITDAaL evolution breakdown

(yoy change in PLNm)



Strong 9M Organic Cash Flow and sound balance sheet structure

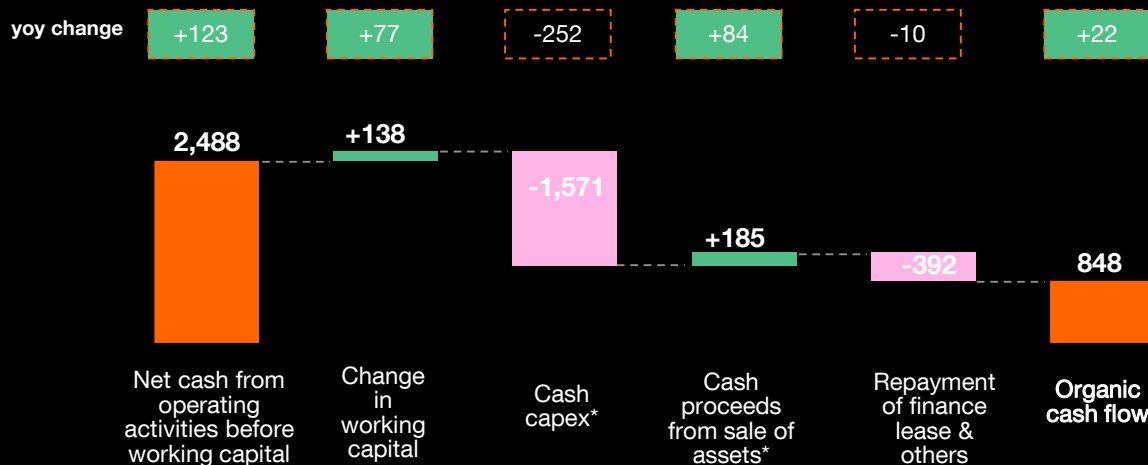
OCF evolution reflects:

- EBITDAaL growth
- Lower spectrum fees (last UMTS instalment paid in 3Q'22)
- Reduced working capital with further improvement planned for 4Q
- Higher cash capex (mainly payments for 4Q'22)
- Higher proceeds from sale of assets

- Net debt includes PLN 182m bid bond paid in the 5G auction
- c.90% of existing debt at fixed interest rate by 1H24, with >50% until 2026

Organic Cash flow evolution breakdown in 9M 2023

in PLNm



* Cash capex reduced by PLN 74m of cash proceeds from sale of fibre network assets to FiberCo (excluded from cash proceeds from sale of assets)

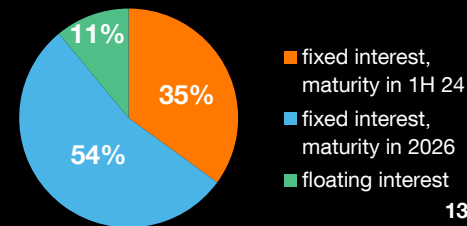
Net debt

in PLNm



Interest rate risk well managed

(% of total existing debt)



Summary

Liudmila Climoc
Chief Executive Officer



Summary



Strong 9M results confirm our ability to deliver growth in a challenging environment



In 4Q focus on high commercial season



Continuation of value strategy and transformation to mitigate inflation impact in 2024

5G

Focus on 5G rollout following obtaining a licence

Q&A

Appendix

Details of net income evolution in 3Q and 9M 2023

in PLNm	3Q'23	3Q'22	Change	9M'23	9M'22	Change
EBITDAaL	841	822	+19	2,426	2,342	+84
Gains on disposal of fixed assets	11	15	-4	125	85	+40
D&A of PPE and intangible assets*	-494	-516	+22	-1,483	-1,526	+43
Add-back interest expense on lease liabilities	36	27	+9	102	65	+37
Adjustment for the impact of employment termination programs and reorganization costs	-4	-6	+2	-16	0	-16
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	0	-4	+4	0	-13	+13
Share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	-13	-14	+1	-42	-48	+6
Operating income	377	324	+53	1,112	905	+207
Net financial costs	-87	-86	-1	-194	-242	+48
<i>o/w foreign exchange loss/gain</i>	<i>-22</i>	<i>-27</i>	<i>5</i>	<i>1</i>	<i>-44</i>	<i>+45</i>
Income tax	-53	-45	-8	-172	-102	-70
Net income	237	193	+44	746	561	+185

* Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 4m in 1Q 2023 and PLN 3m in 2Q 2023).

Details of organic cash flow evolution in 3Q and 9M 2023

in PLNm	3Q'23	3Q'22	Change	9M'23	9M'22	Change
Net cash flow from operating activities before change in working capital	852	734	+118	2,488	2,365	+123
Change in working capital	48	-4	+52	138	61	+77
Net cash flow from operating activities	900	730	+170	2,626	2,426	+200
CAPEX	-389	-363	-26	-1,138	-1,087	-51
Change in CAPEX payables*	9	-124	+133	-507	-386	-121
Cash proceeds from sale of fixed assets	25	61	-36	259	255	+4
Repayment of lease liabilities	-121	-126	+5	-393	-385	-8
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	-	-	-	1	3	-2
Organic cash flow	424	178	+246	848	826	+22

* 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

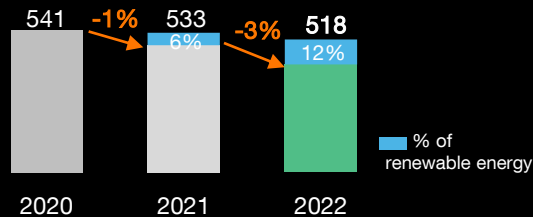


Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

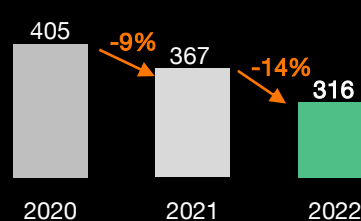
- Compliance with the highest ESG reporting standards (**The best Integrated Report of 2022 in Poland**)
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all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

Key Environmental Performance Indicators

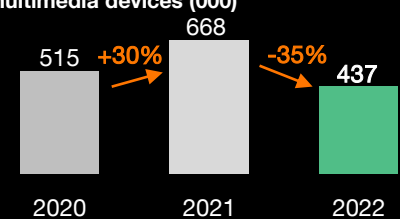
Energy consumption (GWh)



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
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)