Annual Report
Orange Belgium
2020

Orange
ahead

Key figures 2020

2.6
millions mobile clients

1,389
full time equivalents

1.6
million connected objects (M2M and IoT)

32%
non-physical sales

20.3%
of mobile postpaid clients are convergent

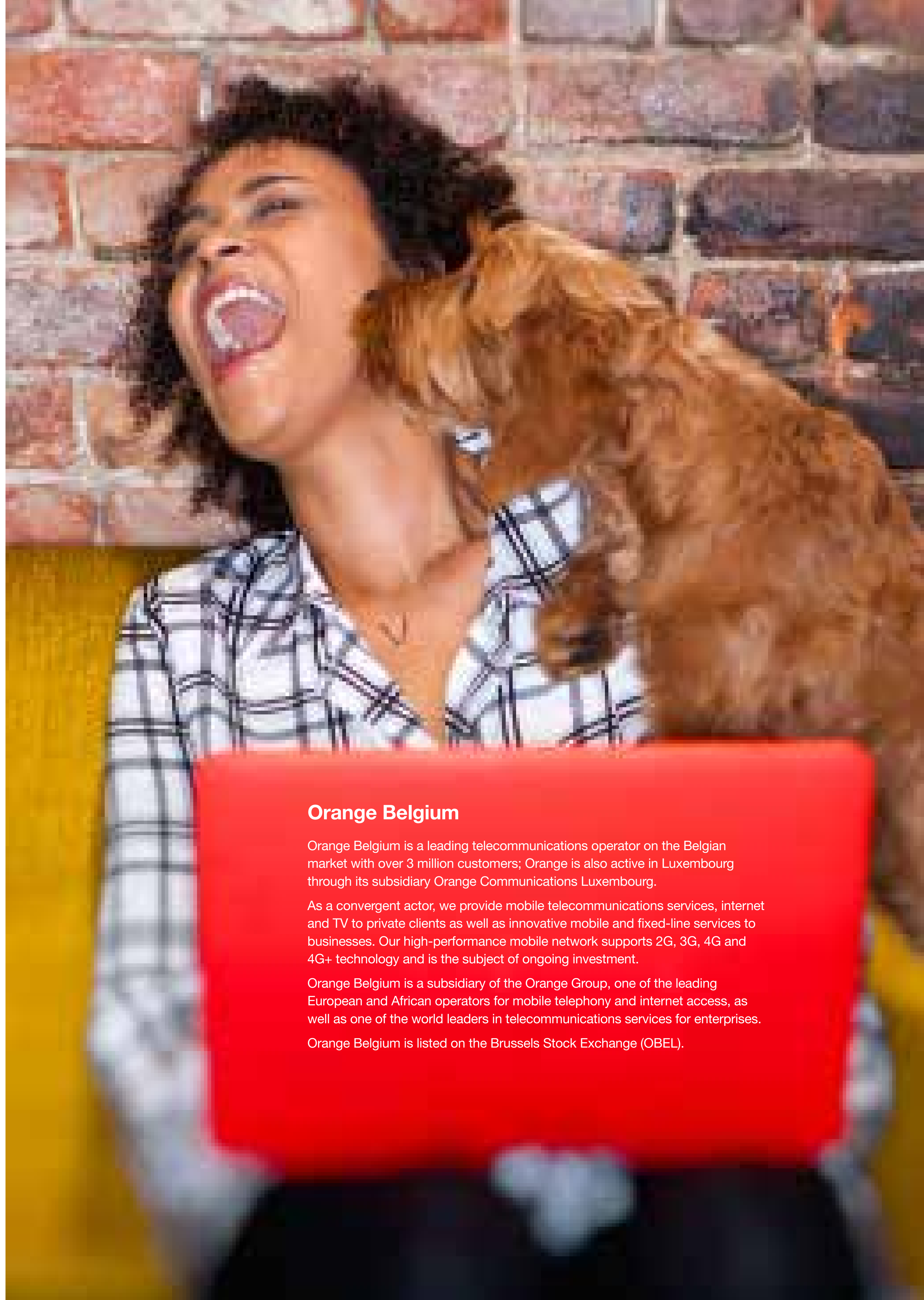
1,314
million €
Total revenues

0
price increase

150
km² 5G test zone

323.5
million € EBITDAaL

326,000
convergent clients



Orange Belgium

Orange Belgium is a leading telecommunications operator on the Belgian market with over 3 million customers; Orange is also active in Luxembourg through its subsidiary Orange Communications Luxembourg.

As a convergent actor, we provide mobile telecommunications 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 4G+ technology and is the subject of ongoing investment.

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

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

Contents table

02	Interview of the Chairman of the Board and the CEO
06	Highlights 2020
08	Market Context
12	Our Strategy
14	Corporate Social Responsibility
18	Our Residential Solutions
22	Our Business Solutions
26	Our Network
28	Our Team
32	Digital Transformation
36	Innovation
38	Orange Luxembourg
42	The Orange Belgium Share
46	Management Report
61	Financial Statements
124	Corporate Governance Statement

Ever more at the service of society

2020, the year marked by Covid-19! Taken completely by surprise like everyone else, Orange Belgium was nevertheless able to respond rapidly thanks to the agility of its structure, its functioning and its people. This affirmed both its essential societal role and the progressive deployment of its long-term strategy. More than enough to characterise 2020 as a pivotal year, as well as one of revelation. A look back at Orange Belgium´s experience during this turbulent pandemic period with Johan Deschuyffeleer, chairman of the Board of Directors, and Xavier Pichon, new CEO of Orange Belgium.

Johan Deschuyffeleer
Chairman of the Board of Directors

2020 is a year that rocked the world to its foundations. How did Orange Belgium deal with the successive shocks caused by the waves of Covid-19?

Johan Deschuyffeleer : Virtually overnight, Belgium shifted to full-time teleworking. A transformation that, for many, seemed rather normal. But no, the entire telecommunications sector had to organise and adapt itself. A radical change that was made possible at Orange Belgium thanks to the investments realised upstream but also - and above all - thanks to the remarkable work performed by all of our employees in this difficult context.

Xavier Pichon: All of us went through an extraordinary situation that impacted us on both the private and professional levels. Telecommunication services played a vital role in this crisis. We were essential for society, for everyone's day-to-day life, for keeping the economy running, maintaining the effectiveness of the health care system, for the vitally important task of preserving social ties, and so on. Covid-19 revealed our societal importance as well as the quality of our people, their resilience, their unwavering commitment.

Xavier Pichon
CEO

"Covid-19 revealed our societal importance as well as the quality of our people, their resilience, their unwavering commitment."
Xavier Pichon

What were the direct impacts caused by the pandemic?

X.P.: Consumption on both the fixed and mobile networks skyrocketed, which posed a real challenge for the cable and mobile networks. In contrast to this increase of activity, we recorded substantial decreases in both roaming and customer traffic in our shops. One of our priorities was to stay in touch with our customers, to remain at their service, so we had to adapt ourselves to the lockdown and to the respect of the health measures by inventing new ways of interacting with them. We reinforced our call centres, strengthened our telesales, re-arranged our shops in such a way that safety was guaranteed. Internally, like everyone else, we invented a new way of working remotely. While certain positions could easily switch over to teleworking, for others it was far less evident.

J.D.: Covid-19 created a complex and particular context. For Orange Belgium, that proved to be a mixture of positive and negative. But we were determined to view this situation as an opportunity, notably with respect to the development of digital.

2020 also saw the departure of Michaël Trabbia from the head of Orange Belgium. In September, Xavier Pichon took over the helm as CEO of the company. What was behind this change?

X.P.: It certainly didn´t represent a change of direction. My intention is to bank on continuity, complementarity. Thanks to the Bold Inside Plan - based on the three principles of simplification, digitalisation and empowerment - Orange Belgium has created for itself a choice position on the Belgian telecommunications market. Today we are the number three player. This remarkable progress became possible thanks to the investments made under Michaël Trabbia's management, notably thanks to his strategic positioning towards convergence. Moreover, this management has been crowned with success, with over 300,000 Love customers today, i.e. 20% of our postpaid customer base. My objective today is to participate in the growth of Orange Belgium within a complex market while fostering the empowerment and flourishing of all employees.

J.D.: The competencies of a CEO and of a Board of Directors respond to a particular situation. Orange Belgium was a company with a different profile when Michaël Trabbia came on board 5 years ago. The evolution was a natural one and allowed us to stay the course during this difficult year. The investments made give us the opportunities to realise ourselves today, but also tomorrow.

Cracking the codes, defining itself as a Bold challenger… that was the positioning of Orange Belgium. Is it still the one being defended this year and in the future?

X.P.: 2020 is a pivotal year. Today, we are achieving a nearly 10% market share on fixed and 29% on mobile. Our weight becomes more and more important. On the basis of this reality and following the revelation of our essential societal role, we are evolving towards a longer-term strategy. The goal is to further deploy the potential of the Orange Belgium brand and to have a 360-degree view. Our goal is to strengthen our positioning simultaneously on both fixed and our digital offer. We want to possess fixed infrastructures in order to become a convergent operator in terms of networks and no longer uniquely in terms of offers. At year´s end, the Orange Group also announced its project to launch a conditional public offer for voluntary acquisition of all shares of Orange Belgium. If that is confirmed in 2021, this transaction can be one of the paths to exploit so as to enable us to reach our goals.

J.D.: Currently, the Orange Group holds 52.9% of the capital of the subsidiary that is Orange Belgium. The group's intention, with this project, is notably to enable us to more effectively deploy our long-term value creation strategy and respond more quickly to the major transformations of the Belgian market, thanks to greater financial flexibility. The Board of Directors is examining the content of the offer in accordance with the provisions of the law. We are analysing the file as we are accustomed to doing, with our long-term view taking all of our stakeholders into account.

"The group's intention, with this project, is notably to enable us to more effectively deploy our long-term value creation strategy."
Johan Deschuyffeleer

In this wish for deployment, the commitment in terms of corporate social responsibility is also ambitious…

J.D.: We envisage sustainability in the broad sense of the term, so that it percolates down into the various branches of our activity and responds to the needs of society. The challenge is striking the right balance. Orange Belgium´s goal is to be especially active in favour of the environment and digital inclusion. Adopting this approach also multiplies our chances of survival in the future. We indeed have a large swathe of young people amongst our customers, and they regard these issues with a keen sense of urgency.

X.P.: The steps in favour of the environment have been present at Orange Belgium for several years now, as is the case throughout the Orange Group. Today, we wish to integrate this commitment into the DNA of our business model. We are aiming to reduce our emissions by 30% between now and 2023. That is an ambitious goal and many actions have already been taken. Today and tomorrow, this sustainability will notably affect our offers, our networks, our suppliers, our travelling, etc. We wish to view this as comprehensively as possible.

"Our ambition is to increase our market shares by expanding our line while keeping our attention focused on customer experience."
Xavier Pichon

What were the proven successes of 2020?

X.P.: We succeeded in launching the right offers at the right time, notably with respect to convergence, with the relaunch of the Love offer. The quality of our networks is also excellent. Thanks to the investments made earlier, they are truly resilient. We also have to emphasise the agility with which the sale channels adapted themselves to the lockdown and the health measures. Our sellers performed extremely well by continuing to listen to our customers via the shops, whenever that was possible, but also via the telesales or the call centres.

J.D.: Our strategy of putting our customers at the centre of everything we do bore its fruits. Our Go Unlimited mobile offer did away with the sort of unexpected surprises they sometimes got when they opened their invoice. Today, nearly one million Belgians are benefitting from this bundle and their satisfaction with it is clear. We can see that in our call centres, where the number of customers calling in after getting such a "surprise" on their invoice amounts has fallen sharply.

Orange Belgium´s activities are conditioned by the regulatory environment. What are the major evolutions of 2020, notably concerning the launch of 5G?

X.P.: The new gross rates set by the BIPT, the telecom market regulator, entered into effect in July. The prices are higher than what we had hoped, but that puts an end to a file that had dragged on for two years. On the subject of 5G, the calendar for awarding frequencies is on the agenda for the end of 2021 or the start of 2022. Our society needs to be reassured between now and then, so we are adopting an approach of listening to and discussing with the elected representatives and the population. Orange Belgium respects the citizen debates that are currently going on and wishes to participate in them constructively. The Industry 4.0 experience of the Port of Antwerp is a European first on this scale and it has been a great success. B2B will probably be the spearhead for 5G in order to demonstrate its added value. We are continuing to work actively on this subject, notably in order to strengthen the customer experience, whether via a very high-speed offer, gaming, etc. Our agreement concluded with the operator Proximus in November 2019 on sharing the mobile radio access network will permit a faster 5G deployment in Belgium, i.e. the best modern network of the country.

Having learned the lessons of this year, what are the stakes looming on the horizon of 2021 for Orange Belgium?

X.P.: The positioning on 5G will continue to be a focus for the coming year, just like a reinforced presence and an investment in the fixed networks in order to become a veritable convergent operator. Our ambition is to increase our market shares by expanding our line while keeping our attention focused on customer experience. We will also accelerate our race towards digital, because the situation created by Covid-19 highlighted certain needs for improvement and development. Finally, our corporate social responsibility strategy based on concrete ambitions in favour of the environment and digital inclusion will assume greater scope in order to touch all aspects of the company.

J.D.: We will continue to position ourselves as an important long-term partner for Belgium. Our approach will be always motivated by the right actions for our customers, our employees, all of our stakeholders and society as a whole.

Highlights 2020

January

Orange Belgium customers won´t have to worry about Brexit: no roaming charges will be invoiced, thanks to agreements concluded by the operator with several local partners.

February

Orange Belgium becomes the first operator to support the eSIM in Belgium for residential customers.

March

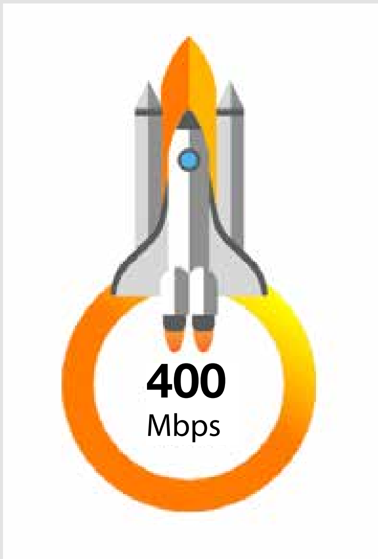
Launch of Go, a brand-new portfolio of mobile offers, subscriptions intended for families with plenty of data and multi-card reductions.

April

Launch of a wide range of initiatives to support customers and the public authorities during the lockdown, notably via free data volumes for all customers, technical assistance and donations of protective gear to healthcare personnel.

May

New series of initiatives to help deal with the Covid-19 pandemic, notably a new free data volume for all customers and financial and technical support for the Track & Trace call centre set up by the Belgian authorities.



June

Orange Belgium launches a new option, Internet Boost, offering download speeds of 400 Mbps and upload speeds of up to 40 Mbps.

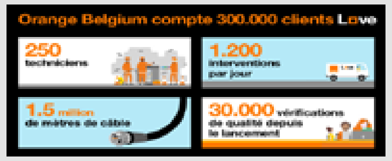
July

For the first time in its history, Orange Belgium will broadcast the Belgian football league, thanks to an agreement with the rights holder, via a very competitively-priced premium option.

Xavier Pichon is named CEO of Orange Belgium effective September 1st, replacing Michaël Trabbia.

August

Orange Belgium launches Half ID SIM cards to reduce its consumption of plastic.



September

Four years after its launch on the convergent market, Orange Belgium celebrates the important milestone of 300,000 Love customers.

October

The operator announces that it has chosen Nokia to develop its future mobile radio network and for the 5G deployment.

Orange Belgium presents the 5G industrial applications it co-developed with major industrial partners at its innovation centre in the port of Antwerp.

Long awaited by the market, Home Internet - the first Internet-only service without mobile subscription - is launched.

November

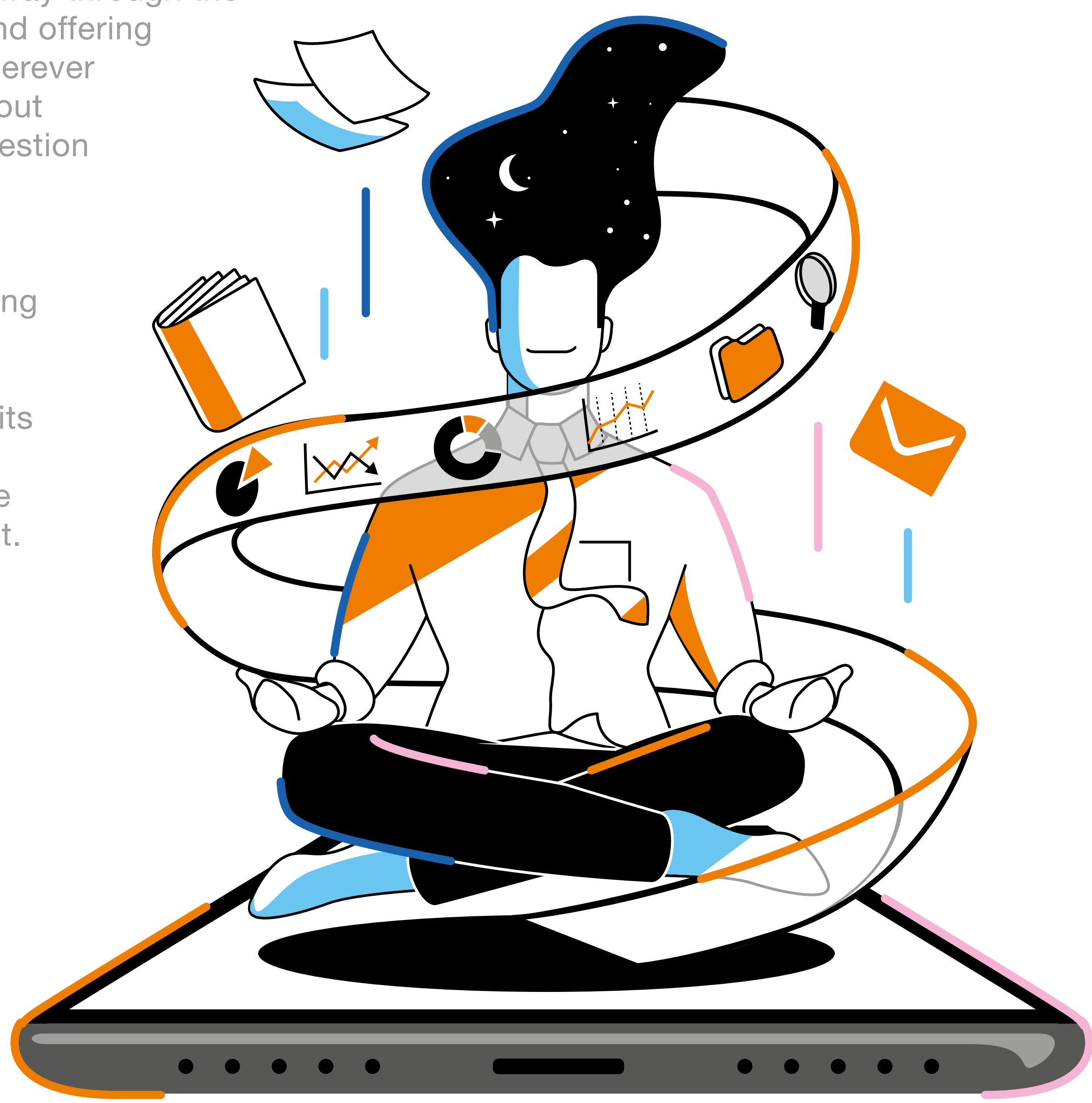
Orange Belgium innovates and becomes one of the world's first telecom operators to launch a 100% recycled plastic SIM card.

December

Orange Belgium launches Crowdsurfer, a mobile app that enables customers to check crowd densities throughout Belgium in real time.

A unique financial year

2020 will long be remembered as a unique financial year, one thrown into substantial disarray by the coronavirus pandemic and its multiple impacts on social and economic life in Belgium. Orange Belgium maintained course, navigating its way through the fog of crisis and offering its support wherever possible, without calling into question its disruptive commercial positioning, without reducing its ability to innovate, and consolidating its indispensable position on the Belgian market.



A severely shaken, yet successful financial year

During the first weeks of 2020, Orange Belgium confirmed its ambitions and its innovative commercial positioning by promising, once again, not to increase its rates during the year, and then by giving a solid kick-off to its offers for the B2B market by going so far as to triple the mobile internet volumes. On the residential market side, in early March Orange Belgium launched Go, its brand-new portfolio of mobile offers more specifically intended for families and offering highly advantageous multi-card discounts. A new positioning whose success was confirmed in the following months since, by the end of the financial year, more than one million customers had opted for these offers. However, the year was rapidly turned upside down by the Covid-19 pandemic. Orange Belgium quickly took all measures necessary to protect its staff and customers, notably by making teleworking obligatory even before the lockdown was imposed, then by scrupulously respecting the government's decrees and closing all of its shops for several weeks. The lockdown instituted on a national scale, as well as the massive shift to teleworking it engendered, confronted the networks with a sudden and unparalleled increase in voice, fixed internet and mobile internet traffic, but the efforts and the professionalism of Orange Belgium's teams made it possible to avoid any major problems and to ensure everyone's connectivity. The operator also multiplied initiatives to support its customers, employees and the public authorities in battling the pandemic, ranging from granting free data volumes to its customers to donating masks and protective gear to healthcare personnel, as well as financing a middle care unit for the Erasmus Hospital, a donation to the Red Cross and technical support to the authorities to establish procedures for monitoring population movements, then for tracking and tracing, amongst others.

5G

Equipment manufacturer Nokia was selected to deploy the 5G equipment in the future

The various health measures taken throughout the year did have an impact on the commercial dynamic of Orange Belgium's activities, but the operator succeeded in limiting it thanks to increased recourse to remote services and then, during the lull recorded in the summer months, by launching a new offer, one that had been long awaited by the market: the Home Internet and Home Internet & TV subscriptions, which offer fixed connectivity services that do not have to be linked to a mobile subscription and thus give back freedom of choice to customers hitherto imprisoned in their bundles. Orange Belgium also enriched its contents, becoming the first Belgian operator to establish a partnership with Eleven Sports for the broadcasting, via a specific premium pack, of the Belgian football championship for the Love customers.

Regulation

On the regulatory level, 2020 marked the end of the procedure of revising the wholesale rates for accessing the networks of the cable operators in Belgium. After having submitted a new costs model for consultation, the BIPT decided to go back to the drawing board, de facto returning to a model that imposes on the alternative operators an overcompensation of the investment costs of the cable operators in the medium term and entails a price growth dynamic over the years. Orange Belgium took note of this decision and chose, despite everything and in the customer´s interest, to launch its convergent offer uncoupled from mobile and to continue to invest in strengthening its position on the convergent market as a whole, by examining all development possibilities that might present themselves. With regard to 5G deployment, given the delay incurred in awarding the spectrum use licences, the BIPT granted to the main operators, including Orange Belgium, provisional licences permitting a limited deployment of the new communication standard. The formation of a federal government with full powers in October offered fresh prospects, since the new

2021

2021 will be regarded as a key year for the future of Orange Belgium

minister in charge of telecommunications, Petra De Sutter, affirmed her intention to launch the different procedures that would make it possible to grant definitive licences at the end of 2021 or beginning of 2022. The year 2021 could also see an evolution in terms of the emission standards imposed on the antennas at the regional level, whose current severity makes it virtually impossible to deploy true 5G connectivity.

B2B and innovation

On the business market, the continued integration of BKM, which Orange Belgium acquired in 2019, permitted the operator to significantly strengthen its position on the B2B market and, above all, to expand the range of its services so as to profile itself as a genuine one-stop shop for business customers. This new positioning made it possible for Orange Belgium to better deal with the impact of the coronavirus pandemic, by becoming an essential partner that could accompany companies obliged, due to the health context, to shift over to teleworking almost instantly. This offset, at least partially, the delays and suspensions of B2B projects imposed by the coronavirus. Orange Belgium´s wager on the Internet of Things also bore fruit, notably via an accelerated deployment of the smart parking solutions, and the launch of innovative services for the general public, such as the Crowdsurfer application, introduced at the end of the year and which permits anyone interested to get real-time information on the population density in a given area, so as to limit the risks of infection. With regard to innovation, Orange Belgium set the tone at the start of the year by becoming the first Belgian operator to launch support for the eSIM, but above all it concretised its 5G ambitions by unveiling the first concrete cases of use of the technology with a series of industrial partners assembled in the co-innovation hub Orange Industry 4.0 in the port of Antwerp.

Infrastructure

With regard to infrastructures, 2020 was marked by the concretisation of the project for sharing a radio access network (RAN) with Proximus, via establishment of the joint venture MWingz, which henceforth will assume responsibility for deploying and maintaining the RAN network for the two operators. Objective: permit a faster and more extensive 5G deployment in Belgium; for the customer´s benefit, improve the general mobile experience and the operational effectiveness and reduce the energy consumption of these infrastructures. An important step was also taken for the future of Orange Belgium's mobile infrastructure, since equipment manufacturer Nokia was selected to renew the current RAN architecture and deploy the 5G equipment in the future.

Governance

Transition was definitely one of the keywords for 2020. A transition that was also implemented on the level of the governance of Orange Belgium, since Michaël Trabbia, CEO of the company since 2016, left the company on September 1st in order to join the Executive Committee of the Orange Group as Chief Technology Officer. He handed over the reins to Xavier Pichon, who worked for Orange in France for nearly 20 years before joining the Boston Consulting Group on the other side of the world. Orange Belgium´s Executive Committee also went through some important changes, with the arrival at the start of the year of Christophe Dujardin as Chief Consumer Officer, then the appointment of Isabelle Vanden Eede and Bart Staelens to the positions of Chief Brand, Communication & CSR Officer and Chief Transformation & Customer Experience Officer, respectively. At the end of the year, the Orange Group also announced its intention to launch a voluntary offer to purchase all of the Orange Belgium shares that it did not already hold - an operation which, if it succeeds, could result in the delisting of Orange Belgium.

2021, a banner year

2021 will, from every perspective, be regarded as a key year for the future of Orange Belgium. The progressive emergence from the health crisis context, firstly, should offer new prospects and normalise the trends of a market that was seriously disrupted by the pandemic. The year could also be marked by the removal of a series of regulatory obstacles to 5G deployment, enabling Orange Belgium to claim its place and powerfully position itself on this future market segment. Finally, the 2021 financial year should permit Orange Belgium to consolidate and extend its position on the fixed connectivity market, whether by basing itself on the networks of the cable operators as it does currently, or by exploring other deployment possibilities.

Playing its role and staying the course

In 2020, Orange Belgium made a powerful impression, thanks to its ability to stay the course and assure optimal connectivity for everyone, despite the highly complex context caused by the Covid-19 pandemic. In addition to guaranteeing optimal service, Orange Belgium continued the movement begun several years ago by reaffirming its bold positioning on mobile and convergent offers, further strengthening its position on the B2B market and pursuing its digital transformation.

Laying claim to ever more leadership on the market

The year 2020 was obviously marked by the Covid-19 pandemic, which imposed certain strategic adaptations, but which above all allowed Orange Belgium to demonstrate the reliability of its services and its ability to adapt to a wholly unprecedented situation in order to assure the connectivity of everyone, from residential customers to companies that were obliged to convert to teleworking in a very short space of time. Internally as well, the recourse to teleworking represented a major change, but one that was facilitated by the agility of the teams, which have always demonstrated great flexibility. The operator could accompany these changes in habits and support both its own customers and the public authorities and civil society. However, none of this in any way diminished the commercial ambitions of the company which, just prior to the first lockdown, had unveiled the Go portfolio, its new line of offers for mobile. This launch entailed saying farewell to its “animal” offers in order to embrace the evolutions of the Belgian market by proposing offers dedicated to families. Orange Belgium also reinforced its ambitions on the convergent market by launching its Home line, offers of fixed services (broadband internet and TV) completely uncoupled from mobile services. One year after the launch of Love Duo, which enabled customers who so wished not to opt for a TV service, Orange Belgium henceforth covers the full range of demands. A strategy that is paying off handsomely, since the operator reached the major milestone of 300,000 convergent customers during the summer of 2020, thus bringing into range Orange Belgium´s initial target on the convergent market - i.e. attaining a near 10% market share - and allowing it to aim even higher. The new objective will be to reach a 20 to 25% market share in the coming years.

Becoming indispensable on mobile and imposing itself on fixed

The launch of the Go portfolio, notably offering solid multi-card advantages, rapidly bore fruit since, by the end of the year, no fewer than one million existing customers had modified their rate plan in order to adopt these new formulas. A launch that also enabled Orange Belgium to capture virtually the entire growth of the Belgian mobile market. Nor has the operator been resting on its laurels with regard to fixed services, since it has now garnered a nearly 10% share of the Belgian market and intends to consolidate that share by expanding its footprint over the coming years, with all options being on the table: direct investments or co-investments in fixed infrastructures, external growth or leasing of existing networks.

Confirming and accelerating on B2B

The Covid-19 pandemic forced companies on the Belgian market to drastically change the way they functioned: many had to adapt their operational models very quickly, and many of them went 100% remote. The telecom sector, and Orange Belgium in particular, were choice partners for accompanying this transition and amply demonstrated the importance of their role and services. The investments made in recent years in Orange Belgium’s B2B activities, notably via the acquisition of BKM in 2019, proved particularly useful, both from a technological perspective and in terms of operational resources, and allowed the operator to position itself as an essential and agile partner in the digitalisation and value creation of companies.

This contribution is no longer limited to simply providing connectivity, as illustrated by the co-innovations realised in the port of Antwerp with major industrial players, on 5G and other projects, notably in the Internet of Things. These have demonstrated the change of function of Orange Belgium, which henceforth can enable companies to create greater added value.

Pursuing the digital transformation

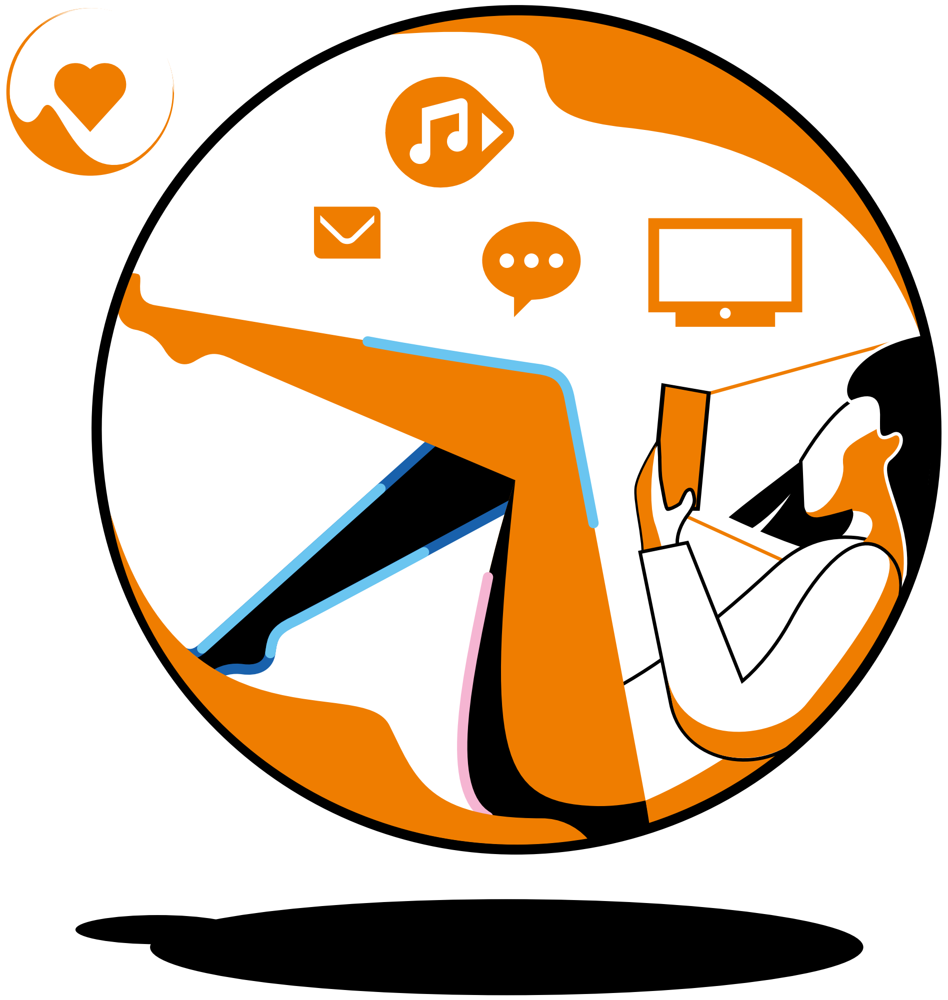
The start of 2020 was marked by the launch of new mobile offers, accompanied by an in-depth digitalisation of internal processes. The objective: to continue the digital transformation initiated over the past three years in order to become a complete digital operator that can promptly and effectively respond to the needs of customers, while radically improving its operational functioning and efficiency so as to be prepared for future evolutions of the market.

10%

of the fixed services market

Partner for a digital and sustainable world

Orange Belgium has been fulfilling its societal role for more than 11 years now. As an engaged company, it is accelerating the pace and intensifying the objectives of its corporate social responsibility (CSR) strategy. In 2020, its actions centred primarily on the fight against both global warming and the digital divide.



Engage 2025 is the Orange Group's overall strategic plan which reconciles economic performance and sustainable approach vis-à-vis customers, employees, stakeholders, partners and society as a whole. The Group is striving to become net zero carbon between now and 2040, 10 years ahead of the European commitments. For Orange Belgium, this bold model is a foundation, a reinforcement of its own positioning. For more than 11 years, the Belgian company has invested in and for human beings while striving to have a positive impact on the environment. In 2020, several agile working groups were created, headed by a dedicated team, in order to make progress on the objectives of the company's CSR policy. This change in internal management pushes into the foreground five commitments that Orange Belgium is making as a responsible company.

1. Respecting fundamental liberties and human rights

While Orange Belgium naturally complies with the Belgian regulations of the telecommunications market, the company has always undertaken to ethically conduct itself. Each year, the Orange Group defines a vigilance plan in order to focus on the well-being and security of everyone. The measures it contains are designed to identify risks and prevent serious violations of human rights and fundamental liberties, health, personal safety but also the environment. This plan concerns not only the activities taken by Orange Belgium but also those of its subsidiaries, its subcontractors and suppliers.

2. Promoting digital inclusion and socioeconomic development

Four Belgians in ten are at risk of digital exclusion. A finding that makes Orange Belgium want to take action. Seniors, low-income families, handicapped persons, amongst others, are all profiles that experience difficulties connecting to the digital reality. In 2020, Orange Belgium posed a number of milestones for its actions:

- **a social tariff:** the operator wishes to propose its services to everyone, whatever their economic or physical situation, and so it is offering a social tariff on the fixed services including discounts, adapted smartphones and other advantages. Orange Belgium plans to go further with this approach in 2021.
- **digital workshops:** several Orange shops are designed to welcome everyone. The idea is also to reserve a particular space for holding training courses dedicated to digital inclusion. An accompaniment permitting those who need it to learn to use a smartphone or tablet, for example.
- **a partnership with BeCode:** because digital offers a professional pathway for the present and the future, Orange Belgium is supporting BeCode, a school set up by three Belgian entrepreneurs to train developers. Several juniors have done traineeships at Orange Belgium.
- **support for ENTRA:** the operator is also positioning itself as a partner of ENTRA, whose mission is to propose high-quality, sustainable and adapted jobs to persons with disabilities or who are suffering from certain diseases.
- **a partnership with the organisation Close The Gap**, which collects IT equipment and reconditions it in order to turn them into professional tools intended for educational, medical, entrepreneurial projects in Belgium or developing countries, notably schools. In all, over 11,000 devices have been provided to Close The Gap since 2011.
- **the Orange Fab programme:** this exclusive network for accelerating start-ups and scale-ups, which has already accompanied 10 projects since it began, is at the origin of innovative new products and services in sectors such as the IoT, big data and artificial intelligence. During a period of 6 to 9 months, Orange Fab offers its participants an emulation between the various start-ups present and the Business Units of Orange Belgium and Luxembourg. A boost to commercial development, initiation of partnerships and support for internationalisation, thanks notably to Orange´s global scale. The company also continues to participate in the development of some of them, like CommuniThings, whose smart parking solutions are distributed in collaboration with Orange Belgium.

3. Actively participating in the environmental and energy transition

Since 2006, Orange Belgium has been striving to minimise its carbon footprint. In 2020, it earned, for the 6th consecutive year, the CO_2 neutral label of CO2logic and Vinçotte for its operational activities. Concretely, this means that every call, every text message and every bit of mobile data transmitted on its network can be regarded as CO_2 neutral. The company promises to retain this label, thanks notably to the use of more effective technologies like 5G, but also to the implementation of the mobile radio access network sharing agreement with Proximus. A partnership that enables Orange Belgium to continue to reduce the energy consumption of its network, despite the increase in traffic.

But certain emissions of Orange Belgium remain irreducible, so the operator has decided to offset them by supporting two projects of public utility linked to sustainable development in Africa: an electrification programme in Senegal via the installation of photovoltaic panels, and a stove production project in Ghana that makes it possible to save trees. Today, Orange Belgium wishes to go even further and has set itself a major challenge: reducing its CO_2 emissions by 30% in the coming years. The challenge is real, and Orange Belgium is striving to achieve it in multiple ways:

A 360° mobility plan in construction

The plan already exists and is now shifting into higher gear. Proposal of multimodal transports, increase in the percentage of employees opting to do teleworking, reduction of the petrol or diesel car fleet and increase of the vehicles emitting less CO_2 (notably hybrid and electric) are just some of the directions anchored in 2020 that will be concretely implemented in 2021. In 2020, largely as a result of the health situation, mobility-related CO_2 emissions declined by nearly 50%.

Lower-consumption infrastructures

Optimisation of infrastructures has already been extensively studied within Orange Belgium, leading to a nearly 80% drop in its CO_2 emissions since 2006. In 2020, the company benefited notably from the new Data Centre installed in 2019. Its energy efficiency substantially reduced consumptions, as did the active mobile network sharing (RAN sharing). These major actions are added to a multitude of others, like replacing the office air conditioning system with a cooling system using one-tenth of the energy, replacing light bulbs, purchasing 100% green energy as well as installing solar panels on the roof of the building. It should be noted that this year, with its obligatory teleworking, also reduced the energy consumptions of the offices: -14% electricity, -18% gas and -24% water.

TOGETHER AGAINST THE CORONAVIRUS

More than just a company active in connection with CSR, Orange Belgium is a genuine societal partner. A role that the operator developed particularly during the Covid-19 crisis. Throughout the year, it multiplied its support actions, whether on behalf of its customers, private individuals or professionals or for the benefit of healthcare personnel and government authorities. Amongst these many measures:

- the active participation in the Data Alliance against the coronavirus and financial and technical support to the Covid-19 Track & Trace call centre run by the federal government
- the donation of masks and other protective gear to healthcare personnel and the Red Cross
- the financing of a treatment unit at the Erasmus Hospital
- "connectivity" partnerships set up with residential care centres and the provision of terminals (smartphones, tablets) enabling residents to more easily stay in contact with their friends and family
- the technical support to SafeLink, a platform offering doctors a way to remotely follow their patients suspected of being infected with the coronavirus via the regular sending of text messages
- the provision of desktop computers and laptops to the Digital for Youth project conducted by the organisation Close The Gap, which collects IT equipment to help underprivileged children and young people take courses remotely.

The minimisation of wastes and paper consumption

It goes without saying that, in its buildings, Orange Belgium selectively sorts its wastes - while at the same time trying to reduce their production. A monitoring system has also been introduced concerning its networks in order to distinguish hazardous wastes from ordinary ones. In all of its processes, the company is launching an increased digitalisation and an optimisation of volumes in order to drastically reduce its paper consumption. The packaging of its products has also been modified.

More eco-responsible shops

Energy consumption in the shops was decreased by introducing centrally managed power sockets for all readers and screens at the points of sale, which notably permitted a reduction of on-site interventions and a lower energy consumption. The IT equipment of the shops was also replaced by less energy-intensive devices.

External approaches with greater awareness

To assure coherence and impact, Orange Belgium also practices eco-branding, takes account of the environmental aspect in all of its advertising campaigns, respects sustainability guidelines in its sponsoring choices, etc. Actions that get customers, employees and partners of Orange Belgium involved in its responsible approach. Other external actions are also significant in Orange Belgium's engagement, like the "CO_2 neutral" certification of bpost, which entails that the letters sent by Orange Belgium in 2020 saw their impact offset, i.e. an offset of the CO_2 emissions of more than 1,000 tCO_2e.

Sustainable supply chain

A process of internal evaluation of the partners was deployed within the Orange Group. It covers the risk of corruption, the violation of international economic sanctions, money laundering, terrorist financing and fraud. This process permits the company to better understand its partners and avoid potential risks.

Orange Belgium is also implementing a project in order to do the best possible job of selecting its suppliers, based on their EcoVadis score, a sustainability rating of suppliers.

Orange Belgium also underwent its own EcoVadis evaluation, and received an EcoVadis gold medal for this certification. This result places it amongst the top 5 companies evaluated by EcoVadis.

Finally, each contract signed with a supplier includes a CSR clause containing points such as compliance with the CSR rules, compliance with the code of conduct, etc. Orange Belgium measures the overall performance (economic, environmental, social and ethical) of its suppliers, which is regularly evaluated using a dedicated tool, QREDIC®.

4. Offering responsible products and services

The circular economy and recycling are the principles motivating the actions taken by Orange Belgium to offer products, services and innovations having the least possible impact on the environment. Amongst its ambitions, the company plans to become the leader in developing a sustainable smartphone market. It is active in numerous circular approaches:

- BuyBack: with this programme, Orange Belgium promises to take back old mobile phones in exchange for a purchase voucher corresponding to their residual value. 40% of the telephones collected are entrusted to Recupel, which recycles up to 90% of the metals and materials they contain. The remaining 60% of collected smartphones are re-used. Half of them for spare parts, while the others are reconditioned and then offered for sale again. In any case, Orange Belgium pays 2 euros to the environmental protection programme of the associations Natagora/Natuurpunt for each device participating in the BuyBack programme, but also for each of its Business references. Enough to prevent a total of 239 tCO_2 of emissions in 2020 and permit the planting of around 1,500 trees in Belgium, to which are added 1234 m² of forests replanted via the recycling of terminals such as modems and decoders, in partnership with Out Of Use.
- the sale of reconditioned smartphones: these are guaranteed for 2 years and come in 100% biodegradable packaging. Examined down to the finest details, they are cleaned, repaired as necessary and equipped with the latest software and new accessories. Thanks to this approach, 30 kg of CO_2 are avoided per device. They are also more affordable, with a price tag 50% lower than a new model. In 2020, this prevented the emission of 67 tonnes of CO_2e.
- the sale of more eco-friendly smartphones including the Fairphone 3+. Created on the basis of 40% recycled plastic, it is composed of easily replaceable parts and benefits from a production chain that is respectful of human rights.
- the collection and reconditioning of other terminals: Orange Belgium also encourages its customers to return their modems and decoders. In 2020, nearly 122,474 devices were collected, with 105,840 of them being reconditioned. More globally, Orange Belgium re-uses 100% of its modems and 95% of its decoders. Devices that have reached the end of their service lives are recycled via our partner Out Of Use.
- SIM cards: in 2020, Orange Belgium rethought in depth its positioning with regard to SIM cards. Three innovations revalorising plastic or reducing its use were introduced: the Half ID SIM whose volume of plastic is divided in two, the Eco-SIM created from 100% recycled plastic and support for the eSIM, i.e. a chip directly integrated into the smartphone. At the end of 2020, the three innovations, two of which are premiers in Belgium, recorded the following figures: 200,000 customers for the Half ID SIM, 100,000 cards for the Eco-SIM and 5,000 customers for the eSIM.
- support for innovative projects: Orange Belgium, as Golden Connectivity partner, sponsors the Agoria Solar Team, a group of student engineers who compete with other similar teams throughout the world. Their goal is to imagine and build the most innovative solar car possible. They have been assured financial and connectivity support for a period of 2 years.

5. Encouraging employability and well-being at work

Because the transition to a more social, digital and sustainable society only makes sense if it is done together, Orange Belgium not only pays attention to its employees but also seeks to mobilise them. In 2020, the employees were made aware of and involved in CSR campaigns, including that of the Green Challenges. On a voluntary basis, certain employees tried to better measure, and modify, their impact on the planet. Again on a voluntary basis, Orange Belgium also invites its employees to devote one of their working days to an activity corresponding to its CSR approach.

As close as possible to the customers

Modifying the network name appearing on customers´ phones from “Orange B” to “Stay Safe Orange B”: a symbolic change that neatly summarises the positioning adopted by Orange Belgium vis-à-vis its customers in 2020. This year more than ever, the operator strove to offer meaningful services and products, to listen, to adapt itself to difficult realities. An extraordinary experience that enabled Orange Belgium to maintain, and even strengthen, its relationship with its customers.

+25%

mobile traffic increase in 2020

Maintaining the right positioning for its customers. A priority for Orange Belgium. This year, the operator went even further, fully assuming its societal role and redoubling its proactivity in order to support its customers who were locked down and impacted by the realities of the pandemic. Its motto remains the same: give customers the choice and enable them to pay only for the services they need.

Being present despite the closure of the shops

The total or partial lockdowns prompted temporary shop closures: customer traffic unavoidably declined, which in turn had an impact on commercial performances. A situation that called for resilience and agility, two strong company values that Orange Belgium demonstrated by strengthening its digital presence so as to make itself available to its customers. E-shop, social media, telesales, support number, Tribe community… the operator activated all its channels to respond to the demand of customers, while reinforcing its network infrastructure in order to deal with the increase in mobile and fixed internet flows. In 2020, mobile traffic increased from 15 to 25%. Popular video call services like WhatsApp, Skype or Facebook recorded peaks equivalent to nearly five times the average use before the lockdown entered into effect. Use of the MyOrange app went from 10 to 45%, while use of the Orange TV app also surged. Although this trend towards all digital was bolstered by the Covid-19 situation, Orange Belgium is convinced that it will continue. The company is thus constantly reinforcing the digitalisation of its processes and has set itself the objective of achieving 40% digital sales between now and 2023. Amongst the actions introduced to fulfil this, the operator is working to improve its CRM tool and the analysis of its data. Offering a personalised customer experience is a priority for Orange Belgium, whose actions are always motivated by the following questions: “What is important for you? What do you need?”.

Supporting all of its residential customers

Orange Belgium took many initiatives to help the population deal with the successive waves of the pandemic. The company stayed the course and fulfilled its role by helping people connect with one another. In March, the operator launched “Stay Home”, a vast awareness-raising campaign focused on the importance of respecting the lockdown and social distancing measures that had been decreed by the authorities. In rapid order, the name of the network displayed on customers´ telephones was modified, additional mobile internet volumes were offered and the operator set up an online platform “Stay home your way” rich in content, advice and entertainment.

1m

Go subscribers

In May, as the lockdown measures began to be eased, Orange Belgium offered a free additional mobile internet volume of 4GB to all of its residential customers. At the end of the summer, the company reinforced its discounts: while the data ceiling of its Go Plus subscriptions had already been raised from 5 to 8GB automatically and free of charge, it now allowed each Go Plus convergent subscriber to benefit from a multi-products discount of 4 euros. The objective: follow the new market trends and the interest of the customers for rate plans that were lighter but ever more abundant in mobile data. Finally, in November, another 5GB of free mobile internet monthly were unblocked until the end of the year for all of its customers. Residential customers who had subscribed to a FlyBox offer also received 50GB of additional download volume.

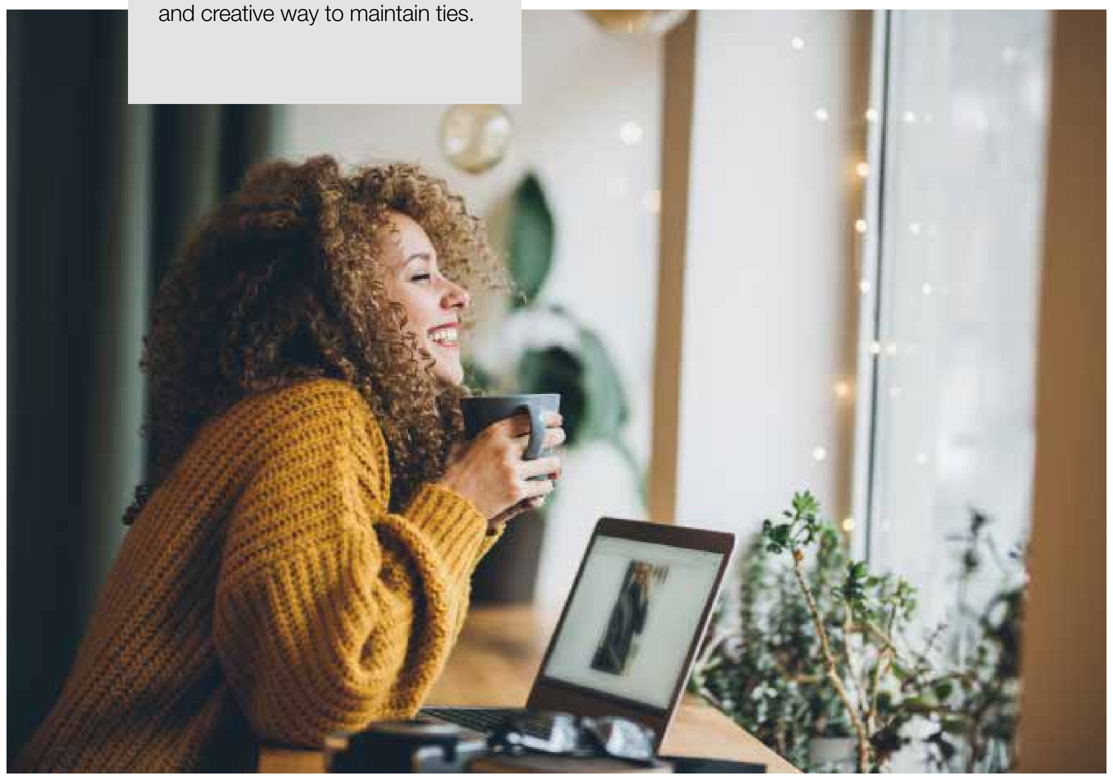
TIES WRITTEN IN CHALK #MACADAMSTORIES

Orange Belgium varied the forms of its support to those trying to maintain contact with friends and family, and the #MacadamStories campaign was one of its proposed actions. The idea: encourage the population to use chalk to write comforting or amusing personal messages, riddles as well as games on the sidewalks, as close as possible to people who matter, healthcare personnel, neighbours, etc. In collaboration with the Dutch artist Krijtman, Orange Belgium provided stencils, online content, tips and tricks to encourage citizens to decorate, colour and re-humanise the streets. A simple and creative way to maintain ties.

Already one million Go subscribers

At the beginning of March, to adapt itself to the evolution in consumer usages, Orange Belgium launched its new, entirely revised mobile portfolio, called Go. Significantly simplified, it contains only 4 mobile subscriptions proposed at competitive prices and offering abundant mobile data volumes. Its plus: the possibility of benefiting from unprecedented family discounts without having to share a collective data volume.

Although the launch in March was naturally disrupted following announcement of the lockdown, the relaunches in September and December saw the offer take off. Today, Go Unlimited has booked nearly one million subscribers (newcomers and transferees).



A confirmed convergent player

Maiva from Anderlecht was the 300,000th customer to subscribe to the Love offer. A milestone underlined by Belgian radio presenter David Antoine, who surprised him to announce that he would be enjoying his subscription free of charge for one year as well as receiving a brand-new Fairphone. A symbolic moment marking the success of the convergent offer launched by Orange Belgium in 2016 with Love Trio, followed by Love Duo in 2019. An evolution that confirms the strong position Orange Belgium was able to assume on the convergent market thanks to a transparent and competitive offer with zero unpleasant surprises for the customer.

An ultra-high performance internet @home

The average needs for bandwidth per customer increased by 100% in just one year. To meet these needs, Orange Belgium banked on offers proposing unlimited fixed broadband. To improve indoor coverage and overall performances, whether for work, education at home or entertainment, the operator multiplied the solutions:

- **Mesh WiFi:** this technology strengthens connectivity inside buildings. It assures a faultless WiFi network to its Love customers by improving the performances, range and power of the WiFi connection thanks to modules installed at several points inside the home. Internet can henceforth be picked up in the garden, the cellar or any other room that was not covered earlier.
- **Internet Boost:** in June, this option made it possible to boost the internet connections by offering an increased download speed of up to 400 Mbps and an upload speed capable of reaching 20 Mbps for customers on the VOO network and 40 Mbps for customers on the Telenet network.
- **Home Internet:** Orange Belgium once again disrupted the market by proposing, in October, its first line of offers of fixed services that do not require a mobile subscription, and all at extremely competitive prices. A way to fulfil the promise made to customers not to force them to pay for any services they do not want. Two new subscriptions were thus introduced: Home Internet for internet only, and Home Internet & TV for unlimited fixed broadband internet coupled with television.

Democratising connected objects

Making home automation accessible and enabling customers to create their own smart home scenarios. That is the objective of the new Orange Smart Home portfolio, a complete offer of smart objects that includes three major types of device: connected cameras, intelligent electrical sockets and light bulbs controllable via an entirely new mobile app. These products, from the Konyks brand, are being distributed in Belgium for the first time via Orange Belgium. An easy way to make homes more intelligent, more secure, more energy-saving, and to supplement the operator's offer which already includes Google Nest Mini, Nest Hub and Chromecast. And the operator doesn´t intend to stop there. Further enriching these proposals is most certainly one of the objectives of 2021.

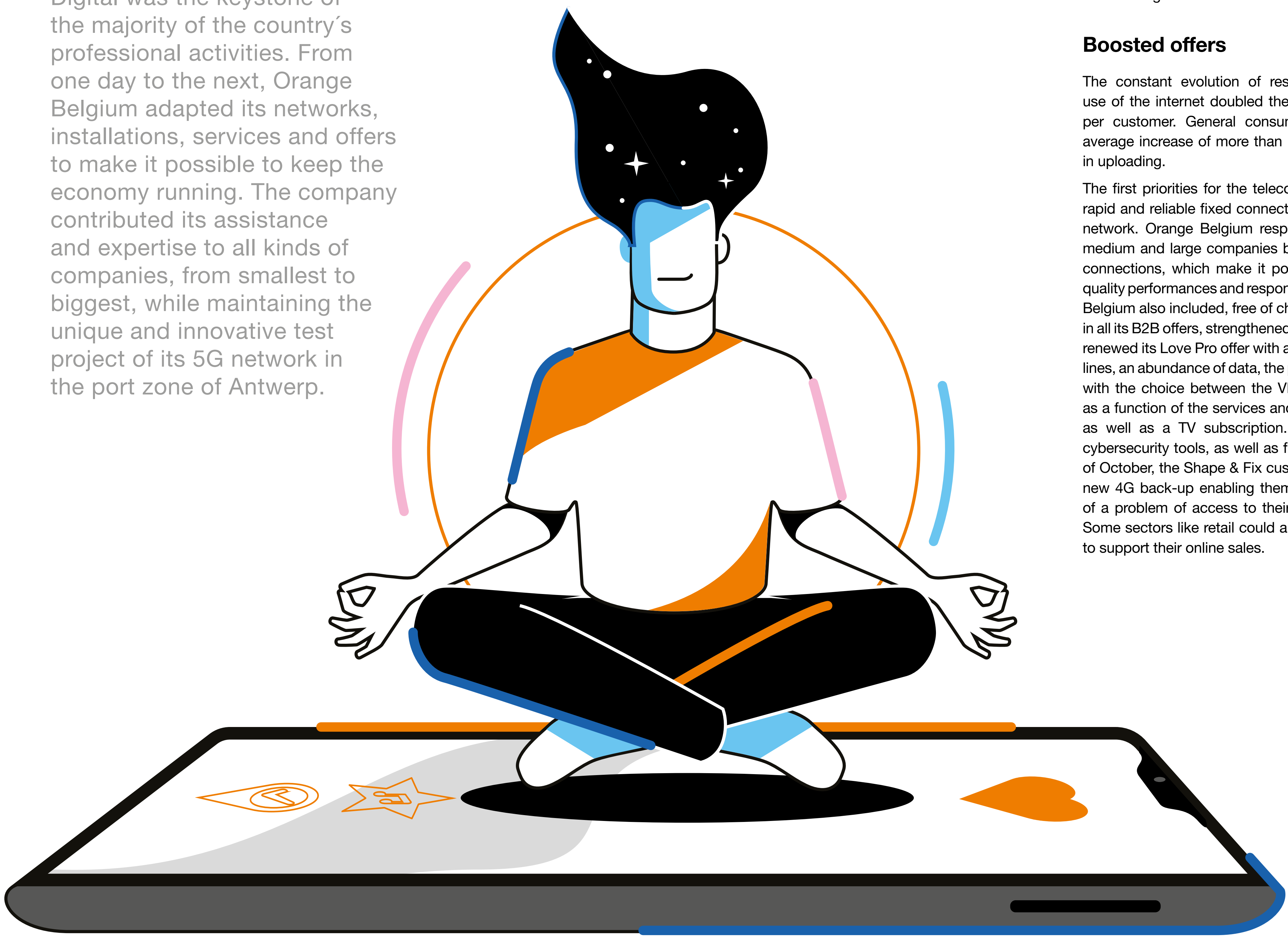
Belgian football at a competitive price

Orange Belgium condemned to remain on the bench, at the edge of the pitch? No! In July, the operator chose, for the first time in its history, to launch itself into the distribution of the Belgian football championships, via a very competitive pack (10.99 euros/month) for its convergent customers, via Orange TV, and for its mobile customers, via an online service. International football is always included free of charge in the basic TV bundle. The new offer includes three dedicated sports channels, each of which broadcasts, in addition to matches, its own content and programmes devoted to football for more than 20 hours/week. A genuine alternative for breaking free of the traditional premium packs, which are both extensive and expensive.

And - to kick off this small revolution for Orange Belgium - on August 8^{th}, 9^{th} and 10^{th}, all Love Trio customers were offered free access to the opening matches of the Jupiler Pro League. An action taken to enable everyone to try out the three new sports channels, but also to boost the morale of locked-down supporters.

Supporting business continuity

Digital was the keystone of the majority of the country´s professional activities. From one day to the next, Orange Belgium adapted its networks, installations, services and offers to make it possible to keep the economy running. The company contributed its assistance and expertise to all kinds of companies, from smallest to biggest, while maintaining the unique and innovative test project of its 5G network in the port zone of Antwerp.



Covid-19 sent a chilling blast of instability, even panic, through a number of professional sectors. The shift to teleworking was brutal for many, and Orange Belgium's priority was to give its support to each of its B2B customers going through this change of habits. How? By listening and assisting at all times via adapted offers and services. Focus on those broad networks of employees and the self-employed who succeeded in remaining connected.

Boosted offers

The constant evolution of residential but also professional use of the internet doubled the average needs for bandwidth per customer. General consumption was boosted with an average increase of more than 15% in downloading and 50% in uploading.

The first priorities for the telecom sector were thus to offer a rapid and reliable fixed connectivity as well as a stable mobile network. Orange Belgium responded to this call from small, medium and large companies by banking on the quality of its connections, which make it possible to offer extremely high-quality performances and responsive and agile services. Orange Belgium also included, free of charge, the Internet Boost option in all its B2B offers, strengthened its Shape & Fix Basic pack and renewed its Love Pro offer with a competitive rate on the mobile lines, an abundance of data, the possibility of adding a fixed line, with the choice between the VDSL and coaxial technologies, as a function of the services and speeds that customers need, as well as a TV subscription. All with assistance and free cybersecurity tools, as well as fleet management solutions. As of October, the Shape & Fix customers also benefited from the new 4G back-up enabling them to remain connected in case of a problem of access to their high-speed fixed connection. Some sectors like retail could also benefit from offers adapted to support their online sales.

Increased cybersecurity

The more companies turn to teleworking, the more intense their need for cybersecurity. Orange Belgium paid particular attention to this aspect, notably for its customers coming from the health sectors, to the point of offering them free access to cybersecurity solutions when the need arose. Since the acquisition of BKM, the national ICT integrator with solid experience on the SME and corporate markets, the company is able to respond to the growing demand of its business customers to have just a single supplier of connectivity and ICT services. Since 2019, the two companies have maintained their own identities while at the same time combining forces and creating bridges, relevant commercial synergies.

Today, Orange Belgium and BKM are able to offer a varied portfolio of unified communications & collaboration solutions; ICT and security solutions; document and visual solutions but also cloud connectivity solutions. In 2021, the shared objective is to be able to accompany each customer throughout its digital journey. A vision shared by Rigo Gielen, new Managing Director, who took over the helm of BKM in September with a firm determination to continue innovating so as to propose to customers of the two companies to benefit from a genuine one-stop shop.

Roaming maintained in the United Kingdom

Teleworking and the restrictions imposed this year on travelling, whether for business or leisure, caused roaming figures to fall. Orange Belgium nevertheless continued to tend its roaming offer, notably with the United Kingdom. For its customers, business and residential, it is as though Brexit never happened: Orange Belgium confirmed that all of its subscribers can continue to communicate in the United Kingdom as they do at home, without any additional costs. This was made possible thanks to specific agreements that Orange Belgium concluded with the main roaming partners across the Channel. The United Kingdom thus joined other non-European countries or territories that are already on Orange Belgium's Roam Like at Home list, such as Iceland, Norway, the Vatican, etc.

+50%

Average increase in uploading

Providing assistance to healthcare personnel

Supporting hospitals was one of the top-priority actions undertaken by Orange Belgium in its concern to help stop the spread of the coronavirus. To make its assistance as effective as possible, the operator took careful account of the principal needs of hospital establishments and their personnel. In March, the company offered its entire stock of 1,500 FFP2 masks and 500 surgical masks to the UZ Hospital in Brussels. With the combined support of Huawei, 30,000 FFP1 masks, 300 medical gowns and 100 pairs of protective goggles were also distributed to the CHC MontLégia in Liège. In April, Orange Belgium then offered, without obligation, two months of free use of its Mobile Threat Protection solution to hospitals throughout the country. In this Covid-19 period, many of them have in fact been the target of cyberattacks. Together with several other telecom operators, Orange Belgium also provided technical and financial support to the SafeLink project which has enabled doctors, via the regular sending of text messages, to remotely monitor their patients suspected of being infected with the coronavirus. Finally, in November, Orange Belgium increased the data of all of its customers. Medical personnel were thus some of the beneficiaries of 5GB of free mobile internet per subscription during the last two months of the year.

Anticipating the future

When it comes to telework, does trying it mean adopting it? Probably. In June, Orange Belgium conducted a survey amongst its customer companies. Nearly 8 in 10 affirm that teleworking will now play a greater role than before Covid-19. Video conferences and webinars will reduce the number of business trips. Webshops will continue to be more heavily used. Brick and mortar offices will shrink in size… All trends that Orange Belgium is preparing for by refining its offer of remote working accompaniment. If its role during the crisis was vital, its action will continue to be essential in this new way of organising the work world. To respond to this issue in 2021, Orange Belgium is seeking to become a complete ICT player, notably by implementing an even more profound collaboration with BKM. Its priorities? Ensure an optimal connection between employees while banking on a reinforced cybersecurity.

5G in the port zone of Antwerp

A unique experiment in Europe. In 2020, Orange Belgium was at the forefront of testing 5G technology under real conditions. Less than a year after announcing the creation of the Industry 4.0 Campus in the port zone of Antwerp, Orange Belgium and its industrial partners unveiled in October the concrete, tailor-made applications created and based on its 5G network. The country's first large-scale stand-alone network offers connections with above-standard speeds, low latency but also a unique network slicing capacity. Very reliable for the B2B sector, it was able to demonstrate the wide range of opportunities that 5G represents for the Belgian economy, moving Orange Belgium from the status of connectivity operator to that of valued partner for increasing the productivity of companies.

In the port zone of Antwerp, Europe´s 2nd largest port, tugboats were linked to the 5G network to permit them to transmit, in real time, images and data (radar, sonar) to the control room. Result: the Port Authority of Antwerp increased its efficiency and safety of the towing of ships while at the same time increasing, in complete security, the number of ships entering and leaving the zone every day. On site, several companies had a chance to test various concrete 5G applications in order to become familiar with the technology, but also to prepare themselves for its arrival. One of these was Covestro, a manufacturer of high-technology polymers. Thanks to the 5G network, the company's operators were equipped with tablets or intelligent glasses in order to connect them, in real time, to large quantities of technical data and videos, including 3D visualisations of the installation to be inspected. The possibility of making a call immediately to the remote assistance also considerably improved the work process by reducing the necessity of a physical presence in the chemical production environment.

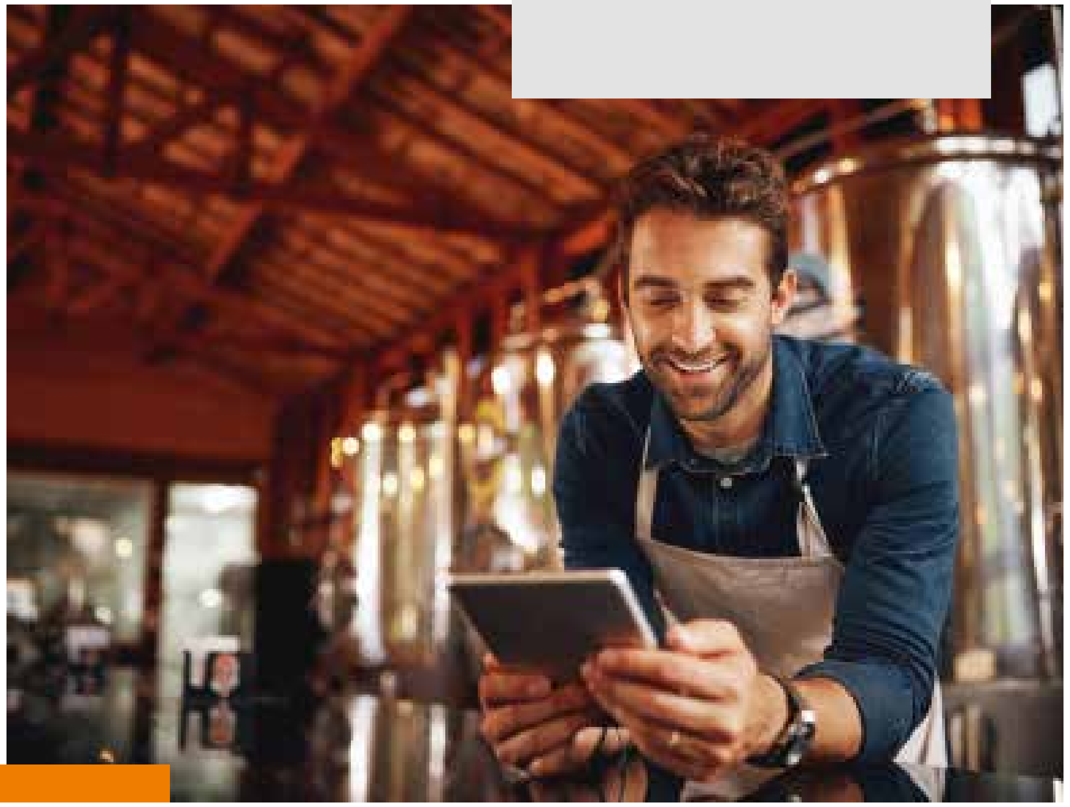
Initiating and communicating on 5G

Beside this cutting-edge infrastructure, Orange Belgium intends to accompany B2B players by making a specific offer to help them explore, experiment, deploy 5G use cases and digitalise operations in order to improve the efficiency of industrial processes and cost structures. Opportunities that will be able to be realised even more easily following the allocation of the frequencies necessary for the large-scale deployment, at the end of 2021 or start of 2022. A step forward to respond to the economic, societal and environmental stakes.

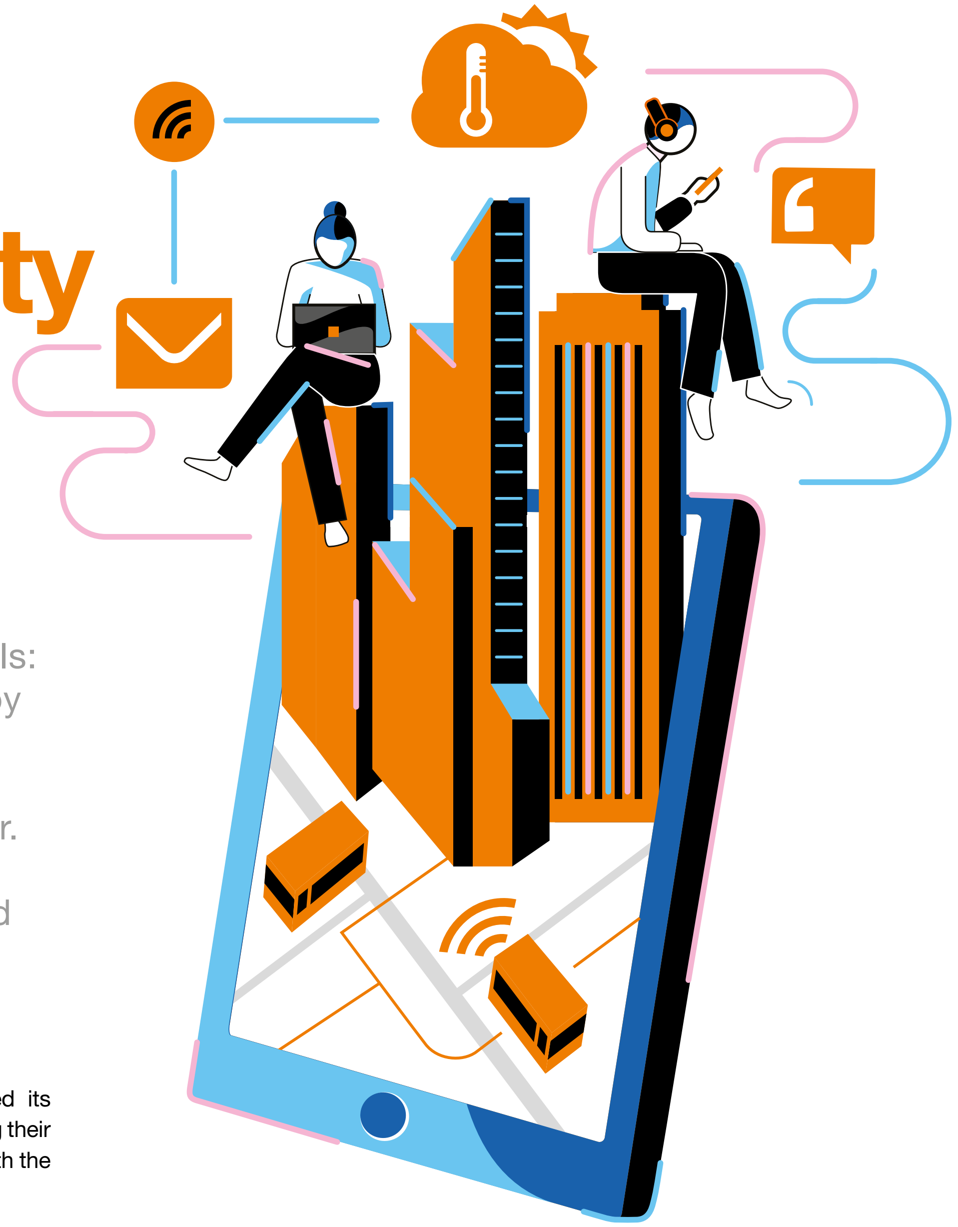
Between now and then, Orange Belgium is investing heavily in information and transparent communication. Internally, the company is training its employees so that they master the concept and feel comfortable with this sometimes openly attacked technology. In this sense, Orange Belgium also participates in public discussions, whether they are conducted by elected representatives or concerned citizens. Proactivity and honesty are the keywords for the 5G adventure, the great ambition of 2021.

Expertise at the service of the authorities

Committed to helping fight the virus, Orange Belgium participated in the monitoring of its evolution. Amongst the keys players participating in the Data Against Corona taskforce led by the government, the company joined other major telecom operators active in Belgium to provide significant technical and financial support to the Covid-19 Track & Trace call centre. The objective was to monitor the evolution of the propagation of Covid-19 on the basis of aggregated and anonymised information. Concretely, Orange Belgium, Proximus, Scarlet, Telenet, BASE and VOO all decided not to invoice the costs of termination/interconnection for calls and text messages generated by the centre, thus significantly reducing its operating costs. A decision of solidarity that forms an integral part of Orange Belgium's social responsibility and its desire to participate in solutions by drawing on its areas of expertise.



Ensuring optimal connectivity



Adapting to the reality marked by Covid-19 while at the same time pursuing its own development goals: such was the challenge taken up by Orange Belgium. More than ever, monitoring, anticipation, flexibility and responsiveness were called for. A look back at the challenges of 2020 affecting the mobile and fixed networks.

Orange Belgium kept its promise. In March, it assured its customers that they would have nothing to fear concerning their connectivity. A promise kept despite a year that tested both the capacity of the networks and the agility of the teams.

Dealing with traffic peaks

While Orange Belgium's mobile network was already properly dimensioned to absorb traffic increases, such as those that typically occur on New Year´s Eve, for example, the situation created by Covid-19 was truly one of a kind. The waves of traffic rise succeeded one another and grew steadily longer. A reality that compelled the technical teams to constantly monitor the networks, whether mobile or fixed. On several occasions, the staff of Orange Belgium had to respond immediately by increasing or optimising the capacity of the networks so that customers could easily continue to remain in contact with friends and family, do teleworking, take courses remotely, or simply seek a bit of entertaining diversion. The priority objective: guarantee faultless communication at all times. A major stake, since the volumes varied greatly, the operator having notably recorded a 50% increase in voice traffic during the first two weeks of the March lockdown, before the situation subsequently stabilised. For data the evolution was more linear, because traffic on smartphone largely migrated to WiFi at home. Traffic via Flybox rose by nearly 30%.

As for cable and mobile data, almost all of the figures are above previous annual consumption standards, apart from during the summer when the impact was less significant. The fact remains however that the lockdowns generated increases of more than 30% in downloading volumes, but above all close to 85% for uploads, due primarily to teleworking and, to a lesser extent, to the making of video calls.

RAN sharing takes shape

Sharing the mobile radio access network is one of the major strategies introduced by Orange Belgium to increase its coverage while reducing its environmental impact. An orientation that took concrete shape in April with the operationalisation of MWingz, the joint venture established between Orange Belgium and Proximus. An essential milestone in this collaboration for radio access network sharing, which is notably aiming to achieve a faster and more extensive deployment of 5G, significantly reduce overall energy consumption and improve the mobile experience. From now on several dozen employees of Orange Belgium are dedicated full-time to the deployment of this alliance, which respects the independence of the two companies, does not concern the network core, and allows them to remain 100% competitive.

In October, Orange Belgium also chose Nokia to progressively renew its existing 2G/3G/4G radio access network and for the deployment of 5G. Between now and 2023, the goal is to offer a first-class network that consumes significantly less energy and is prepared for the future, all while being based on the network core furnished by Ericsson. A better user experience lies ahead for both residential and business customers.

The customer experience in our sights

In every action it takes, Orange Belgium closely monitors the quality of its offers, its networks and its products. This year, even more than ever before, the company aimed for constant improvement, notably by looking after the interconnection capacity between operators. Whether with Google, Facebook or Akamai, Orange Belgium - via the Orange Group - intensified its agreements. It also jumped headlong into the technologies of the future by working on an increased virtualisation of its network, notably with virtual network functions (VNF) that reinforce its ambition of moving towards a cloud management of its infrastructures.

In terms of products, the company wishes to respond to the growing needs of consumption at home by offering home devices, better WiFi coverage and performance, and increased speed. Concretely, in 2020, it launched Mesh WiFi, a technology accessible to everyone that makes it possible to ensure stable connectivity in every part of the house, both indoors and outdoors. Orange Belgium also provided (free of charge) the Internet Boost option (400 Mbps in download, up to 40 Mbps in upload) to all of its business customers. Finally, the company also pursued its positioning on optical fibre directly accessible to residents via its strategic partnership with Fluvius. After Genk in 2019, two other cities benefited from the innovation, and more will follow in 2021.

+30%

Traffic increase via Flybox

Performance in management as well

2020 required the Network team to demonstrate resilience and an extreme adaptability. The two fundamental principles of the staff: responsiveness and optimisation. All of their efforts were notably rewarded by an unprecedented recognition: in June, Orange Belgium was listed first by the Data Service Benchmarking and Optimization (DSBO), a study implemented continuously since 2005 to enable coherent evaluations of the data and voice services in the countries where the Orange Group is established.

The best preparation for the future

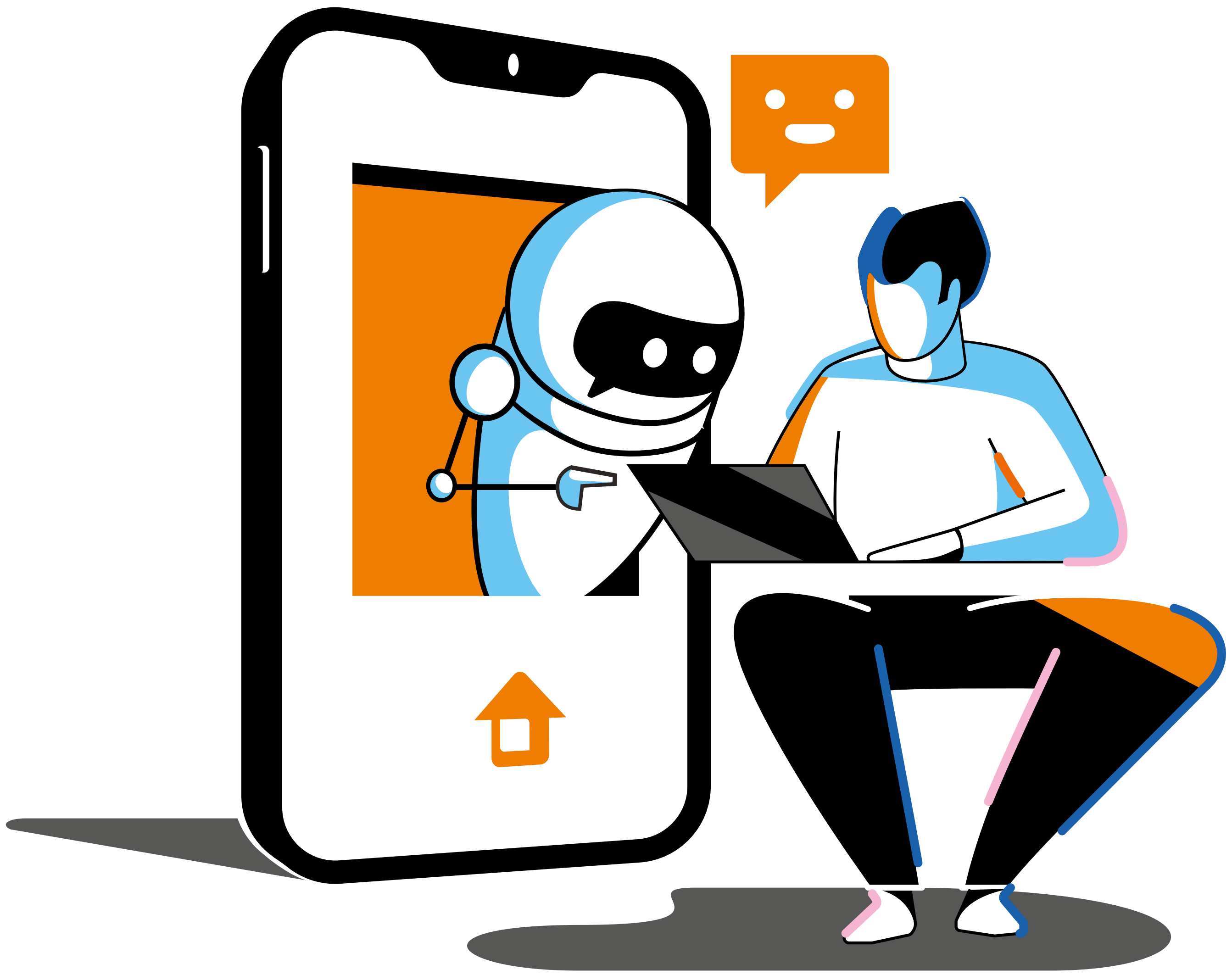
The Covid-19 crisis has accelerated consumption trends, and Orange Belgium´s mission is to anticipate them as well as possible. Always driven by a determination to embrace the deployments of the future, in its 2021 agenda the operator prioritised pursuit of the implementation and management of MWingz, as well as continuation of the 5G experiments, notably at the co-innovation hub in the port of Antwerp. In the more operational area, Orange Belgium wishes to continue to see its fixed offer and its TV services evolve e.g. via cable, the OTT services and the renewal of its decoders. With regard to fixed infrastructures, Orange Belgium is evaluating various options in order to become stronger in the direct (co-)management of infrastructures and consolidate the position it has acquired on the convergent market over the past few years.

Constant efforts on the energy consumption of the infrastructures

Orange Belgium is multiplying its initiatives to reduce the environmental impact of its activities. This is a major long-term commitment because, since 2006, the operator´s CO_2 emissions have already been cut by more than 80%. Already certified as carbon neutral for its operations, Orange Belgium is henceforth banking on the RAN sharing with Proximus and the future deployment of 5G to reduce the overall energy consumption of its network infrastructures by nearly 20%. The introduction of a new, state-of-the-art data centre in 2019 also made it possible to reduce energy needs, while the fact that mobile antennas were not deployed during the year permitted a 23% reduction in fuel consumption in 2020.

When "empowerment" takes on its full meaning

Crises inevitably bring strengths and weaknesses to the surface. In 2020, Orange Belgium wagered more than ever on human capabilities and the value of its employees, who it strove to protect, support and accompany as far as possible. An internal work that was deeply appreciated by its employees, who expressed their satisfaction and pride in being part of the company.



90%

of employees responded "yes" to the statement "During the Covid-19 crisis, I feel that Orange Belgium/Luxembourg acted responsibly and attentively vis-à-vis its employees."

Maintaining the link, the proximity. One of the challenges of 2020. Although the telecommunications sector was less impacted in terms of job losses, reassuring colleagues was crucial for introducing a new way of working that was almost entirely remote.

Safety first

Thinking ahead: that is probably the fundamental attitude that enabled Orange Belgium to protect its employees. From the first worrisome signs of the coronavirus contagion, the company provided gels, masks and protective structures for all of its desks and points of sale. Strict instructions were given for cancelling professional travel, training courses and events. A preventive stance that was renewed when the company made the radical decision to put most of its employees into teleworking even before the Belgian government announced the first lockdown. Gestures and decisions that probably helped protect everyone. Of Orange Belgium´s 1,800 employees, only two people were admitted to hospital, and neither suffered any serious long-term harm. Of these same 1,800 employees, a certain number of personnel members, primarily from the closed shops, unfortunately had to be put on temporary unemployment, for the most limited period possible. For others, a wholly unprecedented manner of working was rapidly put into place.

Organising the distance

Lockdown, unlockdown, partial lockdown, re-lockdown… Orange Belgium experienced the whole roller coaster ride. Between the two lockdowns, employees progressively returned to the office for one to two days a week, then two to three days a week... before having to stay home once again. Changes that demanded increased flexibility. During this particular year, the human resources department of Orange Belgium focused its attention on maintaining proximity and contact. From one day to the next, the employees had to work at home, without the physical presence of their colleagues and managers. Via digital tools, various types of communication channels were set up: frequent updates on the situation and the internal management, recommendations but also psychological accompaniments, online courses on mindfulness, yoga, etc. Besides the meetings devoted to work, virtual drinks were also held, i.e. informal moments that one hoped would to some extent replace the encounters around the coffee machine, in the hallways, on the journey home, etc. But these digital proposals only made sense if the comfort of the employees at home was assured. Did they have sufficient equipment and tools at their disposal? Was their network capable of handling telework 100% of the time? All questions that Orange Belgium sought to answer with the utmost attention and effectiveness.

Banking on trust

A daily video conference. Then every three days, every week… the team work was reorganised little by little on a basis of mutual trust. To do the best job of accompanying its employees, each manager took training courses which emphasised the importance of empowerment, this fundamental pillar of Orange Belgium´s strategy. This concept offers a framework within which both the employee and the manager have their role to play. Based on sound communication and mutual trust, it constitutes a space in which the objectives are established and spelled out. Here, people are encouraged to take initiatives and act autonomously thanks to a system of regular reporting and feedback. Interaction and dialogue are constant in this dynamic of empowerment, and this framework can evolve as a function of projects and skills acquired or to be acquired.

In this process, training remains a top priority for Orange Belgium, whose objective is to offer every employee five full training days a year. Although that goal was nearly attained in 2019, the logistical difficulties linked to the particular context of 2020 brought the average back down to three days. Cancellation of face-to-face events, concerns about traceability for external training courses, the chaotic year made it impossible to fulfil the ambition of Orange Belgium. But lessons have been learned, and more digital courses are already being offered alongside the usual classroom training.

#ProudToBeOrange

To the statement "During the Covid-19 crisis, I feel that Orange Belgium/Luxembourg acted responsibly and attentively vis-à-vis its employees", the e-NPS, an internal satisfaction measurement tool, revealed that 90% of the employees responded positively. Only 3% showed less enthusiasm. This same survey, conducted twice a year to evaluate internal processes, recorded satisfaction scores that had never been achieved before. The employees thus agreed in saying that Orange Belgium is a company where it is good to work, thanks notably to the way it managed the Covid-19 crisis, the bonds amongst colleagues and the balance between private and professional life. A few reservations were expressed, however, concerning the adequacy of the remote work tools and the stress generated by the situation. Running through all of the answers received, however, was a genuine note of pride about participating in the Orange Belgium adventure. A feeling cultivated by the company in these times disrupted not only by the pandemic but also by the movements of opposition to the 5G technology. Internally, the emphasis was placed on training and providing information to the employees in order to understand the ins and outs of this new technology, so that each employee can be comfortable about moving in this direction. The hashtag #ProudToBeOrange was launched, and this credo has since been adopted by the Orange Group outside of Belgium.

Orange Belgium can also be proud about having once again been voted, for the 9th time, Top Employer by the Top Employers Institute. A true recognition of the many efforts made by the company to offer a digital and human work environment to all of its employees, but also to the new recruits who regularly join the structure, even in times of Covid-19.

Orange Belgium has made diversity, sexual equality and equality of opportunity, both at the time of hiring and throughout professional life, an advantage for innovation and attractiveness. Moreover, Orange Belgium was audited and retains its GEEIS label (Gender Equality European & International Standard), held since 2011 and which recognises its practices with regard to diversity, professional equality and inclusion.

A (new) new way of working

Orange Belgium has offered the possibility of teleworking since 2007. Before 2020, 18% of the employees opted for the authorised two days of work at home. A rate that will probably increase greatly when we emerge from the Covid-19 crisis. Many employees have been able to discover the positive aspects of teleworking and would like to preserve them in their professional life.

9th

Orange Belgium has been voted for the 9th time Top Employer

The forecasts thus anticipate a hybrid time management for a majority of employees, i.e. one half face-to-face, one half remote. A complex situation to manage from a logistical perspective, but the company is preparing for it, notably by continuing to train its managers and by pursuing technical adjustments and digital investments. This change of paradigm impacts every facet of the new way of working, and notably the plans for transforming offices. In 2019, a part of the headquarters of Orange Belgium was completely rethought in order to alternate zones of concentration with those of collaboration and socialisation. The project will be slightly modified in 2021 by putting more emphasis on spaces for exchange, meeting and common life, since the tasks requiring peace and quiet will preferentially be performed remotely. The work experience is thus changing both in the office ***and*** at home.

Flexibility in mobility as well

In many respects, the situation created by Covid-19 accelerated an awareness-raising process. During the successive lockdowns, who didn´t enjoy getting (back) on the bicycle, taking walks, getting around with an active means of transport? All (re)discovered or intensified habits that bolster an already strong ambition at Orange Belgium: that of fundamentally revising the company´s mobility plan. Previously centred on the car, the latter will evolve, as of 2021, towards a greater encouragement of the multimodal, and a budget will be allocated for each employee who participates therein. It will be up to him, as a function of his realities and wishes, to divide up his kilometres by using the car, train, public transportation, bicycle or his own two feet. Everything is modulable and the offer of hybrid and electric vehicles will increase in 2021 in order to help fulfil the ambition of reducing by 30% the CO_2 emissions of the company that are not linked to its operations between now and 2023. For 2021, major emphasis will thus be placed on accompanying the employees as they return to the office, reducing the company´s CO_2 emissions notably by adapting the mobility plan and increased development of the skills and employability of employees by offering training courses.

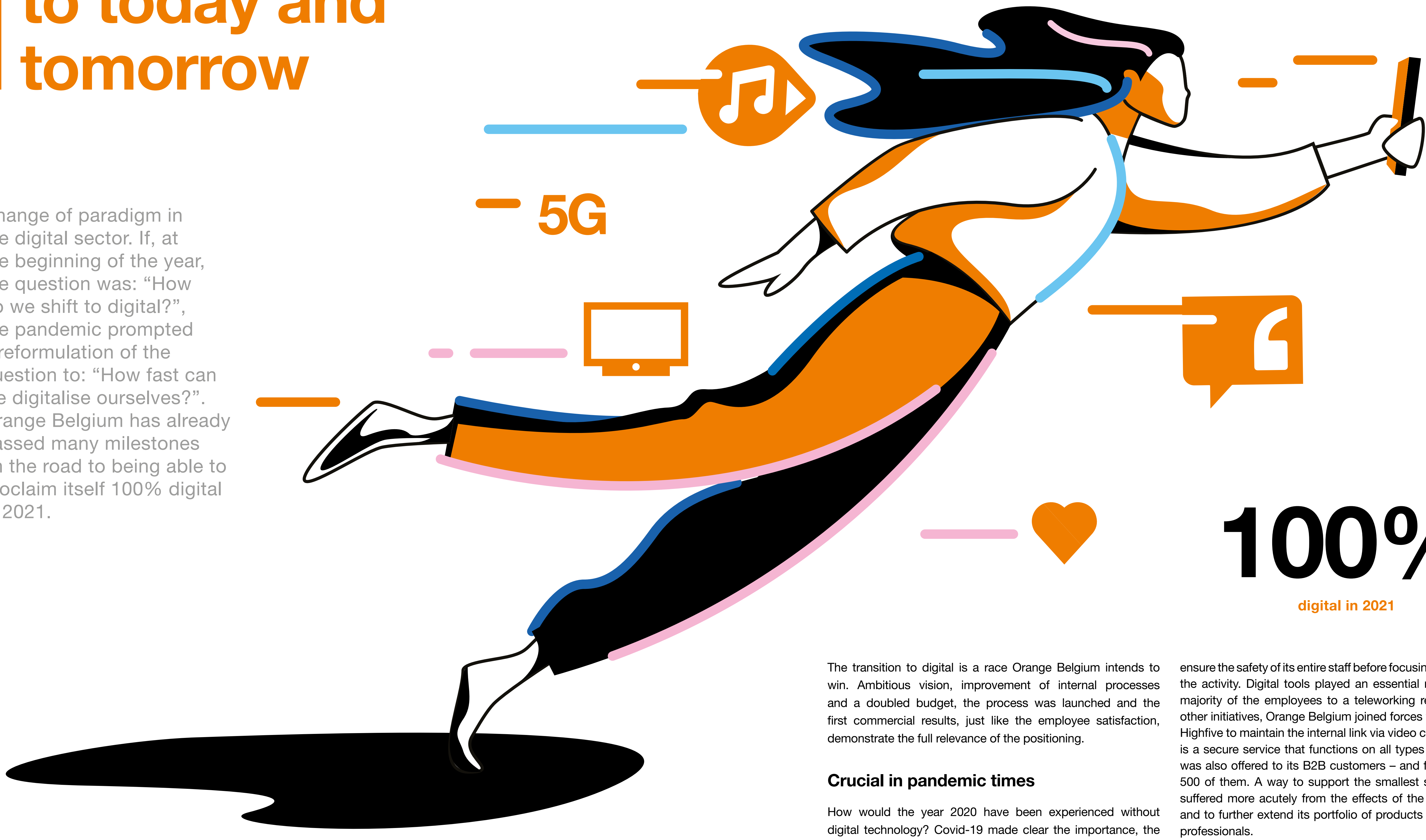
500,000 € to support the local economy

In July, Orange Belgium seized the opportunity offered by the federal government: the possibility for companies to allocate "local consumption" cheques to their employees. An obvious way for a committed company like Orange Belgium to support the national economy in a time of crisis while recognising and valorising the continuous efforts of its employees within a work context turned upside down.

After having done everything possible to protect its employees, boost the connectivity of both its residential and business customers, help healthcare personnel nationwide, support local initiatives and the federal Covid-19 Track & Trace call centre, Orange Belgium naturally wished to support the local economy. As a responsible telecommunications operator, the company offered a 300 € cheque to each of its employees in September. In total, 500,000 € were invested to encourage Belgian consumption in the business sectors most affected by the pandemic, such as the hotels, restaurants and cafes, sports as well as culture.

Digital, the key to today and tomorrow

Change of paradigm in the digital sector. If, at the beginning of the year, the question was: “How do we shift to digital?”, the pandemic prompted a reformulation of the question to: “How fast can we digitalise ourselves?”. Orange Belgium has already passed many milestones on the road to being able to proclaim itself 100% digital in 2021.



100%

digital in 2021

The transition to digital is a race Orange Belgium intends to win. Ambitious vision, improvement of internal processes and a doubled budget, the process was launched and the first commercial results, just like the employee satisfaction, demonstrate the full relevance of the positioning.

Crucial in pandemic times

How would the year 2020 have been experienced without digital technology? Covid-19 made clear the importance, the strengths but also the shortcomings of the digital development. Orange Belgium is drawing its own conclusions from a year during which it was necessary to react quickly. As the pandemic intensified, the company’s number one priority was naturally to ensure the safety of its entire staff before focusing on maintaining the activity. Digital tools played an essential role in shifting a majority of the employees to a teleworking regime. Amongst other initiatives, Orange Belgium joined forces with the start-up Highfive to maintain the internal link via video conferences. This is a secure service that functions on all types of device and it was also offered to its B2B customers – and free of charge to 500 of them. A way to support the smallest structures which suffered more acutely from the effects of the Covid-19 crisis, and to further extend its portfolio of products and services for professionals.

Surge in remote sales

32% of non-physical sales in 2020, a percentage that doubled compared to the end of 2018. A direct consequence of the lockdown and a figure well above the Belgian average of 20% - to say nothing of France, which scarcely reaches 10%. Orange Belgium was able to handle this unexpected reality thanks to the solid foundations of its Bold Inside strategy. To compensate for the temporary closures of the shops, the company rapidly reinforced its remote sale services. Telesales, web… The transactions are not yet 100% digital. The ambition: offer a simplified omnichannel experience to customers and reduce the time to market. Amongst the 200 projects identified as facilitating this objective, there is for instance a CRM designed to digitalise the company's catalogue, which centralises all of the products and services, and a programme intended to manage obsolescence. And the efforts already made are being reflected in the figures… Today, 49% of prepaid card customers have shifted to the Go offer launched in March 2020. The goal is to reach 100% in July 2021.

Digitalising and minimising the carbon footprint

For Orange Belgium, the vision of a more sustainable world is inextricably linked with digitalisation, an approach that sharply reduces the environmental impact of many processes. Internally, the company has already made a number of operational activities lighter. Notably, it has drastically reduced its consumption of paper thanks to the digitalisation of deliverables within its buildings and at its points of sale. It has also introduced e-invoicing for this purpose. Thanks to optimisation of the use of paper or its digitisation, it seeks to achieve a CO_2 reduction of 200 tonnes between now and 2023. A significant contribution to achieving the company's goal of cutting its CO_2 emissions by 30% between 2019 and 2023.

32%

of non-physical sales in 2020

Banking on agility

Enabling the customer to follow an entirely digital pathway demands a very high degree of internal automation and digitalisation. A change of mentality that is being effectuated at Orange Belgium by banking notably on an ever more agile functioning of the teams. The idea: work by project rather than by department. A switch that makes it possible, for example, for certain marketing professionals to collaborate directly with IT staff for greater efficiency, communication and strategic adequacy. In March 2020, the Agile Center of Excellence successfully launched its first "digital agile tribe". The result? More fluid deliverables, continuously re-evaluated, shorter implementation deadlines and a soaring employee satisfaction rate. A truly new way of working that pleases internally while being very attractive for potential new recruits. Orange Belgium is also banking on automation, or even robotisation of certain processes. Far from the notion of ultimately reducing the number of employees, the approach seeks instead to relieve them from simple and repetitive tasks. The time saved can then be allocated to the development of competencies, to analysis and the valorisation of the human aspect.

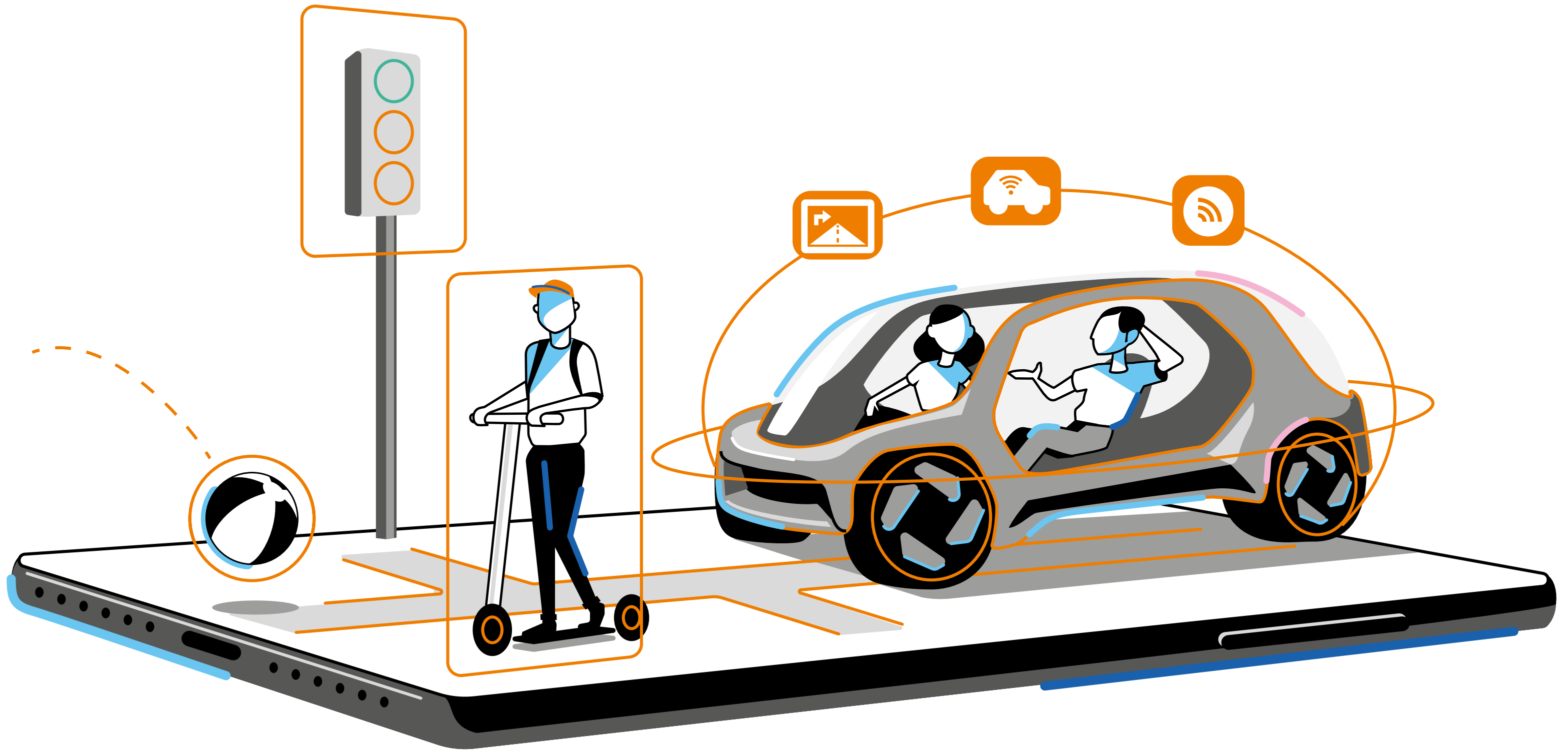
If empowerment is part of the company's DNA, agility is one of its levers. And Orange Belgium wishes to apply that lever to the entire company via a new digital transformation plan that can win the adhesion of all stakeholders. Consolidating this plan is one of the objectives for 2021 and the following years, just like continued deployment of the agile working method internally, and acceleration of the automation of processes in order to liberate the creativity of employees.

Supporting the future with BeCode

Because digital is a professional career path for both today and the future, Orange Belgium supports BeCode, a school set up by three Belgian entrepreneurs in order to train developers. Several juniors have done traineeships at Orange Belgium.

Committed to responsible innovation

For Orange Belgium, innovation is inextricably linked with social responsibility. Coherent and committed, the operator has developed technologies designed to foster the values of sustainability, efficiency, health and health security.



Covid-19 hasn´t dampened Orange Belgium´s passion for innovation. Far from it. The pandemic even pushed the company to develop new technologies capable of providing vital support in this particular situation. That confirms one of the operator´s most fundamental convictions: for Orange Belgium, a relevant use of technology can make it possible to meet major social challenges.

5G mobilised for emergency medical assistance

Orange Belgium joined forces with the Helicus company in order to optimise the automated functioning of drones intended for urgent medical shipment of blood, organs and clinical samples. Launched one year ago, this ambitious project, with a total budget of 3.6 million euros, is supported by the VIL (Flemish cluster for innovation in logistics), Innoviris (the Brussels regional innovation agency) and VLAIO (the Flemish Agency for Innovation and Entrepreneurship). Together, the partners are exploring R&D solutions linked to artificial intelligence which assure the scheduling of the fleet of drones, the slices of 5G/4G/radio connectivity in cascade that link all of the players, and finally the integrated security.

Orange Belgium is making its stand-alone 5G network available for these studies. Its unique characteristics guarantee high speed and low latency with a guaranteed quality level based on network slicing. A necessity for ensuring a reliable connection to the drones with control on the ground and/or at the hospital. In a context where mobility represents a challenge and a major obstacle for emergency services, the use of drones seemed like an efficient alternative. The first concrete results should become known in December 2021.

The IoT at the service of smart mobility

Being able to monitor, in real time, the rotation of urban parking but also to directly apply its parking policy: that is the offer proposed to the municipalities or private players by Orange Belgium and CommuniThings, a scale-up developed in Belgium and internationally thanks to the Orange Fab acceleration programme.

After Liège, Aarschot, Wavre, Mechelen, Mons and other Belgian cities, Bruges successfully received this smart parking solution in November. The primary objective: to encourage the rotation of cars in the commercial zones so as to (amongst other things) stimulate the local economy that has been hard-hit by the pandemic. Thanks to this offer based on IoT sensors and a system of real-time analysis, overall vehicle rotation has tripled. A more fluid mobility that has a positive impact on the life of merchants, residents but also municipalities, which can use the tool to monitor and efficiently adapt their parking policy. In real time, smart parking generates useful data on key mobility indicators such as parking duration, occupancy, rotation and hourly movements.

This innovative technology is also designed to become a real tool for citizens, because today, 30% of the traffic in the urban centre at any given moment is motorists simply looking for a parking space. On average, each driver loses 30 minutes a week doing just that, i.e. one whole day per year. In the future, thanks to open data interfaces, municipalities will be able to communicate information on the occupation of car parks via their website, a mobile application or information panels. An effective method for reducing traffic jams and the CO_2 emissions linked to these movements. The technology itself is particularly coherent and sustainable because it is based on low energy-consumption sensors and on Orange Belgium´s Narrowband IoT network, which offers extensive coverage while consuming very little energy.

3 new, unprecedented SIM cards

First arrival in the year 2020: the eSIM. It is designed for residential customers and allows people who have an eligible smartphone to use the SIM chip directly integrated into their device. A solution for Orange Belgium to rationalise its production of SIM cards and significantly reduce its overall ecological footprint.

In the middle of the year, the operator innovated again by introducing Half ID SIM cards, 50% smaller than the traditional cards and which make possible annual savings on the order of 2 tonnes of plastic.

Finally, Orange Belgium marketed the Eco-SIM, produced from 100% recycled plastic, for residential and B2B customers. The company is the first in Belgium (and one of the first in the world) to deploy this new production system. Eco-SIMs guarantee reliable connectivity whatever the smartphone or the use. By 2023, they will also have reduced CO_2 emissions by 14 tonnes, which is equivalent to the annual energy consumption of three Belgian households.

This trio of strong gestures enables Orange Belgium to position itself in the global avant-garde of more sustainable commercial practices.

Verifying crowd densities in the blink of an eye

Amongst the services that help support the fight against the coronavirus, Orange Belgium leveraged its competencies with regard to crowd monitoring. This system makes it possible to monitor a crowd by giving useful information to the authorities as well as to companies, merchants and citizens. How? By tracking the number of mobile connections to the Orange Belgium network within a zone. These are anonymised at the source before being aggregated by specific algorithms, and finally they are extrapolated to all mobile users of all networks in this zone and converted into a colour coding. All done with the greatest respect for the personal data protection rules.

This strategic information was furnished to the federal authorities for monitoring the movement patterns of Belgians and evaluating the impact of the lockdown measures. But the crowd monitoring was also used by VisitFlanders in order to let tourists know, in real time, the population density at a number of Flemish tourist destinations. Created in collaboration with the data engineering company Cropland, the YouFlanders app allows companies and organisations to keep track of the number of visitors, the waiting time, the average visit duration and the measures taken for each attraction. In total, 2,700 points of interest and destinations are registered on the app.

At the end of the year, Orange Belgium decided to go a step further by allowing consumers to freely benefit from the collected data. Within the framework of a partnership with the audiovisual creation and event company acTVty and the technology group Cronos, the company launched Crowdsurfer, a free mobile app displaying crowd densities throughout Belgium in real time. The goal: to enable citizens to make their own choices about travelling with full knowledge of the situation so as to prevent increased risks of infection, but also to let them organise their journeys in the best and most efficient manner possible. In 2021, the partners intend to refine this solution by offering frequentation forecasts at specific moments of the day and by aggregating new sources of data and new counters.

Orange Luxembourg

Orange Luxembourg remains the challenger on the Luxembourg market and was able to demonstrate its agility during this unprecedented year.

240

new roaming services

Lockdown, shop closures … Luxembourg´s pandemic-linked realities coincided with those of Belgium. The only keywords: anticipation and responsiveness. Orange Luxembourg adapted itself with agility and efficiency so as to do the best job of accompanying and serving its customers.

Orange With You, a novel and custom-tailored service

In 2 days, Orange Luxembourg set up its Orange With You platform, a panel of digitalised and simplified services intended to meet the needs of locked-down customers and respect the health measures decreed. This approach, resolutely omnichannel, was welcomed by residential customers, so warmly in fact that this new line of services will be retained in the future.

- **Orange Video Shopping** is a new, unique and personalised shopping experience making it possible to access offers and products in direct live video with a customer consultant.
- **Orange Drive** proposes a new click and collect service with drive-in pickup at the store.
- **Orange Delivery** offers a free delivery service within 48h in Luxembourg for people who cannot, or do not wish to, come into a shop. It is even possible to pay one´s order upon receiving the package.
- **Orange Repair** brings the shop to the customer's home by coming to pick up the defective device and then returning it, repaired, directly to the customer.
- **Orange Shop Meeting** makes it possible to set up an individual appointment for a personalised welcome, with no waiting, in the shop chosen by the customer.
- **Orange Call Shopping** allows one to be contacted by telephone and to benefit from a privileged remote shopping experience.

The company also focused its attention on its customers. Orange Luxembourg also accompanied its business customers notably with the 4G box offer that does not require installation and which facilitates teleworking by not interfering with the fixed network. Particular attention was also paid to accompanying B2B customers abroad. Notably, 240 new roaming services linked to 52 countries have been inaugurated.

Listening to society

While Orange Luxembourg's primary focus during this complex year was to develop and offer useful and high-performance services, it also continued listening to the needs of society. The hospitals, residential care centres, children's homes and the Luxembourg Red Cross were contacted to offer them reinforced connections or devices. This initiative designed to maintain social ties was welcomed by the government.

Nor did Covid-19 prevent Orange Luxembourg from supporting innovation and several start-ups within the framework of its partnership with the Silicon Luxembourg community.

SUPPORTER AND PARTNER OF ESPORTS

For several years now, Orange Luxembourg has supported the development of gaming and esports within the Grand Duchy. In December, the company became official partner of the Luxembourg Esports Federation (LESF), the new Luxembourg federation for electronic sports. Orange Luxembourg's partnership takes the form of both financial and material support, with the goal being to aid the federation to support young gamers in their sporting practice, to develop structures adapted for the athletes desiring to have a professional career and make it to international competitions.

5G

Orange Luxembourg launched its 5G network in November

5GReady, the network is being deployed

A first in Luxembourg: in July, 5G frequency auctions were held by the Luxembourg Institute of Regulation. Positive results for Orange Luxembourg, which obtained the maximum number of frequencies available for the 5th generation of mobile communication. At the conclusion of a call for tenders to deploy its network, Orange Luxembourg selected Nokia as equipment manufacturer for the mobile radio access network. Its role is to furnish an ensemble of products and services that will facilitate the deployment, including antennas and related professional services.

Highlighted as one of the major elements of the strategic plan, 5G is on its way. Orange Luxembourg launched its 5G network in November and evolved its mobile offers to 5G without a price increase. A positioning that matches its strategy as challenger. A decisive technological step that was accompanied by a programme of information and demonstrations for its customers. Surveys, round tables and 5G demonstrations were organised at the end of the year. Orange is thus embracing the Engage 2025 strategy of the Orange Group which has made 5G one of its major stakes.

The eSIM amongst the novelties

Parallel to the considerable technological progress of 5G, Orange Luxembourg started supporting the integrated SIMs, also called eSIMs, to replace the traditional plastic SIM cards. A first on the Luxembourg telecommunications market. With this additional step, the challenger plans to become a totally digital operator. In any case, the eSIM opens the way to a new customer experience and other uses. Moreover, it fits within the logic of social responsibility and respect for the environment pursued by Orange Luxembourg.

An employer always at the top

Orange Luxembourg´s transformation and relaunch plan has borne fruit, to the point of seeing several of the company´s certifications renewed: Top Employer and Gender Equality European & International Standard (GEEIS) for its efforts concerning professional equality and well-being at work. A third recognition crowned 2020: the Positive Actions label granted by the Luxembourg government, which recognises the approaches and commitments for male-female equality in the treatment of employees, decision-making and reconciliation between private and professional life. All of these are official recognitions of the attention paid to Orange Luxembourg´s ensemble of collaborators. A propitious terrain for the entire structure's commitment to the 2021 objectives: strengthening the digital offer and the quality of the network, but also continuous improvement of the customer experience.

GIVING A SECOND LIFE TO MOBILE PHONES

Orange Luxembourg also proposes an ambitious mobile phone recovery programme. The company offers a purchase voucher worth up to 400 € for turning in a telephone. In all, more than 6,000 devices have been collected in 10 years. A call for mobilisation that is frequently repeated by Orange Luxembourg.

Orange Belgium's relationship with the investment community

Orange Belgium Investor Relations team aims to create a trustful and long-standing relationship with the financial markets and all its participants by being a reliable and timely source of relevant financial and strategic information about the company, its performance and the market it operates in. In doing so the IR team plays an important role in assisting both investors and management in their decision-making.

Shares

There were no changes to the company's capital in 2020. It amounts to €131,720,619 and is comprised of 60,014,414 shares with a par value of €2.195.

All the shares issued by the company are ordinary shares. There are no other specific categories of shares. All shares carry the same rights with no exceptions.

There is no legal or statutory limitation to the exercise of the voting rights attached to the shares of the company.

Shareholders

Major shareholder

Orange S.A. is the company's main shareholder. Orange S.A. owns a 52.91% stake in Orange Belgium via its wholly owned subsidiary Atlas Services Belgium S.A.

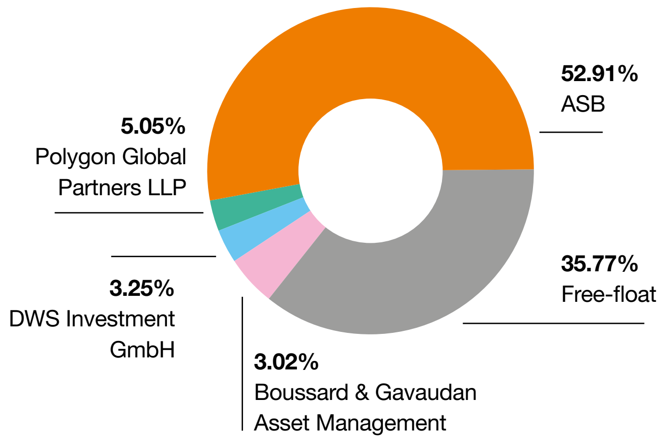
Shareholder structure

The following table shows Orange Belgium's shareholder structure as at 31 December 2020. It is based on the most recent notifications made to the company and to the Belgian Financial Services and Markets Authority ("FSMA") by the shareholders listed below.

Transparency rules (Article 18 of the law of 2 May 2007) require shareholders to disclose their interest when their stake exceeds a certain threshold. Orange Belgium sets notification thresholds at 3%, 5% and multiples of 5%.

- In March 2020, Schroders Investment Management gave notice that it had reduced its Orange Belgium stake from 4.95% to 2.99%. In May 2020, Polygon Global Partners LLP gave notice that it had increased its Orange Belgium stake to 5.05% of which 1,972,181 were CFDs.
- Throughout 2020 Orange Belgium received several transparency declarations from DWS Investment GmbH, stating that it had gone above and below the 3 % statutory threshold. The latest notification in 2020 was declared on 9 December 2020, informing that, as of 4 December 2020, DWS Investment GmbH held 3.25% of the company's total share capital.

Shareholder structure at 31/12/2020



Dividends

The Orange Belgium Group aims to balance the appropriate cash returns to equity holders maintaining a balanced and sound financial position, while leaving sufficient leeway to continue to invest in the expansion of its network and potential future projects.

Given the financial and commercial performance of 2020 and the mid-term outlook, the Board of Directors will propose to the General Shareholders Meeting on 5 May 2021 to distribute an ordinary gross dividend of €0.50 per share for the financial year 2020. If approved, the gross ordinary dividend of €0.50 will be paid on 17 June 2021 (ex-dividend date 15 June 2021; record date 16 June 2021).

The table below shows the dividends paid or payable on Orange Belgium's shares for the last five years.

Year	Ordinary shares in €
2016	0.00
2017	0.50
2018	0.50
2019	0.50
2020	0.50

Liquidity contract

Kepler Cheuvreux was appointed as Orange Belgium's liquidity provider on 23 July 2019 to ensure regular and liquid trading. The liquidity provider's mandate is on a strictly discretionary basis on behalf and for account of the company.

Transactions are executed on the central order book of Euronext Brussels' regulated market. The trading of own shares was authorised by the General Shareholders Meeting of 7 May 2014 and renewed for 5 years on 2 May 2019.

The liquidity contract was suspended on 2 December 2020 after Orange Belgium's Board of Directors took note of Orange S.A.'s press release announcing a public takeover bid for Orange Belgium shares listed on Euronext Brussels.

Relation with shareholders & investors

Share price performance. Orange Belgium's shares (ISIN: BE0003735496) are listed on Compartment A of Euronext Brussels. Compartment A comprises companies with a market capitalisation of €1 billion and above.

The company's shares traded in a €13.60-€21.95 range over the year. Average daily traded volume in 2020 was 81,397 shares compared to 49,078 shares in the previous year.

Year ended 31 December	Highest in €	Lowest in €	Period end in €	Average daily trading volume
2010	49.20	39.51	48.51	163,018
2011	53.33	37.73	39.75	177,890
2012	39.71	18.70	19.39	172,463
2013	21.47	10.25	13.80	166,955
2014	20.20	11.35	19.61	130,015
2015	22.54	15.50	22.33	130,090
2016	22.33	18.00	19.86	75,057
2017	22.10	17.03	17.50	55,848
2018	17.92	12.56	17.24	65,702
2019	21.15	16.30	20.70	49,078
2020	21.95	13.60	21.80	81,397

Quarter ended	Highest in €	Lowest in €	Period end in €	Average daily trading volume
31-Mar-17	22.10	19.86	20.04	59,067
30-Jun-17	21.42	19.05	20.50	72,600
30-Sep-17	21.30	18.91	19.56	41,594
31-Dec-17	19.91	17.03	17.50	50,130
31-Mar-18	17.78	14.80	16.62	73,805
30-Jun-18	17.50	14.46	14.46	67,103
30-Sep-18	15.50	12.56	13.54	51,720
31-Dec-18	17.92	13.70	17.24	70,111
31-Mar-19	19.62	16.30	19.20	66,232
30-Jun-19	20.10	16.32	17.44	44,081
30-Sep-19	21.15	17.30	18.94	39,747
31-Dec-19	21.05	18.10	20.70	46,697
31-Mar-20	20.90	13.60	16.04	91,812
30-Jun-20	16.74	14.32	14.50	28,068
30-Sep-20	15.50	13.72	13.78	48,944
31-Dec-20	21.95	13.76	21.80	128,206

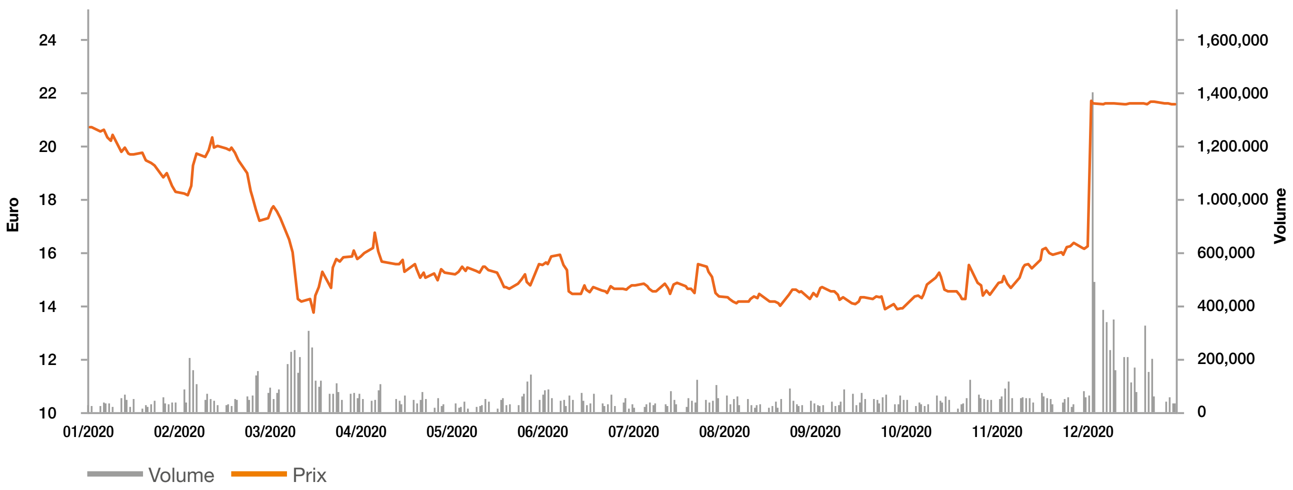
The first quarter (-22.51% / €16.04) saw a significant drop in the share price due to the start of the Covid-19 crisis. Although Belgium was not yet in lockdown, the general uncertainty on the market strongly influenced the share price. At the start of the first lockdown in mid-March, the share price started to recover slightly, but not to pre-Covid-19 levels. However, certain events had a positive impact on the share price. When Orange Belgium published its full year 2019 results, confirming the positive outlook for Orange Belgium, this was welcomed positively by the market. The confirmation that the competition authorities would not subject the Radio Access Network Sharing agreement with Proximus to temporary measures also had a positive impact on the share price.

During the second quarter (-9.60% / €14.50), the regulator notified the European Commission regarding the draft on cable wholesale tariffs. Given the deterioration in tariffs compared to those that were initially included during the consultation of the regulator, Orange Belgium was impacted negatively. After the notification, the tariffs were largely confirmed, but this had no further impact on the share price.

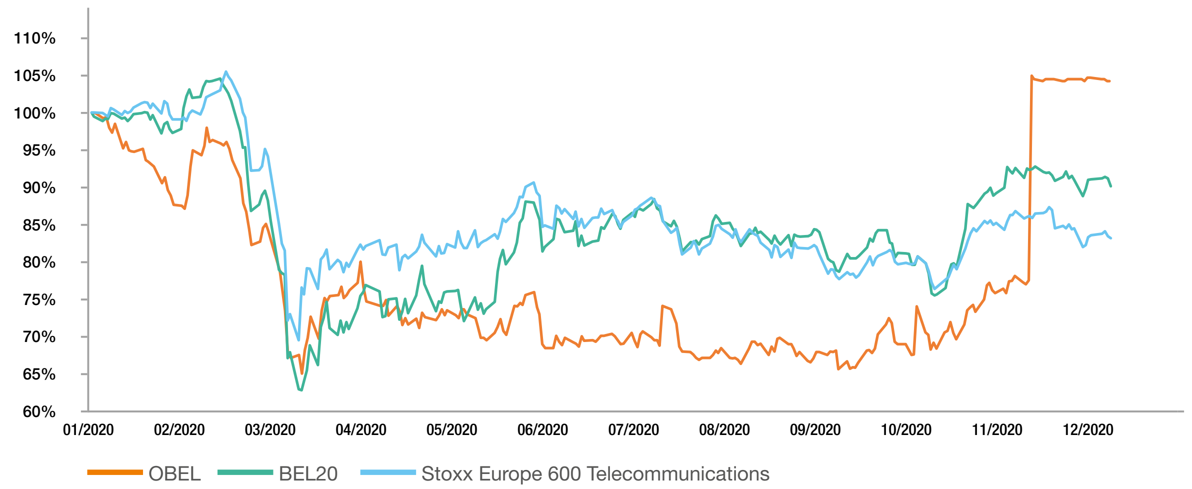
During the third quarter (-4.97% / €13.78), the second quarter results were published, and once again the market reacted positively, which caused a rise in the share price.

The last quarter (+58.30% / €21.80) was dominated by Orange S.A. announcing its intention to make a public takeover bid for Orange Belgium's remaining shares. After the announcement, the share price remained close to the announced €22, trading at a price between €21.80 and €21.95. Before the announcement, Orange Belgium communicating on having chosen Nokia as its radio access network provider had a positive impact on the share price.

Orange Belgium share price (in €) and trading volumes from 1 January 2020 to 31 December 2020



Orange Belgium share price compared (in €) to indices from 1 January 2020 to 31 December 2020



140

In 2020, management met more than 140 investors

Financial communications

The Investor Relations team engages with the investment community by being a reliable source and providing relevant information that helps in their investment decision. Their role is to respond to enquiries from shareholders and the wider investment community.

Extensive information about the company's operations, strategy and financial performance is available in a wide variety of regulatory filings (press releases, earnings releases, annual report, quarterly reports, investor presentations). All of these documents are readily available in English, Dutch, and French at https://corporate.orange.be/en/financial-information and on request from the Investor Relations team.

Senior management hosts live presentations of the quarterly and full year results. The presentations are broadcasted via a webcast and/or telephone conference calls.

Roadshows and meetings with institutional investors

The investor relation programme includes one-on-one meetings, roadshows and conferences. These events bring together institutional investors, sell-side analysts and Orange Belgium's management to discuss the results and outlook of Orange Belgium's business performance. In 2020, management met more than 140 investors. As from March 2020, due to the pandemic all roadshows and conferences were transformed into virtual meetings.

Analyst Coverage

Orange Belgium is actively covered by 25 brokerage firms. Each quarter, the company polls analysts for their estimates and recommendation to get a detailed overview of market expectations. This consensus is publicly available on Orange Belgium's website (https://corporate.orange.be/en/financial-information/résultats-financiers).

Firm	Analyst
Arete Research	Hannah Kleiven
ABN AMRO	Konrad Zomer
Bank Degroof Petercam	Vivien Maquet
Barclays Capital	Simon Coles
Berenberg Bank	David Burns
BofA Merrill Lynch	David Wright
Citigroup	Nayab Amjad
Credit Suisse	Paul Sidney
Deutsche Bank	Roshan Ranjit
Exane BNP Paribas	Alexandre Roncier
Goldman Sachs	Mike Bishop
HSBC Securities	Nicolas Cote-Colisson
ING	David Vagman
Jefferies	Ulrich Rathe
JP Morgan	Akhil Dattani
KBC Securities	Ruben Devos
Kempen	Emmanuel Carlier
Kepler CM	Matthijs Van Leijenhorst
Morgan Stanley	Nawar Cristini
New Street Research	Russell Waller
ODDO Securities	Alexandre Iatrides
Royal Bank of Canada	Wilton Fry
SG Securities	Stéphane Schlatter
Stifel	Stephane Beyazian
UBS	Polo Tang

The following table shows the expected announcement of results

Financial calendar	
18 January	Start of quiet period
5 February	Financial results Q4 2020 (7:00 am CET) – Press release
5 February	Financial results Q4 2020 (2:00 pm CET) – Audio conference call
31 March	Start of quiet period
21 April	Financial results Q1 2021 (7:00 am CET) – Press release
21 April	Financial results Q1 2021 (2:00 pm CET) – Audio conference call
05 May	General Shareholders Meeting
15 June	Ex-dividend date*
16 June	Record date dividend*
17 June	Payment date dividend*
05 July	Start of quiet period
26 July	Financial results Q2 2021 (7:00 am CET) – Press release
26 July	Financial results Q2 2021 (2:00 pm CET) – Audio conference call
30 September	Start of quiet period
21 October	Financial results Q3 2021 (7:00 am CET) – Press release
21 October	Financial results Q3 2021 (10:00 am CET) – Audio conference call

* subject to approval by the AGM

Management Report

Orange Belgium is one of the leading telecommunication operators on the Belgian market, with over 4 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 4G+ 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 2020, consisting of pages 46 to 59, 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 25 March 2021. 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 124 to 142 is an integral part of this Management Report.

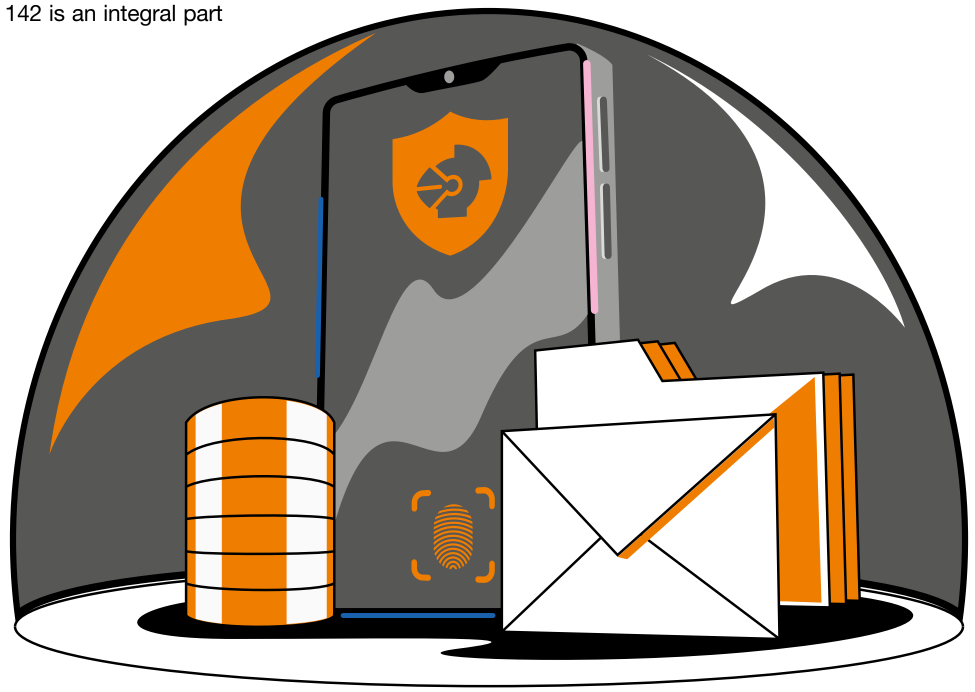
1. Recent events

First quarter of 2020

Covid-19 impact

Orange Belgium was fully mobilised to ensure network and service continuity and to support its customers. Network and service continuity was critical in managing the Covid-19 crisis. The network was capable of handling the increased traffic without any major issues for customers. Technical teams permanently monitored the network and reinforced it if necessary to guarantee seamless communication at all times. In addition, Orange Belgium offered its residential and business postpaid customers 5GB of mobile data volume for free to make sure they can stay connected anywhere, anytime.

Orange Belgium launched a broad awareness campaign on the importance of complying with the authorities' lockdown and social distancing measures, in order to slow the spread of the coronavirus. As a responsible operator, Orange Belgium intended to play its part in fighting it. The company therefore launched its StayHome campaign to support the lockdown measures. By 23 March, Orange Belgium had already changed its network name on customers' phones from "Orange B" to "StayHome Orange B". The company was an active part of the Data Alliance against Coronavirus, a partnership with multiple telecom providers and Big Data specialists, led by the government that focuses on using anonymised data to better track the spread of coronavirus and guide the public authorities in their strategic decisions. Orange Belgium went further in its contribution to the safety of Belgian society, providing hospitals with real support, taking into account some of their most important needs in the current context.



The Covid-19 measures also impacted the company's financial and operational performance. The closure of shops impacted the gross adds both in mobile and convergent offers, as well as in handset revenues (the latter being a low-margin activity). The company had put additional capacity into telesales and online contact in order to partially compensate this decrease and to respond to the additional demand from these channels. The decrease in gross adds in the market led to a reduction in churn as well, and a decrease in commercial costs (a large part of the commercial costs are variable). Due to the strict national and international travel restrictions, voice and data traffic increased while roaming traffic has decreased.

New mobile portfolio launched: Go, first family mobile offer in Belgium

On 9 March 2020, Orange Belgium announced a new mobile data increase in its mobile offers to further support the evolution of consumer usages. The result was a revamped mobile portfolio, named Go. This simplified Go portfolio consists of no more than 4 mobile subscriptions at a competitive price point and offers more mobile data. Orange Go is interesting for families, with innovating family discounts, without having to share a collective data bundle.

B2B offers boosted

On 16 February 2020, Orange Belgium launched a revamped Shape portfolio, characterised by a major increase of the data cap. To fit the increasing need for mobile data by B2B clients, the revamped Shape portfolio offers increased mobile data to its customers for the same price. In addition, every Shape subscription included a free layer of cybersecurity and Fleet Management Solutions.

No Brexit for mobile customers

Orange Belgium confirmed that its customers will remain able to roam-like-at-home in the UK without any extra charge even after Brexit, thanks to specific agreements the operator has with every roaming partner in the United Kingdom.

The United Kingdom (England, Scotland, Wales and Northern Ireland) therefore joined a list of other non-EU countries and territories that are included in Orange Belgium's roam-like-at-home list.

First to launch eSIM on the Belgian market

Orange Belgium supported embedded SIM – eSIM - the new technology vowed to replace the traditional little plastic SIM cards, bringing a brand new customer experience. An embedded SIM is a small chip directly built into a device, and that works just as a conventional SIM when activated.

TOP EMPLOYER for the 9th time

For the 9th time, Orange Belgium was voted TOP EMPLOYER by the Top Employers Institute. It was a great recognition for Orange Belgium's numerous efforts in providing a digital and caring working environment for its more than 1,400 employees.

Indoor connectivity boosted with intelligent WiFi: Mesh WiFi

To guarantee seamless indoor connectivity and pursuant to new construction standards, Orange Belgium launched the Mesh WiFi, a new and smart technology aimed at reinforcing connectivity at home for its Love customers.

The Belgian Competition Authority interim measures on the mobile access network sharing agreement came to an end

Proximus and Orange Belgium have resumed preparations with regard to the mobile access network sharing agreement. Beginning of January, the Belgian Competition Authority, in the procedure initiated by Telenet, imposed interim measures and gave the telecom regulator 2 additional months to further examine the sharing agreement. The period during which the interim measures applied expired on 16 March 2020. On 1 April the affected employees of Proximus and Orange Belgium were transferred to the Joint Venture, named MWingz.

Revision of Broadband and TV distribution market analysis decisions

By its decision of 4 September 2019, the court of appeal rejected the cable operators' appeals against the market analysis decisions of June 2018. The cable operators may still appeal this decision at the Supreme Court.

The BIPT's market analysis decision of 2018 set out a number of service and operational improvements, of which the single-installer approach and the possibility to offer fixed broadband without TV services. These improvements were implemented in July/August 2019.

The decision also put forward that over time “fair tariffs” (cost + reasonable margin) would be defined. A public consultation on the draft decision defining these tariffs took place from 5 July 2019 to 6 September 2019.The Belgian regulators submitted their draft proposal to the European Commission beginning of April 2020. The Commission had one month to provide their comments to the Belgian regulators and issue their final decision. Orange Belgium expressed its concerns regarding the draft submitted to the European Commission as it over-compensates the actual cost of the cable network operators, and may hinder progress towards a more competitive market. A final price decision was expected to apply as of Q2 2020, according to the BIPT’s draft workplan for 2020.

New spectrum allocation, renewal of existing spectrum attributions

The Royal Decrees regarding the allocation of the 700, 1400 and 3400-3800 MHz band and the renewal/reallocation conditions of the 900, 1800 and 2100 MHz bands were not finalised by the previous government.

End 2019, the BIPT launched a consultation regarding various spectrum related matters, such as the means for the BIPT to prolong the 900 MHz, 1800 MHz and 2100 MHz licenses beyond the current expiry date of March 2021, the proposal to increase the reserve price for the 3.6 GHz spectrum band, and the conditions for private 5G networks in the 3.8-4.2 GHz band.

At that moment, it was unlikely that an auction for any of the before-mentioned spectrum would be organised before 2021. Via a communication on 31 January 2020, the BIPT announced an exceptional procedure and call for candidates for the attribution of temporary licenses in the 3.6-3.8 GHz band. As a result of the call for candidates, the BIPT launched a consultation on 24 March 2020, on the granting of temporary usage rights for the 3.6GHz-3.8GHz band. The five candidates retained by the BIPT for temporary 5G licenses are: Orange Belgium, Proximus, Telenet, Cegeka and Entropia. The licenses would expire at the start of the usage rights of the auctioned spectrum.

Orange Belgium considered that spectrum allocations should go along with long-term visibility, together with deployment obligations in order to ensure that operators effectively invest in networks and use spectrum in an efficient and effective way.

On 20 February 2020, the BIPT issued a call for candidates for the remaining license of 2 x 15 MHz in the 2.6 GHz band. This license was not allocated during the attribution process in 2012. Citymesh expressed an interested in this license.

Second quarter of 2020

Covid-19 impact

Orange Belgium was fully mobilised to ensure network and service continuity and to support its customers. Network and service continuity were critical in managing the Covid-19 crisis. The network was capable of handling the increased traffic without any major issues for our customers. Technical teams permanently monitored the network and reinforced it if necessary to guarantee seamless communication at all times. In addition, Orange Belgium offered its residential customers 4GB of mobile data volume for free to make sure they can stay connected anywhere, anytime. Customers were given the opportunity to choose an alternative gift if they don’t need more data.

Orange Belgium also decided to join forces supporting the Covid-19 Track & Trace call centre to fight the pandemic in Belgium. This call centre proactively contacts Belgian residents who have positively tested for Covid-19 and any Belgian residents they have recently been in contact with. The objective is to follow the spread of the virus as closely as possible and mitigate the risks by asking the potentially infected people to quarantine and/or get tested. Belgian Telecom operators considered this support to the authorities’ call centre as a part of their corporate social responsibility and the solidarity they show by bringing solutions in their fields of expertise to the government. The operators hoped this new tool will help successfully contain the Covid-19 outbreak.

As said in Q1’20, the Covid-19 measures also impacted the company’s financial and operational performance. Shops remained closed for almost 2 months, impacting the gross adds both in mobile and convergent offers, as well as in handset revenues (the latter being a low-margin activity). The decrease in gross adds in the market led to a reduction in churn as well, and a decrease in commercial costs (a large part of the commercial costs are variable). Due to the strict national and international travel restrictions, voice and data traffic increased during the lockdown, while roaming traffic decreased.

400Mbps speed option introduced for all customers and major boost to the Love Pro offer for independents and small/home offices

Orange Belgium decided to revamp its Love offer: since 15 June 2020, customers can opt for a revamped Internet Boost service, which provides 400 Mbps download speed – instead of 200Mbps – and upload speeds from 20 Mbps for customers on the footprint of VOO, to 40 Mbps for customers on the footprint of Telenet.

Keeping up with its Bold challenger profile, Orange Belgium therefore also decided to grant small and home offices (typically restaurants, consultants, plumbers, …) opting for the Love Pro offer with the Internet Boost the multi-product advantage already available for residential customers on the Go Intense and Go Unlimited subscriptions.

B2B offers revamped

Following the evolution of SMEs’ needs regarding connection speeds, Orange Belgium decided to boost its Shape & Fix Basic offer, by offering 400 Mbps connections for download and up to 40 Mbps for uploads as from 10 June.

Jupiler Pro League available to all customers for 5 years

Orange Belgium and Eleven Sports signed an agreement on the distribution of the 3 new Eleven Sports channels dedicated to the Pro League matches and competitions, including the Jupiler Pro League. Orange Belgium was the first player signing a distribution agreement making the Jupiler Pro League available to its customers for the coming 5 years.

Xavier Pichon appointed CEO of Orange Belgium

Orange Belgium’s Board of Directors announced the appointment of Xavier Pichon as CEO of Orange Belgium as from 1 September 2020. He has 20 years experience as an ExCom member in large corporations. He started his career in 1990, joining Orange in 1998 where he took up various positions, such as Chief Financial Officer of Orange France and Group Head of Investor Relations. His last role was Deputy CEO at Orange France, leading Finance, Strategy, Transformation and Development. Xavier is recognized for his strong management skills, his deep business strategic expertise and extensive experience in investor and stakeholder relations.

Orange Belgium took note of the regulators’ final decision regarding the wholesale tariffs for access to the cable networks

On 27 May 2020 the CRC published its final decision on new cable wholesale tariffs, which are slightly lower than the proposal submitted to the EC, which came into force on 1 July 2020.

Orange Belgium regretted that the European Commission comments only marginally resulted in changes to the draft decision. Orange Belgium considered that the wholesale charges, especially for the high-speed internet access services, will remain significantly above “fair charges” to the detriment of consumers. Furthermore, the significant increase of the wholesale charges over time (up to 25%) drives towards unjustified and regular retail price increases for Belgian consumers.

Orange Belgium requested that the regulators monitor the effects of this decision on price changes for Belgian customers closely, as required by the European Commission; and initiate a review of the wholesale prices as soon as a negative impact is observed on retail prices so that systematic retail tariff increases can be limited.

Such an evaluation should be planned by the end of 2021 at the latest.

New spectrum allocation, renewal of existing spectrum attributions

Via its decisions of 15 July 2020, the BIPT granted five operators temporary usage rights in the 3.6GHz-3.8GHz band for 5G services: Orange Belgium, Proximus, Telenet, Cegeka and Entropia. Each of these operators got 40 MHz, with usage rights starting 1 August 2020. The licenses will expire at the start of the usage rights of the auctioned spectrum.

On 20 February 2020, the BIPT issued a call for candidates for the remaining license of 2 x 15 MHz in the 2.6 GHz band. This license was not allocated during the attribution process in 2012. The BIPT extended to 15 May 2020 the deadline for submitting applications. Citymesh was the only candidate.

On 10 June 2020, the BIPT launched a consultation on the request of a five-year extension of Gridmax’s licence for spectrum in the 3.5 GHz band (allocated on 17 August 2016 and valid until 16 March 2021) until 6 March 2026. The consultation ended on 11 July 2020.

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. In its decision on 10 January 2020 the Competition authority provided for an additional period of 2 months during which the BIPT could further assess the agreement. The provisional measures decided by the Competition Authority expired on 16 March 2020 and Orange Belgium and Proximus have resumed works for the implementation of the project.

The procedure on the merits is on-going.

Third quarter of 2020

Covid-19 impact

Despite the decrease in measures related to Covid-19, Orange Belgium continued to be fully mobilised to ensure network and service continuity and to support its customers. Network and service continuity were critical in managing the Covid-19 crisis. The network continued to handle the increased traffic without any major issues for our customers. Technical teams permanently monitored the network and reinforced it if necessary to guarantee seamless communication at all times.

To a lesser degree, the Covid-19 measures also impacted the company’s financial and operational performance during the quarter. Due to certain limitations (social distancing, hygienic measures, limited number of shoppers,…) the full capacity of the shops was limited. The limitation in customer visits impacted the commercial performance, as well as the number of ICT projects. Due to people being more restricted in their movements, mainly roaming and SMS traffic were impacted.

Operations CO_2 neutral for the 6th year in a row

For the 6th year running, Orange Belgium was awarded the CO_2 neutral label by CO2logic and Vinçotte for its operations. This label attests to a real and measurable commitment to climate protection by Orange Belgium, through dedicated efforts to reduce greenhouse gas emissions, and to offset unavoidable emissions. This label confirmed that Orange Belgium’s operations - network infrastructure, shops, business travel and waste management - are CO_2 neutral, meaning every call, SMS or data package transiting through the operator’s network is to be considered as CO_2 neutral.

Commitment to reduce the CO_2 carbon emissions not linked to the operations by 30 % by 2023

Orange Belgium committed to remain CO_2 neutral for its operations, in particular thanks to the use of more efficient technologies such as 5G, as well as the implementation of the RAN sharing agreement with Proximus, which will reduce the network’s energy consumption further while traffic increases.

In addition, Orange Belgium will limit its use of paper thanks to digitalization, promote eco-responsible packaging and further invest in its circular economy by recycling and refurbishing the Orange hardware (devices and modems).

Furthermore, Orange Belgium committed to reduce its carbon emissions that are not linked to its operations (company cars and home-work commuting) by 30% by 2023, thanks to a 360° mobility plan. This plan namely includes increasing teleworking in all departments, supporting alternatives to cars for coming to the office (bike, public transport), and changing company cars to select cars with lower CO_2 emissions (including electric and hybrid cars).

Introduction of Half ID SIM cards to reduce plastic consumption

Orange Belgium introduced the Half ID SIM cards which are half the size of regular SIM cards and will allow Orange Belgium to reduce its plastic consumption by more than 2 tons a year. The first units of Half ID SIM cards were available as of the beginning of August 2020 in Orange Belgium's Smart and Concept stores. The total switch to Half ID's is expected by early 2023.

This effort on plastic consumption, along with the introduction of eSIM, is part of the plan to reduce Orange Belgium's environmental impact.

Development of a sustainable smartphone market

As part of its commitment to the environment, Orange Belgium raised the general public's awareness by offering a simple solution: returning their mobile phone to an Orange shop gives it a second life and helps make the planet a little greener. Orange Belgium boosted its BuyBack program, promoting sustainable smartphones and started selling refurbished smartphones in its commercial network.

Orange Luxembourg 5G spectrum

The "Institut Luxembourgeois de Regulation" (ILR) announced the results of their 5G spectrum award for frequencies in 700MHz and 3.5GHz bands. A total of 390MHz was offered, comprised of 2x30MHz in the 700MHz band and 330MHz in the 3.5GHz band (3420 – 3750MHz).

Orange Luxembourg was successful in acquiring 2 x 10 MHz in the 700 MHz band and 110 MHz in the 3.5 GHz band.

Announcement of an unprecedented price on the football option

As previously announced, Orange Belgium and Eleven Sports have reached a deal regarding the rights for the Jupiler Pro League, allowing every Orange Belgium customer – convergent or mobile only - to watch Belgian football. Orange Belgium went further in making football content accessible, with a pricing of only €10.99 for the new package to its Love Trio customers, including 3 new channels, entirely dedicated to the Belgian football champions.

Furthermore, Orange is reselling the Eleven Sports monthly passes for its Love Duo and mobile subscribers, so they can get equivalent access to the Pro League matches.

Major data boost for all Go Plus subscribers and extra discounts to Go Plus families

To make sure Orange's customers never miss the content they love, the data cap of the Go Plus subscription was increased from 5 to 8GB.

Since 20 August 2020, customers opting for a Love Duo or Love Trio combined with Go Plus subscription, can enjoy a 4 euros reduction on every mobile Go Plus subscription they add. Moreover, these reductions come on top of the multicard reductions which were already available for the Go Intense and Go Unlimited subscriptions. This new price reduction was automatically granted to all residential customers that already had Go Plus subscriptions in their convergent pack.

Significant milestone of 300,000 convergent customers reached

After launching its first convergent Love Trio offer (internet + TV + mobile) in May 2016 and now one year after the launch of its disruptive Love Duo offer (internet + mobile), Orange Belgium announced it has attracted more than 300,000 Love customers.

Consultation on wholesale tariffs for access to the fibre network of Proximus

On 30 September 2020, the BIPT launched a consultation on the monthly wholesale tariffs for access to the Proximus fiber network. The consultation ended on 30 October 2020.

Consultation on one-off charges for the cable networks

On 8 October 2020, the BIPT launched a consultation on the one off charges related to wholesale services on the cable networks. The consultation ended on 12 November 2020.

New spectrum allocation, renewal of existing spectrum attributions

While the new federal government announced its intention to move forward with the auction process quickly, the attribution of 5G spectrum and the renewal of the 900-1800 and 2100 MHz spectrum will be delayed to H2 2021. In the coalition agreement of the new government, there is ambiguity regarding the final conditions for the 5G licences. Further clarification will be required to obtain a clear view on timing for the auction and the conditions for the 5G licences.

Via its decisions of 15 July 2020 and 13 October 2020, the BIPT granted four operators temporary usage rights in the 3.6GHz-3.8GHz band for 5G services; Orange Belgium, Proximus, Telenet and Cegeka. The usage rights make commercial developments of 5G possible for the first time in this frequency band and would be valid until the start of the licenses that will be attributed by the auction. On 11 September 2020 several action anti-5G groups appealed the decisions before the Market Court of Brussels, asking to annul the decisions on the grounds of administrative and environmental law issues. Orange Belgium, Telenet and Proximus intervened in the procedures to defend and preserve their respective temporary license. A judgment is not expected before Q2 2021. Meanwhile, the decisions will apply.

The BIPT decided on 20 February 2020 to auction 15 MHz duplex (2520-2535 / 2640-2655 MHz) which is still free in the 2.6 GHz band for 4G services. The license granted is valid for 15 years, from 2020 to 2035 and does not include specific coverage conditions. Proximus and Orange already own 2×20 MHz each in this band and Telenet has 2×15 MHz and were excluded from participating due to the applicable spectrum cap. By the decision of 22 September 2020, the BIPT granted authorisation to the sole candidate Citymesh.

On 10 June 2020, the BIPT launched a consultation on the request of a five-year extension of Gridmax's licence for spectrum in the 3.5 GHz band (allocated on 17 August 2016 and valid until 16 March 2021). By its decision of 13 October 2020 the BIPT decided to extend the duration as initially proposed.

Fourth quarter of 2020

Covid-19 impact

Despite the decrease in measures related to Covid-19, Orange Belgium continued to be fully mobilised to ensure network and service continuity and to support its customers. Network and service continuity were critical in managing the Covid-19 crisis. The network continued to handle the increased traffic without any major issues for our customers. Technical teams permanently monitored the network and reinforced it if necessary to guarantee seamless communication at all times.

To a lesser degree, the Covid-19 measures also impacted the company's financial and operational performance during the quarter. Due to certain limitations (social distancing, hygienic measures, limited number of shoppers,…) the full capacity of the shops was limited. The limitation in customer visits also impacted the commercial performance, as well as the number of ICT projects. Due to people being more restricted in their movements, mainly roaming and SMS traffic were impacted.

Internet-only offer announced

After disrupting the market with its Love Trio and Love Duo offer, Orange Belgium once again went one step further by launching its Home portfolio, which allows customers to opt for the products they want, even without a mobile subscription.

To address this demand, Orange Belgium unveiled its Home portfolio, structured around 2 new major subscriptions:

- Home Internet, for high-speed unlimited broadband fixed internet only (40 euros)
- Home Internet & TV, for high-speed unlimited broadband fixed internet + TV (55 euros)

It is also possible for customers to add a fixed phone option (10€/month), and/or to opt for the Internet Boost (15€/month), which allows download speeds of 400Mbps and upload speeds of up to 40Mbps.

Orange Belgium launched a limited edition of GO Unlimited

From mid-November 2020 to 4 January 2021, Orange Belgium reduced its GO Unlimited price from €40 to €30.

Launch of Smart Home portfolio

Customers' appetite for smart devices is increasing and in response to this demand, Orange Belgium launched its Smart Home portfolio, a complete offer of smart devices such as connected cameras, smart plugs and smart light bulbs, which can all be controlled thanks to a brand new mobile application, to make customers' homes smarter, more secure and more energy efficient in a very easy way.

Launch of Crowdsurfer, a mobile application that lets customers check crowd density all over Belgium in real time

In a unique partnership with the audio-visual & event creation company acTVty and technology group Cronos, Orange Belgium launched a new mobile application that monitors crowd density all over Belgium in real time. Orange Belgium capitalises on their proven experience in anonymizing nationwide customer data into a simple and comprehensive heat map representing crowd density.

The city of Bruges launched Smart Parking solutions towards increased rotation at the city centre

Based on IoT sensor technology, Orange Belgium and CommuniThings smart parking solutions allow visitors to park up to 30 minutes free of charge at selected locations throughout Greater Bruges. Local authorities will leverage sensor alerts on parking overstay to monitor the mobility in their city and act swiftly to detect parking offences, thereby providing real time enforcement of their parking policy.

Orange Belgium selected Nokia for its future mobile radio network

Orange Belgium selected Nokia following a thorough competitive process, based on technological, operational and financial criteria. Orange Belgium will fully upgrade its existing 2G/3G/4G radio network by 2023. Orange Belgium will also start rolling out 5G, depending on frequency availability and EMF restrictions, in order to offer the best possible connectivity and to avoid saturation on the legacy networks for its customers, but also to allow businesses to fully take advantage of the industrial opportunities offered by 5G.

First 5G innovations proposed by Orange Belgium and its industrial partners in the Port of Antwerp: from augmented field operators to connected tugboats

Less than one year after announcing the creation of its Industry 4.0 Campus in the Port of Antwerp area, Orange Belgium and its industrial partners unveiled the actual results achieved by co-innovating on Orange Belgium's unique 5G network. The 5G network rolled out by Orange Belgium is the country's first large scale standalone network, meaning it offers, alongside high speed and low latency, unique network slicing capabilities that make the network ultra-reliable for businesses. Those real-life applications, tailor-made for businesses, demonstrate the power of Orange Belgium's 5G network, and the range of possibilities it offers the Belgian economy.

Partnership with Helicus to support use of drones for shipping medical samples and supplies

Orange Belgium's 5G network is used to ensure that Helicus' drones are supported by an extremely reliable connection with the ground control, when shipping medical supplies or human samples.

Launch of SIM card made of 100% recycled plastic

Orange Belgium is the country's first telecom operator, and one of the first worldwide, to introduce new SIM cards which are made from 100% recycled plastic. Combined with the recent launch of Half ID SIM and eSIM earlier this year, Orange Belgium strives hard to reduce its plastic consumption and overall footprint.

Moreover, these new Eco SIM cards meet the highest quality standards for residential and B2B customers, totally future-proof and offering reliable connectivity, whatever the smartphone, whatever the usage conditions. Combined with the launch earlier in 2020 of eSIMs for residential customers, which enables the SIM chip to be directly embedded into eligible smartphones, Orange Belgium can now streamline its SIM card production and significantly reduce its environmental footprint.

Also, in terms of CO_2 emissions, the total switch to Eco SIM cards would result in a significant reduction of 14 tons by 2023 for SIM card logistics (raw materials and transportation). These new SIM cards are available in Orange Belgium's smart and concept stores.

Expansion of Executive Management

Orange Belgium's Board of Directors validated the nomination of Isabelle Vanden Eede as Chief Brand, Communication & CSR Officer and Bart Staelens as Chief Transformation & Customer Experience Officer, both starting 1 December 2020.

Board of Directors took note of Orange S.A.'s press release announcing the launch of a public takeover bid

Orange Belgium's Board of Directors took note of Orange S.A.'s press release issued on 2 December 2020 announcing the launch of a public takeover bid for Orange Belgium shares listed on Euronext Brussels. Orange Belgium's Board of Directors will meet as soon as possible to examine the content of the offer in accordance with legal provisions. Please refer to Chapter 4 "Events after the closing period" below for more information on this topic.

The Board of Directors also informed the market of the suspension of the liquidity agreement with a financial institution following the authorisation given by the Annual General Meeting.

Orange Luxembourg became the official partner of the Luxembourg Esports Federation

Wishing to support the development and recognition of Esport in the country, Orange Luxembourg became the official partner of the Luxembourg Esports Federation (LESF), the Luxembourg electronic sports federation.

Wholesale tariffs for access to the cable networks

It is expected that a decision on the reference offers for the cable networks will be published during Q1 2021. These decisions set out the technical and qualitative conditions for access to these networks, as well as the quality of service levels that must be met.

Consultation on wholesale tariffs for access to Proximus' fibre network

On 30 September 2020, the BIPT launched a consultation on the monthly wholesale tariffs for access to Proximus' fibre network. The consultation ended on 30 October 2020 and the final decision has not yet been published.

Consultation on one-off charges for cable networks

On 8 October 2020, the BIPT launched a consultation on the one-off charges related to wholesale services on cable networks. The consultation ended on 12 November 2020. The decision on the one-off charges for access to cable networks is expected during Q2 2021.

New spectrum allocation, renewal of existing spectrum attributions

Extensions of the 2G and 3G licenses

In early December 2020, the Royal Decree permitting the BIPT to extend the license duration for the 900, 1800 and 2100 MHz licenses was published. This Decree allows the BIPT to extend the license beyond the current end date of 15 March 2021. The BIPT subsequently issued a consultation on a first extension until September 2021.

Attribution of new 700/900/1400/1800/2100/3500 MHz spectrum and unclear timeframe 5G auction

On 22 January 2021 the Federal Government approved the Royal Decrees and Law proposal that set-up the framework for the attribution of the 5G spectrum (700, 3400-3800 and 1400 MHz) and the renewal of the 900, 1800 and 2100 MHz licenses. It contains differentiated conditions to attract a 4th full MNO. It is expected that, after approval by the Coordination Committee, the auction procedure will take place at the end of 2021 or in Q1 2022.

On 2 December 2020, the BIPT launched a public consultation on the preliminary draft law and the draft Royal Decree on the security of 5G networks, in particular regarding the constraints that apply to certain types of suppliers. The consultation ended on 30 December 2020.

User rights for Citymesh

On 20 February 2020, the BIPT decided to auction 15 MHz duplex (2520-2535 / 2640-2655 MHz) which was still free in the 2.6 GHz band for 4G services. The license granted is valid for 15 years, from 2020 to 2035 and does not include specific coverage conditions. Proximus and Orange already own 2×20 MHz each in this band and Telenet has 2×15 MHz and were excluded from participation due to the applicable spectrum cap. By the decision of 22 September 2020, the BIPT granted the sole candidate Citymesh authorisation.

On 14 January 2021, the BIPT launched a consultation on Citymesh's user rights in the 3.5 GHz frequency band. The consultation is on Citymesh's request dated 29 December 2020 to extend the list of Citymesh's municipalities to all municipalities on the Belgian territory, excluding the municipalities of Vresse-sur-Semois, Bièvre, Gedinne and Bouillon for which user rights have already been granted to Gridmax. The consultation ended on 12 February 2021. At the end of December it was revealed that Cegeka had acquired control over Citymesh, while it acquired Gridmax earlier in 2020.

Request extension of license in the 3.5GHz from Gridmax

On 10 June 2020, the BIPT launched a consultation on the request of a five-year extension of Gridmax's license for spectrum in the 3.5 GHz band (allocated on 17 August 2016 and valid until 16 March 2021). The consultation ended on 11 July 2020 and the BIPT made a final decision on 12 January 2021, extending the license to use the 3.5 GHz frequency band until 6 May 2025.

Note that a specific Royal Decree, published in early December 2020, obliges Citymesh and Gridmax to relocate their spectrum use to the 3410-3450 MHz spectrum band by mid-2021 at the latest.

More generally, Orange Belgium considers that spectrum allocations should go hand-in-hand with long-term visibility, together with deployment obligations in order to ensure that operators effectively invest in networks and use spectrum in an efficient and effective way.

BIPT operational plan for 2021

On 22 December 2020, the BIPT launched a consultation on the operational plan 2021. The consultation ended on 16 January 2021.

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%), BKM N.V. (100%), CC@PS BV (100%) and MWingz S.R.L. (50%)

In order to further streamline its organizational structure, Orange Belgium decided to liquidate its affiliates Walcom Liège S.A. and Walcom S.A. which has been approved and validated by an extraordinary shareholder's meeting on 30 November 2020.

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 organised and existing under the laws of Luxembourg, has been 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 SCRL 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 fibre 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. 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 organised and existing under the laws of Belgium, has been 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. In 2016, Orange Belgium S.A. contributed in cash in the capital increase of Smart Services Network S.A. for 700,000 euros, equivalent to 7,000 shares.

Walcom Business Solutions S.A., a company organised and existing under the laws of Belgium, has been created as of 13 July 2017. Walcom Business Solutions S.A. specialises 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.,liquidated during the accounting year 2020, 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.

A3Com S.A. was already an exclusive Orange Belgium agent, specialised 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 organised 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 organised 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. is a holding company that was acquired on 31 July 2019 for an enterprise value of €52.4 million. The purchase concerned 100% of the 60,000 shares of Upsize N.V. The results of Upsize N.V. are fully consolidated by the company since 1 August 2019.

BKM N.V. is a nationwide ICT integrator and a pioneer in cloud UCC solutions. Upsize N.V. 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 organised and created under the laws of Belgium and was created as of 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 did participate 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 the operational activities as from 1 April 2020.

2.1 Consolidated statement of comprehensive income

In €m	restated FY 2019 (*)	comparable FY 2019	FY 2020	comparable change	restated change
Mobile customers (excl. MVNOs)	4,690		4,906		4.6%
Revenues	1,340.8	1,363.1	1,314.9	-3.5%	-1.9%
Retail service revenues	857.3	878.7	905.9	3.1%	5.7%
Equipment sales	144.1	144.1	132.2	-8.3%	-8.3%
Wholesale revenues	288.9	288.9	246.2	-14.8%	-14.8%
Other revenues	50.5	51.3	30.5	-40.5%	-39.6%
EBITDAaL	300.1	299.2	323.5	8.1%	7.8%
% of Revenues	22.4%	21.9%	24.6%		
Net profit (loss) for the period (**)	33.3		54.0		62.2%
Earnings per share (€)	0.56		0.90		62.4%
eCapex	-180.2	-180.2	-177.7	-1.4%	-1.4%
% of Revenues	13.4%	13.2%	13.5%		
Operating cash flow	120.0	119.0	145.8	22.5%	21.5%
Organic cash flow	112.2		122.4		9.1%
Net financial debt	234.3		144.9		-38.1%
Net financial debt / Reported EBITDAaL	0.8		0.5		

* The 31 December 2019 consolidated statement of comprehensive income has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. A note was included in the 2020 annual report with more detailed information with regard to the finalisation of this purchase price allocation.
** Since there are no discontinued operations, the net profit or loss of the period corresponds to the result of continued operations

Revenues

Group revenues reached €1,314.9 million in 2020, down by 3.5% on a comparable basis. On the other hand, the retail service revenues amounted to €905.9 million, up by 3.1% on a comparable basis, supported by convergent service revenues (+28.6% yoy). Covid-19 had a direct impact on revenues, as SMS and roaming were strongly reduced in comparison to the levels seen last year, but with limited impact on EBITDA. Additionally, handset sales were lower as the strict government measures in regards to shopping had a direct impact on sales.

Result of operating activities before depreciation and other expenses

EBITDAaL increased by 8.1% yoy to €323.5 million due to higher retail services revenues and continuous cost efficiencies, despite a year affected by the pandemic. Orange Belgium continues to benefit from its transformation plan, Bold Inside, initiated in 2019. This resulted in a margin improvement of 266bp as it reached 24.6%.

Total operational expenses for the full-year decreased by 6.8% to €991.4 million. The following provides an overview of the different expenses:

Operating costs

In €m	reported FY 2019	comparable FY 2019	FY 2020	comparable change	reported change
Direct costs	-614.3	-624.2	-549.0	-12.1%	-10.6%
Labour costs	-148.2	-160.3	-146.9	-8.3%	-0.8%
Indirect costs including RouA and finance lease costs	-278.2	-279.4	-295.5	5.7%	6.2%
	-1,040.7	**-1,063.9**	**-991.4**	**-6.8%**	**-4.7%**

- **Direct costs** decreased by 12.1% on a comparable basis to €549.0 million mainly due to lower cable access and customer equipment costs.
- **Labour costs** decreased by 8.3% on a comparable basis to €146.9 million partially due to reduced activity rate and a slowdown in recruitment.
- **Indirect costs** increased by 5.7% on a comparable basis to €295.5 million mainly driven by IT and network spend.

Depreciation and other expenses

Depreciation and amortization increased from €244.0 million in 2019 (restated) to €250.2 million in 2020.

EBIT

EBIT increased from €46.3 million in 2019 (restated) to €69.4 million in 2020 due to higher EBITDAaL.

Financial result

Net financial expenses decreased from €6.3 million in 2019 (restated) to €5.3 million in 2020.

Taxes

Full-year tax expense increased from €6.7 million in 2019 (restated) to €10.1 million in 2020.

Net profit and earnings per share

The full-year net profit increased from €33.3 million in 2019 (restated) to €54.0 million in 2020 due to higher EBITDAaL. Earnings per share totalled €0.90 in 2020, compared to €0.56 for the previous restated year.

2.2 Consolidated statement of financial position

Assets

Goodwill is tested for impairment each year. No impairment loss was recorded in 2020. The carrying year-end value is €104.4 million.

Intangible assets mainly relate to mobile licenses and spectrum fees. The net carrying value at year-end was €250.0 million compared to €276.9 million at the previous year-end.

Property, plant and equipment mainly comprises network facilities and equipment. The net book value at year-end was €707.6 million compared with €747.6 million at 2019 year-end.

Rights-of-use of leased assets relates to the application of IFRS 16, increased from €297.3 million to 303.8 million euros as at 31 December 2020.

Inventories decreased by €5.3million to €26.7 million, mainly due to out of stocks for some references and delay in IPhone launch.

Trade receivables decreased from €224.8 million at the end of 2019 to €207.5 million as at 31 December 2020. This decrease results mainly from less open retail service revenues invoices (-11% year-over-year) and a decrease in open Roaming invoices at year end.

Other current assets and prepaid expenses decreased by €5.0 million to €14.2 million in 2020, driven mainly by lower prepaid expenses

Other assets related to contracts with customers totalled €63.2 million, a decrease of €1.6 million compared to 2019. This variation is due to a slight decrease in the number of subsidized contracts outstanding at year-end.

Cash and cash equivalents increased by €40.6 million to €60.8 million at the end of 2020. More details on cash flows can be found in the cash flow statement.

Total equity and liabilities

Total equity increased by €22.4 million to €613.9 million. The change in retained earnings (€23.8 million) results from the net profit for the period (€54.0 million) and the payment of the 2019 dividend (€30.0 million). Other equity transactions had a negative impact of € 1.5 million in 2020.

Non-current liabilities decreased from €580.5 million at the end of 2019 to €350.7 million at the end of 2020. Orange Belgium S.A. and its parent company, Atlas Services Belgium S.A. signed in 2015 a Revolving Credit Facility Agreement for a total facility amount of 420 million euros with the final maturity date set to 15 June 2021. As per 31 December 2019 the outstanding liability in relation to this Credit Facility Agreement amounted to 240 million euros which has been presented as a non-current financial liability in the IFRS consolidated financial statements as at 31 December 2019.

Bearing in mind the fact that the remaining period until the maturity date as at 31 December 2020 would amount up to less than 12 months, Orange Belgium S.A. presented this financial liability (as per 31 December 2020: 200 million euros) as current in the consolidated statement of financial position.

The Group Financing & Treasury teams signed an agreement on 10 March 2021 regarding the refinancing of the existing OBEL Revolving Credit Facility (RFC) for 120 million euros with a maturity of 5 years.

Current liabilities increased to €787.3 million at the end of 2020 from €629.6 million at the end of 2019. This increase is a result of the transfer of Credit Facility Agreement (€200m) partially compensated by a decrease in Trade Payables. Gearing remained conservative with a net debt / reported EBITDAaL ratio of 0.5x at year-end.

Dividends

The Board is recommending a dividend per share of €0.50. The ex-dividend date is 15 June 2021 for ordinary shareholders, the record date is 16 June 2021 and the dividend is payable on 17 June 2021. Dividend payments will be paid directly into a nominated bank account

2.3 Liquidity and capital resources

Cash flows

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

Operating cash flow is defined as EBITDAaL less eCapex. Operating cash flow increased by €25.8 million mainly due to higher EBITDAaL

Organic cash flow measures the net cash provided by operating activities, less eCapex and repayment of lease liabilities. Organic cash flow increased from €112.2 million to €122.4 million. The improvement is due to higher net cash and a decrease in the fixed assets payables.

in €m	restated FY 2019 (*)	FY 2020
EBITDAaL	300.1	323.5
eCapex	-180.2	-177.7
Operating cash flow	120.0	145.8
in €m	restated FY 2019 (*)	FY 2020
Net profit (loss) before the period	**33.3**	**54.0**
Adjustments to reconcile net profit (loss) to cash generated from operations	323.7	337.0
Changes in working capital requirements	17.8	-9.3
Other net cash out	-35.3	-37.2
Net cash provided by operating activities	**339.5**	**344.4**
eCapex	-180.2	-177.7
Increase (decrease) in fixed assets payables	-0.4	4.1
Repayment of lease liabilities	-46.7	-48.4
Organic cash flow	**112.2**	**122.4**

* The 31 December 2019 consolidated statement of comprehensive income has been restated, reflecting the impact of the purchase price allocation (“PPA”) for the Upsize N.V. acquisition, which was not yet available at year-end 2019. A note was included in the 2020 annual report with more detailed information with regard to the finalisation of this purchase price allocation.

Net debt

Net debt at year-end was €144.9 million, compared to €234.3 million at the end of 2019. It includes an Orange S.A. revolving credit facility and credit lines from banks.

As at 31 December 2020, gearing remained conservative with a net debt/ reported EBITDAaL ratio of 0.5x.

€m, period ended	31.12.2019	31.12.2020
Cash & cash equivalents		
Cash	-18.3	-32.0
Cash equivalents	-1.9	-28.8
	-20.2	**-60.8**
Financial liabilities		
Intercompany short-term borrowing	8.8	200.4
Third parties short-term borrowing	0.6	1.9
Intercompany long-term borrowing	245.0	3.4
	254.4	**205.8**
Net debt (Financial liabilities minus cash and cash equivalents)	**234.3**	**144.9**
Net debt/Reported EBITDAaL	**0.8**	**0.5**

3. Orange Belgium S.A.’s statutory accounts 2020

The statutory income statement and balance sheet are presented on pages 118 to 122. 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

- On 21 January 2021, the FSMA makes public the notice it received, concerning the intention of Orange S.A., to launch a voluntary and conditional public tender offer in cash for all the shares issued by Orange Belgium S.A. At the date of the preparation of the consolidated financial statements of Orange Belgium S.A. no further approvals have been made by the FSMA regarding the prospectus of the offer.
- The Group Financing & Treasury teams signed an agreement on 10 March 2021 regarding the refinancing of the existing Revolving Credit Facility (RFC) between Orange Belgium S.A. and Atlas Services Belgium S.A. for 120 million euros with a maturity of 5 years.
- 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 authorised for issue.

5. Outlook

Due to the uncertainties linked to Covid-19, Orange Belgium expects low single-digit revenue growth in 2021 taking into account further uptake on its postpaid and cable customer base.

For 2021, the Company expects EBITDAaL between €320m and €340m. This range takes into account:

- Covid-19 impact both financial and operational
- Wholesale price stable in comparison to last year

In addition, total eCapex is expected to be between €200m and €220m. This takes into account the JV with Proximus, MWingz.

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 an agreement for the period 2021-2022 with the Walloon government. Orange Belgium engages itself to pay an amount of 1.78 million euros over 2 years and to invest an incremental amount of 3.6 million euros in telecom infrastructure in the Walloon region in the period 2021-2022.

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 with 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. Taking the implementation of a technical solution was still ongoing beginning 2018, the proceedings were put on hold. The case is reactivated and Telenet submitted briefs on 6 March 2020. The court was requested to fix a date for an intermediary hearing which will take place on 27 September 2021.

Access to Telenet’s cable network – own channel

Based on the decisions on regulated access to the cable networks Orange Belgium is entitled to offer “own channels” to its retail TV customers, i.e. channels that are not commercially offered by the cable operators. While VOO provided such own channel (Eleven Sports 3) on its network, Telenet refused to offer such access at reasonable conditions. Beginning 2018, Orange Belgium initiated proceedings against Telenet for breach of its regulatory obligations before the Commercial Court of Antwerp. On 30 May 2018 the Commercial Court of Antwerp dismissed Orange Belgium’s claim.

Orange Belgium appealed this judgment. On 11 April 2019 the Court of appeal found Telenet in breach of its regulatory obligations as well as guilty of abusing its dominant position. The Court ordered Telenet to provide reasonable conditions within one month subject to penalty payment of €2500/day afterwards. Telenet appealed the decision of the Court of Appeal at the Supreme Court. Orange Belgium issued a claim of €250,000 (total amount of the penalty) against Telenet for non-compliance with the decision of the Court of Appeal. This claim was attacked by Telenet with the attachment judge who decided on 22 October 2020 that the claim of OBE was unfounded. Orange Belgium appealed the judgment on December 7 at the Court of Appeal in Antwerp. The introduction hearing to fix a calendar for the exchange took place on 6 January 2021. The pleadings are fixed on 23 March 2022.

Access to Telenet's cable network – own internet profile

Under the regulation of the access to the cable networks alternative operators have the right to commercialize internet profiles that are not commercialized by the regulated cable operator ("own internet profiles"), i.e. an internet profile with different upload/download speeds and/or volumes than the internet speeds and/or volumes offered by the cable operator to its own retail clients. Despite several requests made by Orange Belgium to Telenet since 2015, Telenet refused to grant such own profile until May 2018. In view of the damages incurred by Orange Belgium linked to the refusals, Orange Belgium filed a formal complaint against Telenet with the regulator in February 2018. On 22 October 2018 the regulator published its decision finding Telenet in breach with its regulatory obligation for not providing an own profile to Orange Belgium. Orange Belgium sent a formal notice to Telenet in January 2019 requesting a compensation for the damages incurred. Facing the refusal of Telenet to pay damages, Orange Belgium introduced a damage claim before the Enterprise Court. The pleadings took place on 17 January 2020. On 14 February 2020 the Enterprise Court found Telenet in breach with its regulatory obligations and granted a part of the claimed damages. Orange Belgium decided to appeal the judgement. Pleadings will take place on 1 December 2021.

Lycamobile

On 19 February 2016, Lycamobile Belgium Limited and Lycamobile BVBA initiated legal proceedings against Orange Belgium (previously Mobistar) before the Brussels Commercial Court claiming damages for the alleged belated commercial launch of Lycamobile's 4G services. The case was heard on 10 March 2017. By judgement on 12 May 2017, the Brussels Commercial Court dismissed the claim and ordered Lycamobile to pay Orange Belgium €18,000 as compensation for procedural costs. The judgement was served on 3 July 2017 and Lycamobile paid the full amount. On 11 August 2017, Lycamobile filed an appeal before the Brussels Court of Appeal. An introductory hearing took place on 21 September 2017 and a calendar for the filing of trial briefs was set. Parties have exchanged trial briefs. No pleading date has been set.

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. Parties have exchanged trial briefs. No pleading date has been set.

Fixed Termination Rates (FTR) – 3Starsnet

On 20 November 2018, the BIPT adopted a new FTR decision. 3Starsnet attempted to get the decision annulled via the Market Court but this was rejected. 3Starsnet has turned to the Supreme Court to get the decisions of the Market Court annulled. On 21 January 2021, the Supreme Court rejected the appeal of 3Starsnet. As a consequence the decision, and therefore the related tariffs, are final.

RAN sharing

The provisional measures imposed by the Belgian Competition Authority 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". In parallel, a procedure on the merits has been initiated by the Belgian Competition Authority. The procedure is going on at the moment.

VOO

In mid-February 2020, Orange Belgium summoned Nethys and Providence to appear in court in order to obtain from the judge in charge of interim measures the suspension of the sale of the VOO shares held by Nethys but to be transferred to Providence. An action on the merits, seeking annulment of the sale, had also been brought against the same parties.

At the end of June 2020, the judge suspended the sale of the shares, thus following Orange Belgium's arguments regarding the apparently dubious nature of the first agreement for the sale of VOO shares to Providence in May 2019, which spread to the second transaction in December 2019 after the new management of Nethys questioned the first agreement.

Nethys has indicated that it does not wish to appeal against this interim injunction and will put in place a new sale process in the course of Q2 2021, thereby activating a resolutory condition contained in the Nethys/Providence agreement having as deadline the date of 30 June 2020.

Temporary licenses band 3.6 – 3.8 GHz

On 15 July 2019, the Belgian Telecom Regulator (BIPT) published the decisions granting temporary user rights in the 3600-3800 MHz frequency band to four operators: Cegeka, Orange Belgium, Proximus and Telenet. These user rights allow these operators to enable the first 5G developments within this frequency band in Belgium. On 11 September 2020, several action groups against 5G appealed the decisions before the Market Court of Brussels, asking to annul the decisions on the grounds of administrative and environmental law issues. Orange Belgium, Telenet, Proximus and Cegeka intervened in the procedures to defend and preserve their respective temporary license. The Market Court announced that they will pronounce a judgment in the appeal against the temporary licenses on 14 April 2020.

All Communications – GSM - repeaters

The enterprise 'All Communications' appealed a decision of the Belgian Telecom Regulator (BIPT) before the Market Court. The decision stated that All Communications cannot install GSM repeaters without the prior consent of a MNO. All MNO intervene in the procedure. Pleadings took place on 2 December 2020 and a judgment was pronounced on 23 December 2020. The Market Court found the appeal of All Communications inadmissible because the writ of summons was not complete and it found itself without jurisdiction for the claims aimed at annulling BIPT's policy because it can only annul decisions of BIPT.

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

In view of Orange Belgium Group's financial results in the course of the financial year ending 31 December 2020, 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 required 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 following 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 SA is exempted from the obligation to prepare and disclose the non-financial information since it is also a subsidiary of Orange SA who prepares a consolidated Board of Directors' annual report in accordance with the applicable EU directive.

Consolidated financial statements

62	**Consolidated financial statements**
62	Consolidated statement of comprehensive income
63	Consolidated statement of financial position
64	Consolidated cash flow statement
65	Consolidated statement of changes in equity
66	Segment information
70	**Notes to the consolidated financial statements**
70	Note 1: Description of business and basis of preparation
79	Note 2: Sales, trade receivables, other current and non-current assets and impact of the health crisis linked to the Covid-19 pandemic
81	Note 3: Expenses, prepaid and inventory
85	Note 4: Goodwill
88	Note 5: Other intangible assets and property, plant and equipment
91	Note 6: Taxes and levies
93	Note 7: Interests in associates and joint ventures
93	Note 8: Financial assets, liabilities and financial result
97	Note 9: Shareholders' equity
98	Note 10: Commitments and contingencies
99	Note 11: (Non)-current provisions
100	Note 12: Related parties
101	Note 13: Liabilities related to contracts with customers and other assets related to contracts with customers
103	Note 14: Lease agreements
104	Note 15: Significant accounting policies
115	Note 16: Subsequent events
116	Note 17: Glossary

In this document, unless otherwise indicated, the terms "the company" and "Orange Belgium S.A." refer to Orange 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.		31.12.2020	31.12.2019 (*) Restated
2	**Retail service revenues**	**905 939**	**857 260**
2	Convergent service revenues	220 759	171 626
2	Mobile only services revenues	585 164	613 601
2	Fixed only service revenues	59 633	50 545
2	IT & Integration Service	40 383	21 488
2	Equipment sales	132 244	144 138
2	Wholesale revenues	246 174	288 942
2	Other revenues	30 511	50 487
2	**Revenues**	**1 314 868**	**1 340 827**
3	Purchase of material	- 167 684	- 201 378
3	Other direct costs	- 374 644	- 408 473
3	Impairment loss on trade and other receivables, including contract assets	- 6 630	- 4 443
3	**Direct costs**	**- 548 958**	**- 614 294**
3	**Labour costs**	**- 146 949**	**- 148 185**
3	Commercial expenses	- 42 867	- 43 835
3	Other IT & Network expenses	- 95 337	- 88 785
3	Property expenses	- 14 493	- 12 748
3	General expenses	- 61 523	- 57 931
3	Other indirect income	26 393	23 791
3	Other indirect costs	- 52 882	- 47 291
3/14	Depreciation of right-of-use of leased assets	- 52 502	- 49 219
3	**Indirect costs**	**- 293 211**	**- 276 018**
3	Other restructuring costs (**)	- 5 644	- 10 722
5	Depreciation and amortization of other intangible assets and property, plant and equipment	- 250 240	- 243 929
5	Impairment of fixed assets	- 689	- 2 264
7	Share of profits (losses) of associates	179	948
	Operating Profit (EBIT)	**69 356**	**46 363**
8	**Financial result**	**- 5 287**	**- 6 277**
8	Financial costs	- 5 287	- 6 278
8	Financial income	0	1
	Profit (loss) before taxation (PBT)	**64 069**	**40 086**
6	Tax expense	- 10 089	- 6 684
	Net profit (loss) for the period (***)	**53 980**	**33 402**
	Profit (loss) attributable to equity holders of the parent	53 980	33 402
	Consolidated Statement of Comprehensive Income		
	Net profit (loss) for the period	53 980	33 402
	Other comprehensive income (cash flow hedging net of tax)	31	946
	Total comprehensive income for the period	54 011	34 348
	Part of the total comprehensive income attributable to equity holders of the parent	**54 011**	**34 348**
	Basic earnings per share (in EUR)	**0.90**	**0.56**
	Weighted average number of ordinary shares (excl. treasury shares)	59 905 867	59 972 759
	Diluted earnings per share (in EUR)	**0.90**	**0.56**
	Diluted weighted average number of ordinary shares (excl. treasury shares)	59 905 867	59 972 759

* The 31 December 2019 consolidated statement of comprehensive income has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.
** Restructuring costs consist of contract termination costs,redundancy charges and acquisition & integration costs.
*** Since there are no discontinued operations, the net profit or loss of the period corresponds to the result of continued operations.

1.2 Consolidated statement of financial position

in thousand EUR

Ref.		31.12.2020	31.12.2019 (*) Restated
	ASSETS		
4	Goodwill	104 411	104 411
5	Other intangible assets	249 978	276 882
5	Property, plant and equipment	707 591	747 577
14	Rights-of-use of leased assets	303 803	297 290
7	Interests in associates and joint ventures	5 485	5 306
8	Non-current financial assets	2 253	3 123
2	Other non-current assets	627	649
6	Deferred tax assets	3 143	2 599
	Total non-current assets	**1 377 291**	**1 437 837**
3	Inventories	26 685	31 957
2	Trade receivables	207 483	224 801
13	Other Assets related to contracts with customers	63 184	64 754
	Current financial assets	361	362
8	Current derivatives assets	301	501
2	Other current assets	7 374	5 199
6	Operating taxes and levies receivables	1 362	532
6	Current tax assets	328	1 507
3	Prepaid expenses	6 809	13 989
8	Cash and cash equivalents	60 816	20 175
	Total current assets	**374 703**	**363 777**
	Total Assets	**1 751 994**	**1 801 614**
	EQUITY AND LIABILITIES		
9	Share capital	131 721	131 721
	Legal reserve	13 172	13 172
	Retained earnings (excl. legal reserve)	470 551	446 824
9	Treasury shares	- 1 519	- 197
	Equity attributable to the owners of the parent	**613 925**	**591 520**
	Total equity	**613 925**	**591 520**
8	Non-current financial liabilities	3 496	245 047
14	Non-current lease liabilities	259 622	244 562
8	Non-current derivatives liabilities	0	775
	Non-current employee benefits	12	27
5/11	Non-current provisions for dismantling	77 094	75 333
11	Other non-current liabilities	2 344	2 610
6	Deferred tax liabilities	8 171	12 099
	Total non-current liabilities	**350 738**	**580 453**
5	Current fixed assets payable	56 995	52 904
3/8	Trade payables	296 525	313 995
8	Current financial liabilities	202 141	9 448
14	Current lease liabilities	44 429	51 667
8	Current derivatives liabilities	480	1 498
3	Current employee benefits	33 698	35 777
5	Current provisions for dismantling	5 498	2 148
3	Current restructuring provisions	1 239	1 885
3	Other current liabilities	3 806	10 368
6	Operating taxes and levies payables	77 191	78 692
6	Current tax payables	4 790	3 502
13	Liabilities related to contracts with customers	58 968	65 745
	Deferred income	1 570	2 012
	Total current liabilities	**787 330**	**629 641**
	Total Equity and Liabilities	**1 751 994**	**1 801 614**

* The 31 December 2019 consolidated statement of financial position has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.

1.3 Consolidated cash flow statement

in thousand EUR

Ref.		31.12.2020	31.12.2019 (*) Restated
	Operating Activities		
	Consolidated net profit	53 980	33 402
	Adjustments to reconcile net profit (loss) to cash generated from operations		
3	Operating taxes and levies	17 028	14 708
5	Depreciation and amortization of other intangible assets and property, plant and equipment	250 240	243 929
3/14	Depreciation of right-of-use assets	52 502	49 219
5	Impairment of non-current assets	689	2 264
	Gains (losses) on disposal	- 2 742	- 1 635
	Changes in other provisions	- 2 349	- 1 836
7	Share of profits (losses) of associates and joint ventures	- 179	- 948
6	Income tax expense	10 089	6 684
8	Finance costs, net	5 287	6 277
	Operational net foreign exchange and derivatives	- 51	68
	Share-based compensation	- 152	400
2	Impairment loss on trade and other receivables, including contract assets	6 630	4 443
	Changes in working capital requirements		
3	Decrease (increase) in inventories, gross	5 165	- 47
	Decrease (increase) in trade receivables, gross	10 595	- 27 455
3	Increase (decrease) in trade payables	- 18 526	42 384
13	Change in other assets related to contracts with customers	1 463	- 2 968
13	Change in liabilities related to contracts with customers	- 6 777	3 888
	Changes in other assets and liabilities	- 1 232	2 096
	Other net cash out		
	Operating taxes and levies paid	- 19 359	- 20 389
	Interest paid and interest rates effects on derivatives, net	- 5 263	- 5 840
6	Income tax paid	- 12 604	- 9 144
	Net cash provided by operating activities	**344 434**	**339 500**
	Investing Activities		
	Purchases of property, plant and equipment and intangible assets		
5	Purchases of property, plant and equipment and intangible assets	- 177 734	- 180 167
	Increase (decrease) in fixed assets payables	4 139	- 395
	Organic cash flow (**)	**122 420**	**112 199**
4	Cash paid for investments securities and acquired businesses, net of cash acquired	- 1 706	- 35 076
	Decrease (increase) in securities and other financial assets	- 98	147
	Net cash used in investing activities	**- 175 399**	**- 215 491**
	Financing Activities		
8	Long-term debt redemptions and repayments	- 42 174	- 31 679
14	Repayment of lease liabilities	- 48 419	- 46 739
8	Increase (decrease) of bank overdrafts and short-term borrowings	- 6 472	- 21 803
	Purchase of treasury shares	- 1 322	- 197
9	Dividends paid to owners of the parent company	- 30 007	- 30 007
	Net cash used in financing activities	**- 128 394**	**- 130 425**
	Net change in cash and cash equivalents	**40 641**	**- 6 416**
8	**Cash and cash equivalents - opening balance**	20 175	26 591
	o/w cash	18 290	19 891
	o/w cash equivalents	1 885	6 700
	Cash change in cash and cash equivalents	40 641	- 6 416
8	**Cash and cash equivalents - closing balance**	60 816	20 175
	o/w cash	32 030	18 290
	o/w cash equivalents	28 786	1 885

* The 31 December 2019 consolidated statement of financial position has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.
** Net cash flow from operations less acquisitions of tangible and intangible assets plus proceeds from disposals of tangible and intangible assets minus repayment of lease liabilities.

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 2019 (*), as previously reported	131 721	13 172	447 399	- 197	592 095
4	PPA adjustment Upsize N.V.	0	0	- 575	0	- 575
	Restated balance as of 31 December 2019	131 721	13 172	446 824	- 197	591 520
	Net profit for the period	0	0	53 980	0	53 980
	Other comprehensive income	0	0	31	0	31
	Total comprehensive income for the period	0	0	54 011	0	54 011
9	Treasury Shares	0	0	0	- 1 322	- 1 322
	Employee - Share-based compensation	0	0	- 277	0	- 277
9	Declared dividends	0	0	- 30 007	0	- 30 007
	Balance as at 31 December 2020	131 721	13 172	470 551	- 1 519	613 925

in thousand EUR

Ref.		Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
	Balance at 31 December 2018 (**), as previously reported	131 721	13 172	442 246	0	587 139
	Adjustment due to application of IFRS 16 (net of tax)	0	0	- 162	0	- 162
	Adjusted balance at 1 January 2019	131 721	13 172	442 084	0	586 977
	Net profit for the period	0	0	33 402	0	33 402
	Other comprehensive income	0	0	946	0	946
	Total comprehensive income for the period (Restated)	0	0	34 348	0	34 348
9	Treasury Shares	0	0	0	- 197	- 197
	Employee - Share-based compensation	0	0	399	0	399
9	Declared dividends	0	0	- 30 007	0	- 30 007
	Balance as at 31 December 2019 (*)	131 721	13 172	446 824	- 197	591 520

* The 31 December 2019 consolidated statement of financial position has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.
** The Group has initially applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application.

1.5 Segment information

Consolidated statement of comprehensive income for the year ended 31 December 2020

in thousand EUR

31.12.2020	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	**861 208**	**44 731**		**905 939**
Convergent service revenues	220 759			220 759
Mobile only service revenues	549 670	35 494		585 164
Fixed only service revenues	50 396	9 237		59 633
IT & Integration service revenues	40 383			40 383
Equipment sales	118 158	14 086		132 244
Wholesale revenues	238 983	10 810	- 3 619	246 174
Other revenues	44 103	1 235	- 14 827	30 511
Total revenues	**1 262 452**	**70 862**	**- 18 446**	**1 314 868**
Direct costs	**- 532 166**	**- 35 238**	**18 446**	**- 548 958**
Labour costs	**- 138 955**	**- 7 994**		**- 146 949**
Indirect costs, of which	**- 276 966**	**- 16 245**		**- 293 211**
Operational taxes and fees	- 14 468	- 2 560		- 17 028
Depreciation of right-of-use of leased assets	- 47 924	- 4 578		- 52 502
Other restructuring costs	- 5 248	- 396		- 5 644
Depreciation, amortization of other intangible assets and property, plant and equipment	- 242 408	- 7 832		- 250 240
Impairment of fixed assets	- 689			- 689
Share of profits (losses) of associates	179			179
Operating Profit (EBIT)	**66 199**	**3 157**		**69 356**
Net financial income (expense)	- 5 634	347		- 5 287
Profit (loss) before taxation (PBT)	**60 565**	**3 504**		**64 069**
Tax expense	- 10 565	476		- 10 089
Net profit (loss) of the period	**50 000**	**3 980**		**53 980**

Reconciliation from EBITDAaL to net profit (loss) for the period for the year ended 31 December 2020

in thousand EUR

31.12.2020	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
EBITDAaL	312 114	11 385		323 499
Share of profits (losses) of associates	179			179
Impairment of fixed assets	- 689			- 689
Depreciation, amortization of other intangible assets and property, plant and equipment	- 242 408	- 7 832		- 250 240
Other restructuring costs	- 5 248	- 396		- 5 644
Finance lease costs	2 251			2 251
Operating profit (EBIT)	**66 199**	**3 157**		**69 356**
Financial result	- 5 634	347		- 5 287
Profit (loss) before taxation (PBT)	**60 565**	**3 504**		**64 069**
Tax expense	- 10 565	476		- 10 089
Net profit (loss) for the period	**50 000**	**3 980**		**53 980**

Consolidated statement of comprehensive income for the year ended 31 December 2019

in thousand EUR

31.12.2019 (*) Restated	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	**814 298**	**42 962**		**857 260**
Convergent service revenues	171 626			171 626
Mobile only service revenues	579 622	33 979		613 601
Fixed only service revenues	41 562	8 983		50 545
IT & Integration service revenues	21 488			21 488
Equipment sales	129 808	14 330		144 138
Wholesale revenues	279 911	12 309	- 3 278	288 942
Other revenues	64 228	218	- 13 959	50 487
Total revenues	**1 288 245**	**69 819**	**- 17 237**	**1 340 827**
Direct costs	**- 594 898**	**- 36 640**	**17 244**	**- 614 294**
Labour costs	**- 139 201**	**- 8 984**		**- 148 185**
Indirect costs, of which	**- 260 102**	**- 15 909**	**- 7**	**- 276 018**
Operational taxes and fees	- 12 401	- 2 307		- 14 708
Depreciation of right-of-use of leased assets	- 45 014	- 4 205		- 49 219
Other restructuring costs	- 10 632	- 90		- 10 722
Depreciation, amortization of other intangible assets and property, plant and equipment	- 236 177	- 7 752		- 243 929
Impairment of fixed assets	- 2 264			- 2 264
Share of profits (losses) of associates	948			948
Operating Profit (EBIT)	**45 919**	**444**		**46 363**
Net financial income (expense)	- 6 335	58		- 6 277
Profit (loss) before taxation (PBT)	**39 584**	**502**		**40 086**
Tax expense	- 5 888	- 796		- 6 684
Net profit (loss) for the period	**33 696**	**- 294**		**33 402**

* The 31 December 2019 consolidated statement of comprehensive income has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.

Reconciliation from EBITDAaL to net profit (loss) for the period for the year ended 31 December 2019

in thousand EUR

31.12.2019 (*) Restated	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
EBITDAaL	291 999	8 127		300 126
Share of profits (losses) of associates	948			948
Impairment of fixed assets	- 2 264			- 2 264
Depreciation, amortization of other intangible assets and property, plant and equipment	- 236 177	- 7 752		- 243 929
Other restructuring costs	- 10 632	- 90		- 10 722
Finance lease costs	2 045	159		2 204
Operating profit (EBIT)	**45 919**	**444**		**46 363**
Financial result	- 6 335	58		- 6 277
Profit (loss) before taxation (PBT)	**39 584**	**502**		**40 086**
Tax expense	- 5 888	- 796		- 6 684
Net profit (loss) for the period	**33 696**	**- 294**		**33 402**

* The 31 December 2019 consolidated statement of comprehensive income has been restated, reflecting the impact of the purchase price allocation ("PPA") for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.

Consolidated statement of financial position for the year ended 31 December 2020

in thousand EUR

31.12.2020	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Goodwill	53 547	50 864		104 411
Other intangible assets	241 981	7 997		249 978
Property, plant and equipment	689 335	18 256		707 591
Rights-of-use of leased assets	293 560	10 243		303 803
Interests in associates and joint ventures	5 485			5 485
Non-current assets included in the calculation of the net financial debt	2 253			2 253
Other	480	3 290		3 770
Total non-current assets	**1 286 641**	**90 650**		**1 377 291**
Inventories	24 793	1 892		26 685
Trade receivables	170 473	40 058	- 3 048	207 483
Prepaid expenses	2 418	4 391		6 809
Current assets included in the calculation of the net financial debt	50 604	10 513		61 117
Other	76 554	3 162	- 7 107	72 609
Total current assets	**324 842**	**60 016**	**- 10 155**	**374 703**
Total assets	**1 611 483**	**150 666**	**- 10 155**	**1 751 994**
Total equity			**613 925**	**613 925**
Non-current employee benefits	12			12
Non-current liabilities included in the calculation of the net financial debt	3 496			3 496
Non-current lease liabilities	251 800	7 822		259 622
Other	82 070	5 539		87 609
Total non-current liabilities	**337 378**	**13 361**		**350 739**
Current fixed assets payable	52 421	4 574		56 995
Trade payables	260 160	39 413	- 3 048	296 525
Current employee benefits	32 210	1 488		33 698
Deferred income	1 570			1 570
Current lease liabilities	42 009	2 420		44 429
Current liabilities included in the calculation of the net financial debt	202 623	7 105	- 7 107	202 621
Others	145 918	5 574		151 492
Total current liabilities	**736 911**	**60 574**	**- 10 155**	**787 330**
Total equities and liabilities	**1 074 289**	**73 935**	**603 770**	**1 751 994**

Consolidated statement of financial position for the year ended 31 December 2019

in thousand EUR

31.12.2019 (*) Restated	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Goodwill	53 547	50 864		104 411
Other intangible assets	270 141	6 741		276 882
Property, plant and equipment	728 964	18 613		747 577
Rights-of-use of leased assets	267 941	29 349		297 290
Interests in associates and joint ventures	5 306			5 306
Non-current assets included in the calculation of the net financial debt	3 123			3 123
Other	479	2 769		3 248
Total non-current assets	**1 329 501**	**108 336**		**1 437 837**
Inventories	30 639	1 318		31 957
Trade receivables	204 879	25 035	- 5 113	224 801
Prepaid expenses	5 321	8 668		13 989
Current assets included in the calculation of the net financial debt	10 635	10 041		20 676
Other	76 740	2 645	- 7 031	72 354
Total current assets	**328 214**	**47 707**	**- 12 144**	**363 777**
Total assets	**1 657 715**	**156 043**	**- 12 144**	**1 801 614**
Total equity			**591 520**	**591 520**
Non-current employee benefits	27			27
Non-current liabilities included in the calculation of the net financial debt	245 822	0		245 822
Non-current lease liabilities	223 114	21 448		244 562
Other	85 390	4 652		90 042
Total non-current liabilities	**554 353**	**26 100**		**580 453**
Current fixed assets payable	50 289	2 615		52 904
Trade payables	285 126	33 982	- 5 113	313 995
Current employee benefits	34 314	1 463		35 777
Deferred income	2 012			2 012
Current lease liabilities	43 766	7 901		51 667
Current liabilities included in the calculation of the net financial debt	10 960	7 017	- 7 031	10 946
Other	158 126	4 214		162 340
Total current liabilities	**584 593**	**57 192**	**- 12 144**	**629 641**
Total equity and liabilities	**1 138 946**	**83 292**	**579 375**	**1 801 614**

* The 31 December 2019 consolidated statement of financial position has been restated, reflecting the impact of the purchase price allocation (“PPA”) for the Upsize N.V. acquisition, which was not yet available at year-end 2019. Reference should be made to note 4.

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 and 4G+ 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.

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 fibre 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. specialises 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, specialised 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. is a holding company that was acquired on 31 July 2019 for an enterprise value of €52.4 million. Upsize N.V. is 100% shareholder of BKM N.V. The results of Upsize N.V. are fully consolidated by the company since 1 August 2019.

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 as of 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 10% 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 commercialise 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 April 2020, Orange Belgium participated in an additional 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.

2. Scope of consolidation

The parent company and the subsidiaries listed below are included in the scope of consolidation as at 31.12.2020:

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.
Chaussée de Waterloo 851
B - 1180 Brussels
Belgium
Company identification number: BE 0471 336 856

A&S Partners S.A.
100% of the shares held by Orange Belgium S.A.
Rue Crocq 72
B-1200 Brussels
Belgium
Company identification number: BE 0885 920 794

Upsize N.V.
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 Upsize N.V.
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, associates and joint ventures 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 authorisation for issue of the financial statements

On 25 March 2021, the Board of Directors of Orange Belgium S.A. reviewed the 2020 consolidated financial statements and authorised them for issue.

The 2020 consolidated financial statements will be approved on 5 May 2021 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 2020 financial year are based on:
- all the standards and interpretations endorsed by the European Union compulsory as of 1 January 2020;
- 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 2019.

EBITDAal and e-CAPEX 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 programme 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 programs 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 2020

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:

- Amendments to IAS 1 and IAS 8 Definition of Material

  The amendments to IAS 1 and IAS 8, applicable since 1 January 2020, clarify and align the definition of material. The amendments are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. Orange Belgium Group considers that all information disclosed in the annexes of the Consolidated Financial Statements reflects all policies of the IASB's published amendments.

- Amendments to IFRS 3 Business Combinations: Definition of a Business

  The amendments are intended to assist entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business.
  The amendments:
  - clarify the minimum requirements for a business;
  - remove the assessment of whether market participants are capable of replacing any missing elements;
  - add guidance to help entities assess whether an acquired process is substantive; and
  - narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test.

These amendments did not have any impact on the Consolidated Financial Statements of Orange Belgium Group at 31 December 2020. Orange Belgium Group will consider these amendments at the time of a new acquisition.

Other amendments which did not have any impact on the Consolidated Financial Statement of Orange Belgium Group at 31 December 2020:

- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform - Phase 1; and
- Amendments to references to the Conceptual Framework in IFRS standards

Standards and interpretations compulsory after 31 December 2020, with no early application elected by the Group

New or amended standards and interpretations issued up to the date of issuance of the Group's financial statements, but not yet effective for 2020 financial statements, are listed below. The Group has elected not to adopt any standards or interpretations in advance of their effective dates. None of those new or amended standards and interpretations are expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarifies a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:
- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments are effective for annual periods beginning on or after 1 January 2022. However the IASB has issued an exposure draft to defer the effective date to 1 January 2023 as a result of the COVID-19 pandemic. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards:
- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The amendments are effective for annual periods beginning on or after 1 January 2022.

The following amendments have not yet been endorsed by the EU:
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed by the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed by the EU)

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 subsidised 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 subsidised 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 authorises 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 Group's impairment test for the goodwill in relation to Orange Communications Luxembourg S.A. 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 recognised 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 mobile operators have concluded a similar agreement for the period 2021-2022 with the Walloon government. Orange Belgium engages itself to pay an amount of 1.78 million euros over 2 years and to invest an incremental amount of 3.6 million euros in telecom infrastructure in the Walloon region in the period 2021-2022.

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 recognised 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 2020, may subsequently be changed.

Note 2: Sales, trade receivables, other current and non-current assets and impact of the health crisis linked to the Covid-19 pandemic

in thousand EUR

	31.12.2020	31.12.2019
Belgium	**1 262 452**	**1 288 245**
Retail service revenues	861 208	814 298
Convergent service revenues	220 759	171 626
Mobile only service revenues	549 670	579 622
Fixed only service revenues	50 396	41 562
IT & Integration service revenues	40 383	21 488
Equipment sales	118 158	129 808
Wholesale revenues	238 983	279 911
Other revenues	44 103	64 228
Luxembourg	**70 862**	**69 819**
Retail service revenues	44 731	42 962
Convergent service revenues	0	0
Mobile only service revenues	35 494	33 979
Fixed only service revenues	9 237	8 983
IT & Integration service revenues	0	0
Equipment sales	14 086	14 330
Wholesale revenues	10 810	12 309
Other revenues	1 235	218
Inter-segment eliminations	**- 18 446**	**- 17 237**
Total	**1 314 868**	**1 340 827**

Orange Belgium's total consolidated turnover amounted to 1,314.9 million euros in 2020, compared to 1,340.8 million euros in 2019, a decrease of 1.9% year-on-year.

However, the total retail service revenues (i.e. mobile-only services, fixed-only services, convergent services and IT & Integration services) increased with 5.7% year-on-year: from 857.3 million euros in 2019 to 905.9 million euros in 2020. This is the result of the successful Bold challenger positioning: Orange Belgium has been drilling consistent messages around improving value proposition, delivering simple and generous tariffs, no bad surprises and no price increase.

This increase has been driven by higher convergent service revenues (28.6%), more IT & Integration services and higher Fixed only service revenues as a result of higher cable revenues due to an increasing customer base. Furthermore, the full year 2020 was negatively impacted by lower Equipment sales; a decline in wholesale revenues due to decrease in SMS traffic and roaming; and finally the decrease in Other revenues due to lower handset sales through agents.

Mobile postpaid customer base continues its steady growth, with 2.4% reaching 2.64 million subscribers.

Mobile only postpaid ARPO declined by 3.1% yoy to €19.8, due to the decrease in out-of-bundle revenues from roaming and mobile data, partly offset by customers migrating to higher tariff plans in the new GO portfolio. These two effects, combined with the continuous decline of the prepaid market, explain the decrease in mobile only service revenues of 28.4 million euros.

Consolidated fixed only service revenues amounts to 59.6 million euros (compared to 50.5 million euros in 2019) illustrating the commercial success of the Shape & Fix offers and the consolidation of Upsize.

Equipment sales decreased by 8.3% year-on-year to 132.2 million euros (compared to 144.1 million euros in 2019) mainly as a result of the continued COVID-19 measures (shops opened with limited capacity) and aggressive subsidy campaigns by the competition.

The Coronavirus (COVID-19) pandemic is affecting human health, as well as the company's business and financial situation. Orange Belgium has identified the following major points of attention in this respect:

- **Human health and safety:** Orange Belgium is closely monitoring developments in terms of this pandemic and puts the health and safety of its staff at the forefront. Orange Belgium is taking all the necessary measures to protect its staff in addition to the health instructions given by national authorities, while ensuring the conditions required for business continuity. Orange Belgium has introduced preventive measures such as teleworking for its employees whenever the activity can be carried out remotely and the necessary equipment is available. In other cases, Orange Belgium has also promoted barrier gestures as soon as possible in its instructions to staff and has made suitable hygiene equipment available. The long-term effects of the containment measures taken by the public authorities and relayed by Orange Belgium are uncertain, and in particular the psychological impact on its employees of the isolation that it is likely to cause.

- **Business continuity:** Orange Belgium must, as a provider of essential business services, ensure the continuity of its electronic communications services and in particular of its critical activities. In accordance with government directives, Orange Belgium has set up a business continuity plan, which mainly covers network and information systems supervision and operation teams, security teams, technical support, staff in data centres and intervention teams. In addition, the significant increase in traffic on Orange Belgium's networks poses a risk of congestion that could lead to a deterioration or even interruption of services. To avoid such degradation or even interruptions, Orange Belgium has increased the capacity of its networks.
- **Financial performance:** Orange Belgium experienced a slight decrease in revenues in 2020 on a comparable basis (as discussed above) mainly driven by following elements:
  - the closure of Orange stores during the lockdown period;
  - a slowdown in business with certain business customers, while on the other hand other customers have requested extra capacity or new services;
  - the decline in international and roaming traffic; and
  - the decline in SMS.

Trade receivables

in thousand EUR

	31.12.2020	31.12.2019
Trade receivables - Gross value	239 516	257 281
Allowance for doubtful debtors	- 32 033	- 32 480
Total trade receivables	**207 483**	**224 801**

Ageing Balance

in thousand EUR

	31.12.2020	31.12.2019
Not past due	129 073	165 138
Less than 180 days	42 660	19 622
Between 180 days and 360 days	10 002	12 071
More than 360 days	25 748	27 970
Total trade receivables	**207 483**	**224 801**

Change in Provision for Trade receivables

in thousand EUR

	2020	2019
Allowances on trade receivables - Opening balance	**- 32 480**	**- 32 457**
Net addition with impact on income statement	- 6 630	- 4 443
Losses on trade receivables	7 077	4 420
Allowances on trade receivables - Closing balance	**- 32 033**	**- 32 480**

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 (56% 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 customers risk is spread over more than 4 million customers.

Total Trade receivables amounted to 207.5 million euros at the end of 2020, compared with 224.8 million euros at the end of 2019. The decrease in trade receivables –gross value can be explained by lower year-end equipment sales to retail partners of 7.5 million euros. The Covid-measures significantly impacted Roaming traffic and also as a result the related open receivables.

Allowance for doubtful debtors – closing balance at year end 2020 - remained stable at 32.0 million euros.

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 recognised. The percentage applied depends on the maximum revenue non-recoverability rate.

The costs related to bad debts increased to 6.6 million euros in 2020 (compared to 4.4 million euros in 2019). The income statement (see also Note 3 – Expenses, prepaid and inventory) was impacted by write offs on historical collective debt settlements.

Since 2017, Orange Belgium S.A. entered into a factoring programme with Belfius Commercial Finance. The eligible trade receivables were related to the top 400 B2B Airtime debtors (factored receivables around 2.1 million euros as at 31 December 2020).

Other assets

in thousand EUR

	31.12.2020	31.12.2019
Advances and downpayments	97	126
Security deposits paid	627	649
Other	7 277	5 073
Total other assets	**8 001**	**5 848**
o/w other non-current assets	**627**	**649**
o/w other current assets	**7 374**	**5 199**

The non-current assets remain stable. The increase on other current asset is mainly related to IRISnet.

Note 3: Expenses, prepaid and inventory

Direct costs

in thousand EUR

	31.12.2020	31.12.2019
Purchase of material	- 167 684	- 201 378
Other direct costs	- 374 644	- 408 473
Impairment loss on trade and other receivables, including contract assets	- 6 630	- 4 443
Total direct costs	**- 548 958**	**- 614 294**

The direct costs in 2020 decreased by 10.6% year-on-year to 549.0 million euros from 614.3 million euros a year earlier.

Purchase of material

The costs related to the purchase of material decreased by 16.7% year-on-year to 167.7 million euros. The costs related to the purchase of equipment (high end handsets) decreased in line with the lower equipment sales. Purchase of other equipment decreased also by more than 5 million euros compared to 2019.

Other direct costs

The other direct costs mainly consisting of interconnection costs, commissions, content and connectivity costs decreased by 8.3% year-on-year.

Interconnection costs

Interconnection expenses decreased by 50.6 million euros to 213.5 million euros. Roaming costs – in line with lower roaming revenues - decreased by 10.6 million euros. The declining outgoing SMS traffic had a positive cost impact of 40.0 million euros.

Commissions

Commission expenses decreased by 4.1 million euros in 2020 to 32.9 million euros, due to lower commissions paid to retail partners, in line with lower sales.

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 28.1 million euros in 2020 compared to 21.8 million euros in 2019. This increase is in line with the uptake of Orange Belgium's digital TV offer (Love) in 2020, introducing for instance 3 new football channels.

Connectivity

Connectivity costs increased by 9.8 million euros in 2020 to 83.0 million euros. This is mostly the result of the increase in wholesale access fees related to the convergent Love offer.

Impairment loss on trade and other receivables, including contract assets

The costs related to bad debts amounts to 6.6 million euros in 2020 compared to 4.4 million euros in 2019, mainly due to write offs on historical collective debt settlements (see also Note 2 – Sales, trade receivables, other current and non-current assets and impact of the health crisis linked to the Covid-19 pandemic).

Prepaid expenses

in thousand EUR

	31.12.2020	31.12.2019
Prepaid supplies and services	5 434	12 553
Prepaid spectrum fees	1 375	1 436
Total Prepaid expenses	**6 809**	**13 989**

The prepaid services decreased by 7.1 million euros compared to 2019 mainly related to payments for the Sirius building in 2019.

Inventories

in thousand EUR

	31.12.2020	31.12.2019
Gross inventories	28 679	33 844
Depreciation	- 1 994	- 1 887
Total Inventories	26 685	31 957
Inventories - Cost recognized as an expense during the period	**- 166 094**	**- 198 920**

The decrease in Gross inventories is explained by the reopening date of shops: this was foreseen mid-December but occurred earlier which resulted in some references being out of stock in the central warehouse. The delay in the launch of the iPhone (less build stock in shops and central warehouse) also explains the lower stock level at year-end.

The reserve for obsolete and slow-moving items (2.0 million euros) remained stable in 2020 compared to 2019.

Trade payables and other current liabilities

in thousand EUR

	31.12.2020	31.12.2019
Trade payables	**296 525**	**313 995**
Salaries and termination pay	3 265	3 853
Performance and profit sharing bonus, pensions	10 549	11 122
Social security contributions	3 212	4 318
Holiday pay	16 353	16 083
Other	319	401
Current employee benefits	**33 698**	**35 777**
Current restructuring provisions	**1 239**	**1 885**
Other current liabilities	**3 806**	**10 368**
Current tax payables	**4 790**	**3 502**
Deferred income	**1 570**	**2 012**

Trade payables are non-interest bearing and are generally settled on 30 to 60-day terms. The trade payables decreased by 17.5 million euros compared to 2019, mainly related to lower outstanding payables at year end for a number of suppliers (impact 15.8 million euros only for Huawei).

Current employee benefits decreased by 2.1 million euros in 2020, and is mainly due to lower provisions for salaries and termination pay (0.6 million euros) and lower performance and profit sharing bonus for 0.6 million euros and lower outstanding social security contributions at year end (1.1 million euros).

Total amount of trade payables in the reverse factoring program with BNP Paribas amounted to 17.1 million euros as at December 31, 2020 compared to 17.5 million euros as at December 31, 2019. Reverse factoring is when a financial institution (BNP Paribas – factoring for Orange Belgium S.A.) interposes itself between Orange Belgium and its suppliers and commits to pay the company's invoices to the suppliers at an accelerated rate in exchange for a discount. This is a lower-cost form of financing that accelerates accounts receivable receipts for suppliers, while increasing the payment terms for Orange Belgium S.A
.

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 2020, no provision has been recognised. As Orange Belgium S.A. has no unconditional right to a refund or a reduction in future cash contributions no asset has been recognised 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 2020	**169 081**	**- 172 548**	**- 3 467**	**0**
Included in profit or loss				
Current service cost	964			
Past Service credit				
Interest cost (income)	1 681	- 1 744		
Total				
Included in OCI				
Actuarial loss (gain)				
Return on plan assets excluding interest income		- 2 194		
Effect of changes in financial assumptions and experience adjustments	1 954			
Total				
Other				
Contributions paid by the employer	4 748	- 4 748		
Benefits paid	- 4 404	4 521		
Total				
Balance at 31 December 2020	**174 024**	**- 176 713**	**- 2 689**	**0**

in thousand EUR

	Defined benefit obligation	Fair value of plan assets	Effect of asset ceiling	Net defined (asset) liability
Balance at 1 January 2019	140 633	- 144 296	- 3 663	0
Included in profit or loss				
Current service cost	539			
Past Service credit				
Interest cost (income)	2 727	- 2 857		
Total				
Included in OCI				
Actuarial loss (gain)				
Return on plan assets excluding interest income		- 22 770		
Effect of changes in financial assumptions and experience adjustments	22 477			
Total				
Other				
Contributions paid by the employer	4 716	- 4 716		
Benefits paid	- 2 011	2 091		
Total				
Balance at 31 December 2019	169 081	- 172 548	- 3 467	0

The contributions paid during 2020 for those plans amounted to 3.8 million euros paid by the employer and 1.0 million euros paid by the employees. The plan assets as at 31 December 2020 consisted of 130.7 million euros individual insurance reserves, which benefit from a weighted average guaranteed interest rate of 3.47% and 4.8 million euros reserves in collective financing funds.

The current restructuring provisions decreased by 0.6 million euros in 2020 mainly due to the combined effect of a new provision for the early termination of a long-term distribution contract and the decrease of the redundancy provision.

The change in other current liabilities is mainly due to the decrease in “other accounts payable” : 4 million euros mainly related to lower outstanding Brand fees and 1.4 million euro less related to the earn-out fee of Upsize.

The current tax payables are related to the tax calculation of the current year and increased in 2020 (see also Note 6 – Operational taxes and levies).

Labour costs (excluding termination benefits)

Labour costs decreased by 0.8% to 146.9 million euros in 2020, compared to 148.2 million euros a year ago. This slight decrease can be explained by the reduction in activity rate and by a slowdown in recruitment.

Indirect costs

in thousand EUR

	31.12.2020	31.12.2019
Commercial expenses	- 42 867	- 43 835
Other IT and network expenses	- 95 337	- 88 785
Property expenses	- 14 493	- 12 748
General expenses	- 61 523	- 57 931
Other indirect income	26 393	23 791
Other indirect costs	- 52 882	- 47 291
Depreciation of right-of-use of leased assets	- 52 502	- 49 219
Total indirect costs	**- 293 211**	**- 276 018**
of which operational taxes and fees	- 17 028	- 14 708

The indirect costs increased 6.2% year-on-year to 293.2 million euros in 2020 compared to 276.0 million euros in 2019.

The commercial expenses decreased by 1.0 million euros in 2020 due to lower advertising expenses (production campaigns) and communication costs (contents production costs). Other IT and network expenses increased by 7.4% year-on-year, mainly due to higher maintenance costs in IT and network.

Property expenses increased 13.7% year-on-year and are mainly related to expenses for network sites. For the financial year 2020, the depreciation of right-of-use of leased assets amounted up to 52.5 million euro, mainly related to the increase of contracts.

Mainly due to higher consulting fees and legal costs, the total general expenses increased by 3.6 million euros compared to 2019.

Other indirect income increased by 2.6 million euros year-on-year, mainly due to more re-invoicing of operational- and staff costs to the Orange Group.

Changes in other indirect costs can mainly be explained by the Brand and Corporate fees to Orange Group and by the reassessment of 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.

Other restructuring costs

In 2020 Orange Belgium booked redundancy costs for 4.6 million euros. Acquisition & integration costs amounted to 1.1 million euros in 2020.

In 2019 Orange Belgium booked redundancy costs for 8.4 million euros. Acquisition costs amounted to 2.3 million euros in 2019.

Note 4: Goodwill

Goodwill

in thousand EUR

	31.12.2020			31.12.2019 Restated		
	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
Others goodwill	53 547	0	53 547	53 547	0	53 547
Total goodwill	122 276	- 17 865	104 411	122 276	- 17 865	104 411

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 (2021 to 2025) 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 and sustained top line growth coming both from an increase in market size and market share, and (ii) the continuation of its enhanced transformation programme with a tight control of operating expenses. More precisely, the management ambitions a turnaround over this 5-year period with a 6.23.% (compared to 7.14% last year) and 14.87% (compared to 18.89% last year) compounded annual growth rate (CAGR) of revenues and adjusted EBITDA respectively, while capital expenses are expected to increase by 0.6% (compared to 2.7% last year).

Considering a perpetuity growth rate of 1.00% (identical to 2019) and a WACC of 6.50% (compared to 5.50% last year), 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% to 2% and a discount rate varying from 5.5% to 7.5%.

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 2020:

- Headroom compared to the carrying value tested: 115.9 million euros
- Effect on the headroom as a result of a variation of:
  - 10% (increase/decrease) in cash flow of terminal year: +/- 14.7 million euros
  - 1% increase in growth rate to perpetuity: + 44.7 million euros
  - 1% decrease in growth rate to perpetuity: - 15.2 million euros
  - 1% increase in discount rate: - 19.3 million euros
  - 1% decrease in discount rate: + 50.7 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 reported goodwill is fully allocated to the segment “Belgium” (see Segment information).

Mobistar Enterprise Services S.A.

The goodwill resulting from the acquisition of Mobistar Enterprise Services S.A. was recorded in two stages. First allocation on 1 April 2010 for 844 thousand euros, adjusted on 31 March 2011 for a final result of 793 thousand euros.

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

A3Com S.A.

A3Com S.A. was acquired as of 30 September 2017 by Orange Belgium S.A for a total consideration of 4.5 million euros. The purchase concerned 100% of the shares. A3Com S.A. was already an exclusive agent for Orange Belgium and is specialised in telecommunications product sales and services for residential customers through a network of 12 shops located mainly in the Brussels region. Absent of any significant identifiable assets and liabilities assumed as of the acquisition date (30 September 2017), an amount of 4.2 million euros has been fully allocated to other intangible assets as part of the purchase price allocation.

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&S Partners S.A. was also an existing agent for Orange Belgium and provides telecommunications services to B2B customers within the Brussels region via a dedicated sales team of 35 professionals under the name of AS Mobility. The purchase concerned 100% of the 620 shares of A&S Partners S.A. An amount of 4.2 million euros has been allocated to goodwill for the segment “Belgium”.

In 2018 this acquisition value was adjusted by 603 thousand euros and fully allocated to the segment “Belgium” (see Segment information).

Upsize N.V.

Upsize N.V. is a holding company that was acquired on 31 July 2019. Upsize N.V. includes BKM N.V. and CC@PS BV 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. The purchase concerned 100% of the 60,000 shares of Upsize N.V. An amount of 51.6 million euros had been allocated preliminary to goodwill for the segment “Belgium” subject to finalization of the purchase price allocation which was not yet finalised as at 31 December 2019.

Orange Belgium accounted for the Upsize N.V. acquisition using the acquisition method, whereby the total purchase price is 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 was not yet finalised as at 31 December 2019 as Upsize’s intangible assets had been measured provisionally in the IFRS opening balance, pending confirmation of an independent valuation. The assessment of the fair value of the intangible assets acquired by Orange Belgium as part of Orange Belgium’s acquisition of Upsize N.V. (Including its subsidiaries BKM N.V. and CC@PS BV) on 31 July 2019 (Acquisition Date) has been finalised and recorded in the books since 30 June 2020.

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), goodwill was reduced by 14.3 million euros. The recognition of the fair value of the intangible assets of Upsize N.V. resulted in additional amortization expense of 0.6 million euros recognized for the period between the acquisition date, 31 July 2019, and 31 December 2019, for which the comparative financial information has been restated.

A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the Upsize N.V. acquisition at the acquisition date is presented below:

in thousand EUR	IFRS Opening Balance	Fair value adjustments	Fair value of identifiable net assets
Assets			
Intangible assets	749	19 017	19 766
Property, plant and Equipment	508		508
Other financial assets	59		59
Rights-of-use leased assets	5 072		5 072
Inventories	4 938		4 938
Trade receivables	6 299		6 299
Other receivables	590		590
Cash and cash equivalents	1 238		1 238
Total Assets acquired	**19 453**	**19 017**	**38 470**
Liabilities			
Deferred taxes		- 4 754	- 4 754
Provisions	- 132		-132
Financial liabilities	- 16 495		- 16 495
Lease liabilities	- 4 680		- 4 680
Other payables	- 4 068		- 4.068
Trade payables	- 5 568		- 5 568
Current employee benefits	- 3 693		- 3 693
Total liabilities assumed	**- 34 636**	**- 4 754**	**- 39 390**
Fair value of identifiable net assets acquired	**- 15 183**	**14 263**	**- 920**
Total consideration transferred			36 450
Final goodwill arising from the acquisition			37 370

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).

With regard to the total consideration transferred for the acquisition of Upsize N.V., the following should be noted: Orange Belgium S.A. has agreed to pay the selling shareholders in two year's time an additional consideration of 10.0 million euros which is liked to targets set in relation to the acquiree's revenue growth, EBITDA margin as well as a maximum churn percentage in key and operational people working for the acquiree. In this respect, Orange Belgium S.A. included 1,350 thousand euros as contingent consideration which represented its fair value at the date of acquisition. This amount has been settled in cash during the accounting year 2020. No further considerations have been or are expected to be paid to the selling shareholders.

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 2020, 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 250.9 million euros, up by 4.7 million euros compared to 2019. The level of historical depreciations remained stable, the increase is mainly due to the depreciation of the activated customer premises equipment (such as the set-top boxes, modems and remotes used by customers), as well as the associated activation and installation costs of the Orange Internet + TV offering. The useful life of these types of assets is typically lower than the traditional network equipment.

Accelerated depreciations of fixed assets

The changes in useful life on intangible assets and property, plant and equipment recognised 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 2020, the change in useful life and/or recognised impairment charges on property, plant and equipment totals 17.3 million euros (compared with 10.4 million euros in 2019) 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:
- Impairments on capitalized projects under construction for an amount of 0.7 million euros;
- Network and other equipment for 3.5 million euros;
- Cancelled and moved sites (3.6 million euros); and
- Dismantling sites for an amount of 9.4 million euros.

Other intangible assets

in thousand EUR

	31.12.2020	31.12.2019 Restated
Net book value of other intangible assets in the opening balance	276 882	285 262
Acquisitions of other intangible assets	56 269	53 105
Additions through business combinations	0	19 765
Depreciation and amortization	- 83 173	- 80 269
Reclassifications and other items	0	- 981
Net book value of other intangible assets in the closing balance	249 978	276 882

Acquisitions of other intangible assets are mainly software and internal generated software development costs. No telecommunication licenses were renewed in 2020 (see also overview below).

in thousand EUR

31.12.2020	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value
Telecommunication licenses	366 261	- 271 051	0	95 210
Brand	4 172	0	- 4 172	0
Subscriber bases	29 139	- 13 724	0	15 415
Software	556 415	- 447 187	0	109 229
Other intangible assets	176 078	- 145 953	0	30 125
Total	**1 132 065**	**- 877 915**	**- 4 172**	**249 978**

in thousand EUR

31.12.2019 Restated	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value
Telecommunication licenses	366 261	- 239 089	0	127 172
Brand	4 172	0	- 4 172	0
Subscriber bases	11 180	- 11 180	0	0
Software	543 153	- 424 691	0	118 462
Other intangible assets	151 030	- 119 782	0	31 248
Total	**1 075 796**	**- 794 742**	**- 4 172**	**276 882**

Telecommunication licenses

Type of License	Acquisition cost	Net book value end 2020	Net book value end 2019 Restated	Useful life in months	Remaining months	Start depreciation period
UMTS 3G	149 040	2 185	11 614	191	3	April 2005
4G	20 020	11 668	13 492	End June 2027	77	June 2016
800 MHz	120 000	78 149	84 206	238	155	February 2014
2G renewal 5 years 3 months	76 143	2 211	16 820	63	2	December 2015
BKM PPA - unused perpetual licences Voxx - Telepo	1 058	997	1 040	300	283	August 2019
Total	**366 261**	**95 210**	**127 172**			

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 2020 remain comparable to those used in 2019.

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

	31.12.2020	31.12.2019
Net book value of property, plant and equipment in the opening balance	**747 577**	**772 306**
Acquisitions of property, plant and equipment	121 465	127 062
Additions through business combinations		482
Disposals and retirements	-	-
Depreciation and amortization	- 167 067	- 163 850
Impairment	- 689	- 2 264
Reclassifications and other items	6 305	13 841
Net book value of property, plant and equipment in the closing balance	**707 591**	**747 577**

The amount of reclassifications and other items for the financial year 2020 is mainly related to the increase in the dismantling provision as at 31 December 2020 as a result of the decreased discount rate and the increased dismantling cost per site compared to the previous financial year. Refer also to the key assumptions used in the section 'Provision for dismantling'.

in thousand EUR

31.12.2020	Gross value	Accumulated depreciation and amortization	Net book value
Land and buildings	95 741	- 62 192	33 549
Networks and terminals	1 977 165	-1 321 546	655 619
IT equipment	189 685	- 176 760	12 925
Other property, plant and equipment	32 868	- 27 370	5 498
Total	**2 295 459**	**-1 587 868**	**707 591**

in thousand EUR

31.12.2019	Gross value	Accumulated depreciation and amortization	Net book value
Land and buildings	89 551	- 59 001	30 550
Networks and terminals	1 915 140	-1 217 409	697 731
IT equipment	186 339	- 173 915	12 424
Other property, plant and equipment	33 347	- 26 475	6 872
Total	**2 224 377**	**-1 476 800**	**747 577**

Provision for dismantling

in thousand EUR

	31.12.2020	31.12.2019
Provisions for dismantling in the opening balance	**77 481**	**64 460**
Discounting with impact on income statement	- 83	198
Utilizations without impact on income statement	- 883	- 1 226
Changes in provision with impact on assets	6 077	14 049
Provisions for dismantling in the closing balance	**82 592**	**77 481**
o/w non-current provisions	77 094	75 333
o/w current provisions	5 498	2 148

The key assumptions used to measure the network sites dismantling provision are as follows:

	31.12.2020	31.12.2019
Number of network sites, Orange Communications Luxembourg S.A. incl. (in units)	4 591	4 777
Average dismantling cost per network site	13.1	12.1
Inflation rate	2.0 %	2.0 %
Discount rate	-0.137 %	0.257 %

Although size and installation on site may slightly vary from site to site, the provision is calculated on an average dismantling cost based on the actual costs incurred in the past for similar activities. For 2020 those costs were estimated at 13,110 euros per site (2019 the average cost was 12,089 euros). 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 m^2 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 are capped at 15 years, which is considered equivalent to a dismantling plan spread over a period close to 30 years. The approach was maintained to evaluate the provision in 2020.

The dismantling provision increased by 5.1 million euros. This is a combined effect of higher average dismantling cost per site (from 12,089 to 13,110 euros per site) leading to an increase of the liability of 5.9 million euros; a lower discount rate resulting in an increase of the provision of 4.0 million euros; partly offset by the impact of dismantling sites (mainly due to the Ran sharing agreement with Proximus) of 4.8 million euros).

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 7.0 million euros of accruals related to buildings, Mobile Switching Centres (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 increased compared to last year (57.0 million euros in 2020, compared to 52.9 million euros a year ago) explained by an increase of outstanding invoices at year end (mainly for Orange Luxembourg).

Note 6: Taxes and levies

Income tax in profit and loss statement

in thousand EUR

	31.12.2020	31.12.2019
Current income tax	- 15 374	- 6 960
Deferred tax expense arising to the origination and reversal of temporary differences	5 285	276
Total tax expenses	**- 10 089**	**- 6 684**

Relationship between tax expense and accounting profit

in thousand EUR

	31.12.2020	31.12.2019 Restated
Earnings before income tax	64 069	40 086
Group income tax rate	25.00	29.58
Theoretical income tax	**- 16 017**	**- 11 857**
Effect of difference between local standard rate and Group rate (*)	37	- 7
Effect of permanent differences and other reconciling items (**)	2 711	- 468
Effect of tax (without base) affecting current tax (***)	417	4 673
Effect of tax (without base) affecting deferred tax	2 763	975
Income tax	**- 10 089**	**- 6 684**
Effective tax rate	**15.7%**	**16.7%**

* local rate (Orange Communications Luxembourg S.A.= 31.47%) 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 10.1 million euros in 2020 compared to 6.7 million euros in 2019. The effective tax rate came out at 15.7%, which is largely comparable to the effective tax rate of 16.7% in 2019. The theoretical amount of tax expenses increased by 4.2 million euros in 2020, given the higher earnings before income tax, partially offset by a lower income tax rate (decrease of 4.58%). In 2020, the other non-deductible tax expenses, the permanent differences and the application of the patent income deduction had a positive impact of +2.7 million euros (see **).

A positive impact on the taxable year 2019 has been recorded in 2020 for an amount of 1.1 million euros to record tax deductions for investments which have been approved only by the Brussels tax authorities in 2020 (3.7 million euros decrease compared to 2019), partially offset by corrections on prior year income taxes (0.7 million euros) (see ***).

Tax position in the statement of financial position

Movements in current tax balances

in thousand EUR

	31.12.2020	31.12.2019
Net current tax – opening balance	**1 995**	**3 063**
Cash tax payments	- 12 604	- 9 144
Current income tax expense	15 373	6 960
Changes in consolidation scope, reclassification and translation adjustments	- 302	1 116
Net current tax – closing balance	**4 462**	**1 995**

Due to the recuperation of carried forward losses, Orange Communications Luxembourg S.A. had no significant current tax expense.

Cash tax payments in 2020 include 11.3 million euros of prepayments for 2020.

Movements in deferred tax balances

in thousand EUR

	31.12.2020	31.12.2019 Restated
Net deferred taxes – opening balance	**- 9 500**	**- 4 801**
Change in income statement	5 285	276
Change in other comprehensive income	- 398	- 251
Changes in consolidation scope, reclassification and translation adjustments	- 415	- 4 724
Net deferred taxes – closing balance	**- 5 028**	**- 9 500**

in thousand EUR

	31.12.2020			31.12.2019 Restated		
	Assets	Liabilities	Income statement	Assets	Liabilities	Income statement
Fixed assets	0	5 569	1 302	0	2 117	730
Tax losses carryforward	6 994	0	2 869	4 125	0	- 212
Other temporary differences	86 169	92 623	1 114	83 024	94 532	- 242
Deferred taxes	**93 163**	**98 192**	**5 285**	**87 149**	**96 649**	**276**
Netting	- 90 021	- 90 021	0	- 84 550	- 84 550	0
Total	**3 143**	**8 171**	**5 285**	**2 599**	**12 099**	**276**

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 7.0 million euros and is mainly related to Orange Communications Luxembourg S.A. (4.1 million euros) and BKM N.V. (2.9 million euros). A deferred tax asset is only recognised 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.

Operating taxes and levies payables

The operating taxes and levies payables amounted to 77.2 million euros in 2020 and consist of VAT payables (13.9 million euros); 58.8 million euros taxes charged to pylons and masts - plus default interests calculated at the legal rate; and of 4.5 million euros related to the 2016 settlement with the Walloon Region.

Operating taxes and levies receivables

The operating taxes and levies receivables amounted to 1.4 million euros in 2020, compared to 0.5 million euros a year ago and mainly consist of the recoverable VAT.

Note 7: Interests in associates and joint ventures

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 179 thousand euros, resulting in a net carrying amount as at 31 December 2020 of 5,485 thousand euros.

Note 8: Financial assets, liabilities and financial result

Financial result

in thousand EUR

	31.12.2020	31.12.2019
Financial Costs	- 5 287	- 6 278
Financial Income	0	1
Total Net Financial Costs	**- 5 287**	**- 6 277**

Net financial result decreased by 1.0 million euros to –5.3 million euros in 2020 which is mainly explained by lower interest expenses in relation to the loan with Atlas Services Belgium.

Cash and cash equivalents, financial liabilities

in thousand EUR

	31.12.2020	31.12.2019
Cash and cash equivalents		
Cash equivalents	- 28 786	- 1 885
Cash	- 32 030	- 18 290
Total cash and cash equivalents	**- 60 816**	**- 20 175**
Financial liabilities		
Intercompany short-term borrowing	200 423	8 807
Third parties short-term borrowing	1 897	576
Intercompany long-term borrowing	3 437	245 047
Total borrowings	**205 757**	**254 430**
Net debt (Financial liabilities- Cash and cash equivalents)	**144 941**	**234 255**

The net financial debt at the end of 2020 amounted to 144.9 million euros, a decrease of Orange Belgium's net financial debt position by 89.3 million euros compared to 234.3 million euros of net financial debt at the end of December 2019. Orange Belgium made net repayments of its long-term borrowing debt related to the unsecured revolving credit facility (with Atlas Services Belgium for a total amount of 420 million euros) of 40.0 million euros and the cash and cash equivalents increased also by 40.6 million euros compared to 2019.

Orange Belgium S.A. and its parent company, Atlas Services Belgium S.A. signed in 2015 a Revolving Credit Facility Agreement for a total facility amount of 420 million euros with the final maturity date set to 15 June 2021. As per 31 December 2019 the outstanding liability in relation to this Credit Facility Agreement amounted to 240 million euros which has been presented as a non-current financial liability in the IFRS consolidated financial statements as at 31 December 2019.

Bearing in mind the fact that the remaining period until the maturity date as at 31 December 2020 would amount up to less than 12 months, Orange Belgium S.A. presented this financial liability (as per 31 December 2020: 200 million euros) as current in the consolidated statement of financial position.

The Group Financing & Treasury teams signed an agreement on 10 March 2021 regarding the refinancing of the existing Revolving Credit Facility (RFC) between Orange Belgium S.A. and Atlas Services Belgium S.A. for 120 million euros 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	31.12.2019	Cash Flows	Acquisition	Foreign exchange movement	Other	31.12.2020
Intercompany short-term borrowing	8 807	- 8 384	0	0	200 000	200 423
Intercompany long-term borrowing	245 047	- 41 610	0	0	- 200 000	3 437
Third party borrowing	576	1 321	0	0	0	1 897

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 50 million euros 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.

Interest rate risk

Orange Belgium's business activities could be adversely affected by interest rate fluctuations
Orange Belgium's long-term credit facilities bear interest at variable rates. To partially cover the risk of sudden hikes in market interest rates, Orange Belgium has currently hedged 75 million euros of its revolving credit facility agreement with Atlas Services Belgium S.A. at a fixed rate of 0.41% up to and including 2020.

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 mid-2026. The current funding agreement does not foresee rating-based funding adjustments, but it includes a financial covenant that Orange Belgium has to respect (Net debt / EBITDA ratio below 2.75x). As of 31 December 2020 the ratio stood at 0.5x and a breach of covenant may be considered as highly unlikely.

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 recognised 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 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.

The most important components of the risk management framework are discussed in detail in section 2 of our Corporate Governance Statement.

Interest-bearing loans and borrowings

in thousand EUR

	Nominal amount end 2020	Interest rate	Maturity	31.12.2020	31.12.2019
Unsecured revolving credit facility agreement with Atlas Services Belgium	420 000	EURIBOR + 0.95	15.06.2021*		240 000
Transactions costs on long-term loan					- 30
Long-term loans	10 620	2%	30.06.2024	3 437	5 077
Total long-term loans and borrowings				**3 437**	**245 047**
Unsecured revolving credit facility agreement with Atlas Service Belgium	420 000	EURIBOR + 0.95	15.06.2021*	200 000	
Cash-pool related credit facility with Orange	50 000	EONIA + 0.65	on demand		6 712
Uncommitted credit lines with various banks	38 300	determined upon withdrawal	on demand		
Short-term loans	2 700		14.06.2021	1 897	2 621
Transactions costs on short-term loan				423	115
Total short-term loans and borrowings				**202 320**	**9 448**

* Credit facility agreement with Atlas Services Belgium has been renewed on March 10, 2021 for 120 million euros with a maturity date of mid-June 2026.

As at 31 December 2020, the Group held one hedging derivative financial instrument qualifying for hedge accounting. Orange Belgium uses derivative financial instruments, more particularly interest rate swaps, to hedge its exposure to interest rate risks arising from its financing activity. An interest rate swap (IRS) is an interest rate forward contract for which Orange Belgium exchanges a floating interest rate against a fixed interest rate. This IRS is valued, subsequent to their initial recognition, at fair value. The fair value measurement is derived from data that are observable, either directly or indirectly, and is based on the discounted cash flow method by using a yield curve that is adapted to the duration of the instruments.

Summary of the hedging derivative financial instruments qualifying for hedge accounting:

in thousand EUR

Start Date	End date	Option	Exercise price	Floating rate	Notional Amount
31/01/2016	31/01/2021	IRS	0.4280%	EURIBOR 3 months	75 000

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

in thousand EUR

Year ended December 2020	Amount	Within 1 year	Within 2-5 years	More than 5 years
Financial assets				
Non-current financial assets	2 253	110		2 143
Non-current derivatives assets				
Trade receivables	207 483	207 483		
Current financial assets	361	361		
Current derivatives assets	301	301		
Cash and cash equivalents	60 816	60 816		
Financial liabilities				
Non-current financial liabilities	3 496		3 113	383
Non-current derivatives liabilities				
Current financial liabilities	202 141	202 141		
Current derivatives liabilities	480	480		
Trade payables	296 525	296 525		

in thousand EUR

Year ended December 2019	Amount	Within 1 year	Within 2-5 years	More than 5 years
Financial assets				
Non-current financial assets	3 123	114	110	3 021
Non-current derivatives assets				
Trade receivables	224 801	224 801		
Current financial assets	362	362		
Current derivatives assets	501	501		
Cash and cash equivalents	20 175	20 175		
Financial liabilities				
Non-current financial liabilities	245 047		253 757	1 148
Non-current derivatives liabilities	775		775	
Current financial liabilities	9 448	9 448		
Current derivatives liabilities	1 498	1 498		
Trade payables	313 995	313 995		

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 106 million euros in 2020, a 0.5% variation of the floating rate would have a 0.1 million euros impact on financing costs. Considering an average long-term debt of 272 million euros in 2019, a 0.5% variation of the floating rate would have 0.4 million euros impact on financing costs.

Fair value of financial assets and liabilities

The table below is presented according to IFRS 9:

in thousand EUR

31.12.2020	Classification under IFRS 9 [1]	Book value	Estimated fair value	Level 1 and cash	Level 2	Level 3
Trade receivables	AC	207 483	207 483		207 483	
Financial assets		2 614	2 614		2 614	
Equity securities	FVR	2 253	2 253		2 253	
Financial assets at amortized cost	AC	361	361		361	
Cash and cash equivalents		60 816	60 816	60 816		
Cash	AC	32 030	32 030	32 030		
Cash equivalents	AC	28 786	28 786	28 786		
Trade payables	AC	296 525	296 525		296 525	
Financial debts	AC	205 757	205 757		205 757	
Derivatives (net amount) [2]		179	179		179	

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 thousand EUR

31.12.2019	Classification under IFRS 9 [1]	Book value	Estimated fair value	Level 1 and cash	Level 2	Level 3
Trade receivables	AC	224 801	224 801		224 801	
Financial assets		3 485	3 485		3 485	
Equity securities	FVR	3 123	3 123		3 123	
Financial assets at amortized cost	AC	362	362		362	
Cash and cash equivalents		20 175	20 175	20 175		
Cash	AC	18 290	18 290	18 290		
Cash equivalents	AC	1 885	1 885	1 885		
Trade payables	AC	349 376	349 376		349 376	
Financial debts	AC	254 495	255 213		255 213	
Derivatives (net amount) [2]		1 772	1 772		1772	

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

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 been performed during the years 2019 and 2020.

	Share capital (in thousand EUR)	Number of ordinary shares (in units)
As at 1 January 2020	131 721	60 014 414
As at 31 December 2020	131 721	60 014 414

All ordinary shares are fully paid and have a par value of 2.195 euros. No changes occurred during 2020, the par value is the same for 2019 and 2020.

Dividends

in thousand EUR	31.12.2020	31.12.2019
Dividends on ordinary shares (year 2020)	- 30 007	
Dividends on ordinary shares (year 2019)		- 30 007
Total	- 30 007	- 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.

Accordingly, the Board of Directors will propose the Annual General Meeting of Shareholders on 5 May 2021 to distribute a gross ordinary dividend of 0.50 euro per share for the financial year 2020. If approved, the gross ordinary dividend of 0.50 euro will be paid on 17 June 2021 (ex-dividend date 15 June 2021; record date 16 June 2021).

The Annual General Meeting of Shareholders approved on 6 May 2020 the distribution of a gross ordinary dividend for the financial year 2019 of 0.50 euro per share. The gross ordinary dividend amounted to 30.0 million euro which was paid on 17 May 2020.

Treasury shares

At 31 December 2020, the Group held 69.657 treasury shares. As at 31 December 2019, the Group held 9.527 treasury shares.

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	81 930	81 930	0	0
Other goods and services purchases	84 773	24 234	30 585	29 954
Investment commitments	79 171	77 741	1 426	4
Operational activities commitments	245 874	183 905	32 011	29 958

Guarantees granted

in thousand EUR	Total	Less than one year	From one to five years	More than five years
Guarantees granted	36 392	506	10 936	24 950

In 2020, 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 2020.

Note 11: (Non)-current provisions

in thousand EUR	31.12.2019	Additions	Utilisations	Reversal	Other effect	31.12.2020
Provisions for dismantling	77 481	86	- 883	0	5 908	82 592
Provisions for litigations	4 346	367	- 617	- 558	- 57	3 481
Total provisions	81 827	453	- 1 500	- 558	5 851	86 073

in thousand EUR	31.12.2018	Additions	Utilisations	Reversal	Other effect	31.12.2019
Provisions for dismantling	64 460	59	- 1 226	0	14 188	77 481
Provisions for litigations	3 181	1 849	- 510	- 176	2	4 346
Total provisions	67 641	1 908	- 1 736	- 176	14 190	81 827

Accruals for dismantling consist of current (5.5 million euros) and non-current provisions (77.1 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 recognised 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

	31.12.2020	31.12.2019
ASSETS		
Current receivables	-32 454	-16 476
LIABILITIES		
Current interest-bearing loan	200 274	8 807
Non-current interest-bearing loan	3 496	245 047
Current trade payables	21 385	9 667
INCOME AND CHARGES		
Sales	41 112	45 216
Purchases	- 62 326	- 70 091
Interests	- 2 018	- 2 422

The ultimate parent entity of Orange Belgium S.A. is Orange S.A., 78 rue Olivier de Serres, 75015 Paris, France.

Related party transactions

in thousand EUR

31.12.2020	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange – Traffic and services	28 771	- 34 144	- 3 778	3 340
Orange – Cash pool		- 188	- 27 900	3 800
Orange Affiliates – Traffic and services	12 341	- 11 907	- 796	18 045
Atlas Services Belgium – Loan		- 1 830	20	199 970
Brand fees to Orange S.A.		- 16 275		
Total	41 112	- 64 344	- 32 454	225 155

in thousand EUR

31.12.2019	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange – Traffic and services	32 365	- 36 349		
Orange – Cash pool		- 83	- 15 203	14 964
Orange Affiliates – Traffic and services	12 851	- 23 118	- 1 286	1 718
Atlas Services Belgium – Loan		- 2 234	13	239 848
Brand fees to Orange S.A.		- 10 729		
Total	45 216	- 72 513	- 16 476	256 530

Terms and conditions of transactions with related parties

Terms and conditions for the sale and purchase of traffic and services, to the centralised 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.

There are no outstanding guarantees provided to or received from any related parties at the balance sheet date. 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

	31.12.2020	31.12.2019
Short-term employees benefits	4 484	4 286
Post-employment benefits	432	436
Other long-term benefits	50	333
Termination benefits	0	749
Total	4 966	5 805

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

	31.12.2020	31.12.2019
Total Remuneration	304	295

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

	31.12.2020	31.12.2019
Customer contract net assets	51 889	51 593
Costs of obtaining a contract	11 295	13 161
Costs to fulfill a contract	0	0
Total customer contract net assets	**63 184**	**64 754**
Prepaid telephone cards	- 17 265	- 19 037
Connection fees	- 335	- 309
Other deferred revenue	- 40 622	- 45 349
Other customer contract liabilities	- 746	- 1 050
Total deferred revenue related to customer contracts	**- 58 968**	**- 65 745**
Total customer contract net assets and liabilities	**4 216**	**- 991**

The following tables give an analysis of the balances of customer contract net assets:

in thousand EUR

	2020	2019
Customer contract net assets – in the opening balance (1)	51 593	46 432
Business related variations	296	5 161
Changes in the scope of consolidation	0	0
Reclassifications and other items	0	0
Reclassification to assets held for sale	0	-
Customer contract net assets – in the closing balance	**51 889**	**51 593**

1. Mainly includes the new customer contract assets net of related liabilities, the transfer of the net contract assets directly to trade receivables and impairment over the period.

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

	2020	2019
Deferred revenue related to customer contracts – in the opening balance	**65 745**	**59 415**
Business related variations	- 6 777	3 888
Changes in the scope of consolidation	0	2 442
Reclassifications and other items	0	0
Reclassification to assets held for sale	0	0
Deferred revenue related to customer contracts – in the closing balance	**58 968**	**65 745**

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 recognised 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 (previously recognised in deferred income).

Customer contract assets and liabilities are presented, respectively, in current assets and current liabilities since they are a normal part of the Group's operations.

In thousand EUR

	2020	2019
Costs of obtaining a contract – in the opening balance	13 161	15 395
Business related variations	- 1 866	- 2 234
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	**11 295**	**13 161**

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 authorised by IFRS 15 to recognise the costs of obtaining contracts as an expense when they are incurred if the amortization period of the asset, it would have recognised 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 2020. 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 2020.12	Total 2019.12
Less than one year	Y01	70 442	64 691
Between 1 and 2 years	Y02	24 562	23 302
Between 2 and 3 years	Y03	159	144
Between 3 and 4 years	Y04	25	8
Between 4 and 5 years	Y05		
More than 5 years	Y99		
Total		95 188	88 145

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 recognised 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 2020, lease liabilities amount to 304.0 million euros, including non-current lease liabilities of 259.6 million euros and current lease liabilities of 44.4 million euros.

in thousand EUR

	2020	2019
Lease liabilities – in the opening balance	**296 229**	**294 332**
Increase with counterpart in right-of-use	54 364	36 444
Changes in the scope of consolidation	0	4 680
Decrease in liabilities following rental payments	-48 419	-46 739
Impact of changes in assessments	1 877	7 512
Reclassification and other items	0	0
Lease liabilities – in the closing balance	**304 051**	**296 229**

The following table details the undiscounted future cash flows of lease liabilities:

in thousand EUR

	31 December 2020	2021	2022	2023	2024	2025	2026 and beyond
Undiscounted lease liabilities	356 342	49 335	42 689	33 416	27 056	22 953	180 893

Right-of-use assets

in thousand EUR

31.12.2020	Gross value	Accumulated depreciation	Accumulated impairment	Net book value
Land and buildings	375 200	- 82 958		292 242
Networks and terminals	5 750	- 2 867		2 883
IT equipment	3		- 3	0
Other right-of-use	16 238	- 7 545	- 15	8 678
Total right-of-use assets	**397 191**	**- 93 370**	**- 18**	**303 803**

in thousand EUR

31.12.2019	Gross value	Accumulated depreciation	Accumulated impairment	Net book value
Land and buildings	328 565	-43 457		285 108
Networks and terminals	5 039	-1 315		3 724
IT equipment	3		-2	1
Other right-of-use	12 338	-3 852	-29	8 457
Total right-of-use assets	**345 945**	**-48 624**	**-31**	**297 290**

in thousand EUR

	2020	2019
Net book value of right-of-use assets – in the opening balance	**297 290**	**296 231**
Impact (new right-of-use assets)	57 125	36 982
Impact of changes in the scope of consolidation		5 220
Depreciation	-52 502	-48 624
Impairment	13	-31
Impact of changes in the assessments	1 877	7 512
Reclassification and other items		
Net book value of right-of-use assets – in the closing balance	**303 803**	**297 290**

The total expenses relating to short-term leases for which the recognition exemption is applied amounted to 7.4 million euros for the accounting year 2019. For the accounting year 2020, the impact in this respect is very limited and only amounts to 0.1 million euros.

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 recognised 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 analysed 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.

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 extension of the GSM license, acquired in 2015, is amortized over a period of 5 years which corresponds to the license term.

The 4G license, acquired in 2011, has been granted for a period of 15 years, till the 1 of July 2027.

The 800 MHz license has been acquired in November 2013 and is valid 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 has been 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 includes also 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 amortised 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.

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”.

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 utilised 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 utilised.

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 utilised. 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 realised 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 of 31 December 2020 to a limited number of levies whose accounting is modified by the interpretation: property withholding tax, tax on offices' 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 realisable 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 realisable 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 make sure that the defined contribution pension plan in force guarantees to 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 2020, 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

The new standard, IFRS 16 "Leases", is of mandatory application since 1 January 2019.

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 data. 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 mention 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.

<u>Classification and measurement of financial assets and liabilities</u>

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.

<u>Impairment of financial assets</u>

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.

<u>Hedge accounting</u>

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.

<u>Interest-bearing loans and borrowings</u>

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.

<u>Trade and other short-term payables</u>

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.

<u>Offsetting a financial asset and a financial liability</u>

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.

Note 16: Subsequent events

- On 21 January 2021, the FSMA makes public the notice it received, concerning the intention of Orange S.A, to launch a voluntary and conditional public tender offer in cash for all the shares issued by Orange Belgium S.A. At the date of the preparation of the consolidated financial statements of Orange Belgium S.A. no further approvals have been made by the FSMA regarding the prospectus of the offer.

- The Group Financing & Treasury teams signed an agreement on 10 March 2021 regarding the refinancing of the existing Revolving Credit Facility (RFC) between Orange Belgium S.A. and Atlas Services Belgium S.A. for 120 million euros with a maturity of 5 years.

- 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 authorised 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 services 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	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. 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. 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.
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.
licenses & spectrum	Cash out related to acquisitions of licenses 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 variation	Variation of net debt level.

Operational KPIs

Convergent

B2Cconvergent 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 (quarterly)	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 (quarterly)	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 2020

Comments on Orange Belgium S.A.'s 2020 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

	31.12.2020	31.12.2019
ASSETS		
Formation expenses	152	152
Fixed assets	1 053 802	1 128 992
Intangible fixed assets	207 065	219 094
Tangible fixed assets	724 962	785 074
Land and buildings	363 510	402 241
Plant, machinery and equipment	299 161	306 877
Furniture and vehicles	15 587	15 980
Other tangible fixed assets	12 005	8 604
Tangible assets under construction and advance payments made	34 699	51 373
Financial fixed assets	121 775	124 824
Affiliated enterprises	112 584	115 983
Participating interests	107 172	110 571
Amounts receivable	5 412	5 412
Other enterprises linked by participating interests	8 797	8 447
Participating interests	8 797	8 447
Other financial assets	395	395
Amounts receivable and cash guarantees	395	395
Current assets	261 107	260 972
Amounts receivable after more than one year	111	221
Other amounts receivable	111	221
Stocks and contracts in progress	20 530	24 503
Stocks	20 530	24 503
Goods purchased for resale	20 530	24 503
Amounts receivable within one year	234 900	227 840
Trade debtors	173 354	206 098
Other amounts receivable	61 546	21 743
Current investments	2 705	2 583
Own shares	1 519	197
Other investments and deposits	1 186	2 386
Cash at bank and in hand	318	319
Deferred charges and accrued income	2 543	5 505
Total Assets	1 315 061	1 390 116

in thousand EUR

	31.12.2020	31.12.2019
EQUITY AND LIABILITIES		
Equity	533 903	523 238
Capital	131 721	131 721
Issued capital	131 721	131 721
Reserves	14 691	13 369
Legal reserve	13 172	13 172
Reserves not available	1 519	197
In respect of own shares held	1 519	197
Accumulated profits (losses) (+) (-)	387 492	378 148
Investment grants	0	0
Provisions and deferred taxes	79 075	75 658
Provisions for liabilities and charges	79 075	75 658
Pensions and similar obligations	23	63
Other risks and costs	79 052	75 596
Amounts payable	702 083	791 220
Amounts payable after more than one year	13	240 009
Financial debts	0	240 000
Other loans	0	240 000
Other amounts payable	13	9
Amounts payable within one year	646 007	488 235
Current portion of amounts payable after more than one year falling due within one year:	200 000	0
Financial debts	18 217	37 224
Credit institutions	0	0
Other loans	18 217	37 224
Trade debts	300 971	318 948
Suppliers	300 971	318 948
Bills of exchange payable	0	0
Taxes, remuneration and social security	93 581	97 612
Taxes	67 780	67 897
Remuneration and social security	25 800	29 715
Other amounts payable	33 239	34 452
Accrued charges and deferred income	56 062	62 976
Total Equity and Liabilities	1 315 061	1 390 116

Income statement

in thousand EUR

	31.12.2020	31.12.2019
Operating income	1 259 778	1 296 275
Turnover	1 209 033	1 252 680
Own construction capitalized	12 596	10 015
Other operating income	38 149	33 580
Non-recurring operating income	0	0
Operating charges	1 198 925	1 258 713
Raw materials, consumables	587 449	651 754
Purchases	583 824	653 343
Stocks: decrease (increase) (+) (-)	3 625	- 1 589
Services and other goods	222 112	225 760
Remuneration, social security costs and pensions	129 502	137 300
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	245 296	230 739
Amounts written off stocks, contracts in progress and trade debtors: appropriations (write-backs) (+) (-)	- 5 976	- 7 788
Provisions for risks and charges: appropriations (uses and write-backs) (+) (-)	- 1 765	109
Other operating charges	22 307	20 838
Non-recurring operating charges	0	0
Operating profit (loss) (+) (-)	60 853	37 562
Financial income	707	298
Recurring financial income	707	298
Income from financial fixed assets	0	56
Income from current assets	535	192
Other financial income	172	50
Non-recurring financial income	0	0
Financial charges	6 114	4 871
Recurring financial charges	4 621	4 871
Debt charges	3 770	3 991
Other financial charges	851	881
Non-recurring financial charges	1 492	0
Profit (loss) for the period before taxes (+) (-)	55 447	32 989
Income taxes (+) (-)	13 764	6 259
Income taxes	14 831	10 361
Adjustment of income taxes and write-backs of tax provisions	1 068	4 102
Profit (loss) for the period (+) (-)	41 683	26 730
Profit (loss) for the period available for appropriation (+) (-)	41 683	26 730

Appropriations and withdrawings

in thousand EUR

	31.12.2020	31.12.2019
Profit (loss) to be appropriated (+) (-)	**419 831**	**408 685**
Profit (loss) to be appropriated (+) (-)	41 683	26 730
Profit (loss) to be carried forward (+) (-)	378 148	381 956
Transfers from capital and reserves	**0**	**0**
From reserves	0	0
Transfers to capital and reserves	**1 321**	**197**
To other reserves	1 321	197
Profit (loss) to be carried forward (+) (-)	**387 492**	**378 148**
Profit to be distributed	**31 018**	**30 340**
Dividends	30 007	30 007
Other beneficiaries	1 001	333

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") amended to comply with the CGC and approved by the Board of Directors on 27 November 2019 became effective on 6 May 2020. 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 other 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 capitalise 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, validated by the Executive Management and approved by the Board of Directors. Business and operational key players in the different departments are responsible for the identification, analysis, evaluation and treatment of their risks. Bottom-up information on the risk management is also carried out at least twice a year via the Risk Committee which comprises all members of the Executive Management. 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:

- Geopolitical instability, liquidity and macro-economic crisis
- Reputational damage
- Breach of availability, integrity or confidentiality of data or information
- Corruption, ethical breach and frauds
- Damage to property or other assets
- Destabilisation by a disruptive business model or innovation (sectorial risk)
- Inability to improve the business models on convergence
- Failure or malfunction of the profitability monitoring, decision process, the project mode or the strategy
- Failure to transform or simplify processes and systems
- Human health and safety
- Errors and financial prejudices
- Insufficient, costly, wrong or late infrastructure investment (sectorial risk)
- Loss of or difficulty to attract and retain key or rare skills
- Major business interruption
- Non-compliance with or increase of laws or regulations
- Key partnership underperformance

* This chapter contains more information than the minimum framework requires

In the context of Covid-19, a dedicated risk map has been defined and is regularly updated to assess the related risks such as but not limited to health and safety, customer/ partner/ supplier credit risks, network issue, among others.

Internal control environment and control activities

For the purpose of managing risks, an internal control environment 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 of 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 requirements that must be complied with at the 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.

Information and communication

The company maintains transparent communication as regards 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 as regards financial reporting.

Orange Belgium Group aspires to be open and transparent in its disclosure to the public, customers, employees and other stakeholders. The company publishes detailed quarterly financial reports providing a comprehensive set of key performance indicators and financial statements for each business segment. These results are made available four times a year to the press and to the investor and analyst community during dedicated meetings (conference calls/webcasts/physical 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 in order 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.

The Audit Committee of the Board of Directors monitors and reviews at least once a year with the Executive Management the quality and effectiveness of the risk management and the internal control environment set up by the Executive Management. It must monitor that the main risks, such as but not limited to fraud, revenue assurance, data protection, security, compliance & ethic, security and legal, are properly identified, managed and disclosed in accordance with the framework which was approved by the Board of Directors.

For more detailed information regarding this monitoring, reference is made to Audit Committee Terms of Reference (Appendix III of the Corporate Governance Charter).

3. Shareholders

The following table shows Orange Belgium's shareholder structure as at 31 December 2020, as evidenced by the notifications received pursuant to article 14, al. 4 of the Law of 2 May 2007 :

Shareholder	No of voting rights	% voting rights
Atlas Services Belgium	31,753,100	52.91%
Free-float	21,467,000	35.77%
Polygon Global Partners LLP	3,032,213 (*)	5.05%
DWS Investment GmbH	1,951,387	3.25%
Boussard & Gavaudan Asset Management	1,810,714	3.02%
Total	**60,014,414**	**100.00%**

* 1,060,032 shares and 1,972,181 CFD

Atlas Services Belgium – an Orange S.A. wholly-owned subsidiary – is Orange Belgium's main shareholder through its 52.91% stake.

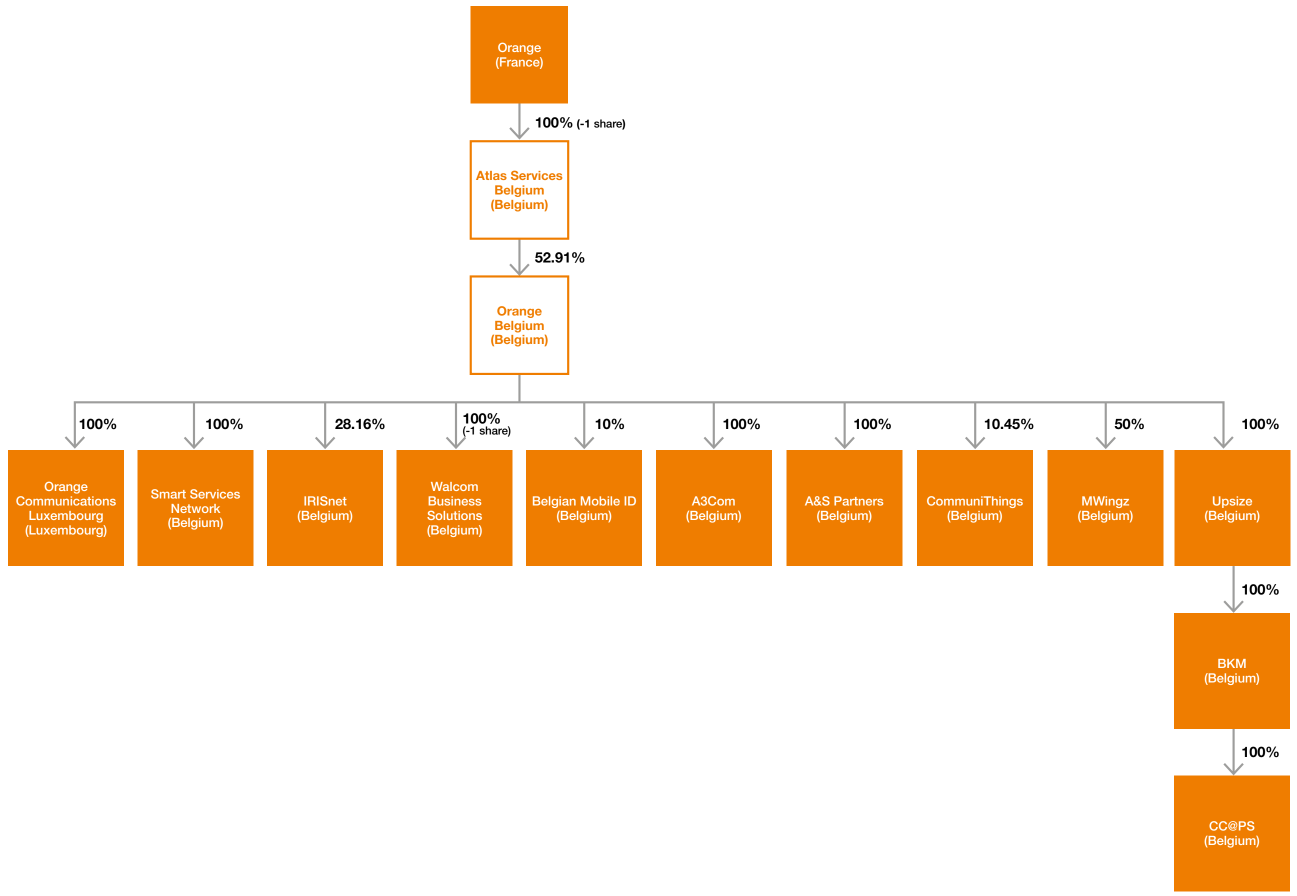
In compliance with Belgian legal regulations on transparency as regards notification of shareholding thresholds of listed companies, Orange Belgium sets notification thresholds at 3%, 5% and multiples of 5%.

Notification in compliance with the law on takeover bids

On 24 August 2009, Orange Belgium 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.

The organization chart below illustrates Orange Belgium's corporate structure as at 31 December 2020.



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 60,014,414 shares without nominal value, each representing an equal share of the capital. The shares are registered or dematerialized.

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. Such renewal is subject to the limits prescribed by law, as regards the re-appointment as independent director.

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 or securities 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.

During 2020, a "Digital Board Room" was set up in order to improve the Board of Directors' governance process and that of its committees facilitating seamless information flow between the Management and the Board of Directors via a secured environment.

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 2020, the Board of Directors consisted of 12 members:

- 11 of the 12 members of the Board of Directors are non-executive directors;
- amongst the non-executive directors 4 directors are independent;
- 5 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 2020, the following changes occurred within the Board of Directors:

- Mrs. Clarisse Heriard Dubreuil was appointed by the Ordinary General Meeting of Shareholders on 6 May 2020, to replace Mr. Francis Gelibter;
- Mrs. Mari-Noëlle Jégo-Laveissière was co-opted by the Board of Directors with effect from 1 September 2020, to replace Mrs. Valérie Le Boulanger;
- Mr. Xavier Pichon (CEO) was co-opted by the Board of Directors with effect from 1 September 2020, to replace Mr. Michaël Trabbia.

The mandates of the 12 directors will expire at the end of the Ordinary General Meeting of Shareholders on 5 May 2021.

Name	Function	Main function	Born	Nationality	End of mandate
The House of Value - Advisory & Solutions (6)	Director/ Chairman	Director of companies	NA	Belgian	AGM 2021
Xavier Pichon (1)(2)	Executive director	CEO - Orange Belgium	1967	French	AGM 2021
K2A Management and Investment Services (3)(7)	Independent director	Director of companies	NA	Belgian	AGM 2021
Société de Conseil en Gestion et Stratégie d'Entreprises (3)(4)	Independent director / Vice-Chairman	Director of companies	NA	Belgian	AGM 2021
C. Heriard Dubreuil (1)	Director	Head of Finance & Strategy Europe - Orange SA	1973	French	AGM 2021
B. Mandine (1)	Director	Head of Communication and Brand - Orange SA	1968	French	AGM 2021
Ch. Naulleau (1)	Director	Senior VP Europe / Countries Governance - Orange SA	1960	French	AGM 2021
J.M. Vignolles (1)	Director	COO Europe - Orange SA	1953	French	AGM 2021
M.-N. Jégo-Laveissière (1)	Director	Deputy CEO Europe - Orange SA	1968	French	AGM 2021
R. Fernandez (1)	Director	Deputy CEO / CFO - Orange SA	1967	French	AGM 2021
M. De Rouck (3)	Independent director	Director of companies	1956	Belgian	AGM 2021
Leadership and Management Advisory Services (LMAS)(3)(5)	Independent director	Director of companies	NA	Belgian	AGM 2021

(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-Rozencweig.
(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.

1. J. Deschuyffeleer
2. X. Pichon
3. W. Verstraete
4. N. Lemaitre-Rozencweig
5. C. Heriard Dubreuil
6. B. Mandine
7. Ch. Naulleau
8. JM. Vignolles
9. MN. Jégo-Laveissière
10. R. Fernandez
11. M. De Rouck
12. G. Dallemagne

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 11 times in 2020. 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 strategic projects
- roll out and monitoring of a Covid-19 prevention plan
- the functioning and resolutions of the committees set up by the Board of Directors
- the proposed appointment of a new CEO
- appointments to the Executive Management
- the evolution of the regulatory framework
- risk management
- management of distribution channels
- development of the B2B division
- development of 5G / fibre network
- branding and communication
- network licences
- spectrum requirements
- Orange SA's announcement to launch a public conditional voluntary takeover bid on all the shares of Orange Belgium that it does not yet hold and the creation of a committee of independent directors

There were no transactions or contractual relationships in 2020 between the company and its Board members giving rise to conflicts of interests.

Members of the Board of Directors	Function	05.02	14.02	09.03	22.04	25.06	6.07	23.07	22.10	26.11	03.12	15.12
The House of Value - Advisory & Solutions (J. Deschuyffeleer)	Director / Chairman	P	P	P	P	P	P	P	P	P	P	P
Ch. Naulleau	Director	P	P	P	P	P	P	P	P	P	P	P
F. Gelibter	Director	P	R	P	R	n/a	n/a	n/a	n/a	n/a	n/a	n/a
V. Le Boulanger	Director	P	R	R	P	R	R	R	n/a	n/a	n/a	n/a
K2A Management and Investment Services (W. Verstraete)	Independent director	P	P	P	P	P	E	P	P	P	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director / Vice-chairman	P	P	R	P	P	P	P	P	P	P	P
M. Trabbia	Director	P	P	P	P	P	P	P	n/a	n/a	n/a	n/a
X. Pichon	Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a	P	P	P	P
B. Mandine	Director	P	P	R	P	P	P	P	P	R	P	P
M. De Rouck	Independent director	P	P	P	P	R	P	P	R	P	P	P
J.M. Vignolles	Director	P	P	P	P	P	P	P	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	P	R	P	P	P	P	P	P	P	P	P
R. Fernandez	Director	P	P	R	P	P	P	P	P	P	P	P
C. Heriard Dubreuil	Director	n/a	n/a	n/a	n/a	P	P	P	P	P	P	P
M-N. Jégo-Laveissière	Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a	P	P	P	P

P : Present (in person or by call)
R: validly represented
E: excused

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 in three years) 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's 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 will, where appropriate and possibly in consultation with external experts, submit 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.

On 26 November 2020 the Committee for the Supervision of the Governance launched a new programme to assess the Board of Directors and its committees. This assessment will take place during 2021.

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 new Charter, applicable as from 6 May 2020, presents 3 special committees:

- Audit and Risk Committee
- Remuneration and Nomination Committee
- Committee for the Supervision of the Governance

The first two committees are also foreseen in the company's articles of association.

The Strategic Committee, which was responsible for assisting the Board of Directors in defining and assessing the company's strategy, has not been included in the new Charter.

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 below 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 2020, the Audit Committee is comprised of four directors: Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig), Mrs. Martine De Rouck, Mrs. Clarisse Heriard-Dubreuil and Leadership and Management Advisory Services (represented by Mr. Grégoire Dallemagne).

Mrs. Clarisse Heriard Dubreuil replaced Mr. Françis Gelibter as a member of the Audit Committee as from her appointment as director of the company.

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. Mrs. Martine De Rouck, independent director, meets the independence criteria pursuant to Article 3.5 of the CGC. Her expertise in accounting and audit matters is endorsed by an extensive career in the banking industry.

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 7 times in 2020.

Members of the Audit Committee	Function	04.02	14.02	22.04	22.07	21.10	25.11	15.12
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director/ Vice-chairman	P	P	P	P	P	P	P
F. Gelibter	Director	P	P	P	n/a	n/a	n/a	n/a
M. De Rouck	Independent director	P	P	P	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	E	E	P	P	P	E	P
C. Heriard Dubreuil	Director	n/a	n/a	n/a	P	P	P	P

P : Present (in person or by call)
R: validly represented
E: excused

In 2020, the main subjects discussed by the Audit Committee were:

- annual assessment of the Committee's functioning
- 2020 audit plan
- 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)
- annual report on "Fraud & Revenue Assurance"
- monitoring ACR recommendations
- GDPR and data security (GDPR Group Audit)
- annual report on ethics, compliance and litigation
- reappointment of statutory auditor

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 2020, the Remuneration and Nomination Committee is comprised of 5 directors: The House of Value – Advisory Solutions (represented by Mr. Johan Deschuyffeleer), Mrs. Martine De Rouck, Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig), Mr. Jean-Marc Vignolles (who replaced Mrs. Valérie Le Boulanger as from 1 September 2020 on this committee) and K2A Management Investment Services (represented by Mr. Wilfried Verstraete).

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 4 times in 2020.

Members of the Remuneration and Nomination Committee	Function	04.02	06.07	22.07	25.11
The House of Value - Advisory & Solutions (J. Deschuyffeleer)	Director / Chairman	P	P	P	P
K2A Management and Investment Services (W. Verstraete)	Independent director	P	E	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director / Vice-chairman	P	P	P	P
M. De Rouck	Independent director	P	P	P	P
V. Le Boulanger	Director	P	E	E	n/a
J.M. Vignolles	Director	n/a	n/a	n/a	P

P : Present (in person or by call)
R: validly represented
E: excused

In 2020, the main subjects discussed by the Remuneration and Nomination Committee were:

- composition and remuneration of the Board of Directors and the Executive Management
- proposal regarding the appointment and remuneration of the new CEO
- new functions and proposal for the appointment to the Executive Management
- proposal for co-opting directors
- analysis of the remuneration report
- endorsement of the performance bonus
- the company's remuneration policy

Committee for the Supervision of the Governance

The Committee for the Supervision of the Governance is an ad-hoc committee responsible for the monitoring of the developments in relation to corporate governance and to ensure their adequate implementation in the company.

As at 31 December 2020, the Committee for the Supervision of the Governance is comprised of: Mrs. Martine De Rouck, Mr. Christophe Naulleau and Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig).

The Committee for the Supervision of the Governance met twice in 2020.

Members of the Committee for the Supervision of the Governance	Function	4.02	26.11
M. De Rouck	Independent director (Chairman)	P	P
Ch. Naulleau	Director	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director / Vice-chairman	P	P

P : Present (in person or by call)
R: validly represented
E: excused

In 2020, the main subjects discussed by the Committee for the Supervision of the Governance were:

- assessment of the Board of Directors and its committees
- management of conflicts of interests within the company
- modification of the articles of association in compliance with the new Belgian Code of Companies and Associations
- the new Belgian Corporate Governance Code (based on the principle "Comply or Explain") and the way it is applied to Orange Belgium's Governance
- reviewing the type of information disclosed to the major shareholder
- launch of a new programme to assess the Board of Directors and its committees

7. 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.

During 2020, Mr. Xavier Pichon was appointed CEO of the company as from 1 September 2020, replacing Mr. Michaël Trabbia.

Two new positions were also created within the Executive Management: "Chief Brand, Communication & CSR Officer" and "Chief Transformation & Consumer Experience Officer".

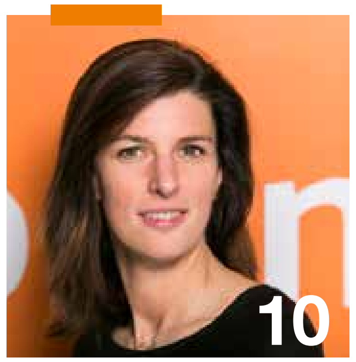
The Executive Management is therefore comprised of 10 members:

Executive Management	
Xavier Pichon	Chief Executive Officer
Arnaud Castille	Chief Financial Officer
Isabelle Carrion	Chief People Officer
Werner De Laet	Chief Enterprise Officer / Chief Wholesale & Innovation Officer
Paul-Marie Dessart	General Secretary
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

Functioning and role

The Executive Management is responsible for managing the company by supporting the CEO in daily management of the company and in the performance of his or her other duties. Generally, the Executive Management meets twice a month, or whenever necessary for the proper operation of the Executive Management and the company.

1. X. Pichon
2. A. Castille
3. I. Carrion
4. W. De Laet
5. PM. Dessart
6. J. Diaz Sagredo
7. C. Dujardin
8. S. Slavnicu
9. B. Staelens
10. I. Vanden Eede



8. Diversity Policy

Orange Belgium values diversity and is implementing 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 five female directors out of a total of 12.

In the framework of the legislation regarding the publication of information with respect to diversity, the company's diversity policy will be further developed and monitored by the Board of Directors.

During the year, Orange Belgium further aligned its diversity approach with Orange S.A.'s approach. During 2020 we:

- Continued our focus on gender equity (8 March 2019 internal campaign, intensified well-being approach, recurrent gender pay gap analysis…)
- Made Orange Belgium more attractive for millennials (new innovative employer branding campaign co-created with our employees…)
- Continued regular monitoring and awareness creation of HR & Executive Management
- Extended support to all employees during confinement periods with special focus on wellbeing (online sessions, extensive communication, recurrent mood polls, online health challenge) and parents (10% parental leave, facilitation of access to parental leave, donation of holidays to colleagues,…)

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:

- Creating a common culture through our Bold Inside transformation principles (simplification, digitalisation, empowerment);
- 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.

On 17 July 2019, the Group signed a Global Agreement on workplace gender equality with the UNI global unions covering 3 main areas: gender equality in the workplace; work-life balance; combatting discrimination and violence. This agreement is applicable in all countries. In 2020 we performed an internal audit in cooperation with the OBE personnel representatives to identify the position of OBE vs Global Agreement's ambitions in order to define possible action plan.

TO REMEMBER, GROUP AND OBE AMBITION

35% women in leaders and Executive positions

Gender balance in technical jobs
(IT, Network & Innovation)

Monitor, reduce and eliminate the pay gap between men and women

Prevent any form of discrimination

OBE E&I approach is aligned with Group diversity pillars based on fostering talents and encouraging the inclusion of all employees

Gender equality	Access of woman to all management levels and high responsibility	Balanced representation of women and men in all job areas, especially technical ones	Work-private life balance	Equal pay for men and women
Equal opportunities	Supporting young people from under-privilege areas in joining the business world	People with disabilities: a consistent approach to integrate and accompany disabled people in the company	Initiatives preventing all forms of discrimination	

...only skills matter!

9. Remuneration Report

Introduction

This remuneration report concerns the 2020 financial year. Remuneration relating to the 2020 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 5 May 2021, 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 3.7% decrease in revenues from €1,310.52m in 2019 to €1,262.45m in 2020 while EBITDAaL has grown 7.2% (from €291.04m in 2019 to €312.11m) and Organic Cash Flow has risen from €109m to €122m, up 11.9%. Taking into consideration both Belgian and Luxembourg scope, we observe a decrease of 3.5% in revenues from €1,363.1m in 2019 to €1,314.87m in 2020 and a positive evolution of EBITDAaL up 8.1% from €299.17m to €323.5m. Organic Cash Flow grew from €112.2m to €122.4m, up 9.1%. The Management Report chapter gives a comprehensive overview of this evolution from 2019 to 2020.

This Management Report chapter also includes an exhaustive list of events that occurred in 2020. 2020 has been a challenging year for Orange Belgium through the Covid-19 crisis which led to the closure of shops for a period of time, thereby impacting our revenues. This exceptional event triggered a review of the collective objectives that drive part of the performance bonus of our employees and Executive Management. A change from the Total Revenues objective to an Organic Cash Flow objective was proposed and approved by the Remuneration and Nomination Committee for the second semester of 2020. Despite these challenging business and human conditions, Orange Belgium's Executive Management has succeeded in keeping their employees or 'team members' (as we call them) very motivated and proud to be part of the company via frequent communications, close contacts, mood polls, etc. This pride to be part of Orange Belgium is clearly reflected in an increased employee Net Promoter Score, referred to as e-NPS. It rose from 22 at the end of 2019, to 33 at the end of the 1st semester 2020 to reach 43 at the end of 2020. This is an outstanding achievement, unsurpassed in the history of Orange Belgium and demonstrates that despite the crisis, our team members are committed to the company.

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	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				
The House of Value - Advisory & Solutions [1]	2020		84,600							
	2019		79,200							
SOGESTRA (N. Lemaitre-Rozencweig) [2]	2020		68,400							
	2019		66,000							
M. De Rouck [3]	2020		62,400							
	2019		60,000							
Leadership and Management Advisory Services (G. Dallemagne) [4]	2020		45,600							
	2019		46,200							
K2A Management and Investment Services (W. Verstraete) [5]	2020		43,200							
	2019		43,200							
CEO	2020	375,955		99,412	329,093	50,000		71,547	926,007	Fix: 59% Variable:41%
	2019	324,584		80,387	210,672	56,498		68,178	740,319	Fix: 64% Variable:36%
TOTAL	**2020**	**375,955**	**304,200**	**99,412**	**329,093**	**50,000**		**71,547**	**1,230,207**	**Fix: 69% Variable:31%**
	2019	**324,584**	**294,600**	**80,387**	**210,672**	**56,498**		**68,178**	**1,034,919**	**Fix: 74% Variable:26%**

(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 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
(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 Management	2020	1,806,499		298,001	772,678	0		360,902	3,238,080	Fix: 76% Variable:24%
	2019	1,921,617		317,375	691,385	276,895		367,378	3,574,649	Fix: 73% Variable:27%

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 56% of total remuneration)
- Variable remuneration, based on short- and long-term performance and encouraging the attainment of company objectives (around 24% of total remuneration)
  - Short-term variable remuneration called "performance bonus".
  - Long-term variable remuneration called "Long-term Incentive Plan 2018-2020", "Long-term Incentive Plan 2019-2021" and "Long-term Incentive Plan 2020-2022".
- 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 18% 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 2020, 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:

- Consolidated total revenues for the first semester and Organic Cash Flow for the second semester of 2020
- 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
- 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 2020 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) 124.25%
	Collective target : total revenues	18%			a) S2/2019: overachieved S1/2020: below targets b) 96.5%
	Collective target : EBITDA(aL)	18%			a) S2/2019:overachieved S1/2020: overachieved b) 123.51%
	Collective target : Brand NPS + CEO/EXCO	12%			a) S2/2019: overachieved S1/2020: below targets b) 97%
	Collective target : e-NPS	12%			a) S2/2019: overachieved S1/2020:overachieved b) 113.12%
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) 107.2%
	Collective target : total revenues	18%			a) S2/2019: overachieved S1/2020: below targets b) 96.5%
	Collective target : EBITDA(aL)	18%			a) S2/2019: overachieved S1/2020: overachieved b) 123.51%
	Collective target : Brand NPS + CEO/EXCO	12%			a) S2/2019: overachieved S1/2020: below targets b) 97%
	Collective target : e-NPS	12%			a) S2/2019: overachieved S1/2020: overachieved b) 113.12%

2. The long-term variable remuneration

Recurring Long-term Incentive Plans (2018-2020, 2019-2021 and 2020-2022)

This LTIP 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.

In 2020, the company targets 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.

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. The 2018-2020 LTIP, the 2019-2021 and the 2020-2022 awards are anticipated to vest and become payable in respectively March 2021, March 2022 and March 2023 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 2020, the General Meeting of Shareholders approved the award of a profit-sharing scheme resulting in an amount of €249.09 gross per employee (including members of the Executive Management), paid in June 2020.

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 €1.5m payout, depending on the achievement of results (subject to the achievement of the financial stretch target(s) set above the budget).

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 2020, the Board of Directors of Orange S.A. decided to implement a share award for the 3 year period 2020-2022 approved pursuant to the provisions of the nineteenth resolution of the General Meeting of Shareholders of 19 May 2020.

The aim of the Orange S.A. Long Term Incentive Plan is to develop corporate loyalty amongst 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 29 July 2020 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 2020-2022 award. Shares will only vest at the end of the vesting period for the award on or after 31 March 2023, 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

The Chief People Officer who joined the company in September 2015, 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.

Michael Trabbia was promoted to Chief Technology and Innovation Officer at Orange Group on 1 September 2020. He left Orange Belgium on 31/8/2020 (no severance pay was paid as he remained within the Group).

4. Use of the right to reclaim

No circumstances justified any reclaim in 2020.

5. Derogations and deviations from the remuneration policy

In 2020, a discretionary incentive was granted by the Remuneration and Nomination Committee to the Executive Management members including the CEO, linked to the exceptional over achievement of EBITDA(al) in 2019. The incentive was paid in March 2020 and is included in the figures in table 2.

6. Comparative information - evolution of remuneration and performance

	2019	2020
Directors/Executive remuneration		
CEO total remuneration (in €)	740,319	926,007
Executive Management total remuneration (in €)	3,574,649	3,238,080
Orange's performance		
Net Profit (in m€)	33.3	54
Total revenues (in m€)	1,340.8	1,314.87
EBITDAaL (in m€)	300.1	323.5
Organic Cash Flow (in m€)	112.2	122.4
Brand NPS (*)	104.9% vs. target	77.6% vs. target
eNPS (*)	110% vs. target	143.3% vs. target
Average remuneration on a full-time basis of employees		
Average remuneration per employee (in €)	68,627	69,157

(*) for Brand NPS and eNPS, the table shows the achievement vs target at the end of the second semester of the relevant year.

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 hospitalisation insurance, company car, car allowance, benefit in kind for mobile phone and consumption vouchers in 2020). 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 25.6. The CEO remuneration represents the prorata remuneration of the previous CEO and the new CEO.

7. Information on shareholder vote

Not applicable.

10. Contractual relations with directors, managers and companies of the Group

Every contract and every transaction between a director or a member of the Executive Management and the company requires a 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 2020 financial year

The procedure foreseen in article 7:97 of the Code of Companies and Associations has not been applied during the 2020 financial year.

Nevertheless, the Board of Directors entrusted the independent directors asking them to track inter-group transactions in which Orange Belgium is involved.

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 2020, the statutory auditor and linked companies provided services for which the fees were as follows:

- Audit services €512,400
- Audit-related services € 19,250

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, 2020

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, 2020, 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 Orange Belgium SA/NV for four 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, 2020, prepared in accordance with International Financial Reporting Standards 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, 2020, 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 1.751.994 and the consolidated statement of comprehensive income shows a net profit for the year of EUR'000 53.980 and total comprehensive income attributable to equity holders of the parent of EUR'000 54.011.

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, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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 impact of the health crisis linked to the Covid-19 pandemic' 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, amongst others:

- 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, 2020, the total goodwill recognized in the consolidated statement of financial position amounts to EUR'000 104.411.

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 for Orange Communications Luxembourg S.A. 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 International Financial Reporting Standards 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 and the statement of the non-financial information attached to 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 the statement of the non-financial information attached to 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.

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 31, 2021

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