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POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated half-year report PSr 2023

(year)

(according to par. 60 s. 2 and par. 62 s. 3 of the Decree of Minister of Finance dated 29 March 2018)
for the issuers in sectors of production, construction, trade or services
(type of issuer)

for the half-year of **2023**, i.e. from **1 January 2023** to **30 June 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 July 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)

KPMG Audyt Sp. z o.o. Sp. komandytowa
(auditor)

SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	half-year 2023	half-year 2022	half-year 2023	half-year 2022
condensed consolidated financial statements data				
I. Revenue	6,363,000	5,986,000	1,379,363	1,289,336
II. Operating income	735,000	581,000	159,332	125,143
III. Profit before income tax	628,000	425,000	136,137	91,542
IV. Net income	509,000	368,000	110,340	79,264
V. Net income attributable to owners of Orange Polska S.A.	509,000	368,000	110,340	79,264
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.39	0.28	0.08	0.06
VII. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VIII. Total comprehensive income	229,000	968,000	49,642	208,499
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	229,000	968,000	49,642	208,499
X. Net cash provided by operating activities	1,726,000	1,696,000	374,160	365,305
XI. Net cash used in investing activities	(1,006,000)	(865,000)	(218,079)	(186,314)
XII. Net cash used in financing activities	(1,018,000)	(244,000)	(220,681)	(52,556)
XIII. Net change in cash and cash equivalents	(298,000)	587,000	(64,600)	126,435
	balance as at 30/06/2023	balance as at 31/12/2022	balance as at 30/06/2023	balance as at 31/12/2022
XIV. Total current assets	4,243,000	4,507,000	953,419	961,001
XV. Total non-current assets	21,896,000	22,259,000	4,920,118	4,746,157
XVI. Total assets	26,139,000	26,766,000	5,873,537	5,707,158
XVII. Total current liabilities	6,017,000	5,245,000	1,352,044	1,118,361
XVIII. Total non-current liabilities	6,891,000	8,068,000	1,548,435	1,720,292
XIX. Total equity	13,231,000	13,453,000	2,973,058	2,868,505
XX. Equity attributable to owners of Orange Polska S.A.	13,229,000	13,451,000	2,972,609	2,868,078
XXI. Share capital	3,937,000	3,937,000	884,659	839,464
condensed separate financial statements data				
	half-year 2023	half-year 2022	half-year 2023	half-year 2022
I. Revenue	5,472,000	5,165,000	1,186,213	1,112,499
II. Operating income	693,000	602,000	150,228	129,666
III. Profit before income tax	616,000	479,000	133,536	103,173
IV. Net income	505,000	396,000	109,473	85,295
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.38	0.30	0.08	0.06
VI. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VII. Total comprehensive income	261,000	898,000	56,579	193,422
VIII. Net cash provided by operating activities	1,756,000	1,715,000	380,663	369,397
IX. Net cash used in investing activities	(1,007,000)	(852,000)	(218,296)	(183,514)
X. Net cash used in financing activities	(1,016,000)	(283,000)	(220,247)	(60,956)
XI. Net change in cash and cash equivalents	(267,000)	580,000	(57,880)	124,927
	balance as at 30/06/2023	balance as at 31/12/2022	balance as at 30/06/2023	balance as at 31/12/2022
XII. Total current assets	3,731,000	3,941,000	838,371	840,317
XIII. Total non-current assets	21,064,000	21,338,000	4,733,164	4,549,777
XIV. Total assets	24,795,000	25,279,000	5,571,535	5,390,094
XV. Total current liabilities	5,681,000	4,799,000	1,276,543	1,023,263
XVI. Total non-current liabilities	6,841,000	8,017,000	1,537,200	1,709,418
XVII. Total equity	12,273,000	12,463,000	2,757,792	2,657,413
XVIII. Share capital	3,937,000	3,937,000	884,659	839,464

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Independent Auditor's Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Supervisory Board of Orange Polska S.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Orange Polska Group (the "Group"), whose parent entity is Orange Polska S.A. (the "Parent Entity"), which comprise:

- the consolidated statement of financial position as at 30 June 2023

and, for the three-month and six-month periods ended 30 June 2023:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of cash flows

and, for the six-month period ended 30 June 2023:

- the consolidated statement of changes in equity

and

- notes to the condensed interim consolidated financial statements comprising a summary of significant accounting policies and other explanatory information

(the "condensed consolidated interim financial statements").

The Management Board of the Parent Entity is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the resolution of the National Council of Statutory Auditors as the National Standard on Review 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union.

On behalf of audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

Signed on the Polish original

Marek Gajdziński

Key Statutory Auditor
Registration No. 90061

Warsaw, 25 July 2023

ORANGE POLSKA GROUP

CONDENSED IFRS INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2023



July 25, 2023

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Orange Polska Group
Condensed IFRS Interim Consolidated Financial Statements – 30 June 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 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Revenue	5	3,224	6,363	3,055	5,986
External purchases		(1,892)	(3,763)	(1,784)	(3,472)
Labour expense		(349)	(723)	(353)	(724)
Other operating expense		(134)	(238)	(160)	(298)
Other operating income		149	311	184	320
Impairment of receivables and contract assets		(24)	(46)	(23)	(41)
Gains on disposal of fixed assets		28	114	49	70
Depreciation and impairment of right-of-use assets		(151)	(286)	(123)	(246)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(499)	(982)	(506)	(1,010)
Share of loss of joint venture		(9)	(15)	(2)	(4)
Operating income		343	735	337	581
Interest income		19	45	23	36
Interest expense on lease liabilities		(35)	(66)	(21)	(38)
Other interest expense and financial charges		(38)	(80)	(50)	(97)
Discounting expense		(16)	(29)	(21)	(40)
Foreign exchange gains/(losses)		25	23	1	(17)
Finance costs, net		(45)	(107)	(68)	(156)
Income tax		(59)	(119)	(26)	(57)
Net income		239	509	243	368
Net income attributable to owners of Orange Polska S.A.		239	509	243	368
Net income attributable to non-controlling interests		-	-	-	-
Earnings per share (in PLN) (basic and diluted)		0.18	0.39	0.19	0.28
Weighted average number of shares (in millions)		1,312	1,312	1,312	1,312

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Net income	239	509	243	368
Items that may be reclassified subsequently to profit or loss				
Gains/(losses) on cash flow hedges	(120)	(306)	365	620
Gains on receivables at fair value through other comprehensive income	2	5	1	-
Income tax relating to items that may be reclassified	22	57	(71)	(118)
Share of other comprehensive income/(loss) of joint venture, net of tax	(15)	(36)	54	98
Other comprehensive income/(loss), net of tax	(111)	(280)	349	600
Total comprehensive income	128	229	592	968
Total comprehensive income attributable to owners of Orange Polska S.A.	128	229	592	968
Total comprehensive income attributable to non-controlling interests	-	-	-	-

Orange Polska Group
Condensed IFRS Interim Consolidated Financial Statements – 30 June 2023

Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in PLN millions)		At 30 June 2023	At 31 December 2022
	Note		
ASSETS			
Goodwill		2,296	2,296
Other intangible assets		3,939	4,056
Property, plant and equipment		9,643	9,693
Right-of-use assets		2,872	2,741
Investment in joint venture	7	1,368	1,335
Trade receivables	9	515	452
Contract assets		93	88
Contract costs		147	154
Derivatives	8,9	406	699
Other assets		232	321
Deferred tax assets		385	424
Total non-current assets		21,896	22,259
Inventories		449	300
Trade receivables	9	2,019	2,015
Contract assets		87	104
Contract costs		424	424
Derivatives	8,9	57	29
Income tax receivables		25	-
Other assets		333	529
Prepaid expenses		125	80
Cash and cash equivalents		724	1,026
Total current assets		4,243	4,507
TOTAL ASSETS		26,139	26,766
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		362	635
Retained earnings		8,098	8,047
Equity attributable to owners of Orange Polska S.A.		13,229	13,451
Non-controlling interests		2	2
Total equity		13,231	13,453
Trade payables	7	73	82
Lease liabilities		2,326	2,234
Loans from related party	8	2,693	4,191
Other financial liabilities at amortised cost	8	42	40
Provisions	11	619	510
Contract liabilities		1,074	942
Employee benefits		41	48
Other liabilities		23	21
Total non-current liabilities		6,891	8,068
Trade payables	7	2,001	2,499
Lease liabilities		591	542
Loans from related party	8	1,508	778
Other financial liabilities at amortised cost	8	24	10
Derivatives	8,9	64	23
Provisions	11	202	261
Contract liabilities		618	648
Employee benefits		204	190
Income tax liabilities		16	33
Other liabilities	10	789	261
Total current liabilities		6,017	5,245
TOTAL EQUITY AND LIABILITIES		26,139	26,766

Orange Polska Group
Condensed IFRS Interim Consolidated Financial Statements – 30 June 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	-	-	-	-	-	-	-	509	509	-	509
Other comprehensive loss	-	-	(306)	-	5	57	(36)	-	(280)	-	(280)
Total comprehensive income for the 6 months ended 30 June 2023	-	-	(306)	-	5	57	(36)	509	229	-	229
Dividend (transactions with the owners)	-	-	-	-	-	-	-	(459)	(459)	-	(459)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	-	1	1	-	1
Transfer to inventories	-	-	9	-	-	(2)	-	-	7	-	7
Balance at 30 June 2023	3,937	832	415	(50)	(4)	(69)	70	8,098	13,229	2	13,231
Balance at 1 January 2022	3,937	832	269	(54)	(6)	(40)	22	7,649	12,609	2	12,611
Net income	-	-	-	-	-	-	-	368	368	-	368
Other comprehensive income	-	-	620	-	-	(118)	98	-	600	-	600
Total comprehensive income for the 6 months ended 30 June 2022	-	-	620	-	-	(118)	98	368	968	-	968
Dividend (transactions with the owners)	-	-	-	-	-	-	-	(328)	(328)	-	(328)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	-	1	1	-	1
Transfer to inventories	-	-	(6)	-	-	1	-	-	(5)	-	(5)
Balance at 30 June 2022	3,937	832	883	(54)	(6)	(157)	120	7,690	13,245	2	13,247

Orange Polska Group
Condensed IFRS Interim Consolidated Financial Statements – 30 June 2023

Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)

	Note	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
OPERATING ACTIVITIES					
Net income		239	509	243	368
Adjustments to reconcile net income to cash from operating activities					
Gains on disposal of fixed assets		(28)	(114)	(49)	(70)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets		650	1,268	629	1,256
Share of loss of investments accounted for using the equity method		9	15	2	4
Finance costs, net		45	107	68	156
Income tax		59	119	26	57
Change in provisions and allowances		(34)	(84)	(29)	(41)
Operating foreign exchange and derivatives (gains)/losses, net		13	18	(2)	(2)
Change in working capital					
(Increase)/decrease in inventories, gross		(62)	(143)	90	6
(Increase)/decrease in trade receivables, gross		(56)	(59)	(44)	63
(Increase)/decrease in contract assets, gross		7	13	(1)	(5)
(Increase)/decrease in contract costs		5	7	(17)	(14)
Increase/(decrease) in trade payables		231	18	(68)	(67)
Increase/(decrease) in contract liabilities		(29)	97	(20)	(8)
(Increase)/decrease in prepaid expenses and other receivables		38	54	29	(9)
Increase in other payables		63	103	35	99
Interest received		21	47	19	30
Interest paid and interest rate effect paid on derivatives, net		(77)	(177)	(54)	(119)
Exchange rate and other effect received/(paid) on derivatives, net		(4)	(5)	1	2
Income tax paid		(25)	(67)	(6)	(10)
Net cash provided by operating activities		1,065	1,726	852	1,696
INVESTING ACTIVITIES					
Payments for purchases of property, plant and equipment and intangible assets		(461)	(1,260)	(432)	(989)
Investment grants received/(returned), net		9	33	(2)	-
Investment grants paid to property, plant and equipment and intangible assets suppliers		(13)	(35)	(33)	(61)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net		(2)	(5)	2	3
Proceeds from sale of fixed assets		59	234	100	194
Proceeds from loss of control of Światłowód Inwestycje, net of transaction costs		-	133	(5)	36
Cash paid for investment in joint venture	7	(100)	(100)	-	-
Cash paid for subsidiaries, net of cash acquired		(1)	(2)	(11)	(48)
Payments on other financial instruments, net		(3)	(4)	-	-
Net cash used in investing activities		(512)	(1,006)	(381)	(865)
FINANCING ACTIVITIES					
Proceeds from long-term debt		-	-	14	14
Repayment of long-term loans from related party	8	-	(750)	-	-
Repayment of lease liabilities		(119)	(272)	(108)	(259)
Proceeds from revolving credit line and other debt, net		8	4	3	1
Net cash used in financing activities		(111)	(1,018)	(91)	(244)
Net change in cash and cash equivalents		442	(298)	380	587
Effect of exchange rate changes and other impacts on cash and cash equivalents		(3)	(4)	4	6
Cash and cash equivalents at the beginning of the period		285	1,026	1,142	933
Cash and cash equivalents at the end of the period		724	724	1,526	1,526

Notes to the Condensed IFRS Interim 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 Interim Consolidated Financial Statements of the Group (the “Condensed Interim Consolidated Financial Statements”) as at and for the 6 months ended 30 June 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 fixed assets, investments and businesses, 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, costs of restructuring or reorganisation, 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 fixed 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 fixed assets (property, plant and equipment, intangible assets and rights of perpetual usufruct of land historically recognised as property, plant and equipment and subsequently reclassified to right-of-use 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)	6 months ended 30 June 2023	6 months ended 30 June 2022
Revenue	6,363	5,986
EBITDAaL	1,585	1,520
Net income	509	368
eCapex	538	573
Organic cash flows	424	648

	At 30 June 2023	At 31 December 2022
Net financial debt (in PLN millions, see Note 8)	3,559	4,000
Net financial debt/EBITDAaL ratio	1.1	1.3

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

(in PLN millions)	6 months ended 30 June 2023	6 months ended 30 June 2022
Operating income	735	581
Less gains on disposal of fixed assets	(114)	(70)
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets ⁽¹⁾	989	1,010
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	29	34
Interest expense on lease liabilities	(66)	(38)
Adjustment for the impact of employment termination programs and reorganisation costs	12	(6)
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-	9
EBITDAaL	1,585	1,520

⁽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 7 million in 2023).

Condensed IFRS Interim Consolidated Financial Statements – 30 June 2023

Translation of the financial statements originally issued in Polish

(in PLN millions)	6 months ended 30 June 2023	6 months ended 30 June 2022
Acquisitions of property, plant and equipment and intangible assets	748	724
Less proceeds accrued on disposal of fixed assets	(210)	(151)
eCapex	538	573

(in PLN millions)	6 months ended 30 June 2023	6 months ended 30 June 2022
Net cash provided by operating activities	1,726	1,696
Payments for purchases of property, plant and equipment and intangible assets	(1,260)	(989)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net	(5)	3
Proceeds from sale of fixed assets	234	194
Repayment of lease liabilities	(272)	(259)
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	1	3
Organic cash flows	424	648

3. Statement of compliance and basis of preparation

Basis of preparation

These unaudited Condensed Interim 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 Interim Consolidated Financial Statements (see also Note 4).

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

The Condensed Interim 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 Interim Consolidated Financial Statements have been prepared on the going concern basis.

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

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

Adoption of standards and interpretations in 2023

IFRS 17 “Insurance Contracts” is effective for annual periods beginning on or after 1 January 2023. This standard has no impact on the Group’s financial statements.

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 Interim 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.

In preparing the Group's accounts, the Company's Management Board is required to make judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expense. The Management Board reviews these judgements and estimates if the circumstances on which they were based evolve or in the light of new information or experience. Consequently, estimates and judgments made as at 30 June 2023 may be subsequently changed. The areas of main estimates and judgements made are described in Note 35.1 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 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Mobile only services	723	1,433	699	1,370
Fixed only services	471	935	475	952
Narrowband	128	260	147	300
Broadband	224	446	223	442
Network solutions (business market)	119	229	105	210
Convergent services (consumer market)	578	1,142	530	1,056
Equipment sales	417	880	363	694
IT and integration services	458	806	357	669
Wholesale	448	875	467	923
Mobile wholesale	246	479	295	581
Fixed wholesale	78	153	72	145
Other	124	243	100	197
Other revenue	129	292	164	322
Total revenue	3,224	6,363	3,055	5,986

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 16 million of revenue from personal and property security, fire protection and video monitoring services for the 6 months ended 30 June 2022 was reclassified from other revenue to revenue from IT and integration services.

IT and integration services, wholesale and other revenue for the 6 months ended 30 June 2023 include PLN 126 million of lease revenue and compensation based on the acts regulating electricity prices (PLN 43 million of lease revenue for the 6 months ended 30 June 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 30 June 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.

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In June 2023, the Ordinary Shareholders' Meeting of Światłowód Inwestycje Sp. z o.o. adopted the resolution on the capital increase by PLN 200 million, of which 50% was paid by the Group. Consequently, the investment in joint venture increased by PLN 100 million. Światłowód Inwestycje applied to the Commercial Court for the registration of the capital increase.

The amount of trade payables subject to reverse factoring increased from PLN 87 million as at 31 December 2022 to PLN 214 million as at 30 June 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 30 June 2023	At 31 December 2022
Loans from related party	4,201	4,969
Other financial liabilities at amortised cost	66	50
Derivatives – net (liabilities less assets)	(399)	(705)
Gross financial debt after derivatives	3,868	4,314
Cash and cash equivalents	(724)	(1,026)
Cash flow hedge reserve	415	712
Net financial debt	3,559	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.

In April 2023, the Group and Orange S.A. updated the Cash Management Treasury Agreement, extending access to PLN 500 million of back-up liquidity funding to 30 June 2024. The back-up facility was not used as at 30 June 2023.

As at 30 June 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 8.21% before swaps and 3.30% after swaps as at 30 June 2023.

As at 30 June 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 309 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).

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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 30 June 2023	At 31 December 2022	Fair value hierarchy ⁽¹⁾
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾	267	385	Level 3
Derivatives hedging energy prices – net (assets less liabilities) ⁽³⁾	125	277	Level 3
Other derivatives – net (assets less liabilities) ⁽⁴⁾	274	428	Level 2
<u>Selected trade receivables arising from sales of mobile handsets in instalments</u>	<u>204</u>	<u>164</u>	<u>Level 2</u>

⁽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.

⁽⁴⁾ Change in the fair value in 2023 results mainly from the decrease of interest rates and settlements of derivatives.

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 8.5% in 2024 to 6.7% in 2026 as at 30 June 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 – 2027 and on forecasted prices calculated by an external advisor for years 2028 – 2035. The average of these forecasted energy prices for years 2028 – 2035 used for the valuation of derivatives as at 30 June 2023 amounted to PLN 508 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 2028 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 27/(27) million as at 30 June 2023.

The carrying amount of the Group's financial instruments excluding lease liabilities approximated their fair value as at 30 June 2023.

10. Dividend

On 29 June 2023, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.35 per share from the 2022 profit. As at 30 June 2023, the total dividend of PLN 459 million was presented as other current liabilities in the consolidated statement of financial position. The dividend was paid on 20 July 2023.

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

The information hereunder refers to the matters presented in Note 32 to the IFRS Consolidated Financial Statements for the year ended 31 December 2022.

Claims related to the completed competition proceedings by UOKiK regarding retail prices of calls to Play

The court examining a civil claim for payment to P4 Sp. z o.o. of damages of PLN 314 million concerning retail prices of mobile services in the period from April 2012 to December 2014, decided to join it for joint consideration with the case for payment of PLN 316 million for the period from July 2009 to March 2012.

Other litigation, claims and contingent liabilities

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 30 June 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 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 Światłowód Inwestycje, a joint venture, comprise mainly investment process management services and sale of fibre network assets. The purchases from Światłowód Inwestycje comprise mainly network access connectivity fees. Liabilities to Światłowód Inwestycje relate mainly to agreements for the lease and services to be rendered in the future, for which joint venture paid upfront. Additionally, in June 2023, the Group paid PLN 100 million to Światłowód Inwestycje to increase the joint venture's capital (see Note 7).

(in PLN millions)	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Sales of goods and services and other income:	168	324	231	396
Orange S.A. (parent)	52	102	47	91
Orange Group (excluding parent)	17	34	19	36
Światłowód Inwestycje (joint venture)	99	188	165	269
Purchases of goods (including inventories, tangible and intangible assets) and services:	(101)	(199)	(98)	(185)
Orange S.A. (parent)	(20)	(36)	(24)	(42)
Orange Group (excluding parent)	(44)	(91)	(47)	(91)
Światłowód Inwestycje (joint venture)	(37)	(72)	(27)	(52)
Financial income:	5	19	16	22
Orange S.A. (parent)	5	19	16	22
Financial expense, net:	(35)	(76)	(40)	(77)
Orange S.A. (parent)	52	104	30	40
Orange Group (excluding parent)	(87)	(180)	(70)	(117)
Other comprehensive income/(loss):	(62)	(141)	160	318
Orange S.A. (parent)	(62)	(141)	160	318
Dividend declared:	233	233	166	166
Orange S.A. (parent)	233	233	166	166

(in PLN millions)	At 30 June 2023	At 31 December 2022
Receivables and contract costs:	212	330
Orange S.A. (parent)	82	70
Orange Group (excluding parent)	40	41
Światłowód Inwestycje (joint venture)	90	219
Liabilities:	949	801
Orange S.A. (parent)	45	44
Orange Group (excluding parent)	77	70
Światłowód Inwestycje (joint venture)	827	687
Financial receivables:	309	451
Orange S.A. (parent)	309	451
Cash and cash equivalents deposited with:	560	830
Orange S.A. (parent)	560	830
Financial liabilities:	4,201	4,969
Orange Group (excluding parent)	4,201	4,969
Dividend payable to:	233	-
Orange S.A. (parent)	233	-

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 6 months ended 30 June 2023 and 2022 amounted to PLN 9.3 million and PLN 8.1 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 6 months ended 30 June 2023 and 2022 amounted to PLN 3.2 million and PLN 2.8 million, respectively.

13. Subsequent events

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

Pursuant to Art. 69 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 interim report and changes in the ownership structure in the period since the submission of the previous quarterly report

The ownership structure of the Company’s share capital, based on the information available to the Company as at 25 July 2023, i.e. the date of submission of the interim report for the 6 months ended 30 June 2023 is presented below:

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 pension funds	101,072,983	101,072,983	7.70 %	303,218,949	7.70 %
Nationale-Nederlanden OFE pension fund	73,924,000	73,924,000	5.63 %	221,772,000	5.63 %
Other shareholders	472,360,497	472,360,497	36.00 %	1,417,081,491	36.00 %
TOTAL	1,312,357,479	1,312,357,479	100.00 %	3,937,072,437	100.00 %

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 is presented below:

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 quarterly 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 July 2023 and 25 April 2023.

Mr Piotr Jaworski, the Member of the Management Board of OPL S.A., held 673 Orange Polska S.A. shares as at 25 July 2023 and 25 April 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 July 2023 and 25 April 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 6 months ended 30 June 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

The Group's guidance for the year 2023 was published in the current report 5/2023 of 15 February 2023. Considering the results achieved during the 6 months ended 30 June 2023, the Management Board of Orange Polska S.A. has increased EBITDAaL and revenue guidance. It now expects EBITDAaL to grow by a low single digit versus flat/low single digit growth previously, and revenue to grow by a low-to-mid single digit versus a low single digit growth previously. More favourable EBITDAaL and revenue outlook stems from strong results in the first half of 2023, driven by excellent core business performance. In the first half of 2023, revenue increased 6.3% year-on-year, while EBITDAaL increased 4.3% year-on-year. At the same time, the Management Board has maintained the guidance for economic capital expenditures (in the range of PLN 1.5-1.7 billion). The Management Board will closely monitor 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 the Management Board's Report on the Activity of the Orange Polska Group in the first six months ended 30 June 2023. 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 30 June 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 6 months ended 30 June 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 6-month periods ended 30 June 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	30 June 2023	31 December 2022	30 June 2022
Statement of financial position	4.4503 PLN	4.6899 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.6130 PLN	Not applicable	4.6427 PLN

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Independent Auditor's Report on Review of Condensed Interim Separate Financial Statements

To the Shareholders and Supervisory Board of Orange Polska S.A.

Introduction

We have reviewed the accompanying condensed interim separate financial statements of Orange Polska S.A. (the "Entity"), which comprise:

- the statement of financial position as at 30 June 2023, and, for the three-month and six-month periods ended 30 June 2023:

- the income statement;
- the statement of comprehensive income;
- the statement of cash flows

and, for the six-month period ended 30 June 2023:

- the statement of changes in equity

and

- notes to the condensed interim separate financial statements comprising a summary of significant accounting policies and other explanatory information

(the "condensed separate interim financial statements").

The Management Board of the Entity is responsible for the preparation and presentation of these condensed separate interim financial statements in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the resolution of the National Council of Statutory Auditors as the National Standard on Review 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union.

On behalf of audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

Signed on the Polish original

Marek Gajdziński

Key Statutory Auditor
Registration No. 90061

Warsaw, 25 July 2023

ORANGE POLSKA S.A.

**CONDENSED IFRS INTERIM SEPARATE FINANCIAL
STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2023**



July 25, 2023

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Condensed IFRS Interim Separate Financial Statements – 30 June 2023

Translation of the financial statements originally issued in Polish

INCOME STATEMENT

(in PLN millions, except for earnings per share)

	Note	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Revenue	4	2,752	5,472	2,618	5,165
External purchases		(1,497)	(3,022)	(1,416)	(2,779)
Labour expense		(319)	(663)	(311)	(645)
Other operating expense		(129)	(230)	(142)	(275)
Other operating income		150	312	184	323
Impairment of receivables and contract assets		(20)	(41)	(22)	(38)
Gains on disposal of fixed assets		29	116	65	89
Depreciation and impairment of right-of-use assets		(148)	(280)	(118)	(237)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(494)	(971)	(502)	(1,001)
Operating income		324	693	356	602
Dividend income		35	35	31	31
Interest income		19	45	24	37
Interest expense on lease liabilities		(35)	(66)	(21)	(38)
Other interest expense and financial charges		(38)	(81)	(50)	(97)
Discounting expense		(16)	(29)	(21)	(40)
Foreign exchange gains/(losses)		20	19	1	(16)
Finance costs, net		(15)	(77)	(36)	(123)
Income tax		(55)	(111)	(54)	(83)
Net income		254	505	266	396
Earnings per share (in PLN) (basic and diluted)		0.19	0.38	0.20	0.30
Weighted average number of shares (in millions)		1,312	1,312	1,312	1,312

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Net income	254	505	266	396
Items that may be reclassified subsequently to profit or loss				
Gains/(losses) on cash flow hedges	(120)	(306)	365	620
Gains on receivables at fair value through other comprehensive income	2	5	1	-
Income tax relating to items that may be reclassified	22	57	(71)	(118)
Other comprehensive income/(loss), net of tax	(96)	(244)	295	502
Total comprehensive income	158	261	561	898

STATEMENT OF FINANCIAL POSITION

(in PLN millions)

	Note	At 30 June 2023	At 31 December 2022
ASSETS			
Goodwill		2,014	2,014
Other intangible assets		3,868	3,972
Property, plant and equipment		9,621	9,671
Right-of-use assets		2,840	2,707
Investments in subsidiaries		382	382
Investment in joint venture	6	655	555
Trade receivables	8	512	452
Contract assets		88	83
Contract costs		135	138
Derivatives	7,8	406	699
Other assets		180	271
Deferred tax asset		363	394
Total non-current assets		21,064	21,338
Inventories		364	242
Trade receivables	8	1,724	1,700
Contract assets		84	102
Contract costs		409	409
Loans to related parties		10	10
Derivatives	7,8	57	29
Income tax receivables		16	-
Other assets		342	488
Prepaid expenses		79	44
Cash and cash equivalents		646	917
Total current assets		3,731	3,941
TOTAL ASSETS		24,795	25,279
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		292	529
Retained earnings		7,212	7,165
Total equity		12,273	12,463
Trade payables	6	73	82
Lease liabilities		2,305	2,208
Loans from related parties	7	2,693	4,191
Other financial liabilities at amortised cost		37	39
Provisions	10	618	509
Contract liabilities		1,053	921
Employee benefits		41	47
Other liabilities		21	20
Total non-current liabilities		6,841	8,017
Trade payables	6	1,768	2,140
Lease liabilities		580	531
Loans from related parties	7	1,572	839
Other financial liabilities at amortised cost		17	6
Derivatives	7,8	64	23
Provisions	10	195	252
Contract liabilities		578	595
Employee benefits		158	142
Income tax liabilities		15	27
Other liabilities	9	734	244
Total current liabilities		5,681	4,799
TOTAL EQUITY AND LIABILITIES		24,795	25,279

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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	-	-	-	-	-	-	505	505
Other comprehensive loss	-	-	(306)	-	5	57	-	(244)
Total comprehensive income for the 6 months ended 30 June 2023	-	-	(306)	-	5	57	505	261
Dividend (transactions with the owners)	-	-	-	-	-	-	(459)	(459)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	1	1
Transfer to inventories	-	-	9	-	-	(2)	-	7
Balance at 30 June 2023	3,937	832	415	(50)	(4)	(69)	7,212	12,273
Balance at 1 January 2022	3,937	832	269	(54)	(6)	(39)	6,828	11,767
Net income	-	-	-	-	-	-	396	396
Other comprehensive income	-	-	620	-	-	(118)	-	502
Total comprehensive income for the 6 months ended 30 June 2022	-	-	620	-	-	(118)	396	898
Dividend (transactions with the owners)	-	-	-	-	-	-	(328)	(328)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	1	1
Transfer to inventories	-	-	(6)	-	-	1	-	(5)
Balance at 30 June 2022	3,937	832	883	(54)	(6)	(156)	6,897	12,333

STATEMENT OF CASH FLOWS

(in PLN millions)

	Note	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
OPERATING ACTIVITIES					
Net income		254	505	266	396
Adjustments to reconcile net income to cash from operating activities					
Gains on disposal of fixed assets		(29)	(116)	(65)	(89)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets		642	1,251	620	1,238
Finance costs, net		15	77	36	123
Income tax		55	111	54	83
Change in provisions and allowances		(37)	(85)	(27)	(45)
Operating foreign exchange and derivatives (gains)/losses, net		12	16	(1)	-
Change in working capital					
(Increase)/decrease in inventories, gross		(64)	(120)	95	9
(Increase)/decrease in trade receivables, gross		(25)	(71)	(1)	94
(Increase)/decrease in contract assets, gross		6	12	1	(2)
(Increase)/decrease in contract costs		3	3	(13)	(9)
Increase/(decrease) in trade payables		237	143	(96)	(22)
Increase/(decrease) in contract liabilities		23	110	(7)	(13)
(Increase)/decrease in prepaid expenses and other receivables		20	54	10	(20)
Increase/(decrease) in other payables		14	54	(1)	60
Interest received		21	47	20	31
Interest paid and interest rate effect paid on derivatives, net		(79)	(179)	(54)	(119)
Exchange rate and other effect received/(paid) on derivatives, net		(1)	(3)	-	1
Income tax paid		(24)	(53)	-	(1)
Net cash provided by operating activities		1,043	1,756	837	1,715
INVESTING ACTIVITIES					
Payments for purchases of property, plant and equipment and intangible assets		(460)	(1,260)	(424)	(976)
Investment grants received/(returned), net		9	33	(2)	-
Investment grants paid to property, plant and equipment and intangible assets suppliers		(13)	(35)	(33)	(61)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net		(2)	(5)	2	3
Proceeds from sale of fixed assets		59	235	100	194
Proceeds from sale of investment in Światłowod Inwestycje, net of transaction costs		-	133	(5)	36
Cash paid for investment in joint venture	6	(100)	(100)	-	-
Cash paid for investments in subsidiaries		(1)	(2)	(11)	(49)
Receipts from/(payments on) loans to related parties and other financial instruments, net		9	(6)	1	1
Net cash used in investing activities		(499)	(1,007)	(372)	(852)
FINANCING ACTIVITIES					
Proceeds from long-term debt		-	-	14	14
Repayment of long-term loans from related party	7	-	(750)	-	-
Repayment of lease liabilities		(115)	(266)	(104)	(251)
Proceeds from/(repayment of) revolving credit line and other debt, net		1	-	14	(46)
Net cash used in financing activities		(114)	(1,016)	(76)	(283)
Net change in cash and cash equivalents		430	(267)	389	580
Effect of exchange rate changes and other impacts on cash and cash equivalents		(3)	(4)	4	6
Cash and cash equivalents at the beginning of the period		219	917	1,078	885
Cash and cash equivalents at the end of the period		646	646	1,471	1,471

Notes to the Condensed IFRS Interim 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 Interim Separate Financial Statements for the 6 months ended 30 June 2023 (the “Condensed Interim 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 Interim Separate Financial Statements (see also Note 3).

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

Costs that arise unevenly during the year are anticipated or deferred in the interim 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 condensed interim consolidated financial statements for the 6 months ended 30 June 2023. The Group is a part of Orange Group, based in France.

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

Adoption of standards and interpretations in 2023

IFRS 17 “Insurance Contracts” is effective for annual periods beginning on or after 1 January 2023. This standard has no impact on the Company’s financial statements.

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 Interim 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.

In preparing the Company’s accounts, the Company’s Management Board is required to make judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expense. The Management Board reviews these judgements and estimates if the circumstances on which they were based evolve or in the light of new information or experience. Consequently, estimates and judgments made as at 30 June 2023 may be subsequently changed. The areas of main estimates and judgements made are described in Note 35.1 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.

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(in PLN millions)	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Mobile only services	721	1,429	697	1,367
Fixed only services	469	932	472	951
Narrowband	128	260	147	300
Broadband	221	440	219	438
Network solutions (business market)	120	232	106	213
Convergent services (consumer market)	578	1,142	530	1,056
Equipment sales	417	880	363	694
IT and integration services	96	168	62	123
Wholesale	448	875	467	923
Mobile wholesale	246	479	295	581
Fixed wholesale	78	153	72	145
Other	124	243	100	197
Other revenue	23	46	27	51
Total revenue	2,752	5,472	2,618	5,165

IT and integration services, wholesale and other revenue for the 6 months ended 30 June 2023 and 2022 include, respectively, PLN 63 million and PLN 48 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 30 June 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.

In June 2023, the Ordinary Shareholders’ Meeting of Światłowód Inwestycje Sp. z o.o. adopted the resolution on the capital increase by PLN 200 million, of which 50% was paid by the Company. Consequently, the investment in joint venture increased by PLN 100 million. Światłowód Inwestycje applied to the Commercial Court for the registration of the capital increase.

The amount of trade payables subject to reverse factoring increased from PLN 87 million as at 31 December 2022 to PLN 214 million as at 30 June 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.

In April 2023, the Company and Orange S.A. updated the Cash Management Treasury Agreement, extending access to PLN 500 million of back-up liquidity funding to 30 June 2024. The back-up facility was not used as at 30 June 2023.

As at 30 June 2023, the total outstanding balance of loans from the related parties amounted to PLN 4,265 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related parties amounted to 8.18% before swaps and 3.35 % after swaps as at 30 June 2023.

As at 30 June 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 309 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 30 June 2023	At 31 December 2022	Fair value hierarchy ⁽¹⁾
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾	267	385	Level 3
Derivatives hedging energy prices – net (assets less liabilities) ⁽³⁾	125	277	Level 3
Other derivatives – net (assets less liabilities) ⁽⁴⁾	274	428	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments	204	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.

⁽⁴⁾ Change in the fair value in 2023 results mainly from the decrease of interest rates and settlements of derivatives.

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 8.5% in 2024 to 6.7% in 2026 as at 30 June 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 – 2027 and on forecasted prices calculated by an external advisor for years 2028 – 2035. The average of these forecasted energy prices for years 2028 – 2035 used for the valuation of derivatives as at 30 June 2023 amounted to PLN 508 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 2028 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 27/(27) million as at 30 June 2023.

The carrying amount of the Company's financial instruments excluding lease liabilities approximated their fair value as at 30 June 2023.

9. Dividend

On 29 June 2023, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.35 per share from the 2022 profit. As at 30 June 2023, the total dividend of PLN 459 million was presented as other current liabilities in the statement of financial position. The dividend was paid on 20 July 2023.

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

The information hereunder refers to the matters presented in Note 32 to the IFRS Separate Financial Statements for the year ended 31 December 2022.

Claims related to the completed competition proceedings by UOKiK regarding retail prices of calls to Play

The court examining a civil claim for payment to P4 Sp. z o.o. of damages of PLN 314 million concerning retail prices of mobile services in the period from April 2012 to December 2014, decided to join it for joint consideration with the case for payment of PLN 316 million for the period from July 2009 to March 2012.

Other litigation, claims and contingent liabilities

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 30 June 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 6 months ended 30 June 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.

OPL S.A.'s financial income and financial receivables from the subsidiaries relate to dividends and 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 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.

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OPL S.A.'s income and receivables from Światłowód Inwestycje, a joint venture, comprise mainly investment process management services and sale of fibre network assets. The purchases from Światłowód Inwestycje comprise mainly network access connectivity fees. Liabilities to Światłowód Inwestycje relate mainly to agreements for the lease and services to be rendered in the future, for which joint venture paid upfront. Additionally, in June 2023, the Company paid PLN 100 million to Światłowód Inwestycje to increase the joint venture's capital (see Note 6).

(in PLN millions)	3 months ended 30 June 2023	6 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2022
Sales of goods and services and other income:	199	390	251	439
Orange Polska Group (subsidiaries)	33	70	24	51
Orange Group	67	132	64	124
- Orange S.A. (parent)	52	102	47	91
- Orange Group (excluding parent)	15	30	17	33
Światłowód Inwestycje (joint venture)	99	188	163	264
Purchases of goods (including inventories, tangible and intangible assets) and services:	(124)	(249)	(202)	(362)
Orange Polska Group (subsidiaries)	(24)	(51)	(105)	(178)
Orange Group	(63)	(126)	(70)	(132)
- Orange S.A. (parent)	(20)	(36)	(24)	(42)
- Orange Group (excluding parent)	(43)	(90)	(46)	(90)
Światłowód Inwestycje (joint venture)	(37)	(72)	(27)	(52)
Financial income:	41	55	48	54
Orange Polska Group (subsidiaries)	36	36	32	32
Orange S.A. (parent)	5	19	16	22
Financial expense, net:	(36)	(78)	(41)	(78)
Orange Polska Group (subsidiaries)	(1)	(2)	(1)	(1)
Orange Group	(35)	(76)	(40)	(77)
- Orange S.A. (parent)	52	104	30	40
- Orange Group (excluding parent)	(87)	(180)	(70)	(117)
Other comprehensive income/(loss):	(62)	(141)	160	318
Orange S.A. (parent)	(62)	(141)	160	318
Dividend declared:	233	233	166	166
Orange S.A. (parent)	233	233	166	166

Orange Polska S.A.

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(in PLN millions)	At 30 June 2023	At 31 December 2022
Receivables and contract costs:	276	382
Orange Polska Group (subsidiaries)	66	54
Orange Group	120	109
- Orange S.A. (parent)	82	70
- Orange Group (excluding parent)	38	39
Światłowód Inwestycje (joint venture)	90	219
Liabilities:	976	824
Orange Polska Group (subsidiaries)	30	26
Orange Group	119	111
- Orange S.A. (parent)	45	44
- Orange Group (excluding parent)	74	67
Światłowód Inwestycje (joint venture)	827	687
Financial receivables:	354	461
Orange Polska Group (subsidiaries)	45	10
Orange S.A. (parent)	309	451
Cash and cash equivalents deposited with:	560	830
Orange S.A. (parent)	560	830
Financial liabilities:	4,265	5,030
Orange Polska Group (subsidiaries)	64	61
Orange Group (excluding parent)	4,201	4,969
Dividend payable to:	233	-
Orange S.A. (parent)	233	-

Additionally, as at 30 June 2023 and 31 December 2022, OPL S.A. granted to its subsidiaries guarantees in the amount of PLN 142 million and PLN 118 million, respectively.

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 6 months ended 30 June 2023 and 2022 amounted to PLN 9.3 million and PLN 8.1 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 6 months ended 30 June 2023 and 2022 amounted to PLN 3.2 million and PLN 2.8 million, respectively.

12. Subsequent events

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

ORANGE POLSKA GROUP



MANAGEMENT BOARD'S REPORT ON THE ACTIVITY IN THE FIRST SIX MONTHS ENDED 30 JUNE 2023

This report on the activity of the Orange Polska Group ("the Group" or "Orange Polska") in the first half of 2023 has been drawn up in compliance with Article 69 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information 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). For additional information please refer to the full year 2022 report.

Disclosures on performance measures have been presented in the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2023.

25 July 2023

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CHAPTER I **HIGHLIGHTS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

as of 30 June 2023 and for the six-month period ended thereon

1 SUMMARISED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

	For 6 months ended 30 June				
	2023 in PLN mn	2023 in EUR ¹ mn	2022 in PLN mn	2022 in EUR ² mn	Change (%)
Consolidated Income Statement					
Revenue	6,363	1,379	5,986	1,289	6.3 %
EBITDAaL*	1,585	344	1,520	327	4.3 %
EBITDAaL margin	24.9 %		25.4%		(0.5) pp
Operating income	735	159	581	125	26.5%
Operating margin	11.6 %		9.7%		1.9 pp
Net income	509	110	368	79	38.3%
Net income attributable to owners of Orange Polska S.A.	509	110	368	79	38.3%
Weighted average number of shares (in millions)**	1,312	1,312	1,312	1,312	
Earnings per share (in PLN/EUR) (basic and diluted)	0.39	0.08	0.28	0.06	39.3%
Consolidated Statement of Cash Flows					
Net cash provided by operating activities	1,726	374	1,696	365	1.8 %
Net cash used in investing activities	(1,006)	(218)	(865)	(186)	16.3 %
Net cash used in financing activities	(1,018)	(221)	(244)	(53)	317.2 %
Net change in cash and cash equivalents	(298)	(65)	587	126	n/a
eCapex*	538	117	573	123	(6.1) %
Organic cash flow*	424	92	648	140	(34.6)%
	As of				
	30 June 2023 in PLN mn	30 June 2023 in EUR ³ mn	31 Dec 2022 in PLN mn	31 Dec 2022 in EUR ⁴ mn	Change (%)
Consolidated Statement of Financial Position					
Cash and cash equivalents	724	163	1,026	219	(29.4)%
Other intangible assets	3,939	885	4,056	865	(2.9)%
Property, plant and equipment	9,643	2,167	9,693	2,067	(0.5)%
Total assets	26,139	5,874	26,766	5,707	(2.3)%
Financial liabilities at amortised cost, of which:					
Current	7,184	1,614	7,795	1,662	(7.8)%
Non-current	2,123	477	1,330	284	59.6 %
Other liabilities, current and non-current	5,061	1,137	6,465	1,378	(21.7)%
Total equity	5,724	1,287	5,518	1,177	3.7%
	13,231	2,973	13,453	2,868	(1.7) %
<i>Notes on data conversion:</i> 1 – PLN/EUR fx rate of 4.6130 applied 3 – PLN/EUR fx rate of 4.4503 applied 2 – PLN/EUR fx rate of 4.6427 applied 4 – PLN/EUR fx rate of 4.6899 applied * For definitions please see the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the six months ended 30 June 2023. ** Weighted average number of shares in 6 months ended 30 June 2023 and 30 June 2022, respectively.					

1.1 Comments on the Consolidated Income Statement

Consolidated revenues amounted to PLN 6,363 million in the first half of 2023 and were higher by PLN 377 million or 6.3% versus the first half of 2022. Firstly, combined revenues of convergence, mobile-only and fixed broadband-only (which we consider our core telecom services) were up 5.3% year-on-year. This dynamic growth was fuelled by a combination of two factors: growth of customer volumes and growing average revenue that they generate (ARPO) for each of the aforementioned services. Improving ARPO is mainly a consequence of our value pricing strategy and, with respect to convergent and fixed line services, growing share of fibre. Secondly, despite disturbances in global supply chains, IT and integration services maintained their strong performance with revenue growing 20% year-on-year. This growth was entirely organic and driven by both strong performance of our software subsidiaries and several projects in the public sector related to the digitalisation of medical facilities. Thirdly, equipment sales performed very strongly, with revenues growing 27% year-on-year. It was a result of strong customer demand for high-value handsets, our attractive instalment sales offer and our value strategy. Fourthly, wholesale revenues were down 5% year-on-year due to regulatory cuts in mobile termination rates. However, wholesale revenues benefited from growing revenues from providing access to our infrastructure to other operators, mainly reflected in other wholesale revenues, which increased by 23% year-on-year. Finally, top line continued to be affected by a structural decline in legacy fixed-voice revenues, which were down 13% year-on-year.

EBITDAaL (EBITDA after Leases) amounted to PLN 1,585 million and was higher by PLN 65 million or 4.3% year-on-year. The EBITDAaL growth was generated by direct margin, which increased by 5.7%, that is revenue growth fuelled mainly by the successful implementation of our value strategy in core telecommunication services, wholesale (excluding legacy services), ICT products (that support business sales), equipment sales and electricity resale. Indirect costs increased by 7%. It was attributable mainly to the inflationary impact on rental costs and various external purchases. The year-on-year evolution was also negatively affected by benefits from a number of initiatives, including the network rollout for Światłowód Inwestycje, that had positively contributed to the balance of indirect costs in the first half of 2022.

Operating income (EBIT) stood at PLN 735 million, an increase of 27% year-on-year. The EBIT improvement was attributable to the EBITDAaL growth, slightly lower depreciation and a significant increase (over 60% year-on-year) in gains on sale of assets (mainly optimisation of our real estate portfolio).

Net finance costs amounted to PLN 107 million in the first half of 2023 and were down PLN 49 million year-on-year, the most important contributing factor being foreign exchange gains, resulting from the appreciation of PLN against EUR.

As a result, consolidated net income amounted to PLN 509 million versus PLN 368 million a year earlier.

For more information on the operational and financial performance please see section 2 below.

1.2 Comments on the Consolidated Statement of Cash Flows

Net cash from operating activities amounted to PLN 1,726 million in the first half of 2023 and was PLN 30 million higher year-on-year.

Net cash used in investing activities amounted to PLN 1,006 million in the first half of 2023 and was PLN 141 million higher year-on-year. The evolution is attributable mainly to increased investments in the joint venture and higher payments for purchases of property, plant and equipment and intangible assets.

Net cash outflows from financing activities amounted to PLN 1,018 million compared to PLN 244 million in 2022. This change is mainly attributable to cash flow from repayment of loans from a related party.

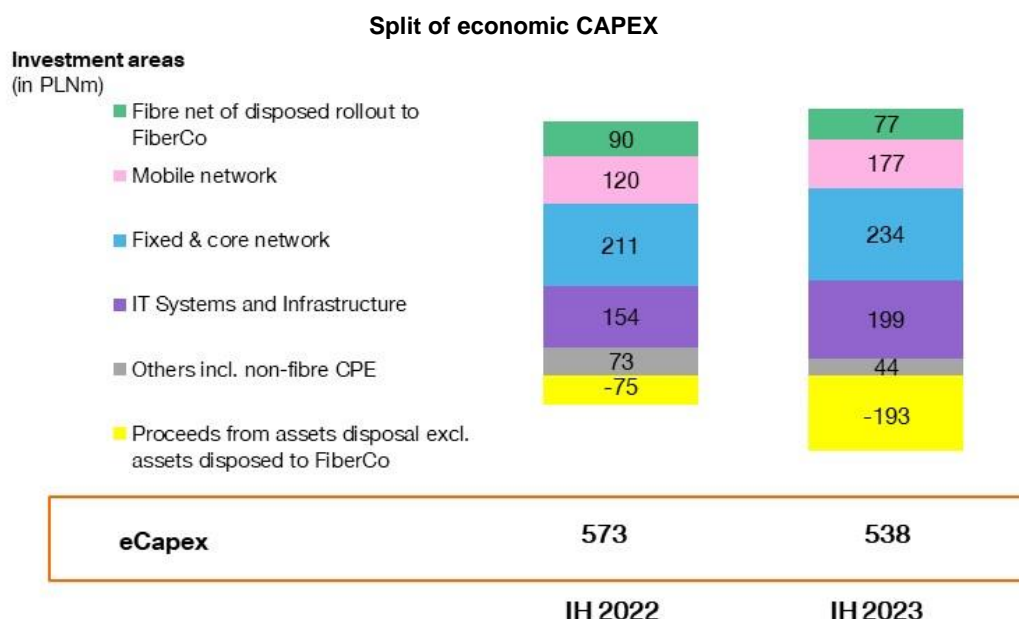
1.3 Economic Capital Expenditures (eCAPEX)

In the first half of 2023, the Group's economic capital expenditures (which, since 2020, have included accrued proceeds from asset disposals) amounted to PLN 538 million and were lower by PLN 35 million year-on-year.

These included mainly the following:

- Increasing investments in the mobile network related to the enhancement of the 4G network connectivity and capacity (4-year access network modernisation project launched in 2022) and the beginning of the adaptation of the mobile network to the 5G technology requirements in connection with the intended acquisition of 5G frequencies in the second half of 2023;
- Decreasing investments in the fibre network, which after establishing Światłowód Inwestycje joint-venture are much lower than before and mainly include Capex related to further commercialisation of the constructed network (including customer premises equipment and service delivery) and fibre rollout to dedicated business customers;
- Expansion of the mobile transport and core network in order to handle the growing volume of data transmission and ensure the service quality expected by customers;
- Implementation of transformation programmes;
- Investment projects related to the portfolio development, sales and customer service processes as well as the modernisation and enhancement of the IT technical infrastructure;

- Exceptionally high proceeds from sale of real estate as a result of our marketing activities and improvements in internal processes.



1.4 Comments on the Consolidated Statement of Financial Position

Total assets were lower by PLN 627 million than at 31 December 2022. This change resulted mainly from a decrease in property, plant and equipment, derivatives, other assets and cash and cash equivalents, which was partially offset by an increase in the value of inventories.

Total liabilities were lower by PLN 405 million than at 31 December 2022. This change resulted mainly from a decrease in loans from related party and a decrease in trade payables, which was partially offset by an increase in other liabilities as a result of accrued dividend that was paid in July.

1.5 Related Parties Transactions

Please see Note 12 to the Condensed IFRS Interim Consolidated Financial Statements about Group's transactions with related entities.

1.6 Description of Significant Agreements

Please see section 1.10.2 below for information on significant agreements concluded by the Group in the first half of 2023.

1.7 Subsequent Events

Please see Note 13 to the to the Condensed IFRS Interim Consolidated Financial Statements for information on subsequent events.

1.8 Scope of Consolidation within the Group

Please see Note 1.2 to the Consolidated Full-Year Financial Statements for 2022 for information about the scope of consolidation within the Group.

1.9 Information about the Loan or Borrowing Collaterals or Guarantees Provided by the Issuer or Its Subsidiaries

In the six months ended 30 June 2023, neither the Company nor its subsidiaries granted guarantees or collateral of loans or borrowings to any entity or a subsidiary with a total value representing the equivalent of at least 10% of Orange Polska S.A.'s shareholders equity. Please see section 1.10.5 below for additional information.

1.10 Management of Financial Resources and Liquidity of the Group

In the reported period, the Group financed its activities by cash from operating activities and available current account overdraft facilities.

In the first half of 2023, the Group repaid a long-term loan of PLN 750 million provided by the Orange S.A. Group.

In the reported period, the Group did not use the revolving loan provided by the Orange S.A. Group.

As of 30 June 2023, the Group's interest-bearing liabilities (before derivatives) totalled PLN 4,267 million, which is a decrease of PLN 752 million compared to 31 December 2022. Debt to the Orange S.A. Group accounted for 98.5% of this amount.

On 16 June 2023, the Group concluded agreements with BNP Paribas S.A. as the buyer and Eurotitrisation as the settlement agent, amending a programme to sell receivables related to handsets sold on instalments, that was set up in 2019 and amended in 2020. As a result, the value of the programme was further increased. The Group raised PLN 130 million net from the sale of receivables under the programme in the reported period in line with the growth of this line of business.

In the reported period, under a cash-pooling agreement concluded by the parent company with selected subsidiaries from the Group and Bank Handlowy w Warszawie S.A., acting as the pool leader, the process of the Group's liquidity management was continued with subsidiaries investing their surplus cash in the parent company's account.

Group's liquidity remained solid, owing to strong cash position, amounting to PLN 724 million at 30 June 2023, and available credit facilities totalling the equivalent of PLN 1,673 million.

Based on available cash, back-up and revolving credit facilities, as well as external sources of financing, the Group has sufficient funds to carry out its investment projects, including capital investments, scheduled for implementation in 2023.

At 30 June 2023, Group's liquidity ratios decreased as compared to the end of 2022. It resulted from an increase of PLN 861 million in current liabilities (less provisions and contract liabilities) due to reclassification of a portion of debt from long-term to short-term.

The liquidity ratios for the Group at 30 June 2023 and 31 December 2022, respectively, are presented in the table below.

	30 June 2023	31 December 2022
Current ratio		
Current assets / current liabilities*	0.82	1.04
Quick ratio		
Current assets – inventories / current liabilities*	0.73	0.97
Super-quick ratio		
Current assets – inventories – receivables / current liabilities*	0.34	0.51

*Current liabilities less provisions and contract liabilities were used to determine the ratio.

Group's net financial debt (after valuation of derivatives) decreased to PLN 3,559 million at 30 June 2023 (from PLN 4,000 million at the end of 2022). Financial leverage (net financial debt to EBITDAaL) also decreased to 1.1x (from 1.3x at the end of 2022).

1.10.1 Bonds

As part of the Group's liquidity management, in the first half of 2023 the parent company did not issue or redeem short-term bonds acquired by its subsidiaries.

The Group did not issue or redeem any external long-term debt notes in the reported period.

1.10.2 Loan and Borrowings Agreements

On 12 April 2023, the Group concluded with Orange S.A. an annex to the cash-pooling agreement of 12 June 2020, which again provided the backup liquidity financing limit of PLN 500 million.

On 7 July 2023, the Group concluded an annex to the current account overdraft agreement with the Polish Branch of Societe Generale S.A., for an amount PLN 95 million, extending the maturity to 31 May 2024.

1.10.3 Unused Credit Facilities

As of 30 June 2023, the Group had outstanding general-purpose credit facilities amounting to an equivalent of PLN 1,173 million.

In addition, the Group had an unused limit of back-up liquidity financing of PLN 500 million, provided by Orange S.A.

1.10.4 Loan Covenants

Agreements to which the Group is a party do not impose any obligations on the Group to meet any financial ratios. For informational purposes, the ratio of net debt to EBITDAaL was 1.1x on 30 June 2023.

1.10.5 Guarantees and Collaterals

In the first half of 2023, Orange Polska S.A. requested banks to issue bank guarantees with respect to liabilities of its subsidiary Orange Retail S.A. on the account of lease of premises for Orange sales outlets, while warranting to indemnify the banks against any claims thereunder. As of 30 June 2023, these guarantees totalled PLN 1.2 million.

In the reported period, Orange Polska S.A. requested banks to issue bank guarantees with respect to liabilities of its subsidiary Orange Energia sp. z o.o. towards its business partners, while promising to cover any claims related to payments under the guarantees. As of 30 June 2023, these guarantees totalled PLN 29 million.

Furthermore, as of 30 June 2023, a collateral of PLN 38 million granted by Orange Polska S.A. to Bank Handlowy w Warszawie S.A. to secure liabilities of its subsidiary Orange Energia sp. z o.o. on the account of a current account overdraft facility provided by the bank was still valid.

As of 30 June 2023, a bank guarantee of PLN 3.8 million issued by BNP Paribas Bank Polska S.A. upon request of Orange Polska S.A. with respect to liabilities of its subsidiary Fundacja Orange [Orange Foundation] on the account of an agreement concluded by the latter with the Digital Poland Project Centre was still valid.

As of 30 June 2023, a collateral of PLN 5 million granted by Orange Polska S.A. to PKO Bank Polski S.A. to secure liabilities of its subsidiary Essembli sp. z o.o. with respect to a multi-purpose credit facility dedicated to bank guarantees was still valid.

Finally, as of 30 June 2023, collaterals limit granted by Orange Polska S.A. to BNP Paribas Bank Polska S.A. and PKO Bank Polski S.A. to secure liabilities of its subsidiary BlueSoft sp. z o.o. on the account of current account overdraft facilities and a multi-purpose credit facility dedicated to bank guarantees totalled PLN 15 million.

In April 2023, Orange Polska S.A. concluded with Tauron Polska Energia S.A. an annex to the corporate guarantee agreement, increasing to PLN 50 million a collateral that the parent company has granted to secure liabilities of its subsidiary Orange Energia sp. z o.o. under the electricity sale contract.

1.10.6 Hedging Transactions

In the first half of 2023, the Group continued to minimise its exposure to foreign exchange and interest rate volatility by concluding and maintaining cross currency swaps, interest rate swaps, currency options, cross currency interest rate swaps and non-deliverable forward contracts.

Furthermore, the Group hedged a portion of the exposure to foreign exchange risk generated by operating expenditures (e.g. handset purchases) and capital expenditures.

As of 30 June 2023, the Group's proportion between fixed/floating rate debt (after hedging) was 90/10% versus 92/8% on 31 December 2022. Owing to such a high level of hedging, changes in interest rates in the market will have significantly limited impact on the Group's debt cost until mid-2024.

CHAPTER II
MANAGEMENT BOARD'S REPORT ON OPERATING AND FINANCIAL PERFORMANCE
OF THE GROUP

in the first half of 2023

2 OPERATING AND FINANCIAL PERFORMANCE OF THE GROUP

The Group reports a single operating segment, as decisions about resources to be allocated and assessment of performance are made on a consolidated basis. The Group's performance is 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.

Financial data of the operating segment and calculation as well as definitions of performance measures of the operating segment are presented in the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2023.

Key figures (PLN million)	1H 2023*	1H 2022*	Change
Revenues	6,363	5,986	6.3 %
EBITDAaL	1,585	1,520	4.3 %
EBITDAaL margin	24.9 %	25.4 %	(0.5) pp
Operating income	735	581	26.5 %
Net income	509	368	38.3 %
eCapex	538	573	(6.1) %
Organic cash flow	424	648	(34.6) %

* Disclosures on performance measures are presented in the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2023.

Our revenue reporting reflects our commercial strategy, which is focused on convergent offer sales. Consequently, we report convergent revenues separately from revenues from mobile-only and fixed-only services (i.e. sales to non-convergent customers).

Revenues totalled PLN 6,363 million in the first half of 2023, up PLN 377 million or 6.3% year-on-year. The growth was faster than in the whole year 2022, when it was 4.7%.

Our core telecom services – convergence, mobile-only and fixed broadband-only services – remain the key growth engine. Combined revenues of these three categories were up 5.3% year-on-year (vs. a 7% increase in the first half of 2022). Growth is fuelled by steadily growing customer bases for all types of post-paid services, as well as ARPO improvement, resulting from our value strategy and a growing share of fibre customers, who generate the highest revenue. Growth in customer bases remained very solid. In particular, net additions in convergence were slightly higher than in the first half of 2022, while they slowed down in fibre and mobile services. It was attributable to the high demand from Ukrainian refugees a year earlier and the increased competition in the fixed broadband market. Importantly, under high inflation, ARPO growth rate increased in all service lines.

Revenues from IT and integration services maintained their strong growth (up 20% year-on-year), which was entirely organic. This was driven mainly by strong performance of our software subsidiaries (i.e. BlueSoft and Craftware), which achieved aggregate revenue growth of 16%, and several projects in the public sector related to the digitalisation of medical facilities.

Equipment sales performed very strongly (especially in the first quarter), with revenues growing 27% year-on-year. It was a result of strong customer demand for high-end handsets (driven also by improved availability of certain brands), our attractive instalment sales offer (introduction of 36-month instalment plans) and our value strategy.

Other wholesale revenues reported growth of over 20%, as strong demand for our infrastructure continued among other operators.

Revenue evolution in the first half of 2023 was also influenced by the following factors:

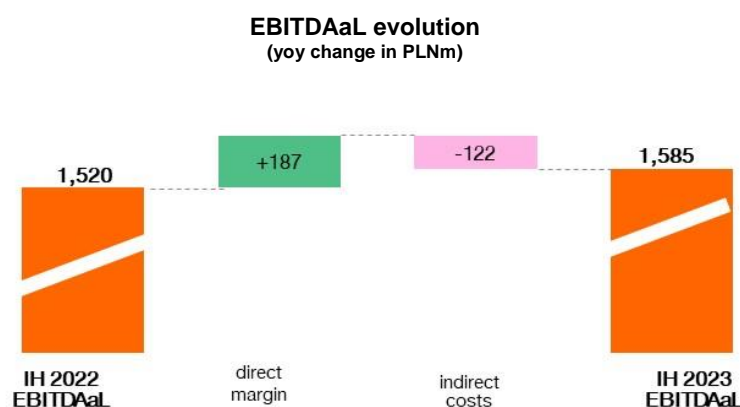
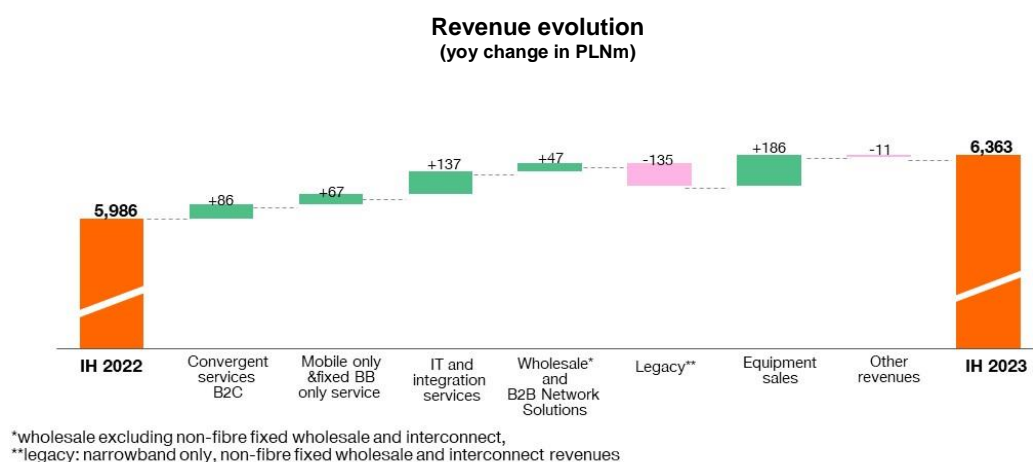
- A 9% decrease in other revenues, mainly due to lower volume of electricity resale (which resulted from reducing sales of fixed-price contracts to business customers);
- A further structural decline in fixed voice telephony legacy revenues (by 13% year-on-year);
- An 18% decrease in wholesale mobile revenues due to further regulatory cuts in termination rates.

EBITDAaL for the first half of 2023 was PLN 1,585 million and increased by PLN 65 million or 4.3% year-on-year. Operating margin (ratio of EBITDAaL to revenues) slightly decreased to 24.9% (from 25.4% in the first half of 2022). The entire EBITDAaL growth was generated by improving direct margin, which increased by impressive 5.7% (vs. 2.4% growth in the whole year 2022), that is revenue growth, fuelled mainly by the successful implementation of our value strategy in core telecommunication services, wholesale (excluding legacy services), ICT products (that support business sales), equipment sales as well energy resale business (that in 2023 has been benefitting from favourable purchase prices of energy under PPAs signed by Orange Polska).

Indirect costs increased by 7%. It was attributable mainly to the inflationary impact on rental costs and various external purchases. The year-on-year evolution was also negatively affected by benefits from a number of initiatives, including the network rollout for Światłowód Inwestycje, that had positively contributed to the balance of indirect costs in the first half of 2022.

Cost evolution can be attributed mainly to the following factors:

- A decrease of 8% in interconnect expenses, resulting mainly from cuts in mobile termination rates and reflecting a decrease in wholesale mobile revenues;
- An increase of 19% in commercial expenses, driven by growth in smartphone and ICT equipment sales;
- An increase of 12% in network and IT expenses, driven mainly by higher energy costs (due to a 40% increase in distribution tariffs) and inflationary growth of network maintenance costs;
- A significant increase in depreciation of right-of-use assets and interest expense on lease liabilities (by aggregate 16%), resulting from the inflationary impact on rental agreements and the effect of interest rate increases (translating to an increase in the interest portion of lease liabilities).



2.1 Convergent Services

One of the key strategic objectives of Orange Polska is to be the leader in telecommunication services sales to households. Convergence, or sales of mobile and fixed-line service bundles, addresses household telecommunication needs in a comprehensive manner, increasing customer satisfaction and reducing churn. Through our convergent offer we are able to enter new households with our services as well as upsell additional services to households where we are already present, displacing competitors that cannot provide such a comprehensive offer.

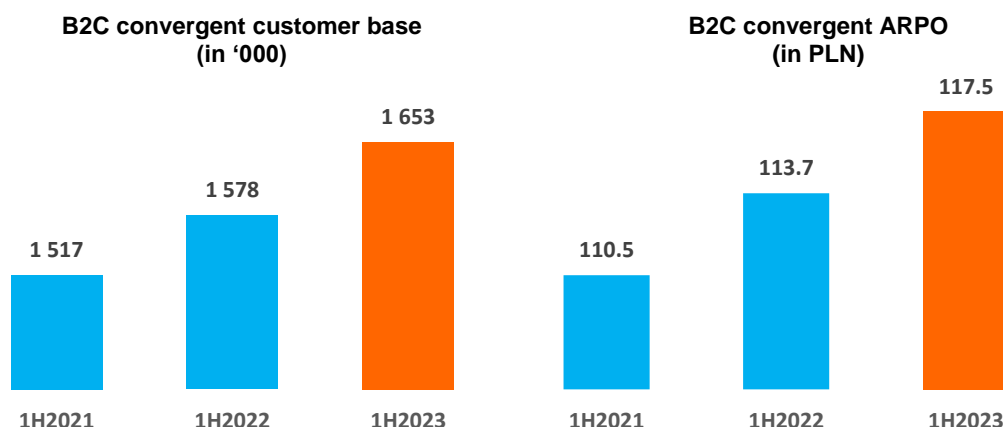
Our B2C convergent customer base increased by 28 thousand (or almost 2%) in the first half of 2023, reaching 1.65 million. The growth rate was similar to that in the previous year. It needs to be noted that saturation of our broadband customer base with convergent services has already reached a significant level of 70%. The majority of new mobile and fixed broadband acquisitions are still effected in the convergent bundle formula. Notably, the convergent services market has become more competitive lately, as all major mobile operators have been implementing a strategy of selling comprehensive services for home. This process has intensified as a result of wholesale partnerships that even out the differences among operators in their fibre service reach. The total number

of services provided in the convergence scheme among B2C customers reached 6.5 million, which means that, on average, each convergent residential customer uses around four Orange services.

In July 2023, in line with the 'more for more' strategy, we increased the prices of our Orange Love convergent packages by between PLN 5 and 7.5 (depending on the fibre speed option) in exchange for a bigger data pool and the CyberProtection service.

	For 6 months ended		Change
	30 June 2023	30 June 2022	
Convergence revenues (PLN mn)	1,142	1,056	8.1%
Convergent customer base (000)	1,653	1,578	4.8%
Convergence ARPO (PLN)	117,5	113,7	3.3%

In the first half of 2023, revenues from convergent services totalled PLN 1,142 million and were up 8.1% year-on-year. The growth rate was similar to that in 2022 and resulted from both customer base expansion and growing ARPO. ARPO growth slightly accelerated to 3.3% year-on-year (vs. 2.9% in the first half of 2022), driven by our value strategy.



2.2 Mobile-only Services

Revenues (PLN million)	For 6 months ended		Change
	30 June 2023	30 June 2022	
Mobile-only services	1,433	1,370	4.6%

Key performance indicators (number of services) ('000)	30 June 2023	31 Dec 2022	30 June 2022	Change 30.06.2023/ 31.12.2022	Change 31.12.2022/ 30.06.2022
Post-paid mobile services	12,759	12,566	12,238	1.5%	2.7%
Mobile Handset	8,820	8,723	8,609	1.1%	1.3%
Mobile Broadband	620	627	646	(1.1)%	(2.9)%
M2M	3,319	3,216	2,983	3.2%	7.8%
Pre-paid mobile services	4,690	5,064	5,591	(7.4)%	(9.4)%
Total mobile services	17,449	17,630	17,829	(1.0)%	(1.1)%

Key performance indicators (PLN)	1H 2023	1H 2022	1H 2021	Change 2023/2022	Change 2022/2021
Monthly blended retail ARPO from mobile-only services	21.5	20.2	19.9	6.4%	1.5%
post-paid (excluding M2M)	27.6	26.6	25.8	3.8%	3.1%
pre-paid	13.5	12.4	12.3	8.9%	0.8%

As at the end of June 2023, Orange Polska had a mobile services base of 17.5 million, which is a decrease of 2% year-on-year. This evolution resulted from a combination of growth in post-paid services and a decline in pre-paid services.

In the post-paid segment, there were no significant changes in SIM card trends:

- In the first six months of 2023, volume growth in handset offers (which are of crucial business importance) was over 1% year-on-year, as a result of the consistent implementation of our value-based commercial strategy, focus on the Orange Love convergent offer in customer acquisition, stable growth in the Nju and Flex brands, and solid customer additions in the business market;
- The number of mobile broadband services continued to fall, though at a much slower rate than in earlier periods, mainly due to growing data packages for smartphones in mobile voice tariff plans;
- Further growth in the number of SIM cards related to M2M services (up 11% year-on-year), mainly owing to the demand in the power generation industry, the security service sector and the transport sector (that uses the GPS service).

The number of pre-paid services decreased by 7% in the first half of 2023 in continuation of the decline in the second half of 2022. This was mainly a result of two developments. First, a significant decrease in new pre-paid activations after a surge in the first half of 2022, fuelled by the demand from war refugees from Ukraine. This was coupled with changes in our commercial offer (namely shorter account validity for one-off activated cards).

Blended ARPO (from mobile-only services) amounted to PLN 21.5 in the first six months of 2023 and was up 6.4% year-on-year. Both post-paid and pre-paid services contributed the growth in ARPO.

Post-paid ARPO grew by 3.8%, outpacing the 3.1% growth in the first half of 2022. The trend improvement resulted mainly from our focus on value and related price increases (in line with our 'more for more' strategy) in both the consumer market and the business market (for SOHO customers).

Notably, the reported mobile-only services ARPO has been diluted by systematic migration of customers from the main Orange brand to convergence and a growing share of Nju and Flex brands, which generate significantly lower revenues per customer.

Pre-paid ARPO grew by as much as almost 9%, mainly as a result of changes in the activation mix (gradual deactivation of the pre-paid cards activated by Ukrainian refugees in the first half of 2022), changes in our commercial offer (namely shorter account validity for one-off activated cards, that generate very low ARPO), and our value strategy (price increases in price-list tariffs introduced in the second half of 2022).

2.2.1 Market and Competition¹

The estimated number of SIM cards (62.1 million) increased by 2.0% compared to the end of June 2022, driving the mobile penetration rate (among population) to 165% at the end of June 2023. Despite high saturation, mobile voice still maintained a positive growth rate. In the post-paid segment, sales of M2M cards also rapidly increased, whereas sales of mobile broadband SIM cards continued to fall (largely due to migration to fixed broadband services and usage of bigger and bigger data pools embedded in voice tariffs).

In the first half of 2023, Poland's mobile market, like a number of other sectors of the economy, was affected by the adverse macroeconomic environment related above all to high inflation and economic slowdown.

The change in energy prices or labour and commercial costs, among numerous other cost items, clashed with the reality of Poland's mature mobile market, which is characterised by fixed-term contracts and still very low prices, relative to other EU countries. Facing the increasingly complex macroeconomic environment, operators have continued to follow the 'more-for-more' approach in their pricing strategies. This approach leads to offers with value-added services and larger data packages (GB) embedded in subscription, to address current customer expectations resulting from increased data consumption within mobile plans, in return for a higher price. A powerful driver for data consumption growth in Poland was the outbreak of the COVID-19 pandemic and the resulting need for remote working and learning, higher consumption of digital services (e.g. content streaming and gaming) and a shift in daily activities from offline to online. Increased data consumption is thus inextricably linked to digital acceleration. We also expect the trend of enlarging data packages within mobile plans to continue, as mobile service bundles will be expanded to include value-added services and 5G tariffs will gain a growing share of the sales mix.

¹ Analysis of the mobile market, excluding wireless for fixed offers.

In the first six months of 2023, the key players in the mobile market followed the convergence path (bundling mobile and fixed services), which had been pioneered by Orange for years. From the point of view of mobile operators who strive to expand their product portfolio to include fixed line services, it becomes crucial to increase their fixed line service reach through acquisitions, wholesale agreements or partnerships.

The pre-paid segment has seen continued migration of customers to post-paid services. The segment is highly competitive also in the MVNO market. The pre-paid service specifics have proved a great support for Ukrainian refugees, but this offer also continues to meet the market needs. As many immigrants returned to Ukraine or migrated further to other countries, the number of pre-paid cards in the market fell significantly in the first half of 2023. However, due to differences among operators in reporting pre-paid SIM cards, their comparative analysis remains difficult.

According to Orange Polska's own estimates, the four leading operators' aggregated market share remained at 98% as of the end of June 2023, with Orange Polska's estimated market share of 28%.

2.2.2 Mobile Voice and Data Services

We continue to focus on our convergent offer in customer acquisitions, as it enables upsales of additional services and contributes to higher loyalty of customers. Despite significant saturation of our customer base with convergent services, the majority of new mobile voice acquisitions are still effected in the convergent bundle formula. Our strategy is still focused on value, which involves maintaining a proper balance between customer base expansion and efforts to increase ARPO. ARPO improvement results from monetisation of the price increases introduced in the 'more for more' formula as well as incentives for customers to choose more expensive tariff plans.

In the first six months of 2023, we focused mainly on the monetisation of the price increases in the 'more for more' formula introduced at the end of 2022. In each post-paid tariff plan for B2C customers we raised the price by PLN 5, while increasing data pools and including the CyberShield service, which protects customers against cyberattacks. Simultaneously, the number of tariff plans was reduced to three by eliminating the low-end plan. We also continued to enhance our offer. We enabled watching 27 TV channels on mobile devices in all tariff plans (included in the subscription price). In addition, we significantly increased the data pool in the high-end tariff plan (without changing the price), thus increasing its attractiveness for customers. Currently, there are no major differences in tariffs among operators. Orange is the sole operator to offer three tariff plans. Some operators continued to be active with promotions, especially regarding multi-SIM offers, sales in digital channels or additional content (e.g. access to streaming platforms) to make their offers more attractive.

2.3 Fixed-only Services

Revenues (PLN million)	For 6 months ended		Change
	30 June 2023	30 June 2022	
Fixed-only services	935	952	(1.8)%
narrowband	260	300	(13.3)%
broadband	446	442	0.9%
enterprise solutions and networks	229	210	9.0%

Key performance indicators (number of services) ('000)	30 June 2023	31 Dec 2022	30 June 2022	Change 30.06.2023/31.12.2022	Change 31.12.2022/30.06.2022
Fixed voice services (retail: PSTN and VoIP)	2.506	2.572	2.633	(2.6)%	(2.3)%
convergent	952	940	911	1.3%	3.2%
fixed voice-only	1.554	1.632	1.722	(4.8)%	(5.2)%
Fixed broadband accesses (retail)	2.810	2.804	2.786	0.2%	0.6%
convergent	1.653	1.625	1.578	1.7%	3.0%
fixed broadband-only	1.157	1.179	1.208	(1.9)%	(2.4)%

Key performance indicators (PLN)	1H 2023	1H 2022	1H 2021	Change 2023/2022	Change 2022/2021
ARPO from fixed narrowband-only (PSTN) services	36.1	36.4	37.1	(0.8)%	(1.9)
ARPO from fixed broadband-only services	63.5	61.2	59.0	3.8%	3.7%

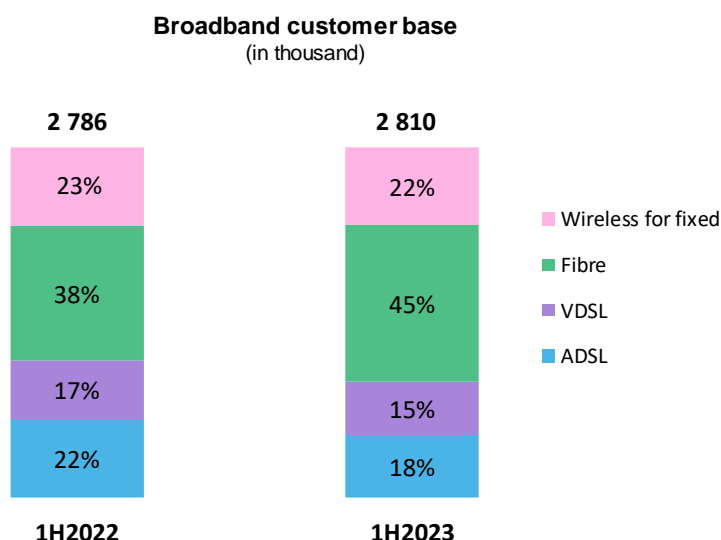
Total fixed broadband customer base increased by 6 thousand in the first half of 2023. The growth was much lower than in earlier periods, mainly due to increased market activity of some alternative operators trying to win this market.

Our fibre customer base increased by 86 thousand in the first six months of 2023.

The strong growth in fibre is driving the technological transformation of our broadband customer base. The share of fibre in the total broadband customer base increased to 45% at the end of June 2023 from 38% a year earlier.

Fixed broadband-only services ARPO continued to improve. Its increase of almost 4% can be attributed mainly to the following two factors:

- Price increases introduced in previous years; and
- Growing share of fibre customers (who generate much higher average revenue per user owing to higher penetration of a TV service), growing share of customers from single-family houses (where the service price is higher), and growing share of customers using high-speed options (600 Mbps and 1 Gbps), which are more expensive.



Erosion of the fixed voice customer base (excluding VoIP) totalled 83 thousand in the first six months of 2023 and was slightly lower than in the first half of 2022, when it was 97 thousand. The decline in these services can be attributed mainly to structural demographic factors and the popularity of mobile services with unlimited calls to all networks. It is also a result of our convergence strategy, which stimulates partial migration of customers to VoIP. Average revenue per user slightly decreased to PLN 36.1.

2.3.1 Market and Competition

Fixed Voice Market

The Group estimates that at the end of June 2023 the fixed line service penetration rate was at 14% of Poland's population versus 15% at the end of June 2022. The decline is still attributable mainly to growing popularity of mobile technologies as well as demographic factors. In countries like Poland, where the fixed line penetration was low at the time of introduction of mobile technology, mobile telephony is largely a substitute to fixed line telephony. The aforementioned downward trend has been also affecting regulated fixed wholesale products based on traditional infrastructure (WLR and LLU).

Fixed Broadband Market

According to Group's estimates, the total number of fixed broadband accesses, including wireless (LTE and 5G) for fixed technology, increased by approximately 0.3 million versus the end of June 2022. This can be attributed mainly to the intensive rollout of fibre infrastructure, resulting from the continued investment projects financed with EU funds in the Digital Poland Operational Programme (POPC), as well as those financed by operators on their own. The latter include both major players investing on a large scale (e.g. Światłowód Inwestycje or Fiberhost) and numerous minor local operators. The Polish market for fibre services is very fragmented. According to the Office of Electronic Communications, there are over 1,000 Internet providers operating in this technology, but only seven of them have a market share of over 1% (data for 2022). The fibre footprint expansion has taken place not only in urban areas, but also increasingly in the outskirts of big cities, smaller towns and rural areas. After the breakdown of the COVID-19 pandemic, access to high-speed broadband became even more necessary for both businesses, owing to the need to quickly shift a significant portion of operations from offline to online, and households. The

growing digitisation level and increased data consumption validate the market need for investments in fixed broadband technologies.

Another factor increasing the competitiveness of broadband is the expansion of service portfolio by mobile operators (Play, T-Mobile and Plus) pursuant to wholesale agreements with infrastructure-based operators. This commercial co-operation extends to both networks developed with EU funding and the own networks of fixed-line operators, such as Inea, Vectra, Nexera (offering wholesale services only) as well as the FTTH infrastructure of non-telecom companies, such as Tauron. A major player in the wholesale infrastructure-based broadband market is Światłowod Inwestycje, a joint venture of Orange Polska and APG, which aims to provide fibre to 2.4 million households by 2025.

In 2022, the Iliad Group invested in the acquisition of the cable operator UPC Polska. As a result, it can develop sales of convergent services. In the first half of 2023, Play transferred UPC's infrastructure to a new company, Polski Światłowod Otwarty (PŚO), and subsequently sold a 50% stake in PŚO to InfraVia, a French-based private equity fund. PŚO provides wholesale access services to Play and declares to be open for agreements with other telecommunication operators. Based on its cable network which is to be upgraded to the FTTH standard and the development of a new range, PŚO intends to provide fibre to 6 million households.

According to our internal estimates, Orange Polska had the following share in the fixed broadband market:

Fixed broadband market – key performance indicators

	30 June 2023 (estimate)	30 June 2022
Market penetration rate – broadband lines (in total population)	27%	26%
Total number of broadband lines in Poland ('000)	10,315	9,968
Orange Polska's market share by volume	27%	28%

Orange Polska's fixed voice market share

	30 June 2023 (estimate)	30 June 2022
Retail local access*	47%	47%

*Without Wholesale Line Rental but with Orange WLR and VoIP services, which are the equivalents of subscriber lines.

2.3.2 Fixed Line Data Services

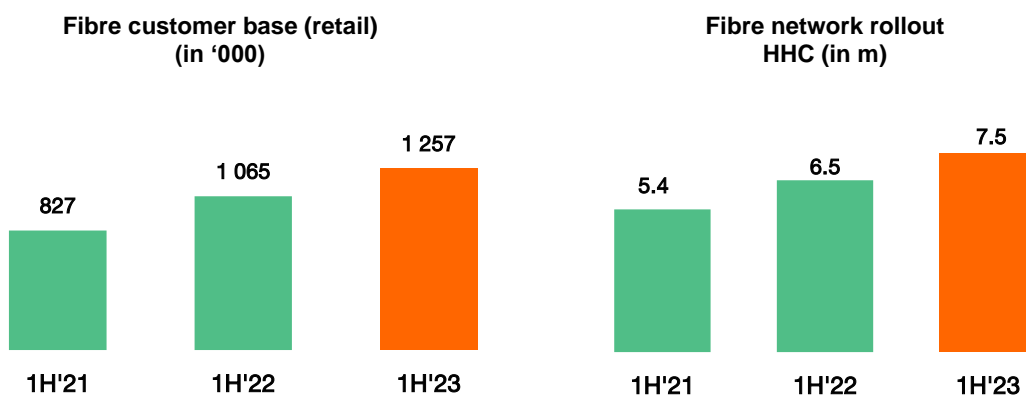
Since 2015, we have heavily invested in the rollout of access network in the fibre technology. It was instrumental to rebuilding our position in the fixed broadband market and the main driver for our convergence strategy of bundling mobile and fixed services. Until 2021, Orange Polska was expanding its fibre footprint mainly with its own investments. Since 2022, apart from investment projects in the Digital Poland Operational Programme (POPC), the increase in our fibre service reach has resulted almost exclusively from wholesale partnerships with several operators, which is in line with our .Grow strategy. Following the sale of a 50% stake in Światłowod Inwestycje (FiberCo), the latter became our biggest wholesale partner with access to over one million households. On one hand, this shift involves an increase in costs due to third parties' network fees, but on the other hand, it provides room for investing in other areas (such as 5G network deployment).

As at the end of June 2023, almost 7.5 million households were within the reach of our fibre services, which is an increase of approximately 400,000 compared to the end of 2022. It means that about a half of Polish households are connectable with Orange Polska's fibre services. Since 2020, we have focused more on developing our network in smaller towns, where some districts are dominated by single-family houses. On one hand, it involves much higher investments, but on the other hand, we expect much higher demand for our services in single-family residential districts, despite the fact that fibre broadband is more expensive for such customers. At the end of June 2023, networks of other operators, including Światłowod Inwestycje, Inea, Nexera, Tauron and a number of others, accounted for almost 3.8 million of our fibre footprint (or 50% of the total).

Our retail fibre customer base reached 1,257 thousand at the end of June 2023, growing by 192 thousand over the last twelve months. Demand for fibre remained strong, but our commercial performance was affected by the increased competition, mainly due to other operators' investments in fibre network as well as the establishment of wholesale partnerships. As a result, the fibre service reach evens out among the major players. The service adoption rate (including both our own retail customers and those of other operators selling their services on our fibre network) continued to grow, exceeding 18%. The basic speed of our fibre service is 300 Mbps. Our portfolio includes also higher speeds of 600 Mbps or 1 Gbps for an extra fee. Their share in new acquisitions has been steadily growing, which contributes to an increase in average revenue per user.

An important factor in competing for fixed broadband customers is the quality of the TV offer. Notably, the Polish market is characterised by very little exclusive content. Even expensive TV content (such as rights to broadcast

sports events), which in Poland is acquired mainly by satellite platforms, is broadly distributed to cable televisions. Orange Polska continues to follow its strategy as a content distributor, co-operating with all major content providers.



3 OUTLOOK FOR THE DEVELOPMENT OF ORANGE POLSKA

3.1 Market Outlook

Orange Polska anticipates further growth of Poland's telecommunications market in the coming years. The first half of 2023, like the previous year, was marked by high uncertainty in the macroeconomic environment, resulting mainly from economic slowdown and high inflation. However, it is in this period of high market uncertainty when telecommunications services proved crucial for both residential and business customers. Considering the current environment, the telecommunications market growth may be analysed in the short- and long-term perspective.

In the short-term perspective, the telecommunications market will continue to be affected by macroeconomic and geopolitical uncertainties. As two-year loyalty agreements remain a standard in the industry, telecom operators are not well positioned to pass cost inflation onto their customers in the short term. Hence, a prolonged period of high inflation may require them to adjust their business models.

The direct effect of the worsening economic environment may be a decline in demand due to reduced private consumption and investments. However, it is the need for access to telecommunications services accompanied by the development of additional services based on telecommunications infrastructure in Poland which proved essential both in the pandemic conditions and in the highly uncertain year 2022. Definitely, the growth of the telecommunications market in Poland will be supported by the following two factors: (i) rapid expansion of very high-speed broadband access, owing to fibre infrastructure investments and inflow of EU funds, and (ii) growing post-paid customer base with ARPU driven by the continued 'more for more' approach in the mobile market. This is also seen on the demand side with the increased need for reliable connectivity, which the pandemic has highlighted. As data and voice connectivity has become more essential than ever to the needs of consumers and businesses, we expect demand for our services to remain strong despite the anticipated economic slowdown.

In the long run, the market growth will be stimulated by the development of 5G services, owing to their higher speed and low latency, which are required by autonomous services and the Internet of Things (IoT). In June, UKE announced the long awaited launch of the auction for the C-band dedicated to 5G. We also expect growing penetration of fixed broadband in the coming years, driven by the ongoing digitisation of the society and economy, including development of remote working and learning, e-commerce, IoT, e-administration, e-health, etc. Growing demand will be satisfied by increased supply of fixed broadband owing to investment projects carried out by Orange Polska or co-financed by the EU, investments by other telecom operators and constant improvements in mobile connectivity. The independent activity of operators as well as agreements between them on using the deployed infrastructure will bring Poland closer to meeting the European Digital Agenda objectives. Such agreements are fostered by the emergence of typical wholesale operators, such as Światłowod Inwestycje or Fiberhost. All major mobile operators have valid agreements with Światłowod Inwestycje. A wholesale opening of a network has been effected by Iliad through the transfer of UPC's infrastructure to a new company (Polski Światłowod Otwarty – PŚO), sale of a 50% stake in PŚO to InfraVia and network opening to other retail players, as well as intended investments in fixed infrastructure.

Financing from the European Funds for Digital Development (EFDD, pol. FER) programme and the National Recovery and Resilience Plan (NRRP, pol. KPO) may be another particularly strong driver for the market growth in the long term. The main goal of the EFDD programme, worth EUR 2 billion to be used by 2027, is to build a gigabit society in Poland, particularly to provide advanced public e-services, support cybersecurity and develop data-based economy using modern digital technologies. A total of PLN 2.9 billion from EFDD plus PLN 4.2 billion from NRRP will be allocated to co-finance broadband investments, which should provide broadband access to 1.7 million households.

On the B2B market, in the long run we expect volume growth to continue as a result of an increase in the number of companies and their employees, as well as the development of the knowledge-based economy. We expect growing popularity of telco offers combined with ICT and machine-to-machine (M2M) services.

3.2 .Grow Strategic Plan 2021-2024: a Bold Next Step on the Value Creation Journey

In 2020, we successfully concluded our Orange.one strategy. Its ambitious targets were met and multi-year negative trends in sales and profitability were reversed. We are now better prepared for the future, with products that are demanded by customers, assets that support these products and a more efficient cost structure. Orange Polska is today a new company, a strong leader in all key market segments. We are ready to exploit all the opportunities and face all the challenges that the future brings. The Company is now ready to start the next phase of its value creation journey: .Grow strategy, which we announced in June 2021.

With this four-year plan to be completed in 2024, we have shifted our emphasis to growth and monetising our investments. The .Grow strategy is an evolutionary step to stimulate and accelerate sales and profit growth, while laying the foundation for growth beyond 2024.

Evolution means that the main pillars of our strategy will not change. Convergence will remain a key growth lever, helping us gain and maintain customer trust and loyalty. Now, with .Grow, we want to push even further and reap the full rewards of our fibre network investments.

The imminent arrival of 5G will provide a brand-new growth lever, adding an exciting dimension of connectivity for consumers and businesses. In this respect, we see ICT as key growth driver in our B2B business.

As we manage the decline of legacy business, we will add new sources of profitable growth, including wholesale customers for our fibre and mobile networks. We will place selective bets on new and emerging trends and technology, knowing that not all will pay off, because we want to grow beyond 2024.

As part of .Grow, we want to release our internal potential resulting from digital transformation. We will be heading in the direction expected by our customers, while improving our internal efficiency by leveraging more on big data and artificial intelligence. We want to increase the share of digital sales to at least 25% and we intend to use digital care in over 75% of customer interactions.

Last and certainly not least, we want to grow in social responsibility. Orange Polska has set ambitious ESG goals for itself and is ideally placed with its services both to help others reduce their own environment footprint and to ensure that no one is left behind.

Consumer Market: Convergence to Remain a Key Growth Lever

In the mass market, convergence, or sales of mobile and fixed-line service bundles, will remain the key to value creation, as it addresses household telecommunication needs in a comprehensive manner, increasing customer satisfaction and reducing churn. We still see a significant potential here for both upselling additional services to households where we are already present and entering new households with our services. Our ambition is to expand our convergent customer base by at least 20%, while achieving a further significant increase in ARPO.

The main success factor will be further expansion of our fibre reach. We intend to increase it by 2–3 million households by 2024, that is by 40–60% compared to the end of 2020. Over the last few years we have heavily invested in fibre network rollout, establishing fibre as a synonym of fast and reliable Internet in Poland, which has been reflected in Orange Polska's perception as the Internet provider of choice. In the coming years, we will rely more on wholesale access to the networks of other operators. These will be mainly the network constructed by Światłowod Inwestycje (FiberCo) and the networks built within the Digital Poland Operational Programme (POPC). Fibre generates much higher average revenue per user compared to copper technologies. This can be attributed mainly to broader opportunities to sell content and to higher speeds, which are much better perceived by customers and are an increasingly popular choice.

At the same time, we are aware that also alternative operators increasingly pursue convergence strategy based on fixed broadband, which will result in increased competition. This will require us to differentiate with a comprehensive service offer and quality customer care. We will leverage on the great power of our brand and our excellent image among customers (NPS #1). We will also attempt to address the needs of more price-sensitive customers.

Business Market: ICT-centred Strategy

Orange Polska is the leader in all business segments of the telecommunications market and a leading player in the ICT market. Upon the implementation of .Grow we will become the leader in consultation and integration of comprehensive transformation services for business, enabling companies and institutions to operate effectively in the new digital world.

We want to maintain dynamic growth of ICT revenues, at around 10% annually by 2024. We will achieve it by leveraging on our key resources, that is mobile and fibre networks, enhanced by a broad portfolio of services comprising the entire value chain of digital transformation. The key role in this process will be played by further stable growth of our subsidiary Integrated Solutions, the third largest integrator in the Polish market. And we will achieve acceleration in ICT by monetising our investments in new areas and competences, that is in BlueSoft and Craftware. The highest growth is to be achieved in the areas of cybersecurity and software & applications, based on both the expertise of our subsidiaries and the competence developed for internal needs.

We will intensify migration to cloud. In terms of adoption of cloud solutions, Polish companies are still below European average. Cloud data processing and network virtualisation are the first step in digital transformation of business. Subsequent stages include the automatic analysis of data, the volume of which will expand in the wake of 5G implementation, and the use of artificial intelligence for the development of future-oriented solutions.

5G technology will be a new catalyst for the ICT market, particularly in the Internet of Things domain. The new network will be faster and more efficient. It will be able to support millions of connected devices at the same time. Companies will be the first to take advantage of its capabilities. We want to be the market leader in mobile private networks. Together with our customers we want to create over 40 campus networks by 2025.

Responsibility: Clear Environmental and Social Targets

Along with other pillars of our business we want to grow in social responsibility, which has always been very high on our agenda. Orange Polska has set ambitious ESG goals for itself and is ideally placed with its services both to help others reduce their own environmental footprint and to ensure that no one is left behind. We believe that telecom sector has essential role to play in the transition to carbon neutrality.

Our primary goal is to be climate-neutral and achieve Net Zero Carbon by 2040, ten years ahead of the EU climate goals. Net Zero covers the entire emissions of Orange Polska: Scopes 1 and 2 (own direct and indirect emissions) and Scope 3 (emission in entire value chain – suppliers, employees, customers). In the first period of action, by 2025, we will reduce our CO₂ emissions in Scopes 1 and 2 by as much as 65% compared to 2015. We want to achieve it primarily through increasing the share of renewable energy in the energy mix to at least 60% by 2025 from 0% in 2020. This means that we have to proactively search and support new projects in this area. We will also continue to optimise energy consumption: we have been reducing consumed energy volumes each of the past few years despite constant increase of data volumes on our networks. Deployment of new much more efficient technologies, such as fibre and 5G, will also contribute here. Average electricity consumption per customer of fibre is around 80% lower compared to copper.

To reach our 2040 goal, we will also accelerate efforts to reduce emissions in the entire supply chain, including suppliers and customers. This will include implementation of the principles of circular economy. For example we will buy back older smartphones and accept for recycling used or broken ones in every Orange store.

Digital inclusion has a particularly important social dimension today. This means dissemination of high-speed Internet access on the one hand, and education and development of digital competences on the other. We are active in both of these fields. We invest in optical fibre, also by using public funds, so as to reach also the areas more distant from major cities. These areas often lack infrastructure and access to modern services. In addition, we have been supporting the digital education of Poles for over fifteen years through our Orange Foundation. The Orange Foundation is committed to this and implements digital education programmes in schools. Over 5,000 children take part in such programmes each year. Along with our social partners, we also train teachers as part of the project called Lesson:Enter, which is co-financed by the European Union. This is the largest initiative of this type in Poland. In total, 75,000 teachers will benefit from this programme.

Financial Ambition: Growth of Results and Return to Dividend Payments

Our previous strategy reversed multi-year negative trends, delivering a financial turnaround, and improved the structure of our balance sheet. With .Grow we are entering a path of faster and more sustainable growth, based on solid foundations.

While expanding revenues we will benefit from high operating leverage that will accelerate EBITDAaL and cash flow growth. In the process, we will monetise our fibre and mobile investments, and generate sustainable returns. This is the key to .Grow and what makes it stand out from past plans and performance. In our previous strategy, the turnaround was generated by huge savings on indirect costs, while direct margin continued to fall. In the coming years, the key driver for EBITDAaL growth will be revenue expansion fuelled by commercial activity. It will make this growth fundamentally healthier.

We will maximise our core business, currently at 75% of revenues, and we have identified three main growth engines: convergence, ICT and wholesale. We plan to grow convergence and ICT revenues at a minimum CAGR of 8% and around 10%, respectively.

Our cost transformation will be continued. Indeed, the same digitisation trends that are enabling our growth leverage will also help us drive costs down further still. At the same time, using AI and process automation, we will improve our customer service: a win-win. We expect inflationary pressure to offset some of this margin expansion, but enough will find its way to operating profit to be able to grow our EBITDAaL margin.

Our smart investment strategy will focus on growth, especially fibre and 5G, and on efficiency. Despite these significant investments, we aim to keep eCapex at a steady annual level of PLN 1.7–1.9 billion on average over the period. This is how our business growth will translate into increasing cash flow generation.

As part of our .Grow strategy, we decided to resume sustainable shareholder remuneration and announced our dividend policy. In 2022, we paid dividend of PLN 0.25 per share from the Company's 2021 profits. It was the first dividend payment since 2016. In 2023, dividend paid from 2022 profits was increased to PLN 0.35 per share.

In line with the dividend policy, a PLN 0.35 per-share dividend becomes a new sustainable floor for the future. Further changes to dividends will be conducted on a yearly basis taking into account projections of underlying financial results and long-term financial leverage (net debt/EBITDAaL) forecast versus 1.7x to 2.2x leverage corridor.

Current Performance and Expectations Validate Our Strategic Objectives

Our performance in 2021–2022, that is halfway through our strategic plan, demonstrates that our strategic objectives are being implemented, while our operational and financial ambitions are going according to plan. This is despite enormous and unexpected challenges related to the external environment, which include the consequences of the outbreak of war in Ukraine and a huge rise in inflation, especially energy prices. The results achieved in last two years prove that our business is built on very strong foundations and that we are able to respond and adapt swiftly to the changing environment. The demand for our services from consumers, business customers and wholesalers remains strong. We consistently implement our commercial value strategy and continue our cost transformation.

The table below shows our financial ambitions announced during the presentation of our strategic plan against our performance halfway through.

	Medium-term financial guidance (2021–2024)*	2021–2022 Performance
Revenues	Low single-digit growth (CAGR)	+4.2% CAGR
EBITDAaL	Low-to-mid single-digit growth (CAGR)	+4.9% CAGR
eCapex (PLN bn)	1.7–1.9 yearly average for the period	1.73 (average in 2021–2022)
ROCE	Increase 3–4x (from 1.6% in 2020)	6.5% in 2022 (4x increase)
Net debt / EBITDAaL	We aim to keep safe balance sheet with financial leverage in the range of 1.7–2.2x**	1.3x at the end of 2022

* As presented in the .Grow strategy in June 2021.

** Long-term prospects for net debt / EBITDAaL.

3.3 Listing of Orange Polska S.A. Shares on the Warsaw Stock Exchange

Since November of 1998, shares of Orange Polska S.A. (formerly Telekomunikacja Polska S.A.) have been listed on the primary market of the Warsaw Stock Exchange (WSE) within the continuous listing system.

The Company's shares are included in the following indices:

- WIG20 and WIG30 large-cap indices;
- WIG broad-market index;
- WIG-ESG index of socially responsible companies.

In 2022, Orange Polska S.A. was once again included in a prestigious group of listed, socially responsible companies. The portfolio of the WIG-ESG index announced by the Warsaw Stock Exchange comprises 60 companies. Orange Polska S.A. has been present in the index portfolio since its first edition. The WIG-ESG index has been increasingly popular among companies and investors, who have noticed a link between consideration for social and environmental impact and financial performance.

In addition, Orange Polska S.A. has been included in the global FTSE Russell's ESG Ratings, a global index that measures companies' performance across environmental, social and governance (ESG) areas.

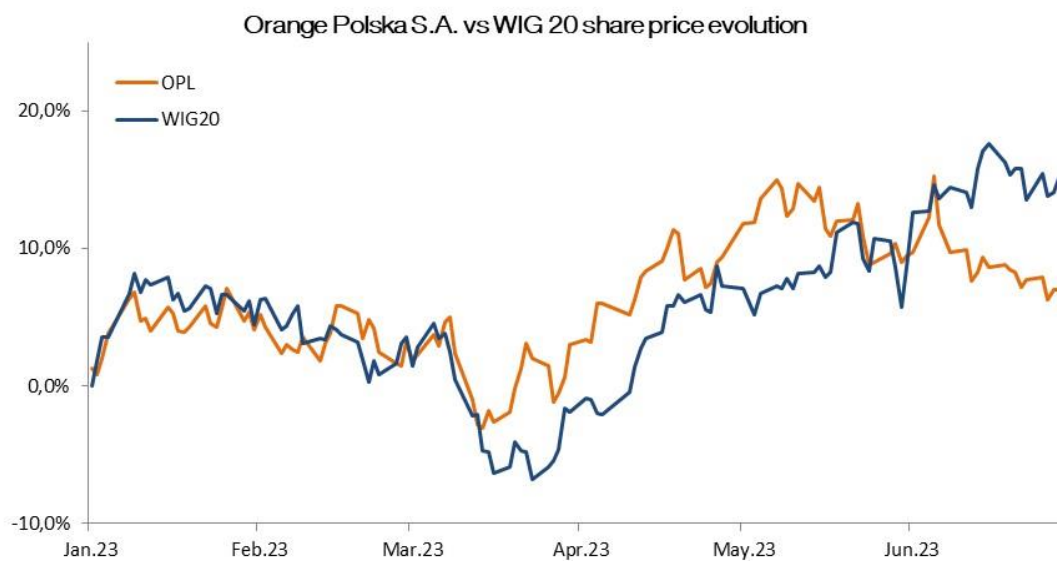
The first six months of 2023 were marked by gains in the indices on the Warsaw Stock Exchange (WSE). Orange Polska shares were up 5%, while the large-cap index, WIG20, gained 15% in the period.

Recommendations and reports for Orange Polska S.A. shares are issued by the following financial institutions (according to the Company's knowledge as of the date of this report)*:

Name of the Institution
Citigroup
Dom Maklerski Banku Ochrony Środowiska
Dom Maklerski mBanku
Dom Maklerski PKO Bank Polski
Dom Maklerski Santander
Dom Maklerski BDM S.A.
Erste Bank Investment
Ipopema Securities
PEKAO SA
Raiffeisen Bank International AG
Trigon Dom Maklerski S.A.
Wood & Company

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ORANGE POLSKA S.A. SHARE PRICE in the period from 1 January 2023 to 30 June 2023



4 MATERIAL EVENTS THAT HAD OR MAY HAVE INFLUENCE ON ORANGE POLSKA'S OPERATIONS

Presented below are the key events that, in the Management Board's opinion, have influence on Orange Polska's operations now or may have such influence in the near future. Apart from this section, the threats and risks that may impact the Group's operational and financial performance are also reviewed in the Chapter IV below.

4.1 Implementation of the .Grow Strategy – All Goals on Track Halfway Through Despite Particularly Difficult External Environment

In June 2021, we announced a new strategy for the years 2021–2024: .Grow. It is an evolutionary step from the previous strategy, which will stimulate and accelerate sales and profit growth, while laying the foundation for growth beyond 2024.

In the consumer market, convergence remains the key growth lever, helping us gain and maintain customer trust and loyalty. Further customer base growth is fuelled mainly by continued fibre expansion, which also contributes to ARPU growth. In the business market, ICT services are the key growth driver, complementing our strong position in telecommunication services. We will intensify migration to cloud and begin to use the 5G technology, which will be a catalyst for new business, particularly in the Internet of Things domain. Our retail operations are supplemented by a wholesale offer to other operators. By opening for more business opportunities in wholesale, we want to maximise the utilisation of our infrastructure.

As part of .Grow, we want to release our internal potential resulting from digital transformation. We are heading in the direction expected by our customers, while improving our internal efficiency by leveraging more on big data and artificial intelligence.

Another major component is social responsibility. Orange Polska has set ambitious environmental, social and governance (ESG) goals for itself, and is ideally placed with its services both to help others reduce their own environment footprint and to ensure that no one is left behind.

In financial terms, with .Grow we have entered a path of faster and more sustainable growth, based on solid foundations. The key driver of EBITDAaL growth has been revenue expansion fuelled by our commercial activity. It is a fundamental change from our previous strategy, when the turnaround, after years of decline, was generated by huge savings on indirect costs, while direct margin continued to fall. Our Capex strategy is focused on growth, especially in fibre and 5G, and improved efficiency. Despite significant investments in these areas, we aim to keep eCapex at a steady annual level of PLN 1.7–1.9 billion on average over the period. This is how our business growth will translate into increasing cash flow generation and ROCE improvement.

Our performance in 2021–2022 and the first six months of 2023 demonstrates that the operational and financial objectives of our .Grow strategy are pursued according to plan despite a particularly difficult external environment. It proves that our business is built on very strong foundations and that we are able to respond and adapt swiftly to the changing environment. The demand for our services from consumers, business customers and wholesalers remains strong. We consistently implement our commercial value strategy and continue our cost transformation. As a result, we reported growth of EBITDAaL in 2021–2022 at an average annual rate of almost 5% throughout the period. This is in the top-end of the medium-term growth guidance (low-to-mid single-digit CAGR) set forth in the strategy.

4.2 Inflationary Environment Putting Pressure on Operating Expenses

The consumer price index (CPI) in Poland was at 14.4% in 2022, reached a 25-year high. In February 2023, inflation rate peaked 18.4%, and has been falling since then. In June, it stood at 11.5%. According to the current market consensus, the whole-year inflation will be less than 13% in 2023 (with some experts expecting one-digit level towards the end of the year), and will further decrease to about 6% in 2024.

The inflationary environment has significantly affected our operating expenses. While in 2022 the key challenge for us was energy costs, this year the inflationary impact on other cost items has been much more important.

In 2022, the on-going war in Ukraine and the resulting sanctions on trade with Russia imposed by the EU countries and the US resulted in an unprecedented rise in electricity and fuel prices across Europe. This was accompanied by local factors related to the record-high rate of failures of coal-fired power units in Poland. The difficult situation was further aggravated by the non-availability of modern power facilities generating electricity at the lowest cost owing to high efficiency and low emissions. Our energy-related costs increased in 2022 by about 75% or over PLN 220 million year-on-year. These included mainly costs of electricity, but also heating and fuel costs. The average realised price of energy more than doubled year-on-year, reaching about PLN 700/MW in 2022. In 2022, we mobilised efforts to sign further contracts to receive energy from wind farms. The current portfolio of such contracts, both short- and long-term, will secure about 75% of our energy consumption in 2023 and over 60% to 2030. Overall, taking into account also futures contracts, we have secured about 85% of our energy needs for this year.

In 2023, the impact of inflation on other cost items has been a much more important challenge. The majority of our rental contracts for telecommunications infrastructure, sales outlets and office space are indexed to the previous year's inflation rate, which means a very significant increase in the relevant fees this year. Similarly, the costs of

outsourced services (consulting, technical assistance, customer care, etc.) have been subject to higher inflationary pressure. An over 20% increase in the minimum wage in Poland will be a major factor in some of these categories. Due to the need to adapt to the market conditions, this will also affect our labour costs for both our own employees and external staff we hire. Furthermore, an over 40% increase in the regulated distribution tariff will have a negative impact on energy costs.

The highly inflationary environment necessitates mitigation efforts on the revenue side coupled with ongoing cost transformation. For years, we have focused on value generation in our commercial strategy, changing the tariffs for our core services in the 'more for more' formula. However, as the great majority of our contracts with customers are signed for two years, passing higher costs onto customers requires additional actions and a modification of our standard business model. In 2022, we intensified our 'more for more' strategy by increasing prices of the majority of our core services. We have continued this approach in 2023, increasing the prices of fixed broadband services and convergent packages as from July. We have also activated inflation clauses and raised prices by 4%, though only for a small group of customers whose contracts for unspecified time include such clauses. In 2022, we added a novel condition in contracts for specified time that provide for an automatic increase in the monthly fee after the term of the contract. It is to encourage customers to sign subsequent loyalty contracts and prevent a growing gap between the prices in our current offers and those paid by customers who make use of old price lists even though their contracts have long expired. In addition, inflation leads to higher handset prices. In this case, however, we are able to respond quickly by adjusting our prices in order to pass higher costs onto customers.

The rising inflation rate has led to a sudden surge in interest rates in Poland. Currently, about 90% of our debt is effectively based on a fixed interest rate until mid-2024, so the interest rate increases are expected to have no major impact on our interest expense until then. However, a prolonged period of elevated interest rates may have an impact on the calculation of our cost of capital (WACC), which, *inter alia*, is used as a discount rate to perform impairment tests of our assets and to value our investment projects.

4.3 Return to Dividend Payments

With the new strategic plan, .Grow, which assumes stable growth of the Company's financial results, Orange Polska decided to resume sustainable shareholder remuneration and announced its dividend policy. In 2022, we paid dividend of PLN 0.25 per share from the Company's 2021 profits. It was the first dividend payment since 2016. In 2023, the Management Board recommended a 40% dividend increase to PLN 0.35 per share. This proposal has underscored that the Company is well on track to meet its strategic operational and financial goals and has a strong balance sheet. The recommendation was approved by shareholders at the General Meeting.

In line with the dividend policy, a PLN 0.35 per-share dividend becomes a new sustainable floor for the future. Further changes to dividends will be conducted on a yearly basis taking into account projections of underlying financial results and long-term financial leverage (net debt/EBITDA_{Aal}) forecast versus 1.7x to 2.2x leverage corridor.

4.4 Światłowód Inwestycje: 50/50 Joint Venture with APG to Rollout Fibre Network to 1.7m Households

In April 2021, we signed an agreement to sell a 50% stake in a joint venture partnership operating under the name Światłowód Inwestycje, which will build fibre infrastructure and offer wholesale access services.

Ultimately, with the 2.4 million households footprint, Światłowód Inwestycje will be Poland's leading independent open access FTTH wholesale operator. Out of this number, Orange Polska has contributed ca 0.7 million households of its current fibre footprint. Access to the remaining ca 1.7 million households will be built by Światłowód Inwestycje by 2025. Its network will be located mainly in low or mid competition areas to make the maximum use of the broadband market potential. The joint venture will operate in the open access model, providing wholesale access to its fibre network to Orange Polska and other interested operators. Hitherto, Światłowód Inwestycje has informed about signing wholesale agreements with T-Mobile Polska, Netia (a company of the Polsat Plus Group) and Play in addition to Orange Polska. It finances its investments (rollout Capex estimated at PLN 3 billion) mainly from its own debt facility with no recourse to Orange Polska.

The transaction valued Światłowód Inwestycje at PLN 2,748 million (on a debt-free, cash-free basis). Orange Polska sold a 50% stake in the joint venture to APG for a total consideration of PLN 1,374 million. Out of that amount, PLN 897 million was paid in August 2021, while the remaining PLN 487 million will be payable in 2022–2026 and will be conditional on Orange Polska delivering on agreed network rollout schedule. In 2023 we received PLN 133 million on that account versus PLN 41 million in 2022. The transaction assumes equity contributions by each party of around PLN 300 million to be made in 2023–2026.

In line with our strategic ambition to sustain strong commercial momentum through further focus on fibre and convergence, this landmark partnership has given us the potential to reinforce our fibre rollout and increased our flexibility in allocating capital expenditures to other projects, while also enabling immediate deleveraging and significant strengthening of our balance sheet.

As a consequence of this transaction, the Orange fibre service reach is in the vast majority expanded on networks of other operators. At the end of June 2023, exactly half of 7.5 million households within the reach of our fibre service were connected to other operators' networks.

In our opinion, further fibre rollout in mid and low competition areas in open access model will provide best conditions for fast customer take-up and will allow Orange Polska to monetise its fibre investments both in retail and wholesale operations.

4.5 New Opening in Wholesale to Maximise the Utilisation of Our Infrastructure

As part of the .Grow strategy, we have expanded our approach to wholesale business opportunities. This is in part a natural consequence of our investments in mobile and fixed infrastructure and our ambition to better monetise these investments, as we have by far the largest telecommunications infrastructure among all the operators in Poland, including both transport and access fibre network, cable ducts and poles. We also see potential in wholesale resulting from the development of the market for fast internet access (mainly in the fibre technology), entry of other market players into the convergence market and gradual deployment of 5G mobile networks.

For several years we have seen considerable growth in the use of our poles and cable ducts, mainly as a result of numerous investments of various operators in their fibre footprint. Furthermore, between 2020 and 2022, the bandwidth used for data transmission services rendered to other mobile infrastructure operators interested in connecting their base stations to our fibre network increased by over 60%.

We also strive to acquire a higher number of customers using our fibre network but serviced by other operators. It is our ambition to increase their number at least six times compared with the end of 2020, when that base stood at 26 thousand. This exceeded 100,000 at the end of June 2023, an almost four-fold increase.

As part of development of wholesale, in 2021 we extended a national roaming contract with P4 (operator of the Play network). The co-operation is continued in the take-or-pay scheme, which guarantees Orange Polska additional minimum revenue of PLN 300 million in total for 2021–2025. The agreement concerns relatively limited volume of traffic compared to that generated by Orange Polska's own customers, and has built-in controls in order to secure the adequate quality of services.

In our .Grow strategy, we declared an ambition to enter the MVNO wholesale market, offering our network to fixed operators willing to enter the market for mobile services. In the beginning of 2023, we announced that the first five entities were using our services in this scheme.

As a result of these initiatives, we have achieved a marked increase in wholesale revenues, excluding legacy services (based on copper technologies) and interconnect settlements related to traffic termination. Revenues defined as above amounted to PLN 375 million in the first six months of 2023 and increased by 14% year-on-year.

4.6 5G Launch by Orange Polska

Auction Procedure for Frequencies in the 3400–3800 MHz Band

On 22 June 2023, in the wake of two rounds of consultation, the President of UKE launched an auction for the C-band. The previous attempt to conduct the auction started in the first half of 2020 and ended with cancellation before the auction was completed. According to the initial assumptions from December 2022, the auction was to cover four frequency blocks of 80 MHz each in the 3480–3800 MHz band; ultimately, the regulator decided to offer four blocks of 100 MHz each in the 3400–3800 MHz frequency range. Additional 80 MHz ('block 0') has been made available to operators as the President of UKE has come up with a new plan to support private 5G networks without using operator frequencies. According to it, frequencies from the 3800–4200 MHz range will be used for that purpose, and made available partly to local governments and partly to industry.

The asking price of each of four blocks being auctioned has not changed since initial assumptions and is PLN 450 million per block. Licences are to be valid for 15 years. Only one entity from each group of companies is eligible to participate in the auction. Each participant (or its group) has to demonstrate a record of investments of at least PLN 1 billion in telecommunications infrastructure between 2016 and 2018, and to hold a frequency licence in each of the following bands: 800, 900, 1800, 2100 and 2600 MHz. According to the time schedule presented by the President of UKE, the frequency licenses should be allocated by the end of November 2023.

A frequency licence will involve the obligation to reach a number of investment commitments regarding network coverage and various quality requirements. The network should reach data transmission targets in terms of capacity (Mbps) and latency (ms) for the certain country area and the predefined share of households, as well as selected national and regional roads and railway lines. The network coverage and parameters are to increase over time, reaching the ultimate targets within seven years, while the intermediate targets are to be achieved within one, three and five years. Importantly, these parameters may be reached using any frequencies held by the operator. As for quantitative commitments, within 48 months the auction winner should launch 3,800f base stations operating in the C-band nationwide, including specific numbers in less populated communes (gminas). Furthermore, the frequency users will have to comply with the security requirements set forth by the President of UKE.

Selection Procedures for Frequencies in the 700 MHz and 800 MHz Bands

While launching the C-band auction, the President of UKE announced that a bidding procedure for 700 MHz frequencies was intended in 2023. The terms thereof have not been revealed yet. Notably, it is currently impossible to use this band on a substantial area of Poland due to co-ordination issues with the Russian Federation and

Ukraine. In addition, the bill amending the Act on the national cybersecurity system, which is still proceeded, provides for certain restrictions regarding the bandwidth and the manner of use of frequencies from this range for commercial purposes.

Furthermore, the President of UKE stated that a selection procedure for the 800 MHz frequencies formerly used by Sferia (2x5 MHz) was also intended in 2023.

Commercial 5G Services in the 2100 MHz Band

Due to delays in the distribution of the 3400–3800 MHz spectrum band related to the cancellation of the former auction procedure, the Company has implemented and expanded Dynamic Spectrum Sharing (DSS) in the 2100 MHz band, which allows dynamic allocation of spectrum resources to 4G or 5G as required. At present, we offer commercial 5G services via a network of 4,638 base stations.

Further Preparations for the 5G Network Implementation in Poland

It is Orange Polska's ambition to actively participate in the deployment of the 5G network in Poland in order to provide our customers with access to this network and modern services based on it. The on-going rollout of our fibre network is a precondition for the efficient operation of the future 5G mobile network. We believe that it is of paramount importance to collect unique experience in the implementation of 5G systems right now, so we undertake to implement numerous pioneering projects.

In May 2022, we opened the new 5G Lab at our Warsaw headquarters. The laboratory is a place where we develop and test solutions using 5G technology, also in co-operation with startups, and present innovative solutions to businesses, using the same frequencies on which the ultimate 5G network in Poland will operate. As a result of these preparations, we will be ready to launch new 5G services to businesses as soon as possible after the frequencies necessary to build 5G in Poland are made available.

4.7 Rapid Development of ICT Services to Strengthen Operations to Business Customers

One of the key elements of our strategy for the business market is to become the long-term strategic partner for our customers in digital transformation. It means that on top of connectivity, telecommunication services and IT infrastructure, we also need to provide them with comprehensive solutions, particularly in the area of software engineering, cloud and cybersecurity. In our strategy we highlight our intention to expand the ICT business, which offers high growth potential and considerable synergies with our core operations owing to ongoing digitalisation processes in enterprises.

This strategy has proved greatly successful. The organic development is supplemented by acquisitions, which are carefully selected to add specific competencies. In 2019–2020, we acquired BlueSoft and Craftware. These acquisitions have perfectly complemented our competencies and significantly increased our competitive edge against both alternative telecom operators and pure ICT companies. So far, both companies have met the expectations formulated with the acquisition decisions.

BlueSoft provides multiple IT services in areas with high-growth potential: application development and integration, system customisation, analytics and cloud services. A great majority of BlueSoft's revenues comes from development and integration of customised applications, which include customer-facing portals (particularly for e-commerce) and back office platforms and systems. BlueSoft sells its products to a diversified portfolio of blue-chip customers from multiple industries, including banking & insurance, utilities, pharma, telecommunications and logistics.

Craftware offers the analysis, design and implementation of customer relationship management (CRM) systems. It has extensive experience in the implementation and integration of connected CRM systems, specialising in Salesforce, which is world's #1 CRM platform used by more than 150,000 companies worldwide. Craftware's customer base includes blue-chip companies from the pharmaceutical, FMCG, retail and finance industries. With the acquisition of Craftware, we have gained exposure to this fast growing market segment and further opportunities to use our existing competencies, particularly in the areas of cybersecurity, IT infrastructure hybridisation, application integration and migration to cloud.

In 2021–2022, we reported very dynamic growth in the ICT area, with revenues increasing over 20% year-on-year in both 2021 and 2022. This can be attributed mainly to strong performance of our software subsidiaries (i.e. BlueSoft and Craftware) and a broad and well-diversified service portfolio, which enables us to flexibly adapt to the changing demand and be less dependent on supply chain fluctuations.

4.8 Infrastructure Development

Fixed Line Network

Since 2015, in line with the previous strategy, we have focused on massive development of FTTH lines. By the end of 2020, we had delivered on our strategic ambition to deploy fibre to 5 million households, that is over one third of all households in Poland. At the end of June 2023, over 7.4 million households were within the reach of our fibre services.

In our .Grow strategy framework, we further significantly increase the reach of our fibre, which is one of the key drivers of value creation and expansion of convergent services. However, contrary to previous years, we are more reliant on partnerships, while our own network rollout is limited to projects implemented within the Digital Poland Operational Programme. One of our key partnerships is that with Światłowod Inwestycje, which will build fibre network mainly in low or mid competition areas for ca 1.7 million households in the next few years. At the end of June 2023, we used the infrastructure of 57 operators (including Światłowod Inwestycje company) for over 3.7 million households.

Orange Polska is Poland's largest wholesale service provider. The demand for transmission bandwidth is growing, especially for $n \times 10$ Gbps, 40 Gbps, 100 Gbps and 400 Gbps lines. To meet these needs, Orange Polska has continued to expand nationwide OTN (Optical Transport Network) trunk lines and has offered services over the DWDM network for 100 Gbps lines. In 2023, we increased the number of OTN transport nodes, thus expanding the aggregate network capacity from 17 Tbps at the end of December 2022 to 18.5 Tbps at the end of June 2023. For the 100 Gbps lines intended for wholesale, we have developed infrastructure based on the DWDM network of the total capacity of 10.2 Tbps.

Orange Polska is Poland's sole operator of a network to which all the Emergency Communication Centres (ECCs) are connected, answering calls to the emergency numbers 112, 997, 998, 999 and eCall. About 90% of all emergency numbers in Poland (over 500 locations) are connected to Orange Polska's network. This provides the Company with revenues from alternative operators for emergency call termination on the Orange network, as well as subscription revenues.

The Call Setup Success Rate on the fixed network stood at 99.14% at the end of June 2023, which confirms very high quality of Orange Polska's fixed-line services.

Mobile Network

In response to rapid growth in data traffic volume, we have steadily increased the number of our base stations and enhanced their capacity. In the first six months of 2023, our customers got access to a further 146 base stations. 4G coverage for all bands was 99.9% of the population on 98.5% of Poland's territory at the end of June 2023. Orange Polska provided 4G services via 12,149 base stations. This included 10,925 base stations enabling spectrum aggregation (compared to 10,621 at the end of 2022).

Orange Polska has continued a comprehensive radio network modernisation project. The project involves replacement of active equipment on base stations with devices that meet the predefined technological standards and are highly energy-efficient. As a result, the modernised base stations will enable the provision of 5G services in the Dynamic Spectrum Sharing (DSS) mode on the 2100 MHz band, support 4x4 MIMO technology on the 1800 MHz/2100 MHz bands and enable the 4G activation on the 900 MHz band in selected locations. In the future they will also enable the provision of 5G services on other bands which are currently held by the Company.

The range of the 5G DSS service has been gradually extended since the beginning of the year, and the number of the base stations supporting this technology reached 4,638 at the end of June 2023.

We have implemented the LTE-M technology for the Internet of Things and it is now available nationwide on all base stations operating on the 800 MHz band. In the areas where the use of this band is excluded (i.e. in the border areas that require international co-ordination), or as coverage extension, we use 1800 MHz frequencies.

We have announced a plan to switch off 3G technology on Orange Polska's network and allocate the freed frequencies to 4G. It will enable us to increase the network capacity and enhance the quality of data services, particularly in non-urban areas. The process is to be carried out in stages in 2024 and 2025. As a preparation for the 3G switch-off, we are constantly increasing the number of devices which can handle calls in the VoLTE and VoWiFi technologies and gradually expanding the portfolio of 5G-enabled terminals.

4.9 Competition in the Telecommunications Market

Poland's telecommunications market is highly competitive. Although the price remains a major consideration, the strategies of all main players have recently become more value-oriented, while competition has increasingly shifted towards other elements as well, such as offer quality and width, connectivity or customer care. High inflation and very low prices of telecommunications services in Poland compared to other EU member states should further encourage this approach.

In addition, competitive struggle has been increasingly moving away from sales of mobile or fixed line only services towards convergence, that is offering bundles of mobile and fixed line services. This integrated approach to provision of telecommunications services had been pioneered by Orange Polska. Currently, all major mobile operators follow convergent strategies. Wholesale partnerships for fibre infrastructure have been a significant factor stimulating this process. A segment of fibre infrastructure operators has emerged in Poland over the last few years. They focus exclusively on offering their networks on a wholesale basis to all players that want to use them for offering retail services. Among these wholesale operators are Nexera, Fiberhost and Tauron, which have developed their networks mainly with EU funds in the Digital Poland Operational Programme (POPC), as well as Światłowod Inwestycje, a joint venture of Orange Polska and APG. In the first half of 2023, Polski Światłowod Otwarty, a joint

venture of Iliad and the infrastructure fund InfraVia, joined this group of operators. The company operates the network previously owned by the cable operator UPC, and declares providing access to it to retail operators.

Wholesale partnerships even out the differences among operators in their fibre service reach. It increases competition for retail customers, especially that some players attempt to win the market with aggressive marketing strategies. It also contributes to much more localised competition in the fixed line market (compared to the mobile market, where competition tends naturally to be nationwide), the intensity of which largely depends on the number of operators offering their services in the given location.

The market of Internet providers in Poland is still very fragmented, so further market consolidation as well as geographical expansion of major operators in smaller towns should be expected. In Poland, there are hundreds of small local fibre network operators, which may become subject of acquisitions by bigger players.

The market is preparing for new technical solutions enabled by 5G technology, which will be fully possible upon completion of the auction for C-band frequencies (3.5–3.8 GHz).

4.10 Evolution of the Group's Distribution Network

Our distribution network is constantly evolving, so that we can even better meet the changing needs of our customers, while simultaneously improving our business efficiency.

Physical points of sale remain our largest sales channel. Their chain is subject to continuous modernisation and optimisation. This involves on the one hand a reduction in the number of outlets (there were 610 of them at the end of June 2023, down from 617 a year earlier), but on the other hand transformation to better suit customers' needs. Our 'Best Retail Network' project is underway. Solutions that were previously only implemented in large Smart Stores, such as intuitive and functional interiors, are also being implemented in smaller outlets. By the end of June 2023, 451 of our outlets had been modernised in a new visualisation. The changes introduced are appreciated by our customers: our outlets scored the highest and were ranked #1 in terms of NPS (i.e. customers visiting Orange outlets declare that they would recommend a visit there to others more frequently than customers of alternative operators do that with respect to their outlets).

The online channel has been gradually and systematically gaining importance in the distribution channel mix. In the first six months of 2023 we continued the strategy of expansion in sales and customer service with the My Orange application, which is the main sales tool. In the application customers can find not only information about their account, invoices and payments, but also attractive service and handset offers. The high effectiveness of our online sales resulted from constantly optimised campaigns based on behavioural customer profiles. With marketing automation and artificial intelligence tools, we are able to present offers to customers that might interest them most. We continued to promote the My Orange application in traditional offline channels and intensively educate customers in the use of self-service channels. In addition, we carry out dedicated campaigns with exclusive online offers for all our core services. As a result, sales in digital channels increased by 7% year-on-year in the first half of 2023.

In the Telesales channel, we continued to use artificial intelligence (AI) tools to reach customers more effectively and optimise costs. We have been developing prediction models for customers to improve the key campaign indicators. We have implemented the new segmentation of fibre customers, increasing the campaign efficiency by precise offer customisation. We have also engaged in the process of the pre-commercialisation of intended fibre investment projects. We have also developed new digital forms of signing a contract, adding importance to the My Orange application in the purchase process.

In addition to Telesales, there is also a service infoline, which combines customer care with account management: customers can settle any matters with Orange at a single phone number, from complex technical problems, queries, contract extension and new service activation to smartphone and accessory purchases. Over 90% of our customers are satisfied with this solution, and the conversion ratio of service calls to sales is well above global benchmarks. For many years, our customer service and sales have been supported by the AI-based bot Max. Its role is gradually growing, as new functionalities are added.

In the pre-paid distribution, the first half of 2023 was marked by market stabilisation following the earlier challenge of handling the increased traffic generated by Ukrainian citizens.

The first months of 2023 brought new records of online pre-paid top-up sales through online banking but also our own channels (the Orange.pl website and My Orange application). Despite the constant expansion of online channels, we maintain a permanent base of approximately 80,000 top-up points, such as grocery stores, kiosks and petrol stations.

4.11 Regulatory Environment

The telecommunications market in Poland is subject to sector-specific regulations, which are established on both the European Union and national level. The market is supervised by a local regulatory agency, the Office of Electronic Communications (UKE). According to a general rule, the telecom market is divided into relevant markets. UKE reviews the competitiveness of each of these markets and, based on the results of this review, decides on the necessary level of regulation. Orange Polska S.A. has been designated as an operator with significant market power (SMP) and has been imposed regulatory obligations in certain telecom market segments. This regulatory regime

has a significant impact on some of the services we provide. In the mobile market, Orange Polska S.A. and other major operators are subject to the same regulations.

As we provide services to millions of customers, our business activities are monitored by the Office for Competition and Consumer Protection (UOKiK), mainly for proper protection of consumer rights.

Furthermore, as a company we have to comply with administrative decisions and general regulations.

Regulatory Obligations

Pursuant to the President of UKE's decisions, Orange Polska S.A. is deemed to have a significant market power (SMP) on the following relevant wholesale markets:

- market for call termination on Orange Polska S.A.'s fixed line network (FTR);
- market for provision of wholesale (physical) access to network infrastructure, including shared or fully unbundled access, in a fixed location (LLU), excluding 51 municipalities where the market was recognised as competitive in October 2019;
- market for wholesale broadband access (BSA) services, excluding 151 municipalities where the market was recognised as competitive in October 2019; and
- market for call termination on Orange Polska S.A.'s mobile network (MTR).

Each SMP decision of the President of UKE determines Orange Polska's specific obligations with respect to the given relevant market, particularly an obligation to prepare regulatory accounting statements and costing description (for LLU and BSA services), which are to be verified by independent auditors.

In June 2023, Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. and Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Consulting sp.k. started an audit of Orange Polska S.A.'s annual regulatory accounting statements for 2022 and the results of service cost calculation for 2024 on the market for provision of wholesale (physical) access to network infrastructure, including shared or fully unbundled access, in a fixed location (LLU) and the market for wholesale broadband access (BSA) services. The audit is expected to be finished on 23 August 2023.

Access to Orange Polska's Fixed Network

On 24 December 2019, the President of UKE issued a decision obliging Orange Polska to prepare an amendment to its reference offer in terms of network interconnection in the IP technology. On 30 March 2020 the Company submitted a draft amendment to its reference offer for the President of UKE's approval. The relevant administrative procedure is pending.

In May 2021, UKE initiated a procedure to oblige Orange Polska to prepare a reference offer that will implement new FTRs and the changes resulting from the introduction of new BSA and LLU reference offers and will delete the deregulated services (WLR, call initiation). The procedure ended with a decision obliging Orange Polska to submit changes related to the call termination service; otherwise, the procedure was discontinued as pointless. Performing the obligation resulting from the decision, on 26 June 2023 Orange Polska submitted a draft offer for approval. Meanwhile, on 8 May 2023 the Polish Chamber of Electronics and Telecommunications applied for the re-examination of the case.

The procedure initiated upon Orange Polska's request for the re-examination of the President of UKE's decision which determined the terms of wholesale access to BSA and LLU services on copper and fibre networks is still pending.

Call Termination on Fixed and Mobile Networks

The Delegated Regulation supplementing Directive (EU) 2018/1972 of the European Parliament and of the Council came into force on 1 July 2021. In line with the Delegated Regulation, the termination rates have been set as follows:

- The single EU-wide maximum rate for mobile voice termination will be 0.2 eurocent per minute (ec/min) from 1 January 2024. The glide path to reach this level is as follows:
 - 0.0317 PLN/min – from 1 July 2021;
 - 0.0252 PLN/min – from 1 January 2022 to 31 December 2022;
 - 0.0190 PLN/min – from 1 January 2023 to 31 December 2023.
- Following the reductions initiated in July 2021, the single EU-wide maximum rate for fixed voice termination is 0.0032 PLN/min.

Access to POPC Networks

On 12 March 2021, upon request of UPC Polska sp. z o.o., the President of UKE initiated an administrative procedure to issue a decision determining the terms of access to the infrastructure and networks built by Orange

Polska in the Digital Poland Operational Programme (pursuant to Article 27(6) of the Act of 7 May 2010 on supporting the development of telecommunication services and networks). The procedure is pending.

In the second half of 2022, the President of UKE initiated administrative procedures regarding amendments to the agreements between Orange Polska and Fiberhost S.A. that provide for the latter's access to the infrastructure and networks built by Orange Polska in the Digital Poland Operational Programme (pursuant to Article 27(6) of the Act of 7 May 2010 on supporting the development of telecommunication services and networks). Three procedures were initiated upon request of Orange Polska and one upon request of Fiberhost S.A. The subject of the dispute is the manner of amending the agreements. The procedures are pending.

After two procedures initiated upon request of Orange Polska and Fiberhost S.A., respectively, have been combined by the President of UKE, there are currently three ongoing procedures in this regard.

Furthermore, on 18 May 2023, the President of UKE initiated another procedure upon Orange Polska's request. It concerns an amendment to the contract with Fiberhost S.A. regarding the networks built in the areas covered by the third competition. The subject of the dispute is, inter alia, the amount of fees for the BSA service. The procedures are pending.

Implementation of EU Regulations

Orange Polska abides by the regulatory obligations resulting from EU roaming regulations and the rules resulting from the recommendations for the implementation of the Open Internet Access Regulation.

Potential Regulatory Changes

Regulations affecting Orange Polska S.A. are subject to periodical reviews in order to adjust them to the current market situation.

New Regulated Offers for Access to Orange Polska's Network

On 26 June 2022, the President of UKE issued two decisions on approval of reference offers for Bitstream Access and LLU services in fibre and copper technologies. The approved offers include most of Orange Polska's proposals. Regarding other matters Orange Polska will apply for the re-examination of the case.

Amendment to the Telecommunication Law

In 2023, one of the most important legislation projects in the telecommunications sector, the implementation of the European Electronic Communications Code (EECC), is still to be proceeded. The Telecommunication Law, which has been in force for almost two decades, will be replaced by the new Electronic Communications Law. A number of revolutionary solutions will be introduced, opening a new chapter in the provision of electronic communications services, including the return of unused prepaid funds, direct billing regulations (adding payments for services purchased online, e.g. games or music, to the telecommunications bill), new pre-contractual information obligations, partial regulation of over-the-top services, and changes to contracts. In December 2022, the draft Electronic Communications Law, upon endorsement by the Council of Ministers, was sent to the Parliament. However, after the first reading, the relevant parliamentary committee recommended to reject the draft bill, and on 21 April 2023 the government decided to withdraw it. The parliamentary work is expected to be resumed in the second half of 2023, as the obligation to implement the EECC stems from EU law.

Compensation for Universal Service Costs

From 2006 to 2011, Orange Polska S.A. was the operator designated to provide the universal service, which included access to a fixed network, domestic and international calls (including dial-up and fax services), payphone service and directory inquiry service. Owing to unprofitability of the universal service, Orange Polska S.A. applied to UKE for compensation.

Between 2007 and 2012, the President of UKE granted compensation of PLN 137 million, which was lower than requested by Orange Polska S.A. Therefore, the Company exercised its right to appeal.

As a consequence of court rulings, UKE has issued decisions granting Orange Polska S.A. additional compensation of PLN 194 million for the universal service net cost deficit in 2006–2010. This amount includes contribution payable by Orange Polska S.A. itself. The decisions have been challenged in court.

Administrative procedures regarding the additional round of compensation, i.e. PLN 194 million, are pending. These procedures are to determine the list of operators and their shares in the compensation for each year. After they are completed, individual procedures are initiated.

In June 2023, individual decision for additional compensation for 2008 was issued. Similar procedure regarding additional compensation for 2007 is still pending. Out of the compensation granted for 2006–2011, Orange Polska S.A. received PLN 1,6 million in 2023., while PLN 11,4 million is still due.

Major Changes in Legislation

In 2023, the legal environment was still characterised by instability and high dynamics of change. Changes resulted from both the adaptation of Polish law to EU law and national initiatives. Frequent, wide-ranging and fast-paced legislative changes entail the need for constant and careful monitoring of the environment, especially as many of the changes underway involve the imposition of new obligations and consequently require complex and costly implementation and adaptation measures.

National legislative acts of significant sectoral relevance for telecommunications that were adopted in the first six months of 2023 covered such areas as competition and consumer protection, energy sector, infrastructure reporting system, as well as security and defence.

Acts of significant relevance at the EU level included those on cybersecurity and the establishment of a new regulatory framework for digital markets and services.

Selected Changes in National Legislation in the first half of 2023 of Major Relevance to the Telecommunications Sector

• Power Sector

The pace of changes in the power sector regulations has slowed down. The legislation work has focused on clarifying the intensive changes that had been introduced in the second half of 2022 due to the turmoil in the power market, related to the availability and cost of raw materials as well as electricity prices.

The terms of contributions paid by electricity producers and traders to the Price Difference Fund (FWRC) have been modified.

Regulations on land-based wind turbines have been amended by introducing exceptions to the 10H rule. Communes (gminas) can now determine in local land development plans the minimum distance between wind farms and residential buildings within their area, but not less than 700 m.

Furthermore, a draft prognostic scenario for revising the Energy Policy of Poland until 2040 has been presented. The revised policy is to take into account the accelerating implementation of low-emission technologies, massive investments in power grids, the launch of Poland's atomic energy programme and the gradual reduction in the share of fossil fuels in the energy mix. In addition, new regulations supporting the development of pumped-storage hydroelectricity facilities have been adopted and new regulations facilitating investments in power grids have been proceeded.

In Poland, telecommunication companies, which are large enterprises, have not been covered by any support mechanisms related to electricity prices. However, these mechanisms can mitigate the negative impact on the budgets of the entities that use services provided by Orange.

• Changes in Telecommunications Infrastructure and Service Data Reporting

The first deadlines for reporting telecommunications infrastructure data and telecommunications service data to UKE under new rules fell on 28 February 2023 and 31 March 2023, respectively. The process was characterised by high uncertainty related to the functioning of the Information Point on Telecommunications (PIT), which is a responsibility of UKE. Due to PIT failures, which prevented the performance of the reporting obligations within the set time limits, a provision protecting telecom operators against potential administrative penalties was introduced with the Act of 9 March 2023 on amending the act on the digital accessibility of the websites and mobile applications of public sector bodies and the Tax Ordination.

• EU Funds, in particular for development of telecommunications infrastructure

The implementation of the new EU funds on the national and European level has entered the operational phase. First competitions have been announced within the framework of national operational programmes and the National Recovery and Resilience Plan (NRRP, pol. KPO) as well as the programmes managed by the European Commission. A significant proportion of these funds has been allocated to digitisation and green transformation objectives. We monitor these programmes for both the opportunities for potential support to Orange Polska's activities and the customer needs in the markets served by Orange Polska and other Group companies. Regarding the NRRP, Poland has yet to submit the first payment request, and so far all the activities have been prefinanced directly from the State budget under an agreement with the Polish Development Fund.

The first calls for projects related to the development of modern telecommunications infrastructure financed from the NRRP and the European Funds for Digital Development (EFDD, pol. FERC) have been announced. The initial budget for project co-financing totals PLN 7.18 billion and will be allocated for the network rollout to approximately 1.73 households in 402 areas all over Poland. The cap for each beneficiary has been set at 20% of the total while the maximum level of subsidies at 80%. Only telecommunication operators are eligible. The projects aim to minimise the number of locations without broadband access, which will have a significant impact on the wholesale and retail market in the near future. The deadline to submit applications in the NRRP programme expires on 4 August while in the EFDD projects on 31 August. The winners will be announced in the second half of 2023.

The government has continued work on amending the National Recovery and Resilience Plan, mainly by adding a completely new chapter on energy efficiency and renewable energy sources as well as introducing a number of changes related to the support for the development of telecommunications networks, cybersecurity, e-services and digital solutions for business. The ultimate changes should be known by the end of 2023.

- **Labour Law**

The minimum monthly salary and the minimum hourly rate changed in 2023. Pursuant to the relevant Regulation, the minimum salary increased to PLN 3,490 on 1 January 2023, and to PLN 3,600 on 1 July 2023. The minimum monthly salary in 2024 proposed by the government (i.e. PLN 4,242 from 1 January 2024, and PLN 4,300 from 1 July 2024) has been already subject to consultation. The ultimate amounts of the minimum monthly salary and the minimum hourly rate will be known by 15 September 2024.

In April 2023, major changes in the labour law were introduced. New regulations on remote working, which have been in force since 7 April 2023, impose the obligation on the employer to determine the terms of remote working and reimburse employees for the related costs, as well as introduce new rules of attendance confirmation and control on a remote working position. Another amendment has introduced changes regarding parenthood leave and paternity leave (additional 9 weeks of paid leave) and unpaid filial leave (up to 5 days per year).

- **Competition and Consumer Protection**

The draft Act amending the act on competition and consumer protection and certain other acts, implementing the Directive (EU) 2019/1 ("ECN+ Directive") has been passed. In particular, it grants the President of the Office for Competition and Consumer Protection (UOKiK) the new right to impose fines on companies for non-performance of their obligations (of up to 5% of the average daily turnover in the financial year preceding the year of the fine for each day of the delay).

- **Digital Wallet**

The Act on the mObywatel [mCitizen] application, which provides that the electronic document in the application will be respected on an equal footing with traditional identity documents, e.g. while concluding electronic communication service contracts in the physical presence of the parties (i.e. in physical points of sale), came into force on 14 July 2023.

- **Cancellation of the State of Epidemic Threat**

On 1 July 2023, the state of epidemic threat was cancelled in Poland. As a result, the special solutions provided in the so called COVID acts have expired. In particular, these included labour law regulations on remote working as well as sending employees on outstanding leave or periodic medical examination.

Selected Changes in EU Legislation in the first half of 2023 of Major Relevance to the Telecommunications Sector

- **Cybersecurity and Critical Infrastructure**

In January 2023, two legal acts on cybersecurity came into force: the Directive on measures for a high common level of cybersecurity across the Union ("NIS 2 Directive") and the Directive on the resilience of critical entities ("CER Directive"). The NIS 2 Directive provides for the minimum provisions to increase the EU's level of cyber resilience, while the CER Directive aims to enhance the resilience of critical entities and their ability to provide services which are essential for the maintenance of vital societal functions or economic activities. The new Directives shall be transposed to the national law by 17 October 2024.

- **New Regulatory Framework for Digital Services**

In October 2022, EU adopted two new legal acts: the Digital Markets Act (DMA) and the Digital Services Act (DSA), which are the first comprehensive regulations concerning the digital sector. DMA provides for a ban on unfair practices of the largest entities in the digital market, such as preferential treatment of own services, while DSA provides for including information on content moderation policies in the terms and conditions of services, tackling illegal content on online platforms, and a ban on misleading online interfaces. The aforementioned provisions shall become applicable to the largest platforms and browsers in the second half of 2023.

- **Resilience of the Financial Sector in Relation to ICT Services**

On 24 September 2020, the European Commission presented a proposal for

In January 2023, the Regulation on digital operational resilience for the financial sector ("Digital Operational Resilience Act", "DORA") came into force. It regulates the relations of this sector with ICT third-party service providers. The Regulation lays down uniform requirements concerning the security of network and information systems supporting the business processes of financial entities, particularly requirements in relation to ICT risk management, reporting of major ICT-related incidents and the contractual arrangements between ICT third-party service providers and financial entities. The provisions shall become applicable on 17 January 2025.

- **Climate and ESG**

A part of the Fit for 55 package has been promulgated in the Official Journal of the EU. This included legal acts on the ETS reform, providing for a more ambitious reduction in emissions (by 62% vs. 2005), phasing out of the free allowance system by 2034, and the inclusion of the buildings sector and road transport from 2027. The work on the Carbon Border Adjustment Mechanism (CBAM), i.e. a price adjustment mechanism at EU borders for certain imported goods based on their carbon footprint, has also been completed. CBAM aims to foster fair competition in the EU internal market, and will be introduced between 2026 and 2034. In addition, the regulations establishing the Social Climate Fund have come into force.

The following crucial bills which may affect Orange Polska are currently at various stages of the legislative process:

National Law – in progress

- **Electronic Communications Law**

The work on the draft Electronic Communications Law and the draft Act introducing the Electronic Communications Law, which are to implement the European Electronic Communications Code and replace the existing Telecommunication Law, has continued on the government level. A public hearing was held in the Parliament, during which the elements of the bill unrelated to the implementation of the EU Directive were highly criticised. On 21 April 2023, the draft bill was withdrawn from the Parliament. It is expected to be resubmitted and proceeded in the second half of 2023.

- **National Cybersecurity System**

On 6 June 2023, the Council of Ministers adopted a draft bill amending the Act on the national cybersecurity system. The key element of the bill is a mechanism of hardware or software vendor evaluation, particularly in the field of telecommunications. When applied, this mechanism may result in an administrative decision classifying a vendor as a high-risk supplier and identifying the resources to be withdrawn within seven years (or five years for critical resources).

The draft also provides for the establishment of the Strategic Security Network Operator to perform tasks for the national defence in the field of telecommunications. It will be a special state-owned telecom operator providing services to the entities, especially public ones, set forth in the Act. Using the allocated 700 MHz resources, financing from the state budget and other special privileges, the Strategic Security Network Operator should ultimately ensure nationwide network coverage, particularly in areas difficult to access.

The new Act will also introduce changes regarding the performance of tasks related to national defence and network security and integrity by telecom operators, as well as the scope of duties of the entities that form the national cybersecurity system to be implemented in their operating activities.

The legislative process will be continued in the second half of 2023.

- **Combating Abuse in Electronic Communications**

On 16 June 2023, the Parliament passed the Act on combating abuse in electronic communications. The regulation has imposed new obligations on telecommunication operators to take proportionate technical and organisational measures to prevent abuse, including the obligation to block text messages (SMSs & MMMs) containing smishing content (in accordance with the message template provided by CSIRT NASK), block voice calls or hide the calling number identification to combat CLI spoofing (disguising as a different person or institution), and blocking voice calls initiated using a number from a list of numbers used only for answering calls (held by the President of UKE). Furthermore, the obligation to block branded text messages that use a sender ID from the list of brands of public entities, was added during the parliamentary work.

- **Mandatory Electronic Invoicing**

The draft Act amending the act on tax on goods and services and certain other acts, which is currently proceeded by the Parliament, provides that using the National System of e-Invoices (KSeF) will become mandatory for VAT taxpayers as from 1 July 2024, and that no documents issued outside this system will be considered invoices.

- **Statutory Obligation to Send Alerts via SMS**

The work on the draft Act amending the act on digitisation of entities performing public tasks and the Telecommunication Law has continued in 2023. The bill imposes new obligations on mobile telecommunication service providers, including the obligation to send free alerts of public administration bodies (totalling about 22,000) via SMS. Under the new regulations these services should be free for end users. In return for sending free text messages, telecommunication service providers, upon request, may receive compensation in the form of reduced fees for the right to use numbering resources on their mobile networks (i.e. for subscriber numbers and the mobile network code).

• Copyright and Neighbouring Rights

- The draft Act amending the act on copyright and neighbouring rights and certain other acts provides for the uniform rules for licensing television and radio programme rebroadcast irrespective of the broadcast technology used and regulates the dissemination of television and radio programmes made available to the broadcaster by direct injection.
- The draft Act on the status of a professional artist (on the reprographic fee) provides for changes in charging and the scope and amount of the 'reprographic fee' (private copying levy), which is to provide additional remuneration to authors as the so-called compensation for fair culture.

• Protection of Minors from Inappropriate Content on the Internet

The draft Act on protecting minors from access to inappropriate content on the internet imposes on internet providers the obligation to offer pornographic content blocking to all subscribers, and introduces fines of up to PLN 1 million for failure to offer such a service. The parliamentary first reading of the bill took place in June 2023.

• Labour Law

- The draft Act on the protection of persons who report breaches of law (i.e. whistleblowers), implementing the Directive (EU) 2019/1937, sets a legal framework for reporting by employees on breaches of law and the special protection for such employees.
- The draft Act on collective labour disputes, replacing the Act on the resolution of collective disputes, which has been in force for over 30 years, provides for the introduction of a requirement to identify the joint representation of trade union organisations necessary to initiate and conduct a collective labour dispute as well as the departure from the enumerative definition of the subject matter of a collective labour dispute.

• Accessibility of Services for Persons with Disabilities

The draft Act on the accessibility of products and services, implementing the Directive 2019/882, imposes new obligations on manufacturers and service providers to adapt their products and services to the needs of persons with disabilities (in particular, adaptation of the features and content of the information provided, functions of the user interface of products and elements of services, and compatibility with assistive devices). The new regulations should come into force in June 2025.

• Energy Market

Bills amending the Energy Law and the Act on renewable energy sources have reached the final stage of the legislative process. They will have a direct impact on our activities related to electricity trading and renewable energy sources. They will also affect our telecommunication activities with respect to the energy we need, particularly in the areas of energy contracting, energy market information and active participation in the demand side response (DSR).

EU Law – in progress

• Gigabit Infrastructure Act

The work on a new regulation to replace the Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks has continued since February 2023. The purpose of the new act is to facilitate investment processes in order to achieve the targets set out in the Digital Decade Policy Programme 2030 regarding the availability of modern telecommunication infrastructure in Europe. The regulation will modify the existing rules on access to physical infrastructure (e.g. ducts or telecommunication towers), streamline administrative permit-granting procedures related to the deployment of telecommunication infrastructure and provide for more attractive rules of coordination of civil works.

• Fair Share Debate

Between February and May 2023, the European Commission carried out an exploratory consultation on the future of the electronic communications sector. One of its key purposes was to gather views about the need to ensure that large traffic generators will contribute towards the costs of deployment and maintenance of the telecommunications networks, which have been increasingly loaded. Although the Commission has not presented the consultation summary yet, some comments by its senior officials may suggest that the Commission at least partially shares the operator's perspective and later this year may be expected to present a legislative initiative in response to the problems observed.

• Data Act

On 23 February 2022, the European Commission presented the Data Act proposal. The Regulation will set a legal framework for contracts for sharing data generated and collected by internet-connected devices as well as for switching between different cloud data-processing services. The act has reached the final stage of the legislative process in 2023.

- **Artificial Intelligence**

The work on a legal framework on artificial intelligence (Artificial Intelligence Act) has continued since 2021. The proposal provides for specific requirements for the use of AI in the working environment as well as prohibits certain AI practices within EU.

- **New Cyber Resilience Regulations**

The work on a new regulation on cyber resilience (Cyber Resilience Act) has continued in 2023. The proposal introduces mandatory cybersecurity requirements for products with digital elements, both hardware and software, throughout their whole life cycle: design, development, production and marketing.

- **Energy Market Reform**

In March 2023, the European Commission proposed a package of reforms to the EU's electricity market to improve its resilience to disruptions of recent years. The package aims to reduce dependence on imports of fuels (including fossil fuels and gas), protect consumers, and stimulate the development of the low-carbon and competitive industry within the Union. The reforms will largely focus on the further promotion of renewable energy sources, low-carbon technologies and energy storage. There is also a discussion whether to maintain the extraordinary measures that were introduced in the energy market in 2022 to cap and redirect excess revenues of infra-marginal electricity producers (mainly from renewable energy sources).

- **Climate and ESG**

The work on the implementation of the Fit for 55 package, that had been presented on 14 July 2021, has continued. The package contains a set of legislative and programme proposals whose overall objective is to reduce the carbon footprint of the European economy. In particular, the package intends to modify energy efficiency requirements for enterprises.

The work has also continued on a broad range of measures affecting, inter alia, the telecommunications and digital sector. In particular, these concerned the EU taxonomy, EU climate target for 2040, reducing greenwashing in corporate communications, the right to repair, and sustainable corporate responsibility.

The work will be continued in the second half of 2023.

4.12 Claims and Disputes, Fines and Proceedings

Please see the Note 32 to the Consolidated Full-Year Financial Statements for 2022 and the Note 11 to the Condensed IFRS Interim Consolidated Financial Statements for six months ended 30 June 2023 for detailed information about material proceedings and claims against Group companies and fines imposed thereon, as well as issues related to the incorporation of Orange Polska S.A.

CHAPTER III

ORGANISATION AND CORPORATE STRUCTURE

5 ORGANISATIONAL CHANGES IN THE FIRST HALF OF 2023

5.1 Group's Structure as of 30 June 2023

Please refer to Note 1.2 to the IFRS Full Year Consolidated Financial Statements for 2022 for the description of the Group's organisation.

5.2 Changes in the Corporate Structure of Orange Polska S.A.

In the first half of 2023, there were changes in the corporate structure of the functions of the Management Board Member in charge of Strategy and Corporate Affairs, Management Board Member in charge of Network and Technology, Vice President of the Management Board in charge of Business Market, Vice President of the Management Board in charge of Consumer Market and Executive Director in charge of IT. These changes stemmed from the need to increase the efficiency of operations and processes. The most important changes were as follows:

- Within the consumer market function:
 - Changes were introduced in the units responsible for Strategy & Analyses and Marketing in the Sales & Operations area. These aimed to centralise and optimise the performance of tasks and processes;
 - Some units and tasks were modified in the Customer Experience & Service area in order to ensure the best customer experience with the use of Orange services as well as sales and customer care.
- Within the business market function:
 - The organisational structure of the Business Customer Service unit was changed, mainly by dividing it into frontline and backline areas in order to provide more efficient customer care in business segments.

5.2.1 Management Board of Orange Polska S.A.

As of 30 June 2023, the Management Board was composed of eight Members, who have been assigned the direct supervision over the following Company's matters:

- President of the Management Board;
- Vice President of the Management Board in charge of Business Market;
- Vice President of the Management Board in charge of Consumer Market;
- Management Board Member in charge of Network and Technology;
- Management Board Member in charge of Strategy and Corporate Affairs;
- Management Board Member in charge of Human Capital;
- Management Board Member in charge of Carriers Market and Real Estate Sales;
- Management Board Member in charge of Finance.

5.2.2 Business Units of Orange Polska S.A.

As of 30 June 2023, Orange Polska had 72 business units, reporting directly to:

- 1) President of the Management Board (CEO): 1 business unit;
- 2) Vice President of the Management Board in charge of Business Market: 7 business units;
- 3) Vice President of the Management Board in charge of Consumer Market: 8 business units;
- 4) Management Board Member in charge of Networks and Technology: 11 business units;
- 5) Management Board Member in charge of Strategy and Corporate Affairs: 6 business units;
- 6) Management Board Member in charge of Human Capital: 10 business units;
- 7) Management Board Member in charge of Wholesale Market and Real Estate Sales: 6 business units;
- 8) Management Board Member in charge of Finance (Chief Financial Officer): 7 business units;
- 9) Executive Director in charge of IT: 7 business units;
- 10) Executive Director in charge of Transformation and Effectiveness: 3 business units;
- 11) Executive Director in charge of Digitisation (Chief Digital Officer): 6 business units.

5.2.3 Changes in the Structure of Subsidiaries of Orange Polska S.A.

There were no major organisational changes in Orange Polska S.A.'s subsidiaries in the first half of 2023.

5.3 Ownership Changes in the Group in the First Half of 2023

The Group effected no significant ownership changes in the first half of 2023.

5.4 Orange Polska Shareholders

As of 30 June 2023, the share capital of the Company amounted to PLN 3,937 million and was divided into 1,312 million fully paid ordinary bearer shares of nominal value of PLN 3 each.

The ownership structure of the share capital based on information available on 25 July 2023 was as follows:

Shareholder	Number of shares held	Number of votes at the General Meeting of Orange Polska S.A.	Percentage of the total voting power at the General Meeting of Orange Polska S.A.	Nominal value of shares held (in PLN)	Interest in the Share Capital
Orange S.A.	664,999,999	664,999,999	50.67%	1,994,999,997	50.67%
Allianz Polska Open Pension Fund	101,072,983	101,072,983	7.70%	101,072,983	7.70%
Nationale-Nederlanden Open Pension Fund	73,924,000	73,924,000	5.63%	73,924,000	5.63%
Other shareholders	472,360,497	472,360,497	36.00%	472,360,497	36.00%
TOTAL	1,312,357,479	1,312,357,479	100.00%	3,937,072,437	100.00%

As of 25 July 2023, Orange S.A. held a 50.67% stake in the Company.

In 2022, Orange S.A. was present in 26 countries for consumer services and had a global presence with Orange Business Services. Orange S.A. operates in 8 countries in Europe, namely Belgium, France, Luxembourg, Moldova, Poland, Romania, Slovakia and Spain, and is present in 18 countries in Africa and the Middle East. Orange's business activities focus on five categories of services: enhanced connectivity (retail and business customers), business IT support services, wholesale services, cybersecurity and financial services. Orange S.A. is also the leading provider of global IT and telecommunication services to multinational corporations under its brand Orange Business Services. In cloud and cybersecurity services, Orange S.A. has become a European leader thanks to the acquisitions of SecureData and SecureLink.

The Orange Group posted 2022 revenues of €43.5 billion, up 0.6% year-on-year on a comparable basis. It employs 136,400 people worldwide.

Orange S.A. is listed on the Euronext Paris (ORA) and the New York Stock Exchange (ORAN).

As of 30 June 2023, the Company had no information regarding valid agreements or other events that could result in changes in the proportions of shares held by the shareholders.

Orange Polska S.A. did not issue any employee shares in the first half of 2023.

5.5 Corporate Governance Bodies of the Parent Company

I. Composition of the Management Board in the first half of 2023

Composition on 30 June 2023 (it did not change during the reported period):

1. Julien Ducarroz – President of the Board
2. Jolanta Dudek – Vice President of the Board
3. Bożena Leśniewska – Vice President of the Board
4. Witold Drożdż – Board Member
5. Piotr Jaworski – Board Member
6. Jacek Kowalski – Board Member
7. Jacek Kunicki – Board Member
8. Maciej Nowoński – Board Member

On 23 May 2023, the Supervisory Board of Orange Polska appointed Liudmila Climoc to the position of the President of the Management Board of Orange Polska (CEO). She will take up her position as of 1 September 2023. On 1 September 2023, Liudmila Climoc will replace Julien Ducarroz as CEO of Orange Polska. Julien Ducarroz will become the CEO of Orange Romania. Julien Ducarroz has been the CEO of Orange Polska since 1 September 2020. Under his leadership the company announced and implemented the .Grow strategy. Now at its mid-point, the strategy has resulted in an acceleration of growth of the Company's sales and profits and a strengthening of its market position – taking advantage of the strength of the core business, innovative digital development and internal transformation with a strong focus on the green agenda.

II. Composition of the Supervisory Board and its Committees and changes thereof in the first half of 2023

Composition on 30 June 2023:

- | | |
|----------------------------------|---|
| 1. Maciej Witucki | – Chairman of the Supervisory Board |
| 2. Marie-Noëlle Jégo-Laveissière | – Deputy Chairman of the Supervisory Board |
| 3. Laurent Martinez | – Deputy Chairman of the Supervisory Board |
| 4. Marc Ricau | – Board Member and Secretary |
| 5. Philippe Béguin | – Board Member |
| 6. Bénédicte David | – Board Member |
| 7. Bartosz Dobrzyński | – Independent Board Member |
| 8. Clarisse Heriard Dubreuil | – Board Member |
| 9. John Russell Houlden | – Independent Board Member and Chairman of the Audit Committee |
| 10. Monika Nachyła | – Independent Board Member |
| 11. Maria Pasło-Wiśniewska PhD | – Independent Board Member and Chairwoman of the Remuneration Committee |
| 12. Wioletta Rosołowska | – Independent Board Member |
| 13. Jean-Michel Thibaud | – Board Member |
| 14. Jean-Marc Vignolles | – Board Member and Chairman of the Strategy Committee |

On 14 February 2023, Ramon Fernandez resigned from his position on the Supervisory Board.

On 29 June 2023, the mandates of John Russell Houlden and Patrice Lambert-de Diesbach expired.

On the same day, the Annual General Meeting appointed the following persons: Clarisse Heriard Dubreuil, John Russell Houlden and Laurent Martinez to the Supervisory Board for a new term of office.

As at 30 June 2023, Orange Polska had five independent Members on the Supervisory Board, namely Bartosz Dobrzyński, John Russell Houlden, Monika Nachyła, Maria Pasło-Wiśniewska PhD and Wioletta Rosołowska.

Composition of the Committees of the Supervisory Board on 30 June 2023:

The Audit Committee

1. John Russell Houlden – Chairman
2. Bartosz Dobrzyński
3. Monika Nachyła
4. Marc Ricau
5. Jean-Michel Thibaud

The Audit Committee is chaired by Mr. John Russell Houlden, an independent Member of the Supervisory Board. He has relevant experience and qualifications in finance, accounting and audit.

The Remuneration Committee

1. Maria Pasło-Wiśniewska PhD – Chairwoman
2. Bénédicte David
3. Bartosz Dobrzyński
4. Marc Ricau

The Strategy Committee

1. Jean-Marc Vignolles – Chairman
2. Philippe Béguin
3. Bénédicte David
4. Bartosz Dobrzyński
5. Monika Nachyła
6. Maria Pasło-Wiśniewska PhD
7. Wioletta Rosołowska

Mr. Maciej Witucki, Chairman of the Supervisory Board, and Mr. John Russell Houlden, Independent Board Member and Chairman of the Audit Committee, participate in the meetings of the Strategy Committee on a permanent basis.

Below, is the list of the Members of Orange Polska Supervisory Board and Management Board together with the Annual General Meetings on which their mandates expire.

Management Board	Year of AGM
Jolanta Dudek – Vice President	2024
Bożena Leśniewska – Vice President	2024
Witold Drożdż	2024
Piotr Jaworski	2024
Jacek Kowalski	2026
Jacek Kunicki	2026
Maciej Nowohoński	2026

Supervisory Board	Year of AGM
Maciej Witucki – Chairman	2025
Marie-Noëlle Jégo-Laveissière – Deputy Chairman	2024
Laurent Martinez – Deputy Chairman	2026
Marc Ricau – Secretary	2025
Philippe Béguin	2024
Bénédicte David	2024
Bartosz Dobrzyński	2025
Clarisse Heriard Dubreuil	2026
John Russell Houlden	2026
Monika Nachyła	2025
Maria Pasło-Wiśniewska	2024
Wioletta Rosołowska	2024
Jean-Michel Thibaud	2025
Jean-Marc Vignolles	2024

5.5.1 Orange Polska Shares Held by Persons Who Manage or Supervise Orange Polska

Managing Persons

As of 25 July 2023:

- Ms. Jolanta Dudek, Management Board Member, held 8,474 shares of Orange Polska S.A.;
- Mr. Piotr Jaworski, Management Board Member, held 673 shares of Orange Polska S.A.; and
- Mr. Maciej Nowohoński, Management Board Member, held 25,000 shares of Orange Polska S.A.

Other Members of the Management Board did not hold any shares of Orange Polska S.A. as of 25 July 2023.

Shares held in related entities:

Julien Ducarroz	3,154 shares of Orange S.A. of par value of EUR 4 each
Jolanta Dudek	4,951 shares of Orange S.A. of par value of EUR 4 each
Bożena Leśniewska	4,951 shares of Orange S.A. of par value of EUR 4 each
Witold Drożdż	4,475 shares of Orange S.A. of par value of EUR 4 each
Piotr Jaworski	5,121 shares of Orange S.A. of par value of EUR 4 each
Jacek Kowalski	5,221 shares of Orange S.A. of par value of EUR 4 each
Jacek Kunicki	2,635 shares of Orange S.A. of par value of EUR 4 each
Maciej Nowohoński	4,475 shares of Orange S.A. of par value of EUR 4 each

Supervising Persons

As of 25 July 2023, no persons supervising Orange Polska S.A. held any shares in the Company.

Shares held in related entities:

Marie-Noëlle Jégo-Laveissière	13,224 shares of Orange S.A. of par value of EUR 4 each
Marc Ricau	2,239 shares of Orange S.A. of par value of EUR 4 each
Bénédicte David	2,024 shares of Orange S.A. of par value of EUR 4 each
Jean-Michel Thibaud	640 shares of Orange S.A. of par value of EUR 4 each

5.5.2 General Meeting of Shareholders

On 29 June 2023, the Annual General Meeting of Shareholders among others:

- approved the Management Board's Report on the activity of Orange Polska Group and Orange Polska S.A. in the financial year 2022;
- approved Orange Polska S.A.'s financial statements for 2022;
- approved the consolidated financial statements of Orange Polska Group for 2022;
- granted approval of the performance of their duties by members of Orange Polska S.A.'s governing bodies in the financial year 2022;
- adopted a resolution on distribution of profit for the financial year 2023, pursuant to which Orange Polska S.A.'s profit of PLN 756,729,492.64 disclosed in the Company's financial statements for 2022 was allocated in the following manner:
 - 1) PLN 459,325,117.65 for a dividend (the amount of dividend was PLN 0.23 for each entitled share),
 - 2) PLN 15,134,589.85 to the reserve capital referred to in Article 30(3) of the Articles of Association,
 - 3) PLN 282,269,785.14 to the reserve capital;
- approved the Supervisory Board's Report for the financial year 2022;
- expressed a positive opinion on the annual report on remuneration prepared by the Supervisory Board.

5.6 Workforce

As of 30 June 2023, Orange Polska Group employed 9,554 people (in full-time equivalents; including NetWorkSI!), which is a decrease of 6.1% compared to the end of June 2022.

Orange Polska's workforce reduction was mainly a result of the implementation of the Social Agreement for the years 2022–2023. Pursuant to the Social Agreement, 760 employees left the Company in 2022 and 239 employees left in the first six months of 2023. Severance pay in Orange Polska S.A. averaged PLN 87.7 thousand per employee leaving under the Social Agreement in the first half of 2023.

In the first six months of 2023, external recruitment in Orange Polska totalled 282 people (including NetWorkSI!). It was mainly related to sale and customer service positions in Orange Polska S.A.

5.6.1 Social Agreement

On 7 December 2021, the Management Board of Orange Polska S.A. signed the Social Agreement for 2022–2023 with the Social Partners. Furthermore, the Settlement determining the detailed procedures for the implementation of the Social Agreement for 2022–2023 in 2022 was concluded.

In particular, the Social Agreement for 2022–2023 sets the number of voluntary departures over those two years at 1,400 people and determines a financial package for employees leaving Orange Polska under the voluntary departure scheme. It also provides for potential base salary increases (4% in 2022 and not less than 4% in 2023) and the amount of additional compensation for employees who will reach retirement age in the next four years, while specifying the position and role of internal mobility in supporting an allocation programme. To employees whose contracts are to be terminated by the employer, the Social Agreement offers participation in an outplacement programme. In addition, the Social Agreement for 2022–2023 provides for initiatives for a friendly work environment and continuation of medical coverage. Orange Polska S.A. also undertook to support its employees in professional upskilling and development of new competences, including those of the future, in line with the adopted .Grow strategy.

The negotiated Settlement set the quota of departures in 2022 at 760, and determined the terms of voluntary departures as well as the amount of severance pay and additional compensation for employees leaving Orange Polska in 2022. The Settlement also specified the principles and criteria to be applied by the employer in the process of selecting people whose employment would be terminated through no fault of the employee. The amount of compensation package per departing employee was to depend on their corporate seniority determined in accordance with the Intragroup Collective Labour Agreement for the Employees of Orange Polska S.A.

On 19 October 2022, a Settlement was concluded with the Social Partners, which determines the detailed procedures for the implementation of the Social Agreement for 2022–2023 in 2023. It sets the quota of departures at 640 and determines the terms of voluntary departures. The limit for 2023 is a part of the aggregate two-year limit of departures set in the Social Agreement for 2022–2023. The amount of severance pay and additional compensation for employees departing in 2023 are to be consistent with the provisions of the Social Agreement for 2022–2023. Furthermore, the Settlement for 2023 specifies the principles and criteria to be applied by the employer in the process of selecting employees whose employment will be terminated through no fault of the employee. The amount of compensation package per departing employee will depend on their corporate seniority in accordance with the Intragroup Collective Labour Agreement for the Employees of Orange Polska S.A.

Furthermore, on 19 October 2022, Orange Polska S.A. concluded an Arrangement with trade unions, which sets the principles of base salary increases in 2023 for the Company's employees covered by the Intragroup Collective Labour Agreement, as well as a Settlement, which introduced new pay ranges from 1 January 2023. The Arrangement for 2023 determines the funds to be allocated to base salary increases at a rate of 5.0%. The pay increases will be effected on 1 August 2023 and will cover at least 50% of all employees.

Adapting to the market conditions, Orange Polska also increased its minimum gross base salary from PLN 3,000 to PLN 3,700.

CHAPTER IV

KEY RISK FACTORS

6 RISK MANAGEMENT FRAMEWORK IN ORANGE POLSKA

The Risk Management System and corporate risks identified by Orange Polska are described in the annual Management Board's Report on the Activity for the Year Ended 31 December 2022.

The long-standing war in Ukraine has deeply transformed the setting in which Orange Polska conducts its telecommunications business and continues to be a source of major uncertainty. Although the war itself does not currently pose a direct danger, it may trigger new risks for the Group's business:

- Attacks and cyber-attacks on the vital infrastructure of Poland as a NATO country;
- Decrease in network capacity due to increased traffic (voice and data) to and from eastern part of Poland.

The war in this neighbouring country may impact performance of Orange Polska and other telco operators in Poland as a result of direct and physical attacks or cyberattacks on infrastructure elements or applications. The rapid and huge increase in traffic generated near the eastern border by a great number of refugees may decrease network capacity and hinder provision of telecommunication services in this part of the country.

Incident response teams in Orange Polska monitor the whole traffic, including cyber incidents, around the clock to react to each threat adequately.

To assure seamless provision of telecommunication services, Orange Polska adjusts its network parameters to increased traffic.

CHAPTER V STATEMENTS

7 STATEMENTS OF THE MANAGEMENT BOARD

7.1 Statement on Adopted Accounting Principles

Orange Polska S.A. Management Board, composed of:

1. Julien Ducarroz – President of the Board
2. Jolanta Dudek – Vice President in charge of Consumer Market
3. Bożena Leśniewska – Vice President in charge of Business Market
4. Witold Drożdż – Board Member in charge of Strategy and Corporate Affairs
5. Piotr Jaworski – Board Member in charge of Networks and Technology
6. Jacek Kowalski – Board Member in charge of Human Capital
7. Jacek Kunicki – Board Member in charge of Finance, Chief Financial Officer
8. Maciej Nowohoński – Board Member in charge of Carriers Market and Real Estate Sales

hereby confirms that according to their best knowledge the Condensed Interim Consolidated Financial Statements and comparable data have been drawn up in compliance with the accounting regulations in force and reflect the Group's property, financial standing and financial result in an accurate, reliable and transparent manner.

This Management Board's Report provides accurate depiction of the development, achievements and standing of the Orange Polska Group, including the description of major threats and risks.

7.2 Statement on Appointment of the Licensed Auditor of the Group's Consolidated Financial Statements

Orange Polska S.A. Management Board hereby declares that the licensed auditor to review the Condensed Interim Consolidated Financial Statements has been appointed in compliance with the relevant regulations and that both the auditor and the chartered accountants carrying out the review meet the requirements to develop an impartial and independent report on the reviewed financial statements in compliance with the relevant regulations and professional standards.

7.3 Management Board's Position as to the Achievement of the Previously Published Financial Projections for the Given Period

The Group's guidance for the year 2023 was published in the current report 5/2023 on 15 February 2023. Considering the results achieved during the 6 months ended 30 June 2023, the Management Board of Orange Polska S.A. has increased EBITDAaL and revenue guidance. It now expects EBITDAaL to grow by a low single digit versus flat/low single digit growth previously, and revenue to grow by a low-to-mid single digit versus low single digit growth previously. More favourable EBITDAaL and revenue outlook stems from strong results in the first half of 2023, driven by excellent core business performance. In the first half of 2023, revenues increased 6.3% year-on-year, while EBITDAaL increased 4.3% year-on-year. At the same time, the Management Board has maintained the guidance for economic capital expenditures (in the range of PLN 1.5–1.7 billion). The Management Board will closely monitor Group's performance on a current basis.

GLOSSARY

4G/LTE – Fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)

5G – Fifth generation of mobile technology, which is the successor to the 4G mobile network standard

ARPO – Average Revenues per Offer

AUPU – Average Usage per User

BSA – Bitstream Access Offer

CATV – Cable Television

Churn rate – The number of customers who disconnect from a network divided by the weighted average number of customers in a given period

Convergent services – Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTH or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues

Core telecom services – Convergence, mobile-only and broadband-only services

EBITDAaL – EBITDA after leases, key measure of operating profitability used by management (for definition please refer to the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group)

eCapex – Economic Capex, key measure of resources allocation used by management (for definition please refer to the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group)

FBB – Fixed Broadband

FTE – Full time equivalent

Fibre – Fixed broadband access network based on FTTH (Fibre To The Home) / DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100 Mbps

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

HHC (Households connectable) in fibre technology – Households where broadband access service based on fibre technology can be rendered

ICT – Information and Communication Technologies

IP TV – TV over Internet Protocol

Liquidity ratio – Cash and unused credit lines divided by debt to be repaid in the next 18 months

M2M – Machine to Machine, telemetry

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

MTR – Mobile Termination Rates

MVNO – Mobile Virtual Network Operator

Net gearing – Net gearing after hedging ratio = net debt after hedging / (net debt after hedging + shareholders' equity)

Organic Cash Flow – Key measure of cash generation used by management (for definition please refer to the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group)

PPA – Power purchase agreement

RAN agreement – Agreement on reciprocal use of radio access networks

ROCE – Return on capital employed = EBIT (ex. extraordinary items) / (Average net debt + Shareholders Equity)

SIMO – Mobile SIM-only offers without devices

UKE – Urząd Komunikacji Elektronicznej (Office of Electronic Communications)

UOKiK – Urząd Ochrony Konkurencji i Konsumentów (Office for Competition and Consumer Protection)

VDSL – Very high bit-rate Digital Subscriber Line

VoIP – Voice over Internet Protocol

Wireless for fixed – LTE broadband access offers dedicated to use within the Home/Office Zone, consisting of a fixed router (Home Zone) plus large or unlimited data packages, which are a substitute for fixed broadband