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POLISH FINANCIAL SUPERVISION AUTHORITY

Quarterly consolidated report for the third quarter of 2022

(year)

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

for the third quarter of **2022**, i.e. from **1 January 2022 to 30 September 2022**

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: **24 October 2022**

ORANGE POLSKA SA

(full name of issuer)

ORANGEPL

(abbreviated name of the issuer)

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| SELECTED FINANCIAL DATA | PLN '000 | | EUR '000 | |
|---|--|--|--|--|
| | 3 quarter cumulative period from 01/01/2022 to 30/09/2022 | 3 quarter cumulative period from 01/01/2021 to 30/09/2021 | 3 quarter cumulative period from 01/01/2022 to 30/09/2022 | 3 quarter cumulative period from 01/01/2021 to 30/09/2021 |
| condensed consolidated financial statements data | | | | |
| I. Revenue | 9,109,000 | 8,757,000 | 1,943,046 | 1,921,027 |
| II. Operating income | 905,000 | 2,196,000 | 193,046 | 481,737 |
| III. Profit before income tax | 663,000 | 1,999,000 | 141,425 | 438,521 |
| IV. Net income | 561,000 | 1,741,000 | 119,667 | 381,924 |
| V. Net income attributable to owners of Orange Polska S.A. | 561,000 | 1,741,000 | 119,667 | 381,924 |
| VI. Earnings per share (in PLN/EUR) (basic and diluted) | 0.43 | 1.33 | 0.09 | 0.29 |
| VII. Weighted average number of shares (in millions) | 1,312 | 1,312 | 1,312 | 1,312 |
| VIII. Total comprehensive income | 1,304,000 | 1,845,000 | 278,157 | 404,738 |
| IX. Total comprehensive income attributable to owners of Orange Polska S.A. | 1,304,000 | 1,845,000 | 278,157 | 404,738 |
| X. Net cash provided by operating activities | 2,426,000 | 2,554,000 | 517,492 | 560,272 |
| XI. Net cash used in investing activities | (1,248,000) | (973,000) | (266,212) | (213,448) |
| XII. Net cash used in financing activities | (705,000) | (1,275,000) | (150,384) | (279,697) |
| XIII. Net change in cash and cash equivalents | 473,000 | 306,000 | 100,896 | 67,127 |
| | balance as at 30/09/2022 | balance as at 31/12/2021 | balance as at 30/09/2022 | balance as at 31/12/2021 |
| XIV. Total current assets | 4,693,000 | 4,137,000 | 963,695 | 899,465 |
| XV. Total non-current assets | 21,701,000 | 22,020,000 | 4,456,240 | 4,787,581 |
| XVI. Total assets | 26,394,000 | 26,157,000 | 5,419,935 | 5,687,046 |
| XVII. Total current liabilities | 4,732,000 | 4,353,000 | 971,703 | 946,428 |
| XVIII. Total non-current liabilities | 8,081,000 | 9,193,000 | 1,659,411 | 1,998,739 |
| XIX. Total equity | 13,581,000 | 12,611,000 | 2,788,821 | 2,741,879 |
| XX. Equity attributable to owners of Orange Polska S.A. | 13,579,000 | 12,609,000 | 2,788,410 | 2,741,445 |
| XXI. Share capital | 3,937,000 | 3,937,000 | 808,452 | 855,981 |
| condensed separate financial statements data | | | | |
| | 3 quarter cumulative period from 01/01/2022 to 30/09/2022 | 3 quarter cumulative period from 01/01/2021 to 30/09/2021 | 3 quarter cumulative period from 01/01/2022 to 30/09/2022 | 3 quarter cumulative period from 01/01/2021 to 30/09/2021 |
| I. Revenue | 7,873,000 | 7,881,000 | 1,679,394 | 1,728,858 |
| II. Operating income | 926,000 | 1,389,000 | 197,526 | 304,705 |
| III. Profit before income tax | 725,000 | 1,218,000 | 154,650 | 267,193 |
| IV. Net income | 598,000 | 986,000 | 127,560 | 216,299 |
| V. Earnings per share (in PLN/EUR) (basic and diluted) | 0.46 | 0.75 | 0.10 | 0.16 |
| VI. Weighted average number of shares (in millions) | 1,312 | 1,312 | 1,312 | 1,312 |
| VII. Total comprehensive income | 1,235,000 | 1,090,000 | 263,439 | 239,114 |
| VIII. Net cash provided by operating activities | 2,458,000 | 2,505,000 | 524,317 | 549,523 |
| IX. Net cash used in investing activities | (1,221,000) | (939,000) | (260,452) | (205,989) |
| X. Net cash used in financing activities | (761,000) | (1,272,000) | (162,329) | (279,039) |
| XI. Net change in cash and cash equivalents | 476,000 | 294,000 | 101,536 | 64,495 |
| | balance as at 30/09/2022 | balance as at 31/12/2021 | balance as at 30/09/2022 | balance as at 31/12/2021 |
| XII. Total current assets | 4,235,000 | 3,647,000 | 869,646 | 792,930 |
| XIII. Total non-current assets | 20,798,000 | 21,191,000 | 4,270,812 | 4,607,340 |
| XIV. Total assets | 25,033,000 | 24,838,000 | 5,140,458 | 5,400,270 |
| XV. Total current liabilities | 4,410,000 | 3,992,000 | 905,581 | 867,940 |
| XVI. Total non-current liabilities | 7,955,000 | 9,079,000 | 1,633,538 | 1,973,953 |
| XVII. Total equity | 12,668,000 | 11,767,000 | 2,601,339 | 2,558,377 |
| XVIII. Share capital | 3,937,000 | 3,937,000 | 808,452 | 855,981 |

ORANGE POLSKA GROUP

CONDENSED IFRS QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2022



October 24, 2022

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Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2022

Translation of the financial statements originally issued in Polish

CONSOLIDATED INCOME STATEMENT

(in PLN millions, except for earnings per share)

| | Note | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|--|----------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Revenue | 5 | 3,123 | 9,109 | 2,885 | 8,757 |
| External purchases | | (1,829) | (5,301) | (1,562) | (4,857) |
| Labour expense | | (329) | (1,053) | (322) | (1,044) |
| Other operating expense | | (140) | (438) | (147) | (378) |
| Other operating income | | 146 | 466 | 93 | 219 |
| Impairment of receivables and contract assets | | (19) | (60) | (16) | (62) |
| Gain on the loss of control of Światłowód Inwestycje | | - | - | 1,543 | 1,543 |
| Gains on disposal of assets | | 15 | 85 | 37 | 24 |
| Depreciation and impairment of right-of-use assets | | (123) | (369) | (119) | (352) |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 7 | (516) | (1,526) | (546) | (1,664) |
| Share of profit/(loss) of joint venture | | (4) | (8) | 10 | 10 |
| Operating income | | 324 | 905 | 1,856 | 2,196 |
| Interest income | | 31 | 67 | 11 | 26 |
| Interest expense on lease liabilities | | (27) | (65) | (13) | (40) |
| Other interest expense and financial charges | | (43) | (140) | (53) | (150) |
| Discounting expense | | (20) | (60) | (15) | (35) |
| Foreign exchange gains/(losses) | | (27) | (44) | (16) | 2 |
| Finance costs, net | | (86) | (242) | (86) | (197) |
| Income tax | | (45) | (102) | (184) | (258) |
| Net income | | 193 | 561 | 1,586 | 1,741 |
| Net income attributable to owners of Orange Polska S.A. | | 193 | 561 | 1,586 | 1,741 |
| Net income attributable to non-controlling interests | | - | - | - | - |
| Earnings per share (in PLN) (basic and diluted) | | 0.15 | 0.43 | 1.21 | 1.33 |
| Weighted average number of shares (in millions) | | 1,312 | 1,312 | 1,312 | 1,312 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

| | Note | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|---|------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Net income | | 193 | 561 | 1,586 | 1,741 |
| Items that will not be reclassified to profit or loss | | | | | |
| Actuarial losses on post-employment benefits | | - | - | (1) | (1) |
| Income tax relating to items not to be reclassified | | - | - | - | - |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Gains on cash flow hedges | 7 | 168 | 788 | 47 | 130 |
| Losses on receivables at fair value through other comprehensive income | | (2) | (2) | - | - |
| Income tax relating to items that may be reclassified | | (31) | (149) | (9) | (25) |
| Share of other comprehensive income of joint venture, net of tax | | 8 | 106 | - | - |
| Other comprehensive income, net of tax | | 143 | 743 | 37 | 104 |
| Total comprehensive income | | 336 | 1,304 | 1,623 | 1,845 |
| Total comprehensive income attributable to owners of Orange Polska S.A. | | 336 | 1,304 | 1,623 | 1,845 |
| Total comprehensive income attributable to non-controlling interests | | - | - | - | - |

Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2022

Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (in PLN millions) | Note | At 30 September 2022 | At 31 December 2021 |
|--|-------|-------------------------|------------------------|
| ASSETS | | | |
| Goodwill | 7 | 2,296 | 2,285 |
| Other intangible assets | | 3,713 | 3,984 |
| Property, plant and equipment | 7 | 9,373 | 9,728 |
| Right-of-use assets | | 2,697 | 2,834 |
| Investment in joint venture | | 1,372 | 1,333 |
| Trade receivables | 9 | 362 | 354 |
| Contract assets | | 86 | 89 |
| Contract costs | | 140 | 127 |
| Derivatives | 7,8,9 | 1,043 | 273 |
| Other assets | | 296 | 432 |
| Deferred tax assets | | 323 | 581 |
| Total non-current assets | | 21,701 | 22,020 |
| Inventories | | 258 | 281 |
| Trade receivables | 9 | 1,884 | 1,853 |
| Contract assets | | 96 | 95 |
| Contract costs | | 415 | 397 |
| Derivatives | 7,8,9 | 19 | 3 |
| Income tax receivables | | 42 | 31 |
| Other assets | | 455 | 450 |
| Prepaid expenses | | 111 | 94 |
| Cash and cash equivalents | | 1,413 | 933 |
| Total current assets | | 4,693 | 4,137 |
| TOTAL ASSETS | | 26,394 | 26,157 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 3,937 | 3,937 |
| Share premium | | 832 | 832 |
| Other reserves | | 927 | 191 |
| Retained earnings | | 7,883 | 7,649 |
| Equity attributable to owners of Orange Polska S.A. | | 13,579 | 12,609 |
| Non-controlling interests | | 2 | 2 |
| Total equity | | 13,581 | 12,611 |
| Trade payables | 9 | 86 | 99 |
| Lease liabilities | | 2,169 | 2,302 |
| Loans from related party | 8,9 | 4,190 | 4,938 |
| Other financial liabilities at amortised cost | 8 | 43 | 28 |
| Derivatives | 7,8,9 | - | 3 |
| Provisions | 7,11 | 541 | 739 |
| Contract liabilities | | 955 | 993 |
| Employee benefits | | 76 | 73 |
| Other liabilities | | 21 | 18 |
| Total non-current liabilities | | 8,081 | 9,193 |
| Trade payables | 9 | 2,013 | 2,400 |
| Lease liabilities | | 580 | 528 |
| Loans from related party | 8,9 | 770 | 12 |
| Other financial liabilities at amortised cost | 8 | 28 | 33 |
| Derivatives | 7,8,9 | 1 | 2 |
| Provisions | 7,11 | 270 | 258 |
| Contract liabilities | | 635 | 607 |
| Employee benefits | | 131 | 171 |
| Income tax liabilities | | 1 | 2 |
| Other liabilities | | 303 | 340 |
| Total current liabilities | | 4,732 | 4,353 |
| TOTAL EQUITY AND LIABILITIES | | 26,394 | 26,157 |

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 | Losses on receivables at fair value through other comprehensive income | Deferred tax | Share of other reserves of joint venture | | | | |
| Balance at 1 January 2022 | 3,937 | 832 | 269 | (54) | (6) | (40) | 22 | 7,649 | 12,609 | 2 | 12,611 |
| Net income | - | - | - | - | - | - | - | 561 | 561 | - | 561 |
| Other comprehensive income | - | - | 788 | - | (2) | (149) | 106 | - | 743 | - | 743 |
| Total comprehensive income for the 9 months ended 30 September 2022 | - | - | 788 | - | (2) | (149) | 106 | 561 | 1,304 | - | 1,304 |
| Share-based payments (transactions with the owner) | - | - | - | - | - | - | - | 1 | 1 | - | 1 |
| Transfer to inventories | - | - | (9) | - | - | 2 | - | - | (7) | - | (7) |
| Dividend | - | - | - | - | - | - | - | (328) | (328) | - | (328) |
| Balance at 30 September 2022 | 3,937 | 832 | 1,048 | (54) | (8) | (187) | 128 | 7,883 | 13,579 | 2 | 13,581 |
| Balance at 1 January 2021 | 3,937 | 832 | (89) | (62) | - | 28 | - | 5,951 | 10,597 | 2 | 10,599 |
| Net income | - | - | - | - | - | - | - | 1,741 | 1,741 | - | 1,741 |
| Other comprehensive income | - | - | 130 | (1) | - | (25) | - | - | 104 | - | 104 |
| Total comprehensive income for the 9 months ended 30 September 2021 | - | - | 130 | (1) | - | (25) | - | 1,741 | 1,845 | - | 1,845 |
| Share-based payments (transactions with the owner) | - | - | - | - | - | - | - | 1 | 1 | - | 1 |
| Transfer to inventories | - | - | (15) | - | - | 3 | - | - | (12) | - | (12) |
| Balance at 30 September 2021 | 3,937 | 832 | 26 | (63) | - | 6 | - | 7,693 | 12,431 | 2 | 12,433 |

Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2022

Translation of the financial statements originally issued in Polish

CONSOLIDATED STATEMENT OF CASH FLOWS

| (in PLN millions) | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | | | |
| Net income | 193 | 561 | 1,586 | 1,741 |
| Adjustments to reconcile net income to cash from operating activities | | | | |
| Gains on disposal of assets | (15) | (85) | (1,580) | (1,567) |
| Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets | 639 | 1,895 | 665 | 2,016 |
| Share of (profit)/loss of investments accounted for using the equity method | 4 | 8 | (10) | (10) |
| Finance costs, net | 86 | 242 | 86 | 197 |
| Income tax | 45 | 102 | 184 | 258 |
| Change in provisions and allowances | (4) | (45) | (18) | (74) |
| Operating foreign exchange and derivatives (gains)/losses, net | (7) | (9) | (1) | 3 |
| Change in working capital | | | | |
| (Increase)/decrease in inventories, gross | 26 | 32 | 2 | (9) |
| (Increase)/decrease in trade receivables, gross | (103) | (40) | 59 | 156 |
| Decrease in contract assets, gross | 7 | 2 | 1 | 8 |
| Increase in contract costs | (17) | (31) | (7) | (20) |
| Increase in trade payables | 131 | 64 | 88 | 74 |
| Increase/(decrease) in contract liabilities | (6) | (14) | 53 | 70 |
| (Increase)/decrease in prepaid expenses and other receivables | 6 | (3) | 16 | (32) |
| Increase/(decrease) in other payables | (48) | 51 | (5) | 55 |
| Interest received | 30 | 60 | 8 | 23 |
| Interest paid and interest rate effect paid on derivatives, net | (188) | (307) | (149) | (301) |
| Exchange rate and other effect received on derivatives, net | 5 | 7 | - | 4 |
| Income tax paid | (54) | (64) | (30) | (38) |
| Net cash provided by operating activities | 730 | 2,426 | 948 | 2,554 |
| INVESTING ACTIVITIES | | | | |
| Payments for purchases of property, plant and equipment and intangible assets | (491) | (1,480) | (476) | (1,536) |
| Investment grants received/(returned) | (3) | (3) | 4 | 95 |
| Investment grants paid to property, plant and equipment and intangible assets suppliers | (8) | (69) | (59) | (157) |
| Exchange rate effect received on derivatives economically hedging capital expenditures, net | 4 | 7 | 1 | 3 |
| Proceeds from sale of property, plant and equipment and intangible assets | 61 | 255 | 34 | 82 |
| Proceeds from loss of control of Światłowód Inwestycje, net of cash and transaction costs | - | 36 | 872 | 872 |
| Income tax received/(paid) in relation to loss of control of Światłowód Inwestycje | 53 | 53 | (122) | (122) |
| VAT paid in relation to loss of control of Światłowód Inwestycje | - | - | (209) | (209) |
| Cash paid for subsidiaries, net of cash acquired | - | (48) | - | (5) |
| Receipts from other financial instruments, net | 1 | 1 | 1 | 4 |
| Net cash provided by/(used in) investing activities | (383) | (1,248) | 46 | (973) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from long-term debt | 5 | 19 | - | - |
| Repayment of long-term loans from related party | - | - | - | (101) |
| Repayment of lease liabilities | (126) | (385) | (125) | (374) |
| Decrease in revolving credit line and other debt, net | (12) | (11) | (515) | (891) |
| Exchange rate effect received on derivatives hedging debt, net | - | - | - | 91 |
| Dividend paid | (328) | (328) | - | - |
| Net cash used in financing activities | (461) | (705) | (640) | (1,275) |
| Net change in cash and cash equivalents | (114) | 473 | 354 | 306 |
| Effect of exchange rate changes and other impacts on cash and cash equivalents | 1 | 7 | - | - |
| Cash and cash equivalents at the beginning of the period | 1,526 | 933 | 310 | 358 |
| Cash and cash equivalents at the end of the period | 1,413 | 1,413 | 664 | 664 |

Notes to the Condensed IFRS Quarterly Consolidated Financial Statements

1. The Orange Polska Group

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

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

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

The list of entities included in the Condensed IFRS Quarterly Consolidated Financial Statements of the Group (the “Condensed Quarterly Consolidated Financial Statements”) as at and for the 9 months ended 30 September 2022 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 2021. Additionally, in March 2022, the Group purchased 100% of the shares in Interkam Sp. z o.o., Interkar Sp. z o.o. and Telewizja Światłowodowa Kaszebe Sp. z o.o. (see Note 7).

On 30 August 2022, the Management Boards of Orange Polska and its fully owned subsidiary – TP Teltech Sp. z o.o. – approved a formal plan of a merger. The plan was approved at the Extraordinary General Meeting of OPL S.A. on 6 October 2022.

2. Segment information and performance measures

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

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

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

eCapex (economic capital expenditures) is the key measure of resources allocation used by the Management Board and represents acquisitions of property, plant and equipment and intangible assets excluding telecommunications licences, decreased by the proceeds accrued on disposal of these assets as well as on disposal of the rights

of perpetual usufruct of land historically recognised as property, plant and equipment and subsequently reclassified to right-of-use assets (“proceeds accrued on disposal of assets”). eCapex does not include acquisitions of right-of-use assets.

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

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

Basic financial data of the operating segment is presented below:

| (in PLN millions) | 9 months ended 30 September 2022 | 9 months ended 30 September 2021 |
|--------------------|-------------------------------------|-------------------------------------|
| Revenue | 9,109 | 8,757 |
| EBITDAaL | 2,342 | 2,256 |
| Net income | 561 | 1,741 |
| eCapex | 896 | 1,087 |
| Organic cash flows | 826 | 736 |

| | At 30 September 2022 | At 31 December 2021 |
|--|-------------------------|------------------------|
| Net financial debt (in PLN millions, see Note 8) | 3,605 | 4,076 |
| Net financial debt/EBITDAaL ratio | 1.2 | 1.4 |

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

| (in PLN millions) | 9 months ended 30 September 2022 | 9 months ended 30 September 2021 |
|--|-------------------------------------|-------------------------------------|
| Operating income | 905 | 2,196 |
| Less gain on the loss of control of Światłowód Inwestycje | - | (1,543) |
| Less gains on disposal of assets | (85) | (24) |
| Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 1,526 | 1,664 |
| Add share of loss/(Less share of profit) of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture | 48 | (10) |
| Interest expense on lease liabilities | (65) | (40) |
| Adjustment for the impact of employment termination programs | - | (7) |
| Adjustment for the costs related to acquisition, disposal and integration of subsidiaries | 13 | 20 |
| EBITDAaL | 2,342 | 2,256 |

Orange Polska Group
Condensed IFRS Quarterly Consolidated Financial Statements – 30 September 2022

Translation of the financial statements originally issued in Polish

| (in PLN millions) | 9 months ended 30 September 2022 | 9 months ended 30 September 2021 |
|---|-------------------------------------|-------------------------------------|
| Acquisitions of property, plant and equipment and intangible assets | 1,087 | 1,259 |
| Less proceeds accrued on disposal of assets | (191) | (172) |
| eCapex | 896 | 1,087 |

| (in PLN millions) | 9 months ended 30 September 2022 | 9 months ended 30 September 2021 |
|---|-------------------------------------|-------------------------------------|
| Net cash provided by operating activities | 2,426 | 2,554 |
| Payments for purchases of property, plant and equipment and intangible assets | (1,480) | (1,536) |
| Exchange rate effect received on derivatives economically hedging capital expenditures, net | 7 | 3 |
| Proceeds from sale of property, plant and equipment and intangible assets | 255 | 82 |
| Repayment of lease liabilities | (385) | (374) |
| Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries | 3 | 7 |
| Organic cash flows | 826 | 736 |

3. Statement of compliance and basis of preparation

Basis of preparation

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

These Condensed Quarterly Consolidated Financial Statements should be read in conjunction with the audited IFRS Consolidated Financial Statements for the year ended 31 December 2021.

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

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

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

These Condensed Quarterly Consolidated Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 24 October 2022.

Adoption of standards and interpretations in 2022

There were no new standards or interpretations issued from the date when the IFRS Consolidated Financial Statements for the year ended 31 December 2021 were published.

4. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Consolidated Financial Statements are materially consistent with those described in Notes 2 and 35 to the audited IFRS Consolidated Financial Statements for the year ended 31 December 2021.

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5. Revenue

Revenue is disaggregated as follows:

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

(in PLN millions)

| | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Mobile only services | 710 | 2,080 | 682 | 1,965 |
| Fixed only services | 475 | 1,427 | 484 | 1,482 |
| Narrowband | 143 | 443 | 165 | 521 |
| Broadband | 224 | 666 | 214 | 642 |
| Network solutions (business market) | 108 | 318 | 105 | 319 |
| Convergent services (consumer market) | 544 | 1,600 | 511 | 1,480 |
| Equipment sales | 400 | 1,094 | 342 | 1,015 |
| IT and integration services | 313 | 966 | 255 | 774 |
| Wholesale | 493 | 1,416 | 493 | 1,689 |
| Mobile wholesale | 295 | 876 | 317 | 1,048 |
| Fixed wholesale | 85 | 230 | 86 | 375 |
| Other | 113 | 310 | 90 | 266 |
| Other revenue | 188 | 526 | 118 | 352 |
| Total revenue | 3,123 | 9,109 | 2,885 | 8,757 |

IT and integration services, wholesale and other revenue for the 9 months ended 30 September 2022 and 2021 include, respectively, PLN 70 million and PLN 62 million of lease revenue that is outside the scope of IFRS 15 "Revenue from Contracts with Customers".

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

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

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

Impact of the war in Ukraine

In February 2022 Russia attacked Ukraine. The direct military actions are in Ukraine, however Poland, the European Union and the rest of the world is also impacted by the war. Sanctions have been implemented on trade with Russia by the European Union and the United States. Many refugees left Ukraine to neighbour countries, including Poland.

The war in Ukraine has brought new uncertainty to the Polish economy. It contributes to higher inflation, longer than previously assumed period of elevated costs of energy and triggers a risk of potential energy shortages. Consequences of that are higher interest rates and slower GDP growth. Poland also continues to experience foreign exchange volatility. Additionally, high influx of refugees to Poland generates additional costs for the Polish State budget, however the Polish economy could also reflect an upward impact of additional labour force and consumption.

The Group has analysed the potential impact of the war in Ukraine on its financial position and performance:

1. The Group maintains high liquidity and sufficient financing of its operations and capital expenditures. The debt outstanding as at 30 September 2022 is denominated in PLN and based mainly on fixed interest rates after hedging. The Group confirms its ability to continue as a going concern.
2. The Group has performed a high level scenario analysis to assess the range of potential changes in future cash flows (due to energy price increase and higher usage of mobile and fixed broadband services as a consequence of the war in Ukraine), jointly with the impact of the growing discount rate based on the weighted average cost of capital. There were no factors assessed as an indication of impairment of the telecom operator cash generating unit or investment in joint venture. Therefore, no impairment test was performed at 30 September 2022.

Based on the analyses described above, the Management has concluded that the risks related to the war in Ukraine do not materially impact the results, assets and liabilities of the Group presented in these Condensed Quarterly Consolidated Financial Statements. The Management will monitor the situation and the impact of the war on the Group in the next quarters.

Acquisition of new subsidiaries

In March 2022, the Group purchased 100% of shares in Interkam Sp. z o.o., Interkar Sp. z o.o. and Telewizja Światłowodowa Kaszebe Sp. z o.o., local operators offering services on the basis of fibre infrastructure. The transactions are consistent with the Group's strategy of expanding its fibre footprint. The acquisitions provide the Group with additional around 40 thousand fibre households connectable. Out of the total acquisition price amounting to PLN 43 million, PLN 39 million was paid until 30 September 2022. The remaining part, estimated at PLN 4 million, is a contingent consideration that will be settled until 30 April 2025 and will be based on meeting certain legal conditions.

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As at 30 June 2022, the Group has finalised the accounting for the acquisitions. The calculation of fair value of fibre networks (recognised as property, plant and equipment and inventories), customer contracts and related customer relationships of acquired companies (recognised as other intangible assets) was completed and the Group accounted for the following assets and liabilities:

(in PLN millions)

| | |
|-------------------------------|-----------|
| Assets: | |
| Goodwill | 11 |
| Other intangible assets | 21 |
| Property, plant and equipment | 6 |
| Deferred tax assets | (7) |
| Inventories | 12 |
| Other assets | 2 |
| Total assets | 45 |
| Total liabilities | 2 |
| Net assets acquired | 43 |

Other events

Effective from 1 January 2022, as a result of an annual review of estimated useful lives of fixed assets, the Group extended the estimated useful lives for certain network assets and items of software which decreased depreciation and amortisation expense by PLN 27 million in the 9 months ended 30 September 2022 in comparison to previous year. Depreciation and amortisation expense in 2022 relating to these assets is expected to be lower by approximately PLN 38 million in comparison to 2021.

As at 30 September 2022, the Group remeasured the dismantling provision. The dismantling provision was reduced by PLN 146 million as the decrease of the provision due to higher discount rates was partially compensated by the increase of the provision due to higher unitary cost of dismantling.

As at 30 September 2022, the fair value of derivatives amounted to PLN 1,061 million and was higher by PLN 790 million compared to the valuation as at 31 December 2021. The change resulted mainly from increases of interest rates and energy prices. Additionally, in the 9 months ended 30 September 2022 the Group recognised a derivative on a new virtual power purchase agreement concluded to further hedge the exposure to energy price risk.

In the 3 months ended 30 September 2022, the Group received PLN 53 million of CIT refund as a result of calculation of final 2021 taxable gain on the sale of 50% stake in Światłowód Inwestycje. The calculation was based on tax ruling obtained at the end of September 2021 and final allocation of tax losses from previous years made in May 2022. This refund is classified as cash inflow from investing activities as it can be specifically identified with the loss of control of Światłowód Inwestycje.

The amount of trade payables subject to reverse factoring decreased from PLN 162 million as at 31 December 2021 to PLN 101 million as at 30 September 2022. 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.

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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 September 2022 | At 31 December 2021 |
|---|-------------------------|------------------------|
| Loans from related party | 4,960 | 4,950 |
| Other financial liabilities at amortised cost | 71 | 61 |
| Derivatives – net (liabilities less assets) | (1,061) | (271) |
| Gross financial debt after derivatives | 3,970 | 4,740 |
| Cash and cash equivalents | (1,413) | (933) |
| Cash flow hedge reserve | 1,048 | 269 |
| Net financial debt | 3,605 | 4,076 |

On 29 July 2022, the Group and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a Revolving Credit Facility Agreement for PLN 1,000 million with repayment date in July 2025. No drawdown was made on this facility as at 30 September 2022.

As at 30 September 2022, the total outstanding balance of loans from the related party amounted to PLN 4,960 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related party amounted to 7.68% before swaps and 3.32% after swaps as at 30 September 2022.

As at 30 September 2022, the total nominal amount of interest rate swaps outstanding under the agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk was PLN 3,800 million with a total fair value amounting to PLN 546 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, 16 and 25 to the IFRS Consolidated Financial Statements for the year ended 31 December 2021 is presented below:

| (in PLN millions) | At 30 September 2022 | At 31 December 2021 | Fair value hierarchy ⁽¹⁾ |
|--|-------------------------|------------------------|--|
| Selected trade receivables arising from sales of mobile handsets in instalments | 159 | 233 | Level 2 |
| Contingent consideration receivable arising from the sale of 50% stake in Światłowód Inwestycje ⁽²⁾ | 373 | 416 | Level 3 |
| Derivatives hedging energy prices – net (assets less liabilities) ⁽³⁾ | 496 | (3) | Level 3 |
| Other derivatives – net (assets less liabilities) | 565 | 274 | Level 2 |

⁽¹⁾ Described in Note 26.1 to the IFRS Consolidated Financial Statements for the year ended 31 December 2021.

⁽²⁾ The Group received PLN 41 million in 2022.

⁽³⁾ Change in the fair value in 2022 results from positive valuation of these derivatives due to an increase of energy prices (PLN 227 million related to derivatives held by the Group at 31 December 2021 and PLN 272 million related to a new contract signed in 2022 - see Note 7). Total impact is recognised as gains on cash flow hedges in other comprehensive income.

The Group applies the expected present value technique to measure the fair value of the contingent consideration receivable from the sale of 50% stake in Światłowód Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 10.2% in 2023 to 8.6% in 2026 as at 30 September 2022 (from 5.4% in 2022 to 5.5% in 2026 as at 31 December 2021) 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. 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 are based on observable market energy prices for years 2022 – 2025 and on forecasted prices calculated by an external advisor for years 2026 – 2035. The average of these forecasted energy prices for years 2026 – 2035 used for the valuation of derivatives as at 30 September 2022 amounted to PLN 428 per 1MWh. The sensitivity analysis prepared by the Group indicated that every 10% increase/decrease in the forecasted energy prices for years 2026 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 29/(29) million as at 30 September 2022. Additionally, every month of a potential postponement of commercial operations allowed under the agreement impacts the fair value of the derivatives by PLN (21) million on average.

The carrying amount of the Group's financial instruments excluding lease liabilities approximates their fair value as at 30 September 2022.

10. Dividend

On 22 April 2022, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.25 per share from the 2021 profit. The total dividend, paid on 6 July 2022, amounted to PLN 328 million.

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 2021 or describes major matters that occurred after 31 December 2021.

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

On 7 June 2022, UOKiK initiated proceedings concerning practices violating the collective interests of consumers, alleging that Orange Polska unjustifiably charges fees for calls to the hotline numbers made by consumers using offers with unlimited calls and for the "technical assistance" in the course of the complaint procedure.

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

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

The possible outcomes of proceedings and claims are assessed by the Group on a regular basis and quantifiable risks related to them that are probable to result in future cash outflows are reflected as income tax liabilities or provisions 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 September 2022, Orange S.A. owned 50.67% of shares of the Company. Orange S.A. has majority of the total number of votes at the General Meeting of OPL S.A. which appoints OPL S.A.'s Supervisory Board Members. The Supervisory Board decides about the composition of the Management Board. According to the Company's Articles of Association, at least 4 Members of the Supervisory Board must be independent. The majority of Members of the Audit Committee of the Supervisory Board are independent.

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

Financial receivables, liabilities, financial expense, net and other comprehensive income/loss concerning transactions with the Orange Group relate to loan agreements concluded with Atlas Services Belgium S.A. and agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk and foreign currency 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, relate mainly to sale of fibre network assets. The purchases from Światłowód Inwestycje comprise mainly network access connectivity fees. Liabilities to Światłowód Inwestycje relate mainly to agreements for the lease and services to be rendered in the future, for which joint venture paid upfront.

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| (in PLN millions) | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Sales of goods and services and other income: | 169 | 565 | 258 | 364 |
| Orange S.A. (parent) | 51 | 142 | 48 | 115 |
| Orange Group (excluding parent) | 22 | 58 | 18 | 57 |
| Światłowód Inwestycje (joint venture) | 96 | 365 | 192 | 192 |
| Purchases of goods (including inventories, tangible and intangible assets) and services: | (98) | (283) | (76) | (190) |
| Orange S.A. (parent) | (19) | (61) | (23) | (43) |
| Orange Group (excluding parent) | (49) | (140) | (45) | (139) |
| - including Orange Brand Services Limited (brand licence agreement) | (38) | (106) | (34) | (102) |
| Światłowód Inwestycje (joint venture) | (30) | (82) | (8) | (8) |
| Financial income: | 23 | 45 | - | - |
| Orange S.A. (parent) | 23 | 45 | - | - |
| Financial expense, net: | (41) | (118) | (40) | (123) |
| Orange S.A. (parent) | 52 | 92 | (16) | (70) |
| Orange Group (excluding parent) | (93) | (210) | (24) | (53) |
| Other comprehensive income/(loss): | (50) | 268 | 40 | 136 |
| Orange S.A. (parent) | (50) | 268 | 40 | 136 |
| Dividend paid: | - | 166 | - | - |
| Orange S.A. (parent) | - | 166 | - | - |

| (in PLN millions) | At 30 September 2022 | At 31 December 2021 |
|--|-------------------------|------------------------|
| Receivables and contract costs: | 251 | 362 |
| Orange S.A. (parent) | 60 | 67 |
| Orange Group (excluding parent) | 28 | 35 |
| Światłowód Inwestycje (joint venture) | 163 | 260 |
| Liabilities: | 821 | 802 |
| Orange S.A. (parent) | 30 | 44 |
| Orange Group (excluding parent) | 104 | 63 |
| Światłowód Inwestycje (joint venture) | 687 | 695 |
| Financial receivables: | 546 | 274 |
| Orange S.A. (parent) | 546 | 274 |
| Cash and cash equivalents deposited with: | 1,284 | 738 |
| Orange S.A. (parent) | 1,284 | 738 |
| Financial liabilities: | 4,960 | 4,950 |
| Orange Group (excluding parent) | 4,960 | 4,950 |

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 9 months ended 30 September 2022 and 2021 amounted to PLN 12.2 million and PLN 11.9 million, respectively. Additionally, the President of OPL S.A.'s Management Board is employed by Orange Global International Mobility S.A., a subsidiary of Orange S.A., and posted to Orange Polska. The amount incurred by the Orange Polska Group for the reimbursement of key management personnel costs from the Orange Group for the 9 months ended 30 September 2022 and 2021 amounted to PLN 4.4 million and PLN 3.8 million, respectively.

13. Subsequent events

On 11 October 2022 the Group received a decision from the President of UKE allocating the 2100 MHz telecommunication licence for a further reservation period until 31 December 2037. The fee of PLN 352 million is payable within 14 days from the date of notification of the decision and will be recognised as other intangible assets in the consolidated statement of financial position.

ORANGE POLSKA S.A.

**CONDENSED IFRS QUARTERLY SEPARATE FINANCIAL
STATEMENTS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2022**



October 24, 2022

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INCOME STATEMENT

(in PLN millions, except for earnings per share)

| | Note | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|--|------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Revenue | 4 | 2,708 | 7,873 | 2,594 | 7,881 |
| External purchases | | (1,482) | (4,261) | (1,330) | (4,137) |
| Labour expense | | (286) | (931) | (291) | (943) |
| Other operating expense | | (129) | (404) | (139) | (366) |
| Other operating income | | 146 | 469 | 106 | 244 |
| Impairment of receivables, contract assets and loans | | (18) | (56) | (13) | (94) |
| Gain on partial disposal of investment in Światłowód Inwestycje | | - | - | 750 | 750 |
| Gains on disposal of other assets | | 15 | 104 | 57 | 43 |
| Depreciation and impairment of right-of-use assets | | (119) | (356) | (115) | (340) |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 6 | (511) | (1,512) | (538) | (1,649) |
| Operating income | | 324 | 926 | 1,081 | 1,389 |
| Dividend income | | 3 | 34 | - | 3 |
| Interest income | | 31 | 68 | 9 | 25 |
| Interest expense on lease liabilities | | (26) | (64) | (13) | (39) |
| Other interest expense and financial charges | | (44) | (141) | (41) | (128) |
| Discounting expense | | (20) | (60) | (15) | (35) |
| Foreign exchange gains/(losses) | | (22) | (38) | (15) | 3 |
| Finance costs, net | | (78) | (201) | (75) | (171) |
| Income tax | | (44) | (127) | (185) | (232) |
| Net income | | 202 | 598 | 821 | 986 |
| Earnings per share (in PLN) (basic and diluted) | | 0.15 | 0.46 | 0.63 | 0.75 |
| Weighted average number of shares (in millions) | | 1,312 | 1,312 | 1,312 | 1,312 |

STATEMENT OF COMPREHENSIVE INCOME

(in PLN millions)

| | Note | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|--|------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Net income | | 202 | 598 | 821 | 986 |
| Items that will not be reclassified to profit or loss | | | | | |
| Actuarial losses on post-employment benefits | | - | - | (1) | (1) |
| Income tax relating to items not to be reclassified | | - | - | - | - |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Gains on cash flow hedges | 6 | 168 | 788 | 47 | 130 |
| Losses on receivables at fair value through other comprehensive income | | (2) | (2) | - | - |
| Income tax relating to items that may be reclassified | | (31) | (149) | (9) | (25) |
| Other comprehensive income, net of tax | | 135 | 637 | 37 | 104 |
| Total comprehensive income | | 337 | 1,235 | 858 | 1,090 |

STATEMENT OF FINANCIAL POSITION

(in PLN millions)

| | Note | At 30 September 2022 | At 31 December 2021 |
|---|-------|-------------------------|------------------------|
| ASSETS | | | |
| Goodwill | | 2,014 | 2,014 |
| Other intangible assets | | 3,622 | 3,898 |
| Property, plant and equipment | 6 | 9,419 | 9,796 |
| Right-of-use assets | | 2,645 | 2,790 |
| Investments in subsidiaries | | 446 | 402 |
| Investment in joint venture | | 555 | 555 |
| Trade receivables | 8 | 328 | 321 |
| Contract assets | | 80 | 86 |
| Contract costs | | 123 | 113 |
| Derivatives | 6,7,8 | 1,043 | 273 |
| Other assets | | 256 | 393 |
| Deferred tax asset | | 267 | 550 |
| Total non-current assets | | 20,798 | 21,191 |
| Inventories | | 214 | 217 |
| Trade receivables | 8 | 1,613 | 1,564 |
| Contract assets | | 93 | 93 |
| Contract costs | | 400 | 391 |
| Loans to related parties | | 27 | 27 |
| Derivatives | 6,7,8 | 19 | 3 |
| Income tax receivables | | 36 | 31 |
| Other assets | | 404 | 391 |
| Prepaid expenses | | 61 | 45 |
| Cash and cash equivalents | | 1,368 | 885 |
| Total current assets | | 4,235 | 3,647 |
| TOTAL ASSETS | | 25,033 | 24,838 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 3,937 | 3,937 |
| Share premium | | 832 | 832 |
| Other reserves | | 800 | 170 |
| Retained earnings | | 7,099 | 6,828 |
| Total equity | | 12,668 | 11,767 |
| Trade payables | 8 | 86 | 99 |
| Lease liabilities | | 2,131 | 2,270 |
| Loans from related parties | 7,8 | 4,190 | 4,938 |
| Other financial liabilities at amortised cost | | 41 | 26 |
| Derivatives | 6,7,8 | - | 3 |
| Provisions | 6,10 | 520 | 717 |
| Contract liabilities | | 934 | 968 |
| Employee benefits | | 50 | 57 |
| Other liabilities | | 3 | 1 |
| Total non-current liabilities | | 7,955 | 9,079 |
| Trade payables | 8 | 1,776 | 2,062 |
| Lease liabilities | | 563 | 515 |
| Loans from related parties | 7,8 | 833 | 153 |
| Other financial liabilities at amortised cost | | 4 | - |
| Derivatives | 6,7,8 | 1 | 2 |
| Provisions | 6,10 | 250 | 244 |
| Contract liabilities | | 592 | 566 |
| Employee benefits | | 114 | 140 |
| Other liabilities | | 277 | 310 |
| Total current liabilities | | 4,410 | 3,992 |
| TOTAL EQUITY AND LIABILITIES | | 25,033 | 24,838 |

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 | Losses on receivables at fair value through other comprehensive income | Deferred tax | | |
| Balance at 1 January 2022 | 3,937 | 832 | 269 | (54) | (6) | (39) | 6,828 | 11,767 |
| Net income | - | - | - | - | - | - | 598 | 598 |
| Other comprehensive income | - | - | 788 | - | (2) | (149) | - | 637 |
| Total comprehensive income for the 9 months ended 30 September 2022 | - | - | 788 | - | (2) | (149) | 598 | 1,235 |
| Share-based payments (transactions with the owner) | - | - | - | - | - | - | 1 | 1 |
| Transfer to inventories | - | - | (9) | - | - | 2 | - | (7) |
| Dividend | - | - | - | - | - | - | (328) | (328) |
| Balance at 30 September 2022 | 3,937 | 832 | 1,048 | (54) | (8) | (186) | 7,099 | 12,668 |
| Balance at 1 January 2021 | 3,937 | 832 | (89) | (62) | - | 29 | 5,886 | 10,533 |
| Net income | - | - | - | - | - | - | 986 | 986 |
| Other comprehensive income | - | - | 130 | (1) | - | (25) | - | 104 |
| Total comprehensive income for the 9 months ended 30 September 2021 | - | - | 130 | (1) | - | (25) | 986 | 1,090 |
| Share-based payments (transactions with the owner) | - | - | - | - | - | - | 1 | 1 |
| Transfer to inventories | - | - | (15) | - | - | 3 | - | (12) |
| Balance at 30 September 2021 | 3,937 | 832 | 26 | (63) | - | 7 | 6,873 | 11,612 |

STATEMENT OF CASH FLOWS

(in PLN millions)

| | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | | | |
| Net income | 202 | 598 | 821 | 986 |
| Adjustments to reconcile net income to cash from operating activities | | | | |
| Gains on disposal of assets | (15) | (104) | (807) | (793) |
| Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets | 630 | 1,868 | 653 | 1,989 |
| Finance costs, net | 78 | 201 | 75 | 171 |
| Income tax | 44 | 127 | 185 | 232 |
| Change in provisions and allowances | (9) | (54) | (21) | (51) |
| Operating foreign exchange and derivatives (gains)/losses, net | (3) | (3) | - | 3 |
| Change in working capital | | | | |
| Increase in inventories, gross | (9) | - | (9) | (6) |
| (Increase)/decrease in trade receivables, gross | (150) | (56) | 73 | 146 |
| Decrease in contract assets, gross | 8 | 6 | 4 | 12 |
| Increase in contract costs | (10) | (19) | (4) | (14) |
| Increase in trade payables | 183 | 161 | 81 | 82 |
| Increase/(decrease) in contract liabilities | 1 | (12) | 58 | 61 |
| (Increase)/decrease in prepaid expenses and other receivables | 10 | (10) | (32) | (48) |
| Increase/(decrease) in other payables | (47) | 13 | (8) | 31 |
| Dividends received | 34 | 34 | - | 3 |
| Interest received | 30 | 61 | 8 | 24 |
| Interest paid and interest rate effect paid on derivatives, net | (188) | (307) | (147) | (299) |
| Exchange rate and other effect received on derivatives, net | 3 | 4 | - | 4 |
| Income tax paid | (49) | (50) | (27) | (28) |
| Net cash provided by operating activities | 743 | 2,458 | 903 | 2,505 |
| INVESTING ACTIVITIES | | | | |
| Payments for purchases of property, plant and equipment and intangible assets | (479) | (1,455) | (474) | (1,514) |
| Investment grants received/(returned) | (3) | (3) | 4 | 95 |
| Investment grants paid to property, plant and equipment and intangible assets suppliers | (8) | (69) | (59) | (157) |
| Exchange rate effect received on derivatives economically hedging capital expenditures, net | 4 | 7 | 1 | 3 |
| Proceeds from sale of property, plant and equipment and intangible assets | 61 | 255 | 40 | 84 |
| Proceeds from sale of investment in Światłowód Inwestycje, net of transaction costs | - | 36 | 893 | 893 |
| Income tax received/(paid) in relation to sale of investment in Światłowód Inwestycje | 53 | 53 | (122) | (122) |
| VAT paid in relation to sale of investment in Światłowód Inwestycje | - | - | (209) | (209) |
| Cash paid for investments in subsidiaries | - | (49) | (25) | (30) |
| Receipts from loans to related parties and other financial instruments, net | 3 | 4 | 1 | 18 |
| Net cash provided by/(used in) investing activities | (369) | (1,221) | 50 | (939) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from long-term debt | 5 | 19 | - | - |
| Repayment of long-term loans from related party | - | - | - | (101) |
| Repayment of lease liabilities | (122) | (373) | (121) | (362) |
| Decrease in revolving credit line and other debt, net | (33) | (79) | (485) | (900) |
| Exchange rate effect received on derivatives hedging debt, net | - | - | - | 91 |
| Dividend paid | (328) | (328) | - | - |
| Net cash used in financing activities | (478) | (761) | (606) | (1,272) |
| Net change in cash and cash equivalents | (104) | 476 | 347 | 294 |
| Effect of exchange rate changes and other impacts on cash and cash equivalents | 1 | 7 | - | - |
| Cash and cash equivalents at the beginning of the period | 1,471 | 885 | 246 | 299 |
| Cash and cash equivalents at the end of the period | 1,368 | 1,368 | 593 | 593 |

Notes to the Condensed IFRS Quarterly Separate Financial Statements

1. Orange Polska S.A.

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

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

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

On 30 August 2022, the Management Boards of Orange Polska and its fully owned subsidiary – TP Teltech Sp. z o.o. – approved a formal plan of a merger. The plan was approved at the Extraordinary General Meeting of OPL S.A. on 6 October 2022.

2. Statement of compliance and basis of preparation

Basis of preparation

These unaudited Condensed IFRS Quarterly Separate Financial Statements for the 9 months ended 30 September 2022 (the “Condensed Quarterly Separate Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting (“IAS 34”) and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the time of preparing the Condensed Quarterly Separate Financial Statements (see also Note 3).

These Condensed Quarterly Separate Financial Statements should be read in conjunction with the audited Orange Polska S.A. IFRS Separate Financial Statements and the notes thereto (“IFRS Separate Financial Statements”) for the year ended 31 December 2021.

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

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

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

Orange Polska S.A. is the parent company of the Orange Polska Group (“the Group”, “OPL Group”) and prepares quarterly consolidated financial statements for the 9 months ended 30 September 2022. The Group is a part of Orange Group, based in France.

These Condensed Quarterly Separate Financial Statements are prepared in millions of Polish zloty (“PLN”) and were authorised for issuance by the Management Board on 24 October 2022.

Adoption of standards and interpretations in 2022

There were no new standards or interpretations issued from the date when the IFRS Separate Financial Statements for the year ended 31 December 2021 were published.

3. Statement of accounting policies

The accounting policies and methods of computation used in the preparation of the Condensed Quarterly Separate Financial Statements are materially consistent with those described in Notes 2 and 34 to the audited IFRS Separate Financial Statements for the year ended 31 December 2021.

4. Revenue

Revenue is disaggregated as follows:

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

| (in PLN millions) | 3 months ended 30 September 2022 | 9 months | 3 months ended 30 September 2021 | 9 months |
|--|-------------------------------------|--------------|-------------------------------------|--------------|
| Mobile only services | 708 | 2,075 | 680 | 1,961 |
| Fixed only services | 474 | 1,425 | 484 | 1,482 |
| Narrowband | 143 | 443 | 165 | 521 |
| Broadband | 221 | 659 | 214 | 642 |
| Network solutions (business market) | 110 | 323 | 105 | 319 |
| Convergent services (consumer market) | 544 | 1,600 | 511 | 1,480 |
| Equipment sales | 400 | 1,094 | 342 | 1,015 |
| IT and integration services | 67 | 190 | 55 | 166 |
| Wholesale | 493 | 1,416 | 493 | 1,689 |
| Mobile wholesale | 295 | 876 | 317 | 1,048 |
| Fixed wholesale | 85 | 230 | 86 | 375 |
| Other | 113 | 310 | 90 | 266 |
| Other revenue | 22 | 73 | 29 | 88 |
| Total revenue | 2,708 | 7,873 | 2,594 | 7,881 |

IT and integration services, wholesale and other revenue for the 9 months ended 30 September 2022 and 2021 include, respectively, PLN 78 million and PLN 70 million of lease revenue that is outside the scope of IFRS 15 “Revenue from Contracts with Customers”.

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

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

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

Impact of the war in Ukraine

In February 2022 Russia attacked Ukraine. The direct military actions are in Ukraine, however Poland, the European Union and the rest of the world is also impacted by the war. Sanctions have been implemented on trade with Russia by the European Union and the United States. Many refugees left Ukraine to neighbour countries, including Poland.

The war in Ukraine has brought new uncertainty to the Polish economy. It contributes to higher inflation, longer than previously assumed period of elevated costs of energy and triggers a risk of potential energy shortages. Consequences of that are higher interest rates and slower GDP growth. Poland also continues to experience foreign exchange volatility.

Additionally, high influx of refugees to Poland generates additional costs for the Polish State budget, however the Polish economy could also reflect an upward impact of additional labour force and consumption.

The Company has analysed the potential impact of the war in Ukraine on its financial position and performance:

1. The Company maintains high liquidity and sufficient financing of its operations and capital expenditures. The debt outstanding as at 30 September 2022 is denominated in PLN and based mainly on fixed interest rates after hedging. The Company confirms its ability to continue as a going concern.
2. The Company has performed a high level scenario analysis to assess the range of potential changes in future cash flows (due to energy price increase and higher usage of mobile and fixed broadband services as a consequence of the war in Ukraine), jointly with the impact of the growing discount rate based on the weighted average cost of capital. There were no factors assessed as an indication of impairment of the telecom operator cash generating unit or investment in joint venture. Therefore, no impairment test was performed at 30 September 2022.

Based on the analyses described above, the Management has concluded that the risks related to the war in Ukraine do not materially impact the results, assets and liabilities of the Company presented in these Condensed Quarterly Separate Financial Statements. The Management will monitor the situation and the impact of the war on the Company in the next quarters.

Acquisition of new subsidiaries

In March 2022, the Company purchased 100% of shares in Interkam Sp. z o.o., Interkar Sp. z o.o. and Telewizja Światłowodowa Kaszebe Sp. z o.o., local operators offering services on the basis of fibre infrastructure. The transactions are consistent with the Group's strategy of expanding its fibre footprint. The acquisitions provide the Group with additional around 40 thousand fibre households connectable. Out of the total acquisition price, amounting to PLN 43 million, PLN 39 million was paid until 30 September 2022. The remaining part, estimated at PLN 4 million, is a contingent consideration that will be settled until 30 April 2025 and will be based on meeting certain legal conditions.

In August 2022, the Company increased the capital of Interkam and sold to Interkam its shares in Interkar and Telewizja Światłowodowa Kaszebe. The sale price was equal to the amount of capital increase and to the price for which Orange Polska purchased shares in both companies in March 2022. Consequently, the Company did not recognise any gain on the sale and the value of the investment in Interkam increased to PLN 43 million as at 30 September 2022.

Other events

Effective from 1 January 2022, as a result of an annual review of estimated useful lives of fixed assets, the Company extended the estimated useful lives for certain network assets and items of software which decreased depreciation and amortisation expense by PLN 27 million in the 9 months ended 30 September 2022 in comparison to previous year. Depreciation and amortisation expense in 2022 relating to these assets is expected to be lower by approximately PLN 38 million in comparison to 2021.

As at 30 September 2022, the Company remeasured the dismantling provision. The dismantling provision was reduced by PLN 146 million as the decrease of the provision due to higher discount rates was partially compensated by the increase of the provision due to higher unitary cost of dismantling.

As at 30 September 2022, the fair value of derivatives amounted to PLN 1,061 million and was higher by PLN 790 million compared to the valuation as at 31 December 2021. The change resulted mainly from increases of interest rates and energy prices. Additionally, in the 9 months ended 30 September 2022 the Company recognised a derivative on a new virtual power purchase agreement concluded to further hedge the exposure to energy price risk.

In the 3 months ended 30 September 2022, the Company received PLN 53 million of CIT refund as a result of calculation of final 2021 taxable gain on the sale of 50% stake in Światłowód Inwestycje. The calculation was based on tax ruling obtained at the end of September 2021 and final allocation of tax losses from previous years made in May 2022. This refund is classified as cash inflow from investing activities as it can be specifically identified with the transactions resulting in sale of 50% stake in Światłowód Inwestycje.

The amount of trade payables subject to reverse factoring decreased from PLN 155 million as at 31 December 2021 to PLN 96 million as at 30 September 2022. These payables are presented together with the remaining balance of trade payables, as analysis conducted by the Company indicates they have retained their trade nature.

7. Changes in loans from related parties

On 29 July 2022, the Company and Atlas Services Belgium S.A., a subsidiary of Orange S.A., concluded a Revolving Credit Facility Agreement for PLN 1,000 million with repayment date in July 2025. No drawdown was made on this facility as at 30 September 2022.

As at 30 September 2022, the total outstanding balance of loans from the related parties amounted to PLN 5,023 million, including accrued interest and arrangement fees. The weighted average effective interest rate on loans from the related parties amounted to 7.66% before swaps and 3.36% after swaps as at 30 September 2022.

As at 30 September 2022, the total nominal amount of interest rate swaps, outstanding under the agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk was PLN 3,800 million with a total fair value amounting to PLN 546 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 13.1, 14 and 24 to the IFRS Separate Financial Statements for the year ended 31 December 2021 is presented below:

| (in PLN millions) | At 30 September 2022 | At 31 December 2021 | Fair value hierarchy ⁽¹⁾ |
|---|-------------------------|------------------------|--|
| Selected trade receivables arising from sales of mobile handsets in instalments | 159 | 233 | Level 2 |
| Contingent consideration receivable arising from the sale of 50% stake in Świątłwód Inwestycje ⁽²⁾ | 373 | 416 | Level 3 |
| Derivatives hedging energy prices – net (assets less liabilities) ⁽³⁾ | 496 | (3) | Level 3 |
| Other derivatives – net (assets less liabilities) | 565 | 274 | Level 2 |

⁽¹⁾ Described in Note 25.1 to the IFRS Separate Financial Statements for the year ended 31 December 2021.

⁽²⁾ The Company received PLN 41 million in 2022.

⁽³⁾ Change in the fair value in 2022 results from positive valuation of these derivatives due to an increase of energy prices (PLN 227 million related to derivatives held by the Company at 31 December 2021 and PLN 272 million related to a new contract signed in 2022 - see Note 6). Total impact is recognised as gains on cash flow hedges in other comprehensive income.

The Company applies the expected present value technique to measure the fair value of the contingent consideration receivable from the sale of 50% stake in Świątłwód Inwestycje. The discount rates used in the calculation of the present value of the expected cash flows related to contingent consideration range from 10.2% in 2023 to 8.6% in 2026 as at 30 September 2022 (from 5.4% in 2022 to 5.5% in 2026 as at 31 December 2021) 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. 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 are based on observable market energy prices for years 2022 – 2025 and on forecasted prices calculated by an external advisor for years 2026 – 2035. The average of these forecasted energy prices for years 2026 – 2035 used for the valuation of derivatives as at 30 September 2022 amounted to PLN 428 per 1MWh. The sensitivity analysis prepared by the Company indicated that every 10% increase/decrease in the forecasted energy prices for years 2026 – 2035 would change the fair value of derivatives and affect other reserves respectively by PLN 29/(29) million as at 30 September 2022. Additionally, every month of a potential postponement of commercial operations allowed under the agreement impacts the fair value of the derivatives by PLN (21) million on average.

The carrying amount of the Company's financial instruments excluding lease liabilities approximates their fair value as at 30 September 2022.

9. Dividend

On 22 April 2022, the General Meeting of Orange Polska S.A. adopted a resolution on the payment of an ordinary dividend of PLN 0.25 per share from the 2021 profit. The total dividend, paid on 6 July 2022, amounted to PLN 328 million.

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 31 to the IFRS Separate Financial Statements for the year ended 31 December 2021 or describes major matters that occurred after 31 December 2021.

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

On 7 June 2022, UOKiK initiated proceedings concerning practices violating the collective interests of consumers, alleging that Orange Polska unjustifiably charges fees for calls to the hotline numbers made by consumers using offers with unlimited calls and for the “technical assistance” in the course of the complaint procedure.

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

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

The possible outcomes of proceedings and claims are assessed by the Company on a regular basis and quantifiable risks related to them that are probable to result in future cash outflows are reflected as income tax liabilities or provisions 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 September 2022, 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 telecommunications equipment sales, income from scrapped assets and IT services. The purchases from the subsidiaries comprise mainly network development and maintenance. Costs incurred by the Company in transactions with its subsidiaries also comprise donations to Fundacja Orange and for the 9 months ended 30 September 2021 comprised additionally impairment of loan.

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 earned from its subsidiaries comprises dividends and interest on the loans granted to the subsidiaries. Financial receivables from the subsidiaries relate to the loans granted to the subsidiaries. Financial costs and financial liabilities concerning transactions with the subsidiaries relate to cash pool deposits from the subsidiaries.

Financial receivables, liabilities, financial expense, net and other comprehensive income/loss concerning transactions with the Orange Group relate to loan agreements concluded with Atlas Services Belgium S.A. and agreement with Orange S.A. concerning derivative transactions to hedge exposure to interest rate risk and foreign currency 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, relate mainly to sale of fibre network assets. The purchases from Światłowód Inwestycje comprise mainly network access connectivity fees. Liabilities to Światłowód Inwestycje relate mainly to agreements for the lease and services to be rendered in the future, for which joint venture paid upfront.

Orange Polska S.A.

Condensed IFRS Quarterly Separate Financial Statements – 30 September 2022

Translation of the financial statements originally issued in Polish

| (in PLN millions) | 3 months ended 30 September 2022 | 9 months ended 30 September 2022 | 3 months ended 30 September 2021 | 9 months ended 30 September 2021 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Sales of goods and services and other income: | 192 | 631 | 334 | 509 |
| Orange Polska Group (subsidiaries) | 26 | 77 | 77 | 147 |
| Orange Group | 71 | 195 | 65 | 170 |
| - Orange S.A. (parent) | 51 | 142 | 48 | 115 |
| - Orange Group (excluding parent) | 20 | 53 | 17 | 55 |
| Światłowód Inwestycje (joint venture) | 95 | 359 | 192 | 192 |
| Purchases of goods (including inventories, tangible and intangible assets), services and other costs: | (165) | (527) | (149) | (452) |
| Orange Polska Group (subsidiaries) | (67) | (245) | (74) | (263) |
| Orange Group | (68) | (200) | (67) | (181) |
| - Orange S.A. (parent) | (19) | (61) | (23) | (43) |
| - Orange Group (excluding parent) | (49) | (139) | (44) | (138) |
| - including Orange Brand Services Limited (brand licence agreement) | (37) | (105) | (33) | (101) |
| Światłowód Inwestycje (joint venture) | (30) | (82) | (8) | (8) |
| Financial income: | 27 | 81 | - | 5 |
| Orange Polska Group (subsidiaries) | 4 | 36 | - | 5 |
| Orange S.A. (parent) | 23 | 45 | - | - |
| Financial expense, net: | (42) | (120) | (40) | (123) |
| Orange Polska Group (subsidiaries) | (1) | (2) | - | - |
| Orange Group | (41) | (118) | (40) | (123) |
| - Orange S.A. (parent) | 52 | 92 | (16) | (70) |
| - Orange Group (excluding parent) | (93) | (210) | (24) | (53) |
| Other comprehensive income/(loss): | (50) | 268 | 40 | 136 |
| Orange S.A. (parent) | (50) | 268 | 40 | 136 |
| Dividend paid: | - | 166 | - | - |
| Orange S.A. (parent) | - | 166 | - | - |

Orange Polska S.A.

Condensed IFRS Quarterly Separate Financial Statements – 30 September 2022

Translation of the financial statements originally issued in Polish

| (in PLN millions) | At 30 September 2022 | At 31 December 2021 |
|--|-------------------------|------------------------|
| Receivables and contract costs: | 291 | 378 |
| Orange Polska Group (subsidiaries) | 45 | 22 |
| Orange Group | 87 | 97 |
| - Orange S.A. (parent) | 60 | 67 |
| - Orange Group (excluding parent) | 27 | 30 |
| Światłowód Inwestycje (joint venture) | 159 | 259 |
| Liabilities: | 879 | 900 |
| Orange Polska Group (subsidiaries) | 60 | 100 |
| Orange Group | 132 | 105 |
| - Orange S.A. (parent) | 30 | 44 |
| - Orange Group (excluding parent) | 102 | 61 |
| Światłowód Inwestycje (joint venture) | 687 | 695 |
| Financial receivables: | 573 | 301 |
| Orange Polska Group (subsidiaries) | 27 | 27 |
| Orange S.A. (parent) | 546 | 274 |
| Cash and cash equivalents deposited with: | 1,284 | 738 |
| Orange S.A. (parent) | 1,284 | 738 |
| Financial liabilities: | 5,023 | 5,091 |
| Orange Polska Group (subsidiaries) | 63 | 141 |
| Orange Group | 4,960 | 4,950 |
| - Orange Group (excluding parent) | 4,960 | 4,950 |
| Guarantees granted: | 138 | 138 |
| Orange Polska Group (subsidiaries) | 138 | 138 |

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 9 months ended 30 September 2022 and 2021 amounted to PLN 12.2 million and PLN 11.9 million, respectively. Additionally, the President of OPL S.A.'s Management Board is employed by Orange Global International Mobility S.A., a subsidiary of Orange S.A., and posted to Orange Polska. The amount incurred by the Orange Polska S.A. for the reimbursement of key management personnel costs from the Orange Group for the 9 months ended 30 September 2022 and 2021 amounted to PLN 4.4 million and PLN 3.8 million, respectively.

12. Subsequent events

On 11 October 2022 the Company received a decision from the President of UKE allocating the 2100 MHz telecommunication licence for a further reservation period until 31 December 2037. The fee of PLN 352 million is payable within 14 days from the date of notification of the decision and will be recognised as other intangible assets in the statement of financial position.

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

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

The ownership structure of the Company’s share capital, based on the information available to the Company as at 24 October 2022, i.e. the date of submission of the quarterly report for the 3 months ended 30 September 2022 is presented below. Aviva Open Pension Fund Aviva Santander increased its share ownership of Orange Polska shares from 5.06% (the information available to the Company as at 27 July 2022, i.e. the date of submission of the interim report for the 6 months ended 30 June 2022) to 5.07%.

| 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 % |
| Nationale-Nederlanden Open Pension Fund | 72,053,524 | 72,053,524 | 5.49 % | 216,160,572 | 5.49 % |
| Aviva Open Pension Fund Aviva Santander | 66,488,000 | 66,488,000 | 5.07 % | 199,464,000 | 5.07 % |
| Other shareholders | 508,815,956 | 508,815,956 | 38.77 % | 1,526,447,868 | 38.77 % |
| 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 interim 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 24 October 2022 and 27 July 2022.

Mr Piotr Jaworski, the Member of the Management Board of OPL S.A., held 673 Orange Polska S.A. shares as at 24 October 2022 and 27 July 2022.

Mr Maciej Nowochoński, the Member of the Management Board of OPL S.A., held 25,000 Orange Polska S.A. shares as at 24 October 2022 and 27 July 2022.

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 9 months ended 30 September 2022, 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 2022 was published in the current report 3/2022 of 16 February 2022. As announced in the current report 12/2022 of 27 July 2022, the Group has increased revenue guidance. It now expects revenue to grow by a low single digit percentage versus a small decline previously. At the same time, the Management Board has maintained the guidance for EBITDAaL (flat/low single digit growth) and economic capital expenditures (range of PLN 1.7-1.9 billion). The Management Board will closely monitor the macroeconomic and geopolitical situation and assess its impact on the Group's results 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 2022. Additionally, key risk factors that may impact the Group's operational and financial performance are reviewed in the Chapter IV of the above-mentioned Report and the potential impact of the war in Ukraine was analysed in Note 7 to the Condensed Quarterly Consolidated Financial Statements for the 9 months ended 30 September 2022.

VI. Foreign exchange rates

The statement of financial position data as at 30 September 2022 and 31 December 2021 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 9 months ended 30 September 2022 and 2021, were translated into EUR at an exchange rates which are the arithmetical average of the average NBP rates published by the NBP on the last day of each month of the 9-month periods ended 30 September 2022 and 2021.

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 September 2022 | 31 December 2021 | 30 September 2021 |
|--|-------------------|------------------|-------------------|
| Statement of financial position | 4.8698 PLN | 4.5994 PLN | Not applicable |
| Income statement, statement of comprehensive income, statement of cash flows | 4.6880 PLN | Not applicable | 4.5585 PLN |