☐ - adjusted

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated half-year report PSr 2024

(year)

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

for the half-year of **2024**, i.e. **from 1 January 2024 to 30 June 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 July 2024**

ORANGE POLSKA SA
(full name of issuer)

ORANGEPL	Telecommunication (tel)
(abbreviated name of the issuer)	(classification according to WSE/sector)
02-326	Warsaw
(post code)	(location)
Al. Jerozolimskie	160
(street)	(number)
22 527 23 23	22 527 23 41
(telephone)	(fax)
investors@orange.com	www.orange.pl
(e-mail)	(www)
526-02-50-995	012100784
(NIP)	(REGON)

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

SELECTED FINANCIAL DATA	PLN ‘000		EUR ‘000	
	half-year 2024	half-year 2023	half-year 2024	half-year 2023
	condensed consolidated financial statements data			
I. Revenue	6,204,000	6,363,000	1,439,143	1,379,363
II. Operating income	709,000	735,000	164,467	159,332
III. Profit before income tax	565,000	628,000	131,063	136,137
IV. Net income	458,000	509,000	106,242	110,340
V. Net income attributable to owners of Orange Polska S.A.	458,000	509,000	106,242	110,340
VI. Earnings per share (in PLN/EUR) (basic and diluted)	0.35	0.39	0.08	0.08
VII. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VIII. Total comprehensive income	410,000	229,000	95,108	49,642
IX. Total comprehensive income attributable to owners of Orange Polska S.A.	410,000	229,000	95,108	49,642
X. Net cash provided by operating activities	1,618,000	1,726,000	375,328	374,160
XI. Net cash used in investing activities	(1,051,000)	(1,006,000)	(243,801)	(218,079)
XII. Net cash used in financing activities	(616,000)	(1,018,000)	(142,894)	(220,681)
XIII. Net change in cash and cash equivalents	(49,000)	(298,000)	(11,367)	(64,600)
	balance as at 30/06/2024	balance as at 31/12/2023	balance as at 30/06/2024	balance as at 31/12/2023
XIV. Total current assets	4,071,000	4,070,000	943,891	936,063
XV. Total non-current assets	22,480,000	22,756,000	5,212,149	5,233,670
XVI. Total assets	26,551,000	26,826,000	6,156,040	6,169,733
XVII. Total current liabilities	5,016,000	6,216,000	1,162,996	1,429,623
XVIII. Total non-current liabilities	8,302,000	7,164,000	1,924,878	1,647,654
XIX. Total equity	13,233,000	13,446,000	3,068,166	3,092,456
XX. Equity attributable to owners of Orange Polska S.A.	13,231,000	13,444,000	3,067,702	3,091,996
XXI. Share capital	3,937,000	3,937,000	912,822	905,474
	condensed separate financial statements data			
	half-year 2024	half-year 2023	half-year 2024	half-year 2023
I. Revenue	5,512,000	5,472,000	1,278,619	1,186,213
II. Operating income	758,000	693,000	175,833	150,228
III. Profit before income tax	697,000	616,000	161,683	133,536
IV. Net income	583,000	505,000	135,239	109,473
V. Earnings per share (in PLN/EUR) (basic and diluted)	0.44	0.38	0.10	0.08
VI. Weighted average number of shares (in millions)	1,312	1,312	1,312	1,312
VII. Total comprehensive income	520,000	261,000	120,624	56,579
VIII. Net cash provided by operating activities	1,672,000	1,756,000	387,854	380,663
IX. Net cash used in investing activities	(1,047,000)	(1,007,000)	(242,873)	(218,296)
X. Net cash used in financing activities	(654,000)	(1,016,000)	(151,708)	(220,247)
XI. Net change in cash and cash equivalents	(29,000)	(267,000)	(6,727)	(57,880)
	balance as at 30/06/2024	balance as at 31/12/2023	balance as at 30/06/2024	balance as at 31/12/2023
XII. Total current assets	3,603,000	3,580,000	835,381	823,367
XIII. Total non-current assets	21,722,000	21,920,000	5,036,402	5,041,398
XIV. Total assets	25,325,000	25,500,000	5,871,783	5,864,765
XV. Total current liabilities	4,758,000	5,980,000	1,103,176	1,375,345
XVI. Total non-current liabilities	8,195,000	7,045,000	1,900,070	1,620,285
XVII. Total equity	12,372,000	12,475,000	2,868,537	2,869,135
XVIII. Share capital	3,937,000	3,937,000	912,822	905,474

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

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

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

Introduction

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

- the consolidated statement of financial position as at 30 June 2024,

and, for the three-month and six-month periods ended 30 June 2024:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated statement of cash flows;

and, for the six-month period ended 30 June 2024:

- the consolidated statement of changes in equity;

and

- notes to the condensed interim consolidated financial statements comprising material accounting policies and other explanatory information

(the "condensed consolidated interim financial statements").

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

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

ul. Inflancka 4A, 00-189 Warsaw, Poland
tel. +48 (22) 528 11 00, fax +48 (22) 528 10 09, kpmg@kpmg.pl

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., a Polish limited partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Company registered at the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Business Register.

KRS 0000339379
NIP: 527-26-15-362
REGON: 142078130

Scope of Review

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

Conclusion

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

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546

Signed on the Polish original

Marek Gajdziński

Key Statutory Auditor
Registration No. 90061
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, 23 July 2024

ORANGE POLSKA GROUP

CONDENSED IFRS INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2024

July 23, 2024

Contents

CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)	Note	3 months ended 30 June 2024	6 months ended 30 June 2024	3 months ended 30 June 2023	6 months ended 30 June 2023
Revenue	5	**3,123**	**6,204**	**3,224**	**6,363**
External purchases		(1,818)	(3,629)	(1,892)	(3,763)
Labour expense		(380)	(769)	(349)	(723)
Other operating expense		(124)	(235)	(134)	(238)
Other operating income		222	439	149	311
Impairment of receivables and contract assets		(27)	(57)	(24)	(46)
Gains on disposal of fixed assets		22	64	28	114
Depreciation and impairment of right-of-use assets		(140)	(275)	(151)	(286)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(507)	(1,012)	(499)	(982)
Share of loss of joint venture		(11)	(21)	(9)	(15)
Operating income		**360**	**709**	**343**	**735**
Interest income		25	47	19	45
Interest expense on lease liabilities		(38)	(75)	(35)	(66)
Other interest expense and financial charges		(43)	(80)	(38)	(80)
Discounting expense		(19)	(37)	(16)	(29)
Foreign exchange gains		-	1	25	23
Finance costs, net		**(75)**	**(144)**	**(45)**	**(107)**
Income tax		(54)	(107)	(59)	(119)
Net income		**231**	**458**	**239**	**509**
Net income attributable to owners of Orange Polska S.A.		231	458	239	509
Net income attributable to non-controlling interests		-	-	-	-
Earnings per share (in PLN) (basic and diluted)		**0.18**	**0.35**	**0.18**	**0.39**
Weighted average number of shares (in millions)		1,312	1,312	1,312	1,312

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)	3 months ended 30 June 2024	6 months ended 30 June 2024	3 months ended 30 June 2023	6 months ended 30 June 2023
Net income	**231**	**458**	**239**	**509**
Items that may be reclassified subsequently to profit or loss				
Losses on cash flow hedges	(41)	(78)	(120)	(306)
Gains/(losses) on receivables at fair value through other comprehensive income	3	(1)	2	5
Income tax relating to items that may be reclassified	7	15	22	57
Share of other comprehensive income/(loss) of joint venture, net of tax	1	16	(15)	(36)
Other comprehensive loss, net of tax	**(30)**	**(48)**	**(111)**	**(280)**
Total comprehensive income	**201**	**410**	**128**	**229**
Total comprehensive income attributable to owners of Orange Polska S.A.	201	410	128	229
Total comprehensive income attributable to non-controlling interests	-	-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in PLN millions)	Note	At 30 June 2024	At 31 December 2023
ASSETS			
Goodwill		2,320	2,320
Other intangible assets		4,285	4,398
Property, plant and equipment		9,784	9,895
Right-of-use assets		2,941	2,849
Investment in joint venture	7	1,416	1,313
Trade receivables	9	625	659
Contract assets		93	89
Contract costs		164	161
Derivatives	8,9	286	337
Other assets		183	260
Deferred tax assets		383	475
Total non-current assets		**22,480**	**22,756**
Inventories		352	275
Trade receivables	9	1,977	2,048
Contract assets		83	71
Contract costs		441	435
Derivatives	8,9	6	25
Income tax receivables		17	6
Other assets		278	316
Prepaid expenses		171	98
Cash and cash equivalents		746	796
Total current assets		**4,071**	**4,070**
TOTAL ASSETS		**26,551**	**26,826**
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		225	267
Retained earnings		8,237	8,408
Equity attributable to owners of Orange Polska S.A.		**13,231**	**13,444**
Non-controlling interests		2	2
Total equity		**13,233**	**13,446**
Trade payables		111	120
Lease liabilities		2,326	2,306
Loans from related parties	8,12	4,123	2,694
Other financial liabilities at amortised cost	8	90	102
Derivatives	8,9	5	4
Provisions	11	690	750
Contract liabilities		782	1,096
Employee benefits		52	64
Other liabilities	7	123	28
Total non-current liabilities		**8,302**	**7,164**
Trade payables	7	2,006	2,600
Lease liabilities		678	645
Loans from related parties	8,12	13	1,508
Other financial liabilities at amortised cost	8	34	32
Derivatives	8,9	5	12
Provisions	11	252	217
Contract liabilities		730	655
Employee benefits		196	191
Income tax liabilities		14	52
Other liabilities	7,10	1,088	304
Total current liabilities		**5,016**	**6,216**
TOTAL EQUITY AND LIABILITIES		**26,551**	**26,826**

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	-	-	-	-	-	-	-	458	458	-	458
Other comprehensive loss	-	-	(78)	-	(1)	15	16	-	(48)	-	(48)
Total comprehensive income for the 6 months ended 30 June 2024	**-**	**-**	**(78)**	**-**	**(1)**	**15**	**16**	**458**	**410**	**-**	**410**
Dividend (transactions with the owners)	-	-	-	-	-	-	-	(630)	(630)	-	(630)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	-	1	1	-	1
Transfer to inventories	-	-	8	-	-	(2)	-	-	6	-	6
Balance at 30 June 2024	**3,937**	**832**	**264**	**(58)**	**(11)**	**(37)**	**67**	**8,237**	**13,231**	**2**	**13,233**
Balance at 1 January 2023	**3,937**	**832**	**712**	**(50)**	**(9)**	**(124)**	**106**	**8,047**	**13,451**	**2**	**13,453**
Net income	-	-	-	-	-	-	-	509	509	-	509
Other comprehensive loss	-	-	(306)	-	5	57	(36)	-	(280)	-	(280)
Total comprehensive income for the 6 months ended 30 June 2023	**-**	**-**	**(306)**	**-**	**5**	**57**	**(36)**	**509**	**229**	**-**	**229**
Dividend (transactions with the owners)	-	-	-	-	-	-	-	(459)	(459)	-	(459)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	-	1	1	-	1
Transfer to inventories	-	-	9	-	-	(2)	-	-	7	-	7
Balance at 30 June 2023	**3,937**	**832**	**415**	**(50)**	**(4)**	**(69)**	**70**	**8,098**	**13,229**	**2**	**13,231**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in PLN millions)	Note	3 months ended 30 June 2024	6 months ended 30 June 2024	3 months ended 30 June 2023	6 months ended 30 June 2023
OPERATING ACTIVITIES					
Net income		231	458	239	509
Adjustments to reconcile net income to cash from operating activities					
Gains on disposal of fixed assets		(22)	(64)	(28)	(114)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets		647	1,287	650	1,268
Share of loss of investments accounted for using the equity method		11	21	9	15
Finance costs, net		75	144	45	107
Income tax		54	107	59	119
Change in provisions and allowances		(34)	(56)	(34)	(84)
Operating foreign exchange and derivatives (gains)/losses, net		(9)	(5)	13	18
Change in working capital					
Increase in inventories, gross		(59)	(78)	(62)	(143)
(Increase)/decrease in trade receivables, gross		(35)	106	(56)	(59)
(Increase)/decrease in contract assets, gross		(2)	(17)	7	13
(Increase)/decrease in contract costs		(9)	(9)	5	7
Increase/(decrease) in trade payables		96	(62)	231	18
Increase/(decrease) in contract liabilities		8	-	(29)	97
(Increase)/decrease in prepaid expenses and other receivables		(50)	(93)	38	54
Increase in other payables		40	25	63	103
Interest received		25	48	21	47
Interest paid and interest rate effect paid on derivatives, net		(75)	(163)	(77)	(177)
Exchange rate and other effect received/(paid) on derivatives, net		1	1	(4)	(5)
Income tax received/(paid)		21	(32)	(25)	(67)
Net cash provided by operating activities		**914**	**1,618**	**1,065**	**1,726**
INVESTING ACTIVITIES					
Payments for purchases of property, plant and equipment and intangible assets		(434)	(1,340)	(461)	(1,260)
Investment grants received	7	60	271	9	33
Investment grants paid to property, plant and equipment and intangible assets suppliers		(5)	(6)	(13)	(35)
Exchange rate effect paid on derivatives economically hedging capital expenditures, net		(1)	(3)	(2)	(5)
Proceeds from sale of fixed assets		37	132	59	234
Proceeds from loss of control of Światłowód Inwestycje	9	-	124	-	133
Income tax paid in relation to loss of control of Światłowód Inwestycje		(24)	(24)	-	-
Cash paid for investment in joint venture	7	(169)	(169)	(100)	(100)
Cash paid for subsidiaries, net of cash acquired	7	(17)	(18)	(1)	(2)
Payments on loans and other financial instruments, net		(17)	(18)	(3)	(4)
Net cash used in investing activities		**(570)**	**(1,051)**	**(512)**	**(1,006)**
FINANCING ACTIVITIES					
Proceeds from long-term debt		7	7	-	-
Repayment of long-term debt	8	(307)	(317)	-	(750)
Repayment of lease liabilities		(129)	(303)	(119)	(272)
Proceeds from/(repayment of) revolving credit line and other debt, net		(2)	(3)	8	4
Net cash used in financing activities		**(431)**	**(616)**	**(111)**	**(1,018)**
Net change in cash and cash equivalents		**(87)**	**(49)**	**442**	**(298)**
Effect of exchange rate changes and other impacts on cash and cash equivalents		-	(1)	(3)	(4)
Cash and cash equivalents at the beginning of the period		833	796	285	1,026
Cash and cash equivalents at the end of the period		**746**	**746**	**724**	**724**

Notes to the Condensed IFRS Interim Consolidated Financial Statements

1. The Orange Polska Group

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

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

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

The list of entities included in the Condensed IFRS Interim Consolidated Financial Statements of the Group (the "Condensed Interim Consolidated Financial Statements") as at and for the 6 months ended 30 June 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. Additionally, in May and June 2024, the Group purchased 100% of the shares in GigaNet Sp. z o.o., Podlaskie Sieci Światłowodowe Sp. z o.o. and Timplus Sp. z o.o. (see Note 7).

2. Segment information and performance measures

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

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

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

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

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

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

Basic financial data of the operating segment is presented below:

(in PLN millions)	6 months ended 30 June 2024	6 months ended 30 June 2023
Revenue	6,204	6,363
EBITDAaL	1,653	1,585
Net income	458	509
eCapex	674	538
Organic cash flows	411	424

	At 30 June 2024	At 31 December 2023
Net financial debt (in PLN millions, see Note 8)	3,496	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)	6 months ended 30 June 2024	6 months ended 30 June 2023
Operating income	709	735
Less gains on disposal of fixed assets	(64)	(114)
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets [(1)]	1,013	989
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	82	29
Less interest expense on lease liabilities	(75)	(66)
Adjustment for the impact of employment termination programs and reorganization costs	(12)	12
EBITDAaL	**1,653**	**1,585**

[(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 1 million in 2024 and PLN 7 million in 2023).

(in PLN millions)	6 months ended 30 June 2024	6 months ended 30 June 2023
Acquisitions of property, plant and equipment and intangible assets	799	748
Less proceeds accrued on disposal of fixed assets	(125)	(210)
eCapex	**674**	**538**

(in PLN millions)	6 months ended 30 June 2024	6 months ended 30 June 2023
Net cash provided by operating activities	1,618	1,726
Payments for purchases of property, plant and equipment and intangible assets	(1,340)	(1,260)
Exchange rate effect paid on derivatives economically hedging capital expenditures, net	(3)	(5)
Proceeds from sale of fixed assets	132	234
Repayment of lease liabilities	(303)	(272)
Adjustment for payment for acquisition of telecommunications licence	305	-
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	2	1
Organic cash flows	**411**	**424**

3. Statement of compliance and basis of preparation

Basis of preparation

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

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

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

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

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

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

New IFRS standards and interpretations in 2024

IFRS 18 "Presentation and Disclosure in Financial Statements" was issued on 9 April 2024 and will be effective for annual periods beginning on or after 1 January 2027. This standard has not yet been endorsed by the European Union. IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The standard will replace IAS 1 "Presentation of Financial Statements". The impact of the implementation of IFRS 18 is being analysed.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures" was issued on 9 May 2024 and will be effective for annual periods beginning on or after 1 January 2027. This standard has not yet been endorsed by the European Union. IFRS 19 introduces reduced disclosure requirements in the financial statements of subsidiaries, that are not public interest companies and whose parent company prepares consolidated financial statements available for public use that comply with IFRS. This standard has no impact on the Group's consolidated financial statements.

4. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Interim Consolidated Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 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 30 June 2024 may be subsequently changed. The areas of main estimates and judgements made are described in Note 35.1 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 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), mobile infrastructure hosting and MVNO, (ii) fixed carriers services, and fixed infrastructure hosting, and (iii) other (mainly data transmission).
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	6 months	3 months	6 months
		ended 30 June 2024		ended 30 June 2023
Mobile only services	**742**	**1,461**	**723**	**1,433**
Fixed only services	**442**	**888**	**471**	**935**
Narrowband	111	226	128	260
Broadband	219	439	224	446
Network solutions (business market)	112	223	119	229
Convergent services (consumer market)	**636**	**1,256**	**578**	**1,142**
Equipment sales	**407**	**882**	**417**	**880**
IT and integration services	**405**	**732**	**458**	**806**
Wholesale	**403**	**794**	**448**	**875**
Mobile wholesale	221	427	256	498
Fixed wholesale	142	286	146	290
Other	40	81	46	87
Other revenue	**88**	**191**	**129**	**292**
Total revenue	**3,123**	**6,204**	**3,224**	**6,363**

Starting from the second quarter of 2024, wholesale revenue from infrastructure hosting is included in mobile or fixed wholesale revenue to improve allocation of these services with respect to the type of infrastructure. Comparable data was adjusted accordingly: PLN 156 million of revenue from infrastructure hosting for the 6 months ended 30 June 2023 was reclassified from other wholesale revenue to mobile wholesale (PLN 19 million) and fixed wholesale (PLN 137 million). For the 3 months ended 30 June 2023, PLN 78 million was reclassified from other wholesale revenue to mobile wholesale (PLN 10 million) and fixed wholesale (PLN 68 million).

IT and integration services, wholesale and other revenue for the 6 months ended 30 June 2024 and 2023 include PLN 81 million and PLN 126 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 cyclicality of interim Group operations

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

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

As at 30 June 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.

In May 2024, the Group purchased 100% of shares in GigaNet Sp. z o.o. and Podlaskie Sieci Światłowodowe Sp. z o.o., local operators offering services on the basis of fibre infrastructure. In June 2024, the Group acquired 100%

of shares in Timplus Sp. z o.o., a local retail FTTH operator (preliminary agreement was signed in December 2023). The transactions are consistent with the Group's strategy of expanding its fibre footprint. Out of the total price for these acquisitions amounting to PLN 18 million, PLN 16 million was paid until 30 June 2024. As at 30 June 2024, the Group has finalised the accounting for the acquisitions and recognised in the consolidated statement of financial position mainly fibre network (presented as property, plant and equipment), customer contracts and related customer relationships (presented as other intangible assets). No goodwill was recognised on the acquisitions.

In June 2024, the Ordinary Shareholders' Meeting of Światłowód Inwestycje Sp. z o.o. adopted the resolution on the capital increase by PLN 338 million, of which 50% was paid by the Group. Consequently, the investment in joint venture increased by PLN 169 million.

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 20 million in the 6 months ended 30 June 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 84 million as at 30 June 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 6 months ended 30 June 2024, Orange Polska received PLN 265 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 30 June 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 455 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 30 June 2024	At 31 December 2023
Loans from related parties	4,136	4,202
Other financial liabilities at amortised cost	124	134
Derivatives – net (liabilities less assets)	(282)	(346)
Gross financial debt after derivatives	**3,978**	**3,990**
Cash and cash equivalents	(746)	(796)
Cash flow hedge reserve	264	334
Net financial debt	**3,496**	**3,528**

On 30 April 2024, the Group and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a Loan Agreement for PLN 1.2 billion with a repayment date in May 2029. The new Loan Agreement provided non-cash refinancing of PLN 1.2 billion out of PLN 1.5 billion loan granted by Atlas Services Belgium S.A., which expired in May 2024. The remaining PLN 300 million was repaid in May 2024.

In June 2024, the Group and Orange S.A. updated the Cash Management Treasury Agreement, extending access to PLN 500 million of back-up liquidity funding to 30 June 2025. The back-up facility was not used as at 30 June 2024.

As at 30 June 2024, the total outstanding balance of loans from the related parties amounted to PLN 4,136 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related parties amounted to 6.75% before swaps and 4.09% after swaps as at 30 June 2024.

As at 30 June 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 2,300 million with a total fair value amounting to PLN 179 million.

9. Fair value of financial instruments

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

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

(in PLN millions)	At 30 June 2024	At 31 December 2023	Fair value hierarchy [1]
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje [2]	160	278	Level 3
Commodity swaps hedging energy prices – net (assets less liabilities) [3]	88	133	Level 3
Other derivatives – net (assets less liabilities)	194	213	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments [4]	538	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 Światłowód Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 7.8% in 2025 to 7.0% in 2026 as at 30 June 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 30 June 2024 amounted to PLN 456 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 28/(28) million as at 30 June 2024.

The carrying amount of the Group's financial instruments excluding lease liabilities approximated their fair value as at 30 June 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. As at 30 June 2024, the total dividend of PLN 630 million was presented as other current liabilities in the consolidated statement of financial position. The dividend was 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 30 June 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, financial liabilities and financial expense, net concerning transactions with 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	6 months	3 months	6 months
	ended 30 June 2024		ended 30 June 2023	
Sales of goods and services and other income:	**227**	**435**	**168**	**324**
Orange S.A. (parent)	47	95	52	102
Orange Group (excluding parent)	14	32	17	34
Światłowód Inwestycje (joint venture)	166	308	99	188
Purchases of goods (including inventories, tangible and intangible assets) and services:	**(116)**	**(216)**	**(101)**	**(199)**
Orange S.A. (parent)	(18)	(27)	(20)	(36)
Orange Group (excluding parent)	(45)	(90)	(44)	(91)
Światłowód Inwestycje (joint venture)	(53)	(99)	(37)	(72)
Financial income:	**7**	**12**	**5**	**19**
Orange S.A. (parent)	7	12	5	19
Financial expense, net:	**(40)**	**(77)**	**(35)**	**(76)**
Orange S.A. (parent)	35	75	52	104
Orange Group (excluding parent)	(73)	(149)	(87)	(180)
Światłowód Inwestycje (joint venture)	(2)	(3)	-	-
Other comprehensive loss:	**(26)**	**(31)**	**(62)**	**(141)**
Orange S.A. (parent)	(26)	(31)	(62)	(141)
Dividend declared:	**319**	**319**	**233**	**233**
Orange S.A. (parent)	319	319	233	233

(in PLN millions)	At 30 June 2024	At 31 December 2023
Receivables and contract costs:	**233**	**230**
Orange S.A. (parent)	80	74
Orange Group (excluding parent)	32	36
Światłowód Inwestycje (joint venture)	121	120
Liabilities:	**781**	**1,008**
Orange S.A. (parent)	47	53
Orange Group (excluding parent)	59	66
Światłowód Inwestycje (joint venture)	675	889
Financial receivables:	**179**	**212**
Orange S.A. (parent)	179	212
Cash and cash equivalents deposited with:	**359**	**649**
Orange S.A. (parent)	359	649
Financial liabilities:	**4,141**	**4,205**
Orange S.A. (parent)	5	3
Orange Group (excluding parent)	3,904	4,202
Światłowód Inwestycje (joint venture)	232	-
Dividend payable to:	**319**	**-**
Orange S.A. (parent)	319	-

Compensation (remuneration, bonuses, post-employment and other long-term benefits, termination indemnities and share-based payment plans - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 6 months ended 30 June 2024 and 2023 amounted to PLN 9.4 million and PLN

9.3 million, respectively. 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 6 months ended 30 June 2024 and 2023 amounted to PLN 2.7 million and PLN 3.2 million, respectively.

13. Subsequent events

On 9 July 2024, the Group drew down PLN 240 million of the Revolving Credit Facility from Atlas Services Belgium S.A., a subsidiary of Orange S.A.

Pursuant to Art. 69 of the Decree of the Minister of Finance of 29 March 2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state – Journal of Laws of 2018, item 757 ("the Decree of the Minister of Finance of 29 March 2018"), the Management Board of Orange Polska S.A. ("OPL S.A.", "the Company") discloses the following information:

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

The ownership structure of the Company's share capital, based on the information available to the Company as at 23 July 2024, i.e. the date of submission of the interim report for the 6 months ended 30 June 2024 was the same as at 23 April 2024, i.e. the date of submission of the quarterly report for the 3 months ended 31 March 2024:

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 quarterly report

Ms Jolanta Dudek, the Vice-President of the Management Board of OPL S.A., held 8,474 Orange Polska S.A. shares as at 23 July 2024 and 23 April 2024.
Mr Piotr Jaworski, the Member of the Management Board of OPL S.A., held 673 Orange Polska S.A. shares as at 23 July 2024 and 23 April 2024.
Mr Maciej Nowohoński, the Member of the Management Board of OPL S.A., held 25,000 Orange Polska S.A. shares as at 23 July 2024 and 23 April 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 6 months ended 30 June 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

The Group's guidance for the year 2024 was published in the current report 4/2024 of 14 February 2024. Considering the results achieved during the 6 months ended 30 June 2024, the Management Board of Orange Polska S.A. has updated revenue and EBITDAaL guidance. It now expects revenues to be flat or decline by a low single digit percentage versus low single digit percentage growth previously. Worse revenue outlook results mainly from lower than expected revenues from energy resale as well as IT and integration services. At the same time revenues from core telecom services (convergence, mobile and broadband) continue to expand at a solid pace. EBITDAaL is expected now to grow by low-to-mid single digit percentage versus low single digit percentage previously. More favourable EBITDAaL prospects result from solid margin contribution of core business, ongoing cost savings and benefits of efficiency gains. At the same time, the Management Board has maintained the guidance for economic capital expenditures (in the range of PLN 1.7-1.9 billion). The Management Board will closely monitor the Group's performance on a current basis.

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

Factors that, in the Management Board's opinion, have influence on the Group's operations or may have such influence in the near future are presented in Section 4 of the Chapter II of the Management Board's Report on the Activity of the Orange Polska Group in the first six months ended 30 June 2024. Additionally, key risk factors that may impact the Group's operational and financial performance are reviewed in detail in the Chapter IV of the above-mentioned Report.

VI. Foreign exchange rates

The statement of financial position data as at 30 June 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 6 months ended 30 June 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 6-month periods ended 30 June 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	**30 June 2024**	**31 December 2023**	**30 June 2023**
Statement of financial position	4.3130 PLN	4.3480 PLN	Not applicable
Income statement, statement of comprehensive income, statement of cash flows	4.3109 PLN	Not applicable	4.6130 PLN

KPMG

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

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

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

Introduction

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

- the separate statement of financial position as at 30 June 2024,

and, for the three-month and six-month periods ended 30 June 2024:

- the separate statement of profit or loss;
- the separate statement of comprehensive income;
- the separate statement of cash flows;

and, for the six-month period ended 30 June 2024:

- the separate statement of changes in equity;

and

- notes to the condensed interim separate financial statements comprising material accounting policies and other explanatory information

(the "condensed separate interim financial statements").

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

Scope of Review

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

Conclusion

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

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546

Signed on the Polish original

Marek Gajdziński

Key Statutory Auditor
Registration No. 90061
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, 23 July 2024

ORANGE POLSKA S.A.

CONDENSED IFRS INTERIM SEPARATE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2024

July 23, 2024

Contents

INCOME STATEMENT

(in PLN millions, except for earnings per share)	Note	3 months ended 30 June 2024	6 months ended 30 June 2024	3 months ended 30 June 2023	6 months ended 30 June 2023
Revenue	4	**2,746**	**5,512**	**2,752**	**5,472**
External purchases		(1,487)	(3,015)	(1,497)	(3,022)
Labour expense		(342)	(693)	(319)	(663)
Other operating expense		(115)	(218)	(129)	(230)
Other operating income		214	432	150	312
Impairment of receivables and contract assets		(25)	(53)	(20)	(41)
Gains on disposal of fixed assets		22	64	29	116
Depreciation and impairment of right-of-use assets		(137)	(269)	(148)	(280)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(502)	(1,002)	(494)	(971)
Operating income		**374**	**758**	**324**	**693**
Dividend income		56	84	35	35
Interest income		24	45	19	45
Interest expense on lease liabilities		(37)	(74)	(35)	(66)
Other interest expense and financial charges		(43)	(80)	(38)	(81)
Discounting expense		(19)	(37)	(16)	(29)
Foreign exchange gains		-	1	20	19
Finance costs, net		**(19)**	**(61)**	**(15)**	**(77)**
Income tax		(57)	(114)	(55)	(111)
Net income		**298**	**583**	**254**	**505**
Earnings per share (in PLN) (basic and diluted)		**0.23**	**0.44**	**0.19**	**0.38**
Weighted average number of shares (in millions)		1,312	1,312	1,312	1,312

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)	3 months ended 30 June 2024	6 months ended 30 June 2024	3 months ended 30 June 2023	6 months ended 30 June 2023
Net income	**298**	**583**	**254**	**505**
Items that may be reclassified subsequently to profit or loss				
Losses on cash flow hedges	(42)	(77)	(120)	(306)
Gains/(losses) on receivables at fair value through other comprehensive income	3	(1)	2	5
Income tax relating to items that may be reclassified	8	15	22	57
Other comprehensive loss, net of tax	**(31)**	**(63)**	**(96)**	**(244)**
Total comprehensive income	**267**	**520**	**158**	**261**

STATEMENT OF FINANCIAL POSITION

(in PLN millions)	Note	At 30 June 2024	At 31 December 2023
ASSETS			
Goodwill		2,014	2,014
Other intangible assets		4,218	4,340
Property, plant and equipment		9,713	9,831
Right-of-use assets		2,914	2,818
Investments in subsidiaries		448	448
Investment in joint venture	6	824	655
Trade receivables	8	582	603
Contract assets		90	85
Contract costs		157	153
Derivatives	7,8	286	337
Other assets		135	205
Deferred tax asset		341	431
Total non-current assets		**21,722**	**21,920**
Inventories		311	245
Trade receivables	8	1,618	1,704
Contract assets		81	67
Contract costs		427	421
Derivatives	7,8	5	23
Income tax receivables		5	5
Other assets		346	336
Prepaid expenses		119	58
Cash and cash equivalents		691	721
Total current assets		**3,603**	**3,580**
TOTAL ASSETS		**25,325**	**25,500**
EQUITY AND LIABILITIES			
Share capital		3,937	3,937
Share premium		832	832
Other reserves		159	216
Retained earnings		7,444	7,490
Total equity		**12,372**	**12,475**
Trade payables		111	120
Lease liabilities		2,312	2,288
Loans from related parties	7,11	4,123	2,694
Other financial liabilities at amortised cost		31	34
Derivatives	7,8	3	3
Provisions	10	690	750
Contract liabilities		756	1,070
Employee benefits		52	64
Other liabilities	6	117	22
Total non-current liabilities		**8,195**	**7,045**
Trade payables	6	1,765	2,346
Lease liabilities		667	634
Loans from related parties	7,11	123	1,670
Other financial liabilities at amortised cost		6	6
Derivatives	7,8	4	11
Provisions	10	246	211
Contract liabilities		692	613
Employee benefits		176	171
Income tax liabilities		12	47
Other liabilities	6,9	1,067	271
Total current liabilities		**4,758**	**5,980**
TOTAL EQUITY AND LIABILITIES		**25,325**	**25,500**

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	-	-	-	-	-	-	583	583
Other comprehensive loss	-	-	(77)	-	(1)	15	-	(63)
Total comprehensive income for the 6 months ended 30 June 2024	**-**	**-**	**(77)**	**-**	**(1)**	**15**	**583**	**520**
Dividend (transactions with the owners)	-	-	-	-	-	-	(630)	(630)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	1	1
Transfer to inventories	-	-	8	-	-	(2)	-	6
Balance at 30 June 2024	**3,937**	**832**	**265**	**(58)**	**(11)**	**(37)**	**7,444**	**12,372**
Balance at 1 January 2023	**3,937**	**832**	**712**	**(50)**	**(9)**	**(124)**	**7,165**	**12,463**
Net income	-	-	-	-	-	-	505	505
Other comprehensive loss	-	-	(306)	-	5	57	-	(244)
Total comprehensive income for the 6 months ended 30 June 2023	**-**	**-**	**(306)**	**-**	**5**	**57**	**505**	**261**
Dividend (transactions with the owners)	-	-	-	-	-	-	(459)	(459)
Share-based payments (transactions with the owner)	-	-	-	-	-	-	1	1
Transfer to inventories	-	-	9	-	-	(2)	-	7
Balance at 30 June 2023	**3,937**	**832**	**415**	**(50)**	**(4)**	**(69)**	**7,212**	**12,273**

STATEMENT OF CASH FLOWS

(in PLN millions)	Note	3 months ended 30 June 2024	6 months ended 30 June 2024	3 months ended 30 June 2023	6 months ended 30 June 2023
OPERATING ACTIVITIES					
Net income		298	583	254	505
Adjustments to reconcile net income to cash from operating activities					
Gains on disposal of fixed assets		(22)	(64)	(29)	(116)
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets		639	1,271	642	1,251
Finance costs, net		19	61	15	77
Income tax		57	114	55	111
Change in provisions and allowances		(35)	(59)	(37)	(85)
Operating foreign exchange and derivatives (gains)/losses, net		(6)	(4)	12	16
Change in working capital					
Increase in inventories, gross		(60)	(67)	(64)	(120)
(Increase)/decrease in trade receivables, gross		62	108	(25)	(71)
(Increase)/decrease in contract assets, gross		(2)	(18)	6	12
(Increase)/decrease in contract costs		(9)	(10)	3	3
Increase/(decrease) in trade payables		22	(49)	237	143
Increase in contract liabilities		15	4	23	110
(Increase)/decrease in prepaid expenses and other receivables		(25)	(37)	20	54
Increase/(decrease) in other payables		2	(21)	14	54
Interest received		24	45	21	47
Interest paid and interest rate effect paid on derivatives, net		(75)	(163)	(79)	(179)
Exchange rate and other effect received/(paid) on derivatives, net		1	1	(1)	(3)
Income tax received/(paid)		25	(23)	(24)	(53)
Net cash provided by operating activities		**930**	**1,672**	**1,043**	**1,756**
INVESTING ACTIVITIES					
Payments for purchases of property, plant and equipment and intangible assets		(433)	(1,338)	(460)	(1,260)
Investment grants received	6	60	271	9	33
Investment grants paid to property, plant and equipment and intangible assets suppliers		(5)	(6)	(13)	(35)
Exchange rate effect paid on derivatives economically hedging capital expenditures, net		(1)	(3)	(2)	(5)
Proceeds from sale of fixed assets		37	132	59	235
Proceeds from sale of investment in Światłowód Inwestycje	8	-	124	-	133
Income tax paid in relation to sale of investment in Światłowód Inwestycje		(24)	(24)	-	-
Cash paid for investment in joint venture	6	(169)	(169)	(100)	(100)
Cash paid for investments in subsidiaries		(1)	(2)	(1)	(2)
Receipts from/(payments on) loans and other financial instruments, net		(31)	(32)	9	(6)
Net cash used in investing activities		**(567)**	**(1,047)**	**(499)**	**(1,007)**
FINANCING ACTIVITIES					
Repayment of long-term debt	7	(303)	(303)	-	(750)
Repayment of lease liabilities		(127)	(298)	(115)	(266)
Proceeds from/(repayment of) revolving credit line and other debt, net		(6)	(53)	1	-
Net cash used in financing activities		**(436)**	**(654)**	**(114)**	**(1,016)**
Net change in cash and cash equivalents		**(73)**	**(29)**	**430**	**(267)**
Effect of exchange rate changes and other impacts on cash and cash equivalents		-	(1)	(3)	(4)
Cash and cash equivalents at the beginning of the period		764	721	219	917
Cash and cash equivalents at the end of the period		**691**	**691**	**646**	**646**

Notes to the Condensed IFRS Interim Separate Financial Statements

1. Orange Polska S.A.

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

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

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

2. Statement of compliance and basis of preparation

Basis of preparation

These unaudited Condensed IFRS Interim Separate Financial Statements for the 6 months ended 30 June 2024 (the “Condensed Interim Separate Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Interim Separate Financial Statements (see also Note 3).

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

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

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

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

Orange Polska S.A. is the parent company of the Orange Polska Group (“the Group”, “OPL Group”) and prepares condensed interim consolidated financial statements for the 6 months ended 30 June 2024. The Group is a part of Orange Group, based in France.

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

New IFRS standards and interpretations in 2024

IFRS 18 “Presentation and Disclosure in Financial Statements” was issued on 9 April 2024 and will be effective for annual periods beginning on or after 1 January 2027. This standard has not yet been endorsed by the European Union. IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses. The standard will replace IAS 1 “Presentation of Financial Statements”. The impact of the implementation of IFRS 18 is being analysed.

IFRS 19 “Subsidiaries without Public Accountability: Disclosures” was issued on 9 May 2024 and will be effective for annual periods beginning on or after 1 January 2027. This standard has not yet been endorsed by the European Union. IFRS 19 introduces reduced disclosure requirements in the financial statements of subsidiaries, that are not public interest companies and whose parent company prepares consolidated financial statements available for public use that comply with IFRS. This standard has no impact on the Company’s financial statements.

3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Interim Separate Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Separate Financial Statements for the year ended 31 December 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 30 June 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), mobile infrastructure hosting and MVNO, (ii) fixed carriers services, and fixed infrastructure hosting, and (iii) other (mainly data transmission).
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	6 months	3 months	6 months
	ended 30 June 2024		ended 30 June 2023	
Mobile only services	**740**	**1,457**	**721**	**1,429**
Fixed only services	**440**	**886**	**469**	**932**
Narrowband	110	225	128	260
Broadband	217	435	221	440
Network solutions (business market)	113	226	120	232
Convergent services (consumer market)	**636**	**1,256**	**578**	**1,142**
Equipment sales	**407**	**882**	**417**	**880**
IT and integration services	**96**	**195**	**96**	**168**
Wholesale	**403**	**794**	**448**	**875**
Mobile wholesale	221	427	256	498
Fixed wholesale	142	286	146	290
Other	40	81	46	87
Other revenue	**24**	**42**	**23**	**46**
Total revenue	**2,746**	**5,512**	**2,752**	**5,472**

Starting from the second quarter of 2024, wholesale revenue from infrastructure hosting is included in mobile or fixed wholesale revenue to improve allocation of these services with respect to the type of infrastructure. Comparable data was adjusted accordingly: PLN 156 million of revenue from infrastructure hosting for the 6 months ended 30 June 2023 was reclassified from other wholesale revenue to mobile wholesale (PLN 19 million) and fixed wholesale (PLN 137 million). For the 3 months ended 30 June 2023, PLN 78 million was reclassified from other wholesale revenue to mobile wholesale (PLN 10 million) and fixed wholesale (PLN 68 million).

IT and integration services, wholesale and other revenue for the 6 months ended 30 June 2024 and 2023 include, respectively, PLN 49 million and PLN 63 million of lease revenue that is outside the scope of IFRS 15 "Revenue from Contracts with Customers".

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

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

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

As at 30 June 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.

In June 2024, the Ordinary Shareholders' Meeting of Światłowód Inwestycje Sp. z o.o. adopted the resolution on the capital increase by PLN 338 million, of which 50% was paid by the Company. Consequently, the investment in joint venture increased by PLN 169 million.

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 20 million in the 6 months ended 30 June 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 84 million as at 30 June 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 6 months ended 30 June 2024, Orange Polska received PLN 265 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 30 June 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 455 million.

7. Changes in loans from related parties

On 30 April 2024, the Company and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a Loan Agreement for PLN 1.2 billion with a repayment date in May 2029. The new Loan Agreement provided non-cash-refinancing of PLN 1.2 billion out of PLN 1.5 billion loan granted by Atlas Services Belgium S.A., which expired in May 2024. The remaining PLN 300 million was repaid in May 2024.

In June 2024, the Company and Orange S.A. updated the Cash Management Treasury Agreement, extending access to PLN 500 million of back-up liquidity funding to 30 June 2025. The back-up facility was not used as at 30 June 2024.

As at 30 June 2024, the total outstanding balance of loans from the related parties amounted to PLN 4,246 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related parties amounted to 6.69% before swaps and 4.10% after swaps as at 30 June 2024.

As at 30 June 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 2,300 million with a total fair value amounting to PLN 179 million.

8. Fair value of financial instruments

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

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

(in PLN millions)	At 30 June 2024	At 31 December 2023	Fair value hierarchy [(1)]
Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje [(2)]	160	278	Level 3
Commodity swaps hedging energy prices – net (assets less liabilities) [(3)]	88	133	Level 3
Other derivatives – net (assets less liabilities)	196	213	Level 2
Selected trade receivables arising from sales of mobile handsets in instalments [(4)]	538	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 7.8% in 2025 to 7.0% in 2026 as at 30 June 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 30 June 2024 amounted to PLN 456 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 28/(28) million as at 30 June 2024.

The carrying amount of the Company's financial instruments excluding lease liabilities approximated their fair value as at 30 June 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. As at 30 June 2024, the total dividend of PLN 630 million was presented as other current liabilities in the statement of financial position. The dividend was 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 30 June 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 and energy. 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 and loans granted to the subsidiaries. Financial costs and financial liabilities concerning transactions with the subsidiaries relate to cash pool deposits from the subsidiaries.

Financial receivables, liabilities, financial expense, net and other comprehensive 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, financial liabilities and financial expense, net concerning transactions with 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	6 months	3 months	6 months
	ended 30 June 2024		ended 30 June 2023	
Sales of goods and services and other income:	**241**	**472**	**199**	**390**
Orange Polska Group (subsidiaries)	21	48	33	70
Orange Group	64	126	67	132
- Orange S.A. (parent)	47	95	52	102
- Orange Group (excluding parent)	17	31	15	30
Światłowód Inwestycje (joint venture)	156	298	99	188
Purchases of goods (including inventories, tangible and intangible assets) and services:	**(139)**	**(269)**	**(124)**	**(249)**
Orange Polska Group (subsidiaries)	(27)	(58)	(24)	(51)
Orange Group	(62)	(116)	(63)	(126)
- Orange S.A. (parent)	(18)	(26)	(20)	(36)
- Orange Group (excluding parent)	(44)	(90)	(43)	(90)
Światłowód Inwestycje (joint venture)	(50)	(95)	(37)	(72)
Financial income:	**63**	**96**	**41**	**55**
Orange Polska Group (subsidiaries)	56	84	36	36
Orange S.A. (parent)	7	12	5	19
Financial expense, net:	**(41)**	**(80)**	**(36)**	**(78)**
Orange Polska Group (subsidiaries)	(1)	(3)	(1)	(2)
Orange Group	(38)	(74)	(35)	(76)
- Orange S.A. (parent)	35	75	52	104
- Orange Group (excluding parent)	(73)	(149)	(87)	(180)
Światłowód Inwestycje (joint venture)	(2)	(3)	-	-
Other comprehensive loss:	**(26)**	**(31)**	**(62)**	**(141)**
Orange S.A. (parent)	(26)	(31)	(62)	(141)
Dividend declared:	**319**	**319**	**233**	**233**
Orange S.A. (parent)	319	319	233	233

(in PLN millions)	At 30 June 2024	At 31 December 2023
Receivables and contract costs:	**252**	**306**
Orange Polska Group (subsidiaries)	32	79
Orange Group	110	107
- Orange S.A. (parent)	80	74
- Orange Group (excluding parent)	30	33
Światłowód Inwestycje (joint venture)	110	120
Liabilities:	**819**	**1,044**
Orange Polska Group (subsidiaries)	42	40
Orange Group	102	115
- Orange S.A. (parent)	47	53
- Orange Group (excluding parent)	55	62
Światłowód Inwestycje (joint venture)	675	889
Financial receivables:	**277**	**212**
Orange Polska Group (subsidiaries)	98	-
Orange S.A. (parent)	179	212
Cash and cash equivalents deposited with:	**359**	**649**
Orange S.A. (parent)	359	649
Financial liabilities:	**4,251**	**4,367**
Orange Polska Group (subsidiaries)	110	162
Orange Group	3,909	4,205
- Orange S.A. (parent)	5	3
- Orange Group (excluding parent)	3,904	4,202
Światłowód Inwestycje (joint venture)	232	-
Dividend payable to:	**319**	**-**
Orange S.A. (parent)	319	-

Additionally, as at 30 June 2024 and 31 December 2023, OPL S.A. granted to its subsidiaries guarantees in the amount of PLN 110 million.

Compensation (remuneration, bonuses, post-employment and other long-term benefits, termination indemnities and share-based payment plans - cash and non-monetary benefits) of OPL S.A.'s Management Board and Supervisory Board Members for the 6 months ended 30 June 2024 and 2023 amounted to PLN 9.4 million and PLN 9.3 million, respectively. 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 6 months ended 30 June 2024 and 2023 amounted to PLN 2.7 million and PLN 3.2 million, respectively.

12. Subsequent events

On 9 July 2024, the Company drew down PLN 240 million of the Revolving Credit Facility from Atlas Services Belgium S.A., a subsidiary of Orange S.A.

ORANGE POLSKA GROUP

MANAGEMENT BOARD'S REPORT ON THE ACTIVITY

IN THE FIRST SIX MONTHS ENDED 30 JUNE, 2024

This report on the activity of the Orange Polska Group ("the Group" or "Orange Polska") in the first half of 2024 has been drawn up in compliance with Article 69 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757). For additional information please refer to the full year 2023 report.

Disclosures on performance measures have been presented in the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2024.

23 July, 2024

CHAPTER I
HIGHLIGHTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

as of June 30, 2024 and for the six-month period ended thereon

1 SUMMARISED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

	For 6 months ended 30 June				
	2024 in PLN mn	2024 in EUR[1] mn	2023 in PLN mn	2023 in EUR[2] mn	Change (%)
Consolidated Income Statement					
Revenue	6,204	1,439	6,363	1,379	(2.5) %
EBITDAaL*	1,653	383	1,585	344	4.3 %
EBITDAaL margin	26.6 %		24.9 %		1.7 pp
Operating income	709	164	735	159	(3.5) %
Operating margin	11.4 %		11.6 %		-0.1 pp
Net income	458	106	509	110	(10.0) %
Net income attributable to owners of Orange Polska S.A.	458	106	509	110	(10.0) %
Weighted average number of shares (in millions)**	1,312	1,312	1,312	1,312	
Earnings per share (in PLN/EUR) (basic and diluted)	0.35	0.08	0.39	0.08	(10) %
Consolidated Statement of Cash Flows					
Net cash provided by operating activities	1,618	375	1,726	374	(6.3) %
Net cash used in investing activities	(1,051)	(244)	(1,006)	(218)	4.5 %
Net cash used in financing activities	(616)	(143)	(1,018)	(221)	(39.5) %
Net change in cash and cash equivalents	(49)	(11)	(298)	(65)	n/a
eCapex*	674	156	538	117	25.3 %
Organic cash flows*	411	95	424	92	(3.1) %

	As of				
	30.06.2024 in PLN mn	30.06.2024 in EUR[3] mn	31.12.2023 in PLN mn	31.12.2023 in EUR[4] mn	Change (%)
Consolidated Statement of Financial Position					
Cash and cash equivalents	746	173	796	183	(6.3) %
Other intangible assets	4,285	994	4,398	1,011	(2.6) %
Property, plant and equipment	9,784	2,268	9,895	2,276	(1.1) %
Total assets	26,551	6,156	26,826	6,170	(1.0) %
Financial liabilities at amortised cost, of which:	7,264	1,684	7,287	1,676	(0.3) %
Current	725	168	2,185	503	(66.8) %
Non-current	6,539	1,516	5,102	1,173	28.2 %
Other liabilities, current and non-current	6,054	1,404	6,093	1,402	(0.6) %
Total equity	13,233	3,068	13,446	3,092	(1.6) %

Notes on data conversion:
1 – PLN/EUR fx rate of 4.3109 applied
2 – PLN/EUR fx rate of 4.613 applied
3 – PLN/EUR fx rate of 4.313 applied
4 – PLN/EUR fx rate of 4.348 applied
* For definitions please see the Note 2 to the Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the six months ended June 30, 2024.
** Weighted average number of shares in 6 months ended June 30, 2024 and June 30, 2023, respectively.

1.1 Comments on the Consolidated Income Statement

Revenues amounted to PLN 6,204 million in the first half of 2024 and were lower by PLN 159 million or 2.5% year-on-year. It was a trend reversal versus 2023, when revenues increased by 3.9%. This resulted from a decline in IT and integration services and energy resale business, while revenues from our core telecom services, which are crucial for profit generation, maintained a solid growth rate.

In the first six months of 2024, revenues from our core telecom services (combined revenues of convergence, mobile-only and fixed broadband-only) were up 4.5% year-on-year. The growth was fuelled by the combination of a steady increase in customer bases in all categories of post-paid services and growing average revenue per offer (ARPO), attributable to our value strategy and a growing share of fibre customers. Revenues from IT and integration services decreased by 9% year-on-year in the first half of 2024. Firstly, it reflected a cyclical slowdown in demand, resulting from the economic downturn, high inflation in previous years and the uncertain geopolitical situation. Secondly, the first half of 2024 was marked by a decrease in demand from the public sector in Poland, mainly due to changes in the wake of parliamentary elections (Q4 2023). A major factor affecting the revenue evolution in the first half of 2024 was a 35% decrease in other revenues, which cover mainly our energy resale business. This significant decline resulted from both much lower energy prices in the market and regulatory changes regarding retail tariff caps for households. Equipment sales in the first six months of 2024 remained almost flat versus the first half of 2023. In the first half of 2024, top line was also affected by a continued structural decline in legacy fixed-voice revenues (down 13% yoy) and a 14% decrease in wholesale mobile revenues due to further regulatory cuts in mobile termination rates.

In the first half of 2024, EBITDAaL amounted to PLN 1,653 million and was higher by PLN 68 million or 4.3% year-on-year. The EBITDAaL growth was generated by both direct margin and lower indirect costs. Direct margin increased by almost 1%. On the one hand, margin from our core telecom services continued strong improvement, driven by simultaneous growth of customer bases and the successful implementation of our value strategy. On the other hand, energy resale profits dropped substantially, due to both the aforementioned regulatory changes and a high comparable base (as in the first half of 2023, Orange Energia benefitted from renewable energy purchases under PPAs concluded by Orange Polska, which had a positive impact on its cost base). In the first six months of 2024, indirect costs were lower year-on-year. On the one hand, like in 2023, they remained under pressure due to the inflationary impact on rental costs and various external service purchases. On the other hand, the indirect costs evolution was very positively affected by benefits from efficiency initiatives (primarily generation of a higher margin on the network rollout for Światłowód Inwestycje, which was reflected in much higher other operating income) and a decrease in energy costs year-on-year.

Operating income (EBIT) stood at PLN 709 million, a decrease of 3.5% year-to-year. The EBITDAaL growth was offset by mainly lower gains on sale of assets (related to the optimisation of our real estate portfolio), resulting from their exceptionally high level in 2023, and a 3% increase in depreciation.

Net finance costs amounted to PLN 144 million in the first half of 2024 and were up PLN 37 million year-on-year, the most important contributing factor being high foreign exchange gains recognised in 2023, resulting from the appreciation of PLN against EUR.

As a result, consolidated net income amounted to PLN 458 million versus PLN 509 million a year earlier.

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

1.2 Comments on the Consolidated Statement of Cash Flows

Net cash from operating activities amounted to PLN 1,618 million in the first half of 2024 and was PLN 108 million lower year-on-year. The decrease is attributable mainly to higher working capital requirement versus the previous year when it decreased mainly in connection with the expansion of the securitisation programme of receivables related to handset instalment sales.

Net cash used in investing activities amounted to PLN 1,051 million in the first half of 2024 and was slightly higher year-on-year. On the one hand, this reflected an increase in capex (mainly due to the 5G network rollout), a decrease in proceeds from sale of assets (from an exceptionally high level a year earlier) and higher outflows on the account of an increase in the value of shares held in Światłowód Inwestycje. On the other hand, these factors were partially offset by the received investment subsidies related to the intended rollout of fibre networks in the projects co-financed with European funds.

Net cash outflows from financing activities amounted to PLN 616 million compared to PLN 1,018 million in the first half of 2023. Lower outflows were attributable to significant repayment of a loan from a related party a year earlier.

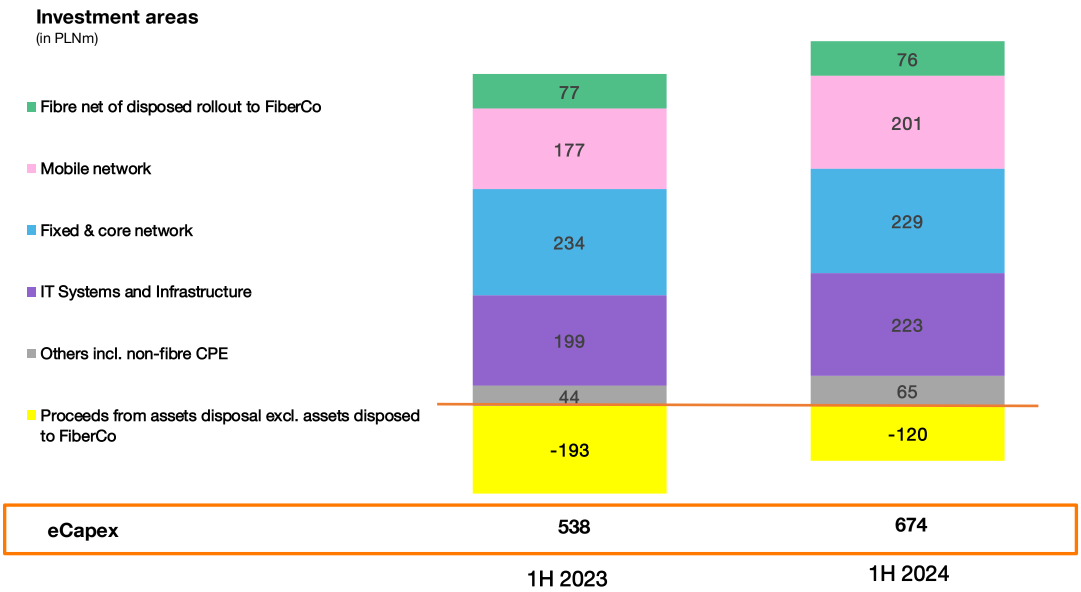
1.3 Economic Capital Expenditures (eCAPEX)

In the first half of 2024, the Group's economic capital expenditures (which, since 2020, have included accrued proceeds from asset disposals) amounted to PLN 674 million and were higher by PLN 136 million year-on-year.

These included mainly the following:

- Increasing investments in the mobile network related to the 5G network rollout (following the acquisition of the dedicated spectrum in December 2023) and enhancement of the 4G network capacity (in a four-year access network modernisation project launched in 2022);
- Stable investments in the fibre network, which mainly involved 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;
- Solid proceeds from sale of real estate (though significantly lower from the previous year, when they were exceptionally high).

Split of economic CAPEX



1.4 Comments on the Consolidated Statement of Financial Position

Total assets stood at PLN 26,551 million at the end of June 2024 and were lower by PLN 275 million than at December 31, 2023. This change resulted mainly from a decrease in property, plant and equipment.

Total liabilities at the end of June 2024 amounted to PLN 13,318 million and were lower by PLN 62 million than at December 31, 2023. A decrease in trade payables and contract liabilities was offset by an increase in other liabilities (as a result of accrued dividend, which was paid in July).

1.5 Related Parties Transactions

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

1.6 Description of Significant Agreements

Please see section 1.10.2 below for information on significant agreements concluded by the Group in the first half of 2024.

1.7 Subsequent Events

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

1.8 Scope of Consolidation within the Group

The list of entities included in the Condensed IFRS Interim Consolidated Financial Statements of the Group (the "Condensed Interim Consolidated Financial Statements") as at and for the 6 months ended 30 June 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. Additionally, in May and June 2024, the Group purchased 100% of the shares in GigaNet Sp. z o.o., Podlaskie Sieci Światłowodowe Sp. z o.o. and Timplus Sp. z o.o.

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

In the six months ended June 30, 2024, neither the Company nor its subsidiaries granted guarantees or collateral of loans or borrowings to any entity or a subsidiary with a total value representing the equivalent of at least 10% of Orange Polska S.A.'s shareholders equity. Please see section 1.10.5 below for additional information.

1.10 Management of Financial Resources and Liquidity of the Group

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

In the first half of 2024, the Group repaid PLN 1,500 million on a long-term loan provided by the Orange S.A. Group and PLN 2.8 million on a broadband loan 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, but it used PLN 1,200 million provided by the Orange S.A. Group under a new term loan agreement to refinance the expiring long-term loan mentioned above.

As of June 30, 2024, the Group's interest-bearing liabilities (before derivatives) totalled PLN 4,260 million, which is a decrease of PLN 76 million compared to December 31, 2023. Debt to the Orange S.A. Group accounted for 92% of this amount.

On March 12, 2024, the Group concluded an agreement 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 by annexes in subsequent years. The amendment concerned some technical and calculation aspects thereof. The Group raised PLN 193 million net from the sale of receivables under the programme in the first six months of 2024, which was a significant increase versus the first half of 2023 in connection with the programme expansion in December 2023.

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 746 million at June 30, 2024, 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.

The liquidity ratios for the Group at June 30, 2024 and December 31, 2023, respectively, are presented in the table below.

	30 June 2024	31 December 2023
Current ratio Current assets/ current liabilities*	1.01	0.76
Quick ratio Current assets – inventories/ current liabilities*	0.92	0.71
Super-quick ratio Current assets – inventories – receivables/ current liabilities*	0.43	0.33

*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 3,496 million at June 30, 2024 (from PLN 3,528 million at the end of 2023). Financial leverage (net financial debt to EBITDAaL) remained at 1.1x (flat vs. 1.1x at the end of 2023).

1.10.1 Bonds

As part of the Group's liquidity management, in the first half of 2024 the parent company did not issue or redeem short-term bonds acquired by its subsidiaries.

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

1.10.2 Loan and Borrowing Agreements

On April 30, 2024, the Group's parent company and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a loan agreement for PLN 1,200 million maturing on May 20, 2029. Its purpose was to refinance a portion of the Group's debt under a term loan agreement for PLN 1,500 million, which was to expire in May 2024. The amount provided under the new loan agreement was fully utilised.

On June 20, 2024, the Group concluded with Orange S.A. an annex to the cash-pooling agreement of June 25, 2021, which again provided the backup liquidity financing limit of PLN 500 million.

In the reported period, the Group concluded an annex to the current account overdraft agreement with the Polish Branch of Societe Generale S.A., for an amount PLN 95 million, extending the maturity to May 30, 2025.

In May and June 2024, the Group's parent company concluded with its subsidiary Interkam sp. z o.o. the following loan agreements:

- Amounting to PLN 11.5 million for a period of four years; and
- Amounting to PLN 2 million for a period of one year.

1.10.3 Unused Credit Facilities

As of June 30, 2024, the Group had outstanding general-purpose credit facilities amounting to an equivalent of PLN 1,173 million.

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

1.10.4 Loan Covenants

Agreements to which the Group is a party do not impose any obligations on the Group to meet any financial ratios. For informational purposes, the ratio of net debt to EBITDAaL was 1.1x on June 30, 2024.

1.10.5 Guarantees and Collaterals

In the first half of 2024, 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 June 30, 2024, these guarantees totalled PLN 1.3 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 June 30, 2024, these guarantees totalled PLN 30.7 million.

In April 2024, Orange Polska S.A. concluded with Polenergia Obrót S.A. an annex to the corporate guarantee agreement, increasing to PLN 4.2 million a collateral that the parent company had granted to secure liabilities of its subsidiary Orange Energia sp. z o.o. under an electricity sale contract. As of June 30, 2024, corporate guarantees granted to electricity suppliers as collaterals for liabilities of Orange Energia sp. z o.o. under electricity sale contracts totalled PLN 78.1 million.

1.10.6 Hedging Transactions

In the first half of 2024, 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 June 30, 2024, the Group's proportion between fixed/floating rate debt (after hedging) was 90/10% versus 91/9% on December 31, 2023. 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 a 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 the first half of 2024

2 OPERATING AND FINANCIAL PERFORMANCE OF THE GROUP

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

Financial data of the operating segment and calculation as well as definitions of performance measures of the operating segment are presented in the Note 2 to the condensed IFRS interim consolidated financial statements of the Orange Polska Group for the 6 months ended 30 June 2024.

Key figures (PLN million)	1H 2024*	1H 2023	Change
revenues	6,204	6,363	-2.5%
EBITDAaL	1,653	1,585	4.3%
EBITDAaL margin	*26.6%*	*24.9%*	*1.7 p.p.*
operating income	709	735	-3.5%
net income	458	509	-10.0%
eCapex	674	538	25.3%
Organic Cash Flow	411	424	-3.1%

* Disclosures on performance measures are presented in the Note 2 to condensed IFRS consolidated financial statements of the Orange Polska Group for the 6 months ended 30 June 2024.

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

Revenues amounted to PLN 6,204 million in the first half of 2024 and were lower by PLN 159 million or 2.5% year-on-year. It was a trend reversal versus 2023, when revenues increased by 3.9%. This resulted from a decline in IT and integration services and energy resale business, while revenues from our core telecom services, which are crucial for profit generation, maintained a solid growth rate.

In the first six months of 2024, revenues from our core telecom services (combined revenues of convergence, mobile-only and fixed broadband-only) were up 4.5% year-on-year (vs. 4.8% growth in 2023). The growth was fuelled by the combination of a steady increase in customer bases in all categories of post-paid services and growing average revenue per offer (ARPO), attributable to our value strategy and a growing share of fibre customers, who generate the highest revenue. Growth in customer bases remained strong. Growth in convergent and post-paid mobile customer bases accelerated versus the first half of 2023, while fibre customer base growth remained similar despite intensive competition in the market. Importantly, ARPO increased across all service lines. Growth in convergent services ARPO reached 4.3% year-on-year and was higher than in the whole year 2023.

Revenues from IT and integration services decreased by 9% year-on-year in the first half of 2024. Firstly, it reflected a cyclical slowdown in demand, resulting from the economic downturn, high inflation in previous years and the uncertain geopolitical situation. Secondly, the first half of 2024 was marked by a decrease in demand from the public sector in Poland, mainly due to changes in the wake of parliamentary elections (Q4 2023) and local elections (Q2 2024). In addition, the scale of decrease reflects a high comparable base, as in the first half of 2023, IT and integration services revenues, supported by public sector contracts, increased by as much as 20%.

Equipment sales in the first six months of 2024 remained almost flat versus the first half of 2023. The stagnation reflected a high comparable base (as in the first half of 2023, these sales were up 27% year-on-year owing to both the introduction of 36-month instalment plans and our value strategy) as well as the lower average price of handsets sold.

A major factor affecting the revenue evolution in the first half of 2024 was a 35% decrease in other revenues, which cover mainly our energy resale business. This significant decline resulted from both much lower energy prices in the market and regulatory changes regarding retail tariff caps for households.

In the first half of 2024, top line was also affected by the following factors:

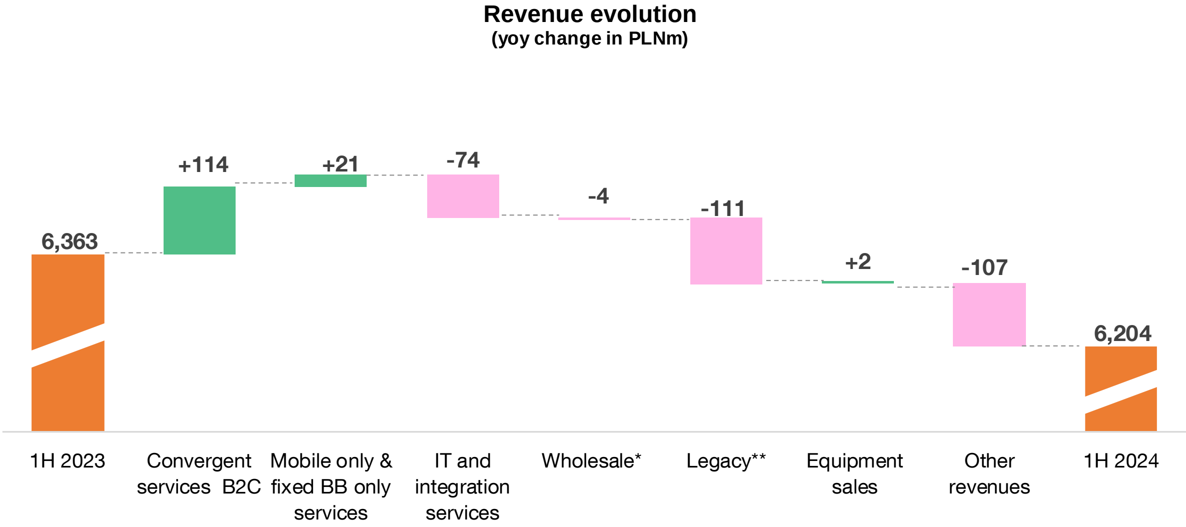
- a continued structural decline in legacy fixed-voice revenues (down 13% yoy), and
- a 14% decrease in wholesale mobile revenues due to further regulatory cuts in mobile termination rates.

In the first half of 2024, EBITDAaL amounted to PLN 1,653 million and was higher by PLN 68 million or 4.3% year-on-year. Operating margin (ratio of EBITDAaL to revenues) significantly improved to 26.6% (from 24.9% in the first half of 2023). The EBITDAaL growth was generated by both direct margin and lower indirect costs. Direct margin growth was below 1%, much less than in 2023. On the one hand, margin from our core telecom services continued strong improvement, driven by simultaneous growth of customer bases and the successful implementation of our value strategy. On the other hand, energy resale profits dropped substantially, due to both the aforementioned regulatory changes and a high comparable base (as in the first half of 2023, Orange Energia benefitted from renewable energy purchases under PPAs concluded by Orange Polska, which had a positive impact on its cost base).

In the first six months of 2024, indirect costs were lower year-on-year. On the one hand, like in 2023, they remained under pressure due to the inflationary impact on rental costs and various external service purchases. On the other hand, the indirect costs evolution was very positively affected by benefits from efficiency initiatives (including generation of a higher margin on the network rollout for Światłowód Inwestycje) and a decrease in energy costs year-on-year.

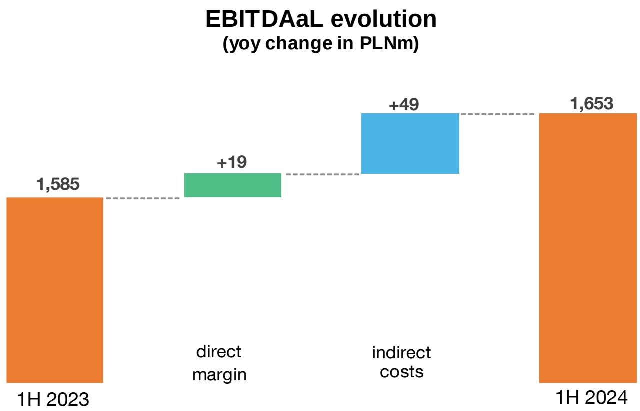
Cost evolution can be attributed mainly to the following factors:

- A decrease of 8% in interconnect expenses, resulting mainly from cuts in mobile termination rates and reflecting a decrease in wholesale mobile revenues;
- A decrease of 8% in commercial expenses, resulting mainly from lower ICT equipment sales;
- An increase of 5% in network and IT expenses, driven mainly by higher network maintenance costs;
- An increase of 4% in depreciation of right-of-use assets, resulting from the inflationary impact on rental agreements.



*wholesale excluding non-fibre fixed wholesale and interconnect,

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



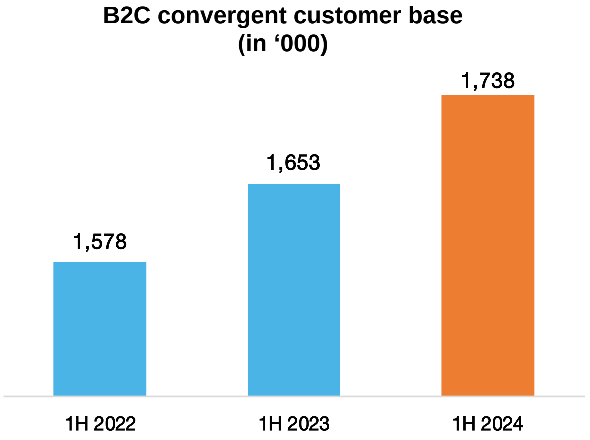
2.1 Convergent Services

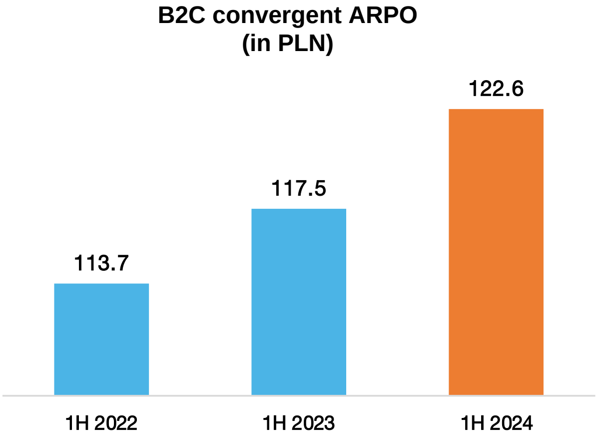
One of the key strategic objectives of Orange Polska is to be the leader in telecommunication services sales to households. Convergence, or sales of mobile and fixed-line service bundles, addresses household telecommunication needs in a comprehensive manner, increasing customer satisfaction and reducing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

In the first six months of 2024, our B2C convergent customer base increased by 38 thousand (or more than 2%), reaching 1.74 million. The growth rate was slightly higher than a year earlier, even though saturation of our broadband customer base with convergent services has already reached a significant level of over 70% and the market for these services has become more competitive lately. 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 6.7 million, which means that, on average, each convergent residential customer uses about four Orange services.

	For 6 months ended		Change
	30 June 2024	30 June 2023	
Convergence revenues (PLN mn)	1,256	1,142	10.0%
Convergent customer base (000)	1,738	1,653	5.1%
Convergence ARPO (PLN)	122.6	117.5	4.3%

In the first half of 2024, revenues from convergent services totalled PLN 1,256 million and were up 10% year-on-year. The growth rate accelerated from 2023, when it was 8%. It resulted from both customer base expansion and growing ARPO. ARPO growth slightly accelerated to 4.3% year-on-year versus the first half of 2023, benefitting from our value strategy and a steadily growing share of fibre customers in the convergent base. Fibre customers generate higher ARPO owing to the higher penetration of TV services and high-speed options, which are more expensive. At the end of June 2024, high-speed customers accounted for 35% of the aggregate fibre customer base (vs. 29% at the end of June 2023).





2.2 Mobile-only Services

Revenues (*PLN million*)	For 6 months ended		Change
	30 June 2024	30 June 2023	
Mobile-only services	1,461	1,433	2.0%

Key performance indicators (number of services) ('000)	30 June 2024	31 Dec 2023	30 June 2023	Change 30.06.2024/ 31.12.2023	Change 31.12.2023/ 30.06.2023
Post-paid mobile services	13,580	13,143	12,759	3.3%	3.0%
Mobile Handset	9,061	8,941	8,820	1.3%	1.4%
Mobile Broadband	593	610	620	-2.8%	-1.6%
M2M	3,927	3,592	3,319	9.3%	8.2%
Pre-paid mobile services	4,358	4,485	4,690	-2.8%	-4.4%
Total mobile services	17,939	17,628	17,449	1.8%	1.0%

Key performance indicators (*PLN*)	1H 2024	1H 2023	1H 2022	Change 2024/2023	Change 2023/2022
Monthly blended retail ARPO from mobile-only services	22.4	21.5	20.2	4.2%	6.4%
post-paid- mobile handset	29.6	29.1	28.2	1.7%	3.2%
pre-paid	14.1	13.5	12.4	4.4%	8.9%

As at the end of June 2024, Orange Polska had a mobile services base of 17.9 million, which is an increase of 2% versus the end of 2023. This evolution resulted from a combination of strong 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) in the first six months of 2024 was more than 1%, 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 good customer additions in the business market;
- The number of mobile broadband services continued a structural decline, resulting from the substitution of this product with much-larger-than-before data packages for smartphones;
- Significant growth in the number of SIM cards related to M2M services (up 9%), mainly owing to the demand in the power generation industry, which has been gradually implementing remote electricity consumption metering systems.

The number of pre-paid services was down 3% in the first half of 2024, which was a much lower decrease than a year earlier. It was mainly a result of intensive competition in the pre-paid market.

Blended ARPO (from mobile-only services) amounted to PLN 22.4 in the first half of 2024 and was up 4.2% year-on-year. Both post-paid and pre-paid services contributed to this growth.

Post-paid ARPO growth was 1.7%, slowing down from 2023, when the growth rate was 3.2%. This was attributable to three main factors. Firstly, our focus on value and related price increases (in line with our 'more for more' strategy) in the consumer market. Secondly, slowdown in ARPO growth in the business market after the increases introduced over the customer base at the end of 2022. Finally, 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 more than 4%, mainly as a result of changes in our commercial offer and price increases.

2.2.1 Market and Competition[1]

The estimated number of SIM cards (63 million) increased by 2% compared to the end of June 2023, driving the mobile penetration rate (among population) to 167% at the end of June 2024. 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 2024, Poland's economy entered the recovery phase, driven mainly by private consumption, which benefits from much lower inflation, real wage growth and increased social transfers. The telecommunication market, which is saturated and characterised by low elasticity of demand, is not best positioned to benefit from this recovery. On the other hand, no major decline in demand was observed in the last two years, which were marked by exceptionally high uncertainty in the macroeconomic environment. A powerful driver for data consumption growth in Poland over the past years was the COVID-19 pandemic and the related digital acceleration resulting from the 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. In the first half of 2024, all operators started to gradually launch the 5G technology on the newly acquired spectrum in the C-band. We expect 5G to become an additional driver of further data consumption growth. 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 within mobile plans in return for a higher price.

In the first six months of 2024, the key players in the mobile market followed the convergence path (bundling mobile and fixed services), which had been pioneered by Orange for years. From the point of view of mobile operators who strive to expand their product portfolio to include fixed line services, it becomes crucial to increase their fixed line service reach through acquisitions, wholesale agreements or partnerships. Growing range of fixed line networks contributes to increasingly localised competition for customers.

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 operators' portfolios have been dominated by subscription offers with large data packages broken down by months that can be used upon certain top-ups (so called 'unlimited offers'). For a long time, the pre-paid segment has seen high competition, particularly involving constant data package increases in unlimited offers, also in the MVNO market. The pre-paid service specifics have proved a great support for Ukrainian refugees. Due to differences among operators in reporting pre-paid SIM cards, their comparative analysis remains difficult.

According to Orange Polska's own estimates, the four leading operators' aggregated market share remained at 98% as of the end of June 2024, with Orange Polska's estimated market share of 29%.

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 high-end tariff plans.

In the first six months of 2024, we continued with our balanced value strategy, which enables us to simultaneously acquire new customers and increase ARPO. In January, we implemented another price increase, raising all Orange tariffs for B2C customers by PLN 5. This was accompanied by larger data pools introduced slightly earlier. The price increase was aligned with the launch of the 5G network on the newly acquired spectrum, which largely expanded the capacity of our network and streamlined the management of the steadily growing data traffic, ensuring the top quality connectivity for our customers. In April, we introduced the forth, low-end tariff plan with a low data package, which is to increase the attractiveness of our service portfolio in the strongly competitive market environment. On the other hand, in the summer commercial season we introduced a promotional unlimited data package in the high-end tariff plan. In the pre-paid offer, we introduced a price increase for customers who use the price lists for calls, messages and GB of data.We also significantly increased data packages in the unlimited service in response to strong market competition.

In the first half of 2024, among other major operators, Play also raised its mobile tariffs in the 'more for more' formula and increased its pre-paid price lists. As at the end of June 2024, there were no major differences in tariffs among operators. All of them had four tariff plans, offering access to the 5G technology. 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.

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

2.3 Fixed-only Services

Revenues (*PLN million*)	For 6 months ended		Change
	30 June 2024	30 June 2023	
Fixed-only services	888	**935**	-5.0%
narrowband	226	260	-13.1%
broadband	439	446	-1.6%
network solutions	223	229	-2.6%

Key performance indicators (number of services) ('000)	30 June 2024	31 Dec 2023	30 June 2023	Change 30.06.2024/ 31.12.2023	Change 31.12.2023/ 30.06.2023
Fixed voice services'(retail: PSTN and VoIP)	2,367	2,428	2,506	-2.5%	-3.1%
convergent	980	970	952	1.0%	1.9%
fixed voice-only	1,387	1,458	1,554	-4.9%	-6.2%
Fixed broadband accesses (retail)	2,849	2,821	2,810	1.0%	0.4%
convergent	1,738	1,700	1,653	2.2%	2.8%
fixed broadband-only	1,111	1,121	1,157	-0.9%	-3.1%

Key performance indicators (*PLN*)	1H 2024	1H 2023	1H 2022	Change 2024/2023	Change 2023/2022
ARPO from fixed narrowband-only (PSTN) services	35.6	36.1	36.4	-1.4%	-0.8%
ARPO from fixed broadband-only services	65.8	63.5	61.2	3.6%	3.8%

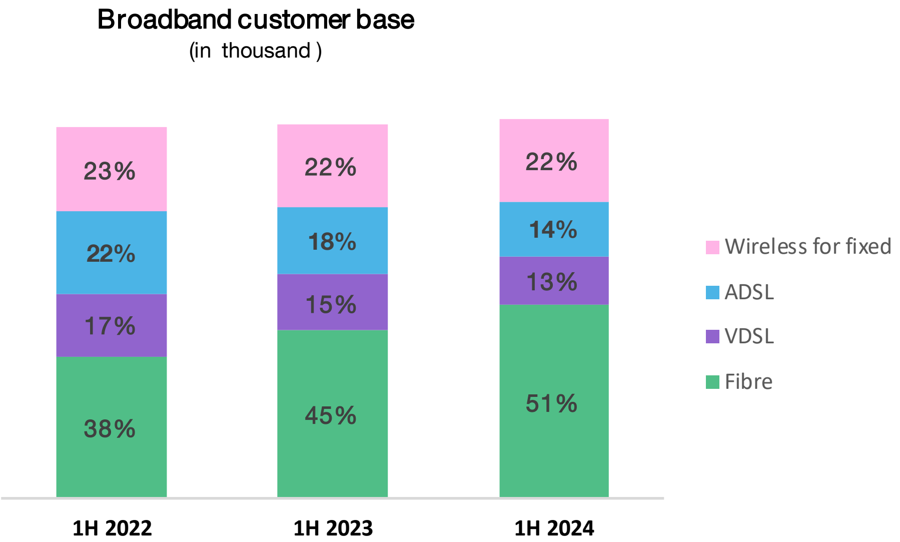
In the first half of 2024, our total fixed broadband customer base increased by 28 thousand, including 16 thousand customers of the networks acquired from local fibre providers.

Our fibre customer base continued to grow rapidly. In the first six months of 2024, it increased by 101 thousand, including the acquired customers mentioned above.

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 51% at the end of June 2024 from 45% a year earlier.

Fixed broadband-only services ARPO continued to improve. Its increase of 3.6% 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 78 thousand in the first six months of 2024 and was similar to that in the first half of 2023, when it stood at 83 thousand. The decline in these services can be attributed mainly to structural demographic factors and the popularity of mobile services with unlimited calls to all networks. It is also a result of our convergence strategy, which stimulates partial migration of customers to VoIP. Average revenue per user slightly decreased to PLN 35.6.

2.3.1 Market and Competition

Fixed Voice Market

The Group estimates that at the end of June 2024 the fixed line service penetration rate was at 14% of Poland's population, and was unchanged versus the end of June 2023. 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 0.4 million versus the end of June 2023. 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 corresponds to approximately 70% of all households in Poland. This growth resulted mainly from investment projects 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.

A 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 and Polski Światłowód Otwarty (PŚO), 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.

Fibre network rollout financed by various EU funding streams (NRRP and EFDD) will be a strong driver for the market growth in subsequent periods. Based on the tender procedures decided so far (and taking into account that some operators withdrew from implementation at a later stage), the investments are to provide fibre broadband access for about 900,000 households. This includes investment projects to be implemented by Orange Polska, which will develop fibre networks for about 150,000 households.

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

Fixed broadband market – key performance indicators

	30 June 2024 (estimate)	30 June 2023
Market penetration rate – broadband lines (in total population)	28%	27%
Total number of broadband lines in Poland ('000)	10,656	10,306
Orange Polska's market share by volume	27%	27%

Orange Polska's fixed voice market share

	30 June 2024 (estimate)	30 June 2023
Retail local access*	46%	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

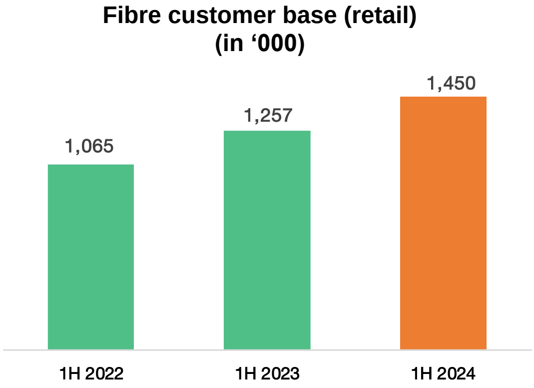
Since 2015, we have heavily invested in the rollout of access network in the fibre technology. It was instrumental to rebuilding our position in the fixed broadband market and the main driver for our convergence strategy of bundling mobile and fixed services. Until 2021, Orange Polska was expanding its fibre footprint mainly with its own investments.

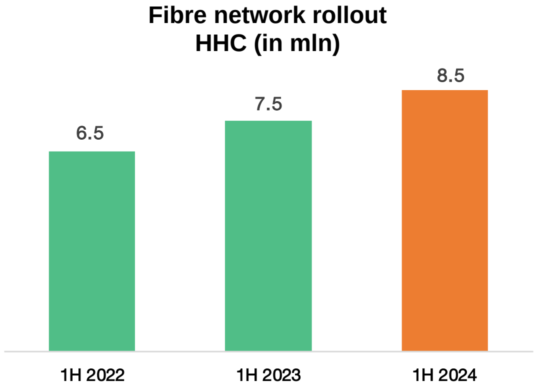
Since 2022, apart from investment projects co-financed with European funds, the increase in our fibre footprint has resulted almost exclusively from wholesale partnerships with several operators, which is in line with our .Grow strategy. Following the sale of a 50% stake in Światłowód Inwestycje (FiberCo), 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 June 2024, 8.5 million households were within the reach of our fibre services, which is an increase of over 500,000 compared to the end of 2023. 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 significantly higher demand for our services in single-family residential districts, despite the fact that fibre broadband is more expensive for such customers. At the end of June 2024, networks of other operators, including Światłowód Inwestycje, Nexera, Tauron and a number of others, accounted for around 4.7 million of our fibre footprint (or more than 50% of the total).

Our retail fibre customer base reached 1,450 thousand at the end of June 2024, growing by 101 thousand over the last six 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 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.


Fibre customer base (retail)
(in '000)
1,065
1,257
1,450
1H 2022
1H 2023
1H 2024


Fibre network rollout
HHC (in mln)
6.5
7.5
8.5
1H 2022
1H 2023
1H 2024

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 past two years saw continued solid demand for telecommunications services despite particularly high uncertainty in the macroeconomic environment, resulting mainly from economic slowdown and high inflation. This means that, as essential goods, they are characterised by relatively high resistance 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). Since the beginning of the year, all mobile operators have focused on building 5G networks on the newly acquired frequencies dedicated to this technology. 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 Światłowód Inwestycje or Fiberhost. All major mobile operators have valid agreements with Światłowód 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. Based on the tender procedures decided so far (and taking into account that some operators withdrew from implementation at a later stage), the investments are to provide fibre broadband access for about 900,000 households. The total funding under both programmes (NRRP and EFDD) will amount to about PLN 3.7 billion.

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

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. The main drivers of this structural change in the consumer market were massive investments in our fibre access network and the focus on convergence in our marketing strategy. In the B2B market, we gradually expanded our portfolio of competences in the field of IT and integration services. Finally, we carried out a major cost transformation, mainly based on automation and simplification of business processes. As a result, we offer products that are demanded by customers with assets that support these products and a more efficient cost structure.

Our .Grow strategy for 2021–2024 was announced in June 2021. With this four-year plan, we shifted our emphasis to growth and monetising our investments, focusing on our core business. The .Grow strategy is an evolutionary step that stimulates and accelerates 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 was to provide a brand-new growth lever, adding an exciting dimension of connectivity for both consumers and businesses. In this respect, ICT services are the key growth driver in our B2B business, supporting sales of traditional telecommunications services.

As we manage the decline of legacy business, we add new sources of profitable growth, including wholesale customers for our fibre and mobile networks.

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. 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 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. Currently, we rely more on wholesale access to the networks of other operators. These are mainly the network constructed by Światłowód 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 requires us to differentiate with a comprehensive service offer and quality customer care. We leverage on the great power of our brand and our excellent image among customers. We also 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 in the perspective of .Grow strategy. 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 is played by further stable growth of our subsidiary Integrated Solutions, one of the largest integrators in the Polish market, as well as growth 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 competences developed for our internal needs.

We 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_2 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 Regular 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 entered a path of more sustainable growth, based on solid foundations.

While expanding revenues we benefit from high operating leverage that accelerates EBITDAaL and cash flow growth. In the process, we 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 .Grow strategy, the key driver for EBITDAaL growth is revenue expansion fuelled by our commercial activity. It makes this growth fundamentally healthier.

We 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 is 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 2024, dividend was further increased to PLN 0.48 per share, which, in line with our dividend policy, has become a new sustainable floor for 2025.

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.

	Medium-term financial guidance (2021–2024)*	2021–2023 Performance
Revenues	Low single-digit growth (CAGR)	+4.1% CAGR
EBITDAaL	Low-to-mid single-digit growth (CAGR)	+4.4% CAGR
eCapex (PLN bn)	1.7–1.9 yearly average for the period	1.67 bn (average in 2021–2023)
ROCE	Increase 3–4x (from 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 of 1.7–2.2x**	1.1x at the end of 2023

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

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

- WIG20 and WIG30 large-cap indices;
- WIG broad-market index;

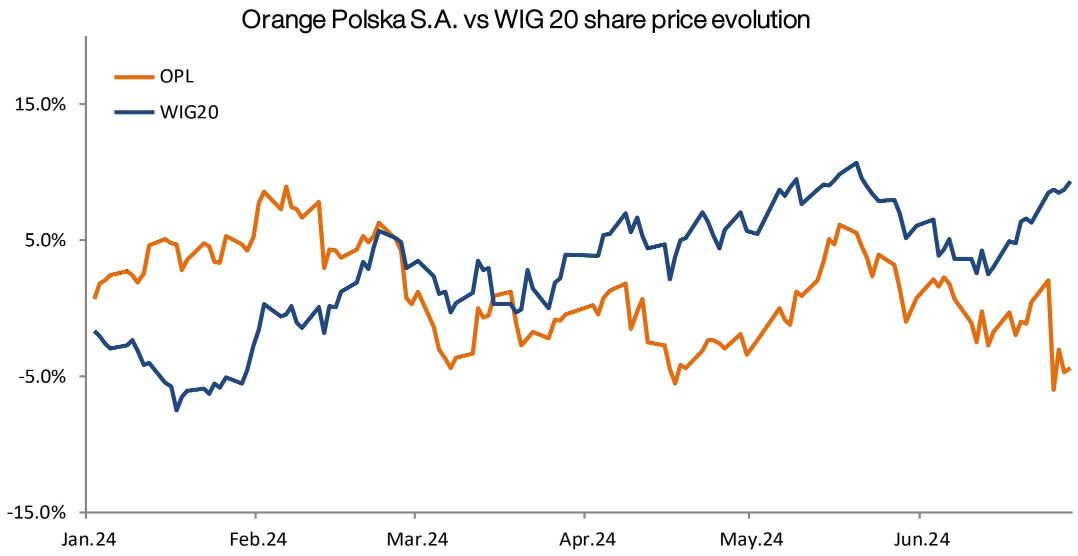
The first six months of 2024 were marked by gains in the indices on the Warsaw Stock Exchange (WSE). The large-cap index, WIG20, gained 9%. In the same period, Orange Polska shares were down 4% in nominal terms, but up 2% after price adjustment for dividend at the end of June.

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 Global Markets
Biuro Maklerskie mBanku
Biuro Maklerskie Pekao
Biuro Maklerskie PKO Banku Polskiego
Dom Maklerski Banku Ochrony Środowiska
Dom Maklerski BDM
Erste Group Bank
Ipopema Securities
Raiffeisen Bank International
Santander Biuro Maklerskie
Trigon Dom Maklerski
WOOD & Company Financial Services

* For an updated list of brokers with the related institution data please visit the Company's website at https://www.orange-ir.pl/

Orange Polska S.A. share price in the period from January 1, 2024 to June 30, 2024



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 after 3 Years 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 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 translates into increasing cash flow generation and ROCE improvement.

Our performance in 2021–2023 and the first half of 2024 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. This is closer to the top-end of the average annual growth target we set in our strategy (low to mid-single-digit CAGR). In the first half of 2024, the EBITDAaL growth was 4.3% year-on-year.

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 strongly falling since then. In June 2024, the CPI index was only 2.6%. According to the current market consensus, the whole-year inflation will be down to approximately 4% 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 and 2023, we intensified our 'more for more' strategy by increasing prices of the majority of our core services. We continued this approach in first half of 2024, increasing the prices of mobile services for residential customers in both post-paid and pre-paid services. A novel condition added in contracts for specified time, which we added in 2022, provides 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.

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 Increase of Dividend Payments

With its 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 2024, dividend was further increased to PLN 0.48 per share, which, in line with our dividend policy, has become a new sustainable floor for 2025. Thus, dividend has increased by over 90% over the last two years.

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 June 2024, 1.2 million had been already built, which is in line with the adopted business plan. As a result, almost 1.9 million households were connectable with Światłowód Inwestycje's network at the end of the first half of 2024. 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 three major mobile operators: T-Mobile Polska, the Polsat Plus Group and Play. In June 2024, the company exceeded 500,000 customer lines on its network. 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 is payable in 2022–2026 and is 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, while in 2024 it was PLN 123 million. The transaction assumed that each partner would contribute new capital to the company in 2023–2026. Both partners contributed PLN 100 million each in 2023 and PLN 169 million each in the first half of 2024. 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 June 2024, slightly more than half of 8.5 million households within the reach of our fibre service were connected to other operators' networks.

4.5 New 5G Frequency Band Improves Network Efficiency and Opens 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 almost doubled 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 134 thousand at the end of June 2024, an increase by more than 5 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 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.

In 2021–2023, we reported very dynamic growth in the ICT area, with revenues increasing at a double-digit rate every year. This could be attributed mainly to strong performance of our software subsidiaries (i.e. BlueSoft and Craftware) and a broad and well-diversified service portfolio, which enabled us to flexibly adapt to the changing demand and be less dependent on supply chain fluctuations.

In the first half of 2024, our IT and integration services revenue decreased by 9% year-on-year. This was mainly due to two factors. Firstly, the IT sector experienced a cyclical slowdown primarily resulting from the economic downturn, high inflation in previous years, and the uncertain geopolitical situation. Secondly, in the first half of the current year, there was a decrease in demand from the public sector in Poland, mainly due to changes in the wake of parliamentary elections (Q4 2023) and local elections (Q2 2024). We believe these factors to be temporary and expect a gradual economic recovery from the second half of 2024 and into 2025. One of the drivers of improvement should be the utilisation of European funds (from the NRRP streams and the cohesion fund), a significant portion of which will be allocated to digital transformation.

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 the first half of 2024, we increased our fibre footprint by further 530 thousand households. At the end of June 2024, 8.5 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, in line with our .Grow strategy, we have been more reliant on partnerships. One of our key partnerships is that with Światłowód 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 June 2024, we used the infrastructure of around 60 operators (including Światłowód Inwestycje) for over 4.7 million households. Our own network construction is limited to projects involving the use of European funds. In previous years, under the Digital Poland Operational Programme (POPC), we built a fibre network reaching approximately 450,000 households. Meanwhile, between 2024 and 2026, under the framework of the European Funds for Digital Development (EFDD) programme and the National Recovery and Resilience Plan (NRRP), we will extend coverage to around 150,000 households. Our strategy for expanding fibre footprint includes also the acquisition of minor local players. Over the Grow strategy period we have acquired six such entities, reaching a total of over 100,000 households. Three of these acquisitions took place in the first half of 2024.

Orange Polska is Poland's largest wholesale service provider. The demand for transmission bandwidth is growing, especially for *n*×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. We continued to we increased the number of OTN transport nodes, thus expanding the aggregate network capacity from 19.9 Tbps at the end of December 2023 to 21.1Tbps at the end of June 2024. For the 100 Gbps lines intended for wholesale, we have developed OTN infrastructure of the total capacity of 13 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 revenue from alternative operators for emergency call termination on the Orange network, as well as subscription revenues.

The Call Setup Success Rate on our fixed network stood at 99% at the end of June 2024, which confirms very high quality of Orange Polska's fixed-line services.

Mobile Network

In response to rapid growth in data traffic volume, we have steadily increased the number of our base stations and enhanced their capacity. In the first half of 202, our customers got access to a further around 100 base stations, driving their total number to over 12,430 by the end of June, of which almost 11,500 enabled spectrum aggregation. 4G coverage for all bands was 99.9% of the population on 98.5% of Poland's territory at the end of June 2024.

The development of our mobile network currently focuses on three major projects.

Firstly, the construction of the 5G network on the C-band (3400–3800 MHz), which we have been using since the beginning of 2024, following the auction held in the fourth quarter of 2023. In line with the auction commitments, Orange Polska should deploy at least 3,800 base stations within 48 months from the date of the Reservation Letter. In addition to quantitative obligations, the reservation decision also imposes a number of coverage and quality requirements related to providing data transmission with the required bandwidth for a specified percentage of Poland's area, households, roads (national and regional) and selected railway lines. The required bandwidth levels and coverage percentages have been differentiated for specific future time intervals (from 1 year to 7 years). Municipalities located in the immediate vicinity of the Russian, Belarusian and Ukrainian borders are exempt from these requirements due to more stringent international coordination requirements. As with other technologies, the 5G network is shared with T-Mobile, allowing for significant optimisation of network resource utilisation and enhancing its operational efficiency. By the end of June 2024, there were already over 1,900 base stations operating on this frequency, covering almost 28% of Poland's population.

Secondly, we have 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 around 8,350 at the end of June 2024.

Thirdly, 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.

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 Światłowód Inwestycje, a joint venture of Orange Polska and APG. In 2023, Polski Światłowód Otwarty, a joint venture of Iliad and the infrastructure fund InfraVia, joined this group of operators. The company operates the network previously owned by the cable operator UPC, and declares providing access to it to retail operators. Wholesale partnerships even out the differences among operators in their fibre service reach. It increases competition for retail customers, especially that some players attempt to win the market with aggressive marketing strategies. It also contributes to much more localised competition in the fixed line market (compared to the mobile market, where competition tends naturally to be nationwide), the intensity of which largely depends on the number of operators offering their services in the given location.

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

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 601 of them at the end of June 2024, down from 604 at the end of 2023), but on the other hand transformation to better suit customers’ needs. Our ‘Best Retail Network’ project is underway. Solutions that were previously only implemented in large Smart Stores, such as intuitive and functional interiors, are also being implemented in smaller outlets. By the end of June 2024, 468 of our outlets had been modernised in a new visualisation (vs. 461 at the end of 2023). We opened the first three ‘green outlets’ in Warsaw in 2023 and added the fourth one in Cracow this year. These 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_2 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 are available in the My Orange app only). As a result, sales in digital channels already accounted for 24% of total sales and retention activities (an increase from 20% in 2023).

In the Telesales channel, we have 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 maters 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 the first half of 2024 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. We also use independent stores selling mobile services and handset accessories as a distribution channel for our nju brand (for both mobile and fibre services sold under this brand).

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.

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

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 May 2024, Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. and Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Consulting sp.k. commenced an audit of Orange Polska S.A.'s annual regulatory accounting statements for 2023 and the results of service cost calculation for 2025 on the market for provision of wholesale (physical) access to network infrastructure, including shared or fully unbundled access, in a fixed location (LLU) and the market for wholesale broadband access (BSA) services. The audit is to be completed by August 26, 2024.

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 would implement new FTRs and the changes resulting from the introduction of new BSA and LLU reference offers and would 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 decision was upheld in its original form. On May 24, 2024, UKE launched public consultation on the draft decision amending the reference offer.

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 ongoing administrative procedures by the President of UKE regarding amendments to the agreements between Orange Polska and Fiberhost 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. The proceedings are pending.

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. The procedures to determine the list of operators and their shares in the aforementioned compensation and the subsequent individual procedures have been completed.

Out of the total compensation granted for 2006–2011, PLN 1.3 million is still due to Orange Polska S.A.

4.11.2 Major Changes in Legislation

In the first six months of 2024, national legislative developments of significant sectoral relevance for telecommunication operators included the recommencement by the new Minister of Digital Affairs of legislative work on a comprehensive amendment to the Telecommunications Law, which is to be replaced by the new Electronic Communications Law in connection with the implementation of the European Electronic Communications Code (EECC). Furthermore, work was commenced on an amendment to the Act on the national cybersecurity system, measures to increase broadband internet availability and a number of other initiatives specified below.

On the European Union level, in the first half of 2024, an agreement was reached on a new regulatory framework for artificial intelligence systems (the Artificial Intelligence Act).

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.

Amendment to the Telecommunication Law

On July 12, 2024, the Electronic Communications Law was passed by the lower house of the Parliament. It will transpose into Poland's domestic law the European Electronic Communications Code (EECC), one of the most important legislative acts in the telecommunications sector. The Electronic Communications Law, which is to replace the Telecommunication Law which has been in force for almost two decades, will introduce a number of major solutions, including the obligation to return 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 and partial regulation of over-the-top services. In its judgment of March 14, 2024, the EU Court of Justice imposed fines on Poland for failing to transpose the Electronic Communications Law (due to a three-year delay in the implementation thereof), namely a lump sum of EUR 4 million and a penalty payment of EUR 50,000 per day. The Electronic Communications Law is expected to come into force in the fourth quarter of 2024.

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 obligation to take proportionate technical and organisational measures to prevent abuse. In March 2024, the provisions on blocking text messages containing smishing content (in accordance with the message template provided by CSIRT NASK) and blocking voice calls initiated using a number from a list of numbers used only for answering calls (held by the President of UKE) became applicable. The measures to block voice calls or hide the calling number identification to combat CLI spoofing (disguising as a different person or institution) shall be implemented by telecom operators by September 2024.

PESEL Number Withholding

The Act amending certain acts to mitigate the effects of identity theft came into force on June 1, 2024. It has imposed on telecommunication service providers the obligation to verify the personal identification number (PESEL) of a subscriber being a natural person in the newly created PESEL number 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).

If a PESEL number is withheld in the withholding register or during scheduled non-availability of the register, suppliers shall refuse to exchange a SIM card.

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 our 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 EUR 6.8 billion, which was disbursed in mid-April 2024. Poland intends to apply for a further EUR 23 billion under the NRRP framework by the end 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. Orange Polska implements the largest number of broadband projects under the NRRP and EFDD frameworks, namely 28 projects for approximately 155,000 households. As a number of designated areas have not been covered by proposals, another call for proposals was launched in the NRRP, which is scheduled for completion in the third quarter of 2024. The related budget totals PLN 2.1 billion to be allocated for projects in 248 areas covering 536,000 households. The projects should minimise the number of locations without broadband access, which will impact the wholesale and retail market in the near future.

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. Another set of calls for proposals in the digital communications area is scheduled for opening at the end of Q3 or beginning of Q4 2024.

Selected Changes in Legislation in 2024 of Major Relevance to the Economic Activity in the Telecommunications Sector

National Legislation

- Mandatory Electronic Invoicing

On July 1, 2024, an amendment to the Act on tax on goods and services (VAT) came into force. It postpones the obligation to use the National System of e-Invoices (KSeF) by taxpayers to February 1, 2026 due to some technical and functional irregularities detected therein. The Ministry of Finance announced that additional amendments to the act will be adopted in the second half of 2024 in connection with the system adaptation.

- Accessibility of Certain Products and Services

On May 15, 2024, the Act on ensuring meeting the requirements for availability of certain products and services by business entities was promulgated in the Journal of Law. It introduces new obligations regarding the adaptation of selected consumer products and services to the needs of persons with disabilities. The act determines the obligations of manufacturers, authorised representatives, importers and distributors as well as service providers with respect to, *inter alia*, computer hardware systems, payment terminals, telecommunications services and consumer banking services. The new regulation shall apply from June 28, 2025.

- Labour Law

On June 24, 2024, the Act on the protection of whistleblowers was promulgated in the Journal of Law. In particular, it introduces the obligations related to providing channels for reporting potential breaches of law. The act is the long-delayed transposition of the Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law, which should have been implemented by December 17, 2021. The majority of provisions will become applicable within three months after the promulgation of the act.

- Power Sector

New provisions providing for the follow-up of mechanisms to mitigate energy price increases for selected groups of consumers, including energy vouchers and price caps, were promulgated in June 2024. The regulation will impact the business activity of players in the energy market, including trading companies. Most provisions shall become applicable in the second half of 2024.

EU Legislation

- Gigabit Infrastructure Act

A new regulation to replace the Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks was promulgated in the Official Journal of the EU. 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 modifies the existing rules on access to physical infrastructure (e.g. ducts or telecommunication towers), streamlines administrative permit-granting procedures related to the deployment of telecommunication infrastructure and provides for more attractive rules of coordination of civil works. Most provisions shall apply from November 12, 2025.

- Data and Artificial Intelligence

On 12 July 2024, the Artificial Intelligence Act (AI Act) was published in the Official Journal of the European Union. The AI Act provides a narrow list of artificial intelligence practices to be prohibited in the EU (the prohibitions shall become applicable six months from the date of entry into force of the regulation), and imposes new obligations on providers of high-risk AI systems, particularly to assess their conformity prior to placing them the market as well as establish quality and risk management systems throughout their lifecycle. The regulation also imposes obligations with regard to the development and use of generative AI systems, such as providing the detailed technical documentation and summary about the content used for training the model. Most provisions shall apply after 24 months after their entry into force (from 1 August 2024). Legislative work on the national level has been planned to implement the EU solutions and develop an AI market surveillance system.

Regulation on harmonised rules on fair access to and use of data (Data Act) came into force on January 11, 2024. The Regulation sets a legal framework for contracts for sharing data generated and collected by internet-connected devices, particularly allowing users to gain access to such data. It also imposes transparency obligations related to the data generation service and determines the rules for switching data between cloud services provided by different suppliers. Most provisions shall apply 20 months from the Data Act coming into force, that is from September 12, 2025.

- Adaptation of the eCall Legal Framework to New Technologies

In February 2024, the European Commission adopted two delegated acts regarding the New Generation (NG) eCall system for 112-based in-vehicle emergency calls. In the event of a serious road accident, the in-vehicle eCall system automatically dials the emergency number 112 and sends the vehicle location and other important data to emergency services. The eCall system currently works over 2G/3G networks. However, as these networks are to be phased out in the coming years, the Commission has updated standards for the eCall system transitioning to 4G/5G networks.

- 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.

A draft bill amending, *inter alia*, the Accounting Act was published in April 2024. Its purpose is to implement the EU's Corporate Sustainability Reporting Directive (CSRD). The CSRD aims to harmonise the sustainability reporting standards and expands the scope of entities obliged to disclose sustainability information. The Directive should be transposed into national law by July 6, 2024.

- Repair of Goods

In May 2024, the European Union adopted a new directive on the right to repair of goods.. Under the new directive, manufacturers and service providers are obliged to offer cost-effective or free repair services for certain equipment, including smartphones, and inform consumers about their right to repair regardless of the warranty period. The new regulation should be transposed into the Polish law within two years after publication.

- New Cyber Resilience Regulations

In March 2024, the European Parliament adopted a new regulation on horizontal cybersecurity requirements for products with digital elements (Cyber Resilience Act). The main purpose 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. The package was finally adopted by the Council in May 2024.

A number of crucial bills Draft Legislation

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 the Polish law and should be effected within the time limits set out in the relevant acts.

- Future of the European Electronic Communications Sector

Between February and June 2024, the European Commission carried out consultation on the White Paper – How to master Europe's digital infrastructure needs? The documented presented the Commission's ideas for increasing the competitiveness of the European electronic communications sector and completing the digital single market, and se out possible policies that may be proposed in the context of the review of the European Electronic Communications Code due in 2025.

- Act on the National Cybersecurity System

A draft bill amending the Act on the national cybersecurity system was presented in April 2024. It aims to implement the Directive (EU) 2022/2555 of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive). The new regulation will apply to Orange Polska S.A.'s activities in the area of security. The draft provides for a mechanism that will enable issuing an administrative decision recognising a supplier of ICT services, products or processes as a high-risk vendor.

- Draft Act on the National Cybersecurity Certification System

The draft Act on the national cybersecurity certification system was presented in May 2024. It aims to adapt national law to the Regulation (EU) 2019/881 of the European Parliament and of the Council on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealing Regulation (EU) No 526/2013 (Cybersecurity Act). The draft provides institutional and procedural framework for cybersecurity certification on the national level and in relation to the activities on the EU level. There is no obligation for companies to participate in the certification system.

- Draft Implementing Act of the NIS 2 Directive

The draft regulation on the principles of application of the Directive (EU) 2022/2555 regarding the technical and methodological measures of cybersecurity risk management, and specifying the cases in which an incident shall be considered to be significant with respect to DNS service providers, TLD name registries, cloud computing service providers, data centre service providers, content delivery network providers, managed service providers, managed security service providers, providers of online marketplaces, online search engines and social networking services platforms, as well as trust service providers. The regulation will apply to the services provided by Orange Polska S.A. According to the draft, it is to apply from October 18, 2024.

- Draft Act Amending the Act on Crisis Management and Certain Other Acts

The draft Act amending the act on crisis management and certain other acts was presented in July 2024. It aims to implement the Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC (Official Journal of the EU L 333, 27.12.2022, p. 164). The new act may apply to Orange Polska S.A.'s activities in the area of security if the company is recognised as a critical entity. For the purpose of the identification of critical entities, the relevant classification criteria are to be adopted and the relevant list is to be launched by January 17, 2026.

- Provision of Services by Electronic Means

The draft Act amending the act on provision of services by electronic means and certain other acts was presented in March 2024. It aims to adapt the Polish law to the EU's Digital Services Act (DSA). The draft provides for extending the competences of the President of UKE and granting him a new role of the Digital Services Coordinator, particularly supervising online platforms. Some of the new competences regarding consumer protection are to be assumed by the President of UOKIK.

- Labour Law

The Council of Ministers adopted a proposal regarding the minimum monthly salary and the minimum hourly rate in 2025. As from January 1, 2025, the minimum wage is to increase to PLN 4,626 (up 7.6% from the current level) and the minimum hourly rate for certain civil-law contracts is to increase to PLN 30.20. Now, the Council of Ministers' proposal will be submitted to the Social Dialogue Council. The ultimate amounts will be set out in the relevant regulation published in September 2024.

- Taxes

The Ministry of Finance has launched public consultations on the draft amendments to the Act on local taxes and fees with respect to the real estate tax. The draft includes an autonomous definition of buildings and structures with no reference to the Construction Law. The new regulations are to come into force on January 1, 2025.

- Civil Protection and Defence

The draft Act on civil protection and defence was published in June 2024. It comprehensively addresses all the issues related to the civil protection system, assigning specific tasks and duties to different agencies and entities, particularly with respect to hazard detection, warning and notification. In particular, the draft provides for the development of a secure government communication system to ensure the continuity of the state administration and civil protection both at the time of peace and war. The scope of the system will include fixed communications (both non-classified and classified), videoconference infrastructure, secure mobile communications (including classified cellular communications), secure radio trunking communications and secure satellite communications (including classified).

4.12 Claims and Disputes, Fines and Proceedings

Please see the Note 32 to the Consolidated Full-Year Financial Statements for 2023 and the Note 11 to the Interim Consolidated Financial Statements for six months ended 30 June 2024 for detailed information about material proceedings and claims against Group companies and fines imposed thereon, as well as issues related to the incorporation of Orange Polska S.A.

CHAPTER III
ORGANISATION AND CORPORATE STRUCTURE

5 ORGANISATIONAL CHANGES IN THE FIRST HALF OF 2024

5.1 Group's Structure as of June 30, 2024

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

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

In the first half of 2024, there were only minor changes in the corporate structure of Orange Polska S.A., which aimed at adapting the Company to evolving business challenges and improving the efficiency of its processes.

5.2.1 Management Board of Orange Polska S.A.

As of June 30, 2024, the Management Board was composed of eight Members, who have been assigned the direct supervision over the following Company's matters:

1. President of the Management Board;
2. Vice President of the Management Board in charge of Business Market;
3. Vice President of the Management Board in charge of Consumer Market;
4. Management Board Member in charge of Network and Technology;
5. Management Board Member in charge of Strategy and Corporate Affairs;
6. Management Board Member in charge of Human Capital;
7. Management Board Member in charge of Carriers Market and Real Estate Sales;
8. Management Board Member in charge of Finance.

5.2.2 Business Units of Orange Polska S.A.

As of June 30, 2024, Orange Polska had 72 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: 8 business units;
4. Management Board Member in charge of Networks and Technology: 11 business units;
5. Management Board Member in charge of Strategy and Corporate Affairs: 6 business units;
6. Management Board Member in charge of Human Capital: 10 business units;
7. Management Board Member in charge of Wholesale Market and Real Estate Sales: 6 business units;
8. Management Board Member in charge of Finance: 7 business units;
9. Executive Director in charge of IT: 7 business units;
10. Executive Director in charge of Transformation and Effectiveness: 4 business units; and
11. Executive Director in charge of Digitisation: 6 business units.

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

There were no major organisational changes in Orange Polska S.A.'s subsidiaries in the first half of 2024.

5.3 Ownership Changes in the Group in the First Half of 2024

The Group effected no significant ownership changes in the first half of 2024.

5.4 Orange Polska Shareholders

As of June 30, 2024, 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 June 30, 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 OrangePolska S.A.	Nominal value of shares held (in PLN)	Interest in the Share Capital
Orange S.A.	664,999,999	664,999,999	50.67%	1,994,999,997	50.67%
Allianz Polska Open Pension Fund	106,592,183	106,592,183	8.12%	319,776,549	8.12%
Nationale-Nederlanden Open 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%

As of June 30, 2024, Orange S.A. held a 50.67% stake in the Company.

Orange S.A. is one of the largest telecommunications companies in the world. In 2023, the company provided services to residential customers in 26 countries. Orange S.A. operates in Belgium, France, Spain, Luxembourg, Moldova, Poland, Romania and Slovakia, as well as in 18 countries in Africa and the Middle East. The company focuses on high-quality connectivity, IT support services for business, wholesale services and cybersecurity. Under the Orange Business brand, Orange S.A. provides telecommunications and IT solutions for business customers around the world.

In 2023, the Orange Group's revenue reached EUR 44.1 billion, which was an increase of 1.8% from the previous year. At the end of December 2023, the company employed 137 thousand people worldwide.

Orange S.A. is listed on the Euronext Paris (ORA) and the New York Stock Exchange (ORAN). At the end of June, its market capitalisation was EUR 26 billion.

As of June 30, 2024, the Company had no information regarding valid agreements or other events that could result in changes in the proportions of shares held by the shareholders.

Orange Polska S.A. did not issue any employee shares in the first half of 2024.

5.5 Corporate Governance Bodies of the Parent Company

I. Composition of the Management Board and changes thereof in the first half of 2024

Composition on June 30, 2024 (it did not change during the reported period):

1. Liudmila Climoc – President of the Board
2. Jolanta Dudek – Vice President of the Board in charge of Consumer Market
3. Bożena Leśniewska – Vice President of the Board 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 Network and Technology
6. Jacek Kowalski – Board Member in charge of Human Capital
7. Jacek Kunicki – Board Member in charge of Finance
8. Maciej Nowohoński – Board Member in charge of Carriers Market and Real Estate Sales

On March 22, 2024, the Supervisory Board of Orange Polska appointed the following persons to the positions of Members of the Management Board for a new term of office: Jolanta Dudek, Bożena Leśniewska, Piotr Jaworski and Witold Drożdż.

II. Composition of the Supervisory Board and its Committees and changes thereof in the first half of 2024

Composition on 30 June 2024:

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. Adam Uszpolewicz – Independent Board Member
13. Jean-Marc Vignolles – Board Member and Chairman of the Strategy Committee

On February 9, 2024, the mandate of Wioletta Rosołowska as a Member of the Supervisory Board expired due to death.

On April 19, 2024, the mandates of the following Members of the Supervisory Board expired: Philippe Béguin, Bénédicte David, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska and Jean-Marc Vignolles.

On the same day, the Annual General Meeting appointed the following persons: Philippe Béguin, Bénédicte David, Marie-Noëlle Jégo-Laveissière, Maria Pasło-Wiśniewska, Adam Uszpolewicz and Jean-Marc Vignolles to the Supervisory Board for a new term of office.

On April 24, 2024, the Company received the resignation of Jean-Michel Thibaud from the position of a Member of the Supervisory Board of Orange Polska S.A., effective April 30, 2024.

In connection with the resignation of Jean-Michel Thibaud on July 19, 2024, the Supervisory Board appointed Etienne Vincens de Tapol to its composition in accordance with § 19 para. 8 of the Company's Articles of Association. On the same day the Supervisory Board appointed July 19, 2024 Etienne Vincens de Tapol to the Audit Committee.

As at June 30, 2024, Orange Polska had five independent Members on the Supervisory Board, namely Bartosz Dobrzyński, John Russell Houlden, Monika Nachyła, Maria Pasło-Wiśniewska PhD and Adam Uszpolewicz.

Composition of the Committees of the Supervisory Board on June 30, 2024:

The Audit Committee

1. John Russell Houlden – Chairman
2. Bartosz Dobrzyński
3. Monika Nachyła
4. Marc Ricau
5. Adam Uszpolewicz

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

The Remuneration Committee

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

The Strategy Committee

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

All other members of the Supervisory Board are invited to and participate in the meetings of the Strategy Committee.

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 of the Board	2026
Jolanta Dudek – Vice President	2027
Bożena Leśniewska – Vice President	2027
Witold Drożdż	2027
Piotr Jaworski	2027
Jacek Kowalski	2026
Jacek Kunicki	2026
Maciej Nowohoński	2026

Supervisory Board	Year of AGM
Maciej Witucki – Chairman	2025
Marie-Noëlle Jégo-Laveissière – Deputy Chairwoman	2027
Laurent Martinez – Deputy Chairman	2026
Marc Ricau – Secretary	2025
Philippe Béguin	2027
Bénédicte David	2027
Bartosz Dobrzyński	2025
Clarisse Heriard Dubreuil	2026
John Russell Houlden	2026
Monika Nachyła	2025
Maria Pasło-Wiśniewska	2027
Adam Uszpolewicz	2027
Jean-Marc Vignolles	2027

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

Managing Persons

As of July 23, 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 July 23, 2024.

Shares held in related entities:

Liudmila Climoc	6,567 shares of Orange S.A. of par value of EUR 4 each
Jolanta Dudek	6,951 shares of Orange S.A. of par value of EUR 4 each
Bożena Leśniewska	6,951 shares of Orange S.A. of par value of EUR 4 each
Witold Drożdż	6,475 shares of Orange S.A. of par value of EUR 4 each
Piotr Jaworski	7,121 shares of Orange S.A. of par value of EUR 4 each
Jacek Kowalski	7,221 shares of Orange S.A. of par value of EUR 4 each
Jacek Kunicki	2,396 shares of Orange S.A. of par value of EUR 4 each
Maciej Nowohoński	6,475 shares of Orange S.A. of par value of EUR 4 each

Supervising Persons

As of July 23, 2024, no persons supervising Orange Polska S.A. held any shares in the Company.

Shares held in related entities:

Marie-Noëlle Jégo-Laveissière	44,267 shares of Orange S.A. of par value of EUR 4 each
Marc Ricau	3,239 shares of Orange S.A. of par value of EUR 4 each
Bénédicte David	6,175 shares of Orange S.A. of par value of EUR 4 each
Clarisse Heriard Dubreuil	4,443 shares of Orange S.A. of par value of EUR 4 each

5.5.2 General Meeting

On April 19, 2024, 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 2023;
– approved Orange Polska S.A.'s financial statements for 2023;
– approved the Orange Polska Group's consolidated financial statements for 2023;
– granted approval of the performance of their duties by members of Orange Polska S.A.'s governing bodies in the financial year 2023;
– adopted a resolution on distribution of profit for the financial year 2023, pursuant to which Orange Polska S.A.'s profit of PLN 782,353,959.83 disclosed in the Company's financial statements for 2023 was allocated in the following manner:
  1) PLN 629,931,589.92 for a dividend (the amount of dividend was PLN 0,48 for each entitled share),
  2) PLN 15,647,079.20,to the reserve capital referred to in Article 30(3) of the Articles of Association, and
  3) PLN 136,775,290,71 to the reserve capital;
– approved the Supervisory Board's Report for the financial year 2023;
– expressed a positive opinion on the annual report on remuneration prepared by the Supervisory Board.

5.6 Workforce

As of June 30, 2024, Orange Polska Group employed 9,155 people (in full-time equivalents; including NetWorks), which is a decrease of 4.2% compared to the end of June 2023.

Orange Polska's workforce reduction was mainly a result of the implementation of the Social Agreement for the years 2024–2025. Pursuant to the Social Agreement for 2022–2023, 613 employees left the Company in 2023, while pursuant to the Social Agreement for 2024–2025, 398 employees left in the first six months of 2024. Severance pay in Orange Polska S.A. averaged PLN 103.2 thousand per employee leaving under the Social Agreement in the first half of 2024.

In the first six months of 2024, external recruitment in Orange Polska totalled 213 people (including NetWorks). It was mainly related to sale and customer service positions in Orange Polska S.A.

5.6.1 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.

Adapting to the market conditions, Orange Polska also increased its minimum gross base salary from PLN 3,000 to PLN 4,300 in 2022–2024.

CHAPTER IV
KEY RISK FACTORS

6 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.

The Risk Management System and corporate risks identified by Orange Polska are described in the annual Management Board's Report on the Activity for the year ended 31 December 2023.

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 ongoing 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.

CHAPTER V
STATEMENTS

7 STATEMENTS OF THE MANAGEMENT BOARD

7.1 Statement on Adopted Accounting Principles

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

1. 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 Nowohoński – Board Member in charge of Carriers Market and Real Estate Sales

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

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

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

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

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

The Group's guidance for the year 2024 was published in the current report 4/2024 of 14 February 2024.Considering the results achieved during the 6 months ended 30 June 2024, the Management Board of Orange Polska S.A. has updated revenue and EBITDAaL guidance. It now expects revenues to be flat or decline by a low single digit percentage versus low single digit percentage growth previously. Worse revenue outlook results mainly from lower than expected revenues from energy resale as well as IT&IS services. At the same time revenues from core telecom services (convergence, mobile and broadband) continue to expand at a solid pace. EBITDAaL is expected now to grow by low-to-mid single digit percentage versus low single digit percentage previously. More favourable EBITDAaL prospects result from solid margin contribution of core business, ongoing cost savings and benefits of efficiency gains.At the same time, the Management Board has maintained the guidance for economic capital expenditures (in the range of PLN 1.7-1.9 billion). The Management Board will closely monitor the Group's performance on a current basis.

GLOSSARY

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

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

Access Fee – Revenues from a monthly fee (incl. a pool of free minutes) for new tariff plans

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 convergent offers to customers. A convergent offer is defined as an offer combining at least a broadband access (including wireless for fixed) and a mobile voice contract with a financial benefit. Convergent services revenues do not include revenues from equipment sales, incoming calls from other operators and visitor roaming

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

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

F2M – Fixed to Mobile Calls

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 end users 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 with the fibre network (i.e. households where broadband access service based on fibre technology can be rendered)

ICT – Information and Communication Technologies

ILD – International long-distance calls

IP TV – TV over Internet Protocol

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

LLU – Local Loop Unbundling

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 revenues from equipment sales, incoming calls from other operators and visitor roaming

MTR – Mobile Termination Rates

MVNO – Mobile Virtual Network Operator

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

Organic Cash Flow – Key measure of cash generation used by management (for definition please refer to the Note 2 to the 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)

UKE – Urząd Komunikacji Elektronicznej (Office of Electronic Communications)

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

USO – Universal Service Obligation

Wireless for fixed – LTE/5G 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

WLR – Wholesale Line Rental