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POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly consolidated report for the first quarter of 2023

(year)

(according to par. 60 s. 2 and par. 62 s. 1 of the Decree on current and periodic information)
for the issuers in sectors of production, construction, trade or services
(type of issuer)

for the first quarter of **2023**, i.e. from **1 January 2023** to **31 March 2023**

including condensed consolidated financial statements prepared under: **International Financial Reporting Standards**
in currency: **PLN**

and condensed separate financial statements prepared under: **International Financial Reporting Standards**
in currency: **PLN**

date of issuance: **25 April 2023**

ORANGE POLSKA SA

(full name of issuer)

ORANGEPL

(abbreviated name of the issuer)

02-326

(post code)

Al. Jerozolimskie

(street)

22 527 23 23

(telephone)

investors@orange.com

(e-mail)

526-02-50-995

(NIP)

Telecommunication (tel)

(classification according to WSE/sector)

Warsaw

(location)

160

(number)

22 527 23 41

(fax)

www.orange.pl

(www)

012100784

(REGON)

SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	1 quarter cumulative period from 01/01/2023 to 31/03/2023	1 quarter cumulative period from 01/01/2022 to 31/03/2022	1 quarter cumulative period from 01/01/2023 to 31/03/2023	1 quarter cumulative period from 01/01/2022 to 31/03/2022
condensed consolidated financial statements data				
I. Revenue	3,139,000	2,931,000	667,801	630,702
II. Operating income	392,000	244,000	83,395	52,505
III. Profit before income tax	330,000	156,000	70,205	33,569
IV. Net income	270,000	125,000	57,441	26,898
V. Net income attributable to owners of Orange Polska S.A.	270,000	125,000	57,441	26,898
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.21	0.10	0.04	0.02
VII. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VIII. Total comprehensive income	101,000	376,000	21,487	80,909
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	101,000	376,000	21,487	80,909
X. Net cash provided by operating activities	661,000	844,000	140,623	181,615
XI. Net cash used in investing activities	(494,000)	(484,000)	(105,095)	(104,149)
XII. Net cash used in financing activities	(907,000)	(153,000)	(192,958)	(32,923)
XIII. Net change in cash and cash equivalents	(740,000)	207,000	(157,430)	44,543
	balance as at 31/03/2023	balance as at 31/12/2022	balance as at 31/03/2023	balance as at 31/12/2022
XIV. Total current assets	3,682,000	4,507,000	787,509	961,001
XV. Total non-current assets	22,015,000	22,259,000	4,708,588	4,746,157
XVI. Total assets	25,697,000	26,766,000	5,496,097	5,707,158
XVII. Total current liabilities	3,886,000	5,245,000	831,141	1,118,361
XVIII. Total non-current liabilities	8,255,000	8,068,000	1,765,587	1,720,292
XIX. Total equity	13,556,000	13,453,000	2,899,369	2,868,505
XX. Equity attributable to owners of Orange Polska S.A.	13,554,000	13,451,000	2,898,941	2,868,078
XXI. Share capital	3,937,000	3,937,000	842,049	839,464
condensed separate financial statements data				
	1 quarter cumulative period from 01/01/2023 to 31/03/2023	1 quarter cumulative period from 01/01/2022 to 31/03/2022	1 quarter cumulative period from 01/01/2023 to 31/03/2023	1 quarter cumulative period from 01/01/2022 to 31/03/2022
I. Revenue	2,720,000	2,547,000	578,662	548,072
II. Operating income	369,000	246,000	78,502	52,935
III. Profit before income tax	307,000	159,000	65,312	34,214
IV. Net income	251,000	130,000	53,399	27,974
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.19	0.10	0.04	0.02
VI. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VII. Total comprehensive income	103,000	337,000	21,913	72,517
VIII. Net cash provided by operating activities	713,000	878,000	151,686	188,931
IX. Net cash used in investing activities	(508,000)	(480,000)	(108,074)	(103,288)
X. Net cash used in financing activities	(902,000)	(207,000)	(191,894)	(44,543)
XI. Net change in cash and cash equivalents	(697,000)	191,000	(148,282)	41,100
	balance as at 31/03/2023	balance as at 31/12/2022	balance as at 31/03/2023	balance as at 31/12/2022
XII. Total current assets	3,170,000	3,941,000	678,002	840,317
XIII. Total non-current assets	21,139,000	21,338,000	4,521,228	4,549,777
XIV. Total assets	24,309,000	25,279,000	5,199,230	5,390,094
XV. Total current liabilities	3,535,000	4,799,000	756,069	1,023,263
XVI. Total non-current liabilities	8,206,000	8,017,000	1,755,106	1,709,418
XVII. Total equity	12,568,000	12,463,000	2,688,055	2,657,413
XVIII. Share capital	3,937,000	3,937,000	842,049	839,464

ORANGE POLSKA GROUP

CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2023



April 25, 2023

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Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)

	Note	3 months ended 31 March 2023	3 months ended 31 March 2022
Revenue	5	3,139	2,931
External purchases		(1,871)	(1,688)
Labour expense		(374)	(371)
Other operating expense		(104)	(138)
Other operating income		162	136
Impairment of receivables and contract assets		(22)	(18)
Gains on disposal of assets		86	21
Depreciation and impairment of right-of-use assets		(135)	(123)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(483)	(504)
Share of loss of joint venture		(6)	(2)
Operating income		392	244
Interest income		26	13
Interest expense on lease liabilities		(31)	(17)
Other interest expense and financial charges		(42)	(47)
Discounting expense		(13)	(19)
Foreign exchange losses		(2)	(18)
Finance costs, net		(62)	(88)
Income tax		(60)	(31)
Net income		270	125
Net income attributable to owners of Orange Polska S.A.		270	125
Net income attributable to non-controlling interests		-	-
Earnings per share (in PLN) (basic and diluted)		0.21	0.10
Weighted average number of shares (in millions)		1,312	1,312

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 31 March 2023	3 months ended 31 March 2022
Net income	270	125
Items that may be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedges	(186)	255
Gains/(losses) on receivables at fair value through other comprehensive income	3	(1)
Income tax relating to items that may be reclassified	35	(47)
Share of other comprehensive income/(loss) of joint venture, net of tax	(21)	44
Other comprehensive income/(loss), net of tax	(169)	251
Total comprehensive income	101	376
Total comprehensive income attributable to owners of Orange Polska S.A.	101	376
Total comprehensive income attributable to non-controlling interests	-	-

Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in PLN millions)		At 31 March 2023	At 31 December 2022
	Note		
ASSETS			
Goodwill		2,296	2,296
Other intangible assets		3,985	4,056
Property, plant and equipment		9,707	9,693
Right-of-use assets		2,792	2,741
Investment in joint venture		1,298	1,335
Trade receivables	9	522	452
Contract assets		85	88
Contract costs		150	154
Derivatives	8,9	560	699
Other assets		223	321
Deferred tax assets		397	424
Total non-current assets		22,015	22,259
Inventories		383	300
Trade receivables	9	1,958	2,015
Contract assets		102	104
Contract costs		426	424
Derivatives	8,9	2	29
Income tax receivables		11	-
Other assets		397	529
Prepaid expenses		118	80
Cash and cash equivalents		285	1,026
Total current assets		3,682	4,507
TOTAL ASSETS		25,697	26,766
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		468	635
Retained earnings		8,317	8,047
Equity attributable to owners of Orange Polska S.A.		13,554	13,451
Non-controlling interests		2	2
Total equity		13,556	13,453
Trade payables	7	78	82
Lease liabilities		2,276	2,234
Loans from related party	8	4,192	4,191
Other financial liabilities at amortised cost	8	39	40
Provisions	11	582	510
Contract liabilities		1,021	942
Employee benefits		47	48
Other liabilities		20	21
Total non-current liabilities		8,255	8,068
Trade payables	7	1,868	2,499
Lease liabilities		551	542
Loans from related party	8	9	778
Other financial liabilities at amortised cost	8	8	10
Derivatives	8,9	39	23
Provisions	11	224	261
Contract liabilities		698	648
Employee benefits		188	190
Income tax liabilities		1	33
Other liabilities		300	261
Total current liabilities		3,886	5,245
TOTAL EQUITY AND LIABILITIES		25,697	26,766

Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2023
Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves					Retained earnings	Equity attributable to owners of OPL S.A.	Non-controlling interests	Total equity
			Cash flow hedge reserve	Actuarial losses on post-employment benefits	Gains/(losses) on receivables at fair value through other comprehensive income	Deferred tax	Share of other reserves of joint venture				
Balance at 1 January 2023	3,937	832	712	(50)	(9)	(124)	106	8,047	13,451	2	13,453
Net income	-	-	-	-	-	-	-	270	270	-	270
Other comprehensive loss	-	-	(186)	-	3	35	(21)	-	(169)	-	(169)
Total comprehensive income for the 3 months ended 31 March 2023	-	-	(186)	-	3	35	(21)	270	101	-	101
Transfer to inventories	-	-	3	-	-	(1)	-	-	2	-	2
Balance at 31 March 2023	3,937	832	529	(50)	(6)	(90)	85	8,317	13,554	2	13,556
Balance at 1 January 2022	3,937	832	269	(54)	(6)	(40)	22	7,649	12,609	2	12,611
Net income	-	-	-	-	-	-	-	125	125	-	125
Other comprehensive income	-	-	255	-	(1)	(47)	44	-	251	-	251
Total comprehensive income for the 3 months ended 31 March 2022	-	-	255	-	(1)	(47)	44	125	376	-	376
Transfer to inventories	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Balance at 31 March 2022	3,937	832	522	(54)	(7)	(87)	66	7,774	12,983	2	12,985

Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
OPERATING ACTIVITIES		
Net income	270	125
Adjustments to reconcile net income to cash from operating activities		
Gains on disposal of assets	(86)	(21)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	618	627
Share of loss of investments accounted for using the equity method	6	2
Finance costs, net	62	88
Income tax	60	31
Change in provisions and allowances	(50)	(12)
Operating foreign exchange and derivatives losses, net	5	-
Change in working capital		
Increase in inventories, gross	(81)	(84)
(Increase)/decrease in trade receivables, gross	(3)	107
(Increase)/decrease in contract assets, gross	6	(4)
Decrease in contract costs	2	3
Increase/(decrease) in trade payables	(213)	1
Increase in contract liabilities	126	12
(Increase)/decrease in prepaid expenses and other receivables	16	(38)
Increase in other payables	40	64
Interest received	26	11
Interest paid and interest rate effect paid on derivatives, net	(100)	(65)
Exchange rate and other effect received/(paid) on derivatives, net	(1)	1
Income tax paid	(42)	(4)
Net cash provided by operating activities	661	844
INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment and intangible assets	(799)	(557)
Investment grants received	24	2
Investment grants paid to property, plant and equipment and intangible assets suppliers	(22)	(28)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net	(3)	1
Proceeds from sale of property, plant and equipment and intangible assets	175	94
Proceeds from loss of control of Światłowod Inwestycje, net of transaction costs	133	41
Cash paid for subsidiaries, net of cash acquired	(1)	(37)
Payments on other financial instruments, net	(1)	-
Net cash used in investing activities	(494)	(484)
FINANCING ACTIVITIES		
Repayment of long-term loans from related party	(750)	-
Repayment of lease liabilities	(153)	(151)
Repayment of revolving credit line and other debt, net	(4)	(2)
Net cash used in financing activities	(907)	(153)
Net change in cash and cash equivalents	(740)	207
Effect of exchange rate changes and other impacts on cash and cash equivalents	(1)	2
Cash and cash equivalents at the beginning of the period	1,026	933
Cash and cash equivalents at the end of the period	285	1,142

Notes to the Condensed IFRS Quarterly Consolidated Financial Statements

1. The Orange Polska Group

Orange Polska S.A. (“Orange Polska” or “the Company” or “OPL S.A.”), a joint stock company, was incorporated and commenced its operations on 4 December 1991. The Orange Polska Group (“the Group”) comprises Orange Polska and its subsidiaries. The Group is a part of Orange Group based in France. Orange Polska shares are listed on the Warsaw Stock Exchange.

The Group is one of the biggest providers of telecommunications services in Poland. The Group provides mobile and fixed telecommunications services, including calls, messaging, content, access to the Internet and TV. In addition, the Group provides IT and integration services, leased lines and other telecommunications value added services, sells telecommunications equipment, provides data transmission, constructs telecommunications infrastructure and sells electrical energy.

Orange Polska’s registered office is located in Warsaw, Poland, at 160 Aleje Jerozolimskie St.

The list of entities included in the Condensed IFRS Quarterly Consolidated Financial Statements of the Group (the “Condensed Quarterly Consolidated Financial Statements”) as at and for the 3 months ended 31 March 2023 is presented in Note 1.2 to the Orange Polska Group IFRS Consolidated Financial Statements (“IFRS Consolidated Financial Statements”) for the year ended 31 December 2022.

2. Segment information and performance measures

The Group reports a single operating segment as decisions about resources to be allocated and assessment of performance are made on a consolidated basis. Group performance is currently evaluated by the Management Board based on revenue, EBITDAaL, net income, eCapex (economic capital expenditures), organic cash flows, net financial debt and net financial debt to EBITDAaL ratio based on cumulative EBITDAaL for the last four quarters.

Since the calculation of EBITDAaL, eCapex, organic cash flows, and net financial debt is not defined by IFRS, these performance measures may not be comparable to similar indicators used by other entities. The methodology adopted by the Group is presented below.

EBITDAaL is the key measure of operating profitability used by the Management Board and corresponds to operating income before gains/losses on disposal of assets, depreciation, amortisation and impairment of property, plant and equipment and intangible assets, impairment of the rights of perpetual usufruct of land historically recognised as property, plant and equipment and subsequently reclassified to right-of-use assets and share of profits/losses of joint ventures and associates, decreased by interest expense on lease liabilities and adjusted for the impact of deconsolidation of subsidiaries, costs related to acquisition, disposal and integration of businesses, employment termination programs, restructuring costs, elimination of margin (unrealised profit) earned on asset related transactions with joint ventures and associates accounted for using the equity method, significant claims, litigation and other risks as well as other significant non-recurring items.

eCapex (economic capital expenditures) is the key measure of resources allocation used by the Management Board and represents acquisitions of property, plant and equipment and intangible assets excluding telecommunications licences, decreased by the proceeds accrued on disposal of these assets as well as on disposal of the rights of perpetual usufruct of land historically recognised as property, plant and equipment and subsequently reclassified to right-of-use assets (“proceeds accrued on disposal of assets”). eCapex does not include acquisitions of right-of-use assets.

Organic cash flows are the key measure of cash flow generation used by the Management Board and correspond to net cash provided by operating activities decreased by payments for purchases of property, plant and equipment and intangible assets and repayment of lease liabilities, increased/decreased by impact of net exchange rate effect received/paid on derivatives economically hedging capital expenditures and lease liabilities and proceeds from sale of property, plant and equipment and intangible assets and adjusted for the payments for acquisition of telecommunications licences, payments for costs related to acquisition, disposal and integration of businesses not included in purchase price and payments relating to significant claims, litigation and other risks. Cash flows arising from obtaining or losing control of subsidiaries or other businesses, including significant tax cash flows specifically identified with these transactions, are classified as investing activities and by definition are not included in organic cash flows.

Net financial debt and net financial debt to EBITDAaL ratio are the key measures of indebtedness and liquidity used by the Management Board. The calculation of net financial debt is presented in Note 8.

Basic financial data of the operating segment is presented below:

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
Revenue	3,139	2,931
EBITDAaL	762	722
Net income	270	125
eCapex	225	245
Organic cash flows	(119)	231

	At 31 March 2023	At 31 December 2022
Net financial debt (in PLN millions, see Note 8)	3,969	4,000
Net financial debt/EBITDAaL ratio	1.3	1.3

Calculation of performance measures of the operating segment is presented below:

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
Operating income	392	244
Less gains on disposal of assets	(86)	(21)
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets ⁽¹⁾	487	504
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	13	8
Interest expense on lease liabilities	(31)	(17)
Adjustment for the impact of employment termination programs	(13)	-
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-	4
EBITDAaL	762	722

⁽¹⁾ 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 2023).

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
Acquisitions of property, plant and equipment and intangible assets	383	294
Less proceeds accrued on disposal of assets	(158)	(49)
eCapex	225	245

(in PLN millions)	3 months ended	3 months ended
	31 March 2023	31 March 2022
Net cash provided by operating activities	661	844
Payments for purchases of property, plant and equipment and intangible assets	(799)	(557)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net	(3)	1
Proceeds from sale of property, plant and equipment and intangible assets	175	94
Repayment of lease liabilities	(153)	(151)
Organic cash flows	(119)	231

3. Statement of compliance and basis of preparation

Basis of preparation

These unaudited Condensed Quarterly Consolidated Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Quarterly Consolidated Financial Statements (see also Note 4).

These Condensed Quarterly Consolidated Financial Statements should be read in conjunction with the audited IFRS Consolidated Financial Statements for the year ended 31 December 2022.

The Condensed Quarterly Consolidated Financial Statements include the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected explanatory notes.

These Condensed Quarterly Consolidated Financial Statements have been prepared on the going concern basis.

Costs that arise unevenly during the year are anticipated or deferred in the quarterly financial statements only if it would also be appropriate to anticipate or defer such costs at the end of the year.

These Condensed Quarterly Consolidated Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 25 April 2023.

Adoption of standards and interpretations in 2023

There were no new standards or interpretations issued from the date when the IFRS Consolidated Financial Statements for the year ended 31 December 2022 were published.

4. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Consolidated Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 2022.

5. Revenue

Revenue is disaggregated as follows:

Mobile only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue.
Fixed only services	Revenue from fixed offers (excluding consumer market convergent offers) including mainly (i) fixed broadband (including wireless for fixed), (ii) fixed narrowband, and (iii) data infrastructure and networks for business customers. Revenue from fixed offers includes also content element (linear TV and OTT - over-the-top).
Convergent services (consumer market)	Revenue from consumer market convergent offers. A convergent offer is defined as an offer combining at least a broadband access and a mobile voice contract with a financial benefit (excluding MVNOs - mobile virtual network operators). Convergent services revenue does not include equipment sales, incoming and visitor roaming revenue. Revenue from convergent offers includes also content element (linear TV and OTT).
Equipment sales	Revenue from all retail mobile and fixed equipment sales, excluding equipment sales associated with the supply of IT and integration services.
IT and integration services	Revenue from ICT (Information and Communications Technology) services and Internet of Things services, including licences and equipment sales associated with the supply of these services.
Wholesale	Revenue from telecom operators for (i) mobile: incoming, visitor roaming, domestic mobile interconnection (i.e. domestic roaming agreement and network sharing) and MVNO, (ii) fixed carriers services, and (iii) other (mainly data infrastructure and networks).
Other revenue	Includes (i) revenue from sale of electrical energy, (ii) other miscellaneous revenue e.g. from property rentals, research and development activity.

(in PLN millions)

	3 months ended 31 March 2023	3 months ended 31 March 2022
Mobile only services	710	671
Fixed only services	464	477
Narrowband	132	153
Broadband	222	219
Network solutions (business market)	110	105
Convergent services (consumer market)	564	526
Equipment sales	463	331
IT and integration services	348	312
Wholesale	427	456
Mobile wholesale	233	286
Fixed wholesale	75	73
Other	119	97
Other revenue	163	158
Total revenue	3,139	2,931

Starting from 2023, personal and property security, fire protection and video monitoring are included in ICT (Information and Communications Technology) services to comprehensively present the whole portfolio of ICT services offered to business market. Consequently, PLN 7 million of revenue from personal and property security, fire protection and video monitoring services for the 3 months ended 31 March 2022 was reclassified from other revenue to revenue from IT and integration services.

IT and integration services, wholesale and other revenue for the 3 months ended 31 March 2023 include PLN 69 million of lease revenue and compensation based on the acts regulating electricity prices (PLN 22 million of lease revenue for the 3 months ended 31 March 2022), that are outside the scope of IFRS 15 “Revenue from Contracts with Customers”.

6. Explanatory comments about the seasonality or cyclicity of interim Group operations

The Group’s activities are subject to some seasonality. The fourth quarter is typically a peak sales season with high commercial spending and with increased capital expenditures resulting from investment cycle management applied by the Group. Seasonally high capital expenditures in the fourth quarter are followed by higher payments to property, plant and equipment and intangible assets suppliers in the first quarter of the subsequent year resulting in higher cash used in investing activities.

7. Items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

As at 31 March 2023, there has been no change in the assessment of the impact of the war in Ukraine on the Group’s financial position and performance, as presented in Note 5 to the IFRS Consolidated Financial Statements for the year ended 31 December 2022.

The amount of trade payables subject to reverse factoring decreased from PLN 87 million as at 31 December 2022 to PLN 58 million as at 31 March 2023. These payables are presented together with the remaining balance of trade payables, as analysis conducted by the Group indicates they have retained their trade nature.

8. Net financial debt

Net financial debt is a measure of indebtedness used by the Management Board. Since the calculation of this aggregate is not defined by IFRS, the methodology adopted by the Group is presented below:

(in PLN millions)	At 31 March 2023	At 31 December 2022
Loans from related party	4,201	4,969
Other financial liabilities at amortised cost	47	50
Derivatives – net (liabilities less assets)	(523)	(705)
Gross financial debt after derivatives	3,725	4,314
Cash and cash equivalents	(285)	(1,026)
Cash flow hedge reserve	529	712
Net financial debt	3,969	4,000

On 27 March 2023, the Group repaid the PLN 750 million loan from Atlas Services Belgium S.A., a subsidiary of Orange S.A.

As at 31 March 2023, the total outstanding balance of loans from the related party amounted to PLN 4,201 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related party amounted to 8.23% before swaps and 3.31% after swaps as at 31 March 2023.

As at 31 March 2023, the total nominal amount of interest rate swaps outstanding under the agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk was PLN 3,800 million with a total fair value amounting to PLN 372 million.

9. Fair value of financial instruments

The Group's financial assets and liabilities that are measured subsequent to their initial recognition at fair value comprise derivative instruments, selected trade receivables arising from sales of mobile handsets in instalments and the contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje (presented within other assets in the consolidated statement of financial position).

The fair value of these instruments determined as described in Notes 15.1, 25 and 26.2 to the IFRS Consolidated Financial Statements for the year ended 31 December 2022 is presented below:

(in PLN millions)	At 31 March 2023	At 31 December 2022	Fair value hierarchy ⁽¹⁾
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾	261	385	Level 3
Derivatives hedging energy prices – net (assets less liabilities) ⁽³⁾	166	277	Level 3
Other derivatives – net (assets less liabilities)	357	428	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments	187	164	Level 2

⁽¹⁾ Described in Note 26.1 to the IFRS Consolidated Financial Statements for the year ended 31 December 2022.

⁽²⁾ The Group received PLN 133 million in 2023.

⁽³⁾ Change in the fair value in 2023 results mainly from the decrease of energy prices. The impact is recognised mainly as losses on cash flow hedges in other comprehensive income.

The Group applies the expected present value technique to measure the fair value of the contingent consideration receivable from the sale of 50% stake in Światłowód Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 8.9% in 2024 to 6.9% in 2026 as at 31 March 2023 (from 9.5% in 2023 to 7.7% in 2026 as at 31 December 2022) and are based on the market risk-free interest rates increased by the credit risk margin estimated for the APG Group. The Group has performed sensitivity analysis for the impact of changes in unobservable inputs and concluded that reasonably possible change in any unobservable input would not materially change the fair value of the contingent consideration receivable.

The fair value of derivatives hedging energy price risk represents the valuation of probability-weighted future benefits from a difference between the fixed price agreed with the supplier of energy and expected future energy prices, calculated for the expected volume of energy to be generated by the wind farms. The fair value depends on the Group's assessment of the moment of the commencement of commercial operations under the agreements signed, which is included in the valuation of the contracts as probabilities assigned to future benefits. Estimated future energy prices (according to wind production profile) are based on observable market energy prices for years 2023 – 2026 and on forecasted prices calculated by an external advisor for years 2027 – 2035. The average of these forecasted energy prices for years 2027 – 2035 used for the valuation of derivatives as at 31 March 2023 amounted to PLN 519 per 1MWh. The sensitivity analysis prepared by the Group for the unobservable prices indicated that every 10% increase/decrease in the forecasted energy prices for years 2027 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 32/(32) million as at 31 March 2023.

The carrying amount of the Group's financial instruments excluding lease liabilities approximated their fair value as at 31 March 2023.

10. Dividend

On 15 February 2023, the Management Board of Orange Polska S.A. adopted a resolution on the payment of a dividend of PLN 0.35 per share from the 2022 profit. The proposed dividend will be subject to approval at the General Meeting of Orange Polska S.A.

11. Changes in major litigation, claims and contingent liabilities since the end of the last annual reporting period

In 2023, no significant event occurred in the matters presented in Note 32 to the IFRS Consolidated Financial Statements for the year ended 31 December 2022 and no new significant matter appeared.

Operational activities of the Group are subject to regulatory requirements. Some regulatory decisions can be detrimental to the Group and court verdicts within appeal proceedings against such decisions can have negative consequences for the Group. Also, there are claims, some of them settled in court proceedings, including for damages, contractual penalties or remuneration from the Group raised by counterparties or other entities which may result in significant cash outflows. The Group is also involved in proceedings and litigations in respect to various taxes, such as income taxes, VAT, real estate tax, including the area of general anti-avoidance rules. Some of these proceedings and litigations may result in significant future cash outflows.

The possible outcomes of proceedings and claims are assessed by the Group on a regular basis and quantifiable risks related to them that are probable to result in future cash outflows are reflected as provisions or income tax liabilities in the statement of financial position.

Furthermore, the Group uses fixed assets of other parties in order to provide telecommunications services. The terms of use of these assets are not always formalised and as such, the Group is subject to claims and might be subject to future claims in this respect, which will probably result in cash outflows in the future. The amount of the potential obligations or future commitments cannot yet be measured with sufficient reliability due to legal complexities involved.

Some of the above determined matters may be complex in nature and there are many scenarios for final settlement and potential financial impact for the Group. The Group monitors the risks on a regular basis and the Management Board believes that adequate provisions have been recorded for known and quantifiable risks. Information regarding the range of potential outcomes has not been separately disclosed as, in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

12. Related party transactions

As at 31 March 2023, Orange S.A. owned 50.67% of shares of the Company. Orange S.A. has majority of the total number of votes at the General Meeting of OPL S.A. which appoints OPL S.A.'s Supervisory Board Members. The Supervisory Board decides about the composition of the Management Board. According to the Company's Articles of Association, at least 4 Members of the Supervisory Board must be independent. The majority of Members of the Audit Committee of the Supervisory Board are independent.

The Group's income earned from the Orange Group comprises mainly wholesale telecommunications services and research and development income. The purchases from the Orange Group comprise mainly brand fees and wholesale telecommunications services.

Financial receivables, liabilities, financial income, financial expense, net and other comprehensive income/loss concerning transactions with the Orange Group relate to loan agreements concluded with Atlas Services Belgium S.A. and agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk related to the above-mentioned loan agreements. Financial income and cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement.

The Group's income and receivables from Światłowod Inwestycje, a joint venture, comprise mainly investment process management services and sale of fibre network assets. The purchases from Światłowod Inwestycje comprise mainly network access connectivity fees. Liabilities to Światłowod Inwestycje relate mainly to agreements for the lease and services to be rendered in the future, for which joint venture paid upfront.

Orange Polska Group

Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
Sales of goods and services and other income:	156	165
Orange S.A. (parent)	50	44
Orange Group (excluding parent)	17	17
Światłowód Inwestycje (joint venture)	89	104
Purchases of goods (including inventories, tangible and intangible assets) and services:	(98)	(87)
Orange S.A. (parent)	(16)	(18)
Orange Group (excluding parent)	(47)	(44)
Światłowód Inwestycje (joint venture)	(35)	(25)
Financial income:	14	6
Orange S.A. (parent)	14	6
Financial expense, net:	(41)	(37)
Orange S.A. (parent)	52	10
Orange Group (excluding parent)	(93)	(47)
Other comprehensive income/(loss):	(79)	158
Orange S.A. (parent)	(79)	158

(in PLN millions)	At 31 March 2023	At 31 December 2022
Receivables and contract costs:	207	330
Orange S.A. (parent)	62	70
Orange Group (excluding parent)	47	41
Światłowód Inwestycje (joint venture)	98	219
Liabilities:	914	801
Orange S.A. (parent)	32	44
Orange Group (excluding parent)	111	70
Światłowód Inwestycje (joint venture)	771	687
Financial receivables:	372	451
Orange S.A. (parent)	372	451
Cash and cash equivalents deposited with:	118	830
Orange S.A. (parent)	118	830
Financial liabilities:	4,201	4,969
Orange Group (excluding parent)	4,201	4,969

Compensation (remuneration, bonuses, post-employment and other long-term benefits, termination indemnities and share-based payment plans - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 3 months ended 31 March 2023 and 2022 amounted to PLN 4.8 million and PLN 4.4 million, respectively. Additionally, the President of OPL S.A.'s Management Board is employed by Orange Global International Mobility S.A., a subsidiary of Orange S.A., and posted to Orange Polska. The amount incurred by the Orange Polska Group for the reimbursement of key management personnel costs from the Orange Group for the 3 months ended 31 March 2023 and 2022 amounted to PLN 1.6 million.

13. Subsequent events

There was no significant event after the end of the reporting period.

ORANGE POLSKA S.A.

**CONDENSED IFRS QUARTERLY SEPARATE FINANCIAL
STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2023**



April 25, 2023

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Condensed IFRS Quarterly Separate Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

INCOME STATEMENT

(in PLN millions, except for earnings per share)

	Note	3 months ended 31 March 2023	3 months ended 31 March 2022
Revenue	4	2,720	2,547
External purchases		(1,525)	(1,363)
Labour expense		(344)	(334)
Other operating expense		(101)	(133)
Other operating income		162	139
Impairment of receivables and contract assets		(21)	(16)
Gains on disposal of assets		87	24
Depreciation and impairment of right-of-use assets		(132)	(119)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(477)	(499)
Operating income		369	246
Interest income		26	13
Interest expense on lease liabilities		(31)	(17)
Other interest expense and financial charges		(43)	(47)
Discounting expense		(13)	(19)
Foreign exchange losses		(1)	(17)
Finance costs, net		(62)	(87)
Income tax		(56)	(29)
Net income		251	130
Earnings per share (in PLN) (basic and diluted)		0.19	0.10
Weighted average number of shares (in millions)		1,312	1,312

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 31 March 2023	3 months ended 31 March 2022
Net income	251	130
Items that may be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedges	(186)	255
Gains/(losses) on receivables at fair value through other comprehensive income	3	(1)
Income tax relating to items that may be reclassified	35	(47)
Other comprehensive income/(loss), net of tax	(148)	207
Total comprehensive income	103	337

STATEMENT OF FINANCIAL POSITION

(in PLN millions)

	Note	At 31 March 2023	At 31 December 2022
ASSETS			
Goodwill		2,014	2,014
Other intangible assets		3,909	3,972
Property, plant and equipment		9,685	9,671
Right-of-use assets		2,758	2,707
Investments in subsidiaries		382	382
Investment in joint venture		555	555
Trade receivables	8	522	452
Contract assets		80	83
Contract costs		136	138
Derivatives	7,8	560	699
Other assets		172	271
Deferred tax asset		366	394
Total non-current assets		21,139	21,338
Inventories		297	242
Trade receivables	8	1,686	1,700
Contract assets		99	102
Contract costs		411	409
Loans to related parties		24	10
Derivatives	7,8	2	29
Income tax receivables		9	-
Other assets		349	488
Prepaid expenses		74	44
Cash and cash equivalents		219	917
Total current assets		3,170	3,941
TOTAL ASSETS		24,309	25,279
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		383	529
Retained earnings		7,416	7,165
Total equity		12,568	12,463
Trade payables	6	78	82
Lease liabilities		2,252	2,208
Loans from related parties	7	4,192	4,191
Other financial liabilities at amortised cost		38	39
Provisions	10	581	509
Contract liabilities		999	921
Employee benefits		46	47
Other liabilities		20	20
Total non-current liabilities		8,206	8,017
Trade payables	6	1,628	2,140
Lease liabilities		540	531
Loans from related parties	7	71	839
Other financial liabilities at amortised cost		6	6
Derivatives	7,8	39	23
Provisions	10	216	252
Contract liabilities		607	595
Employee benefits		142	142
Income tax liabilities		-	27
Other liabilities		286	244
Total current liabilities		3,535	4,799
TOTAL EQUITY AND LIABILITIES		24,309	25,279

STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves				Retained earnings	Total equity
			Cash flow hedge reserve	Actuarial losses on post-employment benefits	Gains/(losses) on receivables at fair value through other comprehensive income	Deferred tax		
Balance at 1 January 2023	3,937	832	712	(50)	(9)	(124)	7,165	12,463
Net income	-	-	-	-	-	-	251	251
Other comprehensive loss	-	-	(186)	-	3	35	-	(148)
Total comprehensive income for the 3 months ended 31 March 2023	-	-	(186)	-	3	35	251	103
Transfer to inventories	-	-	3	-	-	(1)	-	2
Balance at 31 March 2023	3,937	832	529	(50)	(6)	(90)	7,416	12,568
Balance at 1 January 2022	3,937	832	269	(54)	(6)	(39)	6,828	11,767
Net income	-	-	-	-	-	-	130	130
Other comprehensive income	-	-	255	-	(1)	(47)	-	207
Total comprehensive income for the 3 months ended 31 March 2022	-	-	255	-	(1)	(47)	130	337
Transfer to inventories	-	-	(2)	-	-	-	-	(2)
Balance at 31 March 2022	3,937	832	522	(54)	(7)	(86)	6,958	12,102

STATEMENT OF CASH FLOWS

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
OPERATING ACTIVITIES		
Net income	251	130
Adjustments to reconcile net income to cash from operating activities		
Gains on disposal of assets	(87)	(24)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	609	618
Finance costs, net	62	87
Income tax	56	29
Change in provisions and allowances	(48)	(18)
Operating foreign exchange and derivatives losses, net	4	1
Change in working capital		
Increase in inventories, gross	(56)	(86)
(Increase)/decrease in trade receivables, gross	(46)	95
(Increase)/decrease in contract assets, gross	6	(3)
Decrease in contract costs	-	4
Increase/(decrease) in trade payables	(94)	74
Increase/(decrease) in contract liabilities	87	(6)
(Increase)/decrease in prepaid expenses and other receivables	34	(30)
Increase in other payables	40	61
Interest received	26	11
Interest paid and interest rate effect paid on derivatives, net	(100)	(65)
Exchange rate and other effect received/(paid) on derivatives, net	(2)	1
Income tax paid	(29)	(1)
Net cash provided by operating activities	713	878
INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment and intangible assets	(800)	(552)
Investment grants received	24	2
Investment grants paid to property, plant and equipment and intangible assets suppliers	(22)	(28)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net	(3)	1
Proceeds from sale of property, plant and equipment and intangible assets	176	94
Proceeds from sale of investment in Światłowód Inwestycje, net of transaction costs	133	41
Cash paid for investments in subsidiaries	(1)	(38)
Payments on loans to related parties and other financial instruments, net	(15)	-
Net cash used in investing activities	(508)	(480)
FINANCING ACTIVITIES		
Repayment of long-term loans from related party	(750)	-
Repayment of lease liabilities	(151)	(147)
Repayment of revolving credit line and other debt, net	(1)	(60)
Net cash used in financing activities	(902)	(207)
Net change in cash and cash equivalents	(697)	191
Effect of exchange rate changes and other impacts on cash and cash equivalents	(1)	2
Cash and cash equivalents at the beginning of the period	917	885
Cash and cash equivalents at the end of the period	219	1,078

Notes to the Condensed IFRS Quarterly Separate Financial Statements

1. Orange Polska S.A.

Orange Polska S.A. (“Orange Polska” or “the Company” or “OPL S.A.”), a joint stock company, was incorporated and commenced its operations on 4 December 1991. Orange Polska shares are listed on the Warsaw Stock Exchange.

Orange Polska is one of the biggest providers of telecommunications services in Poland. The Company provides mobile and fixed telecommunications services, including calls, messaging, content, access to the Internet and TV. In addition, Orange Polska provides IT and integration services, leased lines and other telecommunications value added services, sells telecommunications equipment, provides data transmission, constructs telecommunications infrastructure and sells electrical energy.

Orange Polska’s registered office is located in Warsaw, Poland, at 160 Aleje Jerozolimskie St.

2. Statement of compliance and basis of preparation

Basis of preparation

These unaudited Condensed IFRS Quarterly Separate Financial Statements for the 3 months ended 31 March 2023 (the “Condensed Quarterly Separate Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Quarterly Separate Financial Statements (see also Note 3).

These Condensed Quarterly Separate Financial Statements should be read in conjunction with the audited Orange Polska S.A. IFRS Separate Financial Statements and the notes thereto (“IFRS Separate Financial Statements”) for the year ended 31 December 2022.

The Condensed Quarterly Separate Financial Statements include the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and selected explanatory notes.

These Condensed Quarterly Separate Financial Statements have been prepared on the going concern basis.

Costs that arise unevenly during the year are anticipated or deferred in the quarterly financial statements only if it would also be appropriate to anticipate or defer such costs at the end of the year.

Orange Polska S.A. is the parent company of the Orange Polska Group (“the Group”, “OPL Group”) and prepares quarterly consolidated financial statements for the 3 months ended 31 March 2023. The Group is a part of Orange Group, based in France.

These Condensed Quarterly Separate Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 25 April 2023.

Adoption of standards and interpretations in 2023

There were no new standards or interpretations issued from the date when the IFRS Separate Financial Statements for the year ended 31 December 2022 were published.

3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Separate Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Separate Financial Statements for the year ended 31 December 2022.

4. Revenue

Revenue is disaggregated as follows:

Mobile only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue.
Fixed only services	Revenue from fixed offers (excluding consumer market convergent offers) including mainly (i) fixed broadband (including wireless for fixed), (ii) fixed narrowband, and (iii) data infrastructure and networks for business customers. Revenue from fixed offers includes also content element (linear TV and OTT - over-the-top).
Convergent services (consumer market)	Revenue from consumer market convergent offers. A convergent offer is defined as an offer combining at least a broadband access and a mobile voice contract with a financial benefit (excluding MVNOs - mobile virtual network operators). Convergent services revenue does not include equipment sales, incoming and visitor roaming revenue. Revenue from convergent offers includes also content element (linear TV and OTT).
Equipment sales	Revenue from all retail mobile and fixed equipment sales, excluding equipment sales associated with the supply of IT and integration services.
IT and integration services	Revenue from ICT (Information and Communications Technology) services and Internet of Things services, including licences and equipment sales associated with the supply of these services.
Wholesale	Revenue from telecom operators for (i) mobile: incoming, visitor roaming, domestic mobile interconnection (i.e. domestic roaming agreement and network sharing) and MVNO, (ii) fixed carriers services, and (iii) other (mainly data infrastructure and networks).
Other revenue	Includes (i) revenue from sale of electrical energy, (ii) other miscellaneous revenue e.g. from property rentals, research and development activity.

Condensed IFRS Quarterly Separate Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
Mobile only services	708	670
Fixed only services	463	479
Narrowband	132	153
Broadband	219	219
Network solutions (business market)	112	107
Convergent services (consumer market)	564	526
Equipment sales	463	331
IT and integration services	72	61
Wholesale	427	456
Mobile wholesale	233	286
Fixed wholesale	75	73
Other	119	97
Other revenue	23	24
Total revenue	2,720	2,547

IT and integration services, wholesale and other revenue for the 3 months ended 31 March 2023 and 2022 include, respectively, PLN 30 million and PLN 25 million of lease revenue that is outside the scope of IFRS 15 “Revenue from Contracts with Customers”.

5. Explanatory comments about the seasonality or cyclicity of interim Company operations

The Company’s activities are subject to some seasonality. The fourth quarter is typically a peak sales season with high commercial spending and with increased capital expenditures resulting from investment cycle management applied by the Company. Seasonally high capital expenditures in the fourth quarter are followed by higher payments to property, plant and equipment and intangible assets suppliers in the first quarter of the subsequent year resulting in higher cash used in investing activities.

6. Items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

As at 31 March 2023, there has been no change in the assessment of the impact of the war in Ukraine on the Company’s financial position and performance, as presented in Note 5 to the IFRS Separate Financial Statements for the year ended 31 December 2022.

The amount of trade payables subject to reverse factoring decreased from PLN 87 million as at 31 December 2022 to PLN 58 million as at 31 March 2023. These payables are presented together with the remaining balance of trade payables, as analysis conducted by the Company indicates they have retained their trade nature.

7. Changes in loans from related parties

On 27 March 2023, the Company repaid the PLN 750 million loan from Atlas Services Belgium S.A., a subsidiary of Orange S.A.

As at 31 March 2023, the total outstanding balance of loans from the related parties amounted to PLN 4,263 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related parties amounted to 8.19% before swaps and 3.34% after swaps as at 31 March 2023.

As at 31 March 2023, the total nominal amount of interest rate swaps, outstanding under the agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk was PLN 3,800 million with a total fair value amounting to PLN 372 million.

8. Fair value of financial instruments

The Company's financial assets and liabilities that are measured subsequent to their initial recognition at fair value comprise derivative instruments, selected trade receivables arising from sales of mobile handsets in instalments and the contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje (presented within other assets in the statement of financial position).

The fair value of these instruments determined as described in Notes 14.1, 25 and 26.2 to the IFRS Separate Financial Statements for the year ended 31 December 2022 is presented below:

(in PLN millions)	At 31 March 2023	At 31 December 2022	Fair value hierarchy ⁽¹⁾
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾	261	385	Level 3
Derivatives hedging energy prices – net (assets less liabilities) ⁽³⁾	166	277	Level 3
Other derivatives – net (assets less liabilities)	357	428	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments	187	164	Level 2

⁽¹⁾ Described in Note 26.1 to the IFRS Separate Financial Statements for the year ended 31 December 2022.

⁽²⁾ The Company received PLN 133 million in 2023.

⁽³⁾ Change in the fair value in 2023 results mainly from the decrease of energy prices. The impact is recognised mainly as losses on cash flow hedges in other comprehensive income.

The Company applies the expected present value technique to measure the fair value of the contingent consideration receivable from the sale of 50% stake in Światłowód Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 8.9% in 2024 to 6.9% in 2026 as at 31 March 2023 (from 9.5% in 2023 to 7.7% in 2026 as at 31 December 2022) and are based on the market risk-free interest rates increased by the credit risk margin estimated for the APG Group. The Company has performed sensitivity analysis for the impact of changes in unobservable inputs and concluded that reasonably possible change in any unobservable input would not materially change the fair value of the contingent consideration receivable.

The fair value of derivatives hedging energy price risk represents the valuation of probability-weighted future benefits from a difference between the fixed price agreed with the supplier of energy and expected future energy prices, calculated for the expected volume of energy to be generated by the wind farms. The fair value depends on the Company's assessment of the moment of the commencement of commercial operations under the agreements signed, which is included in the valuation of the contracts as probabilities assigned to future benefits. Estimated future energy prices (according to wind production profile) are based on observable market energy prices for years 2023 – 2026

and on forecasted prices calculated by an external advisor for years 2027 – 2035. The average of these forecasted energy prices for years 2027 – 2035 used for the valuation of derivatives as at 31 March 2023 amounted to PLN 519 per 1MWh. The sensitivity analysis prepared by the Company for the unobservable prices indicated that every 10% increase/decrease in the forecasted energy prices for years 2027 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 32/(32) million as at 31 March 2023.

The carrying amount of the Company's financial instruments excluding lease liabilities approximated their fair value as at 31 March 2023.

9. Dividend

On 15 February 2023, the Management Board of Orange Polska S.A. adopted a resolution on the payment of a dividend of PLN 0.35 per share from the 2022 profit. The proposed dividend will be subject to approval at the General Meeting of Orange Polska S.A.

10. Changes in major litigation, claims and contingent liabilities since the end of the last annual reporting period

In 2023, no significant event occurred in the matters presented in Note 32 to the IFRS Separate Financial Statements for the year ended 31 December 2022 and no new significant matter appeared.

Operational activities of the Company are subject to regulatory requirements. Some regulatory decisions can be detrimental to the Company and court verdicts within appeal proceedings against such decisions can have negative consequences for the Company. Also, there are claims, some of them settled in court proceedings, including for damages, contractual penalties or remuneration from the Company raised by counterparties or other entities which may result in significant cash outflows. The Company is also involved in proceedings and litigations in respect to various taxes, such as income taxes, VAT, real estate tax, including the area of general anti-avoidance rules. Some of these proceedings and litigations may result in significant future cash outflows.

The possible outcomes of proceedings and claims are assessed by the Company on a regular basis and quantifiable risks related to them that are probable to result in future cash outflows are reflected as provisions or income tax liabilities in the statement of financial position.

Furthermore, the Company uses fixed assets of other parties in order to provide telecommunications services. The terms of use of these assets are not always formalised and as such, the Company is subject to claims and might be subject to future claims in this respect, which will probably result in cash outflows in the future. The amount of the potential obligations or future commitments cannot yet be measured with sufficient reliability due to legal complexities involved.

Some of the above determined matters may be complex in nature and there are many scenarios for final settlement and potential financial impact for the Company. The Company monitors the risks on a regular basis and the Management Board believes that adequate provisions have been recorded for known and quantifiable risks. Information regarding the range of potential outcomes has not been separately disclosed as, in the opinion of the Company's Management, such disclosure could prejudice the outcome of the pending cases.

11. Related party transactions

As at 31 March 2023, Orange S.A. owned 50.67% of shares of the Company. Orange S.A. has majority of the total number of votes at the General Meeting of OPL S.A. which appoints OPL S.A.'s Supervisory Board Members. The Supervisory Board decides about the composition of the Management Board. According to the Company's Articles of Association, at least 4 Members of the Supervisory Board must be independent. The majority of Members of the Audit Committee of the Supervisory Board are independent.

OPL S.A.'s income earned from its subsidiaries comprises mainly sales of energy and telecommunications equipment and income from IT services. The purchases from the subsidiaries comprise mainly software intangible assets and for the 3 months ended 31 March 2022 comprised additionally network development and maintenance from TP TelTech Sp. z o.o., which merged with OPL S.A. as at 1 December 2022. Costs incurred by the Company in transactions with its subsidiaries also comprise donations to Fundacja Orange.

Income earned from the Orange Group comprises mainly wholesale telecommunications services and research and development income. The purchases from the Orange Group comprise mainly brand fees and wholesale telecommunications services.

Financial receivables from the subsidiaries relate to the loans granted to the subsidiaries. Financial costs and financial liabilities concerning transactions with the subsidiaries relate to cash pool deposits from the subsidiaries.

Financial receivables, liabilities, financial income, financial expense, net and other comprehensive income/loss concerning transactions with the Orange Group relate to loan agreements concluded with Atlas Services Belgium S.A. and agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk related to the above-mentioned loan agreements. Financial income and cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement.

OPL S.A.'s income and receivables from Światłowod Inwestycje, a joint venture, comprise mainly investment process management services and sale of fibre network assets. The purchases from Światłowod Inwestycje comprise mainly network access connectivity fees. Liabilities to Światłowod Inwestycje relate mainly to agreements for the lease and services to be rendered in the future, for which joint venture paid upfront.

Orange Polska S.A.

Condensed IFRS Quarterly Separate Financial Statements – 31 March 2023

Translation of the financial statements originally issued in Polish

(in PLN millions)	3 months ended 31 March 2023	3 months ended 31 March 2022
Sales of goods and services and other income:	191	188
Orange Polska Group (subsidiaries)	37	27
Orange Group	65	60
- Orange S.A. (parent)	50	44
- Orange Group (excluding parent)	15	16
Światłowod Inwestycje (joint venture)	89	101
Purchases of goods (including inventories, tangible and intangible assets) and services:	(125)	(160)
Orange Polska Group (subsidiaries)	(27)	(73)
Orange Group	(63)	(62)
- Orange S.A. (parent)	(16)	(18)
- Orange Group (excluding parent)	(47)	(44)
Światłowod Inwestycje (joint venture)	(35)	(25)
Financial income:	14	6
Orange S.A. (parent)	14	6
Financial expense, net:	(42)	(37)
Orange Polska Group (subsidiaries)	(1)	-
Orange Group	(41)	(37)
- Orange S.A. (parent)	52	10
- Orange Group (excluding parent)	(93)	(47)
Other comprehensive income/(loss):	(79)	158
Orange S.A. (parent)	(79)	158

(in PLN millions)	At 31 March 2023	At 31 December 2022
Receivables and contract costs:	262	382
Orange Polska Group (subsidiaries)	57	54
Orange Group	107	109
- Orange S.A. (parent)	62	70
- Orange Group (excluding parent)	45	39
Światłowod Inwestycje (joint venture)	98	219
Liabilities:	935	824
Orange Polska Group (subsidiaries)	24	26
Orange Group	140	111
- Orange S.A. (parent)	32	44
- Orange Group (excluding parent)	108	67
Światłowod Inwestycje (joint venture)	771	687
Financial receivables:	396	461
Orange Polska Group (subsidiaries)	24	10
Orange S.A. (parent)	372	451
Cash and cash equivalents deposited with:	118	830
Orange S.A. (parent)	118	830
Financial liabilities:	4,263	5,030
Orange Polska Group (subsidiaries)	62	61
Orange Group (excluding parent)	4,201	4,969
Guarantees granted:	123	118
Orange Polska Group (subsidiaries)	123	118

Compensation (remuneration, bonuses, post-employment and other long-term benefits, termination indemnities and share-based payment plans - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 3 months ended 31 March 2023 and 2022 amounted to PLN 4.8 million and PLN 4.4 million, respectively. Additionally, the President of OPL S.A.'s Management Board is employed by Orange Global International Mobility S.A., a subsidiary of Orange S.A., and posted to Orange Polska. The amount incurred by the Orange Polska S.A. for the reimbursement of key management personnel costs from the Orange Group for the 3 months ended 31 March 2023 and 2022 amounted to PLN 1.6 million.

12. Subsequent events

There was no significant event after the end of the reporting period.

Pursuant to Art. 66 of the Decree of the Minister of Finance of 29 March 2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state – Journal of Laws of 2018, item 757 (“the Decree of the Minister of Finance of 29 March 2018”), the Management Board of Orange Polska S.A. (“OPL S.A.”, “the Company”) discloses the following information:

I. Shareholders entitled to exercise at least 5% of total voting rights at the General Meeting of OPL S.A., either directly or through subsidiaries, as at the date of publication of the quarterly report and changes in the ownership structure in the period since the submission of the previous annual report

The ownership structure of the Company’s share capital, based on the information available to the Company as at 25 April 2023, i.e. the date of submission of the quarterly report for the 3 months ended 31 March 2023 was the same as at 15 February 2023, i.e. the date of submission of the annual report for the 12 months ended 31 December 2022:

Shareholder	Number of shares held	Number of votes at the General Meeting of OPL S.A.	Percentage of the total number of votes at the General Meeting of OPL S.A.	Nominal value of shares held (in PLN)	Share in the capital
Orange S.A.	664,999,999	664,999,999	50.67 %	1,994,999,997	50.67 %
Allianz Polska OFE, Allianz Polska DFE, Drugi Allianz Polska OFE pension funds	101,073,007	101,073,007	7.70 %	303,219,021	7.70 %
Nationale-Nederlanden OFE pension fund	72,053,524	72,053,524	5.49 %	216,160,572	5.49 %
Other shareholders	474,230,949	474,230,949	36.14 %	1,422,692,847	36.14 %
TOTAL	1,312,357,479	1,312,357,479	100.00 %	3,937,072,437	100.00 %

II. Statement of changes in ownership of OPL S.A.’s shares or rights to them (options) held by Members of the Management Board and the Supervisory Board of OPL S.A., according to information obtained by OPL S.A., in the period since the submission of the previous annual report

Ms Jolanta Dudek, the Vice-President of the Management Board of OPL S.A., held 8,474 Orange Polska S.A. shares as at 25 April 2023 and 15 February 2023.

Mr Piotr Jaworski, the Member of the Management Board of OPL S.A., held 673 Orange Polska S.A. shares as at 25 April 2023 and 15 February 2023.

Mr Maciej Nowohoński, the Member of the Management Board of OPL S.A., held 25,000 Orange Polska S.A. shares as at 25 April 2023 and 15 February 2023.

There was no OPL S.A. share held by other members of the Management Board or the Supervisory Board of the Company.

III. Information on guarantees or collaterals of loans or borrowings granted by the Company or its subsidiaries to other entities or their subsidiaries, where the total amount of guarantees or collaterals is significant

In the 3 months ended 31 March 2023, neither the Company nor its subsidiaries granted guarantees or collateral of loans or borrowings to any entity or its subsidiary, a total value of which would be significant.

IV. Management Board's Position as to the achievement of the previously published financial projections for the given period

As announced in the current report 5/2023 of 15 February 2023, the Group forecasts low single digit revenue growth, flat/low single digit EBITDAaL growth in 2023 compared to 2022 and eCapex to be in the range of PLN 1.5-1.7 billion. Considering the results of the 3 months ended 31 March 2023, the Management Board of Orange Polska S.A. is reiterating the guidance. The Management Board will closely monitor the macroeconomic and geopolitical developments and assess their impact on the Group's performance on a current basis.

V. Factors which, in the opinion of the Group, may affect its results over at least the next quarter

Factors that, in the Management Board's opinion, have influence on the Group's operations or may have such influence in the near future are presented in Section 4 of the Chapter II of Management Board's Report on the Activity of the Orange Polska Group and Orange Polska S.A. for the year ended 31 December 2022. Additionally, key risk factors that may impact the Group's operational and financial performance are reviewed in detail in the Chapter IV of the above-mentioned Report.

VI. Foreign exchange rates

The statement of financial position data as at 31 March 2023 and 31 December 2022 presented in the table "Selected financial data" was translated into EUR at the average exchange rates of the National Bank of Poland ("NBP") at the end of the reporting period. The income statement data, together with the statement of comprehensive income and statement of cash flows data for the 3 months ended 31 March 2023 and 2022, were translated into EUR at the exchange rates which are the arithmetical average of the average NBP rates published by the NBP on the last day of each month of the 3-month periods ended 31 March 2023 and 2022.

The exchange rates used in the translation of the statement of financial position, income statement, statement of comprehensive income and statement of cash flows data are presented below:

1 EUR	31 March 2023	31 December 2022	31 March 2022
Statement of financial position	4.6755 PLN	4.6899 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.7005 PLN	Not applicable	4.6472 PLN