

ORANGEPL

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POLISH FINANCIAL SUPERVISION AUTHORITY  
**Annual report RR for the year 2023**  
(year)

(according to par. 60 s. 1 pkt 3 of the Decree on current and periodic information)  
for the issuers in sectors of production, construction, trade or services  
(type of issuer)

for the year **2023**, i.e. from **1 January 2023 to 31 December 2023**  
including, separate financial statements prepared under: **IAS**  
in currency: **PLN**

date of issuance: **14 February 2024**

**ORANGE POLSKA SA**

(full name of issuer)

**ORANGEPL**

(abbreviated name of the issuer)

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(post code)

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(e-mail)

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(NIP)

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(LEI)

**Telecommunication (tel)**

(classification according to WSE/sector)

**Warsaw**

(location)

**160**

(number)

**22 527 23 41**

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**www.orange.pl**

(www)

**012100784**

(REGON)

**0000010681**

(KRS)

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

SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	2023	2022	2023	2022
I. Revenue	11,153,000	10,675,000	2,462,901	2,276,945
II. Operating income	1,145,000	1,174,000	252,849	250,411
III. Profit before income tax	960,000	920,000	211,995	196,233
IV. Net income	782,000	757,000	172,688	161,466
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.60	0.58	0.13	0.12
VI. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VII. Total comprehensive income	454,000	1,123,000	100,256	239,532
VIII. Net cash provided by operating activities	3,464,000	2,855,000	764,950	608,963
IX. Net cash used in investing activities	(2,045,000)	(1,963,000)	(451,594)	(418,702)
X. Net cash used in financing activities	(1,612,000)	(863,000)	(355,976)	(184,075)
XI. Net change in cash and cash equivalents	(193,000)	29,000	(42,620)	6,186
	<b>Balance as at 31/12/2023</b>	<b>Balance as at 31/12/2022</b>	<b>Balance as at 31/12/2023</b>	<b>Balance as at 31/12/2022</b>
XII. Total current assets	3,580,000	3,941,000	823,367	840,317
XIII. Total non-current assets	21,920,000	21,338,000	5,041,398	4,549,777
XIV. Total assets	25,500,000	25,279,000	5,864,765	5,390,094
XV. Total current liabilities	5,980,000	4,799,000	1,375,345	1,023,263
XVI. Total non-current liabilities	7,045,000	8,017,000	1,620,285	1,709,418
XVII. Total equity	12,475,000	12,463,000	2,869,135	2,657,413
XVIII. Share capital	3,937,000	3,937,000	905,474	839,464

The statement of financial position data as at 31 December 2023 and 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 years ended 31 December 2023 and 2022, were translated into EUR at an 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 years ended 31 December 2023 and 2022.

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

1 EUR	31 December 2023	31 December 2022
Statement of financial position	4.3480 PLN	4.6899 PLN
Income statement, statement of comprehensive income, statement of cash flows	4.5284 PLN	4.6883 PLN



## **Dear Shareholders**

I have the great pleasure to announce that 2023 was another successful year for Orange Polska. Our financial results were strong across the board and we delivered on all our objectives. We expect to sustain good momentum in 2024 following our priorities aligned with the .Grow strategy.

## **Strong 2023 performance underscores the success of the .Grow strategy**

In 2023 our business has, once again, demonstrated its strong fundamentals. We increased our revenues, profits, cash generation and improved return on capital employed. Key to a more than 3% EBITDAaL growth was a strong performance by all key business lines fuelled by our commercial value strategy. It was essential to mitigate the heavy impact of inflation on our costs. ARPO growth in all key subscription services accelerated and was coupled with healthy growth of customer bases: this confirms that customers appreciate the qualities of our multi-service offer. We are satisfied with these results especially when we take into account a more intensive competition in fibre and convergence. This is a consequence of more and more infrastructure being provided by FiberCos that are open for retail competition. This change requires us to be agile and innovative in our marketing strategies to be able to meet our ambitious commercial goals. I am pleased to say that the results we achieved last year confirm that we are well on track to deliver on our objectives as set in the .Grow strategy.

## **New mobile spectrum to provide significant benefits to our business**

We are very pleased to have finally secured a licence for 100MHz wide block in the C-band spectrum. This almost doubled our total mobile spectrum resources. As of January 2024, more than 1,000 base stations were already available for our customers operating on this spectrum in 5G technology. Its benefits to our business will unroll over a number of years. It is a capacity spectrum so, first of all, we now have much greater resources to carry ever-growing data traffic on our network. This contributes to an increase in capex efficiency. As we are now able to offer higher data packages to our customers, it will also support our commercial more-for-more strategy. Over the mid and long term 5G technology will open a whole array of new opportunities mainly for business customers. These opportunities will be an important topic in our next strategic period.

## **Leveraging digital tools to be more effective and better serve our customers**

Digital is one of the key enablers for our transformation. It allows us to respond to customer needs more quickly and effectively, and at the same time it makes us leaner and more efficient. We are developing an advanced big-data driven marketing platform to better tailor offers for specific customer groups. This will translate into more services sold, increased customer loyalty and more revenues. Over the past two years we increased sales through digital channels by 25% boosting the digital share in total sales to 20%. The key enabler of this growth is the My Orange application which we are constantly improving to boost its usefulness for customers. The application's customer usage numbers increased by more than 50% in the past two years. In 2023 we massively boosted the adoption of robots to automate our processes. It allows us to save costs and reallocate our human resources from repetitive jobs to more creative tasks. Within the .Grow strategy we defined key competencies which will help to upskill and reskill our teams. In the past two years more than 70% of all employees took part in online trainings in Big Data&AI and in cybersecurity. Despite progress already made we see much greater potential in digital, for example through the use of generative AI, which we are testing in first-use cases.

## **CO2 emissions significantly reduced, social programs on track**

Last year was a very successful one for the responsibility pillar of our .Grow strategy. Reduction of our CO2 emissions significantly accelerated as we benefitted from a portfolio of contracts for renewable energy. Versus reference year 2015 they were lower by 79%. We have met our 2025 strategic goal two years in advance. The share of renewable energy in our mix increased to 74% from 12% in 2022. We have also increased our focus on scope 3 CO2 emissions. However as these emissions are largely not in our hands this is a more difficult task. As part of our actions related to the circular economy, over the past three years we have collected and refurbished around 1.5 million devices and handsets. As part of our busy social agenda, in 2023 we completed a 3-year Lesson: Enter program, in which more than 80,000 Polish teachers enhanced their digital skills. We have continued our education programmes for children and seniors aimed at reducing their socio-digital exclusion.

**2024 completing the .Grow strategy**

Poland's macroeconomic backdrop is expected to improve in 2024. From a recession-like dynamic of 0.2% in 2023, GDP growth is forecast to improve to around 3%, according to current market consensus. There are prospects for unblocking of EU funds which should stimulate business activity and our IT and integration services project pipeline. We are pleased that inflation fell to the mid-single digit level and is expected to stay at these levels in 2024.

We expect 2024 to be another year of growth for Orange Polska. Our priorities will be aligned with the goals of the strategy. We will focus on execution of the our proven commercial strategy and we will accelerate rollout of the 5G network. We will also continue to transform our business to make it more efficient especially that inflation will further be a headwind to our costs. I am confident in the strength of our assets and our execution capabilities. 2024 will be the last year of implementation of the .Grow strategy. We are determined to reach all its objectives and we use this time to work on a new strategic plan which I am sure will be a platform for us to further increase shareholder value.

Liudmila Climoc  
President of the Management Board and CEO  
Orange Polska S.A.

*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

## To the General Shareholders' Meeting and Supervisory Board of Orange Polska S.A.

### Report on the Audit of the Annual Separate Financial Statements

#### Opinion

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

- the statement of financial position as at 31 December 2023;
- and, for the financial year from 1 January to 31 December 2023:

- the statement of profit or loss;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;

and

- notes, comprising a summary of material accounting policies and other explanatory information (the "separate financial statements").

In our opinion, the accompanying separate financial statements of the Entity:

- give a true and fair view of the unconsolidated financial position of the Entity as at 31 December 2023 and of its unconsolidated financial performance and its unconsolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS EU") and the adopted accounting policy;
- comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Entity's articles of association;
- have been prepared, in all material respects, on the basis of properly maintained accounting records in accordance with chapter 2 of the accounting act dated 29 September 1994 (the "Accounting Act").

Our audit opinion on the separate financial statements is consistent with our report to the Audit Committee dated 14 February 2024.

## Basis for Opinion

We conducted our audit in accordance with:

- International Standards on Auditing as adopted by the National Council of Statutory Auditors as National Standards on Auditing (the “NSA”);
- the act on statutory auditors, audit firms and public oversight dated 11 May 2017 (the “Act on statutory auditors”);
- regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the “EU Regulation”) and
- other applicable laws.

Our responsibilities under those standards and regulations are further described in the Auditor’s Responsibility for the Audit of the Separate Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence and Ethics

We are independent of the Entity in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) as adopted by the resolution of the National Council of Statutory Auditors, together with the ethical requirements that are relevant to our audit of the separate financial statements in Poland and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During our audit the key statutory auditor and the audit firm remained independent of the Entity in accordance with requirements of the Act on statutory auditors and the EU Regulation.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. They are the most significant assessed risks of material misstatements, including those due to fraud. Key audit matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon we have summarised our response to those risks. We do not provide a separate opinion on these matters. We have determined the following key audit matters:

### Revenue from contracts with customers

*Revenue from contracts with customers for the year ended 31 December 2023: PLN 11,012 million.*

*As at 31 December 2023, trade receivables: PLN 2,307 million; contract assets: PLN 152 million; contract costs: PLN 574 million; contract liabilities: PLN 1,683 million.*

*We refer to the separate financial statements: note 6 and 35.9 “Revenue”, note 14 “Assets and liabilities relating to contracts with customers”, note 35.1 „Use of estimates and judgment”.*

#### Key audit matter

In the year ended 31 December 2023, the Entity’s principal revenue streams included provision of fixed, mobile and convergent telecommunication services, as well as IT and integration services and sales of equipment.

#### Our response

Our audit procedures, performed, where applicable, with the assistance from our own information technology audit specialists, included, among other things:

<p>Application of revenue recognition principles of the relevant financial reporting standard (IFRS 15 <i>Revenue from contracts with customers</i>) is complex and requires making significant judgments and complex assumptions. In the Entity's circumstances, these complexities are primarily associated with the fact that:</p> <ul style="list-style-type: none"> <li>• different products and services within the above revenue streams can have different patterns of revenue recognition - these may include recognizing revenue at a point in time or over time (on a straight-line basis or using a revenue recognition pattern linked to subscriber numbers); and</li> <li>• various products and services are regularly contracted within a single arrangement (primarily as relates to (i) the sales of handsets accompanied by a subscription plan (ii) sales of IT services together with network services and equipment and (iii) sales of data transfer together with voice and text messaging services. Given the requirement of IFRS 15 to unbundle multiple elements within complex contractual arrangements for purposes of revenue recognition, significant judgment is required in determining separate performance obligations within such arrangements and allocating total arrangement consideration among them.</li> </ul> <p>In addition, complex billing systems are used to process and record high volume of individually low-value transactions. Due to that fact, and also in view of ever-changing pricing models and tariff structures, the existence, accuracy and completeness of revenue amounts recognized is an inherent industry risk.</p> <p>In view of the above-mentioned factors, satisfying ourselves as to the revenue amounts in the separate financial statements required our increased attention in the audit, and as such was considered by us to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Updating our understanding of the Entity's revenue recognition process, and re-assessing the appropriateness of its revenue recognition policy for all material products and services, against the requirements of the relevant financial reporting standards;</li> <li>• Testing the selected controls within the revenue recognition process (including the billing systems), such as, among other things, those over access rights, pricing data, rate changes and segregation of duties;</li> <li>• For the revenue transactions (principal revenue streams) recognized in the current year, on a sample basis: <ul style="list-style-type: none"> <li>– Tracing the revenue amounts to corresponding customer billings and underlying contracts;</li> <li>– Challenging the adjustments posted to the recognized revenue amounts to account for e.g. incentives (such as rebates and handset subsidies) and activation fees, by reference to underlying contracts and stand-alone selling prices of the promised goods and services;</li> <li>– For service transactions, assessing whether the revenue tested was recognized in the appropriate period by reference to the date of service;</li> <li>– Tracing customer billings to cash received from customers.</li> </ul> </li> <li>• For a sample of equipment sales transactions recognized close to the end of the reporting period, assessing whether revenue was recognised in the correct period, by reference to the date of the goods control transfer (as per contractual trading terms and evidence such as proof of delivery or confirmation of receipt).</li> <li>• Inspecting high-risk journal entries posted to revenue accounts and tracing those to the underlying documentation, in order to assess the accuracy of the amounts recognized as well as the rationale for the transactions;</li> <li>• For a sample of invoices included within trade receivables from corporate customers, independently obtaining confirmations of the amounts due as at the reporting date and seeking explanations for any significant differences. For non-responses, performing alternative procedures, primarily by tracing</li> </ul>
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	<p>the amounts outstanding to subsequent cash receipts, sales invoices and related contracts;</p> <ul style="list-style-type: none"> <li>Examining whether the Entity's revenue recognition-related disclosures in the separate financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.</li> </ul>
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## Impairment of goodwill

*As at 31 December 2023, carrying amount of goodwill: PLN 2,014 million; related impairment losses for the year then ended: nil.*

*We refer to the separate financial statements: note 9 "Impairment test", note 10 "Goodwill", note 35.1 „Use of estimates and judgment", note 35.12 "Goodwill".*

Key audit matter	Our response
<p>As discussed in Note 10 "Goodwill", the Entity carried goodwill at PLN 2,014 million as at 31 December 2023. Pursuant to the relevant provisions of the financial reporting standards, annual impairment testing is required for cash generating units (CGUs) to which goodwill has been allocated. As disclosed in Note 9, based on its current year's test, the Entity did not recognize any impairment in respect of its CGU containing goodwill.</p> <p>Management Board uses judgment in allocating goodwill and other non-current assets to CGUs for the annual impairment test purposes. A complex model is applied in the test, relying on adjusted historical performance, and a range of internal and external sources of inputs to the assumptions. Significant judgment is also required in making key forward-looking assumptions applied in the model, including:</p> <ul style="list-style-type: none"> <li>forecast cash flows and growth rates – based on the assessment of future market developments and economic events. Particular estimation uncertainty is associated with forecasting future revenue and capital expenditure;</li> <li>discount rate – judgment is required in building up a discount rate that appropriately reflects the risks associated with the cash flows of the CGU being tested for impairment.</li> </ul>	<p>Our audit procedures, performed, where applicable, with the assistance from our own valuation specialists, included, among other things:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the Entity's value-in-use model applied to perform the annual impairment test, against the relevant requirements of the financial reporting standards. As part of the procedure, we assessed whether the approach applied to projecting cash flows within the model is appropriate (the traditional approach vs. expected cash flow approach);</li> <li>Testing selected internal controls within the impairment testing process, including those over the data used in the test and over the validation and approval of the test assumptions and outcomes;</li> <li>Assessing asset grouping into CGUs, based on our understanding of the Entity's operations, product and service deliverables, and business units;</li> <li>Evaluating the quality of the Entity's forecasting by comparing historical projections with actual outcomes;</li> <li>Assessing, through inquiry of the Management Board members and evaluation of management's internal financial reports and updated strategic plan, the effects of the current geopolitical instability, market volatility and economic uncertainty on the</li> </ul>



<p>Complex models using forward-looking assumptions tend to be prone to greater risk of management bias, error and inconsistent application. These conditions necessitate our additional attention in the audit, in particular to address the objectivity, relevance and reliability of sources used for assumptions, and their consistent application. In addition, the Entity's impairment model is sensitive to even small changes in the assumptions, which drives additional audit effort, in particular in the current volatile economic environment.</p> <p>Due to the above factors, we considered this area to be a key audit matter.</p>	<p>Entity's operations and the results thereof in the current year and prospectively;</p> <ul style="list-style-type: none"> <li>• Using our knowledge of the Entity, its past performance, business and customers, and our industry experience, challenging significant impairment model assumptions. As part of the procedure we: <ul style="list-style-type: none"> <li>– Challenged the discount rate used, by reference to publicly available market data, adjusted by risk factors specific to the Entity and its industry, and considering the composition of the forecast cash flows in the test;</li> <li>– Traced the forecast cash flows in the impairment model to Management Board-approved budgets;</li> <li>– Assessed the reasonableness of the assumptions relating to future revenue, operating expenses and capital expenditure, by reference to market analyses, as considered relevant, and the Entity's internal documents, such as the approved budgets and strategic plan;</li> <li>– Checked the assumed growth rate by reference to the Entity's past performance, its approved budget and strategy, and our experience regarding the feasibility of these in the economic environment in which it operates.</li> </ul> </li> <li>• Considering the sensitivity of the impairment model to changes in key assumptions, such as forecast growth rates and discount rates, to identify the assumptions at higher risk of bias or inconsistency in application.</li> <li>• Assessing impairment-related disclosures in the separate financial statements against the requirements of the financial reporting standards.</li> </ul>
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## Responsibility of the Management Board and Supervisory Board of the Entity for the Separate Financial Statements

The Management Board of the Entity is responsible for the preparation, on the basis of properly maintained accounting records, of separate financial statements that give a true and fair view in accordance with IFRS EU, the adopted accounting policy, the applicable laws and the provisions of the Entity's articles of association and for such internal control as the Management Board of the Entity determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Management Board of the Entity is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of

the Entity either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

According to the Accounting Act, the Management Board and members of the Supervisory Board of the Entity are required to ensure that the separate financial statements are in compliance with the requirements set forth in the Accounting Act. Members of the Supervisory Board of the Entity are responsible for overseeing the Entity's financial reporting process.

### **Auditor's Responsibility for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

The scope of audit does not include assurance on the future viability of the Entity or on the efficiency or effectiveness with which the Management Board of the Entity has conducted or will conduct the affairs of the Entity.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Entity;
- conclude on the appropriateness of the Management Board of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report on the audit of the separate financial statements to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report on the audit of the separate financial statements. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee of the Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee of the Entity with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the Entity, we determine those matters that were of most significance in the audit of the separate financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditors' report on the audit of the separate financial statements unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Information

The other information comprises:

- the letter of the President of the Management Board;
- the selected financial data;
- the report on the activity of the Orange Polska Group, including Orange Polska S.A. for the year ended 31 December 2023 (the "report on activity"), including:
  - the corporate governance statement and the statement on non-financial information referred to in art. 55 paragraph 2b of the Accounting Act,
  - the statement of the Management Board regarding the preparation of the separate financial statements and report on activity;
  - the Management Board's information regarding the appointment of the audit firm;

which are separate parts of the report on activity;

- the statement of the Supervisory Board regarding the Audit Committee; and
- the Supervisory Board's assessment of the separate financial statements of Orange Polska S.A., the consolidated financial statements of Orange Polska Group and the report on activity

(together the "other information").

### *Responsibility of the Management Board and Supervisory Board*

The Management Board of the Entity is responsible for the other information in accordance with applicable laws.

The Management Board and members of the Supervisory Board of the Entity are required to ensure that the report on activity, including each of its separate parts, is in compliance with the requirements set forth in the Accounting Act.

### *Auditor's Responsibility*

Our opinion on the separate financial statements does not cover the other information.

In connection with our audit of the separate financial statements, our responsibility was to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

In accordance with the Act on statutory auditors our responsibility was to report if the report on activity was prepared in accordance with applicable laws and the information given in the report on activity is consistent with the separate financial statements.

Moreover, in accordance with the requirements of the Act on statutory auditors our responsibility was to report whether the Entity included in the statement on corporate governance the information required by the applicable laws and regulations, and in relation to specific information indicated in those laws or regulations, to determine whether it complies with the applicable laws and is consistent

with the separate financial statements and to inform whether the Entity prepared a statement on non-financial information.

The letter of the President of the Management Board, the selected financial data and report on activity were made available for us before the date of this auditor's report and the statement of the Supervisory Board regarding the Audit Committee and Supervisory Board's assessment of the separate financial statements of Orange Polska S.A., the consolidated financial statements of Orange Polska Group and the report on activity are expected to be made available for us after this date. If we conclude that there is a material misstatement therein, we are required to communicate this matter to the Supervisory Board of the Entity.

#### *Opinion on the Report on Activity*

Based on the work undertaken in the course of our audit of the separate financial statements, in our opinion, the accompanying report on activity, in all material respects:

- has been prepared in accordance with applicable laws, and
- is consistent with the separate financial statements.

#### *Opinion on the Statement on Corporate Governance*

In our opinion, the corporate governance statement, which is a separate part of the report on activity, includes the information required by paragraph 70 subparagraph 6 point 5 of the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (the "decree").

Furthermore, in our opinion, the information identified in paragraph 70 subparagraph 6 point 5 letter c-f, h and letter i of the decree, included in the corporate governance statement, in all material respects:

- has been prepared in accordance with applicable laws; and
- is consistent with the separate financial statements.

#### *Information about the Statement on Non-financial Information*

In accordance with the requirements of the Act on statutory auditors, we report that the Entity has prepared a statement on non-financial information referred to in art. 49b paragraph 1 of the Accounting Act as a separate part of the report on activity.

We have not performed any assurance procedures in relation to the statement on non-financial information and, accordingly, we do not express any assurance conclusion thereon.

#### *Statement on other Information*

Furthermore, based on our knowledge about the Entity and its environment obtained in the audit of the separate financial statements, we have not identified material misstatements in the report on activity and the other information.

## **Report on Other Legal and Regulatory Requirements**

### **Statement on Services Other than Audit of the Financial Statements**

To the best of our knowledge and belief, we did not provide prohibited non-audit services referred to in Art. 5 paragraph 1 second subparagraph of the EU Regulation and Art. 136 of the act on statutory auditors.

Services other than audit of the financial statements, which were provided to the Entity in the audited period are listed in point 8.2 of the report on activity.

## Appointment of the Audit Firm

We have been appointed for the first time to audit the annual separate financial statements of the Entity by resolution of the Supervisory Board dated 19 March 2020. Our period of total uninterrupted engagement is 3 years, covering the periods ended 31 December 2021 to 31 December 2023.

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

*Member of the Management Board of KPMG*

*Audyt Sp. z o.o., entity which is the General*

*Partner of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.*

Warsaw, 14 February 2024

**ORANGE POLSKA S.A.**

**IFRS SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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February 14, 2024

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## INCOME STATEMENT

(in PLN millions, except for earnings per share)

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Revenue</b>	<b>6</b>	<b>11,153</b>	<b>10,675</b>
External purchases	7.1	(6,246)	(5,889)
Labour expense	7.2	(1,337)	(1,259)
Other operating expense	7.3	(495)	(522)
Other operating income	7.3	631	602
Impairment of receivables and contract assets	19	(84)	(60)
Gains on disposal of fixed assets	8	140	128
Employment termination expense	16	(77)	5
Depreciation and impairment of right-of-use assets	13.1	(567)	(479)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	11,12	(1,973)	(2,027)
<b>Operating income</b>		<b>1,145</b>	<b>1,174</b>
Dividend income	19	35	34
Interest income	19	89	96
Interest expense on lease liabilities	19	(137)	(93)
Other interest expense and financial charges	19	(154)	(192)
Discounting expense	19	(54)	(80)
Foreign exchange gains/(losses)	19	36	(19)
<b>Finance costs, net</b>		<b>(185)</b>	<b>(254)</b>
Income tax	28.1	(178)	(163)
<b>Net income</b>		<b>782</b>	<b>757</b>
<b>Earnings per share (in PLN) (basic and diluted)</b>	<b>35.5</b>	<b>0.60</b>	<b>0.58</b>
Weighted average number of shares (in millions)	29.1	1,312	1,312

## STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Net income</b>		<b>782</b>	<b>757</b>
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gains/(losses) on post-employment benefits	18.1	(8)	5
Income tax relating to items not to be reclassified		2	(1)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gains/(losses) on cash flow hedges	25	(397)	451
Losses on receivables at fair value through other comprehensive income		(1)	(3)
Income tax relating to items that may be reclassified		76	(86)
<b>Other comprehensive income/(loss), net of tax</b>		<b>(328)</b>	<b>366</b>
<b>Total comprehensive income</b>		<b>454</b>	<b>1,123</b>

## STATEMENT OF FINANCIAL POSITION

(in PLN millions)

	Note	At 31 December 2023	At 31 December 2022
<b>ASSETS</b>			
Goodwill	10	2,014	2,014
Other intangible assets	11	4,340	3,972
Property, plant and equipment	12	9,831	9,671
Right-of-use assets	13.1	2,818	2,707
Investments in subsidiaries	22	448	382
Investment in joint venture	23	655	555
Trade receivables	14.1	603	452
Contract assets	14.2	85	83
Contract costs	14.3	153	138
Derivatives	25	337	699
Other assets	15.2	205	271
Deferred tax asset	28.2	431	394
<b>Total non-current assets</b>		<b>21,920</b>	<b>21,338</b>
Inventories	15.1	245	242
Trade receivables	14.1	1,704	1,700
Contract assets	14.2	67	102
Contract costs	14.3	421	409
Loans to related parties		-	10
Derivatives	25	23	29
Income tax receivables		5	-
Other assets	15.2	336	488
Prepaid expenses		58	44
Cash and cash equivalents	24	721	917
<b>Total current assets</b>		<b>3,580</b>	<b>3,941</b>
<b>TOTAL ASSETS</b>		<b>25,500</b>	<b>25,279</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	29.1	3,937	3,937
Share premium		832	832
Other reserves		216	529
Retained earnings		7,490	7,165
<b>Total equity</b>		<b>12,475</b>	<b>12,463</b>
Trade payables	17.1	120	82
Lease liabilities	21, 27.6	2,288	2,208
Loans from related parties	20	2,694	4,191
Other financial liabilities at amortised cost		34	39
Derivatives	25	3	-
Provisions	16	750	509
Contract liabilities	14.4	1,070	921
Employee benefits	18	64	47
Other liabilities	17.2	22	20
<b>Total non-current liabilities</b>		<b>7,045</b>	<b>8,017</b>
Trade payables	17.1	2,346	2,140
Lease liabilities	21, 27.6	634	531
Loans from related parties	20	1,670	839
Other financial liabilities at amortised cost		6	6
Derivatives	25	11	23
Provisions	16	211	252
Contract liabilities	14.4	613	595
Employee benefits	18	171	142
Income tax liabilities		47	27
Other liabilities	17.2	271	244
<b>Total current liabilities</b>		<b>5,980</b>	<b>4,799</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,500</b>	<b>25,279</b>

## STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves				Retained earnings	Total equity
			Cash flow hedge reserve	Actuarial gains/(losses) on post-employment benefits	Losses on receivables at fair value through other comprehensive income	Deferred tax		
<b>Balance at 1 January 2023</b>	<b>3,937</b>	<b>832</b>	<b>712</b>	<b>(50)</b>	<b>(9)</b>	<b>(124)</b>	<b>7,165</b>	<b>12,463</b>
Net income	-	-	-	-	-	-	782	782
Other comprehensive loss	-	-	(397)	(8)	(1)	78	-	(328)
<b>Total comprehensive income for the 12 months ended 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>(397)</b>	<b>(8)</b>	<b>(1)</b>	<b>78</b>	<b>782</b>	<b>454</b>
Dividend (transactions with the owners, see Note 29.2)	-	-	-	-	-	-	(459)	(459)
Share-based payments (transactions with the owner, see Note 29.3)	-	-	-	-	-	-	2	2
Transfer to inventories	-	-	19	-	-	(4)	-	15
<b>Balance at 31 December 2023</b>	<b>3,937</b>	<b>832</b>	<b>334</b>	<b>(58)</b>	<b>(10)</b>	<b>(50)</b>	<b>7,490</b>	<b>12,475</b>
<b>Balance at 1 January 2022</b>	<b>3,937</b>	<b>832</b>	<b>269</b>	<b>(54)</b>	<b>(6)</b>	<b>(39)</b>	<b>6,828</b>	<b>11,767</b>
Net income	-	-	-	-	-	-	757	757
Other comprehensive income	-	-	451	5	(3)	(87)	-	366
<b>Total comprehensive income for the 12 months ended 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>451</b>	<b>5</b>	<b>(3)</b>	<b>(87)</b>	<b>757</b>	<b>1,123</b>
Dividend (transactions with the owners, see Note 29.2)	-	-	-	-	-	-	(328)	(328)
Share-based payments (transactions with the owner, see Note 29.3)	-	-	-	-	-	-	2	2
Transfer to inventories	-	-	(8)	-	-	2	-	(6)
The impact of the merger with TP TelTech Sp. z o.o. (see Note 3)	-	-	-	(1)	-	-	(94)	(95)
<b>Balance at 31 December 2022</b>	<b>3,937</b>	<b>832</b>	<b>712</b>	<b>(50)</b>	<b>(9)</b>	<b>(124)</b>	<b>7,165</b>	<b>12,463</b>

## STATEMENT OF CASH FLOWS

(in PLN millions)

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>OPERATING ACTIVITIES</b>			
Net income		782	757
Adjustments to reconcile net income to cash from operating activities			
Gains on disposal of fixed assets	8	(140)	(128)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	11,12,13.1	2,540	2,506
Finance costs, net	19	185	254
Income tax	28.1	178	163
Change in provisions and allowances	14, 15.1, 16, 18.1	(92)	(98)
Operating foreign exchange and derivatives losses, net		15	-
Change in working capital			
Increase in inventories, gross	15.1	(2)	(15)
Increase in trade receivables, gross	14.1	(100)	(202)
(Increase)/decrease in contract assets, gross	14.2	33	(3)
Increase in contract costs	14.3	(27)	(43)
Increase in trade payables		131	14
Increase/(decrease) in contract liabilities	14.4	159	(21)
(Increase)/decrease in prepaid expenses and other receivables		39	(11)
Increase/(decrease) in other payables		98	(15)
Dividends received		35	34
Interest received		91	92
Interest paid and interest rate effect paid on derivatives, net		(341)	(382)
Exchange rate and other effect received/(paid) on derivatives, net		(14)	5
Income tax paid		(106)	(52)
<b>Net cash provided by operating activities</b>		<b>3,464</b>	<b>2,855</b>
<b>INVESTING ACTIVITIES</b>			
Payments for purchases of property, plant and equipment and intangible assets	11,12	(2,242)	(2,209)
Investment grants received, net	17.2	39	5
Investment grants paid to property, plant and equipment and intangible assets suppliers	17.2	(51)	(82)
Exchange rate effect received/(paid) on derivatives economically hedging capital expenditures, net		(16)	5
Proceeds from sale of fixed assets		275	275
Proceeds from sale of investment in Światłowód Inwestycje, net of transaction costs	15.2	133	36
Income tax received/(paid) in relation to sale of investment in Światłowód Inwestycje		(19)	53
Cash paid for investment in joint venture	23	(100)	-
Cash paid for investments in subsidiaries		(68)	(49)
Receipts from loans to related parties and other financial instruments, net		4	3
<b>Net cash used in investing activities</b>		<b>(2,045)</b>	<b>(1,963)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from long-term debt	21	-	19
Repayment of long-term debt	21	(756)	-
Repayment of lease liabilities	21	(497)	(495)
Increase/(decrease) in revolving credit line and other debt, net	21	100	(59)
Dividend paid		(459)	(328)
<b>Net cash used in financing activities</b>		<b>(1,612)</b>	<b>(863)</b>
<b>Net change in cash and cash equivalents</b>		<b>(193)</b>	<b>29</b>
Effect of exchange rate changes and other impacts on cash and cash equivalents		(3)	3
Cash and cash equivalents at the beginning of the period	24	917	885
<b>Cash and cash equivalents at the end of the period</b>	<b>24</b>	<b>721</b>	<b>917</b>

## 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.

The Company's telecommunications operations are subject to the supervision of Office of Electronic Communication ("UKE"). Under the Telecommunication Act, UKE can impose certain obligations on telecommunications companies that have a significant market power on a relevant market. Orange Polska S.A. is deemed to have a significant market power on certain relevant markets.

## 2. Statement of compliance and basis of preparation

These Separate Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee.

These Separate Financial Statements have been prepared in millions of Polish złoty ("PLN"). Comparative amounts for the year ended 31 December 2022 have been compiled using the same basis of preparation.

The Separate Financial Statements have been prepared under the historical cost convention, except for the fair value applied to derivative financial instruments, selected trade receivables arising from sales of mobile handsets in instalments and contingent consideration receivable from the sale of 50% stake in Światłowód Inwestycje.

The Separate Financial Statements have been prepared on the going concern basis.

Orange Polska S.A. is the parent company of the Orange Polska Group ("the Group", "OPL Group") and prepares consolidated financial statements for the year ended 31 December 2023. The Group is a part of Orange Group, based in France.

These Separate Financial Statements were authorised for issuance by the Management Board on 14 February 2024 and are subject to approval at the General Meeting of Orange Polska S.A.

The principles applied to prepare financial data relating to the year ended 31 December 2023 are described in Note 35 and are based on all standards and interpretations endorsed by the European Union and applicable to the reporting period beginning 1 January 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. Legal merger of Orange Polska S.A. and TP TelTech Sp. z o.o.

Orange Polska S.A. and its 100% owned subsidiary – TP TelTech Sp. z o.o. (“TPT”) – merged as at 1 December 2022 (“merger”). All assets and liabilities of TPT were transferred to OPL S.A.

The company provided design, development and maintenance of telecommunications network and monitoring of alarm signals.

TPT was controlled by OPL S.A., therefore the legal merger is a transaction under common control and, in these Separate Financial Statements, is accounted for using the merged entities values from the consolidated financial statements of the parent entity – OPL S.A. TPT was controlled (directly or indirectly) from the incorporation by OPL S.A. Therefore, the net book value of assets and liabilities of TPT recognised after the merger in the statement of financial position of OPL S.A. equals the net book value in the subsidiary’s accounts adjusted to conform with the Group’s accounting policies. Additionally, the following adjustments were made to the aggregated value of assets, liabilities and equity of OPL S.A. and TPT as at the merger date:

- intercompany balances and unrealised gains and losses on transactions between merging entities were eliminated,
- the carrying value of OPL S.A. investments in TPT was eliminated, with a corresponding elimination in equity of TPT.

The merger is accounted for prospectively starting from 1 December 2022. Consequently, the income statement, the statement of comprehensive income and the statement of cash flows do not include income, expenses and cash flows of TPT for the 11 months ended 30 November 2022.

The merger had the following impact on the statement of financial position of Orange Polska S.A.:

(in PLN millions)

#### ASSETS

Property, plant and equipment	(66)
Right-of-use assets	5
Investments in subsidiaries	(64)
Trade receivables	33
Deferred tax asset	36
<b>Total non-current assets</b>	<b>(56)</b>

Inventories	10
Trade receivables	27
Loans to related parties	(17)
Other assets	35
<b>Total current assets</b>	<b>55</b>

<b>TOTAL ASSETS</b>	<b>(1)</b>
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#### EQUITY AND LIABILITIES

Other reserves	(1)
Retained earnings	(94)
<b>Total equity</b>	<b>(95)</b>

Lease liabilities	4
Provisions	23
Other liabilities	15
<b>Total non-current liabilities</b>	<b>42</b>

Trade payables	42
Lease liabilities	1
Loans from related parties	(21)
Provisions	8
Employee benefits	5
Other liabilities	17
<b>Total current liabilities</b>	<b>52</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(1)</b>
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## 4. Segment information

The Orange Polska Group reports a single operating segment as decisions about resources to be allocated and assessment of performance are made on a consolidated basis. Segment information is disclosed in Note 3 to Orange Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2023.

## 5. Impact of the war in Ukraine and other significant changes in the economic and political environment

In February 2022 Russia attacked Ukraine. The direct military actions are in Ukraine, however Poland, the European Union as well as many other countries are also impacted by the war. Sanctions have been implemented on trade with Russia by the European Union and the United States. Many refugees left Ukraine to neighbour countries, including Poland. This war and other conflicts reflect and strengthen progressive polarisation in the world destabilizing economic, political and social situation. These changes have an impact on the Polish economy and the Company and are therefore monitored by the Management and are taken into account while managing the Company's plans and operations.

The war in Ukraine and other significant events and changes in both the global and Polish economy and politics contribute to changes in inflation, costs of energy and risk of potential shortages of energy and other supplies. Cybersecurity gains importance in line with the development of digital community and other global changes.

Consequences of that are unstable interest rates which have significantly increased over the last two years and are still higher than before this period as well as a slow-down in GDP growth of an assumed short term character. Poland also experienced foreign exchange volatility. Prices of key resources increased.

The Company continues development of its networks and services supporting access of the community to digital services, education, work and entertainment. The Company also focuses on digitalisation and simplification of its organisation and processes.

The Company has analysed the impact of the war in Ukraine and other significant changes in the economic and political environment on its financial position and performance:

1. The Company maintains high liquidity and sufficient financing of its operations and capital expenditures. The outstanding debt is denominated in PLN and based mainly on fixed interest rates after hedging. The Company confirms its ability to continue as a going concern.
2. The Company secures key supplies, including energy, by proper planning and hedging transactions, including virtual and physical power purchase agreements.
3. The value of transactions hedging financial risks (see Note 27) is dependent on the current and expected level of interest rates, foreign exchange rates and commodity prices (i.e. energy).
4. The value of certain provisions and liabilities including dismantling provision, financial debt and lease liabilities is dependent on the level of the discount rates and foreign exchange rates.
5. The value of fixed assets and intangibles as well as their economic useful life is not materially impacted by the key changes described above.
6. The Company took into account the above changes in the economic and political environment in its planned future cash flows. Impairment tests of the telecom operator cash generating unit carried out as at 31 December 2023 and 2022 and impairment test of investment in joint venture carried out as at 31 December 2022 (see Note 9) were based on the planned future cash flows. No impairment loss was recognised as a result of these tests.

Based on the analyses described above, the Management has concluded that the impact of the war in Ukraine and other changes in the economic and political environment was properly reflected in the results as well as valuation of the assets and liabilities of the Company presented in these Separate Financial Statements. The Management will continue to monitor the situation and the impact of the changes on the Company.



## 6. 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)

	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Mobile only services</b>	<b>2,883</b>	<b>2,790</b>
<b>Fixed only services</b>	<b>1,842</b>	<b>1,895</b>
Narrowband	502	581
Broadband	879	880
Network solutions (business market)	461	434
<b>Convergent services (consumer market)</b>	<b>2,337</b>	<b>2,154</b>
<b>Equipment sales</b>	<b>1,859</b>	<b>1,582</b>
<b>IT and integration services</b>	<b>357</b>	<b>267</b>
<b>Wholesale</b>	<b>1,788</b>	<b>1,890</b>
Mobile wholesale	997	1,161
Fixed wholesale	304	309
Other	487	420
<b>Other revenue</b>	<b>87</b>	<b>97</b>
<b>Total revenue</b>	<b>11,153</b>	<b>10,675</b>

IT and integration services, wholesale and other revenue for the 12 months ended 31 December 2023 and 2022 include, respectively, PLN 141 million and PLN 104 million of lease revenue that is outside the scope of IFRS 15 "Revenue from Contracts with Customers".

Revenue is generated mainly in the territory of Poland. Approximately 2.8% and 3.0% of the total revenue for the 12 months ended 31 December 2023 and 2022, respectively, was earned from entities which are not domiciled in Poland, mostly from interconnect services.

## 7. Operating expense and income

### 7.1 External purchases

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
Commercial expenses	(2,565)	(2,292)
– cost of handsets and other equipment sold	(1,755)	(1,532)
– commissions, advertising, sponsoring costs and other	(810)	(760)
Interconnect expenses	(1,436)	(1,538)
Network and IT expenses	(962)	(888)
Other external purchases	(1,283)	(1,171)
<b>Total external purchases</b>	<b>(6,246)</b>	<b>(5,889)</b>

Other external purchases include mainly costs of content, real estate operating and maintenance costs, costs of personal outsourcing, customer support and management services, rental costs, subcontracting fees, storage and postage costs.

### 7.2 Labour expense

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
Average number of active employees (full time equivalent)	8,635	8,941
Wages and salaries	(1,214)	(1,154)
Social security and other charges	(295)	(281)
Long-term employee benefits (see Note 18.1)	5	(2)
Capitalised personnel costs <sup>(a)</sup>	232	211
Other employee benefits	(65)	(33)
<b>Total labour expense</b>	<b>(1,337)</b>	<b>(1,259)</b>

<sup>(a)</sup> Costs capitalised as property, plant and equipment and other intangible assets.

### 7.3 Other operating expense and income

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
Taxes other than income tax	(243)	(268)
Other expense and changes in provisions, net	(252)	(254)
<b>Total other operating expense</b>	<b>(495)</b>	<b>(522)</b>
Sale of fibre network goods and services to joint venture	224	250
Income from related parties resulting from shared resources	25	25
Income from sale of energy through subsidiary (see Note 27.5)	53	-
Other	329	327
<b>Total other operating income</b>	<b>631</b>	<b>602</b>

## 7.4 Research and development

During the 12 months ended 31 December 2023 and 2022, research and development costs expensed in the income statement mainly in labour expense and depreciation, amortisation of property, plant and equipment and intangible assets, amounted to PLN 55 million and PLN 51 million, respectively.

## 8. Gains on disposal of fixed assets

During the 12 months ended 31 December 2023 and 2022, gains on disposal of fixed assets amounted to PLN 140 million and PLN 128 million, respectively, and included mainly gains on disposal of real estate and fibre network assets.

## 9. Impairment test

### 9.1 Telecom operator Cash Generating Unit

Vast majority of the Company's individual assets, including investments in subsidiaries, do not generate cash inflows independently from other assets due to the nature of the Company's activities, therefore the Company identifies all telecom operations as a single telecom operator Cash Generating Unit ("CGU").

As at 31 December 2023 and 2022 the Company performed impairment tests of the CGU (including goodwill). No impairment loss was recognised in the years 2023 and 2022.

The following key assumptions were used to determine the value in use of the telecom operator CGU:

- value of the market, penetration rate, market share and the level of the competition, level of prices and decisions of the regulator in terms of pricing, customer base, the level of commercial expenses required to replace products and keep up with existing competitors or new market entrants, the impact of changes in revenue on direct costs;
- the level of capital expenditures which may be affected by the roll-out of necessary new technologies or regulatory decisions concerning telecommunications licences allocation;
- macroeconomic environment and its impact on the CGU performance;
- consequences of the war in Ukraine and its impact on the CGU performance;
- discount rate which is based on weighted average cost of capital and reflects current market assessment of the time value of money and the risks specific to activities of the CGU; and
- perpetuity growth rate which reflects Management's assessment of cash flows evolution after the last year covered by the cash flow projections.

The amounts assigned to each of these parameters reflect past experience adjusted for expected changes over the timeframe of the business plan, but may also be affected by unforeseeable changes in the political, economic or legal framework.

#### Telecom operator CGU

	At 31 December 2023	At 31 December 2022
Basis of recoverable amount	Value in use	Value in use
Sources used	Business plan 5 years cash flow projections	Business plan 5 years cash flow projections
Perpetuity growth rate	2.0 %	2.0 %
Post-tax discount rate	7.60 %	7.75 %
Pre-tax discount rate <sup>(a)</sup>	8.96 %	9.13 %

<sup>(a)</sup> Pre-tax discount rate is calculated as a post-tax discount rate adjusted to reflect the specific amount and timing of the future tax cash flows.

## Sensitivity of recoverable amount

The value in use of the telecom operator CGU as at 31 December 2023 exceeds its carrying value by PLN 6.9 billion.

Any of the following changes in key assumptions:

- a 36% fall in projected cash flows after fifth year or
- a 2.5 p.p. decrease in growth rate to perpetuity or
- a 2.2 p.p. increase in post-tax discount rate

would bring the value in use of the telecom operator CGU to the level of its carrying value.

## 9.2 Investment in joint venture

The Company's investment in joint venture (see Note 23) is not included in the telecom operator CGU as it generates cash inflows that are largely independent of those from other Company's assets. Consequently, the investment in joint venture is analysed for impairment individually.

In 2023, as a result of the analysis, the Company did not identify any impairment indicator for the investment in joint venture and impairment test was not performed as at 31 December 2023.

In 2022, due to significant changes in the Polish and European Union macroeconomic environment (strong increase in energy prices and inflation, growing interest rates), the Company decided to perform an impairment test of its investment in joint venture, based on the updated business plan of Światłowód Inwestycje. No impairment loss was recognised in 2022.

The following key assumptions were used to determine the value in use of the investment in joint venture:

Investment in joint venture		At 31 December 2022
Basis of recoverable amount		Value in use
Sources used		Business plan 23 years cash flow projections
Perpetuity growth rate		2.0 %
Post-tax discount rate		8.75 %
Pre-tax discount rate <sup>(a)</sup>		9.67 %

<sup>(a)</sup> Pre-tax discount rate is calculated as a post-tax discount rate adjusted to reflect the specific amount and timing of the future tax cash flows.

## 10. Goodwill

(in PLN millions)	At 31 December 2023			At 31 December 2022		
	Cost	Accumulated impairment	Net	Cost	Accumulated impairment	Net
CGU						
Telecom operator	3,909	(1,895)	2,014	3,909	(1,895)	2,014
<b>Total goodwill</b>	<b>3,909</b>	<b>(1,895)</b>	<b>2,014</b>	<b>3,909</b>	<b>(1,895)</b>	<b>2,014</b>

The goodwill of PLN 3,909 million arose in 2005 on acquisition of the remaining 34% of non-controlling interest in the mobile business controlled by OPL S.A. through its subsidiary (PTK-Centertel Sp. z o.o.). Before 2013, when the legal merger with PTK-Centertel Sp. z o.o. was carried out, the goodwill was recognised only in consolidated financial statements of the Orange Polska Group.

## 11. Other intangible assets

(in PLN millions)

	At 31 December 2023			
	Cost	Accumulated amortisation	Accumulated impairment	Net
Telecommunications licences	4,996	(2,419)	-	2,577
Software	6,562	(4,838)	-	1,724
Other intangibles	84	(45)	-	39
<b>Total other intangible assets</b>	<b>11,642</b>	<b>(7,302)</b>	<b>-</b>	<b>4,340</b>

(in PLN millions)

	At 31 December 2022			
	Cost	Accumulated amortisation	Accumulated impairment	Net
Telecommunications licences	6,080	(3,777)	-	2,303
Software	6,533	(4,905)	-	1,628
Other intangibles	76	(35)	-	41
<b>Total other intangible assets</b>	<b>12,689</b>	<b>(8,717)</b>	<b>-</b>	<b>3,972</b>

Details of telecommunications licences are as follows:

(in PLN millions)

	Acquisition date	Years to expiration <sup>(b)</sup>	Net book value	
			At 31 December 2023	At 31 December 2022
800 MHz	2016	7.1	1,448	1,652
900 MHz	2014	5.6	132	156
1800 MHz	1997	3.7	-	-
1800 MHz <sup>(a)</sup>	2013	4.0	64	80
2100 MHz	2022	14.0	328	352
2600 MHz	2016	7.1	56	63
3600-3700 MHz	2023	14.9	549	-
<b>Total telecommunications licences</b>			<b>2,577</b>	<b>2,303</b>

<sup>(a)</sup> Licence held under agreement with T-Mobile Polska S.A.

<sup>(b)</sup> Remaining useful life in years as at 31 December 2023.

On 20 December 2023, as a result of the auction the Company received a decision from the President of UKE allocating a 100 MHz block of mobile spectrum in 3600-3700 MHz band. The fee of PLN 487 million (decreased by PLN 182 million of bid bond paid in 2023 in the course of the auction) was paid in January 2024. The telecommunications license is valid for 15 years from the date of the receipt of the decision. The gross book value of the license includes also PLN 62 million of a discounted value of annual periodic frequency fees related to the licence, which the Company is obliged to pay within next 15 years.

On 11 October 2022 the Company received a decision from the President of UKE allocating the 2100 MHz telecommunications licence for a further reservation period until 31 December 2037. The fee of PLN 352 million was paid in October 2022.

Movements in the net book value of other intangible assets for the 12 months ended 31 December 2023 were as follows:

(in PLN millions)	Telecommunications licences	Software	Other intangibles	Total other intangible assets
<b>Opening balance net of accumulated amortisation and impairment</b>	<b>2,303</b>	<b>1,628</b>	<b>41</b>	<b>3,972</b>
Acquisitions of intangible assets	549	473	16	1,038
Amortisation	(275)	(381)	(11)	(667)
Reclassifications and other, net	-	4	(7)	(3)
<b>Closing balance</b>	<b>2,577</b>	<b>1,724</b>	<b>39</b>	<b>4,340</b>

Movements in the net book value of other intangible assets for the 12 months ended 31 December 2022 were as follows:

(in PLN millions)	Telecommunications licences	Software	Other intangibles	Total other intangible assets
<b>Opening balance net of accumulated amortisation and impairment</b>	<b>2,304</b>	<b>1,558</b>	<b>36</b>	<b>3,898</b>
Acquisitions of intangible assets	352	408	15	775
Amortisation	(353)	(340)	(10)	(703)
Reclassifications and other, net	-	2	-	2
<b>Closing balance</b>	<b>2,303</b>	<b>1,628</b>	<b>41</b>	<b>3,972</b>

## 12. Property, plant and equipment

(in PLN millions)	At 31 December 2023			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land and buildings	2,066	(1,621)	(15)	430
Network	40,262	(31,352)	(91)	8,819
Terminals	1,811	(1,615)	-	196
Other IT equipment	1,200	(891)	-	309
Other	251	(174)	-	77
<b>Total property, plant and equipment</b>	<b>45,590</b>	<b>(35,653)</b>	<b>(106)</b>	<b>9,831</b>

(in PLN millions)	At 31 December 2022			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land and buildings	2,235	(1,740)	(11)	484
Network	40,396	(31,715)	(87)	8,594
Terminals	1,822	(1,584)	-	238
Other IT equipment	1,280	(1,005)	-	275
Other	265	(184)	(1)	80
<b>Total property, plant and equipment</b>	<b>45,998</b>	<b>(36,228)</b>	<b>(99)</b>	<b>9,671</b>

As at 31 December 2023 and 2022, the amount of expenditures recognised in the carrying amount of items of property, plant and equipment in the course of their construction amounted to PLN 1,478 million and PLN 1,512 million, respectively, and related mainly to network.

Movements in the net book value of property, plant and equipment for the 12 months ended 31 December 2023 were as follows:

(in PLN millions)

	Land and buildings	Network	Terminals	Other IT equipment	Other	Total property, plant and equipment
<b>Opening balance net of accumulated depreciation and impairment</b>	<b>484</b>	<b>8,594</b>	<b>238</b>	<b>275</b>	<b>80</b>	<b>9,671</b>
Acquisitions of property, plant and equipment	51	1,101	68	95	16	1,331
Disposals and liquidations	(34)	(31)	-	-	-	(65)
Depreciation	(67)	(1,032)	(111)	(62)	(19)	(1,291)
Impairment, net	(4)	(11)	-	-	-	(15)
Dismantling costs, reclassifications and other, net	-	198	1	1	-	200
<b>Closing balance</b>	<b>430</b>	<b>8,819</b>	<b>196</b>	<b>309</b>	<b>77</b>	<b>9,831</b>

Movements in the net book value of property, plant and equipment for the 12 months ended 31 December 2022 were as follows:

(in PLN millions)

	Land and buildings	Network	Terminals	Other IT equipment	Other	Total property, plant and equipment
<b>Opening balance net of accumulated depreciation and impairment</b>	<b>474</b>	<b>8,724</b>	<b>291</b>	<b>234</b>	<b>73</b>	<b>9,796</b>
Acquisitions of property, plant and equipment	112	1,222	77	93	16	1,520
The effect of the merger (see Note 3)	(2)	(62)	-	-	(2)	(66)
Disposals and liquidations	(13)	(59)	-	-	-	(72)
Depreciation	(84)	(1,042)	(130)	(55)	(6)	(1,317)
Impairment, net	(1)	(6)	-	-	-	(7)
Dismantling costs, reclassifications and other, net	(2)	(183)	-	3	(1)	(183)
<b>Closing balance</b>	<b>484</b>	<b>8,594</b>	<b>238</b>	<b>275</b>	<b>80</b>	<b>9,671</b>

## 13. Leases

### 13.1. The Company as a lessee

The Company leases mainly land and buildings. Some of the agreements are denominated in foreign currencies and approximately half of them is indexed with price indices applicable for a given currency. Some of the agreements include extension and termination options.

(in PLN millions)

	At 31 December 2023			Net
	Cost	Accumulated depreciation	Accumulated impairment	
Land and buildings	3,907	(1,590)	(28)	2,289
Terminals	741	(329)	-	412
Other	212	(95)	-	117
<b>Total right-of-use assets</b>	<b>4,860</b>	<b>(2,014)</b>	<b>(28)</b>	<b>2,818</b>

(in PLN millions)	At 31 December 2022			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land and buildings	3,539	(1,297)	(35)	2,207
Terminals	675	(300)	-	375
Other	194	(69)	-	125
<b>Total right-of-use assets</b>	<b>4,408</b>	<b>(1,666)</b>	<b>(35)</b>	<b>2,707</b>

Movements in the net book value of right-of-use assets for the 12 months ended 31 December 2023 were as follows:

(in PLN millions)	Land and buildings	Terminals	Other	Total right-of-use assets
<b>Opening balance net of accumulated depreciation and impairment</b>	<b>2,207</b>	<b>375</b>	<b>125</b>	<b>2,707</b>
Additions	162	170	17	349
Modifications, terminations and disposals	316	-	16	332
Depreciation	(364)	(132)	(40)	(536)
Impairment, net	(31)	-	-	(31)
Dismantling costs, reclassifications and other, net	(1)	(1)	(1)	(3)
<b>Closing balance</b>	<b>2,289</b>	<b>412</b>	<b>117</b>	<b>2,818</b>

Movements in the net book value of right-of-use assets for the 12 months ended 31 December 2022 were as follows:

(in PLN millions)	Land and buildings	Terminals	Other	Total right-of-use assets
<b>Opening balance net of accumulated depreciation and impairment</b>	<b>2,408</b>	<b>284</b>	<b>98</b>	<b>2,790</b>
Additions	140	203	59	402
Modifications, terminations and disposals	6	-	(14)	(8)
The effect of the merger (see Note 3)	1	-	4	5
Depreciation	(338)	(112)	(29)	(479)
Dismantling costs, reclassifications and other, net	(10)	-	7	(3)
<b>Closing balance</b>	<b>2,207</b>	<b>375</b>	<b>125</b>	<b>2,707</b>

Information on lease liabilities is disclosed in Notes 19, 21, 27.3 and 27.6.

### 13.2. The Company as a lessor

When considering the Company as a lessor, future minimum lease payments under non-cancellable operating leases as at 31 December 2023 and 2022 amounted to PLN 50 million and PLN 51 million, respectively, and related mainly to the lease of land and buildings. As at 31 December 2023 PLN 21 million was receivable during next 12 months.

## 14. Assets and liabilities relating to contracts with customers

### 14.1. Trade receivables

(in PLN millions)	At 31 December 2023	At 31 December 2022
Trade receivables measured at amortised cost	1,745	1,988
Trade receivables measured at fair value through other comprehensive income	562	164
<b>Total trade receivables</b>	<b>2,307</b>	<b>2,152</b>
Current	1,704	1,700
Non-current	603	452



Vast majority of trade receivables results from contracts with customers. Invoices are typically issued on a monthly basis, with subscription fee usually invoiced in advance and usage-based fees invoiced in arrears. The payment is due 14 days after the invoice date for most retail customers and up to 30 days for most wholesale customers. Non-current trade receivables relate mainly to sales of mobile handsets in monthly instalments.

OPL S.A. considers there is no concentration of credit risk with respect to trade receivables due to its large and diverse customer base consisting of individual and business customers. The Company's maximum exposure to credit risk at the reporting date is represented by the carrying amounts of receivables recognised in the statement of financial position.

The Company sells selected receivables arising from sales of mobile handsets in instalments on the basis of an agreement concluded with BNP Paribas S.A. Those selected trade receivables are measured at fair value through other comprehensive income as the business model is to collect contractual cash flows and sell them. In December 2023, the Company extended the scope of the contract. As a result, PLN 193 million of trade receivables were reclassified out of the measured at amortised cost into the measured at fair value through other comprehensive income category, as the business model for those receivables is to collect contractual cash flows and sell them. Sold receivables are derecognised from the statement of financial position because the Company neither retains nor transfers substantially all risks and rewards nor controls the receivables after the sale. Loss on derecognition recognised in other operating expense for the 12 months ended 31 December 2023 and 2022 amounted to PLN 32 million and PLN 25 million, respectively. Part of the price paid by BNP Paribas S.A. amounting to PLN 58 million and PLN 20 million, respectively, is deferred and presented as other assets as at 31 December 2023 and 2022.

The Company applies the present value valuation technique to measure selected trade receivables arising from sales of mobile handsets in instalments at fair value through other comprehensive income. The expected risk-adjusted cash flows related to the receivables are discounted using market risk-free interest rate. The nominal cash flows are decreased by the expected credit risk based on historical data. Such risk-adjusted discounted cash flows are adjusted by the margin expected to be received by the market participant buyer. The margin is determined based on the last instalment receivables sale transaction with BNP Paribas S.A.

Movements in the impairment of trade receivables during the 12 months ended 31 December 2023 and 2022 were as follows:

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Beginning of period</b>	<b>225</b>	<b>203</b>
Impairment losses, net	81	63
Utilisation of impairment for receivables sold or written-off	(143)	(70)
The effect of the merger (see Note 3)	-	29
<b>End of period</b>	<b>163</b>	<b>225</b>

Information about the credit risk exposure on the Company's trade receivables as at 31 December 2023 was as follows:

(in PLN millions)	Not past due	Days past due			Total
		< 180 days	180-360 days	> 360 days	
Expected credit loss rate	3.7 %	11.9 %	40.0 %	77.1 %	
Total trade receivables, gross	2,217	168	15	70	2,470
Accumulated impairment loss	(83)	(20)	(6)	(54)	(163)
<b>Total trade receivables, net</b>	<b>2,134</b>	<b>148</b>	<b>9</b>	<b>16</b>	<b>2,307</b>

Information about the credit risk exposure on the Company's trade receivables as at 31 December 2022 was as follows:

(in PLN millions)	Not past due	Days past due			Total
		< 180 days	180-360 days	> 360 days	
Expected credit loss rate	4.2 %	16.5 %	42.9 %	83.2 %	
Total trade receivables, gross	2,060	170	28	119	2,377
Accumulated impairment loss	(86)	(28)	(12)	(99)	(225)
<b>Total trade receivables, net</b>	<b>1,974</b>	<b>142</b>	<b>16</b>	<b>20</b>	<b>2,152</b>

#### 14.2. Contract assets

(in PLN millions)	At 31 December 2023	At 31 December 2022
Non-current contract assets	85	83
Current contract assets	67	102
<b>Total contract assets</b>	<b>152</b>	<b>185</b>

OPL S.A. considers there is no concentration of credit risk with respect to contract assets due to its large and diverse customer base consisting of individual and business customers. The Company's maximum exposure to credit risk at the reporting date is represented by the carrying amounts of contract assets recognised in the statement of financial position.

Movements in the contract assets balance for the 12 months ended 31 December 2023 and 2022 were as follows:

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Beginning of period</b>	<b>185</b>	<b>179</b>
Additions	131	154
Invoiced amounts transferred to trade receivables	(164)	(151)
Impairment, net	-	3
<b>End of period</b>	<b>152</b>	<b>185</b>

Expected credit loss rate for contract assets as at 31 December 2023 and 2022 amounted to 1.0% and 1.4%, respectively.

#### 14.3. Contract costs

(in PLN millions)	At 31 December 2023	At 31 December 2022
Non-current contract costs	153	138
Current contract costs	421	409
<b>Total contract costs</b>	<b>574</b>	<b>547</b>

Contract costs comprise mainly incremental customer acquisition and retention costs (e.g. commissions paid to retailers for acquisition or retention of contracts).

Movements in the contract costs balance for the 12 months ended 31 December 2023 and 2022 were as follows:

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Beginning of period</b>	<b>547</b>	<b>504</b>
Contract costs recognised as assets	616	600
Contract costs amortised	(589)	(556)
Impairment, net	-	(1)
<b>End of period</b>	<b>574</b>	<b>547</b>

#### 14.4. Contract liabilities

(in PLN millions)	At 31 December 2023	At 31 December 2022
Prepayment from joint venture for the lease and services (see below)	875	684
Upfront fee for wholesale access to fibre network (see below)	183	202
Subscription (including unused post-paid balances)	205	194
Unused pre-paid balances	182	172
Connection fees	96	99
Prepayment for national roaming	43	68
Other	99	97
<b>Total contract liabilities</b>	<b>1,683</b>	<b>1,516</b>
Current	613	595
Non-current	1,070	921

Approximately PLN 595 million of the contract liabilities balance as at 1 January 2023 was recognised as revenue in the 12 months ended 31 December 2023. Approximately PLN 566 million of the contract liabilities balance as at 1 January 2022 was recognised as revenue in the 12 months ended 31 December 2022.

In 2021, Orange Polska and Światłowód Inwestycje concluded agreements for the lease and services to be rendered by the Company in the future, for which Światłowód Inwestycje paid upfront in 2021-2023.

In 2018, the Company and T-Mobile Polska signed a long term contract on telecommunications access to Orange Polska's fibre network in the form of Bitstream Access. OPL S.A. started providing services in December 2018. The fees under the contract comprise mainly a fixed upfront fee of PLN 275 million, a fixed fee for infrastructure set-up, IT systems integration and monthly fees for each customer. The revenue from the contract is recognised during 15 years which currently is the estimated term of the contract. The Company applies input method to measure revenue for the period with the application of constraint in respect to recognition of revenue to the level that is highly probable not to be reversed in the future. As a result, the fixed fee elements are evenly accounted as revenue over 15 years, while the variable fees dependent on the number of end-customers are recognised as revenue based on the actual number of customers in the period.

## 14.5. Performance obligations

As at 31 December 2023 and 2022, the transaction price allocated to unsatisfied performance obligations resulting from contracts with customers amounted to PLN 5,192 million and PLN 5,340 million, respectively. The following table presents the time bands in which the Company expects to satisfy those performance obligations and recognise revenue. More information on the nature of typical contracts with customers and related performance obligations can be found in Note 35.9.

(in PLN millions)	At 31 December 2023	At 31 December 2022
Within one year	3,096	3,029
Between one and two years	963	858
Between two and three years	192	309
Between three and four years	182	168
Between four and five years	89	173
More than five years	670	803
<b>Total unsatisfied performance obligations</b>	<b>5,192</b>	<b>5,340</b>

## 15. Inventories and other assets

### 15.1. Inventories

(in PLN millions)	At 31 December 2023	At 31 December 2022
Inventories gross	255	253
Accumulated impairment loss	(10)	(11)
<b>Total inventories, net</b>	<b>245</b>	<b>242</b>

As at 31 December 2023 and 2022 inventories included mainly handsets.

### 15.2. Other assets

(in PLN millions)	At 31 December 2023	At 31 December 2022
Contingent consideration receivable from sale of 50% stake in Światłowód Inwestycje (see below)	278	385
Receivables from sale of fixed assets	29	78
Deferred purchase price receivables from BNP Paribas (see Note 14.1)	58	20
Other	176	276
<b>Total other assets</b>	<b>541</b>	<b>759</b>
Current	336	488
Non-current	205	271

Contingent consideration receivable relates to the share sale agreement concluded in August 2021 by Orange Polska and the APG Group (APG's subsidiary Acari Investments Holding B.V.), under which the Company disposed of its 50% stake in Światłowód Inwestycje Sp. z o.o. Total fair value of the consideration amounted to PLN 1,323 million and consisted of PLN 897 million received in cash in 2021 and PLN 426 million to be received in years 2022-2026 conditional on the Company delivering on the agreed network rollout schedule (maximum contractual amount of PLN 487 million before discounting). The Company applied the expected present value technique to measure the fair value of the contingent consideration receivable. More details on the assumptions and valuation methodology are described in the Note 26.2.

Other items include mainly receivables related to services and sale of assets, excluding fixed assets, to Światłowod Inwestycje and VAT receivables.

## 16. Provisions

Movements of provisions for the 12 months ended 31 December 2023 were as follows:

(in PLN millions)	Provisions for claims and litigation, risks and other charges	Provisions for employment termination expense	Dismantling provisions	Total provisions
<b>At 1 January 2023</b>	<b>195</b>	<b>67</b>	<b>499</b>	<b>761</b>
Increases	30	99	193	322
Reversals (utilisations)	(33)	(45)	(24)	(102)
Reversals (releases)	(28)	(22)	-	(50)
Discounting effect	6	-	24	30
<b>At 31 December 2023</b>	<b>170</b>	<b>99</b>	<b>692</b>	<b>961</b>
Current	136	54	21	211
Non-current	34	45	671	750

Movements of provisions for the 12 months ended 31 December 2022 were as follows:

(in PLN millions)	Provisions for claims and litigation, risks and other charges	Provisions for employment termination expense	Dismantling provisions	Total provisions
<b>At 1 January 2022</b>	<b>168</b>	<b>130</b>	<b>663</b>	<b>961</b>
Increases	31	-	-	31
Reversals (utilisations)	(24)	(63)	(15)	(102)
Reversals (releases)	(13)	(5)	(193)	(211)
Discounting effect	7	-	44	51
The effect of the merger (see Note 3)	26	5	-	31
<b>At 31 December 2022</b>	<b>195</b>	<b>67</b>	<b>499</b>	<b>761</b>
Current	173	67	12	252
Non-current	22	-	487	509

### Provisions for claims and litigation, risks and other charges

These provisions relate mainly to claims and litigation described in Note 32. Provisions are not disclosed on a case-by-case basis, when, in the opinion of the Management Board, such disclosure could prejudice the outcome of the pending cases.

### Provisions for employment termination expense

On 14 December 2023, OPL S.A. concluded with Trade Unions the Social Agreement under which up to 1,100 employees are entitled to take advantage of the voluntary departure package in years 2024 - 2025. The value of voluntary departure package varies depending on individual salary, employment duration, age and year of resignation. The basis for calculation of the provision for employment termination expense is the estimated number, remuneration and service period of employees who will accept the voluntary termination until the end of 2025.

Increases of provisions for employment termination expense during 12 months ended 31 December 2023 included PLN 99 million of the estimated amount of termination benefits for employees scheduled to terminate employment in OPL S.A. under the 2024 - 2025 Social Agreement. Other movements of these provisions during the 12 months ended 31 December 2023 relate to termination benefits for employees scheduled to terminate employment under the 2022 - 2023 Social Agreement.

Additionally, as a part of the Social Agreement, the Company committed to make additional contributions in the fixed amount of PLN 26 million to the employee social programmes carried out by the Company recognised as other employee-related payables as at 31 December 2023 and labour expense in the 12 months ended 31 December 2023 (see Note 18).

The discount rate used to calculate the present value of provisions for employment termination expense amounted to 5.39% as at 31 December 2023 and 7.76% as at 31 December 2022.

#### Dismantling provisions

The dismantling provisions relate to dismantling or removal of items of property, plant and equipment (mainly telecommunications poles and items of mobile access network) and restoring the site on which they are located.

Based on environmental regulations in Poland, items of property, plant and equipment which may contain hazardous materials should be dismantled and utilised by the end of their useful lives by entities licensed by the State for this purpose.

The amount of dismantling provisions is based on the estimated number of items that should be utilised/sites to be restored, time to their liquidation/restoration, current utilisation/restoration cost and inflation. The discount rate used to calculate the present value of provisions for dismantling amounted to 5.16% as at 31 December 2023 and 6.94% as at 31 December 2022.

As at 31 December 2023, the Company remeasured the dismantling provision. The dismantling provision was increased by PLN 193 million mainly due to lower discount rate.

## 17. Trade payables and other liabilities

### 17.1. Trade payables

(in PLN millions)	At 31 December 2023	At 31 December 2022
Trade payables	1,406	1,288
Fixed assets payables	608	831
Telecommunications licence payables	452	103
<b>Total trade payables</b>	<b>2,466</b>	<b>2,222</b>
Current	2,346	2,140
Non-current <sup>(a)</sup>	120	82

<sup>(a)</sup> Includes telecommunications licence payables.

As at 31 December 2023 and 2022, trade payables subject to reverse factoring amounted to PLN 96 million and PLN 87 million, respectively. 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.

**17.2. Other liabilities**

(in PLN millions)	At 31 December 2023	At 31 December 2022
Investment grants received	14	36
VAT payable	81	45
Other taxes payables	20	20
Contingent consideration related to acquisition of subsidiaries	3	4
Other	175	159
<b>Total other liabilities</b>	<b>293</b>	<b>264</b>
Current	271	244
Non-current	22	20

**Operational Programme “Digital Poland”**

OPL S.A. concluded agreements with the “Digital Poland” Project Centre for co-financing of investment projects under the Operational Programme “Digital Poland” (“the Programme”). The Programme aims to strengthen digital foundations for the national development including common access to high-speed Internet, effective and user-friendly public e-services and a continuously rising level of digital competences of the society. Under the second contest of the Programme, the Company’s own contribution to the Programme amounts to PLN 0.3 billion and the Company was granted PLN 0.7 billion from the Programme funds for the development of the broadband telecommunications network. The funds shall be used in accordance with the rules applicable to the European Union funded projects and specific conditions resulting from the state aid regulations, such as costs eligibility.

In the 12 months ended 31 December 2023 and 2022, Orange Polska received PLN 39 million and PLN 5 million of investment grants under the Programme, respectively. In the 12 months ended 31 December 2023 and 2022, PLN 44 million and PLN 83 million was deducted from the cost of related assets as a result of the Programme and PLN 51 million and PLN 82 million, respectively, was paid to fixed assets suppliers.

Investment grants are presented separately within investing activities in the statement of cash flows. Received advances for investment grants are presented as cash and cash equivalents and other liabilities in the statement of financial position.

Grants might not be paid by the financing institution or once obtained might become repayable under certain circumstances resulting from not complying with conditions of the financing. The Company assesses that it is reasonably assured that grants corresponding to the scope of investments completed will be received and they will not become repayable.

**18. Employee benefits**

(in PLN millions)	At 31 December 2023	At 31 December 2022
Retirement bonuses	42	37
Salaries and other employee-related payables	193	152
<b>Total employee benefits</b>	<b>235</b>	<b>189</b>
Current	171	142
Non-current	64	47

On 14 December 2023, OPL S.A. concluded with Trade Unions the Social Agreement for years 2024 - 2025 (see Note 16) in which the Company, as a part of the negotiated employment optimisation programme, committed to make additional contributions in the fixed amount totalling PLN 26 million to the employee social programmes

carried out by the Company. As a result, this amount was recognised as other employee-related payables as at 31 December 2023 and labour expense in the 12 months ended 31 December 2023.

### 18.1. Retirement bonuses

Certain employees of the Company are entitled to long-term employee benefits in accordance with the Company's remuneration policy (see Note 35.22). These benefits are not funded. Changes in the present and carrying value of obligations related to long-term employee benefits for the 12 months ended 31 December 2023 and 2022 are detailed below:

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Present/carrying value of obligation at the beginning of the period</b>	<b>37</b>	<b>40</b>
Current service cost <sup>(a)</sup>	2	2
Past service cost <sup>(a) (d)</sup>	(7)	-
Interest cost <sup>(b)</sup>	3	1
Benefits paid	(1)	(1)
Actuarial (gains)/losses for the period <sup>(c)</sup>	8	(5)
<b>Present/carrying value of obligation at the end of the period</b>	<b>42</b>	<b>37</b>
Weighted average duration (in years)	14	13

<sup>(a)</sup> Recognised under labour expense in the income statement.

<sup>(b)</sup> Recognised under discounting expense in the income statement.

<sup>(c)</sup> Recognised under actuarial gains/(losses) on post-employment benefits in the statement of comprehensive income.

<sup>(d)</sup> Includes mainly impact of curtailment resulting from the Social Agreement concluded on 14 December 2023 (see Note 16).

The valuation of obligations as at 31 December 2023 and 2022 was performed using the following assumptions:

	At 31 December 2023	At 31 December 2022
Discount rate	5.0 %	6.9 %
Long-term wage increase rate	5.0 %	5.0 %

A change of the discount rate by 0.5 p.p. would increase or decrease the present/carrying value of obligations related to long-term employee benefits by PLN 2 million as at 31 December 2023.

### 18.2. Cash-settled share-based payment plan

On 23 July 2021, the Supervisory Board of OPL S.A. adopted LTI (Long Term Incentive) programme ("the programme") for the key managers of the Orange Polska Group ("the participants"), which is based on derivative instruments ("phantom shares"), whose underlying assets are the Orange Polska S.A. shares listed on the Warsaw Stock Exchange.

The purpose of the programme is to provide additional incentives to motivate senior managers to achieve mid-term commercial and financial objectives, resulting from Orange Polska's strategy and to lead to the increase of the value of the Company's shares.

The terms of the programme are as follows:

- Participation in the programme is voluntary.
- The programme is based on 3 three-year cycles, each starting in consecutive calendar years. The phantom shares were purchased by the programme participants at the beginning of each cycle of the programme.
- The participants of the first, second and third cycles of the programme (for years 2021 – 2023, 2022 – 2024 and 2023 – 2025) could purchase a total of up to, respectively, 2,023,200, 1,951,200 and 1,969,200 phantom shares for a price of PLN 0.50 per phantom share.



- d. Phantom shares shall be bought back from the participants by the Company, at Orange Polska's average share price in the first quarter after the end of each cycle of the programme (first quarter of 2024 for the first cycle), only when it is not lower than the average Orange Polska's share price in the first six months of the cycle (first half of 2021 for the first cycle of the programme). Otherwise, phantom shares shall not be bought back, resulting in the loss of invested funds by the participants. The number of phantom shares bought back depends on the independent achievement of the business objectives regarding EBITDAaL, organic cash flows, reduction in CO2 emission and average price of Orange Polska's shares.

The following table illustrates the number and average fair value of phantom shares granted by OPL S.A. calculated using the Black-Scholes model:

(number)	Phantom shares			
	CO2 condition	EBITDAaL condition	OCF condition	share price condition
<b>Outstanding at 1 January 2023</b>	<b>336,240</b>	<b>1,008,720</b>	<b>840,600</b>	<b>1,176,840</b>
Granted during the year <sup>(a)</sup>	158,400	475,200	396,000	554,400
Forfeited during the year	(19,260)	(311,580)	(48,150)	(67,410)
<b>Outstanding at 31 December 2023</b>	<b>475,380</b>	<b>1,172,340</b>	<b>1,188,450</b>	<b>1,663,830</b>
<b>Average fair value per unit (in PLN) at 31 December 2023</b>	<b>6.23</b>	<b>6.23</b>	<b>6.23</b>	<b>5.80</b>

<sup>(a)</sup> Relate to the third cycle of the programme.

(number)	Phantom shares			
	CO2 condition	EBITDAaL condition	OCF condition	share price condition
<b>Outstanding at 1 January 2022</b>	<b>190,620</b>	<b>571,860</b>	<b>476,550</b>	<b>667,170</b>
Granted during the year <sup>(a)</sup>	162,720	488,160	406,800	569,520
Forfeited during the year	(17,100)	(51,300)	(42,750)	(59,850)
<b>Outstanding at 31 December 2022</b>	<b>336,240</b>	<b>1,008,720</b>	<b>840,600</b>	<b>1,176,840</b>
<b>Average fair value per unit (in PLN) at 31 December 2022</b>	<b>4.04</b>	<b>4.04</b>	<b>4.04</b>	<b>3.63</b>

<sup>(a)</sup> Relate to the second cycle of the programme.

As a result of the programme, PLN 12 million and PLN 2 million, respectively, were recognised as an increase in labour expense in the 12 months ended 31 December 2023 and 2022. The carrying amount of liabilities recognised as employee benefits as at 31 December 2023 and 2022 amounted to PLN 18 million and PLN 6 million, respectively.

## 19. Finance income and expense

(in PLN millions)

12 months ended 31 December 2023

	Financial assets				Derivatives				Total
	Investments in subsidiaries	At amortised cost	At fair value	Lease liabilities	Financial liabilities at amortised cost	Hedging	Held for trading <sup>(a)</sup>	Non- financial items <sup>(b)</sup>	
Dividend income	35	-	-	-	-	-	-	-	35
Interest income	-	68	21 <sup>(c)</sup>	-	-	-	-	-	89
Interest expense on lease liabilities	-	-	-	(137)	-	-	-	-	(137)
Other interest expense and financial charges, including:	-	-	26 <sup>(d)</sup>	-	(348)	180	(12)	-	(154)
- interest expense	-	-	-	-	(348) <sup>(e)</sup>	180	(12)	-	(180)
Discounting expense	-	-	-	-	(22)	-	-	(32)	(54)
Foreign exchange gains/(losses)	-	-	-	47	-	-	(11)	-	36
<b>Total finance costs, net</b>	<b>35</b>	<b>68</b>	<b>47</b>	<b>(90)</b>	<b>(370)</b>	<b>180</b>	<b>(23)</b>	<b>(32)</b>	<b>(185)</b>
Interest income/(expense)	-	12 <sup>(f)</sup>	-	-	(6)	-	-	-	6
Impairment losses	-	(46)	(38) <sup>(g)</sup>	-	-	-	-	-	(84)
Foreign exchange gains/(losses)	-	(6)	-	-	10	(4)	(6)	-	(6)
Other operating expense	-	-	-	-	-	(7)	-	-	(7)
<b>Items recognised under operating income</b>	<b>-</b>	<b>(40)</b>	<b>(38)</b>	<b>-</b>	<b>4</b>	<b>(11)</b>	<b>(6)</b>	<b>-</b>	<b>(91)</b>

<sup>(a)</sup> Derivatives economically hedging commercial or financial transactions.<sup>(b)</sup> Includes mainly provisions.<sup>(c)</sup> Interest income on financial assets at fair value through other comprehensive income (selected trade receivables arising from sales of mobile handsets in instalments, see Note 14.1).<sup>(d)</sup> Change in valuation of financial assets at fair value through profit or loss (contingent consideration receivable from sale of 50% stake in Światłowod Inwestycje, see Note 26).<sup>(e)</sup> Includes mainly interest expense on loans from related party.<sup>(f)</sup> Late payment interest on trade receivables.<sup>(g)</sup> Impairment losses on financial assets at fair value through other comprehensive income.

## IFRS Separate Financial Statements – 31 December 2023

Translation of the financial statements originally issued in Polish

(in PLN millions)	12 months ended 31 December 2022								
	Financial assets				Financial liabilities at amortised cost	Derivatives		Non-financial items <sup>(b)</sup>	Total
	Investments in subsidiaries	At amortised cost	At fair value	Lease liabilities		Hedging	Held for trading <sup>(a)</sup>		
Dividend income	34	-	-	-	-	-	-	-	34
Interest income	-	89	7 <sup>(c)</sup>	-	-	-	-	-	96
Interest expense on lease liabilities	-	-	-	(93)	-	-	-	-	(93)
Other interest expense and financial charges, including:	-	-	11 <sup>(d)</sup>	-	(312)	124	(15)	-	(192)
- interest expense	-	-	-	-	(312) <sup>(e)</sup>	124	(15)	-	(203)
Discounting expense	-	-	-	-	(28)	-	-	(52)	(80)
Foreign exchange gains/(losses)	-	-	-	(15)	(6)	-	2	-	(19)
<b>Total finance costs, net</b>	<b>34</b>	<b>89</b>	<b>18</b>	<b>(108)</b>	<b>(346)</b>	<b>124</b>	<b>(13)</b>	<b>(52)</b>	<b>(254)</b>
Interest income	-	10 <sup>(f)</sup>	-	-	-	-	-	-	10
Impairment losses	-	(34)	(26) <sup>(g)</sup>	-	-	-	-	-	(60)
Foreign exchange gains/(losses)	-	1	-	-	(10)	5	3	-	(1)
External purchases	-	-	-	-	-	2	-	-	2
<b>Items recognised under operating income</b>	<b>-</b>	<b>(23)</b>	<b>(26)</b>	<b>-</b>	<b>(10)</b>	<b>7</b>	<b>3</b>	<b>-</b>	<b>(49)</b>

<sup>(a)</sup> Derivatives economically hedging commercial or financial transactions.<sup>(b)</sup> Includes mainly provisions.<sup>(c)</sup> Interest income on financial assets at fair value through other comprehensive income (selected trade receivables arising from sales of mobile handsets in instalments, see Note 14.1).<sup>(d)</sup> Change in valuation of financial assets at fair value through profit or loss (contingent consideration receivable from sale of 50% stake in Światłowód Inwestycje, see Note 26).<sup>(e)</sup> Includes mainly interest expense on loans from related party.<sup>(f)</sup> Late payment interest on trade receivables.<sup>(g)</sup> Impairment losses on financial assets at fair value through other comprehensive income.

## 20. Loans from related parties

(in millions of currency)		Amount outstanding at <sup>(a)</sup>	
		31 December 2023	31 December 2022
Creditor	Repayment date	PLN	PLN
<b>Floating rate</b>			
Atlas Services Belgium S.A. (PLN)	20 May 2024	1,503	1,503
Atlas Services Belgium S.A. (PLN)	20 June 2026	2,700	2,711
Atlas Services Belgium S.A. (PLN) <sup>(b)</sup>	29 July 2025	(1)	(2)
Cash pool deposits from subsidiaries (PLN)	2 January 2024	162	61
<b>Fixed rate</b>			
Atlas Services Belgium S.A. (PLN)	27 March 2023	-	757
<b>Total loans from related parties</b>		<b>4,364</b>	<b>5,030</b>
Current		1,670	839
Non-current		2,694	4,191

<sup>(a)</sup> Includes accrued interest and arrangement fees.<sup>(b)</sup> Revolving credit line.

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

The weighted average effective interest rate on loans from related parties, before and after swaps (see Note 25), amounted respectively to 7.03% and 3.21% as at 31 December 2023 (7.58% and 3.34% as at 31 December 2022). Loans from related parties are not secured.

## 21. Liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

The tables below present the reconciliation of the Company's liabilities arising from financing activities and derivatives (liabilities less assets) hedging these liabilities:

(in PLN millions)	Lease liabilities	Loans from related parties Note 20	Other financial liabilities at amortised cost	Derivatives hedging liabilities from financing activities <sup>(a)</sup> Note 25	Dividend payable Note 29.2	Total liabilities from financing activities
<b>Amount outstanding as at 1 January 2023</b>	<b>2,739</b>	<b>5,030</b>	<b>45</b>	<b>(450)</b>	<b>-</b>	<b>7,364</b>
Net cash flows provided by:						
– financing activities	(627)	(1,013)	(8)	194	(459)	(1,913)
– operating activities <sup>(b)</sup>	(497)	(650)	(6)	-	(459)	(1,612)
– operating activities <sup>(b)</sup>	(130)	(363)	(2)	194	-	(301)
Non-cash changes:	810	347	3	44	459	1,663
– foreign exchange gains	(47)	-	-	-	-	(47)
– fair value change, excluding foreign exchange gains	-	-	-	44	-	44
– other changes	857 <sup>(c)</sup>	347 <sup>(d)</sup>	3 <sup>(d)</sup>	-	459	1,666
<b>Amount outstanding as at 31 December 2023</b>	<b>2,922</b>	<b>4,364</b>	<b>40</b>	<b>(212)</b>	<b>-</b>	<b>7,114</b>

<sup>(a)</sup> Includes derivatives economically hedging liabilities from financing activities.

<sup>(b)</sup> Includes interest paid.

<sup>(c)</sup> Includes mainly recognition of new contracts and modification of existing contracts.

<sup>(d)</sup> Includes accrued interest and arrangement fees.

(in PLN millions)	Lease liabilities	Loans from related parties Note 20	Other financial liabilities at amortised cost	Derivatives hedging liabilities from financing activities <sup>(a)</sup> Note 25	Dividend payable Note 29.2	Total liabilities from financing activities
<b>Amount outstanding as at 1 January 2022</b>	<b>2,785</b>	<b>5,091</b>	<b>26</b>	<b>(275)</b>	<b>-</b>	<b>7,627</b>
Net cash flows provided by:						
– financing activities	(583)	(350)	18	140	(328)	(1,103)
– financing activities	(495)	(59)	19	-	(328)	(863)
– operating activities <sup>(b)</sup>	(88)	(291)	(1)	140	-	(240)
Non-cash changes:	537	289	1	(315)	328	840
– foreign exchange losses	15	-	-	1	-	16
– fair value change, excluding foreign exchange losses	-	-	-	(316)	-	(316)
– the effect of the merger (see Note 3)	5	(21)	-	-	-	(16)
– other changes	517 <sup>(c)</sup>	310 <sup>(d)</sup>	1 <sup>(d)</sup>	-	328	1,156
<b>Amount outstanding as at 31 December 2022</b>	<b>2,739</b>	<b>5,030</b>	<b>45</b>	<b>(450)</b>	<b>-</b>	<b>7,364</b>

<sup>(a)</sup> Includes derivatives economically hedging liabilities from financing activities.

<sup>(b)</sup> Includes interest paid.

<sup>(c)</sup> Includes mainly recognition of new contracts and modification of existing contracts.

<sup>(d)</sup> Includes accrued interest and arrangement fees.

## 22. Investments in subsidiaries

(in PLN millions)	At 31 December 2023			At 31 December 2022		
	Cost	Impairment	Net	Cost	Impairment	Net
BlueSoft Sp. z o.o.	213	-	213	213	-	213
Integrated Solutions Sp. z o.o.	20	-	20	20	-	20
Orange Energia Sp. z o.o.	44	-	44	44	-	44
Interkam Sp. z o.o.	110	-	110	43	-	43
Orange Szkolenia Sp. z o.o.	15	-	15	15	-	15
Telefony Podlaskie S.A.	20	-	20	20	-	20
Orange Retail S.A.	25	-	25	25	-	25
Other subsidiaries	1	-	1	2	-	2
<b>Total investments in subsidiaries</b>	<b>448</b>	<b>-</b>	<b>448</b>	<b>382</b>	<b>-</b>	<b>382</b>

In November 2023, the Company increased by PLN 67 million the capital of Interkam Sp. z o.o., a fully owned subsidiary. The full amount was paid in November 2023.

As at 31 December 2023 and 2022 the Company owned directly the following shares in its subsidiaries:

Entity	Location	Scope of activities	Share capital owned by OPL S.A. directly		Share capital owned by OPL S.A. directly and indirectly	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
Integrated Solutions Sp. z o.o.	Warsaw, Poland	Provision of integrated IT and network services.	100 %	100 %	100 %	100 %
BlueSoft Sp. z o.o.	Warsaw, Poland	Provision of IT services and solutions.	100 %	100 %	100 %	100 %
Orange Energia Sp. z o.o.	Warsaw, Poland	Sale of electrical energy.	100 %	100 %	100 %	100 %
Orange Szkolenia Sp. z o.o.	Warsaw, Poland	Training and hotel services, insurance agent.	100 %	100 %	100 %	100 %
Interkam Sp. z o.o.	Sochaczew, Poland	Local operator of services on the basis of fibre infrastructure	100 %	100 %	100 %	100 %
Telefony Podlaskie S.A.	Sokołów Podlaski, Poland	Local provider of fixed-line, internet and cable TV services.	89.3 %	89.3 %	89.3 %	89.3 %
Orange Retail S.A.	Modlnica, Poland	Points of sale rental.	100 %	100 %	100 %	100 %
Pracownice Towarzystwo Emerytalne Orange Polska S.A.	Warsaw, Poland	Management of employee pension fund.	98.4 %	98.4 %	100 %	100 %
Fundacja Orange	Warsaw, Poland	Charity foundation.	100 %	100 %	100 %	100 %
Telekomunikacja Polska Sp. z o.o.	Warsaw, Poland	No operational activity.	100 %	100 %	100 %	100 %

As at 31 December 2023 and 2022, the voting power held by the Company was equal to the Company's interest in the share capital of its subsidiaries.

Additionally, OPL S.A. and T-Mobile Polska S.A. hold a 50% interest each in NetWorks Sp. z o.o., located in Warsaw. This company was classified as a joint operation as its scope of activities comprises management, development and maintenance of networks owned by OPL S.A. and T-Mobile Polska S.A. NetWorks Sp. z o.o. was incorporated following the agreement on reciprocal use of mobile access networks between both operators. This agreement was signed in 2011 for 15 years with an option to extend it and is also classified as a joint operation for accounting purpose.

## 23. Investment in joint venture

The Company has a 50% interest in Światłowód Inwestycje Sp. z o.o. whose scope of activities comprises building fibre infrastructure and offering wholesale access services to other operators in Poland. Światłowód Inwestycje is a jointly controlled entity presented in the statement of financial position as an investment accounted for at cost. Światłowód Inwestycje Sp. z o.o. is structured through a separate entity and there are no contractual terms or other relevant facts and circumstances which indicate that the parties retain rights to the assets and obligations for the liabilities of the joint arrangement. As a result, the Company considers that the parties which jointly control the arrangement have rights to the net assets and the Company classifies the joint arrangement as a joint venture.

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.

The Company and the other investor in the joint venture are committed under certain conditions to make additional equity contributions of around PLN 200 million (each party) in years 2024 - 2026. Orange Polska has an option to buy c.1% of additional stake in Światłowód Inwestycje and obtain control in years 2027 - 2029.

## 24. Cash and cash equivalents

(in PLN millions)	At 31 December	At 31 December
	2023	2022
Current bank accounts, overnight deposits and cash on hand	72	75
Bank accounts dedicated for investment grants (see Note 17.2)	-	12
Deposits with Orange S.A.	649	830
<b>Total cash and cash equivalents</b>	<b>721</b>	<b>917</b>

The Company's cash surplus is invested into short-term highly-liquid financial instruments - mainly bank deposits and deposits with Orange S.A. under the Cash Management Treasury Agreement. Short-term deposits are made for varying periods of between one day and three months. The instruments earn interest which depends on the current money market rates and the term of investment.

The Company's maximum exposure to credit risk at the reporting date is represented by carrying amounts of cash and cash equivalents. The Company deposits its cash and cash equivalents with Orange S.A. and leading financial institutions with investment grade. Limits are applied to monitor the level of exposure to credit risk on the counterparties. In case the counterparty's financial soundness is deteriorating, the Company applies the appropriate measures mitigating the default risk.

## 25. Derivatives

As at 31 December 2023 and 2022, the Company's derivatives portfolio constituted financial instruments for which there was no active market (over-the-counter derivatives), mainly interest rate swaps, non-deliverable currency forwards and commodity swaps, including derivatives in virtual power purchase agreements. To price these instruments the Company applies standard valuation techniques. The fair value of swap/forward transaction represents discounted future cash flows, where the applicable market interest rate curves constitute the base for calculation of discounting factors and amounts in foreign currencies are converted into PLN at the National Bank of Poland period-end average exchange rate. Future cash flows of commodity swaps are based on commodity prices on commodity exchange and on forecasted prices calculated by an external advisor. More details related to valuation of derivatives hedging energy price risk are described in Note 26.2.

Valuation of derivatives is also adjusted by counterparty (credit valuation adjustment - “CVA”) or own (debit valuation adjustment - “DVA”) credit risk. CVA and DVA estimates were not material compared to the total fair value of the related derivatives.

The derivative financial instruments used by the Company are presented below:

(in PLN millions)

Type of instrument <sup>(a)</sup>	Hedged item	Nominal amount	Maturity	Weighted average price or rate per unit	Fair value	
					Financial asset	Financial liability
At 31 December 2023						
Derivative instruments - cash flow hedge						
Interest rate risk						
IRS	Loans from related party	3,800 m PLN	2024-2026	WIBOR 3M -> 1.48 %	212	-
Currency risk						
NDF	Purchase of inventories	55 m EUR	2024	4.49	-	(7)
NDF	Purchase of inventories	6 m USD	2024	4.04	-	(1)
Commodity risk						
Commodity swap	Purchase of energy	1.3 TWh	2024-2035	Not disclosed	133	-
Total cash flow hedges					345	(8)
Derivative instruments - held for trading <sup>(b)</sup>						
Currency risk						
NDF	Commercial transactions	14 m EUR	2024-2025	4.48	-	(2)
NDF	Commercial transactions	6 m USD	2024	4.05	-	(1)
NDF	Energy contract	15 m EUR	2024-2026	4.80	-	(3)
Derivative embedded in energy contract		56 m EUR	2024-2034		15	-
Total derivatives held for trading					15	(6)
Total derivative instruments					360	(14)
Current					23	(11)
Non-current					337	(3)

<sup>(a)</sup> IRS – interest rate swap, NDF – non-deliverable forward.

<sup>(b)</sup> Derivatives economically hedging commercial or financial transactions.

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Translation of the financial statements originally issued in Polish

(in PLN millions)

Type of instrument <sup>(a)</sup>	Hedged item	Nominal amount	Maturity	Weighted average price or rate	Fair value	
					Financial asset	Financial liability
At 31 December 2022						
Derivative instruments - cash flow hedge						
Interest rate risk						
IRS	Loans from related party	3,800 m PLN	2024-2026	WIBOR 3M -> 1.48 %	451	-
Currency risk						
NDF	Purchase of inventories	80 m EUR	2023	4.87	-	(11)
NDF	Purchase of inventories	21 m USD	2023	4.65	-	(4)
Commodity risk						
Commodity swap	Purchase of electricity	1.8 TWh	2023-2035	Not disclosed	277	-
Total cash flow hedges					728	(15)
Derivative instruments - held for trading <sup>(b)</sup>						
Currency risk						
NDF	Commercial transactions	34 m EUR	2023	4.86	-	(4)
NDF	Lease liabilities	14 m EUR	2023	4.85	-	(1)
NDF	Commercial transactions	16 m USD	2023	4.61	-	(3)
Total derivatives held for trading					-	(8)
Total derivative instruments					728	(23)
Current					29	(23)
Non-current					699	

<sup>(a)</sup> IRS – interest rate swap, NDF – non-deliverable forward.<sup>(b)</sup> Derivatives economically hedging commercial or financial transactions.

The Company's maximum exposure to credit risk is represented by the carrying amounts of derivatives. The Company enters into derivatives contracts with Orange S.A., leading financial institutions and companies with stable financial situation. Limits are applied to monitor the level of exposure to credit risk on the counterparties. Some transactions are additionally secured. In case the counterparty's financial soundness is deteriorating, the Company applies the appropriate measures mitigating the default risk.



The change in cash flow hedge reserve is presented below:

(in PLN millions)	12 months ended 31 December 2023			12 months ended 31 December 2022		
	Before tax	Tax	After tax	Before tax	Tax	After tax
<b>Total cash flow hedge reserve – beginning of period</b>	<b>712</b>	<b>(135)</b>	<b>577</b>	<b>269</b>	<b>(51)</b>	<b>218</b>
- interest rate risk	445	(85)	360	272	(52)	220
- currency risk	(8)	2	(6)	-	-	-
- energy price risk	275	(52)	223	(3)	1	(2)
Effective part of gains/(losses) on hedging instrument: <sup>(a)</sup>	(211)	40	(171)	605	(115)	490
- interest rate risk	(42)	8	(34)	320	(61)	259
- currency risk	(21)	4	(17)	5	(1)	4
- energy price risk	(148)	28	(120)	280	(53)	227
Reclassification to the income statement, adjusting: <sup>(a)</sup>	(186)	35	(151)	(154)	29	(125)
- interest expense presented in finance costs, net	(196)	37	(159)	(147)	28	(119)
- foreign exchange (gains)/losses presented in operating income	4	(1)	3	(5)	1	(4)
- other operating expense	6	(1)	5	-	-	-
- external purchases	-	-	-	(2)	-	(2)
Foreign exchange (gains)/losses transferred to inventories	19	(4)	15	(8)	2	(6)
<b>Total cash flow hedge reserve – end of period</b>	<b>334</b>	<b>(64)</b>	<b>270</b>	<b>712</b>	<b>(135)</b>	<b>577</b>
- interest rate risk	207	(40)	167	445	(85)	360
- currency risk	(6)	1	(5)	(8)	2	(6)
- energy price risk	133	(25)	108	275	(52)	223

<sup>(a)</sup> Recognised under gains/losses on cash flow hedges in the statement of comprehensive income.

Gains/losses on cash flow hedges cumulated in cash flow hedge reserve as at 31 December 2023 are expected to mature and affect the income statement in years 2024 – 2035.

## 26. Fair value of financial instruments

### 26.1. Fair value measurements

For the financial instruments measured subsequent to their initial recognition at fair value, the Company classifies fair value measurements using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices),
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the financial instruments measured subsequent to their initial recognition at fair value is presented below:

(in PLN millions)	Note	At 31 December 2023	At 31 December 2022	Fair value hierarchy
Contingent consideration receivable arising from the sale of 50% stake in Światłowod Inwestycje <sup>(a)</sup>	15.2	278	385	Level 3
Commodity swaps hedging energy prices – net (assets less liabilities) <sup>(b)</sup>	25	133	277	Level 3
Other derivatives – net (assets less liabilities)	25	213	428	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments	14.1	562	164	Level 2

<sup>(a)</sup> The Company received PLN 133 million in 2023.

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

The Company's financial assets and liabilities classified to Level 2 fair value measurements comprise derivatives (except for commodity swaps hedging energy prices) and selected trade receivables arising from sales of mobile handsets in instalments.

## 26.2. Methods and inputs used for Level 3 fair value measurements

The Company's financial assets and liabilities classified to Level 3 fair value measurements comprise the contingent consideration receivable arising from the sale of 50% stake in Światłowod Inwestycje (see Note 15.2) and commodity swaps hedging energy prices (see Notes 25 and 27.5).

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 Światłowod Inwestycje. The expected cash flows have been calculated as the probability-weighted average of possible future cash inflows from the contingent consideration. The discount rates used in the calculation of the present value of the expected cash flows range from 8.3% in 2024 to 6.1% in 2026 as at 31 December 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. Significant inputs to the valuation technique used by the Company to measure the fair value of the contingent consideration receivable are unobservable and include the credit risk margin estimated for the APG Group and probabilities assigned to possible future cash inflows used to calculate the expected value. 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 commodity swaps 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 2024 – 2026 and on forecasted prices calculated by an external advisor for years 2027 – 2035. The average of these forecasted energy prices for years 2027 – 2035 used for the valuation of derivatives as at 31 December 2023 amounted to PLN 490 per 1MWh. The sensitivity analysis prepared by the Company for the unobservable prices indicated that every 10% increase/decrease in the forecasted energy prices for years 2027 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 37/(37) million as at 31 December 2023.

## 26.3. Comparison of fair values and carrying amounts of financial instruments

As at 31 December 2023 and 2022, the carrying amount of the Company's financial instruments excluding lease liabilities approximated their fair value due to relatively short term maturity of those instruments, cash nature, variable interest rates or immaterial difference between the original effective interest rates and current market rates.

## 27. Objectives and policies of financial risk management

### 27.1. Principles of financial risk management

The Company is exposed to financial risks arising mainly from financial instruments that are issued or held as part of its operating and financing activities. That exposure can be principally classified as market risk (encompassing mainly currency risk, interest rate risk and energy price risk), liquidity risk and credit risk. The Company manages the financial risks with the objective to limit its exposure to adverse changes mainly in foreign exchange rates, interest rates and energy prices, to stabilise cash flows and to ensure an adequate level of financial liquidity and flexibility.

The principles of the Company Financial Risk Management Policy have been approved by the Management Board. Financial risk management is conducted according to strategies developed by the Treasury Committee under the direct control of the Board Member in charge of Finance.

Financial Risk Management Policy defines principles and responsibilities within the context of an overall financial risk management and covers the following areas:

- risk measures used to identify and evaluate the exposure to financial risks,
- selection of appropriate instruments to hedge against identified risks,
- valuation methodology used to determine the fair value of financial instruments,
- transaction limits for and credit ratings of counterparties with which the Company concludes hedging transactions.

### 27.2. Hedge accounting

The Company has entered into numerous derivative transactions to hedge exposure to currency risk, interest rate risk and energy price risk. The derivatives used by the Company include: interest rate swaps, cross currency interest rate swaps, cross currency swaps, non-deliverable forwards, currency options, currency forwards and commodity swaps, including derivatives in virtual power purchase agreements.

Certain derivative instruments are classified as cash flow hedges and the Company applies hedge accounting principles as stated in IFRS 9 (see Note 35.18). The cash flow hedges are used to hedge the variability of future cash flows that is attributable to a particular risk and could affect the income statement. The terms of the hedging instruments match the terms of the hedged items. The Company has established hedge ratios at the level of 1:1 (except for cash flow hedges related to energy price risk described in Note 27.5), as the underlying risks of the hedging instruments are identical to the hedged risks. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective assessment to ensure that hedge effectiveness requirements are met.

Derivatives are used for hedging activities and it is the Company's policy that derivative financial instruments are not used for trading (speculative) purposes. However, certain derivatives held by the Company are not designated as hedging instruments as set out in IFRS 9 and hedge accounting principles are not applied to those instruments. The Company considers those derivatives as economic hedges because they, in substance, protect the Company against currency risk, interest rate risk and energy price risk.

Detailed information on derivative financial instruments, including hedging relationship, that are used by the Company is presented in Note 25.

### 27.3. Currency risk

The Company is exposed to foreign exchange risk arising from financial assets and liabilities denominated in foreign currencies, mainly lease liabilities and energy contract.

The Company's hedging strategy, minimising the impact of fluctuations in exchange rates, is reviewed on a regular basis. The acceptable exposure to a selected currency is a result of the risk analysis in relation to an open position in that currency, given the financial markets' expectations of foreign exchange rates movements during a specific time horizon.

Within the scope of the hedging policy, the Company hedges its currency exposure entering mainly into forward currency contracts, cross currency interest rate swaps and cross currency swaps, under which the Company agrees to exchange a notional amount denominated in a foreign currency into PLN or to settle in cash the difference between the contracted price and the prevailing spot price. As a result, the gains/losses generated by derivative instruments compensate the foreign exchange losses/gains on the hedged items. Therefore, the variability of the foreign exchange rates has a reduced impact on the income statement.

Hedge ineffectiveness may arise from currency basis spread included in the hedging instrument that does not occur in the hedged instrument, a difference between the counterparty credit risk and the own credit risk and changes to the forecasted amount of cash flows of hedged items.

The Company is also actively hedging the exposure to foreign exchange risk generated by future operating and capital expenditures.

The Company uses the sensitivity analysis described below to measure currency risk.

The Company's major exposures to foreign exchange risk (net of hedging activities) and potential foreign exchange gains/losses on these exposures resulting from a hypothetical appreciation/depreciation of the PLN against other currencies are presented in the following table:

(in millions of currency)					Sensitivity to a change of the PLN against other currencies impacting income statement			
Effective exposure after hedging					At 31 December 2023		At 31 December 2022	
At 31 December 2023		At 31 December 2022			+10%	-10%	+10%	-10%
Currency exposure	Currency	PLN	Currency	PLN	PLN	PLN	PLN	PLN
Lease liabilities (EUR)	117	509	110	515	51	(51)	52	(52)
Lease liabilities (USD)	6	23	7	29	2	(2)	3	(3)
Derivative embedded in energy contract (EUR)	41	177	-	-	18	(18)	-	-
<b>Total</b>		<b>709</b>		<b>544</b>	<b>71</b>	<b>(71)</b>	<b>55</b>	<b>(55)</b>

The sensitivity analysis presented above is based on the following principles:

- unhedged portion of the discounted amount of liabilities and nominal amount of embedded derivative is exposed to foreign exchange risk (effective exposure),
- derivatives designated as hedging instruments and those classified as economic hedges are treated as risk-mitigation transactions,
- cash and cash equivalents are excluded from the analysis.

The changes in fair value of derivatives classified as cash flow hedges of forecast transactions affect other reserves. The sensitivity analysis prepared by the Company indicated that the potential gains/(losses) impacting cash flow hedge reserve resulting from a hypothetical 10% depreciation/appreciation of the PLN against other currencies would amount to PLN 26/(26) million and PLN 47/(47) million as at 31 December 2023 and 2022, respectively.

## 27.4. Interest rate risk

The interest rate risk is a risk that future cash flows of the financial instrument will change due to interest rates changes. The Company has interest bearing financial liabilities and assets consisting mainly of loans from related party (see Note 20) and bank borrowing.

The Company's interest rate hedging strategy, limiting exposure to unfavourable movements of interest rates, is reviewed on a regular basis. The preferable split between fixed and floating rate debt is the result of the analysis indicating the impact of the potential interest rates evolution on the financial costs.

According to the hedging strategy, the Company uses interest rate swaps and cross currency interest rate swaps to hedge its interest rate risk. As a result of the hedge, the structure of the liabilities changes to the desired one, as liabilities based on the floating/fixed interest rates are effectively converted into fixed/floating obligations.

As at 31 December 2023 and 2022, the Company's proportion between fixed/floating rate debt (after hedging activities) was 87/13% and 91/9% respectively.

Hedge ineffectiveness may arise from designation of non-zero fair value derivatives in hedge relationships and a difference between the counterparty credit risk and the own credit risk.

The Company uses the sensitivity analysis described below to measure interest rate risk.

The table below provides the Company's sensitivity analysis for interest rate risk (net of hedging activities) assuming a hypothetical increase/decrease in the interest rates by 1 p.p.:

(in PLN millions)

	Sensitivity to 1 p.p. change of interest rates			
	At 31 December 2023		At 31 December 2022	
	WIBOR		WIBOR	
	+1 p.p.	-1 p.p.	+1 p.p.	-1 p.p.
Income statement	(5)	5	(2)	2
Other reserves	43	(44)	65	(66)

The sensitivity analysis presented above is based on the following principles:

- income statement includes the following items exposed to interest rate risk: a) interest cost on financial debt based on floating rate (after hedging), b) the change in the fair value of derivatives not designated as hedging instruments and classified as held for trading (see Note 25),
- other reserves include the change in the fair value of derivatives that is determined as effective cash flow hedge (see Note 25),
- as at 31 December 2023, the gross financial debt based on floating rate (after hedging) amounted to PLN 569 million (as at 31 December 2022, PLN 470 million).

## 27.5. Energy price risk

The Company is also exposed to energy price risk related to future purchases of energy. The Company hedges its exposure entering into forward contracts on the Polish Power Exchange and physical/virtual power purchase agreements ("PPAs"/"vPPAs"). The contracts cover the period until the end of 2035.

Under PPAs the Company purchases energy at the fixed price agreed with the supplier of energy at the moment of entering into the contract. The energy is physically delivered to the Company and is used mainly for its own usage requirements. Additionally, from 2023 the energy from PPA contracts is also used for the Company's own sale requirements: the energy is sold and delivered to the retail customers through Orange Energia Sp. z o.o., a subsidiary of Orange Polska, on the basis of the agreement signed in 2022 between the Company and Orange Energia. Sale of energy from PPAs to Orange Energia takes place at the fixed price determined in the agreement. Orange Polska does not sell and does not intend to sell the energy from PPAs on the open market. Consequently, PPAs meet the conditions for own use exemption and are not recognised in the financial statements until date of energy delivery to Orange Polska.

Under vPPAs the energy is not physically delivered and the Company receives/pays a difference between the fixed price agreed with the supplier of energy and market energy prices. Consequently, vPPAs do not meet the conditions

for own use exemption and are recognised in the financial statements as hedging derivatives from the moment of entering into the contracts. The gains/losses generated by these instruments compensate the fluctuations of energy costs incurred by the Company.

The main sources of ineffectiveness of vPPA hedges can arise from:

- changes in differences in the hourly market energy prices to be used for settlement of vPPAs (wind production profile) and settlement of energy purchases by the Company (the Company usage profile) since designation of the hedging relationship,
- changes to the forecasted amount of cash flows from vPPAs (due to changes in the expected volume of energy to be generated by the wind farms),
- the effect of the counterparty's credit risk.

As a result, the Company has established hedge ratios at the average level of 0.86 (100 units of energy generated by wind farms hedge 86 units of energy used by the Company) in order to designate effective hedging relationships.

The sensitivity analysis prepared by the Company indicated that a hypothetical 10% increase/decrease in the energy prices used in the valuation of derivatives hedging energy price risk would change the fair value of these instruments and affect other reserves respectively by PLN 51/(51) and PLN 75/(75) million (including respectively PLN 37/(37) and PLN 35/(35) million for unobservable prices) as at 31 December 2023 and 2022.

## 27.6. Liquidity risk

The liquidity risk is a risk of encountering difficulties in meeting obligations associated with financial liabilities. The Company's liquidity risk management involves forecasting future cash flows, analysing the level of liquid assets in relation to cash flows, monitoring liquidity ratios and maintaining a diverse range of funding sources including back-up credit facilities.

In order to increase efficiency, the liquidity management process is optimised through a centralised treasury function of the Company, as liquid asset surpluses generated by the Company and its subsidiaries are invested and managed by the central treasury. The Cash Management Treasury Agreement with Orange S.A. enables the Company to deposit its cash surpluses with Orange S.A. The Company's cash surplus is also invested into short-term highly-liquid financial instruments – bank deposits.

The Company also manages liquidity risk by maintaining committed, unused credit facilities, which create a liquidity reserve to secure solvency and financial flexibility. The above-mentioned Cash Management Treasury Agreement with Orange S.A. gives the Company access to back-up liquidity funding to 30 June 2024 with headroom of up to PLN 500 million. No drawdown was made on this facility as at 31 December 2023. The Company also has a revolving credit line from the Orange Group for up to PLN 1,000 million and other credit lines for up to PLN 115 million. No drawdown was made on these facilities as at 31 December 2023. Therefore, as at 31 December 2023 and 31 December 2022, the Company had unused credit facilities amounting to PLN 1,615 million.

Liquidity risk is measured by applying following ratios calculated and monitored by the Company regularly:

- liquidity ratios,
- maturity analysis of undiscounted contractual cash flows resulting from the Company's financial liabilities,
- average debt duration.

The liquidity ratio (representing the relation between available financing sources, i.e. cash and cash equivalents and credit facilities, and debt repayments during next 12 and 18 months) and current liquidity ratio (representing the relation between unused credit facilities, current assets and current liabilities) are presented in the following table:

(in PLN millions)

	Liquidity ratios	
	At 31 December 2023	At 31 December 2022
Liquidity ratio (incl. derivatives) - next 12 months <sup>(a)</sup>	97 %	203 %
Unused credit facilities (excluding short term)	1,000	1,000
Cash and cash equivalents	721	917
Debt repayments <sup>(b)</sup>	1,894	1,181
Derivatives repayments <sup>(c)</sup>	(126)	(237)
Liquidity ratio (incl. derivatives) - next 18 months <sup>(a)</sup>	97 %	78 %
Unused credit facilities (excluding short term)	1,000	1,000
Cash and cash equivalents	721	917
Debt repayments <sup>(b)</sup>	1,972	2,842
Derivatives repayments <sup>(c)</sup>	(190)	(378)
Current liquidity ratio (incl. unused credit facilities)	77 %	103 %
Unused credit facilities (excluding short term)	1,000	1,000
Total current assets	3,580	3,941
Total current liabilities	5,980	4,799

<sup>(a)</sup> The ratio does not include future cash flows from operating or investing activities, nor debt refinancing.

<sup>(b)</sup> Undiscounted contractual cash flows on loans from related party, cash pool deposits from subsidiaries and bank borrowing.

<sup>(c)</sup> Undiscounted contractual cash flows on derivatives.

As at 31 December 2023, the Company's current liabilities exceeded current assets and unused long term credit facilities by PLN 1,400 million. The Management continuously analyses the timing, nature and scale of potential financing needs of the Company and believes that available cash as well as expected solid operating cash inflows will be sufficient to fund the Company's anticipated cash requirements for working capital and investment purposes. Also, taking into account potential additional future financing requirements, the Management has started negotiations with the parent company to refinance up to PLN 1.5 billion of the loan from related party falling due in May 2024 and based on current discussions and past experience, believes that they will be successful.



The maturity analysis for the contractual undiscounted cash flows resulting from the Company's financial liabilities as at 31 December 2023 and 2022 is presented below.

As at 31 December 2023 and 2022, amounts in foreign currency were translated at the National Bank of Poland period-end average exchange rates. The variable interest payments arising from the financial instruments were calculated using the interest rates applicable as at 31 December 2023 and 2022, respectively.

(in PLN millions)

(in PLN millions)		At 31 December 2023								
		Undiscounted contractual cash flows <sup>(a)</sup>								
		Non-current							Total non-current	Total
Note	Carrying amount	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years			
Loans from related parties	20	4,364	1,887	147	2,769	-	-	-	2,916	4,803
Other financial liabilities at amortised cost		40	7	6	6	6	6	12	36	43
Derivative assets	25	(360)	(138)	(126)	(78)	(30)	(31)	(187)	(452)	(590)
Derivative liabilities	25	14	12	3	3	-	-	-	6	18
<b>Gross financial debt after derivatives</b>		<b>4,058</b>	<b>1,768</b>	<b>30</b>	<b>2,700</b>	<b>(24)</b>	<b>(25)</b>	<b>(175)</b>	<b>2,506</b>	<b>4,274</b>
Trade payables	17.1	2,466	2,347	32	30	30	8	61	161	2,508
Lease liabilities	21	2,922	666	532	453	368	292	1,715	3,360	4,026
Financial guarantees	31.2	-	29	-	-	-	-	-	-	29
<b>Total financial liabilities (including derivative assets)</b>		<b>9,446</b>	<b>4,810</b>	<b>594</b>	<b>3,183</b>	<b>374</b>	<b>275</b>	<b>1,601</b>	<b>6,027</b>	<b>10,837</b>

<sup>(a)</sup> Includes both nominal and interest payments.

(in PLN millions)

(in PLN millions)	At 31 December 2022									
	Undiscounted contractual cash flows <sup>(a)</sup>									
			Non-current							
	Note	Carrying amount	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total non-current	Total
Loans from related parties	20	5,030	1,174	1,749	178	2,789	-	-	4,716	5,890
Other financial liabilities at amortised cost		45	7	7	6	6	6	18	43	50
Derivative assets	25	(728)	(268)	(231)	(207)	(115)	(40)	(188)	(781)	(1,049)
Derivative liabilities	25	23	31	-	—	-	-	-	-	31
<b>Gross financial debt after derivatives</b>		<b>4,370</b>	<b>944</b>	<b>1,525</b>	<b>(23)</b>	<b>2,680</b>	<b>(34)</b>	<b>(170)</b>	<b>3,978</b>	<b>4,922</b>
Trade payables	17.1	2,222	2,141	25	24	24	24	2	99	2,240
Lease liabilities	21	2,739	555	485	411	345	275	1,694	3,210	3,765
Financial guarantees	31.2	-	65	-	-	-	-	-	-	65
<b>Total financial liabilities (including derivative assets)</b>		<b>9,331</b>	<b>3,705</b>	<b>2,035</b>	<b>412</b>	<b>3,049</b>	<b>265</b>	<b>1,526</b>	<b>7,287</b>	<b>10,992</b>

<sup>(a)</sup> Includes both nominal and interest payments.

The average duration for the existing debt portfolio as at 31 December 2023 was 1.7 years (2.3 years as at 31 December 2022).

## 27.7. Credit risk

The Company's credit risk management objective is defined as supporting business growth while minimising financial risks by ensuring that customers and partners are always in a position to pay amounts due to the Company.



The main function of the Credit Committee under the control of the Board Member in charge of Finance is to coordinate and consolidate credit risk management activities across the Group, which involve:

- clients' risk assessment,
- monitoring clients' business and financial standing,
- managing accounts receivable and bad debts.

The policies and rules regarding consolidated credit risk management for the Group were approved by the Credit Committee.

There is no significant concentration of credit risk within the Company. Further information on credit risk is discussed in Notes 14.1, 14.2, 24 and 25.

## 28. Income tax

### 28.1. Income tax

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
Current income tax	(141)	(56)
Deferred tax	(37)	(107)
<b>Total income tax</b>	<b>(178)</b>	<b>(163)</b>

The reconciliation between the income tax expense and the theoretical tax calculated based on the Polish statutory tax rate was as follows:

(in PLN millions)	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Income before tax</b>	<b>960</b>	<b>920</b>
Statutory tax rate	19 %	19 %
<b>Theoretical tax</b>	<b>(182)</b>	<b>(175)</b>
Tax relief on research and development	16	13
Dividend income	7	6
Other expenses not deductible for tax purposes	(19)	(7)
<b>Total income tax</b>	<b>(178)</b>	<b>(163)</b>

Expenses not deductible for tax purposes consist of cost items, which, under Polish tax law, are specifically determined as non-deductible.

**28.2. Deferred tax**

(in PLN millions)

	Statement of financial position		Income statement	
	At 31 December 2023	At 31 December 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
Property, plant and equipment, intangible assets and right-of-use assets	(399)	(155)	(244)	(16)
Lease liabilities	461	436	25	(29)
Receivables	(68)	(78)	10	28
Payables	266	159	107	(42)
Contract assets and contract costs	(135)	(139)	4	(9)
Contract liabilities	154	126	28	(1)
Employee benefits	48	39	7	5
Provisions	169	132	37	(44)
Net financial debt	(65)	(130)	(7)	5
Unused tax losses	1	7	(6)	(4)
Other	(1)	(3)	2	-
<b>Deferred tax asset, net <sup>(a)</sup></b>	<b>431</b>	<b>394</b>		
<b>Total deferred tax</b>			<b>(37)</b>	<b>(107)</b>

<sup>(a)</sup> During the 12 months ended 31 December 2023 and 2022, PLN 78 million and PLN (87) million of change in deferred tax asset was recognised in the statement of comprehensive income, respectively. During the 12 months ended 31 December 2023 and 2022, PLN (4) million and PLN 2 million of change in deferred tax asset was recognised directly in equity, respectively. During the 12 months ended 31 December 2022 deferred tax asset, net was increased by PLN 36 million as the effect of the merger (see Note 3).

As a result of the IASB amendments to IAS 12 “Income Taxes” effective for annual reporting periods beginning on or after 1 January 2023, the data in the table above as at 31 December 2022 and for the 12 months ended 31 December 2022 were restated with no impact on the total net deferred tax asset. According to the amendments, a temporary difference that arises on initial recognition of an asset or liability shall be recognized if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The change resulting from the amendments was applied to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities as well as with the intangible assets and telecommunications licence payables. Additionally, deferred tax on receivables and payables was presented as separate items.

Deferred tax asset is recognised in the amount which is expected to be utilised using future taxable profits estimated on the basis of the business plan approved by the Management Board of Orange Polska and used to determine the value in use of the telecom operator CGU (key assumptions are described in Note 9), which are considered as a positive evidence supporting the recognition of deferred tax asset.

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has not yet been enacted or substantively enacted in Poland. The Company has applied the obligatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

**29. Equity****29.1. Share capital**

As at 31 December 2023 and 2022, 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 as at 31 December 2023 and 2022 was as follows:

(in PLN millions)	At 31 December 2023			At 31 December 2022		
	% of votes	% of shares	Nominal value	% of votes	% of shares	Nominal value
Orange S.A.	50.67	50.67	1,995	50.67	50.67	1,995
Allianz Polska OFE, Allianz Polska DFE pension funds	7.96 <sup>(a)</sup>	7.96 <sup>(a)</sup>	313	7.70 <sup>(b)</sup>	7.70 <sup>(b)</sup>	303
Nationale-Nederlanden OFE pension fund	5.63 <sup>(a)</sup>	5.63 <sup>(a)</sup>	222	5.49 <sup>(c)</sup>	5.49 <sup>(c)</sup>	216
Other shareholders	35.74	35.74	1,407	36.14	36.14	1,423
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>3,937</b>	<b>100.00</b>	<b>100.00</b>	<b>3,937</b>

<sup>(a)</sup> To the best of the Company's knowledge as at 31 December 2023, i.e. according to the annual asset structure published by pension funds as at 29 December 2023. Between 29 December 2023 and 31 December 2023, Allianz Polska OFE, Allianz Polska DFE and Nationale-Nederlanden OFE did not notify the Company of any changes in its ownership of Orange Polska shares.

<sup>(b)</sup> To the best of the Company's knowledge, i.e. according to the notice from PTE Allianz Polska of 5 January 2023. As at 31 December 2022, the data also included shares held by Drugi Allianz Polska OFE, which was liquidated in 2023 and its assets were transferred to Allianz Polska OFE.

<sup>(c)</sup> To the best of the Company's knowledge as at 31 December 2022, i.e. according to the ownership structure at the Extraordinary Meeting of Shareholders of Orange Polska held on 6 October 2022. Between 6 October 2022 and 31 December 2022, Nationale-Nederlanden Open Pension Fund did not notify the Company of any changes in its ownership of Orange Polska shares.

## 29.2. 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. The total dividend, paid on 20 July 2023, amounted to PLN 459 million.

Retained earnings available for dividend payments amounted to PLN 5.7 billion as at 31 December 2023. The remaining balance of the Company's retained earnings is unavailable for dividend payments due to restrictions of the Polish commercial law, such as the unavailability of assets revaluation reserve until the revalued assets are sold or liquidated or the requirement of a minimum spare capital to be maintained at the level of one third of the share capital.

## 29.3. Equity-settled share-based payment plans

Orange S.A. operates a long term incentive plan, under which key managers of Orange Polska are awarded a defined number of free shares of Orange S.A., subject to performance conditions and continuous service in the Orange Group. The value of services rendered by managers for granting equity instruments of Orange S.A. recognised in labour expense in 2023 and 2022 amounted to PLN 2 million.

## 30. Management of capital

Capital management strategy is developed at the Group level. Capital management policy is described in Note 30 to Orange Polska Group IFRS Consolidated Financial Statements for the year ended 31 December 2023.

## 31. Unrecognised contractual obligations

### 31.1. Investment commitments

Investment commitments contracted for at the end of the reporting period but not recognised in the financial statements were as follows:

(in PLN millions)	At 31 December	At 31 December
	2023	2022
Property, plant and equipment	228	263
Intangibles	119	129
<b>Total investment commitments</b>	<b>347</b>	<b>392</b>
Amounts contracted to be payable within 12 months after the end of the reporting period	334	357

Investment commitments relate mainly to development of telecommunications network, purchases of telecommunications network equipment, IT systems and other software.

### 31.2. Guarantees

As at 31 December 2023 and 2022, OPL S.A. granted to its subsidiaries guarantees in the amount of PLN 110 million and PLN 118 million, respectively, of which PLN 29 million and PLN 65 million constituted financial guarantee contracts.

## 32. Litigation, claims and contingent liabilities

As at 31 December 2023, the Company recognised provisions for known and quantifiable risks related to various current or potential claims and proceedings, which represent the Company's best estimate of the amounts, which are more likely than not to be paid. Provisions are not disclosed on a case-by-case basis, when, in the opinion of the Management Board, such disclosure could prejudice the outcome of the pending cases.

#### a. Proceedings by UOKiK and UKE and claims connected with them

According to the Act on Competition and Consumer Protection, in case of non-compliance with its regulations, the President of the Office of Competition and Consumer Protection ("UOKiK") is empowered to impose on an entity penalties of up to a maximum amount of EUR 50 million for refusal to provide requested information or up to a maximum amount of 10% of an entity's revenue for the year prior to the year of fine imposition for a breach of the law. According to the Telecommunications Act, the President of UKE may impose on a telecommunications operator a penalty of up to a maximum amount of 3% of the operator's prior year's tax revenue, if the operator does not fulfil certain requirements of the Telecommunications Act.

#### Competition proceedings by UOKiK related to retail prices of calls to Play

In 2013, UOKiK commenced competition proceedings against Orange Polska, Polkomtel Sp. z o.o. and T-Mobile Polska S.A. UOKiK alleged that they abused collective dominant position and the abuse consisted in the fact that the retail prices of calls made by individual users from the network of each of the three operators to the network of P4 Sp. z o.o. ("P4"), operator Play, were relatively higher than the prices for such calls to the networks of the three operators. On 2 January 2018, UOKiK discontinued the competition proceedings. UOKiK stated that there was no basis to determine that Orange Polska, Polkomtel Sp. z o.o. and T-Mobile Polska S.A. acted in breach of the competition law.

In September 2015, Orange Polska received a lawsuit filed by P4 with the Court under which P4 claims for damages, in the amount of PLN 316 million (PLN 231 million and PLN 85 million of interest) relating to the retail mobile prices for a period between July 2009 and March 2012. P4 originally claimed jointly and severally towards Orange Polska,

Polkomtel Sp. z o.o. and T-Mobile Polska S.A. but subsequently the proceedings against T-Mobile was discontinued due to a settlement concluded by the latter with P4.

On 2 July 2018, P4 extended its claim by the amount of PLN 314 million (PLN 258 million and PLN 56 million of capitalised interest). The factual basis for both claims is the same (retail price difference) but as regards the claim extension the period for which damages are calculated is different i.e. from April 2012 to December 2014.

On 29 November 2018 the court excluded P4's claim for PLN 314 million to separate court proceedings.

On 27 December 2018 the court of first instance dismissed P4's claim for PLN 316 million in its entirety as time barred. P4 appealed that verdict to the Appeal Court and, on 28 December 2020, the Appeal Court repealed the verdict and remanded the case back to the court of first instance on the basis that the court did not sufficiently explain the reasons for the claim being time barred. No other arguments were assessed by the Court of Appeal.

On 4 May 2023, the court of first instance decided to join the claims for PLN 316 million and PLN 314 million for joint consideration.

#### Consumer proceedings by UOKiK

On 14 May and 23 July 2021, UOKiK instituted proceedings regarding practices violating collective interests of consumers in the provision of certain additional services by Orange Polska alleging, among others, insufficient information for consumers in activating the service, lack of information on a durable medium and insufficient replies to customer complaints. On 14 December 2021 and 8 March 2022, UOKiK issued commitment decisions (both without imposing fines) concluding the proceedings instituted on 14 May and 23 July 2021 respectively. Orange Polska fulfilled the obligations imposed by UOKiK on 14 December 2021 and 8 March 2022. Orange Polska sent reports on their fulfilment to UOKiK on 13 September 2022 and 9 January 2023, respectively. UOKiK investigates whether Orange Polska properly executes the commitment decision of 14 December 2021.

On 7 June 2022, UOKiK initiated proceedings concerning practices violating the collective interests of consumers, alleging that Orange Polska unjustifiably charges fees for calls to the hotline numbers made by consumers using offers with unlimited calls and for the technical assistance in the course of the complaint procedure. On 31 August 2023, UOKiK issued a commitment decision (without imposing a fine) concluding these proceedings.

On 9 August 2022, UOKiK instituted two proceedings concerning a fee for maintaining inactive numbers in mobile network for pre-paid services. UOKiK alleges that Orange Polska infringed the collective interests of consumers by introducing such a fee and examines whether Orange Polska applied abusive clauses in this practice. The proceedings are ongoing.

#### Other proceedings by UOKiK and UKE

The Company is subject to a number of other proceedings carried out by UOKiK - concerning relations with consumers that include, among others, inflation clauses in customer contracts and infringements while selling certain products – and by UKE - including proceedings for favouring data transmission in certain fixed internet access services and for providing erroneous data to the Broadband Infrastructure Information System (SIIS) run by UKE.

As at 31 December 2023, the Company recognised provisions for known and quantifiable risks related to proceedings against OPL S.A. initiated by UOKiK and UKE, which represent the Company's best estimate of the amounts, which are more likely than not to be paid. The actual amounts of penalties, if any, are dependent on future events the outcome of which is uncertain, and, as a consequence, the amount of the provision may change at a future date.

#### **b. Tax settlements**

Tax settlements are subject to review and investigation by a number of authorities, which are entitled to impose fines, penalties and interest charges. Value added tax, corporate income tax, personal income tax, real estate tax,

other taxes and the general anti-avoidance rules or social security regulations are subject to frequent changes. These changes contribute to the lack of system stability and tax disputes. Frequent contradictions and inconsistencies in legal interpretations both within government bodies and between companies and government bodies create uncertainties and conflicts. These uncertainties result in higher risk in the area of tax settlements, which may require recognition of liabilities for uncertain tax positions and provisions resulting from differences of interpretation of the tax law.

Tax authorities may examine accounting records up to five years following the end of the year in which the tax becomes due. Consequently, the Company may be subject to additional tax liabilities, which may arise as a result of additional tax audits.

The Company is involved in tax audits, proceedings and litigations in respect to various taxes, such as income taxes, VAT, real estate tax, including the area of general anti-avoidance rules with regard to infrastructure. Some of these proceedings and litigations may result in significant future cash outflows. The possible outcomes of these proceedings and litigations are assessed by OPL on a regular basis and quantifiable risks related to them that are probable to result in future cash outflows are adequately reflected as income tax liabilities or provisions in the statement of financial position.

c. Issues related to the incorporation of Orange Polska

Orange Polska was established as a result of the transformation of the state-owned organisation Poczta Polska Telegraf i Telefon ("PPTiT") into two entities – the Polish Post Office and Orange Polska S.A. The share premium in the equity of Orange Polska includes an amount of PLN 713 million which, in accordance with the Notary Deed dated 4 December 1991, relates to the contribution of the telecommunication business of PPTiT to the Company. During the transformation process and transfer of ownership rights to the new entities, certain properties and other assets that are currently under Orange Polska's control were omitted from the documentation recording the transfer and the documentation relating to the transformation process is incomplete in this respect. This means that Orange Polska's rights to certain properties and other non-current assets may be questioned and, as a result, the share premium balance may be subject to changes.

d. Other contingent liabilities and provisions

Operational activities of the Company are subject to legal, social and administrative regulations a breach of which, even unintentional, may result in sanctions imposed on the Company. In addition to fines which may be imposed by UOKiK and UKE described in Note 32.a also the President of Energy Regulatory Office may impose a penalty of up to a maximum amount of 15% of the revenues gained in the previous tax year among others for an infringement of certain provisions of Energy Law, a failure in fulfilment of obligations determined by the concession, a refusal to provide information.

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, remuneration or return of benefits from the Company raised by counterparties or other entities which may result in significant cash outflows.

Furthermore, the Company uses fixed assets of other parties in order to provide telecommunications services. 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 a 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.

### 33. Related party transactions

#### 33.1. Management Board and Supervisory Board compensation

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 is presented below. Additionally, persons in the position of the President of OPL S.A.'s Management Board have been employed by Orange Global International Mobility S.A., a subsidiary of Orange S.A., and posted to Orange Polska. The amount incurred by Orange Polska S.A. for the reimbursement of key management personnel costs from the Orange Group is presented separately in the table below.

(in PLN thousands)	12 months ended 31 December 2023	12 months ended 31 December 2022
Short-term benefits excluding employer social security payments	15,483	15,866
Post-employment benefits	971	868
Share-based payment plans	2,464	1,597
<b>Total compensation</b>	<b>18,918</b>	<b>18,331</b>
Reimbursement of the key management personnel costs	5,961	5,670
<b>Total</b>	<b>24,879</b>	<b>24,001</b>

Additionally, Section 9.3 of the Management Board's Report on the Activity of the Orange Polska Group and Orange Polska S.A. for the year ended 31 December 2023 includes the information on the Remuneration Policy of Orange Polska, where more details on Management Board and Supervisory Board compensation can be found.

#### 33.2. Related party transactions

As at 31 December 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 12 months ended 31 December 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.

Orange Polska S.A. operates under the Orange brand pursuant to a licence agreement concluded with Orange S.A. and Orange Brand Services Limited (hereinafter referred to as "OBSL"). The brand licence agreement provides that OBSL receives a fee of up to 1.6% of the Company's operating revenue earned under the Orange brand.

OPL S.A.'s financial income earned from its subsidiaries comprises dividends and interest on the loans granted to the subsidiaries. Financial receivables from the subsidiaries relate to the loans granted to the subsidiaries.



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

Until 31 December 2023, the Company and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded loan agreements for PLN 4,200 million and Revolving Credit Facility Agreement for up to PLN 1,000 million (see Note 20). Additionally, the Company concluded an agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk related to the financing from Atlas Services Belgium S.A. The nominal amount of derivative transactions outstanding under the agreement as at 31 December 2023 was PLN 3,800 million with a total fair value of PLN 212 million (as at 31 December 2022, nominal amount of PLN 3,800 million with a total fair value of PLN 451 million).

Financial receivables, payables, financial expense, net and other comprehensive income/loss concerning transactions with the Orange Group relate mainly to the above-mentioned agreements. Financial income from Orange S.A. and cash and cash equivalents deposited with Orange S.A. relate to the Cash Management Treasury Agreement (see Note 27.6).

The Company's transactions with joint venture relate to transactions with Światłowód Inwestycje Sp. z o.o. (see Note 23). OPL S.A.'s income and receivables from the joint venture relate mainly to investment process management services and sale of fibre network assets. The purchases from the joint venture 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 the joint venture paid upfront. Additionally, in June 2023, the Company paid PLN 100 million to Światłowód Inwestycje to increase the joint venture's capital.

(in PLN millions)

	12 months ended 31 December 2023	12 months ended 31 December 2022
<b>Sales of goods and services and other income:</b>	<b>819</b>	<b>835</b>
Orange Polska Group (subsidiaries)	146	104
Orange Group	268	272
- Orange S.A. (parent)	205	197
- Orange Group (excluding parent)	63	75
Światłowód Inwestycje (joint venture)	405	459
<b>Purchases of goods (including inventories, tangible and intangible assets) and services:</b>	<b>(528)</b>	<b>(694)</b>
Orange Polska Group (subsidiaries)	(103)	(309)
Orange Group	(270)	(272)
- Orange S.A. (parent)	(81)	(89)
- Orange Group (excluding parent)	(189)	(183)
Światłowód Inwestycje (joint venture)	(155)	(113)
<b>Financial income:</b>	<b>66</b>	<b>98</b>
Orange Polska Group (subsidiaries)	36	36
Orange S.A. (parent)	30	62
<b>Financial expense, net:</b>	<b>(154)</b>	<b>(164)</b>
Orange Polska Group (subsidiaries)	(5)	(3)
Orange Group	(149)	(161)
- Orange S.A. (parent)	193	146
- Orange Group (excluding parent)	(342)	(307)
<b>Other comprehensive income/(loss):</b>	<b>(238)</b>	<b>173</b>
Orange S.A. (parent)	(238)	173
<b>Dividend paid:</b>	<b>233</b>	<b>166</b>
Orange S.A. (parent)	233	166



## Orange Polska S.A.

### IFRS Separate Financial Statements – 31 December 2023

Translation of the financial statements originally issued in Polish

(in PLN millions)	At 31 December 2023	At 31 December 2022
<b>Receivables and contract costs:</b>	<b>306</b>	<b>382</b>
Orange Polska Group (subsidiaries)	79	54
Orange Group	107	109
- Orange S.A. (parent)	74	70
- Orange Group (excluding parent)	33	39
Światłowod Inwestycje (joint venture)	120	219
<b>Liabilities:</b>	<b>1,044</b>	<b>824</b>
Orange Polska Group (subsidiaries)	40	26
Orange Group	115	111
- Orange S.A. (parent)	53	44
- Orange Group (excluding parent)	62	67
Światłowod Inwestycje (joint venture)	889	687
<b>Financial receivables:</b>	<b>212</b>	<b>461</b>
Orange Polska Group (subsidiaries)	-	10
Orange S.A. (parent)	212	451
<b>Cash and cash equivalents deposited with:</b>	<b>649</b>	<b>830</b>
Orange S.A. (parent)	649	830
<b>Financial liabilities:</b>	<b>4,367</b>	<b>5,030</b>
Orange Polska Group (subsidiaries) (see Note 20)	162	61
Orange Group	4,205	4,969
- Orange S.A. (parent)	3	-
Orange Group (excluding parent) (see Note 20)	4,202	4,969

Additionally, as at 31 December 2023 and 2022, OPL S.A. granted to its subsidiaries guarantees in the amount of PLN 110 million and PLN 118 million, respectively.

### 34. Subsequent events

On the basis of an annual review of useful lives of fixed assets, the Company decided to extend useful lives for certain IT equipment and items of software from 2024. As a result, depreciation and amortisation expense in 2024 relating to these assets is expected to be lower by approximately PLN 38 million than in 2023.

### 35. Material accounting policies

In addition to the statement of compliance included in Note 2, this note describes the accounting principles applied to prepare the Separate Financial Statements for the year ended 31 December 2023.

### 35.1. Use of estimates and judgement

In preparing the Company's accounts, the Company's Management Board is required to make estimates. Management Board reviews these estimates if the circumstances on which they were based evolve or in the light of new information or experience. Consequently, estimates made as at 31 December 2023 may be subsequently changed. The main estimates and judgements made are described in the following notes:

Note		Estimates and judgements
6, 35.9	Revenue	Allocation of transaction price to each performance obligation based on stand-alone selling price. Estimating stand-alone selling prices of performance obligations. Straight-line recognition of revenue relating to service connection fees. Reporting revenue on a net versus gross basis (analysis of Company's involvement acting as principal versus agent). Estimation of early termination fees charged to customers.
9, 35.17	Impairment of cash generating unit, investment in joint venture and individual tangible and intangible assets	Key assumptions used to determine CGU and recoverable amounts: impairment indicators, models, discount rates, growth rates.
13, 35.15	Leases	Key assumptions used to measure the lease liability and the right of use assets: lease term, discount rate and usage of options. Application of portfolio approach to certain leases.
11, 12, 35.13, 35.14	Useful lives of tangible and intangible assets (excluding goodwill)	The useful lives and the method of depreciation and amortisation.
12, 17.2, 35.14	Property, plant and equipment - investment grants	The assumptions underlying the measurement and recognition of investment grants obtained, i.e. when meeting grant criteria is considered reasonably assured.
14.1, 14.2, 35.18	Impairment of financial assets	Key assumptions used to determine impairment of financial assets: expected credit loss rate (including incorporation of forward looking information), grouping of financial assets.
16, 32, 35.21	Provisions	The assumptions underlying the measurement of provisions for claims and litigation. Provisions for employment termination expense: discount rates, number of employees, employment duration, individual salary and other assumptions.
16	Dismantling costs	The assumptions underlying the measurement of provision for the estimated costs for dismantling and removing the asset and restoring the site on which it is located.
17	Reverse factoring	Reverse factoring: distinguishing operating debt and financial debt.
18, 35.22, 35.23	Employee benefits	Discount rates, salary increases, retirement age, staff turnover rates and other. Model and assumptions underlying the measurement of fair values of share-based payment plan.
23	Co-control	Judgment with respect to the existence or not of the co-control.
25, 26, 35.18	Fair value of derivatives and other financial instruments	Model and assumptions underlying the measurement of fair values.
25, 26, 27.5	Power purchase agreements	Judgment with respect to application of own use exemption. Model and assumptions underlying the measurement of fair values.
28, 35.20	Income tax	Assumptions used for recognition of deferred tax assets. Assumptions used to determine taxable results and tax bases for uncertain tax treatments.
15.1, 35.19	Allowance for slow moving and obsolete inventories	Methodology used to determine net realisable value of inventories.

The Company considers that the most significant adjustments to the carrying amounts of assets and liabilities could result from changes in estimates and judgements relating to impairment (see Note 9), provisions for claims, litigation and risks (see Notes 16 and 32), leases (see Note 13), useful lives of tangible and intangible assets (see Notes 11, 12, 35.13 and 35.14) and co-control over Światłowód Inwestycje (see Note 23).

Where a specific transaction is not dealt with in any standard or interpretation, Management Board uses its judgment in developing and applying an accounting policy that results in information that is relevant and reliable, in that the financial statements:

- represent faithfully the Company's financial position, financial performance and cash flows,
- reflect the economic substance of transactions,
- are neutral and
- are complete in all material respects.

#### Consideration of climate change

The Company analysed the impact of climate change on the Separate Financial Statements and concluded that there was no impact on the carrying amounts of assets and liabilities as at 31 December 2023 and 2022. The Company specifically considered the impact of climate change on the estimates and judgments made, including impairment assessment of the telecom operator cash generating unit as well as useful lives of tangible and intangible assets.

While assessing the impact of the climate changes on the impairment assessment of the telecom operator cash generating unit, the Company identified risks related to the climate changes, specific for the Company's business and its geographical location, such as:

- infrastructural damage or malfunctioning due to climate change,
- impact of climate change on energy provision, usage and costs,
- disruption of supply chains due to climate change-related issues,
- regulatory and social-economic impacts linked with climate change.

The methodology regarding risk identification, valuation and mitigation measures, was based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reports of the Intergovernmental Panel on Climate Change (IPCC) and taxonomy regulations of environmentally sustainable investments, related to the Regulation of the European Parliament and the Council of the European Union No. 2020/852. Temperature scenarios, used in the valuation, correspond to projections until 2100, presented at the Climate Summit in Paris in 2015. The assumed levels of factors impacting the risks, such as sea level increase, number of heatwaves, storms and heavy rains, river floods coverage and temperature increase, were based on prognosis publicly available such as information in the IPCC reports, at Klimada web portal or Hydroportal.

These risks, and assumed mitigations of the risks, were valued based on the future expected cash flows related to these risks. They were valued for the various temperature scenarios (increase of average temperature by between 1.5°C and 4°C from XIX century until 2100) and for the various periods.

The actions mitigating an impact of the climate changes grouped in the four types of risks listed above, include e.g. optimisation of the networks, application of the new technologies for networks and equipment, enhancement of networks protection against high temperatures, energy shortages, flood or increased sea level, usage of energy from renewable sources, diversification of supplies, regular monitoring of the risks and other mitigation actions.

The valuation of the climate impact on the Company's future cash flows is judgmental and its results depend on various factors therefore alternative scenarios were prepared for various temperature scenarios, various impacts of mitigation actions, various levels of cash flows impact, various levels of discounting factor, various levels of inflation. The valuation, with actual assumptions and available information, proved that neither the basic valuation nor the alternative scenarios result in an impairment of the telecom operator cash generating unit.

The Company assessed also the impact of the expected climate changes on the Company assets' economic useful life and concluded that the climate changes did not result in any adjustment of the assets expected life e.g. by shortening their life due to damages or need to exchange the assets in a period shorter than currently assumed.

The Company entered into transactions securing wind or solar energy supplies which are described in the Separate Financial Statements (see Note 27.5).

There is no significant impact of the climate change on the provisions or contingent liabilities of the Company.

### 35.2. Standards and interpretations issued but not yet adopted

There are no standards and interpretation issued but not yet adopted as at 31 December 2023.

### 35.3. Accounting positions adopted by the Company in accordance with paragraphs 10 to 12 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The accounting position described below is not specifically (or is only partially) dealt with by any IFRS standards or interpretations endorsed by the European Union. The Company has adopted accounting policies which it believes best reflect the substance of the transactions concerned.

#### Business Combination under Common Control

When accounting for merger of the parent with its subsidiary (i.e. business combination under common control) the Company has adopted in 2013 the provisions of the Generally Accepted Accounting Principles in the United States, Accounting Standards Codifications 805-50 “Business Combinations – Related Issues” (see Note 35.7 “Legal merger of the parent with its subsidiary”).

### 35.4. Options available under IFRSs and used by the Company

Certain IFRSs offer alternative methods of measuring and recognising assets and liabilities. In this respect, the Company has chosen:

Standards		Option used
IAS 2	Inventories	The cost of inventories is determined by the weighted average unit cost method.
IAS 16	Property, plant and equipment	Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.
IAS 20	Government grants and disclosure of government assistance	Non-repayable government grants related to assets decrease the carrying amount of the assets. Government grants related to income are deducted from the related expenses.
IAS 27	Separate financial statements	Investments in subsidiaries, associates and joint venture are accounted at cost.
IFRS 9	Financial instruments	Recognition of the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets that contain a significant financing component.
IFRS 16	Leases	Right of use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right of use assets are presented separately from other assets in the statement of financial position.  The Company elected to apply the short term exemption and the exemption for low value leases, as described in IFRS 16.  The Company does not apply IFRS 16 to leases of intangible assets.

### 35.5. Presentation of the financial statements

#### Presentation of the statement of financial position

In accordance with IAS 1 “Presentation of financial statements”, assets and liabilities are presented in the statement of financial position as current and non-current.

### Presentation of the income statement

As allowed by IAS 1 “Presentation of financial statements” expenses are presented by nature in the income statement.

### Earnings/loss per share

The net income/loss per share for each period is calculated by dividing the net income/loss for the period by the weighted average number of shares outstanding during that period. The weighted average number of shares outstanding is after taking account of treasury shares, if any.

## **35.6. Investments in joint arrangements**

A joint arrangement is either a joint venture or a joint operation. The Company is involved in both a joint operation (NetWorks Sp. z o.o., see Note 22) and a joint venture (Światłowód Inwestycje Sp. z o.o., see Note 23).

The Company recognises in relation to its interests in a joint operation its assets, liabilities, revenue and expenses, including its respective shares in the above.

The Company recognises its interest in a joint venture at cost.

## **35.7. Legal merger of the parent with its subsidiary**

The legal merger of the parent with its subsidiary is accounted for using the subsidiary’s values from the consolidated financial statements of the parent entity (‘predecessor value method’); these amounts include any goodwill recognised in the consolidated financial statements of the parent on acquisition of the subsidiary.

The subsidiary’s results and statement of financial position are incorporated prospectively from the date on which the legal merger occurred.

## **35.8. Effect of changes in foreign exchange rates**

The functional currency of Orange Polska is the Polish złoty.

### Transactions in foreign currencies

Transactions in foreign currencies are translated into Polish złoty at the spot exchange rate prevailing as at the transaction date. Monetary assets and liabilities which are denominated in foreign currencies are translated at the end of the reporting period using the period-end exchange rate quoted by National Bank of Poland and the resulting translation differences are recorded in the income statement:

- in other operating income and expense for commercial transactions,
- in financial income or finance costs for financial transactions and lease contracts.

## **35.9. Revenue**

### Separable components of bundled offers

For the sale of multiple products or services (e.g. offers including a handset and a telecommunications service contract), the Company evaluates all promises in the arrangement to determine whether they represent distinct performance obligations i.e. obligations not dependent on each other. Sale of mobile handsets and sale of services in bundled offers are distinct goods or services.

The consideration for the bundled package (i.e. transaction price) is allocated to the distinct performance obligations (e.g. sale of a handset and sale of a service) and recognised as revenue when the performance obligation is satisfied (i.e. when the control over good or service is transferred to a customer).

In general, the transaction price is the amount of consideration (usually the cash) to which the Company expects to be entitled during the contract term, including up-front fees. The contract term is the period that is made enforceable through contractual terms or business practices i.e. the enforceable period length is impacted by practices e.g. when the Company creates or accepts a valid expectation to free the customer from certain commitments before the end of the contract by allowing commencement of a new contract. The transaction price does not include the effect of time value of money (except payments by instalments models which, by nature, meet the definition of a financial receivable) unless the effect of financing component, in comparison to the transaction price, is significant at a contract level.

The allocation of the transaction price between various performance obligations is made to estimate the amount to which the Company is expected to be entitled in exchange for transferring a promised good or service to the customer.

The Company is a service company and achieves the vast majority of its margin by selling telecommunication services. The sale of subsidised handsets (i.e. when an invoice amount for a handset is lower than the cost of a handset) is a tool to promote the Company's services and to attract customers. Therefore, in case of services sold with subsidised handsets, the Company allocates the subsidy to the service revenues. The Company estimates the amount of revenue that it expects to earn while pricing the service offer. Based on rationale described above, the stand-alone selling price (i.e. the price at which the Company would sell a promised good or service separately to the customer) of subsidised handsets is estimated by their cost plus margin to cover additional costs connected with the sale of handsets, such as e.g. transport costs or logistic costs. The estimated margin is insignificant. Therefore, it is disregarded from the cost plus margin formula for the sake of the practicality.

If the Company is able to sell a handset with a profit (i.e. when an invoice amount for a handset is higher than the cost of a handset in bundled offer), it allocates the handset profit to the handset revenue.

While defining the stand-alone selling price of any performance obligation, firstly, the Company's observable price should be identified i.e. the price of good or service when the Company sells that good or service separately in similar circumstances and to similar customers. In case of the lack of an entity's observable price, other methods of valuation of an obligation should be used. The stand-alone selling prices of a service are defined per different categories of customers, they are dependent on the service content, commitment period and consumption profile. Therefore, the SIMO price (the price of a service sold stand-alone i.e. not in a bundle with a handset) is not treated as a good proxy of the stand-alone selling price of a specific service sold in a bundled offer. Consequently, the stand-alone selling price of the telecommunication service sold in a bundled offer is determined by using an adjusted-market assessment approach and corresponds to the service price in the bundle adjusted by the handset subsidy recovered over the enforceable period.

The Company accounts for contract balances if the right to a payment differs from timing when performance obligation is satisfied. A contract asset corresponds to OPL S.A.'s right to a payment in exchange for goods or services that have been transferred to OPL S.A.'s customers. A contract asset, if any, is usually recognised when subsidised handsets are passed to customers at inception of the contract. It is typically measured as the sum of the monthly subsidy recovery over the remaining enforceable period of the contract. Contract liabilities represent amounts billed to customers by OPL S.A. before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced for goods or services not yet transferred, such as contracts payable in advance or prepaid packages.

#### Equipment sales

Revenue from an equipment sales is recognised when the control over the equipment is transferred to the buyer (see also paragraph “Separable components of bundled offers”).

#### Equipment/dark fibres’ leases

Equipment/dark fibres’ lease revenue is recognised on a straight-line basis over the life of the lease agreement in case of an operating lease. In case of a finance lease revenue/income from sale of equipment/dark fibres is considered as a sale on credit.

#### Revenues from the sale or supply of content and third party licences

Depending on the substance of a transaction and the Company’s role in the transaction, the Company can act as a principal and recognise revenue at the gross amount, separately from costs, or as an agent and recognise revenue in the amount net of costs. The assessment of the role of the Company is based on the notion of the control and the indicators of the control. The Company is treated as a principal if it controls a good or a service before the good or service is transferred to a customer.

The Company is considered as an agent if the Company’s performance obligation is to arrange for the provision of a good or a service to the client by another party, i.e. when it does not control the specified good or service provided by another party before that good or service is transferred to the customer.

#### Service revenue

Telephone service and Internet access subscription fees are recognised in revenue on a straight-line basis over the service period because of the continuous transfer of control over the service to the customer. Charges for incoming and outgoing telephone calls are recognised in revenue when the service is rendered. Revenue from the sale of phone cards in mobile telephony systems is recognised when they are used or expire.

Installation fees are recognised when the service is rendered.

#### Promotional offers

For certain commercial offers where customers do not pay for services over a certain period in exchange for signing up for a fixed period (time-based incentives), the total revenue generated under the contract is spread over the enforceable period.

#### Material rights

Material right is an option to purchase additional goods or services with a discount that is incremental to discounts typically given for those goods or services. The Company has not identified any material rights in the contracts with customers which would need to be treated as separate performance obligations.

### **35.10. Subscriber acquisition costs, costs to fulfil a contract, advertising and related costs**

Incremental acquisition and retention costs (e.g. commissions paid to retailers for acquisition or retention of contracts), as well as costs that are directly incurred for the purpose to fulfil a certain contract are expensed as costs over the enforceable period of contracts on a straight-line basis as these costs are directly associated with the contracts with customers and are expected to be recoverable. Advertising, promotion, sponsoring, communication and brand marketing costs are expensed as incurred.



### 35.11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. In the Company's assessment, the network roll-out does not generally require a substantial period of time.

### 35.12. Goodwill

Goodwill equals to the difference between the cost of acquisition of the non-controlling interest in the mobile business in 2005 and the non-controlling interest in the net book value of the underlying net assets.

Goodwill represents a payment made in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

### 35.13. Intangible assets (excluding goodwill)

Intangible assets, consisting mainly of telecommunications licences, software and development costs, are initially stated at acquisition or production cost comprising its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of preparing the assets for their intended use and, if applicable, attributable borrowing costs.

Internally developed trademarks and subscriber bases are not recognised as intangible assets.

#### Telecommunications licences

Expenditures regarding telecommunications licences are amortised on a straight-line basis over the reservation period from the date when the network is technically ready and the service can be marketed.

#### Research and development costs

Development costs are recognised as an intangible asset if and only if the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use,
- the intention to complete the intangible asset and use or sell it and the availability of adequate technical, financial and other resources for this purpose,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits for the Company,
- the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not fulfilling the above criteria and research costs are expensed as incurred. The Company's research and development projects mainly concern:

- upgrading the network architecture or functionality;
- developing service platforms aimed at offering new services to the Company's customers.

Development costs recognised as an intangible asset are amortised on a straight-line basis over their estimated useful life, generally not exceeding three years.

#### Software

Software is amortised on a straight-line basis over the expected useful life (approx. 9 years).

Useful lives of intangible assets are reviewed annually and are adjusted if current estimated useful lives are different from previous estimates. These changes in accounting estimates are recognised prospectively.



### 35.14. Property, plant and equipment

The cost of tangible assets corresponds to their purchase or production cost or price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, as well as including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including labour costs, and, if applicable, attributable borrowing costs.

The cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, representing the obligation incurred by the Company.

The cost of network includes design and construction costs, as well as capacity improvement costs. The total cost of an asset is allocated among its different components and each component is accounted for separately when the components have different useful lives or when the pattern in which their future economic benefits are expected to be consumed by the entity varies. Depreciation is established for each component accordingly.

Maintenance and repair costs (day to day costs of servicing) are expensed as incurred.

#### Investment grants

The Company may receive grants from the government or the European Union for funding of capital projects. These grants are deducted from the cost of the related assets and recognised in the income statement, as a reduction of depreciation, based on the pattern in which the related asset's expected future economic benefits are consumed. Grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received. Grants received before the conditions are met are presented as other liabilities.

#### Derecognition

An item of property, plant and equipment is derecognised on its disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in operating income/loss and equals the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### Depreciation

Items of property, plant and equipment are depreciated to write-off their cost, less any estimated residual value on a basis that reflects the pattern in which their future economic benefits are expected to be consumed. Therefore, the straight-line basis is usually applied over the following estimated useful lives:

Buildings	10 to 30 years
Network	3 to 40 years
Terminals	2 to 7 years
Other IT equipment	3 to 5 years
Other	2 to 10 years

Land is not depreciated.

These useful lives are reviewed annually and are adjusted if current estimated useful lives are different from previous estimates. These changes in accounting estimates are recognised prospectively.

### 35.15. Leases

IFRS 16 “Leases” establishes the principles for recognition, measurement, presentation and disclosure of lease contracts. A single lease accounting model was adopted if the Company acts as a lessee. If the Company acts as a lessor then it continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company qualifies a contract as a lease as long as it gives the lessee the right to control the use of a particular asset. In order to qualify a contract as a lease, three main conditions shall be met:

- the contract shall convey the right to use an identified asset;
- the lessee shall obtain the economic benefits from use of this asset;
- the lessee obtains the right to direct the use of this asset throughout the period of the contract.

The Company has defined four major categories of lease contracts:

- real estate: points of sale, offices, perpetual usufruct of land;
- mobile network: land, technical premises, space on towers, chimneys, rooftops;
- fixed network: technical premises, limited property rights, access to the local loop, collocation, dark fibre contracts, subsurface rights, ground easements;
- other rentals: vehicles, technical equipment, data centre.

The accounting presentation of lease contracts in the statement of financial position depends mainly on:

- the scope of contracts qualified as leases,
- the duration adopted for certain types of contracts,

which require significant judgment from the Company’s Management Board. The Management Board reviews these estimates if the circumstances on which they were based evolve or in the light of new information or established market practice.

#### Company as a lessee

On the lessee’s side the Company uses a single accounting model, in which the lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Company has chosen to apply two exemptions proposed by the standard and expense as external purchases the following contracts:

- all contracts, except for contracts for vehicles, whose lease term is less than 12 months;
- contracts where the value of the underlying asset is less than USD 5,000.

The lease duration corresponds to the non-cancellable period of the lease, periods covered by extension options that the Company is reasonably certain to exercise and termination options that the Company is reasonably certain not to exercise. In case of indefinite period leases the Company estimates the reasonably certain lease term to determine the lease term. The Company assessed the reasonably certain lease terms of cancellable lease contracts to be equal to 5 years for all lease contracts, except for 18 years for road occupancy leases where fixed network infrastructure is placed. For easements in buildings, where the Company located its telecommunication infrastructure, a lease duration is assessed as an average useful life of buildings in the Company. Subsurface contracts and land easements are measured basing on the portfolio approach due to significant number of homogenous contracts.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability.

The right-of-use asset is measured at cost which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and

- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures the right-of-use asset applying a cost model, less any accumulated depreciation and any accumulated impairment losses, as well as any adjustments resulting from remeasurement of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rates if the rates implicit in the lease are not easily determinable. Discount rates adopted are based on Polish state bond yield, adjusted by credit spread observable for entities with similar credit rating. Discount rates are differentiated by duration and by currency, and not by class of assets.

The lease liability comprises the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the lease liability is increased to reflect interest on the lease liability and reduced to reflect the lease payments made, as well remeasured to reflect any reassessment or lease modification. Only the lease component is taken into account in the measurement of the right-of-use asset and of the lease liability. Other non-lease components, like payments for utilities, are accounted for separately in accordance with other applicable accounting standards.

#### Company as a lessor

The Company continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Examples of situations that individually or in combination would lead to a lease being classified as a finance lease are as follows:

- the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the underlying asset at a price significantly lower than the fair value;
- the lease term is for the major part of the economic life of the underlying asset;
- at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
- the underlying asset is of such a specialised nature that only the lessee can use it without major modifications.

#### **35.16. Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. Those assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and the sale is highly probable.

Non-current assets held for sale are measured at the lower of carrying amount and estimated fair value less costs to sell and are presented in a separate line in the statement of financial position if IFRS 5 requirements are met.

Those assets are no longer depreciated. If fair value less costs to sell is less than its carrying amount, an impairment loss is recognised in the amount of the difference. In subsequent periods, if fair value less costs to sell increases the impairment loss is reversed up to the amount of losses previously recognised.

### 35.17. Impairment tests of non-financial assets and Cash Generating Units

Given the nature of Company's assets and operations, most of its individual assets do not generate cash inflows independently from other assets. The Company identifies a single major CGU (see Note 9). For the purpose of impairment testing the Company allocates the whole goodwill to this CGU.

In accordance with IFRS 3 "Business Combinations", goodwill is not amortised but is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 "Impairment of Assets" requires these tests to be performed at the level of the cash generating unit (CGU).

#### Recoverable amount

To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGU, including allocated goodwill, is compared to its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is the best estimate of the amount realisable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. This estimate is determined on the basis of available market information taking into account specific circumstances.

Value in use is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions, telecommunications licences renewal assumptions and forecast trading conditions drawn up by the Company management, as follows:

- cash flow projections are based on the business plan and its extrapolation to perpetuity by applying a growth rate reflecting the expected long-term trend in the market,
- the cash flows obtained are discounted using appropriate rates for the type of business concerned.

If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the amount of the difference. The impairment loss is firstly allocated to reduce the carrying amount of goodwill and then to the other assets of CGUs.

Goodwill impairment losses are recorded in the income statement as a deduction from operating income/loss and are not reversed.

### 35.18. Financial assets and liabilities

Financial assets are classified in the following measurement categories – depending on the business model in which assets are managed and their cash flow characteristics:

- assets subsequently measured at amortised cost - if the financial assets are held within a business model whose objective is to collect contractual cash flows, and the contractual terms of these financial assets give rise to cash flows that are solely payments of principal and interest;
- assets subsequently measured at fair value through other comprehensive income - if the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of these financial assets give rise to cash flows that are solely payments of principal and interest;
- hedging derivative instruments;
- assets at fair value through profit or loss - all other financial assets.

Financial liabilities are classified as financial liabilities at amortised cost, liabilities at fair value through profit or loss and hedging derivative instruments.

A regular way purchase or sale of financial assets is recognised using settlement date accounting.

#### Initial recognition of financial instruments

When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Trade receivables that do not have a significant financial component are initially measured at their transaction price.

Financial liabilities are initially recognised at fair value.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – this is the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets that are significant for measurement, then the financial instrument is measured at fair value, adjusted to defer the difference between the fair value and the transaction price. After initial recognition, the difference is recognised in profit or loss on an individual basis over the life of the instrument.

#### Recognition and measurement of financial assets

- Assets subsequently measured at amortised cost

Assets subsequently measured at amortised cost include “Trade receivables” (excluding trade receivables measured at fair value through other comprehensive income), “Loans to related parties” and “Cash and cash equivalents”. Interest income from these financial assets is calculated using the effective interest rate method and is presented within finance costs, net.

Cash and cash equivalents consist of cash in bank and on hand, cash deposits with Orange S.A. under the Cash Management Treasury Agreement and other highly-liquid instruments that are readily convertible into known amounts of cash and are subject to insignificant changes in value.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative assets not designated as hedging instruments as set out in IFRS 9 and contingent consideration receivable related to sale of 50% stake in Światłowód Inwestycje.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include selected receivables arising from sales of mobile handsets in instalments which are subject to the factoring agreement.

- Impairment

The Company measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, lease receivables, other financial receivables, cash and cash equivalents and contract assets.

Trade receivables that are homogenous and share similar credit risk characteristics (e.g. separately for B2C and B2B) are tested for impairment collectively. When estimating the lifetime expected credit loss the Company uses historical data as a measure for expected credit losses.

In calculating the recoverable amount of receivables that are individually material and not homogenous, the Company assesses expected credit losses on individual basis taking into account significant financial difficulties of the debtor or probability that the debtor will enter bankruptcy or financial reorganisation. This method is mainly used for carrier customers (national and international), administrations and public authorities.

As soon as information about deteriorating standing of the customer is available (e.g. clients in bankruptcy or subject to equivalent judicial proceedings), these receivables are excluded from the statistical impairment database and individually impaired.

IFRS 9 requires recognition of expected losses on receivables immediately upon recognition of the financial instruments. The Company applies a simplified approach of anticipated impairment at the time the asset is recognised. The approach establishes the rate of expected losses by comparing bad debt to revenue. The Company considers a financial asset to be credit-impaired when events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, for example significant financial difficulty of the debtor or a breach of contract, such as a default or past due event.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Recognition and measurement of financial liabilities

- Financial liabilities at amortised cost

Financial liabilities measured at amortised cost include borrowings, trade payables and fixed assets payables including the telecommunications licence payables and are presented in the statement of financial position as “Trade payables”, “Loans from related parties” and “Other financial liabilities at amortised cost”.

Trade payables include those that are subject to reverse factoring. OPL S.A. considers that these financial liabilities carry the characteristics of trade payables, in particular as the payment schedules are within the range of ordinary payment terms for a telecommunications operator and as no additional collateral was required.

Borrowings and other financial liabilities are subsequently measured at amortised cost using the effective interest method.

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities not designated as hedging instruments as set out in IFRS 9.

#### Recognition and measurement of derivative instruments

Derivative instruments are measured at fair value and presented in the statement of financial position as current or non-current according to their maturity. Derivatives are classified as financial assets and liabilities at fair value through profit or loss or as hedging derivatives.

- Derivatives classified as financial assets and liabilities at fair value through profit or loss

Except for gains and losses on hedging instruments (as explained below), gains and losses arising from changes in fair value of derivatives are immediately recognised in the income statement. The change in fair value (excluding interest rate component and credit risk adjustment) of derivatives held for trading is presented in operating income/loss or finance costs, net, depending on the nature of the economically hedged transaction. The interest rate component and credit risk adjustment of derivatives held for trading are presented under other interest expense and financial charges within finance costs, net.

- Hedging derivatives

Derivative instruments may be designated as cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and could affect profit or loss.

The effects of applying hedge accounting are as follows: the portion of the gain or loss on the hedging instrument that is determined to be an effective cash flow hedge is recognised directly in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised in cash flow hedge reserve are subsequently recognised in profit or loss in the same period or periods during which the hedged item affects profit or loss. If a hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses accumulated in equity are removed from the cash flow hedge reserve and included in the initial measurement of the cost of the asset or liability. This is not a reclassification adjustment and is not recognised in other comprehensive income.

### **35.19. Inventories**

Inventories, mainly handsets, are stated at the lower of cost and net realisable value. The Company provides allowance for slow-moving or obsolete inventories based on inventory turnover ratios and current marketing plans. Change in allowance is presented in the income statement in “External purchases”.

Cost corresponds to purchase or production cost determined by the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

### **35.20. Income tax**

The tax expense comprises current and deferred tax.

#### Current tax

The current income tax charge is determined in accordance with the relevant tax law regulations in respect of the taxable profit. Income tax liabilities/assets represent the amounts expected to be paid to/received from the tax authorities at the end of the reporting period.

#### Deferred taxes

Deferred taxes are recognised for temporary differences, as well as for unused tax losses. Deferred tax assets are recognised only when their recovery is considered probable. At the end of the reporting period unrecognised deferred tax assets are re-assessed. A previously unrecognised deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit nor loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets and liabilities are not discounted. Deferred income tax is calculated using the enacted or substantially enacted tax rates at the end of the reporting period.

### **35.21. Provisions**

A provision is recognised when the Company has a present obligation towards a third party, which amount can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Company's actions.

The estimate of the amount of the provision corresponds to the expenditure likely to be incurred by the Company to settle its obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded and the obligation is deemed to be a “contingent liability”.



Contingent liabilities – corresponding to (i) possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control or (ii) to present obligations arising from past events that for which it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability – are not recognised but disclosed where appropriate in the notes to the Separate Financial Statements.

#### Provisions for dismantling and restoring sites

The Company is required to dismantle equipment and restore sites. In accordance with paragraphs 36 and 37 of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the provision is based on the best estimate of the amount required to settle the obligation. It is discounted by applying a discount rate that reflects the passage of time and the risk specific to the liability. The amount of the provision is revised periodically and adjusted where appropriate, with a corresponding entry to the asset to which it relates.

### **35.22. Pensions and other employee benefits**

Employees of the Company are entitled to retirement bonuses. Retirement bonuses represent one-off payments paid upon retirement in accordance with the Company's remuneration policies. Value of benefit depends on the employee's average remuneration and length of service. Retirement bonuses are not funded.

The cost of providing above benefit is determined using the projected unit credit actuarial valuation method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation which is then discounted. The calculation is based on demographic assumptions concerning retirement age, staff turnover rates and financial assumptions concerning rates of future salary increases, future interest rates (to determine the discount rate).

Actuarial gains and losses on post-employment benefits are recognised immediately in their total amount in the other comprehensive income. The present value of the defined benefit obligations is verified at least annually by an independent actuary. The demographic and attrition profiles are based on historical data.

Benefits falling due more than 12 months after the end of the reporting period are discounted using a discount rate determined by reference to market yields on Polish government bonds.

The Company recognises termination benefits, which are provided in exchange for the termination of an employee's employment as a result of either:

- the Company's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept an offer of benefits in exchange for the voluntary termination of employment.

Termination benefits are provided for when the Company terminates the employment or when the Company has offered to its employees benefits in exchange for voluntary termination of employment. Based on the past practice such offers are considered as constructive obligations and accounted for if it is probable that benefits will be paid out and they might be reliably measured. The basis for calculation of the provision for voluntary employment termination is expected payment date and the estimated number, remuneration and service period of employees who will accept the voluntary termination. Provision for employment termination benefits is presented in the statement of financial position in "Provisions".

In addition to post-employment and other long-term employee benefits, the Company also provides to its current and retired employees certain non-monetary benefits, including subsidised telecommunication services. In absence of specific guidance under IFRS, the Company's policy is to value such employee benefits at their incremental cost net of related revenue generated from the service.



**35.23. Share-based payments**

OPL S.A. launched a cash-settled share-based payment plans under which employees render services to the Company in exchange for its obligation to transfer cash for amount that is based on the price of equity instruments of the Company. The value of the services rendered by employees (determined with reference to fair value of Orange Polska shares) for granting share appreciation rights is recognised as an expense with a corresponding entry to employee benefits liabilities over the vesting period. At the end of the reporting period the liability is re-measured until the date of settlement with any changes in value recognised in profit or loss for the period.

Orange S.A. launched equity-settled share-based payment plans under which employees render services to the Company in exchange for equity instruments of Orange S.A. The value of the services rendered by employees (determined with reference to fair value of Orange S.A. shares) for granting equity instruments of Orange S.A. is recognised as an expense with a corresponding increase in equity over the vesting period.

# ORANGE POLSKA GROUP AND ORANGE POLSKA S.A.



## MANAGEMENT BOARD'S REPORT ON THE ACTIVITY

**FOR THE YEAR ENDED 31 DECEMBER 2023**

This Report on the Activity of the Orange Polska Group ("the Group" or "Orange Polska"), including Orange Polska S.A. ("the Company" or "OPL"), in 2023 has been drawn up in compliance with Articles 70 and 71 of the Decree 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).

Disclosures on performance measures are presented in the Note 3 to the IFRS Consolidated Financial Statements of the Orange Polska Group for the 12 months ended 31 December 2023.

In the most important aspects, this Report on the Activity of the Orange Polska Group contains also the data referring to the standalone financial statements of Orange Polska S.A. (sections 1.1, 1.2 and 1.4 below). However, owing to the fact that the differences between the basic/main standalone and consolidated data with respect to operating activities do not have any material impact on the assessment of the activity of both Orange Polska S.A. and the whole Orange Polska Group, the information presented in other sections will refer exclusively to the consolidated data.

**February 14, 2024**

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

as of December 31, 2023 and for the twelve-month period ended thereon

## 1 SUMMARISED FINANCIAL STATEMENTS

### SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

	As of 31 December				
	2023 in PLN mn	2023 in EUR <sup>1</sup> mn	2022 in PLN mn	2022 in EUR <sup>2</sup> mn	Change (%)
<b>Consolidated Income Statement</b>					
Revenue	12,970	2,864	12,488	2,664	3.9%
EBITDAaL*	3,179	702	3,078	657	3.3%
EBITDAaL margin	24.5%		24.6%		(0.1)pp
Operating income	1,221	270	1,161	248	5.2%
Operating margin	9.4%		9.3%		0.1pp
Net income	818	181	724	154	13.0%
Net income attributable to owners of Orange Polska S.A.	818	181	724	154	13.0 %
Weighted average number of shares (in millions)**	1,312	1,312	1,312	1,312	
Earnings per share (in PLN/EUR) (basic and diluted)	0.62	0.14	0.55	0.12	12.7 %
<b>Consolidated Statement of Cash Flows</b>					
Net cash provided by operating activities	3,453	763	2,940	627	17.4 %
Net cash used in investing activities	(2,046)	(452)	(1,999)	(427)	2.4%
Net cash used in financing activities	(1,634)	(361)	(850)	(181)	92.2%
Net change in cash and cash equivalents	(227)	(50)	91	19	(349.5) %
eCapex*	1,555	343	1,719	367	(9.5)%
Organic cash flows*	1,173	259	822	175	42.7%
	As of 31 December				
	2023 in PLN mn	2023 in EUR <sup>3</sup> mn	2022 in PLN mn	2022 in EUR <sup>4</sup> mn	Change (%)
<b>Consolidated Statement of Financial Position</b>					
Cash and cash equivalents	796	183	1,026	219	(22.4)%
Other intangible assets	4,398	1,011	4,056	865	8.4%
Property, plant and equipment	9,895	2,276	9,693	2,067	2.1%
Total assets	26,826	6,170	26,766	5,707	0.2%
Financial liabilities at amortised cost, of which:	7,287	1,676	7,795	1,662	(6.5) %
Current	2,185	503	1,330	284	64.3%
Non-current	5,102	1,173	6,465	1,378	(21.1)%
Other liabilities, current and non-current	6,093	1,402	5,518	1,177	10.4 %
Total equity	13,446	3,092	13,453	2,868	(0.1)%
Notes on data conversion:					
1 – PLN/EUR fx rate of 4.5284 applied 3 – PLN/EUR fx rate of 4.3480 applied					
2 – PLN/EUR fx rate of 4.6883 applied 4 – PLN/EUR fx rate of 4.6899 applied					
* For definitions please see Note 3 to the IFRS Consolidated Financial Statements of the Orange Polska Group for 2023.					
** Weighted average number of shares in 12 months ended December 31, 2023 and December 31, 2022, respectively.					

## SUMMARISED STANDALONE FINANCIAL STATEMENTS

	As of 31 December				
	2023 in PLN mn	2023 in EUR <sup>1</sup> mn	2022 in PLN mn	2022 in EUR <sup>2</sup> mn	Change (%)
<b>Income Statement</b>					
Revenue	11,153	2,463	10,675	2,277	4.5%
Operating income	1,145	253	1,174	250	(2.5)%
Operating margin	10.3%		11.0%		(0.7)pp
Net income	782	173	757	161	3.3%
Weighted average number of shares (in millions)*	1,312	1,312	1,312	1,312	
Earnings per share (in PLN/EUR) (basic and diluted)	0.60	0.13	0.58	0.12	3.4%
<b>Statement of Cash Flows</b>					
Net cash provided by operating activities	3,464	765	2,855	609	21.3%
Net cash used in investing activities	(2,045)	(452)	(1,963)	(419)	4.2%
Net cash used in financing activities	(1,612)	(356)	(863)	(184)	86.8%
Net change in cash and cash equivalents	(193)	(43)	29	6	(765.5)%
	As of 31 December				
	2023 in PLN mn	2023 in EUR <sup>3</sup> mn	2022 in PLN mn	2022 in EUR <sup>4</sup> mn	Change (%)
<b>Statement of Financial Position</b>					
Cash and cash equivalents	721	166	917	196	(21.4)%
Other intangible assets	4,340	998	3,972	847	9.3%
Property, plant and equipment	9,831	2,261	9,671	2,062	1.7%
Total assets	25,500	5,865	25,279	5,390	0.9%
Financial liabilities at amortised cost, of which:	7,326	1,685	7,814	1,666	(6.2)%
Current	2,310	531	1,376	293	67.9%
Non-current	5,016	1,154	6,438	1,373	(22.1)%
Other liabilities, current and non-current	5,699	1,311	5,002	1,067	13.9%
Total equity	12,475	2,869	12,463	2,657	0.1%
<b>Notes on data conversion:</b> 1 – PLN/EUR fx rate of 4.5284 applied    3 – PLN/EUR fx rate of 4.3480 applied 2 – PLN/EUR fx rate of 4.6883 applied    4 – PLN/EUR fx rate of 4.6899 applied * Weighted average number of shares in 12 months ended December 31, 2023 and December 31, 2022, respectively.					

## 1.1 Comments on the Consolidated and Standalone Income Statement

### Comments on the Consolidated Income Statement of the Group

Consolidated revenue amounted to PLN 12,970 million in 2023 and was higher by PLN 482 million or 3.9% versus 2022. Firstly, combined revenues of convergence, mobile-only and fixed broadband-only (which we consider our core telecom services) were up 4.8% 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 customers, who generate higher revenue. Secondly, IT and integration services maintained their strong performance with revenue growing 14% year-on-year. On the one hand economic slowdown affected demand for IT services, but on the other hand we completed a number of integration projects, especially for customers from the public sector. Thirdly, equipment sales performed strongly, with revenues growing 18% year-on-year. It was a result of strong customer demand for high-end 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 16% year-on-year. Fifthly, other revenues were down 19% due to lower volume of electricity resale. Finally, top line continued to be affected by a structural decline in legacy fixed-voice revenues, which were down 14% year-on-year.

EBITDAaL (EBITDA after Leases) amounted to PLN 3,179 million and was higher by PLN 101 million or 3.3% year-on-year. The EBITDAaL growth was generated entirely by direct margin, which increased by 4.3%. The margin growth was 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 5%. It was attributable mainly to the impact of inflation and the minimum wage on rental costs and costs of various external purchases.

Operating income (EBIT) stood at PLN 1,221 million, an increase of PLN 60 million or 5.2% year-to-year. The EBIT improvement was attributable to the EBITDAaL growth, slightly lower depreciation and a significant increase (over 25% year-on-year) in gains on sale of assets (mainly real estate portfolio optimisation). EBIT was affected by a provision of PLN 125 million related to the new Social Agreement for 2024–2025.

Net finance costs amounted to PLN 213 million in 2023 and were down PLN 81 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 818 million versus PLN 724 million a year earlier.

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

### Comments on the Income Statement of Orange Polska S.A.

Net income of Orange Polska S.A. amounted to PLN 782 million in 2023 and was at a comparable level to the consolidated net income of the Group.

## 1.2 Comments on the Consolidated and Standalone Statement of Cash Flows

### Comments on the Consolidated Statement of Cash Flows of the Group

Net cash from operating activities amounted to PLN 3,453 million in 2023 and was PLN 513 million higher year-on-year. The increase is attributable mainly to lower working capital requirement in connection with the expansion of the securitisation programme of receivables related to handsets instalment sales.

Net cash used in investing activities amounted to PLN 2,046 million in 2023 compared to PLN 1,999 million in 2022. Both cash outflows for investment activities and proceeds from sale of assets were at a very comparable level in both years. Cash inflow from sale of a 50% stake in Światłowod Inwestycje effected in 2021 was partially offset by cash outflow related to a contribution to the joint venture equity in line with the agreement between the partners.

Net cash outflows from financing activities amounted to PLN 1,634 million compared to PLN 850 million in 2022. This change is mainly attributable to repayment of a related party loan and higher dividend payment than in 2022.

### Comments on the Statement of Cash Flows of Orange Polska S.A.

Net cash inflow in Orange Polska S.A. in 2023 amounted to PLN 193 million and was at a comparable level to that of the Group.

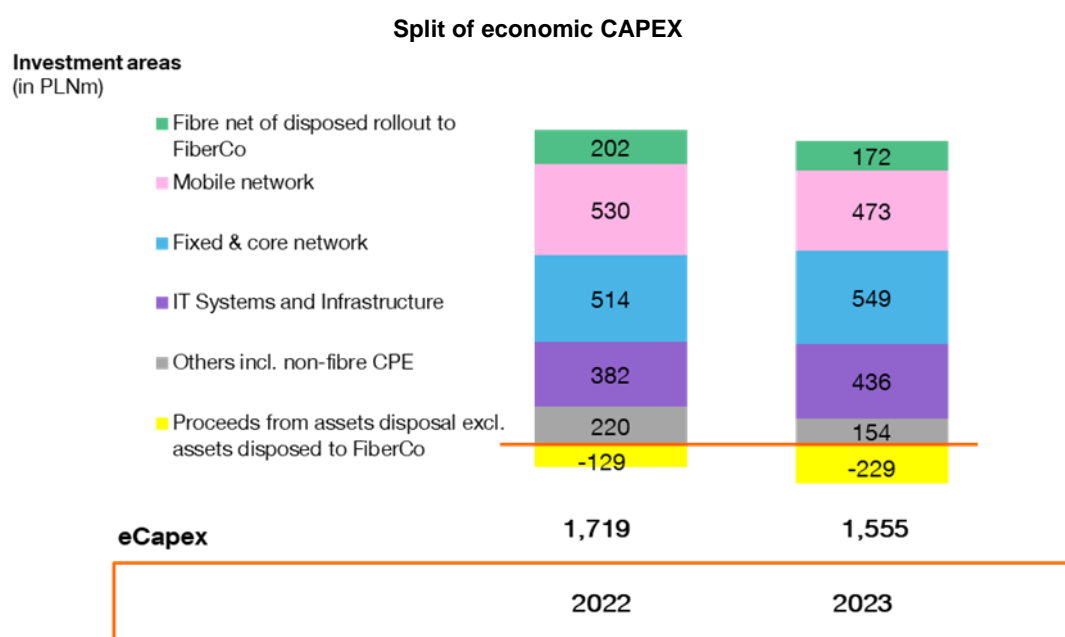
## 1.3 Economic Capital Expenditures (eCAPEX)

Group's economic capital expenditures (starting from 2020, this measure includes accrued proceeds from asset disposals) in 2023 amounted to PLN 1,555 million and were lower by PLN 164 million year-on-year.



These included mainly the following:

- 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. These investments were lower than in 2022 due to a further delay in the C-band auction;
- Decreasing investments in the fibre network, which after establishing Światłowód Inwestycje joint-venture are much lower than in previous years 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;
- High proceeds from sale of real estate that we no longer use due to the technology transformation from copper to fibre.



#### 1.4 Comments on the Consolidated and Standalone Statement of Financial Position

##### Comments on the Consolidated Statement of Financial Position of the Group

Total assets stood at PLN 26,826 million at the end of 2023 and were higher by PLN 60 million than on December 31, 2022. An increase in trade receivables, property, plant and equipment and other intangible assets was offset by a decrease in derivatives and cash and cash equivalents.

Total liabilities as at December 31, 2023 amounted to PLN 13,380 million and was higher by PLN 67 million than on December 31, 2022. This change resulted mainly from a decrease in, other assets and, which was partially offset by an increase in the balance-sheet value of a deferred tax asset. An decrease in loans from related parties was offset by an increase in provisions, contract liabilities, lease liabilities and trade payables.

##### Comments on the Statement of Financial Position of Orange Polska S.A.

Total assets of Orange Polska S.A. amounted to PLN 25,500 million as at December 31, 2023 and were lower by PLN 1,326 million than total assets of the Group. This difference resulted mainly from different valuation of a 50% stake in Światłowód Inwestycje applied in the consolidated and standalone statements as well as lower goodwill and trade receivables, which was partially offset by the value of investments in subsidiaries included in the statement of financial position of Orange Polska S.A. and eliminated on consolidation.

Total liabilities of Orange Polska S.A. as at December 31, 2023 amounted to PLN 13,025 million and were lower by PLN 355 million than total liabilities of the Group, mainly owing to lower trade payables.

## 1.5 Related Parties Transactions

Please see Note 33 to the Consolidated Full-Year Financial Statements about Group's transactions with related entities.

## 1.6 Description of Significant Agreements

Please see section 1.11.2 below for information on significant agreements concluded by the Group in 2023.

## 1.7 Unrecognised Contractual Obligations

Please see Note 31 to the Consolidated Full-Year Financial Statements for information about unrecognised contractual obligations.

## 1.8 Subsequent Events

Please see Note 34 to the Consolidated Full-Year Financial Statements for information on subsequent events.

## 1.9 Scope of Consolidation within the Group

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

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

In the twelve months ended December 31, 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 1.11.5 below for additional information.

## 1.11 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 2023, the Group repaid a long-term loan of PLN 750 million provided by the Orange S.A. Group and a broadband loan of PLN 5.6 million provided by Alior Bank S.A.

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

As of December 31, 2023, Group's interest-bearing liabilities (before derivatives) totalled PLN 4,336 million, which is a decrease of PLN 683 million compared to December 31, 2022. Debt to the Orange S.A. Group accounted for 96.9% of this amount.

On June 16, 2023 and December 14, 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 instalment sales, that was set up in 2019 and amended in 2020. The amendments increased the value of the programme and extended its scope. As a result of the increase in the programme value, Orange Polska S.A. shall establish financial and registered pledges in favour of the buyer, BNP Paribas S.A. (Paris, France), on bank accounts collecting payments from customers on the account of the sold receivables up to the maximum amount of EUR 200 million. The Group raised PLN 341 million net from the sale of receivables under the programme in 2023, which was a significant increase versus 2022 in connection with the programme expansion.

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 796 million at December 31, 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 2024.

At December 31, 2023, Group's liquidity ratios decreased as compared to the end of 2022. It resulted from an increase of PLN 1,008 million in current liabilities (less provisions and contract liabilities) due to reclassification of a portion of debt from long-term to short-term, which will be refinanced in the first half of 2024.

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

	December 31, 2023	December 31, 2022
Current ratio Current assets / current liabilities*	0.76	1.04
Quick ratio Current assets – inventories / current liabilities*	0.71	0.97
Super-quick ratio Current assets – inventories – receivables / current liabilities*	0.33	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 3,528 million at December 31, 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).

#### 1.11.1 Bonds

As part of the Group's liquidity management, in 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.

#### 1.11.2 Loan and Borrowings Agreements

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

In the reported period, the Group concluded annexes to current account overdraft agreements with the following banks:

- with the Polish Branch of Societe Generale S.A., for an amount PLN 95 million, extending the maturity to May 31, 2024, and
- with Bank Handlowy w Warszawie S.A., for an amount PLN 20 million, extending the maturity to October 29, 2024.

#### 1.11.3 Unused Credit Facilities

As of December 31, 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.

#### 1.11.4 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 December 31, 2023.

#### 1.11.5 Guarantees and Collaterals

In 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 December 31, 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 December 31, 2023, these guarantees totalled PLN 28.8 million.

As of December 31, 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.

In November 2023, Orange Polska S.A. concluded with Tauron Polska Energia S.A. an annex to a corporate guarantee agreement, decreasing to PLN 40 million a collateral that the parent company had granted to secure liabilities of its subsidiary Orange Energia sp. z o.o. under the electricity sale contract. Furthermore, in the reported period Orange Polska S.A. granted collaterals totalling PLN 36.2 million to various electricity suppliers to secure liabilities of its subsidiary Orange Energia sp. z o.o. under electricity sale contracts. As of December 31, 2023, these corporate guarantees totalled PLN 76.2 million.

#### **1.11.6 Hedging Transactions**

In 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 (NDF) 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 December 31, 2023, the Group's proportion between fixed/floating rate debt (after hedging) was 91/9% versus 92/8% on December 31, 2022. until mid-2026. Over 50% of the Group's debt is hedged until mid-2026. Owing to such a high level of hedging, changes in interest rates in the market will have limited impact on the Group's debt cost within this perspective.

**CHAPTER II**  
**MANAGEMENT BOARD'S REPORT ON OPERATING AND FINANCIAL PERFORMANCE**  
**OF THE GROUP**  
in 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 3 to the IFRS Consolidated Financial Statements of the Orange Polska Group for the 12 months ended 31 December 2023.

Key figures (PLN million)	2023*	2022*	Change
Revenue	12,970	12,488	3.9%
EBITDAaL*	3,179	3,078	3.3%
EBITDAaL margin	24.5%	24.6%	(0.1)pp
Operating income*	1,221	1,161	5.2%
Net income*	818	724	13%
eCapex*	1,555	1,719	(9.5)%
Organic cash flow*	1,173	822	42.7%

\* Disclosures on performance measures are presented in the Note 3 to IFRS Consolidated Financial Statements of the Orange Polska Group for the 12 months ended 31 December 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).

Revenue totalled PLN 12,970 million in 2023, up PLN 482 million or 3.9% year-on-year. The growth was slightly slower faster than in 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 totalled PLN 6,119 million and were up almost 5% year-on-year. 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 solid. In particular, net additions in convergence were slightly higher than in 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.

IT and integration services maintained their strong performance with revenue growing by PLN 209 million or 14% year-on-year. The growth was entirely organic. On the one hand economic slowdown affected market demand for IT services, but on the other hand we completed a number of integration projects, especially for customers from the public sector.

Equipment sales performed very strongly, with revenues growing 18% 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 16%, as strong demand for our infrastructure continued among other operators.

Other revenues decrease 19%, mainly due to a significant decrease in volume of electricity resale (which resulted from reducing sales of fixed-price contracts to business customers).

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

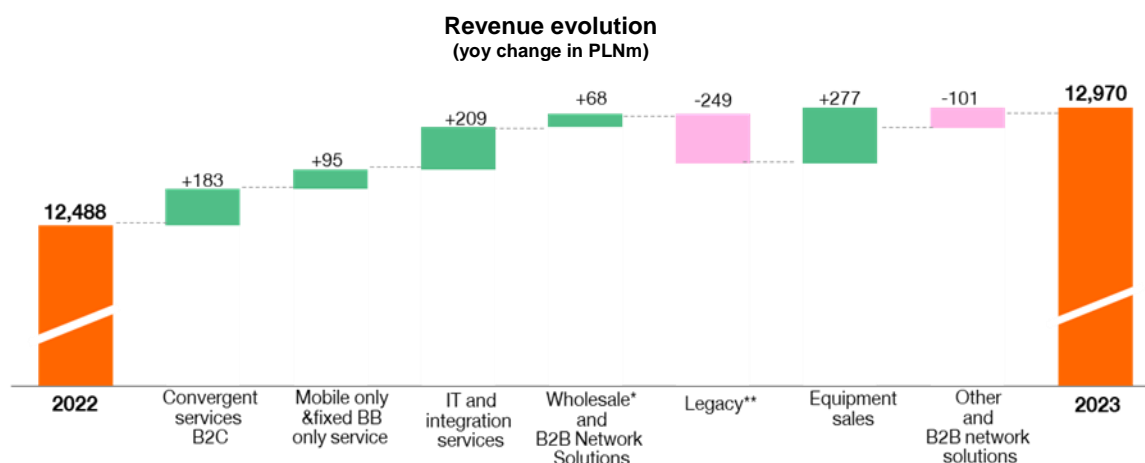
- A further structural decline in fixed voice telephony legacy revenues (by 14% year-on-year);
- A 14% decrease in wholesale mobile revenues due to further regulatory cuts in termination rates.

EBITDAaL for 2023 was PLN 3,179 million and increased by PLN 101 million or 3.3% year-on-year. Operating margin (ratio of EBITDAaL to revenues) stood at 24.5% and was almost flat compared to 24.6% in 2022. The entire EBITDAaL growth was generated by improving direct margin, which increased by impressive 4.3% (or PLN 288 million) versus 2.4% growth in 2022. It means that revenue growth was 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 (which in 2023 benefitted from renewable energy purchases under PPA contracts concluded by Orange Polska). Indirect costs increased by 5%

under a significant influence of high inflation rate in the previous year and a 20% rise in the minimum wage in the economy. These factors negatively affected rental costs and purchase costs of various external services.

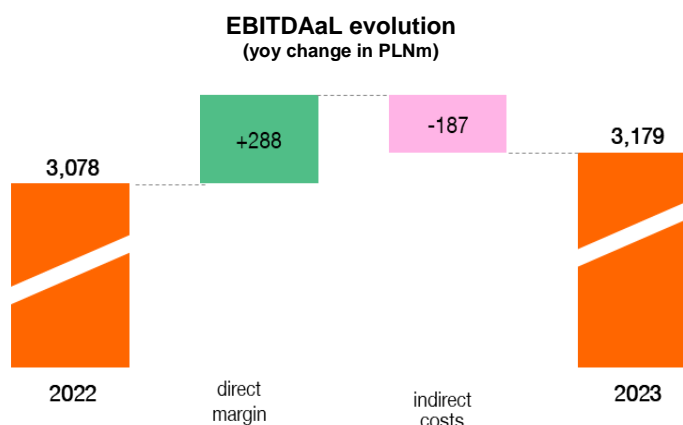
Cost evolution can be attributed mainly to the following factors:

- A decrease of 7% in interconnect expenses, resulting mainly from cuts in mobile termination rates and reflecting a decrease in wholesale mobile revenues;
- An increase of 12% in commercial expenses, driven by growth in smartphone and ICT equipment sales;
- An increase of 9% 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 13%), 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).



\*wholesale excluding non-fibre fixed wholesale and interconnect,

\*\*legacy: narrowband only, non-fibre fixed wholesale and interconnect revenues



## 2.1 Convergent Services

One of the key objectives of Orange Polska's marketing strategy for residential customers is to maximise sales of 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.

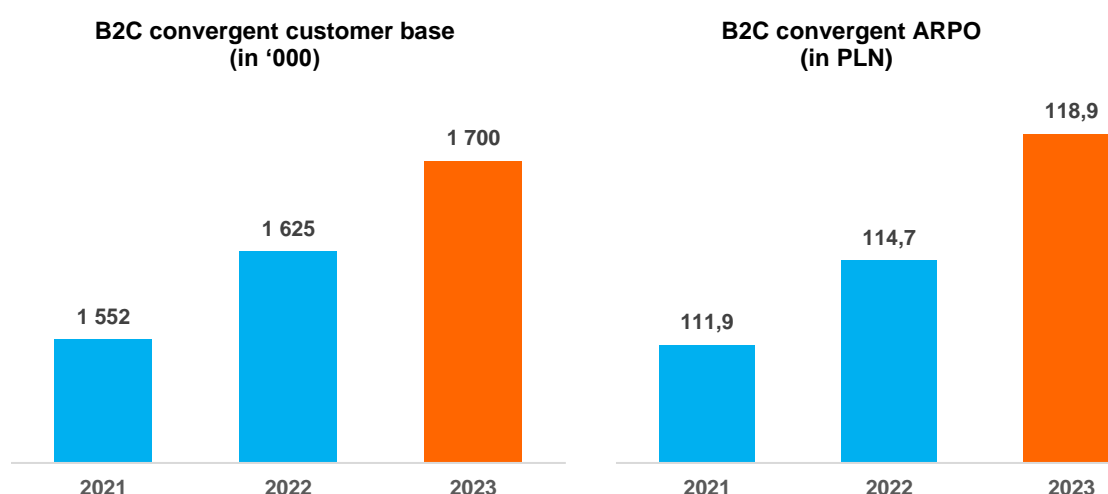
In 2023, our B2C convergent customer base increased by 75 thousand (or almost 5%), reaching 1.7 million. The growth rate was similar to that in 2021. It needs to be noted that saturation of our broadband customer base with convergent services has already exceeded a significant level of 70%. The majority 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 6.6 million, which means that, on average, each convergent residential customer uses about 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 12 months ended		Change
	31 Dec 2022	31 Dec 2022	
Convergence revenues (PLN mn)	2,337	2,154	8.5%
Convergent customer base ('000)	1,700	1,625	4.6%
Convergence ARPO (PLN)	118.9	114.7	3.7%

In 2023, revenues from convergent services totalled PLN 2,337 million and were up almost 9% year-on-year. Growth, which even slightly accelerated versus 2022, resulted from both customer base expansion and growing ARPO. ARPO growth slightly accelerated to 3.7% year-on-year (vs. 2.5% in 2022), driven by our value strategy.



## 2.2 Mobile-only Services

Revenues (PLN million)	For 12 months ended		Change
	31 Dec 2023	31 Dec 2022	
Mobile-only services	2,891	2,797	3.4%

Key performance indicators (number of services) ('000)	31 Dec 2023	31 Dec 2022	31 Dec 2021	Change 31 Dec 2023/31 Dec 2022	Change 31 Dec 2022/31 Dec 2021
Post-paid mobile services	13,143	12,566	11,847	4.6%	6.1%
Mobile Handset	8,941	8,723	8,424	2.5%	3.5%
Mobile Broadband	610	627	674	(2.7)%	(7.0)%
M2M	3,592	3,216	2,749	11.7%	17.0%
Pre-paid mobile services	4,485	5,064	4,953	(11.4)%	2.2%
Total mobile services	17,628	17,630	16,800	flat	4.9%



Key performance indicators (PLN)	2023	2022	2021	Change 2023/2022	Change 2022/2021
Monthly blended retail ARPO from mobile-only services	21.9	20.3	20.2	7.9%	0.5%
post-paid voice	29.4	28.5	27.8	3.2%	2.5%
pre-paid	13.8	12.4	12.6	11.3%	(1.6)%

As at the end of 2023, Orange Polska had a mobile services base of 17.6 million, which was virtually flat versus the end of 2022. 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:

- Volume growth in handset offers (which are of crucial business importance) was 2.5% 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 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 12% 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 11% in 2023 in continuation of the decline in the second half of 2022. It was mainly a result of 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) as well as intensive competition.

Blended ARPO (from mobile-only services) amounted to PLN 21.9 in 2023 and was up 7.8% year-on-year. Both post-paid and pre-paid services contributed the growth in ARPO.

Post-paid voice ARPO grew by 3.2%, outpacing the 2.5% growth in 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 11%, 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 Competition<sup>1</sup>

The estimated number of SIM cards (62.4 million) increased by 1.1% compared to the end of December 2022, driving the mobile penetration rate (among population) to 166% at the end of 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 2023, Poland's mobile market, like a number of other sectors of the economy, was still 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 services will be launched in the 3.5 GHz band.

<sup>1</sup> Analysis of the mobile market, excluding wireless for fixed offers.

In 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. Focus on sales of convergent packages was a distinctive element of mobile operators' marketing strategies in 2023. 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. In addition, in order to increase the loyalty of pre-paid customers, mobile networks have launched subscription offers with large data packages broken down by months that can be used upon certain top-ups. 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 2023. However, due to differences among operators in reporting pre-paid SIM cards, their comparative analysis remains difficult. As a result of growing range of fixed line networks, competition for customers is getting increasingly local.

According to Orange Polska's own estimates, the four leading operators' aggregated market share remained at 98% as of the end of December 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 2023, we focused mainly on the monetisation of the tariff increases for B2C customers in the 'more for more' formula introduced at the end of 2022. Back then, in each B2C post-paid tariff 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). At the end of 2023, we significantly increased data packages in all tariff plans (without changing the price), thus increasing their attractiveness for customers in the Christmas season. At the end of January 2024, we raised the price of all tariffs by PLN 5 again.

Last year all other major operators in the mobile market introduced changes in some or all of their tariffs in the 'more for more' formula. As at the end of 2023, there were 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 12 months ended		Change
	31 Dec 2023	31 Dec 2022	
Fixed-only services	1,847	1,898	(2.7)%
narrowband	502	581	(13.6)%
broadband	891	890	0.1%
enterprise solutions and networks	454	427	6.3%

Key performance indicators (number of services) ('000)	31 Dec 2023	31 Dec 2022	31 Dec 2021	Change 31 Dec 2023/31 Dec 2022	Change 31 Dec 2022/31 Dec 2021
Fixed voice services (retail: PSTN and VoIP)	2,428	2,572	2,702	(5.6)%	(4.8)%
convergent	970	940	887	3.2%	6.0%
fixed voice-only	1,458	1,632	1,815	(10.7)%	(10.1)%
Fixed broadband accesses (retail)	2,821	2,804	2,746	0.6%	2.1%
convergent	1,700	1,625	1,552	4.6%	4.7%
fixed broadband-only	1,121	1,179	1,194	(4.9)%	(1.3)%

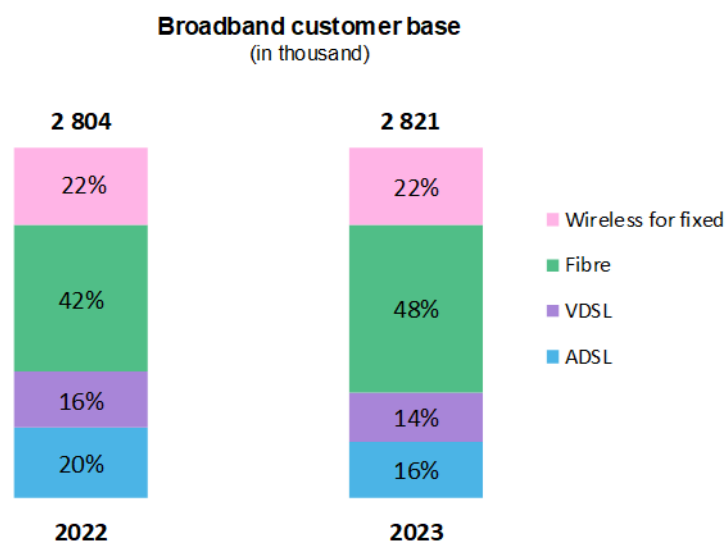
Key performance indicators (PLN)	2023	2022	2021	Change 2023/2022	Change 2022/2021
ARPO from fixed narrowband-only (PSTN) services	36.0	36.3	36.9	(0.8)%	(1.6)%
ARPO from fixed broadband-only services	64.2	61.7	59.5	4.1%	3.7%

Total fixed broadband customer base increased by 17 thousand in 2023. The growth was lower than in 2022, when it reached 58 thousand. It was mainly due to competition, mostly from other mobile operators, who implement sales strategies focused on household services, offering broadband access in the fibre technology more than before. Orange Polska's fibre customer base increased by a further 178 thousand or 15% in 2023. However, the growth was lower than in 2022, when it reached 226 thousand.

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 48% at the end of 2023 from 42% a year earlier.

Fixed broadband-only services ARPO continued to improve. Its increase of 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 185 thousand in 2023 and was similar to that in 2022. 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 36.0.

### 2.3.1 Market and Competition

#### Fixed Voice Market

The Group estimates that at the end of December 2023 the fixed line service penetration rate was at 14% of Poland's population versus 15% at the end of December 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 for fixed technology, increased by approximately 0.3 million versus the end of December 2022. This can be attributed mainly to the intensive rollout of fibre infrastructure. We estimate that the number of households with internet access in the fibre technology might have grown by over 1 million in 2023, exceeding 11 million, which would correspond to approximately 70% of all households in Poland. This growth resulted 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 Światłowód 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 2023, Play transferred UPC's infrastructure to a new company, Polski Światłowód 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.

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

#### Fixed broadband market – key performance indicators

	31 December 2023 (estimate)	31 December 2022
Market penetration rate – broadband lines (in total population)	28%	27%
Total number of broadband lines in Poland ('000)	10,502	10,155
Orange Polska's market share by volume	27%	28%

#### Orange Polska's fixed voice market share

	31 December 2023 (estimate)	31 December 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.

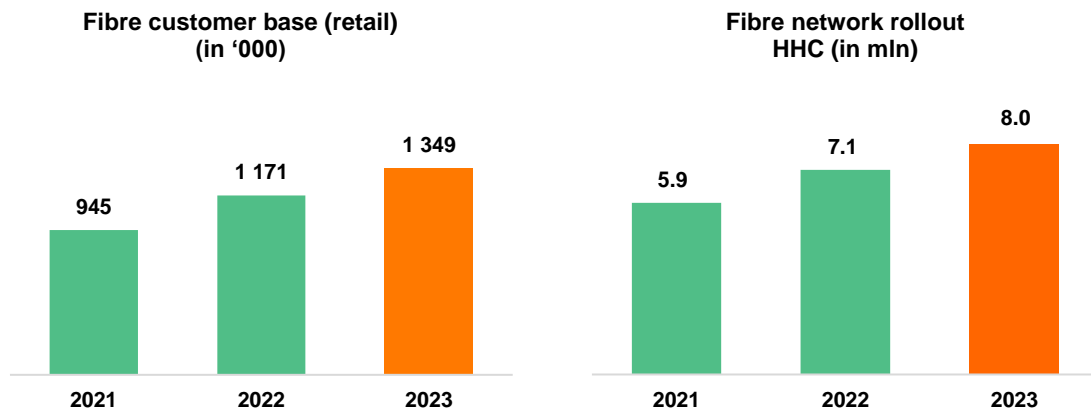
Since 2022, apart from investment projects in the Digital Poland Operational Programme (POPC), the increase in our fibre service reach has resulted almost exclusively from wholesale partnerships with several operators, which is in line with our .Grow strategy. Following the sale of a 50% stake in Światłowód Inwestycje (FiberCo), the latter became our biggest wholesale partner with access to almost 1.7 million households at the end of 2023. On the one hand this shift involves an increase in costs due to third parties' network access fees, but on the other hand it provides room for investing in other areas (such as 5G network deployment).

As at the end of 2023, almost 8.0 million households were within the reach of our fibre services, which is an increase of approximately 900,000 compared to the end of 2022. It means that over 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 2023, networks of other operators, including Światłowód Inwestycje, Inea, Nexera, Tauron and a number of others, accounted for almost 4.2 million of our fibre footprint (or more than 50% of the total).

Our retail fibre customer base reached 1,349 thousand at the end of 2023, growing by 178 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) exceeded 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 year 2023 was marked by high uncertainty in the macroeconomic environment, resulting mainly from economic slowdown and high inflation. However, telecommunications services, as essential goods, prove relatively resistant to economic downturns. 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. Their main tool is price increases in the 'more for more' formula applied to new contracts with customers.

The growth of the telecommunications market in Poland will be supported particularly 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 in view of the economic turnaround in 2024.

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). The long awaited auction for the C-band dedicated to 5G was completed in December, with each of the four major operators gaining a 100 MHz frequency block. 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 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.

Financing from the European Funds for Digital Development (EFDD) programme and the National Recovery and Resilience Plan (NRRP) 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. Contests in both programmes are pending final resolution.

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 services combined with ICT and IoT offers.

#### 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.

Our new .Grow strategy for 2021–2024 was announced in June 2021. With this four-year plan, 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 have not changed. Convergence, supported by further expansion of fibre reach, has remained a key growth lever, helping us gain and maintain customer trust and loyalty.

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 add new sources of profitable growth, including wholesale customers for our fibre and mobile networks. We have placed 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 are 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, remains 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, one of the largest integrators 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 CO<sub>2</sub> 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 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 and 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 out of 2022 profits, was raised by 40% to PLN 0.35 per share. In line with our dividend policy, this has become a new sustainable floor for the future.

### ***Current Performance and Expectations Validate Our Strategic Objectives***

Our performance in 2021–2023 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 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 after three years.

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

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

\*\* Compound Annual Growth Rate.

\*\*\* Return On Capital Employed.

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

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

Since November 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; and
- WIG ESG Index of socially responsible companies.

In 2023, 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 company's performance across environmental, social and governance (ESG) areas.

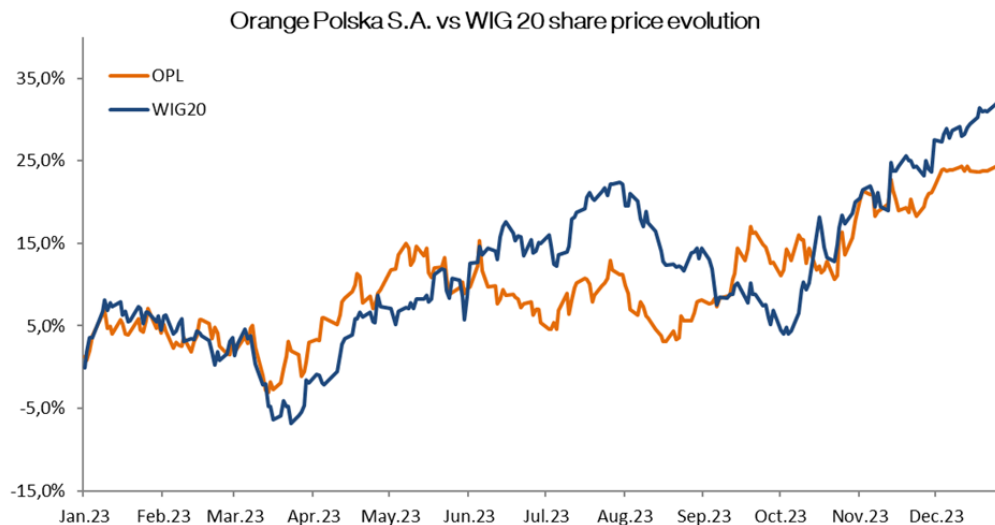
2023 was marked by gains in the indices on the Warsaw Stock Exchange (WSE). Orange Polska shares were up 23% (or 29% accounting for the dividend paid), while the large-cap index, WIG20, gained 31% in the period.

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 S.A.
Raiffeisen Bank International AG
Trigon Dom Maklerski S.A.
Wood & Company

\* For an updated list of brokers with the related institution data please visit the Company's website at [www.orange-ir.pl](http://www.orange-ir.pl)

## Orange Polska S.A. share price in the period from January 1, 2023 to December 31, 2023



### 3.3.1 Orange Polska's Investor Relations

Orange Polska's activity in the area of investor relations focuses primarily on ensuring transparent and proactive communication with capital markets through active co-operation with investors and analysts, as well as performance of disclosure obligations under the existing legal framework. Orange Polska's Investor Relations together with Company's representatives regularly meet with investors and analysts, both Polish and international, and participate in investor conferences.

Orange Polska Group's financial results are quarterly presented during conferences, which are available also via a live webcast. In 2023, the Company held four results presentations. Orange Polska's activity and performance are monitored by analysts representing both Polish and international financial institutions on a current basis.

The key purpose of all efforts of the Investor Relations towards investors is to enable a reliable assessment of the Company's financial standing, its market position and the effectiveness of its business model, taking into account the strategic development priorities in the context of the telecom market and the Polish and international macroeconomic environment.

In 2023, Orange Polska published its seventh integrated annual report. It covers both financial and non-financial aspects of the Company's business. The report presents the Company's business model, value creation story, the economic and social context of its operations, strategy implementation, governance model, corporate governance, risk management and environmental impact. The content and layout of the report are based on the International Integrated Reporting Council (IIRC) guidelines, the Global Reporting Initiative (GRI) Standards, ISO 26000, recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taxonomy. The report also reflects the directions in EU legislation on disclosures of non-financial, climate impact and diversity information and refers to the Sustainable Development Goals.

## 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 has stimulated and accelerated 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. Our retail operations are supplemented by a wholesale offer to other operators. By opening for more business opportunities in wholesale, we maximise the utilisation of our infrastructure.

As part of .Grow, we 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 mobile, 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 2021–2023 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, between 2021 and 2023 we reported growth of EBITDAaL every year, at an average annual rate of over 4% throughout the period.

### 4.2 Inflationary Environment Putting Pressure on Operating Expenses

The consumer price index (CPI) in Poland was at 11.4% in 2023; it was only slightly lower than in 2022, when it reached a 25-year high at 14.4%. In February 2023, inflation rate peaked 18.4%, and has been falling since then. In December, it was only 6.2%. According to the current market consensus, the whole-year inflation will be down to approximately 6% in 2024.

The inflationary environment has significantly affected our operating expenses. 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 that the related costs surged in 2023 and are going to increase significantly also this year. Similarly, the costs of outsourced services, technical support and customer care have been subject to higher inflationary pressure. Growth in the minimum wage has been a major factor in some of these categories, as it is to increase by over 40% between 2022 and 2024. Due to the need to adapt to the market conditions, this has also affected our labour costs for both our own employees and external staff we hire.

In contrast to 2022, when our energy-related costs increased by about 75% or over PLN 220 million year-on-year, this cost category did not significantly contribute to the evolution of our total costs in 2023, and we do not expect it in 2024, either. This is owing to our portfolio of contracts under which we receive energy from wind and solar farms at below-market prices. These contracts secured 74% of our total energy consumption in 2023. And we have secured about 70% of our energy needs for 2024.

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, over 50% of our debt is effectively based on a fixed interest rate until mid-2026, so higher interest rates should have no major impact on our interest expense until then; especially that further interest rate cuts are expected in the wake of receding inflation. 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, dividend, paid out of 2022 profits, was raised by 40% to PLN 0.35 per share. In line with our dividend policy, this has become a new sustainable floor for the future.

#### 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. By the end of 2023, almost 1 million had been already built, which is in line with the adopted business plan. As a result, almost 1.7 million households were connectable with Światłowód Inwestycje's network at the end of 2023. These households are located mainly in low or mid competition areas, which makes the maximum use of the broadband market potential. The joint venture operates in the open access model, providing wholesale access to its fibre network to Orange Polska and other interested operators. Hitherto, it has signed wholesale agreements with a number of other operators in addition to Orange Polska, including the other major mobile operators: T-Mobile Polska, the Polsat Plus Group and Play. Światłowód Inwestycje 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 2022 and 2023, on that account we received PLN 41 million and PLN 133 million, respectively. The transaction assumes equity contributions by each party of around PLN 300 million to be made in 2023–2026. Both partners contributed PLN 100 million each in 2023. Orange Polska has an option to buy an additional stake of about 1% in Światłowód Inwestycje between 2027 and 2029 to gain control over the company.

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 2023, slightly more than half of 8 million households within the reach of our fibre service were connected to other operators' networks.

#### 4.5 New 5G Frequency Band to Improve Network Efficiency and Open New Business Opportunities

At the end of last year we acquired a 100 MHz frequency block in the 3.5 GHz band ("C-band"). In the beginning of 2024, upon receiving radio licences, we launched the first base stations operating on this frequency. The new bandwidth has very significantly, by about 50%, enlarged the spectrum that we use to provide mobile services in various technologies. Owing to its characteristics, it is a capacity band, which, above all, will enable us to increase markedly the capacity of our network and manage more effectively the ever growing data transfer, ensuring the best connectivity to our customers. Due to delays in the C-band auction procedure, we have offered 5G services in the 2100 MHz band through Dynamic Spectrum Sharing (DSS), which allows dynamic allocation of spectrum resources to 4G or 5G as required. The C-band opens new opportunities in this respect, enabling the provision of services of much higher speed and efficiency, thus supporting our value-based commercial strategy. In the long term, this band should gradually open a whole array of new commercial opportunities, mainly for business customers. In particular, 5G will enable the creation of digital ecosystems for business transformation called campus

networks. Manufacturing processes will be automated, and because production robots will communicate between one another, these processes will become much more efficient. Under our strategy, we want to be the market leader in mobile private networks. We believe that the 5G network will be a catalyst for the development and commercialisation of new solutions in the market, that will be gradually revealed over many years to come.

Awaiting the distribution of new frequencies, for the last few years we have gradually invested in our network preparing it for the 5G rollout. Simultaneously, we have carried out comprehensive 4G radio network modernisation. The project involves replacement of active equipment on base stations with devices that meet enhanced technological standards and are highly energy-efficient. In the future, this will enable the provision of 5G services also on other bands we have. We have already spent over PLN 700 million on both projects and we estimate that we will spend approximately PLN 1 billion more within the next three years. This will include our investment commitments set out in the C-band licence terms.

#### **4.6 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 2023, 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 80%.

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 stood at 117,000 at the end of 2023, an increase by four-and-a-half times.

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.

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 778 million in 2023 and increased by 10% year-on-year (or by over 50% since 2020).

#### **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 competences. In 2019–2020, we acquired BlueSoft and Craftware. These acquisitions have perfectly complemented our competences 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 competences, particularly in the areas of cybersecurity, IT infrastructure hybridisation, application integration and migration to cloud.



In 2021–2023, we reported very dynamic growth in the ICT area, with revenues increasing at a double-digit rate in every year. 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, we have focused on the intensive internet access network rollout in the FTTH technology. Fibre is one of the key drivers of our marketing strategy focused on convergent services and value creation. In 2023, we increased our fibre footprint by 900 thousand households. At the end of 2023, almost 8.0 million households, or over 50% of all households in Poland, were within the reach of our fibre services. Until the end of 2020, we increased our footprint mainly by expanding our own network, whereas since 2021 we have been more reliant on partnerships, while our own network rollout has been limited to projects implemented within the Digital Poland Operational Programme. One of our key partnerships is that with Światłowod Inwestycje (in which Orange Polska holds a 50% stake), 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 2023, we used the infrastructure of 59 operators (including Światłowod Inwestycje) for over 4.2 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 service provision over 100 Gbps lines based on the optical network. 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 19.9 Tbps at the end of December 2023. For the 100 Gbps lines intended for wholesale, we have developed OTN infrastructure of the total capacity of 11.8 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 e-Call. 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 99.25% at the end of 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 2023, our customers got access to a further 262 base stations. 4G coverage for all bands was 99.9% of the population on 98.5% of Poland's territory at the end of 2023. Orange Polska provided 4G services via 12,273 base stations. This included 11,251 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 7,346 at the end of 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.

In the beginning of 2023 we announced a plan to switch off the 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. We started to switch off the old technology within a limited area already at the end of September 2023. The whole 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.

The auction for the C-band (3400–3800 MHz) ended in October 2023. The C-band will be used for the provision of 5G services. In the beginning of 2024, upon receiving radio licences, we launched the first base stations operating on this frequency. In line with the auction commitments, Orange Polska should launch at least 3,800 base stations within 48 months after the delivery of the licence. In addition to quantitative commitments, the licence decision imposes also a number of coverage and quality requirements regarding data transmission capacity targets for the certain percentage of Poland's area and households, as well as selected national and regional roads and railway

lines. Different network capacity and coverage requirements have been set for specific periods (of one to seven years). These obligations are exclusive of communes (*gminy*) in the direct vicinity of the border with Russia, Belarus and Ukraine due to restrictive international co-ordination requirements. Like with other technologies, we intend to share the 5G network with T-Mobile, which will enable the significant optimisation of the use of network resources and increase the efficiency of the network operation.

#### 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 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 offering 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.

#### 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 604 of them at the end of December 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 December 2023, 461 of our outlets had been modernised in a new visualisation (vs. 451 at the end of 2022). Last year we opened the first three 'green outlets' in Warsaw, in which we offer more refurbished handsets and eco-accessories and promote services encouraging a common concern for the planet. Customers can also have their used phone bought back or leave it for recycling there. These initiatives are in line with one of the pillars of our strategy, which, *inter alia*, provides for a reduction in CO<sub>2</sub> emissions. The changes we introduce are appreciated by our customers: our outlets scored the highest and were ranked #1 in terms of NPS (i.e. people visiting our outlets declare that they would recommend them 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. The share of the My Orange application in online sales has been steadily growing. The application is our leading tool for contacting customers, gradually building their loyalty and commitment. The key to success has been the constant optimisation of sales processes and campaigns across all digital touchpoints. Content communication based on behavioural profiles enables us to reach customers with dedicated offers at the best moment of the customer life cycle. In the online channel we increasingly use artificial intelligence tools, intensively educating customers how to use self-service channels. Solutions such as 'virtual assistance' seem the future of digital channels. In addition, we have continued to position the online channel as a place where customers can find exclusive offers (and some of them will be available in the My Orange app only). As a result, sales in digital channels increased by 15% year-on-year in 2023.

In the Telesales channel, we continued the network transformation process, adapting the network to new prediction models and increasing the use of artificial intelligence (AI) tools in order to reach customers more effectively and optimise costs. 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.

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, accessory and IoT device purchases. Over 90% of our customers are satisfied with this solution. For many years, our customer service and sales have been supported by the AI-based bot Max with constantly expanding functionalities.

In the pre-paid market, in 2023 we focused on building a stable SIM card distribution chain, including the online channel (e.g. orange.pl e-store) and dedicated POSs for Ukrainian customers. We reported 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. Furthermore, 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.

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. In addition, our audiovisual media services are monitored by the National Broadcasting Council (KRRiT), while Orange Energia's activities are within the competence of the President of the Energy Regulatory Office.

##### 4.11.1 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 2023, Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. and Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Consulting sp.k. conducted 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 was completed on August 24, 2023 by issuing a positive opinion.

##### *Access to Orange Polska's Fixed Network*

On December 24, 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 March 30, 2020 the Company submitted a draft amendment to its reference offer for the President of UKE's approval. On September 15, 2023, the President of UKE issued a decision amending the reference offer. Orange Polska, the Polish Chamber of Electronics and Telecommunications (KIGEiT) and the National Chamber of Ethernet Communications (KIKE) applied for the re-examination of the case. 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 June 26, 2023 Orange Polska submitted a draft offer for approval. Meanwhile, on May 8, 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 July 1, 2021. In line with the Delegated Regulation, the termination rates have been set as follows:

- The single maximum rate for mobile voice termination (mobile termination rate – MTR) was reduced to 0.009 PLN/min (0.2 ec/min) from January 1, 2024. This was the last in a series of reductions initiated in July 2021, when MTR was reduced to 0.0317 PLN/min.
- The single maximum rate for fixed voice termination (fixed termination rate – FTR) was maintained at 0.0032 PLN/min.

#### *Access to POPC Networks*

Currently, there are four on-going administrative procedures by the President of UKE regarding amendments to the agreements between Orange Polska and that provide for access to Fiberhost's infrastructure and networks built in the Digital Poland Operational Programme (pursuant to Article 27(6) of the Act of May 7, 2010 on supporting the development of telecommunication services and networks). Three procedures concern the manner of amending the agreements, while one procedure concerns the amount of fees for the BSA service.

#### **Regulatory and Legal Changes Related to the Telecommunications Activity**

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 June 26, 2022, the President of UKE issued two decisions on approval of reference offers for Bitstream Access (BSA) 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.

#### **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 by the parties to the procedure.

Administrative procedures to determine the list of operators and their shares in the aforementioned compensation are closing. After they are completed, individual procedures are initiated.

In 2023, two individual decisions for additional compensation to Orange Polska S.A. were issued: for additional compensation for 2008 in June 2023 and for additional compensation for 2007 in October 2023. These are the last individual decisions regarding Orange Polska S.A. in the aforementioned procedures.

Out of the total compensation granted for 2006–2011, Orange Polska S.A. received PLN 26.3 million in 2023, while PLN 1.7 million is still due.

#### **4.11.2 Major Changes in Legislation**

In 2023, the legal environment was characterised by instability and high dynamics of change. Changes resulted from both the adaptation of Polish law to EU law and national initiatives.

National legislative acts of significant sectoral relevance for telecommunications that were adopted in 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.

Some regulations of significant relevance for telecommunications proposed by the former government have not been passed despite prolonged discussions and multiple amendments to draft bills. The draft Electronic

Communications Law together with the related introductory bill (in the controversial version dubbed *Lex Pilot*<sup>2</sup>) as well as a draft bill amending the Act on the national cybersecurity system have been withdrawn from the parliamentary legislative process. Furthermore, legislative work on a draft bill imposing on mobile telecommunication service providers the obligation to send free alerts of public administration bodies via SMS has not been completed on the government level.

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.

On October 15, 2023, a parliamentary election was held in Poland, resulting in a change of the parliamentary majority and the government. A new Minister of Digital Affairs, who was appointed on December 13, 2023, has declared that the key priorities for his ministry included legislative work on the Electronic Communications Law and an amendment to the Act on the national cybersecurity system, as well as increasing broadband internet availability and ensuring digital hygiene and education. In addition, the intended initiatives include regulations aimed to enhance children's online protection and security.

#### *Amendment to the Telecommunication Law*

One of the key tasks for the new Minister of Digital Affairs will be the implementation of the European Electronic Communications Code (EECC), that is one of the most important legislative acts in the telecommunications sector. The Telecommunication Law, which has been in force for almost two decades, will be most likely replaced by the new Electronic Communications Law. This will introduce a number of revolutionary solutions, 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. Due to a three-year delay in the implementation and the resulting proceedings before the EU Court of Justice, the new Minister of Digital Affairs has announced that the Electronic Communications Law should be passed in 2024. The former government decided to withdraw the draft bill from the legislative process in the Parliament.

#### *Combating Abuse in Electronic Communications*

On September 25, 2023, the Act on combating abuse in electronic communications came into force. The regulation has imposed on telecommunication operators the new obligations to take proportionate technical and organisational measures to prevent abuse, including the obligation to block text messages 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). Operators shall introduce solutions that prevent smishing or block calls from a list of numbers used only for answering calls within six months and solutions that combat CLI spoofing within twelve months after coming into force of the Act.

#### *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 February 28, 2023 and March 31, 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 March 9, 2023 on amending the act on the digital accessibility of the websites and mobile applications of public sector bodies and the Tax Ordination.

#### *Digital Wallet*

On July 14, 2023, the Act on the mObywatel [mCitizen] application came into force. It provides that the electronic document in the application ("mID") shall be respected on an equal footing with traditional identity documents, and the telecommunication operators shall accept mID while concluding contracts in the physical presence of the parties (i.e. in physical points of sale).

#### *PESEL Number Withholding*

The Act amending certain acts to mitigate the effects of identity theft was promulgated in the Journal of Laws on July 21, 2023. As from June 1, 2024, telecommunication service providers shall have the obligation to verify the personal identification number (PESEL) of a subscriber being a natural person in the newly created PESEL withholding register prior to providing:

- a copy or a duplicate of a SIM (e-SIM) card;
- a copy or a duplicate of a device for the subscriber identification on a telecommunications network (a modem or a router).

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<sup>2</sup> *Pilot* is the Polish word for a TV remote control.

### *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 designated 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 DSA rules became applicable to the designated largest platforms and browsers in August 2023 and will apply to all service providers from February 17, 2024.

### *EU Funds*

The implementation of the new EU funds, particularly cohesion policy programmes 2021–2027 and the National Recovery and Resilience Plan (NRRP), has entered the operational phase in Poland. Cohesion policy instruments, with a total budget of more than EUR 76 billion, consist of over 30 national programmes. In the context of Orange Polska's activity, the most interesting of them are EFDD – European Funds for Digital Development (EUR 2 billion) and EFME – European Funds for a Modern Economy (EUR 7.9 billion). The budget of the NRRP, as updated on December 8, 2023, totals almost EUR 60 billion, including EUR 25.3 in non-refundable grants and EUR 34.5 billion in preferential loans.

A significant proportion of these funds has been allocated to digitisation and green transformation objectives (e.g. in the NRRP: 21.4% of grants and 46.6% of loans, respectively). We monitor the implementation of these programmes and the related calls for proposals in terms of 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. Furthermore, this huge financial injection of EU funds into Poland's economy is of considerable significance, as it will stimulate demand for investments in both the public administration and enterprise sector. For example, on December 28, 2023, Poland received an advance of over EUR 5 billion for the NRRP implementation, and a few days earlier it submitted its first request for payment for a further EUR 7 billion, which should be disbursed in the second quarter of 2024.

As for instruments dedicated to the development of modern telecommunications infrastructure, two calls for proposals in the NRRP and one call in the EFDD have been completed. The related budget for project co-financing totals PLN 8.65 billion to be allocated for the network rollout to approximately 1.73 million households in 402 areas all over Poland. The projects should minimise the number of locations without broadband access, which will have significant impact on the wholesale and retail market in the near future. As not all of the designated areas have been covered by the proposals, the budget has not been fully allocated yet. Consequently, it may result in subsequent calls for proposals in 2024.

In December 2023, Orange Polska S.A. signed 20 co-financing agreements totalling almost PLN 500 million under the NRRP framework. The projects provide for the rollout of fibre network to about 110,000 households and 16,000 enterprises.

In addition to EU funds dedicated directly to Poland, there are also calls for proposals in EU funding programmes managed at Brussels level. From Orange Polska's perspective, the most interesting of them is the Connecting Europe Facility (CEF), which is to promote, inter alia, backbone network deployment and 5G connectivity in the Member States. A third set of calls for proposals worth over EUR 240 million was opened in the fourth quarter of 2023.

## **Selected Changes in Legislation in 2023 of Major Relevance to the Telecommunications Sector**

### ***National Legislation***

#### **▪ Power Sector**

In 2023, the legislative work 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 non-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) were modified. In addition, regulations on the continuation of a part of intervention mechanisms in the energy market in the first half of 2024 were adopted.

Regulations on land-based wind turbines have been amended by introducing exceptions to the 10H rule. Communes (*gminy*) 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.

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.

Legislative work on a bill amending the Energy Law and the Act on renewable energy sources has been completed. The new regulations will have a direct impact on activities related to electricity trading and renewable energy sources. They will also affect the telecommunications sector with respect to the energy needed for the provision of services, particularly in the areas of energy contracting, energy market information and active participation in Demand Side Response (DSR).

## Mandatory Electronic Invoicing

On August 14, 2023, an amendment to the Act on tax on goods and services (VAT) was promulgated in the Journal of Law. As from July 1, 2024, using the National System of e-Invoices (KSeF) was to become mandatory for VAT taxpayers, and no documents issued outside this system were to be considered invoices. However, on January 19, 2024, the Ministry of Finance informed that it would not be possible to introduce KSeF in 2024 due to some critical errors detected. It also announced a technological and business audit of the system. The new implementation date has not been specified.

## Labour Law

In September 2023, the new amounts of the minimum monthly salary and the minimum hourly rate in 2024 were announced. Due to high inflation, the double indexation mechanism was maintained. Consequently, the minimum wage will increase twice: to PLN 4,242 from January 1, 2024, and PLN 4,300 from July 1, 2024.

In April 2023, major changes in the labour law were introduced. New regulations on remote working, which have been in force since April 7, 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 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") was passed and came into force. 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).

## EU Legislation

### 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.

### Resilience of the Financial Sector in Relation to ICT Services

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.

### New Regulations on Cross-border Access to Electronic Evidence

In August 2023, Regulation (EU) 2023/1543 of the European Parliament and of the Council of 12 July 2023 on European Production Orders and European Preservation Orders for electronic evidence in criminal proceedings came into force. The new Regulation aims to simplify and accelerate the access of law enforcement and judicial authorities to electronic evidence regardless of the location of the data in order to facilitate criminal proceedings. The provisions shall become applicable as from 17 August 2026.

### Climate and ESG

The legislative work on the Fit for 55 package has been completed. The package contains a set of legislative and programme proposals whose overall objective is to reduce the carbon footprint of the European economy. 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 provisions of the new energy efficiency directive will have a direct impact on energy management and data centres.

The Delegated Regulation concerning the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and

restoration of biodiversity and ecosystems) has been promulgated. It provides the criteria for determining the conditions under which economic activities qualify as Taxonomy-eligible.

### **Draft EU Legislation**

A number of crucial bills which may affect Orange Polska are currently at various stages of the legislative process. Some of them result from the need to transpose EU regulations into Polish law and should be effected within the time limits set out in the relevant acts (e.g. delayed implementation of Directive (EU) 2019/1937 on whistleblower protection or Directive (EU) 2019/882 on the accessibility of products and services for persons with disabilities). The change of the government is likely to result in new legislative initiatives in 2024.

#### ▪ **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. In the legislative process, the European Parliament proposed to regulate also intra-EU calls in the new act after the existing regulations expire in May 2024. Currently, it is not certain whether the relevant provisions will be included in the final version of the regulation, on which European institutions are working on a trialogue basis.

#### ▪ **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, though no major legislative initiatives should be expected within the term of the current Commission (which comes to an end on October 31, 2024).

#### ▪ **Data and Artificial Intelligence**

On December 9, 2023, a political agreement was reached on the Artificial Intelligence Act (AI Act). The proposal provides a list of artificial intelligence practices to be prohibited in the European Union, and imposes new obligations on providers of high-risk AI systems, particularly to assess their conformity prior to placing them on the market as well as to establish quality and risk management systems throughout their lifecycle.

The AI Act awaits formal approval and publication in the EU Official Journal. Most provisions shall apply after 24 months, except for those on prohibited practices (after 6 months) and general purpose AI systems (after 12 months).

Regulation on harmonised rules on fair access to and use of data (Data Act) awaits publication in the EU Official Journal. The Regulation will set a legal framework for contracts for sharing data generated and collected by internet-connected devices, particularly allowing users to gain access to such data, impose transparency obligations related to the data generation service, and determine the rules for switching data between cloud services.

#### ▪ **New Cyber Resilience Regulations**

The work on a new regulation on cyber resilience (Cyber Resilience Act) has continued in 2023. The proposal introduces specific cybersecurity requirements for digital products to protect them against cyber threats. In November 2023, the EU Council and the European Parliament reached a preliminary agreement on the proposal. The compromise text is now subject to formal approval by both the Parliament and the Council. The main objectives of the new regulation is to introduce cybersecurity requirements for the design, development, production and making available on the market of hardware and software products, and to ensure that products with digital elements are made secure throughout the supply chain and throughout their lifecycle.

#### ▪ **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 mitigate the risk of subsequent shocks in the energy sector, 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.

#### ▪ **Climate and ESG**

The work on the implementation of the Fit for 55 package, that had been presented on July 14, 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 (a political agreement has been reached on a draft Directive on corporate sustainability due diligence).

#### **4.12 Claims and Disputes, Fines and Proceedings**

Please see Note 32 to the Consolidated Full-Year Financial Statements for 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.

## 5 MAJOR ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT

Orange Innovation Poland is a member of the international Orange Innovation network, which consists of Orange R&D units and laboratories, and is responsible for determining and managing the development of the architecture of fixed and mobile networks and selected IT systems, as well as defining network development plans and the relevant technological concepts. Another major element of its operations is a process of development, selection and implementation of innovations, which involves co-operation with external partners and performance of research and development tasks for both Orange Polska and the Orange Group.

Research and development is to result in increasing the resources of our knowledge and using it to create new applications to our business. We create solutions that increase the quality of our services offered to our customers, contribute to their development and improve our competitive position on the market. In addition, thanks to innovations, we are able to systematically increase the efficiency of the use of our resources.

### Major Achievements of Orange Innovation Poland in 2023, Including Projects for Orange S.A.:

- **Personality on BI**  
(*Service personalisation*)  
Transferring the customer personality predictive model from smartphones to CVM enhances adaptation of customer relations in any interaction channel, as the automatically recognised personality-related preferences may be taken into account. The original model trained on several thousand smartphone users may be applied over a much greater customer database and used by operations despite the fact that the input data are limited to call statistics only. This work, which capitalises on Orange Innovation's achievements in cognitive and data sciences, expands potential classification onto a new, previously unavailable area.
- **Virtual Assistant**  
Research on a digital interactive assistant that could be implemented in points of sale or other service channels (TV, application, XR). Its purpose is to make the user-chatbot interaction as natural as possible, using AI/LLM technologies for dialogue, audio recognition/generation and video recognition. Furthermore, some sensory mechanisms have been developed to determine the best moment to attract customer's attention and present the content. An experiment has been launched to verify the usefulness of such an assistant in POSs in terms of added value for customers and impact on sales.
- **B2B Demoverse**  
(*Orange Business Park in VR*)  
Development of an experimental VR test environment, where the VR capabilities in Unity3D were tested and demonstrated to Orange Polska's business units. This laid the foundation for launching a B2B metaverse spaces project. The implemented functionalities included mutual communication between users, shared experience of spaces and interactive 3D objects, as well as common consumption of video content and presentations. The ongoing research focuses on analysing VR space user data and adapting user experience to individual preferences resulting from the personality profile as well as momentary objectives or situations.
- **Intelligent Data Engineering and Automated Learning**  
(*Combination of neural network model reduction and federated learning methods*)  
Investigation of the potential use of neural network model reduction methods based on the recently popular transformer architecture in a new environment of federated learning. The transformer architecture is used, inter alia, in tasks related to natural language processing (NLP) and prediction of time series. It is very costly, so the reduction methods can potentially bring savings in energy consumption. And federated learning ensures the privacy and security of sensitive data, to which access is restricted or prevented with other methods.
- **New HomeLan Protocols: UWB**  
Research on the potential use of the Ultra-wideband (UWB) technology in home networks. The UWB technology enables a different radio signal modulation method (pulse-position modulation – PPM). It uses a wider bandwidth at lower energy consumption. Although the UWB technology has only recently entered the market on a commercial basis, the largest suppliers of mobile equipment, such as Samsung or Apple, are already implementing it in their devices.
- **Radio Power Control Based on SLA Measurements**  
It aims to optimise energy consumption using the O-RAN Near Real-Time RIC (RAN Intelligent Controller) and the 5G Standalone environment. RIC applications (xApps) monitor RAN user equipment (UE) radio parameters and measure the UE-xApp latency. Based on the results, radio power control commands are sent to the gNodeB to achieve the optimal ratio of SLA to the energy consumed. Based on knowledge gained in research, we are able to support the Orange Group in the process of RAN optimisation with a RIC as well as effectively co-operate with external vendors of xApps and the O-RAN architecture. Furthermore, two patent applications (for the Core/xApp interface and an algorithm for controlling radio power control depending on latency) have been filed with the French Patent Office in connection with this research project.

### **CHAPTER III**

## **ORGANISATION AND CORPORATE STRUCTURE**



## **6 ORGANISATIONAL CHANGES IN 2023**

### **6.1 Group's Structure as of December 31, 2023**

Please refer to Note 1.2 to the IFRS Full Year Consolidated Financial Statements for 2023 for the description of the Group's organisation.

### **6.2 Changes in the Corporate Structure of Orange Polska S.A.**

In 2023, there were only minor changes in the corporate structure of Orange Polska units, in order to adapt the Company to the evolving business challenges and to increase the efficiency of our processes.

#### **6.2.1 Management Board of Orange Polska S.A.**

As of December 31, 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; and
- Management Board Member in charge of Finance.

#### **6.2.2 Business Units of Orange Polska S.A.**

As of December 31, 2023, Orange Polska had 73 business units, reporting directly to:

- 1) President of the Management Board: 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: 9 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: 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; and
- 11) Executive Director in charge of Digitisation: 6 business units.

#### **6.2.3 Changes in the Structure of Subsidiaries of Orange Polska S.A.**

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

### **6.3 Ownership Changes in the Group in 2023**

The Group effected no significant ownership changes in 2023.

## 6.4 Orange Polska Shareholders

As of December 31, 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 February 14, 2024 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 OFE and Allianz Polska DFE pension funds*	104,514,618	104,514,618	7.96%	313,543,854	7.96%
Nationale-Nederlanden Open Pension Fund*	73,924,979	73,924,979	5.63%	221,774,937	5.63%
Other shareholders	468,917,883	468,917,883	35.74%	1,406,753,649	35.74%
<b>TOTAL</b>	<b>1,312,357,479</b>	<b>1,312,357,479</b>	<b>100.00%</b>	<b>3,937,072,437</b>	<b>100.00%</b>

\*To the Company's best knowledge, i.e. according to the annual asset structure as of December 29, 2023 published by the open pension funds.

As of February 14, 2024, 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 enhanced connectivity (retail and business customers), business IT support services, wholesale services and cybersecurity. Orange S.A. is also the leading provider of global IT and telecommunication services to multinational corporations under its brand Orange Business.

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 December 31, 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 2023.

## 6.5 Corporate Governance Bodies of the Parent Company

For detailed information about the Management Board and Supervisory Board of Orange Polska please see section 9 below.

### 6.5.1 Orange Polska Shares Held by Persons Who Manage or Supervise Orange Polska

#### Managing Persons

As of February 14, 2024:

- Jolanta Dudek, Management Board Member, held 8,474 shares of Orange Polska S.A.;
- Piotr Jaworski, Management Board Member, held 673 shares of Orange Polska S.A.; and
- 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 February 14, 2024.

Shares held in related entities:

Liudmila Climoc	4,567 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	396 shares of Orange S.A. of par value of EUR 4 each
Maciej Nowochoński	4,475 shares of Orange S.A. of par value of EUR 4 each

### Supervising Persons

As of February 14, 2024, 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
Clarisse Heriard Dubreuil	2,443 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

### 6.5.2 General Meeting

On June 29, 2023, the Annual General Meeting 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 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 2022 financial year, 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 0,35 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, and
  - 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.

## 6.6 Workforce

As of December 31, 2023, Orange Polska Group employed 9,368 (incl. NetWorkS!) people (in full-time equivalents), which is a decrease of 4.1% compared to the end of December 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, 613 employees left the Company in 2023. Severance pay in Orange Polska S.A. averaged PLN 96.7 thousand per employee leaving under the Social Agreement in 2023. In 2023, external recruitment in Orange Polska totalled 535 positions (incl. NetWorkS!). It was mainly related to sale and customer service positions in Orange Polska S.A.

### 6.6.1 Social Agreement

On December 14, 2023, the Management Board of Orange Polska concluded negotiations with the Social Partners on the terms of a new Social Agreement that will be in force in 2024–2025. In parallel to negotiating the Social Agreement, Orange Polska completed negotiations on a Settlement for 2024 under the Act of 13 March 2003 on special rules on termination of employment for reasons not attributable to employees.

In particular, the Social Agreement for 2024–2025 sets the number of voluntary departures in the next two years at 1,100 people and determines a financial package for employees leaving Orange Polska under the voluntary departure scheme. It also provides for potential base salary rises (7% in 2024 and not less than 6% in 2025) 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 with the support of the allocation programme. To employees whose contracts are to be terminated by the employer, the Social Agreement offers the participation in a job-seeking (outplacement) programme in the market. In addition, the Social Agreement for 2024–2025 provides for initiatives for a friendly work environment and continuation of medical coverage. Orange Polska S.A. also committed itself to keep the training budget at the current level in 2024–2025, which will support employees in upskilling and reskilling their competences in line with the .Grow strategy.

The negotiated Settlement sets the quota of departures in 2024 at 590, and determines the terms of voluntary departures as well as the amount of severance pay and additional compensation for employees leaving Orange Polska in 2024. The Settlement also specifies the rules and selection criteria to be applied to people whose employment will be terminated by the employer for reasons not attributable to employees. The amount of compensation package per departing employee will depend on their corporate seniority determined in accordance with the Intragroup Collective Labour Agreement for the Employees of Orange Polska S.A.

Signing of the new Social Agreement is a part of the implementation of the Company's strategy, which focuses on long-term value creation, particularly by improving operational efficiency.

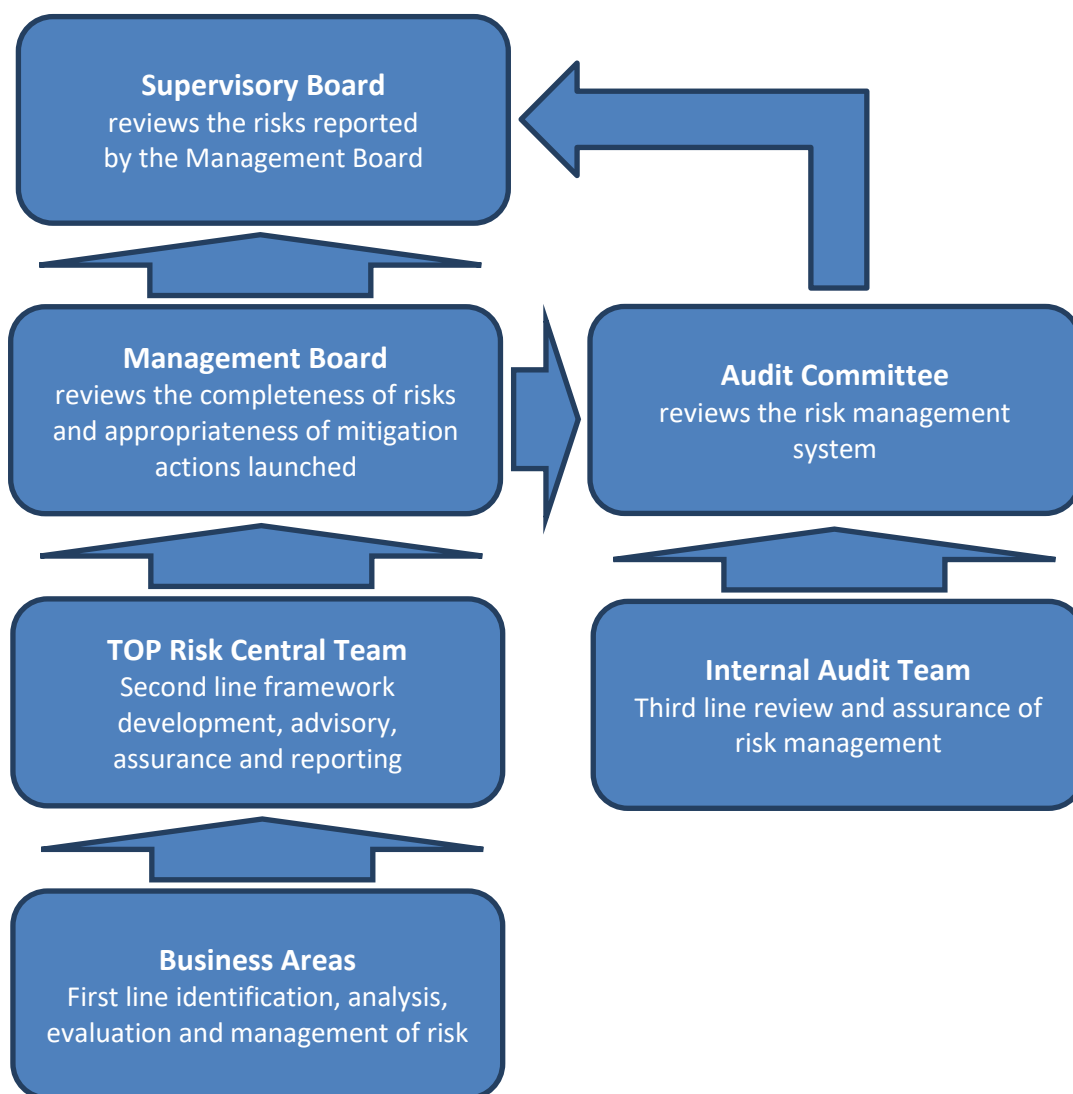
## **CHAPTER IV**

### **KEY RISK FACTORS**

## 7 RISK MANAGEMENT FRAMEWORK IN ORANGE POLSKA

Orange Polska is exposed to a range of external and internal risks of varying types which can impact the achievement of its objectives. Therefore, the Group maintains a risk management framework to identify, assess and manage risks. This framework has been based on the standards ISO 31000:2018 and ISO 27005 (for Information Security Management System only). Leaders within the Group's individual business areas and functions are responsible for the assessment and management of risks, including the identification and escalation of new/emerging circumstances, as well as monitoring and reporting on both the risks themselves and the effectiveness of control measures. Events are considered in the context of their potential impact on the delivery of our business objectives.

Fig.1. Orange Polska's governance and reporting structure for risk management.



Event-based risks are subject to assessment according to their likelihood and impact in terms of financial, reputational, business continuity, human loss as well as legal and regulatory. If risk consequences are, for example, both financial and reputational, the risk is assessed according to the most negative consequence.

In addition, the identified similar risks are grouped into clusters to ensure consistent and effective risk management across the Orange Polska Group. The risk assessment process, illustrated in Fig. 2 below, is managed by domain co-ordinators. The division of risks into the domains of operating risks, loss of information, business continuity, compliance, fraud and social risks ensures a uniform and objective approach to the assessment of risks of similar consequences (cause and effect analysis).

The top risks, which have potentially the worst negative impact on the Group, are assigned mitigation measures in order to prevent or minimise losses. The effectiveness of such measures is verified on an on-going basis, and they are adjusted as required. The risks and the mitigation measures assigned to them constitute an input for the development of the Annual Internal Audit Plan. Indicative heat maps are used to report and evaluate risks. In 2022, some top risks were for the first time described in terms of key risk indicators (KRIs), which complement the information about particular risks and the mitigation measures assigned to them. In 2023, the Supervisory Board received a report on the top risks at Orange Polska in April and the effectiveness of the risk management system was evaluated by the Supervisory Board's Audit Committee in July.

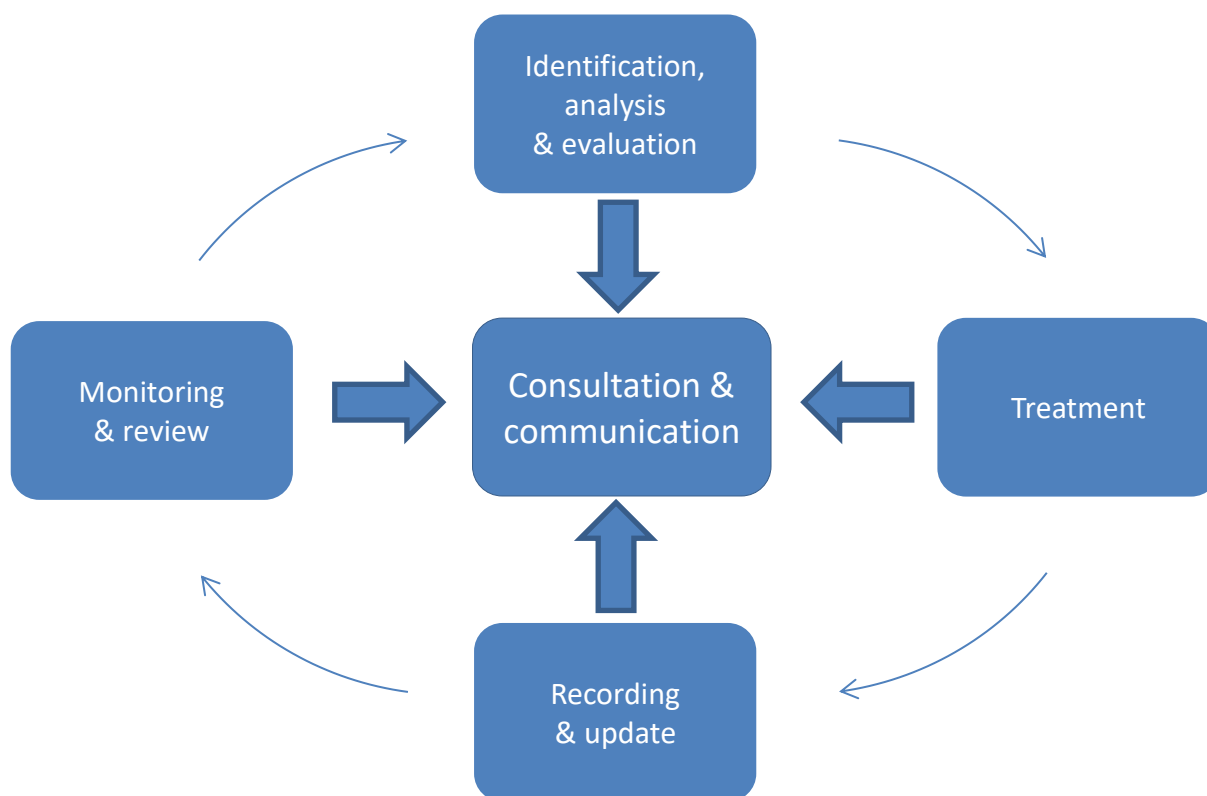
Sample heat map used as one of communication tools is presented below. The example presents a risk that has moderate reputational impact, but critical impact in terms of business continuity. Therefore, the overall assessment of the risk would be very high.

Likelihood	5					
	4					
	3			PR		BC
	2					
	1					
		1	2	3	4	5
		Impact				

FN - financial;  
HR - human resource;  
LR - laws & regulations

PR - reputational;  
BC - business continuity;

Fig.2. The risk management process at Orange Polska is shown in the diagram below.



## 7.1 Risk Factors Affecting the Operating Activities of Orange Polska

The war in Ukraine has moved into a relative stabilisation phase and currently does not pose a major risk to the operating activities of Orange Polska. However, due to unpredictability of the geopolitical situation, the Company has continued to monitor the developments beyond Poland's eastern border and will respond to any emerging threats on a current basis.

The war in the neighbouring country may impact performance of Orange Polska and other telco operators in Poland as a result of direct and physical attacks or cyber attacks on infrastructure elements or applications. Incident response teams in Orange Polska monitor the whole traffic, including cyber incidents, round the clock to react to each threat adequately.

The developments beyond Poland's eastern border may also affect interest rate fluctuations. Orange Polska together with Orange France constantly monitor the situation on the forex and interest rate markets, maintaining a conservative approach to risk.

### 7.1.1 Loss of a Part of the Market Due to Introduction of New Services and Technologies

The constant growth in both fixed and mobile broadband accesses and use, and the emergence of new technologies allow global players in the Internet sector to establish a direct link with customers of telecom operators, thus depriving the latter, including Orange Polska, of a portion of their revenues and margins. If this process continues or intensifies, it could seriously impair the financial position and outlook of operators.

The increased use of networks for value-added services has led to the emergence of new powerful players, the Over-The-Top (OTT) providers, who offer video content, TV and voice services via the Internet. Competition with these players to control customer relations is growing and could erode the market position of operators like Orange Polska or hinder their access to various video content or digital services. This direct relationship with customers and access to content are a source of value for operators, and losing part or all of it to new entrants could affect revenues, margins, the financial position and outlook of telecommunications operators, including Orange Polska.

Furthermore, growing popularity of new services leads to diminishing demand for traditional telecommunication services, such as fixed line voice or low-speed internet access (xDSL) services, which are both based on copper infrastructure. This trend affects both revenue and costs of Orange Polska.

### 7.1.2 Breach of Security of Information, Including Personal Data

Orange Polska constantly undertakes actions aimed to ensure protection of personal data (particularly from its extensive customer database), and proprietary information constituting telecommunication or corporate secrets. The Company holds a certificate of compliance of its Information Security Management System with ISO/IEC 27001:2013 for the following scope of services: ICT, hosting, collocation, cloud computing, cybersecurity and personal data processing in cloud computing. In addition, Orange Polska holds a certificate of compliance with ISO/IEC 27018:2019 *Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors* for the personal data processing services in cloud computing: UCaaS (Unified Communication as a Service), ICS (Integrated Computing Standard) and ICM (Integrated Computing Managed). Furthermore, the Company holds and maintains the FIRST and the Trusted Introducer certificates for CERT Orange Polska. Despite all the precautions taken, considering the modern threats related to information technologies used for processing of information, including personal data, it is not possible to fully exclude the risk of infringement of the security thereof.

Orange Polska's activities may trigger the loss, disclosure, unauthorised communication to the general public or third parties, or inappropriate modification of the data of its customers. Such losses could arise from (i) implementation of new services or applications, for example those related to billing and customer relationship management, (ii) launch of new initiatives, particularly in the field of Internet of Things (IoT), (iii) malicious acts (including cyber-attacks), particularly aimed at theft of personal data, or (iv) negligence on behalf of the Group or its business partners.

Since May 25, 2018, Orange Polska has complied with the General Data Protection Regulation (GDPR). For infringement of GDPR protection rules, administrative fines of up to 4% of the annual global turnover may be imposed. Such incidents could have a considerable negative impact on the Orange brand reputation and a heavy impact on the Group's liability, potentially including criminal liability, and hence have an adverse impact on Orange Polska's future financial performance.

Like in case of personal data, Orange Polska faces a risk of unauthorised disclosure, publication or communication to unauthorised entities of proprietary information constituting corporate secrets, particularly the details of intended initiatives, marketing campaigns, new offers or sales packages. The premature disclosure thereof could result in Orange Polska's failure to achieve its sales objectives and loss of its market shares. The main causes of this risk include: (i) industrial (corporate) espionage, (ii) malicious acts (including cyber-attacks), particularly aimed at theft of proprietary information, or (iii) potential negligence on behalf of the Group or its business partners.

Currently, particular attention is given to information processing in artificial intelligence systems. On the EU level, there is on-going legislative work on a regulation on artificial intelligence, though the final version thereof is not yet known.



### 7.1.3 Increase in the Number and Duration of Service Interruptions Due to Orange Polska's IT&N Infrastructure Outage

Services provided by Orange Polska are directly dependent on the functioning of its IT and network infrastructure. Service disruption or interruption may occur following cyber-attacks (on the IT&N infrastructure), outages (of hardware or software), energy blackout, human errors, acts of terrorism or sabotage of critical hardware or software, failure of a critical supplier, or if the network in question does not have sufficient capacity to meet the growing usage needs, or during implementation of new applications or software. Among these risks of interruption, telecommunications operators are particularly exposed to attempts to breach security, cyber-attacks, and terrorist and sabotage attacks on sites and staff because of the vital nature of telecommunications in the functioning of the economy. Despite the precautions taken by Orange Polska to protect its network, the growing frequency of attempted attacks increases the risk of interruption to its services.

The duration of service interruptions may be also affected by the on-going war in Ukraine, which may trigger a number of additional risks, notably restricted access to electricity due to blackouts or power reductions.

The occurrence of such incidents could have a major impact on the quality and availability of the services provided and Orange Polska's failure to apply the adequate remedies could seriously damage its reputation and result in revenue erosion, affecting its profits and market position. Nationwide service disruption or interruption might also create a crisis potentially affecting the national security.

In particular, this risk is mitigated in Orange Polska by the implementation of adequate protective measures and safety procedures, proper planning for the network and ICT systems development and modernisation, investments in the development of disaster recovery solutions, insurance schemes (covering cyber and terrorism risks) as well as the implementation of business continuity and crisis management plans. Orange Polska holds the ISO 22301:2019 Certificate for its Business Continuity Management System with respect to provision of telecommunications, ICT and cybersecurity services. Another major factor in mitigating this risk is continuous training of the employees of Orange Polska and its technical partners in the newly implemented or modernised technologies.

### 7.1.4 Potential Consequences of Discussions on 5G Network Security

Since 2019, at the EU and global level there has been an intensive debate on the hardware and software used on the 5G network or more broadly the economic relations between specific countries, with the US-China discussions with the participation of EU as its linchpin.

At the EU level, its practical outcome was the publication of a number of documents by the European Commission, the European Union Agency for Network and Information Security (ENISA) and the NIS Cooperation Group regarding 5G network risk assessment and risk mitigating tools. In 2023, the Commission published an announcement highlighting certain companies as high-risk suppliers. Also in 2023, the Commission issued a recommendation on critical technology areas for the EU's economic security for further risk assessment, in particular highlighting RAN & Open RAN (Radio Access Network) and 6G areas.

On the national level, under regulations introduced in 2020, 5G network providers shall adopt strategies avoiding the dependence on one supplier and follow the recommendations of the Government Plenipotentiary for Cybersecurity in this respect. However, the relevant recommendations have not been issued yet. A mechanism of evaluation of hardware and software vendors, particularly for 5G networks, was subject of legislative work between 2020 and 2023, but this work ended in September 2023 with the draft bill withdrawal from the Parliament. In line with amendments to the Telecommunication Law passed in 2020, the President of UKE specified some additional detailed requirements related to 5G network security in the auction for frequencies in the 3.4–3.8 GHz band that was held in 2023. These requirements are a part of licence decisions and shall apply to all the auction winners.

Thus, currently no legal regulations or other binding decisions have been adopted in Poland that would restrict co-operation with specific vendors. The sole requirement in force is the obligation to apply strategies avoiding the dependence on one supplier.

The future state of affairs in this respect may be influenced by a number of factors, largely related to the international situation, including: the development of US-China relations and their impact on supply chains; Russian aggression against Ukraine; and Poland-US relations, particularly in the areas of national defence and power generation. As any major change in conditions may necessitate the relevant adaptation by Orange Polska, the legal environment of its activities is subject to analysis and evaluation on a current basis.

The potential recognition of some vendors as high-risk suppliers will involve the consequences to be specified in future legal acts and will apply to the scope indicated in the relevant future administrative decision. Such consequences may include the restrictions on the scope of co-operation with particular vendors and the use of resources provided by them, which could limit the pool of potential suppliers and thus affect the maintenance as well as plans for the construction and development of network infrastructure (including 5G). This might affect the time schedule and/or costs of implementing the 5G network.

#### **7.1.5 Decrease in Quality or Non-performance of Services Due to Dependence on External Partners**

Orange Polska concludes contracts with external partners, particularly for sales agency, as well as development and maintenance of its networks, ICT infrastructure and IT systems.

The Group has partially outsourced operation and supervision of its telecommunications networks, as well as IT systems and processes to external suppliers. These processes are monitored on a regular basis in order to assure their optimum operation and take effective corrective actions, if required.

Although adequate clauses are included in contracts, there is still a risk of non-performance by Orange Polska's partners, resulting in delays, a decrease in quality or non-performance of Orange Polska's services. Materialisation of this risk may have a direct impact on Orange Polska's financial performance.

Also the risk of corruption is increased due to a number of partners engaged and complex processes involved. Such incidents could have an adverse impact, particularly on Orange Polska's reputation. The Group has adopted a zero-tolerance approach towards corruption and influence peddling, taking a number of actions to effectively prevent corruption through both internal regulations and the relevant anti-corruption clauses in contracts with external partners.

#### **7.1.6 Service Discontinuation or Contract Termination Due to Placing of Business Partners on Sanctions Lists**

Orange Polska complies with the sanctions regime and regulations. In particular, it abides by the restrictions on persons and entities imposed by Poland, the European Union and its member states, the United Kingdom, the United States and the United Nations.

Orange Polska exercises due diligence in relations with its business partners (third parties) to ensure that they are not included in sanctions lists. In particular:

- Its base of business partners is regularly verified against sanctions lists;
- A due diligence verification process is applied prior to commencing co-operation;
- The compliance clause, notably the obligation to comply with the sanctions regime, is included in contracts with our business partners.

The complexity and constant evolution of the regulatory environment pose the main challenge in complying with economic sanctions. Therefore, Orange Polska monitors changes in this area.

#### **7.1.7 Emergence of New Types of Fraud with New Technologies**

Owing to its scope of activities, Orange Polska is highly exposed to the risk of fraud. Like all telecom operators, Orange Polska is subject to various fraud issues which can affect the Company or its customers. Growing complexity of technologies and networks as well as accelerated implementation of new applications and services creates conditions for the emergence of new types of fraud, which will be more difficult to detect or combat. This may result in a loss of revenues.

Coming into force of the Act on combating abuse in electronic communications has not only imposed new obligations on operators, but also granted them new rights. Pursuant to this act, Orange Polska has been implementing solutions that will increase the effectiveness of combating fraud in the telecommunication traffic.

#### **7.1.8 Climate Risks in Orange Polska's Operations**

##### ***Impact of Orange Polska's Operations on Climate***

There is growing awareness of climate change among our customers, investors and other stakeholders, accompanied by growing regulatory pressure related to climate neutrality goals adopted by the EU and its member states. Simultaneously, the rollout of network infrastructure and the growing volume of data traffic are contributing to the increased consumption of electricity, which in Poland is produced mainly from fossil fuels, in the telecommunications sector. This generates greenhouse gas emissions.

In order to co-ordinate and accelerate its efforts to reduce the climate impact, Orange Polska has developed and implemented the #OrangeGoesGreen programme. It concerns the climate goals for 2025 and 2040, particularly regarding a reduction in greenhouse gas emissions (primarily by increasing the share of renewable energy in our energy mix) and the implementation of the principles of circular economy.

The Programme is led by the climate officer and sponsored by the President of the Management Board.

Should the aforementioned initiatives to reduce our negative impact on the climate be unsuccessful, Orange Polska, as a socially responsible company, would be exposed to reputational losses. Furthermore, Orange Polska's failure to achieve the intended share of energy from renewable sources could result in higher than expected electricity costs and, consequently, have a negative impact on its financial performance.

### **Impact of Climate Change on Orange Polska's operations**

Climate change can also have impact on Orange Polska's operations both globally (disruption of supply chains, potential socio-economic disturbances) and locally (an increase in average and maximum temperatures affecting infrastructure, the prices and continuity of supply of energy, and the risk of infrastructure damage due to extreme weather events). It is estimated that these risks might materialise mainly in the medium and long term.

The analysis of the impact of climate change on Orange Polska has indicated four significant areas of negative influence, namely:

- Infrastructure damage or malfunctioning due to climate change;
- Impact of climate change on energy supply, consumption and costs;
- Supply chain disruption due to issues related to climate change;
- Negative regulatory and socio-economic effects of climate change.

For the detailed description of these issues please see the non-financial information in the section 10 below.

#### **7.1.9 Exposure to Electromagnetic Fields**

The issue of exposure to electromagnetic fields (EMF) from radio equipment (used mainly on mobile, but also fixed, networks) is of interest to public opinion, especially with respect to its impact on living organisms. Since January 1, 2020, the EMF limits in Poland have been consistent with the Council Recommendation 1999/519/EC; consequently, they are now similar to the limits adopted in most European countries. In addition, a new regulation on the means of verifying compliance with the acceptable electromagnetic field levels in the environment, which determines the methodology for measuring EMF emissions also by telecommunication systems, came into force on February 19, 2020. Furthermore, pursuant to a Regulation of the Council of Ministers of May 20, 2022, radio communication systems have been removed from the list of projects likely to have significant effects on the environment.

Negative changes in perception of the EMF impact on human health would have a deleterious effect on the business and results of operators such as Orange Polska. There is no reliable research recognised by the scientific community that would imply adverse effects of EMF emissions meeting the Polish limits on human health. If this consensus were scientifically challenged to a certain extent in the future, this could result in a decline in use of mobile telecommunications services, difficulties and additional expense in rolling out base stations and other wireless equipment, and an increase in claims and litigation.

Currently, the issue of EMF exposure is particularly relevant owing to the need to update the existing regulations in order to determine an adequate method for testing 5G systems for EMF compliance. Although Orange Polska has made its best efforts to test 5G technology, even compliance with the applicable regulations and the strictest environmental standards may not be sufficient to prevent negative sentiment of social partners. Similar developments have been observed in other countries.

Furthermore, the government, taking into account the strategic objectives related to the development of modern communications on both the national and EU level, has taken initiatives to cut red tape on the investment process, particularly related to 5G deployment. Simultaneously, addressing social concerns and the need for education, it has introduced additional control mechanisms, such as the public System of Information on EMF-emitting Facilities (SI2PEM). In addition to these initiatives, Orange Polska informs its customers about EMF emissions through the dedicated website <https://radio-waves.orange.com/pl/>, and, in co-operation with other mobile operators within the Polish Chamber of Information Technology and Telecommunications, it carries out an educational campaign about the current scientific knowledge regarding the EMF impact on living organisms.

#### **7.1.10 Human Resources Risks and Alignment of the Organisational Structure**

Orange Polska and its managers continue transforming the Group's internal culture in order to motivate the employees and drive the performance culture, as well as streamlining the organisation and infrastructure in order to confront the competition and implement new technologies and new, more efficient business models through the transformation programme. The key challenge is the transformation of employee competences and development of competences of the future to enable the more rapid adoption of new technologies and business models. If Orange Polska fails to complete these transformations successfully, its operating margins, financial position and results could be adversely impacted. Orange Polska has continued a voluntary departure programme and the workforce optimisation process. Regular staff satisfaction surveys are conducted by an external consultant.

## 7.2 Regulatory, Legal and Tax Risks

### 7.2.1 Regulatory Risks

The Group must comply with various regulatory obligations governing the provision of services and products, particularly related to obtaining and renewing licences for using the spectrum. The regulatory obligations result from either legislation changes or administrative decisions. Currently, work is in progress on transposing the European Electronic Communications Code into Polish legislation. As the legislative process is pending, the ultimate provisions for the telecommunications market and the costs of their implementation have not been disclosed yet. Regulatory decisions and changes in the regulatory environment may have an adverse effect on the Group.

### 7.2.2 Risks Related to the Acquisition of New Spectrum for High-tech Telecommunications Services

Growing demand for data services and future development of 5G systems necessitates the allocation of new bandwidth. The primary spectrum for the 5G technology includes the 3400–3800 MHz band ("C-band"), which will greatly relieve mobile networks in urban areas (capacity band), and the 700 MHz band, which would significantly enhance the service quality in semi-urban and rural areas (coverage band).

The auction for the C-band (3400–3800 MHz) ended in October 2023. The C-band will be used for the provision of 5G services. In the beginning of 2024, upon receiving radio licences, we launched the first base stations operating on this frequency. In line with the auction commitments, Orange Polska should launch at least 3,800 base stations within 48 months after the delivery of the licence. In addition to quantitative commitments, the licence decision imposes also a number of coverage and quality requirements regarding data transmission capacity targets for the certain percentage of Poland's area and households, as well as selected national and regional roads and railway lines.

An uncertainty area is the distribution of the second digital dividend, that is the 700 MHz spectrum. Taking into account the President of UKE's announcements, we expect the public consultation on the distribution of this band to be carried out in 2024. Notably, it will be of paramount importance for the distribution of this band to investigate the existing and potential interference due to the different use thereof outside the European Union. The negative impact from the Ukrainian side may be particularly significant, as this band is still used there for TV broadcast purposes. Therefore, at the end of 2023 operators launched interference tests in the 700 MHz band and initiated talks with UKE regarding the organisation of such common measurements as well as their scope and methodology. The test results could determine the extent of potential limitations in the use of individual frequency blocks of the second digital dividend.

### 7.2.3 Proceedings by UOKiK and European Commission Concerning Network Sharing

In 2014, Polkomtel sent a letter to the European Commission informing about a potential breach by Orange Polska S.A. and T-Mobile Polska of the Treaty provisions prohibiting agreements which may distort competition within the internal market (Article 101(1) of the Treaty). The letter also indicated a potential breach of the jurisdiction provisions contained in the Council Regulation 139/2004 on the control of concentrations between undertakings. Polkomtel claimed that the establishment of NetWorkS! should have been, allegedly, subject to approval by the European Commission rather than by UOKiK. In the ensuing proceedings, Orange Polska S.A. submitted the information and documents requested by the Commission.

UOKiK and the Commission completed their respective proceedings, finding no grounds for their continuation. The terms of co-operation of Orange Polska concerning radio network sharing and the intended expansion thereof will account for the European Commission's guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements (2023/C 259/01).

### 7.2.4 Increased Tax Burden Resulting from Changes in Legislation

Polish tax laws and regulations, in particular regarding value added tax and income tax, are complex and subject to frequent changes and contradictory interpretations by tax authorities. Changes in regulations, leading to lack of reasonable certainty of the tax system, may adversely affect the legal, business and financial situation of the Group. Recently, the Ministry of Finance has not indicated any plans to change VAT rates applicable to the core services rendered by the Company; in particular, return to VAT rates of 22% and 7% is not intended. Furthermore, there has been a clear tendency of the Ministry of Finance to tighten up the tax system by eliminating solutions which used to enable lawful tax optimisation, imposing additional disclosure obligations, and introducing additional charges or taxes (e.g. the minimum CIT). Other examples of such activities include the introduction of new obligations related to transfer prices or withholding tax (WHT), which considerably increase the administrative burden on the Company.

In 2023, a major amendment to the Act on tax on goods and services (VAT) and certain other acts was effected. It provides that using the National System of e-Invoices (KSeF) shall become mandatory for the majority of VAT taxpayers from July 1, 2024, and no documents issued otherwise shall be considered invoices. Similar changes are to be introduced with respect to CIT tax records. Furthermore, major changes in the real estate tax (a revised definition of taxable buildings and structures) are planned.

Owing to the scale of the Company's operations, legislation changes in other areas, e.g. spatial planning, may also in the future negatively affect the amount of tax obligations of an infrastructure-based operator such as Orange Polska. Unclear provisions or unfavourable interpretations may result in increased tax burden.

### **7.2.5 Increase in Fees for the Use of Third Parties' Land for the Purpose of Development and Maintenance of Orange Polska's Infrastructure**

Infrastructure of Orange Polska S.A. is built on land owned by third parties, and in some cases the Company does not possess, or has difficulties to identify, evidence that such third parties have agreed to the infrastructure being located on their land. In particular, this is the case for the old infrastructure used for fixed line services. In principle, the Company has the right to demand that its infrastructure remains where it has been originally located, though it has to pay for this. Also new investments are done on third parties' land and the Company has to pay for the right to use that land. The Company cannot exclude that payments for the use of third parties' land may increase.

## **7.3 Competitive Risks**

### **7.3.1 Risk of Increased Competition in the Market of Convergent Offers and Fibre Service Sales**

Poland's telecommunications market is highly competitive. Over the last few years, competitive struggle has shifted 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. At present, all mobile operators provide also fixed line services, gradually increasing their reach. It has been made possible through wholesale partnerships (e.g. T-Mobile with Orange Polska), emergence of specialised wholesale operators investing in fibre rollout (e.g. Światłowód Inwestycje, Fiberhost or Nexera), fibre network development projects co-financed with the EU funds (POPC), and market consolidation (e.g. acquisition of the largest cable operator, UPC, by Play).

In its strategy, Orange Polska intends to further increase its fibre footprint, which constitutes the main basis for offering convergent services. However, unlike in the previous years, this has been effected mainly through wholesale partnerships with other operators rather than construction of its own network. On the other hand, Orange Polska has opened its own fibre network to other operators. Consequently, we will compete for retail customers in an environment populated by more operators than hitherto. If the trends of opening fibre networks to wholesale agreements continue, it will result in the alignment of the reach of fibre services offered by various operators and more intense competition for retail customers in the future.

## **7.4 Risks Related to Macroeconomic Environment and Financial Markets**

### **Macroeconomic Factors**

#### **7.4.1 Risk of Prolonged Lower-than-expected Economic Growth Due to Negative Internal and External Factors**

According to the consensus economic forecast, Poland's economy is expected to recover in 2024 (with GDP up 2.9%) following the slowdown in 2023 (with GDP growth estimated at 0.5%).

However, there is still high uncertainty in economic growth forecasts, mainly due to a number of both external factors and internal market developments. The highest external risk directly affecting Poland's economy is the on-going war in Ukraine, resulting from the Russian aggression. The conflict resulted in a wave of unprecedented disturbances in the global economy (immediately reflected in energy prices and supply chain disturbances), and its negative effects and the resulting restrictions are still affecting Poland's economy and its future growth prospects.

The sum of internal market factors implies far better economic growth prospects compared to 2023, which was marked by economic slowdown coupled with inflation rate at historical highs. State intervention increased in 2023, both in terms of fiscal policy (i.e. social policy, 'Anti-inflation Shields', frozen electricity prices, etc.) and the National Bank of Poland's monetary policy (i.e. interest rate changes). Nevertheless, the challenges related to high inflation rate (still much above the NBP's inflation target), legislation changes related, *inter alia*, to the influx of EU funds, or the rapid increase in the minimum wage will continue to impose a significant burden on enterprises.

Prospects of Poland's economic growth depend also on the condition of other European economies and the economic climate in global markets. Problems in supply chains in global markets and the uncertainty regarding the development of other economies coupled with the persistent geopolitical risk may have adverse effects on Poland's GDP growth rate.

#### **7.4.2 Reduced Profitability of the Telecommunications Sector Due to Growing Inflationary Pressure**

Average annual CPI reached 11.4% in 2023 and was significantly above the NBP's inflation target (2.5%). Relatively high inflationary pressure, though lower than in the last two years, is expected to continue in 2024. According to the current consensus forecast of the average annual inflation rate, inflation will remain high at 5.5% in 2024.

In 2022, the Monetary Policy Council responded to the further growth of inflation, exceeding historical highs in subsequent months, by adopting further interest rate increases. In 2023, the inflation rate in Poland reached its



peak in the first quarter (at 18.4% in February), then it began to fall in subsequent quarters. Responding to these developments, the Monetary Policy Council decided to cut interest rates twice in 2023, in September and October, to 5.75%. At the year-end, inflation rate in Poland was estimated at 6.1%. High inflation rate is expected also in 2024, as it will be driven by loose fiscal policy, new regulations (including the minimum wage) and continued NBP's monetary policy.

In 2024, despite the expected rebound in private consumption, continued uncertainty of the future accompanied by high inflation rate may result in reduced demand in the economy for goods and services, including telecommunication services. Furthermore, growing competition in the telecom market, including the convergent segment, may intensify pressure on service prices.

Furthermore, prices of telecommunication services in Poland are among the lowest among EU countries, and in the inflationary environment 24-month subscriber agreements, dominating in the market, may pose a risk to future profitability. High inflation also affects other operating and financial activities of the Company (such as energy costs, purchases, wages and project profitability).

### 7.4.3 Risk of Further Growth of Electricity Prices

The energy market was much more stable in 2023 than in 2022.

The availability of energy has a major impact on the entire economy and the situation of businesses whose activities are highly dependent on it. However, persistently high electricity prices are an equal threat to a company such as Orange Polska, which operates extensive technical infrastructure nationwide. 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 prices across Europe in 2022. Although energy prices significantly decreased in 2023, they have not returned to the pre-war levels. And the risk of price growth persists.

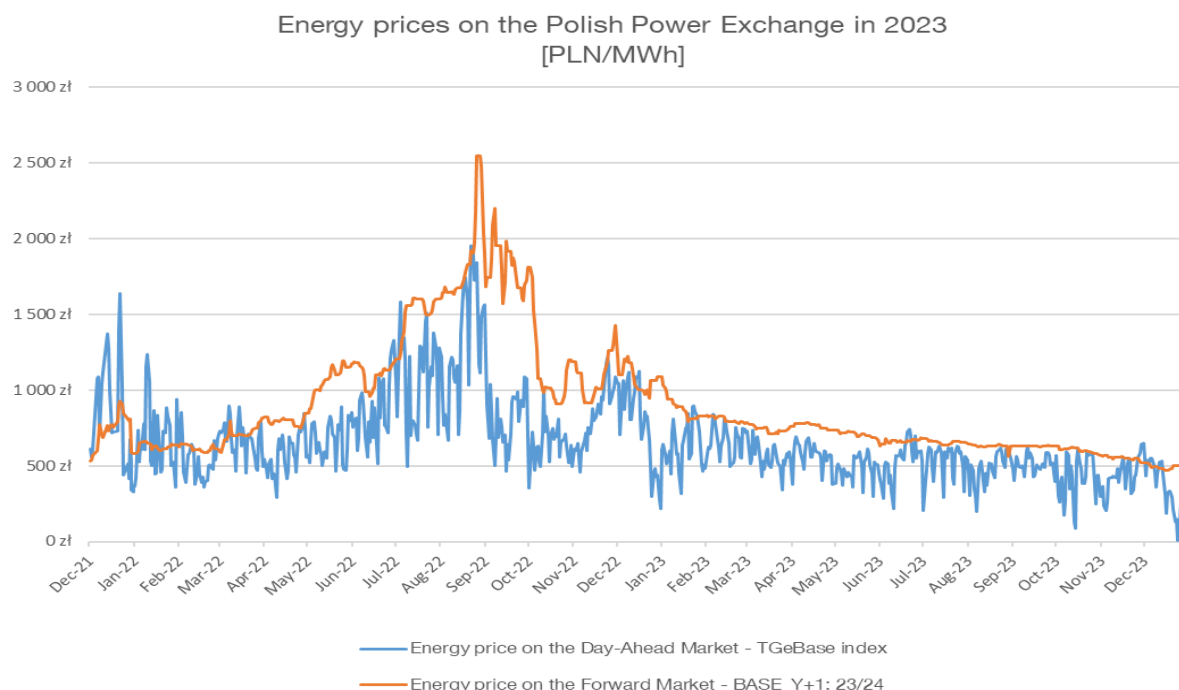
A ban on imports of cheap coal from Russia led to a rise in prices of this primary energy fuel in the Polish power industry. Imports of more expensive coal from the Western countries increased instead. In 2022, the (API2) CIF ARA coal price index in the European Amsterdam-Rotterdam-Antwerp ports increased from USD 100/t at the beginning of the year to as much as USD 400/t. In 2023, the average price of the Western coal stood at USD 100–175/t. As for prices of the Polish coal, the PSCMI 1 price index, reflecting the steam coal prices for the power industry, increased from PLN 290/t at the beginning of 2022 to PLN 535/t at the end of 2022. The upward trend continued throughout 2023, reaching a record high of PLN 740/t in September.

A major factor affecting energy prices is the cost of CO<sub>2</sub> emissions allowances. In 2023, their price was still highly volatile. In March 2023, transactions at a historical high of about EUR 100 per tonne of CO<sub>2</sub> were recorded. Currently, the price has fallen to about 65 EUR/t. It is estimated that emissions from energy production from coal in Europe fell by approximately 28% year-on-year. This certainly contributed to a decrease in the price of CO<sub>2</sub> emissions allowances.

The exchange prices of energy reached exceptionally high levels in 2021 and 2022. In 2023, the prices were lower, but still two or three times higher than before the crisis. At the peak of price fluctuations, their effects were partially mitigated by extraordinary measures adopted by governments, such as the introduction of price caps. Throughout 2023, energy prices radically decreased both in Poland and across Europe and are currently below the statutory limits (PLN 785/MWh for SMEs). Importantly, the mitigation mechanisms introduced by governments do not apply to large companies, such as Orange Polska S.A. (as the end user), but they have an impact on the performance of electricity trading companies, including Orange Energia sp. z o.o.

At present, one year-ahead contracts for energy delivery in 2025 are quoted at about PLN 460/MWh on the Polish Power Exchange. Forward contract quotations for subsequent years imply that energy prices will be maintained at a higher level than before the energy crisis.

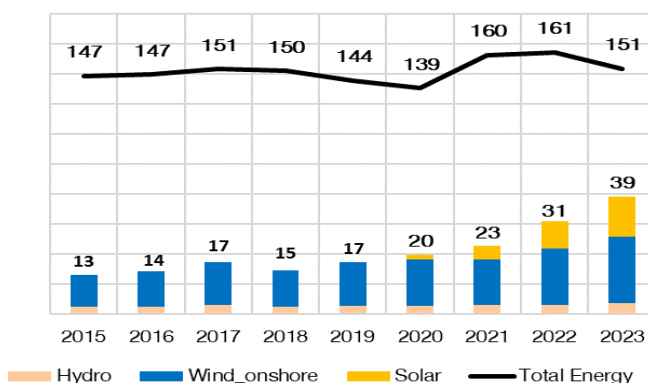
Price quotations for the two most liquid contracts at the exchange are presented below. The TGeBASE index indicates the average price of electricity contracted for the given date of delivery, while the BASE\_Y+1 index reflects the one-year-ahead electricity price.



In the context of the current trends in the power sector, the renewable power generation played a notable role in 2023. According to the Energy Market Agency's data, the capacity of renewable energy sources in Poland exceeded 26 GW at the end of August 2023. It means that renewable sources constitute more than 40% of total capacity installed in Poland (64 GW).

The rapid surge in energy generation from renewable energy sources can be seen in the graph below.

**Energy Mix Poland in TWh**



The regulations reducing energy prices in Poland came into force in the fourth quarter of 2022, defining the following:

- Electricity price caps for households, local authorities and small and medium enterprises;
- Gas price caps for households;
- Price quotation caps on the Balancing Market;
- Renewable energy sale price caps;
- Margin caps for transactions between trading companies;
- Lifting the generators' obligation to sell electricity via the Polish Power Exchange.

Orange Polska takes every effort to operate in compliance with the adopted sustainable development strategy. We carry out internal allocation of renewable energy. We reduce energy consumption by investing in energy-efficient equipment in our technical infrastructure. Furthermore, we continue transformation of our energy mix. Between 2020 and 2022, we concluded four long-term power purchase agreements (PPAs). As a result, energy from renewable sources accounted for over 70% of our energy consumption in 2023. In this way we ensure not only access to 'clean' energy in the long-term, but also stable and low energy prices, as we are aware that we cannot count on regulated prices. In 2023, we concluded another PPA for energy from photovoltaic systems. This agreement will secure us over 600 GWh of solar energy in 2024–2034. It means that the energy from photovoltaic farms operated by R.Power will secure a further 8–10% of annual energy consumption by Orange Polska.

#### 7.4.4 Intensification of Negative Trends in the Labour Market

The forecast economic recovery coupled with high inflation rate will definitely continue to affect Poland's labour market in 2024. Pressure on wages related to growth in prices observed since 2022 will continue to have a major impact on the economy. The more difficult financial standing related to higher prices of raw materials and rapidly growing labour costs (particularly due to the two-fold increase in the minimum wage to PLN 4,300 in 2023–2024) may lead companies to limit recruitment. However, with the economic growth prospects in Poland, its labour market will also face a challenge related to the limited availability of workforce in the market, as some industries already experience labour shortages (e.g. lack of specialists in new technologies, such as cybersecurity, Big Data or AI, in the ICT sector). In the long run, the availability of workforce will be also negatively affected by the demographics of the Polish society.

Poland's labour market was also directly affected by the war in Ukraine. With the start of Russian aggression, many Ukrainian employees, working in various sectors of the economy, left the labour market in Poland. On the other hand, there was a marked inflow of immigrants, mainly women and children.

According to the consensus forecast, the unemployment rate in Poland will be relatively stable in the next few years, reaching an estimated level of 5.1% in 2024.

### Factors Related to Financial Markets

#### 7.4.5 Increase of Interest Rates

In 2023, the Monetary Policy Council cut interest rate in Poland by a total of 100 base points. Due to an economic downturn, the National Bank of Poland decided to decrease its reference rate from 6.75% to 5.75% at the year-end. The economic slowdown coupled with persisting uncertainty about inflation should contribute to the stabilisation of the monetary policy of the Polish central bank. Interest rate fluctuations should not have any material impact on liabilities of Orange Polska owing to a hedging portfolio maintained.

#### 7.4.6 Depreciation of the Local Currency

Foreign exchange rate fluctuations affect Orange Polska's liabilities denominated in foreign currencies and settlements with foreign operators. However, this influence is greatly contained by a portfolio of hedging instruments held by Orange Polska. In 2023, the Polish zloty gained 7.3% against the euro and 10.4% against the US dollar. Any potential depreciation of the Polish zloty should not influence Orange Polska's liabilities denominated in foreign currencies or settlements with foreign operators owing to a high hedging ratio.

#### 7.4.7 Risk of Asset Impairment

The recoverable amounts of enterprises, which affect the accounting value of fixed assets, including goodwill, are sensitive to valuation methods and model assumptions, as well as to any changes in the business environment contrary to the assumptions made. For more information about goodwill impairment and recoverable amounts please see notes to the Consolidated Full-Year Financial Statements.

#### 7.4.8 Factors That May Influence the Price of Orange Polska Shares

Other than major factors already mentioned earlier in this document, the following may also result in changes in Orange Polska share price:

- Implementation of the .Grow strategy for 2021–2024;
- Change in the outlook for dividend payments;
- Sale or purchase of significant assets by the Group; and
- Changes in the capital market analysts' forecasts and recommendations concerning the Group, its competitors and partners, or business sectors in which the Group operates.



## **CHAPTER V STATEMENTS**

## 8 STATEMENTS OF THE MANAGEMENT BOARD

### 8.1 Statement on Adopted Accounting Principles

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

- |                       |   |
|-----------------------|---|
| 1. Liudmila Climoc    | – 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                               |
| 8. Maciej Nowochoński | – Board Member in charge of Carriers Market and Real Estate Sales |

hereby confirms that according to its best knowledge the annual consolidated financial statements and annual standalone financial statements of Orange Polska S.A. as well as comparable data have been drawn up in compliance with the accounting regulations in force and reflect the property, financial standing and financial result of Orange Polska S.A. and its Group 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.

### 8.2 Agreement with the Licensed Auditor

On March 19, 2020, the Supervisory Board of Orange Polska S.A. passed a resolution on selecting KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. to audit financial statements of Orange Polska S.A. and the Orange Polska Group for 2021 to 2025 and to review the relevant interim six-month financial statements of Orange Polska S.A. and the Orange Polska Group.

On October 5, 2020, Orange Polska S.A. concluded an agreement for 2021–2025 with an entity licensed to audit financial statements, pursuant to which KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. performed the following:

- reviews of the standalone financial statements of the Company and the consolidated financial statements of the Group for the first six months of 2023 prepared in accordance with IFRS; and
- an audit of the standalone financial statements of the Company and the consolidated financial statements of the Group for 2023 prepared in accordance with IFRS; and
- procedures regarding the Magnitude reporting package of Orange Polska S.A.

Audits of financial statements of subsidiaries have been performed under separate agreements between KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. and each subsidiary.

The aggregate remuneration payable for auditing and reviewing the above-mentioned financial statements and for other services rendered by KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. for 2023 is presented below (in PLN '000):

	2023
Audit of the consolidated financial statements of the Group, the standalone financial statements of Orange Polska S.A. and financial statements of its subsidiaries for the year 2023, as well as review of the consolidated financial statements of the Group and the standalone financial statements of Orange Polska S.A. as of June 30, 2023	2,648
Other services	632
<b>Total amount payable by the Group</b>	<b>3,280</b>

\*remuneration for 2023 will be updated after the audit of the financial statements is completed.

In 2022, the aggregate remuneration for auditing and reviewing the above-mentioned financial statements and other services rendered by KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. was as follows: PLN 2,873 thousand for audit of financial statements of the Group, Orange Polska S.A. and its subsidiaries as well as review of financial statements of the Group and Orange Polska S.A.; and PLN 624 thousand for other services to Orange Polska S.A.

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

The Group guidance for full-year 2023 was presented in the current report 5/2023 published on February 15, 2023. According to the current report 18/2023 published on July 25, 2023, the Group increased the guidance for both EBITDAaL and revenue, expecting EBITDAaL to grow by low single digit (versus flat/low single digit growth previously) and revenue to grow by low-to-mid single digit (versus low single digit growth previously). At the same time, the Management Board maintained the guidance for economic capital expenditures eCapex at the range of PLN 1.5-1.7 billion.

The guidance was realised, as revenue amounted to PLN 12,970 million in 2023 and was up 3.9% year-on-year, EBITDAaL amounted to PLN 3,179 million in 2023 and was higher by 3.3% year-on-year, and eCapex amounted to PLN 1,555 million in 2023. The EBITDAaL growth resulted from growth in revenue across all core business lines, as well as further cost transformation, which offset the inflationary growth in costs.

### **8.4 Information on the Audit Firm Selection Policy**

- 1) On March 19, 2020, it passed a resolution on selecting KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. to audit financial statements of Orange Polska S.A. and the Orange Polska Group for 2021 to 2025 and to review the relevant interim six-month financial statements of Orange Polska S.A. and the Orange Polska Group;
- 2) Both the audit firm and the audit team members met the conditions to develop an impartial and independent report on the audit of annual financial statements in line with the mandatory legal provisions, standards of profession and rules of professional ethics;
- 3) Orange Polska complies with the provisions on the rotation of the audit firm and the key auditor as well as mandatory cooling-off periods;
- 4) Orange Polska has adopted the audit firm selection policy and the policy for provision of authorised non-audit services by an audit firm conducting the audit, entities affiliated with that audit firm or a member of their networks, including services exempted conditionally from the ban on provision of services by an audit company;
- 5) Orange Polska complies with the requirements for the establishment, composition and functioning of the Audit Committee, particularly the independence criteria for the majority of its members and the requirements for their qualifications and knowledge of the industry in which Orange Polska operates, as well as accounting or audit;
- 6) The Audit Committee has performed the tasks set forth in the mandatory legal provisions.

## 9 CORPORATE GOVERNANCE STATEMENT

### (a) Company's corporate governance policy

Pursuant to the resolution 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated March 29, 2021, the Company, as an issuer of securities listed on the Warsaw Stock Exchange (WSE), has been obliged to comply with the corporate governance practices set out in the *Best Practice for GPW Listed Companies 2021*.

The latter is available at <http://corp-gov.gpw.pl>.

### (b) Corporate governance compliance

In 2023, the Company complied with all the corporate governance rules.

### (c) Description of major features of Orange Polska's internal control and risk management systems with respect to the process of development of standalone and consolidated financial statements (please see chapter IV for additional information on key risk factors)

The system of internal control and risk management in Orange Polska S.A. has been designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Code of Ethics encompasses relations with customers, shareholders, employees, suppliers, competition and also with respect to the environment in which the Group operates. A whistleblowing system, which has been used effectively for years, is co-ordinated by the Ethics Committee of Orange Polska, which was established in 2007. The process enables problem identification by employees, associates and external partners through a number of communication channels, such as emails to the dedicated mailbox, notifying the Chairman of the Ethics Committee orally or in writing (to his postal address), contact with the Chairman of the Audit Committee of the Supervisory Board, or anonymous reports on the dedicated intranet website or the Orange Group website. Regular training on ethics is provided to employees, which is confirmed by certification.

In accordance with the approach adopted by the Orange Group, assuming gradual implementation of subsequent elements of the Compliance Programme, the Anti-Corruption Policy and Guidelines have been introduced in Orange Polska. These regulations contain detailed rules and standards as well as references to specific conditions and circumstances relating to the identification and mitigation of the risk of corruption. They are regularly reviewed and updated, if required. In addition, a number of information and training activities are carried out in order to raise employees' awareness of anti-corruption laws and rules. The aforementioned regulations have been strengthened in terms of the conflict of interest management by introducing the relevant Policies for employees and managers, as well as the Members of the Supervisory Board and Management Board of Orange Polska.

The Compliance Programme encompasses a mechanism for reporting cases of corruption, influence peddling and actual or suspected infringement of legal regulations. These may be reported through the same channels which are used for reporting unethical conduct. Reports are confidential and are examined with proper care. The Programme and the Policy are also supported by a due diligence process for screening business partners as well as a cyclic review of corruption risks. The mechanisms functioning within the Company comply with the *Standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system* adopted by the Warsaw Stock Exchange. In order to comply with the current legal requirements regarding whistleblowing systems, Orange Polska closely monitors its legal environment and adjusts its internal procedures to the relevant legal regulations.

The Group is diligent in its approach to reporting financial results and its ongoing communication with the Polish and international investment community, as well as fulfilling its disclosure obligations. Key managers responsible for the financial, legal, regulatory and internal control functions review financial statements and make comments thereto at the Disclosure Committee. The purpose of the Committee's meetings is to ensure that financial disclosures are timely, exact, transparent, complete, and presented in accordance with all relevant laws, applicable regulations and recognised practices, as well as being properly representative of the financial and operational condition of both the Company and the Orange Polska Group. In 2023, the Disclosure Committee had four meetings. In addition, the Audit Committee reviews the financial disclosures of the Company and the Group before they are published.

The key elements of Orange Polska S.A.'s internal control and risk management system include the following procedures:

(1) An internal audit function, which functionally reports to the President of the Management Board. The internal audit programme is developed on the basis of, *inter alia*, the Company's key risks, and annually reviewed by the Audit Committee, which also analyses the Group's Internal Audit reports. In order to promote an appropriate independent outlook for the Internal Audit, decisions regarding the conclusion and termination of an employment contract with the Group Internal Audit Director as well as his evaluation and remuneration require an opinion of the Audit and Remuneration Committees. The Group Internal Audit Director attends all meetings of the Audit Committee.

(2) The Company conducts ongoing assessments of the quality of the risk management system and internal controls. This process includes identification and classification of Orange Polska S.A.'s financial and non-financial risks as well as verification of the effectiveness of the risk management system.

(3) Procedures have been implemented in order to identify, report and monitor significant risks (i.e. legal, regulatory, environmental, financial reporting and operational) effectively on an ongoing basis. It provides a framework for ongoing risk-controlling activities.

In 2023, the Management Board again completed a comprehensive assessment of the Group's internal controls over financial reporting. Any identified weaknesses were corrected. As a result of the assessment, the Management Board concluded that there were no weaknesses that would materially impact the internal control over the financial reporting at December 31, 2023.

**(d) Indication of shareholders holding, directly or indirectly, significant batches of shares, including the number of shares held, the interest in the Share Capital, the corresponding number of votes and the percentage of the total voting power at the General Meeting**

Please see section 6.4 above for the information about major shareholders.

**(e) Indication of holders of any securities granting special control rights and description of such rights**

The Company has not issued any securities granting any special control rights to shareholders or other entities.

**(f) Indication of any restrictions concerning the exercise of the voting rights on shares, such as restriction of the voting rights to a certain percentage or number of votes or temporary restriction of the voting rights, or regulations according to which, in conjunction with the Company, the rights on securities are separated from the ownership of securities**

The Company has not introduced any specific restrictions concerning the exercise of the voting rights on shares.

**(g) Indication of any restrictions concerning transfer of ownership of the securities issued by Orange Polska S.A.**

The transfer of ownership of the securities issued by the Company is not subject to any restrictions.

**(h) Description of procedures for appointment and removal of managing persons as well as their rights, particularly the right to make decisions regarding the issuance or redemption of shares**

Under the Articles of Association of the Company, the Management Board shall consist of between three and ten Members, including the President. They are appointed and removed by the Supervisory Board by a simple majority of the votes cast. Recommendations on the appointment of the new Members of the Management Board are made to the Supervisory Board by the Remuneration Committee thereof. Currently, the Management Board consists of eight Members, including the President. The term of office for the Member of the Management Board is three years. The Management Board's remit comprises the management of all aspects of the Company's affairs, with the exception of the matters which under the Polish Commercial Companies Code or the Articles of Association shall be within the competence of the General Meeting or the Supervisory Board. In particular, the powers of the Management Board include development of the Group's strategy and budget; establishment, transformation and liquidation of the Company's business units; and governance of the Group subsidiaries. Any decisions regarding the issuance or redemption of the Company's shares are exclusively within the competence of the General Meeting.

The powers of the Management Board are detailed in the Management Board by-laws, available at [www.orange-ir.pl](http://www.orange-ir.pl).

**(i) Description of procedures for amending the Articles of Association or the deed of the company**

Any amendment to the Articles of Association shall require a resolution of the General Meeting adopted by a majority of the three quarters of votes. Such amendments shall be presented to the Supervisory Board for its opinion and shall be submitted to the shareholders no later than 26 days before the date of the General Meeting.

**(j) Rules of operation of the General Meeting and its major responsibilities, and description of the shareholders' rights and the way of exercise thereof, particularly the rules resulting from the General Meeting by-laws, if any, unless the information in this respect results directly from mandatory regulations**

I. The General Meeting shall be convened by the Management Board or by the Supervisory Board, if the Management Board fails to convene it within the period set out by the law. The Annual General Meeting shall be held not later than six months after the end of each financial year.

An Extraordinary General Meeting shall be convened by:

- (1) the Management Board upon its own initiative or upon a written motion of the Supervisory Board or the shareholder(s) representing at least 5% of the share capital; or
- (2) the Supervisory Board, if it is necessary in its opinion; or
- (3) the shareholder(s) representing at least half of the share capital or at least half of the total votes in the Company.

An Extraordinary General Meeting convened upon a motion of the Supervisory Board or the shareholders representing at least 5% of the share capital shall be convened within two weeks from the date of the motion.

General Meetings shall be held in Warsaw. The General Meeting shall be valid irrespective of the number of shares represented.

The agenda of the General Meeting shall be determined by the body or entity that had convened the General Meeting. If the General Meeting is convened upon a motion of the Supervisory Board or the shareholder(s), the Management Board shall include on the agenda the matters indicated by the party submitting the motion.

The Supervisory Board or the shareholders representing at least 5% of the share capital may request that particular matters be included on the agenda of the next General Meeting. The request shall be submitted to the Management Board in writing or by electronic means at least 21 days prior to the General Meeting. The request shall be accompanied by a justification or a draft resolution regarding the proposed point.

Any matters to be resolved by the General Meeting shall first be presented by the Management Board to the Supervisory Board for its opinion.

The following matters shall in particular be within the competence of the General Meeting:

- (1) review and approval of the financial statements and the report on the Company's activity in the previous financial year;
- (2) distribution of profits or coverage of losses;
- (3) confirming proper execution of duties by the Members of the Boards of the Company;
- (4) change of the objects of the Company;
- (5) amendment to the Articles of Association, including an increase or reduction of the share capital;
- (6) merger or change of the legal form of the Company;
- (7) dissolution and winding-up of the Company;
- (8) issuance of convertible bonds or first option bonds;
- (9) appointment and removal of the Members of the Supervisory Board;
- (10) any decision on claims for compensation of damages suffered in the course of the Company's establishment or during the execution of managerial or supervisory functions;
- (11) transfer or lease of the Company's business or its organised part or the grant of usufruct thereon;
- (12) other matters set out in the Commercial Companies Code, other legal acts or the Articles of Association, excluding purchase and acquisition of real estate, the right of perpetual usufruct or a share in real estate, which lie within the competence of the Management Board and do not require passing a resolution by the General Meeting of Shareholders.

The resolutions of the General Meeting shall be adopted by a simple majority of votes cast unless the Commercial Companies Code or the Articles of Association provide otherwise.

The voting at the General Meeting shall be open. A secret ballot shall be used at elections or upon motions for removal of the Members of the Company's Boards or liquidators, for calling them to account for their actions or in personal matters. A secret ballot shall also be used whenever requested by at least one of the shareholders or their representatives present at the General Meeting.

According to the adopted by-laws, the General Meeting shall be opened by the Chairman of the Supervisory Board or his deputy, or, in case of their absence, by the President of the Management Board or a person designated by the Management Board. Thereafter, the Chairman of the General Meeting shall be elected from among the persons entitled to take part in the General Meeting. After each subsequent matter on the agenda has been presented, the Chairman shall open a discussion giving floor to speakers in the sequence in which they have declared their willingness to speak. Upon the consent of the General Meeting, several items of the agenda may be discussed jointly. The participants may speak only on the matters which have been put on the agenda and are being considered at that moment.

II. Pursuant to the Regulations of the General Meeting of Orange Polska S.A., the shareholders have the following rights:

- (1) The shareholders may take part in the General Meeting and exercise the right to vote in person, by a proxy holder (or another representative) or by means of electronic communication, provided that such a possibility has been specified in the announcement convening the General Meeting.
- (2) Each shareholder entitled to participate in the General Meeting has the right to stand as a candidate for the Chairman of the General Meeting or to put forward one candidate for the position of the Chairman of the General Meeting to the minutes.
- (3) When every point on the agenda is considered, each shareholder has the right to one speech of 5 minutes and a reply of 5 minutes.
- (4) Each shareholder has the right to ask questions on any matters on the agenda.



- (5) The shareholder has the right to object a decision of the Chairman of the General Meeting. The General Meeting shall decide in a resolution whether the decision of the Chairman should be upheld or reversed.
- (6) Each shareholder has the right to suggest amendments or additions to draft resolutions, which are covered by the agenda of the General Meeting, by the time of closing the discussion over the item on the agenda referring to the draft resolution to which the suggestion is related.

**(k) Composition and changes thereof in the last financial year, and description of bodies that manage, supervise or administer Orange Polska S.A. and any committees thereof**

**I. Composition of the Management Board in 2023**

On May 23, 2023, the Supervisory Board of Orange Polska appointed Liudmila Climoc as the President of the Management Board of Orange Polska, effective on September 1, 2023. On September 1, 2023, Liudmila Climoc replaced Julien Ducarroz as CEO of Orange Polska. Julien Ducarroz became the CEO of Orange Romania. Julien Ducarroz had been the CEO of Orange Polska S.A. since September 1, 2020. Under his leadership the Company announced and implemented the .Grow strategy.

Composition on December 31, 2023:

- |                       |                               |
|-----------------------|-------------------------------|
| 1. Liudmila Climoc    | – 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 Nowochoński | – Board Member                |

Profiles of Management Board Members:

**Ms. Liudmila Climoc** (born 1975), CEO and President of the Management Board of Orange Polska since September 1, 2023.

With 25 years of experience in telecommunications, Liudmila became the CEO of Orange Moldova in 2008, and in 2016 she was appointed the CEO of Orange Romania. During her mandate, Orange Romania went through a complex transformation from a mobile-only company into a fully integrated operator, a journey that started in 2016 with the launch of the first convergent services for residential customers and continued with the expansion of fibre coverage across the country, and reinforced this strategy by joining forces with an incumbent operator Telekom Romania Communication in 2021, integrating two companies under one Orange umbrella.

She joined the Orange Group in 1998 at Voxtel (currently Orange Moldova) and held several management positions until 2008, when she was promoted from Sales & Distribution Director to Chief Executive Officer of Orange Moldova.

Liudmila Climoc has a degree in engineering from the Technical University of the Republic of Moldova and holds an Executive MBA from Newport University USA/ProEra Moldova programme (2011–2013).

In addition, she has been the Chairwoman of the Orange Foundation Board since October 26, 2023.

**Ms. Jolanta Dudek** (born 1964), Vice-President of the Management Board of Orange Polska in charge of Consumer Market since July 1, 2021. She began her career in telecommunications at PTK Centertel in 2000, holding management positions related to mass customer care and taking part in the development of customer service for the Idea mobile network. Between 2004 and 2010, she served as Director of Business Customer Service for the Orange network. In October 2010, she was appointed Director of Mobile Business Customer Service in Orange Customer Service. From November 2013, she was the Executive Director in charge of Customer Care in Orange Polska. Until incorporation of Orange Customer Service into Orange Polska's main structure in 2016, she served as CEO of Orange Customer Service. In 2015, she was appointed the Management Board Member in charge of Customer Experience.

She is a graduate of the Faculty of Philology at the University of Silesia and postgraduate studies in European Economy Management with a diploma from French Ecole des Hautes Etudes Commerciales (HEC) and the Warsaw School of Economics (SGH). She is also a graduate of postgraduate studies at the Academy of Leadership Psychology at Warsaw University of Technology Business School. She is also an experienced Lead Auditor of Quality Management System ISO 2002 and Customer Operations Performance Center (COPC®) Co-ordinator.

**Ms. Bożena Leśniewska** (born 1965), since 2017, as the Vice-President of the Management Board, she has been in charge of Business Market. She has over twenty years' experience in management and technology. She consistently moved up the ladder, from a sales representative (DHL), manager and regional director (Polkomtel) and HQ department director (Polkomtel, PTK Centertel, Telekomunikacja Polska S.A.) to Executive Director and Vice-President of the Management Board at Orange Polska.

She is a graduate of the Jagiellonian University, the Academy of Leadership Psychology at Warsaw University of Technology Business School, and AMP at INSEAD. She is a member of the Responsible Leadership Council of the Responsible Business Forum, the Strategic Board of THINKTANK, the Orange Foundation Board, the Women in



Leadership association and the LiderShe association. Furthermore, she is an active mentor in mentoring programmes and the co-author of Europe's first course of studies designed specifically for women: Women's Leadership Academy at Leon Koźmiński Academy.

**Mr. Witold Drożdż** (born 1974) has been with Orange Polska since 2012, as Executive Director in charge of Corporate Affairs (from 2012 to November 2018) and Management Board Member in charge of Strategy and Corporate Affairs (since November 2018). He sits on the Orange Foundation Board and the Supervisory Board of Orange Energia sp. z o.o.

From 2010 to 2012, he was the Vice-President of the Management Board and then acting President of the Management Board of PGE Energia Jądrowa S.A. Between 2007 and 2010, he served as Deputy Minister of Interior and Administration, responsible for the development of information society and public records, as well as Chairman of the government Digital Poland Committee and a member of the government Committee for Energy Security and the inter-ministerial Committee for Digital TV and Radio Broadcasting. He is a member of the Board of the Security Forum Foundation.

He is a graduate of Law and International Relations at the University of Warsaw and the Stanford Executive Program at Stanford University.

**Mr. Piotr Tadeusz Jaworski** (born 1961), Management Board Member in charge of Network and Technology since November 2018. From September 2016 he held the position of Executive Director in charge of Network and Technology in Orange Polska. In 2008–2022, he served as the Chairman of the Supervisory Board of TP Teltech. He is also a Member of the Supervisory Boards of Światłowod Inwestycje and NetWorkSI!

Piotr Jaworski has been working at Orange Polska (formerly Telekomunikacja Polska) since 1991, initially as the Technical Manager in the Białystok Technical Unit, then, in the Company's headquarters, as the Director of the Business Customer Relations Department and Regional Executive Director (for South and Central Regions). Between 2007 and 2013, he was the Technical Customer Service Director. Then, until 2016, he worked as the Service Delivery and Maintenance Director, responsible for technical processes of service provision and maintenance (for both Orange customers and alternative operators), network investments (including VHBB FTTH roll-out) and active network maintenance. He has been the leader of several projects in customer experience development. He has been involved in charity work for years.

He has graduated in electronic engineering from the Warsaw University of Technology and holds MBA qualifications from the University of Gdańsk and the University of Strathclyde in Glasgow.

**Mr. Jacek Kowalski** (born 1964), the Management Board Member in charge of Human Capital since January 2011. Previously, from 2009, he was the Executive Director in charge of Human Resources at Telekomunikacja Polska (now Orange Polska). He started his career in the Group in 2001 as the Manager of Human Resources in Sales & Marketing at PTK Centertel. From 2005, he was the Branch Director for Employee Competence and Development Management. Prior to that, he worked as the Director of the Entrepreneurship and Human Resources School in Infor Training (an Infor Media Group company) and the Director of the National In-Service Teacher Training Centre, responsible for the implementation of training programmes supporting the development of education in Poland. Prior to that, he was a history teacher (and enthusiast), the designer of educational programmes and solutions, the author of handbooks and textbooks, a certified trainer and a project manager.

He graduated from the Faculty of History at the University of Warsaw (1989) and completed postgraduate studies in local government and non-governmental organisation management also at the University of Warsaw (1996).

He is a member of the Advisory Board of the Polish Human Resources Management Association. He is also the Chairman of the Supervisory Board of the Orange Polska Pension Fund, a member of the Founders Council of the Civis Polonus Foundation, as well as a member of the Integrated Solutions Supervisory Board and the Orange Foundation Board. For over seven years he has been a member of Human Explorers, an informal association of over a dozen leading Polish companies, represented by their Chief Human Resources Officers, which is focused on developing and sharing innovative HR solutions. Furthermore, he is a member of the Pro Bono Leaders initiative and an enthusiast of volunteering as a movement that makes the world a significantly better place.

**Mr. Jacek Kunicki** (born 1979) has been with Orange Polska since 2003, holding a number of management positions of growing responsibility within the finance area. In particular, he was the Director of Investor Relations from 2010 to 2014, and Orange Polska Group Chief Controller from 2014 to 2020. As the latter, he played a crucial role in the effective turnaround under the .One strategy and the Company's shift towards a value-based commercial strategy. Since March 31, 2020, he has been Orange Polska Chief Financial Officer.

Jacek Kunicki is a Member of the Supervisory Boards of several Orange Polska Group companies: NetWorkSI!, Światłowod Inwestycje, BlueSoft and Integrated Solutions. Prior to joining Orange, he worked in the finance team of the telecom operator Energis Polska.

He graduated from the Higher School of Management in Warsaw and holds an MBA from Oxford Brookes University.

**Mr. Maciej Nowohoński** (born 1973) has been with Orange Polska since 2003, holding several positions of growing responsibility. In particular, he was the Orange Polska Group Chief Controller from 2006 to 2014 and the

Management Board Member in charge of Finance between March 2014 and March 2020. Since March 2020, he has been the Management Board Member in charge of Carriers Market and Real Estate Sales.

Maciej Nowohoński was a Member of the Management Board of Emitel from 2010 to 2011 and the Chief Financial Officer of PTK Centertel between 2011 and 2013. Since 2021, he has served as the Chairman of the Supervisory Board of Światłowod Inwestycje. Prior to joining the Orange team, he worked for Arthur Andersen and Andersen Business Consulting.

He is a graduate of the Foreign Trade Faculty of the Economic University of Poznań and the Dutch HAN University of Applied Sciences in Nijmegen (the Netherlands).

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

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

On June 29, 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 June 30, 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 on December 31, 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                   |

As at December 31, 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.

On 9 February 2024, as a result of the death, the mandate of Ms. Wioletta Rosołowska as the Independent Member of the Orange Polska Supervisory Board expired.

Composition of the Committees of the Supervisory Board on December 31, 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 John Russell Houlden, an independent Member of the Supervisory Board. He has relevant experience and qualifications in finance, accounting and audit.

In 2023, Maria Pasło-Wiśniewska was replaced by Bartosz Dobrzyński on the Audit Committee.

The Remuneration Committee

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

There were no changes in the composition of the Remuneration Committee in 2023.

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

In 2023, Patrice Lambert-de Diesbach left the Strategy Committee upon expiration of his mandate.

All Members of the Supervisory Board regularly 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
Liudmila Climoc – President	2026
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

### III. Operations of the Management Board

The Management Board shall manage the Company's affairs, administer its assets and represent the Company towards third parties. The Members of the Management Board shall perform their duties in person. The operations of the Management Board shall be managed by its President. Meetings of the Management Board shall be chaired by the President of the Management Board or, in case of his absence, another Member of the Management Board designated by the President. Resolutions may be adopted if all Members of the Management Board have been duly notified about the meeting. Resolutions of the Management Board shall be adopted by an absolute majority of votes of all appointed Members of the Management Board. Individual Members of the Management Board shall manage the areas of the Company's operations assigned to them.

In particular, Management Board's resolutions are required in the following affairs of the Company:

- (1) formulation of the Company's strategies and approval of multiannual plans for development of its individual activity areas;
- (2) approval and update of the budget of the Company;
- (3) determining amounts of capital expenditures and sources of their financing;
- (4) contracting loans and other financial liabilities;
- (5) granting collaterals and guarantees;
- (6) Organisational Regulations of Orange Polska S.A.;
- (7) establishment, transformation and liquidation of the Company's organisational units as defined in the Organisational Regulations of Orange Polska S.A.;
- (8) rules for granting powers of attorney;
- (9) formulation of human resources and remuneration policies within the Company;
- (10) proposing motions to the Company's governing bodies in the situations set out in the Commercial Companies Code or the Company's Articles of Association;
- (11) adoption of annual standalone and consolidated financial statements and the Management Board's reports on the activity of the Company's and the Group and submitting those documents to the Supervisory Board within the required time limits;
- (12) proposing resolutions on distribution of profits or coverage of losses to the General Meeting;
- (13) formulation of rules of assets disposal;
- (14) the Company's property transformation and public trading in the Company's securities;
- (15) exercising corporate oversight over Orange Polska S.A.'s subsidiaries;
- (16) participation in other companies or legal entities, except for economic organisations and associations;
- (17) concluding and implementing agreements between the Company and the trade unions operating within it, except for the matters which fall within the competence of the managers of the Company's business entities;
- (18) negotiating and settling labour disputes;
- (19) rules for the appointment to top management positions, including terms of employment and amount of remuneration.

The President of the Management Board acting jointly with another Member of the Management Board shall be empowered to represent the Company.

The responsibilities and obligations of the Management Board are detailed in the Management Board by-laws, available at [www.orange-ir.pl](http://www.orange-ir.pl).

#### IV. Operations of the Supervisory Board

The Supervisory Board shall consist of between nine and sixteen Members, including at least four independent Members. The Supervisory Board currently consists of fourteen Members, including five independent Members. The independent Members of the Supervisory Board shall satisfy the criteria set out for independent members of audit committees in the Act on statutory auditors, audit firms and public oversight, and the conditions set out in the Articles of Association. The independent Supervisory Board Members shall submit quarterly statements to confirm meeting the aforementioned criteria and conditions of independence. The Supervisory Board Members shall be appointed by the General Meeting (or, in exceptional cases specified in the Articles of Association, by the Supervisory Board). The term of office for the Member of the Supervisory Board is three years.

The Supervisory Board work shall be managed by the Chairman who shall have the duty to properly organise its work, in particular to convene the Supervisory Board meetings. In the absence of the Chairman, his powers are taken over by the most senior deputy, the Secretary or the most senior Member of the Supervisory Board. The Supervisory Board shall hold meetings at least once a quarter. The Management Board or a Member of the Supervisory Board may request a meeting of the Supervisory Board to be convened, specifying the proposed agenda for the meeting. The Chairman of the Supervisory Board shall convene the meeting within two weeks from the date of the motion. If the Chairman of the Supervisory Board fails to convene the meeting within two weeks from the date of the motion, the mover of the motion may convene the meeting himself, specifying the date, the place and the proposed agenda. The Supervisory Board may also hold meetings without formal convocation, if all members give their consent thereto and make no objections against putting certain issues on the agenda. The Supervisory Board shall adopt resolutions if at least half of its Members are present at the meeting and all Members have been invited. During the meeting, the Supervisory Board may also adopt resolutions on issues which are not put on the proposed meeting agenda, if none of the Supervisory Board Members participating in the meeting objects thereto. The Supervisory Board shall pass its resolutions by a simple majority of the votes cast. In the case of a tied vote, the Chairman shall have a casting vote. It is permissible to participate in a meeting of the Supervisory Board also using means of direct remote communication. Voting by the Supervisory Board shall be open. Members of the Supervisory Board may participate in adopting resolutions of the Supervisory Board by casting a vote in writing via another Member of the Supervisory Board. The Supervisory Board may adopt resolutions in a written form or by

using means of direct remote communication. Such resolution shall be valid if all Members of the Supervisory Board have been informed about the content of a draft resolution and at least half of the Members of the Supervisory Board took part in the adoption of the resolution.

Although the Supervisory Board performs its tasks collectively, it delegates some of the work. The committees to which these tasks are delegated are described in subsequent paragraphs.

The Supervisory Board by-laws and the Terms of Reference of the Committees of the Supervisory Board are available at [www.orange-ir.pl](http://www.orange-ir.pl).

In particular, the Supervisory Board shall be responsible for the appointment of the Members of the Management Board and determining the terms and amount of their remuneration, the appointment of the Company's independent auditors, and the supervision of the Group's business. As part of its supervisory responsibilities, the Supervisory Board shall examine the Group's strategic plan and annual budget; monitor the Group's operating and financial performance; formulate opinions on incurring liabilities that exceed the equivalent of €100,000,000; formulate opinions on disposal of the Group's assets that exceed the equivalent of €100,000,000; evaluate annual financial statements of the Company, the Management Board's report on the activities of the Company and the Orange Polska Group, and motions of the Management Board regarding distribution of profits or covering of losses; state an opinion on motions submitted by or via the Management Board to the General Meeting; and submit to the General Meeting for approval an annual report of the Supervisory Board. The Supervisory Board shall also submit to the General Meeting the Report on the Remuneration of the Members of the Management Board and Supervisory Board in compliance with the Act on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies. In considering these matters, the Supervisory Board takes into account the social, environmental and ethical considerations that relate to the Group's business.

Furthermore, the Polish Accounting Act determines the responsibility of the Members of the Supervisory Board regarding the reliability and fair presentation of the Company's financial reporting.

## V. Operations of the Committees of the Supervisory Board

### (A) The Audit Committee

The Audit Committee was established by a resolution of the Supervisory Board of June 14, 2002 as an advisory body to the Supervisory Board. The majority of the Audit Committee members, including its Chairman, meet the independence criteria set out in the Act on statutory auditors, audit firms and public oversight and the conditions set out in the Articles of Association. The Audit Committee shall meet at least on a quarterly basis before the publication of the Company's financial statements.

The key functions of the Audit Committee are specified in its Terms of Reference attached to the Supervisory Board by-laws and include but are not limited to:

- (1) monitoring the integrity of the financial information reported externally;
- (2) reviewing the Group's internal control and risk management systems;
- (3) reviewing plans for internal audit and internal audit reports;
- (4) reviewing and giving opinions on significant transactions with related parties;
- (5) recommending the selection and re-appointment of the audit firm;
- (6) monitoring the independence and objectivity of the Company's external auditors, the nature and scope of the audit, and the auditors' work;
- (7) giving the Supervisory Board recommendations to ensure the faithful representation and relevance of the financial reporting process in the Company and the Group.

### (B) The Remuneration Committee

The Remuneration Committee was established by a resolution of the Supervisory Board of June 16, 2004 as an advisory body to the Supervisory Board. A half of the Remuneration Committee members, including its Chairwoman, meet the independence criteria set out in the Act on statutory auditors, audit firms and public oversight and the conditions set out in the Articles of Association. The Remuneration Committee shall meet according to its preferences at least four times a year.

The Remuneration Committee's task is to advise the Supervisory Board and Management Board on the general remuneration and nomination policy of the Group, determining the terms of employment and remuneration (including the setting of objectives) of the Members of the Management Board and giving recommendations to the Supervisory Board regarding salaries and the amounts of variable pay for the Members of the Management Board.

### (C) The Strategy Committee

The Strategy Committee was established by a resolution of the Supervisory Board of June 15, 2005 as an advisory body to the Supervisory Board. The Strategy Committee shall meet according to its schedule at least twice a year.



The tasks of the Strategy Committee include:

- (1) giving its opinions and recommendations to the Supervisory Board on the strategic plans set out by the Management Board, as well as on any further suggestions to strategic plans made by the Supervisory Board, in particular concerning key strategic decisions involved; and
- (2) consulting on all strategic projects related to the development of the Group, monitoring of the evolution of industrial partnerships within the Group and projects involving strategic agreements for the Group. It then reports and makes recommendations on each of these projects to the Supervisory Board.

In particular, the Committee is invited to consider projects such as:

- (1) strategic agreements, alliances, and technological and industrial co-operation agreements, including aspects of the Group's strategic partnership with Orange S.A.; and
- (2) significant acquisitions and sales of assets.

#### (I) Regarding the Audit Committee of the Orange Polska Supervisory Board

- (1) The following persons have stated that they meet the statutory criteria of independence: John Russell Houlden, Bartosz Dobrzyński and Monika Nachyła.
- (2) Regarding knowledge and skills in the area of accounting or auditing of financial statements, the following persons have stated as follows:

**John Russell Houlden** has stated that he has knowledge and skills in the area of accounting and auditing of financial statements. He holds a first class honours degree from Warwick Business School and has completed executive programmes at INSEAD, Stanford and London Business School. He has qualifications in accounting and corporate treasury management and is a Fellow of the Chartered Institute of Management Accountants (CIMA), a Chartered Global Management Accountant (CGMA) and a Fellow of the Association of Corporate Treasurers (ACT). He gained extensive experience in accounting and audit in a variety of financial roles in Spicer & Oppenheim (now part of Deloitte), ICI and BT. Next, he served as Finance Director of Lovells (2002 to 2008), Chief Financial Officer of Telecom New Zealand (2008 to 2010) and Chief Financial Officer of the United Utilities Group (2010 to 2020). From 2014 to 2020 he was also a Member of the Main Committee and the Chairman of the Financial Reporting Committee of the '100 Group' (which represents the collective views of FTSE 100 companies to the International Accounting Standards Board, the European Securities and Markets Authority and other regulatory bodies). From 2020 to 2022 he was the Chairman of the Audit Committee of Babcock International Group (an FTSE 250 company) where oversaw the reset of accounting and audit quality involving the correction of over 40 accounting errors from years prior to his tenure. From 2022 to date he has also been an Operating Partner of Corsair Infrastructure and a Non-executive Director of Yorkshire Water.

**Monika Nachyła** is a non-executive director with many years of international, C-suite experience in the areas of private equity, investor relations, banking, operational financial management and strategy development. She is a graduate of the Warsaw School of Economics. She started her professional career as an auditor at Arthur Andersen in Warsaw and Salustro Reydel in Paris. Between 1995 and 2000, she held a position of CFO at Sanofi-Synthelabo. From 2000 to 2011, she was active in the private equity sector. As the Vice President for Portfolio & Fund Operations of Innova Capital, she supervised its portfolio companies. Subsequently, as the Partner in charge of Investor Relations at Enterprise Investors, she was responsible for fundraising and investor relations. In 2011, she joined one of the leading Polish banks: BGŻ (currently controlled by BNP Paribas) as a non-executive director of the Supervisory Board and the Audit Committee. From 2013 to 2015, she served as the Vice President of the BGŻ Management Board. Since May 2017, she has been a Partner at Abris Capital Partners, a private equity fund manager investing in Central Europe, where she has been responsible for investor relations, public relations, ESG (responsible investing standards) and supervision of selected portfolio companies. She is also a member of the Abris Management Committee.

**Jean-Michel Thibaud** is the Orange Group Deputy CFO in charge of controlling. He is a graduate of the Centrale-Supélec engineer school and Institute of Political Sciences in Paris. He started his career working seven years in the banking sector in the areas of export and structured and project finance. He joined Orange as a manager, then head of project finance, and became the Orange Group Treasurer in 2008 until 2012, covering debt raising (bonds, corporate, project, structured finance), relationship with rating agencies and equity capital markets, as well as cash management and customer financing. Between 2013 and 2019, he acted as CFO and Senior VP, Strategy, Transformation & General Services at Orange Business Services. Orange Business Services is a worldwide provider of IT and telecom services for large corporations.

- (3) The following persons have stated that they have knowledge and skills in the field in which Orange Polska operates, indicating the respective ways in which they have acquired such knowledge and skills as described below: John Russell Houlden, Bartosz Dobrzyński, Monika Nachyła, Marc Ricau and Jean-Michel Thibaud.

**John Russell Houlden** holds a first class honours degree from Warwick Business School and has completed executive programmes at INSEAD, Stanford and London Business School. He is a Fellow of the Chartered Institute of Management Accountants (CIMA), a Chartered Global Management Accountant (CGMA) and a Fellow of the Association of Corporate Treasurers (ACT). Prior to joining the Supervisory Board of Orange Polska, his knowledge of telecommunications was largely based on his experience as Finance Director of BT

Networks & Information Services, Finance Director of BT Wholesale and Chief Financial Officer of Telecom New Zealand whilst his broader strategic, operational, commercial and transformational capabilities were also based on his experience in a variety of financial roles in ICI and as Chief Financial Officer of United Utilities Group.

**Bartosz Dobrzyński** started his professional career as a journalist in the mid 1990s before moving to marketing roles. He spent over twenty years in the telecommunication sector with the most notable position as the Head of Consumer Propositions at Orange Polska (2001-2008) and later as CMO and Member of the Management Board of Play (2008-2018). During his tenure, Play, starting from scratch, became one of the leading operators in the mobile market. He is the Independent Member of the Supervisory Board and Member of the Strategy and Remuneration Committees. After leaving Play, he was involved in advising various companies and startups in the fields of business models and marketing. He graduated from Warsaw University (journalism, MBA) and IESE Barcelona (Advanced Management Program).

**Monika Nachyla** is a non-executive director with many years of international, C-suite experience in the areas of private equity, investor relations, banking, operational financial management and strategy development. She is a graduate of the Warsaw School of Economics. She holds also post-graduate diplomas in social psychology and agriculture. She started her professional career as an auditor at Arthur Andersen in Warsaw and Salustro Reydel in Paris. Between 1995 and 2000, she held a position of CFO at Sanofi-Synthelabo. From 2000 to 2011, she was active in the private equity sector. As the Vice President for Portfolio & Fund Operations of Innova Capital, she supervised its portfolio companies. Subsequently, as the Partner in charge of Investor Relations at Enterprise Investors, she was responsible for fundraising and investor relations. In 2011, she joined one of the leading Polish banks: BGŻ (currently controlled by BNP Paribas) as a non-executive director of the Supervisory Board and the Audit Committee. From 2013 to 2015, she served as the Vice President of the BGŻ Management Board responsible for strategy and development, as well as the bank's strategic agribusiness division. Since May 2017, she has been a Partner at Abris Capital Partners, a private equity fund manager investing in Central Europe, where she has been responsible for investor relations, public relations, ESG (responsible investing standards) and supervision of selected portfolio companies. She is also a member of the Abris Management Committee.

**Marc Ricau** has been working in the France Telecom (Orange) Group since 1986. He is a graduate of IEP (Sciences Po Paris) and ENSPTT School, and has a master degree in statistical and software techniques. During his professional career in telecommunications he served in various positions both abroad and in France, mainly in sales and customer service, but also finance and network management. He joined Orange AMEA (Africa, Middle East and Asia) in 2009 as Country and Partnerships Vice-President for the zone. He served as a Member of Supervisory Boards of several subsidiaries in Africa (Orange Mali, Orange Guinea, Orange Niger, Orange Bissau and Sonatel Multimedia) until early 2013. In October 2012, Marc Ricau joined the Orange Europe Division as Vice-President of Poland Operations. In July 2015 he was appointed a Member of the Management Board of Orange Slovensko a.s., and in June 2017 he was appointed a Member of the Supervisory Board of the Company. He is also a Member of the Board of Directors of Nadacia Orange (Orange Foundation) in Slovakia.

**Jean-Michel Thibaud** is the Orange Group Deputy CFO in charge of controlling. He is a graduate of the Centrale-Supélec engineer school and Sciences Po Paris. He started his career working seven years in the banking sector in the areas of export and structured and project finance. He joined Orange as a manager, then head of project finance, and became the Orange Group Treasurer in 2008 until 2012, covering debt raising (bonds, corporate, project, structured finance), relationship with rating agencies and equity capital markets, as well as cash management and customer financing. Between 2013 and 2019, he acted as CFO and Senior VP, Strategy, Transformation & General Services at Orange Business Services. Orange Business Services is a worldwide provider of IT and telecom services for large corporations.

- (4) An audit firm auditing the financial statements of Orange Polska, i.e. KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k., provided authorised non-audit services to the Company. Therefore, Orange Polska assessed the independence of the audit firm and the Audit Committee approved the provision of the services.
- (5) The key elements of the audit firm selection policy and the policy for provision of authorised non-audit services by an audit firm conducting the audit, entities affiliated with that audit firm or a member of their networks:
  1. The body authorised to select an audit firm is the Supervisory Board of Orange Polska. The Supervisory Board shall make the selection based on a prior recommendation of the Audit Committee.
  2. The Audit Committee in its recommendation shall:
    - indicate the audit firm which it proposes to entrust with the audit;
    - state that the recommendation is free from third party influence;
    - state that the Company has not entered into any agreements containing clauses that restrict the ability of the Supervisory Board to select an audit firm for the purposes of the statutory audit of the Company's financial statements to certain categories or lists of audit firms.



3. Where the selection of an audit firm does not concern the extension of an audit agreement, the recommendation of the Audit Committee shall:
    - contain at least two options for selecting an audit firm with justification, indicating the Audit Committee's justified preference for one of them;
    - be drawn up according to the selection procedure specified below.
  4. Selection Procedure
    - 4.1. The Company shall invite any audit firms to submit proposals for provision of the audit service, provided that:
      - it does not infringe the principle that after the expiry of the maximum duration of engagement, neither the statutory auditor or the audit firm nor, where applicable, any members of their networks within the European Union shall undertake the audit of the Company within the following four-year period;
      - the organisation of the tender procedure does not preclude the participation in the selection procedure of firms which received less than 15% of the total audit fees from public-interest entities in the Member State of the European Union concerned in the previous calendar year, included in the list of audit firms that carried out statutory audits in public-interest entities during the preceding year.
    - 4.2. The Company shall prepare the tender dossier for the attention of the invited audit firms, which shall contain transparent and non-discriminatory selection criteria to be used by the Company to evaluate the proposals made by audit firms.
    - 4.3. The Company shall evaluate the proposals made by audit firms in accordance with the selection criteria defined in the tender dossier.
    - 4.4. The Audit Committee shall discuss with the audit firm, upon its request, the threats to its independence and the safeguards to mitigate those threats, as documented by the audit firm. The audit firm shall confirm annually in writing to the Audit Committee that the statutory auditor, the audit firm as well as its partners, senior managers and managers conducting the statutory audit are independent from the audited company.
  5. The Company has the right to grant a further engagement referred to in Article 17(6) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 – based on the consent of the Financial Supervisory Authority.
  6. In the course of the selection procedure, the Supervisory Board shall account for the experience of the audit team in auditing financial statements of companies, including those listed on the stock exchange, as well as competences and financial criteria.
  7. The selection decision shall be taken with the consideration of the principles of impartiality and independence of the audit firm as well as the analysis of the work performed by the latter in the Company that go beyond the scope of the audit in order to avoid any conflict of interest.
  8. If the decision of the Supervisory Board regarding the selection of an audit firm departs from the recommendation of the Audit Committee, the Supervisory Board shall justify in writing the reasons for not following the recommendation of the Audit Committee and submit such justification to the General Meeting.
- (6) The recommendation for selecting KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. to audit financial statements complied with the mandatory legal provisions and the audit firm selection policy and procedures at Orange Polska.
- (7) The Audit Committee held six meetings in 2023.

## 9.1 Information about Sponsorship Policy

Orange Polska has adopted a sponsorship policy (pursuant to the Decision No. 49/16 of the Executive Director in charge of Corporate Affairs). Orange Polska's approach reflects the global sponsorship strategy of the Orange Group. In the strategic field, which is music now, Orange Polska develops long-term, comprehensive, nationwide projects addressed to a large group of its existing or prospective customers. Orange Polska sponsors various initiatives on a long-term rather than one-off basis.

The implementation of our sponsorship policy is a responsibility of the Corporate Communication and CSR Director, to whom the CSR, Analysis & Events Department reports. Key sponsorship projects are subject to approval by the Management Board of Orange Polska S.A. Each sponsorship project has its own target Key Performance Indicators (KPIs), such as attendance, advertising value equivalent (AVE), number of publications, etc. Upon completion of a project, it is evaluated by the Management Board. We have established the Sponsorship Committee to centralise sponsorship project management in the Orange Polska Group.

Furthermore, Orange Polska carries out its socially-oriented activities through a dedicated corporate foundation, the Orange Foundation, and the Donation Fund.

As part of its donation policy, Orange Polska has adopted formal rules for using the Donation Fund. These are specified in the Decision no. 2/23 of the Board Member in charge of Strategy and Corporate Affairs.

Orange Polska S.A. follows clear and transparent rules in making donations:

- Any donation requires analysis and recommendation;
- Any donation is subject to approval by the President of the Management Board of Orange Polska;
- Any donation is made under a written donation agreement;
- All donations are effected by transfers and registered in the accounting systems of Orange Polska;
- Each agreement includes a requirement to confirm that the donation has been used in line with its purpose.

The Orange Foundation, which carries out its socially-oriented activities on behalf of Orange Polska, has adopted its own strategy. The Foundation works towards modern education of children and youth, carrying out its own nationwide educational and social programmes to support the comprehensive development of young people. All its programmes and projects are based on the results of research and implemented in consultation with renowned experts in specific fields. At least twice a year, the Foundation submits reports on its activities to the Foundation Board, which includes representatives of the Founder, i.e. Orange Polska S.A. Furthermore, on an annual basis the Foundation submits a report on its activities to the competent ministry and draws up a financial report, which is subject to an audit. Reports of the Foundation are publicly displayed on its website.

The Foundation's policy fits into Orange Polska's social responsibility strategy, which is part of the business strategy of the Company. Our corporate social responsibility (CSR) strategy focuses on the areas which are of key importance with respect to our sector and our activities on the Polish market: efforts for digital inclusion, security on the network, environmental and climate protection, and building a good workplace. The conclusions from a dialogue with stakeholders as well as market trends and social challenges for our industry in Poland and abroad have been an important road sign in its development. Responsibility for the implementation of the strategy lies with the CSR Steering Committee, which is made up of managers from different areas within the organisation. Our CSR initiatives are presented annually in the Orange Polska's Integrated Report, which is developed in compliance with the Global Reporting Initiative (GRI) international non-financial reporting standards and the International Integrated Reporting Framework (IIRC). Each Report is subject to internal approval by the Disclosure Committee and an external audit by independent auditors.

## 9.2 Description of the Diversity Policy

Orange Polska has adopted the Diversity Management Policy, which was adopted by a decision of the President of the Management Board in 2016.

Orange Polska is committed to respecting diversity and equal opportunities in the following dimensions:

- gender;
- age;
- competence / expertise / experience / mindset;
- psychophysical skills – (dis)abilities;
- parental status;
- religion / beliefs;
- workplace location (HQ vs. region);
- nationality / ethnic origin / race;
- sexual orientation;
- type of employment;
- trade union membership;
- political convictions.

The implementation of our Diversity Management Policy is supported by the Committee for Gender Equality and Diversity in the Workplace. The quality of our diversity management has been confirmed by the Gender Equality European and International Standard (GEEIS) certificate. Furthermore, Orange Polska is a signatory to and a guardian of the Diversity Charter in Poland.

Orange Polska has implemented Diversity Management Policy for Members of the Management Board and the Supervisory Board.

In the process of selection of Members of the Management Board of Orange Polska, the Supervisory Board:

- shall be guided by the transparency of the candidate selection rules and criteria;
- shall make decisions on the selection of the Management Board Members based on the appropriate level of knowledge, skills, education, competences and professional experience of the candidates;
- shall ensure that the Management Board Members include people of diverse gender, age, specialist knowledge, education and professional experience;
- with regard to gender diversity, shall aim to keep women participation of at least 30%.

The duties and responsibilities, as well as the requirements related to qualifications, expertise and competence of the Supervisory Board Members are specified in the Company's Articles of Association. In addition, Orange Polska applies the provisions of the *Best Practice for WSE Listed Companies 2021*.

The Management Board currently consists of eight members, including the President. They are appointed by the Supervisory Board. The term of office for the member of the Management Board is three years. There are three women on the Management Board, which corresponds to 38% of the composition thereof (as of December 31, 2023).

In the process of selection of Members of the Supervisory Board, the General Meeting:

- shall make decisions on the selection of Supervisory Board Members based on the appropriate level of knowledge, skills, education, competences and professional experience of the candidates;
- shall ensure that the Supervisory Board Members include people of diverse gender, age, specialist knowledge, education and professional experience;
- shall ensure the presence of at least four members of the Supervisory Board who meet the independence criteria specified in the Act of May 11, 2017 on statutory auditors, audit firms and public oversight, as well as the Company's Articles of Association and have no real and significant connections with a shareholder holding at least 5% of the total number of votes in the Company;
- with regard to gender diversity, shall aim to keep women participation of at least 30%.

The Supervisory Board currently consists of fourteen Members, including five independent Members. They are appointed by the General Meeting (or, in exceptional cases, by the Supervisory Board). The term of office for the Member of the Supervisory Board is three years. There are six women on the Supervisory Board, which corresponds to 43% of the composition thereof (as of December 31, 2023).

On an annual basis, Orange Polska develops the detailed analysis of the ratio of remuneration of women to men based on comparable groups of employees (i.e. employees performing similar and comparable work). We regularly analyse remuneration of men and women. The gender pay gap index is determined for employees performing comparable work at positions within the same pay grades. As at the end of 2023, it was 3% at specialist positions and 4% at management positions. No major deviation of this index in relation to previous years has been observed. The gender pay gap reduction objective has been included in the CSR strategy and the implementation thereof is audited as part of the Gender Equality European Standard (GEES) certification. In the salary increase process, we have set principles to ensure the equal remuneration of men and women for the same responsibilities, experience, commitment and expertise.

### 9.3 Information on the Remuneration Policy of Orange Polska

#### Remuneration Policy of Orange Polska S.A.

The strategy of Orange Polska S.A. is based on building and maintaining high customer satisfaction, while providing a full range of the best quality telecommunication, multimedia and specialised ICT services fitting both household and business needs, as well as offering extensive connectivity and high customer relationship standards.

The Remuneration Policy contributes to implementing the Company's comprehensive strategy. By enabling the recruitment, retention and motivation of the best managers and employees in the specialised areas existing in Orange Polska S.A. it provides people prepared to achieve the strategic goals of the Company.

While recognising that employees are a key asset of the Company, the Policy supports the creation of favourable conditions in the digital work environment by stimulating the commitment to the Company's objectives, employees development and use of flexible work methods.

Remuneration levels within Orange Polska S.A. are compared to those offered by peer companies in the market. The managers' remuneration depends on the Company's financial results, on one's individual contribution and performance, supports the implementation of the Company's strategy.

Our Remuneration Policy complies with the labour law and corporate governance regulations.

The remuneration system consists of the following components:

1. Base salary;
2. Performance bonus;
3. Discretionary bonuses;
4. Benefits.

Due to the need to adjust the Company's workforce structure to the changing market conditions, changing working methods, Orange Polska S.A. carries out a voluntary departure programme. Employees who depart the Company voluntarily are offered severance pay in excess of statutory amounts due to them under the generally applicable legal regulations. The terms of severance pay for employees are determined in separate arrangements with trade unions, whereas the terms of severance pay for managers excluded from the Intragroup Collective Labour Agreement are settled in individual agreements, in the employment contracts.

## 1. Base salary

The base salary level takes into account the scope of duties assigned to a particular job position as well as the market value of the work performed.

Orange Polska S.A. monitors the remuneration market by comparing, at least annually, the Company's salaries and remuneration practices to those adopted by the Polish market leaders, particularly ICT companies.

Orange Polska S.A. ensures the consistency of remuneration between different positions, taking into account their grade in the internal pay scale of job positions.

Orange Polska S.A. develops remuneration terms based on principles of equality, particularly with respect to gender, age, disability, race, religion, nationality, political opinion, trade union membership, ethnic origin, sexual orientation.

Individual base salaries are determined within the following framework:

- Annual remuneration reviews, taking into account the evolving work standards of various professional groups and each employee's contribution to the achievement of goals;
- Promotions;
- Recruitment arrangements for candidates assuming their duties in a new professional area;
- Management of the risk of attrition of the most qualified employees leaving for the competition.

## 2. Performance bonus

The purpose of the bonus system is to motivate employees to achieve high performance by attaining the predefined and agreed objectives which support the implementation of the Company's strategy and growth of customer satisfaction. In addition, the system of objectives stimulates co-operation among employees from different organizational units by setting some solidarity objectives in addition to individual ones.

Orange Polska S.A.'s bonus system is aligned with the specifics of the tasks performed by particular functions. Consequently, it encompasses three groups of employees:

- Managers – they are covered by a bonus system with a uniform structure but different bonus rates, ranging from 12.5% to 50% of one's base salary (for achieving objectives in 100%) depending on a professional group;
- Employees with sales targets – they have different models of bonuses or commissions, ranging from 30% to 50% of one's base salary (for achieving objectives in 100%) depending on a professional group;
- Non-managers without sales targets – they are not covered by a bonus system.

The bonus systems provide for higher bonuses for achieving above 100% of the objectives set at the beginning of the settlement period.

For key managers, bonus is more related to the Company's performance, implementation of its business strategy and depends more on the achievement of solidarity objectives shared by all, whereas for line managers, bonus is related to their individual performance and depends less on the solidarity components shared by the particular function or the entire Company.

The objectives and bonuses are set for periods closely linked to the budgeting cycle.

All senior managers and line managers in support functions receive bonuses on a semi-annual basis. Front-line sales managers and sales employees receive bonuses/commissions on a quarterly or monthly basis.

The detailed bonus terms are defined in the relevant Bonus Regulations.

## 3. Discretionary bonuses

The Company's long-term strategy is based on innovation and commitment to outstanding performance.

Discretionary bonuses encourage employees to get involved in the development of innovative solutions, implementation of strategic projects and cross-functional co-operation. Owing to this scheme, employees can be rewarded for achievements which exceed the expectations defined in their periodic objectives.

Discretionary bonuses are awarded as follows:

- Line managers, middle managers and employees without sales targets may be rewarded at any time of the year, directly after an event or a combination of events for which, in their superior's opinion, they deserve a reward;
- Distinguished sales employees and top managers are rewarded on an annual basis upon highlighting the Company's greatest achievements over the past calendar year.

## 4. Benefits

In order to improve the quality of life and promote employee integration, Orange Polska S.A. provides a broad package of market-competitive benefits to its employees, building a valuable offer which supports employee recruitment and retention.

Employees are eligible to join the Employee Pension Fund, to which basic contributions are financed by Orange Polska S.A.

The key areas influenced by Orange Polska S.A. through benefit schemes are as follows:

- health and physical activity;
- financial stability;
- improved quality of life;
- employee development.

Orange Polska S.A. wants all its employees to be the ambassadors of the Orange brand; therefore, it provides them with access to its own products and services.

The terms of remuneration of the Members of the Management Board and Supervisory Board have been set out in the Remuneration Policy for Members of the Management Board and Supervisory Board of Orange Polska S.A. adopted at the Extraordinary General Meeting on August 27, 2020 and changed on 29 June 2023.

### Management Board and Supervisory Board Remuneration

*Persons that were Members of the Management Board of the Company as at 31 December 2023*

The President of the Management Board of Orange Polska S.A. is employed by Orange Global International Mobility S.A. (OGIM S.A.), an Orange Group company, and performs his duties as the CEO based on posting to Orange Polska S.A.

The amounts paid by Orange Polska S.A. on account of the reimbursement of the costs of employment related to posting of the President of the Management Board are presented in the table below:

(PLN '000)	12 months ended 31 December 2023			
	Fixed cost of services purchased from the Orange Group in 2023	Variable cost of services purchased from the Orange Group in 2023 <sup>1</sup>	Total cost of services purchased from the Orange Group in 2023	Additionally: Variable cost of services purchased from the Orange Group in 2022 and paid in 2023
Liudmila Climoc <sup>2</sup>	1,299	309	1,608	0
<b>Total</b>	<b>1,299</b>	<b>309</b>	<b>1,608</b>	<b>0</b>

<sup>1</sup> Includes bonuses accrued in 2023 to be paid in 2024.

<sup>2</sup> From the date of appointment as the Member of the Management Board of Orange Polska SA, from September 1, 2023.

The remuneration of the Management Board Members employed by Orange Polska S.A. was as follows:

(PLN '000)	12 months ended 31 December 2023			
	Fixed remuneration expense in 2023	Variable remuneration expense in 2023 <sup>1</sup>	Total remuneration expense in 2023	Additionally: Variable remuneration expense in 2022 and paid in 2023
Jolanta Dudek	1,434	752	2,186	532
Bożena Leśniewska	1,644	860	2,504	656
Witold Drożdż	1,236	640	1,876	426
Piotr Jaworski	1,246	640	1,886	452
Jacek Kowalski	1,302	678	1,980	505
Jacek Kunicki	1,381	716	2,097	476
Maciej Nowohoński	1,347	696	2,043	527
<b>Total</b>	<b>9,590</b>	<b>4,982</b>	<b>14,572</b>	<b>3,574</b>

<sup>1</sup> Includes bonuses accrued in 2023 to be paid in 2024, excludes bonuses accrued in 2022 and paid in 2023. For 2023 the conditions entitled to Stretch Bonus payment were not met.

In addition, Ms. Bożena Leśniewska and Jolanta Dudek used a sport card financed from the Company Social Benefits Fund, the benefit was worth: PLN 492 in 2023 for each of the them (not included in the table above).

#### Persons that were Members of the Management Board of the Company in 2023 and the previous periods.

The amounts paid by Orange Polska S.A. on account of the reimbursement of the costs of employment related to posting of the President of the Management Board are presented in the table below:

(PLN '000)	12 months ended 31 December 2023			
	Fixed cost of services purchased from the Orange Group in 2023	Variable cost of services purchased from the Orange Group in 2023 <sup>1</sup>	Total cost of services purchased from the Orange Group in 2023	Additionally: Variable cost of services purchased from the Orange Group in 2022 and paid in 2023
Julien Ducarroz <sup>2</sup>	3,684	669	4,353	1,280
<b>Total</b>	<b>3,684</b>	<b>669</b>	<b>4,353</b>	<b>1,280</b>

<sup>1</sup> Includes bonuses accrued in 2023 to be paid in 2024, excludes bonuses accrued in 2022 and paid in 2023 (except for the amount resulting from exchange rate differences). For 2023 the conditions entitled to Stretch Bonus payment were not met.

<sup>2</sup> Serving as a Member of the Management Board of Orange Polska S.A. until August 31, 2023

#### Persons that were Members of the Management Board of the Company as at 31 December 2022

The President of the Management Board of Orange Polska S.A. is employed by Orange Global International Mobility S.A. (OGIM S.A.), an Orange Group company, and performs his duties as the CEO based on posting to Orange Polska S.A.

The amounts paid by Orange Polska S.A. on account of the reimbursement of the costs of employment related to posting of the President of the Management Board are presented in the table below:

(PLN '000)	12 months ended 31 December 2022			
	Fixed cost of services purchased from the Orange Group in 2022*	Variable cost of services purchased from the Orange Group in 2022 <sup>1</sup>	Total cost of services purchased from the Orange Group in 2022	Additionally: Variable cost of services purchased from the Orange Group in 2021 and paid in 2022 (excl. advance payment on the account of MBO bonus paid in December 2021)
Julien Ducarroz	3,848	1,822	5,670	1,077
<b>Total</b>	<b>3,848</b>	<b>1,822</b>	<b>5,670</b>	<b>1,077</b>

<sup>1</sup> Includes bonuses accrued in 2022 to be paid in 2023, excludes bonuses accrued in 2021 and paid in 2022 (except for the amount resulting from exchange rate differences).

\* Fixed cost includes an additional benefit in the form of a pass for the Orange Warsaw Festival, which was received by the President of the Management Board from Orange Polska S.A. The benefit was worth PLN 1,998.

The remuneration of the Management Board Members employed by Orange Polska S.A. was as follows:

(PLN '000)	12 months ended 31 December 2022			
	Fixed remuneration expense in 2022	Variable remuneration expense in 2022 <sup>1</sup>	Total remuneration expense in 2022	Additionally: Variable remuneration expense in 2021 and paid in 2022 (excl. advance payment on the account of MBO bonus paid in December 2021)
Jolanta Dudek	1,357	863	2,220	278
Bożena Leśniewska	1,629	1,068	2,697	356
Witold Drożdż	1,097	700	1,797	231
Piotr Jaworski	1,166	739	1,905	240
Jacek Kowalski	1,293	820	2,113	289
Jacek Kunicki	1,239	779	2,018	233
Maciej Nowochoński	1,336	852	2,188	281
<b>Total</b>	<b>9,117</b>	<b>5,821</b>	<b>14,938</b>	<b>1,908</b>

<sup>1</sup> Includes bonuses accrued in 2022 to be paid in 2023, excludes bonuses accrued in 2021 and paid in 2022.

In addition, Ms. Bożena Leśniewska used a sport card financed from the Company Social Benefits Fund. The benefit was worth PLN 492 in 2022 (not included in the table above).



The Supervisory Board remuneration was as follows:

(PLN '000)	12 months ended 31 December 2023	12 months ended 31 December 2022
Maciej Witucki <sup>(4) (5)</sup>	452	430
Ramon Fernandez <sup>(1)</sup>	-	-
Marie-Noëlle Jégo-Laveissière <sup>(1)</sup>	-	-
Laurent Martinez <sup>(1) (3)</sup>	-	-
Marc Ricau <sup>(1)</sup>	-	-
Philippe Béguin <sup>(1)</sup>	-	-
Bénédicte David <sup>(1)</sup>	-	-
Bartosz Dobrzyński <sup>(5) (6) (7)</sup>	233	158
Clarisse Heriard Dubreuil <sup>(1)</sup>	-	-
John Russell Houlden	413	394
Prof. Michał Kleiber <sup>(2) (4)</sup>	-	66
Patrice Lambert - de Diesbach <sup>(1) (2)</sup>	-	-
Monika Nachyła <sup>(5) (6) (7)</sup>	234	217
Dr. Maria Pasło-Wiśniewska <sup>(4) (6)</sup>	330	321
Wioletta Rosołowska	220	210
Jean-Michel Thibaud <sup>(1)</sup>	-	-
Jean Marc Vignolles <sup>(3)</sup>	-	-
<b>Total</b>	<b>1,882</b>	<b>1,796</b>

<sup>(1)</sup> Persons appointed to the Supervisory Board of the Company employed by Orange S.A. do not receive remuneration for the function performed.

<sup>(2)</sup> Persons that were not Members of the Supervisory Board of the Company as at 31 December 2023, but were Members of the Supervisory Board of Orange Polska S.A. in 2022 and the previous period.

<sup>(3)</sup> A person who does not receive remuneration for the function he performs.

<sup>(4)</sup> The remuneration for 2022 includes the refund of ZUS contributions for exceeding the annual basis for calculating contributions, pension and disability benefits based on ZUS decisions.

<sup>(5)</sup> The remuneration for 2023 includes the refund of ZUS contributions for exceeding the annual basis for calculating contributions, pension and disability benefits based on ZUS decisions.

<sup>(6)</sup> Remuneration in 2022 includes additional benefits in the form of passes for the Orange Warsaw Festival (OWF) and the Open'er Festival (Mr. Bartosz Dobrzyński and Ms. Monika Nachyła: for both OWF and Open'er; Ms. Maria Pasło-Wiśniewska for Open'er).

<sup>(7)</sup> Remuneration in 2023 includes additional benefits in the form of passes for the Orange Warsaw Festival (OWF) and the Open'er Festival (Mr. Bartosz Dobrzyński for Open'er and Ms. Monika Nachyła: for both OWF and Open'er).

The Management Board Members and Executive Directors are entitled to a variable part of remuneration equal to 50% of their annual base remuneration if the objectives have been achieved in 100%. If performance is higher than 100%, the variable part of remuneration may exceed 50% of the annual base remuneration.

The Management Board Members and Executive Directors are set solidarity and individual goals.

Each objective has a minimum threshold below which variable remuneration related to that objective is not awarded. Each goal also has a maximum level above which the variable remuneration associated with that goal no longer increases. The amount of the variable remuneration part depends on the total weighted assessment of all objectives. The variable part of the remuneration includes solidarity and individual goals.

The goals in the solidarity part are EBITDAaL (EBITDA after taking into account leasing costs), Organic Cash Flow (OCF), the Green indicator relating to the level of CO<sub>2</sub> emissions in the entire Orange Polska Group and the customer satisfaction index with Orange services (Perception NPS). These goals are related to the implementation of the Company's .Grow strategy for 2021-2024.

EBITDAaL is the primary measure used by the Management Board to measure operating profitability. The target for EBITDAaL growth is one of the main financial ambitions included in the .Grow strategy.

Organic Cash Flow is the primary measure of generated cash flow. Its level is an important factor affecting the structure of the balance sheet, the level of financial leverage and, consequently, is of great importance when the Management Board recommends the level of dividend to shareholders.

The goal of reducing CO<sub>2</sub> emissions is included in the .Grow strategy and the Company's climate strategy.

The NPS indicator is commonly used in the telecommunications sector to measure the level of customer satisfaction with our services and is one of the indicators of how well our offer and the quality of service meet the needs of customers, which in turn translates into the level of revenue generated.



In the individual part, the goals referred to projects realized within the function and to the assessment of management.

In case of termination of employment, a notice period for the Management Board Members is up to 6 months and they receive base remuneration during that period.

In addition, the Management Board Members are entitled to one-off severance pay in the amount of 6-month base remuneration upon meeting some conditions specified in their employment contracts. All Members of the Management Board shall refrain from engaging in competitive activities for 12 months after the termination of employment, and in return for refraining from competitive activities they are entitled to receive compensation in the amount of 6-month base remuneration.

A notice period for termination of an employment contract of a Member of the Management Board posted to Orange Polska S.A. and an amount of potential severance pay are individually determined taking into account the labour law in the posting country. In each case, these terms are approved by the Supervisory Board after obtaining a recommendation of the Supervisory Board's Remuneration Committee.

In addition to the variable part of the remuneration, on February 14, 2023, the Supervisory Board, at the request of the Supervisory Board's Remuneration Committee, granted the President of the Management Board, Members of the Management Board and Executive Directors the right to an additional bonus, the so-called Stretch Bonus. Payment The implementation of this bonus depends on the achievement based on two financial indicators: EBITDAaL and EBITDAaL-eCAPEX. Unlike the above-described rules for granting a variable part of remuneration, which is based on the range of target achievement, the Stretch Bonus is awarded in a predetermined one amount only if both targets are achieved jointly.

The terms of payment of the Stretch Bonus are every year determined by the Supervisory Board based on the recommendation of the Supervisory Board's Remuneration Committee.

Furthermore, those Management Board Members and Executive Directors who are expatriates are eligible for benefits connected with staying in Poland as foreigners, which are included in the Orange Group International Mobility Policy package. These are payable on a one-off basis or throughout the year and include housing allowance, plane tickets, French social insurance contributions.

#### **Long Term Incentive Programme for the key executives of Orange Polska S.A. based on derivatives (phantom shares; LTI)**

On July 23, 2021, the Supervisory Board of Orange Polska S.A. adopted the Long Term Incentive Programme for the key executives of Orange Polska S.A. based on derivatives (phantom shares), where the underlying instrument is the price of Orange Polska S.A. shares listed on the Warsaw Stock Exchange (WSE). The Programme is based on three-year cycles (Programme Series), beginning in consecutive calendar years. Three series, 2021–2023, 2022–2024 and 2023–2025, have been launched in the Programme.

According to the Programme Regulations, each programme participant is eligible to purchase 43,200 phantom shares (President of the Management Board, Management Board Members and Executive Directors) or 18,000/9,000 phantom shares (other participants, at their discretion). The participants have voluntarily purchased phantom shares for a price of PLN 0.50 per phantom share.

In accordance with the adopted Program Regulations, the President and Members of the Management Board may purchase 43,200 phantom shares in each series of the Program at a price of PLN 0.50 per phantom.

The program is implemented based on the following principles:

1. The preliminary condition for the Company's redemption of any number of Series One phantom shares is to maintain the average share price of Orange Polska in Q1 2024 at a level equal to or higher than the average share price in the first half of 2021. Similar conditions apply in subsequent series.
2. Realization four indicators of success

Success indicator	Weight (%of phantom shares)	Description
EBITDAaL	30%	Achieving a specific EBITDAaL level, which is the sum of values over 3 years forecasted in the Company's strategic plan
Organic Cash Flow	25%	Achieving a specific level of Organic Cash Flow, which is the sum of the values for 3 years forecasted in the Company's strategic plan
CO <sub>2</sub> emission	10%	Achieving a specific level of CO <sub>2</sub> emission reduction forecasted in the Company's strategic plan
Share price	35%	Achieving a specific level of share price growth or achieving a return higher than the return on the WIG20 index in the same period

Phantom Shares assigned to a specific success rate will be redeemed by the Company provided that the Company has met the business objectives set for that success rate.

3. If the Company achieves a result lower than the main goal in the success indicators, but at least equal to the minimum goal specified for a given success indicator, it means the purchase of 50% of the phantom shares assigned to a given success indicator.

4. If the minimum criteria for a given success indicator are not met, the phantom shares allocated to this success indicator will not be redeemed, resulting in the loss of invested funds by Participants.

The value of phantom share-based payments in the Long Term Incentive Programme – LTI 2021–2023 series:

	LTI 2021-2023		
	Number of purchased phantom shares	Value of share-based payments recognised as Company costs for 12 months ended on 31 December 2023 (PLN '000)*	Value of share-based payments recognised as Company costs for 12 months ended on 31 December 2022 (PLN '000)**
Julien Ducarroz <sup>1</sup>	43,200	49	73
Jolanta Dudek	43,200	113	73
Bożena Leśniewska	43,200	113	73
Witold Drożdż	43,200	113	73
Piotr Jaworski	43,200	113	73
Jacek Kowalski	43,200	113	73
Jacek Kunicki	43,200	113	73
Maciej Nowohoński	43,200	113	73
<b>Total</b>	<b>345,600</b>	<b>840</b>	<b>584</b>

\* Number of shares x valuation of share options as of December 31, 2023.

\* Number of shares x valuation of share options as of December 31, 2022.

<sup>1</sup> Costs shown until the date of serving as a Member of the Management Board of Orange Polska S.A.

The value of phantom share-based payments in the Long Term Incentive Programme – LTI 2022–2024 series:

	LTI 2022-2024		
	Number of purchased phantom shares	Value of share-based payments recognised as Company costs for 12 months ended on 31 December 2023 (PLN '000)*	Value of share-based payments recognised as Company costs for 12 months ended on 31 December 2022 (PLN '000)**
Julien Ducarroz <sup>1</sup>	-	- 69	69
Jolanta Dudek	43,200	93	69
Bożena Leśniewska	43,200	93	69
Witold Drożdż	43,200	93	69
Piotr Jaworski	43,200	93	69
Jacek Kowalski	43,200	93	69
Jacek Kunicki	43,200	93	69
Maciej Nowohoński	43,200	93	69
<b>Total</b>	<b>302,400</b>	<b>582</b>	<b>552</b>

\* Number of shares x valuation of share options as of December 31, 2023.

\* Number of shares x valuation of share options as of December 31, 2022.

<sup>1</sup> Mr. Julien Ducarroz's phantom shares were redeemed and the Company returned the funds paid for the phantom shares in the amount of: PLN 21,600 - the conditions of the regulations regarding the required duration of the service relationship were not met.

The value of phantom share-based payments in the Long Term Incentive Programme – LTI 2023–2025 series:

	LTI 2023-2025	
	Liczba nabytych akcji fantomowych	Value of share-based payments recognised as Company costs

		<i>for 12 months ended on 31 December 2023 (PLN '000)*</i>
Jolanta Dudek	43,200	71
Bożena Leśniewska	43,200	71
Witold Drożdż	43,200	71
Piotr Jaworski	43,200	71
Jacek Kowalski	43,200	71
Jacek Kunicki	43,200	71
Maciej Nowohoński	43,200	71
<b>Total:</b>	<b>302,400</b>	<b>497</b>

\* Number of shares x valuation of share options as of December 31, 2023.

Mr Julien Ducarroz did not join the LTI 2023-2025 series.

### Long Term Incentive Plan (LTIP) of the Orange Group

The Long Term Incentive Plan includes key managers in the Orange Group and is integrated with Orange S.A.'s strategic plan. Selected Executives and Leaders are awarded a defined number of free shares of Orange S.A. under the following conditions: continuous service in the Orange Group throughout the three-year edition of the plan and some performance-based criteria.

The aim of the programme is to recognise the engagement of the Group's key Executives and Leaders, to share the value created by the strategic plan, to achieve a balance between short-term and long-term remuneration, and to rely on well-known, monitored performance indicators.

In April 2023, the fourth edition of the group-wise three-year Long Term Incentive Plan (LTIP) made available for 2020–2022 was settled, and Orange S.A. granted disposable shares to the participants.

The table below presents the number of disposable shares granted to the individual Members of the Management Board in 2020–2022 and settled in 2023:

	<i>Disposable shares granted upon the completion of the LTIP edition (number)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2023 (PLN '000)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2022 (PLN '000)</i>
Julien Ducarroz	1,181	-	22
Jolanta Dudek	1,181	-	22
Bożena Leśniewska	1,181	-	22
Witold Drożdż	1,181	-	22
Piotr Jaworski	1,181	-	22
Jacek Kowalski	1,181	-	22
Jacek Kunicki	591	-	11
Maciej Nowohoński	1,181	-	22
<b>Total</b>	<b>8,858</b>	<b>-</b>	<b>165</b>

In July 2021, another edition of the Long-term Incentive Plan of the Orange Group for 2021–2023, integrated with Orange S.A.'s strategic plan, was made available, in which the individual Members of the Management Board of Orange Polska S.A. may receive the following number of Orange S.A. shares:

	<i>Shares (number)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2023 (PLN '000)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2022 (PLN '000)</i>
Liudmila Climoc <sup>1</sup>	2,000	8	-
Julien Ducarroz <sup>2</sup>	2,000	16	24

Jolanta Dudek	2,000	24	24
Bożena Leśniewska	2,000	24	24
Witold Drożdż	2,000	24	24
Piotr Jaworski	2,000	24	24
Jacek Kowalski	2,000	24	24
Jacek Kunicki	2,000	24	24
Maciej Nowohoński	2,000	24	24
<b>Total</b>	<b>18,000</b>	<b>192</b>	<b>192</b>

<sup>1</sup> Costs shown from the date of appointment as Member of the Management Board of Orange Polska S.A.

<sup>2</sup> Costs shown until the date of serving as a Member of the Management Board of Orange Polska S.A.

In July 2022, another edition of the Long-term Incentive Plan of the Orange Group for 2022–2024, integrated with Orange S.A.'s strategic plan, was made available, in which the individual Members of the Management Board of Orange Polska S.A. may receive the following number of Orange S.A. shares:

	<i>Shares (number)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2023 (PLN '000)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2022 (PLN '000)</i>
Liudmila Climoc <sup>1</sup>	2,000	10	-
Julien Ducarroz <sup>2</sup>	2,000	20	13
Jolanta Dudek	2,000	30	13
Bożena Leśniewska	2,000	30	13
Witold Drożdż	2,000	30	13
Piotr Jaworski	2,000	30	13
Jacek Kowalski	2,000	30	13
Jacek Kunicki	2,000	30	13
Maciej Nowohoński	2,000	30	13
<b>Total</b>	<b>18,000</b>	<b>240</b>	<b>104</b>

<sup>1</sup> Costs shown from the date of appointment as Member of the Management Board of Orange Polska S.A.

<sup>2</sup> Costs shown until the date of serving as a Member of the Management Board of Orange Polska S.A.

In July 2023, another edition of the Long-term Incentive Plan of the Orange Group for 2023–2025, integrated with Orange S.A.'s strategic plan, was made available, in which the individual Members of the Management Board of Orange Polska S.A. may receive the following number of Orange S.A. shares:

	<i>Shares (number)</i>	<i>Value of share-based payments recognised as costs for 12 months ended on 31 December 2023 (PLN '000)</i>
Liudmila Climoc <sup>1</sup>	3,000	16
Julien Ducarroz <sup>2</sup>	3,500	5
Jolanta Dudek	2,000	13
Bożena Leśniewska	2,500	16
Witold Drożdż	1,500	10
Piotr Jaworski	1,500	10
Jacek Kowalski	1,500	10
Jacek Kunicki	3,000	20
Maciej Nowohoński	2,000	13
<b>Total</b>	<b>20,500</b>	<b>113</b>

<sup>1</sup> Costs shown from the date of appointment as Member of the Management Board of Orange Polska S.A.

<sup>2</sup> Costs shown until the date of serving as a Member of the Management Board of Orange Polska S.A.

### Non-financial Remuneration Components for Management Board Members and Key Managers

The Management Board Members and Executive Directors are entitled to the following non-financial remuneration components: health care package, life insurance in Orange Polska S.A., legal indemnity in the event of personal liability, access to Orange services in line with the relevant Company's policies. In addition, the Management Board Members and Executive Directors, having worked at Orange Polska S.A. for more than six months, are eligible to join the Employee Pension Programme (PPE).

Key managers other than Executive Directors are entitled to health care package, company car, and access to Orange services in line with the relevant Company's policies. In addition, all key managers, having worked at Orange Polska S.A. for more than six months, are eligible to join the Employee Pension Programme (PPE).

After enrolment to the Employee Pension Programme (PPE), the PPE basic contribution for employees is paid by Orange Polska S.A.

In addition, expatriate key managers are eligible for benefits connected with staying in Poland, which are included in the Orange Group International Mobility Policy package. These are payable on a one-off basis or throughout the year and include housing allowance, plane tickets, French social insurance contributions, etc.

As the President of the Management Board is posted by the Orange Global International Mobility SA (OGIM SA), he does not receive the benefits provided to other Members of the Management Board, such as PPE contributions, life insurance in Orange Polska S.A., health care package, legal indemnity in the event of personal liability.

### Assessment of the Remuneration Policy and Description of Changes Thereto in 2023

In 2023, our remuneration policy was implemented in a difficult macroeconomic environment. Persistently high inflation rate and low level of unemployment with a significant increase in the minimum wage, which had an impact on the value of the average salary in the enterprise sector, resulted in an increase in "national average salary" in the enterprise sector, as determined by Statistics Poland (GUS) of 11.9%.

The continuing high uncertainty resulting from limited economic growth and the suspension of decisions regarding EU funds resulted in a reduction in employee turnover compared to the previous year.

In a group of large companies, which even earlier kept salaries well above the national average published by GUS, the rise in wages was 8% (according to the report by Korn Ferry).

At the same time, clear expectations of trade unions and employees themselves related to increased base salary growth in the Company were signaled.

Wage increases differed depending on the ratio of remuneration on particular positions to that on comparable positions in the market.

The third edition of the Long Term Incentive Programme (LTI) was launched in February 2023 for the key executives based on Orange Polska's performance, for the period 2023–2025. The Programme motivates senior managers to achieve high financial results in the medium-term perspective (three years). By linking their benefits to the market value of Orange Polska S.A. shares, it also promotes value creation for the shareholders. Despite forecasts of an economic slowdown, demand for labour remained high, contributing to an increase in the employee fluctuation rate in the market.

A major initiative to enhance income of the lowest earning employees and thus stabilise workforce was an increase in the lower limits of pay ranges within the Company. Moreover, in sales outlets, a portion of variable remuneration was incorporated into base salaries.

All efforts aimed to improve the market competitiveness of wages in the Company resulted in an increase in base salaries of 71% of employees

In 2023 saw the continuation of a programme of rewards for individual achievements in all business areas within Orange Polska S.A., excluding sales performance (which is rewarded through bonus and commission schemes). Cash rewards were received of 48% of employees last year, and were connected with the communication of the individual achievements to a wider audience in order to increase the motivation of all the employees. The experience gathered this year and previous years indicates that the Company's reward scheme is important tool for effectively increasing the commitment of employees to the performance of their tasks.

In 2023 the Regulations for Remote Work at Orange Polska S.A. were introduced and flat rate amounts were established for the employees, including the Members of the Management Board, to cover the costs of electricity and telecommunication services necessary to perform remote work, which clearly defined the principles of hybrid work.

Additional non-financial factors, notably the hybrid work model (for employees whose nature of work allows it - a minimum of two days per week and for call centre employees - 1 week per month working at the Company's location, the remaining time outside the Company's location), attractive social package and a high-quality working environment, kept the employee fluctuation rate at a relatively low level of 2.9% (excluding departures due to job reduction).

The bonus and commission schemes fulfilled their role, motivating employees to high performance, which was reflected in the Company's results for 2023.

Despite the challenging external environment and tensions related to the remuneration policy in 2023, the Company's initiatives were designed and implemented in a dialogue with social partners, ensuring the smooth execution of the adopted plans.



## 10 ORANGE POLSKA GROUP AND ORANGE POLSKA S.A.'S STATEMENT ON NON-FINANCIAL INFORMATION

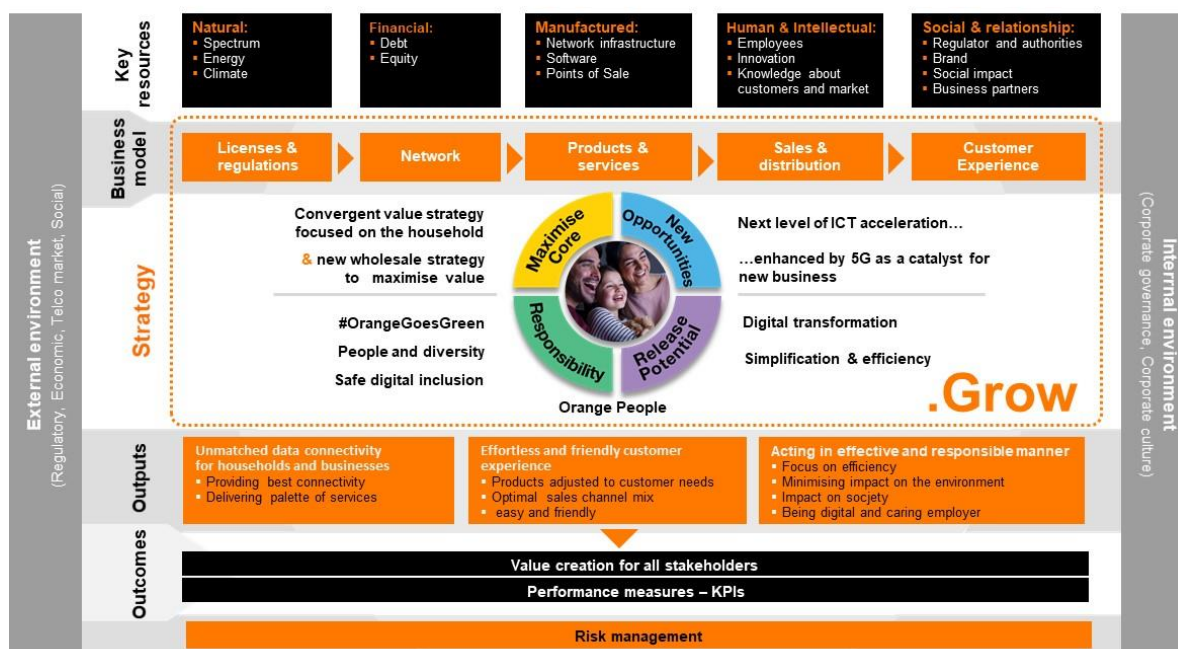
This Statement presents the non-financial data identified during our dialogue with stakeholders and included in the Orange Polska Group's corporate social responsibility strategy and other strategic documents. The content of this document reflects the importance of particular issues for our stakeholders.

The key content, scope of information, as well as commitments and indicators have been defined using the PN/ISO 26000 standard, GRI Standards and an internal reporting tool of the global Orange Group. We also refer to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Taxonomy. A complete GRI-compliant report is prepared separately in the form of an integrated report.

The presented data covers the entire Orange Polska Group with separate presentation of Orange Polska S.A. As of December 31, 2023, the Orange Polska Group was comprised of the following companies: Orange Polska S.A., Integrated Solutions sp. z o.o., BlueSoft sp. z o.o., Craftware sp. z o.o., Essembli sp. z o.o., Telefony Podlaskie S.A., Orange Retail S.A., Orange Energia sp. z o.o., Orange Szkolenia sp. z o.o., Interkam sp. z o.o., Pracownicze Towarzystwo Emerytalne Orange Polska S.A., Fundacja Orange [Orange Foundation] and Telekomunikacja Polska sp. z o.o.

### 1. Governance Area

#### Business Model



The Orange Polska Group's business model consists of the following components:

#### Licences and Regulations

To be able to render mobile telecom services the Group needs access to radio spectrum. The Company holds licences for 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz and 3600 MHz frequencies. The amount of spectrum that is at our disposal influences the competitiveness and quality of the services we render.

#### Network

We have the largest network infrastructure in Poland. Network topology consists of fibre backbone and aggregation networks, and access network. This constitutes the basis for rendering fixed and mobile services. To increase the efficiency of our infrastructure, legacy technologies and solutions, which are mainly voice-oriented, are being replaced with a converged network capable of handling all types of traffic: voice, data and video.

#### Products and Services

We offer a broad portfolio of telecommunication products and services for residential, business and wholesale customers. We combine fixed line and mobile services, offering consistent connectivity based on different technologies.



## Sales and Distribution

We ensure easy access to our products and services, using different channels to connect with customers, including traditional points of sale (our own or our agents'), independent distribution chain outlets (e.g. consumer electronics stores), on-line, telesales and door-to-door.

## Customer Care

We deliver customer care across all channels of communication adjusted to customer needs, from traditional (points of sale, Contact Center, face to face, field technicians, delivery couriers) and automated (USSD, IVR, SMS) to modern digital channels (mobile apps, social media, chat, email).

## Corporate Governance

Orange Polska S.A., as an issuer of securities listed on the Warsaw Stock Exchange (WSE), follows corporate governance rules, complying with Polish and international standards of proper governance. The corporate governance framework in the Company is regulated by a number of internal documents, including Articles of Association of Orange Polska, Regulations of the Management Board, Regulations of the Supervisory Board and Regulations of the General Assembly. The Company also complies with the Best Practice for Warsaw Stock Exchange (WSE) Listed Companies and the Code of Ethics.

The Management Board provides the leadership and introduces policies and rules for maintaining the internal cohesiveness of the organisation. All Members of the Management Board act as executives, while the Members of the Supervisory Board play an oversight role. These two roles are separable and strictly assigned to these governing bodies. The Supervisory Board consists of shareholders' representatives, elected by the General Assembly. In order to ensure quality decision-making, the Supervisory Board uses its committees as advisory bodies. These include the Audit Committee, the Remuneration Committee and the Strategy Committee. Such a corporate governance model ensures proper distribution of responsibilities within the Company and establishment of the roles of the key governing bodies, which in turn enhances the decision-making process.

Our values are enshrined in the Orange Polska Code of Ethics. The Code's principles are consistent with such fundamental acts as the Universal Declaration of Human Rights and the recommendations of the International Labour Organization. Adherence to ethical standards is scrutinised by the Ethics Committee, which submits reports to employees as well as the President of Orange Polska and the Audit Committee of the Supervisory Board.

To safeguard the ethical standards in the development of new technologies, Orange Polska has appointed the Data Ethics and Artificial Intelligence Officer. His tasks include undertaking initiatives aimed at raising the awareness across the organisation of the need to account for ethical issues in any data or AI solutions, as well as providing support and developing guidelines in this area.

The Company has adopted and maintained certified management systems and an internal control system. Orange Polska S.A.'s management system has been certified for compliance with the following international standards: ISO 9001, 27001, 27018, 22301:2019 and 14001. Compliance with procedures and international standards is regularly audited internally and confirmed through external oversight audits conducted by authorised independent entities. Orange Polska also holds the COPC (Customer Operations Performance Center) certificate.

Orange Polska S.A. maintains a risk management framework based on the ISO 31000:2018 standard. In addition, the identified similar risks are grouped into clusters to ensure consistent and effective risk management across the Orange Polska Group. In particular, this includes a cluster of social risks related to human health and safety, natural environment, human rights and fundamental freedoms, and climate risks.

## Attitude to Corporate Social Responsibility

The Orange Polska Group has complied with a policy of corporate business responsibility (CSR) in all its activities for several years. Furthermore, responsibility for the climate and the environment as well as socio-digital inclusion are one of the key pillars of our business strategy, .Grow.

The conclusions from a dialogue with stakeholders, as well as market trends and social challenges for our industry in Poland and abroad have been key elements in the development of the CSR strategy.

A strong foundation of this strategy is responsible management: values, ethics, human rights, compliance, dialogue with stakeholders, sustainable supply chain, corporate culture and responsible communications.

On this foundation are based four pillars of our CSR strategy:

- Social and digital development;
- Safe network;
- Clean environment;
- Engaged team.

Responsible management and actions within these four pillars account for the maximisation of our positive impact and minimisation of our negative impact on our stakeholders, which is analysed in six areas: economy, innovations, customers, environment, communities, and employees. The current CSR strategy has been developed for the years 2020– 2024.

## 2. Employment Area

The employment area in Orange Polska is regulated by the following documents: Staff Regulations; policies on mobility, training and development, remuneration, diversity, health and well-being investments, and occupational safety and health; and the Intragroup Collective Labour Agreement and the Social Agreement.

### Staff Regulations

The organisation and order of work in Orange Polska, as well as the rights and obligations of its employees are regulated by the Staff Regulations, which in particular address the following:

- work organisation and equipping employees with tools and materials;
- working time systems and schedules, as well as adopted working time settlement periods;
- date, place, time and frequency of remuneration payments;
- list of works prohibited to young persons and women;
- types of works and list of positions allowed to young people for the purpose of occupational training;
- obligations related to occupational health and safety and fire safety, including a procedure for informing employees about occupational risks;
- procedures for confirming the arrival and presence at work, as well as justifying absence by employees.

The Staff Regulations and any amendments thereto are consulted by the employer with trade unions.

### Key workforce indicators

Workforce	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Workforce	8,888	8,484	9,466	9,063
Full-time positions	8,873	8,471	9,445	9,044
Full-time employees	8,850	8,448	9,413	9,012
Part-time employees	38	36	53	51
Outsourced employees (full-time positions)*	2,350	2,511	2,376	2,533
Employees in management positions	1,066	1,037	1,149	1,113

\* Outsourced FTPs are reported on an annual average basis.

### Mobility Policy

The mobility policy effectively supports the pursuit of Orange Polska's business objectives through HR processes, such as recruitment, carrier management, as well as identification and development of employees with high professional potential.

This policy is implemented through:

- counselling on employees' development paths;
- training programmes supporting competence development in various professional roles;
- trainship and development programmes within the Group.

### Key mobility indicators

Professional mobility	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Total number of new employee hires	426	444	572	519
Departures*	819	703	972	770
Turnover**	3.1%	2.9%	3.4%	3%

\* Total number of employees leaving, including voluntary departures (for reasons unrelated to the employee) and departures at the employer's initiative, but excluding intra-group transfers (e.g. an Orange Polska's employee departing for Craftware).

\*\* Rate of turnover, excluding voluntary departures (for reasons unrelated to the employee) and departures at the employer's initiative, as well as intra-group transfers

### Development and Training

Orange Polska, as a technology company, focuses on employee development adapted to the challenges of the evolving world. Human development is the foundation of our .Grow strategy. In order to meet the new ambitions, we have defined the key competence areas which have the greatest influence on the achievement of our business objectives. These include: data management and artificial intelligence, virtualisation and cloud solutions, programming, cybersecurity, network technologies, digital sales and customer service, agile methodologies and project management, as well as ecology and corporate social responsibility. Building a competence-based

organisation, we are able to respond to changes more quickly and constantly enhance the Company's potential. Therefore, we encourage our employees to life-long learning and responsibility for their own development.

Development of employees is based on a consistent model/process, a tool and a development offer in the form of long-term learning paths. In order to ensure a consistent model of competence management, a dedicated transformation project, SkillsUp, has been designed. It aims to provide the competences required for the implementation of Orange Polska's strategy by using the potential of each of us and by apt investments in the employee development.

The SkillsUp model was introduced in 2023. Over 12,200 employees and outsourced workers were invited to join the process. An 88% of them completed self-assessment based on more than 200 competence profiles developed together with business experts. In the next stage, function heads will determine the competence needs in the long-term three-year perspective, so that the adequate development offer may be prepared.

SkillsUp-based development leads to both upskilling and reskilling. The project involves a long-term approach to development and the use of diverse development methods at different competence levels, such as training, on-line courses, educational platforms, videos, knowledge sharing in the Experts for Experts programme, peer mentoring, and educational community activities. Similar development programmes have already functioned in the areas of data and artificial intelligence, cloud solutions, IT, cybersecurity, and project management and agile. In 2023, we also launched a professional school in the area of digital sales & customer service and user experience design. Overall, almost 90% of our employees have already completed training in these areas.

Other benefits of SkillsUp include a competence knowledge base, project and internship recruitment support, knowledge sharing and internal labour market development.

Development of managers is based on the leadership model which comprises 10 Leader-in-Action rules. The right identification of development goals and the right choice of development activities are supported by the feedback culture we build in the organisation and the relevant tools: managerial reviews, 360 Feedback and Pulse Meter, i.e. a quick monthly opinion poll on achievement of objectives and atmosphere within teams.

In the Leader.Grow programme, we support managers in leading their teams by a cultural, technological and data-oriented change. Two programme modules have been already completed in the areas of key competences (data and artificial intelligence, cloud solutions and cybersecurity) as well as building culture of innovation and applying agile working tools and methodologies. The first and second module have been completed by almost 70% and almost 60% managers, respectively. In 2023, managers were invited to join the third, and last, module in the area of customer digital experience.

We also train outsourced staff in knowledge specific to Orange Polska and necessary to perform their duties.

#### Key development and education indicators

Development and education*	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Total number of employees trained (in '000)	9,1	9,1	9,4	9,4
Total number of partners trained (in '000)	18	17,4	18	17,4
Total hours of employee training (in '000)	215	260	216	263
Total hours of partner training (in '000)	216	241	216	241
<b>Employee assessment**</b>				
% of regularly evaluated employees	97%	89%	97%	89%
% of employees with individual development plans	44%	39%	44%	38%
% of regularly evaluated outsourced staff	43.8%	77%	43.8%	78%
% of outsourced staff with individual development plans	23%	25%	23%	24%

\* The education data for the Orange Polska Group cover the following entities: Orange Polska S.A., Integrated Solutions, Orange Foundation, Orange Szkolenia and PTE Orange.

\*\* In 2023, the assessment of employees and managers based on 360 Feedback was replaced by the SkillsUp methodology. The process of assessment and determination of development plans will be completed in 2024.

#### Remuneration

The Remuneration Policy regulates the main guidelines and principles for remuneration in Orange Polska, supporting the recruitment, retention and motivation of the best managers and professionals. Remuneration is determined in a manner ensuring balance and consistency across the Orange Group.

Our Remuneration Policy complies with the labour law and corporate governance regulations. Terms of remuneration for Orange Polska's employees covered by the Intragroup Collective Labour Agreement are determined in co-operation with trade unions.

The remuneration system consists of the following components:

- Base salary – this takes into account the market remuneration standards for various positions and individual competence and contribution of employees, as well as non-discrimination principles;
- Performance bonus – the bonus system is dedicated to specialist sales positions and all managers, and its purpose is to motivate employees to achieve high performance by attaining the predefined and agreed goals which support the implementation of the Company's strategy;
- Discretionary bonuses;
- Benefits; and
- Contribution to the Employee Retirement Plan – in Orange Polska, the contribution is 7%.

#### Key remuneration indicators

Wages	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Average basic salary (in PLN)	9,127	9,903	9,005	9,786
Ratio of wages at the lowest positions to the legal minimum wage	130%	124%	131%	124%

#### Diversity Management in Orange Polska

Orange Polska has adopted the diversity management policy, which covers the following areas:

- Creating a working environment open to diverse mindsets;
- Building a corporate culture which derives from diversity;
- Providing adequate conditions for employee development;
- Supporting involvement of all employees;
- Increasing the quality of human capital management in the organisation.

The implementation of this policy in Orange Polska is supported by the Committee for Gender Equality and Diversity in the Workplace.

Furthermore, we hold the Gender Equality European and International Standard (GEEIS) certificate and we are a signatory to and a guardian of the Diversity Charter in Poland. In 2023, Orange Polska adopted the procedure for handling unacceptable behaviour reports, which formulates new rules for handling violent behaviour, that is discrimination, abuse, sexual abuse, sexism and mobbing.

Responding to the need to provide greater support for women in their development and access to management positions, while taking into account their professional and family commitments, we have launched the Razem (Together) programme.

The programme's mission is to ensure the equal role of men and women in Orange by:

- supporting women in their professional and personal development;
- raising awareness of, and the need for, functioning of sustainable teams;
- promoting an equal opportunities culture as a precondition for the achievement of business objectives.

The Razem (Together) programme involves the following components:

- Supporting personal development (ME) – development programme for female leaders. mentoring and coaching, and recruitment consultancy;
- Building diversity supporting mechanisms (COMPANY) – pay gap monitoring, recruitment, succession and promotion policy accounting for diversity goals;
- Encouraging women to work in technologies (MARKET) – programmes highlighting women's presence in IT and encouraging them to take up technology positions (e.g. Hi-Tech Girls);
- Creating a community inside the Company and in coalition with other organisations (COMMUNITY) – building an internal network of women, communities of women in technologies, co-operation and experience sharing with other companies and social organisations.

Orange Polska, as a socially responsible employer, is committed to ensuring equal opportunities in recruitment and professional work. as well as to preventing social exclusion of people with disabilities. Our Yes to Health programme aims to create an open and friendly work environment, particularly for employees with disabilities.

## Key diversity indicators

Diversity	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
<b>Access to positions</b>				
% of women	37.8%	37.1%	38.2%	37.6%
% of women in management positions	35.7%	36.2%	35.2%	36.8%
% of women in executive positions	30%	36%	16.6%	22.7%
<b>Ratio of basic salary of women to men by positions (men's salary = 100%)*</b>				
General	81.4%	83.3%	82.2%	83.1%
Non-management positions	81.2%	82.9%	82.1%	82.7%
Management positions	83.4%	86.4%	84.6%	86.1%
<b>Ratio of salary of women to men within the same pay grades (men's salary = 100%)</b>	96.1%	96.5%	96.1%	96.5%
<b>People with disabilities</b>				
% of employees with disabilities	2%	2%	1.9%	2%

\* In order to better account for differences in salaries between men and women, we have introduced an additional indicator for individual pay grades. This shows a lower gender pay gap. It means that the differences between men's and women's salaries result from a different structure of positions, as more women hold low-wage positions (call center and outlet staff), while technical positions (network engineers, IT specialists) are held chiefly by men.

## Working Environment

At Orange Polska, we build a friendly working environment for our employees in order to create conditions for development, increased creativeness and commitment to the assigned tasks. In order to achieve it we implement tools and solutions that support well-being of our employees and help them maintain balance between professional and personal life.

In the policy for investing in health quality and well-being of Orange Polska's employees, we defined objectives addressing the needs of employees through a comprehensive approach to:

- Physical well-being – we provide comprehensive health care to our employees, organise free medical checkups in our offices, address the needs of people with disabilities, and encourage employees to take up physical activity and healthy dietary habits;
- Mental well-being – we support mental resilience of employees, provide psychological assistance in crisis, educate and implement solutions to support balance between professional and personal life, and promote tools and solutions increasing the feeling of happiness at work;
- Social well-being – we build culture of co-operation in which all employees feel respected and can freely pursue their professional goals and life passions, and we support their involvement in social initiatives in the corporate volunteering programme;
- Financial well-being – we offer a wide range of benefits to help our employees cope with high inflation, growing mortgage payments and high energy prices.

Running a business in the world of the polycrisis (COVID-19 pandemic, war in Ukraine, economic crisis, and environmental crisis), rapid technology advances or sensory overload poses numerous challenges for an organisation. In order to face them, we help our employees build and develop competences related to stress reduction, emotion management, enhanced flexibility and rapid adaptation to changes. We organise webinars with experts, workshops and training sessions. We provide access to a psychological support platform and hold training in crisis management in teams.

As a company that offers digital solutions to customers and strongly concentrates on the simplification and digitisation of internal processes and use of modern tools at work, we put emphasis on building work culture based on two pillars: work habits and rituals as well as accompanying tools. We promote rules that support digital well-being and offer training in the tools we implement, including MS Teams.

We minimise the negative impact of the growing costs of life on the well-being of our employees through a wide range of benefits:

- Employee retirement plan;
- Grant aid and loans from the Company Social Benefits Fund;
- Loans for housing purposes and installation of eco-friendly solutions from the Central Housing Fund;
- Holiday subsidies for employees and their children;
- For Health loans;
- Discounts by the Group's partners and for Orange products and services in the Offer for You programme;

- Free specialist consultation (with psychologist, dietician, financial expert, legal advisor or child psychologist);
- Life insurance for employees and their family members;
- Adaptation package for employees with disabilities.

### Key working environment indicators

Working Conditions	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
% of employees eligible for health care	100%	100%	100%	100%
% of employees covered by the Employee Retirement Plan*	90%	87%	86.7%	85%

\* Employees of Orange Polska, Telefony Podlaskie, Orange Szkolenia, Pracownicze Towarzystwo Emerytalne Orange Polska S.A., Fundacja Orange [Orange Foundation] and Integrated Solutions sp. z o.o. are now eligible for participation in the Employee Retirement Plan.

### Occupational Health and Safety (OHS)

Both labour law and internal regulations provide for the activities aimed to ensure work safety, health protection and constant improvement in working conditions to all employees. We aim to incorporate OHS elements into all activities of Orange Polska and on all management levels in order to ensure safe working conditions, so that all our employees can actively perform their day-to-day duties in a friendly working environment.

In 2023, our efforts in the occupational health and safety area focused mainly on education, digitisation and closer co-operation with other Orange Group companies based in Europe. In terms of education, we doubled the number of employees trained in first aid compared to 2022; we also held such training customised to the needs of individual business units. We implemented a new version of initial training, featuring interactive elements and using modern tools. In terms of process digitisation, we developed and implemented a new, electronic system for presenting occupational risks to employees.

We developed internal OHS regulations concerning remote work and implemented an electronic solution for submitting applications for remote work performance. In terms of co-operation with other Orange Group companies, we initiated efforts to adopt a new OHS policy. Furthermore, we continued reviews of working conditions in our sales outlets. In close co-operation with PZU Zdrowie we completed the regular medical checkup programme, which was halted during the state of epidemic threat related to SARS-CoV-2 virus infections.

### Key OSH indicators

Occupational Health and Safety	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Number of accidents	12	15	12	15
Accident frequency rate*	1.4	1.7	n/a	n/a
Days off due to work-related accidents	545	630	545	630
Accident severity rate**	45.4	42	n/a	n/a
Fatal accidents	0	0	0	0
Serious accidents	0	0	0	0
Other accidents	12	15	12	15
% of employees represented in OSH Committees pursuant to agreements with trade unions***	100%	100%	100%	100%
Employees in positions with high risk of occupational diseases	No such positions			

\* Number of persons injured in work-related accidents per 1,000 employees. This ratio is determined separately for each company, as the aggregate figure for the Group does not adequately reflect vulnerability to accidents.

\*\* Number of days off per accident. This ratio is determined separately for each company, as the aggregate figure for the Group does not adequately reflect vulnerability to accidents.

\*\*\* Pursuant to mandatory legal provisions and the workforce size, there is the OSH Committee in Orange Polska S.A. only.

### Social Dialogue

We respect the employees' right to associate and we run continuous dialogue with trade unions (social partners). As part of this dialogue, we negotiate settlements, agreements or other documents with trade unions in Orange Polska S.A. There is also the Employee Council in the Company, which pursuant to mandatory regulations is consulted on matters related to the level, structure and intended changes of workforce, actions aimed at maintaining the workforce level, as well as any significant changes in work organisation or employment terms.

The Intragroup Collective Labour Agreement has been in force in Orange Polska S.A., which regulates, inter alia, the rules for concluding and terminating employment contracts, working hours, holiday entitlement, rules of remuneration and obtaining extra benefits connected with work, occupational safety and health issues, training, social care and health care.



Furthermore, the Management Board of Orange Polska S.A. concludes Social Agreements with our social partners. The current Social Agreement was concluded on December 14, 2023 for the years 2024–2025. In particular, it sets the number of voluntary departures, determines a financial package for employees leaving the Company under the voluntary departure scheme, and provides for potential base salary rises and additional compensation for employees who will reach retirement age in the next four years, while specifying the position and role of internal mobility with the support of the allocation programme and offering the participation in a job-seeking (outplacement) programme. In addition, the Social Agreement for 2024–2025 provides for initiatives for a friendly work environment and continuation of medical coverage. Orange Polska S.A. also committed itself not to reduce the training budget in 2024–2025 versus that in 2022–2023.

In addition, the Settlement with the social partners was concluded on December 14, 2023, determining the detailed terms of collective redundancies and the procedures for the implementation of the Social Agreement for 2024–2025 in 2024. The Settlement set the number of employees to leave Orange Polska S.A. in 2023 at 590 and determined the terms of voluntary departures and the amount of severance pay and additional compensation for employees departing in 2024. The Settlement also specified the rules and selection criteria to be applied to people whose employment will be terminated by the employer for reasons not attributable to employees.

### Key social dialogue indicators

Social Dialogue	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Number of trade unions	17	17	17	17
% of employees in trade unions	28.8	28.3%	28.8%	28.3%
% of employees covered by the Intragroup Collective Labour Agreement	96.8%	96%	90.9%	96%

### Key employment commitments and their delivery

Key commitments related to employment defined in the Orange Polska CSR strategy:

Commitments in the employment area by 2025	Delivery in 2023
<b>Development and Education</b>	
No disparity in access to training on account of gender or age	No disparity
<b>Diversity Policy</b>	
% of women in management positions consistent with % of women in the Company (37%)	36.8%
2% of people with disabilities	2%

### Reference to the Key Risks in the Employment Area

#### *Risk of physical or mental harm*

Working in Orange Polska involves a low risk of work-related accidents, as confirmed by the relevant statistics. Relatively few accidents are typically minor. Hence, the risk related to the traditionally understood health and safety can be deemed rather low.

The Company has implemented the Health, Safety and Quality of Life Policy. All employees undergo regular and mandatory training in occupational health and safety, and work-related accidents and absence from work are monitored and analysed. We provide our employees with medical care, physical activity co-financing, and the additional health-promoting programme Yes to Health, which is dedicated particularly to employees with disabilities. During the pandemic, we offered our employees additional training and support related to remote work organisation, mental and physical fitness, healthy lifestyle, and personal relationship and emotion management during the pandemic.

Human health and safety issues are also addressed in contracts with suppliers through CSR clauses and the Supplier Code of Conduct.

#### *Risks related to human resources and alignment of organisational structure*

Orange Polska and its managers continue transforming its internal culture in order to motivate employees and drive the performance culture, while streamlining the organisation and infrastructure in order to confront the competition and implement new technologies and new, more efficient business models through the transformation programme. If Orange Polska fails to complete these transformations successfully, its operating margins, financial position and results could be adversely impacted. Therefore, the Company carries out a voluntary departure programme and the workforce optimisation process. Regular staff satisfaction surveys are conducted by an external consultant. The policy of investing in health quality and well-being of employees of Orange Polska has been adopted by the Company. The people we hire are offered a broad range of health services, including psychological care, in PZU Zdrowie medical centres. For employees leaving the Company, we have developed an outplacement programme.



### 3. Social Area

The activity of the Orange Foundation, which pursues social goals on behalf of the Orange Polska Group, has been defined in its strategy for 2021–2023. It provides for the pursuit of digital education and digital inclusion goals through long-term social programmes based on accurate identification of social needs and expectations. The Orange Foundation's key initiatives include *MegaMission*, *#SuperCoders*, *Orange Studios*, *FabLab powered by Orange* and *#BrainStorm*, which are complemented by the corporate volunteering programme and activities for the safe use of new technologies by children and young people. The strategy provides for a follow-up of the long-term programmes implemented in previous years.

#### Safe use of new technologies

One of the most important issues for us is the safety of children and young people on the Internet and preparing young people to use new media in a conscious way. These goals are pursued through educational activities of the Orange Foundation and Orange services related to customer safety.

We support education on children's on-line safety and digital hygiene in schools all around Poland. The Orange Foundation, in co-operation with the Empowering Children Foundation, offers a range of educational tools and materials, such as e-learning and educational websites, on-line brochures and guidelines for pupils, parents and teachers. Adults (especially educators and specialists) can participate in conferences, seminars and workshops, as well as use an on-line interactive course for parents and guardians teaching them how to protect their children on-line.

In 2023, we initiated the 'Dopamine' campaign. Its key component was an approximately 15-minute long educational video that promoted knowledge about the conscious and safe use of social media among young people. In September 2023, the Dopamine video together with lesson plans for students aged 13 or more was sent to primary and secondary schools all over Poland.

Furthermore, Orange Polska offers parental control services that enhance the online safety of children by blocking improper content, such as the Safe Starter Pack or the Protect Kids on the Net application. All information and tips concerning the safe use of digital media by kids can be found at the dedicated website: [www.orange.pl/razemwsieci](http://www.orange.pl/razemwsieci) [Together on the net].

Orange Polska is also the technology partner of the 116 111 helpline for children and young people operated by the Empowering Children Foundation, which offers free assistance to minors who have experienced various forms of violence. The 116 111 helpline is free and available on a 24/7 basis. Owing to support by the international Orange Group, it is also available in Ukrainian.

#### Key indicators and commitments

<b>Safe Use of New Technologies</b>	<b>2022</b>	<b>2023</b>
Parents and guardians using the educational materials	137,760	82,955
Children involved in the educational initiatives	2,881,958	1,019,433
Schools participating in the initiatives	9,805	11,852

#### *MegaMission*

*MegaMission* is a nationwide educational programme for primary schools. It can be carried out during lessons, additional classes or in after-school clubs. It is addressed to kids of grades 1 to 3 (aged 6–10 years) and their teachers. We aim to enhance knowledge and digital competence of teachers and after-school educators and their pupils. We want children to be safe and conscious multimedia users, and we want their teachers to have access to proven materials which they can use to deliver modern classes. *MegaMission* provides a solid basis for wisely and safely navigating the world in which we can no longer function without technology, as well as for gaining and training social and emotional skills that are useful in life.

#### Key indicators and commitments of the *MegaMission* programme

<b>MegaMission</b>	<b>2022</b>	<b>2023</b>
Children trained in the programme	3,800	3,150
Teachers trained in the programme	190	150

\* 2022 and 2023 figures apply to the school year 2021/2022 and 2022/2023, respectively.

#### *#SuperCoders*

*#SuperCoders* is a nationwide educational programme aimed at primary school students of grades 4 to 8. Its key element is learning the skill of programming and introduction to the world of new technologies in an innovative manner, as it takes place during science, mathematics, history, music or Polish language classes rather than IT classes. All teaching materials (there are 15 sets of scenarios) have been based on the Polish school curriculum.

Young *#SuperCoders* develop teamwork skills, creativity and logical thinking. A separate path is available for children with special educational needs. The teachers participating in the programme are offered training and technical support by expert educators. Some materials are also available in Ukrainian.

#### Key indicators and commitments of the *#SuperCoders* programme

<i>#SuperCoders</i>	2022	2023
Children trained in the programme	2,708	2,720
Teachers trained in the programme	280	280

\* 2022 and 2023 figures apply to the school year 2021/2022 and 2022/2023, respectively.

#### *#BrainStorm*

*#BrainStorm* is an e-learning course in which we explain the phenomenon of artificial intelligence in ethical and social terms. It consists of an on-line course and a series of webinars that support chiefly teachers and educators in raising awareness of the phenomena and mechanisms in which we participate by using the internet and digital services, so that they can support their students in understanding how AI influences our lives and are able to use AI in education in a positive and creative way. The programme is addressed primarily to people teaching in grades 4 to 8 of primary schools (children aged 10–15 years). Upon completing the course, the participants receive a certificate issued by a Non-public In-service Teacher Training Centre.

#### Key indicators and commitments of the *#BrainStorm* programme

<i>#BrainStorm</i>	2023
People who entered the course	1,380
People who completed the course and received the certificate	227

#### *Lesson:Enter*

*Lesson:Enter* was a nationwide digital education programme addressed to teachers and aimed to enhance their digital skills. Over 82,000 teachers (or almost 20% of all teachers in Poland) were trained in 2020–2023. Owing to *Lesson:Enter*, by using digital tools in the project they strengthened their teaching skills in using activating teaching methods and digital skills in using and modifying the existing e-resources and developing their own e-resources.

The programme was carried out in conjunction with the Information Society Development Foundation and Institute of Public Affairs. It was implemented in the re-granting scheme by in-service teacher training centres. In the programme, we provided financial and technical support to 143 grant projects. Training courses were attended by 82,247 teachers from more than 10,400 schools. A 65% of training participants were teaching in schools in rural or semi-urban areas, or towns with population of less than 20,000.

The programme was co-financed by the European Regional Development Fund in the Digital Poland Operational Programme with almost PLN 50 million.

#### Key indicators and commitments of the *Lesson:Enter* programme

<i>Lesson:Enter</i>	2020–2023
Teachers who participated in training	82,247
Teachers who completed training and received the certificate	75,763

#### Orange Digital Center: Orange Studios, FabLabs and Coding School

The Orange Digital Center was established in October 2022. It brings together the non-formal education programmes of the Orange Foundation: Coding School, FabLabs powered by Orange and Orange Studios.

In order to facilitate access to information, knowledge and technology among local communities, we have developed Orange Studios. Orange Studios are digital education centres in small towns with population of less than 40,000. Orange Polska helps to manage Orange Studios, providing free broadband access, while the Orange Foundation has equipped them and provides the education and development offer. The purpose of the Orange Studios programme is to enhance the local activity of small town residents by creating a modern public space together and supporting competence development. The leaders are provided with professional training and grant aid to help them manage these modern and attractive meeting places. To date, we have set up more than 100 Orange Studios across the country. The Orange Studio leaders can use an on-line knowledge-sharing platform, which features a portfolio of ready-to-implement projects and a gamification module that uses game mechanisms to build social skills and motivate residents to work for the benefit of their neighbourhoods. The initiatives carried out in Orange Studios are aimed at different groups, of which children are the largest.

In 2023, we opened 20 new Orange Studios that were equipped with computer sets, 3D printers, robot sets, multifunction devices, game consoles, TV sets and furniture. In addition, we continued our educational project concerning augmented reality. As a result, further 17 Studios received VR goggles. Furthermore, 18 Studios feature makerspaces equipped with 3D printers, DIY electronics kits, sewing machines and/or laser plotters, of which eight were launched in 2023. Activities in 92 Orange Studios attracted over 70,000 participants in 2023.

There are FabLabs (fabrication laboratories) in two cities, Warsaw and Gdańsk. These are open studios that invite people who want to learn how to use modern technologies in a creative way. They can print 3D objects or use laser plotters, CNC milling machines and electronic equipment. FabLabs offer support by experienced educators, professional equipment and free workshops for adults, young people and children. In addition, FabLab Warsaw carries out two long-term projects: Maker Woman – addressed to women who want to gain new technical and digital skills, and YouthLab – addressed to people aged 16–25 years. Both projects include some topical paths in Ukrainian. A total of 3,380 people attended free workshops and social projects in FabLabs in 2023.

Coding School offers free professional programming courses for young people (aged 18–35 years), who want to develop, upskill or reskill themselves. In addition to courses in programming, the project participants are offered webinars by IT market experts, networking, motivational meetings and individual career guidance, including tests of social skills and emotional intelligence. In 2023, courses were held on-line and on-site in Warsaw and selected regions. Participants could choose from among three educational paths: Java, Python or UX. Almost 4,000 people applied for participation, out of which 105 people, mostly women from small towns, were selected. All the participants completed the courses.

#### Key indicators and commitments of the Orange Digital Center programme

Orange Studios	2022	2023
Active Studios maintained	76	92
Users	54,219	70,950
Population with access to Studios	684,000	828,000
<b>FabLabs powered by Orange</b>	2,022	2,023
Project and workshop participants in FabLab Warsaw	1,408	2,520
Project and workshop participants in FabLab Gdańsk	1,228	860
<b>Coding School</b>		
Course participants	–	105

#### Corporate Volunteering

Orange Polska has the biggest employee volunteering programme in Poland, which has been running for 20 years. With an open heart, our employees share their knowledge, skills and experience, teaching children and senior citizens how to use the Internet safely and wisely. They also carry out their own projects for local communities with the support of the Orange Foundation.

In 2023, our volunteers carried out more than 250 initiatives for local communities, including grassroots projects in the second edition of the grant competition. These initiatives supported people helped by non-governmental organisations, children's homes, senior citizens, people with disabilities, and people experiencing loneliness or homelessness crisis.

Our volunteers carried out educational classes for children and youth on on-line safety, energy conservation and ecology. More than 30 volunteers coupled with emigrants to teach them Polish for three months.

In addition, Orange Polska's employees support 6 non-governmental organisations that organise extracurricular, educational and development activities for children and young people from Ukraine in refugee facilities, day-care centres and schools.

In 2023, 3,146 volunteers of the Orange Foundation helped a total of 20,300 people.

#### Key corporate volunteering indicators

Corporate volunteering	2022	2023
Volunteers	3,030	3,146
Volunteers' working hours	23,200	23,030

#### Sponsorship

Orange Polska has adopted a sponsorship policy. Our approach reflects the global sponsorship strategy of the Orange Group. In our strategic sponsoring area, which currently is music, we develop long-term, comprehensive, nationwide projects addressed to a large group of our existing or prospective customers. We sponsor various

initiatives on a long-term rather than one-off basis. Key projects are subject to approval by the Management Board of Orange Polska. We have established the Sponsorship Committee to centralise project management of sponsorship opportunities in the Orange Polska Group.

### Key sponsorship indicators

Two music festivals sponsored by Orange, namely Orange Warsaw Festival and Open'er Festival Powered by Orange, were held in 2023.

Sponsorship	2022	2023
<b>Music sponsorship: Orange Warsaw Festival</b>		
Number of participants	50,000	40,000
Advertising value equivalent (in PLN million)	6.2	5.2
Number of publications	969	1,980
<b>Music sponsorship: Open'er Festival Powered by Orange</b>		
Number of participants	150,000	110,000
Advertising value equivalent (in PLN million)	2.1	2.2
Number of publications	8,477	8,065

### Grants

As part of its donation policy, Orange Polska has adopted formal rules for using the Donation Fund. These are specified in the relevant Decision of the Board Member in charge of Strategy and Corporate Affairs.

Orange Polska S.A. follows clear and transparent rules in making donations:

- Any donation requires analysis and recommendation;
- Any donation is subject to approval by the President of the Management Board of Orange Polska;
- Any donation is made under a written donation agreement;
- All donations are effected by transfers and registered in the accounting systems of Orange Polska;
- Each agreement includes a requirement to confirm that the donation has been used in line with its purpose.

Furthermore, Orange Polska provides free of charge dedicated fundraising numbers for charity SMS messaging. All the receipts are subsequently transferred to social causes, such as social campaigns and programmes, assistance to the victims of natural or man-made disasters, or initiatives saving human life and health.

For years, we have provided charity SMS messaging to a number of charity organisations, including Caritas Polska, Polsat Foundation, TVN Foundation, Great Orchestra of Christmas Charity and Work of the New Millennium Foundation. In 2023, fundraising numbers were launched for 14 organisations, which raised a total of over PLN 4.8 million.

### Key grant indicators

Expenditure on aid to charitable institutions and social organisations in the area of welfare, education, health, culture, sports, etc.

Grants	2022	2023
Total support granted (in PLN million)	9.9	12.8

### Humanitarian Aid

The war in Ukraine forced millions of people to escape and cross the Polish border. Access to information and an opportunity to stay in touch with their relatives became an important need for them. Therefore, from Orange Polska's perspective, ensuring network connectivity and distributing SIM cards with free service at the Polish-Ukrainian border were among the crucial humanitarian initiatives.

We immediately launched a dedicated offer of free calls to Ukraine and preferential roaming services. We distributed over one million SIM cards by the end of 2023. The preferential mobile offer is still available to Ukrainian citizens.

In order to ensure high connectivity and efficient broadband access, it became necessary to enhance and retrofit the mobile network. Therefore, as part of network sharing co-operation with T-Mobile, we installed six mobile base stations in border areas, increased capacity with additional equipment in other locations (a total of 16 base stations) and launched two new base stations. This enabled us to improve the availability of our services, first of all at border crossings and in reception centres, followed by railway stations and information points, which needed free Wi-Fi, and, finally, in facilities receiving refugees and providing initial assistance and accommodation to them. Responding to these needs, Orange Polska has launched hot spots in such locations and still maintains them where needed.

Access to information and high connectivity became crucial also for numerous non-governmental organisations and support centres established by local authorities. Handsets, SIM cards, routers, exchanges and infolines were in great demand, as they were needed to ensure efficient management of collections, transports, volunteers or accommodation arrangements. As the first step, we established co-operation with the Polish Humanitarian Action, providing support in terms of technology, equipment and services for the newly organised crisis management centres. We also collaborated with the Ukrainian House in launching the crisis management centre there. More than 50 entities (foundations, associations, crisis organisations, local authorities, etc.) have received a total of over 8,000 SIM cards providing access to free services, over 1,000 handsets and 30 mobile routers. With our services we have helped to establish legal, social and psychological support centres. We still support with our equipment and services the organisations that continue to provide assistance to refugees from Ukraine.

Since October 2022, together with the Lena Grochowska Foundation, we have hosted over 80 refugees in our former office building in Łódź.

Orange Polska employees have also got involved in supporting Ukraine. We have organised collections in our 14 biggest offices. Our volunteers organise local education and integration aid projects. The Orange Foundation provided 19 micro-grants for such initiatives in 2023. It also supported with grants six organisations that provide long-term system support for Ukrainian citizens, including the Lena Grochowska Foundation and the Polish Centre for International Aid (PCPM). In addition, the Orange Foundation supports the 116 111 helpline operated by the Empowering Children Foundation, which provides psychological assistance to children and young people from Ukraine.

The Orange Foundation provides assistance to Ukrainian citizens, particularly related to education, integration, development and job seeking, in a number of its programmes: Maker Woman (helping women to gain new competences and enter the labour market; 120 beneficiaries from Ukraine in 2023); YouthLab (helping young people aged 16–25 years to find jobs and reskill; 15 beneficiaries from Ukraine); workshops in FabLab Gdańsk for more than 30 Ukrainian citizens; and #SuperCoders (Scratch lesson scenarios in Ukrainian). It also co-operates with the Ukrainian Woman in Poland Foundation (educational workshops about on-line security and workshops in FabLab Warsaw for Ukrainian youth).

### Key social commitments and their delivery

Key social commitments defined in the Orange Foundation strategy for 2021–2023 are as follows:

Commitments in the social area	Delivery in 2023	Annual Goal
<b>Educational programmes for schools (<i>MegaMission</i>, <i>#SuperCoders</i>)</b>		
Children trained in the programmes	5,780	5,500
Teachers trained in the programmes	430	430
Schools participating in the programmes	290	290
<b>Orange Studios</b>		
Active Studios maintained (out of 100 established)	92	80
Population with access to the Studios	828,000	720,000
<b>Corporate volunteering</b>		
Number of employees involved in corporate volunteering	3,221	3,000

### Reference to the Key Risks in the Social Area

#### Negative impact of new technologies on children and young people

There is a risk that Orange Polska will be perceived as a provider of services which have a negative influence on the behaviour and health of children and young people. The issue of the negative impact of new technologies on minors has been increasingly present in the media and may affect purchase decisions of prospective customers and satisfaction of the existing ones.

Through the Orange Foundation's educational programmes, i.e. *MegaMission*, *#SuperCoders*, Orange Studios and initiatives for the on-line safety of children, as well as collaboration with social partners and public institutions, Orange Polska educates children, parents and teachers how to use modern technologies safely and wisely, distributing educational materials, lesson scenarios and guides for all age groups and carrying out informational campaigns. It also subsidises research on the children and young people's attitudes towards new technologies to even better respond to social needs. Furthermore, the Company offers parental control services for mobile phones, such as Protect Kids on the Net and Safe Starter Pack. It has also launched the online platform [www.orange.pl/razemwsieci](http://www.orange.pl/razemwsieci) [Together on the net], which provides information on how to use digital media responsibly and safely.



#### 4. Human Rights

Owing to the nature of our business model and supply chain, we follow the human rights policy formulated at the international level by the Orange Group. In addition to the general framework of the International Labour Organization conventions, the Universal Declaration of Human Rights and the Global Impact principles, the Orange Group complies with the UN Guiding Principles on Business and Human Rights.

Orange Polska has implemented the human rights policy, which confirms our commitment to respect human rights in the whole value chain, avoid violating human rights or contributing to violations thereof and, should such a violation occur, counter and minimise its negative effects and take corrective actions.

Orange Polska's attitude to respecting and promoting human rights is determined by its obligations towards the following groups of stakeholders:

- Employees and outsourced workers;
- Customers;
- Suppliers, subsuppliers and business partners;
- Local communities and social environment.

Based on the diagnosis of the industry and Orange Polska's activities, the Company has identified the following salient human rights issues:

- Right to privacy and freedom of expression;
- Non-discrimination and counteracting exclusion;
- Rights of the child, including online safety issues;
- Forced labour, contemporary slavery and human trafficking;
- Respect for human rights, including employee rights, when extracting minerals from conflict zones;
- Child labour;
- Employee rights, including freedom of association and collective bargaining.

In order to deliver on its responsibility to respect human rights, Orange Polska has been implementing a human rights due diligence process, as defined in the UN Guiding Principles on Business and Human Rights. It enables risk identification and management in the human rights area, and provides for preventing violations, monitoring and regular reporting, while accounting for the stakeholders' involvement on each stage of the process.

The issues related to respect for human rights are addressed in the Orange Polska Code of Ethics, which has been published and incorporated into contracts with suppliers. The Code covers the following areas:

- Social responsibility: freedom of association and the right to collective bargaining, forced labour, child labour, diversity and non-discrimination, remuneration, working hours, and human health and safety;
- Environmental responsibility: environmental protection, natural resources, and waste management;
- Prohibited business practices: anti-corruption policy, competition, sponsorship, political contributions, money laundering, data security, and data protection.

Furthermore, Orange Polska has introduced the Supplier Code of Conduct. It seeks to encourage suppliers to comply with and respect the relevant laws and regulations, and ensure that they are faithfully and effectively enforced. Our suppliers shall respect human rights and shall avoid being complicit in human rights abuses of any kind.

The Supplier Code of Conduct has been published and implemented through a CSR clause which is obligatory in all types of purchase agreements with our suppliers. Pursuant to the clause, the parties undertake to comply with, and ensure that their employees, suppliers and sub-contractors comply with all national, European and international rules associated with standards of ethical and responsible behaviour, including standards on human rights, environmental protection, human health and safety, and sustainable development. They also undertake to combat any infringements of human rights and fundamental freedoms, as well as any risks to the health and safety of persons and the environment. In addition, they declare that they will require their employees, suppliers and sub-contractors to refrain from using child labour or forced labour, and shall combat any discrimination.

Furthermore, we have implemented the EcoVadis rating process for suppliers from the areas with the highest risk to human rights. The assessment covers labour, human rights, environmental, sustainable purchasing, ethics and compliance issues. The questionnaire results are accounted for in a process of submitting offers in the procurement procedures carried out by Orange Polska. Companies failing to achieve the required score shall be precluded from co-operating with Orange Polska.

In order to raise awareness of human rights, the persons responsible for procurement procedures undergo CSR and human rights training.

## Key human rights indicators

Human Rights	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Employees trained in CSR, ethics and human rights*	7,078	7,828	7,103	7,869
Partners trained in CSR, ethics and human rights*	2,067	2,909	2,067	2,909
% of new agreements incorporating the CSR clause*	100%	93%	100%	N/a
<b>Child labour</b>				
Operations identified as having significant risk for incidents of child labour	None were identified in the Group			
<b>Forced labour</b>				
Operations identified as having significant risk for incidents of forced labour	None were identified in the Group			
<b>Discrimination</b>				
Total number of incidents of discrimination	None	None	None	None
<b>Right to privacy</b>				
Number of reasonable grievances and violations with respect to privacy	None	None	None	None
<b>Right to safety</b>				
% of products evaluated for safety standards	100%	100%	100%	100%
Number of grievances and violations regarding product safety	None	None	None	None
<b>Human rights violations</b>				
Number of grievances about human rights	None	None	None	None

\* On a cumulative basis.

## Key human rights commitments and their delivery

Key human rights commitments defined in the Orange Polska CSR strategy:

Commitments in the human rights area by 2025	2022	2023
100% of employees trained in business ethics	100%	100%
Compliance clauses as a standard in agreements with suppliers	Yes	Yes
CSR clauses as a standard in agreements with suppliers	Yes	Yes
% of purchase function employees trained in human rights	98%	98%

## Reference to the Key Risks in the Human Rights Area

Orange Polska takes all issues related to human rights very seriously, paying particular attention to the rights to privacy and personal data protection.

### **Breach of security of information, including personal data**

In order to prevent theft or unauthorised modification or processing of personal data of its customers and employees, or personal data entrusted by Orange Polska, we have implemented security measures consistent with international standards. In addition, we are introducing a process to identify and prevent violation of rights and freedoms of data subjects. The Company has implemented a certified Information Security Management System, which complies with ISO/IEC 27001:2013. Furthermore, the Company has maintained the FIRST and Trusted Introducer certification for CERT Orange Polska.

Despite all the precautions taken, considering the modern threats related to information technologies used for processing of information, including personal data, it is not possible to fully exclude the risk of infringement of the security thereof.

Recourse to liability proceedings is facilitated by the General Data Protection Regulation (GDPR). GDPR infringement incidents could have a considerable impact on the Group's reputation and a heavy impact on its liability, potentially including criminal liability, and hence have an adverse impact on Orange Polska's future financial performance. In accordance with GDPR, ISO 29134:2017 and the Article 29 Working Party guidelines, we have had a process to identify and prevent violation of rights and freedoms of data subjects since 2018. We have also delivered dedicated training for Orange Polska's employees and partners.



### Slavery, forced labour and child labour

The risk of forced or child labour is marginal (immaterial) in case of our domestic operations and key suppliers, but may appear within the global supply chain. Therefore, the human rights policy has been formulated and implemented by the Orange Group on the international level.

On the national level, Orange Polska's purchasing contracts with suppliers include CSR and compliance clauses and incorporate the Code of Ethics and the Supplier Code of Conduct, which particularly address the issues of human health, safety and protection. Our local whistleblowing system, 'Ask an ethicist', is available to our suppliers and other stakeholders. These issues are also covered by our human rights policy.

### Risk of poor working conditions

The risk of poor working conditions in Orange Polska is considered low. The Company has introduced the policy of investing in health quality and well-being of employees of Orange Polska, which in particular provides for compliance with the occupational health and safety standards and development of friendly working environment.

This risk can potentially appear on the level of providers of services to Orange Polska in such areas as personal outsourcing, process outsourcing or technical partners. Human health and safety issues are addressed in contracts with suppliers through a CSR clause, as well as incorporation of the Supplier Code of Conduct, the Code of Ethics and the Human Rights Policy. Any irregularities in this area can be reported through our local whistleblowing system, 'Ask an ethicist', which is available to both our employees and suppliers.

## 5. Anti-bribery and Anti-corruption

We have introduced the compliance management programme as part of our corporate governance framework, and the anti-corruption policy is an important responsibility of our compliance function. The anti-corruption policy specifies a set of rules to be complied with by our employees in any business activity and indicates prohibited behaviours which may be considered corruption or influence peddling. The policy is supplemented by the anti-corruption guidelines, which include detailed rules and procedures with reference to specific conditions and situations, including offering and accepting gifts and invitations. As enshrined in our anti-corruption policy, Orange Polska takes a zero-tolerance approach towards corruption, which must be followed by all employees, outsourced workers and business partners who act on our behalf. The implementation of this approach is supported by Orange Polska's conflict of interest policy.

To support the compliance management programme, we have implemented a new process which optimises the due diligence procedures relating to compliance and fraud. Its goal is to thoroughly screen our partners for risks of corruption, fraud, non-compliance with economic sanctions, money laundering and terrorism financing.

Matters related to compliance are reported to the Audit Committee of the Supervisory Board in the following areas: ethics, general compliance with laws and regulations, anti-fraud, security and anti-corruption. The activities of the compliance management function and the results of both planned inspections and inspections initiated by notification of irregularities (whistleblowing) are monitored by the Audit Committee on the basis of regular reports.

Orange Polska provides its employees with adequate and up-to-date knowledge of compliance management rules. In addition to current communications in this area, the Company carries out a programme of mandatory anti-corruption training, which comprises e-learning courses and additional on-line workshops for our teams particularly exposed to compliance risk.

All employees and external stakeholders can notify potential cases of non-compliance through the relevant channels we have established. All such notifications are treated confidentially, and verified and addressed with due diligence. In order to comply with the current legal requirements regarding whistleblowing systems, Orange Polska closely monitors its legal environment and adjusts its internal procedures to the relevant legal regulations.

All employees, outsourced workers and stakeholders can report observed violations of applicable laws or internal regulations, procedures or processes and other irregularities related to Orange Polska's activities via the whistleblowing system. The Company ensures the adequate protection of whistleblowers. All notifications, also anonymous, are treated confidentially and verified with due diligence.

The whistleblowing system supports Orange Polska's activities, especially related to compliance, including anti-corruption, ethics and CSR. Consequently, it reduces the risk of reputational and financial losses.

### Key compliance indicators

Anti-bribery and anti-corruption	Orange Polska S.A.		Orange Polska Group	
	2022	2023	2022	2023
Number of employees trained in compliance*	9,043	9,935	9,138	10,121
Number of partners trained in compliance*	7,913	8,518	7,913	8,518
Total value of cash donations or donations in kind to political parties, politicians or related institutions	The Group does not finance such entities			

\* On a cumulative basis.

## Key compliance commitments and their delivery

Key compliance commitments defined in the Orange Polska CSR strategy:

Commitments in the anti-bribery and anti-corruption area by 2025	2022	2023
Corruption risk reduction (zero-tolerance approach towards corruption)	No infringements	No infringements

## Reference to the Key Compliance Risks

### *Bribery and corruption risks*

Orange Polska performs regular analysis and assessment of the corruption risk exposure. The areas particularly sensitive to such violations are monitored for compliance with the relevant internal and external regulations, as well as the efficacy of the applied risk mitigation measures.

The Company and its Management Board take a zero-tolerance approach towards corruption, as enshrined in the Anti-Corruption Policy. This principle has been supplemented by a system of detailed internal procedures and instructions addressed either generally to the entire organisation or to particular functions and groups of employees owing to their specific duties. The implemented conflict of interest procedures support identification of the existing or potential cases and proper handling thereof.

The adopted internal regulations define standards of co-operation with third parties, especially public officers (particularly with respect to accepting and offering gifts or invitations) as well as procedures for effecting transactions, establishing co-operation with suppliers or providing grants or support.

## 6. Environmental Area

Orange Polska has an annually reviewed and updated environmental policy and has established climate goals that define the key areas of use of natural resources and the Company's impact on the environment, including climate, as well as the impact of climate change on the Company.

Under these documents, we:

- oversee the processes which may affect the environment and climate in compliance with legal requirements and other environmental regulations and good practices;
- identify our negative impact on the environment, especially related to the use of raw materials and energy in the service provision process;
- identify the negative impact of climate change on our activities and resources;
- account for environmental and climate issues while setting objectives and making executive and business decisions,
- carry out initiatives that reduce our impact on the environment and climate as well as the impact of climate change on the Company, particularly reducing greenhouse gas emissions related to our activities;
- implement circular economy solutions;
- monitor the compliance of electromagnetic emissions with the relevant standards;
- engage in dialogue with stakeholders and regularly inform them about our environmental and climate protection initiatives;
- raise environmental and climate awareness among our employees, customers and suppliers;
- co-operate with our suppliers and support them in determining their impact on the environment and climate and implementing practices compliant with our environmental policy.

## Issues Relevant to the Impact on the Environment and Climate

### Scope 1 and 2 Greenhouse Gas Emissions (Own Emissions)

Energy consumption, especially for ICT infrastructure operation, is the main source of own emissions by telecommunications operators (scopes 1 and 2 of the GHG Protocol – direct and indirect own emissions). Therefore, the initiatives regarding both the energy consumption optimisation and the increase of the share of renewable energy in the energy mix are of key importance for Orange Polska.

Since 2014, the Company has carried out comprehensive activities to reduce its energy consumption within the energy optimisation programme. More than 270 initiatives have been implemented in various network areas so far, generating total energy savings of over 1.4 TWh between 2015 and 2023.

All initiatives carried out in the programme have been divided into four areas:

- Initiatives related to legacy fixed line technologies, that is PSTN or ATM – Customers are switched to newer and more energy-efficient technologies. In addition, older devices are optimised by increasing the 'density' of customer accesses on cards and disabling redundant cards. In 2023, Orange Polska initiated the process of switching off the 3G network, which will lead to customer migration to new, more energy-efficient technologies: 4G LTE and 5G;

- RAN network efficiency improvement – Measures to reduce energy consumption in the mobile radio access network. During the periods of low subscriber activity, e.g. at night, selected radio resources are temporarily switched off, reducing energy consumption;
- Modernisation of the technical environment – Ensuring the optimal conditions for the operation of telecommunications equipment through modern air conditioning systems, power supply solutions, heating systems, etc. The key initiatives include replacing of A/C systems with more effective ones and retrofitting of technical compartments with ventilation-based cooling systems (free cooling);
- Big data energy – The available energy data are collected, processed and analysed using a business intelligence tool. As a result, it is possible to detect anomalies and optimise energy costs and consumption. An example is the cyclic selection of energy tariffs for each facility on Orange Polska's network on an individual basis.

The network needs account for a great majority (over 90%) of energy consumption by Orange Polska, but we implement optimisation initiatives also in other areas. The Company optimises its real estate portfolio and consolidates its teams, moving them to new, more energy-efficient locations. We also take measures to save energy used for real estate heating and cooling and to reduce energy consumption in sales outlets. Furthermore, we strive for the electrification of our car fleet, while continuing its optimisation.

We steadily increase the share of energy from renewable sources in our energy mix. Orange Polska was the first operator in Poland to conclude a power purchase agreement (PPA), using this tool to reduce emissions from electricity generation by contracting renewable energy directly from its producers. Owing to PPAs, the share of renewable energy in our energy mix reached 74% in 2023 (up 62 pp. versus 2022). As a result, Orange Polska achieved its climate goals set for 2025 (at least 60% share of energy from renewable sources in the energy mix) already in 2023, that is two years in advance.

Owing to the aforementioned initiatives, despite growing volume of data traffic on its networks, in 2023 Orange Polska achieved a 79% reduction in its own emissions versus 2015 (which is the base year for emissions in the Orange Group as the year of the Paris Agreement) and a 64% reduction year-on-year.

### Scope 3 Greenhouse Gas Emissions (Value Chain Emissions)

Orange Polska determines the scope 3 GHG emissions by accounting for the total emissions related to its activity throughout the supply chain, that is emissions by suppliers, employees and customers.

Scope 3 emissions have been estimated in line with the GHG Protocol guidelines and co-ordinated by the Orange Group's headquarters based on local data from individual countries. Due to the complex methodology (particularly the need to gather, aggregate and convert diverse data for a broad range of entities in the value chain), scope 3 emissions are currently determined with a year's delay. Consequently, this report presents the latest available data, which summarise the year 2022. The methodology for determining scope 3 emissions is under constant improvement, particularly in terms of the maximisation of physical data input instead of financial estimates. The global, science-based Orange Group's objective, accounting for scope 3, is a 45% reduction in scope 1, 2 and 3 emissions by 2020.

Orange Polska's Scope 3 emissions (excluding Orange Energia, for which data are presented separately below) totalled 669,000 tonnes of CO<sub>2</sub>e. The biggest sources of emissions included: purchased goods and services (particularly equipment provided to customers to enable them to use digital services), capital goods (particularly infrastructural investments) and use of Orange Polska's products and services by customers (particularly related energy consumption). Versus the base year 2020, when total emissions (scopes 1, 2 and 3) totalled 1,069,000 tonnes of CO<sub>2</sub>e, we achieved a reduction of 6% in 2022.

The Company takes measures to reduce these emissions in the priority areas, especially in the area of circular economy, particularly by collecting and buying back used handsets and offering refurbished devices or repair services to customers. These initiatives are covered by the RE umbrella programme – a communication and education platform promoting principles of circular economy with respect to smartphones and customer premises equipment (CPE). In 2023, Orange Polska, as the first operator in Poland, carried out a campaign encouraging people to extend the life of equipment they use and consciously dispose of it. In addition, every year the Company retrieves from customers, refurbishes and relaunches over 90% of CPE (modems and set-top-boxes). Last year, almost every second modem or set-top box provided to customers had been refurbished. The Company also implements energy-efficient options in network equipment, promoting them among customers. Upgrade of software for one model of set-top boxes, featuring improved and more comfortable energy-saving mode, which was effected in 2023, enables annual energy savings of approximately 5 GWh. Furthermore, Orange Polska participates in the international initiatives of the Orange Group regarding circular economy with respect to network infrastructure.

Emissions related to the activity of Orange Energia, a subsidiary involved mainly in electricity trading in Poland, constitute a separate category of our scope 3 emissions. According to the GHG Protocol, energy trading is a part of scope 3. However, in consultation with the Orange Group, Orange Energia's emissions are presented separately, as they are not related to the telecommunications and digital industry, which is the core area of activities for both Orange Polska and the Orange Group as a whole. Due to the very high dependence of the Polish power generation sector on fossil fuels (mainly coal), energy traded in the Polish market has a high carbon footprint, which translates into high emissions of Orange Energia. Consequently, adding these emissions to the emissions of Orange Polska from its core activities would obscure the presentation of data and hinder their analysis. The Orange Polska Group

and Orange Energia are constantly making efforts to increase the share of renewable energy in Orange Energia's energy mix.

### Key environmental indicators

Environmental Data**			
Energy consumption and greenhouse gas emissions	Unit	2022**	2023**
<b>Scope 1 – Direct energy consumption by primary energy sources*</b>			
Fuel oil (all buildings, all uses)	'000 m <sup>3</sup>	1.3	0.8
	MWh	3,375	2,001
Gas	'000 m <sup>3</sup>	2,193	1,340
	MWh	23,030	14,066
Coal	tonnes	0	0
	MWh	0	0
Gasoline for company cars	'000 litres	2,082	2,121
	MWh	19,000	19,352
Diesel fuel for company vehicles	'000 litres	734	910
	MWh	7,342	9,101
<b>Scope 1: Total energy*</b>	<b>MWh</b>	<b>52,768</b>	<b>44,512</b>
Scope 1: CO <sub>2</sub> e emissions from fuel, gas and coal	'000 tonnes	7.7	4.7
Scope 1: CO <sub>2</sub> e emissions from vehicles	'000 tonnes	6.7	7.3
Scope 1: CO <sub>2</sub> e emissions from refrigeration and fire suppression agents	'000 tonnes	15.7	10.9
<b>Scope 1 – Direct own greenhouse gas (CO<sub>2</sub>e) emissions***</b>	<b>'000 tonnes</b>	<b>30.2</b>	<b>22.9</b>
<b>Scope 2 – Indirect own CO<sub>2</sub>e emissions (electricity consumption)*</b>			
Energy consumption – electricity	MWh	515,608	505,277
In which renewable energy	MWh	59,625	374,143
Network heat consumption	MWh	58,565	33,413
<b>Scope 2: Total energy</b>	<b>MWh</b>	<b>574,174</b>	<b>538,690</b>
<b>Scope 2: CO<sub>2</sub>e emissions (location-based)</b>	<b>'000 tonnes</b>	<b>305</b>	<b>97</b>
<b>Scope 1+2: CO<sub>2</sub>e emissions*</b>	<b>'000 tonnes</b>	<b>335</b>	<b>120</b>
<b>Scope 3 – Other indirect CO<sub>2</sub>e emissions (suppliers, customers, employees; excluding Orange Energia)***</b>	<b>'000 tonnes</b>	<b>669</b>	<b>-</b>
Purchased goods and services	'000 tonnes	218	-
Capital goods	'000 tonnes	204	-
Use of equipment and services by customers (incl. related energy consumption)	'000 tonnes	173	-
Other	'000 tonnes	74	-
<b>Total CO<sub>2</sub>e emissions (Scope 1+2+3; excluding Orange Energia)***</b>	<b>'000 tonnes</b>	<b>1,004</b>	<b>-</b>
<b>CO<sub>2</sub>e emissions – Orange Energia (Scope 3 of OPL's emissions)***</b>	<b>'000 tonnes</b>	<b>642</b>	<b>-</b>
<b>Materials</b>			
Paper	tonnes	29.6	21.7
<b>Water</b>			
Water consumption	'000 m <sup>3</sup>	177.8	133.3
<b>Waste management****</b>			
WEEE (network and tertiary)	tonnes	816	717.3
Wooden poles	tonnes	38.9	344.2
Cables	tonnes	331.5	392
Batteries	tonnes	826	962.2
Other hazardous waste (including PCB)	tonnes	13	15.9
Other non-hazardous waste	tonnes	848	887.8
<b>Total waste</b>	<b>tonnes</b>	<b>2,903</b>	<b>2,379</b>
<b>Electrical and electronic equipment</b>			
Used handsets collected	'000	61.2	46.9
Refurbished and relaunched handsets	'000	15.9	8.5
Refurbished and relaunched multimedia (broadband) devices	'000	421.4	437.5

<b>Electromagnetic field emissions</b>			
Compliance with the relevant standards		yes	yes

\* Starting from 2023, Orange Polska changes the calculation method for scope 1 and 2 emissions in order to be more consistent with the GHG Protocol standard. The presented figures concern Orange Polska and all its subsidiaries. They also account for network heat consumption, which was not disclosed before, to supplement scope 2 emissions. Consequently, the historical data, including those for the base year 2015, have been adjusted in order to provide a reliable basis for comparison. The change in the calculation method does not affect the scope 1 and 2 emission reduction goals announced in 2021 (at least 60% of electricity from renewable sources in the energy mix in 2025, and a reduction in scope 1 and 2 emissions by 65% versus 2015).

\*\* The presented full-year figures consist of actual data for Q1, Q2 and Q3 and estimates for Q4. Environmental data are based on reporting to the Orange Group's global database. Electricity consumption in Orange Polska's buildings is determined on the basis of records in the electricity database (BEE), which contains readouts of individual electricity meters. Greenhouse gas (GHG) emissions are calculated according to the GHG Protocol. For electricity, GHG emissions are calculated using emission factors derived from International Energy Agency (IEA). There are no biogenic GHG emissions in the Company.

\*\*\* In its report for 2022, Orange Polska, similarly to the entire Orange Group, began to fully report GHG emissions in the scope 3 (i.e. the entire value chain emissions – by suppliers, customers and employees). So far, in line with the Orange Group's methodology, only emissions related to business trips have been reported, which are only a fraction of the total scope 3. Due to the complex methodology for determining scope 3 emissions, data are currently available with a year's delay (i.e. as of the publication date of the report for 2023, the latest available data are for 2022). Emissions resulting from the activity of Orange Energia, a subsidiary of Orange Polska S.A. involved in electricity trading, are reported separately. According to the GHG Protocol, energy trading is part of scope 3. However, from the point of view of Orange, energy trading is not its core activity and applies to a different sector of the economy, so in accordance with the Orange Group's approach the related emissions are reported as a separate line.

\*\*\*\* Waste is generated during liquidation of fixed assets or in the course of investments/repairs.

## The impact of Orange Polska in relation to the most important risks in the environmental area

### ***Risk of loss of trust and reputation due to improper treatment of hazardous waste***

For years, Orange Polska has carried out waste management in co-operation with trusted business partners, so this risk should be considered low.

Orange Polska has adopted an environmental protection policy, identifying the negative impact of its processes on the environment. The Company provides for categorisation and monitoring of waste, particularly hazardous, in compliance with environmental laws and regulations. It also applies technological solutions to reduce its negative environmental impact.

Waste electronic and electrical equipment (WEEE), batteries and storage cells, cables and telegraph poles are disposed of under strict control in co-operation with waste disposal companies that take full responsibility for further waste management, document the subsequent stages of waste treatment and hold a waste management licence (following registration by the Chief Inspectorate for Environmental Protection).

Environmental issues are also addressed in contracts with suppliers through CSR clauses and the Supplier Code of Conduct.

### ***Risk of ineffective WEEE collection processes***

We fulfil our statutory obligations to collect old equipment at points of sale, free of charge, and meet the required recycling levels for the given category of waste. Orange Polska manages the process of electronic equipment recycling and monitors its results. We co-operate with organisations offering waste treatment and recycling. There are dedicated containers for non-working handsets in every sales outlet. We also have a handset buy-back offer for discount vouchers, encouraging customers to dispose of unwanted equipment.

In addition, the Company has expanded its portfolio of refurbished phones. In April 2022, we launched the umbrella RE programme (repair, refurbishment, reselling, recycling) to accelerate our circular economy efforts.

Fixed customer premises equipment (modems, set-top-boxes) is retrieved by Orange Polska upon the contract expiration (the retrieval rate has exceeded 90%). The devices are verified, updated and refurbished owing to our own refurbishment line operated by the supply chain function, and then reassigned to other customers. Our professional refurbishment line provides services also to other Orange Group companies: we signed an agreement for refurbishment processes with Orange Slovakia in 2023.

### ***Exposure to electromagnetic fields***

Exposure to electromagnetic fields (EMF) from radio equipment (used mainly on mobile, but also fixed, networks) might raise concerns for their possible adverse effects on human health. Negative changes in perception of the EMF impact on human health would have a deleterious effect on the business and results of operators such as Orange Polska. If the aforementioned health risks were scientifically confirmed to a certain extent in the future, this would likely result in a decline in use of mobile telecommunications services, difficulties and additional expense in rolling out base stations and other wireless equipment, and an increase in claims and litigation.

Despite discontinuation of ISO 14001:2015 certification of our environmental management system, Orange Polska has made every effort to meet the most restrictive environmental standards in order to eliminate any concerns of



the social partners resulting from the perceived lack of transparency in the implementation of new technologies (particularly 5G).

### **10.1 Disclosure of Climate-related Information in Accordance with the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)**

There is growing awareness of climate change among our customers, investors and other stakeholders, accompanied by increasing regulatory pressure related to climate neutrality goals adopted by the EU and its member states. Simultaneously, the roll-out of network infrastructure and the growing volume of data traffic are contributing to increased consumption of electricity in the telecommunications sector. As in Poland electricity is produced mainly from fossil fuels, this generates greenhouse gas emissions.

#### **Organisation's Governance Around Climate-related Risks and Opportunities**

In order to facilitate our climate impact management, in 2020 we created the position of climate officer, who is responsible for the co-ordination of Orange Polska's pursuit of environmental goals. His role is to develop our climate policy and monitor its implementation in close co-operation with the entire organisation. The Climate Officer reports directly to the Management Board Member in charge of Strategy and Corporate Affairs.

Environmental objectives have been incorporated into Orange Polska's business strategy, .Grow, and their implementation is reported to the Management Board on a quarterly basis. Orange Polska has launched a special programme, #OrangeGoesGreen, which is lead by the climate officer and supervised by the President of the Management Board and the Management Board Member in charge of Strategy and Corporate Affairs.

A dedicated team composed of representatives of different functions has been established. It currently manages 14 projects. Their implementation is a responsibility of the Directors in charge of Technology and Network Purchases, Work Environment, Supply Chain Management, IT and Network Resource Management, Purchases, Terminal Development and Management, IT and Network Operational Resource Management, Business Marketing, Customer Experience Centre and Orange Energia. The pursuit of objectives is reported to the Management Board.

The Management Board has approved Orange Polska's environmental goals in a formal resolution and reviews the progress in their implementation at least twice a year.

The reduction of scope 1 and 2 GHG emissions is included as an objective (at 5–10%) in the MBO evaluation scheme for the relevant managers and Management Board Members (President of the Management Board, Management Board Member in charge of Network and Technology, and the Management Board Member in charge of Strategy and Corporate Affairs) and the persons reporting directly to them. It is also an element of the long-term incentive programme for all senior managers of the Company.

#### **Climate Risk Management**

Orange Polska maintains a risk management framework to identify, assess and manage risks. This framework has been based on the ISO 31000:2018 standard. Event-based risks are subject to assessment according to their likelihood and impact in terms of financial, reputational, business continuity and human loss. If risk consequences are, for example, both financial and reputational, the risk is assessed according to the most negative consequence.

The identified similar risks are grouped into clusters. The risk assessment process is managed by domain co-ordinators. The division of risks into the domains of operating risks, loss of information, business continuity, compliance, fraud and social risks ensures a uniform and objective approach to the assessment of risks of similar consequences (cause and effect analysis). Climate risks have been included in the social risk domain and constitute a separate cluster. The risk assessment and management, including identification of new and emerging factors, monitoring of risks and the effectiveness of controls, as well as reporting are a responsibility of the persons managing the relevant area and business functions, while the process is co-ordinated by the social risk domain owner.

The risks and the mitigation measures assigned to them constitute an input for the development of the annual internal audit plan. Indicative heat maps are used to report and evaluate risks. The results of assessment of top risks, including one climate risk, are reported to the Supervisory Board annually.

#### **Reference to the Key Risks Related to the Company's Environmental Impact**

##### ***Risk of loss of reputation due to negative climate impact***

Failure to achieve the objectives set out in Orange Polska's climate strategy may have an adverse impact on the Company's reputation and result in an increase in operating costs and loss of some investors and customers, as it could reduce investor interest in the Company and in the long run it could be reflected in lower customer satisfaction and loyalty. Therefore, it is necessary to reduce the environmental impact of the Company's activity, as well as the products and services it provides.

While 5G is more energy efficient than older technologies, continuously increasing data traffic volume will increase the overall electricity consumption and could, therefore, mean higher CO<sub>2</sub> emissions (as electricity use is the principal own emissions driver in the telecommunications industry). Increasing the share of renewable energy used

by Orange Polska through long-term power purchase agreements is crucial to reducing its CO<sub>2</sub> emissions despite the network traffic growth.

Orange Polska's objective is to achieve Net Zero Carbon for all emissions by 2040 and a significant GHG emissions reduction by 2025, particularly in terms of own emissions. This objective can be achieved by purchase of green energy through long-term Power Purchase Agreements directly with producers and optimisation of the energy use, including but not limited to technology evolution and further deployment of more energy-efficient solutions. These actions are supported by an open dialogue with stakeholders on Orange Polska's commitment to climate and the positive impact of the telecommunications industry on reducing emissions in other sectors.

It is a short-term risk.

### Analysis and determination of the level and nature of the importance of climate change

In 2021, the Company carried out a process (described in detail in previous reports) aimed at the identification of risks and opportunities as well as determinants and components of developing action scenarios related to those risks (and opportunities) in the matrix layout with reference to local climate scenarios for Poland (positive, neutral, negative and very negative; scenario-based approach) as well as short, medium and long term horizon (by 2025, 2050 and 2100, respectively; timeframe-based approach). A team composed of the representatives of the Company's management and various functions which were considered crucial in terms of the current or potential environmental impact was involved in the entire process. In 2023, an update of the process results was conducted (as there were no major changes in the input parameters) in order to confirm the earlier findings and conclusions.

The process was divided into the following stages:

**Stage 1.** Assessment of Orange Polska's exposure to climate change (in terms of the financial significance of such exposure) for different climate scenarios.

- Importance of negative climate factors to Orange Polska for different climate scenarios
- Importance of negative socio-economic factors to Poland (with respect to Orange Polska) for different climate scenarios

**Stage 2.** Assessment of Orange Polska's sensitivity to climate change (in terms of the analysis of climate-related risks) for different climate scenarios.

- Analysis of Orange Polska's sensitivity to negative climate factors in the context of socio-economic changes for different climate scenarios

**Stage 3.** Identification and classification of Orange Polska's adaptive capacity to climate change (in terms of the analysis of climate-related risks) for different climate scenarios.

- Analysis of Orange Polska's adaptive capacity to climate change in the context of climate-related risks and opportunities for different climate scenarios

**Stage 4.** Development of Orange Polska's action plan for adaptation to climate change (in terms of the analysis of climate-related risks) for different climate scenarios.

- Development of the Company's integrated vulnerability assessment and action plan

### Methodology

The methodology regarding risk identification, valuation and mitigation measures for Orange Polska has been based on the TFCF recommendations, reports of the Intergovernmental Panel on Climate Change (IPCC) and taxonomy regulations of environmentally sustainable investments, related to the Regulation (EU) 2020/852 of the European Parliament and of the Council.

Risks were valued for four scenarios of temperature increase above pre-industrial levels (19th century), including two extreme scenarios presented at the Climate Summit in Paris in 2015, as well as for three periods: 2022–2025 (corresponding to Orange Polska's strategy), 2025–2050 (corresponding to the EU's target of climate neutrality by 2050) and 2100 (corresponding to the projection at the Climate Summit in Paris).

Prof. Paweł Bogacz of the University of Science and Technology in Cracow has assisted in the application of this methodology.

The analysis involved the development of four scenarios for Orange Polska:

- RCP2.6 positive scenario – climate warming by 2100 of below 1.5°C above pre-industrial levels;
- RCP4.5 neutral scenario – climate warming by 2100 of between 1.5 and 2°C above pre-industrial levels;
- RCP6 negative scenario – climate warming by 2100 of between 2 and 3°C above pre-industrial levels;
- RCP8.5 very negative scenario – climate warming by 2100 of above 3°C above pre-industrial levels.

Based on the above, the following time horizons for risks have been adopted:

- Short term (by 2025);
- Medium term (by 2050);
- Long term (by 2100).



Environmental and climate-related risks, like other social risks, are subject to a standard review of risks on an annual basis. They are reported to the Management Board and Supervisory Board. As indicated above, top risks are subject to an additional oversight procedure, and may constitute an input for the development of the Annual Internal Audit Plan and the assessment by the Audit Committee. As mentioned above, the risk of loss or reputation due to negative climate impact has been included in the top risk category, while risks related to the climate impact on Orange Polska have been linked to selected top risks as long-term materialisation factors.

### Reference to the Key Risks Related to the Climate Impact on the Company

The Orange Polska Group analysed the impact of climate change on its financial statements and concluded that it did not affect the balance-sheet value of its assets and liabilities as at December 31, 2023. Short-term risks are related mainly to Orange Polska's negative environmental impact, while risks related to the climate impact on Orange Polska are considered mainly in the medium and long term horizon.

Climate change, that is natural disasters as well as other related emergencies, may lead to a significant reduction in the value of the Company's assets by their destruction or damage, resulting in both service interruptions and high costs of repairs. Extreme weather events related to the present climate change (floods, storms, heat waves) are increasing in frequency and severity, exacerbating catastrophes and increasing their costs. In the short-term perspective, rising sea levels due to melting of glaciers and ice sheets may more often affect on-shore locations and facilities. While insurance coverage of claims may continue to be reduced, the damage caused by large-scale disasters might result in significant costs, a proportion of which may still burden the Company, thus affecting its financial standing and growth prospects.

Experts have identified the risks related to climate change that might significantly affect Orange Polska. These risks have been assessed in terms of value and likelihood based on discounted future cash flows for a period until 2100. Out of over a dozen potential risks identified in the process, four risks have been considered material due to the highest likelihood and the highest potential impact on the Company. They are presented below, together with the relevant climate factors and their effects.

Climate factor based on long-term prognoses for different temperature increase scenarios (by 2–4°C)	Risk (described below)	Risk resulting from the climate factor	Risk value = future cash flows resulting from:
Heat waves, torrential rainfall and storms, river floods	a)	Equipment damage caused by high temperatures, heat waves, floods or other extreme weather conditions	Costs of repairs of damaged property
Rising sea levels	a)	Equipment damage caused by sea level rise	Costs of restoration and relocation of property
Temperature increase	b)	Increased demand for energy	Costs of additional energy consumption
Heat waves	b)	Blackout	Lost revenues and costs of fines and damages resulting from blackout
No specific climate factor	c)	Equipment shortages and delayed deliveries	Lost sales margins resulting from shortages and delayed deliveries
No specific climate factor	d)	Additional costs, charges and taxes resulting from legislation changes, fines, migration, skilled labour shortages or diseases	No valuation

### a) Acute and chronic physical risks

#### Infrastructure damage or malfunctioning due to climate change

Climate change may result in infrastructure damage or malfunctioning, leading to failures. The key risks include increased temperatures (more frequent prolonged heat waves or higher daily temperatures), extreme weather events (e.g. storms, winds, lightning) and flooding of land (and infrastructure) due to acute or chronic climate change (torrential rainfall, river floods, transient or permanent sea level changes), which in extreme cases may lead to non-accessibility of certain areas. For the Company, such situations require changes in investment planning or parameters.

The main approach to the physical risk management is understanding, measurement, monitoring and mitigation of potential impacts for various climate/temperature scenarios over the short, medium and long term, accounting for the impact on financial issues and business continuity.

We have identified high-risk areas in Poland in order to account for climate-related risks in our investment decisions (planning of future facilities or relocation of the existing ones, design choices, additional protective or response measures).

We review and monitor the potential impact of climate factors on our infrastructure, so that in justified cases we can implement new solutions in infrastructure design and construction (e.g. active equipment optimisation, placing equipment higher above the ground, mobile installations, adequate insulation, cooling systems) or provide proper protection systems (e.g. pumps).

It is a medium-term and long-term risk.

#### ***b) Transition risks***

##### ***Impact of climate change on energy supply, consumption and costs***

Climate change, particularly rising temperatures and extreme weather events, are likely to have a considerable impact on energy supply, consumption and costs. This impact will increase as power supply and cooling systems deteriorate. This risk may be: (i) extreme event driven (acute), e.g. increased average daily temperature, heavy storm or rainfall, or (ii) long-term (chronic), e.g. increased frequency of heat waves or heavy storms. Both types of this risk would have a similar, significant impact on energy supply, consumption and costs for Orange Polska.

Furthermore, the Polish power grid is under growing strain (as more energy is needed for cooling and higher temperatures increase the likelihood of system failures), which may result in reduced electricity supply and higher prices or, in more serious cases, even local power outages. Higher ambient temperatures also increase cooling requirements related to the Company's infrastructure.

Orange Polska's attitude to the management of this risk is based on updated business continuity scenarios for power outages or other power supply disturbances, providing for energy storage or other low-emission emergency power supply solutions (and taking into account both costs and reliability). In addition, the Company optimises the energy use in order to reduce consumption. The energy optimisation programme encompasses the energy use optimisation for non-technical real estate and evolution towards more energy-efficient technologies. We also focus on the technology of cooling systems, reducing electricity consumption and combining passive and active solutions. Furthermore, in order to ensure long-term access to the required amounts of energy, we secure renewable energy from suppliers (on the PPA basis), while supplementing it from our own sources (in the Solar-as-a-Service model).

It is a short-term, medium-term and long-term risk.

##### ***c) Supply chain disruption due to issues related to climate change***

Supply chain disruption may result from issues related to climate change, particularly insufficient availability of crucial resources or interruptions in supply from unstable regions. Shortages may occur, especially with respect to some critical resources coming from the areas vulnerable to extreme weather events (resulting in production downtime, transport route disruption, etc.) or socio-political disturbances (affecting resource extraction). There is only limited diversification of supply of some raw materials, which might pose a problem in the coming years in case of excessive dependence on suppliers from certain regions. It may hinder the provision of services by Orange Polska due to shortages or delayed deliveries of equipment, including infrastructure components, from outside Europe. Delays in equipment delivery may in turn cause potential problems with functioning of ICT systems. There is also a risk of reduced availability and/or higher prices of products from the current sources. This may necessitate transition to alternative technologies and involve high costs of modernisation.

In terms of risk management, we have identified the resources of key importance for business continuity, the availability of which may be potentially affected by disturbances related to climate change. To address potential interruptions in supply, we undertake a number of actions, including diversification of suppliers, securing the so-called 'backup suppliers', inventory building, search for alternative technologies and use of different transport routes. Issues related to the environmental and climate impact are accounted for in the process of supplier verification and assessment. We are also looking for solutions based on circular economy. We are co-operating with the Orange Group (including buy-in) in order to adopt adequate solutions on the international level.

It is a medium-term and long-term risk.

##### ***d) Regulatory and socio-economic effects of climate change***

The social, demographic, economic and regulatory effects of climate change will become increasingly visible over time. In the short term, legal and regulatory changes addressing the need to adapt to climate change may be expected. Such changes may have a significant impact on the activities of the biggest enterprises, particularly in terms of operating or financial costs (e.g. related to the mandatory reduction in emissions, use of renewable energy, environmental impact management, circular economy solutions, etc.) or disclosure of increasingly extensive data related to the company's impact on the climate and the impact of climate change on the company (e.g. as imposed by the CSRD Directive setting up new ESG data reporting requirements for companies operating in the European Union). In the long term, depending on the severity of the actual climate change scenario, demographic and socio-economic changes may be expected (particularly mass migrations affecting the customer structure, needs and purchase power or the macroeconomic environment in Poland).

At present, no individual or main risks have been identified in this area. However, the whole phenomenon of climate-related socio-economic and regulatory evolution is dynamic and multidimensional. The impact of particular developments, especially related to future changes in legislation, has been reviewed by our experts. Initially, we believe that this impact will be largely mitigated by the high standards and ambitious goals set by Orange Polska in its strategy. The areas of the potentially biggest impact on the Company's operations include: anticipated EU regulations regarding energy-efficiency of data centres; revision of packaging and waste management provisions; potential regulations regarding resilience and continuity of telecom services under extreme weather conditions; EU regulatory expectations resulting in higher costs of high-emission materials, such as steel or concrete; growth in prices of electricity, especially based on fossil fuels; and changes in the social structure and the economic and political situation.

The legal and regulatory environment is constantly monitored by our dedicated team of experts for developments related to climate change. We regularly inform and engage key internal stakeholders in order to respond to ongoing changes in advance and in the best possible way. We also co-operate with external stakeholders (European, national and local authorities, and the business environment) in order to predict, prepare for and respond to changing regulations and standards. Furthermore, we monitor on a current basis the broader socio-economic and demographic changes in Poland and worldwide, which may have a significant impact on Orange Polska's standing and business operations.

It is a medium-term and long-term risk.

### **Opportunities Related to the Climate Policy**

Orange Polska considers initiatives for the climate also as opportunities. These include the following:

- Emergence of the impact on the climate as a major competitive factor, which may give the Company an edge given its intensive efforts to reduce emissions;
- Growing interest of customers in solutions with a low and traceable carbon footprint and environmental impact and, consequently, a room for development of offers addressed to this group of customers, such as a refurbished smartphone portfolio;
- Development of the Smart City portfolio based on the Internet of Things (IoT) for municipalities and municipal companies, which provide for more efficient resource management, a reduction in electricity consumption and greenhouse gas emissions, and improved quality of life of people;
- Stabilisation of electricity costs owing to gradual transition to energy from renewable sources based on direct long-term power purchase agreements with producers;
- Potential use of EU funds for projects aligned with the green and digital transformation.

### **Climate Strategy**

#### ***Impact of climate-related risks and opportunities on the Company's strategy***

Within the #OrangeGoesGreen approach we have developed a climate strategy, which determines our commitments with respect to climate protection.

The overarching objective for Orange Polska is to achieve net zero carbon across the entire value chain (i.e. in scopes 1, 2 and 3) by 2040. The Company has set intermediate goals towards achieving this objective:

- At least 60% share of renewable energy in the Company's energy mix by 2025;
- At least 65% reduction in own emissions (scope 1 and 2) by 2025 vs. 2015;
- At least 45% reduction in value chain emissions (scope 1, 2 and 3) by 2030 vs. 2020.

The calculation of emissions and monitoring of objectives are carried out in accordance with the standards set out by the GHG Protocol. The overall objective of carbon neutrality by 2040 falls in line with efforts to limit global warming by the end of the 21st century to below 1.5°C. Orange Polska's climate ambitions are perfectly aligned with the objectives of the international Orange Group validated by the Science Based Targets initiative (SBTi).

Orange Energia's emissions are also covered by Orange Polska's strategic climate objective of achieving net zero carbon by 2040 for all emissions (Scope 1, 2 and 3). In 2022, Orange Energia's emissions totalled 642,000 tonnes of CO<sub>2</sub>e. As part of its strategy, the company anticipates a growing share of sales of energy from renewable energy sources in the coming years and a shift to an increasing extent to the sale of energy from those sources. From 2022 to 2024, Orange Energia plans to more than triple the share of sales of green energy (both from renewable energy sources and covered by guarantees of origin) to end customers - from 14 to 50%. From the beginning of 2023, Orange Energia sells only green energy to all customers.

In the climate transformation, Orange Polska has set the following priorities:

- To secure and increase long-term renewable energy supply by PPAs;
- To optimise energy and fuel consumption through saving initiatives in both networks and administration;
- To increase the use of new, much more energy-efficient technologies, such as fibre and 5G, while phasing out obsolete and inefficient technologies, such as 3G;

- To incorporate circular economy principles into the business strategy (e.g. with respect to network equipment) and offers addressed to customers from all segments (e.g. refurbished handsets, unused equipment buy-back, seamless smartphone repairs in case of defects);
- To develop and place on the market offers that support zero-carbon economy, including Smart City solutions;
- To co-operate with suppliers in order to reduce an impact on the climate throughout the value chain, particularly by including climate criteria in procurement procedures as an important element of the assessment of potential suppliers;
- To raise awareness and disseminate knowledge among customers and other stakeholders regarding the role of businesses in mitigating the climate change, and to promote solutions for identification and reduction of a carbon footprint by residential and business customers.

## Key Climate and Environmental Commitments and Their Delivery in 2023

### Metrics and targets

The key environmental targets defined in Orange Polska's strategy and harmonised with Orange Group's global climate goals (covered by the Engage 2025 strategy) are science-based. They have been validated by SBTi to aligned with the objectives of the Paris Agreement (to limit the increase in the global average temperature by the end of the 21st century to 1.5°C above pre-industrial levels).

Commitments in the climate area by 2025	Delivery in 2022	Delivery in 2023	Delivery in 2023 vs. 2025 goal
Reduction in Scope 1 and 2 GHG emissions by 65% (vs. 2015)	–41%	–79%	+14 pp.
60% of electricity consumed from renewable sources	12%	74%	+14 pp.

It means that Orange Polska exceeded the goals set for 2025 already in 2023, that is two years ahead of the plan.

### Delivery in 2023

Scope 1 greenhouse gas emissions:

- On-going process of electrification of Orange Polska's car fleet and its further optimisation;
- Continued real estate portfolio optimisation and moving employees to a smaller number of office locations which are more energy- and resource-efficient;
- Reduced heating of buildings in wintertime, particularly with respect to technical facilities or buildings which are not used for current operations, as well as reduced air-conditioning of rooms in summertime, which led to a significant decrease in fuel consumption for these purposes;
- Use of a dedicated fund, Green CAPEX, for investments in refrigeration and fire suppression systems, which significantly reduced emissions related to leaks from such systems.

Scope 2 greenhouse gas emissions:

- Conclusion of a further long-term corporate power purchase agreement (cPPA) directly with a renewable energy producer: the first contract to guarantee solar energy supply to Orange Polska, which will enable a more balanced share of renewable energy in the energy mix throughout the year; the PPAs in force secure the achievement of the 2025 goals of a 65% emission reduction versus 2015 and at least 60% share of renewable sources in the energy mix;
- Over 1.4 TWh of energy savings owing to the energy optimisation programme since 2015;
- Optimisation of energy consumption in real estate, including sales outlets (for heating, cooling and lighting).

Scope 3 greenhouse gas emissions:

- Work on the refinement of the GHG emission calculation method in scope 3;
- Introduction of a 'green questionnaire' in procurement procedures as one of the stages of supplier verification in terms of efforts to mitigate an impact on the climate;
- First in Poland, widespread communication campaign promoting circular economy principles with respect to smartphones, carried out in the RE programme (repair, refurbishment, reselling, recycling);
- Promotion of energy-saving modes in fixed equipment, particularly implementation of a new energy-saving mode in one model of set-top boxes, which enables annual energy savings of up to 5 GWh (94% of users of this model use this solution);
- Continued initiatives for collecting and refurbishing fixed network equipment.
- Support for the carbon footprint calculator developed by Climate Strategies Poland;
- Organising the first Suppliers Forum, an event dedicated to Orange Polska's business partners and devoted to an impact of companies on the climate and the climate impact calculation and management, including issues related to renewable energy and EU co-financing of projects in this area;
- Completion of the second and launch of the third edition of a unique post-graduate programme in sustainable development, Green Academy, provided together with Collegium Civitas, and expansion of the programme availability by including employees of other companies among students.



## **CHAPTER VI**

### **TAXONOMY**

## European Taxonomy

These disclosures have been prepared on the basis of the following European regulations ("the EU Taxonomy"):

- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (hereinafter "Regulation 2020/852");
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which a given economic activity qualifies as making a significant contribution to climate change mitigation or adaptation to climate change, as well as determining whether this economic activity does not cause significant damage to any of the other environmental objectives (hereinafter "the technical screening criteria");
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information on environmentally sustainable economic activities to be disclosed by companies subject to Art. 19a or 29a of Directive 2013/34/EU, and specifying the method of meeting this disclosure obligation (hereinafter "Regulation 2021/2178");
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards business activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information in relation to these types of economic activities (hereinafter "Nuclear and Gas Regulation");
- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives;
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The technical screening criteria specify sectors and list economic activities that can contribute substantially to any of the following six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Pursuant to Regulation 2020/852 and Regulation 2021/2178, Orange Polska is required to publish key performance indicators such as the percentage of revenue, capital expenditure ("CapEx") and operating expenditure ("OpEx") related to activities that qualify as environmentally sustainable ("performance indicators").

For the financial year 2023, Orange Polska discloses performance indicators regarding the proportion of the revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) associated with EU Taxonomy-eligible and EU Taxonomy-aligned economic activities with respect to two environmental objectives: climate change mitigation and transition to a circular economy.

No activity of Orange Polska has been recognised as eligible economic activity contributing to the environmental objectives covering climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

In its disclosures for 2023, Orange Polska presents its eligible activities and, additionally, aligned activities, that are eligible activities which meet: (i) the criteria of significant contribution to climate change mitigation or adaptation, (ii) the criteria of not causing significant harm to other environmental objectives (Do No Significant Harm – "DNSH"), and (iii) the minimum safeguards, namely the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the eight fundamental conventions of the ILO and the International Bill of Human Rights (hereinafter: "aligned activity").

The lists of EU Taxonomy-eligible and EU Taxonomy-aligned activities has been prepared on the basis of a review of Orange Polska's business activities portfolio and the alignment criteria, conducted mainly by Orange Polska's finance team together with its business and CSR (Corporate Social Responsibility) teams and in co-operation with an external consultant.

**Currently, most of Orange Polska's activities related to the provision of telecommunications services to residential and business customers and other telecommunication operators are not covered by the scope**



of the EU Taxonomy, and no assessment criteria have been determined for them. This results in low levels of the disclosed performance indicators.

It is expected that the analysis of particular sectors will evolve with the progress of the European Commission's works. Furthermore, it is believed that the Information and Communication Technology (ICT) sector has a potential for reducing its own direct and indirect GHG emissions, while the digital technology may positively contribute to the achievement of the EU climate goals by enabling the reduction of emissions in other sectors.

### 1. Identification of Taxonomy-eligible activities

Orange Polska has reviewed its entire range of activities to determine which of them meet the technical screening criteria.

Orange Polska's Taxonomy-eligible activities generating revenue or instrumental in revenue generation are as follows:

Environmental objective	Activity per EU Taxonomy	Description of the activity per UE Taxonomy	Description of Orange Polska's activity
Climate change mitigation	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Installation, maintenance and repair of charging stations for electric vehicles as part of the Orange Energy offer.
	7.6. Installation, maintenance and repair of renewable energy technology systems.	Installation, maintenance and repair of renewable energy technology systems on site.	On site professional services related to photovoltaic systems, heat pump and energy storage to residential and business customers as part of the Orange Energy offer.
	8.1. Data processing, hosting and related activities.	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing.	Hosting, cloud, big data and data processing services in data centres.
	8.2. Data-driven solutions for GHG emissions reductions.	Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Such ICT solutions may include the use of decentralized technologies (i.e. distributed ledger technologies), Internet of Things (IoT), 5G or Artificial Intelligence.	Intelligent services based on the Internet of Things (IoT) – Smart City services.
Transition to a circular economy	5.1. Repair, refurbishment and remanufacturing.	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer (physical person or legal person).	Customer premises equipment (CPE) and smartphone refurbishment line.
	5.4. Sale of second-hand goods.	Sale of second-hand goods that have been used for their intended purpose before by a customer (physical person or legal person), possibly after repair, refurbishment or remanufacturing.	Refurbished smartphones offer.

	5.5. Product-as-a-service and other circular use- and result-oriented service models.	Providing customers (physical person or legal person) with access to products through service models, which are either use-oriented services, where the product is still central, but its ownership remains with the provider and the product is leased, shared, rented or pooled; or result-oriented, where the payment is pre-defined and the agreed result (i.e. pay per service unit) is delivered.	Lease of CPE (modems, set-top boxes, routers and others equipments) to residential and business customers.
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The solutions taken into account for the activity 8.2 i.e. data-driven solutions for GHG emissions reductions, refer to the Internet of Things (IoT) services considered as services that enable other sectors of the economy to reduce their GHG emissions.

The IoT-based services include solutions for lighting control, air quality monitoring, noise measurements, photovoltaic energy consumption and flow management, electric vehicle charging control (owing to smart chargers), water consumption monitoring and water meter reading, as well as using a 4G city bike sharing system (without docking stations) equipped with GPS and GSM modules. These services support the development of smart cities.

The Smart Bike and Smart Energy services are based on network technologies and M2M cards (Machine to Machine), enabling real time monitoring and analytics therefore we have classified them as IoT solutions. Until now, these services were reported under activity 6.4. Operation of personal mobility devices, cycle logistics and 7.6. Installation, maintenance and repair of renewable energy technologies but, starting from 2023, the performance indicators were changed and, taking into account the importance of the technological component contained in these services, they were included in activity 8.2. Data-driven solutions for GHG emissions reductions. This change does not have a material influence on the performance indicators for 2022..

Connected infrastructure elements are able to transmit and analyse data. They enable companies and local governments to improve operational efficiency and reduce their environmental impact. Smart solutions make it possible to optimise the use of manufactured goods, effectively manage resources and, consequently, contribute to reducing greenhouse gas emissions. As a Poland-based operator, we provide open and secure API (application programming interface) interfaces for the Internet of Things in the Live Objects platform, which enables user-friendly management of municipal services from a smartphone or a central IT system.

Orange Polska's circular economy activities include an offer of refurbished smartphones, lease of CPE (Customer Premises Equipment) and other equipment to residential and business customers for the duration of telecommunications services contracts, and a refurbishment line for modems, set-top boxes, smartphones and other devices. As we recognise the environmental impact of the equipment required for the provision of telecommunications services, we try to extend their life cycle. After the service contract expires, the equipment is returned to Orange Polska and refurbished to "as new" condition in the Company's specialised refurbishment centre. Annually, we refurbish about half a million telecommunication devices (modems, set-top boxes) returned by Orange Polska's customers upon the contract expiration.

In addition to capital and operating expenditure associated with revenue-generating activities, Orange Polska has identified some capital expenditure on EU Taxonomy-eligible activities which do not generate revenue ('individual' CapEx):

Environmental objective	Activity per EU Taxonomy	Description of Orange Polska's activity
Climate change mitigation	6.5. Transport by motorbikes, passenger cars and light commercial vehicles.	Fleet of hybrid and electric vehicles.
	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Chargers for electric vehicles on parking lots at Orange Polska's locations.
	7.6. Installation, maintenance and repair of renewable energy technologies.	Photovoltaic panels in Orange Polska's locations.
	7.7. Acquisition and ownership of buildings.	Lease of office, sales and technical space.

## 2. Determination of the key performance indicators

Orange Polska has calculated the key performance indicators in accordance with the provisions of Regulation 2020/852 and Regulation 2021/2178, based on the existing reporting processes, systems and assumptions (see Methodology note below).

Orange Polska has applied the methodology indicated in the above regulations to determine the proportion of turnover, capital expenditure and operating expenditure associated with eligible activities.

## 2.1. Proportion of turnover associated with eligible activities

The proportion of turnover associated with eligible activities has been determined by dividing total revenue from the eligible activities described in section 1 above by total revenue specified in the consolidated income statement in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2023 and in the Note 6 'Consolidated revenue' therein.

	December 31, 2023
Revenue from eligible activities	PLN 128 million
Consolidated revenue	PLN 12,970 million
Turnover KPI for eligible activities	1 %

The proportion of turnover associated with eligible activities is 1 %, which reflects minor representation of the telecommunications services sector in the scope of activities currently covered by the EU Taxonomy.

Orange Polska's eligible turnover in 2023, i.e. presented in the numerator of the turnover KPI, includes revenue from hosting, cloud, big data and data processing services in data centres, revenue from IoT-based smart services, and revenue from lease of CPEs to residential and business customers.

## 2.2. Proportion of capital expenditure associated with eligible activities

The proportion of Orange Polska's CapEx associated with eligible activities has been determined by dividing the capital expenditure on the eligible activities described in section 1 above by total CapEx specified in the consolidated financial statements of the Orange Polska Group for 2023, determined according to the definition of the EU Taxonomy as an increase in:

- intangible assets (acquisition of intangible assets in Note 11 'Other intangible assets' in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2023);
- fixed assets (acquisition of property, plant and equipment in Note 12 'Property, plant and equipment' in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2023); and
- right-of-use assets (additions in Note 14.1 'The Group as a lessee' in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2023).

	December 31, 2023
Capital expenditure associated with eligible activities	PLN 113 million
Total capital expenditure	PLN 2,720 million
CapEx KPI for eligible activities	4 %

Total capital expenditure (CapEx), as defined above, differs from eCapex presented in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2023, mainly because eCapex does not include an increase in assets related to telecommunications licenses and the right-of-use assets, and is reduced by proceeds accrued on disposal of assets.

The proportion of capital expenditure associated with eligible activities is 4 %, which represents a small proportion of Orange Polska's total capital expenditure. This is because the EU Taxonomy, in its current form, does not take into account all activities of the telecommunications sector (in particular telecommunications networks and services) undertaken to mitigate or adapt to climate changes or other environmental goals.

In 2023, Orange Polska's crucial investments to strengthen environmentally sustainable activities (EU Taxonomy-aligned) were related to lease of real estate for office space, points of sales and technical facilities, as well as development of technical infrastructure of data centres. In addition, eligible CapEx included the cost of deployment of photovoltaic systems in Orange Polska's properties.

## 2.3. Proportion of operating expenditure associated with eligible activities

In accordance with Annex I to Regulation 2021/2178, operating expenditure taken into account in order to determine Orange Polska's operating expenditure associated with eligible activities, defined as eligible operating expenditure in the numerator of the indicator to total operating expenditure in the denominator, include:

- non-capitalised costs related to research and development;
- building renovation works;
- short-term leases;
- maintenance and repairs;
- any other direct costs related to the day-to-day operation of property, plant and equipment by the entrepreneur or a third party to whom the activities necessary to ensure the continuity and efficiency of the operation thereof are outsourced.

In line with the definition in Regulation 2021/2178, Orange Polska has not taken into account the costs of purchase of energy to enable operation of, in particular, data centres, as these are neither CapEx nor OpEx according to the EU Taxonomy.

	December 31, 2023
Operating expenditure associated with eligible activities	PLN 18 million
Total operating expenditure	PLN 996 million
OpEx KPI for eligible activities	1.8 %

Operating expenditure included in the KPI are as reported as costs of external purchases, other operating income and expense, and labour expense in the consolidated financial statements of the Orange Polska Group for the year ended December 31, 2023 and are exclusive of a large portion of operating expenditure included in the consolidated operating income of the Orange Polska Group.

The low level of the OpEx KPI stems from the fact that the EU Taxonomy, in its current form, does not take into account all activities of the telecommunications sector (in particular telecommunications networks and services) undertaken to mitigate or adapt to climate changes or other environmental goals.

Under the current EU Taxonomy framework, Orange Polska cannot recognise costs of energy purchased for its own needs, particularly for the operation of data centres, from renewable sources, as well as costs related to the operation of leased photovoltaic installations (in the Solar-as-a-Service model) as expenditure associated with eligible activities; therefore, these costs have not been included in the operating expenditure KPI.

Orange Polska's crucial eligible operating expenditure in 2023, i.e. presented in the numerator of the performance indicator, include costs of smart services based on the Internet of Things and costs of maintenance of the technical infrastructure of data centres.

### 3. Identification of Taxonomy-aligned activities

As explained in the introduction to this European Taxonomy chapter, aligned activities are eligible activities that meet: (i) the criteria of significant contribution to climate change mitigation or adaptation, (ii) the criteria of not doing significant harm to other environmental objectives (Do No Significant Harm – DNSH), and (iii) the minimum safeguards.

The assessment of alignment of activities with the significant contribution and DNSH criteria has been conducted through the analysis of the requirements in this regard for Orange Polska's Taxonomy-eligible activities and determination whether particular activities meet these requirements.

The assessment of alignment of Orange Polska's activities in terms of the minimum safeguards has been conducted through the analysis of the requirements in this regard and determination whether Orange Polska meets them.

Orange Polska respects the minimum safeguards, that is it has implemented and followed solutions and procedures to ensure the compliance of its economic activities with the principles and recommendations set out in the relevant documents, such as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, as well as the conventions and declarations on human rights, fundamental principles and rights at work indicated in the EU Taxonomy.

Orange Polska has undertaken and continuously enhanced activities aimed at, among others:

- protection of fundamental human rights, rights at work (as described in the Human Rights section above) and consumer rights;
- preventing and detecting fraud and corruption;
- compliance with tax regulations and proper tax risk management;
- compliance with applicable laws and regulations regarding fair competition.

Orange Polska has implemented, among others:

- Orange Polska Code of Ethics;
- the process of identifying, monitoring and preventing social risks (Vigilance Plan), covering human rights, health and environmental issues;
- provisions in contracts with suppliers related to compliance with ethical principles in the supply chain in the area of anti-corruption activities and environmental and social obligations (i.e. Supplier Code of Conduct, CSR clause and Compliance clause, and CSR questionnaire);
- EcoVadis platform for the sustainable development evaluation of suppliers;
- Compliance Programme, the purpose of which is to prevent corruption in Orange Polska (as described in the Anti-bribery and Anti-corruption section above);
- tax strategy of Orange Polska;

- mandatory CSR and anti-corruption and anti-competition practices training for all employees to raise awareness of applicable standards, laws and regulations;
- Orange Polska Human Rights Policy;
- system for reporting irregularities (whistleblowing) regarding ethics, compliance management and corporate social responsibility (CSR).

### 3.1. Proportion of turnover associated with aligned activities

The proportion of Orange Polska's turnover associated with aligned activities has been determined by dividing total revenue from aligned activities by consolidated revenue. Aligned revenue has been determined through the identification of aligned activities and the assessment of compliance with the significant contribution criteria, DNSH criteria and the minimum safeguards. Consolidated revenue has been equal to the consolidated revenue defined in section 2.1 above.

	31 December 2022
Revenue from aligned activities	PLN 16 million
Consolidated revenue	PLN 12,970 million
Turnover KPI for aligned activities	0.1 %

In 2023, revenue from aligned activities totalled PLN 16 million.

Consolidated revenue was PLN 12,970 million in 2023.

Orange Polska's revenue from the activity 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings and the activity 7.6. Installation, maintenance and repair of renewable energy technologies has been considered aligned, as the latter meet the significant contribution and DNSH criteria for these activities and activities are carried out in compliance with the minimum safeguards.

Regarding the activity 8.1. Data processing, hosting and related activities, Orange Polska considers this activity as non-aligned, as the data centres operated by Orange Polska do not comply with some of the technical screening criteria, such as verification by an independent third party of the implementation of the relevant practices listed in the European Code of Conduct on Data Centre Energy Efficiency, and the criterion regarding the Global Warming Potential (GWP) of refrigerants used in the data centres' air conditioning systems. The refrigerants used in data centres' cooling systems do not comply with the GWP performance required by the EU Taxonomy.

Regarding the activity 8.2. Data-driven solutions for GHG emissions reductions, Orange Polska considers the Internet of Things, including the IoT services offered by Orange Polska, to be the key element in optimising the management of resources, processes and mobility, which may result in reduction in GHG emissions. At the same time, Orange Polska assesses its IoT services as non-aligned, because Orange Polska has not performed life cycle analyses thereof and does not have access to external data (customers' data) on the results of the implementation of the IoT-based solutions that would enable the assessment of GHG emissions reductions. Therefore, the relevant calculations have not been verified by an independent third party and, consequently, Orange Polska is not able to meet the technical screening criteria.

The proportion of turnover associated with aligned activities is 0,1%. The non-material proportion of Orange Polska's aligned activities stems primarily from the small proportion of eligible activities.

### 3.2. Proportion of capital expenditure associated with aligned activities

The proportion of Orange Polska's CapEx associated with aligned activities has been determined by dividing the capital expenditure on aligned activities by the total capital expenditure defined in section 2.2 above.

	December 31, 2023
Capital expenditure associated with aligned activities	PLN 6 million
Total capital expenditure	PLN 2,720 million
CapEx KPI for aligned activities	0.2 %

In 2023, capital expenditure associated with Orange Polska's aligned activities which does not generate revenue ('individual' CapEx) totalled PLN 6 million.

Total capital expenditure was PLN 2,720 million.

A portion of capital expenditures on the activity 6.5. Transport by motorbikes, passenger cars and light commercial vehicles that is related to electric vehicles meets the technical screening criteria and the DNSH criteria, while Orange Polska's activities are carried out in compliance with the minimum safeguards. Consequently, this portion of CapEx is considered to be aligned. In order to reduce its environmental impact and transport-related CO<sub>2</sub>

emissions, Orange Polska has been implementing an investment plan to replace its fleet with a fleet of electric vehicles and has been co-operating with suppliers in this respect.

Orange Polska has analysed the technical screening criteria against the technical specifications of vehicles and causing no significant harm to other environmental objectives, as well as determined whether the suppliers' activities are carried out in compliance with the minimum safeguards based on suppliers' statements and publicly available information disclosed by the vehicle manufacturer with respect to business liability.

Capital expenditure associated with the activity 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings is considered to be aligned, as it meets the technical screening criteria and the DNSH criteria, while Orange Polska's activities are carried out in compliance with the minimum safeguards.

Capital expenditure associated with the activity 7.7. Acquisition and ownership of buildings is considered as non-aligned, as it does not meet the technical screening criteria.

Capital expenditure associated with the activity 8.1. Data processing, hosting and related activities has been particularly related to the development of technical infrastructure of data centres and modernisation of equipment. It should be noted that this expenditure is not considered to be aligned for the reasons presented in section 3.1 above and related to revenue from the activity 8.1.

The proportion of capital expenditure associated with aligned activities is 0.2%, because of a small proportion of Orange Polska's aligned activities covered by the current scope of the EU Taxonomy, as well as the reasons presented above and in section 3.1.

### 3.3 Proportion of operating expenditure associated with aligned activities

The proportion of Orange Polska's operating expenditure associated with aligned activities has been determined by dividing by dividing the operating expenditure on aligned activities by the total operating expenditure defined in section 2.3 above.

	December 31, 2023
Operating expenditure associated with aligned activities	PLN 1.4 million
Total operating expenditure	PLN 997 million
OpEx KPI for aligned activities	0.1 %

In 2023, operating expenditure associated with Orange Polska's aligned activities totalled PLN 1.4 million.

Total operating expenditure was PLN 997 million.

A portion of Orange Polska's operating expenditure associated with the activity 6.5.Transport by motorbikes, passenger cars and light commercial vehicles related to electric vehicles that is related to electric vehicles is considered to be aligned for the reasons presented in section 3.1 above.

Operating expenditure associated with the activity 8.1. Data processing, hosting and related activities and the activity 8.2. Data-driven solutions for GHG emissions reductions is considered to be non-aligned for the reasons presented in section 3.1 above.

The proportion of operating expenditure associated with aligned activities is 0.1 %.

Orange Polska does not disclose the tables related to nuclear and gas activities pursuant to the Nuclear and Gas Regulation, because such activities are not part of Orange Polska's operations. Therefore, the tables may present only null values, which, in the opinion of Orange Polska, could negatively affect the transparency of information.

### Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	



4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

#### 4. Methodology note

The method of determination of the performance indicators presented in sections 2 and 3 above is based on the EU Taxonomy regulations. If more specificity has been required, Orange Polska has made the following assumptions:

##### 4.1 Performance indicators related to the proportion of eligible and aligned revenue in consolidated revenue

- Under the activity 7.6. Installation, maintenance and repair of renewable energy technology systems, Orange Energy offer revenue includes revenue from installation of photovoltaic systems, heat pumps and energy storage, as well as revenue from the sale of equipment and connectivity services, as it is not possible to separate revenue from equipment sales and connectivity, and this revenue has been included in both eligible and aligned turnover;
- Revenue from the activity 8.1. Data processing, hosting and related activities includes revenue from hosting solutions offered by Orange Polska to business customers, cloud solutions, big data analytics and data processing in data centres for 12 months. A portion of revenue for December 2023 is assessed.
- As part of the activity 8.2 related to IoT services, Orange Polska sells ready-made, comprehensive solutions consisting of hardware, assembly and installation services, and connectivity services, along with access to a platform enabling the management of the comprehensive service environment: devices, connectivity and data. For this reason, it is not possible to separate revenue from equipment sales and connectivity, and this revenue has been included in eligible turnover.

##### 4.2 Performance indicators related to the proportion of eligible and aligned capital expenditure

- Capital expenditure on the activity 7.7. Acquisition and ownership of buildings includes an increase in the right-of-use for new leases of offices and sales outlets, as well as an increase in the value of buildings purchased by Orange Polska.

Orange Polska has not doubled-counted revenue, CapEx or OpEx in the key performance indicators.



## 5. Performance indicator tables

**Table 1. Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023**

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Turnover (3) [PLN mln]	Proportion of Turnover, 2023 (4) [%]	Climate Change Mitigation (5) [Y; N; N/EL]	Climate Change Adaptation (6) [Y; N; N/EL]	Water and Marine Resources (7) [Y; N; N/EL]	Pollution (8) [Y; N; N/EL]	Circular Economy (9) [Y; N; N/EL]	Biodiversity and Ecosystems (10) [Y; N; N/EL]	Climate Change Mitigation (11) [Y/N]	Climate Change Adaptation (12) [Y/N]	Water and Marine Resources (13) [Y/N]	Pollution (14) [Y/N]	Circular Economy (15) [Y/N]	Biodiversity (16) [Y/N]	Minimum Safeguards (17) [Y/N]	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022 (18) [%]	Category (enabling activity) (19) [E]	Category (transitional activity) (20) [T]	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	CCM 7.4	1.40	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E		
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	14.16	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.10%	E		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		15.56	0.1%	0.1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%			
Of which enabling		15.56	0.1%	0.1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.10%	E		
Of which transitional		0.00%	0.00%	0.00%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Sale of second-hand goods	CE 5.4	9.27	0.07%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%			
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	33.90	0.26%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%			
Data processing, hosting and related activities	CCM 8.1	33.80	0.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.20%			
Data-driven solutions for GHG emissions reductions	CCM 8.2	35.48	0.27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.26%			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		112.45	0.87%	0.53%	0%	0%	0%	0.33%	0%								0.46%			
Turnover of Taxonomy-eligible activities (A.1+A.2)		128.00	0,99%	0.65%	0%	0%	0%	0%	0%								0.56%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy non-eligible activities		12 842.00	99.0%																	
TOTAL		12 970.00	100%																	

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity “Afforestation” would have the Code: CCM 1.1.

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Where an economic activity contributes substantially to **multiple environmental objectives**, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.1%	0.55%
CCA	0%	0%
WTR	0%	0%
CE*	0%	0.35%
PPC	0%	0%
BIO	0%	0%

\* According to EU Taxonomy regulations, alignment of activities related to CE objective will be analysed in 2024

Table 2. Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')											
Economic activities (1)	Codes(s) (2)	CapEx (3) [PLN mln]	Proportion of CapEx, 2023 (4) [%]	Climate Change Mitigation (5) [Y; N; N/EL]	Climate Change Adaptation (6) [Y; N; N/EL]	Water and Marine Resources (7) [Y; N; N/EL]	Pollution (8) [Y; N; N/EL]	Circular Economy (9) [Y; N; N/EL]	Biodiversity and ecosystems (10) [Y; N; N/EL]	Climate Change Mitigation (11) [Y/N]	Climate Change Adaptation (12) [Y/N]	Water and Marine Resources (13) [Y/N]	Pollution (14) [Y/N]	Circular Economy (15) [Y/N]	Biodiversity (16) [Y/N]	Minimum Safeguards (17) [Y/N]	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022 (18) [%]	Category (enabling activity) (19) [E]	Category (transitional activity) (20) [T]		
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3.81	0.14%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01%		T		
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	CCM 7.4	1.51	0.06%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.04%	E			
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	0.49	0.02%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5.81	0.21%	0.2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.05%				
Of which enabling		2.00	0.07%	0.07%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.05%	E			
Of which transitional		3.81%	0.14%	0.14%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
Repair, refurbishment and remanufacturing	CE 5.1	0.30	0.01%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.92	0.03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.10%				
Acquisition and ownership of buildings	CCM 7.7	77.21	2.84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.30%				
Data processing, hosting and related activities	CCM 8.1	28.47	1.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.80%				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		106.90	3.93%	3.92%	0%	0%	0%	0.01%	0%								4.20%				
CapEx of Taxonomy-eligible activities (A.1+A.2)		112.71	4.14%	4.13%	0%	0%	0%	0%	0%								4.25%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
CapEx of Taxonomy non-eligible activities		2 606.99	95.9%																		
TOTAL		2 719.70	100%																		

\*CapEx KPI adjusted in connection with a bond issue

N/A

#### Formula for calculating CapEx KPI adjusted in connection with a bond issue:

$$\frac{\text{Total CapEx (z) - F}}{\text{Total CapEx}} \%$$

Total CapEx (z) – Total CapEx associated with environmentally sustainable activities (Taxonomy-aligned)

F – Financing obtained by issuance of green bonds or debt securities

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity "Afforestation" would have the Code: CCM 1.1.

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Where an economic activity contributes substantially to **multiple environmental objectives**, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.2%	3.92%
CCA	0%	0%
WTR	0%	0%
CE*	0%	0.01%
PPC	0%	0%
BIO	0%	0%

\* According to EU Taxonomy regulations, alignment of activities related to CE objective will be analysed in 2024

**Table 3. Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023**

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	OpEx (3) [PLN mln]	Proportion of OpEx, 2023 (4) [%]	Climate Change Mitigation (5) [Y; N; N/EL]	Climate Change Adaptation (6) [Y; N; N/EL]	Water and Marine Resources (7) [Y; N; N/EL]	Pollution (8) [Y; N; N/EL]	Circular Economy (9) [Y; N; N/EL]	Biodiversity and ecosystems (10) [Y; N; N/EL]	Climate Change Mitigation (11) [Y/N]	Climate Change Adaptation (12) [Y/N]	Water and Marine Resources (13) [Y/N]	Pollution (14) [Y/N]	Circular Economy (15) [Y/N]	Biodiversity (16) [Y/N]	Minimum Safeguards (17) [Y/N]	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022 (18) [%]	Category (enabling activity) (19) [E]	Category (transitional activity) (20) [T]	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1.41	0.14%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		T	
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	CCM 7.4	0.03	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.43	0.14%	0.1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%			
Of which enabling		0.03	0.00%	0.00%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E		
Of which transitional		1.41	0.14%	0.14%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.71	0.07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%			
Acquisition and ownership of buildings	CCM 7.7	0.41	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%			
Data processing, hosting and related activities	CCM 8.1	6.30	0.63%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.40%			
Data-driven solutions for GHG emissions reductions	CCM 8.2	9.62	0.96%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.27 %			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		17.04	1.71%	1.71%	0%	0%	0%	0%	0%								1.67%			
OpEx of Taxonomy-eligible activities (A.1+A.2)		18.47	1.85%	1.85%	0%	0%	0%	0%	0%								1.67%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy non-eligible activities		977.94	98.1%																	
TOTAL		996.41	100%																	

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity “Afforestation” would have the Code: CCM 1.1.

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Where an economic activity contributes substantially to **multiple environmental objectives**, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.1%	1.71%
CCA	0%	0%
WTR	0%	0%
CE*	0%	0%
PPC	0%	0%
BIO	0%	0%

\* According to EU Taxonomy regulations, alignment of activities related to CE objective will be analysed in 2024

**Table 4. Quantitative breakdown at economic activity aggregated level of the amounts included in the CapEx KPI numerator by categories defined in Regulation 2021/2178 and relevant to Orange Polska in 2023**

<b>Taxonomy-aligned activities</b>	Increase in property, plant and equipment [PLN mln] *	Increase in right-of-use assets [PLN mln]	<b>Total CapEx for Taxonomy-aligned activities [PLN mln]</b>	Including under the CapEx Plan [PLN mln]	CapEx expected under the CapEx Plan [PLN mln]	Period of time of the CapEx Plan
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	0.00	3.81	3.81	0.00	0.00	N/A
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	1.51	0.00	1.51	0.00	0.00	N/A
7.6. Installation, maintenance and repair of renewable energy technology systems	0.49	0.00	0.49	0.00	0.00	N/A
<b>Total</b>	2.00	3.81	<b>5.81</b>	0.00	0.00	N/A

\* Includes property, plant and equipment under construction

**Table 5. Quantitative breakdown of OpEx in 2023**

	<b>Costs [PLN mln]</b>
Maintenance and repair	1.43
<b>Total OpEx for Taxonomy-aligned activities</b>	<b>1.43</b>



## 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

**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 3 to the IFRS Consolidated Financial Statements of the Orange Polska Group)

**eCapex** – Economic Capex, key measure of resources allocation used by management (for definition please refer to the Note 3 to the IFRS 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

**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 3 to the IFRS 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)

**SMP** – Significant market power

**UKE** – Urząd Komunikacji Elektronicznej (Office of Electronic Communications)

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

**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

STATEMENT OF THE SUPERVISORY BOARD OF ORANGE POLSKA S.A. PREPARED ON THE BASIS OF § 70 TITLE 1 POINT 8 AND § 71 TITLE 1 POINT 8 OF THE REGULATION OF THE MINISTER OF FINANCE OF 29 MARCH 2018 ON CURRENT AND PERIODICAL INFORMATION PROVIDED BY ISSUERS OF SECURITIES AND ON CONDITIONS UNDER WHICH INFORMATION REQUIRED BY LEGAL REGULATIONS OF A THIRD COUNTRY MAY BE RECOGNISED AS EQUIVALENT

STATEMENT ON THE AUDIT COMMITTEE

The Supervisory Board hereby states the following:

1. Orange Polska complies with the requirements for the establishment, composition and functioning of the Audit Committee, particularly the independence criteria for the majority of its members and the requirements for their qualifications and knowledge of the industry in which Orange Polska operates, as well as accounting or audit,
2. The Audit Committee has performed the tasks set forth in the mandatory legal provisions.

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Maciej Witucki

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Mari-Noëlle Jégo-Laveissière

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Laurent Martinez

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Marc Ricau

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Philippe Béguin

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Bénédicte David

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Bartosz Dobrzyński

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Clarisse Heriard Dubreuil

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John Russell Houlden

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Monika Nachyła

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Maria Paśło-Wiśniewska

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Jean-Michel Thibaud

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Jean-Marc Vignolles

**THE ORANGE POLSKA S.A. SUPERVISORY BOARD'S APPRAISAL OF THE SEPARATE FINANCIAL STATEMENTS OF ORANGE POLSKA S.A., THE CONSOLIDATED FINANCIAL STATEMENTS OF ORANGE POLSKA GROUP AND THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITY OF ORANGE POLSKA GROUP AND ORANGE POLSKA S.A. FOR THE YEAR ENDED 31 DECEMBER 2023**

The Supervisory Board has examined and appraised the following documents:

1. IFRS standalone financial statements of Orange Polska S.A. for 2023, that include:
  - a. income statement for 2023, showing net income of PLN 782 million,
  - b. statement of comprehensive income for 2023, showing total comprehensive income of PLN 454 million,
  - c. statement of financial position as at 31.12.2023, with the balance sheet total of PLN 25,500 million,
  - d. statement of changes in equity for 2023, showing an increase in equity by PLN 12 million,
  - e. statement of cash flows for 2023, showing a decrease in net cash and cash equivalents by PLN 193 million,
  - f. notes to financial statements;
2. Management Board's Report on the Activity of the Orange Polska Group and Orange Polska S.A. in 2023;
3. IFRS consolidated financial statements of the Orange Polska Group for 2023, that include:
  - a. consolidated income statement for 2023, showing net income of PLN 818 million, including net income attributable to owners of Orange Polska S.A. of PLN 818 million,
  - b. consolidated statement of comprehensive income for 2023, showing total comprehensive income of PLN 435 million, including total comprehensive income attributable to owners of Orange Polska S.A. of PLN 435 million,
  - c. consolidated statement of financial position as at 31.12.2023, with the balance sheet total of PLN 26,826 million,
  - d. consolidated statement of changes in equity for 2023, showing a decrease in total equity by PLN 7 million, including a decrease in equity attributable to owners of Orange Polska S.A. by PLN 7 million,
  - e. consolidated statement of cash flows for 2023, showing a decrease in net cash and cash equivalents by PLN 227 million,
  - f. notes to consolidated financial statements.

Having analysed the above-mentioned documents and taking into consideration the independent auditor's reports on the audit of the annual standalone financial statements of Orange Polska S.A. and the consolidated financial statements for the year ended 31 December 2023, the Supervisory Board hereby states that:

- IFRS standalone financial statements of Orange Polska S.A. for 2023,
- Management Board's Report on the Activity of the Orange Polska Group and Orange Polska S.A. in 2023, and
- IFRS consolidated financial statements of the Orange Polska Group for 2023

have been drawn up in compliance with the books and documents, the factual status and mandatory legal provisions, and that they provide a complete and fair picture of the operational and financial standing of Orange Polska S.A. and the Orange Polska Group. The Management Board's Report on the Activity of the Orange Polska Group and Orange Polska S.A. in 2023 has been drawn up in all major aspects on the basis of the financial data contained in the standalone and consolidated financial statements for 2023. The Management Board's Report contains a description of all material events that may have influence on Orange Polska S.A.'s property and financial standing in at least several quarters as well as a description of all material risks.

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Maciej Witucki

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Mari-Noëlle Jégo-Laveissière

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