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Orange ahead

Annual Report
Orange Belgium 2021

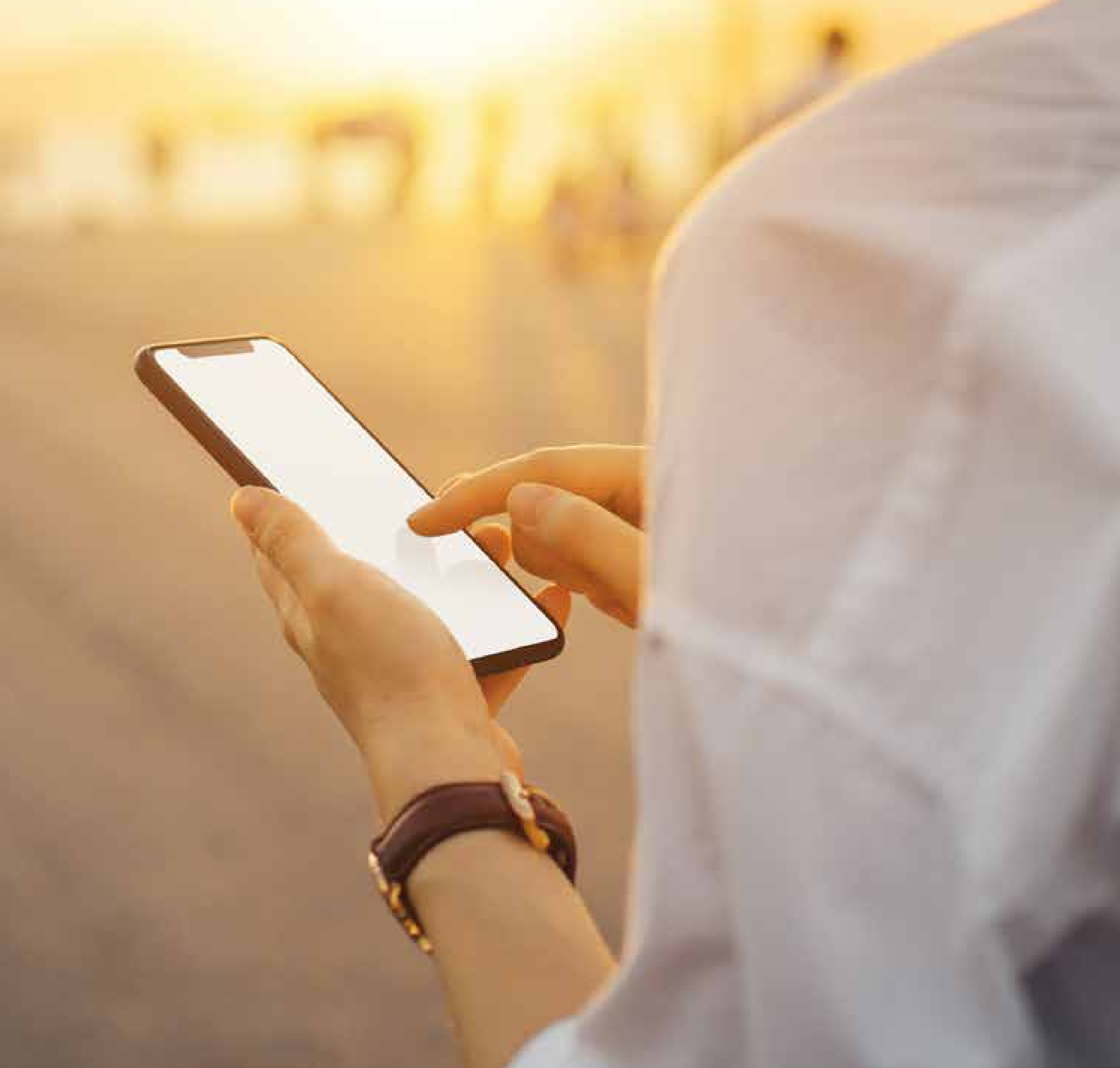
Orange Belgium

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

As a convergent player, it provides next generation connectivity services to residential and business customers through multi-gigabits mobile, cable and optic fiber networks, also relating to the Internet of Things. Its high-performance mobile network is equipped with the latest technologies and benefits from continuous investments preparing for the arrival of 5G. As a responsible operator, Orange Belgium is also investing to reduce its ecological footprint and promote sustainable and inclusive digital practices.

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

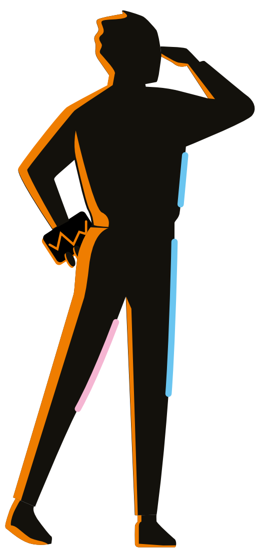
Orange Belgium is listed on the Brussels Stock Exchange (OBEL).



Key figures
2021

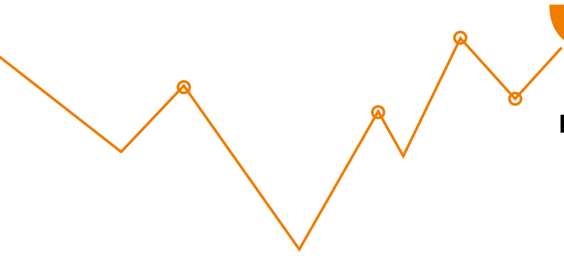
1,321
full-time equivalents

945.1
million € retail service revenues (+4.3%)



2.74
million mobile postpaid customers

353.0
million € EBITDAaL (+9.1%)



394,000

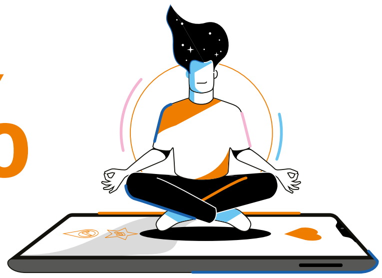
cable customers

+200%

usage of Volunteering days by employees

+200%

collection of old devices via BuyBack



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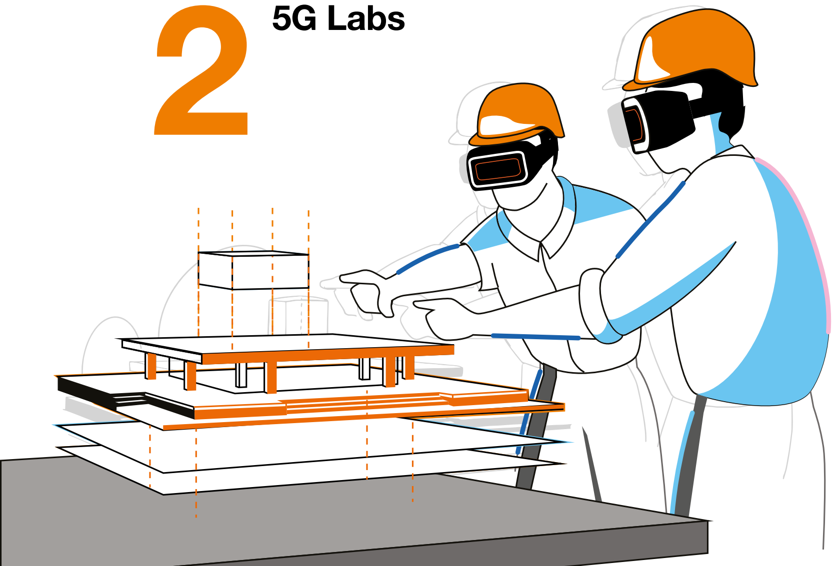
5G Labs



250,000

Eco SIMs distributed

Ce rapport annuel est également disponible en français.

Dit jaarverslag is ook verkrijgbaar in het Nederlands.

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Highlights 2021

May

Orange Group's tender offer on the shares of Orange Belgium was closed after the Group reached a 76,97% stake in its capital.

July

After the massive floods that hit some regions in the country, Orange Belgium launched a national campaign to collect and redistribute goods for the victims. It also directly donated more than 10 tons of material support and electronic hardware.

August

Orange Belgium enriched its offer for convergent customers with the launch of Orange TV Lite, a service which allows viewers to stream up to 20 television channels to their smartphones, tablets and PC's, including Google Chromecast's casting feature, without a decoder.

September

The Belgian market is shaken up by the launch of hey!, Orange Belgium's 100% digital b-brand aimed at ultra-connected customers.

October

- Orange Belgium launches, as the second European country, Orange Money to facilitate national and international money transfers.

- The operator opens its first 5G Lab in Antwerp, to allow companies to test the possibilities of the technology, and reveals new use cases.

November

The ultra-popular Go Unlimited subscription is revamped into Go Extreme with a clear focus on data abundance, offering 60GB of mobile data for 40 euros.

December

Orange Belgium signs an agreement with Nethys to acquire 75% minus one share in the cable operator VOO.

Letter of the Chairman

Dear team members, shareholders, partners and customers,

Johan Deschuyffeleer
Chairman of the Board

2021 will remain as a key year in Orange Belgium's now 25 year-long history. The telecom industry has once again demonstrated its relevance by proving to be essential for society during the pandemic, as it has been a key enabler for teleworking but also allowed crowd monitoring and contact tracing, two major weapons in the fight against Covid-19. Performant telecom solutions and -technologically and financially- robust telecom providers have proven to be essential for the future of society.

As a Chairman, I can't stress enough how thankful and proud I am of our teams, but also their families, for their restless commitment and enormous contribution in challenging times. They spared no efforts to always help and serve our customers in the best possible way, which is the core of our company culture, our DNA.

We're now actively preparing for the future. The roll-out of 5G will allow us to go even further into network performance and reliability, both of which are essential for providing the best possible experience and innovative services to our customers. We will also strengthen our position and effort on the convergent market: it showed to be a great success already, but we will now be able to consolidate our position to become an important actor on fixed connectivity services. The deal we reached with Nethys will help us in this endeavor and could radically change the telecom landscape in Belgium. We're also deepening the digitalization of our internal processes and of our interactions with the customers, to better anticipate and serve their needs in the future. It already allowed us to launch disruptive value propositions to better segment the market, like we did with the launch of hey!.

Like everything we do, all these moves are always considered in a long-term perspective with one key principle always in mind: sustainability. Sustainability not only for our environmental impact: we act in a responsible way and we serve in a balanced and sustainable way all our stakeholders: customers, employees, shareholders, the environment…

We contribute to shape, not only the market, but the society we're in.

And in 2022, we'll just keep doing that, to really become a strategic, innovative, and responsible leader.

Thankfully yours,
Johan Deschuyffeleer

As a Chairman, I can't stress enough how thankful and proud I am of our teams, but also their families, for their restless commitment and enormous contribution in challenging times.

Orange ahead

Our strategy

Capitalizing on the successes of its previous plan Bold Inside, Orange Belgium has now developed a new strategy, more fitting to its new status on the market and its objective to become a next generation operator: Orange Ahead, #TheFutureIsOursToMake.

2021 was an important year for Orange: many projects came to fruition, including the launch of Orange Belgium's new brand hey! and the signing of an agreement with Nethys to acquire 75% minus one share of VOO. Throughout the year, the focus was put on four key pillars: putting digital at the center of the interactions with the customers and of the offers, providing next-generation connectivity thanks to multi-gigabit infrastructures (be it on fixed or mobile), relying on a strong brand generating value for the company and being committed to act as a responsible operator and employer. We reached significant milestones on all of them: the further digitalization of our processes and the launch of hey!, the further development of 5G with the opening of two 5G Labs, the consolidation of the Orange brand's positioning via its success on the convergent market, and the launch of several initiatives to boost the company's CSR commitment.

2021 has therefore paved the way for the operator's new market positioning. The strategic ambition for the coming years can be summed up as follows: to become a next generation operator, a sustainable and committed actor, driven by a repositioned Orange brand, first-class technological expertise and major growth drivers.

The Orange Ahead strategic plan aims to achieve operational excellence in four strategic areas: focus on customer experience, growth, efficiency and responsibility.

Focus on the customer experience

Orange's mission is to connect its customers to what matters most to them by delivering an unparalleled experience every day, through enriched connectivity and services that enable them to enjoy highly qualitative and reliable services. To achieve this objective, the strategic plan puts as first priority to be "best in class" in all its core activities.

Orange Belgium is reinventing its customer relationship through a phygital strategy and the multiplying of its digital touchpoints with customers: a unique interactive, omnichannel experience that combines physical in-store and digital experiences. Orange customers enjoy personalized service in stores while hey! offers the best of digital and the customer is in the driver's seat. And thanks to their respective innovations, the two brands are bound to enrich each other, considering hey!'s innovations like the chatbot will also benefit, when relevant, to Orange's customers. The success of a broader digitalization of its touchpoints is already visible with the ever-increasing share of digital sales, and will even further grow thanks to the future possibility to subscribe to convergent offers via a fully digital process.

The objective is to become a next generation operator in order to offer customers an enriched connectivity that is more efficient in all respects, borderless and more ecological.

While the Orange brand will focus on convergence, enriched content and families, hey! focuses more on mobile with a strong value proposition based on 4 pillars: 100% digital, low impact, generous and evolutive. On the B2B market, where convergence is also becoming bigger and bigger, Orange Belgium supports its customers' transformation by offering new ways of working and putting technology at the service of transformation projects, thanks to the launch of new innovative services. The company will also work on an increased integration of BKM and a growing collaboration with other affiliates from the Orange Group such as Orange Cyberdefense, for instance, in order to approach customers with a complete service offer. The realization of the RAN-sharing agreement with Proximus, which was really kicked-off in 2021, will also further improve the performances but also the energy-efficiency of the network, to the benefit of all customers.

Growth

True to the Orange brand DNA, Orange Belgium accelerates its growth by combining the excellence of its networks, a segmentation that responds to market and regional specificities, and responsible innovation.

Capitalizing on the expertise of the Orange Group, the operator also intends to reinvent its business by

Xavier Pichon
CEO of Orange Belgium

Our ambition: to become a next generation operator, a sustainable and committed champion, driven by a repositioned Orange brand, first-class technological expertise and major growth drivers.

offering increased connectivity thanks to 5G and strengthening its leadership in multi-gigabit broadband infrastructures.

More broadly, Orange Belgium is adopting a segmented approach to meet the needs of its customers across all market segments: Orange, the more premium brand, focuses on the top end of the market with a portfolio of offers enriched with value-added services, while hey! offers an excellent alternative for the most digital customers.

While maintaining its role and ambition as a national operator, the operator is determined to work more closely with the regions, taking into account their specific socio-demographic, cultural, territorial and political characteristics.

Efficiency

In order to guarantee an optimal quality of service, it is essential to set high quality standards in the way Orange Belgium operates, both in terms of its employees, its tools and its partners. First-class operational efficiency will enable the company to be even more effective, agile and sustainable.

To further support the brand promise, Orange will use state-of-the-art technology to prevent and reduce incidents structurally over time and will increase efficiency upstream by tighter partnerships with its suppliers.

Strengthening Orange's efficiency will also be accelerated by 1) transforming IT and networks, 2) putting Data and AI at the heart of the innovation model allowing to offer a reinvented customer experience, 3) smarter networks and better operational efficiency and 4) the Orange Group's innovative strength.

Responsibility

Orange is responsibly committed to its employees, customers and society in order to build tomorrow's society together.

There can be no economic performance without social and environmental exemplarity. Technological progress will not be socially acceptable if it is not accessible to all; in this respect, digital inclusion is an important part of Orange's commitment to society, as demonstrated by the opening of an Orange Digital Center in 2022. But Orange Belgium also strives to reduce its environmental impact by working hard on CO_2 emissions (the company is already CO_2 neutral for its operations & mobility), energy consumption, reducing of waste,… and the promotion of sustainable practices on the market as demonstrated by the launch of SIM cards made of entirely recycled plastic, the great success of the Buyback program for the recycling or reuse of old phones, and the launch of an Eco Rating, which will allow customers to make educated choices and opt for the most sustainable devices available.

By regrouping the transformational programs of the company, we will structurally change our business or operational model to become a "next generation operator".

This paves the way to become a national multigigabit network operator for both fixed and mobile, anchoring Orange Belgium once and for all in the Belgian telecom landscape.

Market context

2021 will clearly remain as a major year in Orange Belgium's history. Not only was it the 25th birthday of the creation of the company, the late Mobistar, it also saw some key launches and the concretization of structural moves which will be instrumental to the future of the company.

400,000

cable customers

"On a purely financial perspective, 2021 really has been a great year. Orange Belgium reached extremely good operational and financial performances, which distinguish it not only from the national competition but also clearly set up an example at the European level", explains Xavier Pichon, CEO of Orange Belgium. The year 2021 has also been marked by two major operations which requested a lot of attention of Orange Belgium's teams. First, there was the offer from the Orange Group, which expressed its intention to buy the Orange Belgium's shares it didn't have.This move underlined the Group's will to be a long term actor on the Belgian market. Orange Belgium strictly respected its obligations as a target company and the operation resulted in the Orange Group reaching a 76.97% stake in the company's capital (reduced to 76.97% after the cancellation of own shares in July 21).

A pivotal year

The second major move was Orange Belgium reaching a binding agreement with Nethys on the sale of a majority stake (75% less one share) in VOO. An operation, which still needs to be authorized and validated by the competition authorities, "but which would change the dynamics and restore balance on the Belgian telco market and landscape, allowing Orange Belgium to become a fully armed national competitor to Proximus and Telenet, by its leverage on the owning of a local fixed infrastructure", adds Xavier Pichon. However, this move is still subject to approval and will therefore remain a major topic in 2022.

The years 2021 and 2022 are also crucial to the evolution of the telco landscape in Belgium, as they are key on two major and closely related topics: the auctions for radio spectrum and the potential arrival of a 4th telco operator: the first guidelines of the spectrum auctions were unveiled at the very end of 2021 and, if they indeed foresee some reserved spectrum for a potential new entrant, it does not guarantee the arrival of such an operator. A scenario Orange Belgium already qualified as not relevant, considering the lack of economic space and the potential impact such an arrival could have on value creation and investments by the current operators.

Xavier Pichon
CEO of Orange Belgium

On a purely financial perspective, 2021 really has been a great year. Orange Belgium reached extremely good operational and financial performances.

Growth, growth and growth

However, Orange Belgium already anticipated a potential impact by launching hey!, a fully digital B-brand which is aimed at digital-savvy customers, looking for the best possible offer for real data abundance. The new market segmentation, where hey! focuses more on individuals, while Orange Belgium holds a more "family/enriched content" focus, is the best way to face an ever more competitive market.

Thanks to a clear positioning and highly competitive prices, Orange Belgium further succeeded in attracting convergent customers, B2B and B2C, even trusting the whole overall growth of this market and approaching the major milestone of 400,000 cable customers.

On the mobile segment, the upgrade of the Go Plus offer and the launch of Go Extreme, which offers real data abundance (60GB) helped Orange Belgium further consolidate its market share. This all, along with an important work on the efficiency of its processes and the digitalization of its touchpoints with the customers, allowed Orange Belgium to reach a significant growth of its EBITDAaL, to unseen levels in the recent history of the company.

All in all, 2022 will also be a major year for the telecom landscape as it will (finally) see the long-awaited spectrum auctions, the roll out of 5G, the potential arrival of a 4th operator and the confirmation of Orange Belgium's as a national operator with growing ambitions on the growth on the mobile and fixed markets.

Putting digital at the heart of our customer relations and relying on strong brands

2021 was the year the former Mobistar celebrated its 25th birthday. A quarter of a century marked by many successes and innovation, all to the benefit of the customers. Christophe Dujardin, Chief Consumer Officer, and Isabelle Vanden Eede, Chief Brand, Communication and CSR Officer, look back with us on the unique positioning of Orange Belgium toward its customers, and the way it recently evolved to better meet their needs.

The former Mobistar, now Orange Belgium, celebrated its 25th birthday in 2021: what would you say remain from the original DNA of the company?

Isabelle Vanden Eede: The company has a long and very rich history, but one thing remained consistent: the clear willingness to do the best for our customers, be it with disruptive innovations such as the launch of prepaid in Belgium or by shaking the market with highly competitive offers. A few years ago, after noticing a slight decrease in the quality of our customer service, we re-instated it as a top priority and it now impacts every single thing we do, even for non-customer-facing operations and processes: network, IT, … the customer experience is at the center of it all.

Christophe Dujardin: I think one of the strengths of this company also has been its commitment to offer tools and a level of autonomy to its customers, by the mean of its app and platform My Orange and the loyalty program Orange Thank You. Something which was actually recognized by the whole industry. It offered, from the start, a great way for Orange Belgium to care closely for its customers, and it translated in a very high penetration of the app – the highest within all the Orange Group affiliates. Moreover, the loyalty program offers frequent opportunities for us to interact with our customers, to grant them gifts, additional data for birthdays, etc. It has also been a major step towards the digitalization of the interactions with the customers, offering them a lot of flexibility and allowing us to follow closely their new habits.

25%

market share on mobile

Will this focus on the digitalization of the relationship with the customers translate into new projects in the future?

Christophe Dujardin: Of course! We want to increase the possibilities offered by My Orange and Orange Thank You, by extending its scope to convergent offers and offering more services for families and not only individuals, for instance. We will also work on our loyalty program to further strengthen the real community of customers it helps us create.

Does this impact the “regular” customer service, when customers simply call for help or support?

Christophe Dujardin: In a way, yes it does, because we see the number of calls decreasing as customers can already find many answers in their app or on our website. But, like Isabelle said before, our focus on customer experience and digitalization also translates in a better performing customer service, with our teams able to rely on highly performing tools to offer the best solutions to our customers in a much more efficient way. It is clearly visible in KPI’s such as the first call resolution or the ratio of customers who get in touch with someone from the customer service within less than 2 minutes. The satisfaction level of our customers also reached levels which are higher than the objectives that we had set. This new paradigm also allows us to now use the customer service not only for “care” purposes, but also as a growing sales channel, something we didn’t do a few years back.

Isabelle Vanden Eede
Chief Brand, Communication and CSR Officer

One of the major milestones of 2021 was the launch of hey!, the B-brand which is precisely targeting more digital-savvy customers. How does such a major launch fit in the company’s overall strategy?

Isabelle Vanden Eede: Let’s first put things in perspective: our entrance on the convergent market is a huge success, as we’re approaching the 400,000 Love customers, and we also managed to maintain and consolidate our leadership on mobile customers, with more than 25% market share. But we also identified a segment of the market which was less served by the offers available on the Belgian market: individuals looking for a simple, digital and very competitive mobile offer, with no convergence, no options, no subsidy for devices. And as these customers are able and willing to be more autonomous in the handling of their

The company has a long and very rich history, but one thing remained consistent: the clear willingness to do the best for our customers.

60GB

Go Extreme offers real data abundance

subscription, the costs we can avoid thanks to these streamlined offers are translated in more competitive prices and real data abundance. Hey! is therefore a perfect complement for the Orange brand. While the Orange brand focuses on convergence, enriched content and families, hey! focuses more on mobile and individuals, with a strong value proposition based on 4 pillars: 100% digital, low impact, generous and evolutive.

Christophe Dujardin: Indeed. And here again, the digital is key: with hey! we introduced an online chat service, which allows clients to get in touch with the customer service, but we also introduced a similar service but which is fully digitally handled, via a chatbot pumped on artificial intelligence. With hey! we're really creating a community of customers with whom we'll co-create the operator of the future: we're closely listening to their feedbacks in order to even better understand and anticipate their needs with new tools, experiments.

Isabelle Vanden Eede: This dynamic we're creating with hey! will also have an impact on the way the Orange brand operates: hey! is pretty much our lab, and the innovations, such as the chatbot, which will come out of it will also benefit, when relevant, to Orange customers.

You talked about enriching the offers under the Orange flagship: can you mention some milestones of 2021?

Christophe Dujardin: On mobile, we're focusing on data abundance and a significant milestone was the renaming of our Go Unlimited plan, which is now Go Extreme and offers 60GB, which is much more than what the competition does today. But we also increased the data cap on other subscriptions, such as the Go Plus (from 8 to 10GB) and we will continue to adapt our portfolio by increasing the data volumes to meet the future needs of our clients.

On convergence, we decided to increase the regular speed of internet connections, from 100 to 150Mbps and launched additional services, such as Orange TV Lite, for customers who don't want or need a full TV package and decoder, and also Orange Money – as the first European country outside France-, which is a very useful service to send money to relatives in other countries, and thus a great way to attract yet another niche of customers, those from the diasporas. Still on convergence, we're also enriching the TV experience with our brand-new set top box, which integrates an internal Chromecast and also native applications of content providers such as Amazon, Streamz, VRT, RTBF, etc.

Isabelle Vanden Eede: Through all these moves, the goal always remains the same: stay customer-obsessed, identify and meet their needs. And we'll keep doing this in 2022 and beyond.

How does the brand keep its consistency while extending its scope of services?

Isabelle Vanden Eede: The key word here is segmentation. Thanks to an increased segmentation of our approach of the market, which is possible due to the larger market share we now have, we can attract new customers by reaching them with more specific services, features or value propositions. This is what we do with the launch of hey! for individuals and digital-savvy customers. This is what we do with the corridors Morocco and Congo for the diasporas. This is what we do with Orange TV Lite for customers who are not real cord-cutters but also don't need a full TV package, etc. Even our communication towards the market is now segmented with a differentiated approach from one region to another.

Christophe Dujardin: Indeed, we're leveraging the knowledge we've built and are still building to approach the customers with tailor-made offers, while staying extremely competitive on prices. We had already made a similar move by launching the football TV package in 2020, but we're now going much further. The launch of hey! and those new services will also help us getting even more information on the ever-changing habits of the clients.

Christophe Dujardin
Chief Consumer Officer

We're leveraging the knowledge we've built and are still building to approach the customers with tailor-made offers, while staying extremely competitive on prices.

Isabelle Vanden Eede: From a brand perspective, the idea is to come to the market with purely rational arguments and propositions (price, quality of services, …) but also more emotional ones. To show that there's a purpose to it all. And this is something we can achieve, through the segmentation but also via other non-commercial actions, such as our commitment on CSR, which will be further detailed in another chapter of this annual report, but that applies to our commercial practices as well, as shown by the success of the sale of refurbished devices, of our BuyBack program. We can also rely on the general strength of the Orange brand and its international scope and recognition. Up until a few years, we remained a kind of "middle-market operator", between the pure challenger and the leader. By now assuming our new position on the market, further build it, we are in a much stronger position. And the take over of VOO, should it be validated, will even further consolidate our position on the Belgian market.

Javier Diaz Sagredo, Chief IT Officer of Orange Belgium, comes back to us on the major internal changes happening, which will have a significant impact on how the company operates and the customer experience.

Javier, can you give us a view on the project you're working on and its objectives?

It is indeed a major project, which focuses on a full renewal of our IT infrastructure to let it operate much more smoothly and generate significant gains in efficiency and internal savings. In a nutshell, we're streamlining our IT stacks to have the same system for both B2C and B2B processes. It helps us rely on a more stable infrastructure, but also reduces our time to market and the timing between a lead generation and the actual delivery of the services.

How will this affect the customer experience?

The first impact will be internal, as this major switch streamlines our processes and will allow to rely on the same, fast, reliable and strong system for both B2B and B2C. It will therefore strengthen our CRM, help us better handling incidents but it also dramatically increases the scope of services we can offer via our digital touchpoints, a key lever to better serve ever more digital focused customers. From a customer perspective, Orange Belgium's support and commercial services will therefore be much more reactive, agile and efficient.

Providing next-generation connectivity

During 2021, Orange Belgium continued to strengthen its technological leadership by launching innovative services and strongly investing in the upgrade of its network infrastructures. Werner De Laet, Chief Enterprise, Wholesale and Innovation Officer, and Stefan Slavnicu, Chief Technology Officer of Orange Belgium come back for us on a year rich in evolutions.

How would you describe the evolution of Orange Belgium's position on the B2B market in 2021?

Werner De Laet: In 2020, we made a major move by launching fixed cable connectivity to our B2B customers, with, as a first target, the SME segment via our Shape & Fix offers. But we gradually introduced new services such as Cloud Telephony, which allowed us to also attract the mid-market and even some bigger accounts. 2021 was also the year our acquisition of BKM started to really make a difference, as we were able to address B2B customers 'needs with connectivity services on cable but also software-defined services (SD-WAN), an innovative combination which allows us to strengthen our position on the market. On the innovation side, we also launched the eSIM support for B2B customers, which is quite a major step as the demand was high and it simplifies the managing of a smartphone fleet for our customers. However, the pandemic forced a kind of pause to the market: with many employees being forced to work from home, companies often considered it was not the best timing to change from connectivity provider. Reason why, also, we focused on extending the scope of services we could offer to the corporate customers by working closer with other affiliates of the Orange Group, such as Orange Business services, Orange Cyberdefense or Business & Decision.

What was the impact of the continuing pandemic context in 2021?

Werner De Laet: While 2020 was marked by a big and abrupt demand for connectivity services and coaching, as companies were forced to switch to teleworking overnight, we had almost no strict lockdown in 2021, and most companies were prepared. A good news is that, thanks among others to the support of public authorities, we didn't observe a massive wave of bankruptcies among our customers, like we feared at the beginning of the crisis, and we have no indications that this could happen in the

+40%

B2B convergent customers

Werner De Laet
Chief Enterprise, Wholesale and Innovation Officer

In 2022, we'll further roll out 5G and capitalize on the dynamic of our Start Walking 5G programs, which offer a great way to propose the technology to B2B customers in a relevant and really value-creating manner for them.

near future. Indirectly, we also noticed an impact of the global shortage on chips supply, which resulted in the delaying, but not the cancellation of some projects we had with B2B customers.

How about 5G?

Werner De Laet: It has been an interesting year on 5G. We observed a major interest from the market for our Start Walking 5G programs, in which we accompany customers on the path to innovation with 5G and let them test and develop innovative and value-creating business cases, using our 5G Stand Alone network in the Port of Antwerp area. This dynamic reached its summum with the opening, in October, of our very first 5G Lab in Antwerp. The Lab allows any customer or stakeholder interested in 5G to come and test the technology, discover and/or co-develop use-cases. And we clearly noticed a major interest, not only from businesses but also from other stakeholders, such as public authorities, mostly because this is the only outdoor fully Stand Alone 5G network in Belgium, which offers all the possibilities of the technology. Considering the success of this initiative, we decided to extend the project to the Walloon region by launching a similar 5G Lab in Liège, which will open in 2022 in the famous La Grand Poste, a local hub for the digital and creative economy.

Orange Belgium has also shown quite some leadership on IoT and M2M services: was 2021 a fruitful year in that perspective?

Werner De Laet: Yes, it was! First, our smart parking solution attracted several new customers, be it from the public sector, like the municipality of Braine-l'Alleud, or from the private sector such as the Waasland shoppingcenter and Westland shopping center. We also won -again- a major telco contract with the national railway company (SNCB/NMBS), which includes regular connectivity but also a lot of IoT services, from the monitoring of the locomotives to the devices used by the train attendants to sell tickets.

What are your perspectives for 2022?

Werner De Laet: We'll further roll out 5G and capitalize on the dynamic of our Start Walking 5G programs, which offer a great way to propose the technology to B2B customers in a relevant and really value-creating manner for them.
We will also have to mitigate the end of the wholesale contract with Mobile Vikings at the end of the 1st trimester of the year, but we're confident that the way our overall market share evolves will clearly help in this endeavor. The new federal telecom law, which imposes to offer the same contractual conditions to residential customers as to SME's of less than 10 workers will also have an impact, as it could make this very important segment of the market much more dynamic, with many opportunities to seize, thanks to the quality and reliability of our services.

>1.000

sites to be swapped to Nokia

At network level, did you observe significant trends?

Stefan Slavnicu: The pandemic clearly affected the increase in the traffic curve: we observed a +50% usage year on year at first. In the meantime, it stabilized towards a 30% increase year on year. We observed that the traffic increase is now slowing down, as more people stay home and connect to their wifi to work instead of on 4G when being on the move. There is a clear consumption shift.

What were the main milestones of 2021, technology-wise, in the evolution of our networks?

Stefan Slavnicu: An important one is the implementation of the RAN (Radio Access Network) sharing agreement with Proximus. We have started a little bit more cautiously than initially planned because it is a quite complex project and we wanted to strictly respect all the regulatory and competition-related conditions, but, in the end, we accelerated and already swapped more than 200 sites on the new Nokia radio equipment. Thanks to this swapping, we'll have a single RAN solution for 2G, 3G, 4G and 5G and we'll be able to rely on the Nokia technology, which we found to be the most performant but also cost-efficient. The RAN sharing itself will increase the level of coverage on all technologies, improve the overall performance of the network and reduce its energy consumption. On the core network we finalized in 2021 the contract and ordered the equipment for moving into 5G Stand Alone, which will be the core of the future, also enabling industry 4.0 services for B2B customers. In the second part of 2022 we will be ready with the future commercial core network which will be based on Ericsson technology.

What about the fixed network?

Stefan Slavnicu: We invested in upgrading our technology, to pave the way for next-generation services which will be deployed for all our fixed customers, whether on owned or on third-party infrastructures. To follow the technology evolution, we invested in state-of-the-art technology to provide the best performances to our fixed customers, whether on cable or on fiber networks. This is why we selected both a cable modem and a FTTH light box that are capable to provide the fixed data connectivity of the future through WiFi 6 technology and embedded Mesh capabilities. We are also moving forward with our new generation of set-top boxes, that was prepared in 2021 and will be launched at the beginning of 2022. We moved to an Android TV ecosystem, which is much more modern and allows us to integrate and provide OTT applications (those of content producers such as VRT, RTBF, Amazon Prime,…). Strategically we're readjusting towards a more customer-focused approach on the network side. This means we're looking to put in place more modern means using big data to interact directly with our customers in the near future. We also invested in direct interconnections with Facebook, Google and other main content providers to ensure the best end to end experience for the customer. We follow traffic trends, monitor new content providers that become more prominent such as Instagram, Tik Tok to always anticipate their needs.

All the technology choices of the future are done with the Group's support, in order not only to select the latest state-of-the-art technology, but also to keep our costs under control.

Stefan Slavnicu
Chief Technology Officer

How is the Orange Group contributing in the technological plans?

Stefan Slavnicu: All the technology choices of the future are done with the Group's support, in order not only to select the latest state-of-the-art technology, but also to keep our costs under control as we can leverage on their size and scope to negotiate the best possible conditions and prices. The Group allows us to offer the best technologies to our customers at really competitive prices, while we would probably have been forced to select cheaper options in another scenario. We can also rely on the Group's experience and capabilities in R&D, the fact that they have specific laboratories and teams who test and validate products, hardware solutions, software releases… Moreover, they have an extremely valuable experience and expertise we can leverage, as they are, for instance the European leader in the rolling out of fiber networks.

How do you look back on the way you handled the major challenge the floods of the 2021 summer constituted for the network?

Stefan Slavnicu: The floods were indeed an extraordinary and very challenging situation. I'm very glad that, together with our operational partners, we were able to react quickly and, from 200 sites affected by the floods, we reduced this number to 30 in 48 hours. So we managed to find a solution for 75% of the problem in only 48 hours, and reached less than 20 sites still affected in 72 hours. We installed temporary mobile solutions in the most affected areas such as Verviers, Pepinster and Chaudfontaine to ensure the coverage and the situation quickly came back to normal. I am really thankful for the work achieved by our teams and our partners, who all showed a massive commitment and demonstrated the quality of our services and processes. Still, we will continue to invest in the redundancy and robustness of our network to be even more performant should such events or other incidents occur in the future.

Proud to be a responsible operator and employer

Orange Belgium has set as a top priority to always act as a responsible operator, committed to respect and protect the environment and society it is active in, but also its employees and community. In a quite complex context, due to the pandemic among others, it managed to deliver and remain engaged toward all its stakeholders in 2021.

The continuing pandemic had a massive impact on Orange Belgium's organization, in terms of teleworking for instance, yet you were working on some important changes in terms of human resources: how did you manage this specific context?

Paul-Marie Dessart, General Secretary and acting Chief People officer: We tried to seize the "opportunity" of the pandemic to totally revamp our teleworking policy, in order to allow an increased flexibility to our team members. This, in addition to the start of our brand-new mobility plan, and the investments we made into hybrid working (collaborative tools and dedicated hardware to ease the combination of on- and off-site working) helps us achieve two goals: helping our team members reach a better balance between work and private life, but also incite them to rethink their mobility, which can have a major impact on our environmental footprint, and so help us achieve more CSR-related objectives. This project was impulsed by the current regulatory context, which pushes towards more sustainable and environment-friendly mobility practices, but we really saw an enthusiasm from our team members to embrace this evolution and adapt their behaviors. But we know we won't be able to properly measure this evolution until we reach a "new normal" with regular commute to the premises from the team members.

As for the teleworking policy, we're obviously in a very peculiar context, due to Covid-19: is the current policy (50% presence in the office, should the sanitary context allow it) meant to be sustainable in a long-term perspective?

Paul-Marie Dessart: It is. Because it was designed based, of course on the current sanitary situation, but also on our team members long-term vision and demands. We based it on the feedbacks we were receiving from the team members themselves, and it offers a great flexibility, as we're not talking days or weeks of presence in the offices. It offers the possibility, for instance, for separated parents to better organize their work, considering their family obligations. This flexibility is of great value for our teams as it is also meant to consolidate the link inside the teams, as we don't think fully remote working is beneficial to the consolidation of Orange Belgium's community of employees.

50%

office presence

Orange Belgium has always been proud of the concept of community it endorsed. How did you maintain this link in times of generalized homeworking and reduced real-life interactions? Did you notice an impact on absenteeism?

Paul-Marie Dessart: We first focused on the mood polls, which we did on a weekly basis in times of heavy lockdown and then with a more adapted schedule, and which allowed us to better understand the psychological situation and overall morale of our teams. We also managed to maintain some team-building activities, in respect of the sanitary regulations but mostly to allow teams to get together and increase employee's sense of belonging.

As for the absenteeism, we didn't observe a massive change in 2021, which is a good indicator that our initiatives to keep our teams engaged and connected with each other are fruitful.

Isabelle Vanden Eede: We multiplied the communication momentums with our employees to make sure we could rely on legit feedback on what they were going through. Also, we did our best to help them cope with the situation. For instance, we created a "Level up your talents" page and Well-being hub on our internal social network to offer our employees lots of tips and tricks related to resilience, online meetings, teleworking with children, but also the ergonomics of a Home office, the importance of breaks, ...

Paul-Marie Dessart: We also reinforced the community by creating a dedicated group on Facebook and launching an internal campaign with various fun challenges to help our employees reconnect with their colleagues. We also put in place two hotlines, one assured by our supplier Securex and a dedicated line for the HR department for practical but also psychological support, along with the organization of sessions of dialogue in small groups and in the presence of an external prevention advisor to support psychosocial well-being.

We tried to seize the "opportunity" of the pandemic to totally revamp our teleworking policy, in order to allow an increased flexibility to our team members.

Paul-Marie Dessart
General Secretary and acting Chief People Officer

3x

more collected devices in 2021

We know diversity has been a major priority for Orange Belgium: how did the company perform on that side?

Paul-Marie Dessart: An important achievement is the fact that we were awarded the GEEIS certification ((Gender Equality European & International Standard) for an additional two years, something we hold since 2011 in recognition of our practices with regard to diversity, professional equality and inclusion. The audit highlighted the significant efforts which were realized over the years and a continuous improvement, even offering us the maximum score in several subcategories but, more importantly, demonstrating that our engagement was made with a long-term perspective. What gets measured gets done, and the evaluation helped us identify the challenges and set up priorities. For instance, the proportion of female directors and people managers has simply doubled in ten years. Besides gender diversity, we're also working on several projects regarding the access to the job market for people with disabilities, for instance but also people with less "social capital", coming from deprived socio-economic backgrounds, etc via, among others, several more CSR-focused initiatives.

As for CSR initiatives, can you give us a view on the Orange Group's overall strategy?

Isabelle Vanden Eede: We started from the observation that, as inequalities and climate change become increasingly critical, society will not accept a technological progress which would not be accessible to all and with a limited (if not a neutral) environmental impact. Which is why we are making, as a company, a long-term commitment to the planet and to the digital inclusion, with solid proof points. To achieve this, the Orange Group has set a first goal, the strategic plan Engage 2025, which is articulated in two main pillars: the environment and the digital inclusion.

On the environmental side, the final objective for Orange Group is to be Net Zero Carbon by 2040, 10 years in advance compared to the objectives set by the rest of the sector. To do so, by 2025, Orange Belgium committed to reduce its CO_2 emissions by 22% from 2015 to 2025. The energy consumption, its improved efficiency and its renewable sources, the circular economy through projects such as mobile and fixed devices collection, and the mobility are integrated into Engage 2025.

As for the digital exclusion, we observed that it may have different sources. It can be due to geographical, economic, societal factors or a combination. To have a real impact on the digital inclusion, we committed to launch and/or maintain a wide range of initiative impacting those 3 factors. At Group level, we are closely monitoring the network coverage to limit and reduce the geographical exclusion factor. We targeted to have affordable ranges of smartphones and offers, as well as providing workshops, guidance, and support to increase people's digital skills and autonomy, in order to give them the keys to the digital world.

How do you translate these objectives at the Belgian level?

Isabelle Vanden Eede: On the environment side, Orange Belgium is working on the ambitious Net Zero Carbon objective and is already, since 2014, certified and labelled CO_2 neutral by the independent consulting company CO_2logic and audited by Vinçotte. This certification is only achievable by demonstrating serious evidence of CO_2 emissions reductions over the years and the compensation of the residual CO_2 emissions not eliminated yet. However, these great results won't make us reduce our efforts or ambitions. Our priority, now, is to remain CO_2 neutral and keep our certifications. To do so, we need to constantly challenge the status quo, reevaluate our processes and keep reducing our CO_2 emissions.

Isabelle Vanden Eede
Chief Brand, Communication and CSR Officer

Orange Belgium also states it is committed to a sustainable smartphone market: how do you operationalize such an objective?

Isabelle Vanden Eede: A major activity is our BuyBack program, where we allow customers to bring back their old devices and get a voucher for the remaining value, if any, and a little bonus. This year has been particularly good in terms of collecting customers' old phones thanks to an increased communication and a boost campaign, where customers would receive an additional amount when bringing an old device in our shops: thanks to these efforts, we almost tripled the amount of collected devices in 2021. In addition to its direct environmental impact (60% of the phones are reused or refurbished and the remaining 40% are recycled), for each phone collected, we donate €2 to the Natuurpunt and Natagora associations. Thanks to this, we are taking part, in the long term, in recreating an ancient medieval forest in Belgium. The whole project aims at the reforestation of 500 hectares of woodland, which is not offset (the trees planted are not planted to compensate for the felling of other trees). This year, Orange Belgium has contributed to the planting of 2700 trees in this project.

On the environment side, Orange Belgium is working on the ambitious Net Zero Carbon objective and is already, since 2014, certified and labelled CO_2 neutral by the independent consulting company CO2logic and audited by Vinçotte.

Do you also apply changes to your own processes to achieve these goals?

Isabelle Vanden Eede: Yes of course, we try to rethink all of our processes to evaluate whether it is possible to make them more sustainable. In November 2020, we were also the first operator in the world to launch a SIM card made from 100% recycled and recyclable plastic. It is thanks to the collaboration with Thales and Veolia that we can transform plastic from old fridges into SIM cards that meet all quality standards. In 2021, 250,000 Eco SIMs were distributed, which is quite significant for the Belgian market. To go further, in 2021, we decided to order exclusively Eco SIM cards, so that in 2022, we will almost triple our volumes of Eco SIMs, and distribute 90% of our cards in recycled plastic, keeping the ambition in 2023 to distribute only recycled plastic cards. We also continued to work on reducing our CO_2 emissions through, among other things, our consumption of paper and other packaging materials. Where we can, we also make the transition to more sustainable materials, such as paper or cardboard instead of some PVC products. By 2021, we have increased our use of recycled material by more than three times. In addition to recycled material, we ensure that 100% of our paper products are FSC and PEFC certified, certifications that guarantee sustainable paper production and forest management. These initiatives have enabled us to reduce our paper and packaging volumes by 14.4%.

250,000

Eco SIMs distributed

Paul-Marie Dessart: As already mentioned earlier, we also continued our efforts to reduce the footprint linked to our employees' mobility. Our aim is to reduce the CO_2e emissions linked to the employees' mobility by 20% between 2015 and 2025. Already before the covid crisis, more than 1,000 of our 1,400 employees were already using homeworking to improve their work-life balance and decrease their ecological footprint. This of course became mandatory during the (semi) lockdowns, but we will keep the lessons learned during the past 2 years to be even more ambitious in terms of homeworking. Next to that, we launched a tool, internally, to compensate employees taking public transports and the bike, to incentivize a sustainable mobility in employees' habits. We are also working on our car policy, to propose more hybrid and electric cars, and favor fuel-efficient cars. We also encourage our employees to take smaller cars in combination with public transport or shared bikes subscriptions.

You also mentioned Digital Inclusion as a major priority: were there any achievements in 2021?

Isabelle Vanden Eede: 2021 has been an important milestone in our digital inclusion initiatives, with significant progresses on the creation of a corporate fund and an Orange Digital Center which will become active in the first half of 2022. These two initiatives are key for Orange's commitment to bring digital to as many people as possible. The Corporate Fund will be a structure with a philanthropic vocation, supporting meaningful projects in terms of digital inclusion, in partnership with NGOs. It will enable us to give support to young people, job seekers, women, and elderly persons, enabling them to increase digital skills, improve their employability, enable their emancipation and provide a social link. The Orange Digital Center (ODC) will provide a free space support for innovation, and digital skills development. It will focus on enabling an access to high added value in digital jobs, supporting entrepreneurs in their projects. The ODC has been thought especially to bring essential digital skills and boost the employability of young people, women and more mature people.

In our journey for a better digital inclusion, we are not lonely, and we can count on the support of an entire ecosystem. We have been collaborating with Entra for more than 20 years, with the aim to offer a job to the people that usually struggle to access the labour market because of their disability. Since 2016, we are also proud to be an active partner and a founding member of BeCode. The aim of BeCode is to form individuals to become developer. With its expertise, BeCode is able to propose a training of 7 months to become junior web developer and then follow an internship in a company like Orange to sharpen their skills. Hundreds of web developers leave the program with valuable skills and a diploma, and some have even joined Orange Belgium in the meantime.

Next to that, we supported the Demoucelle Parkinson organization through our participation of the Brussels' 20km. The HR department participated in the DuoDay initiative, which links companies and job seekers with a disability or people reevaluating their professional projects. In the coming years, the objective will be to extend this participation to other departments.

Paul-Marie Dessart: This year, 10 team members also participated in the workshops from ToekomstAtelierDel'Avenir. The aim is to present, through creative and playful workshops, various topics around the ICT sector, to inspire youngsters, and give them new potential perspectives when thinking about their future. We find it extremely important to give the opportunity to our employees to engage in the society we're in, which is why we offer them the possibility to take a "Volunteering Day" off for a good cause and frequently organize CSR-related team events. In 2021, we saw an impressive 200% increase in the usage of the Volunteering Day, which demonstrates how committed our employees are. They were used, among others, to help support the victims of the summer floods.

Isabelle Vanden Eede: Indeed, we're very proud of the Orange Belgium's community, which showed great solidarity during these events. We organized the collection of first need materials for the victims in our shops, partnered with NGO's and private companies to provide pet food, financial support, but also provided the victims with material support and electronic devices. Solidarity and engagement are crucial, really an essential part of our DNA, and we're extremely proud to see our teams are sharing this commitment in a very spontaneous and natural manner.

In 2021, we saw an impressive 200% increase in the usage of the Volunteering Day, which demonstrates how committed our employees are.

Paul-Marie Dessart
General Secretary and
acting Chief People Officer

Orange Luxembourg

As in 2020, Orange Luxembourg made the most out of 2021 to further grow and innovate, to the benefit of its customers.

Corinne Loze
CEO of Orange Luxembourg

How would you define 2021? What were the main milestones of the year for Orange Luxembourg?

Corinne Loze, CEO of Orange Luxembourg: I would say that 2021 clearly was a year of growth. A growth which was achieved thanks to new offers, with a specific focus on the convergent market and fiber to the home services. It also was a very digital year, with the launch of our new e-shop and innovative services. Our interactions with customers are becoming more and more digital. The video shopping is a great example: a customer is surfing on our website and can get in touch, via a video call, with one of our sale executives to ask questions, get advice, etc. We also recently introduced the live video shopping, which allows customers to connect to a live streaming of our sales people presenting some of our offers or devices, and they can ask questions but also benefit from specific, very short-timed and interesting promotions.

What about the infrastructure, how big is 5G?

Corinne Loze: We launched our 5G services and 2020 and 2021 was mostly for us a year dedicated to improving our network. The city-centers are increasingly well covered and we also massively invested in our network in order to improve the quality of the "legacy" technologies such as 2G and 4G, by fully renewing our RAN infrastructure, as it allows us to rely on much more energy-efficient and highly performing hardware.

Orange Luxembourg also always showed a major interest for the startup ecosystem: is it still the case?

Corinne Loze: Yes, definitely. The startup ecosystem is particularly living and dynamic in Luxembourg and we're supporting several startups by allowing them to test their services or products with our customer base, but also to benefit from the advices of our business teams.

We are also very proud to push forward many initiatives on virtual reality, augmented reality and new technologies.

In 2021, Orange Luxembourg also started testing the Li-Fi technology, an alternative to WiFi using light to transmit data and which should prove to be more energy-efficient.

I would say that 2021 clearly was a year of growth. A growth which was achieved thanks to new offers, with a specific focus on the convergent market and fiber to the home services. It also was a very digital year, with the launch of our new e-shop and innovative services

We were indeed a real pioneer in esports, and took a position very early – more than 5 years ago- by supporting many local events and by becoming the main partner of the national federation of esport.

Orange Luxembourg is also very active on a specific niche, which is esports: can you give a bit of context on this positioning?

Corinne Loze: We were indeed a real pioneer, and took a position very early – more than 5 years ago- by supporting many local events and by becoming the main partner of the national federation of esport. In 2020, we also launched our very own league, focused on the football game FIFA. Our goal is to really support the ecosystem, accompany its structuration, but also to be the technological partner, enabler of the esport world in Luxembourg and help get them recognized. To be noted, our interest for football was not limited to esport, as we also became in 2021 the sponsor of the national football teams, feminine and masculine.

For 5 years

supporter of esport

Management Report

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

As a convergent player, it provides next generation connectivity services to residential customers through multi-gigabits mobile, cable and optic fiber networks, also relating to the Internet of Things. Its high-performance mobile network is equipped with the latest technologies and benefits from continuous investments preparing for the arrival of 5G. As a responsible operator, Orange Belgium is also investing to reduce its ecological footprint and promote sustainable and inclusive digital practices.

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

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

The Management Report for the accounting year ended on 31 December 2021, consisting of pages 24 to 35, 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 23 March 2022. 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 104 to 121 is an integral part of this Management Report.

1. Recent events

First quarter of 2021

Covid-19 impact

Despite the easing of Covid-19 related measures, 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.

The Covid-19 measures also impacted the company's financial and operational performance during the quarter. The Covid measures announced by the Belgian government allowed all non-essential shops to remain open but only by appointment. This limitation in customer visits impacted the commercial performance, as well as the number of ICT projects. Additionally, due to people being more restricted in their movements, mainly roaming and SMS traffic were impacted.

Go Unlimited limited edition

On 8 February 2021, Orange Belgium re-launched its Go Unlimited promotion at 30 euros.

Orange Belgium selected to provide new smart parking experience to the Waasland Shopping customers

As from the end of February customers of Waasland Shopping were able to enjoy a brand new experience, thanks to Orange Belgium's smart parking solution. Based on sensors, smart cameras and a mobile application, the smart parking solutions allowed customers to be directly guided to available parking spots through their mobile device.

SNCB renewed its high-level connectivity and IoT services

The Belgian railway company SNCB once again awarded a large-scale contract to Orange Belgium for an 8-year period. Orange will provide connectivity for approximately 13,000 employees and 11,000 connected devices ranging from smartphones and tablets for ticket collectors to train drivers, screens or ticketing machines and smart parking solutions. This involves huge monthly volumes: more than 500,000 minutes worth of voice calls, 2.2 million texts and more than 15TB of data – and rising.

TOP EMPLOYER for the 10th time

For the 10th time in a row, Orange Belgium was elected TOP EMPLOYER by the Top Employers Institute. It is great recognition of Orange Belgium's numerous efforts to provide a digital and caring working environment to its more than 1,400 employees.

Antoine Chouc appointed new CFO

As from 1 March 2021, Antoine Chouc became Chief Financial Officer of Orange Belgium, replacing Arnaud Castille after 4 fructuous years in that role. Antoine Chouc was formerly Chief of Staff to the CEO of Orange Group.

Decision on wholesale tariffs for access to Proximus' fibre network

On 9 March 2021, the BIPT published its decision regarding the wholesale tariffs for access to the Proximus fibre network (Bitstream Fiber GPON). The tariffs relate to the Proximus FTTH deployment areas where the operator will deploy fibre alone (and not through Joint Venture). The decision confirmed the prices that were put forward earlier and that were based on the commercial agreement between Proximus and alternative operators. Orange Belgium does not consider these tariffs attractive.

Consultation on one-off charges for cable and fibre 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 was expected during Q2 2021.

On 20 January 2021 the BIPT launched a public consultation on the one-off charges and improved SLA repair charges for the Proximus bitstream GPON offer.

Decision regarding reference offers for wholesale access to the cable networks

On 25 March 2021, the CRC (conference of BIPT, CSA, VRM and Medienrat) adopted the final decisions on the reference offers for the cable networks for which each regulator is competent. These decisions contained mainly qualitative, technical and operational requirements which must be met by the cable operators in the context of the regulated wholesale access. Next to defining a series of service level agreement requirements, the decisions require cable network operators to allow resale of wholesale input by an alternative operator and to allow alternative operators to provide services to B2B customers based on the regulated access.

New spectrum allocation, renewal of existing spectrum attributions

- **Extension of the licence duration for 2G and 3G**

On 23 February 2021 the BIPT decided to extend the duration of the 900, 1800 and 2100 MHz licences for a period of 6 months, i.e. from 15 March 2021 until 15 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 draft 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 licences. The next phase was an impact analysis regarding the differentiated spectrum attribution conditions, and the approval by the Coordination Committee. Orange Belgium remained concerned that the spectrum legal framework may contain artificial and discriminatory conditions to attract a 4th full MNO.

- **Temporary usage rights for the 3.6GHz-3.8GHz band**

On 11 September 2020 several anti-5G action 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, Proximus and Cegeka intervened in the procedures to defend and preserve their respective temporary licence. On 15 April 2021 the Market Court decided that the case introduced by the action groups is not admissible.

- **Exclusive spectrum rights for microwave links**

On 30 March 2021 the BIPT decided to grant Telenet, Proximus and Orange Belgium a range of exclusive spectrum rights in various spectrum bands (14-15 GHz, 25-26 GHz, 31-32 GHz, 37-38 GHz, 73-84 GHz) for the provision of microwave links. As part of the decision, each operator will get 1 GHz exclusive spectrum in the E-band.

- **Consultation on national usage rights for Citymesh**

On 14 January 2021, the BIPT launched a consultation on Citymesh's user rights in the 3.5 GHz frequency band. In essence, Citymesh requested to extend the list of Citymesh's municipalities to all municipalities on the Belgian territory.

In general, Orange Belgium considered 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.

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. By 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.

Second quarter of 2021

Covid-19 impact

Despite the easing of Covid-19 related measures, 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.

As said in Q1'21, the Covid-19 measures also impacted the company's financial and operational performance during the quarter. The Covid measures announced by the Belgian government allowed all non-essential shops to remain open subject to maintaining social distancing of 1.5m and restricting the total amount of people allowed inside shops. To a lesser degree, the Covid-19 measures also impacted the company's financial and operational performance during the quarter. This limitation in customer visits impacted the commercial performance, as well as the number of ICT projects. Additionally, due to people being more restricted in their movements, mainly roaming and SMS traffic were impacted.

Iristick, OTIV and MyPitch join the 4th season of Orange Fab

Despite a challenging context, Orange Belgium moved forward with Orange Fab, its acceleration programme for start-ups. The theme of this edition: 5G and how these start-ups and Orange Belgium could co-innovate on relevant applications of this technology for consumers and businesses.

After a thorough preselection and pitch process, the following 3 projects will be joining the 4th season of the programme, allowing them to innovate on 5G applications within the global framework of the Orange Group and its 18 Orange Fabs all over the world:

- Iristick creates industrial smart glasses to support enterprises in their digital transformation. 5G's low latency capabilities will be a key enabler for the smart glasses industry.
- OTIV's objective is to increase the safety and efficiency of rail vehicles via autonomous driving technology. Thanks to 5G, autonomous mobility will reach its full potential by making critical communication instantaneous.
- MyPitch is a data-driven football community; its technology allows players to track fitness data and event data on the pitch. 5G will allow MyPitch to grab & share more data from players thanks to higher bandwidth.

Go Plus offer revamped

Orange Belgium increased the data bundle on its Go Plus subscription to 10 GB from 8 GB, keeping the price of €20 unchanged.

Roll-out of open passive "fibre-to-the-premise" pilots in Brussels

Orange Belgium announced that it will invest in the deployment of 'fibre-to-the-premise' (or "FTTP") pilots in Brussels. Orange Belgium will start the rollout in Evere and Ixelles, where 15,000 residents and businesses will have the opportunity to benefit from an open and future-proof optical fibre network enabling multi-gigabit speeds. Orange Belgium will benefit from the skills and experience of the Orange Group to provide a next generation open fibre network which will be accessible at passive level to any interested telecom service operator to connect and rely on their own active network equipment. Orange Belgium intends to leverage synergies with local assets and partners to contribute to the Region's economic and digital ambitions.

Consultation on one-off charges for cable

On 24 June 2021, the CRC (BIPT, CSA, VRM, Medienrat) published its decision on the one time fees and monthly charge for SLA PRO for broadband on the cable network. The decision was in line with the expectations.

Review of the 2018 market analysis decisions

The CRC initiated its review of the 2018 market analysis decisions that define the framework for the regulation of cable, copper and fibre networks in Belgium. An initial questionnaire was published. It is expected that the new decisions will be finalised during 2023.

BIPT price squeeze guidelines and assessment

The BIPT published an update of the communication on the price squeeze for the fixed networks on 22 June 2021. Based on the updated guidelines, the BIPT concludes that there are currently no price squeeze situations in the market.

New spectrum allocation, renewal of existing spectrum attributions

- **Extension of the licence duration for 2G and 3G**

Given the delay with the finalisation of the new spectrum framework, the BIPT published on 23 June 2021 a consultation to extend the licences for a new period of 6 months as of mid-September.

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

The draft Royal Decrees are still being reviewed by the State Council. It is unclear as to whether the draft texts will be subject to further changes. In the meantime, on 17 June 2021, the Chamber of Representatives approved the reserve prices for the auctions in the 2G, 3G, 4G and 5G bands. The reserve prices are the charges that apply for the reserved spectrum for each player and are also the minimum price for the non-reserved spectrum that is auctioned. Citymesh/Cegeka expressed interest in participating in the auction.

On 18 July 2021, the BIPT launched a consultation on the set of updated draft Royal Decrees. The deadline for the consultation is 31 August 2021.

The Coordination Committee is expected to make a final decision by the end of October 2021, beginning of November 2021.

The auctions are now expected during Q2 2022.

- **Temporary usage rights for the 3.6GHz-3.8GHz band**

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 licence. A judgment was pronounced on 15 April 2021. The Court decided that the claim was inadmissible.

- **National usage rights for Citymesh**

Following a January 2021 consultation, the BIPT published a decision on 4 May 2021 on the extension of Citymesh's user rights in the 3.5 GHz band to all Belgian municipalities (excluding the municipalities of Vresse-sur-Semois, Bièvre, Gedinne and Bouillon, for which user rights have already been granted to Gridmax). At the end of December 2020, it became known that Cegeka had acquired control over Citymesh, while it had already acquired Gridmax earlier in 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. By 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.

Whereas the procedure on the merits is ongoing, the Competition authority is sending several requests for information to Orange Belgium and Proximus regarding various elements of the agreement. The outcome of the procedure is expected in autumn.

Transposition of the EECC (European Electronic Communications Code)

The transposition of the EECC, which redefines the framework for the telecom regulations, into national legislation is delayed. The draft texts, which are understood to be broadly speaking in line with the European texts, have been reviewed by the State Council and must now be approved by Parliament.

Third quarter of 2021

Covid-19 impact

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

The Covid measures announced by the Belgian government allowed all non-essential shops to remain open subject to maintaining social distancing of 1.5m and restricting the total amount of people allowed inside shops.

#SamenSolidair #TousSolidaires launched

The heavy floods greatly disrupted the lives of many Belgian citizens and, as a responsible operator, Orange Belgium maintained (and restored where needed) the connectivity in the impacted areas and also helped the affected families. Orange Belgium decided to turn 100 shops into collection points where the public could leave essential items to help the people who lost their homes. Furthermore, the customers impacted by the heavy rain fall received 5 GB mobile data.

Orange TV Lite launched

Orange TV Lite enables customers to combine a streaming account and common TV broadcasting, without having to pay a full subscription. Orange TV Lite enables viewers to watch a selection of up to 20 television channels. There will be 2 offers: one with Dutch-speaking channels and the other with French-speaking channels.

Orange TV Lite comes with a set of extra features. Programmes can be recorded and watched later. TV can be streamed on a wide variety of devices and the app can be installed on five devices in total, making Orange TV Lite family friendly.

Orange TV Lite is available only in a 'Love 'or 'Home' package at a cost of €8.5 /month.

hey!, the new, 100% digital brand is launched

On 24 September 2021, Orange Belgium launched its new and innovative b-brand geared towards digital-savvy customers. hey! is a 100% digital brand which takes a participative approach specially designed to meet the needs of ultra-connected customers leading completely digitally oriented lives. This next generation value proposition is based on 4 pillars: 100% digital, Generous, Low impact, Evolutive.

Orange Money launched in Belgium

Thanks to a totally free mobile application, customers can now have a mobile wallet and instantly send money to Orange Money users in Belgium or Africa. Moreover, this service is open to all customers, regardless of their telecom operator. This service is a first-ever in Europe other than France, and further expands Orange Belgium's wide range of services and is a great addition to the special offers already available to the Belgian diaspora.

First 5G Lab opened in Antwerp

Orange Belgium officially opened its first Orange 5G Lab in Antwerp, inviting companies to discover, test and develop new innovative use cases on 5G Stand Alone network technology.

The new Orange 5G Lab will consolidate the knowledge and expertise gathered from Orange Belgium on 5G Industry 4.0 as well as the initial co-innovation use cases delivered in the Port of Antwerp to help develop and test new and inspiring Industry 4.0 use cases. During the process Orange Belgium is permanently expanding its ecosystem of partners, customers and also start-ups. The Lab will join Orange's international network of seven other Labs across Europe, fostering collaboration and innovation on an unprecedented level.

B2B Wholesale Market

On 31 March 2021, the BIPT launched a public consultation on Proximus' wholesale leased lines reference offer (BROTSoLL). The consultation ended on 11 May 2021 and a final decision was taken on 21 September 2021.

New spectrum allocation, renewal of existing spectrum attributions

- **Extension of the licence duration for 2G and 3G**

Given the delay with the finalisation of the new spectrum framework, on 23 June 2021, the BIPT published a consultation to extend the licences for a new period of 6 months as of mid-September. On 7 September 2021, the BIPT published the decision on the extension for another period of six months of the 2G and 3G licences, now until mid-March 2022.

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

BIPT also launched a public consultation on all the frequencies to be allocated in the coming months (5G frequencies, and 900/1800/2100 licences). This consultation implies that any new decision on frequency allocations is postponed until November 2021. One of the key elements subject to discussion is the possibility of reserving a quantity of spectrum for a potential 4th player.

The auctions are expected during Q2 2022.

• Temporary usage rights for the 3.6GHz-3.8GHz band

Given the delays on the new spectrum allocation, the BIPT granted temporary user rights for the 3.6GHz-3.8GHz band on 15 July 2020 to five operators: Orange Belgium, Proximus, Telenet, the Flemish ICT-player Cegeka and B2B telecom operator Entropia (who relinquished its right on 29 July 2020). After a number of changes, today the 3 MNOs have access to 50 MHz spectrum based on temporary licences in this band.

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. By 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.

Whereas the procedure on the merits is ongoing, the Competition authority is sending several requests for information to Orange Belgium and Proximus regarding various elements of the agreement. The outcome of the procedure is expected by the end of the year.

Transposition of the EECC (European Electronic Communications Code)

The transposition of the EECC, which redefines the framework for the telecom regulations, into national legislation is delayed until Q4 2021. The draft texts, which are understood to be broadly speaking in line with the European texts, have been reviewed by the State Council and must now be approved by Parliament.

Consultation on draft communication on towerco

The BIPT launched a consultation closing on 8 October 2021, on the interpretation of the law on rights and obligations of "towercos" regarding antenna site sharing.

Social tariffs in the telecom sector

The federal government has initiated plans to review the modalities (technical, financial, operational) of the social tariff discounts for certain user groups. A public consultation will be launched before end of the year.

Fourth quarter of 2021

Covid-19 impact

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

The Covid measures announced by the Belgian government allowed all non-essential shops to remain open subject to maintaining social distancing of 1.5m and restricting the total amount of people allowed inside shops.

Go Unlimited became Go Extreme and offers 60 GB per month

As from 22 November 2021, Orange Belgium's most abundant mobile subscription becomes Go Extreme offering double data, up from 30 to 60 GB per month, at no additional cost.

Orange Belgium announced an agreement with Nethys to acquire 75% minus one share in VOO S.A.

Following the period of exclusive negotiations that began on 22 November 2021 and the approval of Enodia's Board of Directors, Orange Belgium and Nethys signed an agreement for the acquisition by Orange Belgium of 75% less one share of VOO S.A., on 24 December 2021.

The transaction is based on an enterprise value of €1.8 billion for 100% of the capital and corresponds to an EBITDA multiple of 9.5x. This acquisition represents a major step forward in Orange Belgium's national convergent strategy and will increase investment and competition in the telecommunications sector for the benefit of customers and the competitiveness of the Walloon and Brussels regions.

The closing of the transaction is subject to customary conditions precedent, including the approval of the European Commission expected in 2022. Until such approvals and closing of the transaction are obtained, the two companies will continue to operate independently.

hey! will offer 25% data boost every quarter in the first year

hey!, the new brand launched by Orange Belgium in September, is planning to give new customers extra data every three months in their first year. The amount of data will increase 25% each quarter as from February 2022.

Increased fixed broadband and TV prices

Orange Belgium raised prices for new and existing customers as from January 2022.

2nd 5G Lab to be opened in Liege in first half of 2022

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

New spectrum allocation, renewal of existing spectrum attributions

• Extension of the licence duration for 2G and 3G

The decision on the extension until mid-September 2021 was published on 23 February 2021. Given the delay with the finalisation of the new spectrum framework, on 23 June 2021, the BIPT published a consultation to extend the licences for a new period of 6 months as of mid-September. On 7 September 2021, the BIPT published the decision on the extension for another period of six months of the 2G and 3G licences, now until mid-March 2022. On 19 January 2022, the BIPT has launched a consultation on extending by another 6 months the licences that would then expire on 15 September 2022.

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

On 21 October 2021, the Council of Ministers approved the Royal Decrees that govern the 5G and spectrum renewal auctions. The Royal Decrees were published on 23 December 2021, and contain spectrum set-asides for a new entrant operator. The auctions will be conducted using a modular approach, allowing a potential 4th operator to purchase only part of the spectrum in order to target only the enterprise market.

On 14 January 2022, the BIPT published the call for candidates for the auction on the allocation of new 5G spectrum and the renewal of the existing 2G and 3G spectrum. The auction is scheduled for June 2022.

5G Security

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

On 7 May 2021, (until 5 June 2021) the BIPT launched a public consultation on a draft Royal Decree which aims to introduce additional supplier security measures for the provision of 5G services for full MVNOs. Additional draft Royal Decrees were prepared aiming to introduce positioning requirements for the 5G networks and apply constraints to certain types of private 5G networks. Public consultations concerning the new draft Royal Decrees were launched and ended on 17 December 2021.

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. By 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.

Whereas the procedure on the merits is ongoing, the Competition authority has sent several requests for information to Orange Belgium and Proximus regarding various elements of the agreement. The outcome of the complaint is expected in 2022.

Transposition of the EECC (European Electronic Communications Code)

On 21 December 2021 the law transposing the EECC was published in the Belgian State Gazette. It entered into force on 10 January 2022.

Consultation on draft communication on towerco

On 30 November 2021, the BIPT published a “Communication” on the interpretation of the law concerning rights and obligations of “towercos” regarding antenna site sharing.

Social tariffs in the telecom sector

The federal government has initiated plans to review the modalities (technical, financial, operational) of the social tariff discounts for certain user groups.

Over the month of December 2021, a public consultation on the draft Decree to review the social tariffs was organised by the BIPT. Among the new proposals are an extension of the range of beneficiaries, the automation of the allocation of the social tariffs (which are a reduction on the retail tariff), and the review of the nominal values of the amounts of social tariff discounts. The social tariffs would apply for fixed internet and fixed telephony mainly, with an additional social tariff for a bespoke (more limited) group of mobile users.

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%).

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

IRISnet S.C.R.L. is a company constituted in July 2012 in collaboration with the Brussels authorities in order to take over the activities performed by the temporary association Irisnet, and is responsible for the operation of the Irisnet 2 optical 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, 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. 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, 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., 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	FY 2020	FY 2021	change
Mobile customers (excl. MVNOs)	4 906	5 232	6.6%
Revenues	**1 314.9**	**1 363.5**	**3.7%**
Retail service revenues	905.9	945.1	4.3%
Equipment sales	132.2	141.1	6.7%
Wholesale revenues	246.2	241.9	-1.7%
Other revenues	30.5	35.3	15.6%
EBITDAaL	**323.5**	**353.0**	**9.1%**
% of Revenues	24.6%	25.9%	
Net profit (loss) for the period	**54.0**	**39.7**	**-26.4%**
Earnings per share (€)	**0.90**	**0.66**	**-26.5%**
eCapex[1]	-177.7	-204.1	14.8%
% of Revenues	13.5%	15.0%	
Operating cash flow[2]	145.8	148.9	2.2%
Organic cash flow	122.4	104.8	-14.4%
Net financial debt	144.9	69.5	-52.0%
Net financial debt / Reported EBITDAaL	0.5	0.2	

1. eCapex excluding licence fees. In Q1 and Q3 2021 Orange Belgium paid 10.9 million euros on licence fees each quarter.
2. Operating cash flow defined as EBITDAaL – eCapex excluding licence fees.

Revenues

Group revenues reached €1,363.5 million in 2021, up by 3.7% in comparison to last year. Retail service revenues amounted to €945.1 million, up by 4.3%, supported by convergent service revenues (+15.5%) and fixed revenues (+19.2%). Additionally, equipment sales increased, while wholesale revenues decreased mainly explained by lower SMS traffic.

Result of operating activities before depreciation and other expenses

EBITDAaL increased by 9.1% to €353.0 million due to higher retail services revenues and continuous cost efficiencies. The margin improved 129bp as it reached 25.9%.

Total operational expenses for the full year increased by 1.9% to €1,010.5 million. The following provides an overview of the different expenses:

- Direct costs increased by 4.0% to €570.9 million mainly due to more equipment costs and cable costs, partially offset by lower wholesale costs and other direct costs.
- Labour costs grew by 1.1% to €148.6 million partially due to an increased activity rate and higher salary indexation.
- Indirect costs decreased by 1.5% to €290.9 million mainly driven by cost management.

In €m	FY 2020	FY 2021	change
Direct costs	-549.0	-570.9	4.0%
Labour costs	-146.9	-148.6	1.1%
Indirect costs including RouA and finance lease costs	-295.5	-290.9	-1.5%
of which RouA and finance lease costs	*-52.5*	*-54.1*	
	-991.4	**-1 010.5**	**1.9%**

Depreciation and other expenses

Depreciation and amortization increased from €250.2 million in 2020 to €279.2 million in 2021.

Impairment of goodwill

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

EBIT

EBIT decreased from €69.4 million in 2020 to €55.7 million in 2021.

Financial result

Net financial expenses decreased from €5.3 million in 2020 to €3.2 million in 2021.

Taxes

Full-year tax expense increased from €10.1 million in 2020 to €12.8 million in 2021.

Net profit and earnings per share

The full-year net profit for year 2021 was €39.7 million. Earnings per share totalled €0.66 in 2021, compared to €0.90 for the previous restated year.

2.2 Consolidated statement of financial position

Assets

Goodwill is tested for impairment each year. For BKM N.V., as the recoverable value did not exceed the carrying amount, an impairment of 14.9 million euros was recorded at year end. Other goodwill remained unchanged.

No other impairment losses were recorded in 2021. The carrying year-end value is €89.5million.

Intangible assets mainly relate to mobile licences and spectrum fees. The net carrying value at year-end was €247.4 million compared to €250.0 million at the previous year-end.

Property, plant and equipment mainly comprises network facilities and equipment. The net book value at year-end was €662.8 million compared with €707.6 million at 2020 year-end.

Rights-of-use of leased assets relates to the application of IFRS 16, decreased from €303.8 million to 299.2 million euros as at 31 December 2021.

Inventories decreased by €2.7million to €24.0 million, mainly due to out of stocks for some references related to the electronic component crisis.

Trade receivables decreased from €207.5 million at the end of 2020 to €188.1 million as at 31 December 2021. This decrease results mainly from less open Roaming invoices at year end.

Other current assets and prepaid expenses decreased by €1.5 million to €12.7 million in 2021, driven mainly by lower prepaid expenses.

Other assets related to contracts with customers totalled €61.7 million, a decrease of €1.5 million compared to 2020. This variation is due to a slight decrease in the number of subsidized contracts outstanding at year-end.

Cash and cash equivalents decreased by €7.1 million to €53.7 million at the end of 2021. More details on cash flows can be found in the cash flow statement.

Total equity and liabilities

Total equity increased by €10.3million to €624.2 million. The change in retained earnings (€8.7 million) results mainly from the net profit for the period (€39.7million) and the payment of the 2020 dividend (€30.0 million).

Non-current liabilities increased from €350.7 million at the end of 2020 to €464.9 million at the end of 2021. Orange Belgium S.A. and its parent company, Atlas Services Belgium S.A. signed an agreement on 10 March 2021 regarding the refinancing of the existing Orange Belgium Revolving Credit Facility for 120 million euros with a maturity of 5 years.

Current liabilities decreased to €570.6 million at the end of 2021 from €787.3million at the end of 2020. This decrease is mainly the result of the transfer of the Credit Facility Agreement (€200 million) in 2020. Bearing in mind the fact that the remaining period until the maturity date as at 31 December 2020 would be less than 12 months, Orange Belgium S.A. presented this financial liability as current in the consolidated statement of financial position as per 31 December 2020. Orange Belgium signed a new RCF on 10 March 2021.

Dividends

The Board of Directors will not propose a dividend or dividend authorisation for the financial year 2021 at the Annual General Meeting considering the upcoming spectrum auctions and the balance sheet impact of the acquisition of VOO.

2.3 Liquidity and capital resources

Cash flows

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

Operating cash flow is defined as EBITDAaL less eCapex (excluding licence fees). Operating cash flow increased by €3.1 million mainly due to higher EBITDAaL (€29.5 million compared to 2020), partially offset by an increase in investments of €26.4 million.

Organic cash flow measures the net cash provided by operating activities, less eCapex and repayment of lease liabilities.

Organic cash flow decreased from €122.4 million to €104.8 million, mainly explained by the increase in investments in 2021 (eCapex).

in €m	FY 2020	FY 2021
EBITDAaL	**323.5**	**353.0**
eCapex[1]	-177.7	-204.1
Operating cash flow[2]	**145.8**	**148.9**
in €m	**FY 2020**	**FY 2021**
Net profit (loss) before the period	**54.0**	**39.7**
Adjustments to reconcile net profit (loss) to cash generated from operations	337.0	397.9
Changes in working capital requirements	-9.3	-21.2
Other net cash out	-37.2	-48.6
Net cash provided by operating activities	**344.4**	**367.9**
eCapex	-177.7	-225.9
Increase (decrease) in fixed assets payables	4.1	14.7
Repayment of lease liabilities	-48.4	-51.8
Organic cash flow	**122.4**	**104.8**

1. eCapex excluding licence fees. In Q1 and Q3 2021 Orange Belgium paid 10.9 million euros on licence fees each quarter.
2. Operating cash flow defined as EBITDAaL – eCapex excluding licence fees.

Net debt

Net debt at year-end was €69.5 million, compared to €144.9 million at the end of 2020. It includes an Orange S.A. revolving credit facility and credit lines from banks.

As at 31 December 2021, gearing remained very conservative with a net debt/ reported EBITDAaL ratio of 0.2x.

€m, period ended	31.12.2020	31.12.2021
Cash & cash equivalents		
Cash	-32.0	-24.0
Cash equivalents	-28.8	-29.8
	-60.8	**-53.7**
Financial liabilities		
Intercompany short-term borrowing	200.4	0.0
Third parties short-term borrowing	1.9	1.5
Intercompany long-term borrowing	3.4	121.8
	205.8	**123.3**
Net debt (Financial liabilities minus cash and cash equivalents)	**144.9**	**69.5**
Net debt/Reported EBITDAaL	**0.5**	**0.2**

3. Orange Belgium S.A.'s statutory accounts 2021

The statutory income statement and balance sheet are presented on pages 98 to 102. 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 22 March 2022, the BIPT declared that five applications were submitted and retained for the auction for the 900 MHz, 1800 MHz and 2100 MHz radio frequency bands, which are mainly used for 2G, 3G and 4G applications, and that there are equally five candidates retained for the 3400-3800 MHz band, which is a core band for the 5G technology. For the other 5G-related bands, the BIPT announced that 5 applicants may obtain spectrum in the 700 MHz band, and that 3 candidates applied and were retained for the 1400 MHz band.

The identity of the operators is not disclosed as the procedure is anonymous until the final outcome of the auction, announced for June 2022.

Also on 22 March 2022, the IT-group NRB announced it is one of the candidates for the spectrum which it would use for B2B applications only.

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

Orange Belgium expects low-single digit revenue growth in 2022 considering further uptake on its postpaid and convergent customer base.

For 2022, the Company expects EBITDAaL between €350m and €370m. This range takes into account:

- Covid-19 impact
- Loss of Mobile Vikings as from April 2022
- Energy costs increase
- Labour cost indexation

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

The outlook 2022 does not take into account the integration of VOO.

6. Legal disputes

The following section summarizes Orange Belgium's legal disputes.

Telecom masts

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

The mobile operators have concluded beginning of 2021 an agreement for the period 2021-2022 with the Walloon government. Orange Belgium engages itself to pay an amount of 1.78 million 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. An amount of 491.833,48€ was paid in December 2021 to the Walloon region. This is the first tranche of 0,9 million€ from which the taxes received from local authorities for 2021 have been deducted.

Access to Coditel Brabant (Telenet) 's cable network

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

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 which dismissed the appeal of Telenet on 7 October 2021. The Supreme Court confirmed the findings of the Court of Appeal regarding Telenet abusing its position on the market and putting forward unreasonable conditions for regulated services. As a consequence, the judgment of 11 April 2021 of the Court of Appeal of Antwerp is final.

Orange Belgium issued a claim of €250,000 (total amount of the penalty) against Telenet for noncompliance 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 7 December 2020 at the Court of Appeal in Antwerp. The introduction hearing took place on 6 January 2021 on which a calendar for exchanging submissions was fixed. The pleadings are set for 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 commercialise internet profiles that are not commercialised 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. Telenet refused to grant such own profile until May 2018. 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. 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 judgment. The Court of Appeal confirmed on 22 December 2021 the decision of the Enterprise Court concerning the error of Telenet.

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 judgment of 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 judgment 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. The case has been handled at the hearing of 1 October 2021. By judgment of 29 October 2021, the Brussels Court of Appeal confirmed the first judgment and sentenced Lycamobile to pay the procedural costs to Orange Belgium. Unless Lycamobile would initiate proceedings before the Supreme Court, this file should be finally settled by this judgment.

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.

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 ongoing at the moment.

Transitpoints – interconnection links

Telenet included in its regulated reference offer of 2014 a charge of €5k per GB internet interconnect traffic capacity. The charges were not mentioned in any final regulatory price decision. This charge was not applied during 2014, 2015, 2016, 2017. Only as of 2018 Telenet started charging this amount, for each transitpoint and each interconnect capacity increase. Orange Belgium systematically disputed the amounts charged for the transitpoints.

The May 2020 wholesale charges decision imposes only a charge of ~170€/month per 100 GB. Orange Belgium continued to refuse to pay any charges based on the old amounts. Telenet started a legal procedure before the enterprise court of Mechelen. The pleadings will take place on 25 March 2022.

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 2021, 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 due to its R&D activities.

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

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

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

Consolidated financial statements

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

1. Consolidated financial statements

1.1 Consolidated statement of comprehensive income

in thousand EUR

Ref.		31.12.2021	31.12.2020
2	**Retail service revenues**	**945 145**	**905 939**
2	Convergent service revenues	254 975	220 759
2	Mobile only services revenues	578 828	585 164
2	Fixed only service revenues	71 078	59 633
2	IT & Integration Service	40 264	40 383
2	Equipment sales	141 130	132 244
2	Wholesale revenues	241 940	246 174
2	Other revenues	35 257	30 511
2	**Revenues**	**1 363 472**	**1 314 868**
3	Purchase of material	- 185 409	- 167 684
3	Other direct costs	- 376 851	- 374 644
3	Impairment loss on trade and other receivables, including contract assets	- 8 672	- 6 630
3	**Direct costs**	**- 570 932**	**- 548 958**
3	**Labour costs**	**- 148 615**	**- 146 949**
3	Commercial expenses	- 33 789	- 42 867
3	Other IT & Network expenses	- 97 359	- 95 337
3	Property expenses	- 8 508	- 14 493
3	General expenses	- 63 587	- 61 523
3	Other indirect income	28 848	26 393
3	Other indirect costs	- 60 177	- 52 882
3/14	Depreciation of right-of-use of leased assets	- 54 085	- 52 502
3	**Indirect costs**	**- 288 656**	**- 293 211**
3	Other restructuring costs (*)	- 4 035	- 5 644
5	Depreciation and amortization of other intangible assets and property, plant and equipment	- 279 206	- 250 240
4	Impairment of goodwill	- 14 937	0
5	Impairment of fixed assets	- 1 638	- 689
7	Share of profits (losses) of associates	276	179
	Operating Profit (EBIT)	**55 729**	**69 357**
8	**Financial result**	**- 3 232**	**- 5 287**
8	Financial costs	- 3 232	- 5 287
8	Financial income	0	0
	Profit (loss) before taxation (PBT)	**52 497**	**64 069**
6	Tax expense	- 12 774	- 10 089
	Net profit (loss) for the period (**)	**39 723**	**53 980**
	Profit (loss) attributable to equity holders of the parent	39 723	53 980
	Consolidated Statement of Comprehensive Income		
	Net profit (loss) for the period	39 723	53 980
	Other comprehensive income (cash flow hedging net of tax)	- 260	31
	Total comprehensive income for the period	39 463	54 011
	Part of the total comprehensive income attributable to equity holders of the parent	**39 463**	**54 011**
	Basic earnings per share (in EUR)	**0.66**	**0.90**
	Weighted average number of ordinary shares (excl. treasury shares)	59 944 757	59 905 867
	Diluted earnings per share (in EUR)	**0.66**	**0.90**
	Diluted weighted average number of ordinary shares (excl. treasury shares)	59 944 757	59 905 867

* 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.		31.12.2021	31.12.2020
	ASSETS		
4	Goodwill	89 474	104 411
5	Other intangible assets	247 439	249 978
5	Property, plant and equipment	662 770	707 591
14	Rights-of-use of leased assets	299 164	303 803
7	Interests in associates and joint ventures	5 760	5 485
8	Non-current financial assets	2 219	2 253
2	Other non-current assets	701	627
6	Deferred tax assets	1 800	3 143
	Total non-current assets	**1 309 327**	**1 377 291**
3	Inventories	24 024	26 685
2	Trade receivables	188 127	207 483
13	Other Assets related to contracts with customers	61 653	63 184
	Current financial assets	417	361
8	Current derivatives assets	243	301
2	Other current assets	7 724	7 374
6	Operating taxes and levies receivables	9 167	1 362
6	Current tax assets	283	328
3	Prepaid expenses	4 975	6 809
8	Cash and cash equivalents	53 735	60 816
	Total current assets	**350 347**	**374 703**
	Total Assets	**1 659 672**	**1 751 994**
	EQUITY AND LIABILITIES		
9	Share capital	131 721	131 721
	Legal reserve	13 172	13 172
	Retained earnings (excl. legal reserve)	479 263	470 551
9	Treasury shares	0	- 1 519
	Equity attributable to the owners of the parent	**624 156**	**613 925**
	Total equity	**624 156**	**613 925**
8	Non-current financial liabilities	121 809	3 496
14	Non-current lease liabilities	255 251	259 622
	Non-current employee benefits	73	12
5/11	Non-current provisions for dismantling	80 656	77 094
11	Other non-current liabilities	2 580	2 344
6	Deferred tax liabilities	4 558	8 171
	Total non-current liabilities	**464 927**	**350 738**
5	Current fixed assets payable	71 654	56 995
3/8	Trade payables	258 822	296 525
8	Current financial liabilities	1 461	202 141
14	Current lease liabilities	44 669	44 429
8	Current derivatives liabilities	243	480
3	Current employee benefits	34 110	33 698
5	Current provisions for dismantling	9 065	5 498
3	Current restructuring provisions	1 127	1 239
3	Other current liabilities	7 082	3 806
6	Operating taxes and levies payables	75 491	77 191
6	Current tax payables	10 653	4 790
13	Liabilities related to contracts with customers	56 022	58 968
	Deferred income	191	1 570
	Total current liabilities	**570 590**	**787 330**
	Total Equity and Liabilities	**1 659 672**	**1 751 994**

1.3 Consolidated cash flow statement

in thousand EUR

Ref.		31.12.2021	31.12.2020
	Operating Activities		
	Consolidated net profit	**39 723**	**53 980**
	Adjustments to reconcile net profit (loss) to cash generated from operations		
3	Operating taxes and levies	25 783	17 028
5	Depreciation and amortization of other intangible assets and property, plant and equipment	279 206	250 240
3/14	Depreciation of right-of-use assets	54 085	52 502
4	Impairment of goodwill	14 937	0
5	Impairment of non-current assets	1 638	689
	Gains (losses) on disposal	- 1 725	- 2 742
	Changes in other provisions	- 1 045	- 2 349
7	Share of profits (losses) of associates and joint ventures	- 276	- 179
6	Income tax expense	12 774	10 089
8	Finance costs, net	3 232	5 287
	Operational net foreign exchange and derivatives	- 27	- 51
	Share-based compensation	686	- 152
2	Impairment loss on trade and other receivables, including contract assets	8 672	6 630
	Changes in working capital requirements		
3	Decrease (increase) in inventories, gross	3 003	5 165
	Decrease (increase) in trade receivables, gross	10 727	10 595
3	Increase (decrease) in trade payables	- 37 718	- 18 526
13	Change in other assets related to contracts with customers	1 538	1 463
13	Change in liabilities related to contracts with customers	- 2 946	- 6 777
	Changes in other assets and liabilities	4 196	- 1 232
	Other net cash out		
	Operating taxes and levies paid	- 35 288	- 19 359
	Interest paid and interest rates effects on derivatives, net	- 3 816	- 5 263
6	Income tax paid	- 9 508	- 12 604
	Net cash provided by operating activities	**367 852**	**344 434**
	Investing Activities		
	Purchases of property, plant and equipment and intangible assets		
5	Purchases of property, plant and equipment and intangible assets	- 225 881	- 177 734
	Increase (decrease) in fixed assets payables	14 659	4 139
	Organic cash flow (*)	**104 797**	**122 420**
4	Cash paid for investments securities and acquired businesses, net of cash acquired	- 150	- 1 706
	Decrease (increase) in securities and other financial assets	54	- 98
	Net cash used in investing activities	**- 211 318**	**- 175 399**
	Financing Activities		
8	Long-term debt redemptions and repayments	- 81 897	- 42 174
14	Repayment of lease liabilities	- 51 834	- 48 419
8	Increase (decrease) of bank overdrafts and short-term borrowings	10	- 6 472
	Purchase of treasury shares	112	- 1 322
9	Dividends paid to owners of the parent company	- 30 007	- 30 007
	Net cash used in financing activities	**- 163 616**	**- 128 394**
	Net change in cash and cash equivalents	**- 7 082**	**40 641**
8	**Cash and cash equivalents - opening balance**	**60 816**	**20 175**
	o/w cash	32 030	18 290
	o/w cash equivalents	28 786	1 885
	Cash change in cash and cash equivalents	- 7 082	40 641
8	**Cash and cash equivalents - closing balance**	**53 735**	**60 816**
	o/w cash	23 957	32 030
	o/w cash equivalents	29 778	28 786

* 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.

2.1 Consolidated statement of changes in equity

in thousand EUR

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

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**

* 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.

1.5 Segment information

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

in thousand EUR

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

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

in thousand EUR

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

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

in thousand EUR

31.12.2021	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Goodwill	38 610	50 864		89 474
Other intangible assets	240 217	7 222		247 439
Property, plant and equipment	643 980	18 790		662 770
Rights-of-use of leased assets	286 564	12 600		299 164
Interests in associates and joint ventures	5 760			5 760
Non-current assets included in the calculation of the net financial debt	2 219			2 219
Other	479	2 022		2 501
Total non-current assets	**1 217 829**	**91 498**		**1 309 327**
Inventories	22 849	1 175		24 024
Trade receivables	155 128	36 008	- 3 009	188 127
Prepaid expenses	1 591	3 384		4 975
Current assets included in the calculation of the net financial debt	43 398	10 580		53 978
Other	83 063	3 197	- 7 016	79 244
Total current assets	**306 028**	**54 344**	**- 10 025**	**350 347**
Total assets	**1 523 856**	**145 842**	**- 10 025**	**1 659 672**
Total equity			**624 156**	**624 156**
Non-current employee benefits	73			73
Non-current liabilities included in the calculation of the net financial debt	121 809			121 809
Non-current lease liabilities	244 542	10 709		255 251
Other	82 271	5 523		87 794
Total non-current liabilities	**448 695**	**16 232**		**464 927**
Current fixed assets payable	69 956	1 698		71 654
Trade payables	228 890	32 941	- 3 009	258 822
Current employee benefits	32 457	1 653		34 110
Deferred income	191			191
Current lease liabilities	42 779	1 890		44 669
Current liabilities included in the calculation of the net financial debt	1 686	7 034	- 7 016	1 704
Others	155 321	4 119		159 440
Total current liabilities	**531 280**	**49 335**	**- 10 025**	**570 590**
Total equities and liabilities	**979 974**	**65 567**	**614 131**	**1 659 672**

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 financial 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
Other	145 918	5 574		151 492
Total current liabilities	**736 911**	**60 574**	**- 10 155**	**787 330**
Total equity and liabilities	**1 074 289**	**73 935**	**603 770**	**1 751 994**

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 2020, Orange Belgium participated in an additional capital increase of CommuniThings through a 0.35 million euros investment. In April 2021, Orange Belgium participated again in the capital increase of CommuniThings through a 0.35 million euros investment.

Orange Belgium S.A. holds, directly or indirectly (e.g. through other subsidiaries), less than 20% of the voting power of Belgian Mobile ID S.A. and CommuniThings S.A. and as such, it is presumed that Orange Belgium S.A. does not have significant influence. Moreover, generating surplus value is not the main purpose of the investment in Belgian Mobile ID S.A. and CommuniThings S.A.

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

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

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

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

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

The closing of the transaction is subject to customary conditions precedent, including the approval of the European Commission which is expected in 2022. Until such approvals and closing of the transaction are obtained, the two companies will continue to operate independently.

2. Scope of consolidation

The parent company and the subsidiaries listed below are included in the scope of consolidation as at 31.12.2021:

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

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

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

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

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

A3Com S.A.
100% of the shares held by Orange Belgium S.A.
Rue Américaine 61-65
1050 Ixelles
Belgium
Company identification number: BE 0471 336 856

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

Upsize N.V.
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 23 March 2022, the Board of Directors of Orange Belgium S.A. reviewed the 2021 consolidated financial statements and authorised them for issue.

The 2021 consolidated financial statements will be approved on 4 May 2022 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 2021 financial year are based on:
- all the standards and interpretations endorsed by the European Union compulsory as of 1 January 2021;
- 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 2020.

EBITDAaL and eCapex remained the key performance indicators.

These operating performance indicators are used by the Group:
- to manage and assess its operating and segment results; and
- to implement its investment and resource allocation strategy.

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

EBITDAaL corresponds to operating income before depreciation and amortization of fixed assets, effects resulting from business combinations, reclassification of cumulative translation adjustment from liquidated entities, impairment of goodwill and fixed assets, share of profits (losses) of associates and joint ventures, and after interests on debts related to financed assets and on lease liabilities, adjusted for:
- significant litigation;
- specific labour expenses;
- fixed assets, investments, and businesses portfolio review;
- restructuring 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 programmes 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 licences 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 licences 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 2021

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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2021.

New or amended standards and interpretations issued up to the date of issuance of the Group's financial statements, but not yet effective for 2021 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 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in 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 impairment test for the goodwill in relation to Orange Communications Luxembourg S.A. and Upsize N.V. is based on value in use calculations based on a discounted cash flow model. The cash flows are derived from the financial projections for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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

Fixed assets – Useful life assessment

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

Provision for dismantling network sites

The Group has 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 last instalment of the amount due by Orange Belgium on the basis of the 2016-2019 protocol agreement (4.5 million euros) has not yet been paid. This is due to the fact that Orange Belgium received local tax bills from Walloon municipalities falling under this agreement and is therefore currently in negotiation with the Walloon government to confirm the exact magnitude as well to whom the last instalment should be paid. All information was provided to the Walloon Region on time. The Walloon region has not yet responded.

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

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

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

The provision for pylon tax is reassessed every quarter (see also note 3 and 6) using prudent best estimate assumptions based on the evolution of the regional tax framework, of the different court cases and of the new tax bills received. The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at 31 December 2021, 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

	31.12.2021	31.12.2020
Belgium	**1 307 505**	**1 262 452**
Retail service revenues	899 717	861 208
Convergent service revenues	254 975	220 759
Mobile only service revenues	541 156	549 670
Fixed only service revenues	63 322	50 396
IT & Integration service revenues	40 264	40 383
Equipment sales	127 219	118 158
Wholesale revenues	232 852	238 983
Other revenues	47 717	44 103
Luxembourg	**76 290**	**70 862**
Retail service revenues	45 428	44 731
Convergent service revenues	0	0
Mobile only service revenues	37 672	35 494
Fixed only service revenues	7 756	9 237
IT & Integration service revenues	0	0
Equipment sales	13 911	14 086
Wholesale revenues	14 999	10 810
Other revenues	1 952	1 235
Inter-segment eliminations	**- 20 323**	**- 18 446**
Total	**1 363 472**	**1 314 868**

Orange Belgium’s total consolidated turnover amounted to 1,363.5 million euros in 2021, compared to 1,314.9 million euros in 2020, a significant increase of 3.7% year-on-year.

The total retail service revenues (i.e. mobile-only services, fixed-only services, convergent services and IT & Integration services) increased 4.3% year-on-year: from 905.9 million euros in 2020 to 945.1 million euros in 2021. This is the result of Orange Belgium maintaining solid commercial performance over the year supported by the recent enhancements to the Go portfolio and the continuous growth of our convergence offers. In addition, Orange Belgium continues to differentiate itself in the market while extending the range of value propositions to satisfy customers' constantly changing needs.

This increase has mainly been driven by higher convergent service revenues (15.5%) and higher fixed only service revenues as a result of higher cable revenues due to an increasing customer base. Equipment sales increased 6.7% year-on-year and the increase in other revenues can be explained by more handset sales through agents. Furthermore, the full year 2021 was negatively impacted by lower wholesale revenues due to decrease in SMS traffic and interconnection.

Mobile postpaid customer base continues its steady growth, up 3.9% reaching 2.74 million subscribers. However, the total mobile only service revenues declined by 1.1% year-on-year to €578.8 million euros in 2021, mainly due to the continuous decline of the prepaid market.

Consolidated fixed only service revenues amounts to 71.1 million euros (compared to 59.6 million euros in 2020) illustrating the continuous commercial success of the Shape & Fix offers and the consolidation of Upsize.

The Coronavirus (Covid-19) pandemic is still affecting human health, as well as the company's business and financial situation during year 2021. Orange Belgium identified the following major points of attention in this respect:

- **Human health and safety:** Orange Belgium continued to closely monitoring developments in terms of this pandemic and puts the health and safety of its staff at the forefront. Orange Belgium took 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 continued with teleworking for its employees whenever the activity can be carried out remotely and the necessary equipment is 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:** In 2021, the measures related to Covid-19 were eased with a positive impact on the commercial and financial results of Orange Belgium. International travelling increased again, resulting in higher revenues from both visitors and customers roaming compared to 2020. In-store restrictions were also loosened, which also translated into an increase in handset revenues. As in year 2020, Orange Belgium did not experience any effect due to Covid-19 on bad debt.

Trade receivables

in thousand EUR

	31.12.2021	31.12.2020
Trade receivables - Gross value	222 266	239 516
Allowance for doubtful debtors	- 34 139	- 32 033
Total trade receivables	**188 127**	**207 483**

Ageing Balance

in thousand EUR

	31.12.2021	31.12.2020
Not past due	128 435	129 073
Less than 180 days	30 152	42 660
Between 180 days and 360 days	9 162	10 002
More than 360 days	20 378	25 748
Total trade receivables	**188 127**	**207 483**

Change in Provision for Trade receivables

in thousand EUR

	2021	2020
Allowances on trade receivables - Opening balance	**- 32 033**	**- 32 480**
Net addition with impact on income statement	- 8 672	- 6 630
Losses on trade receivables	6 566	7 077
Allowances on trade receivables - Closing balance	**- 34 139**	**- 32 033**

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 customer risk is spread over more than 4 million customers.

Total Trade receivables amounted to 188.1 million euros at the end of 2021, compared with 207.5 million euros at the end of 2020. The decrease in trade receivables –gross value can mainly be explained by more open roaming discounts at year-end and by payment related to open 2020 invoices.

Allowance for doubtful debtors – closing balance at year end 2021 – increased to 34.1 million euros. This can be fully attributed to the introduction of the statistical method in Orange Luxembourg on the revised ageing customer balance as a result of the implementation of a new billing system.

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 8.7 million euros in 2021 (compared to 6.6 million euros in 2020). The income statement (see also Note 3 – Expenses, prepaid and inventory) was impacted by the introduction of the statistical method in Orange Luxembourg on the revised ageing customer balance as a result of the implementation of a new billing system.

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 1.7 million euros as at 31 December 2021).

Other assets

in thousand EUR

	31.12.2021	31.12.2020
Advances and downpayments	1 992	97
Security deposits paid	701	627
Other	5 732	7 277
Total other assets	**8 425**	**8 001**
o/w other non-current assets	**701**	**627**
o/w other current assets	**7 724**	**7 374**

The non-current assets remain stable. The increase in other current assets is a combined effect of a decrease mainly related to IRISnet and an increase in prepayments to a specific supplier (Siligence SAS).

Note 3: Expenses, prepaid and inventory

Direct costs

in thousand EUR

	31.12.2021	31.12.2020
Purchase of material	- 185 409	- 167 684
Other direct costs	- 376 851	- 374 644
Impairment loss on trade and other receivables, including contract assets	- 8 672	- 6 630
Total direct costs	**- 570 932**	**- 548 958**

The direct costs in 2021 increased by 4.0% year-on-year to 570.9 million euros from 549.0 million euros a year earlier.

Purchase of material

The costs related to the purchase of material increased by 10.6% year-on-year to 185.4 million euros. The costs related to the purchase of equipment (high end handsets) increased in line with the higher equipment sales (6.7%) and also the average unit price per handset was higher than in 2020. Purchase of other equipment increased also by 1.6 million euros compared to 2020.

Other direct costs

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

Interconnection costs

Interconnect expense decreased by 12.5 million euros to 201.0 million euros. Roaming cost increased by 7.2 million euros due to more traffic done by our travelling customer. SMS interconnect costs decreased by 15.5 million euros due to less traffic (13%). Voice interconnect costs decreased by 4.3 million euros due to new regulation that has been applicable since July 2021 (decrease in Mobile and Fixed Termination Rate).

Commissions

Commission expenses decreased by 1.7 million euros in 2021 to 31.1 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 31.1 million euros in 2021 compared to 28.1 million euros in 2020. This increase is in line with the uptake of Orange Belgium's digital TV offer (Love) in 2020, introducing for instance Orange TV Lite.

Connectivity

Connectivity costs increased by 15.4 million euros in 2021 to 98.4 million euros. This is the result of the increase in wholesale access fees related to the convergent Love offer and the continuous growth of our customer base.

Impairment loss on trade and other receivables, including contract assets

The costs related to bad debts amount to 8.7 million euros in 2021 compared to 6.6 million euros in 2020, and were mainly impacted by the introduction of the statistical method in Orange Luxembourg on the revised ageing customer balance as a result of the implementation of a new billing system (see also Note 2 – Sales, trade receivables, other current and non-current assets).

Prepaid expenses

in thousand EUR

	31.12.2021	31.12.2020
Prepaid supplies and services	3 513	5 434
Prepaid spectrum fees	1 462	1 375
Total Prepaid expenses	**4 975**	**6 809**

The prepaid supplies and services decreased by 1.8 million euros compared to 2020 mainly related to 5G payments at Orange Luxembourg.

Inventories

in thousand EUR

	31.12.2021	31.12.2020
Gross inventories	25 676	28 679
Depreciation	- 1 652	- 1 994
Total Inventories	24 024	26 685
Inventories - Cost recognised as an expense during the period	**- 182 856**	**- 166 094**

The decrease in Gross inventories is mainly explained by the out of stocks for some references related to the worldwide electronic component crisis.

The reserve for obsolete and slow-moving items (1.7 million euros) slightly decreased in 2021 compared to 2020.

Trade payables and other current liabilities

in thousand EUR

	31.12.2021	31.12.2020
Trade payables	**258 822**	**293 525**
Salaries and termination pay	2 527	3 265
Performance and profit sharing bonus, pensions	9 435	10 549
Social security contributions	6 099	3 212
Holiday pay	15 698	16 353
Other	352	319
Current employee benefits	**34 110**	**33 698**
Current restructuring provisions	**1 127**	**1 239**
Other current liabilities	**7 082**	**3 806**
Current tax payables	**10 653**	**4 790**
Deferred income	**191**	**1 570**

Trade payables are non-interest bearing and are generally settled on 30 to 60-day terms. The trade payables decreased by 37.7 million euros compared to 2020, mainly related to lower outstanding payables at year end for a number of suppliers due to late payment runs.

Current employee benefits increased by 0.4 million euros in 2021 and is mainly due to the timing of payment of social security (1.4 million euros) and the reclassification of withholding tax receivable (1.1 million euros), offset by lower provisions for holiday pay (0.6 million euros), profit sharing bonus (0.6 million euros) and salaries and termination pay (0.7 million euros).

Total amount of trade payables in the reverse factoring programme with BNP Paribas amounted to 26.9 million euros as at 31 December 2021 compared to 17.1 million euros as at 31 December 2020. 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 2021, 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 2021	**174 024**	**- 176 713**	**- 2 689**	**0**
Included in profit or loss				
Current service cost	1 189			
Past Service credit				
Interest cost (income)	1 555	- 1 604		
Total				
Included in OCI				
Actuarial loss (gain)				
Return on plan assets excluding interest income		7 111		
Effect of changes in financial assumptions and experience adjustments	- 8 409			
Total				
Other				
Contributions paid by the employer	4 647	- 4 647		
Benefits paid	- 2 587	2 693		
Total				
Balance at 31 December 2021	**170 419**	**- 173 160**	**- 2 741**	**0**

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**

The contributions paid during 2021 for those plans amounted to 3.6 million euros paid by the employer and 1.0 million euros paid by the employees. The plan assets as at 31 December 2021 consisted of 137.3 million euros individual insurance reserves, which benefit from a weighted average guaranteed interest rate of 3.42% and 5.0 million euros reserves in collective financing funds.

The current restructuring provisions remained stable at 1.1 million euros in 2021.

The change in other current liabilities is mainly due to the increase in “other accounts payable”: 1.6 million euros mainly related to higher outstanding Brand fees and 1.7 million euros related to a subsidy received from BOSA.

The current tax payables are related to the tax calculation of the current year and increased in 2021 (see also Note 6 – Operational taxes and levies).

Labour costs (excluding termination benefits)

Labour costs increased by 1.1% to 148.6 million euros in 2021, compared to 146.9 million euros a year ago. This slight increase is in line with the inflation rate (2.44%) and lowered by a slowdown in recruitment.

Indirect costs

in thousand EUR

	31.12.2021	31.12.2020
Commercial expenses	- 33 789	- 42 867
Other IT and network expenses	- 97 359	- 95 337
Property expenses	- 8 508	- 14 493
General expenses	- 63 587	- 61 523
Other indirect income	28 848	26 393
Other indirect costs	- 60 177	- 52 882
Depreciation of right-of-use of leased assets	- 54 085	- 52 502
Total indirect costs	**- 288 656**	**- 293 211**
of which operational taxes and fees	- 25 783	- 17 028

The indirect costs decreased 1.6% year-on-year to 288.7 million euros in 2021 compared to 293.2 million euros in 2020.

The commercial expenses decreased by 9.1 million euros in 2021 due to a reclassification of telesales costs to CRM costs for 2.6 million euros (included in general expenses) combined with fewer media campaigns. Other IT and network expenses increased by 2.1% year-on-year, mainly due to higher maintenance costs in IT and more network costs (leased lines).

Property expenses decreased 41.3% year-on-year and are mainly related to lower expenses for network sites (related to Mwingz). For the financial year 2021, the depreciation of right-of-use of leased assets amounted up to 54.1 million euro, mainly related to the reorganisation of network sites and the related contracts.

Mainly due to higher subcontracting services (related to CRM-activities), the total general expenses increased by 2.1 million euros compared to 2020.

Other indirect income increased by 2.5 million euros year-on-year, mainly due to more re-invoicing of operational and staff costs from Mwingz.

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

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

Note 4: Goodwill

Goodwill

in thousand EUR

	31.12.2021			31.12.2020		
	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	- 14 937	38 610	53 547	0	53 547
Total goodwill	**122 276**	**- 32 802**	**89 474**	**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 licences 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 (2022 to 2026) 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 3.90% (compared to 6.23% last year) and 6.98% (compared to 14.87% last year) compounded annual growth rate (CAGR) of revenues and adjusted EBITDA respectively, while capital expenses are expected to decrease by 0.48% (compared to 0.67% last year).

Considering a perpetuity growth rate of 1.00% (identical to 2020) and a WACC of 6.25% (compared to 6.50% 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 5.25% to 7.25%.

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

31 December 2021:

- Headroom compared to the carrying value tested: 121.9 million euros
- Effect on the headroom as a result of a variation of:

10% (increase/decrease) in cash flow of terminal year:	+/- 15.1 million euros
1% increase in growth rate to perpetuity:	+ 37.3 million euros
1% decrease in growth rate to perpetuity:	- 25.3 million euros
1% increase in discount rate:	- 30.5 million euros
1% decrease in discount rate:	+ 44.8 million euros

Other goodwill

This corresponds to:

Mobistar Affiliate S.A.

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

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

Mobistar Enterprise Services S.A.

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

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

A&S Partners S.A.

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

Upsize N.V.

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 finalisation 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 recognised 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 years' time an additional consideration of 10.0 million euros which is linked 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.

Since Upsize N.V. is considered to be generating largely independent cash inflows and the integration in Orange Belgium S.A. is not fully completed, impairment test on this goodwill is performed at least at the end of each financial year to assess whether its carrying amount does or does not exceed its recoverable amount.

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

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

The cash flows have been estimated on a five-year business plan (2022 to 2026) approved by the Strategic Committee. The management of Upsize N.V. foresees a progressive increase of adjusted EBITDA over the period as the result of (i) a continuous and sustained top line growth coming both from an increase in market size and market share, and (ii) the continuation of its enhanced transformation programme with a tight control of operating expenses. More precisely, the management ambitions a turnaround over this 5-year period with a compounded annual growth rate (CAGR) of revenues of 6.0% for BKM and 1.5% for CCAPS and an EBITDA growth rate in the terminal value of 6.5% for BKM and 13.6% for CCAPS, while capital expenses are expected to amount to 0.5 million euros each year for BKM.

Considering a perpetuity growth rate of 1.5% and a WACC of 7.2% those assumptions resulted in an impairment of 14.9 million euros.

The 2-year health crisis had a major impact on BKM operations. It has severely slowed down the sale and deployment of projects. The expected growth has not been achieved due the impact by mandatory “work from home” policies postponing office ICT investment. Despite close cost monitoring, margins have been also set under pressure.

The management previously targeted a 2024 12% EBITDA on revenue, now lowered to 6.5% affecting the terminal value with impairment consequences.

Sensitivity of recoverable amounts

A sensitivity analysis on those parameters was performed, using a growth rate varying from 0.5% to 2.5% and a discount rate varying from 6.2% to 8.2%.

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 2021:

- Headroom compared to the carrying value tested: 0 million euros (the impairment has resulted in the carrying amount equaling the recoverable amount as calculated)
- Effect on the headroom as a result of a variation of:
  - 10% (increase/decrease) in cash flow of terminal year: +/- 3.1 million euros
  - 1% increase in growth rate to perpetuity: + 6.9 million euros
  - 1% decrease in growth rate to perpetuity: - 4.8 million euros
  - 1% increase in discount rate: - 5.8 million euros
  - 1% decrease in discount rate: + 8.3 million euros

Annual impairment test segment “Belgium”

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

Concerning the goodwill of the segment “Belgium”, when considering the relationship between the market capitalization and the net assets of the Group as at 31 December 2021, 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 280.8 million euros, up by 29.9 million euros compared to 2020. The level of historical depreciations is decreasing but is more than compensated by the accelerated depreciation on dismantling sites.

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 2021, the change in useful life and/or recognised impairment charges on property, plant and equipment totals 53.4 million euros (compared with 17.3 million euros in 2020) 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 (material never deployed on sites, IT project never put in service, site civil works never finally deployed) for an amount of 1.6 million euros;
- Network and other equipment for 4.9 million euros; and
- Dismantling sites for an amount of 46.9 million euros: as a result of the RAN sharing agreement between Orange Belgium, Mwingz and Proximus, which contains a plan for the dismantling of 1,536 of Orange Belgium’s sites till the end of 2024, an accelerated depreciation of 39.4 million euros was booked in 2021 to reflect the early decommissioning and replacement of these sites. Furthermore, all Huawei RAN material will be replaced by Nokia, resulting in an accelerated depreciation of 7.5 million euros.

Other intangible assets

in thousand EUR

	31.12.2021	31.12.2020
Net book value of other intangible assets in the opening balance	**249 978**	**276 882**
Acquisitions of other intangible assets	79 337	56 269
Additions through business combinations	0	0
Depreciation and amortization	- 81 682	- 83 173
Reclassifications and other items	0	0
Net book value of other intangible assets in the closing balance	**247 439**	**249 978**

Acquisition of other intangible assets are mainly telecommunication licences (21.8 million euros), software (53.3 million euros) and internal generated software development costs (4.2 million euros).

in thousand EUR

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

in thousand EUR

31.12.2020	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value
Telecommunication licences	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**

Telecommunication licences

Type of Licence	Acquisition cost	Net book value end 2021	Net book value end 2020	Useful life in months	Remaining months	Start depreciation period
UMTS 3G	149 040	0	2 185	191	0	April 2005
4G	20 020	9 844	11 668	End June 2027	65	June 2016
800 MHz	120 000	72 092	78 149	238	143	February 2014
2G renewal 5 years 3 months	76 143	0	2 211	63	0	December 2015
License 3G 1st Renewal 6 months	3 700	0	0	6	0	March 2021
License 3G 2nd Renewal 6 months	3 700	1 510	0	6	2	September 2021
License 2G 1st Renewal 6 months	7 189	0	0	6	0	March 2021
License 2G 2nd Renewal 6 months	7 189	2 935	0	6	2	September 2021
BKM PPA - unused perpetual licences Voxx - Telepo	1 058	955	997	300	271	August 2019
Total	**388 039**	**87 336**	**95 210**			

The two extensions of the licences for a short period of 6 months are a result of a government decision with the intention of bridging the period until the final spectrum auction will take place, after which the licences will be awarded for a longer period. The first extension of the 2G and 3G licenses for a period of 6 months was granted from March till September 2021 and were fully depreciated over this 6-month period. A second 6 months extension as of September 2021 until March 2022 was granted and is only partially depreciated as per end of 2021.

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 2021 remain comparable to those used in 2020.

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

	31.12.2021	31.12.2020
Net book value of property, plant and equipment in the opening balance	**707 591**	**747 577**
Acquisitions of property, plant and equipment	146 544	121 465
Additions through business combinations	0	0
Disposals and retirements	- 20	0
Depreciation and amortization	- 197 525	- 167 067
Impairment	- 1 444	- 689
Reclassifications and other items	7 624	6 305
Net book value of property, plant and equipment in the closing balance	**662 770**	**707 591**

The amount of reclassifications and other items for the financial year 2021 is mainly related to the increase in the dismantling provision as at 31 December 2021 mainly as a result of the combined effect of the increased dismantling cost per site and the increase of number of sites partially offset by the increase of the discount rate. Refer also to the key assumptions used in the section 'Provision for dismantling'.

in thousand EUR

31.12.2021	Gross value	Accumulated depreciation and amortization	Net book value
Land and buildings	103 937	- 67 723	36 214
Networks and terminals	2 085 284	-1 485 243	600 041
IT equipment	207 440	- 187 373	20 067
Other property, plant and equipment	33 324	- 26 876	6 448
Total	**2 429 985**	**-1 767 215**	**662 770**

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**

Provision for dismantling

in thousand EUR

	31.12.2021	31.12.2020
Provisions for dismantling in the opening balance	**82 592**	**77 481**
Discounting with impact on income statement	192	- 83
Utilizations without impact on income statement	- 688	- 883
Changes in provision with impact on assets	7 625	6 077
Provisions for dismantling in the closing balance	**89 721**	**82 592**
o/w non-current provisions	80 656	77 094
o/w current provisions	9 065	5 498

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

	31.12.2021	31.12.2020
Number of network sites, Orange Communications Luxembourg S.A. incl. (in units)	4 628	4 591
Average dismantling cost per network site	14.9	13.1
Inflation rate	2.0 %	2.0 %
Discount rate	0.253 %	-0.137 %

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 2021 those costs were estimated at 14,936 euros per site (2020 the average cost was 13,110 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 is capped at 15 years. The approach was maintained to evaluate the provision in 2021.

The dismantling provision increased by 7.1 million euros. This is a combined effect of higher average dismantling cost per site (from 13,110 to 14,936 euros per site) leading to an increase of the liability of 9.5 million euros; more sites net impact (additions for 1.2 million euros offset by dismantling costs for 0.7 million euros); and extension of the contract for the MSC Nossegem site (increase of 0.4 million euros); partly offset by a higher discount rate resulting in a decrease of the provision of -3.4 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 6.4 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 (71.7 million euros in 2021, compared to 57.0 million euros a year ago) explained by an increase of outstanding invoices at year end.

Note 6: Taxes and levies

Income tax in profit and loss statement

in thousand EUR

	31.12.2021	31.12.2020
Current income tax	- 15 114	- 15 373
Deferred tax expense arising to the origination and reversal of temporary differences	2 340	5 285
Total tax expenses	**- 12 774**	**- 10 089**

The deferred tax expense arising to the origination and reversal of temporary differences amounting to 2.3 million euros consists of temporary differences on fixed assets (1.4 million euros), tax losses carried forward (-1.3 million euros), and other temporary differences (2.2 million euros, mainly consisting of dismantling, other lease liabilities and revenue from contracts with customers).

Relationship between tax expense and accounting profit

in thousand EUR

	31.12.2021	31.12.2020
Earnings before income tax	52 497	64 069
Group income tax rate	25.00	25.00
Theoretical income tax	**- 13 124**	**- 16 017**
Effect of difference between local standard rate and Group rate (*)	55	37
Effect of permanent differences and other reconciling items (**)	- 6 504	2 711
Effect of tax (without base) affecting current tax (***)	3 913	417
Effect of tax (without base) affecting deferred tax	2 887	2 763
Income tax	**- 12 774**	**- 10 089**
Effective tax rate	**24.3%**	**15.7%**

* local rate (Orange Communications Luxembourg S.A.= 27.19%) and Group rate (25.00%)
** consisting of non-deductible expenses, effect of application of patent income deduction and permanent differences
*** adjustment on prior years

Tax expenses amounted to 12.8 million euros in 2021 compared to 10.1 million euros in 2020. The effective tax rate came out at 24.3%, which is an increase compared to the effective tax rate of 15.7% in 2020.

The theoretical amount of tax expenses decreased by 2.9 million euros in 2021, given the lower earnings before income tax. In 2021, the other non-deductible tax expenses and the losses on investments had a negative impact, partly offset by permanent differences resulting in a net impact of 6.5 million euros (see **). Permanent differences result when an item of income and/or expense is treated differently for book and tax purposes and the different treatment does not reverse in a subsequent year or result in a basis difference (for example: disallowed expenses, effect on tax gain/loss on disposal of investments, asset retirement obligation, amongst others). The effect of permanent differences and other reconciling items equal to -6.5 million euros consists of the impairment of Upsize N.V. (-5.2 million euros), disallowed expenses (-2.5 million euros), Asset Retirement Obligation (2.8 million euros) and other permanent differences (-1.6 million euros).
Effect of tax (without base) affecting the deferred tax amounted to 2.9 million euros in 2021.This amount mainly includes CIT included in the manual adjustments (1.5 million euros) and the elimination of the theoretical income tax for Mwingz (1.7 million euros).

A positive impact on the taxable year 2019 was recorded in 2020 for an amount of 4.6 million euros to record tax deductions for investments which were approved only by the Brussels tax authorities in 2021 (a decrease of 3.5 million euros compared to 2020), 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

	31.12.2021	31.12.2020
Net current tax - opening balance	**4 462**	**1 995**
Cash tax payments	- 9 508	- 12 604
Current income tax expense	15 114	15 373
Changes in consolidation scope, reclassification and translation adjustments	303	- 303
Net current tax - closing balance	**10 371**	**4 462**

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

Cash tax payments in 2021 include 12.5 million euros of prepayments for 2021.

Movements in deferred tax balances

in thousand EUR

	31.12.2021	31.12.2020
Net deferred taxes - opening balance	**- 5 029**	**- 9 500**
Change in income statement	2 340	5 285
Change in other comprehensive income	- 45	- 398
Changes in consolidation scope, reclassification and translation adjustments	- 25	- 415
Net deferred taxes - closing balance	**- 2 759**	**- 5 028**

in thousand EUR

	31.12.2021			31.12.2020		
	Assets	Liabilities	Income statement	Assets	Liabilities	Income statement
Fixed assets	0	4 146	1 423	0	5 569	1 302
Tax losses carryforward	5 710	0	- 1 284	6 994	0	2 869
Other temporary differences	87 076	91 398	2 201	86 169	92 623	1 114
Deferred taxes	**92 786**	**95 544**	**2 340**	**93 163**	**98 192**	**5 285**
Netting	- 90 986	- 90 986	0	- 90 021	- 90 021	0
Total	**1 800**	**4 558**	**2 340**	**3 143**	**8 171**	**5 285**

Deferred taxes recorded on Orange Belgium's operations are essentially related to the marked-to-market value of the interest rate swap contracts, to the development costs for intranet sites, to the dismantling assets depreciation and to the depreciation of SIM cards.

The deferred tax asset on carried forward tax losses amounts to 5.7 million euros and is mainly related to Orange Communications Luxembourg S.A. (4.6 million euros) and BKM N.V. (1.1 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 75.5 million euros in 2021 and consist of VAT payables (10.1 million euros); 60.4 million euros taxes charged to pylons and masts - plus default interests calculated at the legal rate; and of 4.9 million euros related to the Settlements with the Walloon Region.

Operating taxes and levies receivables

The operating taxes and levies receivables amounted to 9.2 million euros in 2021, compared to 1.4 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 276 thousand euros, resulting in a net carrying amount as at 31 December 2021 of 5,760 thousand euros.

Note 8: Financial assets, liabilities and financial result

Financial result

in thousand EUR

	31.12.2021	31.12.2020
Financial Costs	- 3 232	- 5 287
Financial Income	0	0
Total Net Financial Costs	**- 3 232**	**- 5 287**

Net financial result decreased by 2.1 million euros to -3.2 million euros in 2021 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

	31.12.2021	31.12.2020
Cash and cash equivalents		
Cash equivalents	- 29 778	- 28 786
Cash	- 23 957	- 32 030
Total cash and cash equivalents	**- 53 735**	**- 60 816**
Financial liabilities		
Intercompany short-term borrowing	- 44	200 423
Third parties short-term borrowing	1 505	1 897
Intercompany long-term borrowing	121 809	3 437
Total borrowings	**123 270**	**205 757**
Net debt (Financial liabilities- Cash and cash equivalents)	**69 536**	**144 941**

The net financial debt at the end of 2021 amounted to 69.5 million euros, a decrease of Orange Belgium's net financial debt position by 75.4 million euros compared to 144.9 million euros of net financial debt at the end of December 2020. Orange Belgium repaid 200 million euros of the unsecured revolving credit facility with Atlas Services Belgium that expired on 15 June 2021 and secured a new revolving credit for 120 million euros, also with Atlas Services Belgium. Additionally, the cash and cash equivalents decreased by 7.1 million euros compared to 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 at 15 June 2021.

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

The Group Financing & Treasury teams signed an agreement on 10 March 2021 to refinance the existing Revolving Credit Facility (RCF) between Orange Belgium S.A. and Atlas Services Belgium S.A.

The amount of the new loan is 120 million euros and is presented as long term, with a maturity of 5 years.

The repayment of the revolving credit facility and the new revolving credit facility are presented on a net basis in the cash flow statement (see 1.3) under "Long-term debt redemptions and repayments".

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	31.12.2020	Cash Flows	Acquisition	Foreign exchange movement	Other	31.12.2021
Intercompany short-term borrowing	200 423	- 467	0	0	- 200 000	- 44
Intercompany long-term borrowing	3 437	- 2 350	0	0	120 000	121 809
Third party borrowing	1 897	- 392	0	0	0	1 505

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
Although Orange Belgium's long-term credit facilities bear interest at variable rates, the exposure to interest rate risk is considered low.

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. As of 31 December 2021 the Net debt / EBITDAaL ratio stood at 0.2x. 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 the Corporate Governance Statement.

Interest-bearing loans and borrowings

in thousand EUR

	Nominal amount end 2021	**Nominal amount end 2020**	**Interest rate**	**Maturity**	**31.12.2021**	**31.12.2020**
Unsecured revolving credit facility agreement with Atlas Services Belgium	120 000		EURIBOR + 0.69	10.03.2026	120 000	
Long-term loans	7 738	10 620	1.70% - 5.48%	31.03.2024 - 01.08.2036	1 809	3 437
Total long-term loans and borrowings					**121 809**	**3 437**
Unsecured revolving credit facility agreement with Atlas Service Belgium						
Atlas Services Belgium		370 000	EURIBOR + 0.95	15.06.2021*		200 000
Cash-pool related credit facility with Orange		50 000	EONIA + 0.65	on demand		
	60 000		EONIA + 0.17	on demand		
Uncommitted credit lines with various banks		38 300	determined upon withdrawal	on demand		
	20 900		determined upon withdrawal	on demand		
Short-term loans	3 119	2 700	0.95% - 1.64%	18.05.2022 - 31.12.2022	1 505	1 897
Transactions costs on short-term loan					43	423
Total short-term loans and borrowings					**1 548**	**202 320**

* Credit facility agreement with Atlas Services Belgium has been renewed on March 10, 2021 for 120 million euros with a maturity date of 10/03/2026.

As at 31 December 2021, the Group held no hedging derivative financial instrument qualifying for hedge accounting. The carrying amount of cash and cash equivalents, trade receivables and other assets, trade payables and other payables is deemed to represent their fair value considering the associated short-term maturity. Other non-current financial assets are measured at amortized costs which are deemed to represent their fair value.

Maturity

The following are the remaining contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and as well as the impact of netting agreements.

Interest are not included for the non-current financial liabilities due to the revolving nature of the credit facility and variable interest conditions. Borrowings and repayments fluctuate over time, depending on working capital requirements.

in thousand EUR

Year ended December 2021	**Amount**	**Within 1 year**	**Within 2-5 years**	**More than 5 years**
Financial assets				
Non-current financial assets	2 219			2 219
Non-current derivatives assets				
Trade receivables	188 127	188 127		
Current financial assets	417	417		
Current derivatives assets	243	243		
Cash and cash equivalents	53 735	53 735		
Financial liabilities				
Non-current financial liabilities	121 809		121 809	
Non-current derivatives liabilities				
Current financial liabilities	1 461	1 461		
Current derivatives liabilities	243	243		
Trade payables	258 822	258 822		

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		

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 103 million euros in 2021, a 0.6% variation of the floating rate would have a 0.1 million euros impact on financing costs. Considering an average long-term debt of 106 million euros in 2020, a 0.5% variation of the floating rate would have 0.1 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

31.12.2021	Classification under IFRS 9 [(1)]	Book value	Estimated fair value	Level 1 and cash	Level 2	Level 3
Trade receivables	**AC**	**188 127**	**188 127**		**188 127**	
Financial assets		**2 636**	**2 636**		**2 636**	
Equity securities	FVR	2 219	2 219		2 219	
Financial assets at amortized cost	AC	417	417		417	
Cash and cash equivalents		**53 735**	**53 735**	**53 735**		
Cash	AC	23 957	23 957	23 957		
Cash equivalents	AC	29 778	29 778	29 778		
Trade payables	**AC**	**258 822**	**258 822**		**258 822**	
Financial debts	**AC**	**123 270**	**123 505**		**123 505**	

1. “AC” stands for “amortized cost”, “FVR” stands for “fair value through profit or loss”

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

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

Changes in the number of ordinary shares have taken place during 2021.

	Share capital (in thousand EUR)	Number of ordinary shares (in units)
As at 1 January 2021	131 721	60 014 414
As at 31 December 2021	131 721	59 944 757

All ordinary shares are fully paid and have a par value of 2.197 euros. The par value changed slightly compared to 2020 (2.195 euros).

As at 31 December 2020, Orange Belgium held 69,657 shares acquired in the framework of the liquidity contract. Orange Belgium, as a result of the OPA and the ending of the liquidity contract, cancelled these treasury shares on 23 July 2021.

Dividends

in thousand EUR

	31.12.2021	31.12.2020
Dividends on ordinary shares (paid out in 2021)	- 30 007	
Dividends on ordinary shares (paid out in 2020)		- 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.

Considering the upcoming spectrum auctions and the balance sheet impact of the acquisition of VOO, the Board of Directors will not propose to the Annual General Meeting of Shareholders on 4 May 2022 to distribute in 2022 a gross ordinary dividend regarding the financial year 2021.

Treasury shares

As a result of the OPA and the ending of the liquidity contract, Orange Belgium Group cancelled 69,657 treasury shares on 23 July 2021. As a result, Orange Belgium Group held no treasury shares at 31 December 2021. As at 31 December 2020, Orange Belgium Group held 69,657 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	323 505	141 979	181 526	0
Other goods and services purchases	103 135	47 752	27 301	28 082
Investment commitments	83 414	83 017	397	0
Operational activities commitments	**510 054**	**272 748**	**209 224**	**28 082**

Guarantees granted

in thousand EUR

	Total	Less than one year	From one to five years	More than five years
Guarantees granted	**29 592**	**377**	**5 368**	**23 847**

In 2021, 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 2021.

Note 11: (Non)-current provisions

in thousand EUR

	31.12.2020	Additions	Utilisations	Reversal	Other effect	31.12.2021
Provisions for dismantling	82 592	1 240	- 688	0	6 577	89 721
Provisions for litigations	3 481	226	- 160	- 19	1	3 529
Total provisions	**86 073**	**1 466**	**- 848**	**- 19**	**6 578**	**93 250**

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**

Accruals for dismantling consist of current (9.1 million euros) and non-current provisions (80.6 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

	31.12.2021	31.12.2020
ASSETS		
Current receivables	- 33 167	- 32 454
LIABILITIES		
Current interest-bearing loan	- 215	200 274
Non-current interest-bearing loan	120 000	3 496
Current trade payables	36 903	21 385
INCOME AND CHARGES		
Sales	43 828	41 112
Purchases	- 74 850	- 62 326
Interests	- 833	- 2 018

The ultimate parent entity of Orange Belgium S.A. is Orange S.A., 111 quai du Président Roosevelt, CS 70222, 92449 Issy les Moulineaux Cedex, France.

Related party transactions

in thousand EUR

31.12.2021	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	30 149	- 40 343	- 5 033	
Orange - Cash pool		- 226	- 29 778	29 241
Orange Affiliates - Traffic and services	13 679	- 17 738	1 631	7 687
Atlas Services Belgium - Loan		- 565	13	119 760
Brand fees to Orange S.A.		- 16 811		
Total	**43 828**	**- 75 683**	**- 33 167**	**156 688**

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**

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

	31.12.2021	31.12.2020
Short-term employees benefits	3 809	4 484
Post-employment benefits	444	432
Other long-term benefits	594	50
Termination benefits	0	0
Total	**4 846**	**4 966**

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

	31.12.2021	31.12.2020
Total Remuneration	**335**	**304**

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

	31.12.2021	21.12.2020
Customer contract net assets	50 715	51 889
Costs of obtaining a contract	10 938	11 295
Costs to fulfill a contract	0	0
Total customer contract net assets	**61 653**	**63 184**
Prepaid telephone cards	- 14 762	- 17 265
Connection fees	- 533	- 335
Other deferred revenue	- 40 062	- 40 622
Other customer contract liabilities	- 665	- 746
Total deferred revenue related to customer contracts	**- 56 022**	**- 58 968**
Total customer contract net assets and liabilities	**5 631**	**4 216**

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

in thousand EUR

	2021	2020
Customer contract net assets - in the opening balance [1]	51 889	51 593
Business related variations	- 1 174	296
Changes in the scope of consolidation	0	0
Reclassifications and other items	0	0
Reclassification to assets held for sale	0	0
Customer contract net assets - in the closing balance	**50 715**	**51 889**

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

	2021	2020
Deferred revenue related to customer contracts - in the opening balance	**58 968**	**65 745**
Business related variations	- 2 946	- 6 777
Changes in the scope of consolidation	0	0
Reclassifications and other items	0	0
Reclassification to assets held for sale	0	0
Deferred revenue related to customer contracts - in the closing balance	**56 022**	**58 968**

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

	2021	2020
Costs of obtaining a contract - in the opening balance	11 295	13 161
Business related variations	- 357	- 1 866
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	**10 938**	**11 295**

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 2021. 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 2021.12	Total 2020.12
Less than one year	Y01	61 114	70 442
Between 1 and 2 years	Y02	20 087	24 562
Between 2 and 3 years	Y03	122	159
Between 3 and 4 years	Y04	15	25
Between 4 and 5 years	Y05		
More than 5 years	Y99		
Total		**81 338**	**95 188**

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 2021, lease liabilities amount to 299.9 million euros, including non-current lease liabilities of 255.3 million euros and current lease liabilities of 44.7 million euros.

in thousand EUR

	2021	2020
Lease liabilities – in the opening balance	**304 051**	**296 229**
Increase with counterpart in right-of-use	50 268	54 364
Decrease in liabilities following rental payments	- 51 834	- 48 419
Impact of changes in assessments	- 2 566	1 877
Lease liabilities – in the closing balance	**299 919**	**304 051**
O/w non-current lease liabilities	255 251	259 622
O/w current lease liabilities	44 669	44 429

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

in thousand EUR

	31 December 2021	2022	2023	2024	2025	2026	2027 and beyond
Undiscounted lease liabilities	343 714	48 395	39 994	32 405	24 559	19 973	178 388

Right-of-use assets

in thousand EUR

31.12.2021	Gross value	Accumulated depreciation	Accumulated impairment	Net book value
Land and buildings	407 261	- 121 046		286 215
Networks and terminals	5 779	- 4 068		1 711
IT equipment	3	0	- 3	
Other right-of-use	21 174	- 9 917	- 19	11 238
Total right-of-use assets	**434 217**	**- 135 031**	**- 22**	**299 164**

in thousand EUR

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	
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

	2021	2020
Net book value of right-of-use assets -in the opening balance	**303 803**	**297 290**
Increase (new right-of-use assets)	54 264	57 125
Impact of changes in the scope of consolidation		
Depreciation	- 54 020	-52 502
Impairment	- 4	13
Impact of changes in the assessments	- 4 879	1 877
Reclassifications and other items		
Net book value of right-of-use assets -in the closing balance	**299 164**	**303 803**

The total expenses relating to short-term leases for which the recognition exemption is applied amounted to 0.1 million euros for the accounting year 2021. For the accounting year 2020, the impact in this respect was also 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 recognised as operational income and expenses when they are related to the operational activities. Exchange gains and losses are recognised 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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised 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 recognised 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 recognised; or
- at the non-controlling interest's proportionate share of the acquiree's identifiable net assets: in this case, goodwill is only recognised for the share acquired.

Acquisition related costs are directly recognised 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 recognised, 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, licence 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 licences, 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 licences starts when they are ready to operate.

Amortization of the licences 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 licence 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 licences have been granted for a period of 15 years (originally) and 20 years respectively. The GSM licence renewal for 5 years was terminated in 2021 and replaced twice by short term license renewal for 6 months.

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

The 800 MHz licence was 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 is ready for use.

The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Any change in the useful life or in the expected pattern of consumption of the future economic benefits embodied in the asset, is accounted for prospectively as a change in an accounting estimate. The changes in useful life on intangible assets recognised 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 recognised 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 recognised as an asset when incurred and if the recognition criteria are met. All other repair and maintenance costs are recognised 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 recognised 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 recognised 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 derecognised 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 derecognised.

Accelerated depreciation is the depreciation of fixed assets at a faster rate early in their useful lives and is mainly used at Orange Belgium when management decides to take assets out of service early (ex. dismantling of technical sites). The net book value of that asset will then be depreciated over the remaining period (of service).

The asset retirement obligation (ARO) relating to the network sites is measured based on the known term of sites rental contracts, assuming a high probability of renewal upon each renewal date and considering that the entire sites park will be dismantled in the future. The dismantling asset is measured by using appropriate inflation and discount rates.

The Group is required to dismantle technical equipment and restore technical sites.

When the obligation arises, a dismantlement asset is recognised 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 recognised in the income statement in the operating expenses under the heading “Impairment of fixed assets” which also includes the losses on material never deployed on sites, IT project never put in service, site civil works never finally deployed.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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 recognised as an expense in the period in which they occurred.

1.7. Government grants

A government grant is recognised 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 recognised 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 recognised 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 recognised 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 recognised 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. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised 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 recognised 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 recognised 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 recognised liability gives rise to an asset or expense.

Orange Belgium applies IFRIC 21 in the consolidated financial statements of 31 December 2021 to a limited number of levies whose accounting is modified by the interpretation: property withholding tax, tax on office space, tax on class 1/2/3 sites (hazardous and/or insalubrious sites), sites tax and taxes on advertising boards, panels, etc.

1.9. Inventories

Inventories are assets held for sale in the ordinary course of business, i.e. handsets and accessories.

Inventories are measured at the lower of cost and net 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 recognised 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 recognised 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 recognised 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 recognised as an item of tangible asset. This estimate is also recognised 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 recognised during the period in which the service has been rendered by the employee.

Short-term employee benefits are shown as liabilities as a result of a legal or constructive present obligation and when a reliable estimate of such liabilities can be made.

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

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

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

In order to ensure that the defined contribution pension plan in force guarantees its participants the minimum return required by law at the date of departure regarding the access, Orange Belgium ordered a complete actuarial computation under the PUC method.

The actuary performed projections according to a pre-defined methodology and with certain assumptions. This report indicates that the accumulated reserves are sufficient to cover any deficit and this for all scenarios. As a consequence, as of 31 December 2021, 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 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 recognised 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 recognised 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 recognised in accordance with other standards.
Finally, the right-of-use asset is depreciated in the consolidated income statement on a straight-line basis over the lease term adopted by the Group.

c) Accounting policies Identified assets:

- In certain circumstances, Orange Belgium rents a space to set up an antenna. Most often, the space is a piece of land or a part of a rooftop or balcony etc… The identified asset is the part of land which is rented per the terms of the lease contract. In most circumstances, the lease contract does not allow the owner of the space to substitute it by another one. Consequently, the contracts most often do not include a substitution right to the owner. All benefits from use of the part of the land rented are obtained by Orange Belgium. In certain circumstances, Orange Belgium rents a space on the tower and/or in the shelter from a third-party operator. This space can be defined as a dedicated space, volume or payload in the contract. The contract conveys the right to use an identified asset. The space in the tower and granted by the third-party operator is physically identifiable. Even in the case the space would not be explicitly specified in the contract, it will become identified at the time the spot is made available for Orange Belgium to install its equipment. When the contract allows the owner of the tower to substitute the space which is initially rented by Orange Belgium, this right either is generally exercisable only in very specific cases (security, heightening of the tower…) which cannot be anticipated at the beginning of the contract, or is subject to the pre-approval of Orange. Consequently, this substitution right is deemed not substantive for the supplier. All the economic benefits from use of the space are obtained by Orange Belgium.
- Fixed wireline: these leases mainly concern access to the local loop where Orange is a market challenger (total or partial unbundling), as well as the lease of land transmission cables.
  - Regarding the access to the local loop, the identified asset is the dedicated pair of copper wires installed from the telephone exchange / central office to the customer's premises. In most cases, the purchase order forms explicitly mention the specific pair of copper wires related to Orange. Even if the pair of copper wires is not explicitly specified in the purchase order form, it will become identified when the subscriber's access is granted to Orange by the incumbent. Then Orange is able to connect the pair of copper wires from its own DSLAM to the customer premises set-top box. The full unbundling contracts do not permit any substitution right. All the economic benefits from the use of the dedicated pairs of copper are obtained by Orange. Indeed, Orange has the exclusive use of the dedicated pair of copper wires to deliver retail telecommunication services (voice and broadband) to its final customer in exchange for a subscription fee, which is determined by Orange.

    However, as this is not material (only 10 lines are still in use representing a total yearly cost of approximately 2,000 euros) for Orange Belgium S.A., these contracts are not part of the IFRS16 calculation.

  - Regarding the lease of land transmission cables, Orange Belgium lease either a specific cable or a capacity portion of a cable.
    - In some cases, the supplier grants Orange Belgium the use of an identified and fully dedicated cable (for example dark fiber cable) for a determined period. Orange Belgium is responsible for directing and operating the dark fiber with its own active network equipment and resources. The identified asset is the dedicated dark fiber installed by the supplier from a point A to a point B. In most cases, the contracts or the purchase order forms explicitly mention the specific dark fiber involved (usually described by an identification number). Even in the case where the dark fiber is not explicitly specified in the purchase order form, it will become identified at the time the access is granted to Orange by the supplier. Then Orange is able to connect its own active equipment to the dedicated dark fiber. Unless a substantive substitution right is properly identified in a contract, Orange considers that the dedicated dark fibers are identified assets. Furthermore, all the economic benefits from the use of the dedicated dark fiber are obtained by Orange. Indeed, Orange has the exclusive use of the dedicated fiber cable used for core network operations purposes.
    - In some cases, the supplier grants Orange Belgium a high speed access link connecting two geographic points for a determined transmission capacity and period. The supplier is responsible for directing and operating the lines and their maintenance with its own active network equipment and resources. This form of capacity arrangement does not convey the right to use an identified asset. This form of leased lines arrangement (capacity arrangement) only conveys to Orange a right to access a capacity (i.e. a quantity) as mentioned in the offers. This kind of agreement does not fall within the scope of IFRS 16.

1.15. Loyalty commissions

Loyalty commissions earned by the distribution channels on post-paid contracts are recognised 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 recognised as a liability at that date.

1.18. TV content contracts

Expenses related to acquired TV distribution rights are recognised 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 recognised 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 organisation 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 recognised 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 recognised at fair value through profit or loss. These assets are recognised 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, recognised as assets at fair value through other comprehensive income that may not be reclassified to profit/loss. They are recognised 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 recognised 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 recognised in the income statement when impairment tests demonstrate that the financial asset carrying amount is higher than its recoverable amount. For trade receivables, the provisioning system also covers expected losses.

Assets previously classified as available-for-sale assets and held-to-maturity investments under IAS 39 are now presented in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through other comprehensive income that may be reclassified to profit or loss; and
- financial assets at amortized cost.

Impairment of financial assets

IFRS 9 introduced a new expected loss model for impairment of financial assets. The new standard requires expected credit losses to be taken into account from the initial recognition of financial instruments. In addition to the existing provision system, the Group has elected to apply a simplified approach of anticipated impairment upon asset recognition.

Hedge accounting

Derivative instruments are measured at fair value in the statement of financial position and presented according to their maturity date regardless of whether they qualify for hedge accounting under IFRS 9.

Interest-bearing loans and borrowings

Loans and borrowings are initially recognised 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 recognised in income when the liabilities are derecognised as well as through the amortization process.

Trade and other short-term payables

Trade and other short-term payables with no stated interest rate are measured at the original invoice or nominal amount when the effect of discounting is immaterial.

Offsetting a financial asset and a financial liability

Trade receivables and payables are offset and the net amount is presented on the face of the balance sheet when such amounts may legally be offset and a clear intention to settle them on a net basis exists.

1.21 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in revenue upon delivery. Consignment sales are recognised in revenue upon sale to the final customer.

Revenue from the sale of prepaid cards

Sales of prepaid cards are recognised 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 recognised upon usage.

Revenue sharing

Revenue arising from contracts with third-party content providers is recognised 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 22 March 2022, the BIPT declared that five applications were submitted and retained for the auction for the 900 MHz, 1800 MHz and 2100 MHz radio frequency bands, which are mainly used for 2G, 3G and 4G applications, and that there are equally five candidates retained for the 3400-3800 MHz band, which is a core band for the 5G technology. For the other 5G-related bands, the BIPT announced that 5 applicants may obtain spectrum in the 700 MHz band, and that 3 candidates applied and were retained for the 1400 MHz band.

The identity of the operators is not disclosed as the procedure is anonymous until the final outcome of the auction, announced for June 2022.

Also on 22 March 2022, the IT-group NRB announced it is one of the candidates for the spectrum which it would use for B2B applications only.

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 licences.
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 licences and excluding investments through financial leases less proceeds from the disposal of fixed and intangible assets.
licences & spectrum	Cash out related to acquisitions of licences and spectrum.
change in WCR	Change in net inventories, plus change in gross trade receivables, plus change in trade payables, plus change in other elements of WCR.
other operational items	Mainly offset of non-cash items included in adjusted EBITDA, items not included in adjusted EBITDA but included in net cash provided by operating activities, and change in fixed asset payables.
net debt 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 2021

Comments on Orange Belgium S.A.'s 2021 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

	31.12.2021	31.12.2020
ASSETS		
Formation expenses	**240**	**152**
Fixed assets	**986 867**	**1 053 802**
Intangible fixed assets	**204 915**	**207 065**
Tangible fixed assets	**680 792**	**724 962**
Land and buildings	296 660	363 510
Plant, machinery and equipment	311 604	299 161
Furniture and vehicles	16 816	15 587
Other tangible fixed assets	14 727	12 005
Tangible assets under construction and advance payments made	40 986	34 699
Financial fixed assets	**101 159**	**121 775**
Affiliated enterprises	**91 618**	**112 584**
Participating interests	86 206	107 172
Amounts receivable	5 412	5 412
Other enterprises linked by participating interests	**9 147**	**8 797**
Participating interests	9 147	8 797
Other financial assets	**395**	**395**
Amounts receivable and cash guarantees	395	395
Current assets	**245 092**	**261 107**
Amounts receivable after more than one year	**1**	**111**
Other amounts receivable	1	111
Stocks and contracts in progress	**17 780**	**20 530**
Stocks	17 780	20 530
Goods purchased for resale	17 780	20 530
Amounts receivable within one year	**224 200**	**234 900**
Trade debtors	155 220	173 354
Other amounts receivable	68 980	61 546
Current investments	**230**	**2 705**
Own shares	0	1 519
Other investments and deposits	230	1 186
Cash at bank and in hand	**978**	**318**
Deferred charges and accrued income	**1 904**	**2 543**
Total Assets	**1 232 199**	**1 315 061**

in thousand EUR

	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
Equity	**562 187**	**533 903**
Capital	**131 721**	**131 721**
Issued capital	131 721	131 721
Reserves	**13 172**	**14 691**
Legal reserve	13 172	13 172
Reserves not available	0	1 519
In respect of own shares held	0	1 519
Accumulated profits (losses) (+) (-)	**417 294**	**387 492**
Investment grants	**0**	**0**
Provisions and deferred taxes	**86 554**	**79 075**
Provisions for liabilities and charges	**86 554**	**79 075**
Pensions and similar obligations	80	23
Other risks and costs	86 474	79 052
Amounts payable	**583 458**	**702 083**
Amounts payable after more than one year	**120 012**	**13**
Financial debts	120 000	0
Other loans	120 000	0
Other amounts payable	12	13
Amounts payable within one year	**410 814**	**646 007**
Current portion of amounts payable after more than one year falling due within one year:	**0**	**200 000**
Financial debts	**29 272**	**18 217**
Credit institutions	0	0
Other loans	29 272	18 217
Trade debts	**275 938**	**300 971**
Suppliers	275 938	300 971
Bills of exchange payable	0	0
Taxes, remuneration and social security	**100 531**	**93 581**
Taxes	74 224	67 780
Remuneration and social security	26 306	25 800
Other amounts payable	**5 074**	**33 239**
Accrued charges and deferred income	**52 632**	**56 062**
Total Equity and Liabilities	**1 232 199**	**1 315 061**

Income statement

in thousand EUR

	31.12.2021	31.12.2020
Operating income	**1 306 972**	**1 259 778**
Turnover	1 255 393	1 209 033
Own construction capitalized	14 507	12 596
Other operating income	37 072	38 149
Non-recurring operating income	0	0
Operating charges	**1 240 162**	**1 198 925**
Raw materials, consumables	612 396	587 449
Purchases	609 473	583 824
Stocks: decrease (increase) (+) (-)	2 923	3 625
Services and other goods	208 953	222 112
Remuneration, social security costs and pensions	127 308	129 502
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	269 742	245 296
Amounts written off stocks, contracts in progress and trade debtors: appropriations (write-backs) (+) (-)	1 184	- 5 976
Provisions for risks and charges: appropriations (uses and write-backs) (+) (-)	- 146	- 1 765
Other operating charges	20 725	22 307
Non-recurring operating charges	0	0
Operating profit (loss) (+) (-)	**66 811**	**60 853**
Financial income	613	707
Recurring financial income	413	707
Income from financial fixed assets	42	0
Income from current assets	141	535
Other financial income	230	172
Non-recurring financial income	200	0
Financial charges	22 585	6 114
Recurring financial charges	1 619	4 621
Debt charges	866	3 770
Other financial charges	753	851
Non-recurring financial charges	20 966	1 492
Profit (loss) for the period before taxes (+) (-)	**44 839**	**55 447**
Income taxes (+) (-)	13 832	13 764
Income taxes	13 832	14 831
Adjustment of income taxes and write-backs of tax provisions	0	1 068
Profit (loss) for the period (+) (-)	31 006	41 683
Profit (loss) for the period available for appropriation (+) (-)	**31 006**	**41 683**

Appropriations and withdrawings

in thousand EUR

	31.12.2021	31.12.2020
Profit (loss) to be appropriated (+) (-)	**418 498**	**419 831**
Profit (loss) to be appropriated (+) (-)	31 006	41 683
Profit (loss) to be carried forward (+) (-)	387 492	378 148
Transfers from capital and reserves	**0**	**0**
From reserves	0	0
Transfers to capital and reserves	**0**	**1 321**
To other reserves	0	1 321
Profit (loss) to be carried forward (+) (-)	**417 294**	**387 492**
Profit to be distributed	**1 204**	**31 018**
Dividends	0	30 007
Other beneficiaries	1 204	1 001

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

*The chapter contains more information than the minimum framework requires *not to impose to the members of the Executive Management to keep, in addition, a minimal amount of shares. Such an obligation would only add little added value compared to the remuneration policy already put in place and the monitoring hereof could in addition create useless administrative burden.*

The Board believes therefore that the current remuneration policy (as described in the Remuneration Report that is submitted to the approval of the General Meeting) already encourages the Executive Management sufficiently to act in the best interests of the Company and in a perspective of sustainable value-creation and that it allows to achieve a good balance between the various underlying objectives of the provision and of the CGC as a whole.

2. Risk Management and Internal Control

A comprehensive, consistent and integrated risk management approach is in place to capitalize on synergies between Audit, Control and Risk functions at all levels of the organisation. This approach is intended to provide reasonable assurance that operating and strategic targets are met, that current laws and regulations are complied with, and that the financial information is reliable.

Risk management

The framework and the process of risk management, as well as the organization and the responsibilities relating to it are formalised in a charter as well as a risk map, validated by the Executive Management and approved by the Audit Committee and the Board of Directors. Business and operational key players in the different departments are responsible for the identification, analysis, assessment and treatment of their risks. The company risk map is approved at least once a year by the Executive Management and submitted to the Audit Committee for overall assessment of approach and methodology.

Today, this risk map includes, but is not limited to, the following risk clusters:

- Geopolitical instability, liquidity and macro-economic crisis
- Reputational damage
- Breach of availability, integrity or confidentiality of data or information
- Corruption, ethical breach
- 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
- Impacts of climate change
- Security (including cybersecurity)
- M&A monitoring

Internal control environment and control activities

For the purpose of managing risks, an internal control approach and framework has been deployed for many years at Orange Belgium. It covers aspects such as governance, delegations of powers and signatures, policies, processes, procedures, segregation of duties and controls to ensure selected risk treatments (retain, reduce, transfer, avoid) are effectively carried out.

Through its vision, its mission and its values, Orange Belgium Group defines its corporate culture and promotes ethical values that are reflected in all its activities. There is a charter of professional ethics at company level and a section of the company's intranet, accessible to all employees, that is dedicated to compliance, ethics, corporate social responsibility and to the company culture in general. Within the framework of promoting ethical values, a professional warning system allows for reporting confidential information intended to strengthen the control environment.

The human resources management and the social responsibility of the company are described in the corporate brochure of the annual report. The management and control of the company and the functioning of the management bodies are detailed in the declaration of corporate governance contained in the annual report as well as in the company's articles of association. This corporate governance covers in particular the responsibilities of these bodies, their internal regulations as well as the main rules to be respected in the management of the company.

The control activities are carried out firstly by the functional or operational managers under the supervision of their supervisors. All major processes and the controls that they encompass are formalised. As part of the Orange Group, this internal control environment ensures conformity with the American Sarbanes-Oxley and Sapin II laws requirements that must be complied with at 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 up.

Information and communication

The company maintains transparent communication its employees, in conformity with its values and based on a multiple system integrating in particular its intranet and periodical presentations by the Executive Management at different levels.

Advanced data processing and control processes ensure reliable information is made available in a timely manner, in particular financial reporting.

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

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 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 & ethics, 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 2021, as evidenced by the notifications received pursuant to article 14, al. 4 of the Law of 2 May 2007:

Shareholders' structure based on declarations	date declaration	# shares notified	% stake notified	% stake owned
ASB*	25/05/2021	46 191 064	76.97%	76.94%
Polygon Global Partners LLP **	27/05/2021	3 215 933	5.36%	5.36%
Boussard & Gavaudan Asset Management ****	18/04/2014	1 810 714	3.02%	3.02%
Free float			14.66%	14.67%
Total			**100.00%**	**100.00%**
			Denominator 60 014 414	Denominator *** 59 944 757

* The position notified consists of 46,121,407 shares directly held by ASB and 69,657 treasury shares held by Orange Belgium
** Polygon owns 1,657,000 shares and 1,546,000 swaps
*** 69,657 treasury shares have been cancelled on 23 July 2021
**** Boussard & Gavaudan has declared on 11 February 2022 that it has crossed the 3% threshold downwards in January 2020. The remaining position was sold in April 2021

Atlas Services Belgium – an Orange S.A. wholly-owned subsidiary – is Orange Belgium's main shareholder.

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

Notification in compliance with the law on takeover bids

On 24 August 2009, the company received a notification from its ultimate parent company Orange S.A. pursuant to Article 74 §7 of the law of 1 April 2007 concerning takeover bids. This notification detailed Orange S.A.'s ownership of Orange Belgium.

As at 24 August 2009, Orange S.A. held indirectly 31,753,100 Orange Belgium shares. The chain of control was reconfirmed on 1 July 2013 after an internal restructuring of the Orange Group.

As a result of a public takeover bid launched in 2021, Orange S.A. increased its indirect ownership to 46,191,064 Orange Belgium shares and notified Orange Belgium thereof on 26 May 2021.

The organisation chart below illustrates Orange Belgium's corporate structure as at 31 December 2021.

4. Relevant information as provided by Article 34 of the Royal Decree of 14 November 2007

Capital structure – special control rights

The share capital of Orange Belgium is represented by 59,944,757 shares without nominal value, each representing an equal share of the capital. The shares are registered or dematerialised.

There are no specific categories of shares and all shares have the same voting rights with no exceptions.

The principle of the company has always been to respect the rule “one share, one vote”. The company has decided not to make use of the option offered by article 7:53 of the Code of Companies and Associations to grant a double voting right to fully paid-up shares that are registered in the share register for at least two years without interruption in the name of the same shareholder.

Transfer of shares

No specific restrictions have been placed on the free transfer of shares other than those set out by law.

Exercise of voting rights

No legal or regulatory restrictions are placed on the exercise of voting rights as regards the company’s shares.

Shareholder agreements

Orange Belgium is not aware of any shareholder agreements which could restrict the transfer of shares and/or the exercise of voting rights.

Appointment, renewal, resignation and dismissal of directors

The directors are appointed or re-appointed by the General Meeting upon proposal by the Board of Directors, which takes into consideration the proposals made by the Remuneration and Nomination Committee and by those shareholders holding at least 3% of the share capital. The directors are generally appointed for a period that does not exceed four years in accordance with the recommendation of article 5.6 of the CGC; their mandate can be renewed by a resolution of the General Meeting. 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.

The General Meeting held in 2021 has renewed the directors’ mandates for a term of two years.

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.

On the basis if this power, the Board of Directors decided on 23 July 2021 to cancel 69,657 own shares. These shares were acquired in the framework of the liquidity contract that was entered into between the Company and Kepler Cheuvreux and which was terminated on 2 September 2021.

Significant agreements that may be impacted by a change of control of the company

Agreements to which the company is a party and which are covered by Article 7:151 of the Code of Companies and Associations, where applicable, are presented and approved by the Special General Shareholders Meeting.

Agreements providing for compensation in the event of a public takeover bid

There are no specific agreements between the company and the members of the Board of Directors or the personnel which provide for compensation in the event of a public takeover bid.

5. Composition and functioning of the Board of Directors and its Committees

The rules governing the structure, composition, functioning role and assessment of the Board of Directors and of its Committees are set out in the Charter. The internal rules of the Board of Directors (Appendix I), the Audit and Risk Committee (Appendix III) and the Remuneration and Nomination Committee (Appendix IV) are attached to the Charter.

The company opts for a one-tier governance structure: the Board of Directors has the power to accomplish all required or useful acts in order to achieve the corporate purpose of the company, except for those acts that are reserved by law to the General Meeting. The operational management of the company, including without limitation the daily management, is carried out by the Executive Management (see section 6 below).

Board of Directors

Structure and composition

The Board of Directors is comprised of a reasonable number of directors enabling its effective functioning, while taking into account the specificities of the company.

As at 31 December 2021, the Board of Directors consisted of 11 members:

- 10 of the 11 members of the Board of Directors are non-executive directors;
- amongst the non-executive directors 3 directors are independent;
- 4 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 2021, the following changes occurred within the Board of Directors:

- The mandates of the following Directors were renewed for a term of two years by the Ordinary General Meeting of Shareholders on 5 May 2021: Mrs. Clarisse Heriard Dubreuil, Mrs. Mari-Noëlle Jégo-Laveissière, K2A Management and Investment Services BVBA represented by Mr. Wilfried Verstraete, Leadership and Management Advisory Services SPRL represented by Mr. Grégoire Dallemagne, Mrs. Béatrice Mandine, Mr. Christophe Naulleau, Mr. Xavier Pichon, The House of Value – Advisory & Solutions BVBA represented by Mr. Johan Deschuyffeleer, Société de Conseil en Gestion et Stratégie d’Entreprises SPRL represented by Mrs. Nadine Rozencweig-Lemaitre and Mr. Jean-Marc Vignolles;
- Mr. Matthieu Bouchery was appointed by the Ordinary General Meeting of Shareholders on 5 May 2021 for a term of two years, to replace Mr. Ramon Fernandez;
- The mandate of Mrs. Martine De Rouck expired at the end of the Ordinary General Meeting of Shareholders of 5 May 2021 and was not renewed;
- Mr. Christian Luginbühl was co-opted by the Board of Directors with effect from 1 July 2021, to replace Mr. Christophe Naulleau.

Name	Function	Main function	Born	Nationality	End of mandate
The House of Value - Advisory & Solutions(6)	Director/ Chairman	Director of companies	NA	Belgian	AGM 2023
Xavier Pichon(1)(2)	Executive director	CEO - Orange Belgium	1967	French	AGM 2023
K2A Management and Investment Services(3)(7)	Independent director	Director of companies	NA	Belgian	AGM 2023
Société de Conseil en Gestion et Stratégie d'Entreprises(3)(4)	Independent director / Vice-Chairman	Director of companies	NA	Belgian	AGM 2023
C. Heriard Dubreuil(1)	Director	Head of Finance & Strategy Europe - Orange S.A.	1973	French	AGM 2023
B. Mandine(1)	Director	Head of Communication & Brand - Orange S.A.	1968	French	AGM 2023
Ch. Luginbühl(1)(8)	Director	Senior VP Governance & Large Projects - Orange S.A.	1967	Swiss	AGM 2023
J.-M. Vignolles(1)	Director	COO Europe - Orange S.A.	1953	French	AGM 2023
M.-N. Jégo-Laveissière(1)	Director	Deputy CEO Europe - Orange S.A.	1968	French	AGM 2023
M. Bouchery (1)	Director	Head of Group Finance and Treasury - Orange S.A.	1978	French	AGM 2023
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.
(8) Mr Christian Luginbühl was co-opted at the board meeting of 1 July 2021 in replacement of Mr Christophe Naulleau. His final appointment will be proposed to the AGM to be held on 4 May 2022.

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

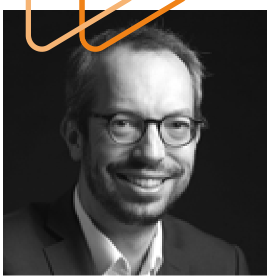
9. MN. Jégo-Laveissière

10. R. Fernandez

11. M. De Rouck

12. G. Dallemagne

13. M. Bouchery



14. C. Luginbühl

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 14 times in 2021. 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
- the public voluntary and conditional takeover bid launched by Orange S.A. on the shares of Orange Belgium (discussion and review legal documentation, prospectus, independent expert reports, etc.)
- the acquisition of VOO
- the cancellation of own shares and termination of the liquidity contract
- the 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 appointment and co-optation of new members of the Board of Directors
- the renewal of mandates of chairman and vice-chairman of the Board of Directors
- the appointment of a new CFO
- the evolution of the regulatory framework
- the risk management
- the assessment of the Board of Directors and the committees
- the management of distribution channels
- the development of the B2B division
- the development of 5G / fibre network
- the branding and the communication
- the network licences
- the spectrum requirements

There were no transactions or contractual relationships in 2021 between the company and its Board members giving rise to conflicts of interests.

Members of the Board of Directors	Function	25.01	4.02	25.03	1.04	11.04	20.04	3.05	1.07	23.07	30.09	20.10	25.10	21.11	17.12
The House of Value - Advisory & Solutions (J. Deschuyffeleer)	Director/ Chairman	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Ch. Naulleau	Director	P	P	P	P	P	P	P	P	n/a	n/a	n/a	n/a	n/a	n/a
K2A Management and Investment Services (W. Verstraete)	Independent director	P	P	P	R	P	P	P	P	P	P	P	P	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director/Vice-chairman	P	P	P	R	P	P	P	P	P	P	P	P	P	P
X. Pichon	Director	P	P	P	P	P	P	P	P	P	P	P	P	P	P
B. Mandine	Director	P	P	P	P	P	P	P	P	R	R	P	P	P	P
M. De Rouck	Independent director	P	P	E	P	P	R	P	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J.-M. Vignolles	Director	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	P	P	P	P	P	P	P	P	R	P	P	P	P	P
R. Fernandez	Director	P	P	P	P	P	P	P	n/a	n/a	n/a	n/a	n/a	n/a	n/a
C. Heriard Dubreuil	Director (replaces F. Gelibter)	P	P	P	P	P	P	P	P	P	P	P	P	P	P
M.-N. Jégo-Laveissière	Director (replaces V. Le Boulanger)	P	P	P	P	P	P	P	P	P	p	R	P	P	P
M. Bouchery	Director (replaces R. Fernandez)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	P	P	P	P	P	P	P
C. Luginbühl	Director (replaces Ch. Naulleau)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	P	P	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 every 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' current composition against the Board of Directors' desired composition.

In order to enable periodic individual evaluations, the directors must give their full assistance to the Chairman of the Board of Directors, the Remuneration and Nomination Committee and any other persons, whether internal or external to the company, entrusted with the evaluation of the directors. The Chairman of the Board of Directors, and the performance of his or her duties within the Board of Directors, must also be carefully evaluated.

The non-executive directors must assess, on an annual basis, their interaction with the Executive Management and, if necessary, make proposals to the Chairman of the Board of Directors with a view to facilitating improvements.

Based on the results of the evaluation, the Remuneration and Nomination Committee, where appropriate and possibly in consultation with external experts, submits a report commenting the strengths and weaknesses of the Board of Directors and make proposals to appoint new members or not to re-elect certain members.

An extensive evaluation exercise of the Board of Directors and its committees has started in 2020 and was finalised in 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 Committee for the Supervision of the Governance has been abolished with effect as from 1 July 2021 and the topics dealt with in this committee will henceforth be dealt with by the Audit and Risk Committee. The Charter will be amended accordingly.

The Board of Directors pays particular attention to the composition of each of its committees to ensure that in appointing the members of each committee, the needs and qualifications that are required for the optimal operation of that committee are taken into account.

Under the lead of its Chairman, the Board must regularly assess (at least once every three years), the operation of each committee and, in particular, its size, composition and performance. This assessment serves the same four objectives as those set out above to assess the Board of Directors.

Audit and Risk Committee

The Audit and Risk Committee (the "Audit Committee") is comprised of at least three directors at all times. All members of the Audit Committee must be exclusively non-executive directors and the majority of them must be independent directors.

As at 31 December 2021, the Audit Committee is comprised of three directors: Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig), Mrs. Clarisse Heriard-Dubreuil and Leadership and Management Advisory Services (represented by Mr. Grégoire Dallemagne).

Mrs. Martine De Rouck left the Audit Committee at the end of her director's mandate (5 May 2021).

Pursuant to Article 3:6, §1 (9°) of the Code of Companies and Associations, the company must justify the independence and expertise, in both accounting and audit matters, of at least one of the members of the Audit Committee. Mr. Grégoire Dallemagne, independent director, is the newly appointed Audit Committee member who meets the independence criteria pursuant to Article 3.5 of the CGC. His expertise in audit and financial matters is endorsed by an extensive career in the telecoms industry as well as the energy sector.

The Audit Committee is responsible for preparing a long-term audit programme covering all company activities. Without prejudice to additional roles that the Board of Directors may assign the Audit Committee, its role is to assist the Board of Directors in its responsibilities with respect to:

- monitoring of the reporting process of financial reporting;
- monitoring of the effectiveness of the internal control and risk management systems;
- review of the budget proposals presented by the management;
- monitoring of internal audit and its effectiveness;
- monitoring of the statutory audit of the financial reports;
- monitoring of the financial relations between the company and its shareholders;
- review and monitoring of the independence of the external auditor.

The Audit Committee must convene whenever necessary for the proper operation of the Committee, and in any event at least four times a year and regularly reports to the Board of Directors. The Committee met 6 times in 2021.

Members of the Audit Committee	Function	3.02	19.04	22.07	28.09	19.10	15.12
SOGESTRA (N. Lemaitre-Rozencweig)	Independent Director/ Chairman	P	P	P	P	P	P
M. De Rouck	Independent director	P	E	n/a	n/a	n/a	n/a
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	P	P	E	P	E	P
C. Heriard Dubreuil	Director (replaces F. Gelibter)	P	P	P	P	P	P

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

In 2021, the main subjects discussed by the Audit Committee were:

- annual assessment of the committee's functioning
- periodical financial, budget and activity reports
- internal control, including qualitative aspects
- internal audit (plan, activities, reports and conclusions)
- assessment of the external audit and report of the statutory auditor
- risk management (annual security plan, cartography of important risks and events, Covid-19 follow-up)
- cancelation of liquidity agreement
- annual review and report on "Fraud & Revenue Assurance"
- monitoring ACR recommendations
- GDPR and data security
- annual report on ethics, compliance and litigation, data privacy status
- local audit mission on salary recalculation
- local audit mission on transaction with related parties

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 2021, the Remuneration and Nomination Committee is comprised of five directors: The House of Value – Advisory Solutions (represented by Mr. Johan Deschuyffeleer), Société de Conseil en Gestion et Stratégie d'Entreprises (SOGESTRA, represented by Ms. Nadine Lemaitre-Rozencweig), Mr. Christian Luginbühl (who replaced Mr. Jean-Marc Vignolles as from 1 July 2021 on this committee), K2A Management Investment Services (represented by Mr. Wilfried Verstraete) and Leadership and Management Advisory Services (represented by Mr. Grégoire Dallemagne, who joined the committee as from 1 July 2021).

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 5 times in 2021.

In 2021, 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 a new CFO
- departure of Chief People Officer and proposed replacement
- proposal for appointing and co-opting directors
- analysis of the remuneration report
- endorsement of the performance bonus
- company's teleworking policy
- assessment of the Board of Directors and its Committees
- Orange Group share plan for employees
- talent management and succession planning

Members of the Remuneration and Nomination Committee	Function	29.01	03.02	14.06	22.07	24.11
The House of Value - Advisory & Solutions (J. Deschuyffeleer)	Director/ Chairman	P	P	P	P	P
K2A Management and Investment Services (W. Verstraete)	Independent director	P	P	P	P	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director	P	P	P	P	P
M. De Rouck	Independent director	P	P	n/a	n/a	n/a
J.-M. Vignolles	Director	P	P	P	n/a	n/a
Leadership and Management Advisory Services (G. Dallemagne)	Independent director	n/a	n/a	n/a	E	p
C. Luginbühl	Director (replaces J.M. Vignolles)	n/a	n/a	n/a	P	p

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

Committee for the Supervision of the Governance

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

The Committee for the Supervision of the Governance has been abolished with effect from 1 July 2021 and the topics dealt with in this committee will henceforth be dealt with by the Audit Committee.

The Committee for the Supervision of the Governance met once in 2021.

In 2021, the main subject discussed by the Committee for the Supervision of the Governance was the auto-assessment questionnaires of the Board of Directors and its committees.

Members of the Corporate Governance	Function	22.02
M. De Rouck	Independent director (Chairman)	P
Ch. Naulleau	Director	P
SOGESTRA (N. Lemaitre-Rozencweig)	Independent director (Vice-chairman)	P

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

6. Composition and functioning of the Executive Management

The rules governing the structure, composition, functioning, role and assessment of the Executive Management are detailed in the Charter. The Executive Management's internal rules are presented in the appendices (Appendix II).

Executive Management

Structure and composition

The Executive Management of the company comprises the CEO and all persons who directly report to him and that head a department of the company. The appointment of the members of the Executive Management is submitted to the Board of Directors for prior approval, on the recommendation of the Remuneration and Nomination Committee.

Mrs. Isabel Carrion, Chief People Officer, left her role on the 1st September 2021, and was replaced on an ad interim basis by Mr. Paul-Marie Dessart, the General Secretary.

As at 31 December 2021, the Executive Management is comprised of 9 members:

Functioning and role

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

Executive Management 2021	
Xavier Pichon	Chief Executive Officer
Antoine Chouc	Chief Financial Officer
Werner De Laet	Chief Enterprise Officer / Chief Wholesale & Innovation Officer
Paul-Marie Dessart	Secretary General / Chief People Officer ad interim*
Javier Diaz Sagredo	Chief IT Officer
Christophe Dujardin	Chief Consumer Officer
Stefan Slavnicu	Chief Technology Officer
Bart Staelens	Chief Transformation & Customer Experience Officer
Isabelle Vanden Eede	Chief Brand, Communication & CSR Officer

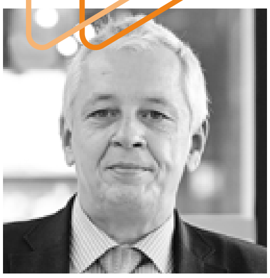
*assisted by Jelle Jacquet (Deputy CPO)


1. X. Pichon


2. A. Chouc


3. W. De Laet

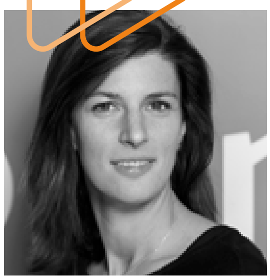

4. PM. Dessart


5. J. Diaz Sagredo


6. C. Dujardin


7. S. Slavnicu


8. B. Staelens


9. I. Vanden Eede

8. Diversity Policy

Orange Belgium values diversity and implements various criteria in its selection processes to account for age, gender, educational background as well as professional experience.

The composition of the Board of Directors and of the Executive Management is determined on the basis of diverse and complementary competencies, experience and knowledge.

With respect to gender diversity, when a directorship is available, the company makes the best effort to present candidates of both genders to ensure that at least one-third of the Board members are of different gender than the other members.

The Board of Directors currently has four female directors out of a total of 11.

In the framework of the legislation regarding the publication of information with respect to 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 2021:

- We were successfully re-certified for 4 years on our equal opportunities and inclusion policies by Bureau Veritas following the GEEIS standard (Gender Equality European and International Standard)
- Our employees also valued our efforts as shown by the results of the yearly social barometer held by the Group
- We continued our focus on gender equity (8 March 2021 internal campaign, intensified well-being approach, recurrent gender pay gap analysis, sponsoring of Young ICT woman Boost Camp…)
- Orange Belgium was made more attractive for millennials (further deployment of our innovative employer branding campaign co-created with our employees…)
- Extended support was offered to all employees during lockdown periods with special focus on wellbeing (online sessions, extensive communication, recurrent mood polls, online health challenge) and parents (10% parental leave, easier access to parental leave, donation of holidays to colleagues,…)
- In the last 10 years we have made some important changes: we doubled the number of female directors and of female managers and our pay gap is now amongst the lowest in the Orange Group.

The Orange Group diversity policy aims at fostering talents and encouraging the inclusion of all employees based on two pillars: gender equality and equal opportunities. Orange Belgium focuses on developing all available talents for a unique experience by:

- Offering a diverse and inclusive work environment that encourages all our employees to progress and to develop their talents for a unique experience;
- Focusing on diversity in the broad sense: promoting team diversity;
- Ensuring well-being as a key component of our equity and inclusion strategy.

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. In 2021 we created a bi-yearly diversity committee to follow-up on the implementation of this agreement with all stakeholders; Exco, personnel representatives, Confidence person, CSR representative and HR.

Orange Group main objectives for 2025:

- Programmes to support and enable job integration of priority groups* in 100% of Orange countries (*people from disadvantaged backgrounds, with a disability, from the LGBT + community, juniors/seniors…)
- 30% of women on the courses run by the Orange Campus training centre
- Maintain 85% of employees who think that Orange reflects the diversity of society* (*Results of the 2020 social barometer)
- 25% of women in technical professions (20.5% end-2020)
- 35% of managers are women (32% end-2020)
- Orange Group GEEIS-AI* - certified (*Gender Equality European and International)
- GEEIS certifications in 26 countries
- At least 6% of employees with a disability in Orange S.A. (France)

Group & OBE Diversity & Gender Equality ambitions 2025:

	Equal opportunities	Gender balance in all roles	Work-life balance	Raising awareness	Discrimination, sexism, harassment & violence
Objectives	Ensure equal opportunities for all regardless of gender, age, origin, …	Ensure a balanced representation of women in management levels and in technical roles	As a key component of workplace gender equality and driver for a better quality of life in the workplace	Further strengthen communication and awareness-raising, deploy initiatives encouraging men to play a part in gender equality or work-life balance	Put in place necessary preventive actions to combat any form of discrimination

9. Remuneration Report

Introduction

This remuneration report concerns the 2021 financial year. Remuneration relating to the 2021 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 4 May 2022, 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 3.6% increase in revenues from €1,262.5m in 2020 to €1,307.5m in 2021 while EBITDAaL has grown 8.9% (from €312.1m in 2020 to €339.8m). On the other hand, the Organic Cash Flow has decreased by 14.3% from €122.4m to €104.6m. Taking into consideration both Belgian and Luxembourg scope, we observe an increase of 3.7% in revenues from €1,314.9m in 2020 to €1,363.5m in 2021 and a positive evolution of EBITDAaL up 9.1% from €323.5m to €353m in 2021. Organic Cash Flow decreased from €122.4m to €104.8m, down by 14.4%.

The Management Report chapter gives a comprehensive overview of this evolution from 2020 to 2021. This Management Report chapter also includes an exhaustive list of events that occurred in 2021. 2021 has been a new challenging year for Orange Belgium. Despite the current sanitary context, Orange Belgium has successfully launched hey!, its b brand. hey! is a 100% digital brand based on a participative approach that is designed for ultra-connected users. Another important milestone in the history of Orange has been the signing of a deal with Nethys for the acquisition of 75% VOO shares less 1. The closing of this transaction is submitted to the approval of the European Commission, expected in the coming months. On the B2B market, Orange was the first operator to open a 5G lab, a major step towards the ambition to become the preferred 5G operator for the industry. Despite the ongoing sanitary crisis, Orange Belgium's Executive Team 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. From 22 at the end of 2019, it rose to 48 at the end of 2021. 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	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total Remuneration	Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
The House of Value - Advisory & Solutions (1)	2021		99,000							
	2020		84,600							
SOGESTRA (N. Lemaitre-Rozencweig) (2)	2021		82,800							
	2020		68,400							
M. De Rouck (3)	2021		33,600							
	2020		62,400							
Leadership and Management Advisory Services (G. Dallemagne) (4)	2021		60,000							
	2020		45,600							
K2A Mangement and Investment Services (W. Verstraete) (5)	2021		60,000							
	2020		43,200							
CEO	2021	316,911		100,661	171,973	148,936		72,041	810,523	Fix: 60% Variable: 40%
	2020	375,955		99,412	329,093	50,000		71,547	926,007	Fix: 59% Variable: 41%
TOTAL	**2021**	**316,911**	**335,400**	**100,661**	**171,973**	**148,936**		**72,041**	**1,145,922**	**Fix: 72% Variable: 28%**
	2020	**375,955**	**304,200**	**99,412**	**329,093**	**50,000**		**71,547**	**1,230,207**	**Fix: 69% Variable: 31%**

(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 and member of the Remuneration and Nomination Committee
(5) as member of the Remuneration and Nomination Committee

Table 2

Other members of the management	Financial year	1. Fixed remuneration			2. Variable remuneration		3. Extraordinary items	4. Pension expense	5. Total Remuneration	6. Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
Executive Committee	2021	2,058,266		301,195	827,147	444,642		371,800	4,003,050	Fix: 68% Variable: 32%
	2020	1,806,499		298,001	772,678	0		360,902	3,238,080	Fix: 76% Variable: 24%

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 51% of total remuneration)
- Variable remuneration, based on short- and long-term performance and encouraging the attainment of company objectives (around 32% of total remuneration)
  - Short-term variable remuneration called "performance bonus",
  - Long-term variable remuneration called "Long-term Incentive Plan 2019-2021" and "Long-term Incentive Plan 2020-2022", "Long-term Incentive Plan 2021-2023".
- 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 17% 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 2021, the targets for the individual variable part were as follows:

The targets for the individual part are set against the main business priorities aligned with the company strategy. The progress against those priorities is assessed based on a number of indicators. The quality of management and leadership behaviour is also taken into consideration during the evaluation.

The targets for the collective part were as follows:

- Organic Cash Flow
- EBITDAaL (Earnings before Interest, Taxes, Depreciation and Amortization, after Lease)
- Brand Net Promoter Score that measures the percentage of customers who are promoters minus percentage of customers who are detractors consolidated per main business line
- 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 is 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) is 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 is 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 is paid in the Flexible Income Plan, resulting in cash or benefits in kind.

The performance criteria, their relative weighting and the actual outcome in 2021 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) 103%
	Collective target: Organic Cash Flow	18%			a) S2/2020: achieved S1/2021: overachieved b) 122.5%
	Collective target: EBITDAaL	18%			a) S2/2020: below target S1/2021: below target b) 72%
	Collective target: Brand NPS	12%			a) S2/2020: below target S1/2021: overachieved b) 112%
	Collective target: e-NPS	12%			a) S2/2020: overachieved S1/2021: overachieved b) 106%
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) S2/2020: 108% S1/2021: 111% Average: 109.5%
	Collective target: Organic Cash Flow	18%			a) S2/2020: achieved S1/2021: overachieved b) 122.5%
	Collective target: EBITDAaL	18%			a) S2/2020: below target S1/2021: below target b) 72%
	Collective target: Brand NPS	12%			a) S2/2020: below target S1/2021: overachieved b) 112%
	Collective target: e-NPS	12%			a) S2/2020: overachieved S1/2021: overachieved b) 106%

2) The long-term variable remuneration

The long-term variable remuneration consists of recurring Long-Term Incentive Plans (2019-2021, 2020-2022 and 2021-2023) which represent 30% of yearly fixed remuneration of executive members after three years.

The LTIP is a "rolling plan" over three-year performance periods with awards considered and decided annually by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee decided on three company KPI's and targets to apply to each annual LTIP award for the three-year performance period at the beginning of the financial year. Company targets are weighted independently 50%/50%/50%, with a maximum possible achievement for each LTIP award of 150%. Subject to the achievement of at least one company target in any three-year performance period, individual contribution by the executive member can add an additional 25% to the final result subject to an overall maximum LTIP potential of 175% of the target award.

LTIP awards will vest subject to company performance measured over each three-year period with plan payments paid in cash, in warrants or in the form of non-company share options, or benefits available in the Flex Income Plan (possibly pension benefits). In the case of payment in the form of options, these options are frozen for one year.

In 2020, the company KPI's decided for the 2020-2022 LTIP award were as follows:

- Total Shareholder Return (TSR)
- Organic Cash Flow (OCF)
- Growth in Mobile Convergence: number of B2C convergent mobile customers at the end of the relevant period compared to the strategic plan approved by the Board of Directors.

The 2018-2020 LTIP results in a payout of 100% for the executive members eligible in March 2021.

In 2021, the company KPI's decided for the 2021-2023 LTIP award were identical as for the 2020-2022 LTIP:

- 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.

The 2019-2021, the 2020-2022 and 2021-2023 awards are anticipated to vest and become payable in respectively March 2022, March 2023 and March 2024 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 remuneration).

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 held.

In 2019, Orange Belgium decided to share 2% of the net consolidated profit as of the 2020 results, under certain circumstances with the members of the personnel including the members of the Executive Management. The percentage could amount to a maximum of 3%, but capped overall at €1.5m payout, depending on the achievement of results (subject to the achievement of the financial stretch target(s) set above the budget).

In 2021, the General Shareholders Meeting approved the award of a profit-sharing scheme resulting in an amount of €850.19 gross per employee (including members of the Executive Management), paid in June 2021.

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 2021, the Board of Directors of Orange S.A. decided to implement a share award for the 3 year period 2021-2023 approved pursuant to the provisions of the nineteenth resolution of the General Shareholders Meeting of 5 May 2021.

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 28 July 2021 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 2021-2023 award. Shares will only vest at the end of the vesting period for the award on or after 31 March 2024, subject to the presence conditions and achievement of the performance conditions as assessed by the Board of Directors of Orange S.A.

Additionally, the Board of Directors of Orange S.A. decided on 21 April 2021 to implement an Employee Share Purchase Offering (Offre Réservée au Personnel, ORP) in France and internationally, intended to strengthen the Group's employee shareholding. Under this offering named "Together 2021", executive members of the company and other employees were able to elect to purchase Orange S.A. shares at a 30% discount to the market price and receive matching shares up to certain limits according to the matching ratio and terms prescribed for the offer. The shares purchased and the matching shares received by the employees were awarded in December 2021 and are subject to a lock up period of five years with the possibility of earlier release under certain conditions. The Chief IT Officer and the Chief People Officer each purchased 177 Orange S.A. shares at a discount to the market price and both received 219 matching shares under the offer being subject to the five year lock up period.

3. Severance payments

All members of the Executive Management have an employment contract. The Chief Consumer Business Officer who joined the company in January 2020 and the Chief Executive Officer who joined the company in September 2020, benefit from a 12-month exit guarantee. For the other members of the Executive Management, labour law applies and no specific severance clauses have been agreed.

4. Use of the right to reclaim

No circumstances justified any reclaim in 2021.

5. Derogations and deviations from the remuneration policy

In 2021, the Chief Executive Officer and the Chief IT Officer benefited from the payout of the 2018-2020 LTIP due to eligibility rights granted to them on a prorated basis on commencement of their employment with the company. The incentive amounts were paid in March 2021 and are included in the figures in table 2.

6. Comparative information - evolution of remuneration and performance

	2019	2020	2021
Directors/Executive Remuneration			
CEO total remuneration (in €)	740 319	926 007	810 523
Executive Management total remuneration (in €)	3 574 649	3 238 080	4 003 050
Orange's performance			
Net Profit (in m€)	33.3	54	39.7
Total Revenues (in m€)	1 340.8	1 314.9	1 363.5
EBITDAaL (in m€)	300.1	323.5	353.0
Organic Cash Flow (in m€)	112.2	122.4	104.8
Brand NPS (*)	117.5% vs. target	97.6% vs. target	121.3% vs. target
Brand NPS (**)	104.9% vs. target	77.6% vs. target	
eNPS (*)	110% vs target	137.5% vs. target	113.2% 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	71 304

(*) for Brand NPS and eNPS, the table shows the achievement vs target at the end of the 1st semester of the relevant year to be consistent with payment dates of the performance bonus. The performance bonus paid in 2021 relates to semester 2 of 2020 and semester 1 of 2021. This change has been retroactively applied in 2020 and 2019 for consistency reason.

(**) for Brand NPS and eNPS, the table shows the achievement vs target at the end of the second semester of the relevant year, as calculated in Annual Report 2020.

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 hospitalisation insurance, company car, car allowance, benefit in kind for mobile phone and consumption vouchers in 2021. 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 22.16.

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 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 2021 financial year

The procedure foreseen in article 7:97 of the Code of Companies and Associations has not been applied during the 2021 financial year.

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 2021, the statutory auditor and linked companies provided services for which the fees were as follows:

- Audit services €512,576
- Audit-related services €20,000

Statutory auditor's report

Statutory auditor's report to the general meeting of Orange Belgium SA/NV on the consolidated financial statements as of and for the year ended December 31, 2021

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, 2021, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of May 6, 2020, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended December 31, 2022. We have performed the statutory audit of the consolidated financial statements of the Group for five 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, 2021, 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, 2021, 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 1.659.672 and the consolidated statement of comprehensive income shows a net profit for the year of EUR'000 39.723 and total comprehensive income attributable to equity holders of the parent of EUR'000 39.463.

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, 2021 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:

- 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, 2021, the total goodwill recognized in the consolidated statement of financial position amounts to EUR'000 89.474. The goodwill impairment loss recognized for the year 2021 amounts to EUR'000 14.937.

As indicated in note 4, Orange Belgium performs an impairment test at least annually and more frequently when there is an indication of impairment. These tests are performed at the level of each cash generating unit ('CGU') or group of CGUs, which generally correspond to the operating segment.

An impairment loss is recognized if the recoverable amount is lower than the carrying value. The recoverable amount is determined by Orange Belgium, based upon the value in use. The estimate of value in use is the present value of future expected cash flows.

The assessment of the value in use requires numerous estimates and judgments from management, and in particular the assessment of the competitive, economic and financial environment of the countries in which Orange Belgium operates, the ability to realize operating cash flows from strategic plans, the level of investment to be made and the discount and growth rates used in calculating recoverable amounts.

Our audit procedures

We gained insight into the procedure implemented by Orange Belgium for carrying out the annual impairment test and in particular the review of the cash flows used in the calculation of the recoverable amount.

With the assistance of our valuation specialists, we have assessed the appropriateness of the method used by Orange Belgium to calculate the recoverable amounts.

To assess the reliability of the data from the business plan used to calculate the recoverable amount, we have in particular:

- assessed the procedure for devising and approving business plans;
- evaluated the management's identification of the CGUs;
- compared cash flow forecasts with business plans from previous financial years;
- compared business plans from previous financial years with actual data over the financial periods in question;
- challenged the key assumptions made by management relating to revenue, EBITDA and capital expenditures with external data when available, such as market research or analysts' memos;
- assessed the method used to determine the weighted average cost of capital ('WACC') and the perpetual growth rate ('PGR') by comparing them to the market range and to data re-calculated with our own data sources;
- challenged the appropriateness of the sensitivity analysis performed by management by performing further sensitivity analyses, primarily focused on changes in operating cash flows; and
- tested the mathematical accuracy of the cash flow models.

We have also assessed the appropriateness of the information presented in note 4 to the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with 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.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter “digital consolidated financial statements”) included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the official Dutch and French version of the digital consolidated financial statements as per December 31, 2021, included in the annual financial report of Orange Belgium SA/NV, are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

Other aspects

- Reference is made to the board of directors’ annual report which states the board of directors’ view that the Company is exempt from the obligation to prepare and disclose the non-financial information as required by article 3:32 §2 of the Companies’ and Associations’ Code since the Company is a subsidiary of Orange SA, who prepares a consolidated board of directors’ annual report, that includes the non-financial information, in accordance with the applicable EU directive.
- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, April 1, 2022

KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises
Statutory Auditor
represented by

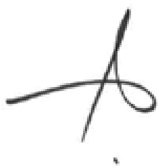
Alexis Palm
Bedrijfsrevisor / Réviseur d’Entreprises

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