Orange Polska

CONFERENCE CALL ON ORANGE POLSKA'S RESULTS FOR THE 3Q OF 2024

Leszek Iwaszko – head of Investor Relations:
Ladies and gentlemen, thank you for standing by. Let me welcome you to Orange Polska third quarter -2024 results conference call. My name is Leszek Iwaszko and I'm in charge of investor relations. At this time, all participant lines are in a listen-only mode. The format of the call will be a presentation by the management team, followed by the Q&A session. Speakers for today will be Liudmila Climoc, the CEO of Orange Polska and Jacek Kunicki, CFO. So let me hand the floor to Ludmila to begin the presentation.

Liudmila Climoc - CEO:
Thank you. Good morning and welcome to our conference summarizing third quarter of 2024. And let's begin with our slide four with key messages for the quarter.

I will start with commercial performance, which was very good in the third quarter. Customer base across all our key telecom services and ARPO maintained healthy pace of growth. We are pleased that our prepaid customer base has been growing this quarter. At the same time, the environment on business market remains challenging as a result of low level of demand and intensive competition. And this is our key point for attention going forward. Financial results in Q3 were solid. Revenue were stable year on year. What is important is an acceleration of growth of our core telecom services. This is also a key element which is contributing to 3% EBITDAaL growth this quarter. Switching to more strategic development. Within our .Grow strategy, we aim to expand our wholesale activity, reinforcing it as a growth engine. And this quarter, we took an important step in this direction, fully opening the access to 2.5 million households on our fiber to other operators. This aims further monetization of our infrastructure assets and in the same time lowers risk of overbuild. As you know, this month, the market regulator has launched a consultation process for 700 MHz spectrum auction. It has been long overdue, so we are pleased that it finally started. This spectrum is important for enhancing coverage and improving the quality of our services in non-urban areas. And we firmly believe that its optimal use will benefit the growth of Poland's modern digital economy. However, we are concerned that the proposed starting prices which are above benchmarks set by other countries do not align with this objective and we intend to present this argument to the regulator during the consultation process.

Let's zoom on highlights of our commercial activity on the next slide. Our commercial performance in Q3 benefited from good customer demand and our well-executed value strategy. In convergence, we are pleased to maintain 5% year-on-year growth for customer base. It's another consecutive quarter when net additions dynamic is better than a year ago and it confirms right marketing approach to address diverse competitive landscape. ARPO growth accelerated to 5% and is reflecting our value approach in pricing, quality of our offerings and good demand for content and for higher speed fiber. In fiber, we continue to generate the healthy growth of customer base. It now reached almost 1.5 million customers. It benefits from constant expansion of our footprint. We have just completed network rollout to the first 10,000 households in the new EU subsidized program and this footprint will be available for commercial activity already this quarter in Q4. Fiber is a key driver for 3.5% growth of our fixed broadband only ARPO. In mobile, our results were also very solid. Again, net customer additions were higher than a year ago so it's a better dynamic. All brands strongly contributed to the performance on the consumer market that was offsetting a slowdown on the business market. Dynamics of mobile ARPO was similar to what we have seen in the first half of the year. These very solid results demonstrate that we maintain a good balance between volume and value in our commercial activity despite the challenging competitive environment. I will thank you for now and hand over to Jacek.

Jacek Kunicki - CFO:
Thank you, Liudmila. Good morning, everyone. Let's start the financial review on slide 7 with the highlights of our performance this quarter. Our Q3 results were solid with strong performance of our core telecom services and continued growth of the EBITDA that translated also into a solid net result. The year-on-year revenue dynamics improved versus the previous quarters due to higher growth of core telecom services which are the highlight of Q3 and also due to the year-on-year increase of the IT and IS sales. Good margin from core telecom services is the key underlying support for our EBITDA. This quarter, it increased by 3% year-over-year and was also a key driver of the 7% increase of the net income. CapEx is higher this year reflecting the full speed of 5G network rollout and also different phasing of real estate sales versus the one that we've seen in 2023. Finally, cash generation is down year-over-year mostly due to growth of working capital requirement linked with business project development in the nine months of this year.

Now let's review our results in Q3 in more detail starting with the top line. So total revenues for Q3 were broadly as par with last year improving the year-on-year trajectory versus the previous quarters. Let me mention the three key elements driving this revenue evolution. First and foremost, our revenues from our core telecom services which is the key driver of our direct margin. Their year-on-year dynamics are shown on the top chart of this slide. We are pleased with their growth as their year-on-year increase has reached 6% in Q3. It is driven by a simultaneous increase of the main customer basis and also the ARPOs across all key telecom services. Second, our IT and IS revenues. They were up 8% in Q3 as compared to quite big declines in H1. However, this comparison is flattered by a low base of comparison in the quarter three of last year of just 300 million zloty while the same comparison, so the figure of quarter four of 2023, it's with a revenues of around 580 million zloty. On the one hand, we see soft demands for IT and ICT services especially from the public sector. On the other hand, we experienced above-average demand for bulk SMSs. Overall, it's evident that the rebound of IT and IS revenue line will take longer than initially expected and we're working on the plans to rejuvenate this growth. Finally, energy resale. Similarly to H1, its revenues dropped due to regulatory impact and the overall energy market volatility and weakness. As you know, we are considering strategic options for this business going forward. To sum up on the top line, we're happy about the pace of growth of core telecom services. The key action is to bring ICT revenues back to profitable growth. IT and IS is an important value driver for us and we're absolutely confident in its future potential.

Let's switch to profitability on slide nine. Our EBITDA increased by 3% in the third quarter as compared to the same period last year. This growth was entirely driven by the direct margin. Here, the most important driver is the consistent, solid growth of margin from our core business. This pace has accelerated versus the previous quarters, driven by the higher increase of revenues from core telecom services. Then we've had to absorb another decrease of margin from energy resale at a similar pace as in H1. This time, however, it was more than offset by a positive accounting one-off related to capitalization of customer connectivity costs. Indirect costs have increased by 58 million zloty year-over-year, driven by three factors. First, continued inflation headwinds from 2023 exacerbated by the hike of minimum wage. Second, additional advertising and promotional costs as we supported our very good commercial activity in Q3. Third, is a positive one-off that we obtained in quarter three of 2023 of roughly 16 million zloty related to a refund of the universal service obligation fees. To recap, this year is affected by several headwinds, high inflation, energy trade, as well as some one-offs, which obviously won't repeat with the same magnitude in the future. We are happy with a robust growth of profits from our underlying core business, and this gives us solid prospects for the future.

Let's look at cash and balance sheet on slide 10. Year-to-date, we generated over 660 million zloty of organic cash flow. This is a solid level, even if it's below the cash generation of 2023. When we look at the year-on-year evolution, there are two main elements driving the dynamics of the OCF. First of all, higher EBITDA, which is the main building block for cash from operating activity before working capital. It increased by 160 million year-on-year, or 7%. Secondly, our working capital requirement was higher year-on-year. It's an effect of two factors. On the one hand, it was reduced in the three quarters of last year due to a prepayment received from our FibreCo for the network rollout project. On the other hand, we've had an increased growth of the working capital requirement this year. It's mainly linked with, first of all, the capitalization of contract costs, the one-off I mentioned in the EBITDA analysis, as well as higher inventory for ICT projects to be realized in the fourth quarter. Our balance sheet remains very sound, with a financial leverage at 1.2 times EBITDA. It's marginally increased compared to the previous quarter, as we paid 630 million zlotys of dividend in July. This is all from me. Thank you for your attention, and I hand the floor back to Liudmila.

Liudmila Climoc - CEO:
Thank you. Thank you, Jacek. I would like to summarize briefly. So performance during nine months of this year was solid. Commercial performance, well-balanced between volume and value, and it was translated into the improved revenue growth of our core telecom services. This illustrates our strong fundamentals and makes me optimistic about the future prospects. Looking forward, we aim to maintain good commercial momentum during the peak Christmas season, which is especially important on the consumer market. We are preparing plenty of attractive offers for our customers. Regarding ICT and ICT revenues, in the last quarter of the year, we plan to significantly grow them quarter on quarter. However, we have to mention that last year's

high comparable basis will be difficult to beat. Obviously, we mentioned it already, the point of special attention for us is the 700 megahertz spectrum distribution. The deadline to submit our position in the consultation is 4th of November. We will argue that this spectrum should prioritize the state's resilience and long-term development of Polish digital economy through investments in high-quality networks rather than short-term fiscal needs for the administration. That's all from us, and we are now ready to take your questions.

Leszek Iwaszko – head of Investor Relations:
Thank you. We will be now moving into the Q&A session. If you are dialing via the phone and would like to ask a question, please press star 2 on your keypad and wait for your name to be called. You may also ask a voice or text question using the webcast window. So once again, to ask a question, please press star 2 on the keypad or press the question button on the web platform. We are waiting for the questions to... We don't see the questions coming through. Please confirm if you try to... If you try to ask a question and the platform doesn't work properly. Yes, we have a question. Okay, looks like things are fine. There's a question coming from Rohit Modi from Citi. Rohit, your line is open. Go ahead with your question.

Rohit Modi - Citi:
Thank you, Leszek, and thank you for taking my questions and congratulations on a good set of results. Two questions from my side. Firstly, on your EBITDAaL guidance, so the guidance which you gave at the start of the year, I believe doesn't account for the number of one-offs you had this year, whether on the fiber JV or the connectivity costs you had, capitalization of connectivity costs you had in this quarter. I'm not sure if we already accounted for the impact from the energy resale. So if you can give us a bit of a color around what has changed from what you have given at the start of the year and now, given if I exclude the one-offs, EBITDA might be flat or maybe slightly lower than last year in nine months. So if you can give more color around that, what has been changed. Second, apologies if I missed it, but if you can give us how you look at working capital next quarter and overall for the year, given there has been a high working capital investment in the first nine months, do we expect the same trend in the fourth quarter? And that means you will have a slightly negative impact on your overall operating cash flow for the full year. Thank you.

Jacek Kunicki - CFO:
Thank you for your questions. Very, very insightful. I will start from the EBITDA evolution. So here, when we analyze the different factors of EBITDA evolution, both upwards and downwards, we have a recurring activity and obviously we have a number of items that are not automatically repeatable in the future. In the appendix to the presentation, you will find the EBITDA evolution breakdown for the nine months of - 2024. And here you see that the big headwinds that we have, it's first of all a 66 million drop of energy resale. So this is the profit from energy resale. And we have an 82 million zloty impact of the inflation environment. The energy resale impact, it's non-recurrent in the future. It is a result of, first of all, very high comparable base of 2023 when we have recorded record profit from energy resale, also using the volumes from our PPAs that we have been able to sign. And on the other hand, this year we are severely limited in the energy trade activity through regulation and the maximum price gap. So this is definitely not

recurring. The inflationary impact, it's been with us throughout the course of 2023 and also throughout the course of 2024. Obviously, it is driven by the high inflation of the preceding year. And we know we had double digit inflation last year. It's also driven by the 20% increase of the minimum wage. Now, obviously, there will be some inflationary impact going forward, but it will be at a lower scale. So part of this is also non-repeatable. When we take a look at the positives, we have the one-off that we have recorded this year, linked with the capitalization of connectivity costs from prior years. And that is obviously a one-off. It's not repeatable. We know that throughout the course of H1, we have had additional margin being recorded from the rollout agreement that we have, and that was also in a substantial amount. As we mentioned during the H1 conference, while this is not fully repeatable, the contract is going to last also next year. And so this represents better prospects for us, well, both in the past, but also going forward. So I wouldn't say this is a totally one-off. And then the balance of these one-offs more or less offset each other out, and the resulting EBITDA increase, resulting EBITDA growth, comes from the very healthy development of the direct margin, you know, excluding this 53 million one-off. So that's, I would say, the dynamics that I would present when thinking about the activity which is non-recurring in nature and the activity that is, you know, underlying our business.

And then versus the guidance that we gave at the beginning of the year, and also the various comments that we were making throughout H1, I think it's clear that the energy trade has not performed well. Some of it we already knew when guiding at the beginning of the year, but it has performed worse than we thought due to the introduction of additional regulation in the course of H1. And then the other element which is performing, where the environment is a bit more challenging is B2B. So the revenues and profits coming from the B2B have grown slower than we have anticipated, and that goes both for the telco, but especially for the IT and IS revenues and profits coming from IT and IS. As we've mentioned, there are various reasons for this. When I think about IT and IS revenue challenges, they come from a prolonged weakness of the level of orders on the market coming from the public sector, but also from the general business sentiment. So it's not only us that are feeling the inflation, but also our customers are feeling inflation. And while, you know, this is less visible in the telecom services because this is an essential service, they are less, I would say, willing to invest into the digital transformation as they are struggling with their own performance. So we are addressing this. We're looking at the plan to rejuvenate the growth in IT and IS. It's probably something that will take a bit of time. I don't think we will have, you know, a sudden huge recovery in the next quarter when we compare the year-on-year perspective. But yeah, I would say these are the two main areas which have performed less well versus our initial expectations. The core business, especially coming from the B2C sector, that has performed extremely well. And this is, you know, in line with what we wish to achieve. And we're very happy with this. I hope that answers your question about the drivers of our evolution, both non-recurrent and recurrent in nature, and also the perspective of the guidance that we gave at the beginning of the year.

Then when it comes to Q4 and your question also about the working capital, generally I would expect the Q4 organic cash flow not to be far off from the figure that we've had recorded last year. I think there will be, you know, on the one hand, some of the projects that have consumed working capital in the ICT area, they will result in a decrease of working capital. This is mainly inventory. On the other hand, you know, working capital per se in the fourth quarter really depends on the phasing and the size of sales that we will do, because this is the key thing is the amount of accounts receivable at the end of the quarter. But broadly, I don't expect a huge shift in working capital, and we do expect the organic cash flows to be out in the range of Q4 of last year.

Rohit Modi - Citi:
Thank you so much.

Leszek Iwaszko – Head of Investor Relations:
Thank you. Our next question is coming from the line of Paweł Puchalski from Santander. Paweł, please go ahead with your questions.

Paweł Puchalski - Santander:
Hello, Paweł Puchalski, Santander here. I've got several questions. The first one would be, you are telling us a lot about weak outlook for ICT and business segment, and my question would be, do we see this segment bottoming out or potentially remaining flat in coming years versus 2024, or you potentially expect some more downside is possible in the years 2025-2026? That would be the first question. I don't know. Shall I ask all of those?

Jacek Kunicki - CFO:
It depends, Paweł, how many questions you have. If you have many, let's do one by one.

Paweł Puchalski - Santander:
Just three.

Jacek Kunicki - CFO:
Okay.

Paweł Puchalski - Santander:
The second question would be, I'm very much interested in your other operating income and expense line. It was, well, it was impacted by one-offs of the first half of the year. In quarter three, we are looking at 60 million zlots, and my question is, shall I see it as a recurring level for next dozen quarters, or we shall see some kind of trend? If you could give me more color on this position, which became significant, I would appreciate. And the third question would be, I made my own calculations, and I've arrived at your OPEX adjusted for one-off increasing almost 2% in quarter three year-on-year versus 2% decline you reported in quarter one and quarter two. And my question is, what is your expectation? Shall we see this growth at OPEX to be a new trend for Orange Polska, or it will die out in, I don't know, two, three quarters? That's all.

Liudmila Climoc - CEO:
Okay. Thank you, Paweł, for questions. Well, I will take probably the first one with our outlook on the ICT perspective for Poland. Overall, we believe that this is a segment with significant growth potential. And these we have seen recorded in our performance. If we look on the last

three years, Orange Polska was actively building this line of business. We had average, on average, it was 20% year-over-year growth, much, much higher versus market. Looking forward, we believe that this sector will continue to grow. So not at the same pace, but it will be one of the main drivers. So that's why we are confident in strategic potential, and it will remain one of our key areas of investment and of focus. This year, Jacek was commenting, it is a combination of negative effects which we see on the market. It is not only for Orange Polska overall. Probably this year, we will see data will be published, you know, like in following months, but already what we see from preliminary indications, probably this year will be one of the, you know, first year of shrinking of IT market revenues in Poland. Due to effects which were mentioned by Jacek, investors' sentiment overall, inflationary and significant impact from this public sector being frozen. I will give you just one example. One of our affiliates, Integrated Solutions, is facing a significant decrease in revenues from public sector just because tenders are delayed. You know, although we are convinced that structurally, you know, like investments in digitalization of government, local government, central governments will be necessary and are necessary. And it will come, but it's still, you know, a need at time for, you know, management teams and decision makers to be confident to make these decisions, you know, to refocus from, I would say, operational audits and operational activity to these future investments. So, for next years, we are planning to rebound and we foresee rather, you know, recovery, not further slow down because, you know, structurally market is still, you know, aimed to grow. And Jacek, you know, you take the last two questions.

Jacek Kunicki - CFO:
Yes, thank you very much. Regarding the other operating income and expenses net. So, obviously, this is a line that includes many items and they are, by nature, not fully recurrent. You know, this is the line that includes the much-analyzed margin from the FibreCo but it also includes various movements in the risk provisions that we do, foreign exchange, gains, losses on the hedging. It includes the copper sale that we do upon dismantling and sale of unused copper, a few other items. So, it will never be a line that will be, you know, easy for you to forecast. What I can say, we've mentioned during H1 that it was impacted by an almost 90 million catch-up of the margin throughout H1. So, this is what you should treat as a, you know, non-recurring event, not fully recurrent event, leading to the distortion of the trend. As I mentioned during the H1 conference, not only did the revision of the margin for the FibreCo contract give us this, let's say, almost 90 million catch-up, but it also increased slightly the prospect of the future margin, which we are recording quarter after quarter until pretty much the end of 2025. So, it will be on a level that you should expect, you know, right now, on a higher level than what you've, for example, seen in 2023. Having in mind, again, having in mind that items like forex or risk provisions may significantly distort the trend, depending, for example, if we need to accrue for a new risk, or maybe we have the ability to release a risk provision when we've won a proceeding or something. So, that I would say, that would be my comment, is that if you clear the nine-month average of the 90 million from H1, that gives you some indication that the average expected will be higher than what we've seen in 2023, but we may be, I would say, surprised from quarter to quarter in this particular line. Then, obviously, with the, you know, with the Fibreco contract, this is something that we test and we review periodically. So, if we were to find new data, this could also lead to an upward or downward reassessment of the

expected FibreCo margin.

Then, your second question regarded the cost increase in Q3, and what kind of flavor could we give for Q4. So, I guess if you look at Q3 year-on-year costs, what you should have in mind are two items. Last year in Q3, we have received 16 million zloty refunds for supplying the universal service obligation, you know, way back in the past, and this is totally non-recurring. It constitutes a very high comparable base in the quarter three. Obviously, the comparable base will be easier by this 16 million in quarter four, as we did not receive a similar amount in Q4 of last year. The second fact is that we've invested a bit more in advertising in Q3 of this year. I would say it's in the range of 12 to 15 million higher investments into advertising to boost the very good commercial net ads that we see, and I think that the results vindicated this investment. We're very happy, both with Q2, but especially also with Q3 net additions. And this will be, again, a less difficult comparison in Q4, because historically we have not been investing a lot of A&P in Q3, but historically we have had an increase of these costs in the fourth quarter. So, yes, we will continue to promote our activity in Q4, and definitely, and we count on the big commercial success. This is always the harvest season that is very important for the revenue base of 2025. But the A&P comparison will be easier in Q4. And then we have some initiatives that are kicking in in Q4 in terms of the savings plan and different programs that we have. So, overall, I would expect the Q4 cost evolution, again, in absence of any unexpected events that may occur in the other operating income or expense line. I would expect the Q4 to have an easier evolution, a more favorable evolution of the cost than the one that we have experienced in Q3. I'm referring to indirect cost of functioning. I'm ignoring commercial expenses, because this will obviously depend on the level of the commercial activity that we have. So, I do hope that we will have adequately enough growth of the commercial cost in Q4, because that would be really good for the next year.

Paweł Puchalski - Santander:
Okay, thank you very much. And if I still have a mic, I hope I do. A quick follow-up on your last response. Thank you very much for calling on Q4. But my question was actually not about Q4. My question was, well, actually, when will your OPEX start sliding year on year again? Should it be Q3 2025 or never? I would love this color.

Jacek Kunicki - CFO:
Of course, it's a very good question. I will not give you a precise figure right now. You will need to be a little bit more patient, because we will come back with the guidance in February. But we will no doubt have some color also on the cost side when we are giving the comments to the guidance. When you think of the trends that we are seeing, I think we should experience lower inflationary headwinds next year than the ones that we've seen this year. So that should definitely ease the comparison. We're continuing on the transformation. Definitely, I would expect the trend of 2025 on the OPEX side to be better than the trend of 2024 on the OPEX side. Again, I'm ignoring the one-offs. I'm ignoring today the different non recurring items. On the standard activity, I would expect these trends to improve. By how much, you will need to be a little bit more patient with us. But the underlying factor that will drive the value of this business and our results will and has to continue to be the growth of the direct margin. That's why we

keep on coming back to the expansion of the core telecom services and of the key drivers of those key telecom services. Customer-based growth, ARPO growth. I don't think we should expect cost savings to be the main driver for EBITDA. It's going to have to and it will have to come back. It will have to come from the direct margin.

Paweł Puchalski - Santander:
Thank you very much. Thanks.

Leszek Iwaszko – Head of Investor Relations
Thank you. We have a couple of questions that came through text, so let me read them. The first question from Maciej Bobrowski from BDM. The question is: during the previous conference call, expectations for EBITDAaL growth in 2024 were revised upwards. I would like to ask whether the impact of the non-recurring event related to capitalized connectivity costs from prior periods of 53 million recognized in Q3 2024 was already taken into account by you at that time.

Jacek Kunicki - CFO:
Thank you for your question, Maciej. Obviously, it was not. This is something that we correct just as soon as we identify it. So it is not that this was part of the guidance revision. The main driver, obviously, for the guidance revision were H1 results and also the good expectation of the trends for the consumer market for H2. These are happening, and Q3 confirms that. On the other hand, I think if you were to ask me, you know, which lines am I a bit less confident than we were in July, this is definitely the environment on the B2B segment on which, you know, I was hoping we could recover a little bit quicker. But it seems we will need to be a bit more patient to go back to the very good growth that we've seen from this market in the past.

Leszek Iwaszko – Head of Investor Relations
Next question came from Piotr Raciborski from Wood&Co. Could you please elaborate on the 53 million one-off related to capitalization of connectivity costs? What should be the quarterly impact of the accounting change on cash, OPEX, and D&A going forward? That's the first question. And the second question is, do you expect aggressive 700 MHz auction considering the differences in blocks quality? Would Orange be interested in 800 MHz?

Jacek Kunicki - CFO:
Thank you very much for your question. So regarding this accounting one-off, it refers to installation fees paid by us when we acquire a retail fiber customer on third-party infrastructure. So far, these were recognized 100% at the moment of the installation, while they should be recognized over the customer lifetime, so in line with our expected benefits from having this client. We corrected this treatment, and we capitalized the contract cost in the balance sheet. You will be able to see the increase of these contract costs when you analyze the balance sheet. These will be recognized. They will be expensed through the P&L. It's not D&A. It's not depreciation. They will be expensed through the EBITDA. It's simply that it's not one-shot, but over the expected customer lifetime. This treatment does not only regard the past installations, but also any future installation costs will also be treated this way, so they will be progressively expensed throughout the expected customer lifetime. So versus the previous taking into

account that we are growing on the third-party networks, growing dynamically, if you were to think of the going-forward impact of the different treatments, it would be, I would guess, probably below 10 million zloty yearly of lower costs when we treat this through the EBITDA. It's close to the capitalized contract cost versus the one-shot treatment that was done before, and this is obviously applicable as long as we grow this customer base dynamically, because as soon as we reach a certain saturation point, we will start seeing the costs of the past installations come through, because the total amount of costs recognized will be the same. It's just that the time horizon of those cost recognition changes. So I hope this answers your question on the one-off.

Liudmila Climoc - CEO:
On spectrum, on 700, obviously, we cannot comment on the bidding strategy in the auction and on details. This is commercially sensitive information, and this would be against the law. What I can reiterate, yes, 700 megahertz is a very variable spectrum, and it would complement 5G coverage in rural areas and support our strategy. Consultation process is ongoing, and we hope that our arguments will be taken into the account by regulator, particularly regarding the high starting price. The proposed price is one of the highest in Europe, looking on the benchmarks. So I would say that fiscal-driven auction is against the recent trends, which we have seen in Europe, and I hope it will be addressed by a regulator, because more we spend, less flexibility industry will have on the investments, and investments are necessary to bring digitalization closer to custom and to boost the economy.

Leszek Iwaszko – Head of Investor Relations:
Thank you. We have another voice question coming from the line of Dawid Górzynski from PKO-BP. Dawid, please go ahead. Your line is open.

Dawid Górzyński – PKO BP:
Thank you for taking my question. I have two ones. The first one, again, on ongoing 700-800 auction. That would be excellent if you may give more color about the timing of the auction. Is it likely to start still this year, or do you think that there are so many issues in the consultation process that it may be delayed for next year? So this is the first question. And the second question is about your promotional activities, higher cost of promotional activities. That would be also perfect if you may quantify this cost a little bit, and I wonder if there were some pricing initiatives used in those promotions as well that may impact convergent ARPU going forward, and if this 5% growth of ARPU reported this quarter is maybe sustainable during next year. Okay, that's all from my side. Thank you.

Jacek Kunicki - CFO:
Thank you, Dawid, for these questions. Regarding the auction timing, obviously we don't control the process and we don't control the timing, so we will need to see how long does it last, and we will be able to comment more extensively on the process once the consultation phase will be finished, and we will know what are the final conditions. Today we know the initial proposal. Looking at the previous track records, I would not expect the bidding to start this year. It would be unlikely, so we need to be ready for this to be conducted sometime next year. And then I

don't want to be guessing exactly which quarter. It will really depend on how long the consultation process will take. In terms of the promotion activity, I will not get into the details of how much did we pay to each media house. What I mentioned is that the costs this year were about 12 million higher than the Q3 of last year. That's the excess investments into advertising. And then for the pricing initiatives, I will not be specific on our actions going forward, because that's not the way that we reveal and signal things. We know that we are pursuing a value strategy. You know that we do it through a series of initiatives that were price lists moves in the past. There are the end-of-contract clauses. We have the customer value management teams looking dynamically at how should we retain a customer and which customer had prospects and so on. On top of that, you have the structure, because you were asking about convergence. So within convergence, you have the structure of both the tariff plans on mobile that the customers choose, but also the speed options and the TV options that the customer is choosing. I would guess that the ARPO growth, it represents the willingness of the customer to buy more from us. And that is what is important. We continue to strive in our efforts to make sure that we can offer the customer who is with us the most complete portfolio of products and services for the household offered in a convergent way. And that's how we should look at things. We need to see quarter after quarter how successful we are and how much this is increasing. You know, obviously, so far, we are very happy with the performance of conversions, both in terms of the subscriber growth and in terms of the ARPU growth. And we are working intensively to sustain this. This is the key driver of our value.

Dawid Górzyński – PKO BP:
Thank you so much. Thank you.

Leszek Iwaszko – Head of Investor Relations:
Thank you. We have another text question coming from Jakub Viscardi from BOŚ. The question is short. Looking forward, should we expect any other one off items in OPL's Q4 2024 results?

Jacek Kunicki - CFO:
Well, it's, you know, one of them has this tendency of surprising us. So it's not that we are aware of something that should be booked. Had we been aware of a correction to be booked, we would have, to be honest, we would have booked it in the Q3 accounts. Then, as far as, you know, forex or claims and litigations go, this is something that we need to monitor until we publish the results. Not even until the end of December, but until we publish the results. This is for the claims and litigations. And then, of course, we have the year-end procedures on the, you know, many items, checking the different assumptions, judgments and estimates that we do. Not that we foresee today any meaningful change that would be required, but this is obviously the time that we keep on doing the checks on that, you know, before the balance sheet date. But nothing big material that we would be aware of right now.

Leszek Iwaszko – Head of Investor Relations:
Thank you. It appears we have no further questions. So thank you very much for listening to us today. We'll be coming back to you in February. In the meantime, if you have any questions, you know how to reach us. So have a good day. Thank you. Bye.