

ORANGEPL

Qsr 1/2024

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POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly consolidated report for the first quarter of 2024

(year)

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

for the first quarter of **2024**, i.e. from **1 January 2024** to **31 March 2024**

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

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

date of issuance: **23 April 2024**

ORANGE POLSKA SA

(full name of issuer)

ORANGEPL

(abbreviated name of the issuer)

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SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	1 quarter cumulative period from 01/01/2024 period from 31/03/2024	1 quarter cumulative period from 01/01/2023 period from 31/03/2023	1 quarter cumulative period from 01/01/2024 period from 31/03/2024	1 quarter cumulative period from 01/01/2023 period from 31/03/2023
	condensed consolidated financial statements data			
I. Revenue	3,081,000	3,139,000	713,013	667,801
II. Operating income	349,000	392,000	80,766	83,395
III. Profit before income tax	280,000	330,000	64,798	70,205
IV. Net income	227,000	270,000	52,533	57,441
V. Net income attributable to owners of Orange Polska S.A.	227,000	270,000	52,533	57,441
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.17	0.21	0.04	0.04
VII. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VIII. Total comprehensive income	209,000	101,000	48,367	21,487
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	209,000	101,000	48,367	21,487
X. Net cash provided by operating activities	704,000	661,000	162,921	140,623
XI. Net cash used in investing activities	(481,000)	(494,000)	(111,314)	(105,095)
XII. Net cash used in financing activities	(185,000)	(907,000)	(42,813)	(192,958)
XIII. Net change in cash and cash equivalents	38,000	(740,000)	8,794	(157,430)
	balance as at 31/03/2024	balance as at 31/12/2023	balance as at 31/03/2024	balance as at 31/12/2023
XIV. Total current assets	3,969,000	4,070,000	922,830	936,063
XV. Total non-current assets	22,589,000	22,756,000	5,252,157	5,233,670
XVI. Total assets	26,558,000	26,826,000	6,174,987	6,169,733
XVII. Total current liabilities	5,680,000	6,216,000	1,320,654	1,429,623
XVIII. Total non-current liabilities	7,219,000	7,164,000	1,678,486	1,647,654
XIX. Total equity	13,659,000	13,446,000	3,175,847	3,092,456
XX. Equity attributable to owners of Orange Polska S.A.	13,657,000	13,444,000	3,175,382	3,091,996
XXI. Share capital	3,937,000	3,937,000	915,390	905,474
	condensed separate financial statements data			
	1 quarter cumulative period from 01/01/2024 period from 31/03/2024	1 quarter cumulative period from 01/01/2023 period from 31/03/2023	1 quarter cumulative period from 01/01/2024 period from 31/03/2024	1 quarter cumulative period from 01/01/2023 period from 31/03/2023
I. Revenue	2,766,000	2,720,000	640,115	578,662
II. Operating income	384,000	369,000	88,866	78,502
III. Profit before income tax	342,000	307,000	79,147	65,312
IV. Net income	285,000	251,000	65,955	53,399
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.22	0.19	0.05	0.04
VI. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VII. Total comprehensive income	253,000	103,000	58,550	21,913
VIII. Net cash provided by operating activities	742,000	713,000	171,716	151,686
IX. Net cash used in investing activities	(480,000)	(508,000)	(111,083)	(108,074)
X. Net cash used in financing activities	(218,000)	(902,000)	(50,450)	(191,894)
XI. Net change in cash and cash equivalents	44,000	(697,000)	10,183	(148,282)
	balance as at 31/03/2024	balance as at 31/12/2023	balance as at 31/03/2024	balance as at 31/12/2023
XII. Total current assets	3,555,000	3,580,000	826,571	823,367
XIII. Total non-current assets	21,787,000	21,920,000	5,065,684	5,041,398
XIV. Total assets	25,342,000	25,500,000	5,892,255	5,864,765
XV. Total current liabilities	5,500,000	5,980,000	1,278,802	1,375,345
XVI. Total non-current liabilities	7,110,000	7,045,000	1,653,142	1,620,285
XVII. Total equity	12,732,000	12,475,000	2,960,311	2,869,135
XVIII. Share capital	3,937,000	3,937,000	915,390	905,474

ORANGE POLSKA GROUP

CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2024



April 23, 2024

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Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2024

Translation of the financial statements originally issued in Polish

CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)

	Note	3 months ended 31 March 2024	3 months ended 31 March 2023
Revenue	5	3,081	3,139
External purchases		(1,811)	(1,871)
Labour expense		(389)	(374)
Other operating expense		(111)	(104)
Other operating income		217	162
Impairment of receivables and contract assets		(30)	(22)
Gains on disposal of fixed assets		42	86
Depreciation and impairment of right-of-use assets		(135)	(135)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(505)	(483)
Share of loss of joint venture		(10)	(6)
Operating income		349	392
Interest income		22	26
Interest expense on lease liabilities		(37)	(31)
Other interest expense and financial charges		(37)	(42)
Discounting expense		(18)	(13)
Foreign exchange gains/(losses)		1	(2)
Finance costs, net		(69)	(62)
Income tax		(53)	(60)
Net income		227	270
Net income attributable to owners of Orange Polska S.A.		227	270
Net income attributable to non-controlling interests		-	-
Earnings per share (in PLN) (basic and diluted)		0.17	0.21
Weighted average number of shares (in millions)		1,312	1,312

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 31 March 2024	3 months ended 31 March 2023
Net income	227	270
Items that may be reclassified subsequently to profit or loss		
Losses on cash flow hedges	(37)	(186)
Gains/(losses) on receivables at fair value through other comprehensive income	(4)	3
Income tax relating to items that may be reclassified	8	35
Share of other comprehensive income/(loss) of joint venture, net of tax	15	(21)
Other comprehensive loss, net of tax	(18)	(169)
Total comprehensive income	209	101
Total comprehensive income attributable to owners of Orange Polska S.A.	209	101
Total comprehensive income attributable to non-controlling interests	-	-

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in PLN millions)	Note	At 31 March 2024	At 31 December 2023
ASSETS			
Goodwill		2,320	2,320
Other intangible assets		4,340	4,398
Property, plant and equipment		9,803	9,895
Right-of-use assets		3,017	2,849
Investment in joint venture		1,290	1,313
Trade receivables	9	661	659
Contract assets		92	89
Contract costs		160	161
Derivatives	8,9	319	337
Other assets		167	260
Deferred tax assets		420	475
Total non-current assets		22,589	22,756
Inventories		291	275
Trade receivables	9	1,898	2,048
Contract assets		82	71
Contract costs		436	435
Derivatives	8,9	10	25
Income tax receivables		19	6
Other assets		250	316
Prepaid expenses		150	98
Cash and cash equivalents		833	796
Total current assets		3,969	4,070
TOTAL ASSETS		26,558	26,826
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		253	267
Retained earnings		8,635	8,408
Equity attributable to owners of Orange Polska S.A.		13,657	13,444
Non-controlling interests		2	2
Total equity		13,659	13,446
Trade payables		117	120
Lease liabilities		2,373	2,306
Loans from related party	8,12	2,695	2,694
Other financial liabilities at amortised cost	8	92	102
Derivatives	8,9	5	4
Provisions	11	714	750
Contract liabilities		1,005	1,096
Employee benefits		60	64
Other liabilities	7	158	28
Total non-current liabilities		7,219	7,164
Trade payables	7	1,908	2,600
Lease liabilities		687	645
Loans from related party	8,12	1,509	1,508
Other financial liabilities at amortised cost	8	31	32
Derivatives	8,9	10	12
Provisions	11	252	217
Contract liabilities		728	655
Employee benefits		189	191
Income tax liabilities		3	52
Other liabilities	7	363	304
Total current liabilities		5,680	6,216
TOTAL EQUITY AND LIABILITIES		26,558	26,826

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves					Retained earnings	Equity attributable to owners of OPL S.A.	Non-controlling interests	Total equity
			Cash flow hedge reserve	Actuarial losses on post-employment benefits	Gains/(losses) on receivables at fair value through other comprehensive income	Deferred tax	Share of other reserves of joint venture				
Balance at 1 January 2024	3,937	832	334	(58)	(10)	(50)	51	8,408	13,444	2	13,446
Net income	-	-	-	-	-	-	-	227	227	-	227
Other comprehensive loss	-	-	(37)	-	(4)	8	15	-	(18)	-	(18)
Total comprehensive income for the 3 months ended 31 March 2024	-	-	(37)	-	(4)	8	15	227	209	-	209
Transfer to inventories	-	-	5	-	-	(1)	-	-	4	-	4
Balance at 31 March 2024	3,937	832	302	(58)	(14)	(43)	66	8,635	13,657	2	13,659
Balance at 1 January 2023	3,937	832	712	(50)	(9)	(124)	106	8,047	13,451	2	13,453
Net income	-	-	-	-	-	-	-	270	270	-	270
Other comprehensive loss	-	-	(186)	-	3	35	(21)	-	(169)	-	(169)
Total comprehensive income for the 3 months ended 31 March 2023	-	-	(186)	-	3	35	(21)	270	101	-	101
Transfer to inventories	-	-	3	-	-	(1)	-	-	2	-	2
Balance at 31 March 2023	3,937	832	529	(50)	(6)	(90)	85	8,317	13,554	2	13,556

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CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
OPERATING ACTIVITIES		
Net income	227	270
Adjustments to reconcile net income to cash from operating activities		
Gains on disposal of fixed assets	(42)	(86)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	640	618
Share of loss of investments accounted for using the equity method	10	6
Finance costs, net	69	62
Income tax	53	60
Change in provisions and allowances	(22)	(50)
Operating foreign exchange and derivatives losses, net	4	5
Change in working capital		
Increase in inventories, gross	(19)	(81)
(Increase)/decrease in trade receivables, gross	141	(3)
(Increase)/decrease in contract assets, gross	(15)	6
Decrease in contract costs	-	2
Decrease in trade payables	(158)	(213)
Increase/(decrease) in contract liabilities	(8)	126
(Increase)/decrease in prepaid expenses and other receivables	(43)	16
Increase/(decrease) in other payables	(15)	40
Interest received	23	26
Interest paid and interest rate effect paid on derivatives, net	(88)	(100)
Exchange rate and other effect paid on derivatives, net	-	(1)
Income tax paid	(53)	(42)
Net cash provided by operating activities	704	661
INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment and intangible assets	(906)	(799)
Investment grants received	7 211	24
Investment grants paid to property, plant and equipment and intangible assets suppliers	(1)	(22)
Exchange rate effect paid on derivatives economically hedging capital expenditures, net	(2)	(3)
Proceeds from sale of fixed assets	95	175
Proceeds from loss of control of Światłowód Inwestycje	9 124	133
Cash paid for subsidiaries, net of cash acquired	(1)	(1)
Payments on other financial instruments, net	(1)	(1)
Net cash used in investing activities	(481)	(494)
FINANCING ACTIVITIES		
Repayment of long-term debt	(10)	(750)
Repayment of lease liabilities	(174)	(153)
Repayment of revolving credit line and other debt, net	(1)	(4)
Net cash used in financing activities	(185)	(907)
Net change in cash and cash equivalents	38	(740)
Effect of exchange rate changes and other impacts on cash and cash equivalents	(1)	(1)
Cash and cash equivalents at the beginning of the period	796	1,026
Cash and cash equivalents at the end of the period	833	285

Notes to the Condensed IFRS Quarterly Consolidated Financial Statements

1. The Orange Polska Group

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

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

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

The list of entities included in the Condensed IFRS Quarterly Consolidated Financial Statements of the Group (the "Condensed Quarterly Consolidated Financial Statements") as at and for the 3 months ended 31 March 2024 is presented in Note 1.2 to the Orange Polska Group IFRS Consolidated Financial Statements ("IFRS Consolidated Financial Statements") for the year ended 31 December 2023.

2. Segment information and performance measures

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

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

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

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

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

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

Basic financial data of the operating segment is presented below:

(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Revenue	3,081	3,139
EBITDAaL	799	762
Net income	227	270
eCapex	291	225
Organic cash flows	22	(119)

	At 31 March 2024	At 31 December 2023
Net financial debt (in PLN millions, see Note 8)	3,482	3,528
Net financial debt/EBITDAaL ratio	1.1	1.1

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

(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Operating income	349	392
Less gains on disposal of fixed assets	(42)	(86)
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets ⁽¹⁾	505	487
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	37	13
Less interest expense on lease liabilities	(37)	(31)
Adjustment for the impact of employment termination programs and reorganization costs	(13)	(13)
EBITDAaL	799	762

⁽¹⁾ Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 4 million in 2023).

(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Acquisitions of property, plant and equipment and intangible assets	369	383
Less proceeds accrued on disposal of fixed assets	(78)	(158)
eCapex	291	225

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(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Net cash provided by operating activities	704	661
Payments for purchases of property, plant and equipment and intangible assets	(906)	(799)
Exchange rate effect paid on derivatives economically hedging capital expenditures, net	(2)	(3)
Proceeds from sale of fixed assets	95	175
Repayment of lease liabilities	(174)	(153)
Adjustment for payment for acquisition of telecommunications licence	305	-
Organic cash flows	22	(119)

3. Statement of compliance and basis of preparation

Basis of preparation

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

These Condensed Quarterly Consolidated Financial Statements should be read in conjunction with the audited IFRS Consolidated Financial Statements for the year ended 31 December 2023.

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

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

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

These Condensed Quarterly Consolidated Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 23 April 2024.

Adoption of standards and interpretations in 2024

There were no new standards or interpretations issued from the date when the IFRS Consolidated Financial Statements for the year ended 31 December 2023 were published.

4. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Consolidated Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 2023.

In preparing the Group’s accounts, the Company’s Management Board is required to make judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expense. The Management Board reviews these judgements and estimates if the circumstances on which they were based evolve or in the light of new information or experience. Consequently, estimates and judgments made as at 31 March 2024 may be subsequently changed. The areas of main estimates and judgments

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made are described in Note 35.1 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 2023.

5. Revenue

Revenue is disaggregated as follows:

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

(in PLN millions)

	3 months ended 31 March 2024	3 months ended 31 March 2023
Mobile only services	719	710
Fixed only services	446	464
Narrowband	115	132
Broadband	220	222
Network solutions (business market)	111	110
Convergent services (consumer market)	620	564
Equipment sales	475	463
IT and integration services	327	348
Wholesale	391	427
Mobile wholesale	197	233
Fixed wholesale	79	75
Other	115	119
Other revenue	103	163
Total revenue	3,081	3,139

IT and integration services, wholesale and other revenue for the 3 months ended 31 March 2024 and 2023 include PLN 43 million and PLN 69 million, respectively, of lease revenue and compensation based on the acts regulating electricity prices, that are outside the scope of IFRS 15 “Revenue from Contracts with Customers”.

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

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

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

As at 31 March 2024, there was no change in the assessment of the impact of the war in Ukraine and other significant changes in the economic and political environment on the Group’s financial position and performance, as presented in Note 5 to the IFRS Consolidated Financial Statements for the year ended 31 December 2023.

Effective from 1 January 2024, as a result of an annual review of estimated useful lives of fixed assets, the Group extended the estimated useful lives for certain IT equipment and items of software which decreased depreciation and amortisation expense by PLN 10 million in the 3 months ended 31 March 2024 in comparison to previous year. Depreciation and amortisation expense in 2024 relating to these assets is expected to be lower by approximately PLN 38 million in comparison to 2023.

The amount of trade payables subject to reverse factoring decreased from PLN 96 million as at 31 December 2023 to PLN 67 million as at 31 March 2024. These payables are presented together with the remaining balance of trade payables, as analysis conducted by the Group indicates they have retained their trade nature.

Investment grants from the European Union funds

In December 2023 and in 2024 Orange Polska concluded agreements with the “Digital Poland” Project Centre for co-financing of investment projects under the programmes Recovery and Resilience Plan (“RRP”) for Poland and European Funds for Digital Development (“EFDD”) (“the Programmes”). The RRP programme aims to help Poland to become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transition. The EFDD programme is the continuation of the Operational Programme “Digital Poland” and 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.

The Company was granted PLN 0.7 billion from the Programmes funds and the Company’s own aggregated contribution to the Programmes is expected to amount to PLN 0.3 billion. Within the framework of these Programmes the Company is expected to build a FTTH network for approximately 155,000 households in 2024-2026. 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 3 months ended 31 March 2024, Orange Polska received PLN 210 million of advances for investment grants under the Programmes. Investment grants are presented separately within investing activities in the consolidated statement of cash flows. Received advances for investment grants are presented as cash and cash equivalents and other liabilities in the consolidated statement of financial position. Additionally, as at 31 March 2024, the Company’s commitments for the purchase of property, plant and equipment under the Programmes, contracted for at the end of the reporting period but not recognised in the consolidated financial statements amounted to PLN 433 million.

8. Net financial debt

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

(in PLN millions)	At 31 March 2024	At 31 December 2023
Loans from related party	4,204	4,202
Other financial liabilities at amortised cost	123	134
Derivatives – net (liabilities less assets)	(314)	(346)
Gross financial debt after derivatives	4,013	3,990
Cash and cash equivalents	(833)	(796)
Cash flow hedge reserve	302	334
Net financial debt	3,482	3,528

As at 31 March 2024, the total outstanding balance of loans from the related party amounted to PLN 4,204 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related party amounted to 7.17% before swaps and 3.20% after swaps as at 31 March 2024.

As at 31 March 2024, the total nominal amount of interest rate swaps outstanding under the agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk was PLN 3,800 million with a total fair value amounting to PLN 206 million.

As at 31 March 2024, the Group's current liabilities exceeded current assets and unused long term credit facilities by PLN 711 million, mainly due to a loan liability of PLN 1.5 billion to Atlas Services Belgium S.A., a subsidiary of Orange S.A., with repayment date on 20 May 2024. The Management has finished negotiations with the parent company to refinance PLN 1.2 billion of the loan, the refinancing agreement has been approved by independent Members of OPL S.A.'s Supervisory Board and is expected to be signed by 20 May 2024.

9. Fair value of financial instruments

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

The fair value of these instruments determined as described in Notes 15.1, 25 and 26.2 to the IFRS Consolidated Financial Statements for the year ended 31 December 2023 is presented below:

(in PLN millions)	At 31 March 2024	At 31 December 2023	Fair value hierarchy ⁽¹⁾
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾	157	278	Level 3
Commodity swaps hedging energy prices – net (assets less liabilities) ⁽³⁾	105	133	Level 3
Other derivatives – net (assets less liabilities)	209	213	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments ⁽⁴⁾	595	562	Level 2

⁽¹⁾ Described in Note 26.1 to the IFRS Consolidated Financial Statements for the year ended 31 December 2023.

⁽²⁾ The Group received PLN 124 million in 2024.

⁽³⁾ Change in the fair value in 2024 results mainly from the decrease of energy prices. The impact is recognised mainly as losses on cash flow hedges in other comprehensive income.

⁽⁴⁾ Trade receivables subject to factoring agreement.

The Group applies the expected present value technique to measure the fair value of the contingent consideration receivable from the sale of 50% stake in Światłowod Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 7.5% in 2025 to 6.9% in 2026 as at 31 March 2024 (from 8.3% in 2024 to 6.1% in 2026 as at 31 December 2023) and are based on the market risk-free interest rates increased by the credit risk margin estimated for the APG Group. The Group has performed sensitivity analysis for the impact of changes in unobservable inputs and concluded that reasonably possible change in any unobservable input would not materially change the fair value of the contingent consideration receivable.

The fair value of derivatives hedging energy price risk represents the valuation of probability-weighted future benefits from a difference between the fixed price agreed with the supplier of energy and expected future energy prices, calculated for the expected volume of energy to be generated by the wind farms. The fair value depends on the Group's assessment of the moment of the commencement of commercial operations under the agreements signed, which is included in the valuation of the contracts as probabilities assigned to future benefits. Estimated future energy prices (according to wind production profile) are based on observable market energy prices for years 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 March 2024 amounted to PLN 490 per 1MWh. The sensitivity analysis prepared by the Group for the unobservable prices indicated that every 10% increase/decrease in the forecasted energy prices for years 2027 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 29/(29) million as at 31 March 2024.

The carrying amount of the Group's financial instruments excluding lease liabilities approximated their fair value as at 31 March 2024.

10. Dividend

On 19 April 2024, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.48 per share from the 2023 profit. The total dividend, amounting to PLN 630 million, will be paid on 10 July 2024.

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

The information hereunder refers to the matters presented in Note 32 to the IFRS Consolidated Financial Statements for the year ended 31 December 2023.

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

In the civil case for payment to P4 Sp. z o.o., T-Mobile Polska S.A. decided to join the court proceedings as an intervener on the side of Orange Polska and Polkomtel Sp. z o.o. Polkomtel was the applicant for the court to summon T-Mobile to take part in the proceedings. Orange Polska supported this application.

Other litigation, claims and contingent liabilities

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

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

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

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

12. Related party transactions

As at 31 March 2024, Orange S.A. owned 50.67% of shares of the Company. Orange S.A. has majority of the total number of votes at the General Meeting of OPL S.A. which appoints OPL S.A.'s Supervisory Board Members. The Supervisory Board decides about the composition of the Management Board. According to the Company's Articles of Association, at least 4 Members of the Supervisory Board must be independent. The majority of Members of the Audit Committee of the Supervisory Board are independent.

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

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

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

Orange Polska Group

Condensed IFRS Quarterly Consolidated Financial Statements – 31 March 2024

Translation of the financial statements originally issued in Polish

(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Sales of goods and services and other income:	208	156
Orange S.A. (parent)	48	50
Orange Group (excluding parent)	18	17
Światłowód Inwestycje (joint venture)	142	89
Purchases of goods (including inventories, tangible and intangible assets) and services:	(100)	(98)
Orange S.A. (parent)	(9)	(16)
Orange Group (excluding parent)	(45)	(47)
Światłowód Inwestycje (joint venture)	(46)	(35)
Financial income:	5	14
Orange S.A. (parent)	5	14
Financial expense, net:	(36)	(41)
Orange S.A. (parent)	40	52
Orange Group (excluding parent)	(76)	(93)
Other comprehensive loss:	(5)	(79)
Orange S.A. (parent)	(5)	(79)

(in PLN millions)	At 31 March 2024	At 31 December 2023
Receivables and contract costs:	200	230
Orange S.A. (parent)	75	74
Orange Group (excluding parent)	39	36
Światłowód Inwestycje (joint venture)	86	120
Liabilities:	966	1,008
Orange S.A. (parent)	39	53
Orange Group (excluding parent)	59	66
Światłowód Inwestycje (joint venture)	868	889
Financial receivables:	206	212
Orange S.A. (parent)	206	212
Cash and cash equivalents deposited with:	497	649
Orange S.A. (parent)	497	649
Financial liabilities:	4,208	4,205
Orange S.A. (parent)	4	3
Orange Group (excluding parent)	4,204	4,202

Compensation (remuneration, bonuses, post-employment and other long-term benefits, termination indemnities and share-based payment plans - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 3 months ended 31 March 2024 and 2023 amounted to PLN 4.8 million. 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 the Orange Polska Group for the reimbursement of key management personnel costs from the Orange Group for the 3 months ended 31 March 2024 and 2023 amounted to PLN 1.4 million and PLN 1.6 million, respectively.

13. Subsequent events

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

ORANGE POLSKA S.A.

**CONDENSED IFRS QUARTERLY SEPARATE FINANCIAL
STATEMENTS FOR THE 3 MONTHS ENDED 31 MARCH 2024**



April 23, 2024

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Condensed IFRS Quarterly Separate Financial Statements – 31 March 2024

Translation of the financial statements originally issued in Polish

INCOME STATEMENT

(in PLN millions, except for earnings per share)

	Note	3 months ended 31 March 2024	3 months ended 31 March 2023
Revenue	4	2,766	2,720
External purchases		(1,528)	(1,525)
Labour expense		(351)	(344)
Other operating expense		(103)	(101)
Other operating income		218	162
Impairment of receivables and contract assets		(28)	(21)
Gains on disposal of fixed assets		42	87
Depreciation and impairment of right-of-use assets		(132)	(132)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(500)	(477)
Operating income		384	369
Dividend income		28	-
Interest income		21	26
Interest expense on lease liabilities		(37)	(31)
Other interest expense and financial charges		(37)	(43)
Discounting expense		(18)	(13)
Foreign exchange gains/(losses)		1	(1)
Finance costs, net		(42)	(62)
Income tax		(57)	(56)
Net income		285	251
Earnings per share (in PLN) (basic and diluted)		0.22	0.19
Weighted average number of shares (in millions)		1,312	1,312

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

	3 months ended 31 March 2024	3 months ended 31 March 2023
Net income	285	251
Items that may be reclassified subsequently to profit or loss		
Losses on cash flow hedges	(35)	(186)
Gains/(losses) on receivables at fair value through other comprehensive income	(4)	3
Income tax relating to items that may be reclassified	7	35
Other comprehensive loss, net of tax	(32)	(148)
Total comprehensive income	253	103

STATEMENT OF FINANCIAL POSITION

(in PLN millions)		At 31 March 2024	At 31 December 2023
	Note		
ASSETS			
Goodwill		2,014	2,014
Other intangible assets		4,285	4,340
Property, plant and equipment		9,739	9,831
Right-of-use assets		2,988	2,818
Investments in subsidiaries		448	448
Investment in joint venture		655	655
Trade receivables	8	608	603
Contract assets		90	85
Contract costs		153	153
Derivatives	7,8	319	337
Other assets		109	205
Deferred tax asset		379	431
Total non-current assets		21,787	21,920
Inventories		249	245
Trade receivables	8	1,647	1,704
Contract assets		78	67
Contract costs		422	421
Derivatives	7,8	10	23
Income tax receivables		7	5
Other assets		269	336
Prepaid expenses		109	58
Cash and cash equivalents		764	721
Total current assets		3,555	3,580
TOTAL ASSETS		25,342	25,500
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		188	216
Retained earnings		7,775	7,490
Total equity		12,732	12,475
Trade payables		117	120
Lease liabilities		2,356	2,288
Loans from related parties	7,11	2,695	2,694
Other financial liabilities at amortised cost		32	34
Derivatives	7,8	3	3
Provisions	10	714	750
Contract liabilities		978	1,070
Employee benefits		59	64
Other liabilities	6	156	22
Total non-current liabilities		7,110	7,045
Trade payables	6	1,740	2,346
Lease liabilities		676	634
Loans from related parties	7,11	1,624	1,670
Other financial liabilities at amortised cost		6	6
Derivatives	7,8	7	11
Provisions	10	246	211
Contract liabilities		684	613
Employee benefits		170	171
Income tax liabilities		-	47
Other liabilities	6	347	271
Total current liabilities		5,500	5,980
TOTAL EQUITY AND LIABILITIES		25,342	25,500

Condensed IFRS Quarterly Separate Financial Statements – 31 March 2024

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STATEMENT OF CHANGES IN EQUITY

(in PLN millions)

	Share capital	Share premium	Other reserves				Retained earnings	Total equity
			Cash flow hedge reserve	Actuarial losses on post-employment benefits	Gains/(losses) on receivables at fair value through other comprehensive income	Deferred tax		
Balance at 1 January 2024	3,937	832	334	(58)	(10)	(50)	7,490	12,475
Net income	-	-	-	-	-	-	285	285
Other comprehensive loss	-	-	(35)	-	(4)	7	-	(32)
Total comprehensive income for the 3 months ended 31 March 2024	-	-	(35)	-	(4)	7	285	253
Transfer to inventories	-	-	5	-	-	(1)	-	4
Balance at 31 March 2024	3,937	832	304	(58)	(14)	(44)	7,775	12,732
Balance at 1 January 2023	3,937	832	712	(50)	(9)	(124)	7,165	12,463
Net income	-	-	-	-	-	-	251	251
Other comprehensive loss	-	-	(186)	-	3	35	-	(148)
Total comprehensive income for the 3 months ended 31 March 2023	-	-	(186)	-	3	35	251	103
Transfer to inventories	-	-	3	-	-	(1)	-	2
Balance at 31 March 2023	3,937	832	529	(50)	(6)	(90)	7,416	12,568

STATEMENT OF CASH FLOWS

(in PLN millions)

	Note	3 months ended 31 March 2024	3 months ended 31 March 2023
OPERATING ACTIVITIES			
Net income		285	251
Adjustments to reconcile net income to cash from operating activities			
Gains on disposal of fixed assets		(42)	(87)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets		632	609
Finance costs, net		42	62
Income tax		57	56
Change in provisions and allowances		(24)	(48)
Operating foreign exchange and derivatives losses, net		2	4
Change in working capital			
Increase in inventories, gross		(7)	(56)
(Increase)/decrease in trade receivables, gross		46	(46)
(Increase)/decrease in contract assets, gross		(16)	6
Increase in contract costs		(1)	-
Decrease in trade payables		(71)	(94)
Increase/(decrease) in contract liabilities		(11)	87
(Increase)/decrease in prepaid expenses and other receivables		(12)	34
Increase/(decrease) in other payables		(23)	40
Interest received		21	26
Interest paid and interest rate effect paid on derivatives, net		(88)	(100)
Exchange rate and other effect paid on derivatives, net		-	(2)
Income tax paid		(48)	(29)
Net cash provided by operating activities		742	713
INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment and intangible assets		(905)	(800)
Investment grants received	6	211	24
Investment grants paid to property, plant and equipment and intangible assets suppliers		(1)	(22)
Exchange rate effect paid on derivatives economically hedging capital expenditures, net		(2)	(3)
Proceeds from sale of fixed assets		95	176
Proceeds from sale of investment in Światłowod Inwestycje	8	124	133
Cash paid for investments in subsidiaries		(1)	(1)
Payments on loans to related parties and other financial instruments, net		(1)	(15)
Net cash used in investing activities		(480)	(508)
FINANCING ACTIVITIES			
Repayment of long-term debt		-	(750)
Repayment of lease liabilities		(171)	(151)
Repayment of revolving credit line and other debt, net		(47)	(1)
Net cash used in financing activities		(218)	(902)
Net change in cash and cash equivalents		44	(697)
Effect of exchange rate changes and other impacts on cash and cash equivalents		(1)	(1)
Cash and cash equivalents at the beginning of the period		721	917
Cash and cash equivalents at the end of the period		764	219

Notes to the Condensed IFRS Quarterly Separate Financial Statements

1. Orange Polska S.A.

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

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

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

2. Statement of compliance and basis of preparation

Basis of preparation

These unaudited Condensed IFRS Quarterly Separate Financial Statements for the 3 months ended 31 March 2024 (the “Condensed Quarterly Separate Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Quarterly Separate Financial Statements (see also Note 3).

These Condensed Quarterly Separate Financial Statements should be read in conjunction with the audited Orange Polska S.A. IFRS Separate Financial Statements and the notes thereto (“IFRS Separate Financial Statements”) for the year ended 31 December 2023.

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

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

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

Orange Polska S.A. is the parent company of the Orange Polska Group (“the Group”, “OPL Group”) and prepares condensed quarterly consolidated financial statements for the 3 months ended 31 March 2024. The Group is a part of Orange Group, based in France.

These Condensed Quarterly Separate Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 23 April 2024.

Adoption of standards and interpretations in 2024

There were no new standards or interpretations issued from the date when the IFRS Separate Financial Statements for the year ended 31 December 2023 were published.

3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Separate Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Separate Financial Statements for the year ended 31 December 2023.

In preparing the Company's accounts, the Company's Management Board is required to make judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expense. The Management Board reviews these judgements and estimates if the circumstances on which they were based evolve or in the light of new information or experience. Consequently, estimates and judgments made as at 31 March 2024 may be subsequently changed. The areas of main estimates and judgements made are described in Note 35.1 to the audited IFRS Separate Financial Statements for the year ended 31 December 2023.

4. Revenue

Revenue is disaggregated as follows:

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

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(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Mobile only services	717	708
Fixed only services	446	463
Narrowband	115	132
Broadband	218	219
Network solutions (business market)	113	112
Convergent services (consumer market)	620	564
Equipment sales	475	463
IT and integration services	99	72
Wholesale	390	427
Mobile wholesale	197	233
Fixed wholesale	78	75
Other	115	119
Other revenue	19	23
Total revenue	2,766	2,720

IT and integration services, wholesale and other revenue for the 3 months ended 31 March 2024 and 2023 include, respectively, PLN 26 million and PLN 30 million of lease revenue that is outside the scope of IFRS 15 “Revenue from Contracts with Customers”.

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

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

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

As at 31 March 2024, there was no change in the assessment of the impact of the war in Ukraine and other significant changes in the economic and political environment on the Company’s financial position and performance, as presented in Note 5 to the IFRS Separate Financial Statements for the year ended 31 December 2023.

Effective from 1 January 2024, as a result of an annual review of estimated useful lives of fixed assets, the Company extended the estimated useful lives for certain IT equipment and items of software which decreased depreciation and amortisation expense by PLN 10 million in the 3 months ended 31 March 2024 in comparison to previous year. Depreciation and amortisation expense in 2024 relating to these assets is expected to be lower by approximately PLN 38 million in comparison to 2023.

The amount of trade payables subject to reverse factoring decreased from PLN 96 million as at 31 December 2023 to PLN 67 million as at 31 March 2024. 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.

Investment grants from the European Union funds

In December 2023 and in 2024 Orange Polska concluded agreements with the “Digital Poland” Project Centre for co-financing of investment projects under the programmes Recovery and Resilience Plan (“RRP”) for Poland and European Funds for Digital Development (“EFDD”) (“the Programmes”). The RRP programme aims to help Poland to become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transition. The EFDD programme is the continuation of the Operational Programme “Digital Poland” and 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.

The Company was granted PLN 0.7 billion from the Programmes funds and the Company’s own aggregated contribution to the Programmes is expected to amount to PLN 0.3 billion. Within the framework of these Programmes the Company is expected to build a FTTH network for approximately 155,000 households in 2024-2026. 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 3 months ended 31 March 2024, Orange Polska received PLN 210 million of advances for investment grants under the Programmes. 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. Additionally, as at 31 March 2024, the Company’s commitments for the purchase of property, plant and equipment under the Programmes, contracted for at the end of the reporting period but not recognised in the financial statements amounted to PLN 433 million.

7. Changes in loans from related parties

As at 31 March 2024, the total outstanding balance of loans from the related parties amounted to PLN 4,319 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related parties amounted to 7.10% before swaps and 3.24 % after swaps as at 31 March 2024.

As at 31 March 2024, the total nominal amount of interest rate swaps, outstanding under the agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk was PLN 3,800 million with a total fair value amounting to PLN 206 million.

As at 31 March 2024, the Company’s current liabilities exceeded current assets and unused long term credit facilities by PLN 945 million, mainly due to a loan liability of PLN 1.5 billion to Atlas Services Belgium S.A., a subsidiary of Orange S.A., with repayment date on 20 May 2024. The Management has finished negotiations with the parent company to refinance PLN 1.2 billion of the loan, the refinancing agreement has been approved by independent Members of OPL S.A.’s Supervisory Board and is expected to be signed by 20 May 2024.

8. Fair value of financial instruments

The Company’s financial assets and liabilities that are measured subsequent to their initial recognition at fair value comprise derivative instruments, selected trade receivables arising from sales of mobile handsets in instalments and

the contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje (presented within other assets in the statement of financial position).

The fair value of these instruments determined as described in Notes 14.1, 25 and 26.2 to the IFRS Separate Financial Statements for the year ended 31 December 2023 is presented below:

(in PLN millions)	At 31 March 2024	At 31 December 2023	Fair value hierarchy ⁽¹⁾
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾	157	278	Level 3
Commodity swaps hedging energy prices – net (assets less liabilities) ⁽³⁾	105	133	Level 3
Other derivatives – net (assets less liabilities)	214	213	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments ⁽⁴⁾	595	562	Level 2

⁽¹⁾ Described in Note 26.1 to the IFRS Separate Financial Statements for the year ended 31 December 2023.

⁽²⁾ The Company received PLN 124 million in 2024.

⁽³⁾ Change in the fair value in 2024 results mainly from the decrease of energy prices. The impact is recognised mainly as losses on cash flow hedges in other comprehensive income.

⁽⁴⁾ Trade receivables subject to factoring agreement.

The Company applies the expected present value technique to measure the fair value of the contingent consideration receivable from the sale of 50% stake in Światłowód Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 7.5% in 2025 to 6.9% in 2026 as at 31 March 2024 (from 8.3% in 2024 to 6.1% in 2026 as at 31 December 2023) and are based on the market risk-free interest rates increased by the credit risk margin estimated for the APG Group. The Company has performed sensitivity analysis for the impact of changes in unobservable inputs and concluded that reasonably possible change in any unobservable input would not materially change the fair value of the contingent consideration receivable.

The fair value of derivatives hedging energy price risk represents the valuation of probability-weighted future benefits from a difference between the fixed price agreed with the supplier of energy and expected future energy prices, calculated for the expected volume of energy to be generated by the wind farms. The fair value depends on the Company's assessment of the moment of the commencement of commercial operations under the agreements signed, which is included in the valuation of the contracts as probabilities assigned to future benefits. Estimated future energy prices (according to wind production profile) are based on observable market energy prices for years 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 March 2024 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 29/(29) million as at 31 March 2024.

The carrying amount of the Company's financial instruments excluding lease liabilities approximated their fair value as at 31 March 2024.

9. Dividend

On 19 April 2024, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.48 per share from the 2023 profit. The total dividend, amounting to PLN 630 million, will be paid on 10 July 2024.

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

The information hereunder refers to the matters presented in Note 32 to the IFRS Separate Financial Statements for the year ended 31 December 2023.

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

In the civil case for payment to P4 Sp. z o.o., T-Mobile Polska S.A. decided to join the court proceedings as an intervener on the side of Orange Polska and Polkomtel Sp. z o.o. Polkomtel was the applicant for the court to summon T-Mobile to take part in the proceedings. Orange Polska supported this application.

Other litigation, claims and contingent liabilities

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

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

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

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

11. Related party transactions

As at 31 March 2024, 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 telecommunications equipment, energy and income from IT services. The purchases from the subsidiaries comprise mainly software intangible assets. Costs incurred by the Company in transactions with its subsidiaries also comprise donations to Fundacja Orange.

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

OPL S.A.'s financial income and financial receivables from the subsidiaries relate to dividends. Financial costs and financial liabilities concerning transactions with the subsidiaries relate to cash pool deposits from the subsidiaries.

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

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

(in PLN millions)	3 months ended 31 March 2024	3 months ended 31 March 2023
Sales of goods and services and other income:	231	191
Orange Polska Group (subsidiaries)	27	37
Orange Group	62	65
- Orange S.A. (parent)	48	50
- Orange Group (excluding parent)	14	15
Światłowód Inwestycje (joint venture)	142	89
Purchases of goods (including inventories, tangible and intangible assets) and services:	(130)	(125)
Orange Polska Group (subsidiaries)	(30)	(27)
Orange Group	(54)	(63)
- Orange S.A. (parent)	(9)	(16)
- Orange Group (excluding parent)	(45)	(47)
Światłowód Inwestycje (joint venture)	(46)	(35)
Financial income:	33	14
Orange Polska Group (subsidiaries)	28	-
Orange S.A. (parent)	5	14
Financial expense, net:	(38)	(42)
Orange Polska Group (subsidiaries)	(2)	(1)
Orange Group	(36)	(41)
- Orange S.A. (parent)	40	52
- Orange Group (excluding parent)	(76)	(93)
Other comprehensive loss:	(5)	(79)
Orange S.A. (parent)	(5)	(79)

Orange Polska S.A.

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Translation of the financial statements originally issued in Polish

(in PLN millions)	At 31 March	At 31 December
	2024	2023
Receivables and contract costs:	238	306
Orange Polska Group (subsidiaries)	43	79
Orange Group	109	107
- Orange S.A. (parent)	75	74
- Orange Group (excluding parent)	34	33
Światłowód Inwestycje (joint venture)	86	120
Liabilities:	994	1,044
Orange Polska Group (subsidiaries)	33	40
Orange Group	93	115
- Orange S.A. (parent)	39	53
- Orange Group (excluding parent)	54	62
Światłowód Inwestycje (joint venture)	868	889
Financial receivables:	234	212
Orange Polska Group (subsidiaries)	28	-
Orange S.A. (parent)	206	212
Cash and cash equivalents deposited with:	497	649
Orange S.A. (parent)	497	649
Financial liabilities:	4,323	4,367
Orange Polska Group (subsidiaries)	115	162
Orange Group	4,208	4,205
- Orange S.A. (parent)	4	3
- Orange Group (excluding parent)	4,204	4,202

Additionally, as at 31 March 2024 and 31 December 2023, OPL S.A. granted to its subsidiaries guarantees in the amount of PLN 103 million and PLN 110 million, respectively.

Compensation (remuneration, bonuses, post-employment and other long-term benefits, termination indemnities and share-based payment plans - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 3 months ended 31 March 2024 and 2023 amounted to PLN 4.8 million. 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 the Orange Polska S.A. for the reimbursement of key management personnel costs from the Orange Group for the 3 months ended 31 March 2024 and 2023 amounted to PLN 1.4 million and PLN 1.6 million, respectively.

12. Subsequent events

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

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

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

The ownership structure of the Company’s share capital, based on the information available to the Company as at 23 April 2024, i.e. the date of submission of the quarterly report for the 3 months ended 31 March 2024 is presented below. Allianz Polska OFE and Allianz Polska DFE pension funds increased their share ownership of Orange Polska shares from 7.96% (the information available to the Company as at 14 February 2024, i.e. the date of submission of the annual report for the 12 months ended 31 December 2023) to 8.12%.

Shareholder	Number of shares held	Number of votes at the General Meeting of OPL S.A.	Percentage of the total number of votes at the General Meeting of OPL S.A.	Nominal value of shares held (in PLN)	Share in the capital
Orange S.A.	664,999,999	664,999,999	50.67 %	1,994,999,997	50.67 %
Allianz Polska OFE, Allianz Polska DFE pension funds	106,592,183	106,592,183	8.12 %	319,776,549	8.12 %
Nationale-Nederlanden OFE pension fund	73,924,979	73,924,979	5.63 %	221,774,937	5.63 %
Other shareholders	466,840,318	466,840,318	35.58 %	1,400,520,954	35.58 %
TOTAL	1,312,357,479	1,312,357,479	100.00 %	3,937,072,437	100.00 %

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

Ms Jolanta Dudek, the Vice-President of the Management Board of OPL S.A., held 8,474 Orange Polska S.A. shares as at 23 April 2024 and 14 February 2024.

Mr Piotr Jaworski, the Member of the Management Board of OPL S.A., held 673 Orange Polska S.A. shares as at 23 April 2024 and 14 February 2024.

Mr Maciej Nowochoński, the Member of the Management Board of OPL S.A., held 25,000 Orange Polska S.A. shares as at 23 April 2024 and 14 February 2024.

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

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

In the 3 months ended 31 March 2024, neither the Company nor its subsidiaries granted guarantees or collateral of loans or borrowings to any entity or its subsidiary, a total value of which would be significant.

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

As announced in the current report 4/2024 of 14 February 2024, the Group forecasts low single digit revenue growth, low single digit EBITDAaL growth in 2024 compared to 2023 and eCapex to be in the range of PLN 1.7-1.9 billion. Considering the results of the 3 months ended 31 March 2024, the Management Board of Orange Polska S.A. is reiterating the guidance. The Management Board will closely monitor the Group's performance on a current basis.

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

Factors that, in the Management Board's opinion, have influence on the Group's operations or may have such influence in the near future are presented in Section 4 of the Chapter II of Management Board's Report on the Activity of the Orange Polska Group and Orange Polska S.A. for the year ended 31 December 2023. Additionally, key risk factors that may impact the Group's operational and financial performance are reviewed in detail in the Chapter IV of the above-mentioned Report.

VI. Foreign exchange rates

The statement of financial position data as at 31 March 2024 and 31 December 2023 presented in the table "Selected financial data" was translated into EUR at the average exchange rates of the National Bank of Poland ("NBP") at the end of the reporting period. The income statement data, together with the statement of comprehensive income and statement of cash flows data for the 3 months ended 31 March 2024 and 2023, were translated into EUR at the exchange rates which are the arithmetical average of the average NBP rates published by the NBP on the last day of each month of the 3-month periods ended 31 March 2024 and 2023.

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

1 EUR	31 March 2024	31 December 2023	31 March 2023
Statement of financial position	4.3009 PLN	4.3480 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.3211 PLN	Not applicable	4.7005 PLN