



 **Annual Report Orange Belgium 2022**



Orange Belgium

Orange Belgium is one of the major telecommunication operators on the Belgian market, with over 3 million customers, and in Luxembourg, via its subsidiary Orange Communications Luxembourg.

As a convergent player, it provides next generation connectivity services to residential and business customers through multi-gigabits mobile, cable, and optic fiber networks, also relating to the Internet of Things (IoT). Its high-performance mobile network is equipped with the latest technologies and benefits from continuous investments. As a responsible operator, Orange Belgium is also investing to reduce its ecological footprint and promote sustainable and inclusive digital practices.

Orange Belgium is a subsidiary of the Orange Group, one of the main operators in Europe and Africa for mobile telephony and internet access and a world leader in telecommunication services for companies.

Orange Belgium is listed on the Brussels Stock Exchange (OBEL).



Key figures 2022

Operational

**2.8
million**

Mobile contract excl. M2M
(+2.5% yoy)

443,000

Cable customers
(+12.4% yoy)

+69,000

Net adds
Mobile contract excl. M2M

+49,000

Net adds
Cable customers



Financial

**1,391.2
million €**

Revenues
(+2.0% yoy)

**1,009.5
million €**

Retail service revenues
(+6.8% yoy)

**373.3
million €**

EBITDAaL (+5.9% yoy)

**220.0
million €**

eCapex (excluding licence fees)
(+7.8% yoy)

Contents

02 --- Highlights 2022

03 --- Chairman's letter

04 --- Strategic report

06 ----- #TheFutureIsOursToMake
Orange Ahead

10 ----- Market context

14 ----- Meaningful brands, today and tomorrow

18 ----- Next-generation connectivity for
our next-generation customers

22 ----- Expanding our network with VOO
for a better service

24 ----- Orange Luxembourg

26 --- Social responsibility

28 ----- Foreword

30 ----- Our Corporate Social Responsibility
(CSR) Strategy

34 ----- Our major initiatives

60 --- Management report

72 --- Financial statements

140 - Corporate governance

Highlights 2022

February



Orange Belgium's digital and innovative B-brand hey! voted telecom Product of the Year 2022

August

B-brand hey! partners up with the Royale Union Saint-Gilloise football club

March



Orange Belgium commits to a sustainable smartphone market by being the first in Belgium to launch the Eco Rating for devices and a new global program, "re"

Launch of new generation of TV decoders for a reinvented TV experience with new features and integrated apps

October

Orange Belgium and KPN investigate how Westerschelde can become the world's smartest waterway with 5G

Customer experience-focused network investments result in outstanding scores in the latest Opensignal benchmark study

June



Maximum amount of key 5G spectrum available in the auction obtained

Orange Belgium launches the Orange Digital Center, a major hub for initiatives focused on digital inclusion and innovation

November

The opening of Orange 5G Lab in La Grand Poste in Liège, showcasing 5G use cases together with local industries

Orange Belgium signs DigitAll charter, confirming its commitment of continuous investment to improve digital inclusion in Belgium



July

The Orange 5G Demo Tour kicks off at the coast allowing customers to experience the power of 5G

December

Orange Belgium responds to European Commission's initiative "Laptops for Ukraine" with donation of devices and extra support via the Orange Belgium Fund

Chairman's letter

Dear team members, shareholders, partners, and customers,

2022 was a year of unpredictability. The volatile geopolitical situation has had, and continues to have, an impact on our daily business and lives in the form of rising energy prices and high inflation.

I want to express my appreciation for the work done by all our employees in the face of this uncertainty. Thanks to their ongoing engagement, we continue to deliver the services that our customers expect from us.

Our employees are not the only stakeholders that I value. I would also like to take this opportunity to thank all the leaders of Orange Belgium, not just the senior leaders, but also all our business and people managers who help us to realise our objectives. We also show our appreciation for shareholders by following the highest standards of governance to meet their interests in the best possible way for us all.

From here, I would like to move the focus onto the companies that we work with on a daily basis. We value our ongoing partnerships with them and value their contributions towards our objectives while we help them to meet their ambitions. I believe this mutual support is fundamental to the good, long-term partnerships we form.

Lastly, I would like to turn to our customers, both end-consumers and business customers. As a sign of my appreciation for their ongoing loyalty to us, I want to continue to improve the services that we offer them. We will achieve this by listening to their needs and evolving to meet their changing expectations while keeping our prices fair.

In 2022, all of our stakeholders came together to help us to deliver strong business results, maintain our costs, and achieve our objectives for the year, while creating a strong, strategic foundation for the long term.

And when it comes to the future, I believe the word for 2023 should be "sustainability". For me, sustainability means that our long-term objectives should be taken into consideration every time we make a decision, regardless of whether it is related to our business, employees, partner, or services.

By taking a long-term view, we show our value as a strategic telecom player in the Belgian market. While current and anticipated external forces won't make it easy to continue on our sustainable path, I am convinced that with the good collaboration between the Senior Leadership Team and the Board, as well as with all other stakeholders, we are on the right path to achieving our goals.

Thankfully yours,

Johan Deschuyffeleer



“By taking a long-term view, we show our value as a strategic telecom player in the Belgian market.”



Strategic report

06	-----	#TheFutureIsOursToMake Orange Ahead
10	-----	Market context
14	-----	Meaningful brands, today and tomorrow
18	-----	Next-generation connectivity for our next-generation customers
22	-----	Expanding our network with VOO for a better service
24	-----	Orange Luxembourg





#TheFutureIsOursToMake Orange Ahead

It's been a year since Orange Belgium introduced its new strategy: Orange Ahead, #TheFutureIsOursToMake. Focusing on the company's long-term ambitions, the strategy has focused so far on laying strong foundations to support the coming years. Xavier Pichon, Chief Executive Officer of Orange Belgium, explains the strategy further and shares some highlights from 2022.

"The Orange Ahead strategy will ensure we become a next-generation operator, a sustainable and committed leader driven by a repositioned Orange brand, first-class technological expertise, and key growth factors," explains Xavier Pichon. "We understand that 2022 is a pivotal year as we move towards an increasingly digital future, which is why I'm proud that our results have been so positive this year."

To achieve its ambitions, Orange Belgium has developed a multifaceted approach consisting of three pillars, made up of strategic priorities, with each pillar focusing on a different aspect of the company. Here are some of the successful Orange Ahead projects the company realised in 2022.

Pillar 1: Delivering operational excellence with best-in-class solutions

"We want to connect our customers to what matters most to them," says Xavier Pichon. "This means delivering an unparalleled experience every day with fixed and mobile multigigabit infrastructure, next-generation enriched connectivity, and efficient and friendly customer service."

The first pillar contains four strategic priorities: customer experience that pushes the company to be best in class in all its core activities, growth of the network and service offering, efficiency when delivering services to Orange Belgium's high quality standards, and the company's commitment to being a responsible operator and employer.

Customer experience

Orange Belgium's ambitious network customer centricity programme prompted a thorough reorganisation of the Network department to put the customer at the centre of all network-related initiatives. These efforts were rewarded with an excellent report in the September 2022 Opensignal Benchmark, which rated Orange Belgium's network based on customer satisfaction criteria.

The company also introduced WiFi Comfort, a new powerful service that provides Orange customers with a stable, smooth, and powerful WiFi connection wherever they need it for binge watching their favourite series, gaming via streaming, or doing their homework.

Growth

5G is an important part of Orange Belgium's growth plans. The company is further rolling out its 5G network to provide its customers with the best possible experience. And in July, Orange Belgium was one of the first subsidiaries of the Orange Group to set up an end-to-end data connection from a mobile device using a 5G Standalone network core. (See page 10 for more information on Orange Belgium's 5G roll out and spectrum auction.)





“The Orange Ahead strategy will ensure we become a next-generation operator, a sustainable and committed leader driven by a repositioned Orange brand, first-class technological expertise, and key growth factors.”

Xavier Pichon, CEO of Orange Belgium



“In order to offer our customers the best possible service, the highest capacity, and the most coverage, we need to pivot from our previous strategy to transform our business model.”

Xavier Pichon, CEO of Orange Belgium

Efficiency

While Orange Belgium's customer-facing teams enjoy hearing from and helping Orange customers, there are more efficient ways for customers to receive the answers they need. In light of this, one of the goals of the Detox programme to reduce the number of 'unnecessary calls' to the call centre. In 2022, the call centre processed 24% fewer unnecessary calls, which exceeded the target. Additionally, the number of calls to Orange's first-line partners decreased by 15% thanks to the launch of Smart IVR, a smart interactive voice server.

Responsible

The Orange "re" programme (recycle, refurbish, repair, and return) is an integral part of Orange Belgium's circular economy strategy. It aims to extend the life of mobile phones and limit their impact on the environment. The take-back of old phones has increased by 200% since 2019, with more than 34,000 old mobile phones collected in 2022, of which two thirds were recycled and one third was reconditioned.



Pillar 2: Pivoting and transforming our business model

“In order to offer our customers the best possible service, the highest capacity, and the most coverage, we need to pivot from our previous strategy to transform our business model,” explains Xavier Pichon.

The second pillar contains three strategic priorities: upgrading network infrastructure, improving the balance and quality of physical-digital (phygital) interactions with customers, and gaining further insights into customer needs.

Infrastructure

Orange Belgium successfully participated in the 5G spectrum auction, enabling the company to continue guaranteeing residential and business customers high-quality and high-capacity coverage. This will enable Orange Belgium to fulfil its 5G ambitions while providing excellent 4G services.

Additionally, the company launched its durable new-generation, Android-based TV decoder that enhances the customer experience with new features such as 4K support, games, Google Assistant, and access to native applications including Amazon.

Phygital

To provide customers with an optimal phygital experience (which combines the physical experience in-store with a digital experience), Orange Belgium completed its first Shopper Ahead projects. This included improving touchscreens and queuing systems and launching the CSO in Shop service in one of the Orange shops in Liège. This service enables customers to video call live with a front-line agent for faster and more efficient help.

Orange Belgium also improved its B2B Customer Zone by adding new features, such as a new process for ordering hardware which led to a strong increase in hardware sales in the second half of the year.

Data and artificial intelligence

Orange Belgium continued to use artificial intelligence (AI) to gain insights from the data generated by its network. For example, based on probability criteria, the company made suggestions to customers about related actions and services that they might appreciate, such as adding a mobile SIM card, subscribing to a convergent offer, or activating an option. This catalogue will be expanded further in the coming months.

Pillar 3: Synergies and integration

“Orange Belgium is part of an interconnected ecosystem of partners and affiliates that is constantly changing and evolving,” explains Xavier Pichon. “We are constantly looking for synergies and ways to integrate services and processes to improve the service we offer our customers.”

The third pillar contains two strategic priorities: finding synergies and ways to integrate Orange Belgium affiliates to improve the overall customer experience and preparing for the integration of VOO in 2023.

Affiliates Orange Belgium

The Orange best of breed ecosystem brings together all of the skills, knowledge, and expertise available across the Orange Group, enabling Orange customers to benefit. This includes improvements in connectivity, improved VAS, enhanced cyber security, advanced IoT, and more.

VOO preparation

A significant part of the Orange Ahead strategy revolves around the acquisition of VOO following its signing in December 2021. After the EU gives its approval on the deal Orange Belgium will be the majority shareholder of VOO, owning 75% minus one share of the company.

[See page 22 for more information on the VOO acquisition](#)



Market context

The telco market in Belgium never sits still. 2022 saw the launch and expansion of 5G services, anticipation regarding a fourth entrant in the market, a challenging geopolitical situation, fierce competition in Wallonia, the implementation of the Orange Ahead strategy, and more, explains Xavier Pichon, CEO of Orange Belgium.



“I am proud of the work that the entire Orange Belgium team has done to overcome the challenges ahead of us and build strong foundations for our future.”

Xavier Pichon, CEO of Orange Belgium

A pivotal year

Even though 2022 was an intense year, it was also interesting and fruitful. We were working against the background of increasing geopolitical unrest, the continuing impact of Covid-19, rising energy prices, and high inflation. And within the telco market, we faced strong competition in Wallonia and the uncertainty and excitement of the 5G spectrum auction.

However, when I look back at 2022, I am proud of the work that the entire Orange Belgium team has done to overcome the challenges ahead of us and build strong foundations for our future. The results of their efforts have been pivotal as we continue to implement our Orange Ahead strategy.

Let's take a look at some of the changes to the telco market context in 2022 and what this might mean for 2023.

5G spectrum auction

We obtained the maximum amount of key 5G spectrum available in the auction in summer 2022. This will allow us to implement our 5G ambitions and deploy innovative future technologies to continue providing the best experience to our customers in an efficient and sustainable way.

The 5G spectrum auction also opened up the Belgian telco market to a fourth entrant which can have a significant impact on the local market.

5G Labs

Following the success of our first 5G Lab in Antwerp, we opened a second 5G Lab in Liège in November 2022 to showcase eight 5G use cases together with local industries. Currently, the highlighted use cases include augmented ramp agents, human robots, and intelligent pallet movers.

The new Orange 5G Lab will join Orange's international network of 16 other Orange 5G Labs across Europe, and it will be used to develop and test innovative and concrete new 5G applications in collaboration with customers, prospects, and partners.





Trusted partner

I am proud to say that we are the trusted partner for both the Walloon region and the Brussels region.

In Wallonia, our trusted status comes from several overlapping initiatives. We established our second 5G Lab in the region's industrial belt, investing in local infrastructure start-ups. We are further investing in the region's infrastructure throughout our acquisition of VOO. Lastly, we are working with the Walloon government in their 'Get up Wallonia!' plan which responds to emergencies related to the Covid-19 crisis and to prepare the region for the future.

See <https://www.wallonie.be/de/plans-wallons/get-wallonia> in French or German for more information.

In Brussels, we have been selected to be the telco partner for the Brussels-Capital Region for the next 15 years. Our role will be to assist the Region to develop into one of the most advanced smart cities in Europe. This includes preparing the Region for the main digital challenges that it faces, such as the increasing data exchange of the Brussels institutions, the large-scale connectivity of citizens, and the protection and surveillance services of the public domain.

Digital inclusion

With 46% of Belgians digitally vulnerable according to the new Digital Inclusion Barometer from our partner, the King Baudouin Foundation, digital inclusion remains a top priority for us. The 2022 inauguration of the Orange Belgium Fund and Orange Digital Center (ODC) are proof of our commitment to Belgian society. The Orange Belgium Fund, the local branch of the Orange Foundation, assists associations by offering digital guidance to socially vulnerable young people, women, and refugees all over the country. The ODC serves as a support and development centre, enabling different target groups to develop their digital skills and entrepreneurship. We also signed the DigitAll and Sustainable IT charters and continue to work on initiatives that tackle this issue.

Energy sobriety

Energy conservation is important for both economic and environmental reasons. As part of our ambitious transversal energy savings programme, we implemented over 50 initiatives to reduce our energy consumption, including energy saving actions in our offices.

VOO acquisition

EU approval for the VOO acquisition, which was signed in December 2021, is expected in Q1, 2023. This will give us ownership of 75% minus one share of VOO SA and it represents a major step forward in our convergent strategy thanks to its high-speed network in Wallonia and part of Brussels.

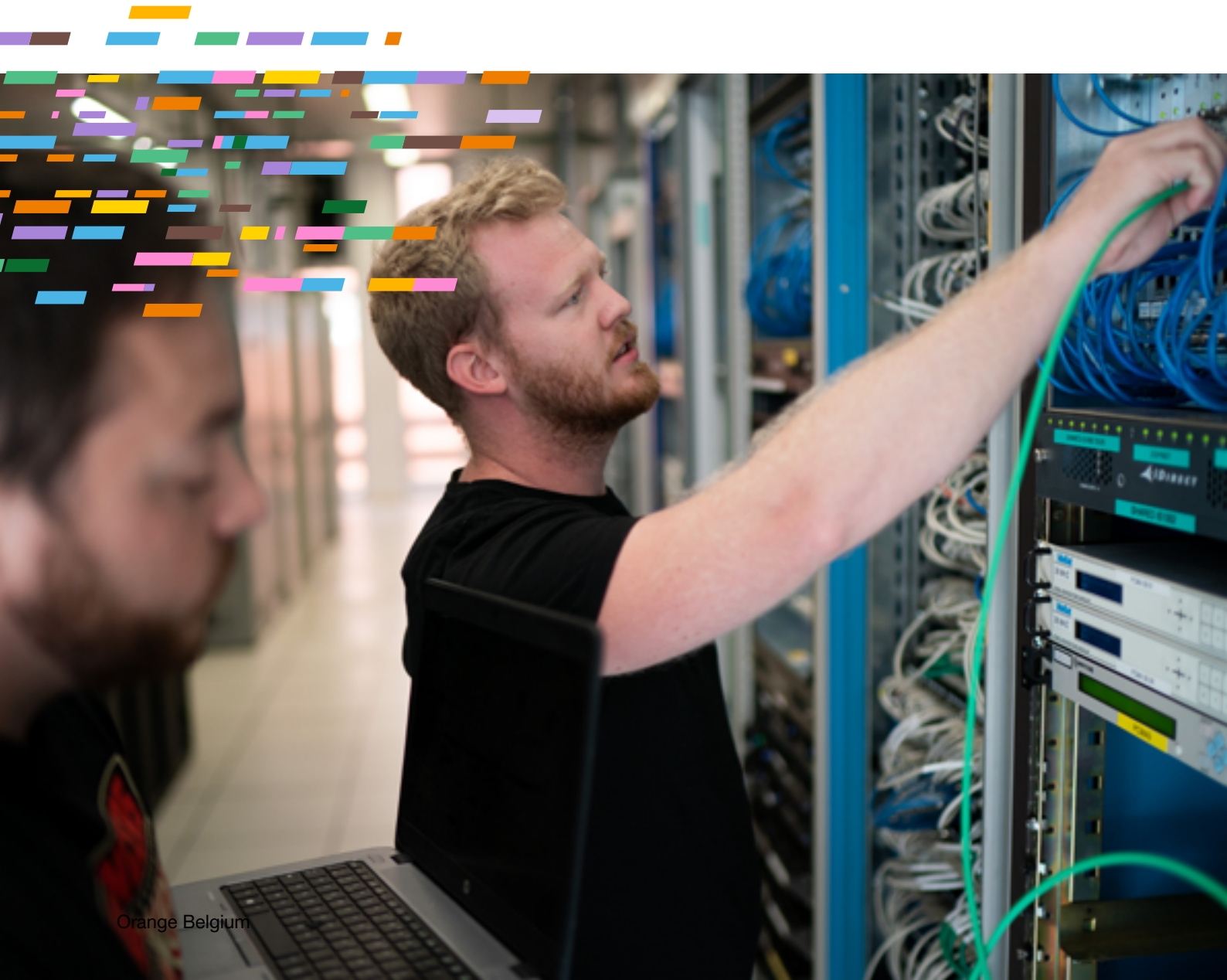
Brand portfolio

At the end of 2021, we launched hey! to complement our existing Orange brand. Targeting ultra-connected customers, our new brand is gaining traction in the market. In particular, younger Belgians appreciate hey! as it is a 100% digital brand based on generosity, low environmental impact, and a strong, evolving commitment to its customers. Its success is proof that our Orange Ahead strategy is working.

Network investment

We have continued to invest in our mobile and fixed network, increasing the range of our 5G coverage and improving internet speeds across the country. Part of our investment is the phasing out of old and infrequently used services so we can focus on more secure, resilient, energy efficient, and modern technologies. With this in mind, we are phasing out 3G as of mid-2023.

We are also investing heavily in our Business Engine new generation network with its fiber backbone and upgraded cable. The use of fiber is vital to ensuring the network remains future-proof as it ensures higher volumes can be carried so it meets the needs of our customers today and tomorrow.



Working together for our future

While it has been a challenge to achieve our results in light of the current economic and political situation, the dedication and hard work of all our team members and Board of Directors has enabled Orange Belgium to build the strong foundations that we will need going forward.

And our team members will continue to play a vital role in our success, which is why we are focused on their wellbeing. In 2022 we undertook a deep analysis about their wellbeing, including (positive) stress. While we perform better than the benchmark for stress, we plan to further improve our resilience to ensure everyone has a healthy work-life balance. As part of this, we are adapting our teleworking policy in cooperation with our employee union representative, upscaling talent in cooperation with VUB, and developing agile management skills across our organisation.

I am proud of everything we have achieved this year, of all our team members and the Board of Directors, and the way we work together. Our efforts have also been supported by our collaboration with the Orange Group, our parent company.



Developing the mobile access network of the future

Network investment is vital for ensuring the quality of the coverage across Belgium. To maintain our high standards and benefit customers, companies, and society in general, Orange Belgium has entered into a mobile access network sharing agreement with Proximus.

Under the terms of the agreement, Orange Belgium and Proximus will share parts of the mobile network access infrastructure to increase the efficiency of network operations and ensure sustainable investments in new network technologies, ensuring a faster roll out of 5G across the country. Both companies will continue to have full control over their own

spectrum assets and operate their core networks independently to ensure service and customer experience differentiation. The shared mobile access network will be planned, built, and operated by a new 50-50 owned joint venture.

The main benefits for customers are the improvement of the overall mobile experience thanks to a wider outdoor coverage, deeper indoor coverage, and a faster 5G roll-out. It will also reduce the number of antenna sites, reducing the visual burden and decreasing the total energy consumption by approximately 20%, which is equivalent to the consumption of 10,000 households in Belgium.

Meaningful brands, today and tomorrow

2022 was a pivotal year at Orange Belgium. And that's also true for its brands in the residential market. Christophe Dujardin, Chief Consumer Officer, and Isabelle Vanden Eede, Chief Brand, Communication, and CSR Officer, explain how the brands have evolved over the year and what this means for customers.

In 2022 you celebrated the first anniversary of the B-brand hey!. What defines its success? How has it evolved next to the Orange brand? And what does the future hold for the brand?

Isabelle Vanden Eede: With the launch of hey! in September 2021, 2022 was our first year with a brand portfolio. While our Orange brand is evolving into a premium brand, hey! has quickly built up a loyal following of digital-savvy customers. While we had planned for awareness of hey! to build slowly, momentum picked up and generated more volume than we had initially expected. However, we have been careful to create and maintain the right balance in our brand portfolio, so that one brand does not cannibalise the other.

hey! has a 100% digital value proposition, making it one of the most sustainable offers on the Belgian market. Most communication happens via the online platforms and the recently introduced Myhey! app.

We have also built up a hey! community, with different activities and offers for loyal community members, such as tickets for USG matches, free hey! subscriptions, free iPhones, festival tickets, video gaming discounts, and special tariffs for our younger customers (under 26 years old). We encourage our community to share their feedback and give suggestions on how the brand should evolve, communicate, and operate. This gives us unique insights into what our digital-savvy customers are looking for.

I was proud when hey! was recognised by the industry in early 2022. Our most abundant offer was voted Product of the Year 2022, and we scored highly in every category (attractiveness, perceived innovation, and purchase intent).

What has pushed both brand propositions forward?

Christophe Dujardin: Traditionally the Belgian market was thought of as a single entity. However, that changed in 2022 when we needed to start thinking regionally. We found that some products were more successful in some parts of the country than in others, partly due to differing levels of competition in the different regions. I expect that this regional trend will continue in 2023 and might even be reflected in different product portfolios, promotions, or communication going forward.

With the challenging geopolitical situation that has pushed up energy costs and impacted inflation, Orange Belgium had to put its prices up for the first time, mostly for fixed services.



“2022 is the bridge between Orange of the past and Orange of the future. The first changes are already visible, but there’s a lot happening behind the scenes that customers will notice in the coming year.”

Christophe Dujardin, Chief Consumer Officer

However, we understand that price as a value proposition is important for our customers, and we didn't want to ask them to pay a higher price for the same product. Instead, we had a 'more for more' mindset. In exchange for a higher price, we gave our customers higher broadband speeds, larger data volumes, and extended multi-card reductions. This helped to reduce churn and minimise impact on the customer experience.

Like the rest of the market, we use our network and connection speeds to position ourselves. In our case, we are clearly positioned as a premium operator. For example, we increased broadband speeds to 250 megabits per second and launched 5G services.

100%

hey! has a 100% digital value proposition, making it one of the most sustainable offers on the Belgian market





“Being a meaningful brand is also important for our hey! customers and this is and will be reflected in the services we offer them and the way we interact with them.”

Isabelle Vanden Eede, Chief Brand, Communication & CSR Officer

How will Orange Belgium respond to the evolving needs of our customers?

Christophe Dujardin: 2022 is the bridge between Orange of the past and Orange of the future. The first changes are already visible, but there's a lot happening behind the scenes that customers will notice in the coming year.

To give some examples, as well as our network advantages and high connection speeds, we also have an excellent track record for service and social responsibility. We regularly achieve high scores, as measured by an independent regulator, for the service of our contact centres, maintaining short waiting times, and overall customer satisfaction.

Our Orange Thank You loyalty programme remains popular with our customers, rewarding them for their custom and allowing us to frequently interact with them. For social responsibility, we have introduced a new option in our loyalty programme that enables our customers to exchange their loyalty gifts for donations for different Belgian associations and good causes such as Natuurpunt, Natagora, and ToekomstATELIERdelAvenir (TADA).

We also have a strong buy back, refurbish, and repair service which appeals to customers trying to minimise their environmental impact or reduce their costs. And we plan to further expand our service offerings to further evolve with the needs of our customers.

We are also continuing to enrich our convergence strategy to take us from being purely a mobile operator to a convergent operator that the entire family can enjoy and trust. In 2022 we launched our new Android TV box that integrated services from Streamz, Amazon Prime Video, and Google Assistant. It's an innovative way to link traditional TV channels with more digital options. This evolution will continue with the launch of a second TV box shortly.

Isabelle Vanden Eede: We have ensured that there is a distinct difference in the branding and communication for both Orange and hey!. While both brands share the same network, they both represent different offerings targeted at different market segments and this will continue to be visible in our communication going forward.

Christophe Dujardin: Our customers are interested in products, innovation, and services. While it is tempting to add as many services as possible to our offering, we prefer to focus on elements that our customers want and need, and we can do well, either alone or in collaboration with partners. We are using this focus in our convergence strategy to show us how we can be a meaningful brand for our customers.





One offering that joined our convergent offering at the end of 2022, was the Ultra Gaming pack, a result of our partnership with Microsoft. This pack includes the Xbox All Access offer: the next-generation Xbox Series S console with a 24-month subscription to Xbox Game Pass Ultimate with hundreds of high-quality games, day one releases, and online multiplayer, as well as 5GB additional data for Go subscriptions.

Another interesting partnership was our partnership with HONOR which saw the HONOR 70 smartphone being available exclusively in our shops. As well as being technologically advanced, this smartphone is one of the greenest handsets currently available on the market and was the most sold model in China in 2022.

Isabelle Vanden Eede: Being a meaningful brand is also important for our hey! customers and this is and will be reflected in the services we offer them and the way we interact with them. For example, we celebrated our one-year anniversary with new deals and an exclusive party at the Atomium in Brussels for our community and we sponsor a Belgian football team. This appeals to their fun, yet no-nonsense, mindset.

What challenges will 2023 bring? And how will you prepare yourself?

Christophe Dujardin: Selecting the right elements to our convergent strategy continues to be a challenge. We need to listen to our customers and develop the elements that will improve their lives by answering their needs and wants. This will be a combination of our own services as well as partnerships with the right companies. It's vital that we get this right now that we have moved from being a challenger to a leader in the telco market.

We understand our position well and know how to emphasize our strengths, which will become even more important when the fourth entrant joins the market in the coming years.

Another challenge concerns the rapidly increasing costs linked to our economic context. Again, we plan to use our 'more for more' mindset and increase data across our portfolio, including more than doubling the data bundles for some product lines.

Isabelle Vanden Eede: With our clear brand strategy and distinctions between our Orange and hey! brands, we are ready for the challenges ahead, including the arrival of a fourth operator on the Belgian market.

Next-generation connectivity for our next-generation customers

When it comes to technology at Orange, 2022 can be summed up in three words: innovative, 5G-ready and future-proof. Werner De Laet, Chief Enterprise, Wholesale, and Innovation Officer, and Stefan Slavnicu, Chief Technology Officer, take a look back at a year of highlights.

With the roll out of the network and the spectrum auctions, 5G has been one of the hot topics of 2022. What is happening at Orange concerning 5G?

Werner De Laet: We have been busy with 5G for several years now, exploring what benefits it can give our customers through our Orange Labs, 5G Labs, and industry collaborations.

Our Orange Labs find start-ups to accelerate and support as they grow and evolve. This year, a lot of these start-ups are looking at the metaverse, which is a big consumer-oriented concept that everyone is talking about, but the benefits aren't clear yet. However, 5G will play an important role in realising metaverse projects, such as virtual reality and augmented reality.

We used augmented reality supported by 5G in summer 2022 for some large-scale projects which highlighted some potential applications for the public. These projects included an augmented city for a 3.2km guided tour in Antwerp, 5G activities and demos at Ecopolis as part of the Tall Ships Races 2022, and the 5G Demo Tour along the Belgian coast where visitors could experience the power of 5G via the Sea of Thieves video game.

We also helped some of our supported start-ups and corporate customers to request subsidies from the federal government to help finance their 5G-related applications. The successful projects include applications in healthcare, logistics, and production, which will all have an impact in Belgium and further afield in the coming years.

As part of our commitment to deploying 5G across Belgium we opened two 5G Labs in Antwerp (2021) and Liege (2022) with two main roles. Firstly, they are educating customers about 5G and how it differs from 2G, 3G, and 4G. And secondly, it also showcases use cases that are adapted to the local ecosystem. This means our new 5G Lab in Liege has more focus on airport, logistics, and media use cases than in Antwerp which looks at the port and its challenges on production criteria, security, and sustainability.

>2 million

connected machines to the Orange network

The last thing I would like to mention concerning 5G is one of our industry collaborations. Together with KPN, we are currently investigating how 5G technology can create a 5G Estuary to accelerate the further digitalisation of the Westerschelde, one of Europe's most important waterways which handles the more than 150,000 ships per year that visit the seaports of Antwerp, Bruges, Ghent, Terneuzen, and Vlissingen. The investigation is looking at ways to deploy 5G technology on the water, along the banks, and in the ports and terminals on both sides of the border to make the Westerschelde the world's smartest, digitised waterway.

Stefan Slavnicu: Thanks to our partnership with Ericsson, Nokia, and Oracle, we are improving and expanding our multigigabit network. In 2022, we swapped 1,000 sites from older technologies to Nokia Single RAN and deployed 5G in Flanders, where the emission norms allowed. This means we now offer 5G coverage in Bruges, Leuven, Antwerp, and the Belgian coast including Ostend.

In 2023, we plan to upgrade and install a further 1,200 sites so we will be able to offer 5G speed to 40% of the Belgian population using a mixture of technologies based on where our customers reside. As the 5G norms were approved in Wallonia, we will start to roll out 5G technology across the region in 2023.

I am also very proud of the work our teams did in the 5G spectrum auction. Thanks to their hard work, we were able to secure the maximum spectrum available for 5G in the 3.5 GHz and 700 MHz bands.



What were the other technological highlights of 2022 for innovation and network at Orange?

Werner De Laet: While 5G is undeniably important, it was definitely not the only highlight of the year. We reached a major milestone in July, when we connected our two millionth machine to the Orange network, increasing connections by 13% based on the previous year. Connected machines include payment terminals, trains, and trucks.

In fact, our total connections are higher than this, as this milestone excludes devices connected to our network as part of the smart metering deal we signed with Fluvius and IBM in December 2021 as well as the smart lighting deal signed with ITROM. Fluvius plans to connect at least 2.5 million households with smart metering, while ITROM will install and connect 120,000 lights over the next four years.

Another highlight was the second year of our collaboration with the University of Antwerp for the 'Curious noses in the garden' (CurieuzeNeuzen in de tuin) project which used smart sensors to collect data from soil in gardens, playgrounds, public estates, agricultural fields, and nature reserves across the country. Coincidentally, 2022 was an extremely dry and warm summer, while summer 2021 experienced a lot of rain. This gave the researchers a large variety of data which can be used to gain insights on how to prepare against extreme weather conditions.

Stefan Slavnicu: One technical launch that has been well received is our new setup box 3. It's a new Android TV setup box for cable or fiber that uses OTT capabilities to offer a



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Stefan Slavnicu, Chief Technology Officer

wide range of applications. It also comes preinstalled with the main content providers. We plan to launch a Wi-Fi 6 compatible version of this setup box in 2023.

We are also developing a network intelligence layer, which is also known as Network as a Service (NaaS). It decouples services from the infrastructure by placing a layer of software between the connectivity layer and the network itself. The result is a system that is more agile, more cost effective, and more efficient.



“Currently, companies are facing the negative impact of high energy costs, rising interest rates, increasing inflation, and the lack of qualified labour. The solution is connections facilitated by Orange based on four themes: digitalisation, cyber security, hybrid working, and new technologies.”

Werner De Laet, Chief Enterprise, Wholesale, and Innovation Officer

How does Orange Belgium differentiate itself in the market?

Werner De Laet: From an innovation and B2B perspective, there are two main ways that we differentiate ourselves: our Business Expert team and our Best of Breed approach.

Our Business Expert team combines different functions, such as an account manager, service manager, a dedicated agent, and design architect, that work together to assist our customers with their telco and ICT needs. This creates proximity with our customers, giving them access to the best expertise and tools that we have to offer.

We also have a Best of Breed approach which aligns the different functions of all the different Orange affiliates and coordinates these skills and resources on a national or international level for our customers. This is more than just mobile or fixed services, it also includes unified collaboration and video conferencing tools, cyber defence applications, and data tools for better business decision making and insight generation such as data analysis applications and data lakes.

It was due to our differentiation, as well as our approach, skills, and expertise, that we were selected by the Brussels government to be the telco partner for the Brussels-Capital Region for the next 15 years. This is within the framework of

Orange Belgium affiliates in the spotlight

BKM-Orange

As an ICT service provider, BKM-Orange inspires and guides companies and organisations through the selection, implementation, and use of ICT solutions and services, including collaboration tools and IT infrastructure.

For more information visit:
<https://www.bkm.be>

Orange Business Services

As a global company with a local approach, Orange Business Services supports companies and organisations as they undertake a digital transformation to unlock their full potential and have a positive impact on the world around them.

For more information visit:
<https://www.orange-business.com>

Orange Cyberdefense

Orange Cyberdefense provides managed and intelligence-driven security and threat detection and response services to organisations around the world with the aim of building a safer digital society.

For more information visit:
<https://www.orange cyberdefense.com>

Business & Decision

Business & Decision is one of the world's leading management consultancies and system integrators for data intelligence and digital experience. The company uses effective use of data to help their customers innovate, drive their business strategy, and improve customer experience.

For more information visit:
<https://www.businessdecision.com>

IRISnet3, that aims to develop the digital future of Brussels as one of the most advanced smart cities in Europe.

Stefan Slavnicu: Our Orange Ahead strategy is differentiating us from the market. In 2022, the Network team started working on the Network Customer Centricity programme to put the customer at the heart of our network processes. This includes advancing the business value proposition, developing data-driven customer relationships, implementing adaptive network design strategies, and enhancing reliability across the network by using AI.

I believe our strategy to differentiate ourselves is working, especially when we win awards such as the Opensignal awards in December 2022 which are based on feedback from real customers. We achieved outstanding scores for consistent quality, game experience, and upload speed experience and excellent scores (joint winner) for core consistent quality, video experience, voice app experience, and availability, thanks to our customer experience-focused network investments.

What challenges do you see for the future? And what is Orange doing to overcome these challenges?

Werner De Laet: Currently, companies are facing the negative impact of high energy costs, rising interest rates, increasing inflation, and the lack of qualified labour. The

solution is connections facilitated by Orange based on four themes: digitalisation, cyber security, hybrid working, and new technologies.

Digitalisation assists companies as they benefit from new tools, applications, and technologies that empower them to work more efficiently. Cyber security is of vital importance to reduce the risk of a cyber-attack or data leak. Hybrid working requires new processes and infrastructure, as well as a different approach to working. Lastly, new technologies enable companies to become more productive and deliver a higher quality of service. Orange is ready to help companies with their connections.

Stefan Slavnicu: Energy efficiency is definitely an ongoing challenge. With the network using 90% of our energy consumption and the remainder used by our data centres, we are always looking for ways to improve our energy efficiency in order to meet our sustainability targets without impacting our customers' experience. In 2022 we implemented a range of energy saving initiatives including turning off 5G during the night, switching off some radio layers if there is no customer demand at that time, installing solar panels at our sites, and gathering data from smart meters to gain insights about energy consumption to help us find ways to reduce energy usage based on traffic demands.

Expanding our network with VOO for a better service

At the end of 2021, Orange Belgium agreed to acquire a majority share in VOO. A year later, Paul-Marie Dessart, General Secretary at Orange Belgium, explains the current status of the acquisition as well as the next steps.

What are the benefits of acquiring VOO for Orange Belgium?

Paul-Marie Dessart: Orange Belgium has been implementing its convergent strategy across the country over the past few years. VOO owns the cable network in the Walloon region and part of the Brussels region, as well as offering a portfolio of fixed and mobile telephony, broadband internet, and television services. With the acquisition of VOO, Orange Belgium will have a very high-speed network in Wallonia and part of Brussels, which would reinforce its convergent strategy on a national level.

Our investment plan, which consists of cable modernisation and fibre optic (FTTH) rollouts, as well as the pooling of the two companies' skills, will strengthen the quality of VOO's network in the long term, serving customers and improving the competitiveness of the Walloon and Brussels regions.

What is the current status of the acquisition?

Paul-Marie Dessart: In December 2021 we signed an agreement with Nethys to acquire 75% minus one share of VOO SA. The closing of this transaction is subject to customary conditions precedent, including the approval of the European Commission which is expected in early 2023.

After closing, we will be able to coordinate our commercial offering and both companies will benefit from important synergies. For example, VOO currently doesn't benefit from optimized purchasing policies, so we will implement our centralized purchasing policies to generate savings. We will spend 2023 focusing on how VOO works before planning our integration strategy.

Overall, we believe that the complementary nature of the two companies' assets and teams, as well as the excellent working conditions they both offer, will continue to be attractive for the employees of VOO and Orange Belgium.





“Overall, we believe that the complementary nature of the two companies’ assets and teams, as well as the excellent working conditions they both offer, will continue to be attractive for the employees of VOO and Orange Belgium.”

Paul-Marie Dessart, General Secretary



Orange Luxembourg



Whether it's in the digital or physical world, Orange Luxembourg worked hard in 2022 to support its customers, its team, and the local community while delivering a year of highlights. Corinne Loze, CEO of Orange Luxembourg, tells us more.

What were the highlights of 2022 for Orange Luxembourg?

Corinne Loze: 2022 has been a full year with many highlights. We started the year by being the first operator in the Grand Duchy to offer official 5G roaming in France, Poland, and Spain at no extra cost to our customers through the data included in their package. This has since been expanded to 8 other countries including Belgium, the Netherlands, Slovenia, and Switzerland. We have also continued the rollout of 5G across the country, together with our partner Nokia.

We also improved our convergent service offering to our customers with Apple TV 4K, the most powerful entertainment device for accessing TV shows, movies, music, photos, games, and apps on the biggest screen in the home.

In January 2022, we launched our “re” programme (recycle, return, refurbish, and repair) to strengthen our commitment, as well as our existing initiatives, to raising public awareness of the environmental impact of mobile phones.

And we showed our appreciation to our customers with the introduction of our Orange Thank You loyalty programme. This offers customers exceptional benefits throughout the year, such as celebrating various occasions like birthdays with gift vouchers, new product tests, event tickets, or vouchers towards the cost of a new smartphone. It also includes Orange Wednesdays, where subscribers receive free Kinopolis cinema tickets for every purchased ticket.

The growing importance of VR, AR, and the metaverse was highlighted by the winning start-ups of the 5th edition of the Orange Fab programme which will benefit from the Orange Acceleration Programme over the next six months. The 2022 winning start-ups are Virtual Rangers (VR, AR, metaverse, and gaming experiences), Nirli (AR, VR and metaverse experiences for the health, construction, retail, and industrial sectors), and WithVR (personalised virtual reality situations to create a safe space to talk for people with speech impairments and differences).

After the launch of video shopping and live shopping services on Meta social networks and orange.lu, we opened a new shop in the metaverse in June. In this store, customers can

get advice and access to our entire offer currently available online. We consider the metaverse to be a new channel for our products and services, as well as a new way to interact with our customers.

During 2022, we also strengthened our cybersecurity offer with Orange Cyberdefense, the group's subsidiary dedicated to cybersecurity. We have developed new offers adapted to organisations of all sizes, from SMEs to large companies, to help them deal with the risks. Orange Cyberdefense, in partnership with Orange Luxembourg, intends to strengthen the Luxembourgish cybersecurity ecosystem by providing its international expertise and cutting-edge tools to support players, improve the detection of attacks, and the response needed in case of an attack.

I was proud of everyone at Orange Luxembourg when our “Gender Equality & Diversity for European & International Standard” (GEEIS) recognition was renewed. This prestigious label recognises our proactive efforts to combat discrimination and promote equality between men and women within the company. For example, we have established a joint management committee, promote women to positions of responsibility, and encourage gender diversity in all professions as well as equal pay for equal work. We are especially pleased to have more and more female engineers in the departments in charge of network management, even though the technical professions are still mainly male.

In addition to obtaining the international GEEIS certification as well as the Positive Actions label from the Ministry of Equality between Men and Women, Orange Luxembourg has been elected “Top Employer” for the 6th consecutive time by the Top Employers Institute. We also signed our first collective labour agreement which formalises, in a transparent way, the benefits that we have offered our employees for several years now.

How did Orange Luxembourg work to support its customers and the local community in 2022?

Corinne Loze: We enjoy meeting our customers where they are, and that includes in the metaverse, which is why we opened our first Orange Digital Center (ODC) within the



metaverse. Our ODC accompanies and develops the digital skills that already exist in the physical world. Considering the stakes inherent in the development of the metaverse, it seemed important to us to open such a space in the heart of these virtual environments, to allow us to explore the possibilities that this opens up, but also to help users take their first steps in this virtual reality.

When it comes to immersive technologies such as gaming platforms and virtual reality, users enjoy new and fun experiences. However, their use is poorly controlled. The entire Orange Group and Orange Luxembourg have reaffirmed our commitment against digital violence with the launch of Safe Zones in online video games, such as Fortnite, Roblox, and Minecraft. The idea is to support families and protect young players from the dangers associated with the development of these new virtual environments by using a quiz and a system of rewards to inform players of the dangers of digital technology and the good reflexes they need to apply to protect themselves. Our Luxembourgish safe spaces also redirect users to a help page that contacts cyberbullying specialists based in Luxembourg and alerts others in case of need.

In the physical world, we used the No Big Deal mobile app to invite Luxembourgish people to either walk 35,000 steps in six days or to run 7km in 55 minutes. For each completed challenge, we made a donation that will enable the Serve the City association to support the collection and treatment of one tonne of rubbish abandoned in public spaces.



“We started the year by being the first operator in the Grand Dutchy to offer official 5G roaming in France, Poland, and Spain at no extra cost to our customers through the data included in their package. This has since been expanded to 8 other countries.”

Corinne Loze, CEO of Orange Luxembourg



Social responsibility

28 Foreword

30 Our Corporate Social Responsibility (CSR) Strategy

- 31 ----- Purpose, mission and commitments of the Orange Group
- 31 ----- Engage 2025: the Group's strategic plan
- 31 ----- Our Vigilance Plan
- 32 ----- Orange is helping to achieve the Sustainable Development Goals

34 Our major initiatives

- 35 ----- Impact on the Environment
 - 35 ----- Net Zero Carbon by 2040
 - 36 ----- CO₂e emissions
 - 38 ----- Energy and mobility
 - 40 ----- Circular Economy
 - 43 ----- Responsible consumption and production
 - 46 ----- Collaborating with our suppliers for greater responsibility
 - 47 ----- Raising customer awareness
 - 47 ----- Engaged sponsoring
 - 49 ----- Digital inclusion
 - 49 ----- Importance of the subject
 - 50 ----- Society: our digital inclusion projects
 - 56 ----- Structural partnerships
 - 57 ----- Customers: social activity
 - 59 ----- Employees: internal dynamics
- 



Foreword



An inclusive and respectful society

As a major player in the Belgian economy, we must create a sustainable impact. Therefore, our commitment to a more inclusive and respectful society follows a structured approach to ensure that our vision produces strong and positive results.

For example, 2022 saw the opening of our Orange Digital Center, the creation of our Corporate Fund, and the implementation of projects that aim to reduce the digital divide while fostering the integration of the young and most vulnerable.

Naturally, in addition to digital inclusion and according to the ambitions established by the Orange Group, Orange Belgium has set itself a wide range of environmental and social goals. These are brought together in our strategic plan which aims to help us to advance towards Net Zero, on a Group level, by 2040.

By working together for a more sustainable world, we wish to overcome the social and environmental challenges ahead. We will guide our employees, partners, and customers through a profoundly responsible transformation and give them the keys to the digital world by providing them with the necessary knowledge, skills, and support.



“By working together for a more sustainable world, we wish to meet the social and environmental challenges, guide our employees, partners and customers through a profoundly responsible transformation and give them the keys to the digital world by providing them with the necessary knowledge, skills and support.”

Isabelle Vanden Eede, Chief Brand,
Communication & CSR Officer



An aerial photograph of a vast, rolling green landscape. In the center, a large, dense forest is shaped like a heart. The forest is a deep green, contrasting with the lighter green of the surrounding grassy fields. Scattered trees are visible throughout the landscape, and the horizon shows distant hills under a clear sky.

Our Corporate Social Responsibility (CSR) Strategy

Purpose, mission and commitments of the Orange Group

Our purpose: Orange is the trusted player that gives everyone the keys to a responsible digital world.

Our mission is to guarantee that digital shall be conceived, made available and used in a more human, inclusive and sustainable manner in all our fields of activity.

To achieve this, Orange Belgium is doing everything in its power to benefit private individuals, partners and organisations with a more autonomous and secure digital life. Everywhere, for everyone, Orange Belgium deploys infrastructures and innovative services that can be trusted, thanks to the commitment and expertise of the teams.

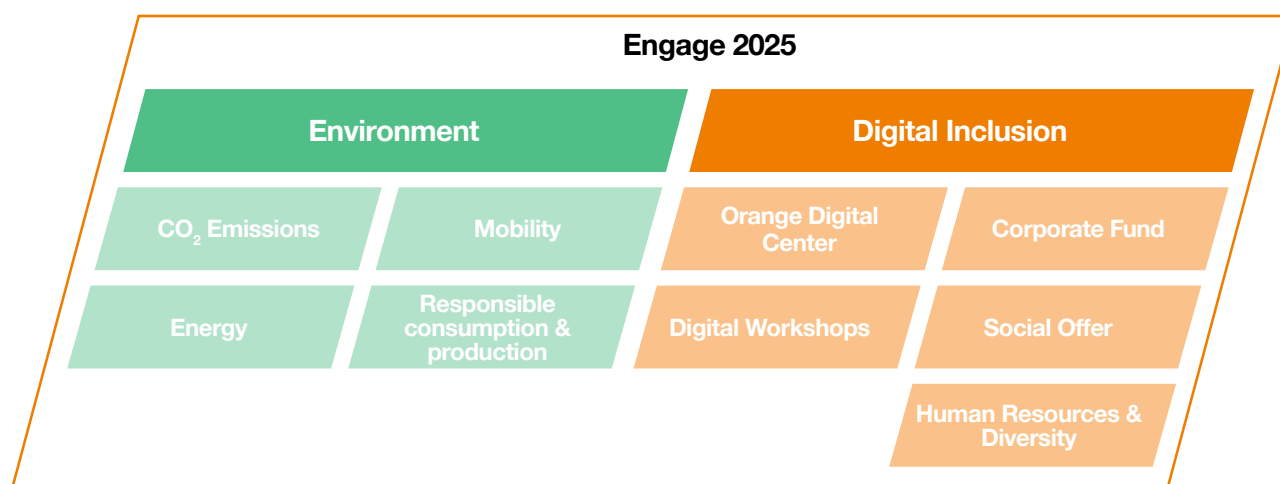
This purpose entails commitments on our part for:

- the environment
- digital equality
- a society of trust
- a responsible economy

Engage 2025: the Orange Group's strategic plan

With its strategic plan Engage 2025, Orange proclaims a model of engaged leadership. Our strength resides in our ability to reconcile economic performance and a sustainable approach vis-à-vis our customers, employees, stakeholders, partners, and society at large.

Engage 2025 consists of two main pillars: the environment and digital inclusion.



Our Vigilance Plan

We have a plan for respecting others.

Each year, Orange defines a vigilance plan in order to remain attentive to everyone's well-being. The measures it contains are designed to identify risks and prevent serious violations of human rights and fundamental liberties, as well as harm to the health and safety of persons and the environment. This

applies both to activities undertaken by Orange Belgium and to activities engaged in by our subcontractors or suppliers with whom a commercial relationship is established.

This plan can be consulted here:
<https://gallery.orange.com/rse>

Orange is helping to achieve the Sustainable Development Goals

Orange adheres to the Principles of the United Nations Global Compact and actively supports the SDG (Sustainable Development Goals).

We are working on 6 common principles in the Orange Group. This sustainable strategic line is being incorporated into our day-to-day operations.

9 - Industry, innovation, and infrastructure

We invest in research and development and adopt innovative digital solutions matching our ambitions. We offer connectivity services and innovative services to everyone, thanks to our telecommunication networks:

- innovative services: IT services, cybersecurity, and B2B services contributing to improving society and quality of life, such as traffic analysis for more sustainable mobility plans...
- we are introducing a mobile access network sharing agreement with Proximus that allows us to significantly increase access to the network, its coverage and its speed, all while making it more optimal

10 - Reduced inequalities

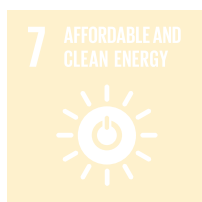
We are building an open and respectful model, striving to reduce inequalities and support more vulnerable groups so that everyone can seize the opportunities offered by digital.

- digital accompaniment for all with the Orange Digital Center
- systems of accompaniment and education for digital inclusion thanks to our Corporate Fund
- development of inclusive offers and devices at affordable prices

12 - Responsible consumption and production

We are integrating the circular economy into our processes and specialities in order to extend the service life of products and equipment, optimise their processing at the end of their lives and limit our environmental impact.

- collection and repair of telephones and multimedia equipment and sale of refurbished devices
- partnership with work integration social and environmental companies
 - Out Of Use: a collection of fixed equipment, organisation of dismantling and recovery of waste
 - De Klimroos (VZW Stijn): center for adults with disabilities, responsible for disassembling components for recycling
 - Close the gap: collects used computer equipment from companies and reconditions it for educational projects
- eco-design approach to our products and services
- awareness-raising campaigns for eco-friendly practices



**SUSTAINABLE
DEVELOPMENT
GOALS**



13 - Measures to fight climate change

We are taking steps to reduce our environmental impact in all of our current and future activities. With our technologies and resources, we are advancing step by step along the path towards a more sustainable world.

Since 2014, Orange Belgium has been certified by the CO₂ neutral label of CO2logic and Vinçotte for its operational activities.

- 100% of our purchased electricity is of renewable origin
- optimisation of energy consumption of our networks and information systems
- development of our circular economy program (RE program) for our mobile and fixed devices
- introduction of a mobility plan with our employees
- environmental preservation initiative in collaboration with the associations Natagora/ Natuurpunt

16 - Peace, justice, and strong institutions

Respecting fundamental liberties and strictly applying our ethical principles is an ongoing concern:

- Code of Ethics
- member of the board of directors of the Global Network Initiative
- development of responsible purchasing standards
- development of cybersecurity and data security solutions

17 - Partnerships for achieving the objectives

We collaborate with different partners in order to maximise the odds of achieving our objectives, basing ourselves on the resources and talents of each. We are developing partnerships with entire ecosystems: governments, development agencies, NGOs, Entrepreneurs, innovative SMEs, etc.:

- mechanism of accompaniment and support for start-ups and private individuals: Orange Digital Center and its FabLab
- philanthropic activities: Corporate Fund
- participation in several Digital responsibility working groups: DigitalI, ISIT (Belgian Institute for Sustainable IT)



Our major initiatives

Impact on the environment

Net Zero Carbon by 2040

The Orange Group's ambition is to reach Net Zero by 2040. To meet this target, we are respecting a strict energy efficiency policy, increasing our renewable energy consumption and developing our circular economy.

Engage 2025 is our first landmark and medium-term objective, but we won't stop there. We will continue to reduce our impact to fulfil the Net Zero standard of the SBTi by 2040, i.e. 10 years ahead of the goal set by the ICT sector (Information and Communication Technologies).

The digital sector generates more greenhouse gases than aviation

The digital sector accounts for around 4 % of global greenhouse gas emissions¹. These emissions come from the energy consumption of industry, from the extraction of raw materials, the use of devices by the customer, the production processes, and the processing of Waste Electrical and Electronic Equipment (WEEE).

As a responsible company, we must strive to reduce our direct environmental impact by deploying all possible initiatives while taking account of the life cycle of products and collaborating closely with our suppliers and customers to reduce the environmental impact at every stage. We wish to go further by making our economic model a more circular one by promoting re-utilisation, repair, eco-design, refurbishing and recycling.

A global commitment

To be Net Zero Carbon by 2040, Orange is making 3 commitments:

- to reduce our own CO₂e emissions
- to reduce indirect emissions linked to its energy consumption
- and finally, to reduce emissions generated upstream by its suppliers and downstream by its customers

These three commitments correspond to scopes 1, 2 and 3 of the Greenhouse Gas Protocol for which Orange established a roadmap validated by the SBTi (Science Based Targets Initiative), an international scientific reference for assessing the climate targets of companies.



1. Source : Lean ICT Materials Forecast Model. Produced by The Shift Project based on data published by (Andrae & Edler, 2015)

CO₂e emissions

Carbon neutrality certification

Orange Belgium is certified and labelled 'CO₂ neutral' by CO₂logic, an independent consultancy firm specialised in calculating carbon footprints. This certification demonstrates and guarantees our firm commitment and determination to reduce our impact by lowering our CO₂e emissions, offsetting the residual emissions, and overcoming any reluctance to advance along this path.

Carbon neutrality fits perfectly within our strategic plan Engage 2025 and constitutes a first step towards fulfilling our long-term commitment to become Net Zero by 2040.

External verification of the calculation of our CO₂e emissions & carbon neutrality certification

The 'CO₂e neutral' label is examined, audited and validated by Vinçotte, an independent international certification body. Via in-depth audits, Vinçotte verifies the implementation of the approach of CO₂logic: calculate, reduce & offset CO₂e emissions.

Methodology for calculating our scopes

The Carbon Balance method, used to calculate the carbon footprint, was developed by the ADEME (Agence française de l'environnement et de la maîtrise de l'énergie, the French Environment and Energy Management Agency) and offers a coherent approach for measuring and quantifying CO₂e emissions.

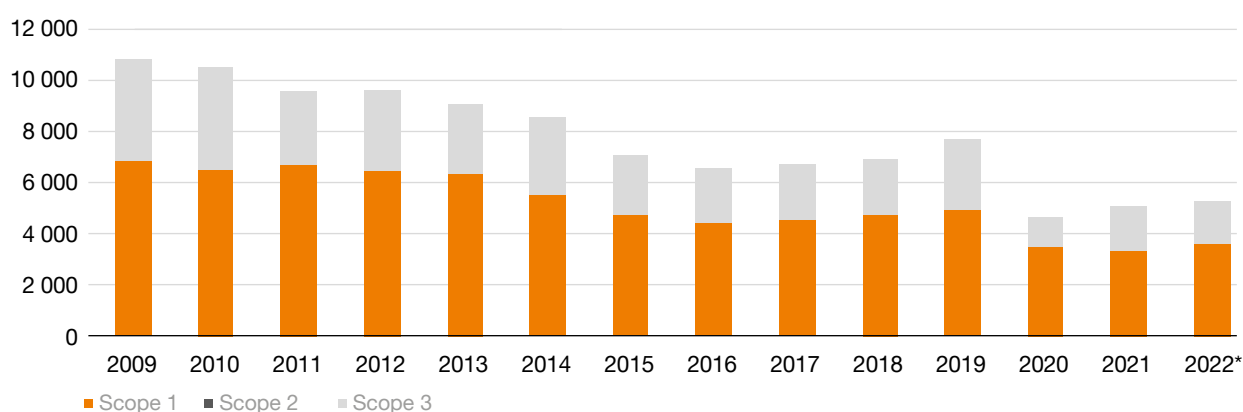
This method is henceforth managed by the Carbon Balance Association, an independent organisation.

The Carbon Balance method is an effective solution for classifying emissions by source and launching an active emissions reduction process. It was recognised by the PAS 2060 standard dedicated to carbon neutrality. The Carbon Balance® method used by CO₂logic complies with the ISO 14064 standard and the GHG protocol.





Orange Belgium CO₂e emissions since 2009



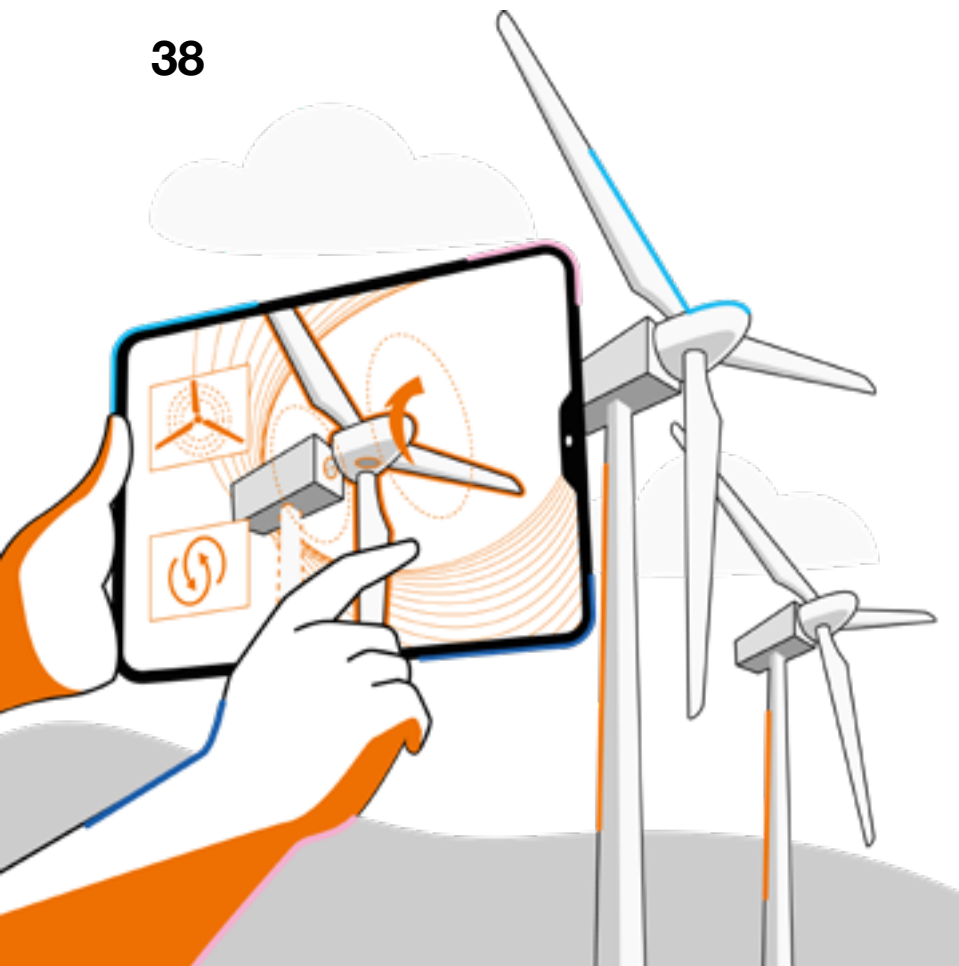
Every year since 2009, we have been calculating our carbon footprint with our partner CO₂logic. This measurement includes :

- Scope 1 emissions (own emissions, direct and indirect) and Scope 2 emissions (direct emissions from main purchases or electricity)
- for reasons of data availability, we do not yet fully calculate Scope 3 emissions, which correspond to the indirect footprint of our activities, notably the production and use of our equipment by our customers

In 2021, our carbon footprint amounted to 5297 tCO₂e, the equivalent of 210 return flights from Brussels to New York or the annual carbon footprint of 530 Belgians. This calculated carbon footprint is mainly related to mobility and our fossil fuel vehicle fleet.

We have already undertaken various actions to encourage our team members to use public transport and are studying new mobility plans to reduce the footprint of our vehicle fleet.

*In 2022, we have estimated our carbon footprint at 5 228 tCO₂e.



100%

**of the electricity we buy
comes from renewable
energy sources**

Energy and mobility

Supply of 100 % renewable electricity

Since 2009, 100% of the electricity we buy comes from renewable energy sources, and this has been certified CO₂ neutral since 2014. We use Guarantees of Origin (GOs) to ensure the purchase of electricity coming exclusively from solar panels and wind turbines.

This demonstrates our determination to reduce our environmental footprint and allowed us to prevent the emission of 19,247 tCO₂e in 2021.

We aren't stopping there, however. The GOs represent only the first stage in our progress towards renewable energies. Within the framework of a continuous improvement approach, and in connection with our strategic plan Engage 2025, we wish to go further by making a long-term commitment to purchasing renewable electricity and concluding a first Power Purchase Agreement.

Better energy management

The network

With the emergence of new technologies, the improvement of the network and the increase in mobile internet speed, we are observing constant growth in the use of data, entailing a direct increase in the electricity consumption of the Belgian networks.

However, increased use of data is not incompatible with optimisation of energy consumption – on condition that we continue to invest in innovation.

In 2022, our network represented 95 % of our electricity needs.

We have taken several steps in order to limit the electricity consumed by our network in the coming years:

- the mutualisation of the network (RAN) with Proximus. This network sharing represents an opportunity to combine our coverages of the networks, entailing more efficient electricity use
- the deployment of 'Green features' on our antennas has already made it possible to achieve substantial efficiency gains
- the planned phasing out of 2G and 3G technology

The Telco Centers, also referred to as data centers or core sites

We have been applying energy efficiency measures in our 10 Telco centers since 2010.

In 2019 we inaugurated Titan, our most powerful data center in terms of design, approach and environmental considerations.

Titan has a PUE (Power Usage Effectiveness) value of 1.18 instead of 1.57 (the average PUE). It was thus specifically designed for efficiency.

The building is located near the river Scheldt in order to benefit from the geographical advantages of the cold air flows over the river. An adiabatic cooling system, using evaporated water to cool the air, assures 95 % of the annual energy intended for 'free cooling'. The closed cold air corridors push the airflow from the raised floor through the servers, increasing the cooling effectiveness.

Our ambition is to replicate the 'Titan' design in our Telco Center in Nossegem by 2025.

At the same time, we are focusing on replacing end-of-life equipment with cutting-edge equipment in terms of energy efficiency.

The other sites

We are also seeking solutions for optimising energy consumption for the smaller-scale sites.

Since 2021 we have selected Veolia for managing, maintaining and optimising energy consumption at our headquarters. All of the technical infrastructures were examined and configured to consume less energy while at the same time guaranteeing employee comfort.

The heating, ventilation and air conditioning (HVAC) system was modernised, and low-consumption light bulbs were installed.

In the near future, we hope to be able to produce monthly reports on the energy consumption of our headquarters and translate them into CO₂ emissions. This will give us a much more detailed overview, and we will be able to pilot the projects as a function of the data.

In addition to these initiatives, we installed 84 solar panels on the roof of our building. A system for capturing rainwater was also set up for our sanitary installations. We installed LED bulbs in all of our existing shops and switch off our displays during the night.

Mobility plan to reduce the carbon footprint

Mobility is the main source of our calculated CO₂e emissions. We are aware of the stakes of mobility and wish to address them with the aid of a holistic vision while taking account of the environmental impact, as well as the impact on our employees and the organisation.

We are convinced that multimodal mobility is the solution in contrast to the traditional unimodal system. We wanted to offer more flexibility and mobility options to our employees.

Consequently, we have integrated the possibility of combining several means of transport into our mobility plan. We encourage them to use sustainable means of transport through incentives for those who travel by public transport or bicycle.

In 2022, we already revised our teleworking policy, permitting employees to work at home 60% of the time (for positions where this is feasible).

In addition, we wish to reduce the impact of our automobile policy. We regularly revise our selection criteria and tighten up our requirements on maximum CO₂e emissions of the selected vehicles.



Circular economy

According to Recupel, in 2021, Belgians produced 128,467 tonnes of electronic waste and lamps or 40.9 million appliances, which is 11.1 kg per citizen.

These figures show the importance of promoting the circular economy in our society. In this context, Orange Belgium is participating in order to reduce its customers' environmental impact.



The RE program, a global circular economy program

According to the International Waste Electrical and Electronic Equipment (WEEE) Forum, 5.3 billion mobile phones will likely be discarded or stashed away in 2022. Some 750 million used headphones are expected to be thrown away worldwide by 2026 (WEEE Forum). That's why we have launched the Re program: 4 simple ways to achieve savings and take action for the planet.

Re is based on 4 pillars:

Repair

Each Orange Belgium shop offers a repair service to help customers continue to use their devices longer. Battery problems, cracked screens.

Improvement of the repair services

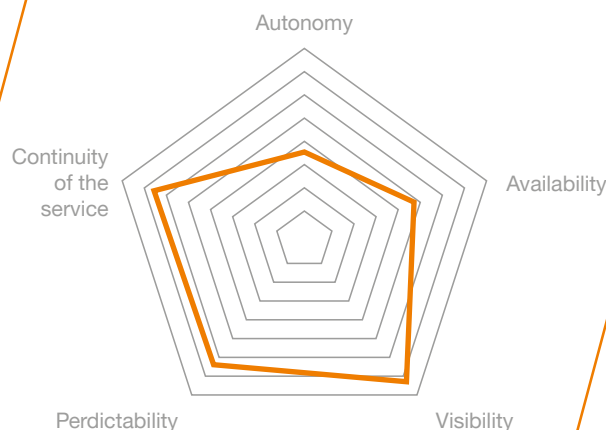
An index was created on the group level to measure the progress achieved on a common basis. The attractiveness index of the repair services is composed of 5 elements.

Each element reflects an aspect that fundamentally characterises an attractive repair service.

- **autonomy:** to what extent can the end user perform the process all on his own?
- **availability:** is it possible to obtain information, support and advice via all channels?

- **visibility:** does the service provide adequate information throughout the repair process?
- **predictability:** does Orange provide preliminary estimates of how long the repair will take, and does it undertake to respect them?
- **continuity:** does Orange provide the services necessary to enable the customer to continue his activities?

Attractiveness of the Repair Services



Recycle

mobile phones that are not reusable are recycled, and their metals are recovered. Orange also undertakes to delete

all personal data from a customer's mobile phone before recycling.

The refurbishing of telephones

The production of a smartphone consumes many minerals, (precious) metals and rare earth materials. Extracting these raw materials requires water and energy, generating pollution and waste. Moreover, these materials are becoming increasingly scarce.

From this perspective, selling refurbished telephones and refurbishing devices collected via the Re program are perfectly logical.

The devices are refurbished entirely locally in Belgium, thanks to the expertise of our partner, Back2Buzz. The devices are tested, reset and (if necessary) repaired, the components replaced, and the battery systematically changed in order

to meet high-quality standards. The device is covered by a 2-year warranty.

There are multiple advantages. Customers enjoy a reduction of 20 to 30% compared to the purchase of the same device new. Each refurbished phone sold avoids the purchase of a new phone as well as the extraction of raw materials, the production processes, the global transport and the generation of waste.

To further develop the refurbished mobile device amongst our products, we have set a collective goal of having refurbished mobile phones constitute 10 % of our total sales.

Refurbish

We offer a second life to the devices through the sale of refurbished smartphones. Choosing a refurbished mobile phone means limiting its environmental impact while acquiring a nearly new device at a lower cost.

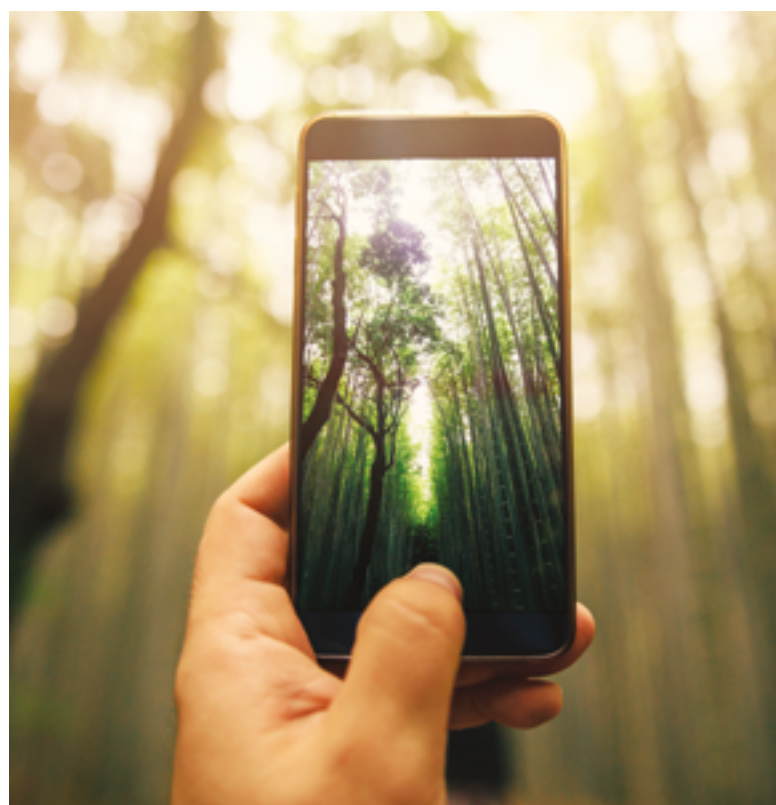
According to Ademe¹, a refurbished mobile phone prevents the extraction of 76.9 kg of raw materials and the emission of 24.6 kg of CO₂eq (GHG) per year of use.

Return

a program that permits customers to bring in their old devices to an Orange shop, where they are offered a purchase voucher worth between €2 and €500 depending on the residual value of the device. In 60% of the cases, the devices are reused or refurbished, while the remaining 40% are recycled.

The collection of old devices has grown by nearly 200% since 2019. Thanks to increased communication about this offer, Orange Belgium collected more than 34,000 devices in 2022, nearly four times over in 2020.

Orange Belgium donates €2 to the Natagora/Natuurpunt environmental protection program for each device included in the program. Thanks to the collection of these mobile phones, in 2022, 4,000 trees were planted by Natuurpunt, and €23,800 was donated to Natagora for the protection of biodiversity.



1. Agence de l'Environnement et de la Maîtrise de l'Énergie



Collection of fixed devices

Our environmental measures also apply to our fixed equipment. Used decoders, modems, cables, remote controls and power supplies are taken back in our approach. To limit the production of Waste Electrical and Electronic Equipment (WEEE), we reuse all possible equipment and recycle the rest. We collected an average of 79% of fixed appliances (including B2B and B2C).

CEVA / Out of Use

Of the 23,464 kg of e-waste, 1225 kg of materials were reused, and 22,239 kg were recycled. The treatment of this e-waste enabled us to avoid the emission of 113,356 kg of CO₂, 72% of which was avoided thanks to the reuse of the equipment. This is equivalent to the CO₂ absorbed by 9,4 hectares of forest for one year. Our fixed appliance take-back program has also partnered with Natuurpunt to plant 7,105 square metres of forest.

Refurbishing of network devices

The adoption of the circular economy concerns both our customers and the employees of Orange. Our purchasing departments can adopt circularity in several contexts. On a group level, we have set up a marketplace for purchasing and selling devices between entities. We have also concluded a partnership with a third-party broker, using Orange's marketplace and its own platform, in order to negotiate with internal and external buyers and sellers. Since 2021, more than €100,000 worth of devices has been sold by Orange Belgium in order to be reused by other entities.

The circularity of our network infrastructures and our equipment will allow us to reduce our scope 3 emissions. We will thus be able to prevent the emissions linked to the production of new devices while at the same time extending their life cycle, which will also make it possible to prevent the emissions linked to the disposal of these replaced devices.

Responsible consumption and production

Our Eco SIM

In November 2020, Orange Belgium became the first operator in the world to launch a SIM card made of 100% recycled plastic and fully recyclable. We are collaborating with Thales and Veolia to transform plastic from used refrigerators into SIM cards in conformity with all applicable quality standards.

To go further, in 2021, we decided to order Eco SIM cards exclusively. Around 1,042,000 Eco SIMs were distributed in 2022; this represents 90% of all of our distributed SIM cards (including eSIM).

This initiative is integrated into a broader program designed to reduce the impact of our SIM cards. It began with the launch of the Half ID SIM cards, which made it possible to reduce the quantity of plastic used by 50%. In 2022, 875,000 SIM cards of this type were distributed, which represents 84% of our distributed Eco SIM cards.

Our eSIM

In 2020, we also launched the eSIM, a chip permanently installed in your smartphone or tablet.

It is a virtual version of a standard card with the same functionality but digitally activated.

No plastic, less rare metals used, no waste and simplified logistics. This translates into a limited impact on our environment while offering more convenience and simplicity to our customers.

The traditional SIM card generates about 60% of its emissions during production and distribution logistics. In the case of the eSIM card, only 2% of emissions are generated at this stage, mainly due to the computing power and energy consumption for the transmission of the QR code.

Since its launch in February 2020, Orange Belgium has installed around 60,000 eSIM, of which 40,300 in 2022. It represents nearly 6,300 kg of CO₂e emissions avoided.

Eco-design process

The eco-design approach strives to reduce and limit the negative environmental impact of a product's life cycle by integrating environment-oriented elements into the design of the product (or service).

This is:

- a process of continuous improvement
- a lever for innovation, integrating the environmental constraint of reconsideration of the offer and the solution so that they better control the life cycle of the product
- a universal ambition that goes beyond the regulations in effect
- an approach (process) and a result (environmental quality)

The eco-design approach was already initiated 10 years ago on a Group level, with the first eco-design guide drafted in collaboration with SagemCom for Orange Livebox.

This approach was developed over the years via life cycle analyses, training courses for the marketing teams and progressive improvements during the evolution of the product.

We are working on deploying a process to measure the implementation of the eco-design approach for each Orange brand product.

To be considered in an eco-design approach, the product must meet a number of criteria.

The objective is to apply the measure retroactively to already developed Orange Brand products and systematically to all future products.



Eco Rating

The environmental impact of a smartphone

The Eco Rating is a label offering key information to customers concerning the sustainability score of the devices to help them make informed choices.

The Eco Rating helps consumers to identify and compare the most sustainable mobile phones while encouraging suppliers to reduce the environmental impact of their devices. The Eco Rating initiative was developed jointly by Deutsche Telekom, Orange, Telefónica, Telia Company and Vodafone in order to provide coherent and precise information to the general public on the environmental impact of the production, utilisation, transport and disposal of smartphones and fixed phones. Orange Belgium was the first operator to deploy this tool in Belgium as of 2021.

After a detailed evaluation, each mobile telephony device will receive an Eco Rating on a maximum scale of 100 in order to illustrate its environmental performance. The closer the score is to 100, the more environmentally friendly the smartphone is over the course of its life cycle.

The Eco Rating label highlights five key aspects concerning the ecological footprint of mobile devices by providing information on the following:

- sustainability
- repairability
- recyclability
- climate respect and
- resource efficiency

The eco-design approach was already initiated 10 years ago on a Group level, with the first eco-design guide drafted in collaboration with SagemCom for Orange Livebox.

This approach was developed over the years via life cycle analyses, training courses for the marketing teams and progressive improvements during the evolution of the product.

“Our commitment to sustainable development isn’t just empty words. Our goal is to give our customers the possibility to make informed choices concerning the devices they buy and their environmental impact. The initiative is all the more impactful, given that operators are deploying it in over 20 countries. Associated with our new Re program, which showcases the most sustainable practices on the smartphones market, the Eco Rating is an important demonstration of how an operator can really make a difference.”

Isabelle Vanden Eede, Chief Brand,
Communication & CSR Officer of Orange
Belgium

-285 tonnes

by discontinuing our D2D magazine



Reducing the use of equipment

In 2022, Orange Belgium also continued to reduce its CO₂ emissions, including our consumption of paper and other packaging materials. Thanks to our digitalisation efforts, we have reduced our commercial paper and other packaging volume by 88% in 2022 compared to 2021.

A few examples:

- we discontinued our Door to Door (D2D) magazine, thereby enabling us to reduce our paper consumption by 285 tonnes issue again
- we reduced the grammage of our bills and posters
- whenever possible, we choose more sustainable materials. For example, we are replacing certain products in PVC with alternatives made of paper or cardboard
- we are reducing the size of products already using recycled materials

In addition to using recycled materials, we ensure that 100% of our paper products are FSC and PEFC certified. These certifications guarantee sustainable paper production and sustainable forest management.



Collaborating with our suppliers for greater responsibility

At Orange Belgium, we are working to ensure that our value chain has the best possible social and environmental impact.

To do this, we have, amongst other things

- a code of conduct for our suppliers;
- a CSR clause in our contracts; 88% of our contracts signed in 2022 will have one;
- CSR training for our buyers; 100% of our buyers have been trained.

We also evaluate the social responsibility performance (environmental, social and ethical) of suppliers identified as being at risk.

The aim is to achieve a responsible and constructive collaboration: all together towards a more sustainable world.

88%

of our contracts signed in 2022 will have a CSR clause

100%

of our buyers have been trained

Raising customer awareness

Acting also entails informing and raising the awareness of our customers. Throughout the year, we offer advice to help them reduce their carbon footprint.

We advise our customers to choose the device that best matches their needs. They can opt for an environmentally friendly device from our Fairphone line or a refurbished smartphone.

Since 2021, our customers can consult the Eco Rating related to our devices - on our website or in our shops - in order to help them make a sustainable purchase decision (see Eco Rating).

Our agents are also trained to give them advice on the use and maintenance of their mobile and fixed devices (updating, efficient battery management, etc.).

When a device reaches the end of its life, it is crucial to return it to a shop (see RE program) to benefit from all the economic and environmental advantages.

We also recommend using all the functionalities to reduce data use, such as the 'data saver' function of Instagram, which only loads videos when the device is connected to a fixed internet link. Moreover, to make it possible for everyone to limit their use of data without compromising on the use of social networks, Orange developed the Eco Filter on Facebook and Instagram, which dims the images slightly and enables the reduction of energy consumption. All of these pieces of advice, and dozens of others, are available on our blog.



We are aware of the environmental impact of our business, and as a responsible company, we measure, communicate and implement a number of measures to meet our commitments. These measures are part of a continuous improvement process that we undertake with our stakeholders.

If we work together, we will succeed in tackling climate change. This philosophy is embodied in our statement, "Working together towards a more sustainable world", and this mindset must be integrated into all our actions.

Engaged sponsoring

Thousands of 'CurieuzeNeuzen' for healthier gardens and green spaces

As an exclusive partner in connectivity and supplier data, we are proud to continue participating in CurieuzeNeuzen, a European first.

This is a large-scale innovative experiment being conducted with the University of Antwerp, various academic partners and a number of public entities.

Concretely, our connected sensors, developed for this specific purpose, collected the required data in real time on the quality & humidity of the soils, gardens, farms and green spaces, both at private individuals and at participating companies in Flanders. In total, 5,000 sensors were installed throughout Flanders.

The results obtained gave a broad overview of the role played by all of the green spaces in water absorption. But this also raises new questions. That is why 3,000 citizens once again signed up to place an intelligent sensor in their garden for a second measurement campaign, which took place from March 26th to October 1st, 2022.

Ultimately, the conclusions will make it possible to have a more precise management of our patrimony that is better adapted to real-world conditions.

This study was made possible thanks to cutting-edge technologies and the quality of our network coverage.

This innovative project is another example of our environmental and social commitment. Besides furnishing our technology and network, we are participating in a joint citizen initiative.

The Agoria Solar Team

In 2021 and 2022, we supported the Agoria Solar Team, a team of Belgian engineering students, in competition with other teams worldwide. Their objective? To build the most innovative solar car and highlight the potential of renewable energies. As Connectivity Partner, Orange Belgium provided financial and connectivity support. We were proud to be a partner of this project carried by enthusiastic young people whose ideal corresponds to our vision of technology: using innovation to create a better and more sustainable world.



Impact on the stakeholders

Digital inclusion

Our society is evolving every bit as rapidly as our technologies. Yet the digital practices of the population as a whole are not advancing at the same pace. And the digital divide is growing deeper: in Belgium, Europe and at the global level. This means that many people are not benefiting from the possibilities offered by digital, whether in terms of access to equipment or with regard to skills.

Furthermore, the most precarious persons on the socioeconomic level are even more affected than others.

Digital exclusion can have three different causes:

- geographical reasons: due to poor network coverage, populations living in low-density areas can have difficulties connecting their home to a fixed network
- economic reasons: low-income populations can have trouble finding affordable solutions for accessing the digital world, whether in terms of acquiring a device or paying a subscription
- demographic reasons: this refers, for example, to elderly persons who have been unable to keep up with the digitalisation of society or handicapped persons

For all these reasons, we reflect upstream about innovative solutions for developing hardware, offers and services that can reach the entire Belgian population, whatever the individual situation. This is being progressively translated by tangible commitments and achievements on the ground.

The digital inclusion barometer published by the King Baudouin Foundation makes it possible to objectivise the phenomenon based on numerical data in order to better understand its causes and consequences. This type of tool provides valuable information that helps us frame the introduction of new initiatives or confirm the value of ongoing projects.

For example, the September 2022 barometer revealed that nearly one in two Belgians (46 %) is in a situation of digital vulnerability.

We believe that, as an actor in the telecommunications sector, we have a role to play in giving everyone access to the possibilities offered by the new technologies and in making digital a factor fostering equal opportunities.

Focus op de barometer digitale inclusie 2022

op de Belgische bevolking tussen 16 en 74 jaar



46 %
is in een situatie van digitale kwetsbaarheid

- 7 % gebruikt het internet niet
- 39 % heeft zwakke digitale vaardigheden

Risicogroepen

- laag inkomen of laaggeschoold
- 55-plussers
- werkzoekenden

17 %
kan alleen met de smartphone op het internet

Geen toegang tot meer geavanceerde IT-tools, bv. om een cv op te stellen of online administratie te doen

Het gebruik van essentiële digitale diensten neemt toe

- e-banking +2 %
- e-health +11 %
- e-commerce +11 %
- e-admin +14 %

Maar 30 %
verschil afhankelijk van het niveau van opleiding

Society: our digital inclusion projects

Launch of the Orange Belgium Fund and an Orange Digital Center

As a trusted partner, we wish to give everyone the keys to benefit from the digital world responsibly.

The COVID crisis recently demonstrated to all of us the opportunities offered by the new technologies, but it also highlighted the disparities for those who don't have access.

At Orange, we believe that digital is an opportunity, and we want the largest number possible to have access to it.

So we're doing everything we can to enable individuals and organisations to benefit from the possibilities offered by digital - securely, inclusively, sustainably and with full autonomy.

We wanted to anchor this engagement in our strategic plan Engage 2025, wherein we associate the business performances with a sustainable approach for our customers, employees, partners and society in general. This plan is based on 2 pillars, the environment and digital inclusion, and it entails tangible commitments and achievements on the ground.

Creating the Orange Belgium Fund and the Orange Digital Center constitutes a significant advance. These two initiatives are key structuring projects within the framework of Orange's commitment to digital inclusion.

The Orange Foundation is present in Belgium via the Orange Belgium Fund, which is co-managed by the King Baudouin Foundation. This corporate fund, dedicated to sponsorship, is designed to support responsible solidarity projects in Belgium by furnishing concrete assistance to associations in the field that are active in digital inclusion. Our priority is to focus on people who have been excluded from digital, particularly young persons in precarious situations and women.

Foundation



4 different projects and material donation:



1. 42 institutionalised youths were introduced to technological tools in the FabLab 'Tic Tac Lab' in Brussels

€32,500 was invested to benefit the ASBL [non-profit association] Tic Tac Lab! In this Solidarity FabLab, institutionalised youths learn to create objects with the aid of computer-controlled machines. Launched in 2015 in Belgium, the ASBL Tic Tac Lab is an initiative designed to enable children and adolescents to discover, experiment, learn and have fun with new technologies (robots, code, video games, 3D printing, etc.) within the framework of weekly workshops and internships.



2. Two hundred socially vulnerable young people have participated in a digital guidance program via weekend schools in Brussels with the ASBL TADA, ToekomstATELIERdelAvenir.

Within the framework of our flagship project, we structurally assist these children aged 10 to 14 by offering them a digital guidance program.

Our internal teams mobilised around the project to co-create a digital layer to be added to the learning programs of the weekend schools.

For young people over age 18 who have already gone through the weekend schools, i.e. the alumni network, we created a Digital Club with coaching, mentoring, internships at Orange and synergies with our partners. We strive to attract both male and female profiles.

Finally, we wish to expand knowledge about and use of collaborative tools for those around these young people through home visits, webinars, etc.

This is an ambitious project that we are proud to carry together with TADA and the King Baudouin Foundation. TADA is a bilingual non-profit association that has been active in Brussels for the past decade and with a proven track record in the area of inclusion.

In addition, we made the most of the anniversary of our Orange Thank You loyalty program to launch a donation campaign, notably in favour of TADA. These donations were distributed amongst various projects in Belgium that are linked either to the environment (Natuurpunt/Natagora) or to digital inclusion. In this way, TADA received €63,078 during the summer of 2022!

€50,000 to support the digital inclusion of refugees in Belgium. The goal? To provide concrete assistance in 2022/2023 to migrants and the welcoming volunteers on the ground:



3. 300 sessions of individual digital accompaniment for the most vulnerable citizens, refugees or seniors in the province of Antwerp with Digidak

+ 50 sessions of accompaniment to lower the digital thresholds of the volunteers



4. IT equipment for 75 refugees to facilitate their administrative steps, housing and employment search, etc., with La Plateforme Citoyenne for supporting refugees in Brussels and Wallonia

+ WiFi connections to enable 3,000 persons to stay in contact with family and friends in their country of origin

Our customers were also given the possibility of participating by choosing to donate via the Orange Thank You loyalty program! €10,000 were collected in this way!





Material donation

Gift of 40 refurbished PCs to the BeCentral Foundation (www.becentralfoundation.org) to support the Code United project.

These computers were used during free coding and improvisation internships for 700 children from 8 to 12 years of age in Brussels, Antwerp, Ghent, Charleroi and Liège !

Gift of refurbished PCs and furniture to help victims in the Liège region rebuild after the summer 2021 floods with the ASBL Côté Solidarité

One thousand three hundred power banks were distributed in Poland to help Ukrainian refugees stay in contact with their families

Gift of 700 refurbished PCs, in preparation for Ukrainian citizens, in 2023, responding to a call from the European Commission.

These computers are currently being cleaned and refurbished. This is an ambitious project that we are very happy to carry out in order to support teachers and schoolchildren in the war zones of Ukraine.



Orange Digital Center

The other major pillar of our digital inclusion projects is the Orange Digital Center (ODC), installed in the heart of Brussels at BeCentral. This free technological space supports innovation and the development of digital skills.

The ODC specifically targets young people, women and start-ups.

On the program: training courses, digital production workshops, support to start-ups:

1,119

people (632 on-site and 487 via webinars)

48

training sessions given

57%

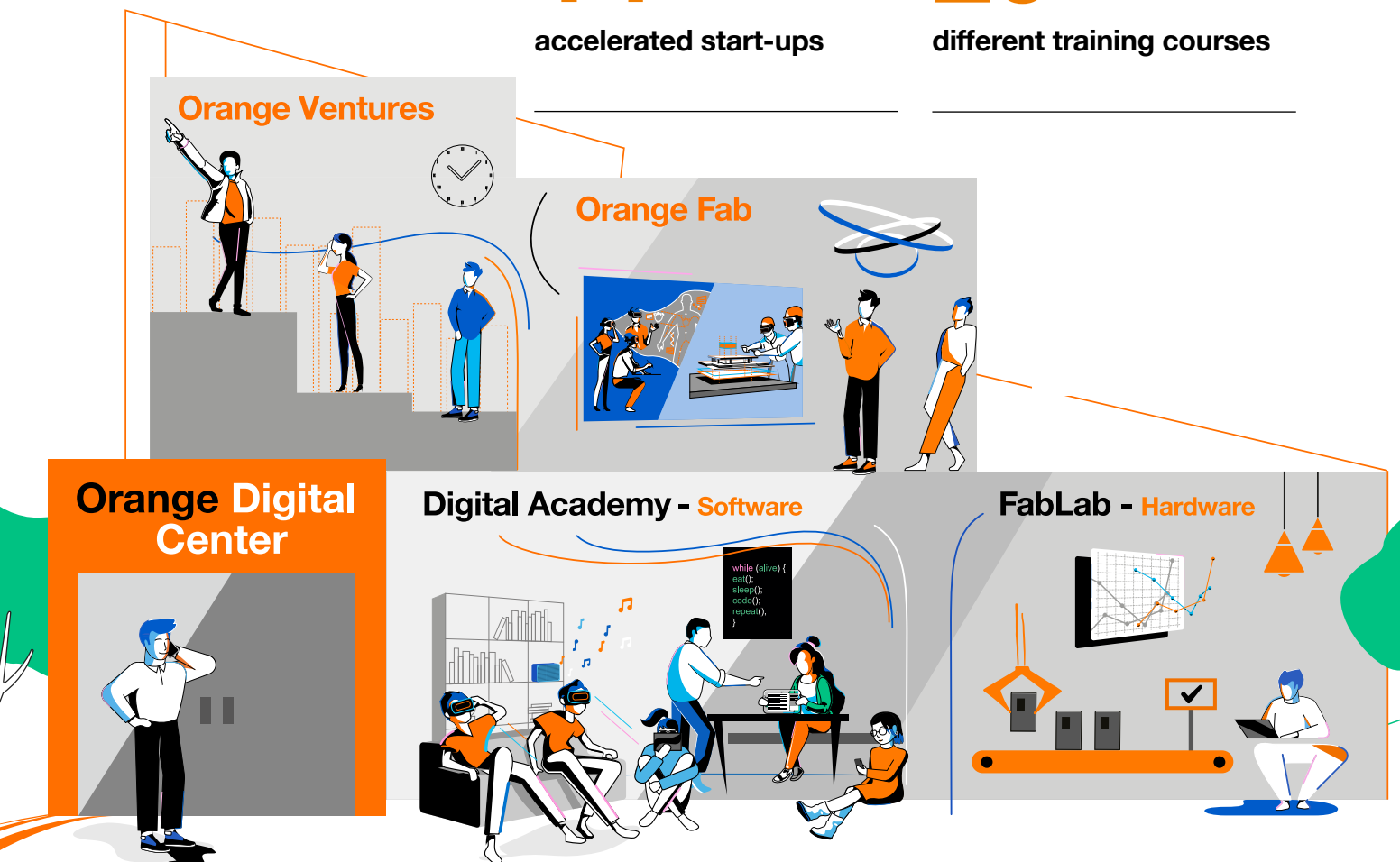
of those trained in the FabLab workshops are women

14

accelerated start-ups

20

different training courses





A Digital Academy that offers basic and advanced digital training courses for all, notably the underprivileged and persons excluded from digital. The basic training courses are based on a privileged partnership with the ASBL WeTechCare, a European leader in digital inclusion, within the framework of a 'train the trainer' accompaniment and training courses specifically intended for computer-illiterate target groups. The more advanced training courses rely on our historical partnership with the code school BeCode. We have developed specific content on the network and 5G, the web, artificial intelligence and cybersecurity in order to introduce more young people to these new technologies and improve their chances in the job market

A Solidarity FabLab (digital manufacturing workshop) with training courses for learning to create objects and robots with the aid of computer-controlled machines. These training courses are addressed to different more or less initiated target groups. It is a veritable production laboratory for becoming familiar with 3D printers, CNC machines, laser cutters, digital embroidery machines

Orange Fab, a start-up accelerator designed to encourage win-win national and international commercial partnerships between Orange and expanding start-ups and thus accompany their growth

Orange Venture: an investment fund that finances innovative start-ups

We also showed our commitment by signing various charters

- to combine our forces, we joined DigitAll, a coalition of companies and social and governmental bodies that work together to improve digital inclusion in Belgium
- the ISIT, the Belgian Institute for Sustainable IT, is a non-profit association that promotes more responsible, ethical and inclusive technologies and digital services. This think tank is thus participating in a responsible digital transition





Structural partnerships

Within our Engage 2025 strategy framework, we favour partners that are aware of their social responsibility.

This is notably the case for the commercial partners of our Orange Thank You loyalty program, with particular attention paid to local, eco-responsible, equitable brands...

At Orange, we are proud to be an active partner and founding member of BeCode. Because Belgium had a chronic shortage of developers, three Belgian entrepreneurs decided in 2016 to create a school dedicated to this competency: BeCode. The school has already trained some 2,000 people. This project is a tangible embodiment of our commitment to digital inclusion. We demonstrated this again recently with the creation of the Orange Digital Center, the addition of a 'Networks' specialisation at BeCode, and the support furnished by Orange Cyberdéfense to the 'Cybersecurity' course. We will continue to vigorously support BeCode with its training projects. In addition to offering these training courses, BeCode is actively working to strengthen the female presence in digital positions.

We have also had a partnership with Entra for 22 years now. Entra's mission is to propose quality, adapted and sustainable jobs to people having a handicap. This initiative made it possible to create 79 positions in different fields: courier activities, document qualification, encoding activities and second-line administrative activities.

Orange Belgium became one of the first partners of the Close the Gap association when it was created in 2003. This NGO collects used IT equipment from companies and refurbishes it to become professional tools for educational, medical and entrepreneurial projects in Belgium or developing countries, e.g. in schools. In 2022, Orange Belgium donated more than 600 pieces of IT equipment, notably PCs, computer mice, keyboards and cables.

Customers: social activity

Network coverage

Access to digital also requires high-quality network coverage. In 2022, 99.80 % of the Belgian population was covered by 4G (outdoor). This is excellent coverage, but we're still trying to improve it. We watch this coverage rate closely to ensure that we are furnishing the best standards of quality and accessibility to the greatest number. We are committed to offering our services to everyone. Whatever the individual's economic or physical situation, we have a solution. For example, a special platform was introduced in Wallonia, permitting operators, municipalities and citizens to propose solutions for the most remote areas. The provision of internal solutions to hospitals is also one of our priorities.

Social offer

In Belgium, the law stipulates that each operator must propose a social offer - which is not the case in all countries where Orange does business. In this context, and in connection with the commitment to give everyone the keys to a responsible digital world, the Group adopted the goal of proposing a social offer in every country where it is present.

"Orange for all" offers a reduction of up to €11.50 per month on the internet subscription and/or on television and/or fixed telephony.

The social tariff was set by the authorities and is intended for:

- persons over age 65 who do not exceed a certain income ceiling
- persons aged 18 and over having a handicap of at least 66% and who do not exceed a certain income ceiling
- persons who have a hearing loss of at least 70dB (for the best ear)

- persons having undergone a laryngectomy
- blind military veterans
- persons receiving an integration income

This social tariff is granted under certain conditions established by law, and all requests in this regard are sent to the Belgian Institute for Postal Services and Telecommunications (BIPT), the federal regulator, which reviews the customer's eligibility (only one social tariff is attributable per household).

Affordable smartphone

We also propose at least one reference of affordable smartphones in our line of mobile phones. We make no compromises on the quality and sustainability of our phones regarding hardware and software. Although less expensive phones can be found on the market, they are not sustainable given that their capacities are poorly adapted to current use. In addition, their components can be of lesser quality, which entails their rapid deterioration, and the operating system can become obsolete more quickly and not be updated. All of these aspects reduce the service life of the device. Consequently, we are convinced that purchasing a slightly more expensive device is preferable to exclusively seeking the lowest price, which will lead to purchasing another device sooner than anticipated.

For us, the Xiaomi Redmi 9A meets all the criteria. It offers a good experience and an excellent quality-price ratio. It is our most affordable smartphone, and we are delighted to propose it to our customers for €110.





100,000

SMS sent for fundraising campaign

Offers to facilitate the acquisition of mobile phones

To save our customers from having to pay the full price of a device all at once, we have introduced a mechanism that facilitates the purchase of mobile phones, thereby reducing digital exclusion due to economic factors.

We propose two mechanisms:

Either the customer opts for the purchase of his phone by first paying a small initial amount (when the contract is signed) and then paying the rest in several instalments over 24 months with a smart data option, or he buys a new device linked to a tariff plan that cannot be cancelled for 12 months. This second option makes it possible to benefit from substantial reductions ranging up to €200 with a GO Extreme subscription.

These mechanisms benefit digitally excluded persons and any other person wishing to take advantage of the offer, and they have been introduced worldwide.

Digital workshops

The digital workshops address the third cause of digital exclusion: the demographic factor. For many underlying reasons, a considerable portion of the population lacks the knowledge and skills that would enable them to act easily and in complete security within a digital environment. These people are excluded from the rapidly evolving digital society, the banks, institutions and public service enterprises that adopting exclusively digital processes.

Our interactive digital workshops began in 2019 and are entirely free of charge! These sessions are held in our shops and seek to inform people about topics such as protecting personal data, online fraud, screen time, etc. The interactive mode makes it possible to respond to any questions live and to furnish tools for accessing this digital world. The pandemic slowed the development of these workshops, but they are progressively returning to cruising speed.

Raising customer awareness

One of our priorities is to accompany our customers through a more secure and inclusive digital world. In addition to our digital workshops, we continuously share our best practices with our customers and the general public via our website, our blogs and our messages on social networks.

Fundraising by SMS

In collaboration with other Belgian telecom operators, Orange Belgium also supports fundraising campaigns by SMS.

These campaigns are free: the funds raised are paid in full to the charitable and social initiatives without any administrative costs. In 2022, this amounted to more than 100,000 SMS sent.



Employees: internal dynamics

Employee hiring programmes

At the company level, we grant two days of voluntary service per person per calendar year to participate in environmental and digital inclusion projects. This initiative offers a two-fold advantage: it is fully aligned with our employees' expectations, commitments and values and contributes to society and the environment.

One day is thus devoted to individual voluntary service, and a second to voluntary service in team building, always linked with CSR. We propose to our teams to strengthen the relationship amongst colleagues via a relevant project of their choice selected from the list posted on the platform. In 2023, encouraged by the enthusiasm of our employees, we are striving for a major acceleration of these projects and an increase in the participation rate. To achieve this, we will develop our internal communication by expanding the list of projects and sharing participant feedback.

We are capitalising notably on our existing partnerships with our favourite associations. For example, volunteer employees have been mobilising for several years to conduct creative workshops focusing on ICT (information and communication technologies) as part of the TADA weekend school. The beneficiaries are socially vulnerable 10-year-olds.

This year's subjects ranged from the network to the evolution of phones, passing through geo-localisation in case of emergency calls. During these sharing moments, the employees try to inspire the children and always come back inspired themselves by their enthusiasm and potential. We are convinced of the importance of these training courses and hope to strengthen these partnerships structurally.

The CSR Visa

Beyond these examples of engagement in the field, we encourage our employees to obtain the CSR certificate, which involves learning about CSR at Orange, so as to possess a common understanding of the strategy, the stakes and the commitments on the subject. This initiative consists of a brief introductory quiz designed to evaluate the employee's understanding of CSR and then 2 chapters of informative content, which represents around 1h15 of sessions on CSR in general and at Orange. The employee has to take a final test and obtain a minimum score of 80% to validate the learning and receive the certificate.





Management report

Orange Belgium is one of the leading telecommunication operators on the Belgian market, with over 3 million customers, and in Luxembourg through its subsidiary Orange Luxembourg.

As a convergent actor, we provide mobile telecommunication services, internet and TV to private clients, as well as innovative mobile and fixed line services to businesses. Our high-performance mobile network supports 2G, 3G, 4G and 5G technology and is the subject of on-going investments.

Orange Belgium is a subsidiary of the Orange Group, one of the leading European and African operators for mobile telephony and broadband internet access, as well as one of the world leaders for telecommunication services to enterprises.

Orange Belgium is listed on the Brussels Stock Exchange (OBEL).

The Management Report for the accounting year ended on 31 December 2022, consisting of pages xx to xx, has been prepared in accordance with Articles 3:6 and 3:32 of the Belgian Code of Companies and Associations and was approved by the Board of Directors on 22 March 2023. It covers both the consolidated accounts of the Orange Belgium Group and the statutory accounts of Orange Belgium S.A. The Corporate Governance statement on pages 140 to 159 is an integral part of this Management Report.

1. Recent events

First Semester of 2022

5G Lab opening in the heart of Liège

After the inauguration of its first 5G Lab in Antwerp in October 2021, Orange Belgium forged a partnership with the iconic Grand Poste of Liège, veritable hub dedicated to creative companies and innovation. The objective of the 5G Lab in Liège is to demystify this new technology and demonstrate its possibilities and applications. The lab will also be used to develop and test out innovative and concrete new 5G applications in collaboration with customers, prospects and partners.

Orange Belgium opened 5G to all its postpaid customers

Using the temporary spectrum allowed by the national regulator BIPT, every eligible postpaid customer, including those of its b-brand hey! will be able to discover a much faster network experience, at no additional cost.

Orange launched the Eco Rating for devices and a new global program RE

The Eco Rating will help consumers identify and compare the most sustainable mobile phones and encourage suppliers to reduce the environmental impact of their devices. The Eco Rating initiative has been created jointly by Deutsche Telekom, Orange, Telefónica, Telia Company and Vodafone to provide consistent, accurate information at retail on the environmental impact of producing, using, transporting, and disposing of smartphones and feature phones. Orange Belgium also launches a global program RE : Repair, Refurbish, Recycle and Return.

Orange Belgium launched its new generation of TV decoders in March

Based on the Android TV ecosystem, the new interface allows direct access to the native applications of content providers such as VRT NU and RTBF Auvio, allowing customers to get direct access to the content they're looking for like 4K support, voice control and recording in the Orange

cloud. Thanks to a partnership with Streamz, customers will be able to enjoy the entire catalogue of this streaming service for a period of 3 months, free of charge.

Orange Belgium adapts its prices, upgrades the data volume of all its mobile subscriptions and extends the multi card reductions

To absorb the impact of rapidly increasing costs linked to the economic context, Orange Belgium has adapted several prices since 1st June. As a next-generation operator, always promising to follow and anticipate its customers' needs, Orange Belgium also has improved the content of its offers and upgraded the data cap of all its Go mobile subscriptions, with increases ranging from 0.5 to 10 GB, also extending its multi card reductions.

Our customers can now engage for the environment and social inclusion through its Orange Thank You loyalty programme

Orange Belgium will now offer its customers the possibility to also engage and act by turning their loyalty gifts into donations for Belgian associations.

New features for its hey! brand: a tariff plan for youngsters, the Myhey! App and the hey! community

Orange Belgium has introduced plenty of novelties and an evolution of its portfolio. The new offer will give discounts valid for 2 years: 7-15-25€ become 5-10-20€, the hey! community will have its own online platform, a tariff plan dedicated to youngsters under 26 years old, and the MyHey! application to launch in the summer.

Launch of Orange Belgium Fund, a corporate fund to foster digital and social inclusion

Under the umbrella of the King Baudouin's Foundation with the aim of supporting local initiatives, the fund kicks off with a major partnership with ToekomstATELIERdelAvenir, a Brussels-based association which accompanies and coaches socially vulnerable teenagers to help them acquire skills and maximize their chances on the job market.

Orange Belgium obtained the maximum amount of key 5G spectrum available in the auction. Furthermore, it announces the phasing out of 3G services from mid-2023

After this phase of the auction, Orange Belgium will have spectrum rights for 2X10 MHz in 700 MHz, 2X10 MHz in 900 MHz, 2X15 MHz in 1800 MHz, 2X15 MHz in 2100 MHz, and 100 MHz in 3.6 GHz spectrum. The total amount of the unique license fees is €322 million for a period of 20 years.

The additional spectrum, the maximum with respect to the new 5G frequencies, will allow Orange Belgium to ensure a high-quality coverage coupled with a high capacity for its advanced mobile network for its residential and business

customers. The spectrum obtained in the auction provides Orange Belgium with the means to realise its 5G ambitions, while it will also ensure it can provide optimal 4G services.

To further optimize the efficiency of its spectrum use, Orange Belgium will also start the phasing out of the 3G technology on its network as from mid-2023, for a definitive switch-off of 3G in 2025. Its 2G technology will remain until end of 2028. Orange Belgium guarantees the continuity of its 4G technology that covers nearly 100% of the Belgian population.

Orange Belgium launches an Orange Digital Center, a major hub for initiatives focused on digital inclusion and innovation

To help reduce the digital divide, Orange Belgium has opened an Orange Digital Center in the heart of Brussels. The Orange Digital Center will serve as a support and development center allowing everyone to acquire and improve their digital and entrepreneurial skills, with activities ranging from digital training to coaching for small businesses and start-ups, offering a genuine trajectory for personal and business growth.

Second semester of 2022

The Orange 5G Demo Tour kicks off at the coast allowing customers to experience the power of 5G via the video game Sea of Thieves

Orange Belgium is kicking off the VRT Summer Tour 2022 to give a demonstration of the many possibilities of a strong, stable, reliable and fast 5G that will also increase the capacity of the existing 4G network. Orange Belgium created the mobile, self-standing Orange 5G Demo Trailer to allow everyone to experiment on the latest generation of telecommunication technology. Guests will be able to learn about 5G, ask questions about the technology, play a game to discover how this technology changes the gaming experience in various ways.

Orange Belgium launches the Augmented City app for discovering Antwerp and is a proud main partner of The Tall Ships Races, thus showcasing the power of 5G

In association with the City of Antwerp, Orange Belgium is releasing Augmented City, a mobile application that offers an augmented reality experience when visiting Antwerp. It will allow people to visit Antwerp in an original way and receive more information about its history. Users with a 5G compatible smartphone enjoy fast access to high-speed data which enables entertaining and educational augmented reality features.

Orange Belgium says THANK YOU to its customers for raising €265,444 for Belgian charities via Orange's Thank You loyalty program, while redoubling efforts to reduce the environmental footprint and digital gap

In May 2022, Orange Belgium expanded the Orange Thank You loyalty program, enabling customers to donate the value of their loyalty gifts to organizations that support sustainable practices and promote digital and social inclusion. This campaign successfully raised a total of €265,444 for local charities Natuurpunt, Natagora and ToekomstATELIERdelAvenir (TADA). Meanwhile, Orange Belgium earned the CO2Neutral label for the 9th year in a row.

Orange Belgium's digital and innovative b-brand hey! partners up with Royale Union Saint-Gilloise, starting the 2 August 2022 against Rangers FC in the UEFA Champions League

Orange Belgium's b-brand hey! becomes the proud sponsor of football club Royale Union Saint-Gilloise (USG). The second of August, hey! did its first appearance as sponsor of the USG players in the 3rd qualifying round of the UEFA Champions League against Scotland's Rangers FC. Through a strong recognition of shared values and to strongly establish its brand throughout the country, hey! will sponsor last season's Belgian vice-champions during the European games of the UEFA Champions League and UEFA Europa League, and the games of the Belgian Jupiler Pro League.

Orange Belgium's multigigabit cloud-native production network takes form as it accelerates the deployment of 5G together with its partners Ericsson, Nokia and Oracle

Orange Belgium is deploying a 5G stand-alone core network on a cloud-native architecture together with its partners Ericsson, Nokia and Oracle, allowing virtualized end-to-end networks and combining the best of technical, IT and data management solutions. Together they show the full potential of 5G while investing in next-generation services. Orange Belgium's 5G stand-alone core network on a cloud-native architecture enables network slicing, a network feature where each isolated slice is independent and can have its own resources. Each slice is tailored to meet the varying characteristics of applications in the most efficient and flexible ways possible. Orange Belgium's technical team works closely with the Orange Group Innovation Network team, which has been co-preparing the integration, and with Ericsson for the Packet Core, Oracle Communications for the Signaling and Routing Network Functions, Nokia for the Subscriber Data Management, and the New Radio.

Orange Belgium celebrates the one-year anniversary of its B-brand hey! with new deals and an exclusive party for its community

Orange Belgium proudly announces the first anniversary of hey!, its B-brand that addresses the needs of digital-savvy customers. Since its launch a year ago, hey! has successfully reached Belgian younger generations with new offers and partnerships and by fostering a strong community spirit among young clients. The third of October, a special birthday deal will be launched: 10 GB for €10 for the first 12 months,

which after 1 year becomes 20GB thanks to the loyalty boost. Moreover, fans keen on treasure hunting will be invited to an exclusive celebration party on October 15th, at the Atomium in Brussels.

Orange Belgium and KPN investigate how Westerschelde can become the world's smartest waterway with 5G

Orange Belgium and KPN will investigate how 5G technology can accelerate the further digitalization of one of Europe's most important waterways. To this end, it submitted a grant application to the European Commission. Today, Petra De Sutter, Belgian Deputy Prime Minister and Minister of Civil Service, Public Enterprises, Telecommunications and Post, presented the projects that were held back by Europe. And the "5G Estuary" - the Belgium-Netherlands waterway corridor study by Orange Belgium and KPN, is one of them. A cross-border digital corridor : The Westerschelde is of great importance to the economies of Belgium and the Netherlands and is one of the busiest waterways in the world with shipping traffic to the seaports of Antwerp, Bruges, Ghent, Terneuzen and Vlissingen, accounting for more than 150,000 ships per year.

Orange Belgium's customer experience-focused network investments result in outstanding scores in the latest Opensignal benchmark study

Orange Belgium's mobile network has received top marks in the recent Opensignal benchmark report. Furthermore, the operator earned the largest haul of awards in the latest analysis of the Belgian mobile network experience. With excellent scores for the customer-centric categories Games Experience, Upload Speed Experience, Core Consistent Quality and Excellent Consistent Quality, Orange Belgium proves its constant focus on an optimal customer experience in the network. On top of that, Orange Belgium aims to offer its customers more efficient and faster services.

Orange Digital Center launches a new free training project: a partnership with La Ferme du Parc Maximilien to highlight biodiversity and animal welfare in a pedagogical way

The newly established Orange Digital Center launched its first training project in cooperation with the ASBL La Maison, which supports autistic children and adolescents. Participants with very diverse educational and social backgrounds attended a training course on design thinking and the Internet of Things (IoT). Following the success of this first project, a new project was launched quickly: a partnership with urban farm La Ferme du Parc Maximilien. Participants in this initiative worked for this urban farm, which offers a space to share, play and experiment, for everyone who wants to reconnect with nature and preserve the environment.

Orange Belgium launches new gaming pack. Ultra Gaming allows gamers to enjoy Microsoft's Xbox All Access offer: an Xbox Series S console with 24 months of unlimited access to hundreds of games

The "Ultra Gaming" pack is available for Orange Belgium customers thanks to a strategic partnership with Microsoft.

This package includes the Xbox All Access offer: the next-generation Xbox Series S console with a 24-month subscription to Xbox Game Pass Ultimate which includes hundreds of high-quality games, day one releases and online multiplayer, as well as 5GB additional data for Go subscriptions. This gaming pack is also attractive for gamers who want to explore the benefits of cloud gaming thanks to Orange's fast and reliable 5G network. With this package, Orange Belgium and Microsoft team up to deliver access to popular games like Halo Infinite and Forza Horizon 5 as part of Xbox Game Pass Ultimate.

Orange Belgium opened Orange 5G Lab in La Grand Poste in Liège, showcasing over eight 5G use cases together with local industries

Orange Belgium officially inaugurated its second Orange 5G Lab in Belgium: in La Grand Poste in Liège, inviting companies to discover, test and develop new innovative use cases on 5G Stand Alone (5G SA) network technology. State Secretary for Economic Recovery and Strategic Investments, Thomas Dermine as well as Karine Dussert-Sarthe, EVP Marketing, Design and Open Innovation of the Orange Group supported the grand opening where Orange Belgium showcased over eight 5G use cases. This Orange 5G Lab will join the Orange's international network of 16 other Orange 5G Lab across Europe, fostering collaboration and innovation on an unprecedented level.

Orange Belgium to absorb its subsidiary, Upsize

In order to streamline the group organizational structure, the boards of directors of Orange Belgium and Upsize, a wholly owned subsidiary of Orange Belgium, have decided to merge Upsize into Orange Belgium. As a result of the merger, Orange Belgium will become the sole shareholder of BKM.

Orange Belgium launches the brand HONOR in its Belgian shops by exclusively adding the vlog-friendly HONOR 70 to its smartphone portfolio

Orange Belgium launched the HONOR brand in its smartphone portfolio and has obtained 'operator exclusivity' for the launch of the HONOR 70 in Belgium. The elegant HONOR 70 features a powerful dual camera system as well as innovative vlogging capabilities. In line with Orange Belgium's commitment to offer its customers sustainable products, the HONOR 70 has an Eco-Rating of 81, making it one of the greenest smartphones in the catalogue.

Orange Belgium signs DigitAll charter, confirming its commitment of continuous investment to improve digital inclusion in Belgium

Orange Belgium signed the Charter for Digital Inclusion in Belgium to demonstrate its commitment to improving digital inclusion in Belgian society. Orange Belgium will continue to improve digital inclusion within and outside its own organisation by supporting campaigns that make digital inclusion a top priority, since the real scale of the problem for those affected by the digital divide is still insufficiently appreciated by the general public. Reducing the digital gap together. Digital inclusion is an important social priority for Orange Belgium. Despite the hopeful results of the DESI report, the new Digital Inclusion Barometer (of the King

Baudouin Foundation) shows that 46% of Belgians are digitally vulnerable. In the presence of founding partners BNP Paribas Fortis and Proximus, Orange Belgium signed the Charter for Digital Inclusion in Belgium to demonstrate its commitment to improving digital inclusion in Belgian society. The Charter for Digital Inclusion in Belgium, a commitment by the private, public and social sectors in the country that reflects the commitment of the signatory organisations to work together to promote digital inclusion at all levels in Belgian society.

Orange Belgium substantially upgrades all its mobile data volumes and pursues its segmented strategy to enrich its Orange offers and remain ultracompetitive with hey!

As a next-generation operator Orange Belgium promises to follow and anticipate its customer needs. Therefore, it will minimally double the data cap of all its Go mobile subscriptions, with data volumes up to 300GB. All residential customers will benefit from this extra data abundance. The continuous improvement of Orange Belgium's offers towards the European standards in terms of data abundance will lead the Orange brand in becoming more premium and increasingly attractive for families. Hence, mobile customers who add fixed internet and/or TV (thus become convergent) or add extra mobile subscriptions (thus become multiscard), enjoy an extra discount up to 14€ per subscription. To also absorb the impact of rapidly increasing costs linked to the economic context and continue its (network) investments, Orange Belgium will adapt several prices. The changes will be effective as from January 15, 2023. The current economic context is marked by unseen levels of inflation. Energy prices, prices of technological equipment, wholesale tariffs and salary costs are rapidly growing. This impacts the cost structure of Orange Belgium, its suppliers, and its partners. Therefore, the operator needs to adapt several prices to maintain Orange Belgium's quality of services and level of investment.

Orange Belgium responds to European Commission's initiative "Laptops for Ukraine" with donation of devices and extra support via the Orange Belgium Fund

Orange Belgium is donating 700 laptops to Ukraine's civil society and €50,000 to digital inclusion NGOs in Belgium via its Orange Belgium Fund. This contribution is a response to the Laptops for Ukraine donation campaign launched by the European Commission at the beginning of this month, but it is also a concrete materialization of the operator's commitment to more digital inclusion.

2. Comments on the consolidated accounts prepared according to IFRS standards

The scope of consolidation includes the following companies: Orange Belgium S.A. (100%), the parent company, and Orange Belgium's subsidiaries: the Luxembourgian company Orange Communications Luxembourg S.A. (100%), IRISnet S.C.R.L. (28.16%), Smart Services Network S.A. (100%), Walcom Business Solutions S.A. (100%), A3COM S.A. (100%), A & S Partners S.A. (100%), Upsize N.V. (100% consolidated till 30 June 2022), BKM N.V. (100%), CC@PS BV (100%) and MWingz S.R.L. (50%).

Orange Belgium S.A. (the company's ultimate majority shareholder is Orange S.A.) is one of the main actors on the telecommunications market in Belgium and Luxembourg. Orange Belgium is listed on the Brussels Stock Exchange (OBEL).

Orange Communications Luxembourg S.A., a company organized and existing under the laws of Luxembourg, was acquired as of 2 July 2007 by Orange Belgium S.A. The purchase concerned 90% of the shares of Orange Communications Luxembourg S.A. The remaining 10% of shares were acquired on 12 November 2008. The company has consolidated the results of Orange Communications Luxembourg S.A. for 100%, as of 2 July 2007.

IRISnet S.C.R.L. is a company constituted in July 2012 in collaboration with the Brussels authorities in order to take over the activities performed by the temporary association IRISnet, and is responsible for the operation of the Irisnet 2 optical fiber network and for the provision of fixed telephony, data transmission services (internet, e-mail) and other network related services (video-conferencing, video surveillance, etc.).

The take-over of the activities took place on 1 November 2012. In this new legal structure, Orange Belgium S.A. contributed in cash for €3,450,000 equivalent to 345,000 shares out of the 1,225,000 shares issued by the company. Due to the deal structure, IRISnet S.C.R.L. is accounted for in the accounts using the equity method.

Smart Services Network S.A. (SSN) is a Belgian company that distributes telecommunication and energy services including those of Orange Belgium and Luminus. SSN's route to market is based on the principle of multi-level marketing. SSN's network consists of more than 1,000 independent consultants. Smart Services Network S.A., a company organized and existing under the laws of Belgium, was created as of 30 September 2014. Orange Belgium S.A. contributed in cash for €999,900 equivalent to 9,999 shares out of the 10,000 shares issued by the company. Atlas Services Belgium S.A. contributed in cash for €100 equivalent to 1 share. In 2016, Orange Belgium S.A. contributed in cash in the capital increase of Smart Services Network S.A. for €700,000, equivalent to 7,000 shares. On 25 March 2022, the carried forwarded losses have been integrated in the capital of the company for an amount of €1,041,610.41 and a capital increase of €341,610.41 has been funded. After these transactions, the capital of the company amounts to €1,000,000.00.

Walcom Business Solutions S.A., a company organized and existing under the laws of Belgium, was created as of 13 July 2017. Walcom Business Solutions S.A. specializes in the sales of telecommunication products and services for the professional market. Orange Belgium S.A. contributed in cash for €60,885 equivalent to 99 shares of the 100 shares issued by Walcom Business Solutions S.A. Walcom S.A., liquidated during the accounting year 2020, contributed in cash for €615 equivalent to 1 share. The results of Walcom Business Solutions S.A. are fully consolidated by the company since 13 July 2017.

A3Com S.A. was already an exclusive Orange Belgium agent, specialized in telecommunications product sales and services for residential customers through a network of 12 Orange shops located in the Brussels region. A3Com S.A., a company organized and existing under the laws of Belgium, was acquired as of 30 September 2017 by Orange Belgium S.A. The purchase concerned 100% of the 630 shares of A3Com S.A. The results of A3Com S.A. are fully consolidated by the company since 1 October 2017.

A&S Partners S.A. also an existing Orange Belgium agent, provides telecommunications services to B2B customers within the Brussels region via a dedicated sales team of 35 professionals under the name of AS Mobility. A&S Partners S.A., a company organized and existing under the laws of Belgium, was acquired as of 30 September 2017 by Orange Belgium S.A. The purchase concerned 100% of the 620 shares of A&S Partners S.A. The results of A&S Partners S.A. are fully consolidated by the company since 1 October 2017.

Upsize N.V. (up to 30 June 2022) was a holding company that was acquired on 31 July 2019 for an enterprise value of €52,400,000.00. The purchase concerned 100% of the 60,000 shares of Upsize N.V. The results of Upsize N.V. have been fully consolidated by the company since 1 August 2019 till 30 June 2022. On 1 July 2022, Upsize N.V. has been merged with Orange Belgium S.A. As from that date the later became owner at 100% of BKM N.V.

BKM N.V. is a nationwide ICT integrator and a pioneer in cloud UCC solutions. Since 1 July 2022, Orange Belgium S.A. owns 100% of the 2,329 shares of BKM N.V. BKM N.V. has a solid track-record in the SME and CMA markets in Belgium. BKM N.V. has 220 specialist staff who work in four areas of expertise: Unified Communications & Collaboration (UCC) solutions; IT & security solutions; Document & Visual solutions; and Connectivity solutions.

CC@PS BV provides document and visual solutions to SME customers via a team of 13 professionals, mainly in West Flanders. BKM N.V. owns 100% of the 750 shares of CC@PS BV.

MWingz S.R.L. is a joint operation between Orange Belgium S.A. and Proximus S.A., each owning 50% of the company that will manage the unilateral and shared mobile radio access network of both shareholders. In 2019 both companies decided to build a shared mobile radio access

network with the objective to meet customers' increasing demand for mobile network quality and deeper indoor coverage. The agreement will also allow a faster and more comprehensive 5G roll-out in Belgium. While sharing the common part of their mobile radio access networks, both companies will continue to have full control over their own core network and spectrum assets ensuring differentiated services. MWingz S.R.L. is a company organized and created under the laws of Belgium and was created as of 6 December 2019.

Orange Belgium S.A. contributed in cash for €1 equivalent to 1 share out of the 2 shares issued by the Company. Proximus S.A. contributed in cash for €1 equivalent to 1 share. In April 2020, Orange Belgium did participate in the capital increase of MWingz S.R.L. for €1,599,999. Orange Belgium holds 50% of the shares of MWingz S.R.L. This company started the operational activities as from 1 April 2020.

2.1 Consolidated statement of comprehensive income

In €m	FY 2021	FY 2022	change
Mobile customers (excl. MVNOs)	5 232	5 539	5.9%
Revenues	1 363.5	1 391.2	2.0%
Retail service revenues	945.1	1 009.5	6.8%
Equipment sales	141.1	147.7	4.7%
Wholesale revenues	241.9	210.2	-13.1%
Other revenues	35.3	23.8	- 32.5%
EBITDAaL	353.0	373.7	5.9%
% of Revenues	25.9%	26.9%	
Net profit (loss) for the period	39.7	58.2	+46.6%
Earnings per share (€)	0.66	0.97	+47.0%
eCapex ¹	-204.1	-220.0	7.8%
% of Revenues	15.0%	15.8%	
Operating cash flow ²	148.9	153.7	3.2%
Organic cash flow	104.8	-115.2	-209.9%
Net financial debt	69.5	190.7	+174.4%
Net financial debt / Reported EBITDAaL	0.2	0.5	

1. eCapex excluding licence fees. In 2022 Orange Belgium capitalized 253.6 millions

2. Operating cash flow defined as EBITDAaL – eCapex excluding licence fees.

Revenues

Group revenues reached €1,391.2 million in 2022, up by 2.0% in comparison to last year. Retail service revenues amounted to €1,009.5 million, up by 6.8%, supported by convergent service revenues (+13.0%) and fixed revenues (+14.2%). Additionally, equipment sales increased, while wholesale and other revenues decreased.

Result of operating activities before depreciation and other expenses

EBITDAaL increased by 5.9% to €373.7 million due to higher retail service revenues driven by higher retail service revenues

and supported by tough cost control and some positive one-offs. The margin improved 97bp as it reached 26.9%.

Total operational expenses for the full year increased by 0.7% to €1,014.8 million. The following provides an overview of the different expenses:

- Direct costs remained flat, +0.5% to €574.0 million
- Labour costs grew by 5.7% to €157.0 million already importantly by higher salary indexation in 2022.
- Indirect costs decreased by 1.7% to €283.7million mainly driven by cost management.

In €m	FY 2021	FY 2022	change
Direct costs	-570.9	-574.0	0.5%
Labour costs	-148.6	-157.0	5.7%
Indirect costs including RouA	-288.7	-283.7	-1.7%
of which RouA	-54.1	-53.7	
	-1 008.2	-1 014.8	0.7%

Depreciation and other expenses

Depreciation and amortization decreased from €279.2 million in 2021 to €246.5 million in 2022.

Impairment of goodwill

Goodwill is tested for impairment each year. For BKM N.V., as the recoverable value did not exceed the carrying amount, an impairment of €22.4 million was recorded in 2022 on top of the €14.9 million recorded at year end 2021. Other goodwill has remained unchanged.

EBIT

EBIT increased from €55.7 million in 2021 to €95.7 million in 2022.

Financial result

Net financial expenses increased from €3.2 million in 2021 to €14.1 million in 2022. The increase is mainly due to the costs of guarantee for contract execution paid in the context of VOO acquisition.

Taxes

Full-year tax expense increased from €12.8 million in 2021 to €23.5 million in 2022 due to the increase of taxable profit.

Net profit and earnings per share

The full-year net profit for year 2022 was €58.2 million. Earnings per share totaled €0.97 in 2022, compared to €0.66 for the previous restated year.

2.2 Consolidated statement of financial position

Assets

Goodwill is tested for impairment each year. For BKM N.V., as the recoverable value did not exceed the carrying amount, an impairment of €14.9 million was recorded at year end 2021. For the same reason a second impairment has been recorded at year end 2022 reducing the value of the BKM N.V. goodwill to nihil. Other goodwill remained unchanged.

No other impairment losses were recorded in 2022. The carrying year-end value is €67.0 million.

Intangible assets mainly relate to mobile licenses and spectrum fees. The net carrying value at year-end was €784.6 million compared to €247.4 million at the previous year-end. The increase comes mainly from the spectrum licenses acquired and paid in 2022 or to be paid mainly in 2023 and during the period of availability for use.

Property, plant and equipment mainly comprises network facilities and equipment. The net book value at year-end was €644.6 million compared with €662.8 million at 2021 year-end.

Rights-of-use assets relate to the application of IFRS 16, decreased from €299.2 million to €260.3 million as of 31 December 2022.

Non-current derivatives assets amount to €9.9 million and correspond to the fair value of financial derivatives instruments set in place in the context of the interests hedging strategy.

Inventories increased by €1.5 million to €25.5 million, mainly due to out of stocks for some references related to the electronic component crisis noted end of 2021.

Trade receivables decreased from €188.1 million at the end of 2021 to €166.4 million as of 31 December 2022. This decrease results mainly from less open Roaming invoices at year end.

Other current assets and prepaid expenses decreased by €1.3 million to €11.4 million in 2022, driven mainly by lower prepaid expenses.

Other assets related to contracts with customers totaled €71.5 million, an increase of €9.9 million compared to 2021. This variation is due to evolution of the number of subsidized contracts and the increased in value of the subsidized offers.

Cash and cash equivalents decreased by €17.8 million to €35.9 million at the end of 2022. More details on cash flows can be found in the cash flow statement.

Total equity and liabilities

Total equity increased by €64.8 million to €689.0 million. The change in retained earnings (€64.8 million) results mainly from the net profit for the period (€58.6 million) and the variation of OCI.

Non-current liabilities increased from €464.9 at the end of 2021 to €557.1 million at the end of 2022. The variation is split between decreases in non-current lease liabilities (-€37.7 million) and in non-current dismantling provisions (-€22.6) compensated by the increase in non-current fixed assets payable (€150.3 million) related to the spectrum acquired in 2022.

Current liabilities increased to €845.5 million at the end of 2022 from €570.6 million at the end of 2021. This increase is mainly the result of the recognition of spectrum acquired in 2022 but payable in June 2023 and July 2023 in current fixed assets payable, the use of the Credit Facility Agreement in 2022 for 104.2 million and a decrease in Trade payable for -€35 million.

Dividends

The Board of Directors will not propose a dividend or dividend authorization for the financial year 2022 at the Annual General Meeting considering the upcoming spectrum auctions and the balance sheet impact of the acquisition of VOO.

2.3 Liquidity and capital resources

Cash flows

Orange Belgium uses Operating cash flow and Organic cash flow as the main performance metrics for analyzing cash generation. The table below shows the reconciliation to net debt.

Operating cash flow is defined as EBITDAaL less eCapex (excluding license fees). Operating cash flow increased by €4.8 million mainly due to higher EBITDAaL (+€20.7 million compared to 2021), partially offset by an increase in investments of €15.9 million.

Organic cash flow measures the net cash provided by operating activities less eCapex and the repayment of lease liabilities, increased by proceeds from sale of property, plant and equipment and intangible assets and adjusted for the payments for acquisition of telecommunications licenses. Organic cash flow decreased from €104.8 million to €-115.2 million, mainly explained by the spectrum licenses acquisition paid in 2022.

Organic cash flow from telecom activities corresponds to the organic cash flow adjusted for the spectrum license acquisition. In 2022 this KPI amounted to €105.3 million compared to €126.6 million for the year ended 31 December 2021.

in €m	FY 2021	FY 2022
EBITDAaL	353.0	373.7
eCapex ¹	-204.1	-220.0
Operating cash flow²	148.9	153.7
Net profit (loss) before the period	39.7	58.2
Adjustments to reconcile net profit (loss) to cash generated from operations	397.9	392.5
Changes in working capital requirements	-21.2	-25.3
Other net cash out	-48.6	-35.8
Net cash provided by operating activities	367.9	389.5
eCapex and license fees	-225.9	-473.6
Increase (decrease) in fixed assets payables	14.7	20.5
Repayment of lease liabilities	-51.8	-51.6
Organic cash flow	104.8	-115.2
Elimination of telecommunication licenses paid	21.8	220.5
Organic cash flow from telecom activities	126.6	105.3

1. eCapex excluding license fees. In 2022 Orange Belgium capitalized 556.9 million.

2. Operating cash flow defined as EBITDAaL – eCapex excluding license fees.

Net debt

Net debt at year-end was €190.7 million, compared to €69.5 million at the end of 2021. It includes an Orange S.A. revolving credit facility and credit lines from banks. Intercompany short-term borrowing increase by €104.7 million due to spectrum auctions financing. This short-term

liability position will be refinanced by a long-term loan in 2023 once the remaining licenses acquired will be paid.

As at 31 December 2022 gearing remained very conservative with a net debt / EBITDAaL ratio of 0.5x.

€m, period ended	31.12.2021	31.12.2022
Cash & cash equivalents		
Cash	-24.0	-35.9
Cash equivalents	-29.8	0.0
	-53.7	-35.9
Financial liabilities		
Intercompany short-term borrowing	0.0	104.7
Third parties short-term borrowing	1.5	1.1
Intercompany long-term borrowing	121.8	120.8
	123.3	226.6
Net debt (Financial liabilities minus cash and cash equivalents)	69.5	190.7
Net debt/Reported EBITDAaL	0.2	0.5

3. Orange Belgium S.A.'s statutory accounts 2022

The statutory income statement and balance sheet are presented on pages 135 to 137. As for the exhaustive annual accounts of Orange Belgium S.A., please refer to the Central Balance Sheet Office website (<http://www.nbb.be/en>). Key

changes in statutory income statement and balance sheet are essentially identical to those discussed in section 2 of this Management Report.

4. Events after the reporting period

Orange Belgium and Telenet sign two commercial wholesale agreements providing access to each other's Hybrid Fiber Coaxial and Fiber to the Home networks

Orange Belgium and Telenet have signed two commercial fixed wholesale agreements, which entry into force is subject to the completion of the transaction related to the acquisition of 75% minus one share of VOO by Orange Belgium. The agreements will provide access to each other's fixed networks for a 15-year period and cover both current Hybrid Fiber Coaxial and future Fiber to the Home technologies in both network areas. Orange Belgium believes these agreements will foster investment, benefit the customer and competition in the Belgian telecom market. With these agreements, Orange Belgium firstly secures an access to Telenet's Hybrid Fiber Coaxial network and to its future Fiber to the Home network for 15 years, a key enabler to strengthen its nationwide convergent strategy. Combined with its state-of-the-art mobile network and with the modernization of the VOO network in the regions of Wallonia and Brussels-Capital, Orange Belgium will democratize the multi-gigabit fixed and mobile speed experience all over the country. Secondly, Orange Belgium will provide Telenet wholesale access to VOO and Brut  l  s Hybrid Fiber Coaxial network and to its future Fiber to the Home network in the regions of Wallonia and Brussels-Capital. It will also secure Telenet as a wholesale customer, increasing network penetration and return on modernization investments. The entry into force of these agreements is subject to completion of the transaction for the acquisition of 75% minus one share of VOO by Orange Belgium which requires notably the approval of the European Commission.

RAN sharing agreement between Orange Belgium and Proximus

On 25 November 2019, Orange Belgium and Proximus signed an agreement with the purpose of establishing a 50-50 joint venture on radio mobile access network sharing, covering 2G, 3G, 4G and 5G technologies. Telenet lodged a complaint with the national competition authority against this agreement. On 10 January 2020 the Competition Authority decided by means of provisional measures, that the BIPT could further assess the agreement for an additional period of 2 months. These measures expired on 16 March 2020 and Orange Belgium and Proximus have resumed works for the implementation of the project. On 1 April 2020 both companies transferred the relevant people to the newly created joint operation "MWingz".

On 30 January 2023 the Prosecutor published its decision that the RAN-sharing agreement does not lead to a (potential) restriction of competition, not at the level of the spectrum auction, nor in the retail and wholesale markets for mobile telecommunication services. By this decision, the Telenet complaint against the agreement is closed without further consequences for the agreement. As the deadline to appeal is expired, the decision is final.

VOO Acquisition

On 20 March 2023, the European Commission has approved the acquisition of 75% minus one share of the capital of VOO SA by Orange Belgium. This decision, which validates the commitments already taken by Orange Belgium, allows the company to move forward with the acquisition.

None of the above-mentioned events were adjusting events and no other adjusting events arose between the balance sheet date and the date at which the financial statements have been authorized for issue.

5. Outlook

Orange Belgium expects low single-digit revenue growth in 2023 considering further uptake on its postpaid and convergent customer base.

For 2023, the Company expects EBITDAaL between €360 million and €375 million. This range is iso-market and does not include the integration of VOO

In addition, total eCapex is expected to be between €210 million and €230 million.

The outlook 2023 does not take into account the integration of VOO.

6. Legal disputes

The following section summarizes Orange Belgium's legal disputes.

Telecom masts

Since 1997, certain municipalities and four provinces have adopted local taxes, on an annual basis, on pylons, masts or antennas erected within their boundaries. Orange Belgium continues to file fiscal objections against each tax assessment notice received concerning these taxes. These taxes are currently being contested in Civil Courts (Courts of First Instance - Tax Chamber and Courts of Appeal).

The mobile operators have concluded beginning of 2021 an agreement for the period 2021-2022 with the Walloon government. Orange Belgium engages itself to pay an amount of €1.78 million over 2 years and to invest an incremental amount of €3.6 million in telecom infrastructure in the Walloon region in the period 2021-2022. An amount of €491.833,48 was paid in December 2021 to the Walloon region. This is the first tranche of €0,9 million from which the taxes received from local authorities for 2021 have been deducted. After deduction of the local taxes levied for 2021 and 2022 to the second tranche of €446.625 of the protocol agreement, no contribution was due any more to the Walloon region in December 2022. The contribution to be paid to the Walloon region in February 2023 will be determined by the end of January 2023, taking into account all local taxes 2021 and 2022 levied and/or known by that date.

Access to Coditel Brabant (Telenet)'s cable network

After Orange Belgium paid the provision for the cable wholesale access set-up fees, Coditel Brabant (Telenet) failed to provide such access within the regulatory 6-month period. This, in combination to the lack of progress on the development of an effective wholesale service, prompted Orange Belgium to initiate legal action against Coditel/Telenet for breach of its regulatory obligations end of December 2016. As the implementation of a technical solution was still ongoing beginning 2018, the proceedings were put on hold. The case was reactivated and Telenet submitted briefs on 6 March 2020. Hearings took place in October 2021 and on 8 December 2021 the court decided that Telenet committed a fault because it did not respect the regulation on granting Orange Belgium access to its network. An expert was appointed to calculate the damages. The expert filed his report and his fees on 18 November 2022 before the court. Parties can exchange briefs about the report and the fees. A final judgment can be expected in Q2 2023.

Euphony Benelux NV in bankruptcy

On 2 April 2015, Orange Belgium was summoned by the receivers of Euphony Benelux NV to a hearing on 17 April 2015 at the Brussels Commercial Court. The bankruptcy receivers claim that Orange Belgium should pay a provisional amount of one (1) euro for overdue commissions as well as an eviction fee. In this context, the bankruptcy receivers claim

that Orange Belgium should submit all relevant documents to allow the bankruptcy receivers to calculate the amounts claimed.

On 17 April 2018, the Court dismissed the claim relating to the eviction fee and appointed an expert for the claim relating to the overdue commissions. Orange Belgium has filed an appeal at the Brussels Court of Appeals. An introductory hearing took place and the Court of Appeals has set a calendar for the filing of trial briefs.

The case was handled before the Brussels Court of Appeals at the hearing of 3 October 2022. By judgment rendered on 25 October 2022, the Court declared the claim of airtime commissions as well as the claim of additional compensation completely unfounded. The Court left one point open as it decided it did not have sufficient information to address it and reopened the pleadings at the hearing of 24 April 2023.

Transitpoints – interconnection links

Telenet included in its regulated reference offer of 2014 a charge of 5.000€ per GB internet interconnect traffic capacity. The charges were not mentioned in any final regulatory price decision. This charge was not applied during 2014, 2015, 2016, 2017. Only as of 2018 Telenet started charging this amount, for each transitpoint and each interconnect capacity increase. Orange Belgium systematically disputed the amounts charged for the transitpoints.

The May 2020 wholesale charges decision imposes only a charge of ~€170/month per 100 GB. Orange Belgium continued to refuse to pay any charges based on the old amounts. Telenet started a legal procedure before the enterprise court of Mechelen. On 22 April 2022 the enterprise court rejected almost fully the claim of Telenet by retaining an amount of €21.750 of Telenet's claim (i.e. only the amount for the monthly fees). Telenet lodged an appeal before the Court of Appeal of Antwerp.

The Court of Appeal fixed a calendar for exchanging briefs and a hearing will take place on 6 September 2023.

Review of the 2018 market analysis decisions

The CRC initiated its review of the 2018 market analysis decisions that define the framework for the regulation of the cable, copper and fibre networks in Belgium. A new final decision is not expected in 2023.

New spectrum allocation (700, 900, 1400 MHz), renewal of existing spectrum attributions (900, 1800, 2100 MHz)

On 21 October 2021, the Council of Ministers approved the Royal Decrees that govern the 5G- and spectrum renewal auctions. The Royal Decrees were published on 23 December 2021, and contain spectrum set-asides for a potential new entrant operator.

On 14 January 2022, the BIPT published the call for candidates for the auction on the allocation of new 5G spectrum (700 MHz, 1400 MHz, 3600 MHz) and the renewal of the existing 2G and 3G spectrum (900MHz, 1800 MHz, 2100MHz).

New spectrum allocations : 700, 3600 and 1400 MHz

The auctions for the core 5G frequency bands ended on 20 June 2022. Orange obtained 2x10 MHz in the 700 MHz frequency band and 100 MHz in the 3.6 GHz frequency band, for a total of €178 million. The rights of use started September 1, 2022 for a period of 20 years for 700 MHz and until May 2040 for the 3.6 GHz band.

On 20 July 2022 the supplemental auction to allocate 90 MHz of spectrum in the 1400 MHz frequency band for a 20-year term ended. Orange obtained 30MHz for a price of €70 million. These rights will start July 1st, 2023.

Renewal of existing spectrum attributions : 900, 1800 and 2100 MHz

Concerning the licenses in the 900 MHz, 1800 MHz and 2100 MHz bands, which expired in March 2021, the BIPT granted successive temporary rights of use in these bands for a period of six months. The last decision of 13 September 2022 granted temporary rights until the end of 2022.

In the auction, that ended June 20, 2022, Orange Belgium obtained 2 X 10 MHz in the 900 MHz band, 2 X 15 MHz in the 1800 MHz band, and 2 X 15 MHz in the 2100 MHz band.

The new rights of use for the 900, 1800, 2100 MHz bands started on 1 January 2023. The amount for the acquisition of these licenses is €144 million and the licenses are valid for a period of 20 years.

Telenet initiated a legal action against the spectrum Royal Decrees in which spectrum is reserved for a new entrant (700 MHz, 900-1800-2100 MHz). The procedure is still going on

5G Security

The law concerning the security of 5G networks was approved by the federal parliament on 17 February 2022 and entered into force on 21 March 2022.

A first executive Royal Decree concerning the identification of sensitive zones was published on 25 November 2022. The other executive Royal Decrees are expected to be published early 2023.

RAN sharing agreement between Orange Belgium and Proximus

On 25 November 2019, Orange Belgium and Proximus signed an agreement with the purpose of establishing a 50-50 joint venture on radio mobile access network sharing, covering 2G, 3G, 4G and 5G technologies. Telenet lodged a complaint with the national competition authority against this agreement. On 10 January 2020 the Competition Authority decided by means of provisional measures, that the BIPT could further assess the agreement for an additional period of 2 months. These measures expired on 16 March 2020 and Orange Belgium and Proximus have resumed works for the implementation of the project. On 1 April 2020 both companies transferred the relevant people to the newly created joint operation "MWingz".

On January 30, 2023 the Prosecutor published its decision that the RAN-sharing agreement does not lead to a (potential) restriction of competition, not at the level of the spectrum auction, nor in the retail and wholesale markets for mobile telecommunication services. By this decision, the Telenet complaint against the agreement is closed without further consequences for the agreement. As the deadline to appeal is expired, the decision is final.

Social tariffs in the telecom sector

The federal government is reforming the modalities (technical, financial, operational) of the social tariff for certain user groups.

Over the month of December 2021, a public consultation on the draft law to review the social tariffs was organized by the BIPT. The federal government reached a political agreement on the reform in November 2022. Among the new proposals are a change of the group of beneficiaries, the review of the allocation process of the social tariff, and the definition of a social tariff offer as a basic fixed internet service, eventually in combination with TV. The modalities of the new approach still need to be further defined. The new social tariff scheme is expected to be implemented as of 1 January 2024.

7. Justification of the application of the going concern accounting principles

In view of Orange Belgium Group's financial results of the financial year ending 31 December 2022, the company is not subject to the application of article 3:6 §1 (6°) of the Belgian

Code of Companies and Associations relating to provision of evidence of the application of the going concern accounting rules.

8. Other disclosures require in accordance with art. 3:6 and 3:32 of the Belgian Code of Companies and Associations

Art 3:6 §1.4 – Research and development: activities are carried out in this respect and especially in the field of the cable. Orange Belgium recently developed a patent and benefits from fiscal deductions due to its R&D activities.

Art 3:6 §1.7 – Treasury shares: reference should be made to note 9 of the IFRS financial statements.

Art 3:6 §1.7 – Use of financial instruments: reference should be made to note 8 of the IFRS financial statements.

Art 3:6 §4/ Art 3:32 §2 – Non-financial information disclosure. In accordance with Art 3:6 §4 and Art 3:32 §2, Orange Belgium S.A. is exempted from the obligation to prepare and disclose the non-financial information since it is also a subsidiary of Orange S.A. who prepares a consolidated Board of Directors' annual report in accordance with the applicable EU directive

Consolidated financial statements



74-- Consolidated financial statements

- 74----- Consolidated statement of comprehensive income
- 75----- Consolidated statement of financial position
- 76----- Consolidated cash flow statement
- 77----- Consolidated statement of changes in equity
- 78----- Segment information

82-- Notes to the consolidated financial statements

- 82----- Note 1: Description of business and basis of preparation of the consolidated financial statements
- 93----- Note 2: Sales, trade receivables, other current and non-current assets
- 95----- Note 3: Expenses, prepaid and inventory
- 99----- Note 4: Goodwill
- 102 ----- Note 5: Other intangible assets and property, plant and equipment
- 106 ----- Note 6: Taxes and levies
- 107 ----- Note 7: Interests in associates
- 108 ----- Note 8: Financial assets, liabilities and financial result
- 113 ----- Note 9: Shareholders' equity
- 113 ----- Note 10: Commitments and contingencies
- 114 ----- Note 11: (Non)-current provisions
- 115 ----- Note 12: Related parties
- 116 ----- Note 13: Liabilities related to contracts with customers and other assets related to contracts with customers
- 118 ----- Note 14: Lease agreements
- 119 ----- Note 15: Significant accounting policies
- 131 ----- Note 16: Subsequent events
- 132 ----- Note 17: Glossary

134 Orange Belgium S.A. annual accounts 2022

In this document, unless otherwise indicated, the terms "the company" and "Orange Belgium S.A." refer to Orange Belgium Société Anonyme (formerly Mobistar), and the terms "Orange Belgium", "the Group" and "the Orange Belgium Group" refer to the Orange Belgium company together with its consolidated subsidiaries.

1. Consolidated financial statements

1.1 Consolidated statement of comprehensive income

		in thousand EUR	
Ref.		31.12.2022	31.12.2021
2	Retail service revenues	1 009 493	945 145
2	Convergent service revenues	288 030	254 975
2	Mobile only service revenues	596 861	578 828
2	Fixed only service revenues	81 136	71 078
2	IT & Integration services	43 466	40 264
2	Equipment sales	147 745	141 130
2	Wholesale revenues	210 178	241 940
2	Other revenues	23 798	35 257
2	Revenues	1 391 214	1 363 472
3	Purchase of material	-185 867	-185 409
3	Other direct costs	-381 269	-376 851
3	Impairment loss on trade and other receivables, including contract assets	-6 910	-8 672
3	Direct costs	-574 046	-570 932
3	Labour costs	-157 022	-148 615
3	Commercial expenses	-28 521	-33 789
3	Other IT & Network expenses	-103 872	-97 359
3	Property expenses	-11 055	-8 508
3	General expenses	-62 782	-63 587
3	Other indirect income	33 177	28 848
3	Other indirect costs	-56 948	-60 177
3/14	Depreciation of right-of-use assets	-53 712	-54 085
3	Indirect costs	-283 713	-288 656
3	Other restructuring costs (*)	-11 032	-4 035
5	Depreciation and amortization of other intangible assets and property, plant and equipment	-246 549	-279 206
4	Impairment of goodwill	-22 433	-14 937
5	Impairment of fixed assets	-1 066	-1 638
7	Share of profits (losses) of associates	390	276
	Operating Profit (EBIT)	95 745	55 729
8	Financial result	-14 132	-3 232
8	Financial costs	-14 132	-3 232
8	Financial income	0	0
	Profit (loss) before taxation (PBT)	81 613	52 497
6	Tax expense	-23 454	-12 774
	Net profit (loss) for the period	58 159	39 723
	Profit (loss) attributable to equity holders of the parent	58 159	39 723
Consolidated Statement of Comprehensive Income			
	Net profit (loss) for the period	58 159	39 723
	Other comprehensive income (cash flow hedging net of tax)	6 595	-260
	Total comprehensive income for the period	64 754	39 463
	Part of the total comprehensive income attributable to equity holders of the parent	64 754	39 463
	Basic earnings per share (in EUR)	0.97	0.66
	Weighted average number of ordinary shares (excl. treasury shares)	59 944 757	59 944 757
	Diluted earnings per share (in EUR)	0.97	0.66
	Diluted weighted average number of ordinary shares (excl. treasury shares)	59 944 757	59 944 757

* Restructuring costs consist of contract termination costs, redundancy charges and acquisition & integration costs.

1.2 Consolidated statement of financial position

		in thousand EUR	
Ref.		31.12.2022	31.12.2021
ASSETS			
4	Goodwill	67 041	89 474
5	Other intangible assets	784 626	247 439
5	Property, plant and equipment	644 600	662 770
14	Rights-of-use assets	260 331	299 164
7	Interests in associates	6 151	5 760
8	Non-current financial assets	1 370	2 219
8	Non-current derivatives assets	9 926	0
5	Other non-current assets	720	701
6	Deferred tax assets	1 604	1 800
Total non-current assets		1 776 369	1 309 327
3	Inventories	25 493	24 024
2	Trade receivables	166 445	188 127
13	Other Assets related to contracts with customers	71 514	61 653
	Current financial assets	1	417
8	Current derivatives assets	463	243
2	Other current assets	8 447	7 724
6	Operating taxes and levies receivables	3 720	9 167
6	Current tax assets	277	283
3	Prepaid expenses	2 927	4 975
8	Cash and cash equivalents	35 896	53 735
Total current assets		315 182	350 347
Total Assets		2 091 551	1 659 672
EQUITY AND LIABILITIES			
9	Share capital	131 721	131 721
	Legal reserve	13 172	13 172
	Retained earnings (excl. legal reserve)	544 089	479 263
Equity attributable to the owners of the parent		688 982	624 156
Total equity		688 982	624 156
8	Non-current financial liabilities	120 794	121 809
14	Non-current lease liabilities	217 517	255 251
5	Non-current fixed assets payable	150 348	0
	Non-current employee benefits	28	73
5/11	Non-current provisions for dismantling	58 103	80 656
11	Other non-current liabilities	1 899	2 580
6	Deferred tax liabilities	8 413	4 558
Total non-current liabilities		557 102	464 927
5	Current fixed assets payable	256 520	71 654
3	Trade payables	223 860	258 822
8	Current financial liabilities	105 797	1 461
14	Current lease liabilities	44 553	44 669
8	Current derivatives liabilities	463	243
3	Current employee benefits	37 041	34 110
11	Current provisions for dismantling	6 787	9 065
3	Current restructuring provisions	2 105	1 127
3	Other current liabilities	7 096	7 082
6	Operating taxes and levies payables	85 843	75 491
6	Current tax payables	13 322	10 653
13	Liabilities related to contracts with customers	61 085	56 022
	Deferred income	995	191
Total current liabilities		845 467	570 590
Total Equity and Liabilities		2 091 551	1 659 672

1.3 Consolidated cash flow statement

		in thousand EUR	
Ref.		31.12.2022	31.12.2021
	Operating Activities		
	Consolidated net profit	58 159	39 723
	Adjustments to reconcile net profit (loss) to cash generated from operations		
6	Operating taxes and levies	27 301	25 783
5	Depreciation and amortization of other intangible assets and property, plant and equipment	246 549	279 206
3/14	Depreciation of right-of-use assets	53 712	54 085
4	Impairment of goodwill	22 433	14 937
5	Impairment of non-current assets	1 066	1 638
	Gains (losses) on disposal	-1 085	-1 725
	Changes in other provisions	-1 850	-1 045
7	Share of profits (losses) of associates and joint ventures	-390	-276
6	Income tax expense	23 454	12 774
8	Finance costs, net	14 132	3 232
	Operational net foreign exchange and derivatives	175	-27
	Share-based compensation	98	686
2	Impairment loss on trade and other receivables, including contract assets	6 910	8 672
	Changes in working capital requirements	392 504	397 941
3	Decrease (increase) in inventories, gross	-2 195	3 003
	Decrease (increase) in trade receivables, gross	14 778	10 727
3	Increase (decrease) in trade payables	-35 088	-37 718
13	Change in other assets related to contracts with customers	-9 953	1 538
13	Change in liabilities related to contracts with customers	5 063	-2 946
	Changes in other assets and liabilities	2 054	4 196
	Other net cash out	-25 341	-21 200
	Operating taxes and levies paid	-11 503	-35 288
	Interest paid and interest rates effects on derivatives, net	-5 106	-3 816
6	Income tax paid	-19 211	-9 508
	Net cash provided by operating activities	389 503	367 852
	Investing Activities		
	Purchases of property, plant and equipment and intangible assets		
5	Purchases of property, plant and equipment and intangible assets	-776 917	-225 881
	Increase (decrease) in fixed assets payables	323 852	14 659
	Cash paid for investments securities and acquired businesses, net of cash acquired	0	-150
	Decrease (increase) in securities and other financial assets	429	54
	Net cash used in investing activities	-452 636	-211 318
	Financing Activities		
8	Long term debt issuance	480 052	512 920
8	Long-term debt redemptions and repayments	-481 514	-594 817
14	Repayment of lease liabilities	-51 645	-51 834
8	Increase (decrease) of bank overdrafts and short-term borrowings	98 402	10
	Purchase of treasury shares	0	112
9	Dividends paid to owners of the parent company	0	-30 007
	Net cash used in financing activities	45 295	-163 616
	Net change in cash and cash equivalents	-17 839	-7 082
8	Cash and cash equivalents -opening balance	53 735	60 816
	o/w cash	23 957	32 030
	o/w cash equivalents	29 778	28 786
	Cash change in cash and cash equivalents	-17 839	-7 082
8	Cash and cash equivalents - closing balance	35 896	53 735
	o/w cash	35 896	23 957
	o/w cash equivalents	0	29 778

1.4 Consolidated statement of changes in equity

in thousand EUR						
Ref.	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity	
	Balance at 31 December 2021	131 721	13 172	479 263	0	624 156
	Net profit for the period	0	0	58 159	0	58 159
	Other comprehensive income	0	0	6 595	0	6 595
	Total comprehensive income for the period	0	0	64 754	0	64 754
	Employee - Share-based compensation	0	0	98	0	98
9	Balance as at 31 December 2022	131 721	13 172	544 089	0	688 982

in thousand EUR						
Ref.	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity	
	Balance at 31 December 2020	131 721	13 172	470 551	-1 519	613 925
	Net profit for the period	0	0	39 723	0	39 723
	Other comprehensive income	0	0	-260	0	-260
	Total comprehensive income for the period	0	0	39 463	0	39 463
9	Treasury Shares	0	0	-1 519	1 519	0
	Employee - Share-based compensation	0	0	776	0	776
9	Declared dividends	0	0	-30 007	0	-30 007
	Balance as at 31 December 2021	131 721	13 172	479 263	0	624 156

1.5 Segment information

Consolidated statement of comprehensive income for the year ended 31 December 2022

	in thousand EUR			
31.12.2022	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	963 378	46 115		1 009 493
Convergent service revenues	288 030			288 030
Mobile only service revenues	558 314	38 547		596 861
Fixed only service revenues	73 568	7 568		81 136
IT & Integration services	43 466			43 466
Equipment sales	134 742	13 003		147 745
Wholesale revenues	199 313	16 778	-5 913	210 178
Other revenues	35 756	62	-12 020	23 798
Total revenues	1 333 189	75 958	17 933	1 391 214
Direct costs	-557 079	-34 899	17 932	-574 046
Labour costs	-149 793	-7 229		-157 022
Indirect costs, of which	-266 035	-17 679		-283 713
Operational taxes and fees	-26 452	-849		-27 301
Depreciation of right-of-use assets	-49 522	-4 190		-53 712
Other restructuring costs	-11 015	-17		-11 032
Depreciation, amortization of other intangible assets and property, plant and equipment	-237 005	-9 544		-246 549
Impairment of goodwill	-22 433			-22 433
Impairment of fixed assets	1 066			-1 066
Share of profits (losses) of associates	390			390
Operating Profit (EBIT)	89 155	6 590		95 745
Net financial income (expense)	-13 862	-270		-14 132
Profit (loss) before taxation (PBT)	75 293	6 320		81 613
Tax expense	-23 101	-353		-23 454
Net profit (loss) of the period	52 192	5 967		58 159

Reconciliation from EBITDAaL to net profit (loss) for the period for the year ended 31 December 2022

	in thousand EUR			
31.12.2022	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
EBITDAaL	357 566	16 151		373 717
Share of profits (losses) of associates	390			390
Impairment of goodwill	-22 433			-22 433
Impairment of fixed assets	-1 066			-1 066
Depreciation, amortization of other intangible assets and property, plant and equipment	-237 005	-9 544		-246 549
Other restructuring costs	-11 015	-17		-11 032
Finance lease costs	2 718			2 718
Operating profit (EBIT)	89 155	6 590		95 745
Financial result	-13 862	-270		-14 132
Profit (loss) before taxation (PBT)	75 293	6 320		81 613
Tax expense	-23 101	-353		-23 454
Net profit (loss) for the period	52 192	5 967		58 159

Consolidated statement of comprehensive income for the year ended 31 December 2021

	in thousand EUR			
31.12.2021	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	899 717	45 428		945 145
Convergent service revenues	254 975			254 975
Mobile only service revenues	541 156	37 672		578 828
Fixed only service revenues	63 322	7 756		71 078
IT & Integration services	40 264			40 264
Equipment sales	127 219	13 911		141 130
Wholesale revenues	232 852	14 999	-5 911	241 940
Other revenues	47 717	1 952	-14 412	35 257
Total revenues	1 307 505	76 290	-20 323	1 363 472
Direct costs	-553 503	-37 753	20 324	-570 932
Labour costs	-140 598	-8 017		-148 615
Indirect costs, of which	-271 393	-17 262		-288 656
Operational taxes and fees	-22 932	-2 851		-25 783
Depreciation of right-of-use assets	-49 680	-4 405		-54 085
Other restructuring costs	-3 877	-158		-4 035
Depreciation, amortization of other intangible assets and property, plant and equipment	-271 124	-8 082		-279 206
Impairment of goodwill	-14 937			-14 937
Impairment of fixed assets	-1 638			-1 638
Share of profits (losses) of associates	276			276
Operating Profit (EBIT)	50 711	5 018		55 729
Net financial income (expense)	-3 106	-126		-3 232
Profit (loss) before taxation (PBT)	47 605	4 892		52 497
Tax expense	-11 351	-1 423		-12 774
Net profit (loss) for the period	36 254	3 469		39 723

Reconciliation from EBITDAaL to net profit (loss) for the period for the year ended 31 December 2021

	in thousand EUR			
31.12.2021	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
EBITDAaL	339 751	13 258		353 009
Share of profits (losses) of associates	276			276
Impairment of goodwill	-14 937			-14 937
Impairment of fixed assets	-1 638			-1 638
Depreciation, amortization of other intangible assets and property, plant and equipment	-271 124	-8 082		-279 206
Other restructuring costs	-3 877	-158	-	-4 035
Finance lease costs	2 260			2 260
Operating profit (EBIT)	50 711	5 018		55 729
Financial result	-3 106	-126		-3 232
Profit (loss) before taxation (PBT)	47 605	4 892		52 497
Tax expense	-11 351	-1 423		-12 774
Net profit (loss) for the period	36 254	3 469		39 723

Consolidated statement of financial position for the year ended 31 December 2022

in thousand EUR

31.12.2022	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Goodwill	16 177	50 864		67 041
Other intangible assets	760 158	24 468		784 626
Property, plant and equipment	626 554	18 046		644 600
Rights-of-use of assets	248 500	11 831		260 331
Interests in associates and joint ventures	6 151			6 151
Non-current assets included in the calculation of the net financial debt	1 370			1 370
Non-current derivative assets	9 926			9 926
Other	478	1 846		2 324
Total non-current assets	1 669 314	107 055		1 776 369
Inventories	24 384	1 109		25 493
Trade receivables	141 486	26 799	-1 840	166 445
Prepaid expenses	1 935	992		2 927
Current assets included in the calculation of the net financial debt	23 650	12 709		36 359
Other	84 667	6 258	-6 966	83 959
Total current assets	276 121	47 867	-8 806	315 182
Total assets	1 945 435	154 922	-8 806	2 091 551
Total equity			688 982	688 982
Non-current employee benefits	28			28
Non-current fixed assets liabilities	141 088	9 260		150 348
Non-current liabilities included in the calculation of the net financial debt	120 794			120 794
Non-current lease liabilities	207 817	9 700		217 517
Other	64 262	4 153		68 415
Total non-current liabilities	533 989	23 113		557 102
Current fixed assets payable	251 058	5 462		256 520
Trade payables	202 917	22 783	-1 840	223 860
Current employee benefits	35 972	1 069		37 041
Deferred income	996			996
Current financial liabilities	105 771	6 992	-6 996	105 797
Current lease liabilities	42 423	2 130		44 553
Current liabilities included in the calculation of the net financial debt	463			463
Others	169 084	7 154		176 238
Total current liabilities	808 682	45 590	-8 806	845 467
Total equities and liabilities	1 342 671	68 703	680 176	2 091 551

Consolidated statement of financial position for the year ended 31 December 2021

in thousand EUR

31.12.2021	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Goodwill	38 610	50 864		89 474
Other intangible assets	240 217	7 222		247 439
Property, plant and equipment	643 980	18 790		662 770
Rights-of-use assets	286 564	12 600		299 164
Interests in associates and joint ventures	5 760			5 760
Non-current assets included in the calculation of the net financial debt	2 219			2 219
Other	479	2 022		2 501
Total non-current assets	1 217 829	91 489		1 309 327
Inventories	22 849	1 175		24 024
Trade receivables	155 128	36 008	-3 009	188 127
Prepaid expenses	1 591	3 384		4 975
Current assets included in the calculation of the net financial debt	43 398	10 580		53 978
Other	83 663	3 197	-7 016	79 244
Total current assets	306 028	54 344	-10 025	350 347
Total assets	1 523 856	145 842	-10 025	1 659 672
Total equity			624 156	624 156
Non-current employee benefits	73			73
Non-current liabilities included in the calculation of the net financial debt	121 809			121 809
Non-current lease liabilities	244 542	10 709		255 251
Other	82 271	5 523		87 794
Total non-current liabilities	448 695	16 232		464 927
Current fixed assets payable	69 956	1 698		71 654
Trade payables	228 890	32 941	-3 009	258 822
Current employee benefits	32 427	1 653		34 110
Deferred income	191			191
Current financial liabilities	42 779	1 890		44 669
Current liabilities included in the calculation of the net financial debt	1 686	7 034	-7 016	1 704
Other	155 321	4 119		159 440
Total current liabilities	531 280	49 335	-10 025	570 590
Total equity and liabilities	979 974	65 567	614 131	1 659 672

2. Notes to the consolidated financial statements

Note 1: Description of business and basis of preparation of the consolidated financial statements

1. Description of business

Orange Belgium S.A. (the company's ultimate majority shareholder is Orange S.A.) is one of the main actors on the telecommunications market in Belgium and Luxembourg. Orange Belgium is listed on the Brussels Stock Exchange (OBEL). As a convergent actor, the company provides mobile telecommunication, internet and TV services to residential clients, as well as innovative mobile and fixed line services to businesses and large corporates. Orange Belgium also acts as a wholesale operator, providing its partners with access to its infrastructure and service capacities. Orange Belgium's high-performance mobile network supports 2G, 3G, 4G, 4G+ and 5G technology and is the subject of on-going investments.

Orange Communications Luxembourg S.A., incorporated under the laws of Luxembourg, was acquired as of 2 July 2007 by Orange Belgium S.A. The purchase concerned 90% of the shares of Orange Communications Luxembourg S.A. The remaining 10% of shares were acquired on 12 November 2008. The results of Orange Communications Luxembourg S.A. are fully consolidated by the company since 2 July 2007.

Smart Services Network S.A. (SSN) is a Belgian company that distributes telecommunication and energy services including those of Orange Belgium and Luminus. SSN's route to market is based on the principle of multi-level marketing. SSN's network consists of more than 1,000 independent consultants.

Smart Services Network S.A., incorporated under the laws of Belgium, was created as of 30 September 2014. Orange Belgium S.A. contributed in cash for 999,900 euros equivalent to 9,999 shares out of the 10,000 shares issued by the company. Atlas Services Belgium S.A. contributed in cash for 100 euros equivalent to 1 share. This one share has been sold by Atlas Services Belgium S.A. to Orange Belgium S.A. during the accounting year 2020.

In 2016, Orange Belgium S.A. contributed in cash to the capital increase of Smart Services Network S.A. for 700,000 euros, equivalent to 7,000 shares.

On 25 March 2022, the carried forwarded losses have been integrated in the capital of the company for an amount of 1,041,610.41 euros and a capital increase of 341,610.41 euros has been funded. After these transactions, the capital of the company amounts to 1,000,000.00 euros.

IRISnet S.C.R.L. is a company constituted in July 2012 in collaboration with the Brussels authorities in order to take over the activities performed by the temporary association Irisnet and is responsible for the operation of the Irisnet 2 optical fiber network and for the provision of fixed telephony, data transmission services (internet, e-mail) and other network-related services (video-conferencing, video surveillance, etc.).

The take-over of the activities took place on 1 November 2012. In this new legal structure, Orange Belgium S.A. contributed in cash for 3,450,000 euros equivalent to 345,000 shares out of the 1,225,000 shares issued by the company.

Walcom Business Solutions S.A., incorporated under the laws of Belgium, was created as of 13 July 2017. Walcom Business Solutions S.A. specializes in the sales of telecommunication products and services for the professional market. Orange Belgium S.A. contributed in cash for 60,885 euros equivalent to 99 shares of the 100 shares issued by Walcom Business Solutions S.A. Walcom S.A. contributed in cash for 615 euros equivalent to 1 share. The results of Walcom Business Solutions S.A. are fully consolidated by the company since 13 July 2017. As a result of the dissolution and liquidation of Walcom S.A. during the accounting year 2020 all shares are held now by Orange Belgium S.A.

A3Com S.A. was already an exclusive Orange Belgium agent, specialized in telecommunications product sales and services for residential customers through a network of 12 Orange shops located in the Brussels region. A3Com S.A., incorporated under the laws of Belgium, was acquired as of 30 September 2017 by Orange Belgium S.A. The purchase concerned 100% of the 630 shares of A3Com S.A. The results of A3Com S.A. are fully consolidated by the company since 1 October 2017.

A&S Partners S.A., also an existing Orange Belgium agent, provides telecommunications services to B2B customers within the Brussels region via a dedicated sales team of 35 professionals under the name of AS Mobility. A&S Partners S.A., incorporated under the laws of Belgium, was acquired as of 30 September 2017 by Orange Belgium S.A. The purchase concerned 100% of the 620 shares of A&S Partners S.A. The results of A&S Partners S.A. are fully consolidated by the company since 1 October 2017.

Upsize N.V. was a holding company that was acquired on 31 July 2019 for an enterprise value of €52.4 million. Upsize N.V. was 100% shareholder of BKM N.V. On 1 July 2022, Upsize N.V. has been merged with Orange Belgium S.A. Due to this transaction, Orange Belgium S.A. became 100% shareholder of BKM N.V. The results of Upsize N.V. have been fully consolidated by the company since 1 August 2019 till 30 June 2022.

BKM N.V. is a nationwide ICT integrator and a pioneer in cloud UCC solutions. It has a solid track-record in the SME and CMA markets in Belgium. BKM N.V. has 220 specialist staff who work in four areas of expertise: Unified Communications & Collaboration (UCC) solutions; IT & security solutions; Document & Visual solutions; and Connectivity solutions. BKM N.V. is 100% shareholder of CC@PS B.V.

CC@PS B.V. provides document and visual solutions to low SME customers via a team of 13 professionals, mainly in West Flanders.

MWingz S.R.L. is a joint operation between Orange Belgium S.A. and Proximus S.A., each owning 50% of the company that will manage the unilateral and shared mobile radio access network of both shareholders. In 2019 both companies decided to build a shared mobile radio access network with the objective to meet customers' increasing demand for mobile network quality and deeper indoor coverage. The agreement will also allow a faster and more comprehensive 5G roll-out in Belgium. While sharing the common part of their mobile radio access networks, both companies will continue to have full control over their own core network and spectrum assets ensuring differentiated services. MWingz S.R.L. is incorporated under the laws of Belgium and was created on 6 December 2019. Orange Belgium S.A. contributed in cash for 1 euro equivalent to 1 share out of the 2 shares issued by the Company. Proximus S.A. contributed in cash for 1 euro equivalent to 1 share. In April 2020, Orange Belgium participated in the capital increase of MWingz S.R.L. for 1,599,999 million euros. Orange Belgium holds 50% of the shares of MWingz S.R.L. This company started operational activities as from 1 April 2020.

On 29 June 2016, Orange Belgium S.A. subscribed in the capital of **Belgian Mobile ID S.A.** (for 6.28% or 1,745,853.92 euros), with four banks and the two other mobile telecom operators of the country, to collaborate on the establishment of a mobile identification system for both private and professional users. With this mobile solution, Belgian Mobile ID S.A. wants to make it easier for anyone with a mobile phone and a bank account or an eID to digitally log in, confirm transactions and even sign documents. In April 2018, Orange Belgium S.A. further contributed in cash to the capital increase of Belgian Mobile ID S.A. for 1,846,294.43 euros (or 6.28% of the total shares).

In April 2019, Orange Belgium S.A. led the series B funding of **CommuniThings S.A.** through a €1.3m investment (for a stake of 10.45%). Orange Belgium S.A. invested directly into one of its Orange-Fab scale-ups, CommuniThings, and embarks on a commercial partnership to market state-of-the-art smart parking solutions. Orange Belgium S.A., Finance.Brussels S.A. and Essex Innovation invested in total €3 million. In line with Orange's support of IoT solutions over its IoT networks, the investment will be combined with a long-term partnership to commercialize CommuniThings' smart parking solutions across Belgium. In addition, the investment will serve CommuniThings' global expansion efforts as it spearheads the roll-out of its platform over IoT networks. In 2020, Orange Belgium participated in an additional capital increase of CommuniThings through a 0.35 million euros investment. In April 2021, Orange Belgium participated again in the capital increase of CommuniThings through a 0.35 million euros investment. Orange Belgium S.A. holds, directly or indirectly (e.g. through other subsidiaries), less than 20% of the voting power of Belgian Mobile ID S.A. and CommuniThings S.A. and as such, it is presumed that Orange Belgium S.A. does not have significant influence. Moreover, generating surplus value is not the main purpose of the investment in Belgian Mobile ID S.A. and CommuniThings S.A.

Following the period of exclusive negotiations that began on 22 November 2021 and the approval of the board of directors of Enodia, Orange Belgium and Nethys have signed on 24 December 2021 an agreement for the acquisition by Orange Belgium of 75% less one share of **VOO S.A.** The transaction is based on an enterprise value of 1.8 billion euros for 100% of the capital. This acquisition represents a major step forward in Orange Belgium's national convergent strategy and will increase investment and competition in the telecommunications sector for the benefit of customers and the competitiveness of the Walloon and Brussels regions.

VOO is a telecom operator that owns the cable network in the Walloon region and part of the Brussels region. VOO offers a portfolio of fixed and mobile telephony, broadband Internet and television services. With the acquisition of VOO, Orange Belgium will have a very high-speed network in Wallonia and part of Brussels, thus reinforcing the deployment of its convergent strategy at national level.

The investment plan, consisting of cable modernization and fiber optic (FTTH) rollouts, and the pooling of the two companies' skills will make it possible to ensure and strengthen the quality of VOO's network in the long term, serving customers and the competitiveness of the Walloon and Brussels regions. Orange's industrial project, the complementary nature of its assets and teams and the excellent working conditions within the two companies will offer attractive prospects for the employees of VOO and Orange Belgium. Orange Belgium is committed to developing WBCC, VOO's call center, and intends to strengthen BeTV.

Nethys will retain a minority stake in VOO and governance rights to guarantee the implementation of the industrial and social project. Orange is offering Nethys the possibility of converting its stake in VOO into Orange Belgium shares to secure the development of VOO and Orange Belgium through further integration between the two companies.

The enterprise value of 1.8 billion euros for 100% of the capital corresponds to an EBITDA multiple of 9.5x. This transaction will generate significant synergies, mainly related to the transfer of VOO's MVNO business to Orange Belgium's network. Post synergies, the EBITDA multiple amounts to 6.5x. Orange Belgium, which currently has a very low debt leverage, will finance this transaction through an intra-Group loan.

On 20 March 2023, the European Commission has approved the acquisition of 75% minus one share of the capital of VOO SA by Orange Belgium. This decision, which validates the commitments already taken by Orange Belgium, allows the company to move forward with the acquisition.

2. Scope of consolidation

The parent company and the subsidiaries listed below are included in the scope of consolidation as at 31.12.2022:

Orange Belgium S.A.

Parent company, incorporated under Belgian law
 Limited company with publicly traded shares Avenue du Bourget 3
 B - 1140 Brussels
 Belgium
 Company identification number: BE 0456 810 810

Orange Communications Luxembourg S.A.

100% of the shares held by Orange Belgium S.A.
 8, rue des Mérovingiens
 L - 8070 Bertrange
 Luxembourg
 Company identification number: LU 19749504

IRISnet S.C.R.L.

28.16% of the shares held by Orange Belgium S.A.
 Accounted for by equity method
 Avenue des Arts 21
 B - 1000 Brussels
 Belgium
 Company identification number: BE 0847 220 467

Smart Services Network S.A.

100% of the shares held by Orange Belgium S.A.
 Avenue du Bourget 3
 B - 1140 Brussels
 Belgium
 Company identification number: BE 0563 470 723

Walcom Business Solutions S.A.

100% of the shares held by Orange Belgium S.A.
 Avenue du Bourget 3
 B - 1140 Brussels
 Belgium
 Company identification number: BE 0678 686 036

A3Com S.A.

100% of the shares held by Orange Belgium S.A.
 Rue Américaine 61-65
 1050 Ixelles
 Belgium
 Company identification number: BE 0471 336 856

A&S Partners S.A.

100% of the shares held by Orange Belgium S.A.
 Rue Américaine 61-65
 1050 Ixelles
 Belgium
 Company identification number: BE 0885 920 794

Upsize N.V. (till 30 June 2022)

100% of the shares held by Orange Belgium S.A.
 Herkenrodesingel 37 A
 B - 3500 Hasselt
 Belgium
 Company identification number: BE 0827 982 892

BKM N.V.

100% of the shares held by Orange Belgium S.A.
(since 1 July 2022)
Herkenrodesingel 37 A
B - 3500 Hasselt Belgium
Company identification number: BE 0453 298 222

CC@PS B.V.

100% of the shares held by BKM N.V.
Ommegang Zuid 20
B – 8840 Westrozebeke
Belgium
Company identification number: BE 0867 295 509

MWINGZ S.R.L.

50% of the shares held by Orange Belgium S.A.
Simon Bolivarlaan 34
B - 1000 Brussel
Belgium
Company identification number: BE 0738 987 372

There are no significant restrictions on the assets and liabilities of the subsidiaries and associates included in the scope of consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Date of authorization for issue of the financial statements

On 22 March 2023, the Board of Directors of Orange Belgium S.A. reviewed the 2022 consolidated financial statements and authorized them for issue.

The 2022 consolidated financial statements will be approved on 3 May 2023 by the General Assembly of Shareholders which still has the power to amend the consolidated financial statements after issue.

3. Basis of preparation

The consolidated financial statements are presented in thousand euros except when otherwise indicated. The Group's functional and presentation currency is the Euro. Each entity within the Group applies this functional currency for its financial statements.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Statement of compliance

The consolidated financial statements of Orange Belgium S.A. and all its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

The principles applied to prepare financial data relating to the 2022 financial year are based on:

- all the standards and interpretations endorsed by the European Union compulsory as of 1 January 2022;
- the recognition and measurement alternatives allowed by the IFRS:

Standard	Alternative used
IAS 1	Accretion expense on operating liabilities (employee benefits, environmental liabilities) Classification as financial expenses
IAS 2	Inventories Measurement of inventories determined by the weighted average unit cost method
IAS 7	Interest paid and received dividends Classification as net operating cash flows
IAS 16	Property, Plant and Equipment Measurement at amortized historical cost
IAS 38	Intangible Assets Measurement at amortized historical cost

In the absence of any accounting standard or interpretation, management uses its judgment to define and apply an accounting policy that will result in relevant and reliable information, such that the financial statements:

- fairly present the Group's financial position, financial performance and cash flows;
- reflect the economic substance of transactions;
- are neutral;
- are prepared on a prudent basis; and
- are complete in all material respects.

Changes to accounting policies are described below and in note 15 "Significant accounting policies".

Changes in accounting policy and disclosures

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements have remained unchanged compared to those followed in the preparation of the consolidated financial statements for the year ended 31 December 2021.

EBITDAaL and eCapex remained the key performance indicators.

These operating performance indicators are used by the Group:

- to manage and assess its operating and segment results; and
- to implement its investment and resource allocation strategy.

The Group's management believes that the presentation of these indicators is relevant as it provides readers with the same management indicators as those used internally.

EBITDAaL corresponds to operating income before depreciation and amortization of fixed assets, effects resulting from business combinations, reclassification of cumulative translation adjustment from liquidated entities, impairment of goodwill and fixed assets, share of profits (losses) of associates and joint ventures, and after interests on debts related to financed assets and on lease liabilities, adjusted for:

- significant litigation;
- specific labour expenses;
- fixed assets, investments, and businesses portfolio review;
- restructuring program costs;
- acquisition and integration costs;
- and, where appropriate, other specific elements.

The measurement indicator allows for the effects of certain specific factors to be isolated, irrespective of their recurrence and the type of income and expense, when they are linked to:

- **significant litigation:**

Significant litigation expenses correspond to risk reassessments regarding various litigations. Associated procedures are based on third-party decisions (regulatory authority, court, etc.) and occurring over a different period to the activities at the source of the litigation. By their very nature, costs are difficult to predict in terms of their source, amount and period;

- **fixed assets, investments and businesses portfolio review:**

The Group constantly reviews its fixed assets, investments, and businesses portfolio: as part of this review, decisions to dispose of or to sell assets are implemented, which by their very nature have an impact on the period during which they occur;

- **restructuring program costs:**

The adjustment of Group activities in line with changes in the business environment may also incur other types of transformation costs. They include restructuring costs. These actions may have a negative effect on the period during which they are announced and implemented. For illustrative purposes, and not limited to, this could include some of the transformation plans approved by the internal governance bodies;

- **acquisition and integration costs:**

The Group also incurs costs which are directly linked to the acquisition and integration of entities. These are primarily legal and advisory fees, registration fees and earn-outs;

- **where applicable, other specific elements that are systematically specified in relation to income and/or expenses.**

EBITDAaL is not a financial aggregate as defined by IFRS and is not comparable to similarly titled indicators used by other groups. It is provided as additional information only and should not be considered as a substitute for operating income or cash flow provided by operating activities.

eCapex relate to acquisitions of property, plant and equipment and intangible assets excluding telecommunications licenses and financed assets minus the price of disposal of fixed assets. They are used internally as an indicator to allocate resources. eCapex are not a financial aggregate defined by IFRS and may not be comparable to similarly-titled indicators used by other companies.

The Group uses organic cash flow from telecom activities as an operating performance measure for telecom activities as a whole. Organic cash flow from telecom activities corresponds to net cash provided by operating activities minus (i) lease liabilities repayments and debts related to financed assets repayments, (ii) purchases and sales of property, plant and equipment and intangible assets net of the change in fixed assets payables, (iii) excluding effect of telecommunications licenses paid and excluding effect of significant litigations paid (and received). Organic cash-flow from telecom activities is not a financial aggregate defined by IFRS and may not be comparable to similarly-titled indicators used by other companies.

New standards and interpretations applicable for the annual period beginning or after 1 January 2022

Despite their limited impact on Group operations, the following new amendments to IFRS have also been considered in the preparation of the annual consolidated financial statements:

- **Amendment to IAS 16: Revenue generated before the intended use of an asset**
The amendment clarifies that an entity is not permitted to recognize revenue from the sale of manufactured items as a reduction in the cost of the asset while the asset is being prepared for its intended use. Such sales proceeds are to be recognized in the income statement. This amendment has no effect on the Group's consolidated financial statements. This amendment has been applied by the Group since 1 January 2022.
- **Amendment to IAS 37: Onerous contract - Contract performance costs**
The amendment clarifies the incremental costs of performing an onerous contract to be included in the amount of the provision, i.e. direct labour and material costs as well as the allocation of other costs directly related to the contract, such as the depreciation charge relating to an asset used in the performance of the contract. The Group has applied this amendment from 1 January 2022 and has not identified any significant impacts on the implementation of this amendment.
- **Annual improvements to IFRS: 2018-2020 cycle**
The 2018-2020 cycle of annual improvements to IFRSs has led the IASB Board to make minor amendments or clarifications to the standards:
 - IFRS 1, First-time Adoption of IFRS
 - IFRS 9, Financial Instruments
 - IFRS 16, Leases
 - IAS 41, Agriculture.

The changes made to the above standards have no impact on the Orange Group's consolidated financial statements because they are either inapplicable to the Group or specify accounting treatments already applied by the Group.

Consideration of climate change risks

- Natural disasters but also other accidental events related to climate change such as fires could lead to significant destruction of the Orange Group's facilities, resulting in both service interruptions and high repair costs. The frequency and intensity of weather events related to the current climate change (floods, storms, heat waves) continue to increase, which aggravates losses and increases the related damages. In the medium term, rising sea levels could affect sites and facilities close to the coast more often. While insurers' coverage of claims could further decrease, damage caused by large-scale disasters is likely to result in significant costs, some of which could remain with the Orange Group and thus affect its financial condition and prospects.
- In the context of its activities, the Group is therefore more systematically integrating the risks related to climate change. This consideration is reflected in the assessment of these risks on the value of some of its assets through their depreciation plan or as an event that could lead to the identification of an impairment index or on the possibility of obtaining financing in the future. Climate risks are also taken into account through the Group's commitment to be Net Zero Carbon by 2040. This commitment has led to changes in certain choices in terms of investments related to its activity.
- Numerous projects have been initiated within the Group to understand the impacts of climate change on its operations. The implementation of actions to limit the effects of the Group's activities on climate change is also underway. The outcome of these projects could lead the Group to review certain accounting treatments, judgements or estimates of financial risks whose impact is still difficult to assess reliably. While climate resilience is a fast-moving topic, it requires the Group to properly assess the risks to which it is exposed. The Group has embarked on a process of analysis to diagnose the exposure to climate risks of its various geographical locations according to the analysis of different scenarios of impacts linked to climate change. At 31 December 2022, the Group has not identified any significant impact reliably estimated on its financial statements at the stage of progress of the projects launched.

Impact of the Ukraine conflict on Orange Belgium

- Orange Belgium has not been impacted by the conflict in Ukraine, as it has no direct business relationships with the country. The conflict in Ukraine impacted indirectly Orange Belgium because of the increase in energy prices and inflation. Energy prices have risen across Europe, including in Belgium, due to the disruption of gas supplies from Russia, which has been exacerbated by the conflict in Ukraine. In addition, the increase in energy prices had an impact on inflation, which also influenced some of the costs of Orange Belgium, which will mainly have an impact in 2023 following the labor cost indexation. To deal with these evolutions, Orange Belgium applies a tight management of its cost, as well as an appropriate price policy.

Standards, amendments to standards and interpretations with mandatory application after 31 December 2022 and not applied early.

- IAS 1 Amendment: Classification of liabilities as current or non-current
The amendment to the standard clarifies the current requirements of IAS 1 on the classification of liabilities in an entity's balance sheet. This amendment is not expected to have a material effect on the Group's statement of financial position. However, the implementation of this amendment could lead to the reclassification of certain liabilities from current to non-current and vice versa. The effective date of this amendment is 1 January 2024.
- Amendment to IAS 1: Disclosure of Accounting Policies
The amendment to the standard states that an entity shall now disclose meaningful information about accounting policies rather than significant accounting policies. This amendment is expected to result in only marginal changes to the Group's disclosures in the notes to the consolidated financial statements. The effective date of this amendment is 1 January 2023.
- Amendment to IAS 8: Definition of accounting estimates
The amendment to the standard revised the definition of accounting estimates without changing the concept. This amendment is not expected to have any impact on the Group's consolidated financial statements and will only marginally change the information provided by the Group in its notes to the consolidated financial statements. The effective date of this amendment is 1 January 2023.
- Amendment to IAS 12: Taxes - Deferred tax on an asset or liability acquired in a single transaction
The amendment introduces a new exception to the exemption from initial recognition of deferred tax. As a result of this amendment, an entity does not apply the initial recognition exemption for transactions that give rise to deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and a liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. For example, this may arise on recognition of the lease liability and the related right of use under IFRS 16 at the inception of a lease. The Group's accounting policies are already aligned with the proposals in the amendment. The provisions of this amendment are applicable from 1 January 2023.

- IFRS 17 and amendments to IFRS 9: Insurance Contracts

The Group is not subject to the provisions of the new IFRS 17 dealing with the recognition and measurement of insurance contracts. The IFRS 9 amendment proposes provisions to provide comparative information to companies applying IFRS 17 for the first time. This amendment is not expected to have any impact on the Group's consolidated financial statements. The effective date of this standard and the IFRS amendment is 1 January 2023.

- IFRS 16 Amendment: Leases - Leaseback liability

The amendment introduces a conceptual novelty that requires variable rents to be taken into account when determining the lease liability arising from a sale and leaseback transaction. Subsequent changes in variable rents will not lead to the recognition of a gain or loss on the right of use, as the changes will only impact the lease liability and the income statement for the difference between the reduction in lease liability and the actual lease payments to be made. The number of transactions resulting in a sale and leaseback remains limited in the Group and generally do not include a significant variable rent component. The Group is finalizing its analysis before confirming that the implementation of this amendment should not have a material impact on its financial position. The provisions of this amendment are applicable from 1 January 2024.

Basis of preparation

In order to avoid differences in the information published by the Orange Belgium Group and its majority shareholder Orange S.A., the Orange Belgium Group applies a reporting format and reporting standards that are similar to the ones used by Orange S.A.

4. Uses of estimates and judgments

The preparation of the Group's financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Judgments in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any significant judgments and assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except for:

Significant judgments with regard to the application of IFRS 15 – Revenue from contracts with customers

Significant judgment is required in the following areas:

a) Determination of the transaction price – more specifically the handset price in bundled offers:

The issue of the handset sales price at Orange Belgium S.A. is only applicable for bundled offers (equipment + service). For all other offers, the performance obligation is directly related to the specific sale price. Orange Belgium S.A. excluded the evaluation method based on market prices (IFRS 15.77) for the determination of the sales price of equipment in subsidized offers and more specifically the standalone selling price. The standalone selling price could indeed –according to IFRS 15- be considered as “the market price”. However, for Orange Belgium S.A. the standalone selling prices are impossible to identify as

- Extremely varying: at any given time, the same standalone equipment can be sold at different prices. The sales strategy of our shops, the type of distribution channel, ... are examples of circumstances that vary the sale price from one shop to another at a certain time.
- Volatility: Orange observes that the prices of certain handsets equipment do vary quickly, even within one month.

Therefore, Orange Belgium S.A. decided that the expected cost plus a margin approach method is the most pertinent calculation for the price per specific equipment, as also used to determine the price of the offers. The starting point for calculating the upfront amount of equipment at Orange Belgium S.A. is the cost of the equipment however this is not simply equal to the purchase price, other elements have to be taken into consideration and are part of the “margin”. These elements are mainly logistic costs, customs tariffs, taxes or supplier's rebates.

b) Determination of the duration of the contract in order to allocate the transaction price to the different performance obligations:

The definition of the duration of a contract is only relevant for the subsidized bundled offers, the only contracts for which a revenue relocation between the performance obligations is necessary. The period of which both parties' rights and obligations are enforceable never exceeds the nominal period in the contract. This is because, excluding modifications in the contract, enforceability of rights and obligations is a matter of law. Hence, the enforceable period cannot extend beyond the nominal period. On the other hand, enforceability of rights and obligations shall take into consideration business practices according to which one of the parties dismisses the other party of its obligation. For Orange, this is typically the case when the Group authorizes or encourages early renewals.

Early renewals are renewals before the end of the contract (contract duration mainly 24 months). Currently, Orange Belgium's customer strategy is to give our clients the opportunity to renew their contract with no penalty after a duration of 22 months. The enforceable period has been set at 22 months, as a consequence, those contracts are closed after 22 months without further action to be taken.

c) Identification of performance obligations:

A contract as per IFRS15 is made of rights and obligations between the parties. The rights take the form of promises for Orange Belgium to transfer goods and/or services to a customer.

A contract generally explicitly states the promises to be transferred to a customer. However they may not be limited to the goods and services that are explicitly stated in that contract, some may also be implied by business practices which create valid customer expectations.

Access services and mobile equipment qualify as promised services and goods. The following services are however considered immaterial:

- hotline
- right for non-invoiced incoming calls
- access to customer care
- non-invoiced reserved numbers

Sim-cards do not have a stand-alone value and have as such no impact on the determination of the performance obligation. In addition, Orange Belgium might offer some additional services or goods, in line with specific commercial practices. We identify all rights granted to the customer in the terms of the contract and identify those that are material for the customer in the context of the contract.

Distinct goods and services

There are two criteria to determine whether goods and/or services are distinct:

- The customer can benefit from the goods or services on its own or together with resources that are readily available.
- The entity's promise to transfer the good or service is separately identifiable from other promises in the contract.

It is clear that the mobile equipment (handset) is distinct from the access service. Those two elements therefore qualify as distinct performance obligations within the contract.

The access service, which is made of voice, data and sms also includes distinct performance obligations. However, given that those promises are over the same period of time (right) and paid together (obligation), there is no need to consider that they are distinct.

Significant judgments with regard to the application of IFRS 16 – Leases

Significant judgment is required in the determination of non-cancellable lease term and the assessment of the exercise or not of termination, extension and purchase options.

Critical estimates and assumptions

Estimates made at each reporting date reflect conditions that existed at those dates (e.g. market prices, interest rates and foreign exchange rates). Although these estimates are based on management's best knowledge of current events and actions that Orange Belgium may undertake, actual results may differ from those estimates.

Impairment of non-financial assets

The impairment test for the goodwill in relation to Orange Communications Luxembourg S.A. and BKM N.V. is based on value in use calculations based on a discounted cash flow model. The cash flows are derived from the financial projections for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash generating units are further explained in Note 4.

Fixed assets – Useful life assessment

Assessing assets' useful life according to the change in the technological, regulatory or economic environment (greater bandwidth technologies, radio technology migration...). Reference should be made to Note 5.

Provision for dismantling network sites

The Group has recognized a provision for dismantling network sites obligations as for the rented building situated at Avenue du Bourget and the various antennas sites. In determining the amount of the provision, assumptions and estimates are required in relation to discount rates and the expected cost to dismantle and remove all plants from the sites (see Note 5).

Operational taxes: pylon

Since 1997, municipalities and provinces levy local taxes on an annual basis on masts, pylons, and antennas. These taxes do not qualify as income taxes and are recorded as operational taxes, hence negatively impacting the profit before tax.

When a tax bill is received, the related cost is recorded. In the event no tax bill is received, the cost will be based upon the tax bill of the previous year and the pylon tax liability expires if the company does not receive a tax bill within three years. As all tax bills are disputed, interests are calculated on the legal tax rate. When the case is closed at procedure level, basis and interests are reversed. This method is still used in Flanders and for the Brussels Region and was also applicable for the Walloon region until 2013. Since 2014, this tax, introduced by a decree of the Walloon region, became a regional tax.

On 22 December 2016, the three mobile operators and the Walloon government concluded an agreement in principle on the issue of taxing mobile infrastructure and to settle the dispute on the Walloon regional taxes for 2014. Orange Belgium committed to pay an amount of 16.1 million euros over 4 years (i.e. 2016-2019) and to invest an incremental amount of 20 million euros in telecom infrastructure in the Walloon region in the period 2016-2019. In turn, the Walloon Region undertakes to no longer levy taxes on telecom infrastructure and to implement a legislative, regulatory, and administrative framework designed to facilitate the deployment of this infrastructure. In addition, the Walloon Region would discourage municipalities and provinces from levying taxes on telecom infrastructure. The operators were entitled to deduct such local taxes levied in 2016-2019 by Walloon municipalities or provinces from the 2019 settlement and investment amounts.

The last instalment of the amount due by Orange Belgium on the basis of the 2016-2019 protocol agreement (4.5 million euros) has not yet been paid. This is due to the fact that Orange Belgium received local tax bills from Walloon municipalities falling under this agreement and is therefore currently in negotiation with the Walloon government to confirm the exact magnitude as well to whom the last instalment should be paid. In December 2022 Orange Belgium has been contacted by the Walloon Region about the outstanding amount to be paid. Orange Belgium has informed the Walloon Region that, after deduction of the local taxes levied in 2016-2019 on Orange Belgium, the outstanding amount still to be paid is 416.151,00 €. Orange Belgium now awaits an answer from the Walloon Region.

The mobile operators have concluded a protocol agreement with the Walloon government for the period 2021-2022. This agreement stipulates that the mobile operators will pay a contribution to a governmental budget fund to be set up by the Walloon government to support the digitalization of the Walloon region, and more specifically local initiatives of Walloon municipalities or provinces. Amount of the operator's contribution: 5.0 million euros (35,73% to be paid by Orange Belgium). The mobile operators will also do additional network investments for a total amount of 11.0 million euros (35,73% for Orange Belgium). This agreement will ensure a financially stable environment by reducing the proliferation of local taxes.

From the first tranche of 0.9 million euros payable for 2021, an amount of 0.5 million euros has been effectively paid in December 2021 to the Walloon region. Orange Belgium did indeed receive tax bills from a couple of local authorities falling under the agreement for an amount of 0.4 million euros and did not pay the remaining balance thanks to an offsetting mechanism provided for by the agreement.

After deduction of the local taxes levied for 2021 and 2022 to the second tranche of 446.625€ of the protocol agreement, no contribution was due any more to the Walloon region in December 2022.

The contribution to be paid to the Walloon region in February 2023 has been determined by the end of January 2023, considering all local taxes 2021 and 2022 levied and/or known by that date. According to this analysis, the amount of local taxes exceeds the amount due to the Walloon Region on 15 February 2023 and can be deducted. Consequently, there was no contribution to be paid to the Walloon Region by 15 February 2023.

Given the uncertainties surrounding the lawfulness and amount of the pylon taxes and considering inter alia that this tax is not fully payable at the beginning of each fiscal year and actually not paid, Orange Belgium continues to account for this as a risk in accordance with IAS 37 (Provisions & contingent liabilities). However, the full year risk is estimated and recognized both as a liability and charge at the beginning of each year. Interest charges related to the non-payment of this tax continue being recorded monthly.

The provision for pylon tax is reassessed every quarter (see also note 3 and 6) using prudent best estimate assumptions based on the evolution of the regional tax framework, of the different court cases and of the new tax bills received. The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at 31 December 2022, may subsequently be changed.

Note 2: Sales, trade receivables, other current and non-current assets

	in thousand EUR	
	31.12.2022	31.12.2021
Belgium	1 333 189	1 307 505
Retail service revenues	963 378	899 717
Convergent service revenues	288 030	254 975
Mobile only service revenues	558 314	541 156
Fixed only service revenues	73 568	63 322
IT & Integration services	43 466	40 264
Equipment sales	134 742	127 219
Wholesale revenues	199 313	232 852
Other revenues	35 756	47 717
Luxembourg	75 958	76 290
Retail service revenues	46 115	45 428
Convergent service revenues	0	0
Mobile only service revenues	38 547	37 672
Fixed only service revenues	7 568	7 756
IT & Integration services	0	0
Equipment sales	13 003	13 911
Wholesale revenues	16 778	14 999
Other revenues	62	1 952
Inter-segment eliminations	-17 933	-20 323
Total	1 391 214	1 363 472

Orange Belgium's total consolidated turnover amounted to 1,391.2 million euros in 2022, compared to 1,363.5 million euros in 2021, an increase of 2.0% year-on-year.

The total retail service revenues (i.e. mobile-only services, fixed-only services, convergent services and IT & Integration services) increased 6.8% year-on-year: from 945.1 million euros in 2021 to 1,009.5 million euros in 2022. This is the result of Orange Belgium maintaining solid commercial performance over the year supported by a convergent strategy, the success of the "Special Edition" promotion and device deals, reaching 2.8m subscribers (+2.5% yoy). This increase has mainly been driven by higher convergent service revenues (13.0%) and higher fixed only service revenues as a result of higher cable revenues due to an increasing customer base. The wholesale revenues have also been impacted by the end of contract of Mobile Viking MVNO (-14.0 million euros), the effect of the regulation on 'voice' and a decrease in SMS volume (-22.5 million euros).

Equipment sales increased 4.7% year-on-year and the decrease in other revenues can be explained by less handset sales through agents.

Trade receivables

	in thousand EUR	
	31.12.2022	31.12.2021
Trade receivables - Gross value	199 651	222 266
Allowance for doubtful debtors	-33 206	-34 139
Total trade receivables	166 445	188 127

Ageing Balance

	in thousand EUR	
	31.12.2022	31.12.2021
Not past due	143 392	128 435
Less than 180 days	6 349	30 152
Between 180 days and 360 days	6 346	9 162
More than 360 days	10 358	20 378
Total trade receivables	166 445	188 127

Change in Provision for Trade receivables

	in thousand EUR	
	31.12.2022	31.12.2021
Allowances on trade receivables - Opening balance	-34 139	-32 033
Net addition with impact on income statement	-6 910	-8 672
Losses on trade receivables	7 843	6 566
Allowances on trade receivables - Closing balance	-33 206	-34 139

For terms and conditions relating to related parties receivables, refer to Note 12.

Trade receivables are non-interest bearing and are generally paid via direct debits (62% of service revenues are collected by direct debit). Trade receivables which are not paid via direct debits bear mainly a payment term of 30 days end of month.

The Group is not dependent on any major customers, none representing more than 10% of the company's consolidated revenues. The customer risk is spread over more than 3 million customers.

Total Trade receivables amounted to 166.4 million euros at the end of 2022, compared with 188.1 million euros at the end of 2021. The decrease in trade receivables –gross value can mainly be explained by the resolution of roaming discount disputed and collected during 2022.

Allowance for doubtful debtors – closing balance at year end 2022 – decreased to 33.2 million euros. This decrease has been partially driven by the recovery of fully depreciated receivable on the Police and Court domain of activity

Impairment of trade receivables is based on three methods:

- A collective statistical method: this is based on historical losses and leads to a separate impairment rate for each aging balance category. This analysis is performed over a homogenous group of receivables with similar credit characteristics because they belong to a customer category (mass-market, small offices and home offices);
- A stand-alone method: the assessment of impairment probability and its amount are based on a set of relevant qualitative factors (ageing of late payment, other balances with the counterparty, rating from independent agencies, ...). This method is used for carriers and operators (national and international), local, regional and national authorities; and
- A provisioning method based on anticipated loss: IFRS 9 requires recognition of expected losses on receivables immediately upon recognition of the financial instruments. In addition to the pre-existing provisioning system, the Group applies a simplified approach of anticipated impairment at the time the asset is recognized. The percentage applied depends on the maximum revenue non-recoverability rate.

The costs related to bad debts decreased to 6.9 million euros in 2022 (compared to 8.7 million euros in 2021).

Since 2017, Orange Belgium S.A. entered into a factoring program with Belfius Commercial Finance. The eligible trade receivables were related to the top 400 B2B Airtime debtors (factored receivables around 1.5 million euros as at 31 December 2022).

Other assets

	in thousand EUR	
	31.12.2022	31.12.2021
Advances and downpayments	2 694	1 992
Security deposits paid	720	701
Other	5 753	5 732
Total other assets	9 167	8 425
o/w other non-current assets	720	701
o/w other current assets	8 447	7 724

Note 3: Expenses, prepaid and inventory

Direct costs

	in thousand EUR	
	31.12.2022	31.12.2021
Purchase of material	-185 867	-185 409
Other direct costs	-381 269	-376 851
Impairment loss on trade and other receivables, including contract assets	-6 910	-8 672
Total direct costs	-574 046	-570 932

The direct costs in 2022 remained stable (increased by 0.5%) year-on-year and amount to 574.0 million euros compared to 571.0 million euros a year earlier.

Purchase of material

The costs related to the purchase of material remained stable (increased by 0.2%) year-on-year and amount to 185.9 million euros in 2022.

Other direct costs

The other direct costs mainly consisting of interconnection costs, commissions, content and connectivity costs increased slightly by 0.6% year-on-year.

Interconnection costs

Interconnect expense decreased by 11.7 million euros to 189.4 million euros. Roaming cost increased by 10.7 million euros mainly due to more data traffic done by our travelling customer. SMS interconnect costs decreased by 10.1 million euros due to less traffic. Voice interconnect costs decreased by 12.3 million euros largely due to the continued effect of new regulation applicable since July 2021 (decrease in Mobile and Fixed Termination Rate).

Commissions

Commission expenses decreased by 4.3 million euros in 2022 to 26.8 million euros, due to lower commissions paid to retail partners, in line with the decrease of partner number.

Content costs

Orange Belgium's television content strategy is primarily based on developing partnerships with rights holders and service publishers. Orange Belgium is mainly focused on its role of aggregating and distributing content to offer improved services to its customers. The costs regarding television content amount to 33.4 million euros in 2022 compared to 31.1 million euros in 2021 resulting from the customer base increase.

Connectivity

Connectivity costs increased by 17.6 million euros in 2022 to 116.1 million euros. This is the result of the increase in wholesale access fees related to the convergent Love offer and the continuous growth of our customer base.

Impairment loss on trade and other receivables, including contract assets

The costs related to bad debts amount to 6.9 million euros in 2022 compared to 8.7 million euros in 2021.

Prepaid expenses

	in thousand EUR	
	31.12.2022	31.12.2021
Prepaid supplies and services	2 927	3 513
Prepaid spectrum fees	0	1 462
Total Prepaid expenses	2 927	4 975

The prepaid supplies and services decreased by 2.1 million euros compared to 2021, mainly related to 5G down payments at Orange Luxembourg.

Inventories

	in thousand EUR	
	31.12.2022	31.12.2021
Gross inventories	27 870	25 676
Depreciation	-2 377	-1 652
Total Inventories	25 493	24 024
Inventories - Cost recognized as an expense during the period	-183 961	-182 856

The increase in Gross inventories is mainly explained by the out of stocks for some references related to the worldwide electronic component crisis noted at the end of 2021.

The reserve for obsolete and slow-moving items (2.3 million euros) slightly increased in 2022 compared to 2021.

Trade payables and other current liabilities

	in thousand EUR	
	31.12.2022	31.12.2021
Trade payables	223 860	258 822
Salaries and termination pay	2 825	2 527
Performance and profit-sharing bonus, pensions	9 569	9 435
Social security contributions	5 876	6 099
Holiday pay	18 527	15 698
Other	244	352
Current employee benefits	37 041	34 110
Current restructuring provisions	2 105	1 127
Other current liabilities	7 096	7 082
Current tax payables	13 322	10 653
Deferred income	996	191

Trade payables are non-interest bearing and are generally settled on 30 to 60-day terms. The trade payables decreased by 35.0 million euros compared to 2021, mainly related to lower outstanding payables at year end for a number of suppliers due to late payment runs. The change in legislation related to the payment terms applicable in B2B since beginning of 2022 has also had an impact by reducing the average payment terms for Belgian suppliers.

Total amount of trade payables in the reverse factoring program with BNP Paribas amounted to 26.9 million euros as at 31 December 2021. This program has been stopped during the year 2022.

Current employee benefits increased by 2.9 million euros in 2022 and is mainly due to the increase in holiday pay provision boosted by the inflation rate to be applied on salaries paid in 2023.

Other current liabilities are made of provisions for litigation, down payments received from customer and operating subsidies received but not used yet at year end.

As a consequence of the law of 18 December 2015, minimum returns are guaranteed by the employer as follows:

- for the contributions paid as from 1 January 2016, a new variable minimum return based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. In view of the low rates of the OLO in the last years, the return has been initially set to 1.75%;
- for the contributions paid until end December 2015, the previously applicable legal returns (3.25% and 3.75% respectively on the employer and employee contributions) continue to apply until retirement date of the participants.

In view of the minimum returns guarantees, those plans qualify as Defined Benefit plans.

In order to make sure that the defined contribution pension plan in force guarantees the participants the minimum return required by law at the date of departure, Orange Belgium ordered a complete actuarial computation under the Projected Unit Credit (PUC) method. The actuary performed projections according to a pre-defined methodology and with certain assumptions. This report indicates that the accumulated reserves are sufficient to cover any deficit and this for all scenarios. As a consequence, as of 31 December 2022, no provision has been recognized. As Orange Belgium S.A. has no unconditional right to a refund or a reduction in future cash contributions no asset has been recognized either.

Please find below a reconciliation of the opening to the closing balance of the net defined benefit asset for Orange Belgium S.A.:

Movement in net defined benefit (asset) liability

				in thousand EUR
	Defined benefit obligation	Fair value of plan assets	Effect of asset ceiling	Net defined (asset) liability
Balance at 1 January 2022	170 419	-173 160	-2 741	0
Included in profit or loss				
Current service cost	1 089			
Past Service credit				
Interest cost (income)	2 118	-2 187		
Total				
Included in OCI				
Actuarial loss (gain)				
Return on plan assets excluding interest income		50 394		
Increase (decrease) due to effect of any business combinations / divestitures / transfers	6 351	-6 184		
Effect of changes in financial assumptions and experience adjustments	-52 479			
Total				
Other				
Contributions paid by the employer	4 254	-4 254		
Benefits paid	-1 813	1 963		
Total				
Balance at 31 December 2022	129 939	-133 428	-3 489	0

in thousand EUR

	Defined benefit obligation	Fair value of plan assets	Effect of asset ceiling	Net defined (asset) liability
Balance at 1 January 2021	174 024	-176 713	-2 689	0
Included in profit or loss				
Current service cost	1 189			
Past Service credit				
Interest cost (income)	1 555	-1 604		
Total				
Included in OCI				
Actuarial loss (gain)				
Return on plan assets excluding interest income		7 111		
Effect of changes in financial assumptions and experience adjustments	-8 409			
Total				
Other				
Contributions paid by the employer	4 647	-4 647		
Benefits paid	-2 587	2 693		
Total				
Balance at 31 December 2021	170 419	-173 160	-2 741	0

The contributions paid during 2022 for those plans amounted to 4.3 million euros paid by the employer and 1.1 million euros paid by the employees. The plan assets at 31 December 2022 consisted of 145.1 million euros individual insurance reserves, which benefit from a weighted average guaranteed interest rate of 3,37 %, and 5.0 million euros reserves in collective financing funds.

The current restructuring provisions slightly increased to 2.1 million euros in 2022.

The current tax payables are related to the tax calculation of the current year and increased in 2022 (see also Note 6 – Operational taxes and levies).

Labour costs (excluding termination benefits)

Labour costs increased by 5.7% to 157.0 million euros in 2022, compared to 148.6 million euros a year ago. This increase has been mainly driven by inflation.

Indirect costs

in thousand EUR

	31.12.2022	31.12.2021
Commercial expenses	-28 521	-33 789
Other IT and network expenses	-103 872	-97 359
Property expenses	-11 055	-8 508
General expenses	-62 782	-63 587
Other indirect income	33 177	28 848
Other indirect costs	-56 948	-60 177
Depreciation of right-of-use assets	-53 712	-54 085
Total indirect costs	-283 713	-288 656
of which operational taxes and fees	-27 301	-25 783

The indirect costs decreased 1.7% year-on-year to 283.7 million euros in 2022 compared to 288.7 million euros in 2021.

The commercial expenses decreased by 5.3 million euros in 2022 mainly due to lower CRM costs driven by lower volumes combined with fewer media campaigns.

Other IT and network expenses increased by 6.7% year-on-year mainly due to more network energy costs partially offset by costs efficiencies.

Property expenses increased 29.9% year-on-year mainly explained by more energy costs on buildings and by inflation.

General expenses remained stable.

Other indirect income increased by 4.3 million euros year-on-year, mainly due to positive outcome of litigation files and increased insurance revenues.

Changes in other indirect costs can mainly be explained by increase in the provision for pylon taxes, using best estimate assumptions based on the evolution of the regional tax framework, of the different court cases and of the new tax bills received by Orange Belgium S.A. during 2022 compensated by a decrease in spectrum fees. For the later, the annual fees conditions defined in the Royal Decrees related to the spectrum licenses granted in 2022 resulted into eligibility of those cost for capitalization instead of a recognition in operating costs up to end of 2021.

Other restructuring costs

In 2022 Orange Belgium booked restructuring costs for 11.0 million euros out of which 2.8 million euros are costs related to acquisition and integration.

In 2021 Orange Belgium booked redundancy costs for 4.0 million euros. No costs related to acquisition and integration were recorded.

Note 4: Goodwill

Goodwill

	31.12.2022			31.12.2021		
	Acquisition Value	Accumulated impairment losses	Net carrying amount	Acquisition Value	Accumulated impairment losses	Net carrying amount
Orange Communications Luxembourg S.A.	68 729	-17 865	50 864	68 729	-17 865	50 864
Other goodwill	53 547	-37 370	16 177	53 547	-14 937	38 610
Total goodwill	122 276	-55 235	67 041	122 276	-32 802	89 474

Orange Communications Luxembourg S.A.

The acquisition of Orange Communications Luxembourg S.A. was completed in two phases. 90% of the shares were acquired on 2 July 2007. The remaining 10% were acquired on 12 November 2008. The reported goodwill is fully allocated to the segment "Luxembourg".

Impairment test on this goodwill is performed at least at the end of each financial year to assess whether its carrying amount does or does not exceed its recoverable amount.

The key operating assumptions used to determine the value in use are common across the Group's business segments. These assumptions include:

- key revenue assumptions, which reflect market level, penetration rate of the offerings and market share, positioning of the competition's offerings and their potential impact on market price levels and their transposition to the Group's offerings bases, regulatory authority decisions on pricing of services to customers and on access and pricing of inter-operator services, technology migration of networks, competition authorities' decisions in terms of concentration or regulation of adjacent sectors such as cable;
- key cost assumptions, on the level of marketing expenses required to renew product lines and keep up with competition, the ability to adjust costs to potential changes in revenues or the effects of natural attrition and committed employee departure plans;
- key assumptions on the level of capital expenditure, which may be affected by the roll-out of new technologies, by decisions of regulatory authorities relating to licenses and spectrum allocation, mobile network coverage, sharing of network elements or obligations to open up networks to competitors.

For Orange Communications Luxembourg S.A. cash flows have been estimated on a five-year business plan (2023 to 2027) approved by the Strategic Committee. The management of Orange Communications Luxembourg foresees a progressive increase of adjusted EBITDA over the period as the result of (i) a continuous top line growth coming both from an increase in market share and churn reduction, and (ii) the increase in the direct margin mainly linked to the terminal sales activities which overcompensate the increase of indirect costs related to salaries and energy costs. More precisely, the management ambitions a turnaround over this 5-year period with a 1.80% (compared to 3.90 % last year) and 1.5 % (compared to 6.98 % last year) compounded annual growth rate (CAGR) of revenues and adjusted EBITDA respectively, while capital expenses are expected to increase by 1.2% (compared to a decrease of 0.48% last year).

Considering a perpetuity growth rate of 1.25% (compared to 1.0% in 2021) and a WACC of 6.25% (identical to 2021), those assumptions would result in a positive amount.

Sensitivity of recoverable amounts

A sensitivity analysis on those parameters was performed, using a growth rate varying from 0.25% to 2.25% and a discount rate varying from 5.25% to 7.25%.

Because of the correlation between operating cash flow and investment capacity, sensitivity of net cash flow is used. Cash flow for the terminal year representing a significant portion of the recoverable amount, a change of plus or minus 10% of this cash flow is presented in case sensitivity.

31 December 2022:

- Headroom compared to the carrying value tested: 36.1 million euros
- Effect on the headroom as a result of a variation of:
 - 10% (increase/decrease) in cash flow of terminal year: +/-9.5 million euros
 - 1% increase in growth rate to perpetuity: + 26.1 million euros
 - 1% decrease in growth rate to perpetuity: -17.4 million euros
 - 1% increase in discount rate: -19.6 million euros
 - 1% decrease in discount rate: + 29.5 million euros

Other goodwill

This corresponds to:

Mobistar Affiliate S.A.

The acquisition of Mobistar Affiliate S.A. was completed in two phases: initial purchase of 20% shares in April 1999 and purchase of the remaining 80% shares in May 2001. The goodwill resulting from the acquisition amounts to 10.6 million euros.

The reported goodwill is fully allocated to the segment “Belgium” (see Segment information).

Mobistar Enterprise Services S.A.

The goodwill of Mobistar Enterprise Services S.A. resulting on the acquisition on 1 April 2010 and adjusted on 31 March 2011 amounts to 793 thousand euros.

The reported goodwill is fully allocated to the segment “Belgium” (see Segment information).

A&S Partners S.A.

A&S Partners S.A. was acquired as of 30 September 2017 by Orange Belgium S.A for a total consideration of 5.0 million euros. The purchase concerned 100% of the shares. A total amount of 4.8 million euros has been allocated to goodwill for the segment “Belgium” (see Segment information).

Upsize N.V. – BKM N.V.

Upsize N.V. was a holding company that was acquired on 31 July 2019. The purchase concerned 100% of the 60,000 shares of Upsize N.V. Upsize N.V. included BKM N.V. (100% owned) and CC@PS BV (100% owned by BKM N.V.) and is a nationwide ICT integrator and a pioneer in cloud UCC solutions. It has a solid track-record in the SME and CMA markets in Belgium and works in four areas of expertise: Unified Communications & Collaboration (UCC) solutions; IT & security solutions; Document & Visual solutions; and Connectivity solutions.

Orange Belgium accounted for the Upsize N.V. acquisition using the acquisition method, whereby the total purchase price of 51,6 million euros was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. The purchase price allocation has been finalized and recorded in the books on 30 June 2020. It resulted into the recognition of the fair value of the intangible assets (19.0 million euros) fully related to the acquired customer relationships (18.0 million euros) and the Voxx-Telepo software platform (1.0 million euros). Together with the deferred tax impact of the above-mentioned adjustment (4.7 million euros), and a goodwill of 37.4 million euros. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group’s existing business. As a result, the final goodwill arising from the acquisition is fully allocated to the segment “Belgium” (see Segment information).

Since Upsize N.V. is considered to be generating largely independent cash inflows and the integration in Orange Belgium S.A. is not fully completed, impairment test on this goodwill is performed at least at the end of each financial year to assess whether its carrying amount does or does not exceed its recoverable amount. Although Upsize N.V. was merged into Orange Belgium S.A. on 1 July 2022, the above conclusion on the cash flow generation remains valid.

The key operating assumptions used to determine the value in use are common across the Group's business segments. These assumptions include:

- key revenue assumptions, which reflect market level, penetration rate of the offerings and market share, positioning of the competition's offerings and their potential impact on market price levels and their transposition to the Group's offerings bases;
- key cost assumptions, on the level of marketing expenses required to renew product lines and keep up with competition, the ability to adjust costs to potential changes in revenues or the effects of natural attrition and committed employee departure plans;
- key assumptions on the level of capital expenditure, which may be affected by the roll-out of new technologies.

The 2.5-year health crisis had a major impact on BKM operations. It has severely slowed down the sale and deployment of projects. The expected growth has not been achieved due the impact by mandatory "work from home" policies postponing office ICT investment. Moreover, the high pressure on the labor ICT market had also an impact on the capability for BKM to reinforce its sales team in 2022. The company has also suffered from the lack of availability of technical components reducing its capacity to deliver material to the customers. Despite close cost monitoring, margins have been also set under pressure.

The cash flows have been estimated on a five-year business plan (2023 to 2027) approved by the Strategic Committee. The management of BKM N.V. foresees a progressive increase of adjusted EBITDA over the period as the result of (i) a continuous and sustained top line growth coming both from an increase in market size and market share, and (ii) the continuation of its enhanced transformation program with a tight control of operating expenses. More precisely, the management ambitions a turnaround over this 5-year period with a compounded annual growth rate (CAGR) of revenues of 3.8% for BKM Group and an EBITDA growth rate in the terminal value of 3.7% for BKM Group, while capital expenses are expected to amount to 0.5 million euros each year for BKM.

Considering a perpetuity growth rate of 1.5% and a WACC of 9.75% those assumptions resulted in an impairment of 22.4 million euros. After the impairment test performed at year end 2021, the goodwill was reduced by 14.9 million euros.

Sensitivity of recoverable amounts

A sensitivity analysis on those parameters was performed, using a growth rate varying from 0.5% to 2.5% and a discount rate varying from 8.75% to 10.25%.

Because of the correlation between operating cash flow and investment capacity, sensitivity of net cash flow is used. Cash flow for the terminal year representing a significant portion of the recoverable amount, a change of plus or minus 10% of this cash flow is presented in case sensitivity.

31 December 2022:

- There is no headroom anymore compared to the carrying value tested as this corresponds to the recoverable amount as estimated at year end 2022.
- Effect on the headroom as a result of a variation of:

- 10% (increase/decrease) in cash flow of terminal year:	+/-1.2 million euros
- 1% increase in growth rate to perpetuity:	+ 1.6 million euros
- 1% decrease in growth rate to perpetuity:	-1.3 million euros
- 1% increase in WACC:	-1.7 million euros
- 1% decrease in WACC:	+ 2.2 million euros

Annual impairment test segment "Belgium"

Impairment test on the goodwill allocated to the segment "Belgium" is performed at least at the end of each financial year to assess whether its carrying amount does not exceed its recoverable amount. Estimating the fair value less costs to sell will take into account Orange Belgium's share price as quoted on the stock exchange.

Concerning the goodwill of the segment "Belgium", when considering the relationship between the market capitalization and the net assets of the Group as at 31 December 2022, the market capitalization was higher than the net book value. For the purpose of this impairment test, we only considered the net assets of Orange Belgium and the Belgian subsidiaries and corrected the market capitalization of Orange Belgium S.A. with the calculated VIU value of Orange Communications Luxembourg S.A.

Note 5: Other intangible assets and property, plant and equipment

Depreciation and amortization

The depreciation and amortization charge (including impairment of fixed assets) for the year was 247.6 million euros, down by 33.2 million euros compared to 2021. In 2021 an important acceleration of depreciation was recorded to consider the change in usage period for the sites included in the ran-sharing project foreseeing a decommissioning process of those sites over the year next 3 years.

Accelerated depreciations of fixed assets

The changes in useful life on intangible assets and property, plant and equipment recognized during the year were determined on an asset-by-asset basis in order to consider technology and IT evolution. Obsolescence, dismantling or losses are also considered in this exercise.

During 2022, the change in useful life and/or recognized impairment charges on property, plant and equipment totals 18.9 million euros (compared with 53.4 million euros in 2021) and shown as expense on the line "Depreciation and amortization" and "impairment of fixed assets" in the statement of comprehensive income.

Impact can be split as such:

- 14.0 million euros for the project RAN sharing with Proximus including Sites dismantling & RAN material radio swapped from Huawei to Nokia (as a result of the RAN sharing agreement between Orange Belgium and Proximus, which contains a plan for the dismantling of 1,536 of Orange Belgium's sites till the end of 2025). Last year the impact was 46.9 million euros.
- 1.4 million euros for Sleeping stock concerning our Network material in the DHL stock
- 1.4 million euros for SOX Inventory MES
- 0.4 million euros for Shops closing
- 0.9 million euros for IT software
- 0.8 million euros for other type of retirement

Other intangible assets

	in thousand EUR	
	31.12.2022	31.12.2021
Net book value of other intangible assets in the opening balance	247 439	249 978
Acquisitions of other intangible assets	615 027	79 337
Depreciation and amortization	-92 494	-81 682
Reclassifications and other items*	14 654	-194
Net book value of other intangible assets in the closing balance	784 626	247 439

* Since 2022 and due to a change in telecom licenses fee structure, the net present value of the yearly fixed amounts of spectrum fees to be paid over the license period is included in the acquisition cost of the licenses. A corresponding liability has been recorded in current and non-current fixed assets payable.

Acquisition of other intangible assets are mainly telecommunication licenses (556.9 million euros), software (54.8 million euros) and internal generated software development costs (3.3 million euros).

	in thousand EUR			
31.12.2022	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value
Telecommunication licenses	702 735	-81 779	0	620 956
Brand	4 172	0	-4 172	0
Subscriber bases	29 139	-17 316	0	11 823
Software	658 124	-529 130	0	128 994
Other intangible assets	153 724	-130 871	0	22 853
Total	1 547 894	-759 096	-4 172	784 626

	in thousand EUR			
31.12.2021	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value
Telecommunication licenses	151 967	-64 631	0	87 336
Brand	4 172	0	-4 172	0
Subscriber bases	29 139	-15 520	0	13 619
Software	608 154	-488 421	0	119 733
Other intangible assets	150 883	-124 131	0	26 752
Total	944 314	-692 703	-4 172	247 439

Telecommunication and other licenses held by Orange Belgium S.A.

Type of Licence	Acquisition cost	Net book value end 2022	Net book value end 2021	Useful life in months	Remaining months	Start depreciation period
4G	20 020	8 020	9 844	End June 2027	53	June 2016
800 MHz	120 000	66 035	72 092	238	131	February 2014
License 3G 2 nd Renewal 6 months	3 700	0	1 510	6	0	September 2021
License 2G 2 nd Renewal 6 months (1)	7 189	0	2 935	6	0	September 2021
License 3G 3 rd Renewal 6 months (1)	3 700	0	0	6	0	March 2022
License 2G 3 rd Renewal 6 months (1)	7 189	0	0	6	0	March 2022
License 3G renewal 4 Months (1)	2 158	0	0	4	0	September 2022
License 2G renewal 4 Months (1)	4 193	0	0	4	0	September 2022
License 5G 3600 Mhz (2)	55 308	54 261	0	212	208	September 2022
License 5G 700 Mhz (2)	122 860	120 807	0	240	236	September 2022
License 800 Mhz (3)	17 542	16 070	0	144	132	January 2022
License 2600 Mhz (3)	5 897	4 825	0	78	66	January 2022
License 700 Mhz (3)	23 398	23 007	0	240	236	September 2022
License 3600 Mhz (3)	11 386	11 171	0	212	208	September 2022
License 900/1800/2100 Mhz (2) (3)	214 187	214 187	0	240	240	January 2023
License 1400 Mhz (2) (3)	89 135	89 135	0	240	240	June 2023
BKM PPA - unused perpetual licenses Voxx	1 058	913	955	300	259	August 2019
Total	708 920	608 431	87 336			

Telecommunication licenses acquired by Orange Belgium S.A. during 2022:

The two extensions of the licenses for short periods of respectively 6 and 4 months (1) are a result of a government decision with the intention of bridging the period until the final spectrum auction will take place. These auctions took place during 2022 as follows:

- On 14 January 2022, the BIPT published the call for candidates for the auction on the allocation of new 5G spectrum (700 MHz, 1400 MHz, 3600 MHz) and the renewal of the existing 2G and 3G spectrum (900MHz, 1800 MHz, 2100MHz).
- New spectrum allocations: 700, 3600 and 1400 MHz.

The auctions for the core 5G frequency bands ended on 20 June 2022. Orange obtained 2x10 MHz in the 700 MHz frequency band and 100 MHz in the 3.6 GHz frequency band, for a total of €178 million. The commencement date was 1 September 2022 for a period of 20 years for 700 MHz and until May 2040 for the 3.6 GHz band.

On 20 July 2022 the supplemental auction to allocate 90 MHz of spectrum in the 1400 MHz frequency band for a 20-year term ended. Orange obtained 30MHz for a price of €70 million. The spectrum was finally allocated on 16 November 2022 with a commencement date on 1 July 2023. The Company determined that the rights acquired under the 2022 auction procedures, that will only become available for use as of 1 July 2023, meet the definition and recognition criteria of intangible assets under IAS 38 Intangible Assets as per 31 December 2022. Amortization will start accordingly to the availability for use on 1 July 2023.

- Renewal of existing spectrum attributions: 900, 1800 and 2100 MHz.

Concerning the licenses in the 900 MHz, 1800 MHz and 2100 MHz bands, which expired in March 2021, the BIPT granted successive temporary rights of use in these bands for a period of six months. The last decision of 13 September 2022 granted temporary rights until the end of 2022.

In the auction, that ended June 20, 2022, Orange Belgium obtained 2 X 10 MHz in the 900 MHz band, 2 X 15 MHz in the 1800 MHz band, and 2 X 15 MHz in the 2100 MHz band.

The spectrum was finally allocated on 16 November 2022 with a commencement date on 1 January 2023. The Company determined that the rights acquired under the 2022 auction procedures, that will only become available for use as of 1 July 2023, meet the definition and recognition criteria of intangible assets under IAS 38 Intangible Assets as per 31 December 2022. Amortization will start accordingly to the availability for use on 1 January 2023.

Licenses acquired or granted in 2022 have been capitalized as such:

(2) One off amount paid or to pay at commencement

(3) Net present value of the yearly fixed amounts of spectrum fees to be paid over the license period. A corresponding liability has been recorded in current and non-current fixed assets payable. The net present value corresponds to the discounted value of the fixed amounts of spectrum fee payable over the license period at the discount rate prevailing at the moment of the calculation for the maturity of the debt. As from the booking of the debt, unwinding based on the original discount rate will be recorded in financial expenses and annual payments will be applied against the debt itself.

Internally generated intangible assets include software development costs generated by the Group staff.

Other intangible assets mainly relate to software acquired or developed by external suppliers. They are mainly used for the network applications or for administrative purposes.

The useful lives of intangible assets applied in 2022 remain comparable to those used in 2021.

Investments related to original software acquisition may be fully amortized as well but upgrades of these software, still in use, are not fully amortized. The same applies to the original site's research costs.

Intangible assets are not subject to title restriction or pledges as security for liabilities.

Property, plant and equipment

in thousand EUR		
	31.12.2022	31.12.2021
Net book value of property, plant and equipment in the opening balance	662 770	707 591
Acquisitions of property, plant and equipment	161 890	146 544
Disposals and retirements	0	-20
Depreciation and amortization	-154 055	-197 525
Impairment	-984	-1 444
Reclassifications and other items	-25 021	7 624
Net book value of property, plant and equipment in the closing balance	644 600	662 770

The amount of reclassifications and other items for the financial year 2022 is mainly related to the variation of the dismantling provision as at 31 December 2022 mainly as a result of the combined effect of the decreased dismantling cost per site, and the increase of the discount rate. Refer also to the key assumptions used in the section 'Provision for dismantling'.

in thousand EUR			
31.12.2022	Gross value	Accumulated depreciation and amortization	Net book value
Land and buildings	106 671	-69 980	36 691
Networks and terminals	2 114 842	-1 530 907	583 935
IT equipment	207 180	-189 329	17 851
Other property, plant and equipment	31 606	-25 483	6 123
Total	2 460 299	-1 815 699	644 600

in thousand EUR			
31.12.2021	Gross value	Accumulated depreciation and amortization	Net book value
Land and buildings	103 937	-67 723	36 214
Networks and terminals	2 085 284	-1 485 243	600 041
IT equipment	207 440	-187 373	20 067
Other property, plant and equipment	33 324	-26 876	6 448
Total	2 429 985	-1 767 215	662 770

Provision for dismantling

	in thousand EUR	
	31.12.2022	31.12.2021
Provisions for dismantling in the opening balance	89 721	82 592
Discounting with impact on income statement	2 667	192
Utilizations without impact on income statement	-2 672	-688
Changes in provision with impact on assets	-24 826	7 625
Provisions for dismantling in the closing balance	64 890	89 721
o/w non-current provisions	58 103	80 656
o/w current provisions	6 787	9 065

The key assumptions used to measure the network sites dismantling provision are as follows:

	31.12.2022	31.12.2021
Number of network sites, Orange Communications Luxembourg S.A. incl. (in units)	4 363	4 628
Average dismantling cost per network site	9.9 till 2025 and 14.7 from 2026	14.9
Inflation rate	9.5% for 2023, 4.9% for 2024, 2.7% from 2025	2.0 %
Discount rate	3.099%	0.253 %

Although size and installation on site may slightly vary from site to site, the provision was calculated on an average dismantling cost based on the actual costs incurred in the past for similar activities till 2021. For 2021 those costs were estimated at 14,936. During 2022 a refined typology of sites has been implemented refining the expected dismantling costs per site's type leading to an average of 9.893 euros per sites for the sites dismantled till end of 2025. The value per site amounts to 14,731 euros per site as from 2026. The increase of dismantling costs starting in 2026 is due to the cumulative inflation over the year 2023 to 2025 and the mix of sites typologies that results into a higher average cost of dismantling.

For bigger sites, like MSC's (Mobile Switching Centre), the provision is calculated on the surface area of the sites rented and an average dismantling cost per m² based on past similar experience.

Although it is not feasible to estimate the timing of the cash outflows, all network sites are assumed to be dismantled in the future. Since 2011, the duration of the rental contracts is capped at 15 years. The approach was maintained to evaluate the provision in 2022.

The dismantling provision decreased by 24.8 million euros. This is a combined effect of changes in average dismantling cost per site, an increase of expected inflation and an increase of discount rate.

Network sites dismantling provision is adjusted when there is sufficient objective evidence that future change in technology or in legislation will have an impact on the amount of the provision.

Besides network, the dismantling provision also includes 5.1 million euros of accruals related to buildings, Mobile Switching Centers (MSC's) and Point-of-Presence (POP's).

Current fixed assets payable

Current fixed assets payable are non-interest bearing that are generally settled on 30 to 90 days term and are related to Property, Plant and Equipment investments and, for December 2022, the amounts due for spectrum licenses acquired in 2022. The balance increased compared to last year (256.5 million euros in 2022, compared to 71.7 million euros a year ago), which is explained by the recognition of the amounts due in January 2023 and June 2023 for the spectrum licenses allocated on 16 November 2022 for a total of 194.0 million euros, a decrease in legal payment term evolution (capped at 60 days for Belgian supplier since 1 January 2022) and a decrease of outstanding invoices at year end.

Non-Current fixed assets payable

Non-current fixed assets payable correspond to the discounted value of the fixed amount to be paid over the lifetime of the telecommunication license.

Note 6: Taxes and levies

Income tax in profit and loss statement

	in thousand EUR	
	31.12.2022	31.12.2021
Current income tax	-21 885	-15 114
Deferred tax expense arising to the origination and reversal of temporary differences	-1 569	2 340
Total tax expenses	-23 454	-12 774

The deferred tax expense arising to the origination and reversal of temporary differences amounting to -1.6 million euros consists of temporary differences on fixed assets (1.2 million euros), tax losses carried forward (-0.7 million euros), unrecognized deferred taxes assets (-1.1 million euros) and other temporary differences (-1.0 million euros, mainly consisting of dismantling, other lease liabilities and revenue from contracts with customers).

Relationship between tax expense and accounting profit

	in thousand EUR	
	31.12.2022	31.12.2021
Earnings before income tax	81 613	52 497
Group income tax rate	25.00	25.00
Theoretical income tax	-20 403	-13 124
Effect of difference between local standard rate and Group rate (*)	-63	55
Effect of permanent differences and other reconciling items (**)	-7.406	-6 504
Effect of tax (without base) affecting current tax (***)	3 570	3 913
Effect of tax (without base) affecting deferred tax	848	2 887
Income tax	-23 454	-12 774
Effective tax rate	28.7%	24.3%

* local rate (Orange Communications Luxembourg S.A.= 27.19%) and Group rate (25.00%)

** consisting of non-deductible expenses, effect of application of patent income deduction and permanent differences

*** adjustment on prior years

Tax expenses amounted to 23.5 million euros in 2022 compared to 12.8 million euros in 2021. The effective tax rate came out at 28.7%, which is an increase compared to the effective tax rate of 24.3% in 2021.

The theoretical amount of tax expenses increased by 7.3 million euros in 2022, given the higher earnings before income tax. In 2022, the other non-deductible tax expenses and the losses on investments had a negative impact, partly offset by permanent differences resulting in a net impact of 7.4 million euros (see **). Permanent differences result when an item of income and/or expense is treated differently for book and tax purposes and the different treatment does not reverse in a subsequent year or result in a basis difference (for example: disallowed expenses, effect on tax gain/loss on disposal of investments, asset retirement obligation, amongst others). The effect of permanent differences and other reconciling items equal to -7.4 million euros consists of the impairment of BKM N.V. and Communithings S.A. and the liquidation of Walcom S.A. (-7.1 million euros), disallowed expenses (-2.2 million euros), Asset Retirement Obligation (2.5 million euros), effect of tax credits (-0.7 million euros and other permanent differences (0.1 million euros). Effect of tax (without base) affecting the deferred tax amounted to 0.8 million euros in 2022. This amount mainly includes CIT included in the manual adjustments (1.7 million euros) and a change in allowance for deferred taxes (-1.1 million euros).

A positive impact on the taxable year 2021 was recorded in 2022 for an amount of 5.0 million euros for Innovation Income Deductions, Patent Income Deductions and Investment Deductions (these deduction are considered in the tax expense at the moment they are definitely granted by the tax administration, which happens in most cases in the following year), partly offset by a provision for income tax (-1.2 million euros) (see ***).

Tax position in the statement of financial position

Movements in current tax balances

	in thousand EUR	
	31.12.2022	31.12.2021
Net current tax - opening balance	10 371	4 462
Cash tax payments	-19 211	-9 508
Current income tax expense	21 885	15 114
Changes in consolidation scope, reclassification and translation adjustments	0	303
Net current tax -closing balance	13 045	10 371

Due to the recuperation of carried forward losses, Orange Communications Luxembourg S.A. had no significant current tax expense.

Cash tax payments in 2022 include 18.3 million euros of prepayments for 2022.

Movements in deferred tax balances

	in thousand EUR	
	31.12.2022	31.12.2021
Net deferred taxes - opening balance	-2 759	-5 029
Change in income statement	-1 569	2 340
Change in other comprehensive income	-2 482	-45
Changes in consolidation scope, reclassification and translation adjustments	0	-25
Net deferred taxes - closing balance	-6 810	-2 759

	31.12.2022			31.12.2021		
	Assets	Liabilities	Income statement	Assets	Liabilities	Income statement
Fixed assets	0	2 935	1 211	0	4 146	1 423
Tax losses carryforward	5 061	0	-649	5 710	0	-1 284
Other temporary differences	78 282	86 079	-992	87 076	91 398	2 201
Deferred taxes	83 343	89 014	-430	92 786	95 544	2 340
Unrecognized deferred taxes assets	-1 139	0	-1 139	0	0	0
Netting	-80 601	-80 601	0	-90 986	-90 986	0
Total	1 604	8 413	-1 569	1 800	4 558	2 340

Deferred taxes recorded on Orange Belgium's operations are essentially related to the marked-to-market value of the interest rate swap contracts, to the development costs for intranet sites, to the dismantling assets depreciation and to the depreciation of SIM cards.

The deferred tax asset on carried forward tax losses amounts to 5.1 million euros and is mainly related to Orange Communications Luxembourg S.A. (4.0 million euros) and BKM N.V. (1.1 million euros). A deferred tax asset is only recognized when it is probable that the tax entity will have sufficient future taxable profits to recover them. The recoverability of the deferred tax has been assessed based on the business plans used for impairment testing. This analysis led to the impairment of carried forward tax losses of BKM N.V. for 1.1 million euros.

Current operating taxes and levies payables

The operating taxes and levies payables amounted to 85.8 million euros in 2022 and consist of VAT payables (13.9 million euros); 71.4 million euros taxes charged to pylons and masts - plus default interests calculated at the legal rate; and of 0.4 million euros related to the Settlements with the Walloon Region, and 0.1 million euros related to Spectrum fees payables.

Current operating taxes and levies receivables

The operating taxes and levies receivables amounted to 3.7 million euros in 2022, compared to 9.2 million euros a year ago and mainly consist of the recoverable VAT.

Note 7: Interests in associates

In July 2012, the Group participated in the constitution of IRISnet S.C.R.L. The activity of IRISnet S.C.R.L. started on 1 November 2012. The Group owns 28.16% of IRISnet S.C.R.L. equity. The Group is represented on the Board of Directors by 2 out of 7 seats. This company is consolidated using the equity method. The net result of the year amounts to 390 thousand euros, resulting in a net carrying amount as at 31 December 2022 of 6,151 thousand euros.

Note 8: Financial assets, liabilities and financial result

Financial result

	in thousand EUR	
	31.12.2022	31.12.2021
Financial Costs	-14 132	-3 232
Financial Income	0	0
Total Net Financial Costs	-14 132	-3 232

Net financial result decreased by 10.9 million euros to -14.1 million euros in 2022 which is mainly explained by the costs of guarantee for contract execution paid in the context of VOO acquisition and higher interest expenses related to the deterioration of the net debt situation of the company.

Cash and cash equivalents, financial liabilities

	in thousand EUR	
	31.12.2022	31.12.2021
Cash and cash equivalents		
Cash equivalents	0	-29 778
Cash	-35 896	-23 957
Total cash and cash equivalents	-35 896	-53 735
Financial liabilities		
Intercompany short-term borrowing	104 681	-44
Third parties short-term borrowing	1 116	1 505
Intercompany long-term borrowing	120 794	121 809
Total borrowings	226 591	123 270
Net debt (Financial liabilities - Cash and cash equivalents)	190 695	69 536

The net financial debt at the end of 2022 amounted to 190.7 million euros, an increase of Orange Belgium's net financial debt position by 121.1 million euros compared to 69.5 million euros of net financial debt at the end of December 2021.

At year ended 2022, Orange Belgium is financed through long-term credit facilities granted by Orange Group entities and is thus not directly exposed to adverse changes in market conditions. Combined with the credit facility agreement with Orange SA for an amount of 180 million euros ensured till March 2023 (after which 60 million euros ensured until March 2024) and the refinanced loan with Atlas Services Belgium S.A. for an amount of 120 million euros current funding is ensured until mid-June 2026

A large part of these facilities has been used at the end of December 2022 to finance the payment of the spectrum licenses resulting in a shift from assets to short term financial liability. This short-term liability position will be consolidated into a long-term loan in 2023 once VOO acquisition and the remaining licenses acquired will be paid.

At the end of 2021, Orange Belgium was finance by a Revolving Credit Facility (RCF) between Orange Belgium S.A. and Atlas Services Belgium S.A. for an amount of 120 million euros contracted in March 2021 and presented as long term, with a maturity of 5 years.

Changes in financial liabilities whose cash flows are disclosed in financing activities in the cash flow statement (see 1.3) are presented below:

	in thousand EUR					
Other changes with no impact on cash flows from financing activities	31.12.2021	Cash Flows	Acquisition	Foreign exchange movement	Other	31.12.2022
Intercompany short-term borrowing	44	104 703*			9	104 668
Intercompany long-term borrowing	121 809	-1 404**	0	0	389	120 794
Third party borrowing	1 505	0	0	0	-389	1 116

*In the cash flow statement, the 104.7 million euros are included in the headers "Increase (decrease) of bank overdrafts and short-term borrowings" for an amount of 98.4 million euros related to cash pool variation and "Finance costs, net" for an amount of 6.3 million euros related to transaction costs incurred.

**As per Consolidated Cash flow statement the -1.4 million euros corresponds to debt issuance of 480.1 million euros and debt repayments of -481.5 million euros.

The intercompany short-term borrowing and third-party borrowings are presented in the line current financial liabilities in the consolidated statement of financial position.

Financial risks

Liquidity risk

Orange Belgium's results and outlook could be affected if the terms of access to funding becomes difficult

Orange Belgium is financed through long-term credit facilities granted by Orange Group entities and is thus not directly exposed to adverse changes in market conditions. Combined with the credit facility agreement with Orange SA for an amount of 180 million euros ensured till March 2023 (after which 60 million euros ensured until March 2024) and the refinanced loan with Atlas Services Belgium S.A. for an amount of 120 million euros current funding is ensured until mid-June 2026. In addition, Orange Belgium could evoke other sources of funding such as bank loans or bonds should financing limitations be imposed by the Orange Group. A large part of these facilities has been used at the end of December 2022 to finance the payment of the spectrum licenses resulting in a shift from assets to short term financial liability. This short-term liability position will be consolidated into a long-term loan in 2023 once VOO acquisition and the remaining licenses acquired will be paid.

Interest rate risk

Orange Belgium's business activities could be adversely affected by interest rate fluctuations

Although Orange Belgium's long-term credit facilities bear interest at variable rates, the exposure to interest rate risk was considered low till end of 2022.

However, in the framework of the provision of funding by Atlas Services Belgium SA for the acquisition of VOO and for the purposes of spectrum purchase, Orange Belgium concluded in 2022 a financing agreement, to be used at VOO closing date, based on floating interest rate. In view of the amount borrowed and the variability of the interest rate, Orange Belgium decided to deploy a hedge strategy. To operationalize this strategy, Orange Belgium entered a framework agreement intended to allow for interest rates hedges related to the credit facility agreement referred to above.

Orange Belgium proposed to use a hedging instrument or pre-hedge to fix all or part of the effect of the variability of the 6-month rate. The instrument chosen is the IRS (Interest Rate Swap) or forward IRS (which corresponds to an IRS with a deferred start). The main conditions of this IRS are interest to be received by Orange Belgium on the basis of the 6-month EURIBOR rate and interest to be paid by Orange Belgium on the basis of the 5-year fixed rate.

The combination of the floating rate loan (paid by Orange Belgium), the floating rate IRS (received by Orange Belgium) and the fixed rate IRS (paid by Orange Belgium), transforms the floating rate loan into a 5-year fixed rate loan.

Credit rating risk

Downgrades of Orange Belgium's credit rating or rating outlook could increase its borrowing costs and/or limit its financing capacity

Orange Belgium is financed through long-term credit facilities granted by Orange Group entities until March 2026. The current funding agreement does not foresee rating-based funding adjustments. As of 31 December 2022, the Net debt / EBITDAaL ratio stood at 0.5x. However, rating downgrades could negatively impact the trading terms that Orange Belgium receives from its suppliers, thus increasing the operational financing needs and overall funding costs.

Counterparty risk on financial transactions

The insolvency or deterioration in the financial position of a bank or other institution with which Orange Belgium has a financial agreement may have a material adverse effect on the company and its financial position

Orange Belgium does not have any derivative exposure with financial institutions nor term deposits. In addition, the credit balances on its bank accounts are very limited given that it is operating a cash pooling structure with automatic sweeping of excess funds to Orange S.A.

However, a default of one of its main banking partners would have a negative impact on its cash management operations. This risk is mitigated by the fact that Orange Belgium's Treasury policy foresees working with at least three different banking partners with an investment-grade rating.

Credit risk

Customer payment defaults could adversely affect Orange Belgium's financial results and liquidity position

Orange Belgium's credit policy foresees that all customers who wish to trade on credit terms are subject to credit verification procedures. If the risk is deemed not acceptable, payment terms are defined as prepayment or cash on delivery.

Orange considers that it has limited concentration in credit risk with respect to trade receivables due to its large and diverse customer base (residential, professional, and large business customers) operating in numerous industries. In addition, the maximum value of the counterparty risk on these financial assets is equal to their recognized net carrying value. An analysis of net trade receivables past due is provided in Note 2.

For loans and other receivables, amounts past due but not provisioned are not material.

Foreign exchange risk

Exchange rate fluctuations could adversely affect Orange Belgium's financial results and liquidity position

Given the mainly local nature of its business Orange Belgium is not exposed to significant foreign currency risk.

General risk management framework

A comprehensive, consistent and integrated risk management approach is in place to capitalize on synergies between Audit, Control and Risk functions at all levels of the organization. This approach is intended to provide reasonable assurance that operating and strategic targets are met, that current laws and regulations are complied with, and that the financial information is reliable.

The most important components of the risk management framework are discussed in detail in section 2 of the Corporate Governance Statement.

Interest-bearing loans and borrowings

in thousand EUR						
	Nominal amount end 2022	Nominal amount end 2021	Interest rate	Maturity	31.12.2022	31.12.2021
Unsecured revolving credit facility agreement with Atlas Services Belgium	120 000	120 000	EURIBOR + 0.69	10.03.2026	120 000	120 000
Long-term loans	7 738	7 738	1.70% - 5.48%	31.03.2024 - 01.08.2036	794	1 809
Total long-term loans and borrowings					120 794	121 809
Cash-pool related credit facility with Orange	0	60 000	EONIA + 0.17	on demand	0	0
Cash-pool related credit facility with Orange	180 000		ESTER + 0.11	on demand	98 405	0
Uncommitted credit lines with various banks	20 900	20 900	determined upon withdrawal	on demand		
Short-term loans	0	3 119	ST within 1 year related to LT loan	31.12.2023	1 116	1 505
Transactions costs on short-term loan					6 276	43
Total short-term loans and borrowings					105 797	1 548

As at 31 December 2022, the Group held hedging derivative financial instruments qualifying for hedge accounting.

Although Orange Belgium's long-term credit facilities bear interest at variable rates, the exposure to interest rate risk was considered low till end of 2022.

However, in the framework of the provision of funding by Atlas Services Belgium SA for the acquisition of VOO and for the purposes of spectrum purchase, Orange Belgium concluded in 2022 a financing agreement, to be used at VOO closing date, based on floating interest rate. In view of the amount borrowed and the variability of the interest rate, Orange Belgium decided to deploy a hedge strategy. To operationalize this strategy, Orange Belgium entered a framework agreement intended to allow for interest rates hedges related to the credit facility agreement referred to above.

Orange Belgium proposed to use a hedging instrument or pre-hedge to fix all or part of the effect of the variability of the 6-month rate. The instrument chosen is the IRS (Interest Rate Swap) or forward IRS (which corresponds to an IRS with a deferred start). The main conditions of this IRS are interest to be received by Orange Belgium on the basis of the 6-month EURIBOR rate and interest to be paid by Orange Belgium on the basis of the 5-year fixed rate.

The combination of the floating rate loan (paid by Orange Belgium), the floating rate IRS (received by Orange Belgium) and the fixed rate IRS (paid by Orange Belgium), transforms the floating rate loan into a 5-year fixed rate loan.

Hedge derivative instruments open at the end of the year 2022 are:

Start Date	End date	Option	Exercise price	Floating rate	Notional Amount
15/05/2023	15/05/2028	IRS	2,7740%	EURIBOR 6 mois	350 000 000
15/05/2023	15/05/2028	IRS	2,8600%	EURIBOR 6 mois	175 000 000

As at 31 December 2021, the Group held no hedging derivative financial instrument qualifying for hedge accounting.

The carrying amount of cash and cash equivalents, trade receivables and other assets, trade payables and other payables is deemed to represent their fair value considering the associated short-term maturity. Other non-current financial assets are measured at amortized costs which are deemed to represent their fair value.

Maturity

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted and exclude contractual interest payments and as well as the impact of netting agreements.

Interests are not included for the non-current financial liabilities due to the revolving nature of the credit facility and variable interest conditions. Borrowings and repayments fluctuate over time, depending on working capital requirements.

in thousand EUR				
Year ended December 2022	Amount	Within 1 year	Within 2-5 years	More than 5 years
Financial assets				
Non-current financial assets	1 370			1 370
Non-current derivatives assets	9 926		9 926	
Trade receivables	166 445	166 445		
Current financial assets	463	463		
Cash and cash equivalents	35 896	35 896		
Financial liabilities				
Non-current financial liabilities	120 794		120 794	
Non-current derivatives liabilities				
Current financial liabilities	105 797	105 797		
Current derivatives liabilities	463	463		
Trade payables	223 860	223 860		
in thousand EUR				
Year ended December 2021	Amount	Within 1 year	Within 2-5 years	More than 5 years
Financial assets				
Non-current financial assets	2 219			2 219
Non-current derivatives assets				
Trade receivables	188 127	188 127		
Current financial assets	417	417		
Current derivatives assets	243	243		
Cash and cash equivalents	53 735	53 735		
Financial liabilities				
Non-current financial liabilities	121 809		121 809	
Non-current derivatives liabilities				
Current financial liabilities	1 461	1 461		
Current derivatives liabilities	243	243		
Trade payables	258 822	258 822		

Sensitivity

As indicated above, the main risk area related to external variable elements is the cost of borrowing. Considering an average long-term debt of 120 million euros in 2022, a 0.5% variation of the floating rate would have 0.9 million euros impact on financing costs. Considering an average long-term debt of 103 million euros in 2021, a 0.6% variation of the floating rate would have a 0.1 million euros impact on financing costs.

Non-current derivatives assets

Non-current derivatives assets amount to 9.9 million euros and correspond to the fair value of financial derivatives instruments set in place in the context of the interests hedging strategy.

Fair value of financial assets and liabilities

The table below is presented according to IFRS 9:

in thousand EUR						
31.12.2022	Classification under IFRS 9 ⁽¹⁾	Book value	Estimated fair value	Level 1 and cash	Level 2	Level 3
Trade receivables	AC	166 445	166 445			166 445
Financial assets		1 370	1 370			1 370
Equity securities	FVR	1 370	1 370			1 370
Financial assets at amortized cost	AC	0	0			0
Cash and cash equivalents		35 896	35 896		35 896	
Cash	AC	35 896	35 896		35 896	
Cash equivalents	AC	0	0		0	
Trade payables	AC	223 860	223 860			223 860
Financial debts	AC	226 591	220 161		0	220 161
Derivatives (net amount)⁽²⁾		-9 926	-9 926			-9 926

1. AC" stands for "amortized cost", "FVR" stands for "fair value through profit or loss"
2. IFRS 9 classification for derivatives instruments depends on their hedging qualification (in 2022, the derivatives qualified as cash flow hedging instruments accounted at 'fair value through equity' instruments)

in thousand EUR						
31.12.2021	Classification under IFRS 9 ⁽¹⁾	Book value	Estimated fair value	Level 1 and cash	Level 2	Level 3
Trade receivables	AC	188 127	188 127		188 127	
Financial assets		2 636	2 636		2 636	
Equity securities	FVR	2 219	2 219		2 219	
Financial assets at amortized cost	AC	417	417		417	
Cash and cash equivalents		53 735	53 735	53 735		
Cash	AC	23 957	23 957	23 957		
Cash equivalents	AC	29 778	29 778	29 778		
Trade payables	AC	258 822	258 822		258 822	
Financial debts	AC	123 270	123 270		123 270	

1. "AC" stands for "amortized cost", "FVR" stands for "fair value through profit or loss"

The financial assets and liabilities measured at fair value in the statement of financial position have been classified based on three hierarchy levels:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: inputs that are observable for the asset or liability, either directly or indirectly;
- level 3: unobservable inputs for the asset or liability.

The fair value of investment securities uses a valuation technique determined according to the most appropriate financial criteria in each case (comparable transactions, multiples for comparable companies, shareholders' agreement, discounted present value of future cash flows).

For financial assets at amortized cost, the Group considers that the carrying amount of cash and trade receivables provide a reasonable approximation of fair value, due to the high liquidity of these elements.

For financial liabilities at amortized cost, the fair value of financial liabilities is determined using the present value of estimated future cash flows, discounted using rates observed by the Group at the end of the period.

The Group considers the carrying value of trade payables to be a reasonable approximation of fair value, due to the high liquidity. The fair value of derivatives is determined using the present value of estimated future cash flows, discounted using the interest rates observed by the Group at the end of the period.

Note 9: Shareholders' equity

Share capital

No changes have taken place during 2022.

	Share capital (in thousand EUR)	Number of ordinary shares (in units)
As at 1 January 2022	131 721	59 944 757
As at 31 December 2022	131 721	59 944 757

All ordinary shares are fully paid and have a par value of 2.197 euros.

Dividends

	in thousand EUR	
	31.12.2022	31.12.2021
Dividends on ordinary shares (paid out in 2022)	0	
Dividends on ordinary shares (paid out in 2021)		-30 007
Total	0	-30 007

The Orange Belgium Group policy is to balance the appropriate cash returns to equity holders with the requirement of maintaining a balanced and sound financial position, while leaving sufficient leeway to continue to invest in its convergent strategy and the build-out of its network. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

Considering the spectrum acquired in 2022 and to be partially paid in 2023 and the balance sheet impact of the acquisition of VOO, the Board of Directors will not propose to the Annual General Meeting of Shareholders on 4 May 2023 to distribute in 2023 a gross ordinary dividend regarding the financial year 2022.

Treasury shares

As a result of the OPA and the ending of the liquidity contract, Orange Belgium Group cancelled 69,657 treasury shares on 23 July 2021. No Treasury shares were held at 31 December 2022 anymore.

Note 10: Commitments and contingencies

Operational activities commitments

	in thousand EUR			
	Total	Less than one year	From one to five years	More than five years
Handsets purchases	248 708	200 825	47 883	0
Other goods and services purchases	91 222	30 077	34 934	26 211
Investment commitments	77 635	77 495	140	0
Operational activities commitments	417 565	308 397	80 957	26 211

Guarantees granted

	in thousand EUR			
	Total	Less than one year	From one to five years	More than five years
Guarantees granted	29 641	1 481	3 785	24 375

In 2022, guarantees granted relate to network performance commitments granted to some corporate customers. No other security (mortgage, pledge or other) has been granted on Orange Belgium assets as at 31 December 2022.

Note 11: (Non)-current provisions

	in thousand EUR				
	31.12.2021	Additions	Utilisations	Reversal	Other effect
Provisions for dismantling	89 721	0	-2 672	0	-22 159
Provisions for litigations	3 529	1 214	-236	-1 945	0
Total provisions	93 250	1 214	-2 908	-1 945	-22 159

	in thousand EUR				
	31.12.2020	Additions	Utilisations	Reversal	Other effect
Provisions for dismantling	82 592	1 240	-688	0	6 577
Provisions for litigations	3 481	226	-160	-19	1
Total provisions	86 073	1 466	-848	-19	6 578

Accruals for dismantling consist of current (6.8 million euros) and non-current provisions (58.1 million euros) (see also Note 5 – Other intangible assets).

Provisions for litigations are recorded in other (non)-current liabilities.

Outstanding litigation

Orange Belgium is engaged in various judicial procedures whereby third-party individuals or entities are claiming repair of damages they claim to have incurred. Each litigation is assessed on an individual basis in order to assess as to whether it is more likely than not that an outflow of resources will be necessary to settle the litigation and ensures that the assumptions to quantify the provisions are valid.

Outstanding claims are built up during the previous years and it can be reasonably assumed that they will be subject to a Court decision or solved by means of a settlement agreement within the coming years.

See Management report, section 6 for detailed information on the disputes.

Network sites dismantling provision

See Note 5 – Other intangible assets and property, plant and equipment.

Waste Electrical and Electronic Equipment

According to the European Directive issued on that subject and to the IFRIC 6 interpretation, Orange Belgium is responsible for the treatment and disposal of any waste electrical and electronic equipment (i.e. network equipment, IT hardware...) acquired on or before 13 August 2005.

Orange Belgium is currently selling its electrical and electronic equipment waste to a WEEE certified third-party supplier at a net selling price which meets all European Directive obligations. The agreement with this supplier also includes Orange Belgium's obligations for the period prior to 13 August 2005. No provision has to be recognized in this respect in Orange Belgium's financial statements.

Note 12: Related parties

Relationships with affiliated enterprises

Balance sheet and income statement

	in thousand EUR	
	31.12.2022	31.12.2021
ASSETS		
Current receivables	-51 663	-33 167
LIABILITIES		
Current interest-bearing loan	104 549	-215
Non-current interest-bearing loan	120 000	120 000
Current trade payables	20 966	36 903
INCOME AND CHARGES		
Sales	53 859	43 828
Purchases	-83 626	-74 850
Interests	-7 434	-833

The ultimate parent entity of Orange Belgium S.A. is Orange S.A., 111 quai du Président Roosevelt, CS 70222, 92449 Issy les Moulineaux Cedex, France.

Related party transactions

	in thousand EUR			
31.12.2022	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	36 781	-44 288	0	
Orange - Cash pool	215	-6 289	-52 856	117 350
Orange Affiliates - Traffic and services	15 659	-22 347	493	8 347
Atlas Services Belgium - Loan	16	-870	13	119 818
Brand fees to Orange S.A.	1 188	-17 266	688	
Total	53 859	-91 060	-51 663	245 515

	in thousand EUR			
31.12.2021	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	30 149	-40 343	-5 033	
Orange - Cash pool		-226	-29 778	29 241
Orange Affiliates - Traffic and services	13 679	-17 738	1 631	7 687
Atlas Services Belgium - Loan		-565	13	119 760
Brand fees to Orange S.A.		-16 811		
Total	43 828	-75 683	-33 167	156 688

Terms and conditions of transactions with related parties

Terms and conditions for the sale and purchase of traffic and services, to the centralized treasury management agreement and to the revolving credit facility agreement are determined on an arm's length basis according to the normal market prices and conditions.

Following the rebranding exercise in 2016, Orange Belgium benefited from a three-year grace period. As from May 2019, a brand fee is charged on a yearly basis by the ultimate parent Orange S.A. which is mainly calculated as a percentage of retail service revenues.

In the context of VOO acquisition, the parent company has issued a guarantee of payment in favor the seller corresponding to the amount of the transaction. No allowance for doubtful debtors on amounts owed by related parties is outstanding at the balance sheet date.

Relationships with Board of Directors members and senior management

	in thousand EUR	
	31.12.2022	31.12.2021
Short-term employees benefits	3 862	3 809
Post-employment benefits	424	444
Other long-term benefits	673	594
Termination benefits	0	0
Total	4 959	4 846

The total remuneration attributed to the Board of Directors (excluding the normal compensation of the CEO which is included in the table above) is as follows:

	in thousand EUR	
	31.12.2022	31.12.2021
Total Remuneration	259	335

Note 13: Liabilities related to contracts with customers and other assets related to contracts with customers

Customer contract net assets and liabilities

	in thousand EUR	
	31.12.2022	31.12.2021
Customer contract net assets	59 918	50 715
Costs of obtaining a contract	11 596	10 938
Costs to fulfill a contract	0	0
Total customer contract net assets	71 514	61 653
Prepaid telephone cards	-14 383	-14 762
Connection fees	-584	-533
Other deferred revenue	-45 321	-40 062
Other customer contract liabilities	-797	-665
Total deferred revenue related to customer contracts	-61 085	-56 022
Total customer contract net assets and liabilities	10 429	5 631

The following tables give an analysis of the balances of customer contract net assets:

	in thousand EUR	
	2022	2021
Customer contract net assets - in the opening balance	50 715	51 889
Business related variations	9 203	-1 174
Changes in the scope of consolidation	0	0
Reclassifications and other items	0	0
Reclassification to assets held for sale	0	0
Customer contract net assets - in the closing balance	59 918	50 715

The change in deferred income on customer contracts (prepaid telephone cards, service access fees and other unearned income) in the statement of financial position is presented below.

	in thousand EUR	
	2022	2021
Deferred revenue related to customer contracts - in the opening balance	56 022	58 968
Business related variations	5 063	-2 946
Changes in the scope of consolidation	0	0
Reclassifications and other items	0	0
Reclassification to assets held for sale	0	0
Deferred revenue related to customer contracts - in the closing balance	61 085	56 022

Trade receivables presented in the consolidated statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract (or group of contracts). This is the case in a bundled offer combining the sale of a mobile phone and mobile communication services for a fixed period, where the mobile phone is invoiced at a reduced price leading to the reallocation of a portion of amounts invoiced for telephone communication services to the supply of the mobile phone. The excess of the amount allocated to the mobile phone over the price invoiced is recognized as a contract asset and transferred to trade receivables as the service is invoiced.

Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted. Recoverability may also be impacted by a change in the legal environment governing offers.

Contract liabilities represent amounts paid by customers to Orange before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not yet transferred, such as contracts payable in advance or prepaid packages.

Customer contract assets and liabilities are presented, respectively, in current assets and current liabilities since they are normal part of the Group's operations.

in thousand EUR		
	2022	2021
Costs of obtaining a contract - in the opening balance	10 938	11 295
Business related variations	658	-357
Changes in the scope of consolidation		
Reclassifications and other items		
Reclassification to assets held for sale		
Costs of obtaining a contract - in the closing balance	11 596	10 938

Where a telecommunications service contract is signed via a third-party distributor, this distributor may receive business provider remuneration, generally paid in the form of a commission for each contract or invoice-indexed commission. Where the commission is incremental and would not have been paid in the absence of the contract, the commission cost is estimated and capitalized in the balance sheet. It should be noted that the Group has adopted the simplification measure authorized by IFRS 15 to recognize the costs of obtaining contracts as an expense when they are incurred if the amortization period of the asset, it would have recognized in respect of them, would not have exceeded a year.

The costs of obtaining fixed-period mobile service contracts are capitalized and released to profit or loss on a straight-line over the enforceable contract term, as these costs are generally incurred each time the customer renews the fixed-period.

There are no costs to fulfil a contract in Orange Belgium S.A.

The following table presents the transaction price assigned to unfulfilled performance obligations as at 31 December 2022. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract. As allowed by the simplification method procedure in IFRS 15, these disclosures are only related to performance obligations with an internal term greater than one year.

		in thousand EUR	
		Total 2022.12	Total 2021.12
Less than one year	Y01	66 542	61 114
Between 1 and 2 years	Y02	21 027	20 087
Between 2 and 3 years	Y03	312	122
Between 3 and 4 years	Y04	63	15
Between 4 and 5 years	Y05		
More than 5 years	Y99		
Total		87 944	81 338

On the allocation of the total contract transaction price to identified performance obligations, a portion of the total transaction price can be allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. We have elected to apply certain available practical expedients when disclosing unfulfilled performance obligations, including the option to exclude expected revenues from unsatisfied obligations of contracts with an original expected duration of one year or less. These contracts are primarily monthly service contracts.

In addition, certain contracts offer customers the ability to purchase additional services. These additional services are not included in the transaction price and are recognized when the customer exercises the option (generally on a monthly basis). They are not therefore included in unfulfilled performance obligations.

Note 14: Lease agreements

In the course of its activities, the Group regularly enters into leases as a lessee. The leases concern the following asset categories:

- Land and buildings
- Network and terminals
- IT equipment; and
- Other

Lease liabilities

As of 31 December 2022, lease liabilities amount to 262.1 million euros, including non-current lease liabilities of 217.5 million euros and current lease liabilities of 44.6 million euros.

	in thousand EUR	
	2022	2021
Lease liabilities – in the opening balance	299 919	304 051
Increase with counterpart in right-of-use	13 517	50 268
Decrease in liabilities following rental payments	-51 645	-51 834
Impact of changes in assessments	-21	-2 566
Reclassification and other items	299	-2 566
Lease liabilities – in the closing balance	262 069	299 919
O/w non-current lease liabilities	217 517	255 251
O/w current lease liabilities	44 553	44 669

The decrease in the lease liability and in the right of use assets balances comes from the low level of lease agreements (new and renewals) signed in 2022 combined with the fact that on going contracts remains cashed out for similar amount as in 2021.

The following table details the undiscounted future cash flows of lease liabilities:

	in thousand EUR						
	31 December 2022	2023	2024	2025	2026	2027	2028 and beyond
Undiscounted lease liabilities	317 809	43 744	35 518	37 374	21 340	17 910	161 923

Right-of-use assets

	in thousand EUR			
31.12.2022	Gross value	Accumulated depreciation	Accumulated impairment	Net book value
Land and buildings	387 341	-139 285		248 056
Networks and terminals	5 688	-4 725		963
IT equipment	3	0	-3	
Other right-of-use	24 301	-12 970	-19	11 312
Total right-of-use assets	417 333	-156 980	-22	260 331

	in thousand EUR			
31.12.2021	Gross value	Accumulated depreciation	Accumulated impairment	Net book value
Land and buildings	407 261	-121 046		286 215
Networks and terminals	5 779	-4 068		1 711
IT equipment	3		-3	
Other right-of-use	21 174	-9 917	-19	11 238
Total right-of-use assets	434 217	-135 031	-22	299 164

	in thousand EUR	
	2022	2021
Net book value of right-of-use assets -in the opening balance	299 164	303 803
Increase (new right-of-use assets)	13 949	54 264
Impact of changes in the scope of consolidation		
Depreciation	-52 942	-54 020
Impairment		-4
Impact of changes in the assessments	-139	-4 879
Reclassifications and other items	299	
Net book value of right-of-use assets -in the closing balance	260 331	299 164

The total expenses relating to short-term leases for which the recognition exemption is applied is very limited

Note 15: Significant accounting policies

1. Summary of significant accounting policies

1.1. Transactions in foreign currencies

On initial recognition in the functional currency, a foreign currency transaction is recorded by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At each balance sheet date, foreign monetary assets and liabilities are translated using the closing rate.

Exchange gains and losses are recognized as operational income and expenses when they are related to the operational activities. Exchange gains and losses are recognized as financial income and expenses only when they are related to the financing activities.

1.2. Business combinations, goodwill and goodwill impairment

Business combinations are accounted for applying the acquisition method:

- the acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration. Subsequent changes in contingent consideration are accounted for either through profit or loss or through other comprehensive income in accordance with the applicable standards;
- if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date;
- Goodwill is the difference between the consideration transferred and the fair value of the identifiable assets and liabilities assumed at the acquisition date and is recognized as an asset in the statement of financial position.

For each business combination with ownership interest below 100%, non-controlling interests are measured:

- either at fair value: in this case, goodwill relating to non-controlling interests is recognized; or
- at the non-controlling interest's proportionate share of the acquiree's identifiable net assets: in this case, goodwill is only recognized for the share acquired.

Acquisition related costs are directly recognized in the income statement during the period in which they are incurred.

When a business combination is achieved in stages, the previously held equity interest is re-measured at fair value at the acquisition date through profit or loss. The attributable other comprehensive income, if any, is recognized on the same basis as would be required if the previously held equity interests would have been disposed.

Goodwill is not amortized but tested for impairment at least annually or more frequently when there is an indication that it may be impaired. Therefore, the evolution of general economic and financial trends, the different levels of resilience of the telecommunication operators with respect to the decline of local economic environments, the changes in the market capitalization values of telecommunication companies, as well as actual economic performance compared to market expectations represent external indicators that are analyzed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 requires these tests to be performed at the level of each Cash Generating Unit (CGU) or groups of CGUs likely to benefit from acquisition-related synergies. To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to the recoverable amount. The recoverable amount of a CGU is its value in use.

Value in use is the present value of the future cash flows expected to be derived from the CGUs. Cash flow projections are based on economic and regulatory assumptions, license renewal assumptions and forecast trading conditions drawn up by the Group's management, as follows:

- cash flow projections are based on five-year business plans;
- cash flow projections beyond that timeframe may be extrapolated by applying a declining or flat growth rate over the next two years (for some CGUs), followed by a growth rate to perpetuity reflecting the expected long-term growth in the market;
- the cash flows obtained are discounted using appropriate rates for the type of business and the countries concerned.

Carrying values of CGUs tested include goodwill, intangible assets with indefinite useful life arising from business combinations and assets with finite useful life (property, plant and equipment, intangible assets and net working capital, including intragroup balances). Net book values are disclosed at the level of the CGUs and groups of CGUs, i.e. including accounting items related to transactions with other CGUs and groups of CGUs.

For a CGU partially owned by the Group, when it includes a portion relating to non-controlling interests, the impairment loss is allocated between the owners of the parent and the non-controlling interests on the same basis as that on which profit or loss is allocated (i.e. ownership interest).

Impairment loss for goodwill is accounted for in the income statement and is never subsequently reversed.

The values in use of the businesses, which are most of the recoverable amounts and which support the book values of long-term assets, are sensitive to the valuation method and the assumptions used in the models. They are also sensitive to any change in the business environment that is different from the assumptions used. Orange Belgium recognizes assets as impaired if events or circumstances occur that involve material adverse changes of a permanent nature affecting the economic climate or the assumptions and targets used at the time of the acquisition. New events or adverse circumstances could conduct Orange Belgium to review the present value of its assets and to recognize further substantial impairment losses that could have an adverse effect on its results.

Impairment test on the goodwill allocated to the segment "Belgium" is performed at least at the end of each financial year to assess whether its carrying amount does not exceed its recoverable amount. Estimating the fair value less costs to sell will take into account Orange Belgium's share price as quoted on the stock exchange.

1.3. Intangible assets

This asset category includes intangible assets with a finite useful life such as the cost of the telecommunication licenses, the cost of network design and development, the cost of purchased and internally generated software.

Intangible assets are measured on initial recognition at cost. The cost includes the purchase price, import duties, non-refundable purchase taxes, after deduction of trade discounts and rebates, and any directly attributable costs of preparing the asset for its intended use, i.e. costs of employee benefits, professional fees and testing costs.

When an acquisition of intangible assets includes a long-term payment plan of fixed amounts (meaning, predictable based on calculation criteria which are not under the control of the entity (no variability depending on the activity) with a certain obligation of payment (expected future minimum payment), the discounted value of the fix amounts over the plan are included in the acquisition costs. This has been the case for the licenses acquired in 2022 for which the structure of the license fees payable over the life time of the licenses includes amounts that are eligible to such a qualification. Consequently, licenses acquired in 2022 have been capitalized as such:

- One off amount paid at the time the license becomes available for use
- Net present value of the yearly fixed amounts of spectrum fees to be paid over the license period. A corresponding liability has been recorded in current and non-current fixed assets payable. This net present value corresponds to the discounted value of the fixed amounts of spectrum fee payable over the license period at the discount rate prevailing at the moment of the calculation over the maturity of the debt. As from the booking of the debt, unwinding based on the original discount rate will be recorded in financial expenses and annual payments will be applied against the debt itself.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. The residual value of intangible assets is assumed to be zero unless the conditions provided for by IAS 38 are met.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The depreciable amount of an intangible asset with a finite useful life is allocated on a linear basis over its useful life. The amortization of the mobile licenses starts when they are ready to operate.

Amortization of the licenses should start when the asset is available for use, i.e. when it is in the location and technical condition necessary for it to be capable of operating in the manner intended by the management, even if the asset is actually not being used. The license will be available for use when the first geographical zone will be declared "ready to launch" by the technical team. The full amount will be amortized on a straight-line basis over its remaining useful life of that date.

The GSM and UMTS licenses have been granted for a period of 15 years (originally) and 20 years respectively. The GSM license renewal for 5 years was terminated in 2021 and replaced twice by short term license renewal for 6 months. These have been extended twice during 2022. The last extension expired on 31 December 2022.

In 2011, the 4G license has been granted for a period of 15 years, till the 1 of July 2027. The 800 MHz license was acquired in November 2013 and is valid for a period of 20 years.

In the auction launched in 2022 on the primary phase, Orange Belgium won a total of 200 MHz of frequencies on the 700 MHz, 900 MHz, 1800 MHz, 2100 MHz and 3600 MHz bands. In the secondary phase of the auction, Orange Belgium won 30 MHz of frequencies in the 1400 MHz band. The rights to use the 700 MHz and 3600 MHz bands started on 1 September 2022 for respectively 20 years and 17 years and 8 months.) The rights of use for the 900, 1800, 2100 MHz bands will begin on 1 January 2023 for a period of 20 years. For 1400 MHz, the availability for use will start on 1 July 2023 for a period of 20 years.

The useful life of acquired and internally generated software is 5 years (network software) or 4 years (non-network software) and their amortization starts when the software is ready for use.

The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Any change in the useful life or in the expected pattern of consumption of the future economic benefits embodied in the asset, is accounted for prospectively as a change in an accounting estimate. The changes in useful life on intangible assets recognized during the year are determined on individual asset basis. Obsolescence, dismantling or losses are also considered in the exercise.

Amortization costs are recorded in the income statement under the heading "Depreciation and amortization of other intangible assets and property, plant and equipment".

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

1.4. Property, plant and equipment

The following items of property, plant and equipment are classified under the tangible assets category: building, network infrastructure and equipment, IT servers and personal computers, office furniture, leasehold improvements, equipment leased to customers.

Upon recognition, tangible assets are measured at cost. The cost includes the purchase price, import duties and non-refundable purchase taxes, after deduction of trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition for it to be capable of operating in the expected manner. The cost of replacing part of an item of property, plant and equipment is recognized as an asset when incurred and if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred. The cost also includes the estimated cost to dismantle the network sites and to refurbish the rented premises when such obligation exists.

The costs related to the installation & activation of the cable and that are directly attributable to bring the asset into working condition for its intended use, are recognized as an asset.

After initial recognition, tangible assets are measured at cost less any accumulated depreciation and impairment losses.

The depreciable amount of a tangible asset is allocated on a systematic and linear basis over its useful life. The depreciation of a tangible asset starts when it is ready to operate as intended.

The useful life of each category of tangible assets has been determined as follows:

- Building	20 years
- Pylons and network constructions	20 years
- Optical fiber	15 years
- Network equipment	5-10 years
- Messaging equipment	5 years
- IT servers	5 years
- Personal computers	4 years
- Office furniture	5-10 years
- Leasehold improvements	9 years or rental period if shorter
- Cable equipment	3-4 years

The residual value and the useful life of a tangible asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for prospectively as a change in an accounting estimate. The changes in useful life on tangible assets recognized during the year are determined on individual asset basis. Obsolescence, dismantling or losses are also considered in the exercise.

The costs related to the activation of the cable also includes the costs related to installation work performed at the customer's location to install the modem and are amortized over three years, based upon stable historical usage data available within the Orange Group.

Depreciation costs are recorded in the income statement under the heading “Depreciation and amortization of other intangible assets and property, plant and equipment”.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is derecognized.

Accelerated depreciation is the depreciation of fixed assets at a faster rate early in their useful lives and is mainly used at Orange Belgium when management decides to take assets out of service early (ex. dismantling of technical sites). The net book value of that asset will then be depreciated over the remaining period (of service).

The asset retirement obligation (ARO) relating to the network sites is measured based on the known term of sites rental contracts, assuming a high probability of renewal upon each renewal date and considering that the entire sites park will be dismantled in the future. The dismantling asset is measured by using appropriate inflation and discount rates.

The Group is required to dismantle technical equipment and restore technical sites.

When the obligation arises, a dismantlement asset is recognized in compensation for the dismantling provision.

The provision is based on dismantling costs (on a per-site basis) incurred by the Group to meet its environmental commitments over the asset dismantling and site restoration planning. The provision is assessed on the basis of the identified costs for the current fiscal year, extrapolated for future years using the best estimate of the commitment settlement. This estimate is revised annually and adjusted where appropriate against the asset to which it relates. The provision is present-discounted.

1.5. Impairment of tangible and intangible items other than goodwill

The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, Orange Belgium makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the income statement in the operating expenses under the heading “Impairment of fixed assets” which also includes the losses on material never deployed on sites, IT project never put in service, site civil works never finally deployed.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

1.6. Borrowing costs

Borrowing costs are capitalized after 1 January 2009. Evaluation of the need to capitalize borrowing costs is made at project level. Up to end of 2008, borrowing costs were recognized as an expense in the period in which they occurred.

1.7. Government grants

A government grant is recognized when there is a reasonable assurance that the grant will be received, and the conditions attached to them are complied with.

When the grant relates to an expense item, it is recognized as income over the period necessary to match on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to the carrying amount of the asset and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

1.8. Taxes

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the acquisition cost of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Operational taxes: IFRIC 21

The IFRIC 21 interpretation was adopted by the European Union in the first semester 2014. It defines the obligating event that gives rise to a liability to pay a levy (as the activity that triggers the levy) and refers to other standards to determine whether the recognized liability gives rise to an asset or expense.

Orange Belgium applies IFRIC 21 in the consolidated financial statements to a limited number of levies whose accounting is modified by the interpretation: property withholding tax, tax on office space, tax on class 1/2/3 sites (hazardous and/or insalubrious sites), sites tax and taxes on advertising boards, panels, etc.

1.9. Inventories

Inventories are assets held for sale in the ordinary course of business, i.e. handsets and accessories.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The measurement of our inventories is determined by the weighted average method. The weighted average unit cost is the total amount that has been paid for the inventory divided by the number of units in the inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.10. Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash deposits with a maximum term of 3 months. Cash and cash equivalents held with financial institutions are measured at nominal value. Banks and intercompany cash pooling overdrafts are classified as short-term financial liabilities.

1.11. Own shares (liquidity contract)

The purchase of own (Orange Belgium) shares or obligations in the framework of a liquidity contract are accounted for as a deduction from equity.

1.12. Long-term provisions

Provisions are recognized when Orange Belgium has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where Orange Belgium expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

The estimate of the dismantling costs regarding the network sites and of the refurbishment costs related to the rented premises is recognized as an item of tangible asset. This estimate is also recognized as a provision that is measured by using appropriate inflation and discount rates.

1.13. Employee benefits

Short-term employee benefits, such as wages, salaries, social security contributions, paid annual leave, profit-sharing and bonuses, medical care, company cars and others are recognized during the period in which the service has been rendered by the employee.

Short-term employee benefits are shown as liabilities as a result of a legal or constructive present obligation and when a reliable estimate of such liabilities can be made.

As a consequence of the law of 18 December 2015, minimum returns are guaranteed by the employer as follows:

- for the contributions paid as from 1 January 2016, a new variable minimum return based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. In view of the low rates of the OLO in the last years, the return has been initially set to 1.75%;
- for the contributions paid until end December 2015, the previously applicable legal returns (3.25% and 3.75% respectively on the employer and employee contributions) continue to apply until retirement date of the participants.

In view of the minimum returns guarantees, those plans qualify as Defined Benefit plans.

In order to ensure that the defined contribution pension plan in force guarantees its participants the minimum return required by law at the date of departure regarding the access, Orange Belgium ordered a complete actuarial computation under the PUC method.

The actuary performed projections according to a pre-defined methodology and with certain assumptions. This report indicates that the accumulated reserves are sufficient to cover any deficit and this for all scenarios. As a consequence, as of 31 December 2022, no provision has been recognized. As Orange Belgium S.A. has no unconditional right to a refund or a reduction in future cash contributions no asset has been recognized neither.

1.14. Leases

Orange Belgium S.A. classifies as a lease, a contract that conveys to the lessee the right to control the use of an identified asset for a given period, including a service contract if it contains a lease component.

Orange Belgium S.A. has defined four major lease contract categories:

1. Land and buildings: these contracts mainly concern commercial (point of sale) or service activity (offices and head office) leases, as well as leases of technical buildings not owned by the Group. Real estate leases entered into in Belgium generally have long terms (between 7 and 11 years).
2. Networks and terminals: the Group is required to lease a certain number of assets in connection with its mobile activities. This is notably the case of lands to be used to install antennas, mobile sites leased from a third-party operator and certain "TowerCos" contracts (companies operating telecom towers). Leases are also entered into as part of fixed wireline access network activities.
3. IT (& network) equipment: this asset category primarily comprises leases of servers and hosting space in datacenters.
4. Other: this asset category primarily comprises leases of vehicles.

There are no real relevant differences in the four categories in the context of IFRS 16, the rules and calculation methods are identical.

Leases are recognized in the consolidated statement of financial position via an asset reflecting the right to use the leased assets and a liability reflecting the related lease obligations. In the consolidated income statement, amortization and depreciation of the right-of-use asset is presented separately from the interest expense on the lease liability. In the consolidated statement of cash flows, cash outflows relating to interest impact operating flows, while repayments of the lease liability impact financing flows.

Finally, Orange Belgium S.A. applies the following authorized practical expedients:

- Exclusion of leases with a residual term expiring within 12 months of the first application date. This practical expedient is applied for all contracts, including those with a tacit renewal clause at the transition date. In applying this practical expedient, the Group calls on its judgment and experience gained in the previous years to determine whether it is reasonably certain to exercise a renewal option, taking account of the relevant facts and circumstances.
- Exclusion of leases of assets with a replacement value of less than approximately 5,000 euros;
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of first-time application; and
- The inclusion in the opening balance sheet of provisions for onerous contracts measured as of 31 December 2018 pursuant to IAS 37, as an alternative to impairment testing of right-of-use assets in the opening balance sheet.

a) Accounting policies Lease Liabilities:

Orange Belgium S.A. recognizes a liability (i.e. a lease liability) at the date the underlying asset is made available. This lease liability is equal to the present value of fixed and fixed in-substance payments not paid at that date, plus any amounts that Orange is reasonably certain to pay at the end of the lease, such as the exercise price of a purchase option (where it is reasonably certain to be exercised), or penalties payable to the lessor for terminating the lease (where the termination option is reasonably certain to be exercised).

Orange Belgium S.A. only takes into account the lease component of lease when measuring the lease liability. For certain asset classes where the lease includes service and lease components, the Group may recognize a single contract classified as a lease (i.e. without distinction between the service and lease component).

Orange systematically determines the lease term as the period during which leases cannot be canceled, plus periods covered by any extension options that the lessee is reasonably certain to exercise and by any termination options that the lessee is reasonably certain not to exercise.

For open-ended leases, Orange Belgium S.A. generally adopts the notice period as the enforceable period. The Group nonetheless assesses, based on the circumstances of each lease, the enforceable period taking account of certain indicators such as the existence of non-insignificant penalties in the event of termination by the lessee. The Group considers in particular the economic importance of the leased asset when determining this enforceable period.

For each contract, Orange Belgium S.A. applies a discount rate determined based on the loan yield specific to each contract, according to its term plus the Group's credit spread if the interest rate can't be readily determined from the contract.

In order to determine the loan yield specific to each contract, Orange Belgium applies the following method:

- Determination of a risk-free rate curve according to the currency and maturity based on government bond yields.
- Application of Orange Belgium S.A.'s credit spread according to the currency and maturity.
- Selection of the applicable rate for each lease contract, corresponding to the average maturity of the contract.

After the lease commencement date, the amount of the lease liability may be reassessed to reflect changes introduced in the following main cases:

- A change in term resulting from a contract amendment or a change in assessment of the reasonable certainty that a renewal option will be exercised, or a termination option will not be exercised;
- a change in the amount of lease payments, for example following application of a new index or rate in the case of variable payments; and
- any other contractual change, for example a change to the scope of the lease or the underlying asset.

b) Accounting policies ROU assets:

A right-of use is recognized as an asset, with a corresponding lease liability. The right-of-use asset is equal to the amount of the lease liability at inception.

Work performed by the lessee and modifications to the leased asset, as well as guarantee deposits, are not components of the right-of-use asset and are recognized in accordance with other standards.

Finally, the right-of-use asset is depreciated in the consolidated income statement on a straight-line basis over the lease term adopted by the Group.

c) Accounting policies Identified assets:

- In certain circumstances, Orange Belgium rents a space to set up an antenna. Most often, the space is a piece of land or a part of a rooftop or balcony etc.... The identified asset is the part of land which is rented per the terms of the lease contract. In most circumstances, the lease contract does not allow the owner of the space to substitute it by another one. Consequently, the contracts most often do not include a substitution right to the owner. All benefits from use of the part of the land rented are obtained by Orange Belgium. In certain circumstances, Orange Belgium rents a space on the tower and/or in the shelter from a third-party operator. This space can be defined as a dedicated space, volume or payload in the contract. The contract conveys the right to use an identified asset. The space in the tower and granted by the third-party operator is physically identifiable. Even in the case the space would not be explicitly specified in the contract, it will become identified at the time the spot is made available for Orange Belgium to install its equipment. When the contract allows the owner of the tower to substitute the space which is initially rented by Orange Belgium, this right either is generally exercisable only in very specific cases (security, heightening of the tower...) which cannot be anticipated at the beginning of the contract, or is subject to the pre-approval of Orange. Consequently, this substitution right is deemed not substantive for the supplier. All the economic benefits from use of the space are obtained by Orange Belgium.
- Fixed wireline: these leases mainly concern access to the local loop where Orange is a market challenger (total or partial unbundling), as well as the lease of land transmission cables.
 - Regarding the access to the local loop, the identified asset is the dedicated pair of copper wires installed from the telephone exchange / central office to the customer's premises. In most cases, the purchase order forms explicitly mention the specific pair of copper wires related to Orange. Even if the pair of copper wires is not explicitly specified in the purchase order form, it will become identified when the subscriber's access is granted to Orange by the incumbent. Then Orange is able to connect the pair of copper wires from its own DSLAM to the customer premises set-top box. The full unbundling contracts do not permit any substitution right. All the economic benefits from the use of the dedicated pairs of copper are obtained by Orange. Indeed, Orange has the exclusive use of the dedicated pair of copper wires to deliver retail telecommunication services (voice and broadband) to its final customer in exchange for a subscription fee, which is determined by Orange.

However, as this is not material (only 10 lines are still in use representing a total yearly cost of approximately 2,000 euros) for Orange Belgium S.A., these contracts are not part of the IFRS16 calculation.

- Regarding the lease of land transmission cables, Orange Belgium lease either a specific cable or a capacity portion of a cable.
 - In some cases, the supplier grants Orange Belgium the use of an identified and fully dedicated cable (for example dark fiber cable) for a determined period. Orange Belgium is responsible for directing and operating the dark fiber with its own active network equipment and resources. The identified asset is the dedicated dark fiber installed by the supplier from a point A to a point B. In most cases, the contracts or the purchase order forms explicitly mention the specific dark fiber involved (usually described by an identification number). Even in the case where the dark fiber is not explicitly specified in the purchase order form, it will become identified at the time the access is granted to Orange by the supplier. Then Orange is able to connect its own active equipment to the dedicated dark fiber. Unless a substantive substitution right is properly identified in a contract, Orange considers that the dedicated dark fibers are identified assets. Furthermore, all the

economic benefits from the use of the dedicated dark fiber are obtained by Orange. Indeed, Orange has the exclusive use of the dedicated fiber cable used for core network operations purposes.

- In some cases, the supplier grants Orange Belgium a high-speed access link connecting two geographic points for a determined transmission capacity and period. The supplier is responsible for directing and operating the lines and their maintenance with its own active network equipment and resources. This form of capacity arrangement does not convey the right to use an identified asset. This form of leased lines arrangement (capacity arrangement) only conveys to Orange a right to access a capacity (i.e. a quantity) as mentioned in the offers. This kind of agreement does not fall within the scope of IFRS 16.

1.15. Loyalty commissions

Loyalty commissions earned by the distribution channels on post-paid contracts are recognized upfront upon contract subscription.

1.16. Financial discounts

Financial discounts granted to customers or received from suppliers for early payments are deducted from revenue and costs of sales as incurred.

1.17. Dividend

A dividend declared by the General Assembly of the shareholders after the balance sheet date is not recognized as a liability at that date.

1.18. TV content contracts

Expenses related to acquired TV distribution rights are recognized in the profit and loss statement as incurred and not capitalized as intangible asset and consequently amortized over the term of the contract. The Company believes that it only acquires the distribution right to air a certain channel and has no view or influence on future scheduling and content. As such, there is only a limited ability to predict significant audiences or revenues from future airings, which implies that the acquired TV distribution rights do not meet the requirements to be recognized as an intangible asset under IAS 38.

1.19 Segment reporting

Decisions on allocation of resources and operating segments' performance assessment of Group components are made by the Chief Executive Officer (main operational decision-maker) at operating segments' level, mainly composed by geographical locations. Thus, the operating segments are:

- Belgium; and
- Luxembourg.

The use of shared resources is taken into account in segmental results based either on contractual agreements terms between legal entities, or external benchmarks, or by allocating costs among all segments. The supply of shared resources is included in other revenues of the service provider, and the use of the resources is included in expenses taken into account for the calculation of the service user's EBITDAaL (as from accounting year 2019). The cost of shared resources may be affected by changes in contractual relationships or organization and may therefore impact the segment results disclosed from one year to another.

1.20. Financial instruments

The standard IFRS 9 "Financial instruments" is of mandatory application since 1 January 2018.

IFRS 9 comprises three phases: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement of financial assets and liabilities

The classification proposed by IFRS 9 determines the way assets are recognized and measured. The financial asset classification depends on the combination of the following two criteria:

- the Group's business model for managing financial assets; and
- the contractual cash flow characteristics of the financial asset (whether or not solely payments of principal and interest).

Based on the combined analysis of these two criteria, IFRS 9 identifies three business models:

- Financial assets measured at fair value through profit or loss (FVR)
Certain investment securities which are not consolidated or equity-accounted, and cash investments such as negotiable debt securities and deposits, that are compliant with the Group's risk management policy or investment strategy, may be designated by Orange as being recognized at fair value through profit or loss. These assets are recognized at fair value at inception and subsequently. All changes in fair value are recorded in net financial expenses.

- Financial assets measured at fair value through other comprehensive income that may be reclassified (or not) to profit or loss (FVOCI)

Investment securities which are not consolidated or equity-accounted are, subject to exceptions, recognized as assets at fair value through other comprehensive income that may not be reclassified to profit/loss. They are recognized at fair value at inception and subsequently. Temporary changes in value and gains (losses) on disposals are recorded in other comprehensive income that may not be reclassified to profit/loss.

- Financial assets measured at amortized cost (AC)

This category mainly includes loans and receivables. These instruments are recognized at fair value at inception and are subsequently measured at amortized cost using the effective interest method. If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognized in the income statement when impairment tests demonstrate that the financial asset carrying amount is higher than its recoverable amount. For trade receivables, the provisioning system also covers expected losses.

Assets previously classified as available-for-sale assets and held-to-maturity investments under IAS 39 are now presented in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through other comprehensive income that may be reclassified to profit or loss; and
- financial assets at amortized cost.

Impairment of financial assets

IFRS 9 introduced a new expected loss model for impairment of financial assets. The new standard requires expected credit losses to be taken into account from the initial recognition of financial instruments. In addition to the existing provision system, the Group has elected to apply a simplified approach of anticipated impairment upon asset recognition.

Hedge accounting

Derivative instruments are measured at fair value in the statement of financial position and presented according to their maturity date regardless of whether they qualify for hedge accounting under IFRS 9.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposure.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

The Group designate certain derivatives as hedging instruments to hedge variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interests rates.

At inception of designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also document the economic relationship between the hedged item and the hedge instrument, including whether the changes in cash flows of hedged item and hedging instruments are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of the hedge of changes in the fair value of the derivative is recognized immediately in profit and loss.

If the hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or exercised, then hedge accounting is terminated prospectively. When hedge accounting for cash flow hedged is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit and loss in the same period or periods as the hedge expected future cash flow affect the profit and loss.

If the hedge future cash flows are no longer expected to occur, then the amount that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit and loss.

Interest-bearing loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in income when the liabilities are derecognized as well as through the amortization process.

Trade and other short-term payables

Trade and other short-term payables with no stated interest rate are measured at the original invoice or nominal amount when the effect of discounting is immaterial.

Offsetting a financial asset and a financial liability

Trade receivables and payables are offset and the net amount is presented on the face of the balance sheet when such amounts may legally be offset and a clear intention to settle them on a net basis exists.

1.21 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Most revenue falls within the application scope of IFRS 15 “Revenue from contracts with customers”. Orange’s products and services are offered to customers under service contracts only and contracts combining the equipment used to access services and/or other service offers. Revenue is recognized net of VAT and other taxes collected on behalf of governments.

1. Standalone service offers (mobile services only, fixed services only, convergent service)

Orange Belgium S.A. proposes to Mass market and Corporate markets customers a range of fixed and mobile telephone services, fixed and mobile Internet access services and content offers (TV). Some contracts are for a fixed term (generally 12 or 24 months), while others may be terminated at short notice (i.e. monthly arrangements or portions of services).

Service revenue is recognized when the service is provided, based on use (e.g. minutes of traffic or bytes of data processed) or the period (e.g. monthly service costs).

Postpaid mobile revenues are recognized without reference to actual data or voice usage/allowance. The voice or data allowance or the postpaid tariff plan does not have any impact on the calculation of the transaction price or enforceable period. For limited data offers however, any actual excess data usage is billed and recognized as revenue as incurred.

Under some content offers, Orange may act solely as an agent enabling the supply by a third-party of goods or services to the customer and not as a principal in the supply of the content. In such cases, revenue is recognized net of amounts transferred to the third-party.

Contracts with customers generally do not include a material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the specific scope (e.g. additional consumption, options, etc.) generally reflect their standalone selling prices. Service obligations transferred to the customer at the same pace are treated as a single obligation.

When contracts include contractual clauses covering commercial discounts (initial discount on signature of the contract or conditional on attaining a consumption threshold) or free offers (e.g. three months of subscription free of charge), Orange Belgium SA defers these discounts or free offers over the enforceable period of the contract (period during which Orange Belgium S.A. and the customer have a firm commitment). Where applicable, the consideration payable to the customer is recognized as a deduction from revenue in accordance with the specific terms and conditions of each contract.

2. Separate equipment sales

Orange Belgium S.A. proposes to Mass market and Corporate market customers several ways to buy their equipment (primarily mobile phones): equipment sales may be separate from or bundled with a service offer. When separate from a service offer, the amount invoiced is recognized in revenue on delivery and receivable immediately or in instalment over a period of up to 24 months. Where payments are received in instalments, the offer comprises a financial component and interest is calculated and deducted from the amount invoiced and recognized over the payment period in net finance costs. Such transactions are however limited.

When the equipment sale is combined with a service offer, the amount allocated to the equipment (bundled sale – see below) is recognized in revenue on delivery and received over the service contract.

Where Orange purchases and sells equipment to indirect channels, the Group generally considers that Orange maintains control until final resale to the end-customer (the distributor acts as an agent), even where ownership is transferred to the distributor. Sales proceeds are therefore recognized when the end-customer takes possession of the equipment (on activation).

3. Bundled equipment and service offers

Orange proposes numerous offers to its Mass market and Corporate market customers comprising equipment and services (e.g. a communications contract).

Equipment revenue is recognized separately if the two components are distinct (i.e. if the customer can receive the services separately). Where one of the components in the offer is not at its separate selling price, revenue is allocated to each component in proportion to their individual selling prices. This is notably the case in offers combining the sale of a mobile phone at a reduced price, where the individual selling price of the mobile phone is considered equal to its purchase cost plus a commercial margin based on market practice.

The provision of Modems and decoders (For Internet / TV offers) is neither a separate component of the Cable access service nor a lease, as Orange maintains control of the box and modems.

4. Service offers to carriers (wholesale)

The Group has mainly the following possible types of commercial agreements entered into with Operator customers for domestic wholesale activities and International carrier offers:

- Pay-as-you-go model: contract generally applied to “legacy” regulated activities (roaming, data solution contracts,...), where contract services are not covered by a firm volume commitment. Revenue is recognized as the services are provided (which corresponds to transfer of control) over the contractual term; and
- Send-or-pay model: contract where the price, volume and term are defined. The customer has a commitment to pay the amount indicated in the contract irrespective of actual traffic consumed over the commitment period. This contract category notably includes certain MVNO contracts. The related revenue is recognized progressively based on actual traffic during the period, to reflect transfer of control to the customer. In case MVNO contracts are structured with a minimum commitment, minimum commitments are recognized as revenue unless usage exceeds the minimum commitment.

Specific revenue streams and related recognition criteria are as follows:

Sales of equipment

Sales of equipment to the distribution channels and to the final customers are recognized in revenue upon delivery. Consignment sales are recognized in revenue upon sale to the final customer.

Revenue from the sale of prepaid cards

Sales of prepaid cards are recognized at facial value as deferred income at the time of sale and released in the profit and loss statement as revenue upon usage.

Interconnection revenue

Traffic revenue paid by other telecommunication operators for use of our network is recognized upon usage.

Revenue sharing

Revenue arising from contracts with third-party content providers is recognized after deduction of the fees paid to them in remuneration of the product or service delivered.

Revenue deferred until payment for which collection is not considered probable

Revenue of which the collectability is not reasonably assured at the point of sale is deferred until the payment has been received.

1.22 Earnings per share

The Group discloses both basic earnings per share and diluted earnings per share for continuing operations:

- basic earnings per share are calculated by dividing net income for the year attributable to the equity holders of the Group by the weighted average number of ordinary shares outstanding during the period;
- diluted earnings per share are calculated based on the same net income and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

When basic earnings per share are negative, diluted earnings per share are identical to basic earnings per share. Treasury shares owned, which deducted from the consolidated equity, do not enter into the calculation of earnings per share.

1.23 Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint operator shall recognize in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

As joint operator, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in its joint operations in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Note 16: Subsequent events

Orange Belgium and Telenet sign two commercial wholesale agreements providing access to each other's Hybrid Fiber Coaxial and Fiber to the Home networks

Orange Belgium and Telenet have signed two commercial fixed wholesale agreements, which entry into force is subject to the completion of the transaction related to the acquisition of 75% minus one share of VOO by Orange Belgium. The agreements will provide access to each other's fixed networks for a 15-year period and cover both current Hybrid Fiber Coaxial and future Fiber to the Home technologies in both network areas. Orange Belgium believes these agreements will foster investment, benefit the customer and competition in the Belgian telecom market. With these agreements, Orange Belgium firstly secures an access to Telenet's Hybrid Fiber Coaxial network and to its future Fiber to the Home network for 15 years, a key enabler to strengthen its nationwide convergent strategy. Combined with its state-of-the-art mobile network and with the modernization of the VOO network in the regions of Wallonia and Brussels-Capital, Orange Belgium will democratize the multi-gigabit fixed and mobile speed experience all over the country. Secondly, Orange Belgium will provide Telenet wholesale access to VOO and Brut  l  s Hybrid Fiber Coaxial network and to its future Fiber to the Home network in the regions of Wallonia and Brussels-Capital. It will also secure Telenet as a wholesale customer, increasing network penetration and return on modernization investments. The entry into force of these agreements is subject to completion of the transaction for the acquisition of 75% minus one share of VOO by Orange Belgium which requires notably the approval of the European Commission.

RAN sharing agreement between Orange Belgium and Proximus

On 25 November 2019, Orange Belgium and Proximus signed an agreement with the purpose of establishing a 50-50 joint venture on radio mobile access network sharing, covering 2G, 3G, 4G and 5G technologies. Telenet lodged a complaint with the national competition authority against this agreement. On 10 January 2020 the Competition Authority decided by means of provisional measures, that the BIPT could further assess the agreement for an additional period of 2 months. These measures expired on 16 March 2020 and Orange Belgium and Proximus have resumed works for the implementation of the project. On 1 April 2020 both companies transferred the relevant people to the newly created joint operation "MWingz".

On 30 January 2023 the Prosecutor published its decision that the RAN-sharing agreement does not lead to a (potential) restriction of competition, not at the level of the spectrum auction, nor in the retail and wholesale markets for mobile telecommunication services. By this decision, the Telenet complaint against the agreement is closed without further consequences for the agreement. As the deadline to appeal is expired, the decision is final.

VOO Acquisition

On 20 March 2023, the European Commission has approved the acquisition of 75% minus one share of the capital of VOO SA by Orange Belgium. This decision, which validates the commitments already taken by Orange Belgium, allows the company to move forward with the acquisition.

None of the above-mentioned events were adjusting events and no other adjusting events arose between the balance sheet date and the date at which the financial statements have been authorized for issue.

Note 17: Glossary

Financial KPIs

Revenues

revenues in line with the offer	Provide Group revenues split in convergent services, mobile only services, fixed only services, IT & integration services, wholesale, equipment sales and other revenues.
retail service revenues	Revenue aggregation of revenues from convergent services, mobile only services, fixed only services, IT & integration services.
convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs: Mobile Virtual Network Operator). Convergent service revenues do not include incoming and visitor roaming revenues.
mobile only services	Revenues from mobile offers (excluding B2C convergent offers and equipment sales) and M2M connectivity, excluding incoming and visitors roaming revenues.
fixed only services	Revenues from fixed offers (excluding B2C convergent offers and equipment sales) including (i) fixed broadband, (ii) fixed narrowband, and (iii) data infrastructure, managed networks, and incoming phone calls to customer relations call centres.
IT & integration services	Revenues from collaborative services (consulting, integration, messaging, project management), application services (customer relationship management and infrastructure applications), hosting, cloud computing services, security services, video-conferencing and M2M services. It also includes equipment sales associated with the supply of these services.
Wholesale	Revenues with third-party telecom operators for (i) mobile: incoming, visitor roaming, domestic mobile interconnection (i.e. network sharing and domestic roaming agreement) and MVNO, and for (ii) fixed carriers services.
equipment sales	Revenues from all mobile and fixed equipment sales, excluding (i) equipment sales associated with the supply of IT & Integration services, and (ii) equipment sales to dealers and brokers.
other revenues	Include (i) equipment sales to brokers and dealers, (ii) portal, on-line advertising revenues, (iii) corporate transversal business line activities, and (iv) other miscellaneous revenues.

Profit & Loss

Data on a comparable basis	<p>Data based on comparable accounting principles, scope of consolidation and exchange rates are presented for previous periods. The transition from data on an historical basis to data on a comparable basis consists of keeping the results for the period ended and then restating the results for the corresponding period of the preceding year for the purpose of presenting, over comparable periods, financial data with comparable accounting principles, scope of consolidation and exchange rate.</p> <p>The method used is to apply to the data of the corresponding period of the preceding year, the accounting principles and scope of consolidation for the period just ended as well as the average exchange rate used for the income statement for the period ended.</p> <p>Changes in data on a comparable basis reflect organic business changes. Data on a comparable basis is not a financial aggregate as defined by IFRS and may not be comparable to similarly-named indicators used by other companies.</p>
EBITDAaL (since 1 January 2019)	EBITDA after lease is not a financial measure as defined by IFRS. It corresponds to the net profit before: taxes; net interest expense; share of profit/losses from associates; impairment of goodwill and fixed assets; effects resulting from business combinations; reclassification of cumulative translation adjustment from liquidated entities; depreciation and amortization; the effects of significant litigation, specific labour expenses; review of the investments and business portfolio, restructuring costs.

Cash flow statement

Operating cash flow	EBITDAaL minus eCapex since 1 January 2019.
Organic cash flow	Organic cash flows correspond to net cash provided by operating activities decreased by capex/eCapex and the repayment of lease liabilities, increased by proceeds from sale of property, plant and equipment and intangible assets and adjusted for the payments for acquisition of telecommunications licenses.
eCapex (since 1 January 2019)	Economic Capex is not a financial measure as defined by IFRS. It corresponds to capital expenditures on tangible and intangible assets excluding telecommunication licenses and excluding investments through financial leases less proceeds from the disposal of fixed and intangible assets.
licences & spectrum	Cash out related to acquisitions of licences and spectrum.
change in WCR	Change in net inventories, plus change in gross trade receivables, plus change in trade payables, plus change in other elements of WCR.
other operational items	Mainly offset of non-cash items included in adjusted EBITDA, items not included in adjusted EBITDA but included in net cash provided by operating activities, and change in fixed asset payables.
net debt	Financial liabilities minus cash and cash equivalents.
net debt variation	Variation of net debt level.

Operational KPIs

Convergent

B2C convergent customer base	Number of B2C customers holding an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs).
B2C convergent ARPO	Average quarterly Revenues Per Offer (ARPO) of convergent services are calculated by dividing (a) the revenues from convergent offers billed to the B2C customers (excluding equipment sales) over the past three months, by (b) the weighted average number of convergent offers over the same period. The weighted average number of convergent offers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of convergent offers at the start and end of the month. Convergent ARPO is expressed as monthly revenues per convergent offer.

Mobile

mobile customer base (excl. MVNOs)	Number of customers with active simcard, including (i) M2M and (ii) business and internet everywhere (excluding MVNOs).
Contract	Customer with whom Orange has a formal contractual agreement with the customer billed on a monthly basis for access fees and any additional voice or data use.
Prepaid	Customer with whom Orange has written contract with the customer paying in advance any data or voice use by purchasing vouchers in retail outlets for example.
M2M (machine-to-machine)	Exchange of information between machines that is established between the central control system (server) and any type of equipment, through one or several communication networks.
mobile B2C convergent customers	Number of mobile lines of B2C convergent customers.
mobile only customers	Number of mobile customers (see definition of this term) excluding mobile convergent customers (see definition of this term).
MVNO customers	Hosted MVNO customers on Orange networks.
mobile only ARPO	Average quarterly Revenues Per Offer (ARPO) of mobile only services are calculated by dividing (a) the revenues of mobile only services billed to the customers, generated over the past three months, by (b) the weighted average number of mobile only customers (excluding M2M customers) over the same period. The weighted average number of customers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of customers at the start and end of the month. Mobile only ARPO is expressed as monthly revenues per customer.

Fixed

number of lines (copper + FTTH)	Number of fixed lines operated by Orange.
B2C broadband convergent customers	Number of B2C customers holding an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs).
fixed broadband only customers	Number of fixed broadband customers excluding broadband convergent customers (see definition of this term).
fixed only broadband ARPO	Average quarterly Revenues Per Offer (ARPO) of fixed only broadband services (xDSL, FTTH, Fixed-4G (fLTE), satellite and Wimax) are calculated by dividing (a) the revenues from consumer fixed only broadband services over the past three months, by (b) the weighted average number of accesses over the same period. The weighted average number of accesses is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of accesses at the start and end of the month. ARPO is expressed as monthly revenues per access.

Orange Belgium S.A. annual accounts 2022

Comments on Orange Belgium S.A.'s 2022 annual
accounts prepared according to Belgian
accounting standards

The statutory income statement and balance sheet
are presented hereafter. As for the exhaustive annual
accounts of Orange Belgium S.A., we refer you to
the website of the Central Balance Sheet Office
(<http://www.nbb.be>).

Balance sheet after appropriation

	in thousand EUR	
	31.12.2022	31.12.2021
ASSETS		
Formation expenses	182	240
Fixed assets	1 484 423	986 867
Intangible fixed assets	727 726	204 915
Tangible fixed assets	661 291	680 792
Land and buildings	234 258	296 660
Plant, machinery and equipment	348 770	311 604
Furniture and vehicles	15 878	16 816
Other tangible fixed assets	16 348	14 727
Tangible assets under construction and advance payments made	46 036	40 986
Financial fixed assets	95 407	101 159
Affiliated enterprises	87 615	91 618
Participating interests	82 203	86 206
Amounts receivable	5 412	5 412
Other enterprises linked by participating interests	7 397	9 147
Participating interests	7 397	9 147
Other financial assets	395	395
Amounts receivable and cash guarantees	395	395
Current assets	186 772	245 092
Amounts receivable after more than one year	1	1
Other amounts receivable	1	1
Stocks and contracts in progress	19 735	17 780
Stocks	19 735	17 780
Goods purchased for resale	19 735	17 780
Amounts receivable within one year	153 558	224 200
Trade debtors	144 044	155 220
Other amounts receivable	9 514	68 980
Current investments	463	230
Own shares	0	0
Other investments and deposits	463	230
Cash at bank and in hand	10 830	978
Deferred charges and accrued income	2 186	1 904
Total Assets	1 671 377	1 232 199

in thousand EUR

	31.12.2022	31.12.2021
EQUITY AND LIABILITIES		
Equity	602 810	562 187
Capital	131 721	131 721
Issued capital	131 721	131 721
Reserves	13 172	13 172
Legal reserve	13 172	13 172
Reserves not available	0	0
In respect of own shares held	0	0
Accumulated profits (losses) (+) (-)	457 918	417 294
Investment grants	0	0
Provisions and deferred taxes	62 544	86 554
Provisions for liabilities and charges	62 544	86 554
Pensions and similar obligations	73	80
Other risks and costs	62 472	86 474
Amounts payable	1 006 023	583 458
Amounts payable after more than one year	261 102	120 012
Financial debts	120 000	120 000
Other loans	120 000	120 000
Other amounts payable	141 102	12
Amounts payable within one year	681 140	410 814
Current portion of amounts payable after more than one year falling due within one year:	4 787	0
Financial debts	103 409	29 272
Credit institutions	0	0
Other loans	103 409	29 272
Trade debts	264 317	275 938
Suppliers	264 317	275 938
Bills of exchange payable	0	0
Taxes, remuneration and social security	114 312	100 531
Taxes	84 402	74 224
Remuneration and social security	29 910	26 306
Other amounts payable	194 315	5 074
Accrued charges and deferred income	63 780	52 632
Total Equity and Liabilities	1 671 377	1 232 199

Income statement

	in thousand EUR	
	31.12.2022	31.12.2021
Operating income	1 328 090	1 306 972
Turnover	1 269 134	1 255 393
Own construction capitalized	14 705	14 507
Other operating income	44 251	37 072
Non-recurring operating income	0	0
Operating charges	1 229 098	1 240 162
Raw materials, consumables	622 753	612 396
Purchases	625 418	609 473
Stocks: decrease (increase) (+) (-)	-2 665	2 923
Services and other goods	206 347	208 953
Remuneration, social security costs and pensions	136 869	127 308
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	236 156	269 742
Amounts written off stocks, contracts in progress and trade debtors: appropriations (write-backs) (+) (-)	6 085	1 184
Provisions for risks and charges: appropriations (uses and write-backs) (+) (-)	-658	-146
Other operating charges	21 547	20 725
Non-recurring operating charges	0	0
Operating profit (loss) (+) (-)	98 992	66 811
Financial income	2 234	613
Recurring financial income	2 234	413
Income from financial fixed assets	2 000	42
Income from current assets	188	141
Other financial income	45	230
Non-recurring financial income	0	200
Financial charges	39 883	22 585
Recurring financial charges	9 444	1 619
Debt charges	8 685	866
Other financial charges	759	753
Non-recurring financial charges	30 439	20 966
Profit (loss) for the period before taxes (+) (-)	61 342	44 839
Income taxes (+) (-)	20 308	13 832
Income taxes	25 297	13 832
Adjustment of income taxes and write-backs of tax provisions	4 989	0
Profit (loss) for the period (+) (-)	41 034	31 006
Profit (loss) for the period available for appropriation (+) (-)	41 034	31 006

Appropriations and withdrawals

	in thousand EUR	
	31.12.2022	31.12.2021
Profit (loss) to be appropriated (+) (-)	458 328	418 498
Profit (loss) to be appropriated (+) (-)	41 034	31 006
Profit (loss) to be carried forward (+) (-)	417 294	387 492
Transfers from capital and reserves	0	0
From reserves	0	0
Transfers to capital and reserves	0	0
To other reserves	0	0
Profit (loss) to be carried forward (+) (-)	457 918	417 294
Profit to be distributed	410	1 204
Dividends	0	0
Other beneficiaries	410	1 204

Corporate Governance Statement



1. Introduction

Orange Belgium adopted the 2020 Belgian Corporate Governance Code (the “CGC”) as its compulsory reference code as defined by the Belgian Code of Companies and Associations. It is available on the Corporate Governance Committee website (<http://www.corporategovernancecommittee.be>). However, the application of the principles of the CGC takes into account the company’s specificities, its size, needs and ownership structure.

Orange Belgium’s Corporate Governance Charter (the “Charter”), in its current version, has been approved by the Board of Directors on 20 July 2022 and became effective on the same date. It is available on Orange Belgium’s website (<https://corporate.orange.be/en/financial-information/corporate-governance>). This Charter describes the main aspects of the company’s corporate governance, including its governance structure and the internal rules of the Board of Directors, the Executive Management, and committees set up by the Board of Directors.

The Company considers that its Charter as well as this Corporate Governance Statement reflect both the spirit and the provisions of the CGC and the relevant provisions of the Belgian Companies and Associations Code, with the exception of the two following deviations, as detailed in Appendix VI of the Charter:

a. Remuneration of Non-Executive Directors

Article 7.6 of the CGC stipulates that each non-executive director receives a part of his remuneration under the form of shares of the Company. The Board believes nonetheless that

it is in the best interest of the Company and its stakeholders to deviate from this provision for the following reason:

The remuneration policy of the non-executive directors is in first instance based on the will to attract, motivate and keep qualified directors having the profile and experience required for business administration. In order to achieve that, the Company operates a transparent remuneration policy in line with market standards and taking into account the scale, the organization and the complexity of the Company. No performance related remuneration in connection with the performance of the Company is anticipated for non-executive directors, in accordance with article 7.5 of the CGC.

In order to avoid that the non-executive directors, among which the independent directors, would be overly influenced by the stock market price of the Company’s share, the Company has decided not to grant a part of their remuneration under the form of shares of the Company. The Company believes that this deviation to the CGC allows the non-executive directors to be the guardians of the legitimate interests of all stakeholders of the Company and to focus on its long-term perspectives. The Company underlines that the directors (executive and non-executive) belonging to Orange Group exercise their mandate free of charge and that the latter act as well in the best interests of the Company and in a perspective of sustainable value-creation for the shareholders and the stakeholders as a whole. Moreover, the remuneration policy (as described in the Remuneration Report that is submitted to the approval of the General Meeting) has never generated any issues or has never resulted in arbitration or adverse behaviour. It allows to achieve a balance between the various underlying objectives of the CGC as a whole.

b. Ownership Threshold for Executive Management

Article 7.9 of the CGC stipulates that the Board determines a minimal ownership threshold that the managers (i.e. the members of the Executive Management) should hold. The Board believes nonetheless that it is in the best interest of the Company and its stakeholders to deviate from this provision for the following reason:

The remuneration policy of the Executive Management is in first instance based on the will to attract, motivate and keep qualified executive managers having the profile and experience required for operational business management. In order to achieve that, the Company operates a transparent remuneration policy in line with market standards and taking into account the scale, the organization and the complexity of the Company. The various components of the remuneration of the Executive Management are described in the Remuneration Report. In accordance with article 7.7 of the CGC, the Board ensures that there is an appropriate balance between fixed and variable remuneration, and cash and deferred remuneration.

In order to match the interests of the executive managers to the objectives of sustainable value-creation, the variable part of the remuneration is structured to link reward to individual performance and to the overall performance of the Company. As the remuneration policy of the Executive Management already had the ambition to remunerate the members of the Executive Management in relation to the short-term performance and the realization of the long-term strategic ambitions of the Company, the Board has decided not to impose to the members of the Executive Management to keep, in addition, a minimal amount of shares. Such an obligation would only add little added value compared to the remuneration policy already put in place and the monitoring hereof could in addition create useless administrative burden.

The Board believes therefore that the current remuneration policy (as described in the Remuneration Report that is submitted to the approval of the General Meeting) already encourages the Executive Management sufficiently to act in the best interests of the Company and in a perspective of sustainable value-creation and that it allows to achieve a good balance between the various underlying objectives of the provision and of the CGC as a whole.

2. Risk Management and Internal Control

A comprehensive, consistent and integrated risk management approach is in place to capitalize on synergies between Audit, Control and Risk functions at all levels of the organisation. This approach is intended to provide reasonable assurance that operating and strategic targets are met, that current laws and regulations are complied with, and that the financial information is reliable.

Risk management

The framework and the process of risk management, as well as the organization and the responsibilities relating to it are formalised in a charter as well as a risk map, validated by the Executive Management and approved by the Audit Committee and the Board of Directors. Business and operational key players in the different departments are responsible for the identification, analysis, assessment and treatment of their risks. The company risk map is approved at least once a year by the Executive Management and submitted to the Audit Committee for overall assessment of approach and methodology.

Today, this risk map includes, but is not limited to, the following risk clusters:

- geopolitical and macro-economic instability
- macro-economic direct instability (inflation)
- reputational damage
- breach of integrity and confidentiality of data and information
- corruption
- international economic sanctions
- ethical breach
- frauds (Digital and Non-Telco)
- damage to property or other assets

- destabilization by a disruptive business model or innovation
- health and safety of people
- errors and financial prejudices
- investment management (RAN sharing)
- management of key or rare skills
- major business interruption
- non-compliance with laws or regulations
- key partnership underperformance
- M&A
- governance and subsidiaries management
- regulatory and legal pressure

Internal control environment and control activities

For the purpose of managing risks, an internal control approach and framework has been deployed for many years at Orange Belgium. It covers aspects such as governance, delegations of powers and signatures, policies, processes, procedures, segregation of duties and controls to ensure selected risk treatments (retain, reduce, transfer, avoid) are effectively carried out.

Through its vision, its mission and its values, Orange Belgium Group defines its corporate culture and promotes ethical values that are reflected in all its activities. There is a charter of professional ethics at company level and a section of the company's intranet, accessible to all employees, that is dedicated to compliance, ethics, corporate social responsibility and to the company culture in general. Within the framework of promoting ethical values, a professional warning system allows for reporting confidential information intended to strengthen the control environment.

The human resources management and the social responsibility of the company are described in the corporate brochure of the annual report. The management and control of the company and the functioning of the management bodies are detailed in the declaration of corporate governance contained in the annual report as well as in the company's articles of association. This corporate governance covers in particular the responsibilities of these bodies, their internal regulations as well as the main rules to be respected in the management of the company.

The control activities are carried out firstly by the functional or operational managers under the supervision of their supervisors. All major processes and the controls that they encompass are formalised. As part of the Orange Group, this internal control environment ensures conformity with the American Sarbanes-Oxley and Sapin II laws requirements that must be complied with at Orange Group level.

All documentation is regularly reviewed and duly updated. Specific functions of assurance (i.e. fraud, revenue assurance, data privacy, security, business continuity and crisis management), compliance and audit (i.e. 'Internal Audit') have also been set up.

The budget control covers not only the budget aspects, but also key performance indicators. In order to ensure adequate financial planning and follow-up, a financial planning procedure which describes planning, quantification, implementation and review of the budget in alignment with the periodical forecasts, is closely followed up.

Information and communication

The company maintains transparent communication towards its employees, in conformity with its values and based on a multiple system integrating in particular its intranet and

periodical presentations by the Executive Management at different levels.

Advanced data processing and control processes ensure reliable information is made available in a timely manner, in particular financial reporting.

Orange Belgium Group aspires to be open and transparent in its disclosure to the public, shareholders, customers, employees and other stakeholders. The company publishes detailed financial reports providing a comprehensive set of key performance indicators and financial statements for each business segment. These results are made available to the press and to the investor and financial analyst community during dedicated meetings (conference calls/webcasts/p hysical meetings). The provided information is accessible to all and available on the company's website (<https://corporate.orange.be>).

Monitoring

In addition to the front-line control activities, specific functions of assurance, compliance and audit are in place to ensure the internal control environment is constantly assessed. Internal Audit reports to the Audit Committee to ensure it can carry out its assignments with independence and impartiality.

The Audit Committee monitors the responsiveness to audit engagements and the follow-up of (corrective) action plans. The Audit Committee also monitors and controls the reporting process of the financial information disclosed by the company and its reporting methods. To this effect, the Audit Committee discusses all financial information with the Executive Management and with the external auditor and if required, examines specific issues with respect to this information.

3. Shareholders

The following table shows Orange Belgium's shareholder structure as at 31 December 2022, as evidenced by the notifications received pursuant to article 14, al. 4 of the Law of 2 May 2007:

Atlas Services Belgium – an Orange S.A. wholly-owned subsidiary – is Orange Belgium's main shareholder.

In compliance with Belgian legal regulations on transparency as regards notification of shareholding thresholds of listed companies, Orange Belgium sets notification thresholds at 3%, 5% and multiples of 5%.

Situation 31.12.2022 (based on Transparency Declarations)

Shareholders' structure based on declarations	date declaration	# voting rights notified	% owned****
ASB*	26/05/2021	46,191,064	76.94%
Polygon Global Partners LLP **	27/05/2021	3,215,933	5.36%
UBS AG***	05/01/2023	3,061,136	5.10%
Free float			12.60%
Total			100.00%

* The position notified includes 69,657 treasury shares held by Orange Belgium (which have been cancelled on 23 July 2021)

** Polygon owns 1,349,933 shares and 1,866,000 swaps

***UBS owns 1,428,170 shares and 1,632,966 equivalent financial instruments

**** percentage owned has been calculated based on the new number of shares after cancellation of treasury shares (59,944,757)

Notification in compliance with the law on takeover bids

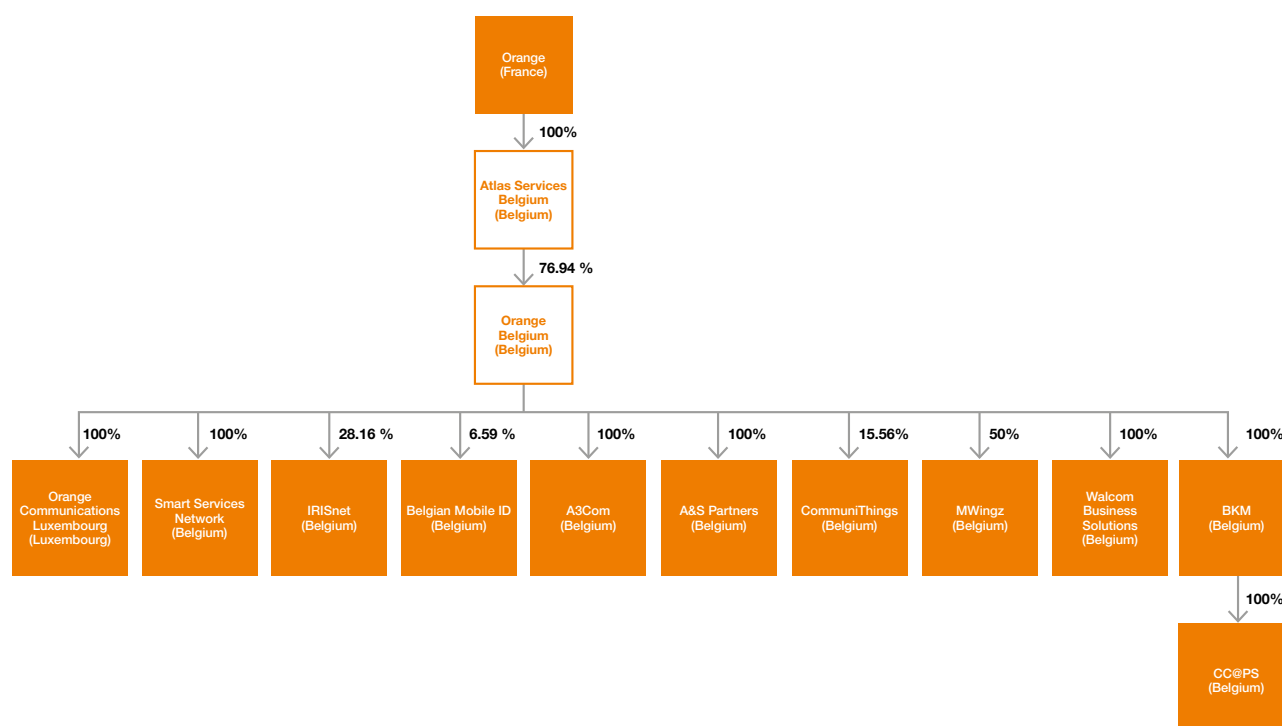
On 24 August 2009, the company received a notification from its ultimate parent company Orange S.A. pursuant to Article 74 §7 of the law of 1 April 2007 concerning takeover bids. This notification detailed Orange S.A.'s ownership of Orange Belgium.

As at 24 August 2009, Orange S.A. held indirectly 31,753,100 Orange Belgium shares.

The chain of control was reconfirmed on 1 July 2013 after an internal restructuring of the Orange Group.

As a result of a public takeover bid launched in 2021, Orange S.A. increased its indirect ownership to 46,191,064 Orange Belgium shares and notified Orange Belgium thereof on 26 May 2021.

The organisation chart below illustrates Orange Belgium's corporate structure as at 31 December 2022.



4. Relevant information as provided by Article 34 of the Royal Decree of 14 November 2007

Capital structure - special control rights

The share capital of Orange Belgium is represented by 59,944,757 shares without nominal value, each representing an equal share of the capital. The shares are registered or dematerialised.

There are no specific categories of shares and all shares have the same voting rights with no exceptions.

The principle of the company has always been to respect the rule “one share, one vote”. The company has decided not to make use of the option offered by article 7:53 of the Code of

Companies and Associations to grant a double voting right to fully paid-up shares that are registered in the share register for at least two years without interruption in the name of the same shareholder.

Transfer of shares

No specific restrictions have been placed on the free transfer of shares other than those set out by law.

Exercise of voting rights

No legal or regulatory restrictions are placed on the exercise of voting rights as regards the company's shares.

Shareholder agreements

Orange Belgium is not aware of any shareholder agreements which could restrict the transfer of shares and/or the exercise of voting rights.

Appointment, renewal, resignation and dismissal of directors

The directors are appointed or re-appointed by the General Meeting upon proposal by the Board of Directors, which takes into consideration the proposals made by the Remuneration and Nomination Committee and by those shareholders holding at least 3% of the share capital. The directors are generally appointed for a period that does not exceed four years in accordance with the recommendation of article 5.6 of the CGC; their mandate can be renewed by a resolution of the General Meeting. Any renewal is analysed by reference to the principles set out in the CGC.

If a directorship becomes vacant during the term of office, the remaining directors have the right to appoint a replacement director, on the recommendation of the Remuneration and Nomination Committee. The final appointment of the director is submitted to the next General Meeting for approval.

The directors may be dismissed at any time by the General Meeting.

Modification of the Articles of Association

The General Meeting may only deliberate on and decide to amend the articles of association when the changes proposed are set out specifically in the notice convening the General Meeting, and when the shareholders present or represented by proxy, represent at least half the capital. If the latter condition is not met, a second General Meeting must be convened which shall validly deliberate and decide, regardless of the share of capital represented by the shareholders present or represented by proxy.

The modification shall only be accepted if approved by three quarters of the votes cast, not counting abstentions. A modification of the company purpose shall only be accepted if approved by four fifths of the votes cast.

Powers of the Board of Directors, in particular to issue and buyback shares

The Board of Directors is not empowered to issue new shares as long as the company does not make use of the authorised capital procedure.

The Extraordinary General Meeting of 6 May 2020 has, in accordance with and within the limitations set out in the Code of Companies and Associations, authorised the Board of Directors to acquire own shares of the company, by purchase or exchange, on or outside the regulated market.

The company may only acquire shares of the company if it does not hold more than 20% of its own shares. The purchase price shall not be less than eighty-five per cent (85%) or more than one hundred and fifteen per cent (115%) of the average closing price on the regulated market on which the shares were admitted during the 5 working days preceding the purchase or exchange. This authorisation shall remain valid for a period of five (5) years as from 6 May 2020.

This authorisation extends to the acquisition (by purchase or exchange) of shares of the company by a direct subsidiary company, in accordance with article 7:221 and following of the Code of Companies and Associations and under the conditions laid down in those provisions.

The Board of Directors is also authorised to alienate or to cancel the own shares. This authorisation extends to the cancellation of the shares of the company acquired by a direct subsidiary as well as to the alienation of the company's shares by a direct subsidiary company at a price determined by the Board of Directors of the latter. The Board of Directors of the company is also authorised to have the cancellation of own shares of the company recorded by a notary public, and to amend and co-ordinate the articles of association in order to bring them in line with the relevant decisions.

Significant agreements that may be impacted by a change of control of the company

Agreements to which the company is a party and which are covered by Article 7:151 of the Code of Companies and Associations, where applicable, are presented and approved by the Special General Shareholders Meeting.

Agreements providing for compensation in the event of a public takeover bid

There are no specific agreements between the company and the members of the Board of Directors or the personnel which provide for compensation in the event of a public takeover bid.

5. Composition and functioning of the Board of Directors and its Committees

The rules governing the structure, composition, functioning role and assessment of the Board of Directors and of its Committees are set out in the Charter. The internal rules of the Board of Directors (Appendix I), the Audit and Risk Committee (Appendix III) and the Remuneration and Nomination Committee (Appendix IV) are attached to the Charter.

The company opts for a one-tier governance structure: the Board of Directors has the power to accomplish all required or useful acts in order to achieve the corporate purpose of the company, except for those acts that are reserved by law to the General Meeting. The operational management of the company, including without limitation the daily management, is carried out by the Executive Management (see section 6 below).

Board of Directors

Structure and composition

The Board of Directors is comprised of a reasonable number of directors enabling its effective functioning, while taking into account the specificities of the company.

As at 31 December 2022, the Board of Directors consisted of 10 members:

- 9 of the 10 members of the Board of Directors are non-executive directors;
- among the non-executive directors 3 directors are independent;
- 3 members of the Board of Directors are women;
- there is no age limit within the Board of Directors.

The composition of the Board of Directors is determined on the basis of diverse and complementary competencies, experience and knowledge, as well as on the basis of gender and age diversity and diversity in general. In particular, the composition of the Board of Directors must be such that the Board of Directors, as a whole, possess the following competencies:

- (i) “generic competencies”, namely in the field of finance, accounting, governance, management and organisation; and
- (ii) “industry specific competencies”, namely in the field of operations, technology, distribution, etc.

During 2022, the following changes occurred within the Board of Directors:

- Mrs. Béatrice Mandine resigned as director with effect as from 1 October 2022.

Name	Function	Main function	Born	Nationality	End of mandate
The House of Value – Advisory & Solutions ⁽⁶⁾	Director/Chairman	Director of companies	n/a	Belgian	AGM 2023
Xavier Pichon ⁽¹⁾⁽²⁾	Executive director	CEO-Orange Belgium	1967	French	AGM 2023
K2A Management and Investment Services ⁽³⁾⁽⁷⁾	Independent director	Director of companies	n/a	Belgian	AGM 2023
Société de Conseil en Gestion et Stratégie d'Entreprises ⁽³⁾⁽⁴⁾	Independent director / Vice-Chairman	Director of companies	n/a	Belgian	AGM 2023
C. Heriard Dubreuil ⁽¹⁾	Director	Head of Finance & Strategy Europe – Orange SA	1973	French	AGM 2023
Ch. Luginbühl ⁽¹⁾	Director	Senior VP Governance & Large Projects – Orange SA	1967	Swiss	AGM 2023
J-M. Vignolles ⁽¹⁾	Director	COO Europe – Orange SA	1953	French	AGM 2023
M.-N. Jégo-Laveissière ⁽¹⁾	Director	Deputy CEO Europe – Orange SA	1968	French	AGM 2023
M. Bouchery ⁽¹⁾	Director	Head of Group Finance and Treasury – Orange SA	1978	French	AGM 2023
Leadership and Management Advisory Services (LMAS) ⁽³⁾⁽⁵⁾	Independent Director	Director of companies	n/a	Belgian	AGM 2023

(1) Directors who represent the majority shareholder (Atlas Services Belgium).

(2) Director in charge of the daily management since 1 September 2020.

(3) The independent directors have signed a declaration stating that they comply with the criteria of independence mentioned in the Code of Companies and Associations.

(4) The company Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA) is represented by Ms Nadine Lemaitre-Rozenzweig.

(5) The company Leadership and Management Advisory Services (LMAS) is represented by Mr Grégoire Dallemagne.

(6) The company The House of Value - Advisory & Solutions is represented by Mr Johan Deschuyffeleer.

(7) The company K2A Management and Investment Services is represented by Mr Wilfried Verstraete.

Functioning and role

The Board of Directors meets at least four times a year. Non-executive directors meet at least once a year without the CEO and the other executive directors (where applicable), in compliance with Article 3.11 of the CGC.

The Board of Directors may only deliberate validly if at least half its members are present or represented. The decisions are adopted by a simple majority of the votes cast.

The Board of Directors met 9 times in 2022. Each director's individual attendance rate is presented in the table below. During the year, the Board of Directors' discussions, reviews and decisions focused on:

- the company's strategy and structure
- the budget and financing
- the operational and financial situation
- the commercial results
- the acquisition of VOO (calendar, competition clearance, integration)
- the financing of the Company for acquisition of VOO, including the application of the conflict of interests procedure of art. 7:97 of the Code of Companies and Associations

- the evolution of the regulatory framework
- the risk management
- the assessment of the audit committee
- the management of distribution channels
- the development of the B2B division
- the development of 5G / fibre network
- the auction on existing and new spectrum, arrival of new entrants
- the branding and the communication
- the reform of social tariffs related to telephony and internet
- the economic situation, inflation, energy supply
- the geopolitical situation
- the delegation of powers

There were no transactions or contractual relationships in 2022 between the company and its Board members giving rise to conflicts of interests.



1. J. Deschuyffeleer



2. X. Pichon



7. JM. Vignolles



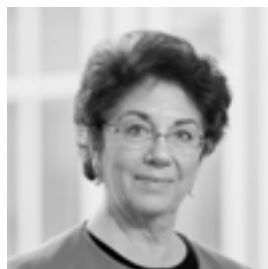
8. MN. Jégo-Laveissière

Members of the Board of Directors	Function	09.02	23.03	21.04	24.05	13.06	20.07	19.10	24.10	14.12
The House of Value - Advisory & Solutions (J. Deschuyffeleer)	Director/ Chairman	P	P	P	P	P	P	P	P	P
K2A Management and Investment Services (W. Verstraete)	Independent director	P	P	P	P	R	P	P	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director/ Vice-chairman	P	P	P	R	P	P	P	P	P
X. Pichon	Director	P	P	P	P	P	P	P	P	P
B. Mandine (resigned 01.10.22)	Director	P	R	P	R	P	R	n/a	n/a	n/a
J.-M. Vignolles	Director	P	P	P	P	P	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	R	P	P	P	R	P	P	P	P
C. Heriard Dubreuil	Director	P	P	P	P	P	P	P	P	R
M.-N. Jégo-Laveissière	Director	P	P	R	P	P	P	P	P	P
M. Bouchery	Director	P	P	P	P	R	R	P	P	P
C. Luginbühl	Director	P	P	P	P	P	P	P	P	P

P: Present (in person or by call)
R: Validly represented
E: Excused



3. W. Verstraete



4. N. Lemaitre-Rozencweig



5. C. Heriard Dubreuil



6. B. Mandine



9. G. Dallemagne



10. M. Bouchery



11. C. Luginbühl

Evaluation

The Board of Directors is responsible for a periodic evaluation of its own effectiveness with a view to ensure a continuous improvement in the governance of the company.

In this respect, and under the lead of the Chairman of the Board of the Directors, the Board of Directors must regularly assess (at least once every three years done in 2021) its size, composition, performance and interaction with the Executive Management.

This evaluation process has four objectives:

- assessing the operation of the Board of Directors;
- checking that the important issues are thoroughly prepared and discussed;
- evaluating the actual contribution of each director to the work of the Board of Directors, by his or her attendance at the Board of Directors and Committee meetings and his or her constructive involvement in discussions and decision-making;
- comparing the Board of Directors' current composition against the Board of Directors' desired composition.

In order to enable periodic individual evaluations, the directors must give their full assistance to the Chairman of the Board of Directors, the Remuneration and Nomination Committee and any other persons, whether internal or external to the company, entrusted with the evaluation of the directors. The Chairman of the Board of Directors, and the performance of his or her duties within the Board of Directors, must also be carefully evaluated.

The non-executive directors must assess, on an annual basis, their interaction with the Executive Management and, if necessary, make proposals to the Chairman of the Board of Directors with a view to facilitating improvements.

Based on the results of the evaluation, the Remuneration and Nomination Committee, where appropriate and possibly in consultation with external experts, submits a report commenting the strengths and weaknesses of the Board of Directors and make proposals to appoint new members or not to re-elect certain members.

Board Committees

With a view to the efficient performance of its duties and responsibilities, the Board of Directors has set up special committees to analyse specific issues and to advise and report to the Board of Directors on those issues. These committees have an advisory role.

The Charter, applicable as from 20 July 2022, presents 2 special committees:

- Audit and Risk Committee
- Remuneration and Nomination Committee

These two committees are also foreseen in the company's articles of association.

The Board of Directors pays particular attention to the composition of each of its committees to ensure that in appointing the members of each committee, the needs and

qualifications that are required for the optimal operation of that committee are taken into account.

Under the lead of its Chairman, the Board must regularly assess (at least once every three years), the operation of each committee and, in particular, its size, composition and performance. This assessment serves the same four objectives as those set out above to assess the Board of Directors.

Audit and Risk Committee

The Audit and Risk Committee (the "Audit Committee") is comprised of at least three directors at all times. All members of the Audit Committee must be exclusively non-executive directors and the majority of them must be independent directors.

As at 31 December 2022, the Audit Committee is comprised of three directors: Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig), Mrs. Clarisse Heriard-Dubreuil and Leadership and Management Advisory Services (represented by Mr. Grégoire Dallemagne).

Pursuant to Article 3:6, §1 (9°) of the Code of Companies and Associations, the company must justify the independence and expertise, in both accounting and audit matters, of at least one of the members of the Audit Committee. Mr. Grégoire Dallemagne, independent director, is the newly appointed Audit Committee member who meets the independence criteria pursuant to Article 3.5 of the CGC. His expertise in audit and financial matters is endorsed by an extensive career in the telecoms industry as well as the energy sector.

The Audit Committee is responsible for preparing a long-term audit programme covering all company activities. Without prejudice to additional roles that the Board of Directors may assign the Audit Committee, its role is to assist the Board of Directors in its responsibilities with respect to:

- monitoring of the reporting process of financial reporting
- monitoring of the effectiveness of the internal control and risk management systems
- review of the budget proposals presented by the management
- monitoring of internal audit and its effectiveness
- monitoring of the statutory audit of the financial reports
- monitoring of the financial relations between the company and its shareholders
- review and monitoring of the independence of the external auditor

The Audit Committee must convene whenever necessary for the proper operation of the Committee, and in any event at least four times a year and regularly reports to the Board of Directors. The Committee met 5 times in 2022.

Members of the Audit and Risk Committee	Function	8.02	20.04	19.07	18.10	13.12
SOGESTRA (N. Lemaitre-Rozencweig)	Independent Director/ Chairman	P	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	E	P	E	E	P
C. Heriard Dubreuil	Director	P	P	P	P	P

P: Present (in person or by call)

R: Validly represented

E: Excused

In 2022, the main subjects discussed by the Audit Committee were:

- annual assessment of the committee's functioning
- periodical financial, budget and activity reports
- internal control, including qualitative aspects
- internal audit (plan, activities, reports and conclusions)
- assessment of the external audit and report of the statutory auditor
- risk management (annual security plan, cartography of important risks and events, Covid-19 follow-up)
- geopolitical situation, macro-economic situation, energy supply
- annual review and report on "Fraud & Revenue Assurance"
- monitoring ACR recommendations
- GDPR and data security
- annual report on ethics, compliance and litigation, data privacy status
- local audit mission on transaction with related parties
- acquisition of VOO (financing, guarantee)
- audit mission on cash and stock management

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is comprised of at least three directors at all times. All members of the Remuneration and Nomination Committee must be exclusively non-executive directors and the majority of them must be independent directors.

As at 31 December 2022, the Remuneration and Nomination Committee is comprised of five directors: The House of Value – Advisory Solutions (represented by Mr. Johan Deschuyffeeler), Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig), Mr. Christian Luginbühl, K2A Management Investment Services (represented by Mr. Wilfried Verstraete) and Leadership and Management Advisory Services (represented by Mr. Grégoire Dallemagne).

The Remuneration and Nomination Committee is responsible for assisting the Board of Directors in defining a remuneration policy for the company's directors and Executive Management. Every year, it prepares a remuneration report for the Board of Directors. The Remuneration and Nomination Committee ensures that procedures regarding the appointment and renewal of directors are followed as objectively as possible. It provides the Board of Directors with recommendations on the appointment and remuneration of the directors, the CEO and other members of the Executive Management.

The Remuneration and Nomination Committee must convene whenever necessary for the proper operation of the committee, and in any event at least twice a year. The committee met 6 times in 2022.

Members of the Remuneration and Nomination Committee	Function	8.02	31.03	18.05	18.07	17.10	12.12
The House of Value - Advisory & Solutions (J. Deschuyffeeler)	Director/ Chairman	P	P	P	P	P	P
K2A Management and Investment Services (W. Verstraete)	Independent director	P	P	P	P	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director	P	P	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	E	P	P	E	P	P
C. Luginbühl	Director	P	P	P	P	P	P

P: Present (in person or by call)

R: Validly represented

E: Excused

In 2022, the main subjects discussed by the Remuneration and Nomination Committee were:

- analysis of the remuneration report
- endorsement of the performance bonus (short and long term)
- company's teleworking policy
- assessment of the Board of Directors and its Committees
- talent management and succession planning
- changes in tax regime for expatriates
- survey on well-being at work

Committee of independent directors created in the framework of the procedure of Article 7:97 of the Code of Companies and Associations

The committee of independent directors has been created twice in the framework of the application of the conflict of interests' procedure of Article 7:97 of the Code of Companies and Associations. Reference is made to section 11 below of this corporate governance statement for further detail.

This committee met 4 times in 2022.

Members of the Committee of Independent directors	Function	01.04	13.04	21.04	17.10
K2A Management and Investment Services (W. Verstraete)	Independent director	P	P	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	P	P	P	P

P: Present (in person or by call)

E: Excused

6. Composition and functioning of the Executive Management

The rules governing the structure, composition, functioning, role and assessment of the Executive Management are detailed in the Charter. The Executive Management's internal rules are presented in the appendices (Appendix II).

Executive Management

Structure and composition

The Executive Management of the company comprises the CEO and all persons who directly report to him and that head a department of the company. The appointment of the members of the Executive Management is submitted to the Board of Directors for prior approval, on the recommendation of the Remuneration and Nomination Committee.

As at 31 December 2022, the Executive Management is comprised of 9 members:

Functioning and role

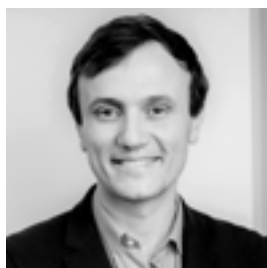
The Executive Management is responsible for managing the company by supporting the CEO in the daily management of the company and in the performance of his or her other duties. Generally, the Executive Management meets weekly, or whenever necessary for the proper operation of the Executive Management and the company.

Executive Management 2022	Function
Xavier Pichon	Chief Executive Officer
Antoine Chouc	Chief Financial Officer
Werner De Laet	Chief Enterprise Officer/Chief Wholesale & Innovation Officer
Paul Marie Dessart	Secretary General/Chief People Officer ad interim*
Javier Diaz Sagredo	Chief IT Officer
Christophe Dujardin	Chief Consumer Officer
Stefan Slavnicu	Chief Technology Officer
Bart Staelens	Chief Transformation & Customer Experience Officer
Isabelle Vanden Eede	Chief Brand, Communication & CSR Officer

*assisted by Jelle Jacquet (Deputy CPO)



X. Pichon



A. Chouc



W. De Laet



PM. Dessart



J. Díaz Sagredo



C. Dujardin



S. Slavniciu



B. Staelens



I. Vanden Eede

8. Diversity Policy

Orange Belgium values diversity, equity and inclusion and implements various criteria in its selection processes to account for age, gender, educational background as well as professional experience.

The composition of the Board of Directors and of the Executive Management is determined on the basis of diverse and complementary competencies, experience and knowledge.

With respect to gender diversity, when a directorship is available, the company makes the best effort to present candidates of both genders to ensure that at least one-third of the Board members are of different gender than the other members. The Board of Directors currently has four female directors out of a total of 11.

In the framework of the legislation regarding the publication of information with respect to DEI, the company's DEI policy will be further developed and monitored by the Board of Directors. During the year, Orange Belgium further aligned its DEI approach with Orange S.A.'s approach.

During 2022 we focused on employee wellbeing as part of our DEI policies.

We continued our extended support to employees during the first months of the year with special focus on wellbeing and parents (10% parental leave, easier access to parental leave, donation of holidays to colleagues ...)

After the sanitary crisis, we ensured a smooth return to office with a new 50% teleworking policy which we adapted it in October to 60% teleworking upon employee feedback.

To support the employees in our shops during the energy crisis, we doubled the reimbursement of their private car commuting costs.

In September we invited our employees to participate in numerous wellbeing sessions relating to both physical and mental wellbeing, including a ted talk by Elke Van Hoof.

We also conducted a global wellbeing survey to identify our strengths and offer more targeted solutions in 2023 to groups who need extra support. In this frame we started proposing monthly 'making stress work' sessions and started a 2nd season of 'Best Self' workshops as well as team coaching sessions to support team members and teams in their wellbeing.

We continued our focus on gender equity (8 March 2022 awareness campaign, Ted Talk on gender equality at the occasion of Girls in ICT day, recurrent gender pay gap analysis, sponsoring of Young ICT woman Boost Camp...).

We ran workshops with Exco and Directors to further finetune our priorities in terms of DEI and held a DEI committee in May.

We signed the Diversicom Inclusion Charter and launched our 2 first traineeship for people with a disability, followed by 2 'CAP' contracts to employ people with a disability.

We continued to capitalize on our new employer branding, making Orange Belgium more attractive for millennials.

Our employees also valued our efforts as shown by the results of the yearly social barometer held by the Group where we reached an 'excellent' score for the 2nd time in a row.

The Orange Group diversity policy aims at fostering talents and encouraging the inclusion of all employees based on two pillars: gender equality and equal opportunities. Orange Belgium focuses on developing all available talents for a unique experience by:

- Offering a diverse and inclusive work environment that encourages all our employees to progress and to develop their talents for a unique experience;
- Focusing on diversity in the broad sense: promoting team diversity;
- Ensuring well-being as a key component of our equity and inclusion strategy.

Orange Group has defined 3 pillars for developing an inclusive environment and management

Whilst combatting discrimination by raising awareness of stereotypes and banning all forms of violence from the workplace. These 3 pillars are:

Gender equality

- gender balance in all job lines, particularly technical and digital professions
- access for women to management positions at all levels of the hierarchy
- work-life balance
- equal pay between men and women
- combatting sexism, sexual harassment, and violence

Equal opportunities

- age; Integration of young people and multi-generational management
- disability; Employment and integration of people with disabilities
- origins; Ethnic, socio-economic and cultural diversity within the company
- identity; Gender identity, sexual orientation and physical appearance
- personal opinions; Religion, political opinion, trade-union membership

Digital Equality

- gender balance in digital teams
- increasing the numbers of women in the digital sector
- inclusive Artificial Intelligence Development of responsible and inclusive AI
- accessibility: Ensuring our digital applications are accessible for all
- digital inclusion: Combatting the digital divide, supporting seniors, integration through employment

9. Remuneration Report

Introduction

This remuneration report concerns the 2022 financial year. Remuneration relating to the 2022 financial year complies with the remuneration policy that was applicable to that financial year, as explained in the remuneration report of the previous year, and as henceforth explained in the Remuneration Policy, that will be submitted for approval to the General Meeting of Shareholders on 3 May 2023, and to be found on the Orange Belgium website.

As far as needed, the remuneration policy is incorporated into this remuneration report.

Orange Belgium has recorded a 2% increase in revenues from €1 307.5 million in 2021 to €1 333.2 million while EBITDAaL has grown with 5.2% (from €339.8 million to €357.6 million). On the other hand, the Organic Cash Flow from Telecom activities has decreased with 18.9% from €126.4 million in 2021 to €102.5 million. Taking into consideration both Belgian and Luxembourg scope, we observe an increase of 2% in revenues from €1363.5 million in 2021 to €1391.2 million in 2022 and a positive evolution of EBITDAaL up 5.9% from €353.0 million in 2021 to €373.7 million in 2022. The Organic Cash Flow from Telecom activities decreased from €126.6 million to €105.3 million, down with 16.8%.

The Management Report chapter gives a comprehensive overview of this evolution from 2021 to 2022.

This Management Report chapter also includes an exhaustive list of events that occurred in 2022. 2022 has been a year full of challenges for Orange Belgium. Despite the very challenging economic context linked to the war in Ukraine and energy crisis, Orange Belgium has been able to deliver positive commercial results and a sustained financial performance thanks to the Orange Ahead Transformation Program. The objective is to become a next generation operator, a sustainable and committed actor, driven by a repositioned Orange brand, first-class technological expertise and major growth drivers. After a successful participation to the 5G auction, Orange Belgium continued to invest in its 5G network and launched the 5G Lab in Liège showcasing over eight 5G use cases together with local industries, while collaborating with KPN to investigate how Westerschelde can become the world's smartest waterway with 5G. An important motto of the Orange Ahead strategy is customer obsession. Orange Belgium is the only Belgian operator following a 'more for more' logic, Orange Belgium is offering its customers an increasingly large scope of premium services and content, while it is building its multi-gigabit networks at the same time. Further Orange Belgium sees it as a priority of acting as a responsible operator and employer. Some milestones in this perspective are the signature of the digital inclusion charter, the launch of the program RE inviting our customers to return, repair, refurbish and recycle their old phone, the launch of the HONOR brand in our smartphone portfolio and the launch of the Orange Digital Center.



1. Total remuneration

The tables below contain each individual director's total remuneration split by component and including any remuneration from any undertaking belonging to the same group. Furthermore, the tables below present the relative proportion of fixed and variable remuneration.

In accordance with Article 3:6 §3, of the Belgian Code of Companies and Associations, amounts of remuneration for the members of the Board of Directors are disclosed individually (table 1), and amounts of remuneration for the members of the Executive Management are disclosed globally (table 2).

Table 1

Name of director, position	Financial year	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total Remuneration	Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
The House of Value - Advisory & Solutions ⁽¹⁾	2022		89 400							
	2021		99 000							
SOGESTRA (N. Lemaitre-Rozencweig) ⁽²⁾	2022		68 400							
	2021		82 800							
M. De Rouck ⁽³⁾	2022		0							
	2021		33 600							
Leadership and Management Advisory Services (G. Dallemagne) ⁽⁴⁾	2022		50 400							
	2021		60 000							
K2A Mangement and Investment Services (W. Verstraete) ⁽⁵⁾	2022		50 400							
	2021		60 000							
CEO	2022	364 909		94 132	378 043	157 342		74 620	1 069 046	Fix:50% Variable: 50%
	2021	316 911		100 661	171 973	148 936		72 041	810 523	Fix: 60% Variable: 40%
TOTAL	2022	364 909	258 600	94 132	378 043	157 342		74 620	1 327 646	Fix: 60% Variable: 40%
	2021	316 911	335 400	100 661	171 973	148 936		72 041	1.145.922	Fix: 72% Variable: 28%

(1) as President of the Board of Directors and member of the Remuneration and Nomination Committee

(2) as Vice-President of the Board of Directors, member of the Audit Committee, member of the Remuneration and Nomination Committee and member of the Governance Supervisory Committee

(3) as member, in 2021, of the Audit Committee, member of the Remuneration and Nomination Committee and member of the Governance Supervisory Committee

(4) as member of the Audit Committee and member of the Remuneration and Nomination Committee

(5) as member of the Remuneration and Nomination Committee

Table 2

Other members of the management	Financial year	1. Fixed remuneration			2. Variable remuneration		3. Extraordinary items	4. Pension expense	5. Total Remuneration	6. Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
Executive Committee	2022	1 829 330		129 772	959 735	516 155	105 911 ⁽¹⁾	349 377	3 890 280	Fix: 59% Variable: 41%
	2021	2 058 266		301 195	827 147	444 642		371 800	4 003 050	Fix: 68% Variable: 32%

(1) in accordance with the remuneration policy the reported amount includes: one-off incentive bonuses granted to the General Secretary, the Chief Financial Officer and the Chief Transformation and Customer Experience Officer for their personal commitment to critical strategic projects and the first tranche of a 3 year retention bonus granted to the General Secretary.

The details of the structure and components of the remuneration of the members of the Executive Management are explained hereunder.

Structure of the remuneration of the members of the Executive Management

The remuneration of the members of the Executive Management consists of the following elements:

- Yearly base remuneration (around 47% of total remuneration)
- Variable remuneration, based on short- and long-term performance and encouraging the attainment of company objectives (around 41% of total remuneration)
 - Short-term variable remuneration called “performance bonus”.
 - Long-term variable remuneration called “Long-term Incentive Plan 2020-2022” and “Long-term Incentive Plan 2021-2023”, “Long-term Incentive Plan 2022-2024”.
- General Meeting of Shareholders of May 2011 decided to apply the exception provided for in article 520ter of the Belgian Companies Code (article 7:91 of the new Belgian Code of Companies and Associations) (combined with article 525 (article 7:121 of the new Belgian Code of Companies and Associations) to take into account the competitive and constantly developing context that is intrinsic to the telecommunications sector.
- Other elements of remuneration (around 12% of total remuneration)
 - Group insurance consisting of four parts: life – death – invalidity and exemption of premiums
 - Hospital insurance
 - Employee profit sharing plan
 - Company car/car allowance
 - Meal vouchers

Components of the remuneration of the members of the Executive Management

The remuneration policies concerning the Executive Management are assessed and discussed by the Nomination and Remuneration Committee that submits its proposals for approval to the Board of Directors.

The yearly base remuneration

The yearly base remuneration is intended to remunerate the nature and extent of individual responsibilities.

It is based on market benchmarks while respecting internal equity within the company.

The variable remuneration

1) The Performance bonus

The short-term variable remuneration consists of a proportion to encourage individual performance and another part aimed at attaining company objectives.

In 2022, the targets for the individual variable part were as follows:

The targets for the individual part are set against the main business priorities aligned with the company strategy. The progress against those priorities is assessed based on a number of indicators. The quality of management and leadership behaviour is also taken into consideration during the evaluation.

The targets for the collective part were as follows:

- Organic Cash Flow
- EBITDAaL (Earnings before Interest, Taxes, Depreciation and Amortization, after Lease)
- Brand Net Promoter Score that measures the percentage of customers who are promoters minus percentage of customers who are detractors consolidated per main business line. That KPI has been replaced by another KPI measuring the customer satisfaction as of the second semester in 2022.
- Employee Net Promoter Score that measures to what extent Orange Belgium employees would recommend Orange Belgium as a good place to work (percentage of employees who are promoters minus percentage of employees who are detractors).

The performance bonus has been granted in cash, in warrants, in options on shares which are not connected to the company or benefits available in the Flex Income Plan.

More specifically:

- A first portion (the collective part) has been paid in cash under the form of a collective bonus CLA90 (up to the ceiling free of taxes and normal social security charges)
- A second portion has been paid in warrants or options on shares which are not connected to the company (up to the tax ceiling of 20% of the yearly remuneration);
- A third portion has been paid in the Flexible Income Plan, resulting in cash or benefits in kind.

The performance criteria, their relative weighting and the actual outcome in 2022 can be summarized as follows:

Name of director, position	1. Performance criteria	2. Relative weighting of the performance criteria	3. Information on Performance Targets [optional]		4. a) Measured performance b) Actual award outcome
			a) Minimum target / threshold performance b) Corresponding award	a) Maximum target / performance b) Corresponding award	
CEO	Individual target: Progress against business priorities aligned with the business strategy as well as management attitude and quality of Leadership.	40%			a) overachieved b) 127.5%
	Collective Target: Organic Cash Flow	18%			a) S2/2021: overachieved S1/2022: overachieved b) 150%
	Collective target: EBITDA(aL)	18%			a) S2/2021: overachieved S1/2022: below target b) 101.65%
	Collective target: Brand NPS	12%			a) S2/2021: below target S1/2022: overachieved b) 73.9%
	Collective target: e-NPS	12%			a) S2/2021: overachieved S1/2022: overachieved b) 117.85%
Executive Management	Individual target: Progress against business priorities aligned with the business strategy as well as management attitude and quality of Leadership.	40%			a) overachieved b) 112%
	Collective target: Organic Cash Flow	18%			a) S2/2021: overachieved S1/2022: overachieved b) 150%
	Collective target: EBITDA(aL)	18%			a) S2/2021: overachieved S1/2022: below target b) 101.65%
	Collective target: Brand NPS	12%			a) S2/2021: below target S1/2022: overachieved b) 73.9%
	Collective target: e-NPS	12%			a) S2/2021: overachieved S1/2022: overachieved b) 117.85%

2) The long-term variable remuneration

The long-term variable consists of recurring long-term Incentive Plans (2020-2022, 2021-2023 and 2022-2024) which represents 30% of yearly fixed remuneration of executive members after three years.

The LTIP is a “rolling plan” over three-year performance periods with awards considered and decided annually by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee decided on three company KPI's and targets to apply to each annual LTIP award for the three-year performance period at the beginning of the financial year. Company targets are weighted independently 50%/50%/50%, with a maximum possible achievement for each LTIP award of 150%. Subject to the achievement of at least one company target in any three-year performance period, individual contribution by the executive member can add an additional 25% to the final result subject to an overall maximum LTIP potential of 175% of the target award.

LTIP awards will vest subject to company performance measured over each three-year period with plan payments paid in cash, in warrants or in the form of non-company share options, or benefits available in the Flex Income Plan (possibly pension benefits). In the case of payment in the form of options, these options are frozen for one year.

In 2020, the company KPI's decided for the 2020-2022 LTIP award were as follows:

- Total Shareholder Return (TSR)
- Organic Cash Flow (OCF)
- Growth in Mobile Convergence: number of B2C convergent mobile customers at the end of the relevant period compared to the strategic plan approved by the Board of Directors.

In 2021, the company KPI's decided for the 2021-2023 LTIP award were identical as for the 2020-2022 LTIP.

In 2022, the Total Shareholder Return (TSR) indicator has been replaced by EBITDAal in the 2022-2024 LTIP.

The 2020-2022, the 2021-2023 and 2022-2024 awards are anticipated to vest and become payable in respectively March 2023, March 2024 and March 2025 subject to results.

Other elements of the remuneration

1) Group insurance - additional pension plan

The additional pension plan is a plan with predefined contributions. The acquired reserve consists of employers' contributions solely.

The amounts paid into the pension plan are specified in table 1 (total reward).

2) Employee profit sharing plan

In accordance with the law of 22 May 2001, Orange Belgium shares 1% of the net consolidated profit under certain circumstances with the members of the personnel including the members of the Executive Management. In the event the conditions are fulfilled, the amount granted

to each employee, including the members of the Executive Management, is identical regardless of the position is held.

In 2019, Orange Belgium decided to share 2% of the net consolidated profit as of the 2020 results, under certain circumstances with the members of the personnel including the members of the Executive Management. The percentage could amount to a maximum of 3%, but capped overall at €1.5 million payout, depending on the achievement of results (subject to the achievement of the financial stretch target(s) set above the budget).

In 2022, the General Meeting of Shareholders approved the award of a profit-sharing scheme resulting in an amount of €937,07 gross per employee (including members of the Executive Management), paid in June 2022.

3) Other benefits

The members of the Executive Management benefit from other advantages, in accordance with market practices within the sector and their level of function, such as hospital insurance, company car, meal vouchers, mobile phone with subscription.

2. Share-based remuneration

In 2022, the Board of Directors of Orange S.A. decided to implement a share award for the 3 year period 2022-2024 approved pursuant to the provisions of the eighteenth resolution of the General Shareholders meeting of 19 May 2022.

The aim of the Orange S.A. Long Term Incentive Plan is to develop corporate loyalty among employees who occupy senior positions in the Group and to align the interests of beneficiaries, the Group and shareholders.

The Board of Directors of Orange S.A. decided on 27 July 2022 to award to eligible executive members of the company and certain other key employees rights to 2,000 Orange S.A. shares for “executives” and 1,000 Orange S.A. shares for “Leaders”, subject to the terms and conditions of the 2022-2024 award. Shares will only vest at the end of the vesting period for the award on or after 31 March 2025, subject to the presence conditions and achievement of the performance conditions as assessed by the Board of Directors of Orange S.A.

3. Severance payments

All members of the Executive Management have an employment contract. The Chief Consumer Business Officer who joined the company in January 2020 and the Chief Executive Officer who joined the company in September 2020, benefit from a 12-month exit guarantee. For the other members of the Executive Management, labour law applies and no specific severance clauses have been agreed.

4. Use of the right to reclaim

No circumstances justified any reclaim in 2022.

5. Derogations and deviations from the remuneration policy

In 2022, the Chief Consumer Business Officer benefited from the payout of the 2019-2021 LTIP due to eligibility rights

granted to him on a prorated basis on commencement of his employment with the Company. The incentive amount was paid in March 2022 and is included in the figures in table 2.

6. Comparative information - evolution of remuneration and performance

	2019	2020	2021	2022
Directors/Executive Remuneration				
CEO total remuneration (in €)	740 319	926 007	810 523	1 069 046
Executive committee total remuneration (in €)	3 574 649	3 238 080	4 003 050	3 890 280
Orange's performance				
Net Profit (in m€)	33.3	54	39.7	58.2
Total Revenues (in m€)	1 340.80	1 314.87	1 363.50	1 391.2
EBITDAal (in m€)	300.1	323.5	353.0	373.7
Organic Cash Flow (Social View) (in m€) from Telecom activities	112.2	122.4	126.6	105.3
Organic Cash Flow (Social View) (in m€)	112.2	122.4	104.8	-115.2
Brand NPS ^(*)	117.5% vs target	97.6% vs target	121.3% vs target	113.6% vs target
eNPS ^(*)	110% vs target	137.5% vs target	113.2% vs target	112.5% vs target
Average remuneration on a full-time basis of employees				
Average remuneration per employee (in €)	68 627	69 157	71 304	73 357

(*) for Brand NPS and eNPS, the table shows the achievement vs target at the end of the 1st semester of the relevant year to be consistent with payment dates of the performance bonus. The performance bonus paid in 2022 relates to semester 2 of 2021 and semester 1 of 2022.

The methodology used to calculate the average remuneration on a full-time equivalent basis of employees takes into account: sum of the yearly base pay (monthly base salary* 13.92) and sum of the actual variable remuneration for all employees of Orange Belgium excluding CEO and Executive Management divided by the sum of the Full Time Equivalent based on the contractual work schedule. All the elements that have been considered to calculate the CEO and Exco remuneration on a yearly basis have been included in the calculation: employer contribution in the meal vouchers, profit sharing, employer contribution in the group insurance, employer contribution in the hospitalization insurance, company car, car allowance, benefit in kind for mobile phone and consumption vouchers in 2022. The reference period taken was the month of December of the year in question.

Ratio between the highest remuneration and the lowest remuneration

The ratio between the total remuneration of Orange Belgium's CEO and the total remuneration of the lowest paid employee is equivalent to 26.75.

7. Information on shareholder vote

Not applicable.

10. Contractual relations with directors, managers and companies of the Orange Group

Every contract and every transaction between a director or a member of the Executive Management and the company requires prior approval from the Board of Directors, after informing and consulting with the Audit Committee in that respect. Such contracts or transactions should be concluded at commercial conditions, in accordance with the prevailing market circumstances. The prior approval of the Board of Directors is required, even if articles 7:96 and 7:97 of the Code of Companies and Associations are not applicable to the said transaction or the said contract. However, services delivered by the company in its normal course of business and at normal market conditions (i.e. a normal "customer relationship") are not subject to such prior approval.

There are agreements and/or invoices regarding the performances of the staff members and/or delivery of services or goods between the company and several companies of the Orange Group. These contracts and invoices are reviewed by the Audit Committee.

11. Application of article 7:97 of the Code of Companies and Associations during the 2022 financial year

The procedure foreseen in article 7:97 of the Code of Companies and Associations has been applied during the 2022 financial year.

This procedure has been applied in the framework of the provision of funding by Atlas Services Belgium SA to the benefit of the Company, (i) on one hand, for the acquisition of VOO and, (ii) on the other hand, for the purposes of spectrum purchase.

The main contractual documentation related to this operation is composed of the following documents: (i) credit facility agreement between Atlas Services Belgium and the Company and (ii) guarantee letter from the Company to Orange SA relating to the guarantee granted by Orange SA to the benefit of Nethys in order to comfort the acquisition of 75% (- 1 share) of the capital of VOO.

Considering that the deliberations relating to this operation fall within the scope of article 7:97 of the Code of Companies and Associations, the Board of Directors requested the independent directors to form a committee of independent directors.

The Board of Directors of 21 April 2022 has taken note of the written, detailed and reasoned opinion of the committee of independent directors dated 20 April 2022, drafted with the assistance of independent experts (legal expert and financial expert). Based on this opinion, from which it does not deviate, the Board of Directors has considered that the operation is in the Company's interest and has approved it in view of the implementation of the VOO transaction and the 5G process (spectrum purchase).

The guarantee letter has been signed on 20 May 2022. The credit facility agreement will be signed prior to the closing of the VOO transaction. This has been publicly announced by the Company on the 10 February 2023 and can be consulted on the Website of Orange Belgium.

The procedure foreseen in article 7:97 of the Code of Companies and Associations has also been applied in the context of the execution of a framework agreement between Atlas Services Belgium and the Company intended to allow for interest rates hedges related to the credit facility agreement referred to above. The committee of independent directors concluded that the proposed operation was not detrimental to the Company and was not manifestly abusive. The framework agreement has been signed on 21 November 2022 and publicly announced by the Company on the 10 February 2023. The announcement can be consulted on the Website of the Orange Belgium.

12. Information concerning the tasks entrusted to the auditors

The audit of Orange Belgium's consolidated and statutory financial statements is entrusted to KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises.

During 2022, the statutory auditor and linked companies provided services for which the fees were as follows:

- Audit services €572,233
- Audit-related services €40,000



Statutory auditor's report

Statutory auditor's report to the general meeting of Orange Belgium SA/NV on the consolidated financial statements as of and for the year ended December 31, 2022

In the context of the statutory audit of the consolidated financial statements of Orange Belgium SA/NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended December 31, 2022, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of May 6, 2020, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended December 31, 2022. We have performed the statutory audit of the consolidated financial statements of the Group for six consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended December 31, 2022, prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and

other explanatory information. The total of the consolidated statement of financial position amounts to EUR'000 2.091.551 and the consolidated statement of comprehensive income shows a net profit for the year of EUR'000 58.159 and total comprehensive income attributable to equity holders of the parent of EUR'000 64.754.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition from telecommunication activities

We refer to note 15.1.21 'Revenue from contracts with customers', note 2 'Sales, trade receivables, other current and non-current assets' and note 13 'Liabilities related to contracts with customers and other assets related to contracts with customers' of the consolidated financial statements.

Description

Revenue recognition is an inherent industry risk of error which arises from amongst others the complexity of the telecommunication billing systems, the large amount of data processed to determine billing and revenue, the combination of different products sold and price and promotion changes introduced during the year.

Our audit procedures

We gained insight into the processes surrounding the recognition of the various revenue streams, from contract signature and initial communication up to the invoicing and the receipt of payments.

We took into account the high level of integration of the various IT systems, by including IT specialists in our audit team, and by testing the design, implementation and effectiveness of the key automated controls of the relevant IT systems affecting revenue recognition.

As part of our audit procedures, we have:

- identified the key controls implemented by Orange Belgium in relation to the revenue cycle that were relevant for our audit and tested their effectiveness;
- tested a sample of customer billings and compared these to supporting evidence (e.g. customer orders or contracts and cash received);
- tested a sample of deferred and accrued revenue ending balances and compared these to supporting evidence;
- assessed the accounting treatment of any significant new products and promotions in the year; and
- assessed a selection of manual journal entries posted to revenue accounts at year end by comparing them with our independent calculations and estimates and by ensuring that evidence supporting these manual entries was available.

We have also assessed the appropriateness of the information presented in notes 2, 13 and 15.1.21 to the consolidated financial statements.

Goodwill valuation

We refer to note 4 'Goodwill' of the consolidated financial statements.

Description

At December 31, 2022, the total goodwill recognized in the consolidated statement of financial position amounts to EUR'000 67.041. The goodwill impairment loss recognized for the year 2022 amounts to EUR'000 22.433.

As indicated in note 4, Orange Belgium performs an impairment test at least annually and more frequently when there is an indication of impairment. These tests are performed at the level of each cash generating unit ('CGU') or group of CGUs, which generally correspond to the operating segment. An impairment loss is recognized if the recoverable amount is lower than the carrying value. The recoverable amount is determined by Orange Belgium, based upon the value in use. The estimate of value in use is the present value of future expected cash flows.

The assessment of the value in use requires numerous estimates and judgments from management, and in particular the assessment of the competitive, economic and financial environment of the countries in which Orange Belgium operates, the ability to realize operating cash flows from strategic plans, the level of investment to be made and the discount and growth rates used in calculating recoverable amounts.

Our audit procedures

We gained insight into the procedure implemented by Orange Belgium for carrying out the annual impairment test and in particular the review of the cash flows used in the calculation of the recoverable amount.

With the assistance of our valuation specialists, we have assessed the appropriateness of the method used by Orange Belgium to calculate the recoverable amounts.

To assess the reliability of the data from the business plan used to calculate the recoverable amount, we have in particular:

- assessed the procedure for devising and approving business plans;
- evaluated the management's identification of the CGUs;
- compared cash flow forecasts with business plans from previous financial years;
- compared business plans from previous financial years with actual data over the financial periods in question;
- challenged the key assumptions made by management relating to revenue, EBITDA and capital expenditures with external data when available, such as market research or analysts' memos;
- assessed the method used to determine the weighted average cost of capital ('WACC') and the perpetual growth rate ('PGR') by comparing them to the market range and to data re-calculated with our own data sources;

- challenged the appropriateness of the sensitivity analysis performed by management by performing further sensitivity analyses, primarily focused on changes in operating cash flows; and
- tested the mathematical accuracy of the cash flow models.

We have also assessed the appropriateness of the information presented in note 4 to the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

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

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter "digital consolidated financial statements") included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the official Dutch and French version of the digital consolidated financial statements as per December 31, 2022, included in the annual financial report of Orange Belgium SA/NV, are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

Other aspects

- Reference is made to the board of directors' annual report which states the board of directors' view that the Company is exempt from the obligation to prepare and disclose the non-financial information as required by article 3:32 §2 of the Companies' and Associations' Code since the Company is a subsidiary of Orange SA, who prepares a consolidated board of directors' annual report, that includes the non-financial information, in accordance with the applicable EU directive.
- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, March 30, 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Alexis Palm
Bedrijfsrevisor / Réviseur d'Entreprises

Declaration by the responsible persons

We, the undersigned, Xavier Pichon, CEO, and Antoine Chouc, CFO, declare that to our knowledge:

- a) the financial statements drawn up in accordance with the prevailing accounting standards, give a true and fair view of the company's assets, liabilities, financial position and results of the issuer and the companies included within its consolidation;
- b) the management report contains an accurate overview of the business activities evolution, the results and the financial situation of the issuer and the companies included within its consolidation, and a description of the main risks and uncertainties they are confronted to.



Xavier Pichon
CEO



Antoine Chouc
CFO