Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 982 211 743 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | ORANGE BUSINESS DIGITAL NORWAY AS |
| Forretningsadresse: | Lørenfaret 1E<br>0585 OSLO |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2022 - 31.12.2022 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

**Regnskapsregler**

| | |
|---|---|
| Regler for små foretak benyttet: | Nei |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Forenklet IFRS |
| Benyttet ved utarbeidelsen av årsregnskapet til konsernet: | - |

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Bjart Kvarme |
| Dato for fastsettelse av årsregnskapet: | 28.06.2023 |

**Grunnlag for avgivelse**

År 2022: Årsregnskapet er elektronisk innlevert

År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.07.2024

# Resultatregnskap

| Beløp i: NOK | Note | 2022 | 2021 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekter | 3 | 928 738 745 | 830 150 637 |
| Konserninterne salgsinntekter | 4 | 46 565 939 | 33 977 898 |
| **Sum inntekter** | | **975 304 684** | **864 128 535** |
| **Kostnader** | | | |
| Varekostnad | 5 | 380 820 508 | 283 046 891 |
| Lønnskostnad | 6 | 343 629 032 | 309 959 783 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 9,10,12 | 146 911 168 | 161 557 044 |
| Annen driftskostnad | 5,10 | 38 064 092 | 32 469 634 |
| Intercompany operating expenses | 4 | 47 179 662 | 20 173 566 |
| **Sum kostnader** | | **956 604 462** | **807 206 918** |
| **Driftsresultat** | | **18 700 222** | **56 921 617** |
| **Finansinntekter og finanskostnader** | | | |
| Annen renteinntekt | 7 | 2 702 417 | 923 031 |
| Finansinntekter | 7 | 225 939 | 866 383 |
| Konserninterne finansinntekter | 4,7 | 377 004 | 123 336 |
| **Sum finansinntekter** | | **3 305 360** | **1 912 750** |
| Annen rentekostnad | 7 | 2 538 482 | 1 110 433 |
| Renteelement leieforpliktelse IFRS-16 | 7,10 | 3 438 223 | 2 030 536 |
| Konsernintern finanskostnad | 4,7 | 17 462 231 | 7 599 388 |
| Netto agio/disagio | 7 | 906 674 | 1 926 561 |
| **Sum finanskostnader** | | **24 345 610** | **12 666 918** |
| **Netto finans** | | **-21 040 250** | **-10 754 168** |
| **Ordinært resultat før skattekostnad** | | **-2 340 028** | **46 167 449** |
| Skattekostnad på ordinært resultat | 8 | -691 130 | 10 187 760 |
| **Ordinært resultat etter skattekostnad** | | **-1 648 898** | **35 979 689** |
| **Årsresultat** | | **-1 648 898** | **35 979 689** |

# Resultatregnskap

| Beløp i: NOK | Note | 2022 | 2021 |
|---|---|---|---|
| **Overføringer og disponeringer** | | | |
| Overføringer til/fra annen egenkapital | | -1 648 898 | 35 979 689 |
| **Sum overføringer og disponeringer** | | **-1 648 898** | **35 979 689** |

# Balanse

| Beløp i: NOK | Note | 2022 | 2021 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Utvikling | 9 | 44 352 470 | 38 750 754 |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 9 | 7 954 772 | 12 040 746 |
| Right-of-use eiendel IFRS-16 | 10 | 176 788 717 | 153 238 279 |
| Utsatt skattefordel | 11 | 15 432 728 | 14 805 021 |
| Goodwill | 9,14 | 18 074 998 | 18 074 998 |
| **Sum immaterielle eiendeler** | | **262 603 685** | **236 909 798** |
| **Varige driftsmidler** | | | |
| Property, Plant & Equipment | 12 | 505 376 646 | 404 773 039 |
| **Sum varige driftsmidler** | | **505 376 646** | **404 773 039** |
| **Finansielle anleggsmidler** | | | |
| Investering i datterselskap | 13 | 589 252 140 | 578 799 652 |
| Andre langsiktige fordringer | | 36 832 685 | 47 679 726 |
| **Sum finansielle anleggsmidler** | | **626 084 825** | **626 479 378** |
| **Sum anleggsmidler** | | **1 394 065 156** | **1 268 162 215** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| **Fordringer** | | | |
| Kundefordringer | 15 | 75 094 009 | 59 633 004 |
| Konserninterne kundefordringer | 4,15 | 78 164 415 | 71 095 372 |
| Andre fordringer | | 91 468 119 | 73 463 351 |
| Konsernfordringer | 4 | 11 467 225 | 10 934 143 |
| **Sum fordringer** | | **256 193 768** | **215 125 870** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 16 | 46 080 908 | 150 332 596 |
| **Sum bankinnskudd, kontanter og lignende** | | **46 080 908** | **150 332 596** |

# Balanse

| Beløp i: NOK | Note | 2022 | 2021 |
|---|---|---|---|
| **Sum omløpsmidler** | | **302 274 676** | **365 458 466** |
| | | | |
| **SUM EIENDELER** | | **1 696 339 832** | **1 633 620 681** |
| | | | |
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 17 | 315 825 | 315 825 |
| Annen egenkapital | | | |
| Overkurs | | 519 537 414 | 519 537 414 |
| **Sum innskutt egenkapital** | | **519 853 239** | **519 853 239** |
| | | | |
| **Opptjent egenkapital** | | | |
| Annen egenkapital | | 91 823 963 | 93 472 861 |
| **Sum opptjent egenkapital** | | **91 823 963** | **93 472 861** |
| | | | |
| **Sum egenkapital** | | **611 677 202** | **613 326 100** |
| | | | |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| **Annen langsiktig gjeld** | | | |
| Langsiktig konserngjeld | 4 | 550 000 000 | 550 000 000 |
| Leasing forpliktelse IFRS-16 | 10 | 157 359 524 | 132 745 418 |
| Annen langsiktig gjeld | | 48 645 782 | 61 622 861 |
| **Sum annen langsiktig gjeld** | | **756 005 306** | **744 368 279** |
| | | | |
| **Sum langsiktig gjeld** | | **756 005 306** | **744 368 279** |
| | | | |
| **Kortsiktig gjeld** | | | |
| Leverandørgjeld | | 37 032 690 | 24 917 671 |
| Betalbar skatt | 8 | 0 | 13 448 699 |
| Skyldige offentlige avgifter | | 41 695 184 | 50 291 037 |
| Avsatt lønn,feriepenger mv | | 31 459 689 | 24 835 632 |
| Konsernintern leverandørgjeld | 4 | 79 965 646 | 63 703 443 |
| Kortsiktig konserngjeld | 4 | 43 740 654 | 6 722 069 |
| Kortsiktig gjeld leasing IFRS-16 | 10 | 28 466 096 | 27 268 833 |

# Balanse

| Beløp i: NOK | Note | 2022 | 2021 |
|---|---|---|---|
| Annen kortsiktig gjeld | | 66 297 365 | 64 738 918 |
| **Sum kortsiktig gjeld** | | **328 657 324** | **275 926 302** |
| | | | |
| **Sum gjeld** | | **1 084 662 630** | **1 020 294 581** |
| | | | |
| **SUM EGENKAPITAL OG GJELD** | | **1 696 339 832** | **1 633 620 681** |

orange Business

# ORANGE BUSINESS SERVICES AS

Annual Financial Statements 2022

Business

## INCOME STATEMENTS
## ORANGE BUSINESS SERVICES AS
(All amounts in NOK)

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| Sales revenue | 3 | 928 738 745 | 830 150 637 |
| Intercompany revenue | 4 | 46 565 939 | 33 977 898 |
| **TOTAL OPERATING REVENUE** | | **975 304 684** | **864 128 535** |
| Cost of goods sold | 5 | 380 820 508 | 283 046 891 |
| Salary expenses | 6 | 343 629 032 | 309 959 783 |
| Depreciation of tangible and intangible fixed assets | 9, 10, 12 | 146 911 168 | 161 557 044 |
| Other operating expenses | 5, 10 | 38 064 091 | 32 469 634 |
| Intercompany operating expenses | 4 | 47 179 662 | 20 173 566 |
| **TOTAL OPERATING EXPENSES** | | **956 604 462** | **807 206 918** |
| **OPERATING RESULT** | | **18 700 222** | **56 921 617** |
| Financial income | 7 | 225 939 | 866 383 |
| Interest income | 7 | 2 702 417 | 923 031 |
| Intercompany financial income | 4, 7 | 377 004 | 123 336 |
| Interest expense lease liability | 7, 10 | 3 438 223 | 2 030 536 |
| Interest expenses | 7 | 2 538 482 | 1 110 433 |
| Intercompany financial expenses | 4, 7 | 17 462 231 | 7 599 388 |
| Net foreign exchange gains (+)/losses (-) | 7 | -906 674 | -1 926 561 |
| **NET FINANCIAL ITEMS** | | **-21 040 250** | **-10 754 168** |
| **ORDINARY PROFIT/LOSS BEFORE TAX** | | **-2 340 028** | **46 167 449** |
| Tax on ordinary profit/loss | 8 | -691 130 | 10 187 760 |
| **PROFIT/LOSS FOR THE YEAR** | | **-1 648 898** | **35 979 689** |
| **COMPREHENSIVE INCOME** | | | |
| **Profit/loss for the year from continuing operations** | | **-1 648 898** | **35 979 689** |
| **Items which may be reclassified over profit and loss in subsequent periods** | | | |
| **COMPREHENSIVE INCOME AFTER TAX** | | **-1 648 898** | **35 979 689** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **-1 648 898** | **35 979 689** |
| **Attributable to:** | | | |
| Transferred to/from other equity | | -1 648 898 | 35 979 689 |
| **TOTAL ATTRIBUTED** | | **-1 648 898** | **35 979 689** |

Business

**BALANCE SHEET**
**ORANGE BUSINESS SERVICES AS**

(All amounts in NOK)

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| FIXED ASSETS | | | |
| | | | |
| INTANGIBLE ASSETS | | | |
| Research and development | 9 | 44 352 470 | 38 750 754 |
| Licences | 9 | 7 954 771 | 12 040 746 |
| Right-of-use assets | 10 | 176 788 717 | 153 238 279 |
| Deferred tax asset | 11 | 15 432 728 | 14 805 021 |
| Goodwill | 9 , 14 | 18 074 998 | 18 074 998 |
| **Total intangible assets** | | **262 603 686** | **236 909 799** |
| | | | |
| TANGIBLE FIXED ASSETS | | | |
| Property, plant and equipment | 12 | 505 376 646 | 404 773 039 |
| **Total tangible fixed assets** | | **505 376 646** | **404 773 039** |
| | | | |
| FINANCIAL FIXED ASSETS | | | |
| Investments in subsidiaries | 13 | 589 252 140 | 578 799 652 |
| Other long term receivables | | 36 832 684 | 47 679 726 |
| **Total financial fixed assets** | | **626 084 824** | **626 479 378** |
| | | | |
| TOTAL FIXED ASSETS | | **1 394 065 156** | **1 268 162 216** |
| | | | |
| CURRENT ASSETS | | | |
| Accounts receivables | 15 | 75 094 009 | 59 633 004 |
| Intercompany accounts receivables | 4, 15 | 78 164 415 | 71 095 372 |
| Other receivables | | 91 468 119 | 73 463 351 |
| Intercompany short term receivables | 4 | 11 467 225 | 10 934 143 |
| Cash and cash equivalents | 16 | 46 080 908 | 150 332 596 |
| **TOTAL CURRENT ASSETS** | | **302 274 676** | **365 458 465** |
| | | | |
| TOTAL ASSETS | | **1 696 339 832** | **1 633 620 681** |

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| EQUITY AND LIABILITIES | | | |
| | | | |
| PAID IN CAPITAL | | | |
| Share capital | 17 | 315 825 | 315 825 |
| Share premium | | 519 537 414 | 519 537 414 |
| Other equity | | 91 823 963 | 93 472 861 |
| **TOTAL EQUITY** | | **611 677 202** | **613 326 101** |

orange Business

**BALANCE SHEET (CONTINUED)**
**ORANGE BUSINESS SERVICES AS**
(All amounts in NOK)

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| **LIABILITIES** | | | |
| | | | |
| **OTHER LONG-TERM LIABILITIES** | | | |
| Lease liabilities | 10 | 157 359 524 | 132 745 418 |
| Other long term liabilities | | 48 645 782 | 61 622 861 |
| Long term Intercompany liabilities | 4 | 550 000 000 | 550 000 000 |
| **Total other long-term liabilities** | | **756 005 305** | **744 368 278** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Account payables | | 37 032 690 | 24 917 671 |
| Intercompany account payables | 4 | 79 965 646 | 63 703 443 |
| Current taxes | 8 | - | 13 448 699 |
| Accrued public duties | | 41 695 184 | 50 291 037 |
| Accrued salary, holiday allowances, etc. | | 31 459 689 | 24 835 632 |
| Intercompany short term liabilities | 4 | 43 740 655 | 6 722 069 |
| Short term lease liability | 10 | 28 466 096 | 27 268 833 |
| Other current liabilities | | 66 297 366 | 64 738 918 |
| **Total current liabilities** | | **328 657 324** | **275 926 302** |
| | | | |
| **TOTAL LIABILITIES** | | **1 084 662 630** | **1 020 294 581** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **1 696 339 832** | **1 633 620 681** |

Oslo, 27th June 2023

Kristof Joos F Symons
*Chairman of the Board*

Nemo Verbist
*Board member*

Philippe Mainet
*Board member*

Ingrid Giltvedt Storrø
*Board Member*

Joar Reithaug Rasmussen
*Board member*

Bjart Kvarme
*Managing Director*

orange Business

**STATEMENT OF CASH FLOWS**
**ORANGE BUSINESS SERVICES AS**
(All amounts in NOK)

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit/loss before tax | | -2 340 028 | 46 167 449 |
| Taxes paid during the period | | -13 448 699 | -3 311 003 |
| Depreciations of tangible- and intangible fixed assets | 9 , 10, 12 | 146 911 168 | 161 557 044 |
| Changes in working capital: | | | |
| - Trade debtors | | -15 461 005 | -805 810 |
| - Trade creditors | | 12 115 018 | -2 902 516 |
| - Other current receivables and payables | | -15 032 884 | 25 319 652 |
| - Net intercompany trade debtors and creditors | | 9 193 161 | 243 622 |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | | **121 936 731** | **226 268 437** |
| **CASH FLOW FROM INVESTMENT ACTIVITIES** | | | |
| Investments in subsidiaries | 13 | -10 452 488 | - |
| Purchase of property, plant and equiptment | 12 | -190 754 246 | -113 668 847 |
| Purchase of intangible assets | 9 | -30 640 723 | -37 515 017 |
| **NET CASH FLOW FROM INVESTMENT ACTIVITIES** | | **-231 847 458** | **-151 183 863** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Increase/(decrease) in net long-term receivables and debt | | - | 4 502 131 |
| Payment of lease liabilities | 10 | -28 466 096 | -27 268 833 |
| Proceeds from equity transactions | | - | 1 466 987 |
| Net effect in intercompany loans* | 4 | 34 125 134 | -6 003 883 |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | **5 659 039** | **-27 303 598** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | **-104 251 688** | **47 780 976** |
| Cash and cash equivalents 01.01 | | 150 332 596 | 102 551 619 |
| **CASH AND CASH EQUIVALENTS 31.12** | | **46 080 908** | **150 332 596** |

*January 1st. 2022 Cash and cash equivalents included intercompany short term receivable on 59.814.019 NOK. As of December 31st. 2022 Cash and cash equivalents does not include intercompany short term payables of 34.125.134 NOK. This amount is reflected in Net effect in intercompany loans.

Business

**STATEMENT OF CHANGES IN EQUITY**
**ORANGE BUSINESS SERVICES AS**
(All amounts in NOK)

| *Company* | Share capital | Treasury shares | Share premium | Other paid-in capital | Other equity | Total |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | **315 825** | **-** | **519 537 414** | **1 630 855** | **54 395 330** | **575 879 425** |
| Profit/loss for the year (ordinary result) | - | - | - | - | 35 979 689 | 35 979 689 |
| Reclassification | | | | -1 630 855 | 1 630 855 | - |
| Orange shares | | | - | - | 1 466 987 | 1 466 987 |
| **Balance at 31 December 2021** | **315 825** | **-** | **519 537 414** | **-** | **93 472 861** | **613 326 101** |
| | | | | | | |
| **Balance at 1 January 2022** | **315 825** | **-** | **519 537 414** | **-** | **93 472 861** | **613 326 101** |
| Profit/loss for the year (ordinary result) | - | - | - | - | -1 648 898 | -1 648 898 |
| **Balance at 31 December 2022** | **315 825** | **-** | **519 537 414** | **-** | **91 823 963** | **611 677 202** |

Business

## Note 1 ACCOUNTING PRINCIPLES

### 1.1 General information

Orange Business Services AS is a private limited company, incorporated in Norway. It is situated in Oslo, and the registered address is Lørenfaret 1E, NO- 0585 Oslo, Norway.

Orange Business Services S.A., a subsidiary of Orange S.A. own all the shares in Orange Business Services AS making the company part of the Orange Group.

Consolidated accounts are prepared by Orange S.A. and includes the accounts for Orange Business Services AS and its subsidiaries Orange Business Services AB, Orange Business Services B.V. and Orange Business Services GmBH. The consolidated accounts for Orange SA can be found at www.orange.com. Consequently, Orange Business Services AS is not obliged to make consolidated statements according to the Norwegian Accounting Act (Rskl. § 3-7).

### 1.2 Significant accounting policies

#### 1.2.1 Basis for preparation

The financial statements in Orange Business Services have been prepared in accordance with the Norwegian Accounting Act- and simplified International Financial Reporting Standards, pursuant to section 3-9 of the Norwegian Accounting Act. Measurement and recognition principles are consistent with IFRS, and the disclosure notes are prepared according to Norwegian Accounting Act and generally accepted accounting principles in Norway.

The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

In the income statement, expenses are presented using a classification based on the nature of the expenses.

The company did not elect early adoption of any standards or interpretations for the accounting year 2022.

#### 1.2.2 Functional currency and presentation currency

Orange Business Services AS presentation currency is NOK. For subsidiaries the value of shares is booked cost. The shares are tested for impairment loss at least once a year and on a more regular basis if there are any signs of a shortfall in the incoming cashflows. Revenues and costs are booked at the exchange rate for the current date of which the transaction is made. Both long and short-term receivables and liabilities are translated at the exchange rate prevailing at the end of the reporting period.

#### 1.2.3 Revenue recognition

Orange Business Services has implemented the standard for revenue recognition – IFRS 15 Revenue from contracts with customers. The main principle in the new standard is that the expected consideration shall be recognized as income according to a pattern that reflects the transfer of goods or services to the customer.

Revenue from contracts with customers

The core principle of IFRS 15 is that revenue is to be recognized so that it depicts the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The revenue recognition model sets out the following five conditions to be met; 1) Risk and reward have been transferred from the seller to the buyer, 2) The seller does not have control over the goods, 3) The collection of payment from goods or services is reasonably assured, 4) The amount of revenue can be reasonably measured, and 5) Cost of revenue can be reasonably measured.

Business

The company's revenues consist of revenues from providing technology solutions, cloud services, application management, and infrastructure and colocation services from our data centers.

Revenues from consulting services are recognized according to the rendering of the service. Revenues from application management, and infrastructure and colocation contracts are recognized over the term of the contract as the services are rendered. Revenues from larger implementation projects are recognized over the term of the contract, while smaller implementation projects are recognized as they are incurred. When the services are made up of different components which are not separately identifiable, the related revenues are recognized on a straight-line basis over the term of the contract.

The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of application management, implementations and infrastructure and colocation contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to prepaid expenses. Prepaid revenue by the customer is recorded as a deduction from the costs incurred. The deferred costs are expensed straight forward over the period the services are provided and are presented in the income statement as cost of goods sold or salary.

Dividend is recognized in the statement of comprehensive income when the shareholders' right to receive dividend has been determined by the general meeting.

### 1.2.4 Income tax

The tax expense in the income statement covers both the period's current taxes and the change in deferred tax. Deferred tax and deferred tax assets are calculated without discounting for all differences between the accounting and fiscal values of assets and obligations, as well as the fiscal deficit for carry forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences which are reversed or which could be reversed during the same period are offset and recognized net. Deferred tax assets which are rendered likely through future earnings are recognized in the balance sheet.

Deferred tax is calculated using 22% tax rate on temporary differences as 31.12.2022 and 22% tax rate on temporary differences as of 31.12.2021.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

### 1.2.5 Tangible assets

Tangible assets are valued at their cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income.

The depreciation periods are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

Depreciation is calculated using the straight-line method over the following useful life:

| | |
|---|---|
| IT equipment | 3 years |
| Infrastructures | 3-5 years |

| | |
|---|---|
| Furniture and inventory | 5 years |
| Datacenter | 10-20 years |

Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use.

**1.2.6 Intangible assets**

Intangible assets that have been acquired separately are carried at cost. Capitalised intangible assets are recognised at cost less any amortisation and impairment losses.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications that the value of the asset may have been impaired. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimates.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortised. The economic life is assessed at least once a year with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Licences

Amounts paid for licences are capitalized and amortized in a straight line over the expected useful life. The expected useful life of licences is 3 years.

Research and development

Expenses relating to research activities are recognised in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the company has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses.

Capitalized development costs are amortised on a straight-line basis over the estimated useful life of the asset. The expected useful lifetime is 3 years.

It is expected that the ongoing research and development projects will contribute to continuing or strengthening the Operating margin that the company has had in recent years (6.5% to 8%)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received.

When acquiring a business are all financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions at the acquisition date. The acquired assets and liabilities are accounted for by using fair value in the opening group balance (unless other measurement principles should be applied in accordance to IFRS 3).

Goodwill is recognised as the aggregate of the consideration transferred and the amount of any non-controlling interest, and deducted by the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not depreciated, but is tested at least annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

orange Business

**1.2.7 Leasing**

Orange Business Services AS recognises right-of-use assets and lease liabilities for mostly all leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases are recognised based on the carrying amount.

Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The discount rate is determined based on the internal interest rate provided by Orange, as a proxy for Orange Business Services borrowing rate. Orange uses the government loan yield, specific to each contract, according to its term, plus the Group's credit spread.

Orange Business Services AS also applies the available practical expedients wherein it:
- Uses a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applies the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Uses hindsight in determining the lease term where the contract contained options to extend or terminate the lease IFRS

**1.2.8 Trade receivables**

Trade receivables are recognised at their cost minus any write downs.

**1.2.9 Cash and cash equivalents**

Cash includes cash in hand and at bank. In the statement of cash flows the balance of cash and cash equivalents are the net of utilized overdraft facility and cash/cash equivalents.

**1.2.10 Statement of cash flows**

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

**1.2.11 Employee benefits**

Orange Business Services has a contribution-based pension scheme. The contribution payable to a contribution-based pension scheme attributable to the reporting period is recognized in profit or loss.

**1.2.12 Shares**

Shares are measured at cost and are impaired if the carrying amount exceeds the recoverable amount. The impairment is reversed if the basis for the write-down is no longer present. Dividends from subsidiaries and associated companies are included in financial income.

**1.2.13 Treasury shares and transaction costs of equity transactions**

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

The transaction costs of issuing or acquiring own equity instruments are accounted for as a deduction from equity, net of any related income tax benefit.

orange Business

**1.2.14 The use of estimates when preparing the annual accounts**

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. This particularly applies to the depreciation of tangible fixed assets, evaluation of goodwill and evaluations related to acquisitions and pension commitments. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

**1.2.15 Borrowing costs**

Borrowing costs are recognised in the statement of comprehensive income when they arise. Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a non-current asset. The interest costs accrued during the construction period until the non-current asset is capitalised. Borrowing costs are capitalised until the date when the non-current asset is ready for its intended use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised.

**1.2.16 Provisions**

A provision is recognised when the company has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation, and the size of the amount can be measured reliably.

If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.
A provision for a guarantee is recognised when the underlying products or services are sold. The provision is based on historical information on guarantees and a weighting of possible outcomes according to the likelihood of their occurrence.

Provisions for loss-making contracts are recognised when the company has estimated revenues from a contract are lower than unavoidable costs, which were incurred to meet the obligations pursuant to the contract.

Business

**1.2.17 Financial Instruments**

Fair value through profit or loss—any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, an entity changes its business model for managing financial assets it must reclassify all affected financial assets.

Impairment; Impairment of financial assets is recognized in stages:

- Stage 1—as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

- Stage 2—if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognized in profit or loss. The calculation of interest revenue is the same as for Stage 1.

- Stage 3—if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets.

**1.2.18 Group structure**

Orange Business Services AS holds 100 % of the shares in Orange Business Services GmbH, Orange Business Services AB Orange Business Services B.V. , respectively. Orange Business Services AS is held 100 % by Orange Business Services S.A., based in Paris, France. Orange Business Services S.A. is 100% owned by Orange S.A.

**1.2.19 Events after the reporting period**

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period, but which will affect the company's financial position in the future are disclosed if significant.

The annual report is approved by the Board of Directors on 27th of June 2023.

**1.2.20 New accounting standards**

The Group applied IFRS 16 for the first time in 2019. The effect of the changes as a result of the adoption of these new accounting standards have been significant. The nature of the changes is described in note 10.

**1.2.21 New accounting standards that have not yet come into force**

There are no new accounting standards that are relevant to the company for 2023.

orange Business

## Note 2 FINANCIAL RISK

Market risk – Interest rate risk – Exchange rate risk

The company is exposed to fluctuations in exchange rates in regards to intercompany loans and intercompany transactions. As the company has transactions with, and loans to, the Swedish and Dutch businesses, fluctuations related to the Swedish Krona and Euro are exposed. The company has not entered into any futures contracts or other agreements in order to reduce the company's foreign currency risk and thereby the market risk linked to operations.

Credit risk

Orange Business Services AS is exposed to credit risk primarily related to accounts receivable and other current assets. Orange Business Services AS limits the exposure to credit risk through credit evaluation of its customers before credit is extended.
Orange Business Services AS has guidelines for ensuring that sales are only made to customers that have not experienced any significant payment problems, and that outstanding amounts do not exceed certain credit limits.

The risk of customers being unable to fulfill their financial obligations to Orange Business Services AS is considered to be low, and losses on trade debts have historically been insignificant.

Liquidity risk

Liquidity risk is the risk that Orange Business Services AS will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation.

The company holds its liquid assets in the form of bank deposits in a group account system with Nordea, and its exposure to liquidity risk is considered to be limited.

Growth and new customer contracts might affect the need for increased credit lines when the company needs to expand its data center capacity. However, in such a case increased credit lines will be provided by Orange and will be offset by higher earnings and cash flow.

The company considers the liquidity to be good and no measures have been adopted which alter the liquidity risk.

Capital management

In order to achieve long-term objectives, where financial stability is a solid foundation for ongoing development of business operations and ensuring security for all stakeholders, optimal capital structure is vital. Capital management is monitored by key figures and reported to Orange on a regular basis.

orange Business

## Note 3 OPERATING REVENUES

| OPERATING REVENUES | 2022 | 2021 |
|---|---|---|
| Managed services and Cloud, fixed recurring | 449 383 066 | 451 283 411 |
| Colocation, fixed recurring | 61 178 653 | 49 081 391 |
| Variable recurring revenue | 390 168 849 | 309 296 840 |
| Non-recurring items | 17 700 871 | 8 941 997 |
| Other revenue | 10 307 306 | 11 546 998 |
| Intercompany revenues | 46 565 939 | 33 977 898 |
| **Total operating revenue** | **975 304 684** | **864 128 535** |

| REVENUE PER COUNTRY | 2022 | 2021 |
|---|---|---|
| Norway | 876 991 144 | 785 065 921 |
| Sweden | 72 389 622 | 59 203 226 |
| Netherlands | 22 714 812 | 19 416 809 |
| Switzerland | 2 825 737 | - |
| Germany | 193 932 | 234 805 |
| Luxemburg | 189 437 | 173 566 |
| France | - | 34 207 |
| **Total** | **975 304 684** | **864 128 535** |

Business

## Note 4 INTERCOMPANY TRANSACTIONS

| Revenue | 2022 | 2021 |
|---|---|---|
| Revenues, Orange Business Services AB | 30 060 978 | 24 530 248 |
| Revenues, Orange Business Services GmbH | 167 754 | 214 611 |
| Revenues, Orange Business Norway AS | 4 221 304 | 1 435 801 |
| Revenues, Orange Business Services B.V. | 12 089 725 | 7 777 043 |
| Revenues, Login Consultants Germany GmbH | 26 178 | 20 194 |
| **Total** | **46 565 939** | **33 977 898** |

| Operating expenses | 2022 | 2021 |
|---|---|---|
| COGS, Orange Business Services AB | 11 480 167 | -1 967 082 |
| COGS, Orange Business Services GmbH | 560 605 | 121 423 |
| COGS, Orange Business Services B.V. | 3 023 264 | 121 054 |
| COGS, Orange Business Norway AS | 748 840 | - |
| COGS, Orange Business Services S.A. | 15 576 | - |
| COGS, Orange Cyberdefense Norway AS | 4 207 338 | 2 634 673 |
| Operating expenses, Orange Business Services AB | 4 443 614 | 3 711 772 |
| Operating expenses, Orange Business Services GmbH | -2 716 088 | -2 797 167 |
| Operating expenses, Orange Business Services B.V. | 10 325 289 | 5 412 025 |
| Operating expenses, Login Consultants Germany GmbH | -327 227 | -252 425 |
| Operating expenses, Orange Cyberdefense Norway AS | 1 367 760 | 1 119 900 |
| Operating expenses, Orange Business Services S.A. | 12 274 239 | 12 069 392 |
| Operating expenses, OBSSA-Central | 308 366 | - |
| Operating expenses, OBS SA | 763 693 | - |
| Operating expenses, Orange Brand Services Limited | 704 228 | - |
| **Total** | **47 179 662** | **20 173 566** |

Transactions in Orange companies are mainly connected to service delivery between companies.

| Financial income | 2022 | 2021 |
|---|---|---|
| Financial income, Atlas Services Belgium SA | 377 004 | 123 336 |
| **Total** | **377 004** | **123 336** |

| Financial expenses | 2022 | 2021 |
|---|---|---|
| Financial expenses, Atlas Services Belgium SA | 116 932 | - |
| Financial expenses, Orange Business Services S.A. | 17 345 299 | 7 599 388 |
| **Total** | **17 462 231** | **7 599 388** |

## Note 4 INTERCOMPANY TRANSACTIONS (CONTINUED)

| Receivables | 2022 | 2021 |
|---|---|---|
| Short-term receivables, Orange Business Services AB | 8 354 786 | 8 396 597 |
| Short-term receivables, Orange Business Services GmbH | 72 701 | 92 331 |
| Short-term receivables, Orange Business Services B.V. | 2 183 927 | 2 420 621 |
| Short-term receivables, Login Consultants Germany GmbH | 30 300 | 24 595 |
| Short-term receivables, Orange Business Services S.A. | 825 511 | - |
| Accounts receivables, Orange Business Services AB | 58 431 516 | 57 173 140 |
| Accounts receivables, Orange Business Services GmbH | 3 558 909 | 2 848 689 |
| Accounts receivables, Orange Business Services B.V. | 12 046 610 | 10 743 252 |
| Accounts receivables, Orange Business Norway AS | 1 946 189 | 330 291 |
| Accounts receivables, Orange Brand Services Limited | 2 181 191 | - |
| **Total** | **89 631 640** | **82 029 515** |

| Liabilities | 2022 | 2021 |
|---|---|---|
| Long-term liabilities, Atlas Services Belgium SA | 550 000 000 | 550 000 000 |
| Short-term liabilities, Orange Business Services S.A. | 34 125 134 | - |
| Short-term liabilities, Orange Business Services AB | 5 422 664 | 5 405 982 |
| Short-term liabilities, Orange Business Services B.V. | 1 591 059 | 1 316 087 |
| Short-term liabilities, Orange Business Services GmbH | 825 511 | - |
| Short-term liabilities, Orange Brand Services Limited | 704 228 | - |
| Short-term liabilities, OBSSA-Central | 308 366 | - |
| Short-term liabilities, OBS SA | 763 693 | - |
| Accounts payables, Orange Business Services AB | 60 470 235 | 50 548 106 |
| Accounts payables, Orange Business Services B.V. | 18 981 610 | 13 155 337 |
| Accounts payables, Orange Business Norway AS | 232 583 | - |
| Accounts payables, Orange Cyberdefense Norway AS | 281 219 | - |
| **Total** | **673 706 301** | **620 425 512** |

Business

## Note 5 COST OF GOODS SOLD AND OTHER OPERATING EXPENSES

| COST OF GOODS SOLD | 2022 | 2021 |
|---|---|---|
| COGS related to delivery | 298 169 607 | 170 794 488 |
| Rechargeable COGS | 72 298 254 | 97 606 750 |
| Other COGS | 10 352 647 | 14 645 653 |
| **Total Cost of goods sold** | **380 820 508** | **283 046 891** |

| OTHER OPERATING EXPENSES | | |
|---|---|---|
| Training | 2 809 453 | 2 131 049 |
| Rent and other premises expenses (note 14) | 6 152 027 | 4 651 784 |
| Equipment and licences | 9 306 584 | 9 401 236 |
| Professional and legal fees | 7 273 901 | 6 266 959 |
| Office administration | 502 306 | 346 247 |
| Telecommunication | 2 913 781 | 2 621 535 |
| Travel, training and meeting | 2 538 312 | 470 105 |
| Sales and marketing | 4 594 438 | 4 946 422 |
| Liability insurance | 1 283 934 | 807 789 |
| Bad debt customers | 550 000 | 684 221 |
| Other operating expenses | 139 355 | 142 288 |
| **Total other operaring expenses** | **38 064 091** | **32 469 634** |

| **Auditor's remuneration** | | |
|---|---|---|
| Statutory audit | 610 000 | 230 000 |
| Tax related assistance | - | 26 200 |
| Non-audit services | 21 305 | - |
| Attestation services | 30 000 | 63 200 |
| Administration fees | - | 3 288 |
| **Total fees to auditor** | **661 305** | **322 688** |

## Note 6 SALARY EXPENSES, EMPLOYEES AND PENSIONS

| SALARY EXPENSES | 2022 | 2021 |
|---|---|---|
| Salary | 310 754 869 | 285 301 070 |
| Employers contribution | 44 431 950 | 43 562 446 |
| Pension cost (described below) | 14 748 833 | 13 695 852 |
| Other salary expenses | 4 580 039 | -394 223 |
| Capitalization salary expenses | -30 886 658 | -32 205 362 |
| **Total salary expenses** | **343 629 032** | **309 959 783** |

The pension obligation for Orange Business Services AS is calculated with a contribution in the range of 4,77% - 8% of the base amount. The premium is expensed and paid to the relevant insurance company.

As of 31 December 2022 the pension plan covered a total of 360 employees.

| | | |
|---|---|---|
| **Number of full time equivalents** | **359,50** | **355,20** |

| MANAGING DIRECTORS | Salary (fixed) | Bonus | Pension |
|---|---|---|---|
| Fredrik Ludvig Ohlsen | 84 194 | - | - |
| Bjart Kvarme | 1 725 548 | 282 385 | 81 456 |

During 2022 Orange Business Services AS had two managing directors. CEO Fredrik Ohlsen is paid according to his presence in Norway, and the amount is low due to less traveling as of covid-19 restrictions.
No remuneration was paid to the board of directors in 2022.

## Note 7 FINANCIAL ITEMS

| | 2022 | 2021 |
|---|---|---|
| **Financial income** | | |
| Interest income | 2 702 417 | 923 031 |
| Other financial income | 225 939 | 866 383 |
| Foreign exchange gains | - | 2 733 395 |
| Intercompany financial income | 377 004 | 123 336 |
| **Total financial income** | **3 305 360** | **4 646 145** |
| | | |
| **Financial expenses** | | |
| Interest expense | 2 538 482 | 1 110 433 |
| Foreign exchange losses | 906 674 | 4 659 956 |
| Interest expense lease liability | 3 438 223 | 2 030 536 |
| Intercompany financial expenses | 17 462 231 | 7 599 388 |
| **Total financial expenses** | **24 345 610** | **15 400 314** |

Business

## Note 8 TAX

Income tax expense:

| | 2022 | 2021 |
|---|---|---|
| **Current tax:** | | |
| Tax payable | - | 13 448 699 |
| Adjustments in previous years | -63 423 | 14 066 |
| **Total current tax** | **-63 423** | **13 462 765** |
| Changes in deferred tax | -627 707 | -3 275 004 |
| **Total deferrd tax** | **-627 707** | **-3 275 004** |
| **Tax expense** | **-691 130** | **10 187 760** |

Tax base estimation:

| | 2022 | 2021 |
|---|---|---|
| Ordinary result before tax | -2 340 028 | 46 167 449 |
| Permanent differences | 238 150 | 1 703 359 |
| Change in temporary differences | -13 336 705 | 14 886 383 |
| Loss carry forward | 16 189 918 | - |
| **Tax base** | **751 335** | **62 757 191** |
| Tax payable (22%) of this years tax base | 165 294 | 13 806 582 |
| Tax deduction from skattefunn | -165 294 | -357 883 |
| **Tax payable in the balance sheet** | **-** | **13 448 699** |

## Note 9 INTANGIBLE ASSETS

| | Research and Development | Licenses | Customer portfolio | Goodwill | 2022 | 2021 |
|---|---|---|---|---|---|---|
| **Opening balance 1 January** | **38 750 754** | **12 040 746** | **-** | **18 074 998** | **68 866 499** | **59 376 287** |
| Additions | 30 135 323 | 505 400 | | - | 30 640 723 | 37 515 017 |
| Amortizations | -24 533 607 | -4 591 375 | | - | -29 124 982 | -28 024 806 |
| **Net carrying amount 31 December** | **44 352 470** | **7 954 771** | **-** | **18 074 998** | **70 382 240** | **68 866 499** |
| **As of 1 January** | | | | | | |
| Cost | 159 460 492 | 36 428 237 | 421 193 | 18 074 998 | 214 384 920 | 176 869 904 |
| Accumulated amortization | -120 709 738 | -24 387 491 | -421 193 | - | -145 518 422 | -117 493 616 |
| **Net carrying amount** | **38 750 754** | **12 040 746** | **-** | **18 074 998** | **68 866 499** | **59 376 287** |
| **As of 31 December** | | | | | | |
| Cost | 189 595 815 | 36 933 638 | 421 193 | 18 074 998 | 245 025 644 | 214 384 920 |
| Accumulated amortization | -145 243 345 | -28 978 866 | -421 193 | - | -174 643 404 | -145 518 422 |
| **Net carrying amount** | **44 352 470** | **7 954 771** | **-** | **18 074 998** | **70 382 240** | **68 866 499** |
| Economic lifetime | 3 yr | 3 yr | 8 yr | Infinite | | |
| Amortization schedule | Linear | Linear | Linear | | | |

Goodwill is not amortized, but tested annually for impairment

Business

## Note 10 LEASES

**A. Leases as lessee (IFRS 16)**

The company leases office and datacenter facilities. The leases typically run for a period of 10-14 years, with an option to renew the lease after end-date. Some leases provide for additional rent payments that are based on changes in local price indexes. For certain leases, the company is restricted from entering into any sub-lease arrangements.

Other lease agreements like parking and office stationary are short term and/or leases of low-value items. The company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the company is a lessee is presented in below:

| Right-of-use assets under IFRS 16 | 2022 | 2021 |
|---|---|---|
| | Land and buildings | Land and buildings |
| **Opening balance 1 January** | **153 238 279** | **135 240 900** |
| Additions (first time adoption) | 51 185 986 | 43 558 456 |
| Depreciation | -27 635 548 | -25 561 077 |
| Net effect termination of lease | - | - |
| **Net carrying amount 31 December** | **176 788 718** | **153 238 279** |

| Lease liability under IFRS 16 | 2022 | 2021 |
|---|---|---|
| **Opening balance 1 January** | **160 014 251** | **141 580 293** |
| Additions (first time adoption) | 51 185 986 | 43 558 456 |
| Down payment | -25 374 618 | -25 124 498 |
| **Net carrying amount 31 December** | **185 825 620** | **160 014 251** |
| **Net carrying amount short term** | 28 466 096 | 27 268 833 |
| **Net carrying amount long term** | 157 359 524 | 132 745 418 |
| **Net carrying amount 31 December** | **185 825 620** | **160 014 251** |

| Amounts recognised in profit or loss | 2022 | 2021 |
|---|---|---|
| Depreciation right of use asset | 27 635 548 | 25 561 077 |
| Interest expense on lease liabilities | 3 438 223 | 2 001 214 |
| Expenses relating to short-term leases | 9 546 719 | 9 240 520 |
| **Total amount** | **40 620 491** | **36 802 811** |

orange Business

## Note 10 LEASES (CONTINUED)

The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease payments to be paid after the reporting date.

| | 2022 | 2021 |
|---|---|---|
| Less than one year | 26 831 264 | 26 655 333 |
| One to two years | 27 502 046 | 14 297 763 |
| Two to three years | 28 189 597 | 14 655 207 |
| Three to four years | 28 894 337 | 15 021 587 |
| Four to five years | 29 616 695 | 15 397 127 |
| More than five years | 135 062 772 | 120 978 016 |
| **Total amount** | **276 096 711** | **207 005 033** |

**Amounts recognised in statement of cash flows**

| | 2022 | 2021 |
|---|---|---|
| **Total cash outflow for leases** | **28 466 096** | **27 268 833** |

**Extension options**

Some property leases contain extension options exercisable by the company up to 10 year before the end of the non-

**B. Leases as lessor**

The company does not operate as a lessor.

## Note 11 DEFERRED TAX

| | 2022 | 2021 |
|---|---|---|
| Deferred tax assets | 15 432 728 | 14 805 021 |
| **Net deferred tax** | **15 432 728** | **14 805 021** |
| Changes in deferred tax: | | |
| Opening balance 1.January | 14 805 021 | 11 530 017 |
| Tax expense recognized in profit and loss | 627 707 | 3 275 004 |
| **Closing balance as per 31 December** | **15 432 728** | **14 805 021** |

Change in deferred tax assets and liabilities is as follows:

| TEMPORARY DIFFERENCES | 31.12.2022 | 31.12.2021 | Change |
|---|---|---|---|
| Fixed- and intangible assets | 43 800 684 | 60 372 543 | -16 571 859 |
| Receivables | 2 425 125 | 1 110 657 | 1 314 468 |
| Pension fund | -1 303 864 | -963 619 | -340 245 |
| Right-of-use assets | -176 788 717 | -153 238 279 | -23 550 438 |
| Lease liabilities | 185 825 620 | 160 014 251 | 25 811 369 |
| **Tax base before loss carry forward** | **53 958 848** | **67 295 553** | **-13 336 705** |
| Loss carry forward | 16 189 917 | - | 16 189 917 |
| **Tax base** | **70 148 765** | **67 295 553** | **2 853 212** |
| **Deffered tax** | **15 432 728** | **14 805 021** | **627 707** |

Business

## Note 12 PROPERTY, PLANT AND EQUIPMENT

| | Furniture and inventory | Internal IT | Customer related production | Infrastructure | Datacenter | 2022 | 2021 |
|---|---|---|---|---|---|---|---|
| **Opening balance 1 January** | 301 696 | 3 158 550 | 17 962 842 | 41 576 367 | 341 773 584 | 404 773 039 | 399 125 292 |
| Additions | 4 532 565 | 7 914 102 | 34 097 551 | 32 705 154 | 111 504 875 | 190 754 246 | 113 668 847 |
| Depreciation | -360 029 | -2 788 123 | -19 622 609 | -31 507 578 | -35 872 299 | -90 150 639 | -107 971 161 |
| Disposals | | | | | | - | -49 938 |
| **Net carrying amount 31 December** | **4 474 232** | **8 284 529** | **32 437 783** | **42 773 942** | **417 406 160** | **505 376 646** | **404 773 039** |
| | | | | | | | |
| **As of 1 January** | | | | | | | |
| Cost | 9 171 859 | 34 204 687 | 443 669 941 | 361 360 957 | 577 174 647 | 1 425 582 090 | 1 311 913 244 |
| Accumulated Depreciation | -8 870 162 | -31 046 137 | -421 741 971 | -319 784 588 | -235 401 063 | -1 016 843 923 | -908 872 761 |
| Disposals | - | - | -3 965 128 | - | - | -3 965 128 | -3 915 190 |
| **Net carrying amount** | **301 696** | **3 158 550** | **17 962 842** | **41 576 367** | **341 773 584** | **404 773 039** | **399 125 292** |
| | | | | | | | |
| **As of 31 December** | | | | | | | |
| Cost | 13 704 424 | 42 118 788 | 477 767 492 | 394 066 111 | 688 679 522 | 1 616 336 337 | 1 425 582 091 |
| Accumulated Depreciation | -9 230 191 | -33 834 259 | -441 364 581 | -351 292 166 | -271 273 363 | -1 106 994 560 | -1 016 843 922 |
| Disposals | - | - | -3 965 128 | - | - | -3 965 128 | -3 965 128 |
| **Net carrying amount** | **4 474 232** | **8 284 529** | **32 437 783** | **42 773 942** | **417 406 160** | **505 376 646** | **404 773 039** |
| | | | | | | | |
| Economic lifetime | 5 yr | 3 yr | 3 yr | 3-5 yr | 10-20 yr | | |
| Depreciation schedule | Linear | Linear | Linear | Linear | Linear | | |

## Note 13 INVESTMENTS IN SUBSIDIARIES

| Shares in subsidiary | Year of acquisition | Registered office | Stake/share of votes | Balance sheet value |
|---|---|---|---|---|
| Orange Business Services AB | 2003 | Stockholm | 100 % | 42 884 810 |
| Orange Business Services GmbH | 2017 | Berlin | 100 % | 404 338 700 |
| Orange Business Services B.V. | 2020 | Amsterdam | 100 % | 142 028 629 |
| **Total** | | | | **589 252 140** |

Carrying values as per 31 December 2022 have been considered and are further described in note 14 - Impairment.

Business

## Note 14 IMPAIRMENT

The company has performed a complete impairment test as of 31 December 2022, according to IAS 36.
The impairment tests carried out at the end of 2022 do not show any need to write down goodwill.
The judgement has been based on estimated cash flows 2023 - 2027 for OBS AB and OBS B.V. For OBS GmbH the judgement has been based on estimated cash flows 2023 - 2032. The financial results for 2022 have been in line with expectations.

Valuation was determined by discounting the future cash flows and the calculation was based on the following key assumptions:

- Cash flows were projected using past experince and business plans prepared by management in each entity. The terminal value was calculated based on moderate growth in sales and growth in costs based on planned headcounts.

- Risk free rates, market premium and equity beta values used in calculation of the discounted future cash flows are all obtained from external sources and based on the market where the entities are located.

- Valuation is based on the following assumptions for terminal value growth and weighted average cost of capital (WACC).

| | Terminal value growth | WACC |
|---|---|---|
| Investments in subsidiaries | 1,25 % | 8,0 % |
| Goodwill | 1,25 % | 8,0 % |

Investments in subsidiaries are allocated to cash generating units as presented below

| 2022 | 01.01 | Additions/ reallocations | Impairment | 31.12 |
|---|---|---|---|---|
| Orange Business Services AB | 42 884 810 | - | - | 42 884 810 |
| Orange Business Services GmbH | 393 886 212 | 10 452 488 | - | 404 338 700 |
| Orange Business Services B.V. | 142 028 629 | - | - | 142 028 629 |
| **Total** | **578 799 652** | **10 452 488** | **-** | **589 252 140** |

| 2021 | 01.01 | Additions/ reallocations | Impairment | 31.12 |
|---|---|---|---|---|
| Orange Business Services AB | 42 884 810 | - | - | 42 884 810 |
| Orange Business Services GmbH | 393 886 212 | - | - | 393 886 212 |
| Orange Business Services B.V. | 142 028 629 | - | - | 142 028 629 |
| **Total** | **578 799 652** | **-** | **-** | **578 799 652** |

Goodwill is allocated to cash generating units as presented below

| 2022 | 01.01 | Additions/ reallocations | Impairment | 31.12 |
|---|---|---|---|---|
| Norway | 18 074 998 | - | - | 18 074 998 |
| **Total** | **18 074 998** | **-** | **-** | **18 074 998** |

| 2021 | 01.01 | Additions/ reallocations | Impairment | 31.12 |
|---|---|---|---|---|
| Norway | 18 074 998 | - | - | 18 074 998 |
| **Total** | **18 074 998** | **-** | **-** | **18 074 998** |

The balance sheet value of goodwill in Orange Business Services AS consists of:

| | |
|---|---|
| Infostream | 4 426 382 |
| Webdeal | 13 648 616 |
| **Total balance sheet value** | **18 074 998** |

Business

## Note 15 TRADE RECEIVABLES

| Trade receivables | 2022 | 2021 |
|---|---|---|
| Receivables from third-party customers | 77 656 234 | 62 033 004 |
| Receivables from related parties | 78 164 415 | 71 095 372 |
| | 155 820 649 | 133 128 376 |
| Allowance for expected credit losses | -2 562 225 | -2 400 000 |
| **Total** | **153 258 424** | **130 728 376** |

Trade receivables are non-interest bearing and are generally on terms of 15 to 30 days.
Actual loss was 387.775 NOK in 2022 and 47.276 NOK in 2021.

## Note 16 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

| | 2022 | 2021 |
|---|---|---|
| Cash at banks and on hand | 46 080 908 | 150 332 596 |
| **Cash and cash equivalents** | **46 080 908** | **150 332 596** |
| | | |
| **Restricted funds** | **13 790 424** | **14 781 920** |

Orange Business Services AS has restricted funds in connection with payable tax guaranteeing the employees payable tax. As of 31.12.2022 the employees payable tax amounted to 13.790.424 NOK. In 2021 the employees payable tax amounted to 14.781.920 NOK at year end.

## Note 17 SHARE CAPITAL AND SHAREHOLDERS

| | NUMBER | PAR VALUE (NOK) | BOOK VALUE (NOK) |
|---|---|---|---|
| Ordinary shares (fully paid) 1 January 2022 | 2 871 139 | 0,11 | 315 825 |
| **Ordinary shares (fully paid) 31 December 2022** | **2 871 139** | **0,11** | **315 825** |

As of 31 December 2022 the shareholders were as follows:

| SHAREHOLDER | POSITION/POST | NO. OF SHARES | % STAKE |
|---|---|---|---|
| Orange Business Services S.A | Regular shares | 2 871 139 | 100,0 % |
| **Total** | | **2 871 139** | **100,0 %** |

Business

## Board of Directors' report 2022

### Key features

In September 2022 the company rebranded and changed name from Basefarm AS to Orange Business Services AS. With the rebranding Orange Business Services AS aims to foster closer cooperation with its parent company Orange Business Services SA in France as well as facilitate synergies and alignment of products and services.

Orange Business Services AS (OBS) managed to continue to increase revenues in 2022 and at the same time maintain customer satisfaction. However, when Russia entered Ukraine, the new unstable global security situation had an immediate impact on the energy market, and this combined with increasing inflation created a significant increase in our cost base.

The shares in Orange Business Services AS are held by Orange Business Services SA, a French limited liability company domiciled in Paris, France. Orange Business Services AS holds 100% of the shares in the subsidiaries Orange Business Services AB (Sweden), Orange Business Services BV (Netherlands), and Orange Business Services GmbH (Germany).

Operating revenue for Orange Business Services AS continued to grow in 2022, with an increase of 12.9% from the NOK 864.1 million reported in 2021, to NOK 975.3 million in 2022.

Profit after tax was NOK -1.6 million in 2022, distinctively lower than the NOK 46.2 million reported in 2021 due to the inflation and investments in public cloud skills.

The Board of Directors expects Orange Business Services AS to continue to grow revenue and develop within the Orange group as well as regain margin levels to 2021-levels.

### The Company

Orange Business Services AS is the parent company in what was previously known as the Basefarm group, the leading European multi-cloud and big data service provider. We are experts in digital transformation – integrating cloud, big data and security services. Positioned as thought leaders in Europe's top markets; we address the main growth areas in enterprise IT. We target customers in the sweet spot of digital transformation: from large to mid-size enterprises and public institutions, to digital natives.

Founded in Oslo in 2000, Orange Business Services AS including subsidiaries has 706 employees in Norway, Sweden, the Netherlands, Germany and Austria. Basefarm AB (now Orange Business Services AB) in Sweden was established in 2003 as a fully owned subsidiary, whereas Basefarm BV in the Netherlands was acquired in 2011. The unbelievable Machine Company GmbH (now Orange Business Services GmbH), our German and Austrian operations with headquarter in Berlin, was acquired in 2017 and is a fully owned subsidiary. In December 2020 Basefarm AS also acquired 100% of the shares in Login Consultants BV in the Netherlands from Orange Business Services SA. Basefarm BV was after this merged into the newly acquired company with effect from the 1st of January 2021 and is now Orange Business Services BV.

Business

After being acquired by Orange Business services SA in 2018, Basefarm has extended the reach in Europe. In 2022 the company was rebranded in all geographies to Orange Business Services in order to further accelerate the pan-European growth.

Although being a technology company, Orange Business Services works to address our customers' business challenges, delivering integrated services from idea to cable (from strategy consulting to operations). The mission of the company is to help our customers become market leaders. The company's focus of being local and working in close collaboration with the customer is the foundation for delivering the highest level of performance and quality that customers with mission critical solutions require.

The company is certified according to ISO27001, ISO 9001, PCI-DSS Level 1, ISO14001, ISO50001 Energy Management, ISAE3000.

Orange Business Services also provides Service Organization Control attestations reports, specifically SOC2 Type II and ISAE3402 Type II.

### Business areas

With the accelerated convergence of technologies and industries, not least driven by machine learning and IoT, IT is becoming in and of itself a driver for innovation, growth and optimization of business processes. Businesses are looking to utilize the opportunities with digitalization to drive business value. The increasing complexity of IT infrastructure, combined with the demand for agility, scalability and security, as well as data science and AI, require a set of skills and competencies that not all organizations can maintain in-house. This development provides increased opportunities for Orange Business Services by leveraging our expertise in precisely these areas.

Orange Business Services' services as well as target group and customer segments have evolved over time following the market development. The company's primary customer segments cover enterprises who want to achieve a faster time to market, while at the same time maintain the highest level of performance and security:

- Banking & Finance
- Public Sector
- Health Sector
- Commerce & Travel
- Media & Content delivery

The customer base consists of several highly profiled companies and organizations with demands for enterprise class solutions supporting the rapid technology development on the market.

### Annual accounts and developments

In 2022, Orange Business Services AS total operating revenue amounted to NOK 975.3 million, compared with NOK 864.1 million in 2021. Profit after tax was NOK -1.6 million, compared with NOK 36.0 million in 2021. The investments in fixed assets for the company were higher compared to investments made in 2021, with total investments in property, plant and equipment amounting to NOK 191 million in 2022. This represents an increase of close to NOK 77 million compared to 2021,

orange Business

still with the majority of the investments being related to the expansion of Orange Business Services' data centers in Oslo. The investments are now finalized during Q1 2023. We have continued our investments in internal IT infrastructure to enhance our workflow and service delivery efficiency.

The cash and cash equivalents in the company at 31.12.22 amounted to NOK 46.1 million, compared with NOK 150.3 million last year. The company is fully funded by Orange SA and has been self-financing in terms of operational cash flow during 2022.

The board of directors considers the financial result to be somewhat disappointing and proposes that the loss for the year be distributed as follows:

| | |
|---|---|
| Transferred from other equity | -1 648 898 |
| **TOTAL TRANSFERRED** | **-1 648 898** |

### Going concern

In accordance with Section 3-3a of the Norwegian Accounting Act, the board of directors confirms that the conditions for a going concern are met and that the annual accounts have been compiled on the basis of this assumption. The Company's strategy and established budgets form the basis for this determination. The Company is in a satisfactory economic and financial position.

### Share distribution

Orange Business Services SA owns 100% of the shares in Orange Business Services AS.

The company's share capital is NOK 315 825 divided into 2 871 139 shares, each with a nominal value of NOK 0.11.

### Strategy and prospects

The previous Basefarm group has achieved continuous growth since its establishment in 2000. From a turnover of NOK 19 million in the company's first full year of operation (2001), the parent company has increased its revenues every year.

With the strategic move into the new Digital Services Europe group (DSE) in January 2023, the company and group has a more advantageous positions in Europe, including access to four new markets as well as further synergy potential in cooperation with Business & Decision. The company continues to be well positioned in a growing market space locally, and the Board of Directors expects that the company will continue the growth and further expand the market space with cross sales within the new territories in DSE.

The Covid-19 pandemic started to decline during 2022 and the strong measures set by the government was relieved during the year. It did have an impact on the whole Orange group including the employees, especially in the term of learning how to work remotely and still work together as a team. The first priority has always been the safety of our employees and of our customers, and the possibility to work remotely remained as an option during the entire year of 2022. The situation is the same for all of the subsidiaries. Given the high level of digitalization in the company already present

**Business**

prior to the pandemic, the move to working remotely was made with absolutely no impact on the running of the business. In the current situation, Orange Business Services' role is more important than ever in ensuring the continuous operation of our customers' mission critical systems. The company's operations were not impacted by the crisis, and there was never a risk in the ability to provide our services.

We are now finally back to our "normal" way of working, and we see activity in the market picking up speed with several new customers signed in the first months of 2023. We expect the company to continue to develop and grow.

## Organization and environment

As of 31 December 2022, Orange Business Services AS had 363 employees, whilst the Swedish subsidiary Orange Business Services AB had 136 employees and the Dutch subsidiaries Orange Business Services BV had 100 employees. Orange Business Services GmbH had a total of 107 employees in Berlin and Frankfurt in Germany and their Vienna office in Austria.

At Orange Business Services AS, 15.4 % of the employees are women, whilst the proportion of women in the management group is 40%. There are 20% women on the Board of Directors of Orange Business Services AS. Orange Business Services works actively to promote diversity and equality and our goal is to make sure that all individuals no matter sex, gender identity or expression, religious beliefs, age, disability, pregnancy, ethnicity, or sexual orientation have the same right and possibilities when it comes to career, employment and other working conditions as well as professional development. In addition, Orange Business Services emphasizes the role its employees play in ensuring that the working environment is free of bullying, personal abuse, harassment, or other unacceptable behavior.

The assessment made by HR in the equality report shows that the focus on gender equality is working. Orange Business Services AS has a continuous follow up of equal treatment through the Great Place to Work survey that is conducted on a yearly basis. For the year of 2022 we have also established a strong community/group engaged to focus on activities fostering DEIB (diversity, equity, inclusion and belonging). The focus and engagement of the group will continue to grow, and we plan for different types of activities, trainings, awareness sessions etc in the future. All our HR-processes are also continuously driven and optimized with the mindset to ensure equality and prevent discrimination.

The working environment within the Orange Business Services group is good. Absence due to sickness at Orange Business Services AS was 5.4 % in 2022. This represents a normal level of absence in terms of the Company's industry and national averages in Norway. No injuries or accidents have occurred, and there has been no need to implement special measures relating to the working environment. Working environment surveys have been conducted since 2004, with good results.

orange Business

Our operation does not pollute the external environment. The company is certified according to the ISO standard 14001 for Environmental Management, and we have further increased our focus on reducing waste and energy use. Our new data center is equipped with a state-of-the-art power and cooling solution, making sure we have one of the greenest and most power efficient data centers in the market. As we increase our operations, excess heat can be delivered to the community for heating. Staff are encouraged to use public transport or bicycles to customer meetings; video conferencing is widely used to avoid unnecessary travel, and scrapped electronic equipment is disposed of in accordance with established return schemes.

The organization has started the work to fulfill all requirements from the new Norwegian Transparency Act. The initial assessment was carried out during second half of 2022. The work done so far is summarized in a report which will be distributed on the company's homepage within the deadline June 30th 2023: https://cloud.orange-business.com/no/apenhetsloven/.

The Board of Directors in Orange Business Services AS are covered under an Orange Group Directors & Officer's Liability insurance. The insurance covers personal liability including damages and defense costs including legal costs. The cover includes all Orange subsidiaries (owned more than 50 percent; or controls the composition of the board of directors; or is entrusted to manage this entity through a managing contract or by laws) and/or its outside entities acting as de jure directors (all companies which are not a subsidiary). The cover also includes employees in managerial positions.

**Business**

**Oslo, June 27th, 2023**

Kristof Symons
Chairman of the Board

Nemo Verbist
Member of the Board

Philippe Mainet
Member of the Board

Ingrid Giltvedt Storrø
Employee elected Member of the Board

Joar Reithaug Rasmussen
Employee elected Member of the Board

Bjart Kvarme
Managing Director

**Skattedirektoratet**

| Saksbehandler | Deres dato | Vår dato |
|---|---|---|
| Torstein Kinden Helleland | 13.02.2012 | 26.03.2012 |
| Telefon | Deres referanse | Vår referanse |
| 22078139 | Grethe Viksaas | 2012/113261 |

BASEFARM AS
Postboks 4488 Nydalen
0403 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Basefarm AS, org. nr. 982 211 743

Det vises til deres brev av 13. februar 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Basefarm AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Basefarm AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

**Bakgrunn**
Basefarm AS er eid av to aksjeselskaper og de ansatte. Hovedaksjonær Reiten & Co Capital Partners Vii L. p. eier 72 % aksjene. Dette er et investeringsfond som er hjemmehørende på Guernsey. Bf Holdco AS, som er eid av ledelsen, eier 23,10 % av aksjene. De resterende aksjene er eid av ansatte. Eierkretsen er således begrenset. Basefarm AS er morselskap i et konsern som tilbyr tjenester innen drift av virksomhetskritiske internett-tjenester. Morselskapet har to datterselskaper hjemmhørende i Nederland og Sverige. Konsernet driver virksomhet i en internasjonal bransje der bransjespråket er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Konsernet benytter også engelsk som arbeidsspråk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**
Etter regnskapsloven § 3-4 tredje ledd skal "*årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*"

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite*

Postadresse: Postboks 9200 Grønland, 0134 Oslo
Besøksadresse: Se www.skatteetaten.no, Org. nr: 996250318
For elektronisk henvendelse se www.skatteetaten.no
Sentralbord: 800 80 000
Telefaks: 22 17 08 60

*hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at eierkretsen er begrenset. Hovedaksjonær er hjemmehørende på Guernsey. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

I.J. Stolt-Nielsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Helleland

Torstein Kinden Helleland

# Consolidated financial statements

## Year ended December 31, 2022

This document is a free translation into English of the yearly financial report prepared in French and is provided solely for the convenience of English speaking readers.

orange™

## Significant events 2022

### Creation of the new Totem business segment

Since January 1, 2022, Totem, the Orange group's European TowerCo, has owned and managed the passive infrastructure portfolio of mobile telecommunication towers in France and Spain. The Group has decided to present Totem as a separate business segment.

*Note 1.1*

### Impairment of goodwill in Romania

At December 31, 2022, the increase in the discount rate coupled with the downward revision of the business plan for the Romania cash-generating unit, led to the recognition of an impairment loss of (789) million euros in goodwill.

*Note 7.1*

### Signing of an agreement with MásMóvil

Following exclusive negotiations that began on March 8, 2022, Orange and MásMóvil signed an agreement on July 23 to combine their activities in Spain.

This combination will take the form of a 50-50 joint venture, co-controlled by each party. The Orange group would then lose exclusive control over its activities in Spain, and the joint venture would be consolidated using the equity method in the Orange group's financial statements.

At December 31, 2022, the Group considers that the IFRS 5 criteria relating to discontinued operations are not met.

*Note 3.2*

# Table of contents



The accompanying notes form an integral part of the consolidated financial statements. The accounting policies are set out in the shaded areas of each note.

## Consolidated income statement

| (in millions of euros, except for per share data) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Revenue** | 4.1 | **43,471** | **42,522** | **42,270** |
| External purchases | 5.1 | (18,732) | (17,973) | (17,691) |
| Other operating income | 4.2 | 747 | 783 | 604 |
| Other operating expenses | 5.2 | (413) | (700) | (789) |
| Labor expenses | 6.1 | (8,920) | (9,917) | (8,490) |
| Operating taxes and levies | 10.1.1 | (1,882) | (1,926) | (1,924) |
| Gains (losses) on disposal of fixed assets, investments and activities | 3.1 | 233 | 2,507 | 228 |
| Restructuring costs | 5.3 | (125) | (331) | (25) |
| Depreciation and amortization of fixed assets | 8.2 | (7,035) | (7,074) | (7,134) |
| Depreciation and amortization of financed assets | 8.5 | (107) | (84) | (55) |
| Depreciation and amortization of right-of-use assets | 9.1 | (1,507) | (1,481) | (1,384) |
| Impairment of goodwill | 7.1 | (817) | (3,702) | - |
| Impairment of fixed assets | 8.3 | (56) | (17) | (30) |
| Impairment of right-of-use assets | 9.1 | (54) | (91) | (57) |
| Share of profits (losses) of associates and joint ventures | 11 | (2) | 3 | (2) |
| **Operating income** | | **4,801** | **2,521** | **5,521** |
| Cost of gross financial debt excluding financed assets | | (775) | (829) | (1,099) |
| Interests on debts related to financed assets | | (3) | (1) | (1) |
| Gains (losses) on assets contributing to net financial debt | | 48 | (3) | (1) |
| Foreign exchange gain (loss) | | (97) | 65 | (103) |
| Interests on lease liabilities | | (145) | (120) | (120) |
| Other net financial expenses | | 52 | 106 | 11 |
| **Finance costs, net** | 13.2 | **(920)** | **(782)** | **(1,314)** |
| Income taxes | 10.2.1 | (1,265) | (962) | 848 |
| Consolidated net income | | 2,617 | 778 | 5,055 |
| Net income attributable to owners of the parent company | | 2,146 | 233 | 4,822 |
| Non-controlling interests | 15.6 | 471 | 545 | 233 |

| | | | | |
|---|---|---|---|---|
| **Earnings per share (in euros) attributable to parent company** | 15.7 | | | |
| Net income | | | | |
| - basic | | 0.73 | 0.00 | 1.72 |
| - diluted | | 0.73 | 0.00 | 1.71 |

## Consolidated statement of comprehensive income

| (in millions of euros) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Consolidated net income | | 2,617 | 778 | 5,055 |
| Remeasurements of the net defined benefit liability | 6.2 | 176 | 59 | (13) |
| Assets at fair value | 13.7-17.1 | (116) | 9 | 94 |
| Income tax relating to items that will not be reclassified | 10.2.2 | (47) | (14) | 1 |
| Share of other comprehensive income in associates and joint ventures that will not be reclassified | | 0 | (4) | - |
| **Items that will not be reclassified to profit or loss (a)** | | **13** | **51** | **82** |
| Assets at fair value | 13.7-17.1 | 4 | 1 | 1 |
| Cash flow hedges | 13.8.2 | 295 | 317 | 22 |
| Translation adjustment gains and losses | 15.5 | (374) | 200 | (414) |
| Income tax relating to items that are or may be reclassified | 10.2.2 | (70) | (84) | (10) |
| Share of other comprehensive income in associates and joint ventures that are or may be reclassified | | 51 | 5 | - |
| **Items that are or may be reclassified subsequently to profit or loss (b)** | | **(93)** | **439** | **(401)** |
| **Other consolidated comprehensive income (a) + (b)** | | **(80)** | **490** | **(319)** |
| Consolidated comprehensive income | | 2,537 | 1,267 | 4,736 |
| Comprehensive income attributable to the owners of the parent company | | 2,050 | 687 | 4,578 |
| Comprehensive income attributable to non-controlling interests | | 487 | 580 | 158 |

## Consolidated statement of financial position

| (in millions of euros) | Note | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| Goodwill | 7.2 | 23,113 | 24,192 | 27,596 |
| Other intangible assets | 8.4 | 14,946 | 14,940 | 15,135 |
| Property, plant and equipment | 8.5 | 31,640 | 30,484 | 29,075 |
| Right-of-use assets | 9.1 | 7,936 | 7,702 | 7,009 |
| Interests in associates and joint ventures | 11 | 1,486 | 1,440 | 98 |
| Non-current financial assets related to Mobile Financial Services activities | 17.1 | 656 | 900 | 1,210 |
| Non-current financial assets | 13.1 | 977 | 950 | 1,516 |
| Non-current derivatives assets | 13.1 | 1,458 | 683 | 132 |
| Other non-current assets | 4.5 | 216 | 254 | 136 |
| Deferred tax assets | 10.2.3 | 421 | 692 | 674 |
| **Total non-current assets** | | **82,847** | **82,236** | **82,582** |
| Inventories | 5.4 | 1,048 | 952 | 814 |
| Trade receivables | 4.3 | 6,305 | 6,029 | 5,620 |
| Other customer contract assets | 4.4 | 1,570 | 1,460 | 1,236 |
| Current financial assets related to Mobile Financial Services activities | 17.1 | 2,742 | 2,381 | 2,075 |
| Current financial assets | 13.1 | 4,541 | 2,313 | 3,259 |
| Current derivatives assets | 13.1 | 112 | 7 | 162 |
| Other current assets | 4.5 | 2,217 | 1,875 | 1,701 |
| Operating taxes and levies receivables | 10.1.2 | 1,265 | 1,163 | 1,104 |
| Current taxes assets | 10.2.3 | 149 | 181 | 128 |
| Prepaid expenses | 5.5 | 851 | 851 | 850 |
| Cash and cash equivalents | 13.1 | 6,004 | 8,621 | 8,145 |
| **Total current assets** | | **26,803** | **25,834** | **25,094** |
| Total assets | | 109,650 | 108,071 | 107,676 |

| (in millions of euros) | Note | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| Equity and liabilities | | | | |
| Share capital | | 10,640 | 10,640 | 10,640 |
| Share premiums and statutory reserve | | 16,859 | 16,859 | 16,859 |
| Subordinated notes | | 4,950 | 5,497 | 5,803 |
| Retained earnings | | (666) | (656) | 1,255 |
| **Equity attributable to the owners of the parent company** | | **31,784** | **32,341** | **34,557** |
| Non-controlling interests | | 3,172 | 3,020 | 2,643 |
| **Total equity** | 15 | **34,956** | **35,361** | **37,200** |
| Non-current financial liabilities | 13.1 | 31,930 | 31,922 | 30,089 |
| Non-current derivatives liabilities | 13.1 | 397 | 220 | 844 |
| Non-current lease liabilities | 9.2 | 6,901 | 6,696 | 5,875 |
| Non-current fixed assets payables | 8.6 | 1,480 | 1,370 | 1,291 |
| Non-current financial liabilities related to Mobile Financial Services activities | 17.1 | 82 | 0 | 0 |
| Non-current employee benefits | 6.2 | 2,567 | 2,798 | 1,984 |
| Non-current dismantling provisions | 8.7 | 670 | 876 | 885 |
| Non-current restructuring provisions | 5.3 | 43 | 61 | 53 |
| Other non-current liabilities | 5.7 | 276 | 306 | 307 |
| Deferred tax liabilities | 10.2.3 | 1,124 | 1,185 | 855 |
| **Total non-current liabilities** | | **45,471** | **45,434** | **42,182** |
| Current financial liabilities | 13.1 | 4,702 | 3,421 | 5,170 |
| Current derivatives liabilities | 13.1 | 51 | 124 | 35 |
| Current lease liabilities | 9.2 | 1,509 | 1,369 | 1,496 |
| Current fixed assets payables | 8.6 | 3,101 | 3,111 | 3,349 |
| Trade payables | 5.6 | 7,067 | 6,738 | 6,475 |
| Customer contract liabilities | 4.4 | 2,579 | 2,512 | 1,984 |
| Current financial liabilities related to Mobile Financial Services activities | 17.1 | 3,034 | 3,161 | 3,128 |
| Current employee benefits | 6.2 | 2,418 | 2,316 | 2,192 |
| Current dismantling provisions | 8.7 | 26 | 21 | 16 |
| Current restructuring provisions | 5.3 | 119 | 124 | 64 |
| Other current liabilities | 5.7 | 2,526 | 2,338 | 2,267 |
| Operating taxes and levies payables | 10.1.2 | 1,405 | 1,436 | 1,279 |
| Current taxes payables | 10.2.3 | 538 | 425 | 673 |
| Deferred income | | 149 | 180 | 165 |
| **Total current liabilities** | | **29,223** | **27,276** | **28,294** |
| Total equity and liabilities | | 109,650 | 108,071 | 107,676 |

## Consolidated statement of changes in shareholders' equity

| (in millions of euros) | | Attributable to owners of the parent company | | | | | | | Attributable to non-controlling interests | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of issued shares | Share capital | Share premiums and statutory reserve | Subordinated notes | Reserves | Other comprehensive income | Total | Reserves | Other comprehensive income | Total | |
| Balance as of January 1, 2020 | | 2,660,056,599 | 10,640 | 16,859 | 5,803 | (961) | (467) | 31,875 | 2,452 | 234 | 2,687 | 34,561 |
| **Consolidated comprehensive income** | | **-** | **-** | **-** | **-** | **4,822** | **(244)** | **4,578** | **233** | **(75)** | **158** | **4,736** |
| Share-based compensation | 6.3 | - | - | - | - | 16 | - | 16 | 7 | - | 7 | 23 |
| Purchase of treasury shares | 15.2 | - | - | - | - | 7 | - | 7 | - | - | - | 7 |
| Dividends | 15.3 | - | - | - | - | (1,595) | - | (1,595) | (225) | - | (225) | (1,820) |
| Issues and purchases of subordinated notes | 15.4 | - | - | - | 0 | (12) | - | (12) | - | - | - | (12) |
| Subordinated notes remuneration | 15.4 | - | - | - | - | (258) | - | (258) | - | - | - | (258) |
| Changes in ownership interests with no gain/loss of control | 3.2 | - | - | - | - | (21) | - | (21) | 19 | - | 19 | (2) |
| Other movements | | - | - | - | - | (33) | - | (33) | (2) | - | (2) | (35) |
| Balance as of December 31, 2020 | | 2,660,056,599 | 10,640 | 16,859 | 5,803 | 1,966 | (711) | 34,557 | 2,484 | 159 | 2,643 | 37,200 |
| **Consolidated comprehensive income** | | **-** | **-** | **-** | **-** | **233** | **454** | **687** | **545** | **36** | **580** | **1,267** |
| Share-based compensation | 6.3 | - | - | - | - | 165 | - | 165 | 6 | - | 6 | 171 |
| Purchase of treasury shares | 15.2 | - | - | - | - | (179) | - | (179) | - | - | - | (179) |
| Dividends | 15.3 | - | - | - | - | (2,127) | - | (2,127) | (218) | - | (218) | (2,345) |
| Issues and purchases of subordinated notes | 15.4 | - | - | - | (306) | (6) | - | (311) | - | - | - | (311) |
| Subordinated notes remuneration | 15.4 | - | - | - | - | (238) | - | (238) | - | - | - | (238) |
| Changes in ownership interests with no gain/loss of control(1) | 3.2 | - | - | - | - | (185) | - | (185) | (213) | - | (213) | (398) |
| Changes in ownership interests with gain/loss of control(2) | 3.2 | - | - | - | - | - | - | - | 249 | - | 249 | 249 |
| Other movements | | - | - | - | - | (28) | - | (28) | (28) | - | (28) | (55) |
| Balance as of December 31, 2021 | | 2,660,056,599 | 10,640 | 16,859 | 5,497 | (399) | (257) | 32,341 | 2,825 | 195 | 3,020 | 35,361 |
| **Consolidated comprehensive income** | | **-** | **-** | **-** | **-** | **2,146** | **(96)** | **2,050** | **471** | **16** | **487** | **2,537** |
| Share-based compensation | 6.3 | - | - | - | - | 11 | - | 11 | 3 | - | 3 | 14 |
| Purchase of treasury shares | 15.2 | - | - | - | - | (7) | - | (7) | - | - | - | (7) |
| Dividends | 15.3 | - | - | - | - | (1,861) | - | (1,861) | (328) | - | (328) | (2,189) |
| Issues and purchases of subordinated notes | 15.4 | - | - | - | (547) | 51 | - | (496) | - | - | - | (496) |
| Subordinated notes remuneration | 15.4 | - | - | - | - | (215) | - | (215) | - | - | - | (215) |
| Changes in ownership interests with no gain/loss of control | 3.2 | - | - | - | - | (10) | - | (10) | 0 | - | 0 | (10) |
| Changes in ownership interests with gain/loss of control | 3.2 | - | - | - | - | (0) | - | (0) | 0 | - | 0 | (0) |
| Other movements | | - | - | - | - | (29) | - | (29) | (10) | - | (10) | (39) |
| Balance as of December 31, 2022 | | 2,660,056,599 | 10,640 | 16,859 | 4,950 | (313) | (353) | 31,784 | 2,960 | 211 | 3,172 | 34,956 |

(1) Including the partial buy-out of minority interests in Orange Belgium and the buy-out of minority interests in Orange Bank (see Note 3.2).

(2) Related to the takeover of Telekom Romania Communications (see Note 3.2).

## Analysis of changes in shareholders' equity related to components of the other comprehensive income

| (in millions of euros) | Attributable to owners of the parent company | | | | | | | Attributable to non-controlling interests | | | | | | | Total other compre-hensive income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Assets at fair value | Hedging instruments | Translation adjustment | Actuarial gains and losses | Deferred tax | Other compre-hensive income of associates and joint ventures | Total | Assets at fair value | Hedging instruments | Translation adjustment | Actuarial gains and losses | Deferred tax | Other compre-hensive income of associates and joint ventures | Total | |
| **Balance as of January 1st, 2020** | **(28)** | **(117)** | **78** | **(563)** | **203** | **(40)** | **(467)** | **(2)** | **(6)** | **251** | **(10)** | **1** | **-** | **234** | **(233)** |
| Variation[(1)] | 95 | 18 | (334) | (15) | (8) | - | (244) | (1) | 4 | (80) | 2 | (0) | - | (75) | (319) |
| **Balance as of December 31, 2020** | **68** | **(98)** | **(256)** | **(579)** | **195** | **(40)** | **(711)** | **(3)** | **(2)** | **171** | **(8)** | **0** | **-** | **159** | **(552)** |
| Variation[(1)] | 11 | 318 | 160 | 63 | (98) | 1 | 454 | 0 | (1) | 40 | (4) | (0) | - | 36 | 490 |
| **Balance as of December 31, 2021** | **78** | **220** | **(96)** | **(516)** | **97** | **(39)** | **(257)** | **(3)** | **(3)** | **212** | **(11)** | **1** | **-** | **195** | **(62)** |
| Variation[(1)] | (111) | 267 | (360) | 179 | (112) | 42 | (96) | (0) | 28 | (14) | (3) | (4) | 9 | 16 | (80) |
| Balance as of December 31, 2022 | (33) | 487 | (455) | (337) | (16) | 3 | (353) | (4) | 25 | 198 | (14) | (4) | 9 | 211 | (142) |

(1) Including in 2022 a variation of 363 million euros related to hedging instruments (of which 187 million euros of hedging in American dollar and pound sterling held by Orange SA), an actuarial gain of 176 million euros mainly related to the increase in discount rates and a foreign exchange loss of (374) million euros mainly due to the depreciation of the Egyptian pound.
Including in 2021 a variation of 317 million euros related to hedging instruments (of which 319 million euros of hedging in American dollar and pound sterling held by Orange SA) and a variation of 200 million euros related to translation adjustments (impact spread on multiple currencies).
Including in 2020 a variation of (414) million euros of translation adjustments and a variation of 94 million euros related to assets at fair value.

## Consolidated statement of cash flows

| (in millions of euros) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Consolidated net income | | 2,617 | 778 | 5,055 |
| Non-monetary items and reclassified items for presentation | | 13,298 | 14,592 | 10,310 |
| Operating taxes and levies | 10.1.1 | 1,882 | 1,926 | 1,924 |
| Gains (losses) on disposal of fixed assets, investments and activities | 3.1 | (233) | (2,507) | (228) |
| Other gains and losses | | (22) | (28) | (23) |
| Depreciation and amortization of fixed assets | 8.2 | 7,035 | 7,074 | 7,134 |
| Depreciation and amortization of financed assets | 8.5 | 107 | 84 | 55 |
| Depreciation and amortization of right-of-use assets | 9.1 | 1,507 | 1,481 | 1,384 |
| Changes in provisions | 4-5-6-8 | (133) | 803 | (504) |
| Impairment of goodwill | 7.1 | 817 | 3,702 | - |
| Impairment of fixed assets | 8.3 | 56 | 17 | 30 |
| Impairment of right-of-use assets | 9.1 | 54 | 91 | 57 |
| Share of profits (losses) of associates and joint ventures | 11 | 2 | (3) | 2 |
| Operational net foreign exchange and derivatives | | 28 | 30 | (11) |
| Finance costs, net | 13.2 | 920 | 782 | 1,314 |
| Income tax | 10.2.1 | 1,265 | 962 | (848) |
| Share-based compensation | | 14 | 179 | 23 |
| Changes in working capital and operating banking activities[1] | | (792) | (177) | (640) |
| Decrease (increase) in inventories, gross | | (108) | (126) | 72 |
| Decrease (increase) in trade receivables, gross | | (289) | 64 | (488) |
| Increase (decrease) in trade payables | | 297 | 36 | (122) |
| Changes in other customer contract assets and liabilities | | (26) | 140 | (41) |
| Changes in other assets and liabilities[2] | | (666) | (292) | (62) |
| Other net cash out | | (3,888) | (3,956) | (2,028) |
| Operating taxes and levies paid | | (1,906) | (1,880) | (1,929) |
| Dividends received | | 13 | 12 | 6 |
| Interest paid and interest rates effects on derivatives, net[3] | | (963) | (1,134) | (1,264) |
| Tax dispute for fiscal years 2005-2006 | | - | - | 2,246 |
| Income tax paid excluding the effect of the tax litigation for years 2005 - 2006 | | (1,033) | (954) | (1,086) |
| **Net cash provided by operating activities (a)** | | **11,235** | **11,236** | **12,697** |
| **Investing activities** | | | | |
| Purchases and sales of property, plant and equipment and intangible assets | | (8,282) | (8,580) | (7,176) |
| Purchases of property, plant and equipment and intangible assets[4] | 8.4-8.5 | (8,777) | (8,749) | (8,546) |
| Increase (decrease) in fixed assets payables | | 170 | (72) | 958 |
| Investing donations received in advance | | 1 | 24 | 39 |
| Sales of property, plant and equipment and intangible assets[5] | | 324 | 217 | 374 |
| Cash paid for investment securities, net of cash acquired | 3.2 | (58) | (211) | (49) |
| Telekom Romania Communications | | 11 | (206) | - |
| Other | | (68) | (5) | (49) |
| Investments in associates and joint ventures | | (10) | (3) | (7) |
| Purchases of investment securities measured at fair value | | (34) | (76) | (67) |
| Proceeds from sales of investment securities, net of cash transferred | 3.2 | 12 | 891 | 1 |
| Swiatłowod Inwestycje Sp. z o.o (FiberCo in Poland) | | 18 | 132 | - |
| Orange Concessions | | (8) | 758 | - |
| Other | | 2 | - | - |
| Other proceeds from sales of investment securities at fair value | | 5 | 95 | 18 |
| Decrease (increase) in securities and other financial assets | | (2,081) | 1,908 | 1,716 |
| Investments at fair value, excluding cash equivalents | | (2,256) | 936 | 1,568 |
| Other[6] | | 175 | 972 | 148 |
| **Net cash used in investing activities (b)** | | **(10,448)** | **(5,976)** | **(5,564)** |

| (in millions of euros) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Financing activities | | | | |
| Medium and long-term debt issuances | 13.5-13.6 | 1,809 | 2,523 | 2,694 |
| Medium and long-term debt redemptions and repayments(7) | 13.5-13.6 | (1,088) | (4,572) | (3,476) |
| Repayments of lease liabilities | 9.2 | (1,519) | (1,625) | (1,398) |
| Increase (decrease) of bank overdrafts and short-term borrowings | | (400) | 1,143 | (413) |
| o/w redemption of subordinated notes reclassified in 2019 as short-term borrowings | 15.4 | - | - | (500) |
| Decrease (increase) of cash collateral deposits | | 771 | 988 | (747) |
| Exchange rates effects on derivatives, net | | (91) | 201 | 37 |
| Subordinated notes issuances (purchases) and other related fees | 15.4 | (451) | (311) | (12) |
| Coupon on subordinated notes | 15.4 | (213) | (238) | (280) |
| Proceeds (purchases) treasury shares | 15.2 | 14 | (199) | 7 |
| o/w employee share offering (Orange Together 2021) | 6.3 | 20 | (188) | - |
| Capital increase (decrease) - non-controlling interests | | 0 | 5 | 2 |
| Changes in ownership interests with no gain / loss of control | | (11) | (403) | (3) |
| Dividends paid to owners of the parent company | 15.3 | (1,861) | (2,127) | (1,595) |
| Dividends paid to non-controlling interests | 15.6 | (304) | (218) | (226) |
| **Net cash used in financing activities (c)** | | **(3,343)** | **(4,834)** | **(5,410)** |
| **Net change in cash and cash equivalents (a) + (b) + (c)** | | **(2,556)** | **427** | **1,724** |
| Net change in cash and cash equivalents | | | | |
| **Cash and cash equivalents in the opening balance** | | **8,621** | **8,145** | **6,481** |
| **Cash change in cash and cash equivalents** | | **(2,556)** | **427** | **1,724** |
| **Non-cash change in cash and cash equivalents** | | **(61)** | **50** | **(59)** |
| o/w effect of exchange rates changes and other non-monetary effects | | (61) | 50 | (59) |
| **Cash and cash equivalents in the closing balance** | | **6,004** | **8,621** | **8,145** |

(1) Operating banking activities mainly include transactions with customers and credit institutions. They are presented in changes in other assets and liabilities.

(2) Excluding operating tax receivables and payables.

(3) Including interests paid on lease liabilities for (141) million euros in 2022, (120) million euros in 2021 and (131) million euros in 2020 and interests paid on financed asset liabilities for (3) million euros in 2022 and (1) million euros in 2021 and 2020.

(4) Acquisitions of financed assets for 229 million euros in 2022, 40 million euros in 2021 and 241 million euros in 2020 have no effect on the net cash used in investing activities.

(5) Including proceeds from sale and lease-back transactions for 14 million euros in 2022, 10 million euros in 2021 and 227 million euros in 2020.

(6) Includes the reimbursement in 2021 of loans granted to Orange Concessions and its subsidiaries for approximately 663 million euros, of which 620 million euros reimbursed by Orange Concessions and 43 million euros by the HIN consortium (see Note 3.2), the reimbursement in 2020 of 97 million euros received by Orange in the context of the dispute with Digicel (see Note 18).

(7) Including TDIRA buy-backs in 2020 (see Note 13.4).

# Note 1 Segment information

## 1.1 Changes in segment information

In February 2021, Orange announced the creation of Totem, a European TowerCo that operates a tower portfolio consisting of approximately 27,000 sites in France and Spain at December 31, 2022. The TowerCo's entry into the operational phase resulted in a change in internal reporting by management, and the segment information now presented reflects the Group's decision to present Totem as a separate segment. This change has also modified the composition of the France and Spain cash-generating units (CGUs). The goodwill initially assigned to the France and Spain CGUs was thus partially reassigned to the Totem CGU, i.e. 1,624 million euros, based on the expected future cash flows of the transferred activity.

## 1.2 Segment revenue

| (in millions of euros) | France[1] | Europe | | | |
|---|---|---|---|---|---|
| | | *Spain[1]* | *Other European countries[3]* | *Eliminations Europe* | **Total** |
| December 31, 2022 | | | | | |
| **Revenue[4]** | **17,983** | ***4,647*** | ***6,329*** | ***(14)*** | **10,962** |
| Convergence services | 4,857 | *1,870* | *959* | - | 2,830 |
| Mobile-only services | 2,332 | *790* | *2,079* | - | 2,869 |
| Fixed-only services | 3,787[7] | *436* | *783* | - | 1,219 |
| IT & integration services | - | *41* | *430* | - | 471 |
| Wholesale | 4,938 | *878* | *964* | *(14)* | 1,828 |
| Equipment sales | 1,323 | *632* | *927* | - | 1,559 |
| Other revenue | 746 | *1* | *185* | - | 187 |
| *External* | *17,238* | *4,586* | *6,219* | - | *10,805* |
| *Inter-operating segments* | *745* | *61* | *109* | *(14)* | *157* |
| **December 31, 2021** | | | | | |
| **Revenue[4]** | **18,092** | ***4,720*** | ***5,870*** | ***(11)*** | **10,579** |
| Convergence services | 4,697 | *1,870* | *850* | - | 2,720 |
| Mobile-only services | 2,276 | *880* | *2,007* | - | 2,887 |
| Fixed-only services | 3,872[7] | *435* | *652* | - | 1,087 |
| IT & integration services | - | *14* | *338* | - | 352 |
| Wholesale | 5,313 | *900* | *998* | *(11)* | 1,886 |
| Equipment sales | 1,226 | *621* | *869* | - | 1,490 |
| Other revenue | 708 | *1* | *155* | *0* | 157 |
| *External* | *17,489* | *4,672* | *5,776* | - | *10,449* |
| *Inter-operating segments* | *603* | *48* | *94* | *(11)* | *131* |
| **December 31, 2020** | | | | | |
| **Revenue[4]** | **18,461** | ***4,951*** | ***5,638*** | ***(9)*** | **10,580** |
| Convergence services | 4,559 | *1,984* | *733* | - | 2,717 |
| Mobile services only | 2,245 | *1,012* | *2,026* | - | 3,038 |
| Fixed services only | 3,959[7] | *471* | *611* | - | 1,083 |
| IT & integration services | - | *8* | *301* | - | 310 |
| Wholesale | 5,866 | *916* | *1,017* | *(9)* | 1,924 |
| Equipment sales | 1,187 | *547* | *828* | - | 1,375 |
| Other revenue | 644 | *12* | *122* | - | 134 |
| *External* | *17,794* | *4,908* | *5,559* | - | *10,467* |
| *Inter-operating segments* | *667* | *43* | *79* | *(9)* | *113* |

(1) Since January 1, 2022, Totem's figures are presented in a distinct operating segment. In 2021 and 2020, Totem's figures are included in France, Spain and International Carriers & Shared Services segments (see Note 1.1).

(2) Including in 2022, revenue of 473 million euros in France and 212 million euros in Spain.

(3) In 2021, the segment includes the contribution of Telekom Romania Communications since September 30, 2021.

(4) The description of different sources of revenue is presented in Note 4.1.

(5) Including, in 2022, revenue of 5,126 million euros in France, 19 million euros in Spain, 1,413 million euros in other European countries and 1,023 million euros in other countries.
Including, in 2021, revenue of 5,118 million euros in France, 13 million euros in Spain, 1,294 million euros in other European countries and 1,331 million euros in other countries.
Including, in 2020, revenue of 5,071 million euros in France, 13 million euros in Spain, 1,287 million euros in other European countries and 1,436 million euros in other countries.

(6) Including revenue of 1,361 million euros in France, 1,353 million euros in 2021 and 1,305 million euros in 2020.

(7) Including, in 2022, fixed only broadband revenue of 2,955 million euros and fixed only narrowband revenue of 831 million euros.
Including, in 2021, fixed only broadband revenue of 2,862 million euros and fixed only narrowband revenue of 1,010 million euros.
Including, in 2020, fixed only broadband revenue of 2,748 million euros and fixed only narrowband revenue of 1,212 million euros.
(8) Including, in 2022, revenue of 1,018 million euros from voice services and revenue of 2,448 million euros from data services.
Including, in 2021, revenue of 1,106 million euros from voice services and revenue of 2,527 million euros from data services.
Including, in 2020, revenue of 1,237 million euros from voice services and revenue of 2,614 million euros from data services.

| Africa & Middle-East | Enterprise[5] | Totem[1][2] | International Carriers & Shared Services[1][6] | Eliminations | Total telecom activities | Mobile Financial Services | Eliminations telecom activities / mobile financial services | Orange consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **6,918** | **7,930** | **685** | **1,540** | **(2,538)** | **43,480** | **-** | **(9)** | **43,471** |
| - | - | - | - | - | 7,687 | - | - | 7,687 |
| 5,272 | 659 | - | - | (38) | 11,093 | - | (0) | 11,093 |
| 800 | 3,466[8] | - | - | (150) | 9,121 | - | (1) | 9,120 |
| 40 | 3,489 | - | - | (184) | 3,817 | - | (6) | 3,811 |
| 663 | 41 | 685 | 1,060 | (1,859) | 7,356 | - | - | 7,356 |
| 104 | 275 | - | - | (7) | 3,255 | - | (0) | 3,254 |
| 39 | - | - | 480 | (299) | 1,152 | - | (2) | 1,150 |
| *6,750* | *7,548* | *113* | *1,017* | *-* | *43,471* | *-* | *-* | *43,471* |
| *168* | *383* | *572* | *523* | *(2,538)* | *9* | *-* | *(9)* | *-* |
| | | | | | | | | |
| **6,381** | **7,757** | **n/a** | **1,515** | **(1,795)** | **42,530** | **-** | **(7)** | **42,522** |
| - | - | n/a | - | - | 7,417 | - | - | 7,417 |
| 4,884 | 636 | n/a | - | (31) | 10,652 | - | (0) | 10,652 |
| 664 | 3,633[8] | n/a | - | (168) | 9,089 | - | (1) | 9,088 |
| 31 | 3,195 | n/a | - | (167) | 3,411 | - | (4) | 3,407 |
| 654 | 42 | n/a | 1,056 | (1,249) | 7,702 | - | - | 7,702 |
| 112 | 250 | n/a | - | (8) | 3,070 | - | (0) | 3,070 |
| 36 | - | n/a | 460 | (172) | 1,188 | - | (2) | 1,186 |
| *6,216* | *7,371* | *n/a* | *998* | *-* | *42,522* | *-* | *-* | *42,522* |
| *165* | *386* | *n/a* | *517* | *(1,795)* | *7* | *-* | *(7)* | *-* |
| | | | | | | | | |
| **5,834** | **7,807** | **n/a** | **1,450** | **(1,855)** | **42,277** | **-** | **(7)** | **42,270** |
| - | - | n/a | - | - | 7,276 | - | - | 7,276 |
| 4,420 | 649 | n/a | - | (35) | 10,317 | - | (0) | 10,317 |
| 562 | 3,851[8] | n/a | - | (177) | 9,278 | - | (0) | 9,277 |
| 25 | 3,086 | n/a | - | (164) | 3,256 | - | (4) | 3,252 |
| 695 | 45 | n/a | 1,038 | (1,313) | 8,255 | - | - | 8,255 |
| 89 | 175 | n/a | - | (5) | 2,821 | - | (0) | 2,821 |
| 43 | - | n/a | 412 | (160) | 1,073 | - | (2) | 1,072 |
| *5,660* | *7,405* | *n/a* | *944* | *-* | *42,270* | *-* | *-* | *42,270* |
| *175* | *402* | *n/a* | *506* | *(1,855)* | *7* | *-* | *(7)* | *-* |

## 1.3 Segment revenue to consolidated net income in 2022

| (in millions of euros) | France | Europe | | | | Africa & Middle-East |
|---|---|---|---|---|---|---|
| | | *Spain* | *Other European countries* [(2)] | *Eliminations Europe* | Total | |
| **Revenue** | **17,983** | ***4,647*** | ***6,329*** | ***(14)*** | **10,962** | **6,918** |
| External purchases | (7,429) | *(2,879)* | *(3,684)* | *14* | (6,550) | (2,740) |
| Other operating income | 1,229 | *97* | *270* | *(0)* | 367 | 69 |
| Other operating expenses | (486) | *(162)* | *(187)* | *0* | (350) | (171) |
| Labor expenses | (3,435) | *(266)* | *(736)* | - | (1,002) | (575) |
| Operating taxes and levies | (834) | *(140)* | *(101)* | - | (241) | (660) |
| Gains (losses) on disposal of fixed assets, investments and activities | - | - | - | - | - | - |
| Restructuring costs | - | - | - | - | - | - |
| Depreciation and amortization of financed assets | (107) | - | - | - | - | - |
| Depreciation and amortization of right-of-use assets | (254) | *(169)* | *(201)* | - | (371) | (194) |
| Impairment of right-of-use assets | - | - | - | - | - | - |
| Interests on debts related to financed assets[(5)] | (3) | - | - | - | - | - |
| Interests on lease liabilities[(5)] | (18) | *(17)* | *(27)* | - | (44) | (64) |
| **EBITDAaL**[(3)] | **6,645** | ***1,111*** | ***1,662*** | **-** | **2,772** | **2,584** |
| Significant litigations[(3)] | (3) | - | - | - | - | - |
| Specific labour expenses[(3)] | (330) | - | *0* | - | 0 | - |
| Fixed assets, investments and businesses portfolio review[(3)] | (0) | - | *29* | - | 29 | 76 |
| Restructuring programs costs[(3)] | (18) | *(8)* | *(14)* | - | (22) | (8) |
| Acquisition and integration costs[(3)] | - | - | *(41)* | - | (41) | - |
| Depreciation and amortization of fixed assets | (2,922) | *(1,107)* | *(1,057)* | - | (2,164) | (1,075) |
| Impairment of goodwill | - | - | *(789)* | - | (789) | - |
| Impairment of fixed assets | (15) | - | *(3)* | - | (3) | 2 |
| Share of profits (losses) of associates and joint ventures | (18) | - | *(3)* | - | (3) | 22 |
| *Elimination of interests on debts related to financed assets*[(5)] | *3* | - | - | - | - | - |
| *Elimination of interests on lease liabilities*[(5)] | *18* | *17* | *27* | - | *44* | *64* |
| **Operating Income** | **3,361** | ***12*** | ***(190)*** | **-** | **(177)** | **1,665** |
| Cost of gross financial debt except financed assets | | | | | | |
| Interests on debts related to financed assets[(5)] | | | | | | |
| Gains (losses) on assets contributing to net financial debt | | | | | | |
| Foreign exchange gain (loss) | | | | | | |
| Interests on lease liabilities[(5)] | | | | | | |
| Other net financial expenses | | | | | | |
| **Finance costs, net** | | | | | | |
| **Income Tax** | | | | | | |
| Consolidated net income | | | | | | |

(1) Since January 1, 2022, Totem's figures are presented in a distinct operating segment (see Note 1.1).

(2) In 2021, the segment includes the contribution of Telekom Romania Communications since September 30, 2021.

(3) See Note 1.10. for EBITDAaL adjustments.

(4) Mobile Financial Services' net banking income is recognized in other operating income and amounts to 116 million euros in 2022. The cost of risk is included in other operating expenses and amounts to (45) million euros in 2022.

(5) Presentation adjustments allow the reallocation of the lines of specific items identified in the segment information to the operating revenue and expense lines presented in the consolidated income statement. Interests on debts related to financed assets and interests on lease liabilities are included in segment EBITDAaL. They are excluded from segment operating income and included in net finance costs presented in the consolidated income statement.

| Enterprise | Totem[1] | International Carriers & Shared Services | Elimination telecom activities | Total telecom activities | Mobile Financial Services[4] | Eliminations telecom activities / mobile financial services | Total | Presentation adjustments[5] | Orange consolidated financial statements |
|---|---|---|---|---|---|---|---|---|---|
| **7,930** | **685** | **1,540** | **(2,538)** | **43,480** | **-** | **(9)** | **43,471** | **-** | **43,471** |
| (4,240) | (131) | (1,997) | 4,491 | (18,594) | (129) | 15 | (18,707) | (24) | (18,732) |
| 191 | 0 | 2,101 | (3,331) | 627 | 128 | (10) | 745 | 2 | 747 |
| (657) | (0) | (49) | 1,377 | (335) | (36) | 4 | (367) | (47) | (413) |
| (2,179) | (14) | (1,255) | - | (8,461) | (76) | - | (8,537) | (383) | (8,920) |
| (82) | (5) | (55) | - | (1,877) | (2) | - | (1,879) | (3) | (1,882) |
| | | | | | | | | | |
| - | - | - | - | - | - | - | - | 233 | 233 |
| - | - | - | - | - | - | - | - | (125) | (125) |
| - | - | - | - | (107) | - | - | (107) | - | (107) |
| (154) | (159) | (372) | - | (1,504) | (3) | - | (1,507) | - | (1,507) |
| (1) | - | 0 | - | (1) | - | - | (1) | (52) | (54) |
| - | - | - | - | (3) | - | - | (3) | 3 | n/a |
| (6) | (4) | (10) | - | (144) | (0) | - | (145) | 145 | n/a |
| **804** | **371** | **(96)** | **-** | **13,080** | **(118)** | **1** | **12,963** | **(251)** | **n/a** |
| - | - | (6) | - | (9) | - | - | (9) | 9 | n/a |
| (35) | - | (9) | - | (373) | 1 | - | (372) | 372 | n/a |
| 8 | - | 120 | - | 233 | - | - | 233 | (233) | n/a |
| (47) | - | (89) | - | (184) | 7 | - | (177) | 177 | n/a |
| (1) | (1) | (33) | - | (76) | 2 | - | (74) | 74 | n/a |
| (398) | (122) | (311) | - | (6,992) | (44) | - | (7,035) | - | (7,035) |
| - | - | - | - | (789) | (28) | - | (817) | - | (817) |
| (20) | 0 | 0 | - | (36) | (21) | - | (56) | - | (56) |
| 1 | - | (3) | - | (2) | - | - | (2) | - | (2) |
| *-* | *-* | *-* | *-* | *3* | *-* | *-* | *3* | *(3)* | *n/a* |
| *6* | *4* | *10* | *-* | *144* | *0* | *-* | *145* | *(145)* | *n/a* |
| **317** | **252** | **(417)** | **-** | **5,000** | **(200)** | **1** | **4,801** | **-** | **4,801** |
| | | | | | | | | | (775) |
| | | | | | | | | | (3) |
| | | | | | | | | | 48 |
| | | | | | | | | | (97) |
| | | | | | | | | | (145) |
| | | | | | | | | | 52 |
| | | | | | | | | | **(920)** |
| | | | | | | | | | **(1,265)** |
| | | | | | | | | | 2,617 |

## 1.4 Segment revenue to consolidated net income in 2021

| (in millions of euros) | France | Europe | | | | Africa & Middle-East |
|---|---|---|---|---|---|---|
| | | *Spain* | *Other European countries* | *Eliminations Europe* | Total | |
| **Revenue** | **18,092** | ***4,720*** | ***5,870*** | ***(11)*** | **10,579** | **6,381** |
| External purchases | (7,081) | *(2,768)* | *(3,330)* | *11* | (6,087) | (2,502) |
| Other operating income | 1,274 | *161* | *192* | *(0)* | 353 | 52 |
| Other operating expenses | (526) | *(171)* | *(179)* | *0* | (350) | (243) |
| Labor expenses | (3,657) | *(268)* | *(665)* | - | (932) | (535) |
| Operating taxes and levies | (838) | *(163)* | *(96)* | - | (259) | (644) |
| Gains (losses) on disposal of fixed assets, investments and activities | - | - | - | - | - | - |
| Restructuring costs | - | - | - | - | - | - |
| Depreciation and amortization of financed assets | (84) | - | - | - | - | - |
| Depreciation and amortization of right-of-use assets | (304) | *(248)* | *(198)* | - | (446) | (176) |
| Impairment of right-of-use assets | - | - | - | - | - | - |
| Interests on debts related to financed assets[3] | (1) | - | - | - | - | - |
| Interests on lease liabilities[3] | (8) | *(14)* | *(15)* | - | (29) | (67) |
| **EBITDAaL[1]** | **6,867** | ***1,251*** | ***1,579*** | **-** | **2,830** | **2,265** |
| Significant litigations[1] | (128) | - | - | - | - | - |
| Specific labour expenses[1] | (959) | - | *(2)* | - | (2) | - |
| Fixed assets, investments and businesses portfolio review[1] | (2) | - | *359* | - | 359 | 2 |
| Restructuring programs costs[1] | (10) | *(180)* | *(31)* | - | (211) | (41) |
| Acquisition and integration costs[1] | (7) | - | *(25)* | - | (25) | - |
| Depreciation and amortization of fixed assets | (3,108) | *(1,107)* | *(1,097)* | - | (2,204) | (1,012) |
| Impairment of goodwill | - | *(3,702)* | - | - | (3,702) | - |
| Impairment of fixed assets | (1) | - | *(13)* | - | (13) | (1) |
| Share of profits (losses) of associates and joint ventures | (8) | - | *5* | - | 5 | 10 |
| *Elimination of interests on debts related to financed assets[3]* | *1* | - | - | - | - | - |
| *Elimination of interests on lease liabilities[3]* | *8* | *14* | *15* | - | *29* | *67* |
| **Operating Income** | **2,653** | ***(3,724)*** | ***791*** | **-** | **(2,933)** | **1,291** |
| Cost of gross financial debt except financed assets | | | | | | |
| Interests on debts related to financed assets[3] | | | | | | |
| Gains (losses) on assets contributing to net financial debt | | | | | | |
| Foreign exchange gain (loss) | | | | | | |
| Interests on lease liabilities[3] | | | | | | |
| Other net financial expenses | | | | | | |
| **Finance costs, net** | | | | | | |
| **Income Taxes** | | | | | | |
| Consolidated net income | | | | | | |

(1) See Note 1.10. for EBITDAaL adjustments.
(2) Mobile Financial Services's net banking income is recognized in other operating income and amounts to 109 million euros in 2021. The cost of risk is included in other operating expenses and amounts to (46) million euros in 2021.
(3) Presentation adjustments allow the reallocation of the lines of specific items identified in the segment information to the operating revenue and expense lines presented in the consolidated income statement. Interests on debts related to financed assets and interests on lease liabilities are included in segment EBITDAaL. They are excluded from segment operating income and included in net finance costs presented in the consolidated income statement.

| Enterprise | International Carriers & Shared Services | Elimination telecom activities | Total telecom activities | Mobile Financial Services[(2)] | Eliminations telecom activities/ mobile financial services | Total | Presentation adjustments[(3)] | Orange consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| **7,757** | **1,515** | **(1,795)** | **42,530** | **-** | **(7)** | **42,522** | **-** | **42,522** |
| (3,967) | (2,000) | 3,786 | (17,849) | (112) | 10 | (17,950) | (23) | (17,973) |
| 173 | 2,096 | (3,328) | 620 | 114 | (4) | 730 | 53 | 783 |
| (640) | (71) | 1,336 | (493) | (44) | 2 | (535) | (165) | (700) |
| (2,119) | (1,298) | - | (8,542) | (84) | - | (8,626) | (1,291) | (9,917) |
| (80) | (66) | - | (1,887) | (3) | - | (1,890) | (36) | (1,926) |
| | | | | | | | | |
| - | - | - | - | - | - | - | 2,507 | 2,507 |
| - | - | - | - | - | - | - | (331) | (331) |
| - | - | - | (84) | - | - | (84) | - | (84) |
| (147) | (407) | - | (1,478) | (3) | - | (1,481) | - | (1,481) |
| - | 0 | - | 0 | - | - | 0 | (91) | (91) |
| - | - | - | (1) | - | - | (1) | 1 | n/a |
| (7) | (8) | - | (119) | (0) | - | (120) | 120 | n/a |
| **970** | **(237)** | **-** | **12,696** | **(131)** | **1** | **12,566** | **744** | **n/a** |
| - | (6) | - | (134) | - | - | (134) | 134 | n/a |
| (123) | (190) | - | (1,274) | (3) | - | (1,276) | 1,276 | n/a |
| 3 | 2,146 | - | 2,507 | - | - | 2,507 | (2,507) | n/a |
| (5) | (145) | - | (412) | (11) | - | (422) | 422 | n/a |
| (1) | (16) | - | (49) | (2) | - | (51) | 51 | n/a |
| (378) | (335) | - | (7,038) | (36) | - | (7,074) | - | (7,074) |
| - | - | - | (3,702) | - | - | (3,702) | - | (3,702) |
| 0 | (2) | - | (17) | - | - | (17) | - | (17) |
| 1 | (5) | - | 3 | - | - | 3 | - | 3 |
| *-* | *-* | *-* | *1* | *-* | *-* | *1* | *(1)* | *n/a* |
| *7* | *8* | *-* | *119* | *0* | *-* | *120* | *(120)* | *n/a* |
| **474** | **1,217** | **-** | **2,702** | **(182)** | **1** | **2,521** | **-** | **2,521** |
| | | | | | | | | (829) |
| | | | | | | | | (1) |
| | | | | | | | | (3) |
| | | | | | | | | 65 |
| | | | | | | | | (120) |
| | | | | | | | | 106 |
| | | | | | | | | **(782)** |
| | | | | | | | | **(962)** |
| | | | | | | | | 778 |

## 1.5 Segment revenue to consolidated net income in 2020

| (in millions of euros) | France | Europe | | | | Africa & Middle-East |
|---|---|---|---|---|---|---|
| | | *Spain* | *Other European countries* | *Elimina-tions Europe* | Total | |
| **Revenue** | **18,461** | ***4,951*** | ***5,638*** | ***(9)*** | **10,580** | **5,834** |
| External purchases | (7,101) | *(2,774)* | *(3,194)* | *9* | (5,959) | (2,443) |
| Other operating income | 1,303 | *141* | *153* | *(0)* | 293 | 76 |
| Other operating expenses | (592) | *(185)* | *(173)* | *0* | (358) | (212) |
| Labor expenses | (3,663) | *(280)* | *(632)* | - | (912) | (514) |
| Operating taxes and levies | (955) | *(148)* | *(90)* | - | (238) | (552) |
| Gains (losses) on disposal of fixed assets, investments and activities | - | - | - | - | - | - |
| Restructuring costs | - | - | - | - | - | - |
| Depreciation and amortization of financed assets | (55) | - | - | - | - | - |
| Depreciation and amortization of right-of-use assets | (225) | *(260)* | *(183)* | - | (443) | (158) |
| Impairment of right-of-use assets | - | - | - | - | - | - |
| Interests on debts related to financed assets[3] | (1) | - | - | - | - | - |
| Interests on lease liabilities[3] | (8) | *(12)* | *(19)* | - | (30) | (67) |
| **EBITDAaL[1]** | **7,163** | ***1,433*** | ***1,499*** | **-** | **2,932** | **1,964** |
| Significant litigations[1] | (199) | - | - | - | - | - |
| Specific labour expenses[1] | (7) | - | *2* | - | 2 | (0) |
| Fixed assets, investments and businesses portfolio review[1] | 21 | *22* | *14* | - | 36 | 6 |
| Restructuring programs costs[1] | (5) | *(0)* | *(2)* | - | (2) | (5) |
| Acquisition and integration costs[1] | (1) | - | *(7)* | - | (7) | (2) |
| Depreciation and amortization of fixed assets | (3,157) | *(1,059)* | *(1,129)* | - | (2,187) | (1,011) |
| Impairment of goodwill | - | - | - | - | - | - |
| Impairment of fixed assets | (15) | *0* | *(8)* | - | (8) | (0) |
| Share of profits (losses) of associates and joint ventures | (1) | - | *0* | - | 0 | 8 |
| *Elimination of interests on debts related to financed assets[3]* | *1* | - | - | - | - | - |
| *Elimination of interests on lease liabilities[3]* | *8* | *12* | *19* | - | *30* | *67* |
| **Operating Income** | **3,809** | ***407*** | ***389*** | **-** | **796** | **1,027** |
| Cost of gross financial debt except financed assets | | | | | | |
| Interests on debts related to financed assets[3] | | | | | | |
| Gains (losses) on assets contributing to net financial debt | | | | | | |
| Foreign exchange gain (loss) | | | | | | |
| Interests on lease liabilities[3] | | | | | | |
| Other net financial expenses | | | | | | |
| **Finance costs, net** | | | | | | |
| **Income Taxes** | | | | | | |
| **Consolidated net income** | | | | | | |

(1) See Note 1.10. for EBITDAaL adjustments.

(2) Mobile Financial Services's net banking income is recognized in other operating income and amounts to 69 million euros in 2020. The cost of risk is included in other operating expenses and amounts to (31) million euros in 2020.

(3) Presentation adjustments allow the reallocation of the lines of specific items identified in the segment information to the operating revenue and expense lines presented in the consolidated income statement. Interests on debts related to financed assets and interests on lease liabilities are included in segment EBITDAaL. They are excluded from segment operating income and included in net finance costs presented in the consolidated income statement.

| Enterprise | International Carriers & Shared Services | Elimination telecom activities | Total telecom activities | Mobile Financial Services[2] | Eliminations telecom activities/ mobile financial services | Total | Presentation adjustments[3] | Orange consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| **7,807** | **1,450** | **(1,855)** | **42,277** | **-** | **(7)** | **42,270** | **-** | **42,270** |
| (4,019) | (1,951) | 3,891 | (17,582) | (108) | 6 | (17,684) | (6) | (17,691) |
| 161 | 2,076 | (3,371) | 539 | 75 | (9) | 604 | - | 604 |
| (646) | (51) | 1,335 | (524) | (47) | 11 | (560) | (229) | (789) |
| (2,027) | (1,274) | - | (8,390) | (75) | - | (8,465) | (25) | (8,490) |
| (102) | (75) | - | (1,923) | (1) | - | (1,924) | - | (1,924) |
| | | | | | | | | |
| - | - | - | - | - | - | - | 228 | 228 |
| - | - | - | - | - | - | - | (25) | (25) |
| - | - | - | (55) | - | - | (55) | - | (55) |
| (145) | (410) | - | (1,380) | (3) | - | (1,384) | - | (1,384) |
| - | - | - | - | - | - | - | (57) | (57) |
| - | - | - | (1) | - | - | (1) | 1 | n/a |
| (5) | (9) | - | (120) | (0) | - | (120) | 120 | n/a |
| **1,023** | **(244)** | **-** | **12,839** | **(160)** | **1** | **12,680** | **6** | **n/a** |
| - | (13) | - | (211) | - | - | (211) | 211 | n/a |
| 2 | (9) | - | (12) | (0) | - | (12) | 12 | n/a |
| 14 | 151 | - | 228 | - | - | 228 | (228) | n/a |
| (9) | (59) | - | (80) | (3) | - | (83) | 83 | n/a |
| (6) | (15) | - | (32) | (5) | - | (37) | 37 | n/a |
| (410) | (342) | - | (7,106) | (28) | - | (7,134) | - | (7,134) |
| - | - | - | - | - | - | - | - | - |
| - | (7) | - | (30) | - | - | (30) | - | (30) |
| 1 | (9) | - | (2) | - | - | (2) | - | (2) |
| *-* | *-* | - | *1* | - | - | *1* | *(1)* | *n/a* |
| *5* | *9* | - | *120* | *0* | - | *120* | *(120)* | *n/a* |
| **621** | **(538)** | **-** | **5,715** | **(195)** | **1** | **5,521** | **-** | **5,521** |
| | | | | | | | | (1,099) |
| | | | | | | | | (1) |
| | | | | | | | | (1) |
| | | | | | | | | (103) |
| | | | | | | | | (120) |
| | | | | | | | | 11 |
| | | | | | | | | **(1,314)** |
| | | | | | | | | **848** |
| | | | | | | | | 5,055 |

### 1.6 Segment investments

| (in millions of euros) | France[1] | Europe | | | |
|---|---|---|---|---|---|
| | | *Spain[1]* | *Other European countries[3]* | *Elimina-tions Europe* | Total |
| **December 31, 2022** | | | | | |
| eCAPEX[4] | 3,429 | *863* | *1,020* | - | 1,883 |
| Elimination of proceeds from sales of property, plant and equipment and intangible assets | 126 | - | *56* | - | 56 |
| Telecommunications licenses | 9 | *10* | *664* | - | 674 |
| Financed assets | 229 | - | - | - | - |
| **Total investments[7]** | **3,793** | ***873*** | ***1,739*** | **-** | **2,612** |
| **December 31, 2021** | | | | | |
| eCAPEX[4] | 4,117 | *980* | *913* | - | 1,893 |
| Elimination of proceeds from sales of property, plant and equipment and intangible assets | 49 | *1* | *65* | - | 66 |
| Telecommunications licenses | 264 | *618* | *32* | - | 650 |
| Financed assets | 40 | - | - | - | - |
| **Total investments[7]** | **4,471** | ***1,598*** | ***1,010*** | **-** | **2,609** |
| **December 31, 2020** | | | | | |
| eCAPEX[4] | 3,748 | *969* | *878* | - | 1,847 |
| Elimination of proceeds from sales of property, plant and equipment and intangible assets | 136 | *75* | *22* | - | 97 |
| Telecommunications licenses | 876 | *6* | *67* | - | 73 |
| Financed assets | 241 | - | - | - | - |
| **Total investments[7]** | **5,001** | ***1,050*** | ***967*** | **-** | **2,017** |

(1) In 2021 and 2020, Totem's figures are included in France, Spain and International Carriers & Shared Services segments (see Note 1.1).

(2) Including investments in intangible assets and property, plant and equipment in France for 110 million euros in 2022.

(3) Other European countries segment includes the contribution of Telekom Romania Communications acquired on September 30, 2021.

(4) See Note 1.10 for eCAPEX definition.

(5) Including investments in intangible assets and property, plant and equipment in France for 209 million euros in 2022, 206 million euros in 2021 and 218 million euros in 2020.

(6) Including investments in intangible assets and property, plant and equipment in France for 325 million euros in 2022, 271 million euros in 2021 and 303 million euros in 2020.
(7) Including 2,678 million euros for other intangible assets and 6,329 million euros for tangible assets in 2022.
Including 2,842 million euros for other intangible assets and 5,947 million euros for tangible assets in 2021.
Including 2,940 million euros for other intangible assets and 5,848 million euros for tangible assets in 2020.

| Africa & Middle East | Enterprise [5] | Totem [1][2] | International Carriers & Shared Services [1][6] | Eliminations telecom activities and unallocated items | Total telecom activities | Mobile Financial Services | Eliminations telecom activities / mobile financial services | Orange consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| 1,271 | 332 | 142 | 278 | - | 7,335 | 35 | - | 7,371 |
| 99 | 11 | - | 55 | - | 347 | - | - | 347 |
| 377 | - | - | - | - | 1,060 | - | - | 1,060 |
| - | - | - | - | - | 229 | - | - | 229 |
| **1,747** | **344** | **142** | **333** | **-** | **8,971** | **35** | **-** | **9,007** |
| | | | | | | | | |
| 1,064 | 318 | n/a | 243 | - | 7,636 | 24 | - | 7,660 |
| 5 | 7 | n/a | 36 | - | 163 | - | - | 163 |
| 12 | - | n/a | - | - | 926 | - | - | 926 |
| - | - | n/a | - | - | 40 | - | - | 40 |
| **1,082** | **325** | **n/a** | **279** | **-** | **8,766** | **24** | **-** | **8,789** |
| | | | | | | | | |
| 1,036 | 339 | n/a | 133 | - | 7,102 | 30 | - | 7,132 |
| 9 | 23 | n/a | 180 | - | 444 | - | - | 444 |
| 20 | 0 | n/a | 0 | - | 969 | - | - | 969 |
| - | - | n/a | - | - | 241 | - | - | 241 |
| **1,065** | **362** | **n/a** | **313** | **-** | **8,757** | **30** | **-** | **8,787** |

## 1.7 Segment assets

| (in millions of euros) | France[(1)] | Europe | | | |
|---|---|---|---|---|---|
| | | *Spain[(1)]* | *Other European countries* | *Eliminations Europe* | **Total** |
| **December 31, 2022** | | | | | |
| Goodwill | 13,176 | *2,734* | *1,852* | - | 4,586 |
| Other intangible assets | 4,331 | *1,994* | *2,287* | - | 4,280 |
| Property, plant and equipment | 16,906 | *3,640* | *4,239* | - | 7,879 |
| Right-of-use assets | 1,946 | *1,035* | *1,023* | - | 2,058 |
| Interests in associates and joint ventures | 1,070 | - | *313* | - | 313 |
| Non-current assets included in the calculation of net financial debt | - | - | - | - | - |
| Other | 9 | *12* | *43* | - | 55 |
| **Total non-current assets** | **37,438** | ***9,415*** | ***9,755*** | **-** | **19,171** |
| Inventories | 429 | *73* | *187* | - | 260 |
| Trade receivables | 2,055 | *601* | *1,176* | *(1)* | 1,776 |
| Other customer contract assets | 371 | *174* | *425* | - | 600 |
| Prepaid expenses | 41 | *373* | *61* | - | 434 |
| Current assets included in the calculation of net financial debt | - | - | - | - | - |
| Other | 789 | *77* | *215* | - | 292 |
| **Total current assets** | **3,685** | ***1,298*** | ***2,064*** | ***(1)*** | **3,361** |
| **Total assets** | **41,123** | ***10,714*** | ***11,819*** | ***(1)*** | **22,532** |
| **December 31, 2021** | | | | | |
| Goodwill | 14,364 | *3,170* | *2,910* | - | 6,079 |
| Other intangible assets | 4,543 | *2,259* | *1,727* | - | 3,985 |
| Property, plant and equipment | 16,975 | *3,834* | *3,967* | - | 7,801 |
| Right-of-use assets | 2,014 | *1,093* | *1,104* | - | 2,197 |
| Interests in associates and joint ventures | 1,061 | - | *303* | - | 303 |
| Non-current assets included in the calculation of net financial debt | - | - | - | - | - |
| Other | 9 | *16* | *15* | - | 31 |
| **Total non-current assets** | **38,966** | ***10,372*** | ***10,025*** | **-** | **20,396** |
| Inventories | 438 | *61* | *176* | - | 237 |
| Trade receivables | 2,125 | *643* | *1,147* | *1* | 1,791 |
| Other customer contract assets | 379 | *176* | *407* | - | 583 |
| Prepaid expenses | 35 | *417* | *69* | - | 486 |
| Current assets included in the calculation of net financial debt | - | - | - | - | - |
| Other | 737 | *72* | *183* | - | 255 |
| **Total current assets** | **3,713** | ***1,368*** | ***1,982*** | ***1*** | **3,351** |
| **Total assets** | **42,679** | ***11,740*** | ***12,007*** | ***1*** | **23,747** |
| **December 31, 2020** | | | | | |
| Goodwill | 14,364 | *6,872* | *2,640* | - | 9,512 |
| Other intangible assets | 4,957 | *1,852* | *1,795* | - | 3,647 |
| Property, plant and equipment | 16,038 | *3,750* | *3,903* | - | 7,653 |
| Right-of-use assets | 1,523 | *1,129* | *1,052* | - | 2,181 |
| Interests in associates and joint ventures | 9 | - | *5* | - | 5 |
| Non-current assets included in the calculation of net financial debt | - | - | - | - | - |
| Other | 9 | *17* | *25* | - | 42 |
| **Total non-current assets** | **36,900** | ***13,619*** | ***9,421*** | **-** | **23,040** |
| Inventories | 361 | *57* | *162* | - | 219 |
| Trade receivables | 1,975 | *645* | *1,046* | *(0)* | 1,691 |
| Other customer contract assets | 386 | *154* | *367* | - | 521 |
| Prepaid expenses | 53 | *492* | *51* | - | 542 |
| Current assets included in the calculation of net financial debt | - | - | - | - | - |
| Other | 803 | *117* | *79* | - | 197 |
| **Total current assets** | **3,578** | ***1,465*** | ***1,705*** | ***(0)*** | **3,170** |
| **Total assets** | **40,477** | ***15,085*** | ***11,126*** | ***(0)*** | **26,210** |

(1) In 2021 and 2020, Totem's figures are included in France, Spain and International Carriers & Shared Services segments (see Note 1.1).
(2) Including intangible and tangible assets for 748 million euros in France in 2022.
(3) Including intangible and tangible assets in France for 526 million euros in 2022, 564 million euros in 2021 and 573 million euros in 2020.

| Africa & Middle East | Enterprise | Totem[1][2] | International Carriers & Shared Services[1] | Eliminations telecom activities and unallocated items | Total telecom activities | Mobile Financial Services | Eliminations telecom activities / mobile financial services | Orange consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 1,420 | 2,289 | 1,624 | 18 | - | 23,113 | - | - | 23,113 |
| 1,956 | 577[3] | 6 | 3,741[4] | - | 14,892 | 54 | - | 14,946 |
| 4,315 | 417[3] | 943 | 1,169[4] | - | 31,630 | 10 | - | 31,640 |
| 819 | 438 | 649 | 2,002 | - | 7,912 | 23 | - | 7,936 |
| 89 | 3 | - | 12 | (0) | 1,486 | - | - | 1,486 |
| - | - | - | - | 1,390 | 1,390 | - | - | 1,390 |
| 27 | 36 | 4 | 21 | 1,430 | 1,583 | 781[5] | (27) | 2,337 |
| **8,626** | **3,761** | **3,226** | **6,964** | **2,820** | **82,005** | **869** | **(27)** | **82,847** |
| 127 | 91 | - | 141 | - | 1,048 | 0 | - | 1,048 |
| 954 | 1,339 | 272 | 1,042 | (1,200) | 6,237 | 130 | (62) | 6,305 |
| 11 | 588 | - | - | - | 1,570 | - | - | 1,570 |
| 178 | 125 | 19 | 61 | (28) | 830 | 22 | (0) | 851 |
| - | - | - | - | 10,451 | 10,451 | - | - | 10,451 |
| 1,720 | 278 | 13 | 424 | 150 | 3,666 | 2,931[6] | (18) | 6,579 |
| **2,991** | **2,421** | **304** | **1,668** | **9,373** | **23,801** | **3,083** | **(81)** | **26,803** |
| **11,616** | **6,182** | **3,530** | **8,631** | **12,192** | **105,807** | **3,951** | **(108)** | **109,650** |
| | | | | | | | | |
| 1,465 | 2,237 | n/a | 18 | - | 24,163 | 28 | - | 24,192 |
| 1,974 | 622[3] | n/a | 3,728[4] | - | 14,852 | 88 | - | 14,940 |
| 4,113 | 466[3] | n/a | 1,125[4] | (0) | 30,479 | 5 | - | 30,484 |
| 918 | 478 | n/a | 2,074 | - | 7,681 | 21 | - | 7,702 |
| 67 | 2 | n/a | 6 | (0) | 1,440 | - | - | 1,440 |
| - | - | n/a | - | 709 | 709 | - | - | 709 |
| 32 | 43 | n/a | 39 | 1,725 | 1,878 | 919[5] | (27) | 2,769 |
| **8,569** | **3,848** | **n/a** | **6,990** | **2,433** | **81,202** | **1,062** | **(27)** | **82,236** |
| 93 | 70 | n/a | 114 | (0) | 951 | 0 | - | 952 |
| 833 | 1,162 | n/a | 904 | (774) | 6,040 | 91 | (103) | 6,029 |
| 13 | 485 | n/a | - | - | 1,460 | - | - | 1,460 |
| 200 | 95 | n/a | 53 | (30) | 839 | 14 | (1) | 851 |
| - | - | n/a | - | 10,462 | 10,462 | - | - | 10,462 |
| 1,484 | 214 | n/a | 389 | 163 | 3,241 | 2,848[6] | (9) | 6,080 |
| **2,623** | **2,026** | **n/a** | **1,460** | **9,821** | **22,994** | **2,953** | **(113)** | **25,834** |
| **11,192** | **5,873** | **n/a** | **8,450** | **12,255** | **104,196** | **4,015** | **(140)** | **108,071** |
| | | | | | | | | |
| 1,443 | 2,225 | n/a | 18 | - | 27,561 | 35 | - | 27,596 |
| 2,046 | 640[3] | n/a | 3,753[4] | - | 15,042 | 93 | - | 15,135 |
| 3,751 | 488[3] | n/a | 1,139[4] | - | 29,069 | 6 | - | 29,075 |
| 921 | 456 | n/a | 1,898 | - | 6,979 | 30 | - | 7,009 |
| 70 | 2 | n/a | 12 | 0 | 98 | - | - | 98 |
| - | - | n/a | - | 774 | 774 | - | - | 774 |
| 26 | 31 | n/a | 20 | 1,576 | 1,704 | 1,219[5] | (27) | 2,896 |
| **8,257** | **3,840** | **n/a** | **6,840** | **2,350** | **81,226** | **1,383** | **(27)** | **82,582** |
| 77 | 57 | n/a | 100 | - | 814 | - | - | 814 |
| 769 | 1,081 | n/a | 890 | (761) | 5,645 | 30 | (55) | 5,620 |
| 13 | 317 | n/a | - | - | 1,236 | - | - | 1,236 |
| 131 | 77 | n/a | 66 | (28) | 841 | 9 | (1) | 850 |
| - | - | n/a | - | 11,260 | 11,260 | - | - | 11,260 |
| 1,196 | 200 | n/a | 386 | 155 | 2,937 | 2,381[6] | (4) | 5,313 |
| **2,185** | **1,733** | **n/a** | **1,442** | **10,627** | **22,734** | **2,421** | **(61)** | **25,094** |
| **10,442** | **5,573** | **n/a** | **8,282** | **12,977** | **103,961** | **3,804** | **(88)** | **107,676** |

(4) Including intangible and tangible assets in France for 1,746 million euros in 2022, 1,687 million euros in 2021 and 1,731 million euros in 2020. Intangible assets also include the Orange brand for 3,133 million euros.

(5) Including 772 million euros of non-current financial assets related to Mobile Financial Services in 2022, 900 million euros in 2021 and 1,210 million euros in 2020 (see Note 17.1.1).

(6) Including 2,747 million euros of current financial assets related to Mobile Financial Services in 2022 (of which 519 million euros related to trade receivables sold by Orange Spain), 2,385 million euros in 2021 and 2,077 million euros in 2020.

## 1.8 Segment equity and liabilities

| (in millions of euros) | France(1) | Europe | | | |
|---|---|---|---|---|---|
| | | *Spain(1)* | *Other European countries* | *Elimina-tions Europe* | **Total** |
| December 31, 2022 | | | | | |
| **Equity** | **-** | ***-*** | ***-*** | ***-*** | **-** |
| Non-current lease liabilities | 1,740 | *961* | *870* | - | 1,831 |
| Non-current fixed assets payables | 468 | *429* | *396* | - | 825 |
| Non-current employee benefits | 1,522 | *5* | *18* | - | 23 |
| Non-current liabilities included in the calculation of net financial debt | - | - | - | - | - |
| Other | 347 | *13* | *247* | - | 259 |
| **Total non-current liabilities** | **4,076** | ***1,408*** | ***1,531*** | **-** | **2,939** |
| Current lease liabilities | 214 | *178* | *194* | - | 373 |
| Current fixed assets payables | 1,383 | *451* | *460* | - | 911 |
| Trade payables | 2,924 | *868* | *971* | *(1)* | 1,839 |
| Customer contracts liabilities | 830 | *228* | *513* | - | 740 |
| Current employee benefits | 1,243 | *56* | *125* | - | 181 |
| Deferred income | - | *67* | *20* | - | 86 |
| Current liabilities included in the calculation of net financial debt | - | - | - | - | - |
| Other | 763 | *143* | *269* | - | 412 |
| **Total current liabilities** | **7,357** | ***1,992*** | ***2,552*** | ***(1)*** | **4,542** |
| **Total equity and liabilities** | **11,433** | ***3,399*** | ***4,083*** | ***(1)*** | **7,481** |
| **December 31, 2021** | | | | | |
| **Equity** | **-** | ***-*** | ***-*** | ***-*** | **-** |
| Non-current lease liabilities | 1,668 | *1,015* | *941* | - | 1,956 |
| Non-current fixed assets payables | 639 | *462* | *165* | - | 627 |
| Non-current employee benefits | 1,643 | *5* | *21* | - | 26 |
| Non-current liabilities included in the calculation of net financial debt | - | - | - | - | - |
| Other | 578 | *57* | *327* | - | 385 |
| **Total non-current liabilities** | **4,528** | ***1,539*** | ***1,454*** | **-** | **2,993** |
| Current lease liabilities | 312 | *193* | *198* | - | 391 |
| Current fixed assets payables | 1,402 | *551* | *450* | - | 1,001 |
| Trade payables | 2,804 | *782* | *992* | *1* | 1,774 |
| Customer contracts liabilities | 942 | *182* | *518* | - | 700 |
| Current employee benefits | 1,210 | *43* | *111* | - | 154 |
| Deferred income | - | *84* | *20* | - | 104 |
| Current liabilities included in the calculation of net financial debt | - | - | - | - | - |
| Other | 795 | *218* | *266* | - | 485 |
| **Total current liabilities** | **7,465** | ***2,053*** | ***2,555*** | ***1*** | **4,609** |
| **Total equity and liabilities** | **11,993** | ***3,592*** | ***4,009*** | ***1*** | **7,602** |
| **December 31, 2020** | | | | | |
| **Equity** | **-** | ***-*** | ***-*** | ***-*** | **-** |
| Non-current lease liabilities | 1,238 | *977* | *904* | - | 1,881 |
| Non-current fixed assets payables | 613 | *339* | *186* | - | 525 |
| Non-current employee benefits | 1,007 | *9* | *15* | - | 23 |
| Non-current liabilities included in the calculation of net financial debt | - | - | - | - | - |
| Other | 583 | *65* | *302* | - | 367 |
| **Total non-current liabilities** | **3,442** | ***1,389*** | ***1,407*** | **-** | **2,796** |
| Current lease liabilities | 240 | *277* | *186* | - | 463 |
| Current fixed assets payables | 1,564 | *655* | *413* | - | 1,068 |
| Trade payables | 2,646 | *987* | *880* | *(0)* | 1,867 |
| Customer contracts liabilities | 940 | *103* | *303* | - | 405 |
| Current employee benefits | 1,166 | *38* | *101* | - | 138 |
| Deferred income | 2 | *114* | *5* | - | 119 |
| Current liabilities included in the calculation of net financial debt | - | - | - | - | - |
| Other | 670 | *131* | *242* | - | 373 |
| **Total current liabilities** | **7,229** | ***2,304*** | ***2,129*** | ***(0)*** | **4,432** |
| **Total equity and liabilities** | **10,670** | ***3,692*** | ***3,536*** | ***(0)*** | **7,229** |

(1) In 2021 and 2020, Totem's figures are included in France, Spain and International Carriers & Shared Services segments (see Note 1.1).
(2) Including in 2022, 171 million of euros of non-current financial liabilities, 86 million euros in 2021 and 102 million euros in 2020.
(3) Including in 2022, 3,034 million euros of current financial liabilities related to Mobile Financial Services activities, 3,161 million euros in 2021 and 3,128 million euros in 2020 (see Note 17.1.2).

| Africa & Middle-East | Enterprise | Totem[1] | International Carriers & Shared Services[1] | Eliminations telecom activities and unallocated items | Total telecom activities | Mobile Financial Services | Eliminations telecom activities / mobile financial services | Orange consolidated financial statements |
|---:|---:|---:|---:|---:|---:|---:|---:|---:|
| **-** | **-** | **-** | **-** | **35,589** | **35,589** | **(633)** | **-** | **34,956** |
| 691 | 320 | 476 | 1,820 | - | 6,879 | 23 | - | 6,901 |
| 188 | - | - | - | - | 1,480 | - | - | 1,480 |
| 89 | 242 | 2 | 682 | 0 | 2,560 | 7 | - | 2,567 |
| - | - | - | - | 32,265 | 32,265 | - | - | 32,265 |
| 96 | 16 | 115 | 43 | 1,235 | 2,112 | 172[2] | (27) | 2,257 |
| **1,064** | **579** | **593** | **2,545** | **33,500** | **45,296** | **202** | **(27)** | **45,471** |
| 209 | 134 | 142 | 433 | - | 1,504 | 4 | - | 1,509 |
| 589 | 68 | 9 | 134 | (0) | 3,094 | 6 | - | 3,101 |
| 1,307 | 909 | 256 | 942 | (1,200) | 6,976 | 153 | (62) | 7,067 |
| 93 | 750 | 9 | 184 | (27) | 2,580 | - | (0) | 2,579 |
| 88 | 455 | 6 | 421 | - | 2,394 | 24 | - | 2,418 |
| 40 | 8 | - | 10 | (0) | 145 | 5 | (0) | 149 |
| - | - | - | - | 4,759 | 4,759 | - | (6) | 4,753 |
| 2,031 | 311 | 11 | 572 | (630) | 3,470 | 4,190[3] | (12) | 7,647 |
| **4,358** | **2,636** | **432** | **2,696** | **2,901** | **24,922** | **4,382** | **(81)** | **29,223** |
| **5,422** | **3,215** | **1,026** | **5,240** | **71,989** | **105,807** | **3,951** | **(108)** | **109,650** |
| | | | | | | | | |
| **-** | **-** | **n/a** | **-** | **35,806** | **35,806** | **(445)** | **-** | **35,361** |
| 805 | 378 | n/a | 1,863 | - | 6,669 | 27 | - | 6,696 |
| 104 | - | n/a | - | - | 1,370 | - | - | 1,370 |
| 80 | 277 | n/a | 760 | (0) | 2,787 | 11 | - | 2,798 |
| - | - | n/a | - | 32,083 | 32,083 | - | - | 32,083 |
| 74 | 20 | n/a | 52 | 1,312 | 2,421 | 93[2] | (27) | 2,487 |
| **1,063** | **676** | **n/a** | **2,675** | **33,395** | **45,330** | **131** | **(27)** | **45,434** |
| 181 | 106 | n/a | 375 | - | 1,364 | 4 | - | 1,369 |
| 543 | 58 | n/a | 107 | (0) | 3,110 | 1 | - | 3,111 |
| 1,139 | 771 | n/a | 969 | (774) | 6,684 | 157 | (103) | 6,738 |
| 130 | 599 | n/a | 170 | (28) | 2,513 | - | (1) | 2,512 |
| 82 | 446 | n/a | 395 | (0) | 2,289 | 27 | - | 2,316 |
| 31 | 35 | n/a | 9 | (2) | 176 | 3 | (0) | 180 |
| - | - | n/a | - | 3,549 | 3,549 | - | (4) | 3,545 |
| 1,833 | 278 | n/a | 570 | (587) | 3,374 | 4,136[3] | (5) | 7,505 |
| **3,939** | **2,294** | **n/a** | **2,595** | **2,158** | **23,060** | **4,329** | **(113)** | **27,276** |
| **5,002** | **2,970** | **n/a** | **5,270** | **71,360** | **104,196** | **4,015** | **(140)** | **108,071** |
| | | | | | | | | |
| **-** | **-** | **n/a** | **-** | **37,413** | **37,413** | **(213)** | **-** | **37,200** |
| 825 | 346 | n/a | 1,553 | - | 5,843 | 31 | - | 5,875 |
| 153 | - | n/a | - | - | 1,291 | - | - | 1,291 |
| 72 | 216 | n/a | 656 | 0 | 1,975 | 8 | - | 1,984 |
| - | - | n/a | - | 30,858 | 30,858 | - | - | 30,858 |
| 69 | 39 | n/a | 44 | 990 | 2,092 | 110[2] | (27) | 2,175 |
| **1,119** | **602** | **n/a** | **2,253** | **31,847** | **42,059** | **150** | **(27)** | **42,182** |
| 141 | 118 | n/a | 529 | - | 1,491 | 5 | - | 1,496 |
| 523 | 60 | n/a | 135 | (1) | 3,349 | - | - | 3,349 |
| 1,066 | 745 | n/a | 848 | (761) | 6,411 | 120 | (55) | 6,475 |
| 126 | 422 | n/a | 119 | (27) | 1,985 | - | (1) | 1,984 |
| 72 | 415 | n/a | 374 | (0) | 2,166 | 27 | - | 2,192 |
| 36 | 1 | n/a | 6 | (0) | 165 | - | - | 165 |
| - | - | n/a | - | 5,207 | 5,207 | - | (2) | 5,205 |
| 1,435 | 257 | n/a | 900 | 80 | 3,714 | 3,715[3] | (2) | 7,427 |
| **3,398** | **2,019** | **n/a** | **2,911** | **4,498** | **24,488** | **3,867** | **(61)** | **28,294** |
| **4,517** | **2,622** | **n/a** | **5,165** | **73,757** | **103,960** | **3,804** | **(88)** | **107,676** |

## 1.9 Simplified statement of cash flows on telecommunication and Mobile Financial Services activities

| (in millions of euros) | 2022 | | | |
|---|---|---|---|---|
| | Telecom activities | Mobile Financial Services | **Eliminations telecom activities / mobile financial services** | Orange consolidated financial statement |
| Operating activities | | | | |
| Consolidated net income | 2,810 | (194) | (0) | 2,617 |
| Non-monetary items and reclassified items for presentation | 13,283 | 14 | 1 | 13,298 |
| *Changes in working capital and operating banking activities* | | | | |
| Decrease (increase) in inventories, gross | (108) | (0) | - | (108) |
| Decrease (increase) in trade receivables, gross | (209) | (39) | (41) | (289) |
| Increase (decrease) in trade payables | 260 | (4) | 41 | 297 |
| Changes in other customer contract assets and liabilities | (26) | - | 1 | (26) |
| Changes in other assets and liabilities | (201) | (465) | - | (666) |
| *Other net cash out* | | | | |
| Operating taxes and levies paid | (1,907) | 1 | - | (1,906) |
| Dividends received | 13 | - | - | 13 |
| Interest paid and interest rates effects on derivatives, net | (962) [1] | 0 | (1) | (963) |
| Income tax paid | (1,033) | (0) | - | (1,033) |
| **Net cash provided by operating activities (a)** | **11,921** [2] | **(686)** | **-** | **11,235** |
| Investing activities | | | | |
| Purchases (sales) of property, plant and equipment and intangible assets [3] | (8,251) | (31) | - | (8,282) |
| Purchases of property, plant and equipment and intangible assets | (8,742) | (35) | - | (8,777) |
| Increase (decrease) in fixed assets payables | 165 | 5 | - | 170 |
| Investing donations received in advance | 1 | - | - | 1 |
| Sales of property, plant and equipment and intangible assets | 324 | - | - | 324 |
| Cash paid for investment securities, net of cash acquired | (57) | (0) | - | (58) |
| Investments in associates and joint ventures | (10) | - | - | (10) |
| Purchases of equity securities measured at fair value | (34) | - | - | (34) |
| Proceeds from sales of investment securities, net of cash transferred | 12 | - | - | 12 |
| Other proceeds from sales of investment securities at fair value | 5 | - | - | 5 |
| Other decrease (increase) in securities and other financial assets | (2,289) | 206 | 2 | (2,081) |
| **Net cash used in investing activities (b)** | **(10,625)** | **175** | **2** | **(10,448)** |
| Financing activities | | | | |
| *Cash flows from financing activities* | | | | |
| Medium and long-term debt issuances | 1,809 | - | - | 1,809 |
| Medium and long-term debt redemptions and repayments | (1,088) [4] | - | - | (1,088) |
| Increase (decrease) of bank overdrafts and short-term borrowings | (367) | (32) | (2) | (400) |
| Decrease (increase) of cash collateral deposits | 673 | 99 | - | 771 |
| Exchange rates effects on derivatives, net | (91) | - | - | (91) |
| *Other cash flows* | | | | |
| Repayments of lease liabilities | (1,514) | (4) | - | (1,519) |
| Subordinated notes issuances (purchases) and other related fees | (451) | - | - | (451) |
| Coupon on subordinated notes | (213) | - | - | (213) |
| Proceeds (purchases) from treasury shares | 14 | - | - | 14 |
| Capital increase (decrease) - non-controlling interests | 0 | 0 | - | 0 |
| Capital increase (decrease) - telecom activities / mobile financial services [6] | (173) | 173 | - | - |
| Changes in ownership interests with no gain / loss of control | (11) | - | - | (11) |
| Dividends paid to owners of the parent company | (1,861) | - | - | (1,861) |
| Dividends paid to non-controlling interests | (304) | - | - | (304) |
| **Net cash used in financing activities (c)** | **(3,577)** | **236** | **(2)** | **(3,343)** |
| **Cash and cash equivalents in the opening balance** | **8,188** | **433** | **-** | **8,621** |
| Cash change in cash and cash equivalents (a) + (b) + (c) | (2,281) | (275) | - | (2,556) |
| Effect of exchange rates changes on cash and cash equivalents and other non-monetary effects | (61) | - | - | (61) |
| **Cash and cash equivalents in the closing balance** | **5,846** | **158** | **-** | **6,004** |

| (in millions of euros) | 2021 Telecom activities | Mobile Financial Services | Eliminations telecom activities / mobile financial services | Orange consolidated financial statement |
|---|---|---|---|---|
| Operating activities | | | | |
| Consolidated net income | 958 | (181) | 0 | 778 |
| Non-monetary items and reclassified items for presentation | 14,504 | 86 | 1 | 14,592 |
| *Changes in working capital and operating banking activities* | | | | |
| Decrease (increase) in inventories, gross | (126) | (0) | - | (126) |
| Decrease (increase) in trade receivables, gross | 37 | (21) | 47 | 64 |
| Increase (decrease) in trade payables | 47 | 37 | (47) | 36 |
| Changes in other customer contract assets and liabilities | 140 | - | 0 | 140 |
| Changes in other assets and liabilities | 21 | (313) | - | (292) |
| *Other net cash out* | | | | |
| Operating taxes and levies paid | (1,874) | (6) | - | (1,880) |
| Dividends received | 12 | - | - | 12 |
| Interest paid and interest rates effects on derivatives, net | (1,130) [1] | (3) | (1) | (1,134) |
| Income tax paid | (955) | 1 | - | (954) |
| **Net cash provided by operating activities (a)** | **11,636** [2] | **(399)** | **-** | **11,236** |
| Investing activities | | | | |
| Purchases (sales) of property, plant and equipment and intangible assets [3] | (8,557) | (23) | - | (8,580) |
| Purchases of property, plant and equipment and intangible assets | (8,725) | (24) | - | (8,749) |
| Increase (decrease) in fixed assets payables | (73) | 1 | - | (72) |
| Investing donations received in advance | 24 | - | - | 24 |
| Sales of property, plant and equipment and intangible assets | 217 | - | - | 217 |
| Cash paid for investment securities, net of cash acquired | (210) | (1) | - | (211) |
| Investments in associates and joint ventures | (3) | - | - | (3) |
| Purchases of equity securities measured at fair value | (75) | (0) | - | (76) |
| Proceeds from sales of investment securities, net of cash transferred | 891 | - | - | 891 |
| Other proceeds from sales of investment securities at fair value | 95 | - | - | 95 |
| Other decrease (increase) in securities and other financial assets | 1,632 | 274 | 2 | 1,908 |
| **Net cash used in investing activities (b)** | **(6,227)** | **249** | **2** | **(5,976)** |
| Financing activities | | | | |
| *Cash flows from financing activities* | | | | |
| Medium and long-term debt issuances | 2,523 | 27 | (27) | 2,523 |
| Medium and long-term debt redemptions and repayments | (4,572) [4] | (27) | 27 | (4,572) |
| Increase (decrease) of bank overdrafts and short-term borrowings | 1,148 | (3) | (2) | 1,143 |
| Decrease (increase) of cash collateral deposits | 973 | 15 | - | 988 |
| Exchange rates effects on derivatives, net | 201 | - | - | 201 |
| *Other cash flows* | | | | |
| Repayments of lease liabilities | (1,621) | (4) | - | (1,625) |
| Subordinated notes issuances (purchases) and other related fees | (311) | - | - | (311) |
| Coupon on subordinated notes | (238) | - | - | (238) |
| Proceeds (purchases) from treasury shares | (199) | - | - | (199) |
| Capital increase (decrease) - non-controlling interests | 1 | 4 | - | 5 |
| Capital increase (decrease) - telecom activities / mobile financial services [6] | (317) | 317 | - | - |
| Changes in ownership interests with no gain / loss of control | (403) | - | - | (403) |
| Dividends paid to owners of the parent company | (2,127) | - | - | (2,127) |
| Dividends paid to non-controlling interests | (218) | - | - | (218) |
| **Net cash used in financing activities (c)** | **(5,160)** | **328** | **(2)** | **(4,834)** |
| **Cash and cash equivalents in the opening balance** | **7,891** | **254** | **-** | **8,145** |
| Cash change in cash and cash equivalents (a) + (b) + (c) | 249 | 177 | (0) | 427 |
| Effect of exchange rates changes on cash and cash equivalents and other non-monetary effects | 48 | 2 | - | 50 |
| **Cash and cash equivalents in the closing balance** | **8,188** | **433** | **-** | **8,621** |

| (in millions of euros) | 2020 Telecom activities | Mobile Financial Services | Eliminations telecom activities / mobile financial services | Orange consolidated financial statement |
|---|---|---|---|---|
| Operating activities | | | | |
| Consolidated net income | 5,252 | (196) | - | 5,055 |
| Non-monetary items and reclassified items for presentation | 10,238 | 70 | 1 | 10,309 |
| *Changes in working capital and operating banking activities* | | | | |
| Decrease (increase) in inventories, gross | 72 | - | - | 72 |
| Decrease (increase) in trade receivables, gross | (483) | (28) | 23 | (488) |
| Increase (decrease) in trade payables | (85) | (14) | (22) | (122) |
| Changes in other customer contract assets and liabilities | (40) | - | (1) | (41) |
| Changes in other assets and liabilities | 36 | (98) | - | (62) |
| *Other net cash out* | | | | |
| Operating taxes and levies paid | (1,931) | 2 | - | (1,929) |
| Dividends received | 6 | - | - | 6 |
| Interest paid and interest rates effects on derivatives, net | (1,265) [1] | 2 | (1) | (1,264) |
| Tax dispute for fiscal years 2005-2006 | 2,246 | - | - | 2,246 |
| Income tax paid excluding the effect of the fiscal litigation for years 2005-2006 | (1,085) | (1) | | (1,086) |
| **Net cash provided by operating activities (a)** | **12,961** [2] | **(263)** | **(1)** | **12,697** |
| Investing activities | | | | |
| Purchases (sales) of property, plant and equipment and intangible assets [3] | (7,146) | (30) | - | (7,176) |
| Purchases of property, plant and equipment and intangible assets | (8,516) | (30) | - | (8,546) |
| Increase (decrease) in fixed assets payables | 958 | - | - | 958 |
| Investing donations received in advance | 39 | - | - | 39 |
| Sales of property, plant and equipment and intangible assets | 374 | - | - | 374 |
| Cash paid for investment securities, net of cash acquired | (16) | (32) | - | (49) |
| Investments in associates and joint ventures | (7) | - | - | (7) |
| Purchases of equity securities measured at fair value | (65) | (1) | - | (67) |
| Sales of investment securities, net of cash transferred | 5 | 14 | - | 19 |
| Decrease (increase) in securities and other financial assets | 1,596 | 121 | (2) | 1,716 |
| **Net cash used in investing activities (b)** | **(5,634)** | **72** | **(2)** | **(5,564)** |
| Financing activities | | | | |
| *Cash flows from financing activities* | | | | |
| Medium and long-term debt issuances | 2,694 | - | - | 2,694 |
| Medium and long-term debt redemptions and repayments | (3,476) [4] | - | - | (3,476) |
| Increase (decrease) of bank overdrafts and short-term borrowings | (299) [5] | (116) | 2 | (413) |
| Decrease (increase) of cash collateral deposits | (749) | 1 | - | (747) |
| Exchange rates effects on derivatives, net | 37 | - | - | 37 |
| *Other cash flows* | | | | |
| Repayments of lease liabilities | (1,394) | (4) | - | (1,398) |
| Subordinated notes issuances (purchases) and other related fees | (12) | - | - | (12) |
| Coupon on subordinated notes | (280) | - | - | (280) |
| Proceeds (purchases) from treasury shares | 7 | - | - | 7 |
| Capital increase (decrease) - non-controlling interests | 2 | - | - | 2 |
| Capital increase (decrease) - telecom activities / mobile financial services [6] | (197) | 197 | - | - |
| Changes in ownership interests with no gain / loss of control | (3) | - | - | (3) |
| Dividends paid to owners of the parent company | (1,595) | - | - | (1,595) |
| Dividends paid to non-controlling interests | (225) | (1) | - | (226) |
| **Net cash used in financing activities (c)** | **(5,490)** | **78** | **2** | **(5,410)** |
| **Cash and cash equivalents in the opening balance** | **6,112** | **369** | **-** | **6,481** |
| Cash change in cash and cash equivalents (a) + (b) + (c) | 1,839 | (115) | - | 1,724 |
| Effect of exchange rates changes on cash and cash equivalents and other non-monetary effects | (59) | - | - | (59) |
| **Cash and cash equivalents in the closing balance** | **7,891** | **254** | **-** | **8,145** |

(1) Including interests paid on lease liabilities for (141) million euros in 2022, (119) million euros in 2021 and (131) million euros in 2020 and interests paid on financed asset liabilities for (3) million euros in 2022 and (1) million euros in 2021 and 2020.

(2) Including significant litigations paid and received for (20) million euros in 2022, (306) million euros in 2021 and 2,217 million euros in 2020.

(3) Including telecommunication licenses paid for (981) million euros in 2022, (717) million euros in 2021 and (351) million euros in 2020.

(4) Including repayments of debts relating to financed assets for (97) million euros in 2022, (80) million euros in 2021 and (60) million euros in 2020.

(5) Including redemption of subordinated notes reclassified in 2019 as short-term borrowings of (500) million euros in 2020.

(6) Including Orange Bank's share capital invested by Orange group for 150 million euros in 2022, 300 million euros in 2021 and 197 million euros in 2020.

The table below shows the reconciliation between net cash provided by operating activities (telecom activities), as shown in the simplified statement of cash flows, and organic cash flow from telecom activities.

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net cash provided by operating activities (telecom activities)** | **11,921** | **11,636** | **12,961** |
| Purchases (sales) of property, plant and equipment and intangible assets | (8,251) | (8,557) | (7,146) |
| Repayments of lease liabilities | (1,514) | (1,621) | (1,394) |
| Repayments of debts relating to financed assets | (97) | (80) | (60) |
| Elimination of telecommunication licenses paid | 981 | 717 | 351 |
| Elimination of significant litigation paid (and received) (1) | 20 | 306 | (2,217) |
| Organic cash flow from telecom activities | 3,058 | 2,401 | 2,494 |

(1) In 2020, including the tax proceeds of 2,246 million euros relating to the tax dispute for fiscal years 2005-2006.

## 1.10 Definition of operating segments and performance indicators

Accounting policies

**Segment information**

Decisions regarding the allocation of resources and the assessment of the performance of Orange (hereinafter referred to as “the Group”) are made by the Chief Executive Officer (main operational decision-maker) at business segment level, mainly consisting of the geographical establishments.

The business segments are:

- France (excluding Enterprise);
- Spain and each of the Other European countries (including the Poland, Belgium and Luxembourg business segments and each of the Central European countries). The Europe aggregate thus includes all the business segments in this region;
- the Sonatel sub-group (grouping together Sonatel in Senegal, Orange Mali, Orange Bissau, Orange in Guinea and Orange in Sierra Leone), the Côte d’Ivoire sub-group (including the Orange Côte d’Ivoire entities, Orange in Burkina Faso and Orange in Liberia) and each of the other countries in Africa & Middle-East. The Africa & Middle-East aggregate thus presents all the business segments in this region;
- Enterprise, which combines communication solutions and services as well as integration and information technology services for businesses in France and around the world (including the cybersecurity activity);
- Totem, which combines the activities of the European TowerCo and operates a portfolio of some 27,000 tower sites in France and Spain;
- International Carriers & Shared Services (IC&SS) activities, which includes certain resources, mainly in the areas of networks, information systems, Research and Development and other shared Group activities, as well as the Orange brand;
- Mobile Financial Services, which includes Orange Bank.

The use of shared resources, mainly provided by International Carriers & Shared Services, is taken into account in segment results based either on the terms of contractual agreements between legal entities, external benchmarks or by reallocating costs among the segments. The supply of shared resources is included in the other income of the service provider, and the use of these resources is included in the expenses of the service user. The cost of shared resources may be affected by changes in contractual relationships or organization and may therefore impact the segment results presented from one fiscal year to another.

**Operating performance indicators**

EBITDAaL and eCAPEX are the key operating performance indicators used by the Group to:

- manage and assess its operating and segment results; and
- 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 relates to operating income before depreciation and amortization of fixed assets, effects resulting from takeovers, impairment of goodwill and fixed assets, share of profits (losses) of associates and joint ventures, and after interest on lease liabilities and on debt relating to financed assets, adjusted for:

- significant litigation effects;
- specific labor expenses;
- review of fixed assets, investments and business portfolio;

- restructuring program costs;
- acquisition and integration costs;
- where appropriate, other specific items.

This 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 relate to risk reassessments regarding various disputes. The associated procedures are based on third-party decisions (regulatory authority, court, etc.) and occur over a different period from the activities at the source of the litigation. Costs are by nature difficult to predict in terms of their source, amount and period;
- specific labor expenses: irrespective of any departure plans included in restructuring program costs, certain employee working time adjustment programs have a negative impact on the period in which they are signed and implemented. Specific labor expenses also relate to changes in assumptions and experience effects for the various part-time for seniors plans in France;
- review of fixed assets, investments and business portfolio: the Group conducts an ongoing review of its fixed assets, investments and business portfolio. In this context, exit or disposal decisions are implemented and, by their nature, have an impact on the period in which they take place;
- restructuring program costs: the adaptation of the Group's activities to changes in the environment may generate costs related to the shutdown or major transformation of an activity. These costs, linked to the cessation or major transformation of an activity, mainly consist of employee departure plans, contract terminations and costs in respect of contracts that have become onerous;
- acquisition and integration costs: the Group incurs costs directly related to the acquisition of entities and their integration in the months following their acquisition. These are primarily fees, registration costs and earn-outs;
- where appropriate, other specific items that are systematically specified in relation to income and/or expenses.

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

eCAPEX relates to acquisitions of property, plant and equipment and intangible assets excluding telecommunication licenses and financed assets, minus the price of disposal of fixed assets. It is used internally as an indicator to allocate resources. eCAPEX is not a financial indicator 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 relates to net cash flows provided by telecom activities minus (i) repayment of lease liabilities and debt related to financed assets, (ii) purchases and sales of property, plant and equipment and intangible assets, net of the change in fixed asset payables, (iii) excluding the effect of telecommunication licenses paid and significant litigation paid (and received). Organic cash flow is a financial indicator not defined by IFRS and may not be comparable to similarly titled indicators used by other groups.

**Assets and liabilities**

Inter-segment assets and liabilities are reported in each business segment.

Non-allocated assets and liabilities of telecom activities mainly include external financial debt, external cash and cash equivalents, current and deferred tax assets and liabilities and equity. Financial debt and investments between these segments are presented as unallocated items.

For Mobile Financial Services, the line "Other" includes the assets and liabilities listed above as well as loans and receivables and payables related to Mobile Financial Services transactions.

The other accounting policies are presented within each note to which they refer.

## Note 2 Description of business and basis of preparation of the consolidated financial statements

### 2.1 Description of business

Orange provides B2C and B2B customers and other telecommunication operators with a wide range of connectivity services, including fixed telephony, mobile telecommunication, data transmission and other value-added services, including Mobile Financial Services. In addition to its role as a supplier of connectivity, the Group provides enterprise services, primarily solutions in the fields of digital work, security and improving business line processes.

Telecommunication operator activities are regulated and dependent upon the granting of licenses, just as Mobile Financial Services activities have their own regulations.

## 2.2 Basis of preparation of the financial statements

The consolidated financial statements were approved by the Board of Directors at its meeting of February 15, 2023 and will be submitted for approval by the Shareholders' Meeting on May 23, 2023.

The 2022 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. Comparative figures are presented for 2021 and 2020 using the same basis of preparation.

The data are presented in millions of euros, without a decimal. Rounding to the nearest million may in some cases lead to non-significant discrepancies in the totals and subtotals shown in the tables.

For the reported periods, the accounting standards and interpretations endorsed by the European Union are similar to the compulsory standards and interpretations published by the International Accounting Standards Board (IASB) with the exception of the texts currently being endorsed, that have no effect on the Group's financial statements. Consequently, the Group's financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB.

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

- all the standards and interpretations endorsed by the European Union that were compulsory at December 31, 2022;
- the options taken relating to the date and methods of first-time adoption (see 2.3 below);
- the recognition and measurement options allowed under IFRS:

| Standard | | Alternative used |
|---|---|---|
| IAS 1 | Accretion expense on operating liabilities (employee benefits, environmental liabilities and licenses) | Classification as financial expenses |
| IAS 2 | Inventories | Measurement of inventories according to the weighted average unit cost method |
| IAS 7 | Interest paid and dividends received | 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 |
| IFRS 3 | Non-controlling interests | At the acquisition date, measurement either at fair value or according to the portion of the identifiable net assets of the acquired entity |

- accounting positions adopted by the Group in accordance with paragraphs 10 to 12 of IAS 8:

| Topic | Note |
|---|---|
| Presentation of consolidated financial statements | Financial statements and segment information |
| Operating taxes and levies payables | 10.1 |
| Income taxes | 10.2 |
| Non-controlling interests: change in ownership interest in a subsidiary and transactions with owners | 3 and 15.6 |

In the absence of any accounting standard or interpretation applicable to a specific transaction or event, the Group's management uses its judgment to define and apply an accounting policy that will result in relevant and reliable information, such that the financial statements:

- present a true and fair view of 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.

## 2.3 New standards and interpretations applied from January 1, 2022

Only the amendments of the standards applicable to the Group whose effective date is January 1, 2022 are described below.

### 2.3.1 Amendment to IAS 16: Proceeds before intended use

The amendment clarifies that an entity is not permitted to recognize any revenue from the sale of items produced as a deduction from the cost of the fixed asset while preparing the asset for its intended use. The proceeds from selling such items are recognized in the income statement. This amendment was adopted by the Group on January 1, 2022 and has had no material effect on Orange's consolidated financial statements.

### 2.3.2 Amendment to IAS 37: Onerous contracts – cost of fulfilling a contract

The clarifications provided by the amendment concern the incremental costs of fulfilling an onerous contract to be taken into account in the amount of the provision, namely the costs of direct labor and materials and the allocation of other costs directly related to the contract, for example the depreciation expense relating to a fixed asset used in fulfilling the contract. The Group adopted this amendment on January 1, 2022 and did not identify any material impacts during implementation of this amendment.

### 2.3.3 IFRS IC decision on implementation costs of a cloud computing agreement – IAS 38

The IFRS IC has specified the cases in which configuration and adaptation costs for software acquired as part of SaaS ("Software as a Service") may be capitalized as intangible assets. In accordance with this decision, only services that result in the creation of an additional code controlled by the customer may be capitalized. Other services would be recognized as expenses for the period or as prepaid expenses. The method used to expense the implementation costs of the Group's SaaS contracts complies with the accounting provisions set out by the IFRS IC in its decision.

### 2.3.4 Annual Improvements to IFRSs 2018–2020 Cycle

The 2018–2020 cycle of annual improvements to IFRSs resulted in the IASB making minor amendments or clarifications to the standards:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards"
- IFRS 9 "Financial Instruments"
- IFRS 16 "Leases"
- IAS 41 "Agriculture."

The changes to the above standards have no impact on the consolidated financial statements of the Orange group, either because they do not apply to the Group or because they clarify accounting treatments already adopted by the Group.

## 2.4 Standards and interpretations compulsory after December 31, 2022 with no early adoption

### 2.4.1 Amendment to IAS 1: Classification of liabilities as current or non-current

The amendment to the standard clarifies the current requirements of IAS 1 on the classification of liabilities in an entity's balance sheet. This amendment is not expected to have a significant impact on the Group's statement of financial position. However, the implementation of this amendment could lead to the reclassification of certain liabilities from current to non-current, and vice versa. The date of entry into force of this amendment is January 1, 2024.

### 2.4.2 Amendment to IAS 1: Disclosure of accounting policies

The amendment to the standard indicates that an entity must now disclose their material accounting policies rather than their significant accounting policies. This amendment should only marginally change the information provided by the Group in its notes to the consolidated financial statements. The date of entry into force of this amendment is January 1, 2023.

### 2.4.3 Amendment to IAS 8: Definition of accounting estimates

The amendment to the standard revised the definition of accounting estimates without changing the concept. This amendment is not expected to have any impact on the Group's consolidated financial statements and will only marginally change the information provided by the Group in its notes to the consolidated financial statements. The date of entry into force of this amendment is January 1, 2023.

### 2.4.4 Amendment to IAS 12: Taxes – Deferred tax related to assets and liabilities acquired through a single transaction

The amendment introduces a new exception to the exemption from the initial recognition of deferred taxes. As a result of this amendment, an entity does not apply the initial recognition exemption for transactions that give rise to deductible temporary differences.

Under applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and a liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit. For example, this may occur when the lease liability and the corresponding right-of-use asset are recognized under IFRS 16 at the inception of a lease. The Group's accounting policies are already aligned with the proposals of the amendment. The provisions of this amendment will apply as of January 1, 2023.

### 2.4.5 IFRS 17 and amendments to IFRS 9 "Insurance Contracts"

The Group is not subject to the provisions of the new IFRS 17 on the recognition and measurement of insurance contracts. The amendment to IFRS 9 proposes provisions enabling the disclosure of comparative information to companies adopting IFRS 17 for the first time. The date of entry into force of this standard and the IFRS amendment is January 1, 2023.

### 2.4.6 Amendment to IFRS 16 “Leases” – Lease liability in a sale and leaseback

The amendment introduces a new concept requiring variable rents to be taken into account when calculating the lease liability arising in a sale and leaseback transaction. Subsequent changes in variable rents will not result in the recognition of a gain or loss on the right-of-use, as the changes only impact the lease liability and the income statement for the difference between the reduction of the lease liability and the actual rents to be paid. The number of transactions resulting in a sale and leaseback remains limited in the Group and generally does not include a significant proportion of variable rent. The Group is completing its analysis before confirming that the implementation of this amendment should not have a material impact on its financial position. The provisions of this amendment will apply as of January 1, 2024.

## 2.5 Accounting policies, use of judgment and estimates

The accounting policies are presented within each note to which they refer. In summary:

| Note | Topic | Accounting policies | Judgments and estimates(1) |
|---|---|---|---|
| 1 | Segment information | X | |
| 3 | Changes in the scope of consolidation, takeovers (business combinations), internal transfer of consolidated shares, assets held for sale | X | X |
| 4.1 | Revenue | X | X |
| 4.3 | Trade receivables | X | X |
| 4.4 | Customer contract net assets and liabilities, costs of obtaining a contract and costs to fulfill a contract, unfulfilled performance obligations | X | X |
| 4.5 | Submarine cable consortiums, Orange Money | X | |
| 5.1 | Advertising, promotion, sponsoring, communication and brand marketing costs | X | |
| 5.2 | Litigation, acquisition and integration costs | X | X |
| 5.3 | Restructuring costs | X | X |
| 5.4 | Broadcasting rights and equipment inventories | X | |
| 5.6 | Trade payables (goods and services) | X | X |
| 6.2 | Employee benefits | X | X |
| 6.3 | Employee share-based compensation | X | |
| 7 | Goodwill, impairment of goodwill | X | X |
| 8.2 | Depreciation and amortization | X | |
| 8.3 | Impairment of fixed assets | X | X |
| 8.4 | Other intangible assets | X | X |
| 8.5 | Property, plant and equipment | X | X |
| 8.6 | Fixed assets payables | X | X |
| 8.7 | Dismantling provisions | X | X |
| 9 | Leases | X | X |
| 9.1 | Right-of-use assets | X | |
| 9.2 | Lease liabilities | X | X |
| 10.1 | Operating taxes and levies | X | X |
| 10.2 | Income taxes | X | X |
| 11 | Interests in associates and joint ventures | X | X |
| 12 | Related-party transactions | X | |
| 13.3 | Net financial debt | X | X |
| 13.3 | Cash and cash equivalents, bonds, bank loans and loans from multilateral lending institutions | X | |
| 13.4 | Perpetual bonds redeemable for shares (*TDIRA*) | X | X |
| 13.7 | Financial assets (telecom activities) | X | X |
| 13.8 | Derivatives (telecom activities) | X | |
| 14.8 | Fair value of financial assets and liabilities (telecom activities) | X | X |
| 15.2 | Treasury shares | X | |
| 15.4 | Subordinated notes, equity component of perpetual bonds redeemable for shares (*TDIRA*) | X | X |
| 15.5 | Translation adjustments | X | |
| 15.6 | Non-controlling interests | X | |
| 15.7 | Earnings per share | X | |
| 17.1 | Financial assets and liabilities of Mobile Financial Services | X | |
| 17.1.1 | Financial assets related to Orange Bank activities | X | X |
| 17.2.7 | Fair value of financial assets and liabilities of Orange Bank | | X |
| 18 | Litigation | | X |
| 20 | Scope | | X |

(1) See Notes 2.5.1 and 2.5.2

### 2.5.1 Use of judgment

In addition to the alternatives or accounting positions mentioned above in 2.2, Management exercises judgment in order to define the accounting policies for certain transactions:

| Topic | | Nature of accounting judgment |
|---|---|---|
| Notes 3 and 20 | Control | Exercise of judgment in certain circumstances with respect to the existence or not of control<br>Continuous control assessment which can affect the scope of consolidation, as for instance when a shareholders' agreement is revised or terminated, or when protective rights turn into substantive rights |
| Note 4 | Sales | Splitting transaction price between mobile and service<br>Identification of distinct or non-distinct performance obligations |
| Notes 5, 10 and 18 | Purchases and other expenses, tax and litigation | Litigation (including tax disputes and audits): measurement of technical merits of the interpretations and legislative positions and qualification of the facts and circumstances<br>Onerous supplier contracts: trigger event, nature of unavoidable costs |
| Note 5 | Purchases and other expenses | Reverse factoring: distinguishing operating debt and financial debt |
| Note 8 | Fixed assets | Qualifying network, sites or equipment sharing among operators as joint operations |
| Note 9 | Leases | Determination of the non-cancellable lease term and assessment of the exercise or not of termination, extension and purchase option<br>Separation of service and lease components of leases<br>"TowerCos" arrangements: electing the unit of account (tower or used space) and analyzing the arrangements in order to determine whether they contain a lease |
| Notes 13 and 15 | Financial assets, liabilities and financial results (telecom activities)<br>Equity | Distinguishing equity and debt: assessing specific contractual clauses |

### 2.5.2 Use of estimates

In preparing the Group's financial statements, Orange's management makes estimates, insofar as many elements included in the financial statements cannot be measured precisely. Management revises these estimates if the underlying circumstances evolve or in light of new information or more experience. Consequently, the estimates made at December 31, 2022 may subsequently be changed.

| Topic | | Key sources of estimates on future income and/or cash flows |
|---|---|---|
| Notes 4, 14 and 17 | Sales | Deciding duration of legally binding rights and obligations |
| Notes 5, 10 and 18 | Risk of resources outflow linked to litigation (including tax disputes and audits)<br>Onerous contracts | Underlying assumptions of the assessment of legal and tax positions<br>Identifying and releasing of uncertain legal and tax positions<br>Underlying assumptions of the assessment |
| Notes 7.3, 7.4, 8.3, 8.4, 8.5 and 11 | Measurement of the recoverable values for the impairment tests (goodwill, property, plant and equipment and intangible assets interests in associates and joint ventures) | Sensitivity to the discount rate, perpetual growth rate and business plan assumptions affecting expected cash flows (revenue, EBITDAaL and investments)<br>Assessing the competitive, economic and financial environment of the countries where the Group operates |
| Note 10.2 | Measurement of the recoverable value of deferred tax assets | Assessing the time frame for recovering deferred tax assets when a tax entity returns to profit or when tax legislation limits the use of tax loss carryforwards |
| Note 8 | Fixed assets | Assessing the useful life of assets based on changes in the technological, regulatory or economic environment (notably the migration from the copper local loop into fiber and other greater bandwidth technologies, radio technology migration)<br>Site dismantling and restoration provisions: dismantling time frame, discount rate, expected cost |
| Note 9 | Leases | Determination of the incremental borrowing rate of the lease when the implied interest rate is not identifiable in the lease<br>Determination of the term of certain leases |
| Note 6.2 | Employee benefits | Sensitivity to discount rates<br>Sensitivity to sign-up rate senior plans |
| Notes 14 and 17 | Fair value of financial assets and liabilities | Models, selection of parameters, fair value hierarchy, assessment of non-performance risks |

Furthermore, aside from the elements linked to the level of activity, income and future cash flows are sensitive to changes in financial market risks, notably interest rate and foreign exchange risks (see Note 14).

### 2.5.3 Consideration of climate change risks

Natural disasters and other accidental events related to climate change, such as fires, could lead to significant destruction of the Orange group's facilities, resulting in both service interruptions and high repair costs. The frequency and intensity of weather events related to climate change (e.g. floods, storms and heat waves) continue to increase, which could aggravate claims and increase the related damage. In the medium term, rising sea levels could affect sites and facilities located near the coast more often. While coverage of claims by insurers could decrease further, the damage caused by major disasters could result in significant costs to Orange, some of which could be at the expense of the Orange group and thus affect its financial position and outlook.

The Group is therefore integrating climate change risks more systematically into its activities. This can be seen in the assessment of these risks on the value of some of its assets through their depreciation schedule or as an event that could lead to the identification of an impairment loss indicator or on the future prospects of obtaining financing. Consideration of climate risks is also reflected in the Group's commitment to Net Zero Carbon by 2040. This commitment has led to changes in certain investment choices related to its activity.

Numerous projects have been initiated within the Group in order to understand the impacts of climate change on its operations. The implementation of actions to limit the effects of the Group's activities on climate change is also underway. The outcome of these projects could lead the Group to review certain accounting treatments, judgments or estimates of financial risks, the impact of which is still difficult to assess reliably. Climate resilience and adaptation are fast-growing topics and will requires the Group to better assess the risks to which it is exposed. The Group has begun a process of analysis in order to diagnose the exposure to climate risks of its various geographic locations based on the study of various impact scenarios related to climate change. At December 31, 2022, the Group had not identified any reliably estimated material impact on its financial statements at the stage of completion of the projects in progress.

### 2.5.4 Changes in the macroeconomic environment

The judgment and the estimates made by the Group also take specific events into account. In the context of the war in Ukraine, the Group has paid particular attention to:

- possible impacts on impairment testing, whether on changes in market data (discount rates, changes in inflation) or on the flows used;
- consequences of changes in market data on the valuation of certain Group assets and liabilities;
- price volatility or the risk of supply difficulties in certain countries, particularly for electricity.

Provided that the conflict does not spread to other geographical areas, and given the Group's limited presence in Ukraine as well as in Russia and Belarus, the direct impacts on the Group's financial statements remain limited.

## Note 3 Gains and losses on disposal and main changes in scope of consolidation

### 3.1 Gains (losses) on disposal of fixed assets, investments and activities

| (in millions of euros) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Gains (losses) on disposal of fixed assets | 8.1 | 159 | 52 | 221 |
| Gains (losses) on disposal of investments and activities | 3.2 | 74 | 2,455 | 7 |
| **Gain (losses) on disposal of fixed assets, investments and activities** | | **233** | **2,507** | **228** |

### 3.2 Main changes in the scope of consolidation

#### Changes in the scope of consolidation during 2022

**Merger by incorporation of Deezer by the SPAC I2PO and initial public offering of the global music streaming platform**

On April 19, 2022, I2PO, a SPAC (special purpose acquisition company) publicly traded since July 2021, and Deezer (the global music and audio streaming platform) announced that they had reached a definitive agreement for a business combination.

On July 4, 2022, Deezer's shareholders contributed their shares to the SPAC in exchange for newly issued shares of the latter. A capital increase was carried out at the same time.

The merged entity, renamed Deezer, was floated on the stock exchange on July 5, 2022, and is now listed on the professional compartment of the Euronext Paris regulated market. Before the initial public offering, the transaction valued Deezer's shares at 1.05 billion euros.

Prior to the transaction, the Group held an equity interest of 10.42% in Deezer and exercised a significant influence over the entity due to its presence on the Board of Directors.

After the transaction, Orange holds 8.13% of the new entity and no longer exercises a significant influence. Pursuant to IAS 28 and IFRS 9, the transaction entailed the disposal of all of Deezer's interests in associates and joint ventures and the purchase at fair value of

9,061,723 shares in the new entity. Orange also purchased 500,000 additional shares by participating in the capital increase that followed the merger.

The Deezer shares had been fully impaired in the Group's financial statements and the fair value of the I2PO shares was calculated on the basis of the price proposed for the initial public offering of July 5, 2022, i.e. 8.50 euros per share.

This transaction thus resulted in the Orange group recognizing a gain on disposal of 77 million euros in the income statement for the second half-year.

The shares of the new entity are presented in the balance sheet as investment securities at fair value through other comprehensive income. The fair value at the closing date corresponds to the stock market price at December 31, 2022 (2.92 euros). This led to a decrease in fair value of (54) million euros recognized in other comprehensive income.

## Ongoing transactions at December 31, 2022

### Signing of an agreement between Orange and MásMóvil to combine their activities in Spain

Following exclusive negotiations that began on March 8, 2022, Orange and MásMóvil signed an agreement on July 23 relating to the combination of their activities in Spain (excluding Totem Espagne and MásMóvil Portugal). This business combination will take the form of a 50-50 joint venture, co-controlled by Orange and Lorca JVCo, with equal governance rights in the new company.

The transaction is based on an enterprise value of 18.6 billion euros, of which 7.8 billion euros for Orange Espagne and 10.9 billion euros for MásMóvil. The transaction is supported by a 6.6 billion euros of non-recourse debt package that will finance among other things, an upfront payment of 5.85 billion euros to Orange and to the shareholders of MásMóvil (Lorca JVCo). This distribution to the shareholders will be asymmetric as it also embeds an equalization payment in favor of Orange. MásMóvil's existing debt will remain in place.

The agreement includes the right of both parties to trigger an initial public offering (IPO) after a pre-defined period and under certain conditions, with an option for the Orange group to take control and thus fully consolidate the new entity created in the event of an IPO. The Group cannot either be forced to sell its stake or to exercise this option.

This joint venture between MásMóvil and Orange will create a sustainable player with the financial capacity and scale to continue investing to foster the future of infrastructure competition in Spain for the benefit of consumers and businesses.

This joint venture between two complementary businesses will lead to significant efficiency gains, allowing the combined company to accelerate investments in FTTH and 5G that will benefit Spanish consumers and businesses.

On completion of the transaction, the joint venture would then be consolidated using the equity method in the Orange group's financial statements (due to Orange's loss of exclusive control over the activities concerned).

This transaction is subject to the approval of the European Commission and other competent administrative, regulatory and competition authorities and to the relevant and/or contractual conditions precedent. It is expected to complete in the second half of 2023.

In view of the progress of the transaction and the need to obtain the green light from the relevant competition and administrative authorities, the Group considers that the IFRS 5 criteria relating to the classification of the assets concerned as "discontinued operations" are not met at December 31, 2022

### Signing of an agreement with Nethys for the acquisition of a majority block of approximately 75% of the capital of VOO in Belgium

On December 24, 2021, Orange Belgium announced the signing of an agreement to acquire 75% of the capital minus one share of VOO SA. This transaction is intended to support Orange Belgium's national convergent strategy and is expected to generate significant synergies, mainly related to the transfer of VOO's MVNO business to the Orange Belgium network.

Completion of the transaction is subject to customary conditions precedent, including the approval of the European Commission, expected in the first quarter of 2023. The transaction values VOO SA at an enterprise value of 1.8 billion euros for 100% of the capital.

At the end of the transaction, Nethys will retain a minority interest in VOO and governance rights to ensure the completion of the industrial and social project. The transaction also includes the option for Nethys to convert its stake in VOO into Orange Belgium shares.

## Changes in the scope of consolidation during 2021

### Disposal of 50% of the capital of Orange Concessions

On November 3, 2021, after receiving final approvals from the antitrust and local authorities, the Orange group sold a 50% stake in Orange Concessions to the HIN consortium (bringing together La Banque des Territoires, CNP Assurances and EDF Invest) for an amount of 1,053 million euros, resulting in the loss of Orange's exclusive control over this entity and its subsidiaries. In accordance with standard practice in this type of transaction, the amount received by Orange is subject to price adjustments in the months following the transaction.

The transaction also includes a call option for the acquisition of an additional 1%, exercisable by Orange during the second quarter of the years 2025 to 2027. Guarantees, which are customary in this type of transaction, have also been granted (see Note 16 "Contractual obligations and off-balance sheet commitments").

As part of the transaction, 43 million euros was also received as compensation for a shareholder loan between Orange and Orange Concessions that existed prior to the disposal date. In addition, in November 2021, Orange Concessions repaid approximately 620 million euros of loans contracted, before the transaction date, with Orange SA following the issuance of bank loans by Orange Concessions.

Following this transaction, Orange Concessions is 50% owned by Orange and 50% owned by the consortium, which have joint control over this entity, which combines 24 subsidiaries that hold Public Initiative Networks (PIN) contracts with local authorities in mainland France and the French overseas territories.

This investment has been accounted for using the equity method since November 3, 2021. The fair value of the remaining stake retained by the Orange group (corresponding to 50% of the capital of Orange Concessions) amounted to 1,053 million euros at the transaction date (see Note 11 “Interests in associates and joint ventures”).

This transaction was reflected in the Group's consolidated income statement as follows:

| (in millions of euros) | At disposal date |
|---|---|
| Sale price of 50% of Orange Concessions' shares to the Consortium | 1,053 |
| Reameasurement at fair value of remaining interests held by Orange | 1,053 |
| **Fair value of Orange Concessions at the disposal date (a)** | **2,107** |
| **Net book value and transaction costs related to sale of Orange Concessions (b)** | **17** |
| **Gain resulting from the loss of exclusive control on Orange Concessions (a)+(b)** | **2,124** |
| Tax cost related to sale of the shares | (47) |
| **Net gain resulting from the loss of exclusive control on Orange Concessions** | **2,077** |

The effects of the disposal of Orange Concessions shares presented in the cash flow statement are as follows:

| (in millions of euros) | At disposal date |
|---|---|
| Sale price of sold shares, net of transaction costs | 1,046 |
| Tax costs related to sale of Orange Concessions' shares | (47) |
| Transferred cash of Orange Concessions | (242) |
| **Sales of investment securities, net of cash transferred** | **758** |

The following assets and liabilities of Orange Concessions and its subsidiaries were derecognized on the date of disposal:

| (in millions of euros) | At disposal date |
|---|---|
| Assets | **1,374** |
| Intangible and tangible assets | 925 |
| Financial assets | 76 |
| Trade receivables | 71 |
| Other assets | 60 |
| Cash and cash equivalents | 242 |
| Liabilities | **1,374** |
| Net equity | (62) |
| Trade payables | 632 |
| Financial liabilities | 710 |
| Other liabilities | 94 |
| Income statement | |
| Revenues | 471 |
| Operating Income | (23) |
| Finance cost, net | (21) |
| Income taxes | (11) |
| **Net income** | **(55)** |

**Disposal of 50% of a subsidiary of Orange Polska in the context of the creation of a FiberCo in Poland**

On August 31, 2021, Orange Polska and the APG Group finalized a share sale agreement under which the Group sold a 50% stake in Światłowód Inwestycje Sp. z o.o., Orange Polska's wholly owned "FiberCo" entity, whose scope of activity includes building fiber infrastructure and offering wholesale access services to other operators.

The net tax gain associated with the loss of control in the FiberCo, recognized in the consolidated income statement, amounted to 310 million euros and breaks down as follows:

| (in millions of euros) | At disposal date |
|---|---|
| Sale price of 50% of FiberCo's shares sold to APG Group | 292 |
| Reameasurement at fair value of remaining interests hold by Orange Polska | 292 |
| **Fair value of the FiberCo shares at the disposal date (a)** | **584** |
| **Net book value and transaction costs related to sale of the FiberCo (b)** | **(244)** |
| **Gain resulting from the loss of control on the FiberCo (a)+(b)** | **340** |
| Tax cost related to sale of the shares | (30) |
| **Net gain resulting from the loss of exclusive control on FiberCo** | **310** |

The sale price of the shares sold amounts to 292 million euros, of which 202 million euros was received in cash and 90 million euros to be received during the fiscal years 2022 through 2026, subject to compliance with the Fiberco entity's network deployment schedule.

Below are the effects of the disposal of FiberCo's shares in the cash flow statement (cash-flows related to investment activities):

| (in millions of euros) | At disposal date |
|---|---|
| Sale price of sold shares, net of transaction costs | 288 |
| Tax costs related to the transaction (VAT and income tax) | (61) |
| Transferred cash of the sold entity | (5) |
| Receivables on sale of shares | (90) |
| **Sales of investment securities, net of cash transferred** | **132** |

The following assets and liabilities of FiberCo were derecognized on the date of disposal:

| (in millions of euros) | At disposal date |
|---|---|
| **Assets** | **297** |
| Tangible assets | 87 |
| Operating taxes assets | 46 |
| Prepaid expenses | 154 |
| Other assets | 5 |
| Cash and cash equivalents | 5 |
| **Liabilities** | **297** |
| Equity | 240 |
| Non current financial liabilities | 36 |
| Other liabilities | 21 |

Guarantees, customary in this kind of transaction, were granted. The transaction also includes:

- an obligation on each party to refinance the entity for around 66 million euros between 2023 and 2026,
- a call option for an additional stake of approximately 1% in Światłowód Inwestycje exercisable by Orange Polska over the fiscal years 2027 through 2029.

As of August 31, 2021, Światłowód Inwestycje became a jointly controlled entity with the APG Group accounted for using the equity method (see Note 11 "Interests in associates and joint ventures").

### Completion of the purchase price allocation for Telekom Romania Communications

On September 30, 2021, Orange Romania completed the acquisition of a 54% majority block in Telekom Romania Communications and the takeover of an MVNO contract previously concluded between Telekom Romania Communications and Telekom Romania Mobile, for an amount of 296 million euros. This transaction aims to accelerate Orange Romania's ambitions to become a major convergent operator for customers in the Romanian market.

In accordance with standard practice in this type of transaction, the amount paid by Orange Romania was subject to price adjustments in the months following the transaction.

| (in millions of euros) | At acquisition date |
|---|---|
| Acquisition cost | 296 |
| Acquisition cost adjustment | (11) |
| Cash acquired | (90) |
| **Cash paid for investment securities, net of cash acquired** | **195** |

In accordance with IFRS 3 – Business Combinations the fair value measurement of the identifiable assets acquired and liabilities assumed was finalized in the 2022 fiscal year. The final purchase price allocation is as follows:

| (in millions of euros) | At acquisition date |
|---|---|
| Purchase price related to the acquisition of the 54% share[(1)] | 285 |
| Fair value of the non-controlling interests | 245 |
| **Acquisition price (a)** | **530** |
| Net book value acquired | 261 |
| Effects of fair value measurement: | |
| Tangible assets[(2)] | 261 |
| Customer relationship | 29 |
| Other intangibles | 2 |
| Others | (3) |
| Net deferred tax | (20) |
| **Net asset remeasured at fair value (b)** | **530** |
| **Goodwill (a)-(b)** | **-** |

(1) The amount paid by Orange Romania as of September 30, 2021 had been subject to price adjustments in the months following the transaction.
(2) The fair value measurement of property, plant and equipment mainly relates to land and buildings.

Liability guarantees, which are customary in this type of transaction, were also granted to Orange.

#### Conditional voluntary public tender offer on shares of Orange Belgium

On April 8, 2021, Orange SA launched a conditional voluntary public tender offer for 46.97% of the capital of Orange Belgium, corresponding to the balance of remaining shares not held directly and indirectly, at a price of 22 euros per share. The offer was opened from April 8 to April 23, 2021 and then voluntarily reopened from April 28 to May 4, under the same conditions. Following this offer, Orange SA directly and indirectly held 76.97% of the share capital of Orange Belgium.

The total acquisition cost of these shares amounted to 316 million euros. This share offer did not change the Orange group's pre-existing control over Orange Belgium, its subsidiaries and non-consolidated shares. Thus, in the Consolidated Financial Statements, this transaction resulted in an effect of (316) million euros on equity (including (172) million euros relating to the portion attributable to owners of the parent company and (144) million euros relating to the portion attributable to minority shareholders).

The cash paid out to acquire these minority interests in Orange has been presented in the financing flows in the statement of cash flows.

### Changes in the scope of consolidation during 2020

#### Squeeze-out offer on Business & Decision shares

On May 28, 2020, Orange Business Services launched a mandatory public buyout offer for all the shares of Business & Decision not yet held by the Group, representing 6.38% of the capital.

This offer closed on July 8 and was followed by the effective delisting of Business & Decision shares on July 13, 2020.

Following this public buyout offer and the acquisition of the remaining share capital over the second half of the year for an amount of (4) million euros, Orange now holds 100% of the shares of Business & Decision.

#### Accounting policies

#### Changes in the scope of consolidation

Entities are fully consolidated if the Group has the following:

- power over the investee; and
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of its returns.

IFRS 10 requires the exercise of judgment and continuous assessment of the control situation.

Clarifications of when the ownership interest does not imply a *de facto* presumption are provided in Note 20, which lists the main consolidated entities.

Joint ventures and companies over which the Group exercises significant influence (generally corresponding to an ownership interest of 20% to 50%) are accounted for using the equity method.

When assessing the level of control or significant influence exercised over a subsidiary or associate, the existence and effect of any exercisable or convertible potential voting rights at the closing date are taken into account.

#### Takeovers (business combinations)

Business combinations are accounted for using the acquisition method:

- the acquisition cost is measured at the fair value of the consideration transferred, including all contingent consideration, at the acquisition date. Subsequent changes in the fair value of a contingent consideration are accounted for either through profit or loss or in equity, in accordance with the applicable standards, facts and circumstances;
- goodwill is the difference between the consideration transferred, plus the non-controlling interests and the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, and is recognized as an asset in the statement of financial position. Considering the Group's activity, the fair value measurements of the identifiable assets mainly relate to licenses, customer bases and brands (which cannot be capitalized when developed in-house), generating associated deferred tax. The fair value of these assets, which cannot be observed, is established using commonly adopted methods, such as those based on revenues or costs (e.g.: the "Greenfield" method for the valuation of licenses, the "relief from royalty" method for the valuation of brands and the "excess earnings" method for customer bases).

For each takeover involving an equity investment below 100%, the fraction of the interest not acquired (non-controlling interests) is measured:

- either at its fair value, in which case goodwill is recognized for the portion relating to non-controlling interests;
- or proportionate to its share of the acquiree's identifiable net assets: in which case, goodwill is only recognized for the portion acquired.

Costs directly attributable to the acquisition are recognized directly in operating expenses in the period in which they are incurred.

When a takeover is achieved in stages, the previously held equity interest is re-measured at fair value at the acquisition date through operating income. The related other comprehensive income, if any, is fully reclassified to profit or loss.

**Loss of exclusive control resulting from the partial disposal of consolidated shares**

A loss of exclusive control by the Group over one of its subsidiaries results in the recognition in profit or loss of a capital gain or loss on the disposal, and in the remeasurement at fair value of the residual interest retained in accordance with the requirements of IFRS 10 applicable in the event of a loss of control.

**Loss of significant influence or joint control leading to the discontinuation of the equity method while retaining a residual interest**

A loss of significant influence or joint control by the Group over one of its associates or joint ventures while retaining a residual interest results in the recognition in profit or loss of a capital gain or loss on the disposal of the shares sold, and, in accordance with the provisions of IAS 28, the remeasurement at fair value of the residual interest retained. The fair value of the retained interest constitutes the entry value of the financial asset within the scope of IFRS 9.

**Internal transfer of consolidated shares**

The IFRS do not address the accounting treatment of a transfer of consolidated shares within the Group resulting in changes in ownership interest. The Group applies the following accounting policy:

- the transferred shares are carried at historical cost and the gain or loss on disposal is fully eliminated in the acquirer's accounts;
- the non-controlling interests are adjusted to reflect the change in their share in equity against Group retained earnings, with no impact on profit and loss and equity.

**Assets held for sale**

The Group qualifies an asset or group of assets as "held for sale" when:

- the management is committed to a plan to sell;
- the asset is available for immediate sale in its current state (subject to any conditions precedent that are usual in such disposals); and
- the disposal is highly likely to take place within 12 months.

Thus, when the Group is committed to a plan to sell involving the loss of control or significant influence over one of its assets, it classifies all assets and liabilities of the entity concerned on a separate line in the statement of financial position: "Assets/Liabilities held for sale," at a value equal to the lower of the net carrying value and the fair value net of disposal costs.

In addition, when the asset or group of assets held for sale is a major component of a business segment, its contribution to the income statement is presented separately below "net income from continuing operations" and its cash flow contribution is presented in the statement of cash flows.

# Note 4 Sales

## 4.1 Revenue

Revenue is presented by category and segment in Note 1. The breakdown of revenue by type is as follows:

- Convergent services: these include revenue from convergent services in the B2C market (combined Internet + Mobile offers);
- Mobile-only services: mobile-only services revenue includes call revenues (voice, SMS and data), mainly outgoing, excluding convergent services (see below);
- Fixed-only services: revenue from fixed-only services includes revenue from retail sales of fixed broadband and narrowband services, excluding convergent services (see below) and B2B fixed solutions and networks services, including voice and data services;
- IT & Integration Services: these services include unified communication and collaboration services (LAN and telephony, consultancy, integration, project management), hosting and infrastructure services (including cloud computing), application services (customer relations management and other application services), security services, video conferencing offers and equipment sales related to the above products and services;
- Services to carriers (wholesale): wholesale revenue includes roaming revenue from customers of other networks (national and international roaming), from Mobile Virtual Network Operators (MVNO) and from network sharing;
- Equipment sales: equipment sales include all sales of equipment (mobile devices, broadband equipment, connected devices and accessories) with the exception of equipment sales related to IT & Integration Services (presented on the "IT & Integration Services" line), sales of network equipment related to the operation of voice and data services in the Enterprise segment (presented on the "Fixed-only services" line) and equipment sales to external distributors or brokers (presented on the "Other revenue" line);
- Other revenues: these revenues include, in particular, equipment sales to external distributors and brokers, revenue from portals, online advertising and the Group's cross-functional activities and miscellaneous other revenues.

**Accounting policies**

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 services-only contracts and contracts combining the equipment used to access services and/or other service offers. Revenue is recognized net of VAT and other taxes collected on behalf of governments.

- **Standalone service offers** (mobile-only services, fixed-only services, convergent services)

Orange offers its B2C and B2B customers a range of fixed and mobile telephony services, fixed and mobile Internet access offers and content offers (TV, video, media, value-added audio service, etc.). Some contracts are for a fixed term (generally 12 or 24 months), while others may be terminated at short notice (i.e. monthly arrangements or portions of services).

Service revenue is recognized when the service is provided, based on use (e.g. minutes of traffic or bytes of data processed) or the period (e.g. monthly service costs).

For some content services, Orange may act solely as an agent enabling the supply by a third-party of goods or services to the customer and not as a principal in the supply of the content. In such cases, revenue is recognized net of amounts transferred to the third party.

Contracts with customers generally do not include a material right, as the price invoiced for subscriptions 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. There is no significant impact from contract modification for this type of service contract. Service obligations transferred to the customer at the same pace are treated as a single obligation.

When contracts include contractual clauses relating to commercial discounts (initial discount on signing the contract or conditional on reaching a consumption threshold) or items provided free of charge (for example: a free three-month subscription), the Group spreads these discounts or free items over the term of the contract (the period during which the Group and the customer have firm commitments). Where applicable, the consideration payable to the customer is recognized as a deduction from revenue in accordance with the specific terms and conditions of each contract.

If the performance obligations are not classified as distinct, the offer revenue is recognized on a straight-line basis over the contract term. One of the main applications of this method is the initial service connection in the context of a subscription and communication offer. It is not generally separable from the subscription and communication offer and its invoicing is therefore recognized in income over the average term of the expected contractual relationship.

- **Separate equipment sales**

Orange offers its B2C and B2B customers several ways to buy their equipment (primarily mobile devices): equipment sales may be separate from or bundled with a service offer. When separate from a service offer, the amount invoiced is recognized in revenue on delivery and receivable immediately or in installments over a period of up to 24 months. Where payment is received in installments, the offer comprises a financial component and gives rise to the calculation of interest deducted from the amount invoiced and recognized over the payment period in finance costs, net.

Where Orange purchases and sells equipment to indirect channels, the Group generally considers that Orange maintains control until resale to the end-customer (the distributor acts as an agent), even where ownership is transferred to the distributor. Sale proceeds are therefore recognized when the end-customer takes possession of the equipment (on activation).

– **Bundled equipment and service offers**

Orange proposes numerous offers to its B2C and B2B customers comprising equipment (e.g. a mobile device) and services (e.g. a talk & text plan).

Equipment revenue is recognized separately from service revenue if the two components are distinct (i.e. if the customer can receive one or other of 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 and logistics expenses plus a commercial margin based on market practice. The amount allocated to equipment sales is recognized under revenue on delivery in exchange for a contract asset, spread over the term of the service contract.

The provision of a Livebox® (proprietary Internet box) is neither a separate component of the Internet access service offer nor a lease, as Orange maintains control of the box.

– **Services including both a build and run phase**

For B2B customers, some contracts have two phases: build and then management (operation and maintenance) of assets built and delivered to customers. Revenue recognition requires an analysis of the facts and circumstances of each contract in order to determine whether distinct performance obligations exist. Under these contracts, if the build phase is classified as separate, the Group recognizes the revenue of this phase according to the percentage of completion. However, if the Group does not have a certain right to payment and/or if there is no continuous transfer of control of the asset being built, then revenues for this phase are recognized upon completion. These contracts are generally multi-year, with scalable offers. On each contract modification, we assess the scope of the modification and its impact on the contract price in order to determine whether the modification should be treated as a separate contract, as though the existing contract were terminated and a new contract signed, or whether the modification should be considered as a change to the existing contract.

– **Service offers to carriers (wholesale)**

Three types of commercial agreements are entered into with wholesale customers for domestic wholesale activities or international carrier offers:

- “pay-as-you-go” model: contract generally applied to “legacy” regulated activities (bitstream call termination, local loop access, roaming and certain data solution contracts), where contract services are not covered by a firm volume commitment. Revenue is recognized as the services are provided (which relates to transfer of control) over the contractual term;
- “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 (mobile virtual network operator), IDD (international direct dialing) or hubbing (call free floating) contracts. The relevant revenue is recognized progressively based on actual traffic during the period, to reflect transfer of control to the customer;
- mix model: hybrid contract combining the “pay-as-you-go” and “send-or-pay” models, comprising a fixed entry fee paid by the customer providing access to preferential pricing conditions for a given volume (“send-or-pay” component). In addition to this entry fee, an amount is invoiced based on traffic consumption (“pay-as-you-go” component). The amount invoiced for the entry fee included in this type of commercial agreement is recognized progressively in revenue based on actual traffic over the period.

Current agreements between major transit carriers are not invoiced or cross-invoiced (“free peering”) and are therefore not recognized in revenue.

– **Quality of service commitment clause**

The contracts entered into by the Group and its customers include service level commitments regarding the processing of orders, delivery and after-sales support (delivery time, performance, recovery time). If the Group fails to comply with one of these commitments, it then compensates the customer, usually in the form of a price reduction. The projected amount of these penalties is recognized as a deduction from revenue whenever it is expected that the commitment will not be fulfilled.

– **Public-private service concession arrangements**

The Group rolls out and/or operates certain networks under service concessions, such as the Public Initiative Networks implemented in France to roll out fiber optic networks in less populated areas. Some contracts are analyzed in accordance with IFRIC 12 “Service Concession Arrangements.” When the Group builds a network, construction revenue is recognized in consideration of a right to receive compensation from either a public entity or users of the public service. This right is accounted for as:

- an intangible asset for the right to receive payments from public service users amounting to the fair value of the corresponding infrastructure and is amortized over the term of the contract; and/or
- a financial receivable for the unconditional right to receive royalties from the public entity, for the fair value of the consideration expected from the public entity. This receivable is recognized at amortized cost.

– **Leases**

Orange's lease revenue is related either to its regulatory obligations to lease technical sites to its competitors, to the supply of equipment in certain contracts with B2B customers, or to the granting of rights of use meeting the criteria for leasing network equipment, i.e. occasional leases of surplus space in certain buildings to third parties.

Lease revenue is recognized on a straight-line basis over the contract term, except for certain equipment leases to B2B customers, which are classified as finance leases; in such cases the equipment is considered sold on credit.

## 4.2 Other operating income

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Net banking income (NBI) | 124 | 119 | 79 |
| Income from customer collection | 91 | 89 | 101 |
| Site rentals and franchises income | 34 | 87 | 54 |
| Tax credits and subsidies | 48 | 44 | 31 |
| Income from universal service | 3 | 4 | 4 |
| Other income | 447 | 441 | 336 |
| Total | 747 | 783 | 604 |

Net banking income (NBI) represents the net balance between income from banking operations (fees charged to customers, interest from loans, banking activities retail commissions and other income from banking operations) and expenses from banking operations (interest paid on loans, commissions paid and other bank operating expenses). It is prepared in accordance with accounting practices that are commonly used in France in the banking sector.

Income from customer collection mainly includes interest charged to customers for late payments and recovery of trade receivables previously recognized as losses.

Other income is predominantly comprises re-invoicing of network sharing costs, income received from litigation and income relating to line damage.

## 4.3 Trade receivables

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net book value of trade receivables - in the opening balance** | **6,029** | **5,620** | **5,320** |
| Business related variations | 299 | (53) | 379 |
| Changes in the scope of consolidation(1) | (3) | 389 | 4 |
| Translation adjustment | (76) | 36 | (90) |
| Reclassifications and other items | 56 | 36 | 7 |
| Net book value of trade receivables - in the closing balance | 6,305 | 6,029 | 5,620 |

(1) Changes in the scope of consolidation in 2021 included the externalization of Orange SA's trade receivables from concession contracts resulting from the loss of sole control over Orange Concessions for 288 million euros and the integration of Telekom Romania Communications for 100 million euros.

### Sales of receivables program

Orange has set up non-recourse programs for the sales of its receivables due in installments in several countries. These are no longer recorded on the balance sheet. The amount received for the receivables disposed of was around 640 million euros in 2022, 740 million euros in 2021, 640 million euros in 2020 and mainly related to Spain, Poland, Romania and France.

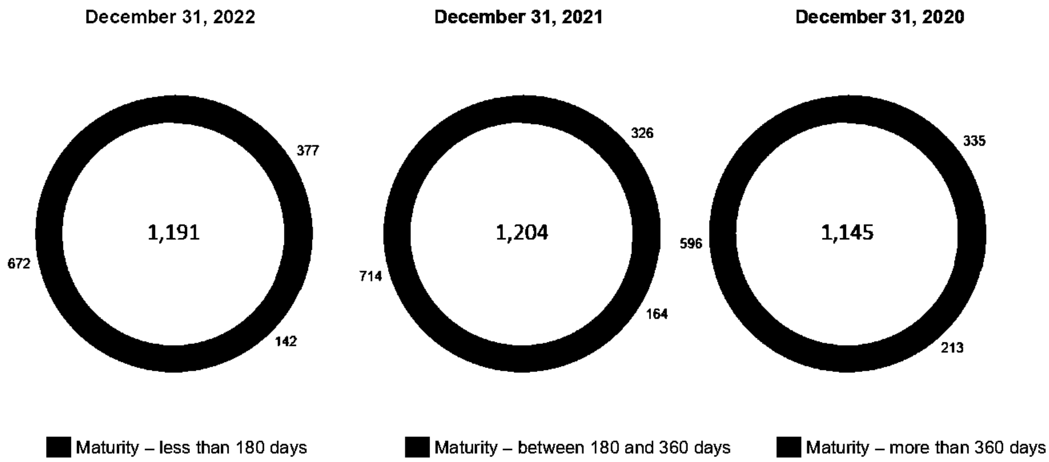
Since 2020, Orange Spain has had in place a non-recourse program with Orange Bank for the disposal of receivables due in installments, replacing an existing program with a third-party bank. This program led to these receivables being derecognized from the balance sheet of Orange Spain (within telecom activities) and presented as customer loans and receivables within Mobile Financial Services activities (see Note 17.1.1).

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Net trade receivables, depreciated according to their age | 1,191 | 1,204 | 1,145 |
| Net trade receivables, depreciated according to other criteria | 324 | 422 | 400 |
| **Net trade receivables past due** | **1,515** | **1,627** | **1,544** |
| **Net trade receivables not past due(1)** | **4,790** | **4,402** | **4,076** |
| **Net trade receivables** | **6,305** | **6,029** | **5,620** |
| o/w short-term trade receivables | 6,022 | 5,793 | 5,382 |
| o/w long-term trade receivables | 283 | 236 | 238 |

(1) Not past due receivables are presented net of the balance of expected losses on trade receivables, which amounted to (46) million euros at December 31, 2022, (54) million euros at December 31, 2021 and (56) million euros at December 31, 2020.

Shown below is the ageing table of the net trade receivables which are past due and impaired according to their maturity:

(in millions of euros)




The Group assessed the risk of non-recovery of trade receivables at December 31, 2022 and recognized impairment and losses on trade receivables in the income statement for an amount of (208) million euros over the period.

For Mobile Financial Services, the bank credit risk is described in Note 17.2.1.

The table below provides an analysis of the change in impairment for trade receivables in the statement of financial position:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Allowances on trade receivables - in the opening balance** | **(1,012)** | **(983)** | **(888)** |
| Net addition with impact on income statement[(1)] | (208) | (212) | (383) |
| Losses on trade receivables | 218 | 283 | 275 |
| Changes in the scope of consolidation[(2)] | (6) | (91) | 0 |
| Translation adjustment | 16 | (7) | 13 |
| Reclassifications and other items | (4) | (1) | 0 |
| Allowances on trade receivables - in the closing balance | (996) | (1,012) | (983) |

(1) In 2020, the change in impairment of trade receivables included an effect of (129) million euros on the telecoms business in connection with the impact of the health crisis.
(2) In 2021, the change in scope of consolidation is mainly related to the integration of Telekom Romania Communications.

**Accounting policies**

Trade receivables are mainly short-term with no stated interest rate and are measured in the statement of financial position at the par value of the receivable, in accordance with IFRS 15. Those trade receivables which include deferred payment terms over 12 or 24 months for customers buying a mobile phone are discounted and classified as current items in the statement of financial position. Receivables from B2B equipment finance leases are recognized as current operating receivables because they are acquired in the normal course of business.

In order to meet the requirements of IFRS 9, the 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 homogeneous group of receivables with similar credit characteristics because they belong to a customer category (B2C, professionals);
- a stand-alone method: the assessment of impairment probability and its amount are based on a set of relevant qualitative factors (aging of late payment, other balances with the counterparty, rating from independent agencies, geographical area). This method is mainly used for carrier customers (national and international), administrations and public authorities, as well as for businesses services key accounts;
- a provisioning method based on expected 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 early impairment at the time the asset is recognized. The rate applied depends on the maximum revenue non-recoverability rate.

Recognition of impairment losses for a group of receivables is the step preceding identification of impairment losses on individual receivables. As soon as information is available (customers in bankruptcy or subject to court-ordered liquidation), these receivables are then excluded from the statistical impairment database and individually impaired.

The trade receivables may be part of non-recourse programs. When they are assigned to consolidated securitization mutual funds, they remain on the statement of financial position. Other disposals to financial institutions may lead to their de-recognition in the event that legal ownership and almost all the risks and benefits of the receivables are transferred as described by IFRS 9.

### 4.4 Customer contract net assets and liabilities

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Customer contract net assets[1] | 733 | 740 | 709 |
| Costs of obtaining a contract | 298 | 294 | 262 |
| Costs to fulfill a contract | 539 | 426 | 265 |
| **Total customer contract net assets** | **1,570** | **1,460** | **1,236** |
| Prepaid telephone cards | (175) | (186) | (197) |
| Connection fees | (507) | (563) | (589) |
| Loyalty programs | (31) | (29) | (25) |
| Other deferred revenue[2] | (1,847) | (1,717) | (1,158) |
| Other customer contract liabilities | (19) | (17) | (15) |
| **Total deferred revenue related to customer contracts** | **(2,579)** | **(2,512)** | **(1,984)** |
| Total customer contract net assets and liabilities | (1,009) | (1,052) | (748) |

(1) Assets net of performance obligations.
(2) Includes in particular subscriptions. The change in Other deferred revenue is detailed below.

The following tables give an analysis of the balances of customer contract net assets and the costs of acquiring and fulfilling contracts in the statement of financial position.

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Customer contract net assets - in the opening balance** | **740** | **709** | **771** |
| Business related variations[1] | (1) | 30 | (60) |
| Changes in the scope of consolidation | - | 4 | - |
| Translation adjustment | (1) | 0 | (3) |
| Reclassifications and other items | (6) | (3) | (0) |
| Customer contract net assets - in the closing balance | 733 | 740 | 709 |

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

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Costs of obtaining a contract - in the opening balance** | **294** | **262** | **258** |
| Business related variations | 6 | 20 | 11 |
| Changes in the scope of consolidation | (0) | 12 | - |
| Translation adjustment | (2) | (1) | (7) |
| Reclassifications and other items | - | - | - |
| Costs of obtaining a contract - in the closing balance | 298 | 294 | 262 |

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Costs to fulfill a contract - in the opening balance** | **426** | **265** | **181** |
| Business related variations | 122 | 31 | 21 |
| Changes in the scope of consolidation | - | - | - |
| Translation adjustment | (5) | 11 | (12) |
| Reclassifications and other items | (4) | 118 | 75 |
| Costs to fulfill a contract - in the closing balance | 539 | 426 | 265 |

Below is presented the change in deferred income related to customer contracts (prepaid telephone cards, connection fees, loyalty programs and other unearned income) in the statement of financial position:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Deferred revenue related to customer contracts - in the opening balance** | **2,512** | **1,984** | **2,093** |
| Business related variations[1] | 101 | 220 | (73) |
| Changes in the scope of consolidation[2] | 1 | 183 | - |
| Translation adjustment | (23) | 13 | (31) |
| Reclassifications and other items | (13) | 112 | (6) |
| **Deferred revenue related to customer contracts - in the closing balance** | 2,579 | 2,512 | 1,984 |

(1) In 2022, business-related changes mainly concern contracts for the provision of the Orange network in Spain.
(2) In 2021, changes in the scope of consolidation mainly concerned prepayment of services for the construction of the network of FiberCo in Poland to Orange Polska and the integration of Telekom Romania Communications.

## Accounting policies

### Customer contract net assets and liabilities

The timing of income recognition may differ from the timing of customer invoicing.

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 provided.

In contrast, contract assets mainly refer to amounts allocated under IFRS 15 as consideration for goods or services provided to customers, but for which the right to collect payment is contingent on the provision of other services or goods under the same contract (or group of contracts). This is the case in a bundled offer combining the sale of a mobile phone and mobile telecommunication 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 the telecommunication service to the supply of the mobile phone. The excess amount allocated to the mobile phone over the price invoiced is recognized as a contract asset and transferred to trade receivables as the service is invoiced.

Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, including to cover the risk of impairment loss 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 received for goods or services not yet provided, for example for subscriptions payable in advance or prepaid contracts (previously recognized 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.

### Costs of obtaining a contract

Where a telecommunication 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 subscription or invoice-indexed commission. Where the Group considers that these commissions are incremental and would not have been paid in the absence of the customer contract, the commission cost is estimated and capitalized in the balance sheet. It should be noted that the Group has adopted the simplification measure authorized by IFRS 15 to recognize the costs of obtaining a contract as an expense at the time they are incurred, if the amortization period of the asset that the Group would recognize for them does not exceed one year.

The costs of obtaining fixed-period mobile services contracts are capitalized and expensed on a pro rata basis over the enforceable period of the contract, as these costs are generally incurred each time a customer renews the fixed period. The costs of obtaining fixed services contracts for a pre-determined term for B2C market customers are expensed on a pro rata basis over the estimated period of the customer relationship. The costs of obtaining B2B and operator solution contracts are not material.

### Costs to fulfill a contract

Costs to fulfill a contract consist of all the initial contractual costs necessary to fulfill one or more performance obligations of a contract. These costs, when they are directly related to a contract, are capitalized and expensed on a pro rata basis over the enforceable period of the contract.

At Group level, these costs mainly concern contracts for B2B customers, with, for example, design, installation, connection and migration costs that relate to a future performance obligation of the contract.

The assumptions underlying the period over which the costs of fulfilling a contract are expensed are periodically reviewed and adjusted in line with observations; termination of the contractual relationship with the customer results in the immediate expensing of the remaining deferred costs. Where the carrying value of deferred costs exceeds the remaining consideration expected to be received for the transfer of the related goods and services, less expected costs relating directly to the transfer of these goods and services yet to be incurred, the excess amount is similarly immediately expensed.

The following table presents the transaction price assigned to unfulfilled performance obligations at December 31, 2022. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract. As allowed by the simplification procedure under IFRS 15, these disclosures are only related to performance obligations with an initial term greater than one year.

| (in millions of euros) | December 31, 2022 |
|---|---|
| Less than one year | 6,589 |
| Between 1 and 2 years | 2,739 |
| Between 2 and 3 years | 943 |
| Between 3 and 4 years | 433 |
| Between 4 and 5 years | 216 |
| More than 5 years | 184 |
| **Total remaining performance obligations** | **11,104** |

**Accounting policies**

**Unfulfilled performance obligations**

During allocation of the total contract transaction price to identified performance obligations, a portion of the total transaction price can be allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. We have elected to apply certain available practical expedients when disclosing unfulfilled performance obligations, including the option to exclude expected revenues from unsatisfied obligations of contracts with an original expected duration of one year or less. These contracts are primarily monthly service contracts.

In addition, certain contracts offer customers the ability to purchase additional services. These additional services are not included in the transaction price and are recognized when the customer exercises the option (generally on a monthly basis). They are not therefore included in unfulfilled performance obligations.

Some multi-year service contracts with B2B and operator customers include fixed monthly costs and variable user fees. These variable user fees are excluded from the table of unfulfilled performance obligations.

## 4.5 Other assets

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Advances and downpayments | 177 | 147 | 116 |
| Submarine cable consortiums(1) | 230 | 194 | 258 |
| Security deposits paid | 96 | 105 | 93 |
| Orange Money - isolation of electronic money(1) | 1,242 | 1,030 | 825 |
| Other(2) | 688 | 654 | 545 |
| **Total** | **2,433** | **2,130** | **1,837** |

(1) These receivables are offset by the liabilities of the same amount (see accounting policies below and Note 5.7).
(2) Includes a receivable due under a transmission capacity agreement for an FTTH network in Spain in 2020.

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Other assets - in the opening balance** | **2,130** | **1,837** | **1,383** |
| Business related variations(1) | 304 | 236 | 495 |
| Changes in the scope of consolidation | 5 | 24 | 0 |
| Translation adjustment | (17) | 28 | (32) |
| Reclassifications and other items | 11 | 5 | (9) |
| Other assets - in the closing balance | 2,433 | 2,130 | 1,837 |
| o/w other non-current assets | 216 | 254 | 136 |
| o/w other current assets | 2,217 | 1,875 | 1,701 |

(1) Includes a receivable due under a transmission capacity agreement for an FTTH network in Spain in 2020.

**Accounting policies**

Other assets relating to **"Submarine cable consortiums"** are receivables from submarine cable consortium members when Orange is in charge of centralizing the payments to the equipment suppliers that build and manage these cables. These receivables are offset by the liabilities of the same amount (see Note 5.7).

**Orange Money** is a money transfer, payment and financial services solution provided via an electronic money ("e-money") account linked to an Orange mobile number.

Since 2016, the Orange group has become an Electronic Money Issuer ("EMI") in some of the countries in which it operates, via dedicated, approved, internal subsidiaries. Regulations state that EMIs, as last-resort guarantors for the reimbursement of e-money holders, are obliged to restrict the funds collected in exchange for the issue of e-money (obligation to protect holders). The e-money distribution model relies on Orange's subsidiaries and third-party distributors. EMIs issue e-money (or units of value "UV") at the request of these distributors in exchange for funds collected therefrom. The distributors then transfer the e-money to end holders.

Within the Orange group, this restriction includes the protection of third-party holders (distributors and customers).

These transactions have no impact on the Group's net financial debt and are listed under the following headings:

- assets restricted to an amount equal to the e-money in circulation outside of the Orange group (or UV in circulation);
- UV in circulation under liabilities, representing the obligation to reimburse the third-party holders (customers and third-party distributors).

These two headings are presented under “other assets” and “other liabilities” and under operating activities as “change in working capital requirement”.

# Note 5 Purchases and other expenses

## 5.1 External purchases

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Commercial, equipment expenses and content rights | (7,772) | (7,385) | (6,868) |
| *o/w costs of terminals and other equipment sold*[(1)] | *(4,459)* | *(4,234)* | *(3,841)* |
| *o/w advertising, promotional, sponsoring and rebranding costs* | *(804)* | *(783)* | *(736)* |
| Service fees and inter-operator costs | (4,251) | (4,349) | (4,529) |
| *o/w interconnexion costs* | *(2,703)* | *(2,956)* | *(3,186)* |
| Other network expenses, IT expenses | (3,590) | (3,530) | (3,503) |
| Other external purchases | (3,119) | (2,709) | (2,791) |
| *o/w building cost for resale* | *(1,236)* | *(1,047)* | *(883)* |
| *o/w overhead* | *(1,172)* | *(1,044)* | *(1,099)* |
| *o/w rental expenses* | *(134)* | *(147)* | *(151)* |
| Total external purchases | (18,732) | (17,973) | (17,691) |

(1) Reclassification of presentation, in 2022 and comparative years, to include in this line item the costs of other goods sold amounting to 434 million euros in 2022, 292 million euros in 2021 and 265 million euros in 2020.

**Accounting policies**

Firm purchase commitments are disclosed as unrecognized contractual commitments (see Note 16).

Advertising, promotion, sponsoring, communication and brand development costs are recorded as expenses during the period in which they are incurred.

At January 1, 2019, lease expenses include rental payments on leases with an enforceable period, with no option to extend, of 12 months or less, leases where the value, when new, of the underlying asset is less than approximately 5,000 euros, and variable lease payments which were not included in the measurement of the lease liability (see Note 9).

## 5.2 Other operating expenses

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Litigation | (50) | (218) | (238) |
| Allowances and losses on trade receivables - telecom activities | (206) | (213) | (382) |
| Cost of bank credit risk | (49) | (48) | (31) |
| Expenses from universal service | (28) | (22) | (19) |
| Operating foreign exchange gains (losses) | (23) | (20) | 19 |
| Acquisition and integration costs | (40) | (14) | (18) |
| Other expenses | (17) | (165) | (119) |
| Total other operating expenses | (413) | (700) | (789) |

Impairment and losses on trade receivables from telecom activities are detailed in Note 4.3.

The cost of credit risk applies only to Mobile Financial Services and includes impairment charges and reversals on fixed-income securities, loans and receivables to customers as well as impairment charges and reversals relating to guarantee commitments given, losses on receivables and recovery of amortized debts (see Note 17.2.1).

Certain expenses related to litigation are directly recorded in operating income and are not included in the following movements of provisions:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Provisions for litigation - in the opening balance** | **405** | **525** | **643** |
| Additions with impact on income statement | 26 | 162 | 119 |
| Reversals with impact on income statement | (12) | (10) | (29) |
| Discounting with impact on income statement | 1 | 0 | 0 |
| Utilizations without impact on income statement[(1)] | (34) | (317) | (205) |
| Changes in consolidation scope | 2 | (0) | - |
| Translation adjustment | 0 | 1 | (2) |
| Reclassifications and other items | (0) | 44 | - |
| Provisions for litigation - in the closing balance | 387 | 405 | 525 |
| o/w non-current provisions | 47 | 51 | 46 |
| o/w current provisions | 340 | 353 | 479 |

(1) Corresponded mainly to the conviction linked to anti-competitive practices in the "enterprise" market segment in 2021 and to the conviction in the Digicel litigation in 2020 (see Note 18).

The Group's significant litigations are described in Note 18.

### Accounting policies

**Litigation**

In the ordinary course of business, the Group is involved in a number of legal and arbitration proceedings and administrative actions described in Note 18.

The costs which may result from these proceedings are accrued at the reporting date if the Group has a present obligation toward a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of that liability can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk at any time. Where appropriate, litigation cases may be analyzed as contingent liabilities, which correspond to:

- probable obligations arising from past events that are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; or
- present obligations arising from past events that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

**Acquisition and integration costs**

Acquisition and integration costs are incurred at the time of acquisition of legal entities (costs linked to the acquisition of the entity, consultancy fees, training costs for new employees, migration costs associated with customer offers, labor expenses associated with the transition). They are incurred over a maximum period of 12 months following the acquisition date.

## 5.3 Restructuring and integration costs

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Departure plans (1) | (54) | (241) | (15) |
| Lease property restructuring (2) | (21) | (6) | 2 |
| Distribution channels (3) | (12) | (22) | (5) |
| Other | (38) | (63) | (8) |
| Total restructuring costs | (125) | (331) | (25) |

(1) Mainly departure plans for Equant (around 300 people) in 2022, Orange Spain (around 400 people) and Orange Polska (around 1,400 people) in 2021.
(2) Essentially related to onerous contracts due to vacant leases in France.
(3) Essentially concerns the closure of sales outlets in Spain in 2022 and 2021.

Some restructuring costs are directly recorded in operating income and are not included in the following movements of provisions:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Restructuring provisions - in the opening balance** | **185** | **117** | **216** |
| Additions with impact on income statement (1) | 98 | 277 | 12 |
| Reversals with impact on income statement | (26) | (17) | (17) |
| Discounting with impact on income statement | (5) | (1) | 4 |
| Utilizations without impact on income statement | (90) | (191) | (95) |
| Translation adjustment | (1) | (0) | (3) |
| Reclassifications and other items | 0 | (1) | - |
| Restructuring provisions - in the closing balance | 162 | 185 | 117 |
| o/w non-current provisions | 43 | 61 | 53 |
| o/w current provisions | 119 | 124 | 64 |

(1) Mainly corresponds to costs relating to Equant departure plans amounting to (30) million euros in 2022, (155) million euros in Spain and (29) million euros in Poland in 2021.

Accounting policies

**Restructuring costs**

The adaptation of the Group's activities to changes in the environment may generate costs related to the discontinuation or major transformation of an activity. These actions may have a negative effect on the period during which they are announced or implemented; for instance but not limited to, some of the transformation plans approved by the internal governance bodies.

Provisions are recognized only when the restructuring has been announced and the Group has drawn up or started to implement a detailed formal plan prior to the end of the reporting period.

The types of costs approved by the Group as restructuring costs primarily consist of:

- employee departure plans;
- termination of contracts linked to a fundamental reorganization of the activity (compensation paid to suppliers to terminate contracts, etc.);
- cost of vacant buildings (outside the scope of IFRS 16);
- fundamental transformation plans for communication network infrastructures;
- onerous contracts related to the termination or fundamental reorganization of business: during the course of a contract, when the economic circumstances that prevailed at inception change, some commitments toward the suppliers may become onerous, i.e. the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

## 5.4 Equipment inventories and Broadcasting rights

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Device inventories(1) | 629 | 593 | 485 |
| Other products/services sold | 125 | 77 | 75 |
| Available broadcasting rights | 102 | 102 | 93 |
| Other supplies | 258 | 242 | 223 |
| **Gross value** | **1,114** | **1,015** | **874** |
| **Depreciation** | **(67)** | **(64)** | **(60)** |
| Net book value of equipment inventories and broadcasting rights | 1,048 | 952 | 814 |

(1) Of which inventories treated as consignment with distributors amounting to 42 million euros as at December 31, 2022, 68 million euros as at December 31, 2021 and 40 million euros as at December 31, 2020.

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net balance of inventories - in the opening balance** | **952** | **814** | **906** |
| Business related variations | 104 | 125 | (70) |
| Changes in the scope of consolidation | 3 | 9 | - |
| Translation adjustment | (4) | 3 | (8) |
| Reclassifications and other items | (6) | (1) | (14) |
| Net balance of inventories - in the closing balance | 1,048 | 952 | 814 |

**Accounting policies**

Network maintenance equipment and equipment intended for sale to customers are measured at the lower of cost or likely realizable net book value. The cost corresponds to the purchase or production cost determined by the weighted average cost method.

Handset inventories include inventories treated as consignment with distributors when these are qualified, for accounting purposes, as agents in the sales of handsets bought from the Group.

Film or sports broadcasting rights are recognized in the statement of financial position when they are available for exhibition and expensed when broadcast.

## 5.5 Prepaid expenses

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Prepaid external purchases | 780 | 611 | 651 |
| Other prepaid operating expenses | 72 | 240 | 199 |
| Total prepaid expenses | 851 | 851 | 850 |

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Prepaid expenses - in the opening balance** | **851** | **850** | **730** |
| Business related variations(1) | 57 | 5 | 171 |
| Changes in the scope of consolidation | 0 | 0 | - |
| Translation adjustment | (49) | 10 | (12) |
| Reclassifications and other items(2) | (8) | (13) | (40) |
| Prepaid expenses - in the closing balance | 851 | 851 | 850 |

(1) In 2020, the change included a prepaid expense recognized in respect of an agreement for the provision of FTTH capacity in Spain.
(2) Including the effect of the reclassification of prepaid expenses as costs to fulfill contract (see Note 4.4).

## 5.6 Trade payables

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Trade payables - in the opening balance** | **6,738** | **6,475** | **6,682** |
| Business related variations | 297 | 41 | (122) |
| Changes in the scope of consolidation(1) | 9 | 125 | 1 |
| Translation adjustment | (71) | 47 | (80) |
| Reclassifications and other items | 95 | 49 | (6) |
| Trade payables - in the closing balance | 7,067 | 6,738 | 6,475 |
| o/w trade payables from telecoms activities | 6,951 | 6,652 | 6,395 |
| o/w trade payables from Mobile Financial Services | 116 | 86 | 80 |

(1) Of which 108 million euros related to the integration of Telekom Romania Communications in 2021.

Supplier payment terms are mutually agreed between the suppliers and Orange in accordance with the regulations in force. Certain key suppliers and Orange have agreed to a flexible payment schedule which, for certain invoices, can be extended up to six months.

Trade payables for goods and services and fixed assets that were subject to a payment extension, and which had an impact on the change in working capital requirement at the end of the period, amounted to approximately 377 million euros at December 31, 2022, 460 million euros at December 31, 2021, and 435 million euros at the end of 2020.

**Accounting policies**

Trade payables resulting from commercial transactions and settled in the normal operating cycle are classified as current items. They include payables that the supplier may have assigned, with or without notification, to financial institutions as part of direct or reverse factoring, and those for which the supplier proposed an extended payment period to Orange and for which Orange confirmed the payment arrangement under the agreed terms. Orange considers these financial liabilities to have the characteristics of trade payables, in particular due to the ongoing commercial relationship, the payment schedules ultimately consistent with the operating cycle of a telecommunication operator, in particular for the purchase of primary infrastructure, the supplier's autonomy in the anticipated relationship and a financial cost borne by Orange that corresponds to the compensation of the supplier for the extended payment schedule agreed.

Trade payables without specified interest rates are measured at par value if the interest component is negligible. Interest-bearing trade payables are recognized at amortized cost.

### 5.7 Other liabilities

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Provisions for litigations[1] | 387 | 405 | 525 |
| Cable network access fees (URI) | 25 | 38 | 59 |
| Submarine cable consortium[2] | 230 | 191 | 258 |
| Security deposits received | 111 | 128 | 134 |
| Orange Money - units in circulation[2] | 1,244 | 1,030 | 823 |
| Other | 804 | 852 | 775 |
| Total | 2,802 | 2,644 | 2,574 |
| o/w other non-current liabilities | 276 | 306 | 307 |
| o/w other current liabilities | 2,526 | 2,338 | 2,267 |

(1) See Note 5.2.
(2) These liabilities are offset by the receivables of the same amount (see accounting policies in Note 4.5).

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Other liabilities - in the opening balance** | **2,644** | **2,574** | **2,448** |
| Business related variations | 129 | 54 | 176 |
| Changes in the scope of consolidation | 6 | 9 | - |
| Translation adjustment | (0) | 29 | (35) |
| Reclassifications and other items | 23 | (22) | (15) |
| Other liabilities - in the closing balance | 2,802 | 2,644 | 2,574 |

## Note 6 Employee benefits

### 6.1 Labor expenses

| (in millions of euros) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Average number of employees (full-time equivalents)[1] | | 130,307 | 132,002 | 133,787 |
| **Wages and employee benefit expenses** | | **(8,754)** | **(9,587)** | **(8,331)** |
| *o/w wages and salaries* | | *(6,328)* | *(6,232)* | *(6,224)* |
| *o/w social security charges* | | *(2,132)* | *(2,148)* | *(2,118)* |
| *o/w French part-time for seniors plans* | 6.2 | *(313)* | *(1,209)* | *23* |
| *o/w capitalized costs* [2] | | *818* | *849* | *866* |
| *o/w other labor expenses* [3] | | *(799)* | *(847)* | *(879)* |
| **Employee profit sharing** | | **(149)** | **(145)** | **(142)** |
| **Share-based compensation**[4] | 6.3 | **(16)** | **(185)** | **(18)** |
| *o/w free share award plans* | | *(16)* | *(13)* | *(18)* |
| *o/w employee shareholding plan Together 2021* | | *-* | *(172)* | *-* |
| Total in operating income | | (8,920) | (9,917) | (8,490) |
| Net interest on the net defined liability in finance costs | | (13) | (10) | (12) |
| Actuarial (gains)/losses in other comprehensive income | | 176 | 59 | (13) |

(1) Of whom 28% were Orange SA's civil servants at December 31, 2022 (compared with 31% at December 31, 2021 and 34% at December 31, 2020).
(2) Capitalized costs correspond to labor expenses included in the cost of assets produced by the Group (see Notes 8.4 and 8.5).
(3) Other labor expenses comprise other short-term allowances and benefits, payroll taxes, post-employment benefits and other long-term benefits (except French part-time for seniors plans).
(4) Includes social security contributions of (1) million euros in 2022, (13) million euros in 2021 and 5 million euros in 2020, whose corresponding entry in the balance sheet is not presented in equity.

## 6.2 Employee benefits

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Post-employment benefits[(1)] | 739 | 881 | 930 |
| Other long-term benefits | 2,358 | 2,318 | 1,407 |
| *o/w French part-time for seniors plans* | *1,753* | *1,720* | *802* |
| Provisions for employment termination benefits | 1 | 2 | 1 |
| Other employee-related payables and payroll taxes due | 1,857 | 1,862 | 1,779 |
| Provisions for social risks and litigation | 29 | 50 | 58 |
| Total | 4,985 | 5,113 | 4,176 |
| o/w non-current employee benefits | 2,567 | 2,798 | 1,984 |
| o/w current employee benefits | 2,418 | 2,316 | 2,192 |

(1) Does not include defined contribution plans.

The accrued post-employment and other long-term benefits are presented below. These are estimated based on Group headcounts at December 31, 2022, including vested and unvested rights at December 31, 2022, but which the Group estimates will be vested by approximately 2050:

| (in millions of euros) | Schedule of benefits to be paid, undiscounted | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 and beyond |
| Post-employment benefits | 73 | 56 | 49 | 63 | 79 | 2,586 |
| Other long-term benefits [(1)] | 508 | 571 | 482 | 392 | 226 | 45 |
| *o/w French part-time for seniors plans* | *434* | *487* | *427* | *337* | *197* | *24* |
| Total | 581 | 627 | 532 | 455 | 305 | 2,631 |

(1) Provisions for Time Savings Account *(Compte Épargne Temps (CET)*) and long-term sick leave and long-term leave not included.

### 6.2.1 Types of post-employment benefits and other long-term benefits

In accordance with the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits:

- with regard to retirement, the majority of employees are covered by **defined contribution plans** required by law or under national agreements. In France, civil servants employed by Orange SA are covered by the French government sponsored civil and military pension plan. Orange SA's obligation under the plan is limited to the payment of annual contributions (French law No. 96-660 dated July 26, 1996). Consequently, Orange SA has no obligation to fund future deficits of the pension plans covering its own civil servant employees or any other civil service plans. Expenses recognized under the terms of defined contribution pension plans amounted to (691) million euros in 2022 (compared with (727) million euros in 2021 and (729) million euros in 2020);
- the Group is committed to a limited number of **annuity-based defined-benefit plans**: notably the Equant plans in the United Kingdom for 204 million euros in 2022 and a plan for senior managers in France for 190 million euros in 2022. Plan assets were transferred to these plans in the United Kingdom and in France. A few years ago, these plans were closed to new subscribers and also closed in the United Kingdom with regard to vesting;
- the Group is also committed to **capital-based defined-benefit plans** where, in accordance with the law or contractual agreements, employees are entitled to bonuses on retirement, depending on their years of service and end of career salary; this essentially relates to bonuses due upon retirement in France, particularly for employees under private-law contracts (553 million euros for Orange SA, i.e. 78% of the capital-based plans) and for civil servants (16 million euros, i.e. 2% of capital-based plans);
- **other post-employment benefits** are also granted to retired employees: these are benefits other than defined-benefit and defined-contribution plans;
- **other long-term benefits** may also be granted such as seniority awards, long-term compensated absences and French part-time for seniors plans (*Temps Partiel Senior* (*TPS*)) detailed below.

**French part-time for seniors plans**

As part of the renegotiations of the intergenerational agreement, a French part-time for seniors *(TPS)* plan was signed on December 17, 2021, resulting in the recognition of an employee benefit liability of 1,225 million euros at December 31, 2021.

The French part-time for seniors plans are accessible to civil servants and employees under private contract with French entities who are eligible for full retirement benefits from January 1, 2028 and who have at least 15 years of service at the Group.

These plans give employees the opportunity to work 50% or 60% of a full-time job whilst receiving:

- base compensation of between 65% and 80% of a full-time job;
- the retirement entitlement benefits of full-time employment during the period in question (both the Company's and the employee's contributions); and
- a minimum compensation level.

These plans last for a period of at least 18 months and no longer than 5 years.

The beneficiaries may decide to invest part of their base compensation (5%, 10% or 15%) in a Time Savings Account *(Compte Épargne Temps (CET))* with an additional Group contribution. The *CET* allows for a reduction in the amount of time worked.

At December 31, 2022, the number of employees who are or will be participating in the French part-time for seniors plans, and thus included in the provision, is estimated at approximately 10,400 employees.

### 6.2.2 Key assumptions used to calculate obligations

The assessment of post-employment benefits and other long-term benefits is based on retirement age calculated in accordance with the provisions applicable to each plan and the necessary conditions to ensure entitlement to a full pension, both of which are often subject to legislative changes.

The valuation of the obligation of the French part-time for seniors plans is sensitive to estimates of the potentially eligible population and to the sign-up rate for the plans (estimated at 70% on average), and the trade-offs that the beneficiaries will ultimately make between the different plans proposed.

Unlike previous years, sensitivity to the sign-up rate for the French part-time for seniors plans is not presented as the deadline for requesting to sign up for the French part-time for seniors plan signed at the end of 2021 was set at December 31, 2022.

The discount rates used for the French entities (which accounts for 91% of Orange's pension and other long-term employee benefit obligations at December 31, 2022) are as follows:

| | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| More than 10 years | 3.75% to 3.85% | 0.80% to 1.05% | 0.55% to 0.90% |
| Less than 10 years | 3.20% to 3.75%[1] | -0.15% to 0.40% | -0.35% to 0.70% |

(1) Rates of 3.40% and 3.55%, respectively, were used to value commitments relating to the 2018 and 2021 French part-time for seniors plans (compared with -0.15% at December 31, 2021 and -0.25% at December 31, 2020).

The discount rates used for the euro zone are based on corporate bonds rated AA with a duration equivalent to the duration of the obligations.

The increase in annuities of the Equant plans in the United Kingdom is based on inflation (3.05% used) up to 5%.

The main capital-based defined-benefit plan (retirement bonuses for employees under private-law contracts in France) is principally sensitive to employment policy assumptions (Orange has historically had high numbers of employees of retirement age), salary revaluation and long-term inflation of 2%.

The impacts on pension benefit obligations of a change in the key assumption would be as follows:

| (in millions of euros) | Rate increase by 100 points | Rate decrease by 100 points |
|---|---|---|
| Discount rates[1] | (128) | 145 |

(1) Including (31) million euros and 32 million euros for the French part-time for seniors plans *(TPS)* (short-term duration).

### 6.2.3 Commitments and plan assets

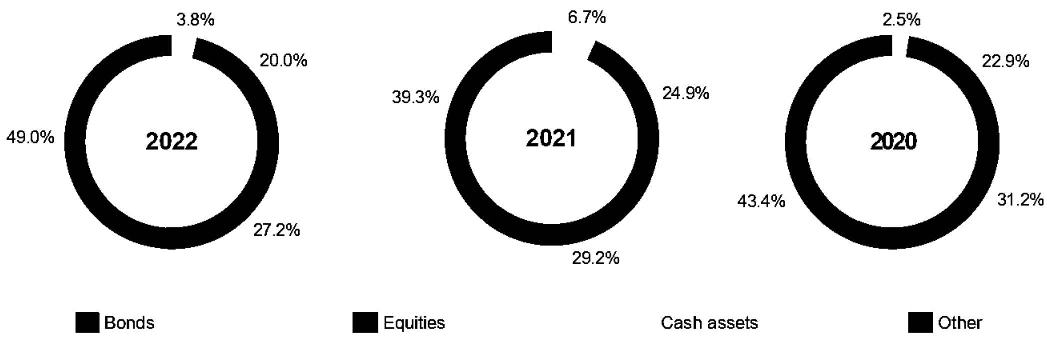
| (in millions of euros) | Post-employment benefits | | | Long-term benefits | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|
| | Annuity-based plans | Capital-based plans | Other | French part-time for seniors plans (TPS) | Other | | | |
| **Total benefit obligations in the opening balance** | **550** | **856** | **16** | **1,720** | **598** | **3,740** | **2,812** | **3,229** |
| Service cost | 0 | 67 | (6) | 10 | 61 | 131 | 1,379 (3) | 150 |
| Net interest on the defined benefit liability | 6 | 14 | 0 | (2) | 0 | 19 | 15 | 17 |
| Actuarial losses/(gains) arising from changes of assumptions | (144) | (230) | (6) | (110) | (1) | (490) | (5) | 102 |
| *o/w arising from change in discount rate* | *(132)* | *(234)* | *(4)* | *(124)* | *(1)* | *(495)* (1) | *(76)* | *63* |
| Actuarial losses/(gains) arising from experience | 20 | 31 | (2) | 410 | (1) | 459 (2) | (47) | (121) (4) |
| Benefits paid | (20) | (30) | (1) | (276) | (49) | (374) | (439) | (555) |
| Translation adjustment and other | (13) | 2 | (0) | (0) | (3) | (14) | 25 | (11) |
| **Total benefit obligations in the closing balance (a)** | **401** | **710** | **2** | 1,753 | **605** | **3,471** | **3,740** | **2,811** |
| o/w benefit obligations in respect of employee benefit plans that are wholly or partly funded | 401 | 18 | - | - | - | 419 | 571 | 549 |
| o/w benefit obligations in respect of employee benefit plans that are wholly unfunded | - | 691 | 2 | 1,753 | 605 | 3,052 | 3,169 | 2,262 |
| Weighted average duration of the plans (in years) | 8 | 11 | 14 | 2 | 3 | 4 | 6 | 8 |

(1) Including (352) million euros in France and (130) million euros in the United Kingdom related to the increase in discount rates in 2022.
(2) Actuarial gains related to experience effects mainly take into account an increase in the number of sign-ups for the French part-time for seniors plans, and particularly the plan signed in 2021.
(3) Including 1,225 million euros related to the French part-time for seniors plan signed in December 2021.
(4) Actuarial gains related to experience effects take into account a slowdown in the number of sign-ups for the French part-time for seniors plans.

| (in millions of euros) | Post-employment benefits | | | Long-term benefits | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|
| | Annuity-based plans | Capital-based plans | Other | French part-time for seniors plans (TPS) | Other | | | |
| **Fair value of plan assets in the opening balance** | **540** | **1** | **-** | **-** | **-** | **541** | **474** | **458** |
| Net interest on the defined benefit liability | 7 | 0 | - | - | - | 7 | 4 | 6 |
| (Gains)/Losses arising from experience | (154) | (0) | - | - | - | (154) | 40 | 25 |
| Employer contributions | 11 | - | - | - | - | 11 | 20 | 18 |
| Benefits paid by the fund | (18) | - | - | - | - | (18) | (20) | (18) |
| Translation adjustment and other | (13) | - | - | - | - | (13) | 23 | (16) |
| **Fair value of plan assets in the closing balance (b)** | **373** | **1** | **-** | **-** | **-** | **373** | **541** | **474** |

Funded annuity-based plans represent 12% of Group social commitments.

The funded annuity-based plans are primarily located in the United Kingdom (54%) and France (45%) and their assets are broken down as follows:




Employee benefits in the statement of financial position correspond to commitments less plan assets. These have not been subject to any asset capping adjustment for the periods presented.

| (in millions of euros) | Post-employment benefits | | | Long-term benefits | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|
| | Annuity-based plans | Capital-based plans | Other | French part-time for seniors plans (TPS) | Other | | | |
| **Employee benefits in the opening balance** | **10** | **855** | **16** | **1,720** | **598** | **3,199** | **2,337** | **2,771** |
| Net expense for the period | (0) | 81 | (6) | 308 | 59 | 443 | 1,356 | 105 |
| Employer contributions | (11) | - | - | - | - | (11) | (20) | (18) |
| Benefits directly paid by the employer | (1) | (30) | (1) | (276) | (49) | (355) | (419) | (538) |
| Actuarial (gains)/losses generated during the year through other comprehensive income | 31 | (199) | (8) | - | - | (176) | (59) | 13 |
| Translation adjustment and other | (0) | 2 | (0) | (0) | (3) | (2) | 3 | 4 |
| Employee benefits in the closing balance - Net position (a) - (b) | 28 | 709 | 2 | 1,753 | 605 | 3,097 | 3,199 | 2,337 |
| o/w non-current | 26 | 658 | 2 | 1,319 | 600 | 2,605 | 2,799 | 1,955 |
| o/w current | 2 | 52 | 0 | 434 | 5 | 492 | 400 | 382 |

The following table details the net expense:

| (in millions of euros) | Post-employment benefits | | | Long-term benefits | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|
| | Annuity-based plans | Capital-based plans | Other | French part-time for seniors plans (TPS) | Other | | | |
| Service cost | (0) | (67) | 6 | (10) | (61) | (131) | (1,379)[(1)] | (151) |
| Net interest on the net defined benefit liability | 0 | (14) | (0) | 2 | (0) | (12) | (10) | (11) |
| Actuarial gains/(losses) | - | - | - | (301) | 2 | (299) | 33 | 57 |
| Total | 0 | (81) | 6 | (308) | (59) | (443) | (1,356) | (105) |
| o/w expenses in operating income | (0) | (67) | 6 | (311) | (59) | (430) | (1,346) | (94) |
| o/w net interest on the net defined liability in finance cost | 0 | (14) | (0) | 2 | (0) | (12) | (10) | (11) |

(1) Including (1,225) million euros related to the French part-time for seniors plan signed on December 17, 2021.

**Accounting policies**

**Post-employment benefits** are granted through:

- defined-contribution plans: the contributions, paid to independent institutions which are in charge of the administrative and financial management thereof, are recognized in the fiscal year during which the services are rendered;
- defined-benefit plans: the sum of future obligations under these plans are based on actuarial assumptions using the projected unit credit method:

- their calculation is based on demographic (employee turnover, mortality, gender parity, etc.) and financial assumptions (salary increases, inflation, etc.) defined at the level of each entity concerned;
- the discount rate is defined by country or geographical area and by reference to market yields on high quality corporate bonds (or government bonds where no active market exists). It is calculated on the basis of external indices commonly used as a reference for the eurozone;
- actuarial gains and losses on post-employment benefits are fully recorded in other comprehensive income;
- the Group's defined-benefit plans are not generally funded. In the rare cases where they are, the plan assets are set up by employer and employee contributions which are managed by separate legal entities whose investments are subject to fluctuations in the financial markets. These entities are generally administered by joint committees comprising representatives of the Group and of the beneficiaries. Each committee adopts its own investment strategy which is designed to strike the optimum strategies to match assets and liabilities, based on specific studies performed by external experts. It is generally carried out by fund managers selected by the committees and depends on market opportunities. Assets are measured at fair value, determined by reference to quoted prices, since they are mostly invested in listed securities (mainly equities and bonds) and the use of other asset classes is limited.

Other **long-term employee benefits** may be granted, such as seniority awards, long-term compensated absences and the French part-time for seniors plan agreements. The calculation of the related commitments is based on actuarial assumptions (including demographic, financial and discounting assumptions) similar to those relating to post-employment benefits. The relevant actuarial gains and losses are recognized in net income for the period when they arise.

**Termination benefits** are subject to provisions (up to the related obligation). For all commitments entailing the payment of termination benefits, actuarial gains and losses are recognized in net income for the period when modifications take place.

## 6.3 Share-based compensation

### Free share award plans in force at December 31, 2022

The Board of Directors approved the implementation of free share award plans (Long-Term Incentive Plans – LTIP) reserved for the Executive Committee, Corporate Officers and senior executives designated as "Executives" or "Leaders."

**Main characteristics**

| | LTIP 2022 - 2024 | LTIP 2021 - 2023 | LTIP 2020 - 2022 |
|---|---|---|---|
| Implementation date by the Board of Directors | July 27, 2022 | July 28, 2021 | July 29, 2020 |
| Maximum number of free share units (1) | 1.8 million | 1.8 million | 1.7 million |
| Estimated number of beneficiaries | 1,300 | 1,300 | 1,300 |
| Acquisition date of the rights by the beneficiaries | December 31, 2024 | December 31, 2023 | December 31, 2022 |
| Delivery date of the shares to the beneficiaries | March 31, 2025 | March 31, 2024 | March 31, 2023 |

(1) In countries where the regulations, tax codes or labor laws do not permit awards of stock, the beneficiaries of the plan will receive a cash value based on the market price of Orange stock at the delivery date of the shares.

### Continued employment condition

The allocation of rights to beneficiaries is subject to a continued employment condition:

| | LTIP 2021 - 2023 | LTIP 2021 - 2023 | LTIP 2020 - 2022 |
|---|---|---|---|
| Assessment of the employment continuation | From July 27, 2022 to December 31, 2024 | From July 28, 2021 to December 31, 2023 | From July 29, 2020 to December 31, 2022 |

### Performance conditions

Depending on the plans, the allocation of rights to beneficiaries is subject to the achievement of internal and external performance conditions, i.e.:

- the organic cash flow from telecom activities internal performance condition, as defined in the plan regulations, assessed at the end of the three years of the plan against the objective set by the Board of Directors for the LTIP 2020–2022, 2021–2023 and 2022–2024;
- the Corporate Social Responsibility (CSR) internal performance condition, half of which relates to the change in the level of $CO_2$ per customer use and (i) half to the Group's renewable electricity rate for the 2020–2022 plan, and (ii) half to the proportion of women in the Group's management networks for the LTIP 2021–2023 and 2022–2024 plans, assessed at the end of the three years of the plan in relation to the targets set by the Board of Directors;
- the Total Shareholder Return (TSR) external performance condition. The TSR performance is assessed by comparing the change in the Orange TSR based on the relative performance of the total return for Orange shareholders over the three fiscal years and the change in the TSR calculated on the average values of the benchmark index, Stoxx Europe 600 Telecommunications, or any other index having the same purpose and replacing it during the term of the plan.

**Rights subject to the achievement of performance conditions (as a % of the total entitlement):**

| | LTIP 2022 - 2024 | LTIP 2021 - 2023 | LTIP 2020 - 2022 |
|---|---|---|---|
| Organic cash-flow from telecom activities | 50% | 50% | 40% |
| Total Shareholder Return (TSR) | 30% | 30% | 40% |
| Corporate Social Responsability (CSR) | 20% | 20% | 20% |

All performance conditions are estimated to be met at the end of the three years of the plan, with the exception of the condition relating to the TSR of the 2020–2022 plan.

**Valuation assumptions**

| | LTIP 2022 - 2024 | LTIP 2021 - 2023 | LTIP 2020 - 2022 |
|---|---|---|---|
| Measurement date | July 27, 2022 | July 28, 2021 | July 29, 2020 |
| Vesting date | December 31, 2024 | December 31, 2023 | December 31, 2022 |
| Price of underlying instrument at measurement date | 10.16 euros | 9.63 euros | 10.47 euros |
| Price of underlying instrument at closing date | 9.28 euros | 9.28 euros | 9.28 euros |
| Expected dividends (% of the share price) | 6.9% | 7.3% | 6.7% |
| Risk free yield | - 0.59% | - 0.68% | - 0.61% |
| Fair value per share of benefit granted to employees | 7.53 euros | 6.33 euros | 6.06 euros |
| o/w fair value of internal performance condition | 8.30 euros | 7.74 euros | 8.58 euros |
| o/w fair value of external performance condition | 5.74 euros | 3.04 euros | 2.27 euros |

For the portion of the plan issued in the form of shares, fair value was determined based on the market price of Orange shares on the date of allocation and the expected dividends discounted to December 31, 2022. The fair value also takes into account the likelihood of achievement of the market performance conditions, determined on the basis of a model constructed using the Monte Carlo method. For the portion of the plan issued in cash, the fair value was determined based on the market price of Orange shares.

**Accounting effect**

In 2022, an expense of (11) million euros (including social security contributions) was recognized with corresponding entries in equity (10 million euros) and employee benefits (1 million euros).

In 2021, an expense of (11) million euros (including social security contributions) was recognized with corresponding entries in equity (10 million euros) and employee benefits (1 million euros).

In 2020, an expense of (15) million euros (including social security contributions) was recognized with corresponding entries in equity (13 million euros) and employee benefits (2 million euros).

### Closure of the free share award plan LTIP 2019–2021

In 2019, the Board of Directors approved the implementation of a free share award plan (LTIP) reserved for the Executive Committee, Corporate Officers and Senior Management.

The shares were delivered to the beneficiaries on March 31, 2022.

**Main characteristics**

| | LTIP 2019 - 2021 |
|---|---|
| Implementation date by the Board of Directors | July 24, 2019 |
| Maximum number of free share units (1) | 1.7 million |
| Estimated number of beneficiaries at the beginning | 1,200 |
| Number of free share units delivered at delivery date (1) | 0.7 million |
| Number of beneficiaries | 1,094 |
| Acquisition date of the rights by the beneficiaries | December 31, 2021 |
| Delivery date of the shares to the beneficiaries | March 31, 2022 |

(1) In countries where the regulatory conditions, tax codes or labor laws do not permit awards of stock, the beneficiaries of the plan received a cash amount value based on the market price of Orange stock at the delivery date of the shares, on March 31, 2022.

**Continued employment condition**

The allocation of rights to beneficiaries was subject to a continued employment condition:

| | LTIP 2019 - 2021 |
|---|---|
| Assessment of the employment continuation | From July 24, 2019<br>to December 31, 2021 |

### Performance conditions

Depending on the plans, the allocation of rights to beneficiaries was subject to the achievement of internal and external performance conditions, i.e.:

- the organic cash flow from telecom activities internal performance condition, as defined in the plan regulations;
- the Total Shareholder Return (TSR) external performance condition. The TSR performance is assessed by comparing the change in the Orange TSR based on the relative performance of the total return for Orange shareholders over the three fiscal years and the change in the TSR calculated on the average values of the benchmark index, Stoxx Europe 600 Telecommunications, or any other index having the same purpose and replacing it during the term of the plan.

**Rights subject to the achievement of performance conditions (as a % of the total entitlement):**

| | LTIP 2019 - 2021 |
|---|---|
| Organic cash-flow from telecom activities | 50% |
| Total Shareholder Return (TSR) | 50% |

Performance was assessed for the years 2019, 2020 and 2021 in relation to the budget for each of these three years, as approved in advance by the Board of Directors. The condition relating to organic cash flow from telecom activities was met for 2019, 2020 and 2021. In addition, the condition relating to TSR was not met for the period 2019–2021.

### Valuation assumptions

| | LTIP 2019 - 2021 |
|---|---|
| Measurement date | July 24, 2019 |
| Vesting date | December 31, 2021 |
| Price of underlying instrument at measurement date | 13.16 euros |
| Price of underlying instrument at vesting date | 9.41 euros |
| Price of underlying instrument at delivery date | 10.70 euros |
| Expected dividends (% of the share price) | 5.3% |
| Risk free yield | -0.7% |
| Fair value per share of benefit granted to employees | 7.80 euros |
| o/w fair value of internal performance condition | 11.10 euros |
| o/w fair value of external performance condition | 4.50 euros |

For the portion of the free share award plan issued in the form of shares, fair value was determined based on the market price of Orange shares on the award date and the expected dividends discounted to December 31, 2021. The fair value also took into account the likelihood of achieving the market performance condition, determined on the basis of a model constructed using the Monte Carlo method. For the portion of the plans remitted in the form of cash, the fair value was determined on the basis of the Orange share price.

### Accounting effect

The cost of the plan including social security contributions is presented below:

| (in millions of euros) | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| LTIP 2019 - 2021 [1] | 1 | (6) | (6) | (3) |

(1) With corresponding entries in equity for 12 million euros and in employee-related payables for 2 million euros settled on delivery of the shares in 2022.

## Together 2021 Employee Shareholding Plan

On April 21, 2021, the Board of Directors approved the implementation of the Together 2021 Employee Shareholding Plan, designed to strengthen the Group's employee shareholding. The offer covered a maximum of 260 million euros of subscriptions including matching contributions, expressed as the reference price before discount, and was carried out by buying back existing shares of Orange SA.

The number of shares subscribed at the price of 6.64 euros (taking into account a discount of 30% on the reference market price) amounted to 12 million shares, to which were added 14 million shares allocated free of charge in the form of a matching contribution, i.e. a total of 26 million shares.

The average fair value of the benefit granted to employees and former employees of the Group was at 6.47 euros per share allocated (including free shares), i.e. an expense of (172) million euros (including social security contributions) recognized though equity for 169 million euros and through employee benefits for 3 million euros at December 31, 2021.

## Other plans

The other share-based compensation and similar plans implemented in the Orange group are not material at Group level.

**Accounting policies**

**Employee share-based compensation**: the fair value of stock options and free shares is determined by reference to the exercise price, the life of the option, the current price of the underlying shares at the grant date, the expected share price volatility, expected dividends, and the risk-free interest rate over the option's life. Vesting conditions other than market conditions are not part of the fair value assessment, but are part of the grant assumptions (employee turnover, probability of achieving performance criteria).

The determined amount is recognized in labor expenses on a straight-line basis over the vesting period, with corresponding entries for:

- employee benefit liabilities for cash-settled plans, r remeasured in profit or loss at each year-end; and
- equity for equity-settled plans.

### 6.4 Executive compensation

The following table shows the compensation booked by Orange SA and its controlled companies to persons who were members of Orange SA's Board of Directors or Executive Committee at any time during the year or at the end of the year.

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 (4) |
|---|---|---|---|
| Short-term benefits excluding employer social security contributions (1) | (12) | (14) | (16) |
| Short-term benefits: employer's social security contributions | (4) | (5) | (5) |
| Post-employment benefits (2) | (0) | (0) | (0) |
| Share-based compensation (3) | (1) | (2) | (2) |

(1) Includes all compensation: gross salaries, the variable component, bonuses and benefits (excluding termination benefits), benefits in kind, incentives and profit-sharing, attendance compensation and the share-based Long Term Incentive Plan (LTIP) which matured at December 31, 2021 and was paid out in 2022.
(2) Service cost.
(3) Includes employee shareholding plans and share-based Long-Term Incentive Plans (LTIP) in force.
(4) In 2020, (2) million euros relating to termination benefits had been paid. These termination benefits are not presented in the compensation table above.

The total amount of retirement benefits (contractual retirement bonuses and supplementary defined-benefit pension plan) provided in respect of persons who were members of the Board of Directors or Executive Committee at the end of the fiscal year was 2 million euros in 2022 (compared with 4 million euros in 2021 and 4 million euros in 2020).

The Chief Executive Officer, appointed on April 4, 2022, does not have an employment contract.

In the event of dismissal or non-renewal of the corporate office not motivated by serious misconduct or gross negligence, Orange will pay the Chief Executive Officer gross severance pay equal to 12 months of fixed compensation and annual variable compensation paid, with the latter being calculated based on the average annual variable compensation paid for the last 24 months prior to departure from the Company. This severance pay will only be due if the performance conditions for annual variable compensation for the two years prior to departure from the Company were achieved at an average of at least 90%.

In accordance with the Afep-Medef Code, the total amount of severance pay and non-compete compensation that would be paid to the Chief Executive Officer may not exceed 24 months of fixed compensation and annual variable compensation.

The employment contract of the Delegate Chief Executive Officer was suspended at the date of his appointment as a Corporate Officer. His employment contract may be reinstated at the end of his term of office, with recovery of rights.

Executive Committee members' contracts include a clause providing for a contractual termination settlement not exceeding 15 months of their total gross annual compensation (including the contractual termination benefit).

Orange has not acquired any other goods or services from persons who are, at the end of the fiscal year, members of the Board of Directors or Executive Committee of Orange SA (or any parties related thereto).

## Note 7 Impairment losses and goodwill

### 7.1 Impairment losses

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Romania | (789) | - | - |
| Mobile Financial Services | (28) | - | - |
| Spain | - | (3,702) | - |
| Total of impairment of goodwill | (817) | (3,702) | - |

Impairment tests on Cash-Generating Units (CGUs) may result in impairment losses on goodwill (see Note 7.2) and on fixed assets (see Note 8.3).

### At December 31, 2022

**Romania**

In Romania, the goodwill impairment of (789) million euros mainly reflects:

- a material increase in the discount rate due to changes in market assumptions;
- greater competitive pressure; and
- the downward revision of the business plan compared with the plan used at December 31, 2021, particularly in the early years.

Following the impairment of goodwill in Romania, the net carrying value of the assets of the CGU has been reduced to the value in use of current and long-term assets at 100% at December 31, 2022, i.e. 1.7 billion euros.

**Mobile Financial Services**

Impairment of (49) million euros was recorded on Mobile Financial Services (including (28) million euros on goodwill and (21) million euros on fixed assets) due to deterioration of the business plan.

At December 31, 2022, the net carrying value of goodwill was reduced to zero and the value in use of the CGU amounted to 0.4 billion euros.

### At December 31, 2021

In Spain, the business plan has been significantly revised downward since December 31, 2020, in view of:

- a deteriorating competitive environment despite market consolidation operations (affected by the erosion of average revenue per user); and
- uncertainties surrounding the continuation of the health crisis (delay in the forecasts for economic recovery).

The revision of the business plan in Spain has led to the recognition during the first semester of (3,702) million euros impairment of goodwill, bringing the net book value of tested assets down to the value in use of current and long-term assets, i.e. 7.7 billion euros.

### At December 31, 2020

At December 31, 2020, impairment tests did not result in the Group recognizing any impairment losses.

## 7.2 Goodwill

| (in millions of euros) | December 31, 2022 | | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|
| | Gross value | Accumulated impairment losses | Net book value | Net book value | Net book value |
| **France** | **13,189** | **(13)** | **13,176** | **14,364** | **14,364** |
| **Europe** | **12,962** | **(8,377)** | **4,586** | **6,079** | **9,512** |
| Spain | 6,550 | (3,816) | 2,734 | 3,170 | 6,872 |
| Slovakia | 806 | - | 806 | 806 | 806 |
| Romania | 1,806 | (1,359) | 447 | 1,504 | 1,236 |
| Belgium | 1,049 | (713) | 336 | 336 | 336 |
| Poland | 2,605 | (2,470) | 135 | 135 | 136 |
| Moldova | 78 | - | 78 | 80 | 76 |
| Luxembourg | 68 | (19) | 50 | 50 | 50 |
| **Africa & Middle-East** | **2,379** | **(958)** | **1,420** | **1,465** | **1,443** |
| Burkina Faso | 428 | - | 428 | 428 | 428 |
| Côte d'Ivoire | 417 | (42) | 375 | 375 | 375 |
| Morocco | 249 | - | 249 | 265 | 253 |
| Jordan | 293 | (175) | 118 | 111 | 103 |
| Sierra Leone | 73 | - | 73 | 114 | 118 |
| Cameroon | 134 | (90) | 44 | 44 | 44 |
| Other | 784 | (651) | 133 | 128 | 122 |
| **Enterprise** | **2,941** | **(651)** | **2,289** | **2,237** | **2,225** |
| **Totem**(1) | **1,624** | **-** | **1,624** | **N/A** | **N/A** |
| **International Carriers and Shared Services** | **18** | **-** | **18** | **18** | **18** |
| **Mobile Financial Services** | **28** | **(28)** | **-** | **28** | **35** |
| Goodwill | 33,140 | (10,028) | 23,113 | 24,192 | 27,596 |

(1) In 2021 and 2020, Totem's figures were included in France and Spain segments (see Note 1.1).

| (in millions of euros) | Note | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| **Gross Value in the opening balance** | | **33,626** | **33,273** | **33,579** |
| Acquisitions[(1)] | | (206) | 266 | 26 |
| Disposals | | - | (4) | - |
| Translation adjustment | | (280) | 91 | (331) |
| Reclassifications and other items | | - | - | - |
| Gross Value in the closing balance | | 33,140 | 33,626 | 33,273 |
| **Accumulated impairment losses in the opening balance** | | **(9,435)** | **(5,678)** | **(5,935)** |
| Impairment | 7.1 | (817) | (3,702) | - |
| Disposals | | - | (0) | - |
| Translation adjustment | | 225 | (55) | 257 |
| Accumulated impairment losses in the closing balance | | (10,028) | (9,435) | (5,678) |
| Net book value of goodwill | | 23,113 | 24,192 | 27,596 |

(1) In 2022, mainly includes the finalization of the purchase price allocation for Telekom Romania Communications, resulting in the revision of the amount of preliminary goodwill recognized in 2021 for (272) million euros. In 2021, mainly included preliminary goodwill of 272 million euros related to the acquisition of Telekom Romania Communications.

## 7.3 Key assumptions used to determine recoverable amounts

The key operational assumptions reflect past experience and expected trends: unforeseen changes have in the past affected and could continue to significantly affect these expectations. In this respect, the review of expectations could affect the margin of recoverable amounts over the carrying value tested (see Note 7.4) and result in impairment of goodwill and fixed assets.

In 2022, the Group updated its strategic plan during the second half (for the period 2023–2025). Accordingly, new business plans were prepared for all CGUs.

The **discount rates and perpetual growth rates** used to determine the values in use were revised as follows at the end of December 2022:

- discount rates have risen sharply as a result of the deteriorating macro-economic environment (higher interest rates), and may include a specific premium reflecting an assessment of the risks of achieving certain business plans, or of country risks, particularly in Romania;
- perpetual growth rates were maintained for most geographical areas.

At December 31, 2022, the business plans and key operating assumptions were sensitive to the following:

- inflation, in particular rising energy prices, and the ability to preserve margins by adjusting rates and optimizing costs and investments;
- the fiercely competitive nature of the markets in which the Group operates, where price pressure is strong;
- the decisions by regulatory and competition authorities in terms of stimulating business investment, and rules for awarding 5G operating licenses and market concentration; and
- specifically in the Middle-East and the Maghreb (Jordan, Egypt and Tunisia) as well as in some African countries (Mali, Democratic Republic of the Congo, Central African Republic, Sierra Leone and Burkina Faso): changes in the political situation and security with their resulting negative economic impacts on the overall business climate.

The parameters used to determine the recoverable amount of the main consolidated activities or the activities most sensitive to the assumptions of the impairment tests are as follows:

| December 31, 2022 | France | Spain | Poland | Enterprise | Romania | Belgium | Mobile Financial Services | Côte d'Ivoire/ Burkina Faso/ Liberia |
|---|---|---|---|---|---|---|---|---|
| Basis of recoverable amount | Value in use | | | | | | | Fair value |
| Source used | Internal plan | | | | | | | NA |
| Methodology | Discounted cash flow | | | | | | | NA |
| Cost of equity | NA | NA | NA | NA | NA | NA | 12.3 % | NA |
| Perpetuity growth rate | 0.8 % | 1.5 % | 2.0 % | 0.5 % | 2.5 % | 0.8 % | 2.0 % | NA |
| Post-tax discount rate | 6.3 % | 7.5 % | 7.8 % | 6.8 % | 10.5 % | 7.0 % | NA | NA |
| Pre-tax discount rate | 8.4 % | 10.0 % | 9.1 % | 9.2 % | 11.8 % | 8.8 % | NA | NA |

| December 31, 2021 | France | Spain | Poland | Enterprise | Romania | Belgium/ Luxembourg |
|---|---|---|---|---|---|---|
| Basis of recoverable amount | Value in use | | | | | Fair value |
| Source used | Internal plan | | | | | NA |
| Methodology | Discounted cash flow | | | | | NA |
| Perpetuity growth rate | 0.8 % | 1.5 % | 1.5 % | 0.3 % | 2.5 % | NA |
| Post-tax discount rate | 5.8 %[(1)] | 6.8 % | 7.3 % | 8.3 % | 7.0 % | NA |
| Pre-tax discount rate | 7.6 % | 8.4 % | 8.5 % | 11.1 % | 7.9 % | NA |

| December 31, 2020 | France | Spain | Poland | Enterprise | Romania | Morocco | Belgium/ Luxembourg |
|---|---|---|---|---|---|---|---|
| Basis of recoverable amount | Value in use | | | | | | Fair value |
| Source used | Internal plan | | | | | | NA |
| Methodology | Discounted cash flow | | | | | | NA |
| Perpetuity growth rate | 0.8 % | 1.5 % | 1.5 % | 0.3 % | 2.3 % | 2.8 % | NA |
| Post-tax discount rate | 5.5 %[(1)] | 6.5 % | 7.3 % | 7.5 % | 7.5 % | 7.3 % | NA |
| Pre-tax discount rate | 7.4 % | 8.1 % | 8.5 % | 10.2 % | 8.5 % | 8.6 % | NA |

(1) The after-tax discount rate for France included a corporate tax reduction of 25.83% since 2022.

At December 31, 2021, the fair value of Belgium/Luxembourg had been defined on the basis of the conditional voluntary public tender offer for the shares of Orange Belgium, which closed on May 4, 2021 (see Note 3.2).

The Group's listed subsidiaries are Orange Polska (Warsaw Stock Exchange), Orange Belgium (Brussels Stock Exchange), Jordan Telecom (Amman Stock Exchange), Sonatel (Regional Stock Exchange (BRVM)), and, since December 30, 2022, Orange Côte d'Ivoire (BRVM). The aggregated share of these subsidiaries, which publish their own regulated information, is less than or equal to 20% of consolidated revenues, operating income and net income excluding non-recurring transactions.

## 7.4 Sensitivity of recoverable amounts

Because of the correlation between operating cash flows and investment capacity, a sensitivity of net cash flows is used. As cash flows at the terminal point represent a significant portion of the recoverable amount, a change of plus or minus 10% in these cash flows is presented as a sensitivity assumption.

The cash flows are those generated by operating activities net of acquisitions and disposals of property, plant and equipment and intangible assets (including a tax expense at a standard rate, repayment of lease liabilities and debt related to financed assets, related interest expenses and excluding other interest expenses). An additional analysis was carried out on the most sensitive CGUs for which the amount of lease liabilities was material in order to confirm the absence of impairment losses or additional impairment losses.

A sensitivity analysis was carried out on the main consolidated activities or the activities most sensitive to the assumptions of the impairment tests and is presented below to enable readers of the financial statements to estimate the effects of their own estimates. Changes in cash flows, perpetual growth rates or discount rates exceeding the sensitivity levels presented have been observed in the past.

| | Increase in discount rate in order for the recoverable amount to be equal to the net carrying value (in basis points) | Decrease in the perpetual growth rate in order for the recoverable amount to be equal to the net carrying value (in basis points) | Decrease in the discounted cash flows of the terminal value in order for the recoverable amount to be equal to the net carrying value (in %) |
|---|---|---|---|
| **December 31, 2022** | | | |
| France | +139 bp | (120) bp | -26% |
| Spain | +44 bp | (47) bp | -8% |
| Poland | +249 bp | (272) bp | -32% |
| Enterprise | +100 bp | (115) bp | -19% |
| Belgium | +97 bp | (97) bp | -15% |
| Sierra Leone | +50 bp | (72) bp | -6% |
| **December 31, 2021** | | | |
| France | +234 bp | (217) bp | -39% |
| Spain | +19 bp | (21) bp | -4% |
| Poland | +269 bp | (221) bp | -30% |
| Enterprise | +1,125 bp | (1,026) bp | -83% |
| Romania | +44 bp | (45) bp | -10% |
| **December 31, 2020** | | | |
| France | +141 bp | (124) bp | -28% |
| Spain | +1 bp | (1) bp | 0% |
| Poland | +189 bp | (151) bp | -23% |
| Enterprise | +1,067 bp | (1,691) bp | -82% |
| Romania | +49 bp | (49) bp | -9% |
| Morocco | +354 bp | (433) bp | -53% |
| Belgium | NA | NA | NA |

#### Romania

In 2022, the value in use of the Romania CGU was revised based on the key valuation assumptions established by the local governance. The revision of the assumptions resulted in (789) million euros of goodwill impairment.

A sensitivity analysis was carried out at December 31, 2022 on each of the following criteria, taken individually:

- a 1% increase in the discount rate;
- a 1% decrease in the perpetual growth rate;
- a 10% decrease in cash flows in the terminal year.

This sensitivity analysis identified an estimated risk of additional impairment of up to 30% of the impairment loss recognized at December 31, 2022.

#### Mobile Financial Services

In 2022, the value in use of the Mobile Financial Services CGU was revised based on the key valuation assumptions established by the local governance. The revision of the assumptions resulted in impairment of goodwill of (28) million euros and impairment of fixed assets of (21) million euros, representing all the assets that can be impaired under IAS 36. Sensitivity analyses are therefore not relevant.

#### Côte d'Ivoire

At December 31, 2022, the fair value of the Côte d'Ivoire, Burkina Faso and Liberia CGUs was defined on the basis of the public sale offer on shares of Orange Côte d'Ivoire, carried out by the state of Côte d'Ivoire over a subscription period from December 5 to December 19, 2022. This transaction was followed by the initial public offering (BRVM) of Orange Côte d'Ivoire on the financial market of the West African Economic and Monetary Union (WAEMU) on December 30, 2022. Sensitivity analyses, calculated on cash flows and financial parameters, are therefore not relevant for these three CGUs at December 31, 2022.

#### Sierra Leone

A sensitivity analysis was also carried out on Sierra Leone on each of the following criteria, taken individually:

- a 1% increase in the discount rate;
- a 1% decrease in the perpetual growth rate;
- a 10% decrease in cash flows in the terminal year.

This sensitivity analysis identified an estimated risk of impairment of up to 8% of the net value of goodwill.

The other entities not listed above each account for less than 3% of the recoverable amount of the consolidated entities or do not present a recoverable amount close to the net value.

**Accounting policies**

Goodwill recognized as an asset in the statement of financial position comprises the excess calculated:

- either on the basis of the equity interest acquired (and for business combinations after January 1, 2010, with no subsequent changes for any additional purchases of non-controlling interests); or
- on a 100% basis, leading to the recognition of goodwill relating to non-controlling interests.

Goodwill is not amortized. It is tested for impairment at least annually and more frequently when there is an indication that it may be impaired. Thus, changes in general economic and financial trends, the different levels of resilience of the telecommunication operators with respect to the deterioration of local economic environments, changes in the market capitalization of telecommunication operators, as well as financial performance compared to market expectations represent external impairment indicators that are analyzed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

These tests are performed at the level of each Cash-Generating Unit (CGU) (or group of CGUs). These generally correspond to business segments or to each country in the Africa and Middle-East region and Europe. This is reviewed if the Group changes the level at which it monitors return on investment for goodwill testing purposes.

To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to their recoverable amount, for which Orange uses mostly the value in use.

Value in use is estimated as the present value of the expected future cash flows. Cash flow projections are based on economic and regulatory assumptions, license renewal assumptions and sales activity and investment forecasts drawn up by the Group's management, as follows:

- cash flow projections are based on three-to-five-year business plans and include a tax cash flow calculated as EBIT (operating income) multiplied by the statutory tax rate (excluding the impact of deferred tax and unrecognized tax loss carryforwards at the date of valuation). In the case of recent acquisitions, longer-term business plans may be used;
- post-tax cash flow projections beyond that timeframe may be extrapolated by applying a declining or flat growth rate for the next year, and then a perpetual growth rate reflecting the expected long-term growth in the market;
- post-tax cash flows are subject to a post-tax discount rate, using rates which incorporate a relevant premium reflecting a risk assessment for the implementation of certain business plans or country risks. The value in use derived from these calculations is identical to the one that would result from discounting pre-tax cash flows at pre-tax discount rates.

The key operating assumptions used to determine values in use are common across all of the Group's business segments. Key assumptions for most CGUs include:

- key revenue assumptions, which reflect market level, penetration rate of the offers and market share, positioning of the competition's offers and their potential impact on market price levels and their transposition to the Group's offer bases, regulatory authority decisions on pricing of services to customers and on access and pricing of inter-operator services, technology migration of networks (e.g. extinction of copper local loops), decisions of competition authorities in terms of concentration or regulation of adjacent sectors such as cable;
- key cost assumptions, on the level of marketing expenses required to deal with the pace of product line renewals and the positioning of the competition, the ability to adjust costs to potential changes in revenues or the effects of natural attrition and employee departure plans underway;
- key assumptions on the level of capital expenditure, which may be affected by the rollout of new technologies, by decisions of regulatory authorities relating to licenses and spectrum allocation, deployment of fiber networks, mobile network coverage, sharing of network elements or obligations to open up networks to competitors.

The tested net carrying values include goodwill, land and assets with finite useful lives (property, plant and equipment, intangible assets and net working capital requirements including intra-group balances). The Orange brand, an asset with an indefinite useful life, is subject to a specific test, see Note 8.3.

If an entity partially owned by the Group includes goodwill attributable to non-controlling interests, the impairment loss is allocated between the shareholders of Orange SA 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 recorded definitively in operating income.

# Note 8 Fixed assets

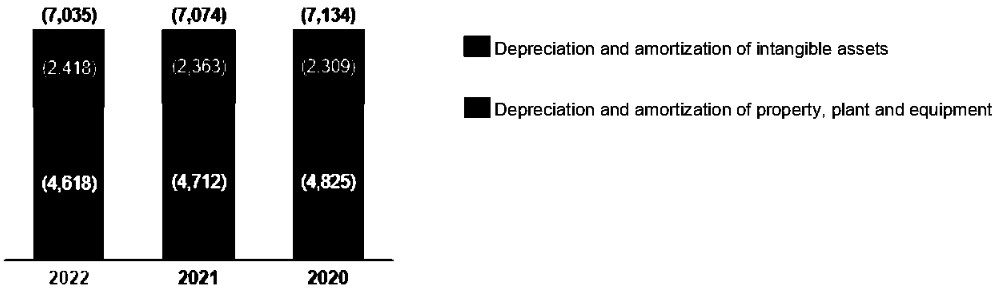
## 8.1 Gains (losses) on disposal of fixed assets

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Transfer price | 347 | 163 | 444 |
| Net book value of assets sold | (187) | (111) | (223) |
| Proceeds from the disposal of fixed assets [1] | 159 | 52 | 221 |

(1) In 2022, gains (losses) on disposal of fixed assets related to the sale and leaseback transactions amount to 14 million euros and includes property asset disposals in Poland. In 2021, included property asset disposals in France for 10 million euros.
In 2020, included property asset disposals in France and mobile site disposal in Spain for 143 million euros.

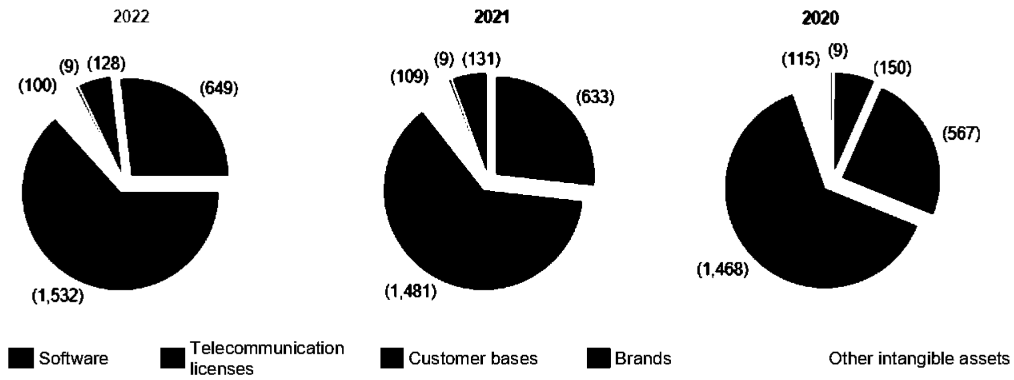
## 8.2 Depreciation and amortization

(in millions of euros)



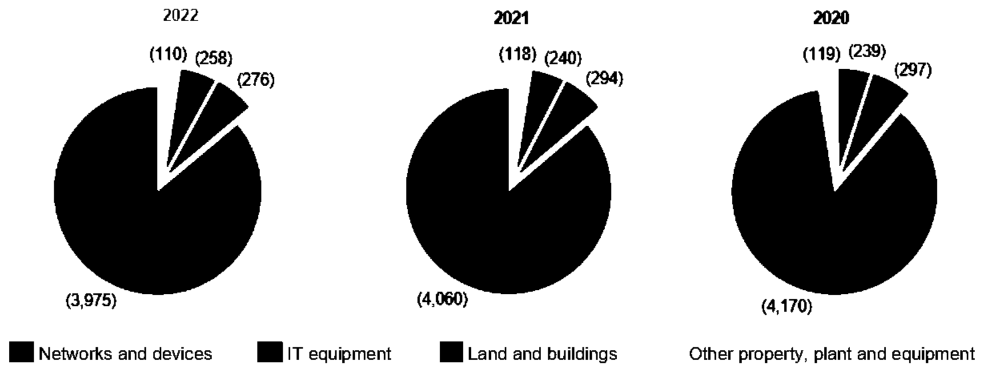

### Depreciation and amortization of intangible assets

(in millions of euros)



### Depreciation and amortization of property, plant and equipment

(in millions of euros)




### Accounting policies

Assets are amortized to expense their cost (generally with no residual value deducted) on a basis that reflects the pattern in which their future economic benefits are expected to be consumed. The straight-line basis is usually applied. The useful lives are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. This may be the case for outlooks on the implementation of new technologies (for example, the replacement of copper local loop by optical fiber). These changes in accounting estimates are recognized prospectively.

| Main assets | Depreciation period (average) |
|---|---|
| Brands acquired | Up to 15 years, except for the Orange brand with an indefinite useful life |
| Customer bases acquired | Expected life of the commercial relationship: 3 to 16 years |
| Mobile network licenses | Grant period from the date when the network is technically ready and the service can be marketed |
| Indefeasible Rights of Use of submarine and terrestrial cables | Shorter of the expected period of use and the contractual period, generally less than 20 years |
| Patents | 20 years maximum |
| Software | 5 years maximum |
| Development costs | 3 to 5 years |
| Buildings | 10 to 30 years |
| Transmission and other network equipment | 5 to 10 years |
| Copper cables, optical fiber and civil works | 10 to 30 years |
| Computer hardware | 3 to 5 years |

## 8.3 Impairment of fixed assets

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Mobile Financial Services[1] | (21) | - | - |
| Enterprise | (20) | 0 | - |
| France | (15) | (1) | (15) |
| Poland | (2) | (11) | (7) |
| International Carriers & Shared Services | 0 | (2) | (7) |
| Other | 1 | (2) | (1) |
| Total of impairment of fixed assets | (56) | (17) | (30) |

(1) The impairment of fixed assets resulting from impairment tests on Cash-Generating Units (CGUs) are described in Note 7.1.

### Key assumptions and sensitivity of the recoverable amount of the Orange brand

The key assumptions and sources of sensitivity used in the assessment of the recoverable amount of the Orange brand are similar to those used for the goodwill of consolidated activities (see Note 7.3), which affect the revenue base and potentially the level of brand royalties.

Other assumptions that affect the assessment of the recoverable amount are as follows:

| | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Basis of recoverable amount | Value in use | Value in use | Value in use |
| Source used | Internal plan | Internal plan | Internal plan |
| Methodology | Discounted net fees | Discounted net fees | Discounted net fees |
| Perpetuity growth rate | 1.4 % | 1.3 % | 1.2 % |
| Post-tax discount rate | 8.2 % | 7.7 % | 6.9 % |
| Pre-tax discount rate | 10.5 % | 9.8 % | 8.3 % |

The sensitivity analysis did not highlight any risk of impairment of the Orange brand.

**Accounting policies**

Given the nature of its assets and businesses, most of the Group's individual assets do not generate cash inflows independent of those of the Cash-Generating Units. The recoverable amount is therefore determined at the level of the CGU (or group of CGUs) to which the assets belong, according to a method similar to that described for goodwill.

The Orange brand has an indefinite useful life and is not amortized but is tested for impairment at least annually. Its recoverable amount is assessed based on the expected contractual royalties discounted in perpetuity (and included in the business plan), less costs attributable to the brand's owner.

## 8.4 Other intangible assets

| | December 31, 2022 | | | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|---|
| (in millions of euros) | Gross value | Accumulated depreciation and amortization | Accumulated impairment | Net book value | Net book value | Net book value |
| Telecommunications licenses | 12,688 | (5,773) | (46) | 6,869 | 6,691 | 6,322 |
| Software | 14,235 | (9,887) | (69) | 4,280 | 4,331 | 4,288 |
| Orange brand | 3,133 | - | - | 3,133 | 3,133 | 3,133 |
| Other brands | 1,085 | (136) | (889) | 60 | 69 | 78 |
| Customer bases | 5,270 | (5,009) | (15) | 246 | 346 | 469 |
| Other intangible assets | 2,276 | (1,715) | (203) | 358 | 370 | 844 |
| Total | 38,686 | (22,519) | (1,221) | 14,946 | 14,940 | 15,135 |

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net book value of other intangible assets - in the opening balance** | **14,940** | **15,135** | **14,737** |
| Acquisitions of other intangible assets | 2,678 | 2,842 | 2,935 |
| *o/w telecommunications licenses(1)* | *1,060* | *926* | *969* |
| Impact of changes in the scope of consolidation(2) | 35 | (888) | 31 |
| Disposals | (5) | (4) | (4) |
| Depreciation and amortization | (2,418) | (2,363) | (2,309) |
| Impairment | (33) | (40) | (24) |
| Translation adjustment | (245) | 92 | (176) |
| Reclassifications and other items(3) | (7) | 165 | (55) |
| Net book value of other intangible assets - in the closing balance | 14,946 | 14,940 | 15,135 |

(1) In 2022, mainly includes the acquisition of the 5G licenses in Romania for 319 million euros and in Belgium for 213 million euros, and for the 2600 MHz band license in Egypt for 311 million euros.
In 2021, included the acquisition of the 5G license in Spain for 611 million euros and the renewals in France of the 2G licenses for 207 million euros and the 3G licenses for 57 million of euros.
In 2020, included to the acquisition of the 5G license in France for 875 million euros and in Slovakia for 37 million euros.
(2) In 2021, mainly included the effects of the loss of sole control over Orange Concessions.
(3) In 2021, mainly included incentive bonus fees on penetration rates and business continuity payable by the Public Initiative Networks to the local authorities for 195 million euros.

**Internal costs capitalized as intangible assets**

Internal costs capitalized as intangible assets include to labor expenses and amount to 418 million euros in 2022, 399 million euros in 2021 and 405 million euros in 2020.

### Information on telecommunications licenses at December 31, 2022

Orange's principal commitments under licenses awarded are disclosed in Note 16.

| (in millions of euros) | Gross value | Net book value | Residual useful life[1] |
|---|---|---|---|
| 5G (2 licenses) | 876 | 754 | 12.8 and 14.4 |
| LTE (5 licenses) | 2,187 | 1,356 | 8.8 to 14.4 |
| UMTS (3 licenses) | 342 | 155 | 7.4 to 13.9 |
| GSM (2 licenses) | 208 | 171 | 8.3 and 13.9 |
| **France** | **3,613** | **2,436** | |
| 5G (4 licenses) | 1,041 | 956 | 8.0 and 18.7 |
| LTE (3 licenses) | 545 | 279 | 8.0 to 8.3 |
| GSM (2 licenses) | 285 | 98 | 9.0 |
| **Spain** | **1,871** | **1,333** | |
| LTE (6 licenses) | 1,200 | 459 | 4.7 to 15 |
| UMTS (1 license) | 76 | 33 | 6.6 |
| **Poland** | **1,276** | **492** | |
| LTE (2 license) | 543 | 429 | 9.0 and 11.0 |
| UMTS (1 license) | 103 | 27 | 9.0 |
| GSM (2 licenses) | 291 | 67 | 9.0 |
| **Egypt** | **937** | **523** | |
| LTE (1 license) | 59 | 40 | 13.0 |
| UMTS (1 license) | 28 | 9 | 10.0 |
| GSM (1 license) | 725 | 135 | 10.0 |
| **Morocco** | **812** | **184** | |
| 5G (1 license) | 319 | 319 | 25.0 |
| LTE (1 license) | 184 | 77 | 6.3 |
| UMTS (1 license) | 100 | 47 | 8.0 |
| GSM (1 license) | 292 | 91 | 6.3 |
| **Romania** | **895** | **534** | |
| 5G (1 license) | 66 | 66 | 25.0 |
| LTE (1 license) | 94 | 48 | 17.4 |
| UMTS (3 licenses) | 151 | 66 | 12.2 à 20.3 |
| GSM (1 license) | 203 | 78 | 16.3 |
| **Jordan** | **514** | **258** | |
| 5G (2 licenses) | 236 | 230 | 17.3 to 19.7 |
| LTE (2 licenses) | 140 | 74 | 4.4 and 10.9 |
| **Belgium** | **376** | **304** | |
| 5G (3 licenses) | 54 | 51 | 2.7 to 20.3 |
| LTE (3 licenses) | 76 | 31 | 2.7 to 6 |
| UMTS (1 license) | 46 | 8 | 3.7 |
| GSM (1 license) | 66 | 9 | 3.0 |
| **Slovensko** | **242** | **99** | |
| **Other** | **2,152** | **706** | |
| Total | 12,688 | 6,869 | |

(1) In number of years, at December 31, 2022.

### Accounting policies

Intangible assets mainly consist of acquired brands, acquired customer bases, telecommunications licenses and software, as well as operating rights granted under certain concession agreement.

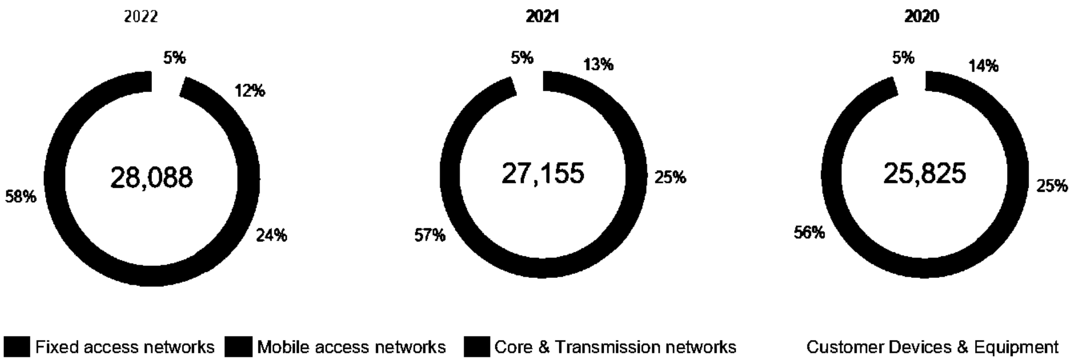
Intangible assets are initially recognized at acquisition or production cost. The payments indexed to revenue, especially for some telecommunications licenses, are expensed in the relevant periods.

The operating rights granted under certain concession arrangements are recognized in other intangible assets and correspond to the right to charge users of the public service (see Note 4.1).

### 8.5 Property, plant and equipment

| (in millions of euros) | December 31, 2022 | | | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|---|
| | Gross value | Accumulated depreciation and amortization | Accumulated impairment | Net book value | Net book value | Net book value |
| Networks and devices | 99,243 | (70,757) | (398) | 28,088 | 27,155 | 25,825 |
| Land and buildings | 8,156 | (5,624) | (233) | 2,299 | 2,117 | 2,018 |
| IT equipment | 3,943 | (3,149) | (1) | 793 | 784 | 801 |
| Other property, plant and equipment | 1,731 | (1,265) | (6) | 460 | 428 | 431 |
| **Total property, plant and equipment** | **113,073** | **(80,795)** | **(639)** | **31,640** | **30,484** | **29,075** |

Networks and devices are broken down as follows:




| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net book value of property, plant and equipment - in the opening balance** | **30,484** | **29,075** | **28,423** |
| Acquisitions of property, plant and equipment | 6,329 | 5,947 | 5,848 |
| *o/w financed assets* | *229* | *40* | *241* |
| Impact of changes in the scope of consolidation (1) | 262 | 130 | 0 |
| Disposals and retirements | (181) | (102) | (154) |
| Depreciation and amortization (2) | (4,725) | (4,796) | (4,880) |
| *o/w fixed assets* | *(4,618)* | *(4,712)* | *(4,825)* |
| *o/w financed assets* | *(107)* | *(84)* | *(55)* |
| Impairment | (23) | (5) | (6) |
| Translation adjustment | (291) | 129 | (319) |
| Reclassifications and other items (3) | (216) | 105 | 164 |
| **Net book value of property, plant and equipment - in the closing balance** | **31,640** | **30,484** | **29,075** |

(1) In 2022, includes 261 million euros for the purchase price allocation of Telekom Romania Communications (see Note 3.2)
Mainly related, in 2021, to the effects of the acquisition of Telekom Romania Communications and the loss of sole control over the FiberCo in Poland (see Note 3.2).
(2) In 2022, includes the effect of the extension of the amortization period of the copper network in France, resulting in a decrease in depreciation and amortization of 135 million euros.
(3) In 2022, mainly includes the effect of the increase in discount rates on dismantling assets (see Note 8.7).

#### Financed assets

Financed assets include at December 31, 2022 the set-up boxes in France financed by an intermediary bank: they meet the standard criterion of a tangible asset according to IAS 16. The associated payables to these financed assets are presented in financial liabilities and are included in the definition of the net financial debt (see Note 13.3)

#### Internal costs capitalized as property, plant and equipment

Internal costs capitalized as property, plant and equipment mainly include labor expenses and amount to 400 million euros in 2022, 450 million euros in 2021 and 462 million euros in 2020.

**Accounting policies**

Property, plant and equipment is made up of tangible fixed assets and financed assets. It mainly comprises network facilities and equipment.

The gross value of property, plant and equipment is made up of its acquisition or production cost, which includes study and construction fees as well as enhancement costs that increase the capacity of equipment and facilities. Maintenance and repair costs are expensed as incurred, except where they serve to increase the asset's productivity or extend its useful life.

The cost of property, plant and equipment also includes the estimated cost of dismantling and removing the fixed asset and restoring the site where it was located under the obligation incurred by the Group.

The roll-out of assets by stage, particularly network assets, in the Group's assessment, does not generally require a substantial period of preparation. As a result, the Group does not generally capitalize the interest expense incurred during the construction and acquisition phase for its property, plant and equipment and intangible assets.

In France, the regulatory framework governing the fiber optic network roll-out (Fiber To The Home – FTTH) organizes the access by commercial operators to the last mile of networks rolled out by another operator on a co-funding basis (*ab initio* or *a posteriori*) or through a line access. The sharing of rights and obligations between the various operators co-financing the last mile of networks is classified as a joint operation in accordance with IFRS 11 "Partnerships": Orange only recognizes in its assets the portions (built or acquired) in networks that it has co-financed or built.

The Group has entered into network sharing arrangements with other mobile operators on a reciprocal basis, which may cover passive infrastructure sharing, active network and even spectrum equipment.

## 8.6 Fixed assets payables

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Fixed assets payable - in the opening balance** | **4,481** | **4,640** | **3,665** |
| Business related variations | 124 | (206) | 1,002 |
| *o/w telecommunication licences payable*[1] | *51* | *143* | *618* |
| Changes in the scope of consolidation[2] | (0) | (199) | (0) |
| Translation adjustment | (54) | 31 | (50) |
| Reclassifications and other items[3] | 30 | 216 | 23 |
| **Fixed assets payable - in the closing balance** | **4,581** | **4,481** | **4,640** |
| o/w long-term fixed assets payable | 1,480 | 1,370 | 1,291 |
| o/w short-term fixed assets payable | 3,101 | 3,111 | 3,349 |

(1) In 2022, includes 241 million euros relating to the acquisition of the 5G license in Romania, and (153) million euros paid out for 5G licenses in France. In 2021, included 192 million euros relating to the acquisition of 5G in Spain and (150) million euros paid out for the 5G license in France. Included, in 2020, 725 million euros for the acquisition of the 5G license in France.
(2) Included (241) million euros in 2021 resulting from the loss of exclusive control of Orange Concessions (see Note 3.2).
(3) In 2021, mainly included incentive bonus fees on penetration rates and business continuity payable by the Public Initiative Networks to the local authorities for 195 million euros.

**Accounting policies**

These payables are generated from trading activities. The payment terms may be over several years in the case of infrastructure roll-out and license acquisition. Payables due in more than 12 months are presented in non-current items. Trade payables without specified interest rates are measured at par value if the interest component is negligible. Interest-bearing trade payables are recognized at amortized cost.

Trade payables also include payables that the supplier may have disposed of, with or without notifying financial institutions, in a direct or reverse factoring arrangement (see Note 5.6).

Firm commitments to purchase fixed assets are presented as unrecognized contractual commitments (see Note 16), net of any down payments which are recorded as down payments on fixed assets.

## 8.7 Dismantling provisions

Asset dismantling obligations mainly relate to the restoration of mobile telephony antenna sites, the treatment of telephone poles, management of waste electrical and electronic equipment and the dismantling of telephone booths.

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Dismantling provisions - in the opening balance** | **897** | **901** | **827** |
| Provision reversal with impact on income statement | (0) | (0) | (0) |
| Discounting with impact on income statement | 36 | 11 | 2 |
| Utilizations without impact on income statement | (20) | (18) | (12) |
| Changes in provision with impact on assets (1) | (221) | 3 | 79 |
| Changes in the scope of consolidation | - | - | - |
| Translation adjustment | (5) | (0) | (10) |
| Reclassifications and other items | 10 | - | 16 |
| Dismantling provisions - in the closing balance | 696 | 897 | 901 |
| o/w non-current provisions | 670 | 876 | 885 |
| o/w current provisions | 26 | 21 | 16 |

(1) Mainly includes the effect of the increase in discount rates in 2022.

**Accounting policies**

The Group has an obligation to dismantle installed technical equipment and restore the technical sites it occupies.

When the obligation arises, a dismantling asset is recognized against a dismantling provision.

The provision is based on dismantling costs (on a per-unit basis for telephone poles, devices and telephone booths, and on a per-site basis for mobile antennas) 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 that will allow the obligation to be settled. This estimate is reviewed annually and the provision is adjusted where necessary against the dismantling asset recognized and the underlying assets, if any. The provision is discounted at a rate set by geographical area corresponding to the average risk-free rate of a 15-year government bond.

When the obligation is settled, the provision is reversed against the net carrying value of the dismantling asset and the net carrying value of the underlying assets if the dismantling asset is less than the financial provision reversal.

## Note 9 Lease agreements

In the course of its activities, the Group regularly enters into leases as a lessee. These leases are divided between the following asset categories:

- Land and buildings;
- Networks and devices;
- IT equipment;
- Other.

**Accounting policies**

The mandatory IFRS 16 "Leases," has been applied within the Group since January 1, 2019.

IFRS 16 defines a lease as a contract that conveys to the lessee the right to control the use of an identified asset. All leases are recognized in the balance sheet as an asset reflecting the right to use the leased assets and a corresponding liability reflecting the related lease obligations (see Notes 9.1 and 9.2). In the income statement, amortization of right-of-use assets (see Note 9.1) is presented separately from interest on lease liabilities. In the statement of cash flows, cash outflows relating to interest expenses impact cash flows provided by operating activities, while principal repayments on lease liabilities impact cash flows related to financing activities.

For the lessor, assets subject to leases must be presented in the balance sheet according to the nature of the asset and the associated lease revenues as income on a straight-line basis over the lease term.

When the Group carries out a transaction categorized as sale and leaseback in accordance with IFRS 16, a right-of-use asset is recognized in proportion to the previous carrying value of the asset corresponding to the right-of-use asset retained to offset a lease liability. Gains (losses) on disposal of fixed assets are recognized in the income statement in proportion to the rights actually transferred to the buyer-lessor. The adjustment of the gains (losses) on disposal recognized in the income statement for the share on which the Group retains its user rights via the lease corresponds to the difference between the right-of-use asset and the lease liability recognized in the balance sheet.

Finally, the Group applies the two exemptions provided for in IFRS 16, i.e. leases with a term of 12 months or less that are not automatically renewable and those where the replacement value of the underlying asset is less than approximately 5,000 euros. Leases covered by either of these two exemptions are presented in off-balance sheet commitments and an expense is recognized in "external purchases" in the income statement.

The Group classifies as a lease a contract that confers 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.

The Group has defined 4 major categories of leases:

- Land and buildings: these leases mainly concern commercial (point of sale) or service activity (offices and headquarters) leases, as well as leases of technical buildings not owned by the Group. Real-estate leases entered into in France generally have long terms (nine-year commercial leases with early termination options after three and six years, known as "3/6/9 leases") (see Note 9.2). However, depending on the geographical location of the leases, their legal term may vary and the Group may be required to adopt a specific enforceable period taking into account the local legal and economic environment;
- Networks and devices: the Group is required to lease a certain number of assets in connection with its mobile activities. This is notably the case for land for antenna installation, mobile sites leased from third-party operators and certain "TowerCos" contracts (companies operating telecom masts). Leases are also entered into as part of fixed-line network activities. These leases mainly concern access to the local loop where the Orange group is a market challenger (full or partial unbundling), as well as the lease of land transmission cables;
- IT equipment: this asset category primarily comprises leases for servers and hosting space in data centers;
- Other: this asset category primarily comprises leases for vehicles and technical equipment.

## 9.1 Right-of-use assets

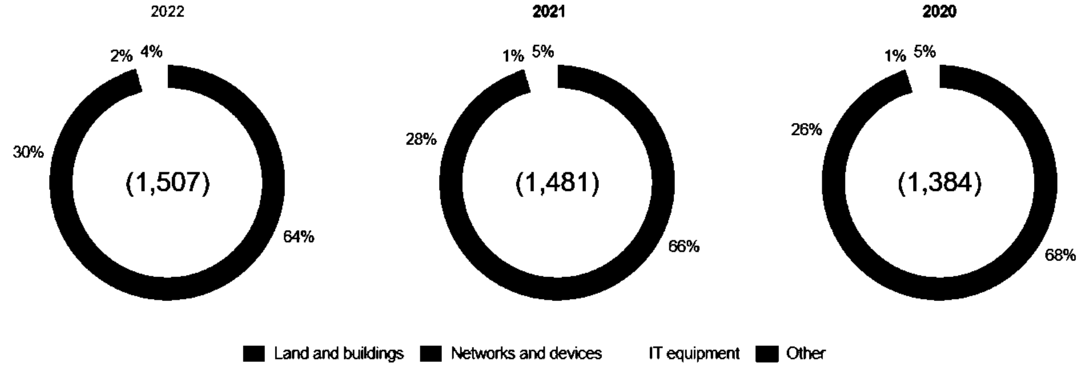
| | December 31, 2022 | | | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|---|
| (in millions of euros) | Gross value | Accumulated depreciation and amortization | Accumulated impairment | Net book value | Net book value | Net book value |
| Land and buildings | 8,134 | (3,090) | (377) | 4,667 | 4,930 | 4,865 |
| Networks and devices[1] | 4,241 | (1,192) | - | 3,049 | 2,516 | 1,931 |
| IT equipment | 189 | (130) | (0) | 59 | 55 | 30 |
| Other | 354 | (193) | (0) | 161 | 201 | 184 |
| Total right-of-use assets | 12,918 | (4,605) | (377) | 7,936 | 7,702 | 7,009 |

(1) The increase in right-of-use assets includes the effect of the development of a secondary market for co-financed and leased lines.

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net book value of right-of-use assets - in the opening balance** | **7,702** | **7,009** | **6,700** |
| Increase (new right-of-use assets)[1] | 1,930 | 2,172 | 1,529 |
| Impact of changes in the scope of consolidation | - | 34 | 1 |
| Depreciation and amortization | (1,507) | (1,481) | (1,384) |
| Impairment[2] | (54) | (91) | (57) |
| Impact of changes in the assessments | (49) | 74 | 331 |
| Translation adjustment | (35) | 46 | (104) |
| Reclassifications and other items | (52) | (62) | (7) |
| Net book value of right-of-use assets - in the closing balance | 7,936 | 7,702 | 7,009 |

(1) In 2021, included the right-of-use assets related to the new headquarters of the Orange group (Bridge) in France for 294 million euros.
(2) Impairment losses on right-of-use assets mainly concern real estate leases classified as onerous contracts.

### Depreciation and amortization of right-of-use assets



In 2022, the rental expense recognized in external purchases in the income statement amounts to (134) million euros, compared with (147) million euros in 2021 and (151) million euros in 2020 (see Note 5.1). It includes lease payments on contracts of 12 months or less which are not automatically renewable, contracts where the new value of the underlying asset is less than 5,000 euros, and variable lease payments which were not taken into account in the measurement of the lease liability.

**Accounting policies**

A right-of-use asset is recognized in assets, with a corresponding lease liability (see Note 9.2). This right-of-use asset is equal to the amount of the lease liability, plus any direct costs incurred under certain leases, such as fees, lease negotiation expenses or administration costs, and less rent-free period liabilities and lessor financial contributions.

This right-of-use asset is depreciated in the income statement on a straight-line basis over the lease term chosen by the Group, in accordance with the lease terms defined in IFRS 16.

Work performed by the lessee and modifications to the leased asset, as well as guarantee deposits, are not components of the right-of-use asset and are recognized in accordance with other standards.

## 9.2 Lease liabilities

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Lease liabilities - in the opening balance** | **8,065** | **7,371** | **6,932** |
| Increase with counterpart in right-of-use | 1,915 | 2,158 | 1,582 |
| Impact of changes in the scope of consolidation | 1 | 34 | 1 |
| Decrease in lease liabilities following rental payments | (1,514) | (1,624) | (1,400) |
| Impact of changes in the assessments | (43) | 74 | 326 |
| Translation adjustment | (29) | 47 | (96) |
| Reclassifications and other items | 16 | 4 | 26 |
| Lease liabilities - in the closing balance | **8,410** | 8,065 | 7,371 |
| o/w non-current lease liabilities | 6,901 | 6,696 | 5,875 |
| o/w current lease liabilities | 1,509 | 1,369 | 1,496 |

The following table details the undiscounted future cash flows of lease liabilities as known at December 31, 2022:

| (in millions of euros) | **Total** | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 and beyond |
|---|---|---|---|---|---|---|---|
| Undiscounted lease liabilities | **9,580** | 1,646 | 1,381 | 1,204 | 1,028 | 944 | 3,377 |

**Accounting policies**

The Group 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 in-substance fixed 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 termination is reasonably certain).

The Group only takes the lease component of the contract into account when measuring the lease liability. For certain asset classes where leases include both service and lease components, the Group may recognize a single contract, classified as a lease (i.e. without distinguishing between the service and lease components).

Orange systematically determines the lease term as the period during which leases cannot be terminated, plus periods covered by any extension options that the lessee is reasonably certain to exercise and any termination options that the lessee is reasonably certain not to exercise. In the case of "3/6/9" leases in France, the term adopted is assessed on a contract-by-contract basis.

The term is also defined taking into account any laws and practices specific to each jurisdiction or business sector regarding firm lease commitment terms granted by lessors. The Group nonetheless assesses the enforceable term, based on the circumstances of each lease, taking into account certain indicators such as the existence of significant penalties in the event of termination by the lessee. To determine the length of this enforceable period, the Group considers the economic importance of the leased asset and the assumptions made in its strategic plan.

When non-removable leasehold improvements have been made to leased assets, the Group assesses, on a case-by-case basis, whether these improvements provide an economic benefit when determining the enforceable term of the lease.

When a lease includes a purchase option, the Group considers the enforceable term to be equal to the useful life of the underlying asset where the Group is reasonably certain to exercise the purchase option.

For each lease, the discount rate used is determined based on the yield on government bonds in the lessee country, taking into account the term and currency of the lease, plus the Group's credit spread.

After the lease commencement date, the amount of the lease liability may be reassessed to reflect changes introduced by the following main cases:

- a change in term resulting from a contract amendment or a change in the 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 the application of a new index or rate in the case of variable payments;
- a change in the assessment of whether a purchase option will be exercised;
- any other contractual change, for example a change to the scope of the lease or its underlying asset.

# Note 10 Taxes

## 10.1 Operating taxes and levies

Although comprising a directly identifiable counterpart, the periodic spectrum fees are presented within the operating taxes and levies payables as they are set by and paid to States and local authorities.

### 10.1.1 Operating taxes and levies recognized in the income statement

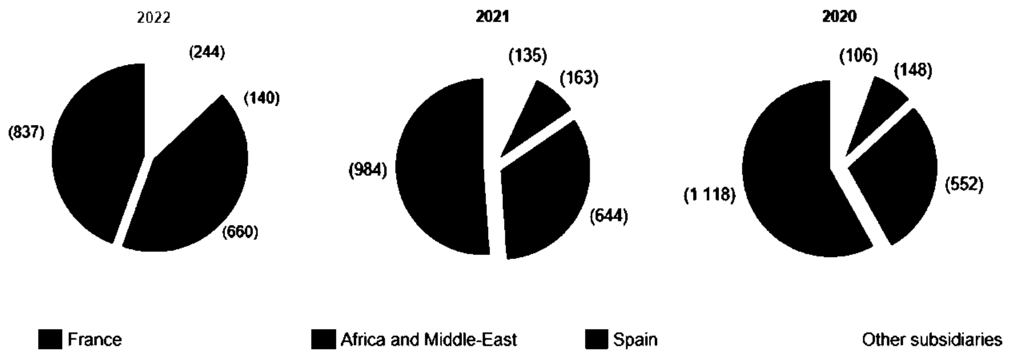
| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Territorial Economic Contribution, IFER and similar taxes[1] | (642) | (652) | (795) |
| Spectrum fees | (373) | (360) | (341) |
| Levies on telecommunication services | (333) | (329) | (319) |
| Other operating taxes and levies | (534) | (586) | (469) |
| Total | (1,882) | (1,926) | (1,924) |

(1) In 2021, included a reduction in the territorial economic contribution (*cotisation économique territoriale – CET*) of 139 million euros. This decrease is explained by the reduction in the applicable rate of the business value added tax (*cotisation sur la valeur ajoutée – CVAE*), which is the main component of the *CET*.

The 2021 French Finance Act enacted the reduction of the applicable rate of the *CVAE* in France, effective January 1, 2021. The applicable rate for this tax was reduced from 1.5% to 0.75%.

The breakdown of operating taxes and levies per geographical area is as follows:

**(in millions of euros)**



### 10.1.2 Operating taxes and levies in the statement of financial position

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Value added tax (VAT) | 1,114 | 1,025 | 966 |
| Other operating taxes and levies | 151 | 138 | 138 |
| **Operating taxes and levies - receivables** | **1,265** | **1,163** | **1,104** |
| Value added tax (VAT) | (687) | (682) | (652) |
| Territorial Economic Contribution, IFER and similar taxes | (96) | (89) | (87) |
| Spectrum fees | (19) | (18) | (21) |
| Levies on telecommunication services | (107) | (143) | (128) |
| Other operating taxes and levies | (496) | (504) | (391) |
| **Operating taxes and levies - payables** | **(1,405)** | **(1,436)** | **(1,279)** |
| Operating taxes and levies - net | (140) | (273) | (175) |

**Changes in operating taxes and levies**

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net tax liabilities and operating taxes and levies - in the opening balance** | **(273)** | **(175)** | **(197)** |
| Operating taxes and levies recognized in profit or loss | (1,882) | (1,926) | (1,924) |
| Operating taxes and levies paid[1] | 1,906 | 1,914 | 1,929 |
| Changes in the scope of consolidation | - | (67) | - |
| Translation adjustment | 42 | (19) | 20 |
| Reclassifications and other items | 68 | (1) | (3) |
| Net tax liabilities and operating taxes and levies - in the closing balance | (140) | (273) | (175) |

(1) In 2021, included the reclassification in the consolidated statement of cash flows of 34 million euros as investing activities corresponding to the VAT disbursement by Orange Polska in connection with the loss of exclusive control over the FiberCo in Poland (see Note 3.2).

**Accounting policies**

Value Added Tax (VAT) receivables and payables correspond to the VAT collected or deductible from various states. Collections and remittances to states have no impact on the income statement.

In the normal course of business, the Group regularly deals with differences of interpretation of tax law with the tax authorities, which can lead to tax reassessments or tax disputes.

Operating taxes and levies are measured by the Group at the amount expected to be paid or recovered from the tax authorities of each country, based on its interpretation with regard to the application of tax legislation. The Group calculates its tax assets and liabilities (including provisions) based on the technical merits of the positions it defends versus the tax authorities.

## 10.2 Income taxes

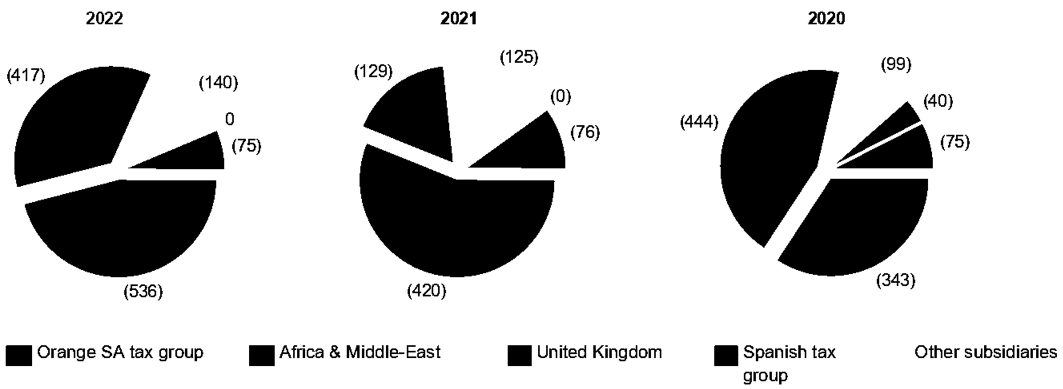
### 10.2.1 Income taxes

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Orange SA tax group** | **(541)** | **3** | **1,556** |
| • Current tax | (417) | (129) | 1,801 |
| *o/w tax income related to the 2005-2006 tax dispute* | *-* | *-* | *2,246* |
| *o/w current tax excluding the tax income related to the 2005-2006 tax dispute* | *(417)* | *(129)* | *(444)* |
| • Deferred tax | (124) | 133 | (246) |
| **Spanish tax group** | **50** | **(115)** | **(146)** |
| • Current tax | 0 | (0) | (40) |
| • Deferred tax | 50 | (115) | (106) |
| **Africa & Middle-East** | **(528)** | **(431)** | **(341)** |
| • Current tax | (536) | (420) | (343) |
| • Deferred tax | 8 | (11) | 2 |
| **United Kingdom** | **(74)** | **(264)** | **(137)** |
| • Current tax | (75) | (76) | (75) |
| • Deferred tax | 1 | (188) | (63) |
| **Other subsidiaries[1]** | **(172)** | **(156)** | **(83)** |
| • Current tax | (140) | (125) | (99) |
| • Deferred tax | (32) | (31) | 16 |
| Total Income taxes | (1,265) | (962) | 848 |
| Current tax | (1,168) | (750) | 1,245 |
| *o/w tax income related to the 2005-2006 tax dispute* | *-* | *-* | *2,246* |
| *o/w current tax excluding the tax income related to the 2005-2006 tax dispute* | *(1,168)* | *(750)* | *(1,001)* |
| Deferred tax | (97) | (212) | (396) |

(1) In 2021, included a tax expense of (74) million euros in Poland related notably to the gain arising from the loss of sole control over the FiberCo (see Note 3.2).

The breakdown of current tax by geographical area or by tax group (excluding tax income related to the 2005–2006 tax dispute) is as follows:

(in millions of euros)




**Orange SA tax group**

**Current tax expense**

The current tax expense reflects the requirement to pay income tax calculated on the basis of taxable income.

Over the last three years, the income tax rate applicable in France has gradually decreased, from 32.02% in 2020 to 28.41% in 2021, and then to 25.83% in 2022.

The reduction in the corporate tax rate in France resulted in a reduction in the current tax expense of 35 million euros in 2022, 61 million euros in 2021 and 36 million euros in 2020.

In 2021, the current tax expense included tax income recorded resulting from the reassessment of an income tax charge booked in periods prior to those presented in the amount of 376 million euros.

In 2020, the current tax expense included tax income of 2,246 million euros, as a result of the decision issued by the *Conseil d'État* on November 13, 2020 in favor of Orange SA on a dispute in respect of the years 2005-2006.

#### Deferred tax expense

Deferred taxes are recorded at the tax rate expected at the time of their reversal, i.e. 25.83%.

In 2021, the deferred tax expense included deferred tax income of 316 million euros related to the recognition of an employee benefit liability for the French part-time for seniors plans (*Temps Partiel Seniors – TPS*).

### Spanish tax group

#### Current tax expense

The corporate tax rate applicable is 25% for all fiscal years presented. The current income tax expense mainly represents the obligation to pay a minimum level of tax calculated on the basis of 75% of taxable income due to the 25% limit on the use of available tax loss carryforwards.

In 2022, as in 2021, the Spanish tax group was in deficit, which explains the absence of current tax expense recognized for the fiscal year.

#### Deferred tax expense

In 2022, a deferred tax income of 53 million euros was recognized to reflect the effect of the change in business projections in the recoverability of deferred tax assets.

To reflect the negative impact of the unfavorable developments in business plans on the recoverable amount of deferred tax assets, a deferred tax expense was recognized for (162) million euros in 2021 and (102) million euros in 2020.

### Africa & Middle-East

The main contributors to the income tax expense are Guinea, Côte d'Ivoire, Mali and Senegal:

- in Guinea, the corporate tax rate is 35% and the current tax expense amounts to (94) million euros in 2022, (63) million euros in 2021 and (47) million euros in 2020;
- in Côte d'Ivoire, the corporate tax rate is 30% and the current tax expense amounts to (86) million euros in 2022, (91) million euros in 2021 and (77) million euros in 2020;
- in Mali, the corporate tax rate is 30% and the current tax expense amounts to (64) million euros in 2022, (67) million euros in 2021 and (62) million euros in 2020;
- in Senegal, the corporate tax rate is 30% and the current tax expense amounts to (55) million euros in 2022, (53) million euros in 2021 and (54) million euros in 2020.

### United Kingdom

#### Current tax expense

The current income tax expense primarily reflects the taxation of activities related to Orange's brand activities at a tax rate of 19%.

#### Deferred tax expense

In 2021, a corporate tax rate increase was passed which will rise to 25% from 2023 (it currently stands at 19%). The 2021 deferred tax expense therefore included an increase of (188) million euros in deferred tax liabilities recognized on the Orange brand.

In 2020, the deferred tax expense included an increase of (63) million euros in deferred tax liabilities recognized in the United Kingdom on the Orange brand. The British government canceled the tax rate reduction from 19% to 17% in 2020, provided for by the 2016 Finance Act, thus maintaining the rate at 19%. The deferred tax liabilities on the brand were recorded as of December 31, 2020 at a 19% tax rate.

**Group tax proof**

| (in millions of euros) | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Profit before tax** | | **3,882** | **1,740** | **4,207** |
| Statutory tax rate in France | | 25.83 % | 28.41 % | 32.02 % |
| **Theoretical income tax** | | **(1,003)** | **(494)** | **(1,347)** |
| *Reconciling items:* | | | | |
| Tax income related to the 2005-2006 tax dispute(1) | | - | - | 2,246 |
| Impairment of goodwill(2) | 7.1 | (211) | (1,052) | - |
| Impact related to the loss of sole control over Orange Concessions | | - | 557 | - |
| Share of profits (losses) of associates and joint ventures | | (0) | 1 | (1) |
| Adjustment of prior-year taxes | | (13) | (23) | 1 |
| Recognition / (derecognition) of deferred tax assets | | 83 | (149) | (98) |
| Difference in tax rates(3) | | 10 | 85 | 157 |
| Change in applicable tax rates(4) | | - | (235) | (92) |
| Other reconciling items(5) | | (130) | 348 | (18) |
| **Effective income tax** | | **(1,265)** | **(962)** | **848** |
| *Effective tax rate (ETR)* | | *32.59 %* | *55.31 %* | *(20.17) %* |

(1) Relates to the tax income of 2,246 million euros (including interests) recognized in 2020 following the favorable decision handed down on November 13, 2020 by the *Conseil d'État* on the tax dispute relating to fiscal years 2005–2006. Excluding this effect, the Group ETR was 33.2% in 2020.
(2) Reconciliation effect calculated based on the tax rate applicable to the parent company of the Group. The difference in tax rates between the parent company and the subsidiary locally is presented below in "Difference in tax rates." In 2022, impairment losses recorded on goodwill generates a reconciliation effect at the Group tax rate of (211) million euros. Excluding this effect, the Group ETR is 26.9% in 2022. In 2021, the impairment loss of (3,702) million euros recorded on goodwill in Spain generated a reconciliation effect at the Group tax rate of (1,052) million euros. Excluding this effect, the Group ETR was 17.7% in 2021.
(3) The Group is present in jurisdictions in which tax rates are different from the French tax rate, mainly the United Kingdom (tax rate of 19%), Romania (tax rate of 16%), Poland (tax rate of 19%) and Guinea (tax rate of 35%).
(4) Takes into account the remeasurement of deferred tax following tax legislation introducing changes in tax rates, as well as the impact of recognizing deferred tax in the period at tax rates different from the rate applicable in the current fiscal year.
(5) In 2021, included a tax income recorded resulting from the reassessment of an income tax charge booked in periods prior to those presented.

### 10.2.2 Income tax on other comprehensive income

| | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Gross amount | Deferred tax | Gross amount | Deferred tax | Gross amount | Deferred tax |
| Actuarial gains and losses on post-employment benefits | 176 | (47) | 59 | (14) | (13) | 1 |
| Assets at fair value | (112) | - | 11 | - | 94 | - |
| Cash flow hedges | 295 | (70) | 317 | (84) | 22 | (10) |
| Translation adjustment | (374) | - | 200 | - | (414) | - |
| Other comprehensive income of associates and joint ventures | 51 | - | 1 | - | - | - |
| Total presented in other comprehensive income | 37 | (117) | 587 | (98) | (311) | (9) |

### 10.2.3 Tax position in the statement of financial position

| | December 31, 2022 | | | December 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | Assets | Liabi-lities | Net | Assets | Liabi-lities | Net | Assets | Liabi-lities | Net |
| **Orange SA tax group** | | | | | | | | | |
| • Current tax | - | 31 | (31) | 26 | - | 26 | - | 359 | (359) |
| • Deferred tax(1) | 135 | - | 135 | 362 | - | 362 | 327 | - | 327 |
| **Spanish tax group** | | | | | | | | | |
| • Current tax | 1 | - | 1 | 13 | - | 13 | 12 | - | 12 |
| • Deferred tax(2) | - | 161 | (161) | - | 211 | (211) | - | 95 | (95) |
| **Africa & Middle-East** | | | | | | | | | |
| • Current tax | 68 | 395 | (327) | 62 | 328 | (266) | 45 | 228 | (183) |
| • Deferred tax | 128 | 58 | 70 | 127 | 93 | 34 | 103 | 55 | 48 |
| **United Kingdom** | | | | | | | | | |
| • Current tax | 2 | - | 2 | - | 5 | (5) | - | 4 | (4) |
| • Deferred tax(3) | - | 786 | (786) | - | 787 | (787) | - | 600 | (600) |
| **Other subsidiaries** | | | | | | | | | |
| • Current tax | 77 | 112 | (34) | 80 | 92 | (12) | 70 | 82 | (12) |
| • Deferred tax | 157 | 120 | 38 | 202 | 94 | 109 | 244 | 105 | 139 |
| Total | | | | | | | | | |
| • Current tax | **149** | 538 | (389) | 181 | 425 | (244) | 128 | 673 | (545) |
| • Deferred tax | **421** | **1,124** | (704) | 692 | 1,185 | (493) | 674 | 855 | (181) |

(1) Mainly includes deferred tax assets on employee benefits.
(2) The recognized deferred tax assets are offset by deferred tax liabilities on goodwill which is tax deductible.
(3) Mainly deferred tax liabilities on the Orange brand.

#### Change in net current tax

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net current tax assets/(liabilities) in the opening balance** | **(244)** | **(545)** | **(629)** |
| Cash tax payments/(reimbursements)(1)(2) | 1,022 | 1,028 | (1,160) |
| Change in income statement(2) | (1,168) | (750) | 1,245 |
| Change in other comprehensive income | - | - | - |
| Change in retained earnings(3) | (2) | 29 | (2) |
| Changes in the scope of consolidation | (0) | 1 | (0) |
| Translation adjustment | 2 | (7) | 4 |
| Reclassification and other items | 1 | 0 | (4) |
| Net current tax assets/(liabilities) in the closing balance | (389) | (244) | (545) |

(1) In 2022, includes a tax refund of 11 million euros related to the loss of sole control over the FiberCo in Poland, reclassified in investing activities in the consolidated statement of cash flows.
(2) In 2021, included disbursements and tax expenses on gains arising from the loss of sole control over Orange Concessions in France and FiberCo in Poland, in the amounts of 47 million euros and 27 million euros respectively, reclassified in investing activities in the consolidated statement of cash flows.
In 2020, included a reimbursement and tax income of 2,246 million euros in respect of the tax dispute for 2005–2006.
(3) Mainly corresponds to the tax effect of the remeasurement of the portion of subordinated notes denominated in foreign currency and the tax effects of transaction costs and premium paid related to the refinancing of subordinated notes.

**Change in net deferred tax**

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net deferred tax assets/(liabilities) in the opening balance** | **(493)** | **(181)** | **238** |
| Change in income statement | (97) | (212) | (396) |
| Change in other comprehensive income | (117) | (98) | (9) |
| Change in retained earnings | - | 5 | - |
| Change in the scope of consolidation | (21) | (1) | (2) |
| Translation adjustment | 25 | (5) | (10) |
| Reclassification and other items | (0) | (1) | (2) |
| Net deferred tax assets/(liabilities) in the closing balance | (704) | (493) | (181) |

**Deferred tax assets and liabilities by type**

| | December 31, 2022 | | | December 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | Assets | Liabilities | Income statement | Assets | Liabilities | Income statement | Assets | Liabilities | Income statement |
| Provisions for employee benefit obligations | 679 | - | 22 | 705 | - | 218 | 499 | - | (154) |
| Fixed assets | 465 | 1,481 | (75) | 528 | 1,476 | (218) | 552 | 1,275 | (111) |
| Tax losses carryforward | 3,935 | - | 20 | 3,958 | - | 37 | 3,887 | - | 8 |
| Other temporary differences | 2,658 | 3,168 | (145) | 2,673 | 2,960 | (76) | 2,690 | 2,821 | (71) |
| **Deferred tax** | **7,736** | **4,649** | **(178)** | **7,865** | **4,436** | **(38)** | **7,629** | **4,096** | **(327)** |
| Depreciation of deferred tax assets | (3,791) | - | 80 | (3,922) | - | (174) | (3,714) | - | (69) |
| Netting | (3,525) | (3,525) | - | (3,251) | (3,251) | - | (3,241) | (3,241) | - |
| Total | 421 | 1,124 | (97) | 692 | 1,185 | (212) | 674 | 855 | (396) |

At December 31, 2022, tax loss carryforwards mainly relates to Spain and Belgium.

At December 31, 2022, the unrecognized deferred tax assets mainly relate to Spain for 2.1 billion euros and Belgium (Belgian subsidiaries other than Orange Belgium) for 0.8 billion euros, and mostly include tax losses that can be carried forward indefinitely. In Spain, tax loss carryforwards for which a deferred tax asset has been recognized are expected to be fully utilized by 2027, unless affected by changes in current tax rules and changes in business projections. The deferred tax assets recognized for Spain amounted to 0.4 billion euros at December 31, 2022.

Most of the other tax loss carryforwards for which no deferred tax assets have been recognized will expire beyond 2027.

## 10.3 Developments in tax disputes and audits

### Developments in tax disputes and audits in France

Tax audits

Orange SA was the subject of several tax audits for the years 2017–2018 and 2019–2020, for which the tax adjustments notified to date total approximately 520 million euros (including default penalties and interest). These adjustments mainly relate to the calculation of VAT on digital offerings, tax on electronic communication services on these same digital offerings, research tax credit, tax on television services, a portion of brand royalties paid by Orange SA to the UK company Orange Brand Services Ltd for reasons similar to the adjustments notified during the previous audits, as well as the non-inclusion in the tax base of income from the sale of equipment in 2019, and the reassessment of previous tax loss carryforwards used for fiscal years 2017 and 2018.

All of these adjustments are being challenged by Orange SA. In accordance with its accounting policies, the Group makes a best estimate of the risk of these adjustments based on the technical merits of the positions defended, for which the effects are non-material.

Orange SA was subject to a tax audit covering fiscal years 2015 and 2016. A tax adjustment was issued in 2019 covering the calculation of brand royalties paid by Orange SA to the UK company Orange Brand Services Ltd and deducted from its taxable income. The administration questions the inclusion of revenue from the roaming contract with Free and revenue from the fixed PSTN business. This adjustment request is being challenged by Orange SA, which has requested the opening of out-of-court proceedings and arbitration between the French and UK tax authorities. The additional tax expense would effectively result in double taxation that would fail to comply with the provisions of the Franco-British tax agreement and the European arbitration agreement.

Tax disputes

There were no major developments in other tax disputes over the period.

### Developments in tax disputes and audits in the rest of the Group

In the same way as other telecom operators, the Group regularly deals with disagreements concerning the taxation of its network in various countries.

In the Democratic Republic of Congo, Orange was the subject of a tax audit for the years 2017–2019, for which the tax adjustments notified to date total approximately 146 million euros. These adjustments mainly relate to the recognition method for mobile prepaid revenue and the non-taxation of electronic money flows in third-party accounts to be transferred to end customers. All of these adjustments are being challenged by Orange RDC, which has appealed to the Finance Minister.

There were no major developments in other tax disputes and audits in the rest of the Group over the period.

### Accounting policies

Current income tax and deferred tax are measured by the Group at the amount expected to be paid or recovered from the tax authorities of each country, based on its interpretation with regard to the application of tax legislation. The Group calculates the tax assets and liabilities recognized in the statement of financial position based on the technical merits of the positions it defends versus that of the tax authorities.

Deferred taxes are recognized for all temporary differences between the carrying values of assets and liabilities and their tax basis, as well as for unused tax losses, using the liability method. Deferred tax assets are recognized only when their recovery is considered probable.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, interests in joint ventures and associates, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference (e.g. the payment of dividends); and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Accordingly, for fully consolidated companies, a deferred tax liability is only recognized in the amount of the taxes payable on planned dividend distributions by the Group.

Deferred tax assets and liabilities are not discounted.

At each period end, the Group reviews the recoverable amount of the deferred tax assets carried by certain tax entities with significant tax losses carryforwards. The recoverability of the deferred tax assets is assessed in the light of the business plans used for impairment testing. This plan may be adjusted for any tax specificities.

Deferred tax assets arising on these tax losses are not recognized under certain circumstances specific to each company/tax consolidation group concerned, and particularly where:

- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to the horizon for forecasts based on business plans used for impairment testing and uncertainties as to the economic environment;
- entities have not yet begun to use the tax loss carryforwards;
- entities do not expect to use the losses within the timeframe allowed by tax regulations;
- it is estimated that tax losses are uncertain to be used due to risks of differing interpretations with regard to the application of tax legislation.

# Note 11 Interests in associates and joint ventures

## 11.1 Change in interests in associates and joint ventures

The table below shows the value of the main interests in associates and joint ventures:

| (in millions of euros) Company | Main activity | Main co-shareholder | % interest | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|---|
| **Entities jointly controlled** | | | | | | |
| Orange Concessions and its subsidiaries | Operation / maintenance related to Public Initiative Networks | Consortium HIN (50%) | 50% | 1,057 | 1,049 | - |
| Swiatlowod Inwestycje Sp. z o.o. (*FiberCo* in Poland) | Construction / operation in Poland | APG Group (50%) | 50% | 306 | 298 | - |
| Mauritius Telecom | Telecommunications operator in Mauritius | Mauritius government (34%) | 40% | 72 | 65 | 70 |
| Other | | | | 17 | 10 | 10 |
| **Entities under significant influence** | | | | | | |
| Orange Tunisie | Telecommunications operator in Tunisia | Investec (51%) | 49% | 17 | 2 | - |
| Savoie connectée | Fiber infrastructure operator | Covage (70%) | 30% | 7 | 7 | 5 |
| IRISnet | Telecommunications operator in Belgium | MRBC (54%) | 22% | 6 | 6 | 5 |
| Odyssey Music Group (Deezer)[1] | Streaming platform | AI European Holdings SARL | NA | NA | - | 5 |
| Other | | | | 3 | 3 | 2 |
| **Total associates and joint ventures** | | | | 1,486 | 1,440 | 98 |

(1) Following Deezer's initial public offering in 2022, the Orange group no longer has any significant influence on the entity (see Note 3.2).

The change in interests in associates and joint ventures is as follows:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Interests in associates and joint ventures - in the opening balance** | **1,440** | **98** | **103** |
| Dividends | (5) | (3) | (4) |
| Share of profits (losses) | (2) | 3 | (2) |
| Impairment loss | - | - | (0) |
| Change in components of other comprehensive income[1] | 51 | 3 | - |
| Changes in the scope of consolidation[2] | (3) | 1,345 | 0 |
| Change in capital | 11 | 3 | 19 |
| Translation adjustment | (2) | (4) | (12) |
| Reclassifications and other items | (3) | (6) | (6) |
| Interests in associates and joint ventures - in the closing balance | 1,486 | 1,440 | 98 |

(1) In 2022, includes the effect of the change in fair value of cash flow hedge derivatives, net of tax, recognized in other comprehensive income for 33 million euros of Orange Concessions, and 18 million euros of the FiberCo in Poland.

(2) In 2021, changes in the scope of consolidation mainly concerned Orange Concessions and the FiberCo in Poland, as described in Note 3.2.

The main transactions between the Group and companies consolidated using the equity method are presented in Note 12.

## 11.2 Key figures from associates and joint ventures

The key figures relating to Orange Concessions and Swiatłowod Inwestycje Sp. z o.o. (FiberCo in Poland) are as follows (figures from financial statements of entities taken as a whole):

| (in millions of euros) | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Orange Concessions | Swiatlowod Inwestycje Sp. z o.o. | Orange Concessions | Swiatlowod Inwestycje Sp. z o.o. |
| Assets[(1)] | | | | |
| Non-current assets | 3,699 | 372 | 3,029 | 168 |
| Current assets | 417 | 197 | 519 | 171 |
| Total assets | 4,115 | 569 | 3,548 | 339 |
| Liabilities | | | | |
| Shareholder's equity | 2,117 | 281 | 1,991 | 257 |
| Non-current liabilities | 1,494 | 198 | 1,054 | 45 |
| Current liabilities | 505 | 90 | 502 | 36 |
| Total equity and liabilities | 4,115 | 569 | 3,548 | 339 |
| Income statement | | | | |
| Revenue | 768 | 29 | 112 | 7 |
| Operating income | (7) | (4) | (16) | (3) |
| Finance costs, net | (35) | (5) | (5) | 16 |
| Income tax | 8 | 1 | 7 | (3) |
| Net income | (35) | (8) | (14) | 10 |

(1) Assets are recognized by Orange Concessions in accordance with the provisions of IFRIC 12 "Service Concession Arrangements."

## 11.3 Contractual commitments on interests in associates and joint ventures

### Public Initiative Networks commitments

As part of the roll-out of the high-speed and very high-speed broadbrand network in France, the Group has entered into contracts via Public Initiative Networks (mainly public service delegation contracts and public-private partnership contracts as well as public design, construction, operation and maintenance contracts). On November 3, 2021, the Orange group sold 50% of the capital in Orange Concessions to the consortium HIN, comprising La Banque des Territoires (Caisse des Dépôts), CNP Assurances and EDF resulting in the loss of Orange's sole control over this entity and its subsidiaries. The Orange Concessions group is jointly controlled with the consortium and is consolidated in the financial statements of the Orange group according the equity method. The Group continues to have obligations under network construction, concession and operation contracts in proportion to its shareholding, i.e. 1,702 million euros at December 31, 2022.

### Accounting policies

The carrying value of interests in associates or joint ventures corresponds to the initial acquisition cost plus the share of net income for the period. If an associate or joint venture incurs losses and the carrying value of the investment is reduced to zero, the Group ceases to recognize the additional share of losses since it has no commitment beyond its investment.

An impairment test is performed at least annually and whenever there is objective evidence of impairment loss, such as a decrease in the quoted price when the investee is listed, significant financial difficulty of the entity, observable data indicating a measurable decrease in the estimated future cash flows, or information about significant changes having an adverse effect on the entity.

An impairment loss is recorded when the recoverable amount is lower than the carrying value, the recoverable amount being the higher of the value in use and the fair value less transaction costs. The unit of account is the whole investment. Any impairment loss is recognized in the "share of profits (losses) of associates and joint ventures". Impairment losses can be reversed once the recoverable amount exceeds the carrying value.

# Note 12 Related party transactions

## Transactions with the French State and affiliated bodies

The French State, either directly or through Bpifrance Participations, is one of the main shareholders of Orange SA.

The communication services provided to the French State are awarded as part of a competitive process arranged by each department according to the nature of the service. They have no material impact on consolidated revenues.

Orange does not purchase goods or services from the French State (either directly or via Bpifrance Participations), except for the use of spectrum resources. These resources are allocated after a competitive process.

## Transactions with the main associates and joint ventures

The main transactions between the Group and its associates and joint ventures are reflected as follows in Orange's consolidated financial statements:

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| **Assets** | | | |
| Non-current financial assets | 43 | 43 | 9 |
| Trade receivables | 254 | 417 | 39 |
| *o/w Orange Concessions*[(1)] | *209* | *372* | - |
| Current financial assets | 12 | 12 | 5 |
| Other current assets | 40 | 52 | - |
| **Liabilities** | | | |
| Current financial liabilities | 0 | 0 | 0 |
| Trade payables | 11 | 14 | 5 |
| Other current liabilities | 2 | 1 | 0 |
| Customer contract liabilities | 154 | 153 | 3 |
| *o/w Swiatlowod Inwestycje Sp.z o.o.*[(2)] | *146* | *151* | - |
| **Income statement** | | | |
| Revenue | 726 | 139 | 14 |
| *o/w Orange Concessions* | *705* | *124* | - |
| Operating income | 700 | 135 | (7) |
| Finance costs, net | 2 | 1 | 0 |
| Net income | 702 | 129 | (7) |

(1) Transactions between the Group and Orange Concessions mainly comprise Orange SA receivables from Orange Concessions in relation with fiber deployment and maintenance activities operated by the Group.
(2) Customer contract liabilities mainly correspond to the recognition of deferred income by Orange Polska in connection with the prepayment of services provided to the FiberCo in Poland.

**Accounting policies**

Orange group's related parties are listed below:

- the Group's key management personnel and their families (see Note 6.4);
- the French State, and its departments in Bpifrance Participations and central State departments (see Notes 10 and 15);
- associates, joint ventures and companies in which the Group holds a significant stake (see Note 11).

# Note 13 Financial assets, liabilities and financial results (telecom activities)

## 13.1 Financial assets and liabilities of telecom activities

In order to improve the readability of financial statements and distinguish the performance of telecom activities from the performance of the Mobile Financial Services activities, the notes related to financial assets and liabilities as well as financial income or expenses are split to respect these two business areas.

Note 13 presents the financial assets, liabilities and related gains and losses specific to telecom activities and Note 17 concerns the activities of Mobile Financial Services with regard to its assets and liabilities, with net financial income being not material.

The following table reconciles the contributive balances of assets and liabilities for each of these two areas to the consolidated balance sheet (intra-group transactions between telecom activities and Mobile Financial Services activities are not eliminated) with the consolidated statement of financial position at December 31, 2022.

| (in millions of euros) | **Orange consolidated financial statements** | **o/w telecom activities** | *Note* | **o/w Mobile Finance Services** | *Note* | **o/w eliminations telecom activities / mobile finance services** |
|---|---|---|---|---|---|---|
| Non-current financial assets related to Mobile Financial Services activities | **656** | - | | 656 | *17.1.1* | - |
| Non-current financial assets | **977** | 1,004 | *13.7* | - | | (27) [(1)] |
| Non-current derivatives assets | **1,458** | 1,342 | *13.8* | 116 | *17.1.3* | - |
| Current financial assets related to Mobile Financial Services activities | **2,742** | - | | 2,747 | *17.1.1* | (6) |
| Current financial assets | **4,541** | 4,541 | *13.7* | - | | - |
| Current derivatives assets | **112** | 112 | *13.8* | - | *17.1.3* | - |
| Cash and cash equivalents | **6,004** | 5,846 | *14.3* | 158 | | - |
| Non-current financial liabilities related to Mobile Financial Services activities | **82** | - | | 109 | *17.1.2* | (27) [(1)] |
| Non-current financial liabilities | **31,930** | 31,930 | *13.3* | - | | - |
| Non-current derivatives liabilities | **397** | 335 | *13.8* | 62 | *17.1.3* | - |
| Current financial liabilities related to Mobile Financial Services activities | **3,034** | - | | 3,034 | *17.1.2* | - |
| Current financial liabilities | **4,702** | 4,708 | *13.3* | - | | (6) |
| Current derivatives liabilities | **51** | 51 | *13.8* | - | *17.1.3* | - |

(1) Loan granted by Orange SA to Orange Bank.

## 13.2 Profits and losses related to financial assets and liabilities

The cost of net financial debt consists of gains and losses related to the components of net financial debt (described in Note 13.3) for the period.

Foreign exchange gains and losses mainly include:

- The revaluation in euros of bonds denominated in foreign currencies (Note 13.5) as well as the symmetrical revaluation of associated hedges as defined by IFRS 9 and the revaluation of bank loans.
- The effects of the revaluation of trading derivatives held as economic hedges on notional amounts of subordinated notes denominated in pounds sterling and recognized in equity at their historical value (see Note 15.4).

Other net financial expenses mainly composed of interest on lease liabilities for (145) million euros in 2022, (120) million euros in 2021 and (120) million euros in 2020 (see Note 9.2).

Finally, other comprehensive income includes the revaluation of financial assets at fair value through other comprehensive income (Note 13.7) and cash flow hedges (Note 13.8.2).

Other gains and losses related to financial assets and liabilities are recognized in operating income (foreign exchange gains and losses on trade receivables, trade payables and the associated hedge derivatives) in the amount of (31) million euros in 2022, (19) million euros in 2021 and 16 million euros in 2020.

| | Finance costs, net | | | | | | Other comprehensive income |
|---|---|---|---|---|---|---|---|
| (in millions of euros) | Cost of gross financial debt [(1)] | Gains (losses) on assets contributing to net financial debt | Cost of net financial debt | Foreign exchange gains (losses) | Other net financial expenses | Finance costs, net | Reserves |
| **2022** | | | | | | | |
| Financial assets | - | 48 | 48 | (38) | 55 | | (110) |
| Financial liabilities | (1,023) | - | (1,023) | (196) | 0 | | - |
| Lease liabilities | - | - | - | - | (145) | | - |
| Derivatives | 245 | - | 245 | 137 | (0) | | 288 |
| Discounting expense | - | - | - | - | (3) | | - |
| Total | (779) | 48 | (731) | (97) | (92) | (920) | 178 |
| **2021** | | | | | | | |
| Financial assets | - | (3) | (3) | 47 | 75 | | 11 |
| Financial liabilities | (1,018) | - | (1,018) | (637) | (0) | | - |
| Lease liabilities | - | - | - | - | (120) | | - |
| Derivatives | 188 | - | 188 | 655 | 0 | | 322 |
| Discounting expense | - | - | - | - | 31 | | - |
| Total | (830) | (3) | (833) | 65 | (14) | (782) | 332 |
| **2020** | | | | | | | |
| Financial assets | - | (1) | (1) | (151) | 39 | | 94 |
| Financial liabilities | (1,152) | - | (1,152) | 623 | - | | - |
| Lease liabilities | - | - | - | - | (120) | | - |
| Derivatives | 52 | - | 52 | (576) | 0 | | 22 |
| Discounting expense | - | - | - | - | (29) | | - |
| Total | (1,100) | (1) | (1,102) | (103) | (110) | (1,314) | 116 |

(1) Includes interest on debts related to financed assets of (3) million euros in 2022 and (1) million euros in 2021 and 2020.

## 13.3 Net financial debt

The definition of net financial debt excludes the lease liabilities included in the scope of IFRS 16 (see Note 9.2) and includes debt related to financed assets.

Net financial debt is one of the indicators of financial position used by the Group. This aggregate, not defined by IFRS, may not be comparable to similarly titled indicators used by other companies. It is provided as additional information only and should not be considered a substitute for an analysis of all the Group's assets and liabilities.

Net financial debt as defined and used by Orange does not take into account Mobile Financial Services activities, for which this concept is not relevant.

It consists of (a) financial liabilities excluding operating payables (translated into euros at the year-end closing rate) including derivative instruments (assets and liabilities), less (b) cash collateral paid, cash, cash equivalents and financial assets at fair value.

Furthermore, financial instruments designated as cash flow hedges included in net financial debt are set up to hedge items that are not included in net financial debt, such as future cash flows. As a result, the portion relating to these unmatured hedging instruments recorded in other comprehensive income is added to gross financial debt to offset this temporary difference.

| (in millions of euros) | Note | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| *TDIRA* | 13.4 | 638 | 636 | 636 |
| Bonds | 13.5 | 29,943 | 29,010 | 29,848 |
| Bank loans and from development organizations and multilateral lending institutions | 13.6 | 3,309 | 3,206 | 3,671 |
| Debt relating to financed assets | | 316 | 245 | 295 |
| Cash collateral received | 14.5 | 1,072 | 389 | 31 |
| NEU Commercial Paper (1) | | 1,004 | 1,457 | 555 |
| Bank overdrafts | | 250 | 342 | 154 |
| Other financial liabilities | | 105 | 64 | 70 |
| **Current and non-current financial liabilities (excluding derivatives) included in the calculation of net financial debt** | | **36,638** | **35,348** | **35,260** |
| Current and non-current Derivatives (liabilities) | 13.8 | 386 | 285 | 804 |
| Current and non-current Derivatives (assets) | 13.8 | (1,455) | (689) | (294) |
| Other comprehensive income components related to unmatured hedging instruments | 13.8 | 114 | (192) | (541) |
| **Gross financial debt after derivatives (a)** | | **35,684** | **34,751** | **35,229** |
| Cash collateral paid (2) | 14.5 | (38) | (27) | (642) |
| Investments at fair value (3) | 14.3 | (4,500) | (2,266) | (3,206) |
| Cash equivalents | 14.3 | (3,178) | (5,479) | (5,140) |
| Cash | | (2,668) | (2,709) | (2,751) |
| Other financial assets | | (2) | (0) | (0) |
| **Assets included in the calculation of net financial debt (b)** | | **(10,386)** | **(10,481)** | **(11,740)** |
| Net financial debt (a) + (b) | | 25,298 | 24,269 | 23,489 |

(1) Negotiable European Commercial Paper (formerly called "commercial paper").
(2) Only cash collateral paid, included in non-current financial assets of the consolidated statement of financial position, is deducted from gross financial debt.
(3) Only investments at fair value, included in current financial assets of the consolidated statement of financial position, are deducted from gross financial debt (Note 14.3).

Net financial debt is mainly held by the Group's parent company, Orange SA.

The debt maturity schedules are presented in Note 14.3.

Changes in financial assets or financial liabilities whose cash flows are disclosed in financing activities in the cash flow statement are the following (see Note 1.9):

| (in millions of euros) | December 31, 2021 | Cash flows | Other changes with no impact on cash flows | | | December 31, 2022 |
|---|---|---|---|---|---|---|
| | | | Changes in the scope of consolidation | Foreign exchange movement | Other | |
| *TDIRA* | 636 | - | - | - | 2 | 638 |
| Bonds | 29,010 | 813 | - | 88 | 32 (1) | 29,943 |
| Bank loans and from development organizations and multilateral lending institutions | 3,206 | 135 | 6 | (28) | (11) | 3,309 |
| Debt relating to financed assets | 245 | (97) | - | - | 168 | 316 |
| Cash collateral received | 389 | 684 | - | - | (0) | 1,072 |
| NEU Commercial Paper | 1,457 | (456) | - | - | 3 | 1,004 |
| Bank overdrafts | 342 | (39) | 0 | (46) | (7) | 250 |
| Other financial liabilities | 64 | (1) | 4 | 4 | 35 | 105 |
| **Current and non-current financial liabilities (excluding derivatives) included in the calculation of net financial debt** | **35,348** | **1,038** | **10** | **18** | **222** | **36,638** |
| Net derivatives | (405) | (91) | - | (213) | (360) | (1,069) |
| Cash collateral paid | (27) | (12) | - | 0 | - | (38) |
| Cash flows from financing activities | | 936 | | | | |

(1) Mainly corresponding to changes in accrued interest not yet due.

| (in millions of euros) | December 31, 2020 | Cash flows | Other changes with no impact on cash flows | | | December 31, 2021 |
|---|---|---|---|---|---|---|
| | | | Changes in the scope of consolidation | Foreign exchange movement | Other | |
| *TDIRA* | 636 | - | - | - | (0) | 636 |
| Bonds | 29,848 | (1,385) | - | 599 | (52)[(1)] | 29,010 |
| Bank loans and from development organizations and multilateral lending institutions | 3,671 | (496) | 0 | 27 | 3 | 3,206 |
| Debt relating to financed assets | 295 | (80) | - | - | 30 | 245 |
| Cash collateral received | 31 | 358 | - | - | 0 | 389 |
| NEU Commercial Paper | 555 | 903 | - | - | (1) | 1,457 |
| Bank overdrafts | 154 | 173 | - | 15 | - | 342 |
| Other financial liabilities | 70 | (136) | (41) | 3 | 168 | 64 |
| **Current and non-current financial liabilities (excluding derivatives) included in the calculation of net financial debt** | **35,260** | **(663)** | **(41)** | **644** | **148** | **35,348** |
| Net derivatives | 510 | 201 | - | (457) | (659) | (405) |
| Cash collateral paid | (642) | 615 | - | 0 | - | (27) |
| Cash flows from financing activities | | 153 | | | | |

(1) Mainly corresponding to changes in accrued interest not yet due.

| (in millions of euros) | December 31, 2019 | Cash flows | Other changes with no impact on cash flows | | | December 31, 2020 |
|---|---|---|---|---|---|---|
| | | | Changes in the scope of consolidatio n | Foreign exchange movement | Other | |
| *TDIRA* | 822 | (185) | - | - | (1) | 636 |
| Bonds | 30,893 | (389) | - | (624) | (31)[(1)] | 29,848 |
| Bank loans and from development organizations and multilateral lending institutions | 4,013 | (322) | - | (25) | 5 | 3,671 |
| Debt relating to financed assets | 125 | (60) | - | - | 231 | 295 |
| Cash collateral received | 261 | (230) | - | - | (0) | 31 |
| NEU Commercial Paper | 158 | 397 | - | - | (0) | 555 |
| Bank overdrafts | 203 | (37) | (0) | (12) | - | 154 |
| Other financial liabilities | 602 | (484) | - | (2) | (46) | 70 |
| **Current and non-current financial liabilities (excluding derivatives) included in the calculation of net financial debt** | **37,076** | **(1,311)** | **(0)** | **(663)** | **157** | **35,260** |
| Net derivatives | (138) | 37 | - | 641 | (29) | 510 |
| Cash collateral paid | (123) | (519) | - | 0 | - | (642) |
| Cash flows from financing activities | | (1,793) | | | | |

(1) Mainly corresponding to changes in accrued interest not yet due.

## Net financial debt by currency

Net financial debt by currency is presented in the table below, after foreign exchange effects of hedging derivatives (excluding instruments set up to hedge operating items).

| (equivalent value in millions of euros at year-end closing rate) | EUR | USD | GBP | PLN | EGP | JOD | MAD | Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| Gross financial debt after derivatives | 26,013 | 4,132 | 2,900 | 75 | 186 | 94 | 465 | 1,817 | 35,683 |
| Financial assets included in the calculation of net financial debt | (8,115) | (650) | (102) | (107) | (74) | (87) | (72) | (1,179) | (10,386) |
| **Net debt by currency before effect of foreign exchange derivatives [(1)]** | **17,898** | **3,482** | **2,798** | **(32)** | **112** | **8** | **393** | **638** | **25,298** |
| Effect of foreign exchange derivatives | 6,280 | (3,630) | (2,803) | 887 | - | - | - | (735) | - |
| **Net financial debt by currency after effect of foreign exchange derivatives** | **24,178** | **(147)** | **(5)** | **856** | **112** | **8** | **393** | **(96)** | **25,298** |

(1) Including the market value of derivatives in local currency.

Accounting policies

**Cash and cash equivalents**

The Group classifies investments as cash equivalents in the statement of financial position and statement of cash flows when they comply with the conditions of IAS 7 (see cash management detailed in Notes 14.3 and 14.5):

- held in order to face short-term cash commitments; and
- short-term and highly liquid assets at the acquisition date, readily convertible into known amount of cash and not exposed to any material risk of change in value.

**Bonds, bank loans and loans from multilateral lending institutions**

Among financial liabilities, only commitments to repurchase non-controlling interests are recognized at fair value through profit or loss.

Borrowings are recognized upon origination at the discounted value of the sums to be paid and subsequently measured at amortized cost using the effective interest method. Transaction costs that are directly attributable to the acquisition or issue of the financial liability are deducted from the liability's carrying value. The costs are subsequently amortized over the life of the liability, using the effective interest rate method.

Some financial liabilities at amortized cost, mainly borrowings, are subject to hedging. This mainly relates to the hedging of payables in foreign currencies against the exposure of their future cash flows to foreign exchange risk (cash flow hedging).

## 13.4 TDIRA

Perpetual bonds redeemable for shares (*titres à durée indéterminée remboursables en actions or "TDIRAs")* with a par value of 14,100 euros are listed on Euronext Paris. Their issuance was described in a prospectus approved by the Commission des Opérations de Bourse (now the *Autorité des Marchés Financiers* or AMF – French Financial Markets Authority) on February 24, 2003. At December 31, 2022, taking into account redemptions since their issuance, 44,880 TDIRAs remain outstanding with a total par value of 633 million euros.

These TDIRAs are redeemable for new Orange SA shares at any time at the holders' request or, under certain conditions as described in the appropriate prospectus, at Orange SA's initiative based on a ratio of 615.216 shares to one TDIRA (i.e. a conversion price of 22.919 euros). The initial ratio of 300 shares to one TDIRA has been adjusted several times to protect bondholders' rights and may be further adjusted under the terms and conditions set out in the prospectus.

Since January 1, 2010, the interest rate on the TDIRAs has been the three-month Euribor +2.5%.

TDIRAs are subject to split accounting with one part treated as equity and another part as a liability. For the securities outstanding at December 31, 2022, the "equity" component before deferred tax stood at 152 million euros.

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| **Number of securities** | **44,880** | **44,880** | **44,880** |
| Equity component before deferred taxes | 152 | 152 | 152 |
| Debt component | 638 | 636 | 636 |
| *o/w accrued interests not yet due* | *6* | *3* | *3* |
| Paid interest | 16 | 13 | 14 |

Accounting policies

Some Group financial instruments include both a financial debt component and an equity component. This relates to perpetual bonds redeemable for shares (*TDIRAs).* On initial recognition, the debt component is measured at its market value, corresponding to the value of the contractually determined future cash flows discounted at the market rate applied at the date of issue to comparable instruments providing substantially the same conditions, but without the option to convert to or redeem for shares. This debt component is subsequently recognized at amortized cost.

The equity component, originally calculated as the difference between the notional value of the instrument and the fair value of the debt component, remains the same throughout the life of the instrument.

## 13.5 Bonds

In 2022, the Group carried out the following bond issues:

| Notional currency | Initial nominal amount (in millions of currency) | Maturity | Interest rate (%) | Issuer | Type of operations | Amounts in millions of euros |
|---|---|---|---|---|---|---|
| EUR | 500 | May 18, 2032 | 2.375 | Orange SA | Issuance | 500 |
| MAD | 300 | June 3, 2026 | 2.600 | Médi Telecom | Issuance | 28 |
| MAD | 1,200 | June 3, 2026 | 1Y BDT + 0.55 | Médi Telecom | Issuance | 112 |
| EUR | 750 | November 16, 2031 | 3.625 | Orange SA | Issuance | 750 |
| **Total of issuances** | | | | | | **1,390** |
| EUR | 500 | September 16, 2022 | 3.375 | Orange SA | Repayment at maturity | (500) |
| EUR | 750 | September 11, 2023 | 0.750 | Orange SA | Early repayment | (7) |
| MAD | 1,090 | December 18, 2025 | 3.970 | Médi Telecom | Regular annual basis repayment | (15) |
| MAD | 720 | December 18, 2025 | 1Y BDT + 1.00[1] | Médi Telecom | Regular annual basis repayment | (10) |
| MAD | 1,002 | December 10, 2026 | 3.400 | Médi Telecom | Regular annual basis repayment | (13) |
| MAD | 788 | December 10, 2026 | 1Y BDT + 0.85[1] | Médi Telecom | Regular annual basis repayment | (11) |
| MAD | 300 | June 3, 2026 | 2.600 | Médi Telecom | Regular annual basis repayment | (4) |
| MAD | 1,200 | June 3, 2026 | 1Y BDT + 0.55[1] | Médi Telecom | Regular annual basis repayment | (14) |
| **Total of repayments** | | | | | | **(572)** |

(1) The 1Y BDT rate corresponds to the 52 weeks Moroccan treasury notes rate (recalculated once a year).

The unmatured bonds at December 31, 2022, presented below, were all issued by Orange SA, with the exception of three commitments (each with a fixed-rate tranche and a variable-rate tranche) denominated in Moroccan dirhams held by Médi Telecom and one bond in CFA francs issued by Sonatel.

With the exception of the commitments made by Médi Telecom which are redeemable on a regular annual basis, at December 31, 2022, the bonds issued by the Group are redeemable at maturity. No specific guarantee had been given in relation to their issuance. Some bonds may be redeemed in advance at the request of the issuer.

| Notional currency | Initial nominal amount (in millions of currency units) | Maturity | Interest rate (%) | Outstanding amount (in millions of euros) | | |
|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | December 31, 2020 |
| Bonds matured before December 31, 2022 | | | | - | 500 | 4,282 |
| EUR | 500 | March 1, 2023 | 2.500 | 500 | 500 | 500 |
| EUR | 750 | September 11, 2023 | 0.750 | 744 | 750 | 750 |
| HKD | 700 | October 6, 2023 | 3.230 | 84 | 79 | 74 |
| HKD | 410 | December 22, 2023 | 3.550 | 49 | 46 | 43 |
| EUR | 650 | January 9, 2024 | 3.125 | 650 | 650 | 650 |
| EUR | 1,250 | July 15, 2024 | 1.125 | 1,250 | 1,250 | 1,250 |
| EUR | 750 | May 12, 2025 | 1.000 | 750 | 750 | 750 |
| EUR | 800 | September 12, 2025 | 1.000 | 800 | 800 | 800 |
| NOK | 500 | September 17, 2025 | 3.350 | 48 | 50 | 48 |
| CHF | 400 | November 24, 2025 | 0.200 | 406 | 387 | 370 |
| GBP | 350 | December 5, 2025 | 5.250 | 296 | 312 | 292 |
| MAD (1) | 1,090 | December 18, 2025 | 3.970 | 42 | 59 | 72 |
| MAD (1) | 720 | December 18, 2025 | 1Y BDT + 1.000 | 28 | 39 | 47 |
| MAD | 300 | June 3, 2026 | 2.600 | 24 | - | - |
| MAD (1) | 1,200 | June 3, 2026 | 1Y BDT + 0.55 | 94 | - | - |
| EUR (1) | 700 | June 29, 2026 | 0.000 | 700 | 700 | - |
| EUR | 750 | September 4, 2026 | 0.000 | 750 | 750 | 750 |
| EUR | 75 | November 30, 2026 | 4.125 | 75 | 75 | 75 |
| MAD (1) | 1,002 | December 10, 2026 | 3.400 | 51 | 68 | 79 |
| MAD (1) | 788 | December 10, 2026 | 1Y BDT + 0.850 | 40 | 54 | 62 |
| EUR | 750 | February 3, 2027 | 0.875 | 750 | 750 | 750 |
| EUR | 750 | July 7, 2027 | 1.250 | 750 | 750 | 750 |
| XOF | 100,000 | July 15, 2027 | 6.500 | 152 | 152 | 152 |
| EUR | 500 | September 9, 2027 | 1.500 | 500 | 500 | 500 |
| EUR | 1,000 | March 20, 2028 | 1.375 | 1,000 | 1,000 | 1,000 |
| EUR | 50 | April 11, 2028 | 3.220 | 50 | 50 | 50 |
| NOK | 800 | July 24, 2028 | 2.955 | 76 | 80 | 76 |
| GBP | 500 | November 20, 2028 | 8.125 | 564 | 595 | 556 |
| EUR | 1,250 | January 15, 2029 | 2.000 | 1,250 | 1,250 | 1,250 |
| EUR | 150 | April 11, 2029 | 3.300 | 150 | 150 | 150 |
| CHF | 100 | June 22, 2029 | 0.625 | 102 | 97 | 93 |
| EUR | 500 | September 16, 2029 | 0.125 | 500 | 500 | 500 |
| EUR | 1,000 | January 16, 2030 | 1.375 | 1,000 | 1,000 | 1,000 |
| EUR | 1,200 | September 12, 2030 | 1.875 | 1,200 | 1,200 | 1,200 |
| EUR | 105 | September 17, 2030 | 2.600 | 105 | 105 | 105 |
| EUR | 100 | November 6, 2030 | 0.000 (2) | 100 | 100 | 100 |
| USD | 2,500 | March 1, 2031 | 9.000 (3) | 2,308 | 2,173 | 2,006 |
| EUR | 300 | May 29, 2031 | 1.342 | 300 | 300 | 300 |
| EUR | 750 | November 16, 2031 | 3.625 | 750 | - | - |
| EUR | 50 | December 5, 2031 | 4.300 (zero coupon) | 79 | 75 | 72 |

(1) Bonds issued by Médi Telecom. The 1Y BDT rate corresponds to the 52 weeks Moroccan treasury notes rate (recalculated once a year).
(2) Bond bearing interest at a fixed rate of 2% until 2017 and then at CMS 10 years x 166% fixed annually (0% until November 2023), floored at 0% and capped at 4% until 2023 and at 5% thereafter.
(3) Bond with a step-up clause (clause that triggers a change in the coupon rate if Orange's credit rating from the rating agencies changes – see Note 14.3).

| Notional currency | Initial nominal amount (in millions of currency units) | Maturity | Interest rate (%) | Outstanding amount (in millions of euros) | | |
|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | December 31, 2020 |
| EUR | 50 | December 8, 2031 | 4.350 (zero coupon) | 80 | 77 | 73 |
| EUR | 50 | January 5, 2032 | 4.450 (zero coupon) | 77 | 74 | 71 |
| GBP | 750 | January 15, 2032 | 3.250 | 846 | 893 | 834 |
| EUR | 750 | April 7, 2032 | 1.625 | 750 | 750 | 750 |
| EUR | 500 | May 18, 2032 | 2.375 | 500 | - | - |
| EUR | 1,000 | September 4, 2032 | 0.500 | 1,000 | 1,000 | 1,000 |
| EUR | 1,500 | January 28, 2033 | 8.125 | 1,500 | 1,500 | 1,500 |
| EUR | 55 | September 30, 2033 | 3.750 | 55 | 55 | 55 |
| EUR | 1,000 | December 16, 2033 | 0.625 | 1,000 | 1,000 | - |
| GBP | 500 | January 23, 2034 | 5.625 | 564 | 595 | 556 |
| HKD | 939 | June 12, 2034 | 3.070 | 113 | 106 | 99 |
| EUR | 800 | June 29, 2034 | 0.750 | 800 | 800 | - |
| EUR | 300 | July 11, 2034 | 1.200 | 300 | 300 | 300 |
| EUR | 50 | April 16, 2038 | 3.500 | 50 | 50 | 50 |
| USD | 900 | January 13, 2042 | 5.375 | 844 | 795 | 733 |
| USD | 850 | February 6, 2044 | 5.500 | 797 | 750 | 693 |
| EUR | 750 | September 4, 2049 | 1.375 | 750 | 750 | 750 |
| GBP | 500 | November 22, 2050 | 5.375 | 564 | 595 | 556 |
| **Outstanding amount of bonds** | | | | **29,654** | **28,737** | **29,524** |
| Accrued interest | | | | 454 | 445 | 487 |
| Amortized cost | | | | (164) | (172) | (163) |
| Total | | | | 29,943 | 29,010 | 29,848 |

## 13.6 Loans from development organizations and multilateral lending institutions

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Sonatel | 266 | 244 | 292 |
| Orange Côte d'Ivoire | 253 | 140 | 172 |
| Orange Mali | 201 | 207 | 227 |
| Médi Telecom | 183 | 167 | 220 |
| Orange Egypt | 163 | 137 | 163 |
| Orange Burkina Faso | 36 | 42 | 56 |
| Orange Cameroon | 36 | 78 | 111 |
| Orange Jordanie | 35 | 49 | 61 |
| Orange Bail | 12 | 3 | - |
| Orange Madagascar | 12 | 18 | 19 |
| Orange Polska S.A. | 10 | 6 | 1 |
| Other | 15 | 15 | 61 |
| **Bank loans** | **1,222** | **1,105** | **1,384** |
| Orange SA(1) | 2,087 | 2,101 | 2,288 |
| **Loans from development organizations and multilateral lending institutions(2)** | **2,087** | **2,101** | **2,288** |
| Total | 3,309 | 3,206 | 3,671 |

(1) In 2021, Orange SA repaid at maturity a loan of 190 million euros. In 2020, Orange SA had repaid at maturity a loan of 400 million euros and negotiated a new loan of 350 million euros, maturing in 2027.
(2) Entirely the European Investment Bank.

## 13.7 Financial assets

Financial assets break down as follows:

| (in millions of euros) | December 31, 2022 | | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|
| | Non-current | Current | Total | Total | Total |
| **Financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss** | **419** | **-** | **419** | **431** | **431** |
| Investments securities | 419 | - | 419 | 431 | 431 |
| **Financial assets at fair value through profit or loss** | **243** | **4,502** | **4,745** | **2,496** | **3,990** |
| Investments at fair value (1) | - | 4,500 | 4,500 | 2,266 | 3,206 |
| Investments securities | 206 | - | 206 | 203 | 141 |
| Cash collateral paid (2) | 38 | - | 38 | 27 | 642 |
| Other | - | 2 | 2 | - | 0 |
| **Financial assets at amortized cost** | **342** | **39** | **381** | **363** | **382** |
| Receivables related to investments (3) | 77 | 28 | 106 | 105 | 55 |
| Other | 264 | 11 | 275 | 258 | 327 |
| Total financial assets | 1,004 | 4,541 | 5,545 | 3,290 | 4,803 |

(1) NEU Commercial Paper and bonds only (see Note 14.3).
(2) See Note 14.5.
(3) Including a loan of 27 million euros from Orange SA to Orange Bank.

### Equity securities

#### Equity securities measured at fair value through other comprehensive income that will not be reclassified to profit or loss

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Investment securities measured at fair value through other comprehensive income that will not be reclassified to profit or loss - in the opening balance** | **432** | 431 | 277 |
| Acquisitions(1) | 98 | 85 | 81 |
| Changes in fair value (2) | (108) | 11 | 94 |
| Sales | (7) | (95) | (20) |
| Other movements | 3 | 0 | (2) |
| Investment securities measured at fair value through other comprehensive income that will not be reclassified to profit or loss - in the closing balance | 419 | 432 | 431 |

(1) In 2022, includes the effect of Deezer's initial public offering for 77 million euros (see Note 3.2)
(2) Deezer's share price at December 31, 2022 led to a decrease in the fair value of (54) million euros (see Note 3.2).

Equity securities measured at fair value through other comprehensive income that will not be reclassified to profit or loss include numerous shares in companies held by investment funds.

#### Equity securities measured at fair value through profit or loss

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Investment securities measured at fair value through profit or loss - in the opening balance** | **203** | 141 | 133 |
| Changes in fair value | 10 | 34 | 8 |
| Other movements | (8) | 27 | (0) |
| Investment securities measured at fair value through profit or loss - in the closing balance | 205 | 203 | 141 |

**Accounting policies**

**Financial assets**

– Financial assets at fair value through profit or loss (FVR)

Certain equity securities which are not consolidated or equity-accounted and cash investments such as negotiable debt securities, deposits and UCITS (Undertakings for Collective Investment in Transferable Securities), which are compliant with the Group's liquidity risk management policy, may be designated by Orange as recognized at fair value through profit or loss. These assets are recognized at fair value at initial recognition and subsequently. All changes in fair value are recorded in net financial costs, net.

– Financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss (FVOCI)

Equity securities which are not consolidated or equity-accounted are, subject to exceptions, recognized as assets at fair value through other comprehensive income that will not be reclassified to profit or loss. They are recognized at fair value at initial recognition and subsequently. Temporary changes in value and gains (losses) on disposals are recorded as other comprehensive income that will not be reclassified to profit or loss.

– Financial assets at amortized cost (AC)

This category mainly includes miscellaneous loans and receivables. These instruments are recognized at fair value at initial recognition and are subsequently measured at amortized cost using the effective interest method. If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognized in the income statement when impairment tests demonstrate that the financial asset's carrying value is higher than its recoverable amount. For these financial assets, the provisioning system also covers expected losses according to IFRS 9.

## 13.8 Derivatives

### 13.8.1 Market value of derivatives

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| **Hedging derivatives** | **893** | **484** | **(311)** |
| Cash flow hedge derivatives | 893 | 484 | (311) |
| Fair value hedge derivatives | - | - | (0) |
| **Derivatives held for trading** (1) | **176** | **(79)** | **(199)** |
| Net derivatives (2) | 1,069 | 405 | (510) |

(1) Mainly related to the effect of the economic hedges of subsidiaries for 140 million euros in 2022, 90 million euros in 2021 and the foreign exchange effects of the economic hedges against the revaluation of subordinated notes denominated in pounds sterling (equity instruments recognized at their historical value (see Note 15.4) for (70) million euro in 2022, (165) million euros in 2021 and (210) million euro in 2020.

(2) Of which foreign exchange effects of the cross-currency swaps (classified as hedging or trading) hedging foreign exchange risk on the notional amount of gross debt for 694 million euros in 2022, 657 million euros in 2021 and 251 million euros in 2020. The foreign exchange effect of the cross-currency swaps is the difference between the notional converted at the closing rate and the notional converted at the opening rate (or at the trading day spot rate in the case of a new instrument).

The risks hedged by these derivatives are described in Note 14. These derivatives are associated with cash-collateral agreements, the effects of which are described in Note 14.5.

#### Accounting policies

Derivatives 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 (hedging instruments versus trading derivatives).

Derivatives are classified as a separate line item in the statement of financial position.

Trading derivatives are economic hedge derivatives not classified as hedges for accounting purposes. Changes in the value of these instruments are recognized directly in profit or loss.

Hedge accounting is applicable when:

– at the inception of the hedge, there is a formal designation and documentation of the hedging relationship;

– the effectiveness of the hedge is demonstrated at inception and it is expected to continue in subsequent periods: i.e. at inception and throughout its duration, the company expects changes in the fair value of the hedged item to be almost fully offset by changes in the fair value of the hedging instrument.

There are three types of hedge accounting:

– a fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability (or an identified portion of the asset or liability) that are attributable to a particular interest rate and/or currency risk and which could affect profit or loss. The hedged portion of these items is remeasured at fair value in the statement of financial position. Changes in this fair value are recognized in the income statement and offset by symmetrical changes in the fair value of financial hedging instruments to the extent of the hedge effectiveness.

– a cash flow hedge is a hedge of exposure to changes in cash flows attributable to a particular interest rate and/or currency risk associated with a recognized asset or liability or a transaction believed to be highly probable (such as a future purchase or sale) which could affect profit or loss. As the hedged item is not recognized in the statement of financial position, the effective portion of the change in the fair value of the hedging instrument is recognized in other comprehensive income. It is reclassified in profit or loss when the hedged item (financial asset or liability) affects the profit or loss or in the initial cost of the hedged item when it relates to the hedge of a non-financial asset acquisition cost.

– a net investment hedge is a hedge of exposure to changes in value attributable to the foreign exchange risk of a net investment in a foreign operation, which could affect profit or loss on the disposal of the foreign operation. The effective portion of the net investment hedge is recorded in other comprehensive income. It is reclassified in profit or loss on disposal of the net investment.

For transactions qualified as fair value hedges and for economic hedges, the foreign exchange impact of changes in the fair value of derivatives is booked in operating income when the underlying hedged item is a commercial transaction and in finance costs, net when the underlying hedged item is a financial asset or liability.

Hedge accounting can be terminated when the hedged item is no longer recognized, i.e. when the Group revokes the designation of the hedging relationship or when the hedging instrument is terminated or exercised. The accounting consequences are as follows:

- fair value hedge: at the hedge accounting termination date, the adjustment of the fair value of the liability is amortized using an effective interest rate recalculated at this date. Should the item hedged disappear, the change in fair value is recognized in the income statement;
- cash flow hedge: amounts recorded in other comprehensive income are immediately reclassified in profit or loss when the hedged item is no longer recognized. In all other cases, amounts are reclassified in profit or loss, on a straight-line basis, throughout the remaining life of the original hedging relationship.

In both cases, subsequent changes in the value of the hedging instrument are recorded in profit or loss.

Concerning the effects of the foreign currency basis spread of cross-currency swaps designated as cash flow hedges, the Group has chosen to designate these as hedging costs. This option enables recognition of these effects in other comprehensive income and amortization of the cost of the basis spread in profit or loss over the period of the hedge.

### 13.8.2 Cash flow hedges

The main purpose of the Group's cash flow hedges is to neutralize foreign exchange risk on future cash flows (notional, coupons) or to switch floating-rate debt to fixed-rate debt.

The ineffective portion of cash flow hedges recognized in the income statement was not significant during the periods presented. The main hedges unmatured at December 31, 2022, as well as their effects on the financial statements, are detailed in the table below.

| (in millions of euros) | Hedged risk | | | | |
|---|---|---|---|---|---|
| | **Total** | **Exchange and interest rate risk** | **Exchange risk** | **Interest rate risk** | **Commodity risk** |
| **Hedging instruments** | **893** | **Cross Currency Swap** | **Forward FX swap Option** | **Interest rate swap Option** | **Commodity swap Option** |
| Carrying amount - asset | 1,065 | 1,002 | 3 | - | 74 |
| Carrying amount - liability | (172) | (156) | (11) | (5) | - |
| **Change in cash flow hedge reserve** | **288** | **225** | **(6)** | **9** | **60** |
| Gain (loss) recognized in other comprehensive income | 304 | 244 | (8) | 9 | 59 |
| Reclassification in financial result | (19) | (19) | - | 0 | - |
| Reclassification in operating income | (1) | - | (1) | - | (0) |
| Reclassification in initial carrying amount of hedged item | 4 | - | 4 | - | 0 |
| **Cash flow hedge reserve** | **497** | **457** | **(4)** | **(5)** | **49** |
| o/w related to unmatured hedging instruments | 114 | 74 | (4) | (5) | 49 |
| o/w related to discontinued hedges | 383 | 383 | - | (0) | - |
| **Hedged item** | | **Bonds and credit lines** | **Purchases of handsets and equipment** | **Bonds and Lease liabilities** | **Purchase of energy** |
| Balance sheet item | | Current and non-current financial liabilities | Property, plant and equipment | Lease and Financial Liabilities - current and non-current | Operating result |

The main hedges unmatured at December 31, 2021, as well as their effects on the financial statements, are detailed in the table below.

| (in millions of euros) | Hedged risk | | | |
|---|---|---|---|---|
| | Total | Exchange and interest rate risk | Exchange risk | Interest rate risk |
| **Hedging instruments** | **484** | **Cross Currency Swap** | **Forward FX swap Option** | **Interest rate swap Option** |
| Carrying amount - asset | 576 | 575 | 1 | - |
| Carrying amount - liability | (91) | (76) | (0) | (14) |
| **Change in cash flow hedge reserve** | **317** | **311** | **(2)** | **9** |
| Gain (loss) recognized in other comprehensive income | 358 | 347 | 3 | 9 |
| Reclassification in financial result | (38) | (36) | (2) | - |
| Reclassification in operating income | (0) | - | 0 | (0) |
| Reclassification in initial carrying amount of hedged item | (3) | - | (3) | 0 |
| **Cash flow hedge reserve** | **210** | **220** | **(9)** | **(2)** |
| o/w related to unmatured hedging instruments | (192) | (181) | (9) | (2) |
| o/w related to discontinued hedges | 402 | 402 | - | 0 |
| **Hedged item** | | **Bonds and credit lines** | **Purchases of handsets and equipment** | **Bonds and Lease liabilities** |
| Balance sheet item | | Current and non-current financial liabilities | Property, plant and equipment | Lease and Financial Liabilities - current and non-current |

The main hedges unmatured at December 31, 2020, as well as their effects on the financial statements, are detailed in the table below.

| (in millions of euros) | Hedged risk | | | |
|---|---|---|---|---|
| | Total | Exchange and interest rate risk | Exchange risk | Interest rate risk |
| **Hedging instruments** | **(311)** | **Cross Currency Swap** | **Forward FX swap Option** | **Interest rate swap** |
| Carrying amount - asset | 223 | 216 | 6 | 1 |
| Carrying amount - liability | (534) | (502) | (1) | (31) |
| **Change in cash flow hedge reserve** | **22** | **6** | **5** | **11** |
| Gain (loss) recognized in other comprehensive income | 3 | (16) | 8 | 11 |
| Reclassification in financial result | 21 | 22 | (1) | - |
| Reclassification in operating income | 1 | - | 1 | - |
| Reclassification in initial carrying amount of hedged item | (3) | - | (3) | - |
| **Cash flow hedge reserve** | **(100)** | **(91)** | **2** | **(11)** |
| o/w related to unmatured hedging instruments | (541) | (532) | 2 | (11) |
| o/w related to discontinued hedges | 440 | 440 | - | 0 |
| **Hedged item** | | **Bonds and credit lines** | **Purchases of handsets and equipment** | **Bonds and Finance Lease** |
| Balance sheet item | | Current and non-current financial liabilities | Property, plant and equipment | Current and non-current financial liabilities |

The nominal amounts of the main cash flow hedges as of December 31, 2022 are presented below.

| | Notional amounts of hedging instruments per maturity (in millions of hedged currency units) | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 and beyond |
| Orange SA | | | | | |
| **Cross currency swaps** | | | | | |
| CHF | - | - | 400 | - | 100 (1) |
| GBP | - | - | 262 | - | 2,250 (2) |
| HKD | 1,110 | - | - | - | 939 (3) |
| NOK | - | - | 500 | - | 800 (4) |
| USD | - | - | - | - | 4,200 (5) |
| **Interest rate swaps** | | | | | |
| EUR | - | - | - | - | 100 (6) |
| **FX Forward** | | | | | |
| USD | 130 | - | - | - | - |
| **Commodity swap** | | | | | |
| PLN | 27.3 | 60.7 | 62.4 | 29.7 | 95.3(7) |

(1) 100 million Swiss francs maturing in 2029.
(2) 500 million pounds sterling maturing in 2028, 750 million pounds sterling maturing in 2032, 500 million pounds sterling maturing in 2034 and 500 million pounds sterling maturing in 2050.
(3) 939 million Hong Kong dollars maturing in 2034.
(4) 800 million Norwegian kroner maturing in 2028.
(5) 2,450 million US dollars maturing in 2031, 900 million US dollars maturing in 2042 and 850 million US dollars maturing in 2044.
(6) 100 million euros maturing in 2030.
(7) In hedging of electricity purchases for 1.8 terawatt-hours (TWh), including 1.1 TWh for 2027 and beyond.

# Note 14 Information on market risk and fair value of financial assets and liabilities (telecom activities)

The Group uses financial position or performance indicators that are not specifically defined by IFRS, such as EBITDAaL (see Note 1.9) and net financial debt (see Note 13.3).

Market risks are monitored by Orange's Treasury and Financing Committee, which reports to the Executive Committee. The Committee is chaired by the Group's Executive Committee member in charge of Finance, Performance and Development and meets on a quarterly basis.

It sets the guidelines for managing the Group's debt, especially in respect of its interest rate, foreign exchange, liquidity and counterparty risk exposure for the coming months, and reviews past management (transactions carried out, financial results).

The armed conflict that began on February 24, 2022 and its consequences on the financial market did not call into question the risk management policy relating to financial instruments. The Group continued to set up and manage hedging instruments in order to limit its exposure to operational and financial foreign exchange and interest rate risks, while maintaining a diversified financing policy.

## 14.1 Interest rate risk management

### Management of fixed-rate/variable-rate debt

Orange group seeks to manage its fixed-rate/variable-rate exposure in euros in order to minimize interest costs by using firm and conditional interest rate derivatives such as swaps, futures, caps and floors.

The fixed-rate component of gross financial debt, excluding cash collateral received and agreements to buy back non-controlling interests, is estimated at 96% at December 31, 2022, 94% at December 31, 2021 and 89% at December 31, 2020.

### Sensitivity analysis of the Group's position to changes in interest rates

The sensitivity of the Group's financial assets and liabilities to interest rate risk is only analyzed for the components of net financial debt that are interest-bearing and therefore exposed to interest rate risk.

**Sensitivity of financial expenses**

Based on a constant amount of debt and a constant management policy, a 1% rise in interest rates would increase the annual cost of gross financial debt by 13 million euros, while a decrease of 1% would lower it by 13 million euros.

**Sensitivity of cash flow hedge reserves**

A 1% rise in euro interest rates would improve the market value of derivatives designated as cash flow hedges and increase the associated cash flow hedge reserves by approximately 775 million euros. A 1% decrease in euro interest rates would reduce their market value and decrease the cash flow hedge reserve by approximately 776 million euros.

## 14.2 Foreign exchange risk management

### Operational foreign exchange risk

The Group's foreign operations are carried out by entities that operate in their own country and mainly in their own currency. Their operational exposure to foreign exchange risk is therefore limited to certain types of flows: purchases of equipment or network capacity, purchases of devices and equipment sold or leased to customers and purchases from or sales to international carriers.

Whenever possible, the entities of the Orange group have put in place policies to hedge this exposure (see Note 13.8).

### Financial foreign exchange risk

Financial foreign exchange risk mainly relates to:

- dividends paid to the parent company: in general, the Group's policy is to economically hedge this risk from the date of the relevant subsidiary's Shareholders' Meeting;
- financing of the subsidiaries: except in special cases, the subsidiaries are required to cover their funding needs in their functional currency;
- Group financing: most of the Group's bonds, after derivatives, are denominated in euros. From time to time, Orange SA issues bonds in markets other than euro markets (primarily the US dollar, pound sterling and Swiss franc). If Orange SA does not have assets in these currencies, in most cases, the issues are translated into euros through cross-currency swaps. The debt allocation by currency also depends on the level of interest rates and particularly on the interest rate differential relative to the euro.

Following the repurchase at the end of 2022 of the last subordinated notes denominated in pounds sterling (see Note 15.4), the Group is no longer exposed to the financial exchange risk resulting from these instruments.

The table below shows the main exposures to foreign exchange fluctuations of the net financial debt in foreign currencies of Orange SA and of Orange Polska and Orange Egypt, and also shows the sensitivity of the entity to a 10% change in the foreign exchange rates of the currencies to which it is exposed. Orange SA and Orange Egypt are the entities bearing the main foreign exchange risk, including internal transactions that generate a net foreign exchange gain or loss in the Consolidated Financial Statements.

| | Exposure in currency units | | | | | | Sensitivity analysis | |
|---|---|---|---|---|---|---|---|---|
| (in millions of currency units) | EUR | USD | GBP | PLN | CHF | Total translated | 10% gain in euro | 10% loss in euro |
| Orange SA | - | 1 | 2 | - | 1 | 3 | (0) | 0 |
| Orange Polska | (121) | (6) | - | - | - | (127) | 12 | (14) |
| Orange Egypt | - | (101) | - | - | - | (95) | 9 | (11) |
| Total (currencies) | (121) | (106) | 2 | - | 1 | (218) | | |

### Foreign exchange risk to assets

Due to its international presence, the Orange group's statement of financial position is exposed to foreign exchange fluctuations, as these affect the translation of the assets of subsidiaries and shareholdings denominated in foreign currencies. The currencies concerned are mainly the pound sterling, the zloty, the Egyptian pound, the US dollar, the Jordanian dinar and the Moroccan dirham.

To hedge its largest foreign asset exposures, Orange has issued debt in the relevant currencies.

The amounts presented below take into account Mobile Financial Services activities (mainly in euros).

| | Contribution to consolidated net assets | | | | | | | | | Sensitivity analysis | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | EUR | USD | GBP | PLN | EGP | JOD | MAD | Other currencies | Total | 10% gain in euro | 10% loss in euro |
| Net assets excluding net debt (a)(1) | 50,056 | 224 | 70 | 3,388 | 781 | 541 | 925 | 4,269 | 60,254 | (927) | 1,133 |
| Net debt by currency including derivatives (b)(2) | (24,178) | 147 | 5(3) | (856) | (112) | (8) | (393) | 96 | (25,298) | 102 | (124) |
| **Net assets by currency (a) + (b)** | **25,878** | **371** | **74** | **2,532(4)** | **669** | **533** | **533** | **4,366** | **34,956** | **(825)** | **1,009** |

(1) Excluding components of net financial debt.
(2) Net financial debt as defined and used by Orange does not take into account Mobile Financial Services activities, for which this concept is not relevant (see Note 13.3).
(3) Of which economic hedge of subordinated notes denominated in pounds sterling for 39 million pounds sterling (i.e. 44 million euros).
(4) Share of net assets attributable to owners of the parent company in zlotys amounts to 1,283 million euros.

Due to its international presence, the Orange group income statement is also exposed to risk arising from changes in foreign exchange rates due to the conversion, in the consolidated financial statements, of its foreign subsidiaries' financial statements.

| | Contribution to consolidated financial income statement | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | EUR | USD | GBP | PLN | EGP | JOD | MAD | Other currencies | Total | 10% gain in euro | 10% loss in euro |
| Revenue | 31,400 | 1,134 | 282 | 2,630 | 977 | 456 | 672 | 5,919 | 43,471 | (1,097) | 1,341 |
| EBITDAaL | 9,389 | 183 | 7 | 652 | 360 | 214 | 202 | 1,956 | 12,963 | (325) | 397 |
| Operating income | 2,798 | 192 | (14) | 255 | 178 | 114 | 61 | 1,216 | 4,801 | (182) | 223 |

## 14.3 Liquidity risk management

### Diversification of sources of funding

Orange has diversified sources of funding:

- regular issues in the bond markets;
- occasional financing through loans from multilateral or development lending institutions;
- issues in the short-term securities markets under the NEU Commercial Paper program (Negotiable European Commercial Paper, formerly called "commercial paper");
- On November 23, 2022, Orange signed with 27 international banks a 6 billion multi-currency revolving credit facility indexed on environmental and social indicators, to refinance its syndicated credit facility maturing in December 2023. This sustainable refinancing illustrates the Group's environmental, social and governance (ESG) commitments, with an indexation of the margin to the achievement of objectives relating to CO2 emissions (scopes 1 & 2, scope 3), in line with Orange's goal of being Net Zero Carbon by 2040, and to gender diversity within its workforce. This new facility, initially maturing in November 2027, includes two options to extend for one more year each, exercisable by Orange and subject to the banks' approval.

### Liquidity of investments

Orange invests its cash surpluses in cash equivalents that meet IAS 7 cash equivalent criteria or at fair value investments (negotiable debt securities, bonds with a maturity of no more than two years, UCITS and term deposits). These investments prioritize minimizing the risk of capital loss over performance.

Cash, cash equivalents and fair value investments are held mainly in France and other European Union countries, which are not subject to restrictions on convertibility or exchange controls.

### Smoothing debt maturities

The policy followed by Orange is to apportion debt maturities evenly over the years to come.

The following table shows undiscounted future cash flows for each financial liability shown on the statement of financial position. The key assumptions used in this schedule are:

- amounts in foreign currencies are translated into euros at the year-end closing rate;
- future variable-rate interest is based on the last fixed coupon, unless a better estimate is available;
- TDIRAs being necessarily redeemable in new shares, no redemption is taken into account in the maturity analysis. In addition, as the interest payable on the bonds is due over an undetermined period (see Note 13.4), only interest payable for the first period is included (including interest payments for other periods would not provide relevant information);
- the maturities of revolving credit lines are the contractual maturity dates;
- "Other items" (undated and non-cash items) reconcile, for financial liabilities not accounted for at fair value, the future cash flows and the balance in the statement of financial position.

| (in millions of euros) | Note | December 31, 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 et au-delà | Other items [1] |
|---|---|---|---|---|---|---|---|---|---|
| *TDIRA* | 13.4 | 638 | 6 | - | - | - | - | - | 633 |
| Bonds | 13.5 | 29,943 | 1,941 | 2,010 | 2,410 | 1,595 | 2,030 | 20,121 | (164) |
| Bank loans and from development organizations and multilateral lending institutions | 13.6 | 3,309 | 1,365 | 281 | 773 | 424 | 446 | 34 | (15) |
| Debt relating to financed assets | 13.3 | 316 | 85 | 91 | 67 | 48 | 24 | - | - |
| Cash collateral received | 13.3 | 1,072 | 1,072 | - | - | - | - | - | - |
| NEU commercial papers[2] | 13.3 | 1,004 | 1,001 | - | - | - | - | - | 3 |
| Bank overdrafts | 13.3 | 250 | 250 | - | - | - | - | - | - |
| Other financial liabilities | 13.3 | 105 | 92 | 1 | 0 | 0 | 0 | 11 | - |
| Derivatives (liabilities) | 13.3 | 386 | 93 | - | 30 | - | - | 50 | - |
| Derivatives (assets) | 13.3 | (1,455) | (53) | (46) | (69) | (24) | (9) | (773) | - |
| Other Comprehensive Income related to unmatured hedging instruments | 13.3 | 114 | - | - | - | - | - | - | - |
| **Gross financial debt after derivatives** | | **35,684** | **5,852** | **2,337** | **3,212** | **2,044** | **2,493** | **19,443** | **456** |
| Trade payables | | 11,552 | 10,071 | 217 | 192 | 168 | 408 | 495 | - |
| Total financial liabilities (including derivatives assets) | | 47,236 | 15,923 [3] | 2,554 | 3,404 | 2,212 | 2,901 | 19,938 | 456 |
| Future interests on financial liabilities[4] | | | 1,388 | 1,054 | 899 | 741 | 742 | 4,439 | - |

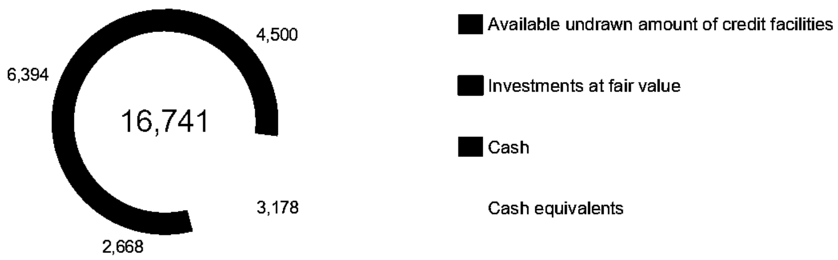
(1) Undated items: *TDIRA* notional. Non-cash items: amortized cost on bonds and bank loans, and discounting effect on long term trade payables.
(2) Negotiable European Commercial Paper (formerly called "commercial paper").
(3) Amounts presented for 2022 correspond to notional and accrued interests for 470 million euros.
(4) Mainly future interests on bonds for 8,844 million euros, on bank loans for 110 million euros and on derivatives instruments for (1,529) million euros.

The liquidity position is one of the indicators of financial position used by the Group. This aggregate, not defined by IFRS, may not be comparable to similarly titled indicators used by other groups.

At December 31, 2022, the liquidity position of Orange's telecom activities amounts to 16,741 million euros and exceeds the repayment obligations of its gross financial debt in 2023. It breaks down as follows:

**Liquidity position**

(in millions of euros)




At December 31, 2022, the Orange group's telecom activities had access to credit facilities in the form of bilateral credit lines and syndicated credit lines. Most of these lines bear interest at variable rates. The available undrawn amount of the credit facilities is 6,394 million euros (including 6,000 million euros for Orange SA).

Cash equivalents amount to 3,178 million euros, mainly at Orange SA, comprising 2,632 million euros of UCITS and 150 million euros of term deposits.

Investments at fair value amounted to 4,500 million euros, exclusively at Orange SA, with 4,128 million euros of NEU Commercial Paper and 357 million euros of bonds.

Any specific contingent commitments in terms of financial ratios are presented in Note 14.4.

Due to its cash level and other immediately disposable investments, the Group is not dependent on the sale of receivables organized in certain countries (see Note 4.3).

### Change in Orange's credit rating

Orange's credit rating is an additional overall performance indicator used to assess the Group's financial policy and risk management policy and, in particular, its solvency and liquidity risk. It is not a substitute for an analysis carried out by investors. Rating agencies regularly review the ratings they award. Any change in the rating could affect the cost of future financing or access to liquidity.

In addition, a change in Orange's credit rating will, for certain outstanding financing, affect the remuneration paid to investors:

- one Orange SA bond (see Note 13.5) with an outstanding amount of 2.5 billion dollars maturing in 2031 (equivalent to 2.3 billion euros at December 31, 2022) is subject to a step-up clause in the event that Orange's credit rating changes. This clause was triggered in 2013 and 2014: the coupon due in March 2014 was thus calculated on the basis of an interest rate of 8.75%. And since then, the bond has been bearing interest of 9%;
- the margin of the 6 billion euro syndicated credit facility signed on November 23, 2022 is subject to change depending on whether Orange's credit rating is raised or lowered. At December 31, 2022, this credit facility was undrawn.

At December 31, 2022, neither Orange's credit rating nor its outlook has changed compared with December 31, 2021.

| | Standard & Poor's | Moody's | Fitch Ratings |
|---|---|---|---|
| Long-term debt | BBB+ | Baa1 | BBB+ |
| Outlook | Stable | Stable | Stable |
| Short-term debt | A2 | P2 | F2 |

## 14.4 Financial ratios

### Main commitments with regard to financial ratios

Orange SA does not have any credit line or loan subject to specific covenant with regard to financial ratios.

Certain subsidiaries of Orange SA have pledged to comply with certain financial ratios related to indicators defined in the contracts with the banks. The breach of these ratios constitutes an event of default that can lead to early repayment of the line of credit or loan concerned.

The main commitments are as follows:

- Orange Egypt: in respect of bank financing agreements signed in 2018 and 2022, of which the total amount outstanding at December 31, 2022 is 1,750 million Egyptian pounds and 101 million US dollars (i.e. 160 million euros), Orange Egypt is required to comply with a "net senior debt to reported EBITDA" ratio;
- Médi Telecom: in respect of its bank financing agreements signed in 2012, 2014 and 2015, of which the total amount outstanding at December 31, 2022 is 2,043 million Moroccan dirhams (i.e. 183 million euros), Médi Telecom is required to comply with ratios relating to its "net financial debt," "net financial debt/EBITDA" and "net equity;"
- Orange Côte d'Ivoire: in respect of its bank financing agreements signed in 2016 and 2019, of which the total amount outstanding at December 31, 2022 is 71 billion CFA francs (i.e. 252 million euros), Orange Côte d'Ivoire is required to comply with a "net debt to reported EBITDA" ratio;
- Orange Cameroon: in respect of its bank financing agreements signed in 2015 and 2018, of which the total amount outstanding at December 31, 2022 is 23 billion CFA francs (i.e. 35 million euros), Orange Cameroon is required to comply with a "net debt to reported EBITDA" ratio.

These ratios ware complied with at December 31, 2022.

### Default or material adverse change clauses

Most of Orange's financing agreements, notably including the 6 billion euro syndicated credit facility set up on November 23, 2022, as well as bonds, are not subject to early redemption obligations in the event of a material adverse change or cross default provisions. Most of these agreements include cross acceleration provisions, however. Thus, the mere occurrence of events of default in other financing agreements would not automatically trigger accelerated repayment under the aforementioned agreements.

## 14.5 Credit risk and counterparty risk management

The Group could be exposed to a concentration of counterparty risk in respect of its trade receivables, cash and cash equivalents, investments and derivatives.

Orange considers that it has limited concentration in counterparty risk with respect to trade receivables due to its large and diverse customer base (residential, professional and large business customers) operating in numerous industries and located in many French regions and foreign countries. The maximum value of the counterparty risk on these financial assets is equal to their recognized net carrying value. An analysis of net trade receivables past due is provided in Note 4.3. For loans and other receivables, amounts past due but not provisioned are not material.

Orange SA is exposed to counterparty risk through its investments and derivatives. Therefore, it performs a strict selection of public, financial or industrial institutions in which it invests or with which it enters into derivative agreements. This selection takes particular note of the institutions' credit ratings.

Therefore:

- for each non-banking counterparty selected for investments, limits are set, based on the ratings and maturities of the investments;
- for each bank counterparty selected for investments and for derivatives, limits are based on equity, rating, CDS (credit default swaps, an accurate indicator of potential default risk) as well as on periodic analyses carried out by the Treasury Department;
- theoretical limits and consumption limits are monitored and reported on a daily basis to the Group treasurer and the head of the trading room. These limits are adjusted regularly depending on credit events.

For derivatives, master agreements relating to financial instruments (French Banking Federation) are signed with all counterparties and provide for the netting of payables and receivables, in case of failure of one of the parties, as well as the calculation of a final balance to be received or paid. These agreements include a CSA (Credit Support Annex) cash collateral clause that can lead to either a deposit (collateral paid) or collection (collateral received), on a daily basis. These payment amounts correspond to the change in the market value of all derivatives.

As a rule, investments are negotiated with high-grade banks. Exceptionally, subsidiaries occasionally deal with counterparties with the highest ratings available locally.

### Effect of mechanisms to offset exposure to credit risk and counterparty risk of derivatives

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| **Collateralised Derivatives (net) (a)** | **1,014** | **408** | **(520)** |
| Fair value of collateralised derivatives assets | 1,374 | 690 | 283 |
| Fair value of collateralised derivatives liabilities | (360) | (282) | (803) |
| **Amount of cash collateral paid/(received) (b)** | **(1,034)** | **(362)** | **611** |
| Amount of cash collateral paid | 38 | 27 | 642 |
| Amount of cash collateral received | (1,072) | (389) | (31) |
| Residual exposure to counterparty risk (a) + (b) [(1)] | (20) | 46 | 91 |
| **Non collateralised Derivatives (net)** | **55** | **(3)** | **10** |
| Fair value of non collateralised derivatives assets | 81 | - | 11 |
| Fair value of non collateralised derivatives liabilities | (26) | (3) | (1) |

(1) The residual exposure to counterparty risk is mainly due to a time difference between the valuation of derivatives at the closing date and the date on which the cash collateral exchanges were made.

The change in net cash collateral received between 2021 and 2022 mainly reflects the appreciation of the US dollar and the depreciation of the pound sterling against the euro.

### Sensitivity analysis of cash collateral to changes in market interest rates and exchange rates

A change in market rates (mainly euros) of +/- 1% would affect the fair value of derivatives hedging interest rate risk as follows:

(in millions of euros)

| | Rate decrease of 1% | Rate increase of 1% |
|---|---|---|
| Change of fair value of derivatives | (821) | 820 |
| | **Rate decrease of 1%** | **Rate increase of 1%** |
| Amount of cash collateral paid (received) | 821 | (820) |

A 10% increase or decrease in the euro exchange rate would affect the fair value of derivatives hedging foreign exchange risk as follows:

(in millions of euros)

| | 10% loss in euro | 10% gain in euro |
|---|---|---|
| Change of fair value of derivatives | 1,302 | (1,065) |
| | **10% loss in euro** | **10% gain in euro** |
| Amount of cash collateral received (paid) | (1,302) | 1,065 |

### 14.6 Commodity risk management (energy contracts)

The majority of the Group's electricity needs are met through fixed-price or indexed forward purchase contracts, depending on the situation. In accordance with IFRS 9, contracts entered into on non-financial assets (electricity) to meet the normal business needs of the company and used solely for its business, rather than for speculation or arbitrage on energy price fluctuations, are not considered derivatives. The Group's commitments under those contracts are presented as off-balance sheet commitments in Note 16.1.

To meet its commitments in terms of Net Zero Carbon by 2040, the Group enters into Power Purchase Agreements for electricity generated by renewable sources. These contracts may be physical (with physical delivery of electricity and therefore not leading to the recognition of derivative instruments), or virtual.. Energy supply is achieved through a portfolio of contracts mixing PPA, Solar/Energy As A Service, power purchase contracts with different terms (market), and supply contracts (aggregation and distribution).

The Group is considering Virtual Power Purchase Agreements (VPSAs). These contracts result in the recognition of derivatives at fair value through profit or loss since there is no physical delivery of electricity. At December 31, 2022, the Group only has one Virtual Power Purchase Agreement in Poland. This contract is the subject of a cash flow hedge, the ineffective portion of which has a direct impact on the income statement. Fluctuations in the fair value of the effective portion of the hedge are recognized in other comprehensive income (see Note 13.8.2).

### 14.7 Equity market risk

Orange SA has no call options on its own shares and no commitments for forward purchases of shares. At December 31, 2022, it held 1,965,171 treasury shares. Orange SA owns subsidiaries listed on equity markets whose share value may be affected by general trends in these markets. In particular, the market value of these listed subsidiaries' shares is one of the measurement variables used in impairment testing.

The UCITS in which Orange invests for cash management purposes do not hold equities.

The Orange group is also exposed to equity risk through some of its retirement plan assets (see Note 6.2).

At December 31, 2022, the Group is not materially exposed to market risk on the shares of listed companies.

### 14.8 Capital management

Orange SA and its non-financial subsidiaries are not subject to regulatory requirements related to equity (other than the usual standards applicable to any commercial company).

Its financial subsidiaries (like electronic money institutions) are subject to regulatory equity requirements specific to their sector and jurisdiction.

Like any company, Orange manages its financial resources (both equity and net financial debt) as part of a balanced financial policy, aiming to ensure flexible access to capital markets, including for the purpose of selectively investing in development projects, and to provide a return to shareholders.

In terms of net financial debt (see Note 13.3), this policy translates into liquidity management as described in Note 14.3 and a specific attention to credit ratings assigned by rating agencies.

This policy is also reflected, in some markets, by the presence of minority shareholders in the capital of subsidiaries controlled by Orange. This serves to limit the Group's debt while providing a benefit from the presence of local shareholders.

### 14.9 Fair value of financial assets and liabilities

The market value of the net financial debt carried by Orange is estimated at 23.8 billion euros at December 31, 2022, for a carrying value of 25.3 billion euros.

| (in millions of euros) | Note | Classification under IFRS 9 (1) | December 31, 2022 Book value | Estimated fair value | Level 1 and cash | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|
| **Trade receivables** | | AC | **6,237** | **6,237** | **-** | **6,237** | **-** |
| **Financial assets** | **13.7** | | **5,545** | **5,545** | **65** | **5,124** | **355** |
| Equity securities | | FVOCI | 421 | 421 | 65 | - | 355 |
| Equity securities | | FVR | 205 | 205 | - | 205 | - |
| Investments at fair value | | FVR | 4,500 | 4,500 | - | 4,500 | - |
| Cash collateral paid | | FVR | 38 | 38 | - | 38 | - |
| Financial assets at amortized cost | | AC | 381 | 381 | - | 381 | - |
| **Cash and Cash equivalents** | **13.3** | | **5,846** | **5,846** | **5,846** | **-** | **-** |
| Cash | | AC | 2,668 | 2,668 | 2,668 | - | - |
| Cash equivalents | | FVR | 3,178 | 3,178 | 3,178 | - | - |
| **Trade payables** | | AC | **(11,551)** | **(11,551)** | **-** | **(11,551)** | **-** |
| **Financial liabilities** | **13.3** | | **(36,638)** | **(35,121)** | **(27,681)** | **(7,432)** | **(8)** |
| Financial debts | | AC | (36,630) | (35,113) | (27,681) | (7,432) | - |
| Other | | FVR | (8) | (8) | - | - | (8) |
| **Derivatives (net amount) (2)** | **13.8** | | **1,069** | **1,069** | **-** | **1,069** | **-** |

(1) "AC" stands for "amortized cost," "FVR" stands for "fair value through profit or loss," "FVOCI" stands for "fair value through other comprehensive income that will not be reclassified to profit or loss."
(2) The classification for derivatives depends on their hedging qualification.

The table below provides an analysis of the change in level 3 market values for financial assets and liabilities measured at fair value in the statement of financial position.

| (in millions of euros) | Equity securities | Financial liabilities at fair value through profit or loss, excluding derivatives |
|---|---|---|
| **Level 3 fair values at December 31, 2021** | **377** | **(9)** |
| Gains (losses) taken to profit or loss | (36) | 1 |
| Gains (losses) taken to other comprehensive income | 19 | |
| Acquisition (sale) of securities | (7) | |
| Other | 2 | |
| **Level 3 fair values at December 31, 2022** | **355** | **(8)** |

The market value of the net financial debt carried by Orange is estimated at 31.5 billion euros at December 31, 2021, for a book value of 24.3 billion euros.

| (in millions of euros) | Note | Classification under IFRS 9 | December 31, 2021 Book value | Estimated fair value | Level 1 and cash | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|
| **Trade receivables** | | AC | **6,040** | **6,040** | **-** | **6,040** | **-** |
| **Financial assets** | **13.7** | | **3,291** | **3,291** | **55** | **2,859** | **377** |
| Equity securities | | FVOCI | 432 | 432 | 55 | - | 377 |
| Equity securities | | FVR | 203 | 203 | - | 203 | - |
| Investments at fair value | | FVR | 2,266 | 2,266 | - | 2,266 | - |
| Cash collateral paid | | FVR | 27 | 27 | - | 27 | - |
| Financial assets at amortized cost | | AC | 363 | 363 | - | 363 | - |
| **Cash and Cash equivalents** | **13.3** | | **8,188** | **8,188** | **8,188** | **-** | **-** |
| Cash | | AC | 2,709 | 2,709 | 2,709 | - | - |
| Cash equivalents | | FVR | 5,479 | 5,479 | 5,479 | - | - |
| **Trade payables** | | AC | **(11,163)** | **(11,163)** | **-** | **(11,163)** | **-** |
| **Financial liabilities** | **13.3** | | **(35,348)** | **(42,534)** | **(33,058)** | **(9,466)** | **(9)** |
| Financial debts | | AC | (35,339) | (42,524) | (33,058) | (9,466) | - |
| Other | | FVR | (9) | (9) | - | - | (9) |
| **Derivatives (net amount)** | **13.8** | | **405** | **405** | **-** | **405** | **-** |

The market value of the net financial debt carried by Orange was estimated at 30.1 billion euros at December 31, 2020, for a book value of 23.5 billion euros.

| | | | December 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|
| (in millions of euros) | Note | Classification under IFRS 9 | Book value | Estimated fair value | Level 1 and cash | Level 2 | Level 3 |
| **Trade receivables** | | AC | **5,645** | **5,645** | **-** | **5,645** | **-** |
| **Financial assets** | **13.7** | | **4,803** | **4,803** | **185** | **4,372** | **247** |
| Equity securities | | FVOCI | 431 | 431 | 185 | - | 247 |
| Equity securities | | FVR | 141 | 141 | - | 141 | - |
| Investments at fair value | | FVR | 3,206 | 3,206 | - | 3,206 | - |
| Cash collateral paid | | FVR | 642 | 642 | - | 642 | - |
| Financial assets at amortized cost | | AC | 382 | 382 | - | 382 | - |
| **Cash and Cash equivalents** | **13.3** | | **7,891** | **7,891** | **7,891** | **-** | **-** |
| Cash | | AC | 2,751 | 2,751 | 2,751 | - | - |
| Cash equivalents | | FVR | 5,140 | 5,140 | 5,140 | - | - |
| **Trade payables** | | AC | **(11,051)** | **(11,051)** | **-** | **(11,051)** | **-** |
| **Financial liabilities** | **13.3** | | **(35,260)** | **(41,884)** | **(34,708)** | **(7,162)** | **(14)** |
| Financial debts | | AC | (35,247) | (41,870) | (34,708) | (7,162) - | |
| Other | | FVR | (14) | (14) | - | - | (14) |
| **Derivatives (net amount)** | **13.8** | | **(510)** | **(510)** | **-** | **(510)** | **-** |

#### Accounting policies

The fair values of financial assets and liabilities 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 the **financial assets at fair value through other comprehensive income** ("FVOCI" and "FVOCIR") is the quoted price at year-end for listed securities and, for non-listed 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 future cash flows).

For **financial assets at amortized cost** ("AC"), the Group considers that the carrying value of cash, trade receivables and various deposits provides a reasonable approximation of fair value, due to the high liquidity of these items.

Among **financial assets at fair value through profit or loss** ("FVR"), with respect to very short-term investments such as deposits, deposit certificates, commercial paper or negotiable debt securities, the Group considers that the par value of the investment and any related accrued interest represent a reasonable approximation of fair value.

The fair value of UCITS is the latest net asset value.

The fair value of equity securities is the quoted price at year-end for listed securities and, for non-listed 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 future cash flows).

For **financial liabilities at amortized cost** ("AC") the fair value of financial liabilities is determined using:

- the quoted price for listed instruments (a detailed analysis is performed in the case of a material decrease in liquidity to evidence whether the observed price corresponds to the fair value; otherwise the quoted price is adjusted);
- the present value of estimated future cash flows, discounted using rates observed by the Group at the end of the period for other instruments. The results calculated using the internal valuation model are systematically benchmarked with the values provided by Bloomberg.

The Group considers the carrying value of trade payables and deposits received from customers to be a reasonable approximation of fair value, due to the high liquidity of these items.

The fair value of long-term trade payables is the value of future cash flows discounted at the interest rates observed by the Group at the end of the period.

**Financial liabilities at fair value through profit or loss** ("FVR") mainly concern firm or contingent commitments to purchase non-controlling interests. Their fair value is measured in accordance with the provisions of the contractual agreements. When the commitment is based on a fixed price, a discounted value is retained.

The fair value of **derivatives**, mostly traded over the counter, 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. The results calculated using the internal valuation model are consistently benchmarked with the values provided by bank counterparties and Bloomberg.

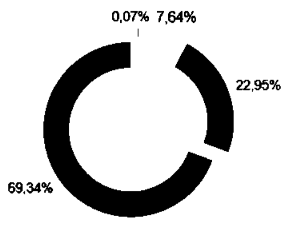
When there are no reliable market data which identify the probability of default, the CVA (credit value adjustment) and the DVA (debit value adjustment) are measured based on historical default charts and CDS (credit default swap) trends. Counterparty credit risk and the Group's own specific default risk are also continuously monitored based on the monitoring of debt security credit spreads on the secondary market and other market information. Given the implementation of collateralization, and based on counterparty policies and the management of the indebtedness and liquidity risk described in Note 14, CVA and DVA estimates are not material compared with the measurement of the related financial instruments.

## Note 15 Equity

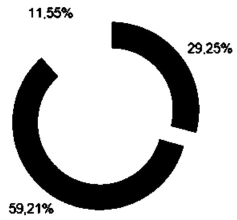
At December 31, 2022, Orange SA's share capital, based on the number of issued shares at this date, amounted to 10,640,226,396 euros, divided into 2,660,056,599 ordinary shares with a par value of 4 euros each.

At December 31, 2022, the share capital and voting rights of Orange SA broke down as follows:

**Breakdown of share capital**




**Breakdown of voting rights**




Float
State, directly or in concert with Bpifrance Participations
Treasury shares
Employees of the Group under the Group Savings Plan or in registered form

### 15.1 Changes in share capital

No new shares were issued during the 2022 fiscal year.

### 15.2 Treasury shares

As authorized by the Shareholders' Meeting of May 19, 2022, the Board of Directors instituted a new share buyback program (the 2022 Buyback Program) and canceled the 2021 Buyback Program, with immediate effect. This authorization is granted for a period of 18 months as from the aforementioned Shareholders' Meeting. The 2022 Buyback Program is described in the Orange Universal Registration Document (URD) filed with the French Financial Markets Authority (*Autorité des marchés financiers – AMF*) on March 31, 2022.

| (in number of shares) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Free share award plans[1] | 1,285,171 | 2,009,500 | 1,095,099 |
| Liquidity contract | 680,000 | - | 170,000 |
| Total treasury shares | 1,965,171 | 2,009,500 | 1,265,099 |

(1) During the fiscal year 2021, Orange bought back and delivered treasury shares to the beneficiaries of the Together 2021 Employee Shareholding Plan. At the same time, Orange repurchased shares mainly under the Long-Term Incentive Plans (LTIP) (see Note 6.3).

**Accounting policies**

Treasury shares are recorded as a deduction from equity, at acquisition cost. Gains and losses arising from the sale of treasury shares are recognized in consolidated reserves, net of tax.

### 15.3 Dividends

| Full Year | Approved by | Description | Dividend per share (in euro) | Payout date | Payment method | Total (in millions of euros) |
|---|---|---|---|---|---|---|
| 2022 | Board of Directors Meeting on July 27, 2022 | 2022 interim dividend | 0.30 | December 7, 2022 | Cash | 797 |
| | Shareholders' Meeting on May 19, 2022 | Balance for 2021 | 0.40 | June 9, 2022 | Cash | 1,063 |
| **Total dividends paid in 2022** | | | | | | **1,861** |
| 2021 | Board of Directors Meeting on July 28, 2021 | 2021 interim dividend | 0.30 | December 15, 2021 | Cash | 797 |
| | Shareholders' Meeting on May 18, 2021 | Balance for 2020 | 0.50 | June 17, 2021 | Cash | 1,330 |
| **Total dividends paid in 2021** | | | | | | **2,127** |
| 2020 | Board of Directors Meeting on October 28, 2020 | 2020 interim dividend | 0.40 | December 9, 2020 | Cash | 1,064 |
| | Shareholders' Meeting on May 19, 2020 | Balance for 2019 | 0.20 | June 4, 2020 | Cash | 532 |
| **Total dividends paid in 2020** | | | | | | **1,595** |
| 2019 | Board of Directors Meeting on July 24, 2019 | 2019 interim dividend | 0.30 | December 4, 2019 | Cash | 796 |
| | Shareholders' Meeting on May 21, 2019 | Balance for 2018 | 0.40 | June 6, 2019 | Cash | 1,061 |
| **Total dividends paid in 2019** | | | | | | **1,857** |

The amount available to provide a return to shareholders in the form of dividends is calculated on the basis of the total net income and retained earnings, under French GAAP, of the entity Orange SA, the Group's parent company.

### 15.4 Subordinated notes

**Nominal value of subordinated notes**

Issues and repurchases of subordinated notes are presented below:

| Initial issue date | Initial nominal value (in millions of currency) | Initial nominal value (in millions of euros) | Initial currency | Rate | December 31, 2020 (in millions of euros) | Issue Redemption | December 31, 2021 (in millions of euros) | Issue Redemption | December 31, 2022 (in millions of euros) | Residual nominal value (in millions of currency) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2/7/2014 | 1,000 | 1,000 | EUR | 4.25 % | - | - | - | - | - | - |
| 2/7/2014 | 1,000 | 1,000 | EUR | 5.25 % | 1,000 | - | 1,000 | - | 1,000 | 1,000 |
| 2/7/2014 | 650 | 782 | GBP | 5.88 % | 514 | (514) | - | - | - | - |
| 10/1/2014 | 1,000 | 1,000 | EUR | 4.00 % | 118 | (118) | - | - | - | - |
| 10/1/2014 | 1,250 | 1,250 | EUR | 5.00 % | 1,250 | - | 1,250 | - | 1,250 | 1,250 |
| 10/1/2014 | 600 | 771 | GBP | 5.75 % | 721 | (174) | 547 | (547) | - | - |
| 4/15/2019 | 1,000 | 1,000 | EUR | 2.38 % | 1,000 | - | 1,000 | - | 1,000 | 1,000 |
| 9/19/2019 | 500 | 500 | EUR | 1.75 % | 500 | - | 500 | - | 500 | 500 |
| 10/15/2020 | 700 | 700 | EUR | 1.75 % | 700 | - | 700 | - | 700 | 700 |
| 5/11/2021 | 500 | 500 | EUR | 1.38 % | - | 500 | 500 | - | 500 | 500 |
| Issues and purchases of subordinated notes | | | | | **5,803** | **(306)** | **5,497** | **(547)** | **4,950** | |

All notes, listed on Euronext Paris, are deeply subordinated notes (senior compared to ordinary shares) i.e. : the holders will only be remunerated (whether for the nominal, interest or any other amount) after all other creditors, including holders of participating loans and securities, simply subordinated or not, representing a claim on Orange.

At each interest payment date, remuneration may be either paid or deferred, at the option of the issuer. Deferred coupons are capitalized and become due and payable in full under certain circumstances defined contractually and under the control of Orange.

Gains (losses) on disposal, premiums and issuance costs related to issues/repurchases of subordinated notes are presented under "reserves" in equity.

The Group understands that some rating agencies assign an "equity" component from 0 to 50% to capital instruments.

**Issues of subordinated notes**

- On February 7, 2014, as part of its EMTN (Euro Medium Term Notes) program, Orange issued the equivalent of 2.8 billion euros of deeply subordinated notes in three tranches. A revision of interest rates based on market conditions is provided for contractually on each call option exercise date.

Orange has a call option on each of these tranches respectively from February 7, 2020, February 7, 2024, and February 7, 2022 and upon the occurrence of certain contractually-defined events.

Step-up clauses provide for coupon adjustments of 0.25% in 2025 and an additional 0.75% in 2040 for the first tranche, 0.25% in 2024 and an additional 0.75% in 2044 for the second tranche, and 0.25% in 2027 and an additional 0.75% in 2042 for the third tranche.

- On October 1, 2014, as part of its EMTN program, Orange issued the equivalent of 3 billion euros of deeply subordinated notes in three tranches. A revision of interest rates based on market conditions is provided for contractually on each call option exercise date.

  Orange has a call option on each of these tranches respectively from October 1, 2021, October 1, 2026, and April 1, 2023 and upon the occurrence of certain contractually-defined events.

  Step-up clauses provide for coupon adjustments of 0.25% in 2026 and an additional 0.75% in 2041 for the first tranche, 0.25% in 2026 and an additional 0.75% in 2046 for the second tranche, and 0.25% in 2028 and an additional 0.75% in 2043 for the third tranche.

Both issuances were the subject of a prospectus approved by the AMF (under visa nos. 14-036 and 14-525).

Under IFRS, these instruments are recognized at their historical value. The tranches denominated in pounds sterling were recognized at the ECB fix rate on the issue date (0.8314 pound sterling for the issue of February 7, 2014 and 0.7782 pound sterling for the issue of October 1, 2014) and will not be remeasured through the life of the note.

On November 21, 2022, Orange launched a redemption offer for the 426 million pounds sterling remaining on the tranche with an initial nominal value of 600 million pounds sterling (i.e. 547 million euros of an initial historical value of 771 million). On November 30, 2022, following this offer, the Group was able to repurchase 387 million pounds sterling of these subordinated notes (historical value of 496 million euros). The nominal amount remaining after this purchase, i.e. 39 million pounds sterling (historical value of 50 million euros), represented less than 10% of the initial nominal amount. In accordance with the agreement, this allowed Orange to announce on December 1, 2022 its intention to exercise its early redemption option on the remaining amount outstanding on January 17, 2023. Accordingly, the remaining amount outstanding of these subordinated notes in pounds sterling was reclassified to short-term financial liabilities at December 31, 2022 (the redemption having taken place on January 17, 2023).

- On April 15, 2019, as part of its EMTN program, Orange issued the equivalent of 1 billion euros of deeply subordinated notes. A revision of interest rates based on market conditions is provided for contractually on each call option exercise date.

  Orange has a call option on this tranche from April 15, 2025 (first date for the revision of the rates of the tranche in question) and upon the occurrence of certain contractually-defined events.

  Step-up clauses provide for a coupon adjustment of 0.25% in 2030 and an additional 0.75% in 2045.

- On September 19, 2019, as part of its EMTN program, Orange issued the equivalent of 500 million euros of deeply subordinated notes. A revision of interest rates based on market conditions is provided for contractually on each call option exercise date.

  Orange has a call option on this tranche from March 19, 2027 (first date for the revision of the rates of the tranche in question), and upon the occurrence of certain contractually-defined events.

  Step-up clauses provide for a coupon adjustment of 0.25% in 2032 and an additional 0.75% in 2047.

  These issuances were the subject of a prospectus approved by the AMF (respectively, under visa nos. 14-036, 14-525, 19-152 and 19-442).

  On December 12, 2019, the Group announced its intention to exercise, on February 7, 2020, in accordance with contractual provisions, its call option concerning the remaining 500 million euros of the tranche with an initial nominal value of 1 billion euros, already partially bought back in April 2019. As a result of Orange's commitment to buy back this last tranche, it was reclassified as a debt instrument and was therefore presented as a short-term financial liability at December 31, 2019. The coupons due relating to this tranche were recognized in other current liabilities for 21 million euros at December 31, 2019 and were paid in 2020.

- On October 15, 2020, as part of its EMTN program, Orange issued the equivalent of 700 million euros of deeply subordinated notes. A revision of interest rates based on market conditions is provided for contractually from October 15, 2028.

  Orange has a call option on this tranche from July 15, 2028 (first date for the revision of the rates of the tranche in question), and upon the occurrence of certain contractually-defined events.

  Step-up clauses provide for a coupon adjustment of 0.25% in 2033 and an additional 0.75% in 2048.

  This issuance of subordinated notes was the subject of a prospectus approved by the AMF (visa no. 20-509).

- On May 11, 2021, as part of its EMTN program, Orange issued the equivalent of 500 million euros of deeply subordinated notes with a coupon of 1.375% until the first adjustment date. A revision of interest rates based on market conditions is provided for contractually from May 11, 2029. Step-up clauses provide for a coupon adjustment of 0.25% in 2034 and an additional 1.00% in 2049.

  Orange has a call option on this tranche from May 11, 2029 (first date for the revision of the rates of the tranche in question) and upon the occurrence of certain contractually defined events.

  This issuance of subordinated notes was the subject of a prospectus approved by the AMF on May 7, 2021 (visa no. 21-141).

**Subordinated notes remuneration**

The remuneration of holders is recorded in equity five working days before the annual payment date, unless Orange exercises its right to defer the payment.

The tax impact relating to the remuneration of subordinated notes is recorded through profit or loss in the period.

Since their issuance, Orange has not exercised its right to defer the coupon payments related to subordinated notes.

The remuneration of subordinated notes is as follows:

| | | | | | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Initial issue date** | **Initial nominal value** (in millions of currency) | **Initial nominal value** (in millions of euros) | **Initial currency** | **Rate** | (in millions of currency) | (in millions of euros) | (in millions of currency) | (in millions of euros) | (in millions of currency) | (in millions of euros) |
| 2/7/2014 | 1,000 | 1,000 | EUR | 4.25 % | - | - | - | - | - | - |
| 2/7/2014 | 1,000 | 1,000 | EUR | 5.25 % | (53) | (53) | (53) | (53) | (53) | (53) |
| 2/7/2014 | 650 | 782 | GBP | 5.88 % | - | - | (32) | (36) | (47) | (55) |
| 10/1/2014 | 1,000 | 1,000 | EUR | 4.00 % | - | - | (3) | (3) | (21) | (21) |
| 10/1/2014 | 1,250 | 1,250 | EUR | 5.00 % | (63) | (63) | (63) | (63) | (63) | (63) |
| 10/1/2014 | 600 | 771 | GBP | 5.75 % | (41) | (49) | (33) | (38) | (36) | (39) |
| 4/15/2019 | 1,000 | 1,000 | EUR | 2.38 % | (24) | (24) | (24) | (24) | (24) | (24) |
| 9/19/2019 | 500 | 500 | EUR | 1.75 % | (9) | (9) | (9) | (9) | (4) | (4) |
| 10/15/2020 | 700 | 700 | EUR | 1.75 % | (12) | (12) | (12) | (12) | - | - |
| 5/11/2021 | 500 | 500 | EUR | 1.38 % | (7) | (7) | - | - | - | - |
| **Subordinated notes remuneration classified in equity** | | | | | | **(215)** | | **(238)** | **-** | **(258)** |
| **Coupons on subordinated notes reclassified as short-term borrowings** | | | | | | **2** | | **-** | **-** | **(21)** |
| Subordinated notes remuneration paid | | | | | | (213) | | (238) | - | (279) |

The tax effects from the conversion of subordinated notes whose par value is denominated in pounds sterling, and from the gains and losses on disposal, premiums and issuance costs on subordinated notes that have been refinanced, are presented under "other movements" in the consolidated statement of changes in shareholders' equity and amounted to (2) million euros in 2022, 29 million euros in 2021 and (2) million euros in 2020.

Accounting policies

**Subordinated notes**

The Group issued subordinated notes in several tranches.

These instruments have no maturity and the coupon settlement may be deferred at the option of the issuer. They are booked in equity.

As equity instruments are recognized at historical value, the tranche denominated in foreign currency is never remeasured. Where appropriate, a translation adjustment impact is booked in equity when a call option is exercised.

The remuneration of holders is recorded directly in equity at the time of the decision to pay the coupons.

The tax impact related to the remuneration is accounted for through profit or loss, and that related to the remeasurement of the foreign currency portion is accounted for in equity.

**Equity component of perpetual bonds redeemable for shares (*TDIRA*s) (see Note 13.4)**

The equity component is determined as the difference between the fair value of the instrument taken as a whole and the fair value of the debt component. The equity component thus determined and recognized at inception is not subsequently re-measured and remains in equity, even when the instrument is extinguished.

## 15.5 Translation adjustments

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Gain (loss) recognized in other comprehensive income during the period | (370) | 196 | (414) |
| Reclassification to net income for the period | (4) | 4 | 0 |
| Total translation adjustments | (374) | 200 | (414) |

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Polish zloty | 603 | 645 | 668 |
| Egyptian pound[(1)] | (730) | (444) | (503) |
| Slovak Koruna | 220 | 220 | 220 |
| Leone | (217) | (150) | (143) |
| Other | (134) | (155) | (327) |
| **Total translation adjustments** | **(258)** | **116** | **(85)** |
| o/w share attributable to the owners of the parent company | (455) | (96) | (256) |
| o/w share attributable to non-controlling interests | 198 | 211 | 171 |

(1) Includes the effects of the devaluation of the Egyptian pound in 2022.

**Accounting policies**

The functional currency of foreign operations located outside the euro area is generally the local currency, unless the major cash flows are made with reference to another currency (such as the Orange Romania – euros and in the Democratic Republic of the Congo – American dollars).

The financial statements of foreign operations whose functional currency is neither the euro nor the currency of a hyper-inflationary economy are translated into euros (the Group's presentation currency) as follows:

- assets and liabilities are translated at the year-end rate;
- items in the income statement are translated at the average rate for the period;
- the translation adjustment resulting from the use of these different rates is included in other comprehensive income.

Translation adjustments are reclassified to profit or loss when the entity disposes or partially disposes (loss of control, loss of joint control, loss of significant influence) of its interest in a foreign operation through the sale, liquidation, repayment of capital or discontinuation of all, or part of, that activity. The decrease in the carrying value of a foreign operation, either due to its own losses or because of the recognition of an impairment loss, does not result in a reclassification through profit or loss of the accumulated translation adjustments.

Reclassification of translation adjustments is presented in profit or loss within:

- net income of discontinued operations, when a line of business or major geographical area is disposed of;
- gains (losses) on disposal of fixed assets, investments and activities, when other businesses are disposed of;
- reclassification of cumulative translation adjustment from liquidated entities, in the event of the liquidation or discontinuation of an activity without disposal.

### 15.6 Non-controlling interests

The data presented below concern all entities of the following groups:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Credit part of net income attributable to non-controlling interests (a) | 509 | 577 | 297 |
| *o/w sub-group Sonatel* | *269* | *243* | *197* |
| *o/w group Orange Polska* | *94* | *222* | - |
| *o/w sub-group Orange Côte d'Ivoire* | *50* | *53* | *43* |
| *o/w Médi Telecom* | *33* | *19* | *10* |
| *o/w Jordan Telecom* | *29* | *16* | *11* |
| *o/w group Orange Belgium* | *20* | *12* | *26* |
| Debit part of net income attributable to non-controlling interests (b) | (38) | (33) | *(63)* |
| *o/w sub-group Romania* | *(33)* | - | - |
| *o/w Orange Bank* | - | *(22)* | *(51)* |
| *o/w group Orange Polska* | - | - | *(3)* |
| Total part of net income attributable to non-controlling interests (a) + (b) | 471 | 545 | 233 |
| Credit part of comprehensive income attributable to non-controlling interests (a) | *524* | *612* | *256* |
| *o/w sub-group Sonatel* | *263* | *263* | *176* |
| *o/w group Orange Polska* | *114* | *215* | - |
| *o/w sub-group Orange Côte d'Ivoire* | *52* | *55* | *39* |
| *o/w Jordan Telecom* | *39* | *27* | - |
| *o/w Médi Telecom* | *24* | *23* | - |
| *o/w group Orange Belgium* | *19* | *13* | *25* |
| Debit part of comprehensive income attributable to non-controlling interests (b) | (37) | (31) | (98) |
| *o/w sub-group Romania* | *(31)* | - | - |
| *o/w Orange Bank* | - | *(22)* | *(50)* |
| *o/w group Orange Polska* | - | - | *(35)* |
| *o/w Jordan Telecom* | - | - | *(3)* |
| Total part of comprehensive income attributable to non-controlling interests (a) + (b) | 487 | 580 | 158 |

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Dividends paid to non-controlling interests** | **328** | **218** | **225** |
| *o/w sub-group Sonatel* | *185* | *166* | *165* |
| *o/w sub-group Orange Côte d'Ivoire* | *51* | *29* | *9* |
| *o/w Orange Polska* | *35* | - | - |
| *o/w Médi Telecom* | *33* | - | *24* |
| *o/w Jordan Telecom* | *18* | *11* | *9* |
| *o/w group Orange Belgium* | - | *7* | *14* |

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Credit part of equity attributable to non-controlling interests (a) | 3,183 | 3,030 | 2,653 |
| *o/w group Orange Polska* | *1,250* | *1,170* | *953* |
| *o/w sub-group Sonatel* | *907* | *826* | *755* |
| *o/w sub-group Orange Côte d'Ivoire* | *253* | *257* | *230* |
| *o/w sub-group Romania*(1) | *217* | *267* | - |
| *o/w Jordan Telecom* | *193* | *171* | *154* |
| *o/w Médi Telecom* | *140* | *148* | *127* |
| *o/w group Orange Belgium* | *155* | *138* | *285* |
| Debit part of equity attributable to non-controlling interests (b) | (11) | (10) | *(10)* |
| Total equity attributable to non-controlling interests (a) + (b) | 3,172 | 3,020 | 2,643 |

(1) Includes the effect of the integration of Telekom Romania Communications from 30 September, 2021.

In 2022, there were no significant changes in the scope of non-controlling interests.

In 2021, the main movements in non-controlling interests related to the purchase of Orange Belgium minority interests, mainly under the public tender offer launched in April 2021, as well as the purchase of the remaining minority interests in Orange Bank and the acquisition of 54% of Telekom Romania Communications by Orange Romania in September 2021 (see Note 3.2).

Accounting policies

**Commitments to purchase non-controlling interests (put options)**

When the Group grants firm or contingent commitments to purchase holdings from non-controlling shareholders, the carrying value of the non-controlling interests is reclassified to financial debt.

When the amount of the commitment exceeds the amount of the non-controlling interests, the difference is recorded as a reduction in equity attributable to the owners of the parent company. Financial debt is remeasured at each reporting period end in accordance with the contractual arrangements (at fair value or at present value if fixed price) and, in the absence of any guidance provided by IFRS, with a counterparty in net finance costs.

**Non-controlling interests that are debtors**

Total comprehensive income of a subsidiary is attributed to the owners of the parent company and to the non-controlling interests. In accordance with IFRS 10, this can result in the non-controlling interests having a deficit balance.

**Transactions with shareholders of a controlled entity**

Each transaction with minority shareholders of an entity controlled by the Group, when not resulting in a loss of control, is accounted for as an equity transaction with no effect on consolidated comprehensive income.

## 15.7 Earnings per share

### Net income

The Group net income used to calculate basic and diluted earnings per share is determined according to the following method:

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net income - basic** | **2,146** | **233** | **4,822** |
| Effect of subordinated notes | (200) | (225) | (255) |
| Net income attributable to the owners of the parent company - basic (adjusted) | 1,946 | 8 | 4,567 |
| *Impact of dilutive instruments:* | | | |
| TDIRA | 12 | - | 9 |
| Net income attributable to the owners of the parent company - diluted | 1,957 | 8 | 4,577 |

### Number of shares

The weighted average number of shares used to calculate the basic and diluted earnings per share is presented below:

| (number of shares) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Weighted average number of ordinary shares outstanding** | **2,658,328,369** | **2,656,981,542** | **2,656,122,534** |
| *Impact of dilutive instruments on number of ordinary shares:* | | | |
| TDIRA | 27,269,551 | - | 26,945,386 |
| Free share award plans (LTIP) | 1,233,198 | 776,743 | 720,936 |
| Weighted average number of shares outstanding - diluted | 2,686,831,119 | 2,657,758,285 | 2,683,788,856 |

The average market price of the Orange share is higher than the fair value adopted under the free share award plans for all periods presented (see Note 6.3). The number of shares corresponding to this difference was thus dilutive at the reporting date of the periods presented.

At December 31, 2022 (as at December 31, 2020), the TDIRAs were included in the calculation of diluted net earnings per share since they are dilutive. At December 31, 2021, the TDIRAs were not included in the calculation of diluted net earnings per share (lower consolidated net income in 2021) since they were anti-dilutive.

### Earnings per share

| (in euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Earning per share - basic | 0.73 | 0.00 | 1.72 |
| Earning per share diluted | 0.73 | 0.00 | 1.71 |

**Accounting policies**

**Earnings per share**

The Group discloses both basic earnings per share and diluted earnings per share for continuing operations and discontinued operations:

- basic earnings per share are calculated by dividing net income for the year attributable to the shareholders of the Group, after deduction of the remuneration net of the tax to holders of subordinated notes, by the weighted average number of ordinary shares outstanding during the period;
- diluted earnings per share are calculated based on the same net income, adjusted for the finance cost of dilutive debt instruments, net of the related tax effect. The number of shares used to calculate diluted earnings per share takes into account the conversion into ordinary shares of potentially dilutive instruments outstanding during the period. These instruments are considered dilutive when they have the effect of reducing earnings per share of continuing operations.

When basic earnings per share are negative, diluted earnings per share are identical to basic earnings per share. In the event of a capital increase at a price lower than the market price, and in order to ensure comparability of the reporting periods shown, the weighted average numbers of shares outstanding in current and previous periods are adjusted. Treasury shares owned, which are deducted from the consolidated equity, do not enter into the calculation of earnings per share.

## Note 16 Unrecognized contractual commitments (telecom activities)

Only the contractual commitments and off-balance sheet commitments of the entities controlled by the Group are presented below.

At December 31, 2022, Orange is not aware of having entered into any commitment that may have a material effect on its current or future financial position, other than the commitments mentioned in this note.

### 16.1 Operating activities commitments

| (in millions of euros) | Total | Less than one year | From one to five years | More than five years |
|---|---|---|---|---|
| **Operating activities commitments** | **12,462** | **5,097** | **4,851** | **2,514** |
| Operating leases commitments | 148 | 45 | 76 | 26 |
| Handsets purchase commitments | 2,573 | 1,820 | 746 | 6 |
| Transmission capacity purchase commitments | 1,621 | 236 | 585 | 800 |
| Other goods and services purchase commitments | 5,036 | 1,785 | 2,270 | 981 |
| Investment commitments | 1,559 | 858 | 587 | 114 |
| Public Initiative Networks commitments(1) | 63 | 13 | 20 | 30 |
| Guarantees granted to third parties in the ordinary course of business | 1,462 | 338 | 567 | 556 |

(1) Including unrecognized contractual commitments carried by Orange SA in the context of the deployment of the High and Very High Speed network in France. The unrecognized contractual commitments relating to Orange Concessions' group are presented in Note 11.3.

#### Lease commitments

Lease commitments include property leases relating to contracts for which the underlying asset will be available after December 31, 2022 and leases for which the Group applies the exemptions allowed by IFRS 16 (see Note 9).

| (in millions of euros) | Minimum future lease payments |
|---|---|
| **Property lease commitments** | **122** |
| *o/w technical activities* | *32* |
| *o/w shops/offices activities* | *90* |

Maturities are set forth below:

| (in millions of euros) | Minimum future lease payments | Less than one year | Between one and two years | Between two and three years | Between three and four years | Between four and five years | More than five years |
|---|---|---|---|---|---|---|---|
| **Property lease commitments** | **122** | 35 | 24 | 16 | 19 | 6 | 22 |

Lease commitments correspond to the outstanding minimum future lease payments until the normal date of renewal of the leases or the earliest possible termination date.

Property lease commitments in France represent 31% of all property lease commitments.

#### Handsets purchase commitments

Handsets purchase commitments amounted to 2,573 million euros at December 31, 2022 and correspond mainly to the balance of commitments relating to contracts signed in 2021 and spread over a 3 year period.

### Transmission capacity purchase commitments

Transmission capacity purchase commitments at December 31, 2022 represented 1,621 million euros. They include an agreement on the use of an FTTH network in Spain for 849 million euros and 364 million euros for the provision of satellite transmission capacity (the maturity of these commitments extends until 2026, depending on the contract).

### Other purchase commitments goods and services

The Group's other purchase commitments for goods and services mainly relate to network operation and maintenance.

At December 31, 2022, these commitments included:

- energy purchase commitments for an amount of 1,289 million euros;
- commitments relating to co-financed and leased lines for an amount of 652 million euros;
- the purchase of broadcasting rights for an amount of 486 million euros;
- hosting services for active equipment for mobile sites under a "built-to-suit" agreement for an amount of 466 million euros;
- site management service contracts ("TowerCos") signed in Africa: these commitments represent an amount of 321 million euros;
- the maintenance of submarine cable for which Orange has joint ownership or user rights, for an amount of 234 million euros;
- network maintenance for an amount of 218 million euros;
- commitments to partners in the field of sports for an amount of 179 million euros.

### Investment commitments

At the end of December 2022, investment commitments amounted to 1,559 million euros.

In addition of commitments expressed in monetary terms, the Group has made commitments to national regulatory authorities, such as ensuring a certain coverage of the population by its fixed and mobile networks, particularly in connection with the assignment of licenses and in respect of quality of service. These commitments will require capital expenditure in future years to roll out and enhance the networks. They are not shown in the above statement of commitments related to operating activities if they have not been expressed in monetary terms, which is usually the case. The Group has accordingly agreed to meet the following conditions:

In France:

- when Arcep awarded several spectrum blocks in the 700 MHz and 3.5 GHz bands for the territories of Réunion and Mayotte in 2022:
  - a network coverage obligation of 7 predefined zones by 2025;
  - an obligation to provide two sites by 2024.
- the obligations included in the authorization to use 5G spectrum in the 3.4–3.8 GHz band issued to Orange on November 12, 2020 are as follows:
  - the roll-out of sites (3,000 sites by the end of 2022, 8,000 sites by the end of 2024 and 10,500 sites by the end of 2025), 25% of which must be located in rural areas or industrial areas outside of very densely populated areas,
  - widespread availability of a 5G service at all sites by the end of 2030, an obligation that may be met either with the 3.4-3.8 GHz band or another band;
  - the provision of a speed of at least 240 Mbits/s per segment from 75% of sites by the end of 2022, 85% of sites by the end of 2024, 90% of sites by the end of 2025 and 100% of sites by the end of 2030,
  - coverage of the main highways by the end of 2025 and major roads by the end of 2027,
  - the provision of differentiated services and the activation of the IPv6 (Internet Protocol version 6) network protocol.

  In addition, the commitments made by Orange to participate in the first stage of the procedure, which enabled it to obtain 50 MHz at a reserve price, became obligations in the authorization issued:

  - from the end of 2023, Orange will have to provide a fixed offer from sites using the 3.5 GHz band and a fixed offer to cover premises that benefit from fixed-access radio network services,
  - Orange will have to meet reasonable requests for the provision of services from private sector companies and public sector structures, provide indoor coverage, offer hosting for mobile virtual network operators (MVNOs) and be transparent about network failures and planned roll-outs.
- pursuant to the provisions of Article L. 33-13 of the French Postal and Electronic Communications Code regarding coverage in sparsely populated areas:
  - Orange proposed to commit to ensuring that, within its FTTH roll-out scope in the AMII (*Appel à manifestation d'intérêt* – Call for Investment Intentions) area, and unless refused by third parties, 100% of homes and professional premises would have access to FTTH sales offers by the end of 2020 (including a maximum 8% of premises connectable on demand) and that 100% of homes

and professional premises would be made connectable by the end of 2022. Subsequent to an opinion from Arcep, these proposals were accepted by the government in July 2018;

- outside of the AMII area, Orange proposed that it make roll-out commitments as part of AMEL (*Appel à manifestation d'engagements locaux* – Call for Local Commitments) procedures in the Vienne, Haute-Vienne, Deux-Sèvres and Lot-et-Garonne departments;
- lastly, Orange proposed to make commitments outside of the AMII and AMEL areas in the following departments: Orne, Hautes-Pyrénées, Yvelines, Territoire-de-Belfort, Guadeloupe and Martinique.

– on January 14, 2018, the Orange group and the other French mobile operators signed an agreement (the "New Deal") to ensure better mobile coverage of the French mainland and particularly rural areas. This agreement includes enhanced coverage obligations, which are included for the 2018–2021 period in our existing licenses in the 900 MHz, 1,800 MHz and 2,100 MHz bands, and for the post-2021 period in the new 900 MHz, 1,800 MHz and 2,100 MHz licenses awarded on November 15, 2018:
  - targeted programs for the improvement of coverage, with the coverage of 5,000 areas per operator by 2029;
  - the widespread roll-out of 4G by the end of 2020 on almost all existing mobile sites;
  - acceleration of the coverage of transportation routes, ensuring that the main roads and railways have 4G coverage;
  - the supply of a fixed 4G service and the extension of the service to 500 additional sites upon request from the government by 2020;
  - the widespread provision of telephone coverage indoors, proposing voice over Wi-Fi, SMS over Wi-Fi offers and on-demand offers involving the indoor coverage of buildings;
  - improved reception quality across France, particularly in rural areas, with good coverage (according to Arcep Decision No. 2016-1678 relating to publications providing information on mobile coverage) by 2024–2027.

– in 2015, in France, when the spectrum in the 700 MHz band was allocated:
  - coverage obligations in "priority roll-out areas" (40% of the country within 5 years, 92% within 12 years and 97.7% within 15 years) and in "white areas" not yet covered by a broadband network (100% within 12 years), at the level of priority main roads (100% within 15 years) and at the level of the national rail network (60% within 7 years, 80% within 12 years and 90% within 15 years).

– in 2011, in France, when the spectrum in the 2.6 GHz and 800 MHz bands was allocated:
  - an optional commitment to host mobile virtual network operators (MVNOs) on certain technical and pricing terms under Full MVNO schemes;
  - a coverage obligation for mobile access with theoretical maximum download speeds of at least 60 Mbits/s per user (25% of the country within 4 years and 75% within 12 years for the 2.6 GHz band; 98% of the country within 12 years and 99.6% within 15 years for the 800 MHz band) which can be met by using both the allocated spectrum and other spectrum;
  - for the 800 MHz band, specifically: a coverage obligation in priority areas (40% of the country within 5 years, 90% within 10 years) with no obligation to provide roaming services, a coverage obligation in each department (90% within 12 years, 95% within 15 years) and an obligation to pool resources in communities covered by the "white area" program.

In Europe:

– when licenses were awarded in the 700, 900, 1,800 and 2,100 MHz bands in Belgium in 2022:
  - a network coverage obligation of the population with an outdoor download quality of service of 6 Mbits/s (70% within one year, 99.5% within 2 years and 99.8% within 6 years);
  - a coverage obligation for 15 railway lines with a minimum speed of 10 Mbits/s for 98% of locations by the end of 2024.

– when a 4G license was awarded in the 2,100 MHz band in Poland in 2022, a coverage obligation of 20% of the population with a minimum speed of 144 kb/s.

– when two spectrum blocks were awarded in the 700 MHz band and one block in the 3.4-3.8 GHz band in Romania in 2022:
  - a network coverage obligation of 95% in 80 municipalities classified as "white areas" (60 municipalities within 4 years and 80 within 6 years);
  - an indoor network coverage obligation of 70% of the population with a minimum speed of 92 kb/s in rural areas and 85 kb/s in urban areas within 6 years;
  - a network coverage obligation of 95% of the modern railway network and highways including new projects under construction (85% within 4 years and 95% within 6 years);
  - a network coverage obligation of 85% of international airports with a minimum speed of 100 Mbits/s within 2 years;
  - an obligation to develop 2,000 network stations allowing a minimum network speed of 100 Mbits/s nationwide (including 200 stations to be built in Bucharest within 2 years, 500 stations to be built outside Bucharest within 2 years, 1,200 stations to be built outside Bucharest within 4 years and 1,800 stations to be built outside Bucharest within 8 years).

- in 2021 in Spain, when the two license blocks in the 700 MHz band were allocated:
  - a network coverage obligation of municipalities with a population of more than 50,000 (30% in one year, 70% in 3 years and 100% in 4 years);
  - network coverage obligation of airports, ports, railway stations and main roads for municipalities with more than 50,000 inhabitants by the end of 2025.
- when a 5G license in the 700 MHz band was awarded in Slovakia in 2020:
  - an obligation to provide 5G services using a new radio access network within 2 years of the award;
  - a coverage obligation of 95% of the population of the regional capitals by the end of 2025, 90% of the population outside the regional capitals and 70% of the total population by the end of 2027.

In Africa & Middle-East:

- when a 5G license in the 3 500 MHz band was awarded in Jordan in 2022, a coverage obligation of the main interests spots within 3 years, a coverage obligation of 50% of the population within 4 years and 75% within 9 years.
- in 2020, in Burkina Faso, when the 4G license was granted and the 2G and 3G licenses renewed, a coverage obligation of 60 new localities over 8 years and main roads over 6 years.
- in 2016, in Egypt, when the 4G license was granted, a coverage obligation of 4G for 11% of the population in 1 year, 42.5% in 4 years, 69.5% in 6 years and 70% in 10 years.

Non-compliance with these obligations could result in fines and other sanctions, ultimately including the withdrawal of licenses awarded. Management believes that the Group is able to fulfill these commitments to the government authorities.

#### Guarantees granted to third parties in the ordinary course of business

Commitments made by the Group to third parties in the ordinary course of business represented 1,462 million euros at December 31, 2022. They include 739 million euros of performance guarantees granted to some of its B2B customers, in particular in the context of network security and remote access.

The amount of guarantees granted by the Group to third parties (financial institutions, partners, customers and government agencies) to cover the performance of the contractual obligations of non-consolidated entities is not material. Guarantees granted by the Group to cover the performance of the contractual obligations of the consolidated subsidiaries are not considered as unrecognized contractual commitments, as they would not increase the Group's commitments by comparison with the underlying obligations of the consolidated subsidiaries.

### 16.2 Consolidation scope commitments

#### Asset and liability warranties granted in relation to disposals

Under the terms of disposal agreements between Group companies and the acquirers of certain assets, the Group is subject to warranty clauses relating to assets and liabilities. Nearly all material disposal agreements provide for caps on these warranties.

At December 31, 2022, the main warranties in effect are as follows:

- a warranty given to BT as part of the EE sale, backed 50/50 by the Orange group and Deutsche Telekom as tax and fundamental warranties, except for events ascribable solely to one or the other, and capped at the contractually set price of disposal of 5.1 billion pounds sterling (5.8 billion euros converted at the exchange rate at December 31, 2022) for Orange's share, which will expire in 2023;
- fundamental warranties granted to the HIN consortium in connection with the disposal of Orange Concessions (50% of the capital sold in 2021), expiring 3 years after the date of the transaction, and tax warranties expiring 60 days after the end of the statutory limitation periods;
- warranties granted to the APG group in connection with the disposal of the FiberCo in Poland (50% of the capital sold in 2021), which will expire at the end of 18 months, with the exception of the tax and fundamental warranties, which will expire after 7 and 6 years, respectively;
- miscellaneous standard warranties granted to buyers of real estate sold by the Group.

Orange believes that the risk of all these warranties being enforced is remote or that the potential consequences of their being enforced are not material with respect to the Group's results and financial position.

#### Asset and liability warranties received in relation to acquisitions

Under the terms of acquisition agreements between Group companies and the transferors of certain assets, the Group has received warranty clauses relating to assets and liabilities. Nearly all material acquisition agreements provide for caps on these warranties.

At December 31, 2022, the main warranties in effect are as follows:

- standard and specific capped warranties obtained from Hellenic Telecommunications Organization S.A. in connection with the acquisition of Telekom Romania Communications, which will expire on March 31, 2023 (with respect to general representations and warranties) and September 30, 2028 (with respect to fundamental warranties). Some specific capped allowances have also been obtained, for up to 10 years.

Orange believes that the risk of all these warranties being enforced is remote or that the potential consequences of their being enforced are not material with respect to the Group's results and financial position.

### Commitments relating to securities

Under the terms of agreements with third parties, Orange can make or receive commitments to purchase or to sell securities. The ongoing commitments at December 31, 2022 are not likely to have material impacts on the Group's financial position.

**Orange Tunisie**

Under the terms of the shareholders' agreement with Investec dated May 20, 2009, Orange has a call option giving it the right to purchase at market value 1% of the share capital of Orange Tunisie plus one share, subject to regulatory authorizations. If this option were exercised, Orange would take control of Orange Tunisie. Investec would then have the right to sell to Orange 15% of the share capital of Orange Tunisie at market value.

**Orange Concessions**

Under the terms of the shareholders' agreement signed on March 27, 2021, which became effective on November 3, 2021, with the HIN consortium (made up of La Banque des Territoires, Caisse des Dépôts, CNP Assurances and EDF), Orange has a call option that can be exercised in fiscal year 2026 enabling it to acquire at market value 1% of the voting rights of Orange Concessions, subject to the award of the authorizations.

**FiberCo in Poland**

Under the terms of the shareholders' agreement with APG Group signed on April 11, 2021, Orange has a call option that can be exercised from fiscal year 2027 giving it the right to purchase at market value 1% of the share capital of Światłowód Inwestycje Sp.z o.o., subject to the award of the authorizations.

## 16.3 Financing commitments

The Group's main commitments related to financial payables are set out in Note 14.

Orange has pledged (or given as guarantees) certain investment securities and other assets to financial lending institutions or used them as collateral to cover bank loans and credit facilities.

Guarantees granted to some lenders to finance consolidated subsidiaries are not set out below.

### Assets covered by commitments

The items presented below do not include the impact of the regulation on the transferability of the assets or the possibility of contractual restrictions in network asset sharing agreements.

As of December 31, 2022 Orange had no material pledges on its subsidiaries' securities.

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Assets held under leases | 1,134 | 998 | 716 |
| Non-current pledged, mortgaged or receivership assets (1) | 20 | 21 | 20 |
| Collateralized current assets | 2 | 2 | 2 |
| **Total** | **1,157** | **1,021** | **739** |

(1) Non-current pledged, mortgaged or receivership assets are shown excluding cash collateral deposits, which are presented in Note 13.

Non-current pledged or mortgaged assets comprise the following assets given as guarantees:

| (in millions of euros) | Total in statement of financial position (a) | Amount of asset pledged, mortgaged or receivership (b) | Percentage (b)/(a) |
|---|---|---|---|
| Intangible assets, net (excluding goodwill) | 14,892 | 19 | 0% |
| Property, plant and equipment, net | 31,630 | 2 | 0% |
| Non-current financial assets | 977 | - | - |
| Other (1) | 34,480 | - | - |
| **Total** | **81,978** | **20** | **0%** |

(1) This item mainly includes net goodwill, interests in associates, net deferred tax assets, non-current derivatives assets and rights-of-use.

# Note 17 Mobile Financial Services activities

## 17.1 Financial assets and liabilities of Mobile Financial Services

The financial statements of Mobile Financial Services activities were put into the format of the Orange group's consolidated financial statements and therefore differ from a presentation that complies with the banking format.

In order to improve the readability of financial statements and to distinguish the performance of telecom activities from Mobile Financial Services activities performance, the notes on financial assets, liabilities and results are split to reflect these two business scopes.

Thus Note 13 presents the assets, liabilities and results specific to telecom activities and Note 17 focuses on the financial assets and liabilities of Mobile Financial Services, as its financial result is not material.

The following table reconciles the balances of assets and liabilities for each of these two scopes (intra-group transactions between telecom activities and Mobile Financial Services are not eliminated) with the consolidated statement of financial position at December 31, 2022.

| (in millions of euros) | Orange consolidated financial statements | o/w telecom activities | *Note* | o/w Mobile Financial Services | *Note* | o/w eliminations telecom activities / mobile financial services |
|---|---|---|---|---|---|---|
| Non-current financial assets related to Mobile Finance Services activities | **656** | - | | 656 | *17.1.1* | - |
| Non-current financial assets | **977** | 1,004 | *13.7* | - | | (27) (1) |
| Non-current derivatives assets | **1,458** | 1,342 | *13.8* | 116 | *17.1.3* | - |
| Current financial assets related to Mobile Financial Services activities | **2,742** | - | | 2,747 | *17.1.1* | (6) |
| Current financial assets | **4,541** | 4,541 | *13.7* | - | | - |
| Current derivatives assets | **112** | 112 | *13.8* | - | *17.1.3* | - |
| Cash and cash equivalents | **6,004** | 5,846 | *14.3* | 158 | | - |
| Non-current financial liabilities related to Mobile Finance Services activities | **82** | - | | 109 | *17.1.2* | (27) (1) |
| Non-current financial liabilities | **31,930** | 31,930 | *13.3* | - | | - |
| Non-current derivatives liabilities | **397** | 335 | *13.8* | 62 | *17.1.3* | - |
| Current financial liabilities related to Mobile Financial Services activities | **3,034** | - | | 3,034 | *17.1.2* | - |
| Current financial liabilities | **4,702** | 4,708 | *13.3* | - | | (6) |
| Current derivatives liabilities | **51** | 51 | *13.8* | - | *17.1.3* | - |

(1) Loan granted by Orange SA to Orange Bank.

The Mobile Financial Services segment includes Orange Bank and other entities. As the contribution of other entities to the statement of financial position of Mobile Financial Services and therefore of the Group is not material, only Orange Bank data is presented in detail below.

#### Accounting policies

Since the concept of current or non-current does not exist in bank accounting, financial assets and liabilities related to loans and borrowings to customers or credit institutions (the ordinary activities of a bank) are classified as current for all periods presented.

With regard to other financial assets and liabilities, classification as current and non-current has been made in light of both the original intention of management and the nature of the assets and liabilities in question. For example, with regard to Orange Bank's other financial assets, since investments are managed by portfolio, only the transaction portfolios (financial assets at fair value through profit or loss) have been recorded as current financial assets.

### 17.1.1 Financial assets related to Orange Bank transactions (excluding derivatives)

The financial assets related to the transactions of Orange Bank break down as follows:

| (in millions of euros) | December 31, 2022 | | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|---|
| | Non-current | Current | Total | Total | Total |
| **Financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss** | **3** | **-** | **3** | **3** | **2** |
| Investments securities | 3 | - | 3 | 3 | 2 |
| **Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss** | **294** | **3** | **296** | **441** | **540** |
| Debt securities | 294 | 3 | 296 | 441 | 540 |
| **Financial assets at fair value through profit or loss** | **50** | **-** | **50** | **73** | **94** |
| Investments at fair value | - | - | - | - | - |
| Cash collateral paid | 42 | - | 42 | 59 | 74 |
| Other | 8 | - | 8 | 14 | 20 |
| **Financial assets at amortized cost** | **309** | **2,712** | **3,021** | **2,752** | **2,651** |
| Fixed-income securities | 309 | 1 | 310 | 387 | 579 |
| Loans and receivables to customers | - | 2,517 | 2,517 | 2,297 | 2,000 |
| Loans and receivables to credit institutions | - | 191 | 191 | 66 | 70 |
| Other | - | 2 | 2 | 1 | 2 |
| Total financial assets related to Orange Bank activities | 656 | 2,714 | 3,370 | 3,268 | 3,288 |

Debt securities measured at fair value through other comprehensive income that will be reclassified to profit or loss

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Debt securities measured at fair value through other comprehensive income that will be reclassified to profit or loss - in the opening balance** | **441** | **540** | **656** |
| Acquisitions | 405 | 732 | 386 |
| Repayments and disposals | (538) | (839) | (500) |
| Changes in fair value | (12) | - | 1 |
| Other items | - | 7 | (3) |
| Debt securities measured at fair value through other comprehensive income that will be reclassified to profit or loss - in the closing balance | 296 | 441 | 540 |

| (in millions of euros) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Profit (loss) recognized in other comprehensive income during the period | (2) | 1 | 1 |
| Reclassification adjustment in net income during the period | - | 0 | 0 |
| Other comprehensive income related to Orange Bank | (2) | 1 | 1 |

## Loans and receivables of Orange Bank

Loans and receivables of Orange Bank are composed of loans and receivables with customers and credit institutions.

In the context of adapting the bank's accounts into the Group's financial statements, the following have been considered as loans and advances to customers: clearing accounts and other amounts due, as well as amounts related to securities transactions on behalf of customers.

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Overdrafts (1) | 900 | 828 | 802 |
| Housing loans | 956 | 914 | 869 |
| Investment loans | 72 | 86 | 129 |
| Installment receivables(2) | 519 | 422 | 183 |
| Current accounts | 28 | 5 | 10 |
| Other | 42 | 42 | 7 |
| Total loans and receivables to customers | 2,517 | 2,297 | 2,000 |
| Overnight deposits and loans | 83 | 2 | - |
| Loans and receivables | 44 | 45 | 52 |
| Other | 64 | 19 | 18 |
| Total loans and receivables to credit institutions | 191 | 66 | 70 |

(1) Since October 2020, Orange Bank has been engaged in a self-subscribed securitization program of a portfolio of French personal loans for approximately 600 million euros.
(2) Purchase of Orange Spain receivables.

**Accounting policies**

**Financial assets**

– Financial assets at fair value through profit or loss (FVR)

Certain equity securities which are not consolidated or equity-accounted and cash investments such as negotiable debt securities, deposits and money market UCITS, which are compliant with the Group's liquidity risk management policy, may be designated by Orange Bank as being recognized at fair value through profit or loss. These assets are recognized at fair value at initial recognition and subsequently. All changes in value are recorded in profit or loss.

– Financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss (FVOCI)

Equity securities which are not consolidated or equity-accounted are, subject to exceptions, recognized as assets at fair value through other comprehensive income that will not be reclassified to profit or loss. They are recognized at fair value at initial recognition and subsequently. Temporary changes in value and gains (losses) on disposals are recorded as other comprehensive income that will not be reclassified to profit or loss.

– Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss (FVOCIR)

Assets at fair value through other comprehensive income that may be reclassified to profit or loss mainly include investments in debt securities. They are recognized at fair value at initial recognition and subsequently. Temporary changes in value are recorded in other comprehensive income that may be reclassified to profit or loss. In case of disposal, the cumulative gain (or loss) recognized in other comprehensive income that may be reclassified to profit or loss is then reclassified to profit or loss.

– Financial assets at amortized cost (AC)

This category primarily comprises various loans and receivables as well as fixed-income securities held for the purpose of collecting contractual flows. These instruments are recognized at fair value at initial recognition and are subsequently measured at amortized cost using the effective interest method.

**Impairment of financial assets**

In accordance with IFRS 9, debt instruments classified as financial assets at amortized cost or as financial assets at fair value through other comprehensive income, lease receivables, financing commitments and financial guarantees given are systematically subject to impairment or a provision for an expected credit loss. These impairment losses and provisions are recorded as soon as loans are granted, commitments are concluded or bonds are purchased, without waiting for the appearance of an objective indication of impairment.

To do this, the financial assets concerned are divided into three categories according to the change in credit risk observed since their initial recognition and an impairment loss is recorded on the amount outstanding of each of these categories, as follows:

- Performing loans: the calculation of expected losses is made on a 12-month basis, and the financial income (interest) is calculated on the basis of the gross amount of the instrument;
- Impaired loans: if the credit risk has significantly deteriorated since the loans were recorded in the balance sheet, the expected losses, estimated over the duration of the loan, are recognized as an impairment or a provision and the financial income (interest) is calculated on the basis of the gross amount of the instrument;
- Doubtful loans: impairment or a provision is recognized for the expected loss, estimated over the duration of the loan. The financial income is calculated on the basis of the amount of the instrument net of the impairment.

### 17.1.2 Financial liabilities related to Orange Bank transactions (excluding derivatives)

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Payables to customers | 1,787 | 1,796 | 1,883 |
| Debts with financial institutions(1) | 837 | 1,009 | 885 |
| Deposit certificate | 325 | 356 | 358 |
| Cash collateral deposit | 82 | - | - |
| Other(2) | 112 | 27 | 30 |
| **Total Financial liabilities related to Orange Bank activities(3)** | **3,143** | **3,188** | **3,155** |

(1) Including 661 million euros related to TLTRO refinancing.
(2) Including 85 million euro of rate hedging credit portfolios reassessment.
(3) Including 110 million euros of non-current liabilities in 2022, 27 million euros of non-current financial liabilities in 2021 and 28 million euros in 2020.

Payables related to Orange Bank transactions are composed of customer deposits and bank's payables with credit institutions.

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Current accounts | 680 | 764 | 949 |
| Passbooks and special savings accounts(1) | 1,010 | 995 | 908 |
| Other | 97 | 37 | 26 |
| Total payables to customers | 1,787 | 1,796 | 1,883 |
| Term borrowings and advances | 700 | 667 | 615 |
| Securities delivered under repurchase agreements | 137 | 331 | 270 |
| Other | - | 11 | - |
| Total debts with credit institutions | 837 | 1,009 | 885 |

(1) At the end of December 2022, 42 million euros had been centralized at Caisse des Dépôts.

### 17.1.3 Derivatives of Orange Bank

**Derivatives qualified as fair value hedges**

The main unmatured fair value hedges at the end of 2022 set up by Orange Bank concern the following interest rate swaps:

- 1,203 million euros in notional value (of which 374 million euros maturing in 2023, 208 million euros maturing between one and five years and 622 million euros at more than five years), macro-hedging credit portfolios (lease property restructuring, consumer credit and spread payments). The fair value of these derivatives at December 31, 2022 is 85 million euros;
- 210 million euros in notional value hedging a portfolio of French inflation-indexed fungible Treasury bonds (*Obligations Assimilables du Trésor indexées sur l'inflation française* - OATi) of the same amount and maturity, i.e. 2023. The fair value of these swaps at December 31, 2022 is (57) million euros;
- 124 million euros in notional value (of which 24 million euros maturing in 2023 and 100 million euros at more than five years), hedging a portfolio of French fungible Treasury bonds OAT (*Obligations Assimilables du Trésor* - OAT) of the same amount and maturity. The fair value of these swaps at December 31, 2022 is (20) million euros;
- 20 million euros in notional value hedging a portfolio of French fungible Treasury bonds OATie (*Obligations Assimilables du Trésor indexées sur l'inflation des prix de la zone euro* – OAT) index-linked to consumer prices harmonized within the euro zone of the same amount and maturity, i.e. 2030. The fair value of these swaps at December 31, 2022 is 1.7 million euros;
- 5 million euros in notional value hedging a portfolio of securities maturing in 2028, whose fair value at December 31, 2022 is 2 million euros.

The ineffective portion of these hedges recognized in profit or loss in 2022 is not material.

**Cash flow hedge derivatives**

At January 1, 2020, Orange Bank had documented a micro-hedging of its issues through interest rate swaps which, at the end of 2022, represented:

- 219 million euros in notional value (including 33 million euros maturing in 2023, 176 million euros maturing between one and two years and 10 million euros maturing in 2027), hedging negotiable debt securities issued by the bank, the fair value of which was 8 million euros at December 31, 2022.

**Trading derivatives**

- Orange Bank has set up interest rate swaps as economic hedges (not designated as hedges under IFRS) of EIB securities for a total notional amount of 10 million euros maturing in 2029, the fair value of which was 0.5 million euros at December 31, 2022. The net effects of this economic hedge on profit or loss are not material;
- Orange Bank has a portfolio of trading swaps with a total notional value of 16 million euros (of which 6 million euros maturing within five years and 10 million euros at more than five years) and a total fair value of (0.3) million euros at December 31, 2022;
- Orange Bank has set up interest rate futures with a notional amount of 1 million euros. The notional amount of these derivatives only gives an indication of the volume of outstanding contracts on the financial instrument markets and does not reflect the market risks associated with such instruments or the notional value of the hedged instruments. The net effects of this economic hedge on profit or loss are not material.

## 17.2 Information on market risk management with respect to Orange Bank activities

Orange Bank has its own risk management system in accordance with banking regulations. In terms of banking regulation, Orange Bank is under the supervision of the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) and must at all times comply with a capital requirement in order to withstand the risks associated with its activities.

Orange Bank's activities expose it to most of the risks defined by the ordinance of November 3, 2014, relating to the internal control of companies in the banking, payment services and investment services sector subject to the control of the ACPR. The most significant of these risks are:

- credit risk and counterparty risk: the risk of loss incurred in the event of default by a counterparty or counterparties considered as the same beneficiary;
- liquidity risk: the risk that the company will not be able to meet its commitments or not be able to unwind or offset a position due to the market situation;
- operational risk: the risk resulting from an inadequacy or failure due to procedures, employees or internal systems or to outside events, including events that are unlikely to occur but that would incur a high risk of loss. Operational risk includes the risk of internal and external fraud and IT risk;
- interest rate risk: the risk incurred in the event of changes in interest rates impacting on-balance sheet and off-balance sheet transactions, excluding, where applicable, transactions exposed to market risk;
- non-compliance risk: the risk of judicial, administrative or disciplinary sanctions, material financial loss or damage to reputation, arising from non-compliance with provisions specific to banking and financial activities.
- concentration risk: the risk arising from excessive exposure to a counterparty, to a group of counterparties operating in the same economic sector or geographic area, or the application of credit risk reduction techniques, particularly collateral issued by a single entity;
- market risk: the risk of loss due to movements in market product prices.

The size of the bank and its moderate risk profile led to the choice of standard methods regarding the application of Regulation No. 575/2013 of the European Parliament and of the Council of June 26, 2013.

Orange Bank is not involved with complex products. For market transactions, the bank's Executive Committee sets the limits while the Risk Management Department monitors compliance with these limits and the quality of the authorized signatories.

In addition, the Bank has defined and regularly tests its business continuity system. The Bank has also undertaken, as comprehensively as possible, to identify and asset its operational risks, for which it also monitors occurrences.

In line with regulations, and in particular titles IV and V of the Ordinance of November 3, 2014, the bank's Executive Committee, on the recommendation of the Risk Management Department, establishes the institution's risk policy, which is formalized through the risk appetite framework, and ensures its proper implementation.

The Risk Management Department analyzes and monitors risk, carries out the necessary controls and produces reports for various committees: The Credit Committee (management of credit and counterparty risk), the Risk and Audit Committee (management of operational risks), the Financial Security and Compliance Committee (management of non-compliance risk), the ALM Committee (management of market, interest rate and liquidity risk) and the Executive Committee.

### 17.2.1 Credit risk and counterparty risk management

Since July 2022, Orange Bank has began migrating its consumer credit distribution platform, previously hosted by Franfinance (Société Générale Group), to Younited Credit. The roll-out is expected to be completed in 2023. The bank will thus benefit from new technologies for credit risk management (risk-based pricing, open banking scoring, anti-fraud tools).

At the end of December 2022, the cost of risk of Orange Bank amount to 42 million euros, including 6 million euros in France and 35 million euros in Spain. Excluding exceptional adjustments (reversal of Covid provisions or review of models), the cost of risk is 14 million euros for France and 32 million euros for Spain.

In France, the cost of risk is mainly concentrated in demand deposit accounts due to the increase in outstanding debit balances and the increase in the number of accounts managed by the bank.

In Spain, the cost of risk is mainly related to the increase in Orange Spain's mobile handset financing outstandings from 469 million euros at December 31, 2021 to 594 million euros at December 31, 2022.

The bank has also continued to review provisioning models to adapt them to the new configuration of the credit portfolio and to recent crises. This led to an adjustment of provisioning levels at December 31, 2022 in order to take better account of the current macroeconomic context (war in Ukraine, rising interest rates, inflation).

The bank has thus reviewed the forward-looking impact on its provisions, which amount to 3 million euros in France and 4 million euros in Spain at the end of 2022, compared with 11 million euros in 2021 (provision related to the Covid-19 crisis), leading to an overall reversal of 4 million euros.

### 17.2.2 Market and interest rate risk management

Orange Bank does not carry out proprietary trading operations. Its market activity mainly consists of investments to optimize liquidity management and purchases of interest rate hedges.

The value of the securities portfolio continues to decrease in line with the bank's strategy, market risk indicators remain stable and the associated risks are not material.

Fixed-interest securities in investment portfolios are hedged. Orange Bank has no exposure classified as trading book. Interest rate risk, after the capital increase in November 2022, is less than 3% of CET1 (Common Equity Tier 1 capital). Finally, the basic risk is not material.

### 17.2.3 Liquidity risk management

In 2022, Orange Bank continued to manage its liquidity in a prudent manner. At the end of December 2022, the net stable funding ratio (NSFR) is 133% and the LCR (short-term liquidity coverage ratio) reaches 373%. Nevertheless, 2022 was characterized by the increase in the liquidity deficit related to customer transactions. These increased from 640 million euros in early 2022 to 855 million euros at the end of December 31, 2022. The changes in this deficit can mainly be explained by loan production, while customer deposits are down, due to the extinctive management of certain portfolios (especially the enterprise activity).

Orange Bank stepped up the diversification of its financing sources in anticipation of the growth in loan production and the slowdown of the ECB's TLTRO programs, notably by entering into a partnership with Raisin.

### 17.2.4 Operational risk management

At bank level, the operational risk guidance scope covers:

- operational risks carried by all the bank's activities (management, operating and support activities);
- operational risks from essential service providers.

Operational risk is managed by the permanent control and operational risk director, who reports to the Risk, Control and Compliance Director, who in turn reports directly to an effective Orange Bank staff manager.

The bank's operational risk management system is based on the collection of operational incidents and losses, risk mapping, scenario analyses and key risk indicators managed by the operational risk department and monitored within the context of the bank's risk appetite. A record is kept of all of the bank's operational incidents (proven risks), including IT, IT security and non-compliance risk. Incidents are reported as soon as they are detected by all bank employees in a dedicated IT tool.

Where non-compliance incidents are identified, the Operational Risks Department notifies the Compliance Department, which is responsible for monitoring and managing them.

The operational losses sustained by the entity in 2022 amounted to 2.3 million euros. They amounted to 1.3 million euros in 2021 and 1.4 million euros in 2020. The losses recorded in 2022 are mainly due to external fraud, as well as IT incidents, execution errors and commercial disputes. This change in the bank's operational risk profile is a result of the diversification of the business and the numerous projects launched by the entity. Action plans have been defined jointly with the business lines to strengthen operational risk management while optimizing the bank's processes to increase their resilience to the different types of risk mentioned above.

### 17.2.5 Non-compliance risk management

Orange Bank's Compliance function is part of the Compliance, Financial Security and Investment Services Compliance Department, whose Director is a member of the Executive Committee. This function is impartial and independent from the operational business lines to safeguard its objectivity. It is also a local function responsible for ensuring that all of the bank's business lines adhere to the compliance system.

The main mission of Compliance is to oversee the management of non-compliance risk. It ensures that the level of non-compliance risk to which Orange Bank is exposed is compatible with the guidelines and policies set by the Board of Directors in this area, as well as with the overall limits for financial, non-financial and operational risk (e.g. reputational risk, regulatory sanctions, etc.).

In this context, Compliance implements all actions aimed at ensuring compliance with the requirements of external and internal standards (organization, processes, procedures). These actions take place along the entire value chain, from the execution of transactions by the various business lines to their monitoring by Compliance.

As the first level of control, employees and their superiors identify the risks arising from their activity and comply with the procedures and limits set out in the General Procedures and operating procedures. They are in particular responsible for:

- implementing operational controls and first-level controls that can be formalized, tracked and reported on;
- formalizing and verifying compliance with the procedures for processing transactions, detailing the responsibilities of those involved and the types of controls carried out;
- verifying the compliance of transactions;
- implementing the recommendations drawn up by the second-level control functions for the first-level control system;
- reporting to and alerting second-level control functions. As the second level of control, Compliance verifies in particular that the risks have been identified, assessed and managed by the first level of control in accordance with the rules and procedures in place.

In particular, Compliance is responsible for overseeing:

- the compliance of transactions executed by employees in accordance with the laws, regulations and professional standards;
- the implementation of compliance recommendations by first-level control;
- the adoption and monitoring of remedial action plans where non-compliance risks have been identified.

In addition, the compliance function within Orange Bank mainly consists of:

- producing and updating internal standards and procedures within its remit;

- advising and assisting operational business lines in their decision-making;
- raising awareness and training all employees on compliance issues, depending on the transactions they execute;
- reporting regularly to the supervisory authorities;
- regularly assessing non-compliance risk, mapping risks and fulfilling its duty to alert General Management;
- monitoring changes in the laws and regulations in coordination with the legal department in order to incorporate new standards into internal processes (general policies, charters, codes and operating procedures) and to inform employees and the various business lines of these changes;
- verifying, as a second-level control function, the implementation of administrative, legislative and regulatory provisions as well as professional or internal standards.

Compliance also covers the areas of financial security and data protection, which are, from an organizational viewpoint, managed by the Head of Financial Security, who reports to the Director of Compliance, Financial Security and Investment Services Compliance.

In relation to training and raising employee awareness, the Human Resources Department training unit, in conjunction with Compliance, establishes and monitors employee training courses, which are the foundation of the compliance system. Mandatory training programs are organized for all new arrivals. In 2022, 29 new employees participated in mandatory training provided in person (or via video conference due to the Covid crisis) by the Compliance Manager. Similarly, 69 new employees also received training in the fight against money laundering and terrorist financing. Furthermore, training programs on real estate loans, consumer credit and the claims management system are provided to the employees concerned.

### 17.2.6 Remaining term to maturity

The following table details the remaining terms of Orange Bank's financial assets and liabilities, calculated on the basis of the contractual maturity dates:

- maturity-by-maturity for amortizable transactions;
- for roll-over loans, since renewals cannot be presumed, the renewal dates are taken to be the final maturity dates;
- since the derivatives are interest rate swaps and futures, they are not subject to any exchange of notional amounts. Their fair value has been broken down by maturity.

| (in millions of euros) | Note | December 31, 2022 | 2023 | 2024 to 2027 | 2028 and beyond |
|---|---|---|---|---|---|
| Investments securities | 17.1.1 | 3 | - | 3 | - |
| Debt securities | 17.1.1 | 296 | 272 | 19 | 5 |
| Investments at fair value | 17.1.1 | - | - | - | - |
| Fixed-income securities | 17.1.1 | 310 | 86 | 89 | 136 |
| Loans and receivables to customers | 17.1.1 | 2,517 | 524 | 689 | 1,304 |
| Loans and receivables to credit institutions | 17.1.1 | 191 | 191 | - | - |
| Other financial assets and derivatives | | 168 | 59 | 18 | 91 |
| **Total financial assets** | | **3,485** | **1,132** | **818** | **1,536** |
| Payable to customers | 17.1.2 | 1,787 | 1,787 | - | - |
| Debts with financial institutions | 17.1.2 | 837 | 776 | 60 | - |
| Deposit certificate | 17.1.2 | 325 | 119 | 206 | - |
| Other financial liabilities and derivatives | | 256 | 224 | - | 32 |
| **Total financial liabilities** | | **3,205** | **2,906** | **266** | **32** |

### 17.2.7 Fair value of financial assets and liabilities of Orange Bank

| (in millions of euros) | | | December 31, 2022 | | | | |
|---|---|---|---|---|---|---|---|
| | | Classification under IFRS 9[1] | Book value | Estimated fair value | Level 1 and cash | Level 2 | Level 3 |
| Loans and receivables | 17.1.1 | AC | 2,708 | 2,708 | - | 2,708 | - |
| Financial assets at amortized cost | 17.1.1 | AC | 313 | 313 | 313 | - | - |
| Financial assets at fair value through profit or loss | 17.1.1 | FVR | 50 | 50 | 50 | - | - |
| Debt securities | 17.1.1 | FVOCIR | 296 | 296 | 296 | - | - |
| Investments securities | 17.1.1 | FVOCI | 3 | 3 | 3 | - | - |
| Cash and cash equivalent[2] | 17.1 | AC | 79 | 79 | 79 | - | - |
| Financial liabilities related to Orange Bank activities | 17.1.2 | AC | (3,143) | (3,143) | - | (3,143) | - |
| Derivatives (net amount)[3] | 17.1.3 | | 54 | 54 | - | 54 | - |

(1) "AC" stands for "amortized cost", "FVR" stands for "fair value through profit or loss", "FVOCI" stands for "fair value through other comprehensive income that will not be reclassified to profit or loss", "FVOCIR" stands for "fair value through other comprehensive income that may be reclassified to profit or loss".
(2) Includes only cash.
(3) The classification for derivatives depends on their hedging qualification.

| (in millions of euros) | | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|---|
| | | Classification under IFRS 9[1] | Book value | Estimated fair value | Level 1 and cash | Level 2 | Level 3 |
| Loans and receivables | 17.1.1 | AC | 2,363 | 2,363 | - | 2,363 | - |
| Financial assets at amortized cost | 17.1.1 | AC | 387 | 387 | 387 | - | - |
| Financial assets at fair value through profit or loss | 17.1.1 | FVR | 73 | 73 | 73 | - | - |
| Debt securities | 17.1.1 | FVOCIR | 441 | 441 | 441 | - | - |
| Investments securities | 17.1.1 | FVOCI | 3 | 3 | 3 | - | - |
| Cash and cash equivalent[2] | | AC | 360 | 360 | 360 | - | - |
| Financial liabilities related to Orange Bank activities | 17.1.2 | AC | (3,188) | (3,188) | - | (3,188) | - |
| Derivatives (net amount)[3] | | | (58) | (58) | - | (58) | - |

(1) "AC" stands for "amortized cost", "FVR" stands for "fair value through profit or loss", "FVOCI" stands for "fair value through other comprehensive income that will not be reclassified to profit or loss", "FVOCIR" stands for "fair value through other comprehensive income that may be reclassified to profit or loss".
(2) Includes only cash.
(3) The classification for derivatives depends on their hedging qualification.

| (in millions of euros) | | | December 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|
| | | Classification under IFRS 9 [1] | Book value | Estimated fair value | Level 1 and cash | Level 2 | Level 3 |
| Loans and receivables | 17.1.1 | AC | 2,070 | 2,070 | - | 2,070 | - |
| Financial assets at amortized cost | 17.1.1 | AC | 581 | 580 | 580 | - | - |
| Financial assets at fair value through profit or loss | 17.1.1 | FVR | 94 | 94 | 94 | - | - |
| Debt securities | 17.1.1 | FVOCIR | 540 | 540 | 540 | - | - |
| Investments securities | 17.1.1 | FVOCI | 2 | 2 | 2 | - | - |
| Cash and cash equivalent[2] | | AC | 254 | 254 | 254 | - | - |
| Financial liabilities related to Orange Bank activities | 17.1.2 | AC | (3,155) | (3,155) | - | (3,155) | - |
| Derivatives (net amount)[3] | | | (75) | (75) | - | (75) | - |

(1) "AC" stands for "amortized cost", "FVR" stands for "fair value through profit or loss", "FVOCI" stands for "fair value through other comprehensive income that will not be reclassified to profit or loss", "FVOCIR" stands for "fair value through other comprehensive income that may be reclassified to profit or loss".
(2) Includes only cash.
(3) The classification for derivatives depends on their hedging qualification.

### 17.3 Orange Bank's unrecognized contractual commitments

As at December 31, 2022, Orange Bank is not aware of having entered into any commitment that may have a material effect on its current or future financial position, other than the commitments mentioned below.

#### Commitments given

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| **Financing commitments** [(1)] | **53** | **88** | **87** |
| **Guarantee commitments** | **5** | **6** | **8** |
| On behalf of financial institutions | 3 | 4 | 4 |
| On behalf of customers | 2 | 2 | 3 |
| **Property lease commitments** | - | - | - |
| Total | 59 | 94 | 94 |

(1) Corresponds to credit commitments granted to customers, credits granted but not yet released and unused portion of financing granted.

#### Commitments received

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Received from financial institutions [(1)] | 932 | 871 | 770 |
| Received from customers | 76 | 88 | 102 |
| Total | 1,008 | 959 | 872 |

(1) Corresponds to guarantees received from *Crédit Logement* to counter-guarantee the real estate loans distributed.

#### Assets covered by commitments

| (in millions of euros) | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Assets pledged as security to lending financial institutions as guarantees for bank loans[(1)] | 726 | 848 | 1,160 |
| Total | 726 | 848 | 1,160 |

(1) Corresponds to securities pledged by Orange Bank to financial lending institutions as guarantees for bank loans.

## Note 18 Litigation

This note presents all of the significant disputes in which the Group is involved with the exception of litigation relating to disputes between Orange and the tax or social security administrations over tax, income taxes or social security contributions. These disputes are described, respectively, in Notes 6.2 and 10.3, as appropriate.

At December 31, 2022, the provisions for risks recorded by the Group for all its disputes (except those presented in Notes 6.2 and 10.3) amount to 387 million euros (versus 405 million euros at December 31, 2021 and 525 million euros at December 31, 2020). Orange believes that any disclosure of the amount of provisions on a case-by-case basis for ongoing disputes could seriously harm the Group's position. The balance and overall movements in provisions are presented in Note 5.2.

### France

#### Mobile services

- After Orange was found guilty by the French Competition Authority in December 2009 for having engaged in anti-competitive practices on the mobile and fixed-to-mobile markets in the French Caribbean and in French Guiana, Digicel and Outremer Telecom brought actions for damages before the Commercial Court of Paris. The dispute with Outremer Telecom was closed following the judgment handed down in May 2017 by the Paris Court of Appeal, which set the amount of the fine to be paid to Outremer Telecom at 3 million euros, noting, inter alia, that the damages should be discounted at the statutory rate of interest.
- In December 2017, the Commercial Court of Paris ordered Orange to pay Digicel the sum of 180 million euros (to discount from March 2009 until the date of payment at a higher rate of interest than the statutory rate ordered by the Paris Court of Appeal in the Outremer Telecom dispute), i.e. a total of 346 million euros. In June 2020, the Paris Court of Appeal reversed the discounting method applied to the damages set forth in the judgment rendered by the Commercial Court of Paris in December 2017 and ordered Orange to pay Digicel the sum of 249 million euros. Following this judgment, Orange was refunded 97 million euros and filed an appeal with the French Supreme Court. The proceedings are ongoing.

#### Fixed services

- Following the final decision of the French Competition Authority to fine Orange 350 million euros for having implemented four anti-competitive practices in the "enterprise" market segment on December 17, 2015, several players (including Céleste and Adista) filed actions for damages against Orange. Céleste withdrew its claim for damages before the Commercial Court of Paris, which duly noted this withdrawal on June 29, 2022. This dispute is now closed. Only the investigation of Adista against Orange is ongoing.
- In their dispute over the reimbursement of overpayments for interconnection services provided by Orange, Orange and Verizon have entered into a memorandum of understanding that, among other things, ends this dispute. Verizon withdrew its claim before the Paris Court of Appeal on April 8, 2022. This dispute is now closed.
- In the dispute between Orange and SFR over fixed telephony retail offers for second homes, in September 2021 the Court of Appeal ordered SFR to return the sums awarded to it (i.e. 53 million euros). SFR has filed another appeal with the French Supreme Court. The proceedings are ongoing.
- On April 16, 2021, Bouygues Telecom brought an action against Orange before the Paris Judicial Court concerning the quality of service of its wholesale offers for an amount of 78 million euros for alleged losses, since revalued at 81 million euros. Orange considers these claims to be unfounded

#### Other proceedings in France

- In June 2018, Iliad brought summary proceedings against Orange before the presiding judge of the Paris Commercial Court, aiming to ban some of its mobile telephony offers proposing mobile handsets at attractive prices accompanied by a subscription package, on the grounds that they constituted consumer credit offers. The case is currently being investigated by the judges deciding on the merits of the case, and Iliad claims amount to 790 million euros, what Orange disputes. On 9 February 2023, the Paris Commercial Court has handed down a ruling that orders Bouygues Telecom to pay Free Mobile damages in a proceeding relating to mobile telephony offers so-called "subsidized offers". With respect to its own offers, Orange considers that the particularities of its file and the arguments put forward and other elements relating to the follow-up of the legal procedure are likely to lead to a different assessment by the Court.
- Orange Bank is involved in a historical dispute in which the plaintiffs are claiming a total of approximately 310 million euros for the financial loss they claim to have suffered. As the Group believes these claims to be without merit and is strenuously challenging them, it has not recognized any financial liability.
- In August 2020, ASSIA brought an action against Orange SA before the Paris Judicial Court for the alleged infringement of two patents relating to dynamic xDSL line management. ASSIA is seeking an advance payment of damages of 500 million euros as compensation for its financial loss, which it estimates at 1,418 million euros. Orange SA considers its claims to be unfounded and is challenging them. The proceedings are currently being examined by the judges deciding on the merits of the case.
- The Evaluation and Compensation Committee, set up during the France Télécom "social crisis" trial, has completed its analysis and processing of the claims received. It assigned the review of certain claims considered to be outside its remit to Group experts assisted by two members of the Evaluation and Compensation Committee.

### United Kingdom

- In December 2018, the directors of former UK retailer Phones 4U, (which is in administration and no longer trading), filed a complaint against the three main UK mobile network operators, including EE, and their parent companies, including Orange. The Phones 4U claim (for an unquantified amount) is currently being challenged in the UK courts. Orange vigorously challenges the allegations raised by Phones 4U which include collusion between the various operators.

### Poland

- In 2015, the Polish operator P4 filed two compensation claims for a total of 630 million zlotys (135 million euros) jointly against three operators (including Orange Polska and Polkomtel), seeking compensation for the loss it claimed to have suffered as a result of the retail rates that these three operators charge for calls to P4's network.

  Regarding the first compensation claim of P4's opponents for 316 million zlotys (68 million euros), in January 2022 the Polish Supreme Court dismissed Polkomtel's appeal against the Court of Appeal's decision which had reversed the judgment of the court dismissing P4's claim. The proceedings are ongoing.

  Regarding the second compensation claim by P4 for 314 million zlotys (67 million euros), it has been suspended pending the settlement of the first claim.

### Romania

- In the dispute between Orange Romania and the Romanian Competition Council for discriminatory practices in the mobile payment and advertising markets for the amount of 65 million lei (13 million euros), the Competition Council has appealed to the Supreme Court after the Court of Appeal reversed its decision on June 24, 2021. The first hearing is scheduled for June 21, 2023.

### Africa & Middle-East

- A number of shareholder disputes are ongoing between the joint venture comprising Agility and Orange, on the one hand, and its Iraqi co-shareholder in the capital of the Iraqi operator, Korek Telecom, on the other. These disputes, which concern various breaches of contractual documents, are the subject of pre-litigation proceedings and arbitral and judicial proceedings in various countries. In addition, on March 19, 2019, following an administrative decree adopted by the Iraqi Ministry of Trade and Industry, the General Management of the companies in Erbil (Iraqi Kurdistan) implemented the 2014 decision of the Iraqi regulatory authority (CMC) to cancel the partnership dated March 2011 between the operator Korek Telecom, Agility and Orange and to restore the shareholding structure of Korek Telecom as it existed before Orange and Agility had acquired a stake. As a result, the registration of Korek Telecom shares in the name of the original shareholders was imposed without any compensation or reimbursement of the amounts invested. Orange thus considers that it was thus unlawfully expropriated of its investment and, on March 24, 2019, sent a notice of dispute to the Republic of Iraq based on the Bilateral Investment Treaty between France and Iraq. In the absence of an amicable settlement with the Iraqi State, Orange submitted a request for arbitration with the International Center for the Settlement of Investment Disputes (ICSID) on October 2, 2020.
- In Jordan, the telecommunication operator, Zain, brought legal action against Jordan Telecommunications Company (Orange Jordan) for failure to open geographical numbers allocated by the Jordanian regulator in application of the interconnection agreement entered into by Zain and Orange Jordan, pursuant to which Zain considers that it has suffered an estimated loss of 250 million Jordanian dinars (329 million euros). In September 2021, the Amman Court of First Instance (judiciary order) ordered a legal expert report to establish whether the amount of the late payment interest requested by Zain had been calculated in accordance with the rules detailed in the interconnection agreement and whether the arbitration clause in the agreement was applicable. In June 2021, the Jordanian Supreme Court ruled on the petition by Orange Jordan for the judiciary courts to decline jurisdiction, considering that the arbitration clause applied to the lawsuit. In November 2021, this ruling was confirmed by the Court of Appeal which rejected Zain's petition. Zain has filed another appeal with the Supreme Court. The proceedings are ongoing.
- In the dispute between Orange Mali and Remacotem (unlawful billing of calls diverted to voicemail), in November 2021 the Bamako Court of Appeal ordered Orange Mali and the Mali telecoms company (Sotelma-Malitel SA) to pay Remacotem the sum of 176 million euros. Following this judgment, Remacotem carried out several seizures of receivables, which were challenged by Orange Mali before the court responsible for enforcement. In May 2022, the Bamako Court of Appeal confirmed the annulment of these seizures and granted the operators a six-month grace period which expired on November 7, 2022. In the intervening period, since the seizures of the receivables had been deemed inadmissible, in August 2022 Remacotem obtained preventive attachments, which Orange Mali again challenged. On November 7, 2022, the Court of First Instance of Bamako granted Orange Mali and Sotelma-Malitel SA an additional four-month grace period. In parallel, proceedings are ongoing before the Supreme Court.

In order to provide its telecommunication services, the Group sometimes uses the fixed assets of other parties. The terms of use of these assets are not always formalized. The Group is sometimes subject to claims and might be subject to future claims in this respect, which could result in a cash outflow in the future. The amount of the potential obligations or future commitments cannot be measured with sufficient reliability due to the legal complexities involved.

Other than proceedings that may be initiated in respect of disputes between Orange and the tax or social security authorities over tax, income taxes and social security contributions (see Notes 6.2 and 10.3), there are no other administrative, legal or arbitration proceedings, including any proceedings that are pending, suspended or threatened, of which Orange is aware, which may have or have had in the last 12 months a material impact on the Company's and/or Group's financial position or profitability.

## Note 19 Subsequent events

**Acquisition of OCS and Orange Studio by Canal+ Group**

Orange and the Canal+ Group have announced on January 9, 2023 the signature of a memorandum of understanding anticipating the acquisition by the Canal+ Group of all capital held by Orange in the OCS pay TV package and in Orange Studio, the film and series co-production subsidiary. The Canal+ Group will become the sole shareholder of both companies following this transaction.

The operation will be notified to the French Competition Authority.

## Note 20 Main consolidated entities

At December 31, 2022, the scope of consolidation consisted of 384 entities.

The main changes in the scope of consolidation in 2022 are presented in Note 3.2.

Regarding subsidiaries with minority interests:

- the financial statements for the groups Orange Polska, Jordan Telecom, Orange Belgium, Sonatel and, since December 30,2022, Orange Côte d'Ivoire are published, respectively, at the Warsaw Stock Exchange, the Amman Stock Exchange, the Brussels Stock Exchange and the regional stock exchange (BRVM), those companies being quoted;
- the other subsidiaries do not make up a material proportion of Orange's financial aggregates and their financial information is not presented in the Notes to Consolidated Financial Statements of the Orange's group.

Pursuant to Regulation No. 2016-09 of December 2, 2016 of the ANC (*Autorité des normes comptables financières* - French accounting standards authority), the full list of companies included in the scope of consolidation, companies not included in the scope of consolidation and non-consolidated equity securities is available on the Group's website *(https://gallery.orange.com/finance#lang=en&v=5c6a1b51-a537-454e-b2d3-6e4664be2c6a)*.

The list of the principal operating entities shown below was determined mainly based on their contributions to the following financial indicators: revenue and EBITDAaL.

| Company | | Country |
|---|---|---|
| Orange SA | Parent company | France |
| Main consolidated entities | | |
| **France** | **% Interest** | **Country** |
| Générale de Téléphone | 100.00 | France |
| Orange SA - France Business Unit | 100.00 | France |
| Orange Caraïbe | 100.00 | France |
| Orange Concessions and its subsidiaries (1) | 50.00 | France |
| **Europe** | **% Interest** | **Country** |
| Orange Belgium | 78.32 | Belgium |
| Orange Espagne and its subsidiaries | 100.00 | Spain |
| Orange Moldova | 94.41 | Moldova |
| Orange Polska and its subsidiaries | 50.67 | Poland |
| Orange Romania | 99.20 | Romania |
| Orange Romania Communications and its subsidiary | 53.58 | Romania |
| Orange Slovensko | 100.00 | Slovakia |
| **Africa & Middle-East** | **% Interest** | **Country** |
| Jordan Telecom and its subsidiaries | 51.00 | Jordan |
| Médi Telecom and its subsidiaries (2) | 49.00 | Morocco |
| Orange Botswana | 73.68 | Botswana |
| Orange Burkina Faso | 85.80 | Burkina Faso |
| Orange Cameroon | 94.40 | Cameroon |
| Orange Côte d'Ivoire and its subsidairies | 72.50 | Côte d'Ivoire |
| Orange Egypt for Telecommunications and its subsidiaries | 99.96 | Egypt |
| Orange Guinée (3) | 37.60 | Guinea |
| Orange Mali (3) | 29.38 | Mali |
| Orange RDC | 100.00 | Congo |
| Sonatel (3) | 42.33 | Senegal |
| **Enterprise** | **% Interest** | **Country** |
| Orange SA - Enterprise Business Unit | 100.00 | France |
| Orange Business Services Participations and its subsidiaries | 100.00 | France |
| Orange Cyberdefense and its subsidiaries | 100.00 | France |
| Globecast Holding and its subsidiaries | 100.00 | France |
| **International Carriers & Shared Services** | **% Interest** | **Country** |
| Orange SA - IC&SS Business Unit | 100.00 | France |
| FT IMMO H | 100.00 | France |
| OCS | 66.67 | France |
| Orange Brand Services | 100.00 | United Kingdom |
| **Mobile Financial Services** | **% Interest** | **Country** |
| Orange Bank | 100.00 | France |
| **Totem** | **% Interest** | **Country** |
| Totem France | 100.00 | France |
| Totem Spain | 100.00 | Spain |

(1) Orange Concessions is consolidated using the equity method.
(2) Orange SA controls and consolidates Médi Telecom and its subsidiaries through a 49% equity interest and a 1,1% usufruct.
(3) Orange SA controls Sonatel and its subsidiaries, which are fully consolidated, under the terms of the shareholders' agreement as supplemented by the Strategic Committee Charter dated July 13, 2005 (Orange SA owns and controls 100% of Orange MEA, which owns and controls 42.33% of Sonatel Group).

## Note 21 Decision of the IFRS IC concerning IAS 19 "Employee Benefits" on the calculation of obligations relating to certain defined benefit pension plans

The IFRS Interpretations Committee (IC) was asked to comment on the calculation of defined benefit pension plans for which the granting of rights is conditional on the employee's presence in the Group at the time of retirement (with loss of all rights in the event of early retirement) and for which the rights depend on seniority, while being capped at a certain number of years of service. For plans reviewed by the IFRS IC, the cap may be reached at a date prior to retirement.

In France, the interpretation of IAS 19 had led to the practice of measuring and recognizing the commitment on a straight-line basis over the employee's career with the Group. The commitment calculated in this way corresponds to the *pro rata* rights acquired by the employee at the time of retirement.

The decision of the IFRS IC, published on May 24, 2021, concludes, in this case, that no rights are acquired in the event of departure before retirement age and that the rights are capped after a certain number of years of seniority ("X"), and the commitment would only be recognized for the last X years of the employee's career within the company.

This decision was implemented by the Group at December 31, 2021 for plans falling within the scope of the Interpretation Committee's decision. The effect of this implementation mainly limited to retirement benefit plans in France.

As the application of this decision constitutes a change in accounting policy, the effects of the implementation have been calculated retrospectively and have affected the opening equity. The effect of the implementation of this decision on the income statement is not material for the periods presented.

The required information on employee benefits is presented in Note 6.2.

- Effects on the consolidated statement of financial position:

| (in millions of euros) | **January 1, 2019** | Effects of IFRS IC decision | **January 1, 2019 restated data** | 2019 variation | Effects of IFRS IC decision | **December 31, 2019 restated data** | 2020 variation | Effects of IFRS IC decision | **December 31, 2020 restated data** |
|---|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | | |
| Deferred tax assets | 2,893 | (40) | 2,853 | (1,901) | (12) | 940 | (261) | (5) | 674 |
| **Total non-current assets** | **82,446** | **(40)** | **82,406** | **(693)** | **(12)** | **81,701** | **886** | **(5)** | **82,582** |
| Total assets | 104,302 | (40) | 104,262 | 2,439 | (12) | 106,689 | 992 | (5) | 107,676 |
| Liabilities | | | | | | | | | |
| Equity attributable to owners of the parent company | 30,671 | 114 | 30,785 | 1,054 | 35 | 31,875 | 2,670 | 13 | 34,557 |
| o/w reserves | (2,060) | 114 | (1,946) | 985 | - | (961) | 2,927 | - | 1,966 |
| o/w other comprehensive income | (571) | - | (571) | 69 | 35 | (467) | (257) | 13 | (711) |
| *o/w deferred tax* | *232* | - | *232* | *(16)* | *(12)* | *203* | *(4)* | *(5)* | *195* |
| *o/w actuarial gains and losses* | *(504)* | - | *(504)* | *(107)* | *48* | *(563)* | *(33)* | *18* | *(579)* |
| Equity attributable to non-controlling interests | 2,580 | - | 2,580 | 107 | - | 2,687 | (44) | - | 2,643 |
| **Total Equity** | **33,251** | **114** | **33,364** | **1,161** | **35** | **34,561** | **2,626** | **13** | **37,200** |
| Non-current employee benefits | 2,823 | (153) | 2,670 | (269) | (48) | 2,353 | (351) | (18) | 1,984 |
| **Total non-current liabilities** | **39,644** | **(153)** | **39,491** | **4,917** | **(48)** | **44,360** | **(2,160)** | **(18)** | **42,182** |
| Total equity and liabilities | 104,302 | (40) | 104,262 | 2,439 | (12) | 106,689 | 992 | (5) | 107,676 |

## Note 22 Auditors’ fees

As required by Decree no. 2008-1487 of December 30, 2008, the following table shows the amount of fees of the auditors of the parent company and their partner firms in respect of the fully consolidated subsidiaries.

| (in millions of euros) | | Audit and related services | | | | | Other services rendered by auditors' networks to fully-consolidated subsidiaries | Total |
|---|---|---|---|---|---|---|---|---|
| | | Statutory audit fees, certification, auditing of the accounts | | Services required by the law | | Sub-total | | |
| | | | *o/w issuer* | | *o/w issuer* | | | |
| **Deloitte** | | | | | | | | |
| **2022** | | 8.8 | *4.6* | 0.0 | - | 8.8 | 0.3 | **9.1** |
| | *%* | *96 %* | *50 %* | *0 %* | *-* | *97 %* | *3 %* | ***100 %*** |
| 2021 | | 8.2 | *4.6* | 0.0 | - | **8.2** | **0.1** | **8.4** |
| | *%* | *98 %* | *55 %* | *0 %* | *-* | *99 %* | *1 %* | *100 %* |
| **KPMG** | | | | | | | | |
| **2022** | | 10.9 | *4.3* | 0.1 | - | 11.0 | 0.9 | 11.9 |
| | *%* | *92 %* | *36 %* | *1 %* | *-* | *92 %* | *8 %* | *100 %* |
| 2021 | | 9.9 | *4.4* | 0.2 | *0.2* | **10.1** | **0.4** | **10.5** |
| | *%* | *94 %* | *42 %* | *2 %* | *2 %* | *96 %* | *4 %* | *100 %* |
| 2020 | | 10.2 | *5.1* | 0.5 | *0.2* | **10.7** | **0.1** | **10.8** |
| | *%* | *94 %* | *47 %* | *5 %* | *2 %* | *99 %* | *1 %* | *100 %* |
| **EY** | | | | | | | | |
| **2022** | | - | - | - | - | - | - | - |
| 2021 | | - | - | - | - | - | **0.4** | **0.4** |
| | *%* | - | - | - | - | - | *100 %* | *100 %* |
| 2020 | | 10.0 | *5.2* | 0.0 | *0.0* | **10.1** | **0.4** | **10.5** |
| | *%* | *96 %* | *50 %* | *0 %* | *0 %* | *96 %* | *4 %* | *100 %* |

The services provided by the statutory auditors were authorized pursuant to the rules adopted by the Audit Committee and updated each year since October 2016. No fiscal services were provided by the statutory auditors.

## Statutory auditors' report on the consolidated financial statements

*This is a free translation into English of the statutory auditors' report on the financial statements of the Group issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### Year ended December 31, 2022

To the Annual General Meeting of Orange S.A.

#### Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Orange S.A. for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

#### Basis for Opinion

**Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

**Independence**

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1st, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014, with the exception, for the firm KPMG, of a service, for an amount less than 0.01% of the fees, without consequence for its independence.

#### Justification of Assessments: Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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 specific items of the consolidated financial statements.

| Key Audit Matters | Audit Response |
|---|---|
| **Revenue recognition for telecommunications activities**<br><br>*(Notes 4.1 and 4.4 to the consolidated financial statements)*<br><br>The Group recognized in the consolidated income statement €. 43,471 million of revenue for the year ended December 31, 2022.<br><br>The Group's telecommunications activities involve a wide range of frequently changing services and large volumes of data processing. This requires various revenue recognition methods according to the type of product or service sold, and complex IT systems for revenue recognition.<br><br>Revenue recognition principles are disclosed in Note 4.1 to the consolidated financial statements.<br><br>We identified revenue recognition of the telecommunications activities as a key audit matter due to the complexity of the associated IT systems. | For the telecommunications business, we have obtained an understanding of the processes used to recognize the various revenue streams, from the contract signature and the initiation of the communication to the invoicing and the receipt of payment.<br><br>We took into account the high level of integration of the various IT systems involved in revenue recognition by including IT specialists in our audit team and by testing the design, implementation and effectiveness of automated system controls affecting revenue recognition.<br><br>As part of our work, we:<br><br>– identified the main controls set up by Orange that are relevant to our audit;<br><br>– tested the functionalities of business and commercial applications used to prepare accounting and financial information, the configuration and interfaces of accounting systems; |

<table>
<tr>
<td></td>
<td>

- performed analytical procedures and tested a selection of manual entries at year end, by comparing our revenue estimates, based on a combination of internal data and publicly available external data, with revenue recorded.

We have also assessed the appropriateness of the information presented in Notes 4.1 and 4.4 to the consolidated financial statements.

</td>
</tr>
<tr>
<td>

***Evaluation of goodwill impairment for certain cash generating units***

*(Note 7 to the consolidated financial statements)*

As at 31 December 2022, the amount of goodwill in the consolidated statement of financial position was €. 33,140 million in gross value and €. 23,113 million in net value.

As indicated in the “accounting principles” section of Note 7, goodwill is tested for impairment when there is evidence of impairment or at least annually. These tests are performed at the level of each cash-generating unit (CGU) or group of CGUs, which generally corresponds to the operating segment, or to each country for the Africa and Middle East region and Europe. An impairment loss is recognized if the recoverable amount of the assets and liabilities of the CGU is lower than the carrying value. The recoverable amount is determined by the Orange group and mostly corresponds to the value in use, estimated as being the present value of the future expected cash flows.

The determination of value in use requires numerous estimates and judgements from the management as described in notes 2.5.2 and 7, including the assessment of the competitive, political, economic and financial environment of the countries in which the Group operates, the ability to deliver the operating cash flows arising from business plans, the level of investment to be made and the inflation, discount and growth rates used in the calculation of recoverable amounts. As indicated in note 7.3, at 31 December 2022, new business plans were established by management, during the second half-year, following the Group’s update of its strategic plan (for the 2023-2025 period).

The determination of the recoverable amounts of the Belgium, Enterprise, Spain and Romania CGUs, including significant goodwill, is more sensitive, as is the margin between these recoverable amounts and the carrying values tested, to the assumptions used by the management in terms of:

- future expected cash flows used in the business plans (and specifically, the revenue growth rate, the EBITDAaL margin rates and the investments);
- discount rates and perpetuity growth rates applied to future expected cash flows.

We therefore identified the evaluation of the goodwill for those CGUs as a key audit matter.

</td>
<td>

We have obtained an understanding of the procedure implemented by the Orange group for performing impairment tests and in particular estimating the cash flows used to calculate the recoverable amount of these CGUs. For the aforementioned CGUs, we evaluated the design and tested the effectiveness of certain internal controls over the Group’s impairment test process, the determination of the cash flows, the estimation of the discount rates and perpetuity growth rates.

To assess the reliability of the data issued from the business plan used to determine the recoverable amounts of these CGUs, we have, with the assistance of our valuation professionals, in particular :

- compared the business plan projections established in 2022 with the business plans prepared in previous years;
- compared the business plans established in prior years with the actual results of the relevant financial years;
- inquired of the financial and operational managers of the Orange group to gain an understanding of the main assumptions used in the business plans and compared them with the explanations obtained;
- analyzed the revenue growth rates, EBITDAaL margin rates and investments planned by the Orange group, by comparing them against the Group’s peer companies’ analyst reports and market research reports;
- reconciled the data used with the business plans presented to the board of directors.

Regarding the models used to determine the recoverable amounts, we also involved our valuation specialists to analyse the methodologies used to determine the discount and perpetuity growth rates, compare those rates with available market data and recalculating these rates based on our own data sources. We have, in particular, verified the methods used for determining and the consistency of the discount rate assumptions, based on the weighted average cost of capital per CGU, and the reasonableness of the risk-free rates and risk premiums used by management by comparing them to underlying market data.

Furthermore, we examined the sensitivity analyses carried out by the Orange Group and performed our own sensitivity analyses on key assumptions (forecasted cash flows as well as the discount and perpetuity growth rates) to assess the potential impacts of variances in those assumptions on the impairment tests’ conclusions and the appropriateness of the information disclosed in Note 7 to the consolidated financial statements.

</td>
</tr>
</table>

| ***Evaluation of provisions related to the main legal disputes and tax adjustments in France*** | |
|---|---|
| *(Notes 5.2, 5.7 and 10.3 and 18 to the notes to the consolidated financial statements)*<br><br>The Group is involved in a number of legal disputes (including disputes and administrative proceedings and actions, in connection with disputes of a competitive, regulatory or commercial nature in the telecom industry) or tax adjustments (notably with respect to Value Added Tax and operating taxes and levies).<br><br>The existence of such procedures leads the Group to recognize provisions when it has a present obligation towards a third party arising from a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, which can be quantified or estimated within a reasonable range.<br><br>As indicated in note 18 to the consolidated financial statements, the provisions for risks recognized by the Group in respect of all its disputes (excluding those presented in notes 6.2 and 10.3 relating to disagreements with social security or tax authorities) amounted to €. 387 million at 31 December 2022, primarily related to legal disputes in which the Group is involved in France, the main of which are presented individually in the sections Mobile services, Fixed services and Other proceedings in France.<br><br>The Group also mentions in note 10.3 to the consolidated financial statements that Orange SA is subject, over the years 2017-2018 and 2019-2020, to tax adjustments notified to date for a total amount of approximately €. 520 million (including penalties and late payment interest). Note 10.3 also specifies that the Group makes the best estimate of the risk on these adjustments, the effects of which are not significant, as assessed by the Group's management.<br><br>The valuation of provisions relating to the main legal disputes and tax adjustments in France is largely based on management judgement, due to the nature of the estimates and assumptions used, including on future events and their outcomes, given the inherent uncertainties as to how they can be resolved.<br><br>Given the Group's exposure and the high degree of judgement of management in estimating the risks relating to these main legal disputes and tax adjustments in France, we considered this subject as a key audit matter. | In order to assess the extent of the risks concerned and the estimates used in connection with the provisions relating to the main legal disputes and tax adjustments, in France, our work consisted in particular in:<br><br>– gaining an understanding of management's process to identify and gather financial risks, and, where appropriate, recognize provisions and prepare the related financial statement disclosures on risks' exposure;<br><br>– evaluating the design and testing the effectiveness of key controls put in place by management that we considered most relevant to our audit, including those relating to risk assessment based on information provided by the Group's legal and tax departments as well as by external counsels;<br><br>– gaining an understanding of management's analysis of these risks;<br><br>– inquiring of the Group's legal and tax departments and the Secretary General of the Group and analyzing available documentation (including the minutes of court hearings) in order to evaluate the assumptions used for determining the provisions for the main legal disputes and tax adjustments;<br><br>– analyzing the answers received to our queries: opinions from the Group's external counsel involved in these procedures, related key information including their likely financial consequences;<br><br>– assessing whether subsequent events have been taken into account in estimating provisions and in the information provided in the consolidated financial statements for the year ended 31 December 2022;<br><br>– comparing historical provision estimates to actual outflow of resources.<br><br>In addition, for tax adjustments in France, we involved tax professionals who assisted us in evaluating the appropriateness of management's risk assessment.<br><br>We also assessed the appropriateness of the information disclosed in notes 5.2, 5.7, 10.3 and 18 to the consolidated financial statements. |

### Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Group's management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's management report , it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

### Report on Other Legal and Regulatory Requirements

**Format of presentation of the consolidated financial statements intended to be included in the annual financial report**

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared unde the responsibility of Chief Executive Officier, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 Decembre 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in macro-marking the consolidated financial statements in accordance with the unique European electronic information format, it is possible that the content of certain tags in the notes may not be identical to the consolidated financial statements attached to this report.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

**Appointment of the Statutory Auditors**

We were appointed as statutory auditors of Orange S.A. by the annual general meeting held on May 18, 2021 for Deloitte & Associés and on May 27, 2015 for KPMG S.A.

As at December 31, 2022, Deloitte & Associés was in the second year of total uninterrupted engagement and KPMG S.A. was in the eighth year.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management 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, management is responsible for assessing the Company'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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

**Objectives and audit approach**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains an understanding of internal control 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains 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. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

**Report to the Audit Committee**

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on March 3, 2023

KPMG S.A.

Paris La Défense, on March 3, 2023

Deloitte & Associés

The statutorv auditors

French original signed by

Jacques Pierre
Partner

Sébastien Haas
Partner

Christophe Patrier
Partner

KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

Til generalforsamlingen i Orange Business Services AS

# Uavhengig revisors beretning

## Konklusjon

Vi har revidert årsregnskapet for Orange Business Services AS som består av balanse per 31. desember 2022, resultatregnskap, utvidet resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2022, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9.

## Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

## Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

## Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et regnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

KPMG

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Oslo, 27. juni 2023
KPMG AS

Gunnar Sotnakk
*Statsautorisert revisor*
(elektronisk signert)

PENNEO

*Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.*

*"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."*

**Gunnar Sotnakk**
**Partner**
*Serienummer: 9578-5993-4-2025853*
*IP: 80.232.xxx.xxx*
*2023-06-27 18:40:12 UTC*

bank ID

*Penneo Dokumentnøkkel: 8EB7H-QFWK0-IBCN2-GCT8C-K7X4U-XOYAU*