

Orange Polska

FY 2023 results

15 February 2024



.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 2023 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	4Q 2023	4Q 2022	FY 2023	FY 2022
Operating income	109	256	1,221	1,161
Less gains on disposal of assets	-9	-22	-134	-107
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets*	517	520	2,000	2,046
Add share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	20	9	62	57
Interest expense on lease liabilities	-36	-30	-138	-95
Adjustment for the impact of employment termination programs and reorganisation costs	150	-1	166	-1
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	2	4	2	17
EBITDAaL (EBITDA after Leases)	753	736	3,179	3,078

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

FY 2023 highlights

Liudmila Climoc
Chief Executive Officer

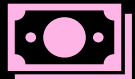


Strong 2023 performance underscores the success of .Grow strategy



Good commercial developments

- ARPO growth in all key subscription services coupled with solid customer base increase
- Strong demand for high value handsets
- New 5G spectrum provides opportunities for our business



Excellent financial results across the board

- EBITDAaL +3.3% yoy despite inflation impact
- Net profit +13% yoy, Organic Cash Flow +43% yoy (>PLN 1bn landmark)
- ROCE at 7.6% (vs 6.5% in 2022)



Business transformation to boost efficiency and enhance our ESG

- Growing share of digital channels in customer interactions
- Digital as a leverage for internal efficiency
- CO2 emissions (scope 1+2) down 79% vs. 2015; 74% share of renewable energy in the mix



Excellent 2023 financial results; guidance delivered

**2023
guidance**

low-to-mid single
digit growth

low single digit
growth

PLN 1.5-1.7bn,

**2023
Results
in PLN
YoY**



Revenues
12.97 bn
+3.9%



EBITDAaL
3.18 bn
+3.3%

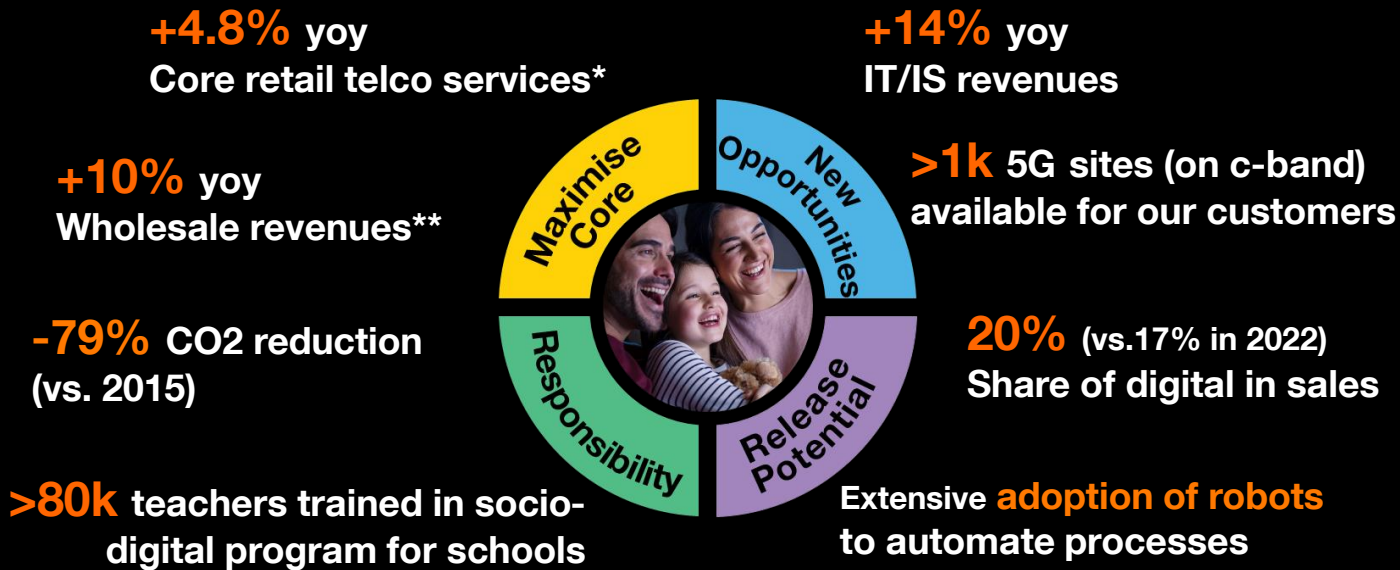


eCAPEX
1.56 bn





2023 achievements on track with .Grow strategy



Orange People

>70% employees trained in Data&AI, Cloud and cybersecurity

* convergence, mobile-only and broadband-only

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

Business review

Liudmila Climoc
Chief Executive Officer

Jolanta Dudek
Deputy CEO in charge of the consumer market

Bożena Leśniewska
Deputy CEO in charge of the business market

Our growth is fuelled by all three core business engines



B2C

Convergence strategy supported by growing fibre reach and value strategy

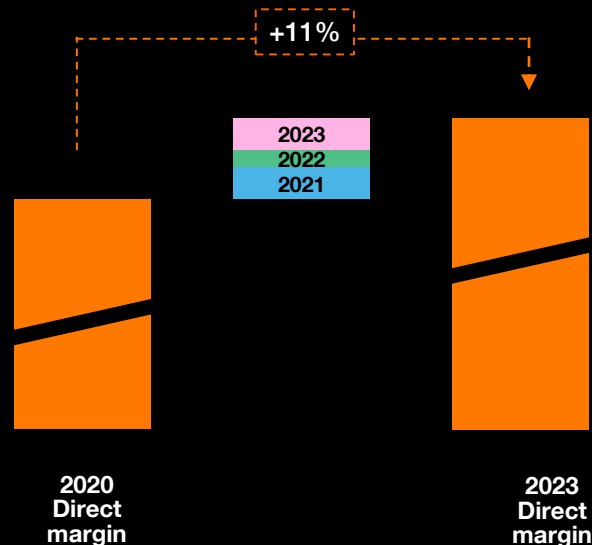
B2B

Strong position in telco services complemented by wide portfolio of IT/IS competencies

Wholesale

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

Direct margin growth drives EBITDAaL expansion



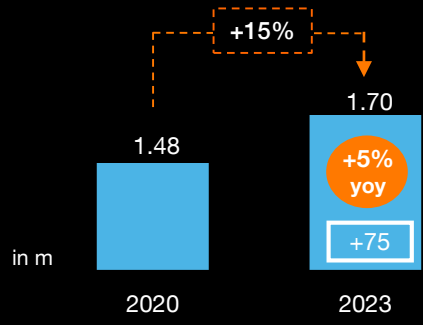


Core telecom services: good ARPO growth coupled with solid customer base expansion



PLN 118.9 **Convergence ARPO +3.7% yoy (vs. +2.5% yoy in 2022)**

Convergence customer base

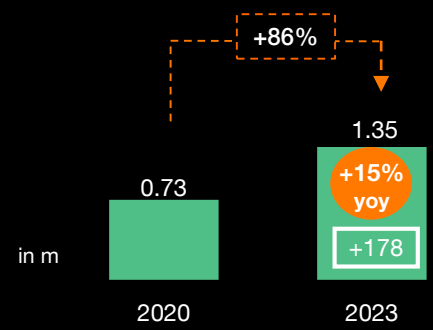


Convergence revenue growth accelerated in 2023 driven by solid customer base expansion and better ARPO growth



PLN 64.2 **Fixed broadband-only ARPO +4.1% yoy (vs. +3.7% yoy in 2022)**

Fibre customer base

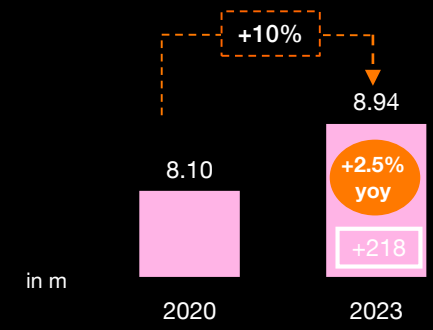


Fibre customer base +15% yoy as we expand footprint and cope well with intensified competition



PLN 29.4 **Mobile-only handset ARPO +3.2% yoy (vs. +2.5% yoy in 2022)**

Mobile handset customer base



Value strategy gradually translates into ARPO growth

□ net customers additions



B2B revenues +8% in 2023 as we consistently execute our strategy

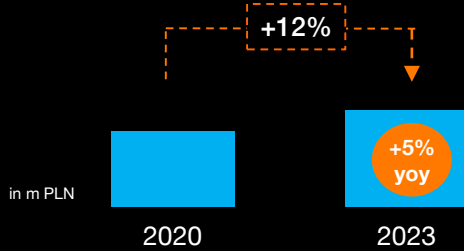


Connectivity & Network*

Key growth drivers:

- Value strategy (mobile ARPO +10% in 2020-23)
- Migration to fibre and cloud solutions (network)

Connectivity & Network* revenue growth



Highlights of 2023 revenue growth:

- Mobile +6% yoy
- Fibre +19% yoy
- Network +6% yoy

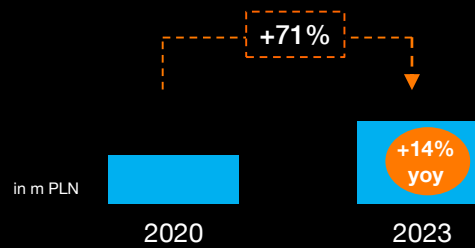


IT&IS

Key growth drivers:

- Wide ICT competence portfolio and demand for digital transformation
- Fast growing demand for smart Green solutions (120 cities with our Smart City services)

IT&IS revenue growth



Highlights of 2023 revenue growth:

- ICT +14% yoy
- IoT X2 yoy



2024 key priorities



Cybersecurity



New ICT domains (Big Data/AI)



Value strategy

5G

Campus networks

*Includes B2B mobile, broadband, equipment and network solutions

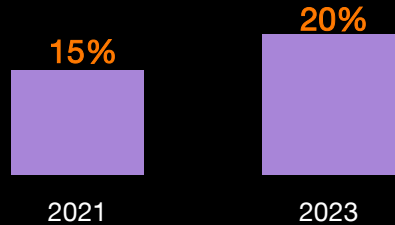


Leveraging digital tools to boost efficiency



20% sales through digital channels

Increasing share of digital sales in total sales acts



My Orange App as a key driver to digitise customer interactions



My Orange App

- 50% more customers use App (vs. 2021)



Digital as a leverage for internal efficiency

- Advanced data driven marketing to boost customer value
- Inviting customers to self serve in digital channels
- Extensive robotisation to automate processes
- AI used to boost efficiency in many areas (network, cybersecurity, credit risk); first use cases of Gen AI



Big potential going forward



Use of Gen AI & Big Data



Shift of customers to app and selfcare



Robotisation

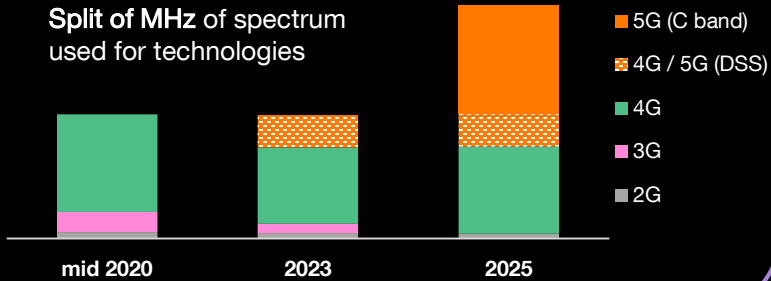


5G spectrum will improve mobile network efficiency and unlock new business opportunities



Our mobile spectrum resources almost double

Split of MHz of spectrum used for technologies



5G

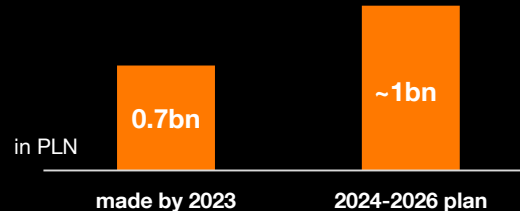
New spectrum brings new benefits

- Supports more-for-more commercial strategy
- Makes easier growing data traffic management (higher capex efficiency)
- New business expected in the mid term (especially B2B)



Expected rollout capex in line with .Grow strategy assumptions

5G rollout & RAN* renewal project








* Radio Access Network

Financial review

Jacek Kunicki
Chief Financial Officer



Strong financial performance in 2023 across the board

	in PLNm	FY23	yoy	4Q'23	yoy	
	revenues	12,970	+3.9%	3,492	+3.3%	<ul style="list-style-type: none"> Solid performance in all key revenue lines Robust growth of equipment sales driven by value strategy
	EBITDAaL	3,179	+3.3%	753	+2.3%	<ul style="list-style-type: none"> Strong growth despite c.PLN 200m inflation impact on costs Driven by growing direct margin
	% of revenues	24.5%	-0.1pp	21.6%	-0.2pp	
	eCAPEX	1,555	-10.0%	653	-20.7%	<ul style="list-style-type: none"> Close to low end of the guidance due to low 5G rollout capex (spectrum auction delayed) and high proceeds from real estate disposals
	organic cash flow	1,173	+43%	325	+329m	<ul style="list-style-type: none"> >PLN 1bn landmark achieved Cash from operating activity strongly supported by working capital improvement
	ROCE	7.6%	1.2x			<ul style="list-style-type: none"> Continued growth driven by improvement of operating profit and balance sheet discipline

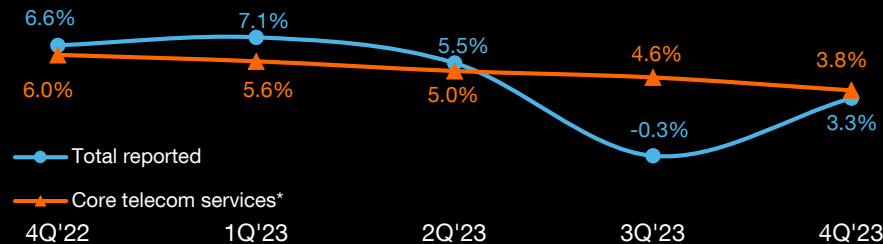
4Q revenue +3.3% yoy with strong performance in all major lines

4Q revenues fuelled by:

- Core telecom services*** (+4% yoy)
 Driven by customer base & ARPO growth; trend slowing down due to pre-paid
- IT/IS** (+17% yoy)
 Recovery of growth thanks to integration projects
- Equipment** (+10% yoy)
 Driven by recovery of volume growth of handsets sold
- Other** (-14% yoy)
 Drop in energy resale reflected lower volume sold

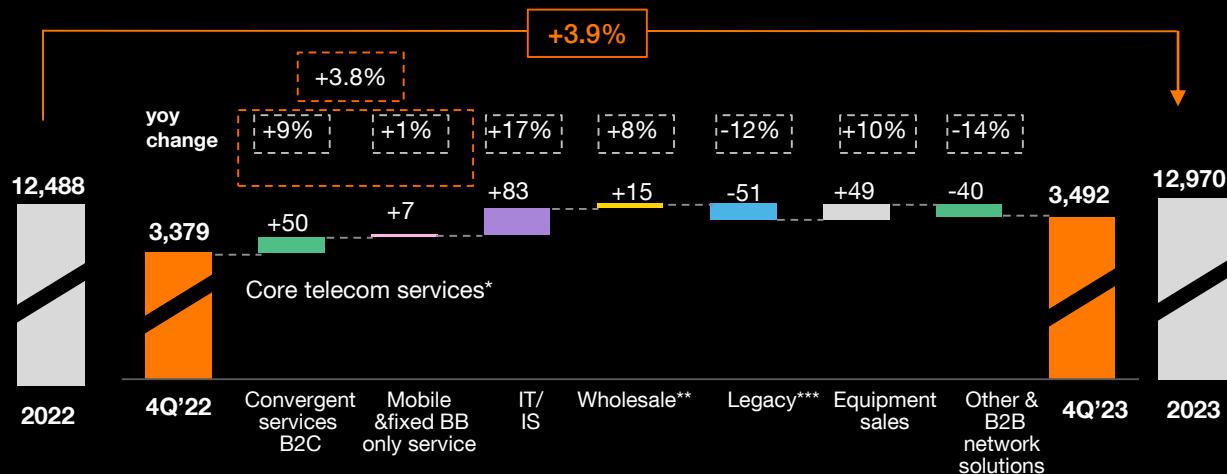
Revenue evolution

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 +2.3% due to strong direct margin expansion

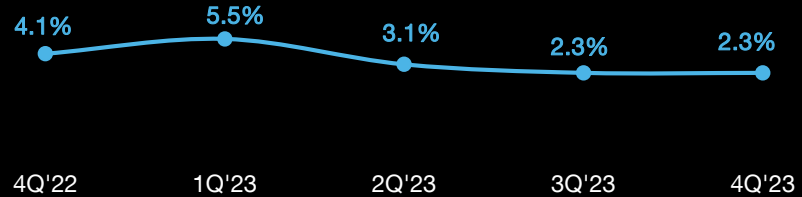
- 4Q direct margin up 3% yoy:
 - Enabled by solid contribution of all business lines
- 4Q indirect costs up 4% yoy:
 - Inflation and minimum wage growth affected rental and various external services costs (e.g. technical partners and FTO)
 - Ongoing transformation including workforce efficiency

Employment in k FTE



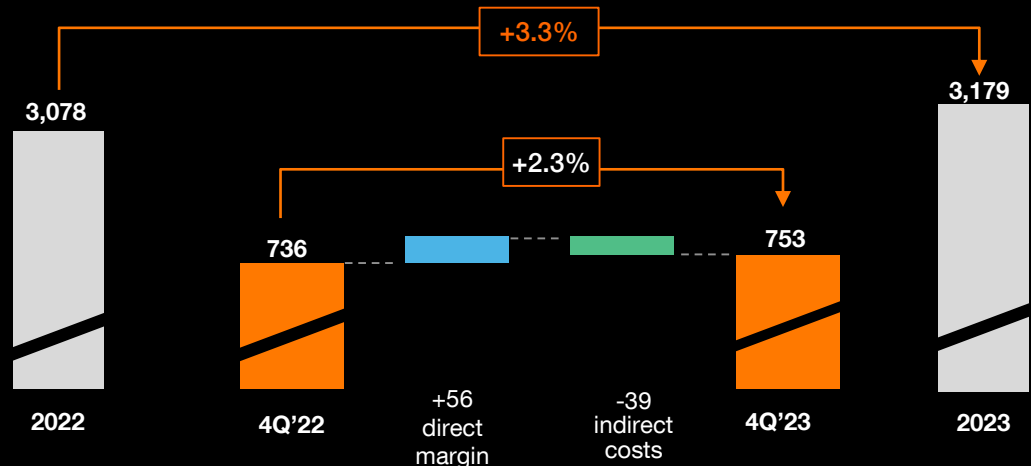
EBITDAaL evolution

(yoy change in %)



EBITDAaL evolution breakdown

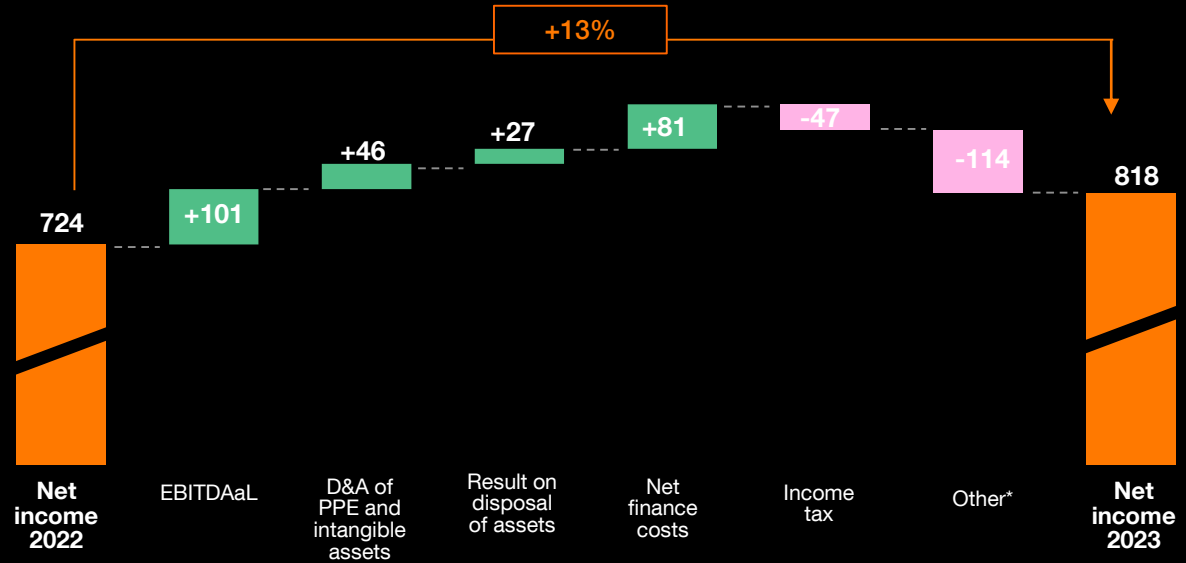
(yoy change in PLNm)



FY net income +13% due to rising EBITDAaL, lower D&A and less finance costs

Net income evolution in 2023
(yoy change in PLNm)

- 28% yoy net financial costs mainly benefitted from FX gains
- +25% yoy gain on disposal of assets as we sold more of our unused properties in our transformation programme
- PLN 125m provision for new Social Plan booked in 4Q

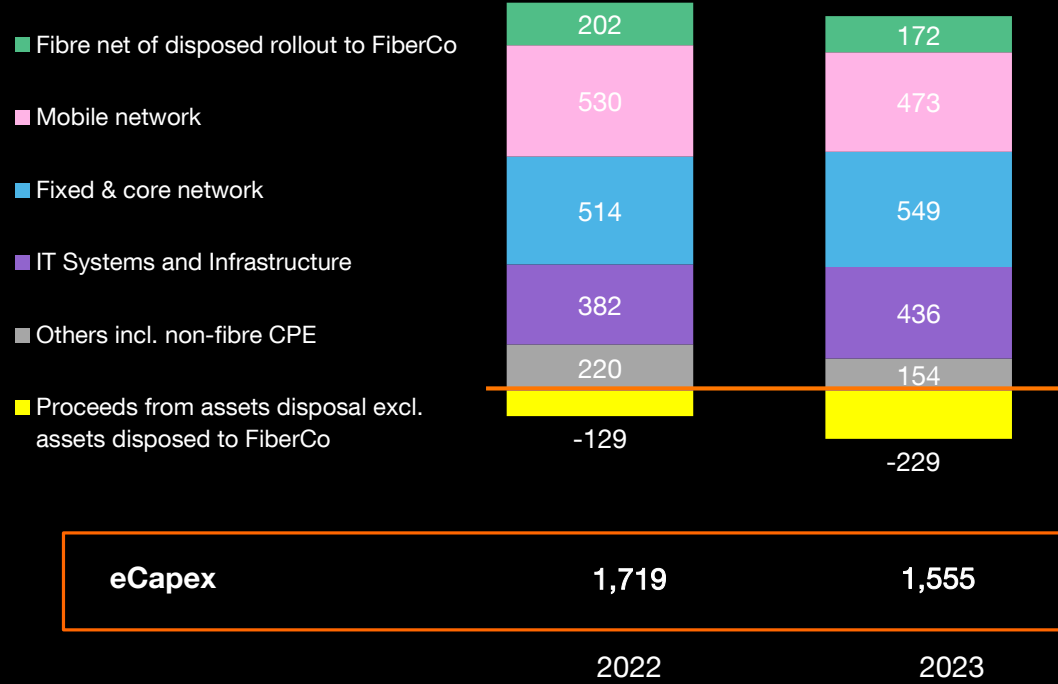


*o/w PLN 125m provision for new Social Plan for 2024-2025

Lean 2023 eCapex reflects delay of 5G auction and high proceeds from property disposal

- **Mobile** capex reflects delay of the spectrum auction
- **IT Systems and Infrastructure** growth due to digitisation and client offers projects
- **Fibre** capex reflects customer connections; in network rollout we benefit from FiberCo JV
- Very high **real estate proceeds** as we dispose properties we no longer use

Investment areas
(in PLNm)



Organic cash flow +43% yoy in 2023 driving strong balance sheet structure

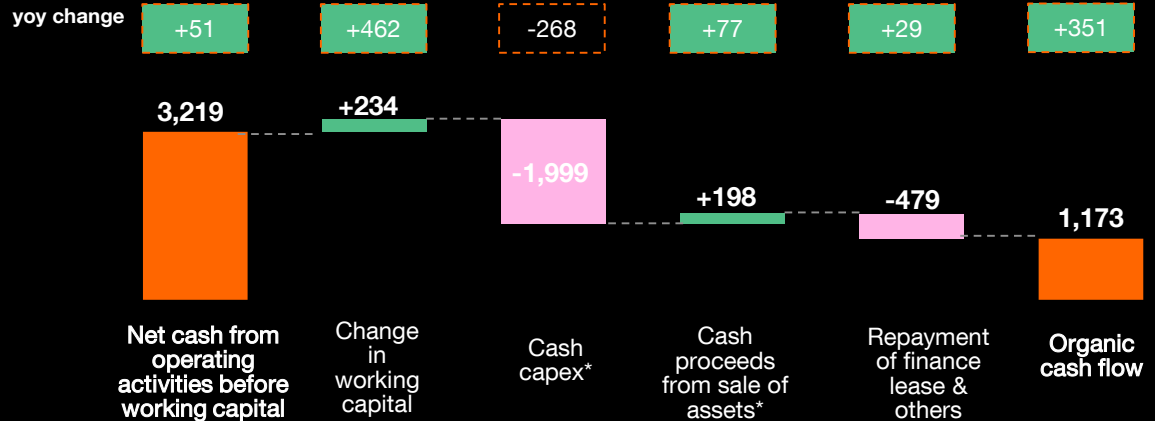
OCF generation driven by:

- 3% EBITDAaL growth
- Optimised working capital from handsets sold on instalments
- High cash proceeds from sale of real estate offset by higher cash capex (payments for 2022 investments)

- c.90% of existing debt at fixed interest rate:
 - o/w 35% maturing in 1H 2024
 - o/w 56% maturing in 2026

Cash flow evolution breakdown in FY 2023

in PLNm



* Cash capex reduced by PLN 76m of cash proceeds from sale of fibre network assets to Fiberco (excluded from cash proceeds from sale of assets)

Net debt

in PLNm

	4,000	3,528*
net debt / EBITDAaL	1.3x	1.1x*
	Dec'22	Dec'23
effective interest rate on debt	3.3%	3.2%

*Net debt does not include PLN 305m outflow for 5G spectrum licence paid in January 2024



.Grow strategy: we are in line with the plan

	Mid-term guidance (2021 to 2024)*	2021-23 performance
 Revenues	low single digit growth CAGR	+4.1% CAGR
 EBITDAaL	low-to-mid single growth CAGR	+4.4% CAGR
 eCapex (PLN bn)	1.7 to 1.9 yearly average over the period	1.67bn (avg 2021-23)
 ROCE	increase 3-4x (vs. 1.6% in 2020)	7.6% in 2023 (5x increase)
 Net debt / EBITDAaL	we aim to keep safe balance sheet, with financial leverage in the range 1.7-2.2x**	1.1x (at the end of 2023)

* As presented in .Grow strategy in June 2021

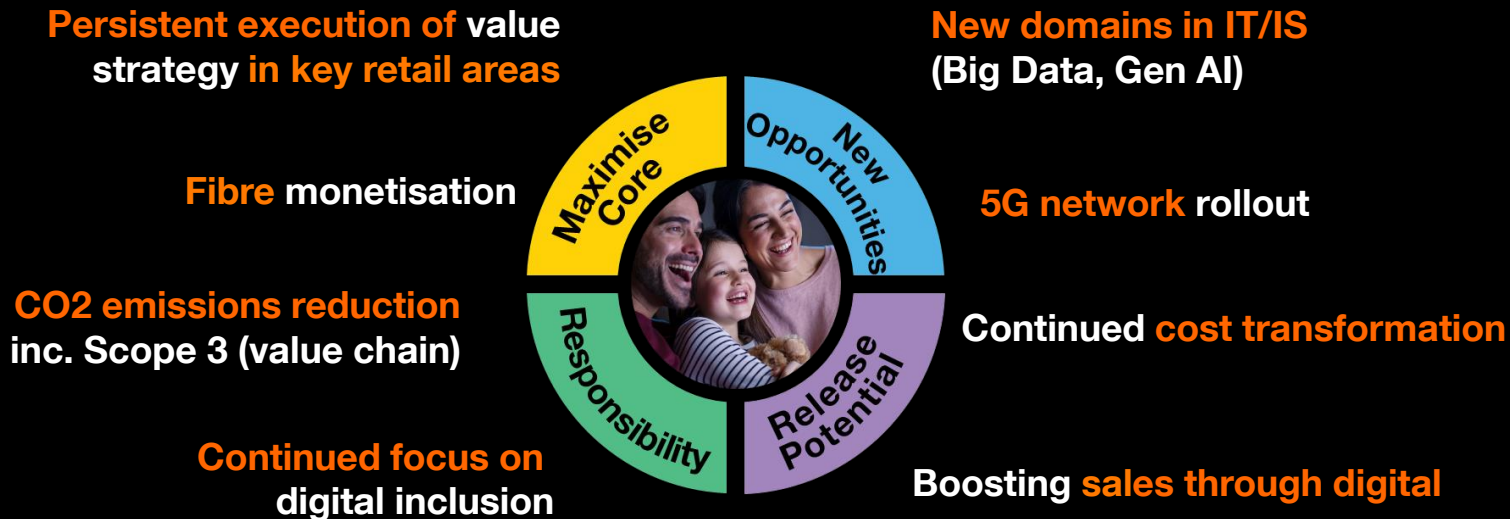
** Long-term prospects for net debt/EBITDAaL

2024 outlook

Liudmila Climoc
Chief Executive Officer



Key priorities for 2024



Orange People

Continued cultural change and upskilling

2024 guidance in line to achieve all .Grow financial ambitions

	Revenues	EBITDAaL	eCAPEX
2021-23 performance	+4.1% CAGR	+4.4% CAGR	PLN 1.67bn (annual average)
2024 outlook	low single digit growth	low single digit growth	PLN 1.7-1.9bn

Shareholders' remuneration in line with .Grow dividend policy



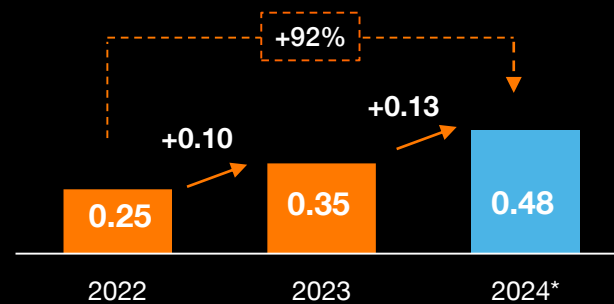
Cash dividend

PLN 0.48

per share

to be paid in 2024 from 2023 profits*
PLN 0.48 as a floor payable in 2025

Dividend per share (PLN)



* Management recommendation, subject to approval of General Meeting of Shareholders

Q&A

Appendix

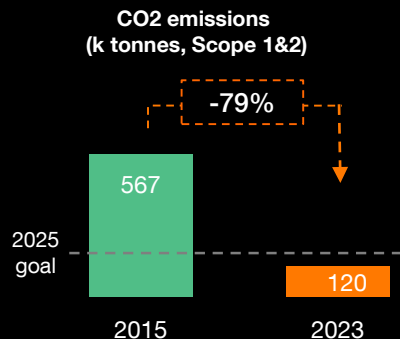
We successfully combine growth with social responsibility



Environment

CO2 emissions reduction goal met 2 years in advance (-65% in 2025 vs 2015)

- CO2 emissions (scope 1&2) -79% vs 2015:
 - energy consumption -2% yoy with 74% coming from renewables (vs. 12% in 22)



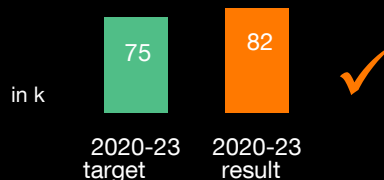
- Scope 3 (value chain) actions related mainly to circular economy
 - ~1.5m refurbished handsets and devices in 2021-23



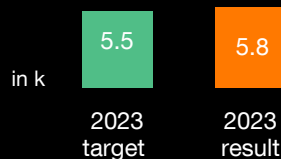
Social

We make new technologies a supporter of social development

- 82k teachers trained in the completed Lesson:Enter programme (digital skills)



- 5.8k children in 2023 educational programmes (safety, programming)



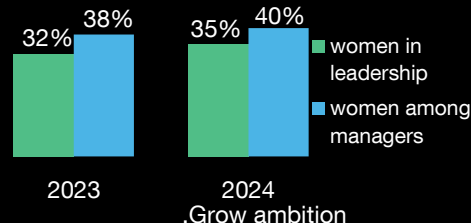
- 6.5k seniors in 2023 online courses reducing socio-digital exclusion



Governance

Responsible management and supervisions to achieve strategic goals

- Increasing diversity in employment: 32% of women in leadership and 38% among managers



- Compliance with the highest ESG reporting standards (preparation for CSRD reporting)

Details of bottom line evolution in 2023 and 4Q 2023

in PLNm	2023	2022	Change	4Q'23	4Q'22	Change
EBITDAaL	3,179	3,078	+101	753	736	+17
Gains on disposal of assets	134	107	+27	9	22	-13
D&A of PPE and intangible assets*	-2,000	-2,046	+46	-517	-520	+3
Add-back interest expense on lease liabilities	138	95	+43	36	30	+6
Adjustment for the impact of employment termination programs and reorganization costs	-166	1	-167	-150	1	-151
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-2	-17	+15	-2	-4	+2
Share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	-62	-57	-5	-20	-9	-11
Operating income	1,221	1,161	+60	109	256	-147
Net finance costs	-213	-294	+81	-19	-52	+33
<i>o/w foreign exchange loss/gain</i>	<i>+40</i>	-22	<i>+62</i>	<i>+39</i>	+22	<i>+17</i>
Income tax	-190	-143	-47	-18	-41	+23
Net income	818	724	+94	72	163	-91

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

Details of organic cash flow evolution in 2023 and 4Q 2023

in PLNm	2023	2022	Change	4Q'23	4Q'22	Change
Net cash flow from operating activities before change in working capital	3,219	3,168	+51	731	803	-72
Change in working capital*	234	-228	+462	96	-289	+385
Net cash flow from operating activities	3,453	2,940	+513	827	514	+313
CAPEX	-1,819	-1,962	+143	-681	-875	+194
Change in CAPEX payables**	-256	77	-333	251	463	-212
Cash proceeds from sale of assets	274	275	-1	15	20	-5
Repayment of lease liabilities	-509	-511	+2	-116	-126	+10
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	30	3	+27	29	-	+29
Organic cash flow	1,173	822	+351	325	-4	+329

* Does not include change in the working capital related to capex which is presented separately

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

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. 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 with a financial benefit. Convergent services revenues do not include equipment, 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)