



Current Report (18/2024)
Orange Polska S.A., Warsaw, Poland
23 October, 2024

Pursuant to Article 17(1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of the Orange Polska Capital Group (“the Group”, “Orange Polska”) for 3Q and 9M2024.

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 2024 (available at <https://www.orange-ir.pl/results-center/>).

**In 3Q 2024 Orange Polska reports good commercial and financial results
in line with full-year plans**

Solid 3Q/9M24 financial results:

- **3Q revenues at PLN 3,105 million stable year-on-year** reflecting strong growth of core telecom services offset by drop in low margin equipment and energy resale
- **3Q EBITDAaL at PLN 867 million +3.1% year-on-year** with key support from strong growth of margin from core business
- **9M net income at PLN 712 million, -5% year-on-year** as EBITDAaL growth was offset by increase in depreciation (driven by mobile assets) and high comparable base for gains from real estate sales
- **9M eCapex (economic capex) at PLN 1,134 million, +26% year-on-year** reflecting full pace of 5G network rollout and different phasing of proceeds from sale of real estate
- **9M Organic Cash Flow at PLN 664 million, -22% year-on-year**, reflects EBITDAaL growth offset by higher working capital requirement
- **Full-year guidance confirmed**

key figures (PLN million)	3Q 2024	3Q 2023	Change	9M 2024	9M 2023	Change
Revenue	3,105	3,115	-0.3%	9,309	9,478	-1.8%
EBITDAaL	867	841	+3.1%	2,520	2,426	+3.9%
EBITDAaL margin	27.9%	27.0%	+0.9p.p.	27.1%	25.6%	+1.5 p.p.
operating income	370	377	-1.9%	1,079	1,112	-3.0%
net income	254	237	+7.2%	712	746	-4.6%
eCapex	460	364	+26.4%	1,134	902	+25.7%
organic cash flow	253	424	-40.3%	664	848	-21.7%

3Q commercial performance sustained good balance between volume and value growth

- **+5%** yoy growth of **B2C convergent customers**, +18k net adds in 3Q
 - Convergent ARPO +5% yoy
- **+15%** yoy growth of **fibre retail customers**, +45k net adds in 3Q
 - **8.7 million households connectable** with fibre (201k added in 3Q)
 - Fixed broadband-only ARPO +3.5% yoy
- **+3%** yoy growth of post-paid **mobile handset customers**, +68k net adds in 3Q
 - Mobile-only handset ARPO +1.6% yoy

KPI (in thousand)	3Q 2024	3Q 2023	Change
convergent customers (B2C)	1,755	1,669	+5.2%
mobile accesses (SIM cards)	18,366	17,640	+4.1%
post-paid (inc. M2M)	13,996	13,040	+7.3%
o/w mobile handset	9,129	8,882	+2.8%
pre-paid	4,371	4,599	-5.0%
fixed broadband accesses (retail)	2,857	2,811	+1.7%
o/w fibre	1,495	1,300	+14.9%
fixed voice lines (retail)	2,343	2,463	-4.9%

Commenting on 3Q 2024 performance, Liudmila Climoc, Chief Executive Officer, said:

“Our commercial performance in the third quarter was strong, maintaining good balance between volume and value growth. Customer bases of all key telecom services expanded faster than a year ago. This was accompanied by a solid increase in ARPOs. We are pleased to report that our prepaid customer base is back to growth. This demonstrates that customers appreciate the quality of our multiservice offers and connectivity experience. At the same time, our current results are reflecting the deteriorating environment for our B2B business due to lower level of demand on ICT market and intensive competition. We are fully committed to work to address this challenge.

In September, thousands of people in the south-western Poland suffered from a major flood. Such crisis developments demonstrate in a special way that telecommunication networks are critical to the functioning of the society. Our teams were working tirelessly to serve our customers and restore connectivity in areas affected by the flood. We have also activated free data packages to help people to stay connected.

We are progressing on delivery of our wholesale strategy, our third commercial engine. We have recently fully opened access to 2.5 million households on our fibre network in deregulated areas. This is an important step to further monetise our infrastructure assets and to reduce the risk of overbuild.”

Financial Review

3Q revenue stable yoy with strong growth from core telecom services

Revenues totalled PLN 3,105 million in 3Q 2024 and were lower by PLN 10 million year-on-year (-0.3%). Core telecom services (combined revenues of convergence, mobile-only and broadband-only) advanced by a strong 6.1% year-on-year, which is a higher rate of increase versus previous few quarters as we benefit from further simultaneous expansion of the customer bases and ARPO. IT&IS revenues were up 8% year-on-year due to high demand for bulk SMS service while ICT revenue continued to reflect weak market demand. These positives were, however, offset by two factors. Firstly, 7% year-on-year decrease of equipment revenues as higher sales volumes were offset by lower unit prices resulting from different mix of handsets sold. Secondly, similarly to 1H, a significant 33% decrease of other revenues due to energy resale revenues driven by consequences of increased market volatility and regulatory pressure on prices.

3Q commercial performance sustained good balance between volume and value growth

In 3Q 2024 we continued to successfully combine solid growth of customer volumes in all key services (convergence, fixed broadband, mobile handset) with improving average revenue that they generate (ARPO).

In 3Q our **B2C convergent customer base** increased by 18 thousand and 5.2% year-on-year. ARPO from convergent customers expanded by 5.0% year-on-year to PLN 126.0 owing to our value strategy, good demand for content and higher speed fibre offers. The pace of ARPO growth accelerated versus 1H when it increased 4.3% year-on-year.

Total **fixed broadband customer** base grew in 3Q by 8 thousand and 1.7% year-on-year. Fibre customers base expanded by 45 thousand or 15% year-on-year. Already 52% of our broadband customer base uses fibre. The copper broadband technologies customer base continued to decrease and was lower by 36 thousand versus previous quarter. ARPO from broadband-only services in 3Q stood at PLN 66.8 and grew by 3.5% year-on-year benefitting from our value strategy and growing share of fibre customers (fibre generates higher ARPO versus other technologies). The pace of ARPO growth was similar to that in 1H.

Mobile handset customer base increased in 3Q by 68 thousand or 2.8% year-on-year. This solid growth was fuelled by all our B2C brands, while net additions in B2B slowed down. Mobile-only handset ARPO stood at PLN 30.3 and increased by 1.6% year-on-year. This growth rate was similar to 1H, with better pace in B2C offsetting slowdown in B2B.

Pre-paid customer base in 3Q grew by 12 thousand, marking its first increase in the last two years. ARPO from pre-paid offers stood at PLN 15.2 in 3Q 2024 and was up 6.6% year-on-year as a result of our value strategy.

In **fixed voice**, in 3Q net loss of lines stood at 24 thousand, a similar level to previous quarters and reflected structural negative market trends.

3Q EBITDAaL +3.1% yoy supported by strong growth of margin from core business

EBITDAaL for 3Q 2024 was PLN 867 million and was up 3.1% year-on-year or PLN 26 million. There were four key elements contributing to this performance. Firstly, the key element, was direct margin from our core telecom services which increased PLN 55 million year-on-year, accelerating its growth rate following strong revenue dynamics. Secondly, EBITDAaL growth was supported by an accounting one-off related to connectivity costs from prior periods (PLN 53 million). Thirdly, it was affected by declining profits from energy resale (PLN 24 million) and impact of last year's inflation on our operating costs (PLN 25 million). Finally, EBITDAaL evolution also reflected higher advertising & promotion costs and smaller savings from energy costs than in the previous quarters.

9M net income reflects growing EBITDAaL, higher depreciation and timing of real estate sales

Net income for 9M 2024 was at a solid level of PLN 712 million. In 3Q alone it increased 7% year-on-year. However, over 9M 2024, it was down 5% year-on-year as EBITDAaL growth was more than offset by lower gain on sale of our real estate and higher depreciation. Gain on sale of real estate came at a solid PLN 75 million in 9M 2024 as we continue our asset transformation but was PLN 50 million lower versus exceptionally high level of this gain achieved in 9M 2023. Higher depreciation mainly reflected amortisation of newly acquired mobile spectrum.

Solid 9M Organic Cash Flow supported by growing EBITDAaL

Organic cash flow for 9M 2024 was PLN 664 million, a decrease of PLN 184 million (or 22%) versus 9M 2023. Cash flow was supported by growing EBITDAaL reflected in the 7% year-on-year growth of net cash from operating activities before working capital. This was however offset mainly by different change in working capital requirement between years: in 9M 2023 it was reduced due to prepayment received from Światłowód Inwestycje for network rollout while it increased in 9M 2024 which is mainly linked to higher capitalised contract cost and higher inventory for ICT projects to be realised in 4Q.

Commenting on 3Q 2024 results, Jacek Kunicki, Chief Financial Officer, said:

“I am satisfied with our overall financial performance in 3Q despite a slowdown of our B2B services and continued weak results from Orange Energia. The key positive was the growth rate of revenues from key telecom services, which further improved to 6.1%, as we continuously expand both the number of customers and ARPO. This growth is especially visible on the consumer market, which is performing well. It translated into solid margin generation from core business and contributed, together with the one-off in connectivity costs, to a 3% EBITDAaL increase in 3Q. We continue to experience strong headwinds coming from last year’s inflation and the steep increase of minimum wage. In addition, this quarter we have supported our commercial activity with a higher than usual advertising spend, which was vindicated by high subscriber growth.

We are satisfied that the long overdue process for 700MHz spectrum was finally launched. This frequency will improve 5G coverage in non-urban areas. While rules of the process are transparent, we are concerned with the starting prices proposed in the consultation process, which are high as compared to European benchmarks.”

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 2024 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	3Q 2024	9M 2024	3Q 2023	9M 2023
Operating income	370	1,079	377	1,112
Less gains on disposal of fixed assets	-11	-75	-11	-125
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets*	522	1535	494	1483
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	23	105	13	42
Interest expense on lease liabilities	-37	-112	-36	-102
Adjustment for the impact of employment termination programs and reorganisation costs	-	-12	4	16
EBITDAaL (EBITDA after Leases)	867	2,520	841	2,426

*Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 7 million in 9M 2023 and PLN 1 million in 2024).

Forward-looking statement

This press release 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', 'adjusted' 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 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.

Orange Polska's Management Board are pleased to invite you to the Company's 3Q 2024 results presentation.

24th October 2024

Start: 11.00 CET

Time:

11:00 (Warsaw)

10:00 (London)

05:00 (New York)

The presentation will be available via a live conference call

To attend the conference please dial:

Poland: 48 22 124 49 59

Canada: 1 587 855 1318

Germany: 49 30 25 555 323

United Kingdom: 44 203 984 9844

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Conference Code: 411064

or click on the link for web dial in:

<https://mm.closir.com/slides?id=411064>

Orange Polska Group Consolidated

amounts in PLN millions	2023					2024		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q
	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Income statement								
Revenues								
Mobile services only	710	723	733	725	2,891	719	742	762
Fixed services only	464	471	459	453	1,847	446	442	438
Narrowband	132	128	123	119	502	115	111	107
Broadband	222	224	222	223	891	220	219	222
B2B Network Solutions	110	119	114	111	454	111	112	109
Convergent services B2C	564	578	591	604	2,337	620	636	657
Equipment sales	463	417	442	537	1,859	475	407	411
IT and integration services	348	458	312	583	1,701	327	405	337
Wholesale	427	448	456	457	1,788	391	403	418
Mobile wholesale	242	256	273	271	1,042	206	221	236
Fixed wholesale	144	146	151	153	594	144	142	141
Other	41	46	32	33	152	41	40	41
Other revenues	163	129	122	133	547	103	88	82
Total revenues	3,139	3,224	3,115	3,492	12,970	3,081	3,123	3,105
Labour expenses*	(372)	(347)	(344)	(370)	(1,433)	(382)	(369)	(352)
External purchases*	(1,867)	(1,881)	(1,780)	(2,211)	(7,739)	(1,796)	(1,799)	(1,731)
- Interconnect expenses	(337)	(356)	(370)	(371)	(1,434)	(314)	(322)	(295)
- Network and IT expenses	(228)	(235)	(231)	(266)	(960)	(235)	(250)	(256)
- Commercial expenses	(762)	(771)	(676)	(989)	(3,198)	(707)	(711)	(659)
- Other external purchases*	(540)	(519)	(503)	(585)	(2,147)	(540)	(516)	(521)
Other operating incomes & expenses*	46	19	40	33	138	98	103	60
Impairment of receivables and contract assets	(22)	(24)	(23)	(22)	(91)	(30)	(27)	(34)
Amortization and impairment of right-of-use assets	(131)	(133)	(131)	(133)	(528)	(135)	(139)	(144)
Interest expense on lease liabilities	(31)	(35)	(36)	(36)	(138)	(37)	(38)	(37)
EBITDAaL (EBITDA after Leases)	762	823	841	753	3,179	799	854	867
% of revenues	24.3%	25.5%	27.0%	21.6%	24.5%	25.9%	27.3%	27.9%
Gains on disposal of fixed assets	86	28	11	9	134	42	22	11
Depreciation, amortisation and impairment of property, plant and equipment and intangibles assets**	(487)	(502)	(494)	(517)	(2,000)	(505)	(508)	(522)
Add-back of interest expense on lease liabilities	31	35	36	36	138	37	38	37
Adjustment for the impact of employment termination programs and reorganization costs*	13	(25)	(4)	(150)	(166)	13	(1)	0
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries*	0	0	0	(2)	(2)	0	0	0
Share of profit/ (loss) of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture*	(13)	(16)	(13)	(20)	(62)	(37)	(45)	(23)
Operating income	392	343	377	109	1,221	349	360	370
% of revenues	12.5%	10.6%	12.1%	3.1%	9.4%	11.3%	11.5%	11.9%
Finance costs, net	(62)	(45)	(87)	(19)	(213)	(69)	(75)	(59)
- Interest income	26	19	21	24	90	22	25	21
- Interest expense on lease liabilities	(31)	(35)	(36)	(36)	(138)	(37)	(38)	(37)
- Other interest expense and financial charges	(42)	(38)	(37)	(34)	(151)	(37)	(43)	(40)
- Discounting expense	(13)	(16)	(13)	(12)	(54)	(18)	(19)	(12)
- Foreign exchange gains/ (losses)	(2)	25	(22)	39	40	1	0	9
Income tax	(60)	(59)	(53)	(18)	(190)	(53)	(54)	(57)
Consolidated net income	270	239	237	72	818	227	231	254

*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.

**In 1Q 2023 D&A includes PLN 4 million, in 2Q 2023 PLN 3 million and in 2Q 2024 1 million impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets.

Orange Polska Group key performance indicators

Customer base (in thousands)	2023				2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
B2C convergent customers	1,639	1,653	1,669	1,700	1,718	1,738	1,755
Fixed broadband access							
Fibre	1,218	1,257	1,300	1,349	1,394	1,450	1,495
ADSL	530	504	478	454	430	410	389
VDSL	435	424	411	397	383	368	352
Wireless for fixed	623	624	621	622	620	622	622
Retail broadband - total	2,806	2,810	2,811	2,821	2,827	2,849	2,857
<i>o/w B2C convergent</i>	<i>1,639</i>	<i>1,653</i>	<i>1,669</i>	<i>1,700</i>	<i>1,718</i>	<i>1,738</i>	<i>1,755</i>
TV client base							
IPTV	839	853	867	886	900	911	925
DTH (TV over Satellite)	103	84	69	59	52	48	45
TV client base - total	943	937	936	945	953	959	969
<i>o/w B2C convergent</i>	<i>827</i>	<i>824</i>	<i>827</i>	<i>838</i>	<i>847</i>	<i>855</i>	<i>865</i>
Mobile accesses							
Post-paid							
<i>Mobile Handset</i>	<i>8,763</i>	<i>8,820</i>	<i>8,882</i>	<i>8,941</i>	<i>8,989</i>	<i>9,061</i>	<i>9,129</i>
<i>Mobile Broadband</i>	<i>621</i>	<i>620</i>	<i>615</i>	<i>610</i>	<i>602</i>	<i>593</i>	<i>589</i>
<i>M2M</i>	<i>3,253</i>	<i>3,319</i>	<i>3,543</i>	<i>3,592</i>	<i>3,706</i>	<i>3,927</i>	<i>4,278</i>
Total post-paid	12,636	12,759	13,040	13,143	13,298	13,580	13,996
<i>o/w B2C convergent</i>	<i>3,001</i>	<i>3,024</i>	<i>3,044</i>	<i>3,082</i>	<i>3,100</i>	<i>3,130</i>	<i>3,159</i>
Pre-paid	4,799	4,690	4,599	4,485	4,409	4,358	4,371
Total	17,435	17,449	17,640	17,628	17,706	17,939	18,366
Fibre households connectable	7,252	7,497	7,716	7,973	8,205	8,504	8,705
Wholesale customers							
WLR	190	184	178	171	165	160	154
Bitstream access	167	171	178	186	193	199	206
<i>o/w fibre</i>	<i>94</i>	<i>103</i>	<i>107</i>	<i>117</i>	<i>127</i>	<i>134</i>	<i>144</i>
LLU	33	31	30	29	27	25	24
Fixed telephony accesses							
PSTN	1,286	1,248	1,196	1,146	1,098	1,068	1,037
VoIP	1,250	1,257	1,267	1,282	1,295	1,300	1,306
Total retail main lines	2,536	2,506	2,463	2,428	2,393	2,367	2,343
<i>o/w B2C convergent</i>	<i>947</i>	<i>953</i>	<i>959</i>	<i>970</i>	<i>975</i>	<i>980</i>	<i>985</i>
<i>o/w B2C PSTN convergent</i>	<i>6</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>4</i>
<i>o/w B2C VoIP convergent</i>	<i>941</i>	<i>947</i>	<i>954</i>	<i>965</i>	<i>971</i>	<i>976</i>	<i>981</i>
Quarterly ARPO in PLN per month	2023				2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Convergent services B2C	116.4	118.6	120.0	120.5	121.8	123.3	126.0
YoY %	2.4%	4.3%	3.8%	4.0%	4.7%	4.0%	5.0%
Fixed services only - broadband	63.0	64.0	64.5	65.1	65.5	66.0	66.8
YoY %	3.2%	4.5%	4.1%	4.2%	4.0%	3.0%	3.5%
Mobile services only	21.1	21.9	22.4	22.1	22.0	22.8	23.3
YoY %	4.8%	8.4%	11.6%	6.2%	4.3%	4.3%	4.0%
Post-paid excl M2M	27.4	27.7	28.3	27.9	27.8	28.3	28.7
<i>Mobile Handset</i>	<i>28.9</i>	<i>29.3</i>	<i>29.9</i>	<i>29.4</i>	<i>29.4</i>	<i>29.8</i>	<i>30.3</i>
YoY %	3.4%	3.5%	3.4%	2.1%	1.6%	1.7%	1.6%
<i>Mobile Broadband</i>	<i>11.9</i>	<i>11.7</i>	<i>11.8</i>	<i>11.6</i>	<i>11.7</i>	<i>11.7</i>	<i>11.7</i>
Pre-paid	13.0	13.9	14.2	13.9	13.5	14.7	15.2
Fixed services only - voice	36.1	36.1	35.9	35.8	35.7	35.4	35.6

Other mobile operating statistics	2023				2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
DATA AUPU in GB							
post-paid	8.5	9.2	10.0	10.0	10.4	11.9	10.9
pre-paid	8.4	8.9	9.8	10.7	11.7	12.2	12.5
blended	8.5	9.1	9.9	10.2	10.8	12.0	11.4
Quarterly mobile customer churn rate (%)							
post-paid	2.1	1.8	1.9	2.1	2.0	1.8	1.9
pre-paid	16.3	13.2	12.9	11.6	10.9	11.5	11.1
Employment structure of Group as reported Active full time equivalents (end of period)							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Orange Polska	9,366	9,222	9,074	9,044	8,956	8,810	8,613
50% of Networks	334	332	334	324	342	345	351
Total	9,700	9,554	9,408	9,368	9,298	9,155	8,964

Terms used:

ARPO – average revenue per offer

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, FTTx, cable 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.

Convergent services B2C ARPO – The average monthly revenues from convergent services generated by retail customers (B2C) divided by the **average** number of B2C convergent customers in a given period.

Data Average Usage per User (Data AUPU) – The average monthly total usage of gigabytes divided by the average number of mobile SIM cards (ex M2M and mobile broadband) in a given period.

Fixed broadband-only services – Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales), including TV and VoIP services.

Fixed broadband-only services ARPO – The average monthly revenues from fixed broadband only services divided by the average number of accesses in a given period.

Household connectable with fibre – an apartment in multi-family building or a single family house within the reach of our fibre to the home service that allows to provide service with a speed of at least 300Mb/s

Mobile-only services – Revenues from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile-only services revenues do not include equipment sales and incoming and visitor roaming revenues.

Mobile-only services ARPO – The average monthly retail revenues from mobile only services excluding M2M connectivity, divided by the average number of SIM cards (excluding M2M) in a given period.

Mobile-only broadband ARPO – The average monthly retail revenues from SIM cards dedicated to mobile broadband access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Mobile-only handset ARPO – The average monthly retail revenues from SIM cards dedicated to mobile handset access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

ROCE- Return on capital employed = EBIT (ex. extraordinary items) / (Shareholder's Equity + Average net debt)