

Consolidated financial statements

Year ended December 31, 2021

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.

Warning

The Group's statutory auditors have performed their audit procedures on these accounts and the audit reports relating to their certification will be issued in early March 2022.



Significant events 2021

Impairment of goodwill in Spain

The downward revision of the business plan for the cash-generating unit in Spain has led to the recognition at June 30, 2021 of an impairment loss of (3,702) million euros in goodwill.



Note 7

French part-time for seniors plan

On December 17, 2021, as part of the renegotiation of the intergenerational agreement, a new French part-time for seniors plan was signed in France, resulting in the recognition of an employee benefit liability of 1,225 million euros.



Note 6.2.1

Significant changes in the scope of consolidation in 2021

In 2021, the Group carried out several significant transactions that had an impact on the scope of consolidation:

- Disposal of 50% of Orange Concessions shares
- Disposal of 50% of Orange Polska's FiberCo shares
- Acquisition of 54% of Telekom Romania Communications shares
- Public share buyback offer of Orange Belgium



Note 3.2

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The accompanying notes form an integral part of the consolidated financial statements. The accounting principles are split within each note in gray areas.

Consolidated income statement

(in millions of euros, except for per share data)	Note	2021	2020	2019
Revenue	4.1	42,522	42,270	42,238
External purchases	5.1	(17,973)	(17,691)	(17,860)
Other operating income	4.2	783	604	720
Other operating expenses	5.2	(700)	(789)	(599)
Labor expenses	6.1	(9,917)	(8,490)	(8,494)
Operating taxes and levies	10.1.1	(1,926)	(1,924)	(1,827)
Gains (losses) on disposal of fixed assets, investments and activities	3.1	2,507	228	277
Restructuring costs	5.3	(331)	(25)	(132)
Depreciation and amortization of fixed assets	8.2	(7,074)	(7,134)	(7,110)
Depreciation and amortization of financed assets	8.5	(84)	(55)	(14)
Depreciation and amortization of right-of-use assets	9.1	(1,481)	(1,384)	(1,274)
Reclassification of translation adjustment from liquidated entities		(0)	-	12
Impairment of goodwill	7.1	(3,702)	-	(54)
Impairment of fixed assets	8.3	(17)	(30)	73
Impairment of right-of-use assets	9.1	(91)	(57)	(33)
Share of profits (losses) of associates and joint ventures	11	3	(2)	8
Operating income		2,521	5,521	5,930
Cost of gross financial debt excluding financed assets		(829)	(1,099)	(1,108)
Interests on debts related to financed assets		(1)	(1)	(1)
Gains (losses) on assets contributing to net financial debt		(3)	(1)	5
Foreign exchange gain (loss)		65	(103)	76
Interests on lease liabilities		(120)	(120)	(129)
Other net financial expenses		106	11	15
Effects resulting from BT stake	13.7	-	-	(119)
Finance costs, net	13.2	(782)	(1,314)	(1,261)
Income taxes	10.2.1	(962)	848	(1,447)
Consolidated net income		778	5,055	3,222
Net income attributable to owners of the parent company		233	4,822	3,004
Non-controlling interests	15.6	545	233	218
Earnings per share (in euros) attributable to parent company	15.7			
Net income				
- basic		0.00	1.72	1.03
- diluted		0.00	1.71	1.02

Consolidated statement of comprehensive income

(in millions of euros)	Note	2021	2020 ⁽¹⁾	2019 ⁽¹⁾
Consolidated net income		778	5,055	3,222
Remeasurements of the net defined benefit liability	6.2	59	(13)	(62)
Assets at fair value	13.7-17.1	9	94	(25)
Income tax relating to items that will not be reclassified	10.2.2	(14)	1	18
Share of other comprehensive income in associates and joint ventures that will not be reclassified		(4)	-	-
Items that will not be reclassified to profit or loss (a)		51	82	(68)
Assets at fair value	13.7-17.1	1	1	9
Cash flow hedges	13.8.2	317	22	144
Translation adjustment gains and losses	15.5	200	(414)	78
Income tax relating to items that are or may be reclassified	10.2.2	(84)	(10)	(47)
Share of other comprehensive income in associates and joint ventures that are or may be reclassified		5	-	-
Items that are or may be reclassified subsequently to profit or loss (b)		439	(401)	184
Other consolidated comprehensive income (a) + (b)		490	(319)	115
Consolidated comprehensive income		1,267	4,736	3,339
Comprehensive income attributable to the owners of the parent company		687	4,578	3,109
Comprehensive income attributable to non-controlling interests		580	158	230

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

Consolidated statement of financial position

(in millions of euros)		December 31, 2021	December 31, 2020 ⁽¹⁾	December 31, 2019 ⁽¹⁾
Assets				
Goodwill	7.2	24,192	27,596	27,644
Other intangible assets	8.4	14,940	15,135	14,737
Property, plant and equipment	8.5	30,484	29,075	28,423
Right-of-use assets	9.1	7,702	7,009	6,700
Interests in associates and joint ventures	11	1,440	98	103
Non-current financial assets related to Mobile Financial Services activities	17.1	900	1,210	1,259
Non-current financial assets	13.1	950	1,516	1,208
Non-current derivatives assets	13.1	683	132	562
Other non-current assets	4.5	254	136	125
Deferred tax assets	10.2.3	692	674	940
Total non-current assets		82,236	82,582	81,701
Inventories	5.4	952	814	906
Trade receivables	4.3	6,029	5,620	5,320
Other customer contract assets	4.4	1,460	1,236	1,209
Current financial assets related to Mobile Financial Services activities	17.1	2,381	2,075	3,095
Current financial assets	13.1	2,313	3,259	4,766
Current derivatives assets	13.1	7	162	12
Other current assets	4.5	1,875	1,701	1,258
Operating taxes and levies receivables	10.1.2	1,163	1,104	1,090
Current taxes assets	10.2.3	181	128	120
Prepaid expenses	5.5	851	850	730
Cash and cash equivalents	13.1	8,621	8,145	6,481
Total current assets		25,834	25,094	24,987
Total assets		108,071	107,676	106,689

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

(in millions of euros)		December 31, 2021	December 31, 2020 ⁽¹⁾	December 31, 2019 ⁽¹⁾
Equity and liabilities				
Share capital		10,640	10,640	10,640
Share premiums and statutory reserve		16,859	16,859	16,859
Subordinated notes		5,497	5,803	5,803
Retained earnings		(656)	1,255	(1,428)
Equity attributable to the owners of the parent company		32,341	34,557	31,875
Non-controlling interests		3,020	2,643	2,687
Total equity	15	35,361	37,200	34,561
Non-current financial liabilities	13.1	31,922	30,089	33,148
Non-current derivatives liabilities	13.1	220	844	487
Non-current lease liabilities	9.2	6,696	5,875	5,593
Non-current fixed assets payables	8.6	1,370	1,291	817
Non-current financial liabilities related to Mobile Financial Services activities	17.1	0	0	0
Non-current employee benefits	6.2	2,798	1,984	2,353
Non-current dismantling provisions	8.7	876	885	812
Non-current restructuring provisions	5.3	61	53	96
Other non-current liabilities	5.7	306	307	353
Deferred tax liabilities	10.2.3	1,185	855	703
Total non-current liabilities		45,434	42,182	44,360
Current financial liabilities	13.1	3,421	5,170	3,925
Current derivatives liabilities	13.1	124	35	22
Current lease liabilities	9.2	1,369	1,496	1,339
Current fixed assets payables	8.6	3,111	3,349	2,848
Trade payables	5.6	6,738	6,475	6,682
Customer contract liabilities	4.4	2,512	1,984	2,093
Current financial liabilities related to Mobile Financial Services activities	17.1	3,161	3,128	4,279
Current employee benefits	6.2	2,316	2,192	2,261
Current dismantling provisions	8.7	21	16	15
Current restructuring provisions	5.3	124	64	120
Other current liabilities	5.7	2,338	2,267	2,095
Operating taxes and levies payables	10.1.2	1,436	1,279	1,287
Current taxes payables	10.2.3	425	673	748
Deferred income		180	165	51
Total current liabilities		27,276	28,294	27,767
Total equity and liabilities		108,071	107,676	106,689

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

Consolidated statements 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, 2019		2,660,056,599	10,640	16,859	5,803	(2,060)	(571)	30,671	2,357	223	2,580	33,251
Effect of the application of the IFRS IC decision on IAS 19 ⁽¹⁾		-	-	-	-	114	-	114	-	-	-	114
Balance as of January 1, 2019 after restatement⁽¹⁾		2,660,056,599	10,640	16,859	5,803	(1,946)	(571)	30,785	2,357	223	2,580	33,365
Consolidated comprehensive income⁽¹⁾		-	-	-	-	3,004	104	3,109	218	11	230	3,339
Share-based compensation	6.1	-	-	-	-	52	-	52	3	-	3	55
Purchase of treasury shares	15.2	-	-	-	-	(34)	-	(34)	-	-	-	(34)
Dividends	15.3	-	-	-	-	(1,857)	-	(1,857)	(248)	-	(248)	(2,105)
Issues and purchases of subordinated notes	15.4	-	-	-	0	(81)	-	(81)	-	-	-	(81)
Subordinated notes remuneration	15.4	-	-	-	-	(297)	-	(297)	-	-	-	(297)
Changes in ownership interests with no gain/loss of control	3.2	-	-	-	-	4	-	4	1	-	1	5
Changes in ownership interests with gain/loss of control	3.2	-	-	-	-	-	-	-	2	-	2	2
Other movements ⁽²⁾		-	-	-	-	195	-	195	119	-	119	314
Balance as of December 31, 2019⁽¹⁾		2,660,056,599	10,640	16,859	5,803	(961)	(467)	31,875	2,452	234	2,687	34,561
Consolidated comprehensive income⁽¹⁾		-	-	-	-	4,822	(244)	4,578	233	(75)	158	4,736
Share-based compensation	6.1	-	-	-	-	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⁽¹⁾		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	6.1	-	-	-	-	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 ⁽³⁾	3.2	-	-	-	-	(185)	-	(185)	(213)	-	(213)	(398)
Changes in ownership interests with gain/loss of control ⁽⁴⁾	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

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1)

(2) Including in 2019 the effect of the cancellation of the promise to buy (put option) of the Orange Bank equity.

(3) Including the partial buyout of non controlling interests in Orange Belgium and the full buyout of non controlling interests in Orange Bank (see Note 3.2)

(4) 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 comprehensive income
	Assets at fair value	Hedging instruments	Translation adjustment	Actuarial gains and losses ⁽²⁾	Deferred tax ⁽²⁾	Other comprehensive income of associates and joint ventures ⁽³⁾	Total	Assets at fair value	Hedging instruments	Translation adjustment	Actuarial gains and losses	Deferred tax	Total	
Balance as of January 1, 2019	(10)	(264)	15	(504)	232	(40)	(571)	(4)	(3)	237	(8)	1	223	(348)
Variation ⁽¹⁾	(18)	147	64	(60)	(29)	-	104	3	(3)	14	(2)	(1)	11	116
Balance as of December 31, 2019	(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)

(1) Including in 2021 a variation of 317 million euros related to hedging instruments (of which 319 million euros of hedging in USD and GBP 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

Including in 2019 a variation of 144 million euros related to hedging instruments and a variation of (62) million euros related to actuarial gains and losses

(2) 2019 and 2020 figures have been restated for the IFRS IC decision relating to the calculation of the obligations of some pension plans (see Note 2.3.1).

(3) Amounts excluding translation adjustment.

Consolidated statement of cash flows

(in millions of euros)	Note	2021	2020	2019
Operating activities				
Consolidated net income		778	5,055	3,222
Non-monetary items and reclassified items for presentation		14,592	10,310	12,221
Operating taxes and levies	10.1.1	1,926	1,924	1,827
Gains (losses) on disposal of fixed assets, investments and activities	3.1	(2,507)	(228)	(277)
Other gains and losses		(28)	(23)	(9)
Depreciation and amortization of fixed assets	8.2	7,074	7,134	7,110
Depreciation and amortization of financed assets	8.5	84	55	14
Depreciation and amortization of right-of-use assets	9.1	1,481	1,384	1,275
Changes in provisions	4-5-6-8	803	(504)	(484)
Reclassification of cumulative translation adjustment from liquidated entities		0	-	(12)
Impairment of goodwill	7.1	3,702	-	54
Impairment of fixed assets	8.3	17	30	(73)
Impairment of right-of-use assets	9.1	91	57	33
Share of profits (losses) of associates and joint ventures	11	(3)	2	(8)
Operational net foreign exchange and derivatives		30	(11)	9
Finance costs, net	13.2	782	1,314	1,261
Income tax	10.2.1	962	(848)	1,447
Share-based compensation		179	23	55
Changes in working capital and operating banking activities ⁽¹⁾		(177)	(640)	(934)
Decrease (increase) in inventories, gross		(126)	72	69
Decrease (increase) in trade receivables, gross		64	(488)	(45)
Increase (decrease) in trade payables		36	(122)	(85)
Changes in other customer contract assets and liabilities		140	(41)	(60)
Changes in other assets and liabilities ⁽²⁾		(292)	(62)	(813)
Other net cash out		(3,956)	(2,028)	(4,319)
Operating taxes and levies paid		(1,880)	(1,929)	(1,939)
Dividends received		12	6	17
Interest paid and interest rates effects on derivatives, net ⁽³⁾		(1,134)	(1,264)	(1,318)
Tax dispute for fiscal years 2005-2006		-	2,246	-
Income tax paid excluding the effect of the tax litigation for years 2005-2006		(954)	(1,086)	(1,079)
Net cash provided by operating activities (a)		11,236	12,697	10,190
Investing activities				
Purchases and sales of property, plant and equipment and intangible assets		(8,580)	(7,176)	(7,582)
Purchases of property, plant and equipment and intangible assets ⁽⁴⁾	8.4-8.5	(8,749)	(8,546)	(8,422)
Increase (decrease) in fixed assets payables		(72)	958	179
Investing donations received in advance		24	39	32
Sales of property, plant and equipment and intangible assets ⁽⁵⁾		217	374	628
Cash paid for investment securities, net of cash acquired		(211)	(49)	(559)
Telekom Roumania Communications	3.2	(206)	-	-
SecureLink		-	-	(371)
SecureData		-	-	(95)
Other		(5)	(49)	(93)
Investments in associates and joint ventures		(3)	(7)	(2)
Purchases of equity securities measured at fair value		(76)	(67)	(44)
Proceeds from sales of investment securities, net of cash transferred		891	1	(16)
Orange Concessions	3.2	758	-	-
Swiatowod Inwestycje Sp. z o.o (FiberCo in Poland)	3.2	132	-	-
Sales of BT	13.7	-	-	543
Other proceeds from sales of investment securities at fair value		95	18	1
Decrease (increase) in securities and other financial assets		1,908	1,716	(1,711)
Investments at fair value, excluding cash equivalents		936	1,568	(2,025)
Other ⁽⁶⁾		972	148	314
Net cash used in investing activities (b)		(5,976)	(5,564)	(9,370)

(in millions of euros)	Note	2021	2020	2019
Financing activities				
Medium and long-term debt issuances	13.5-13.6	2,523	2,694	8,351
Medium and long-term debt redemptions and repayments ⁽⁷⁾	13.5-13.6	(4,572)	(3,476)	(4,650)
Repayments of lease liabilities		(1,625)	(1,398)	(1,429)
Increase (decrease) of bank overdrafts and short-term borrowings		1,143	(413)	(945)
o/w redemption of subordinated notes reclassified in 2019 as short-term borrowings	15.4	-	(500)	-
Decrease (increase) of cash collateral deposits		988	(747)	590
Exchange rates effects on derivatives, net		201	37	26
Subordinated notes issuances (purchases) and other related fees	15.4	(311)	(12)	419
Coupon on subordinated notes	15.4	(238)	(280)	(276)
Proceeds (purchases) treasury shares	15.2	(199)	7	(34)
o/w employee share offering (Orange Together 2021)	6.3	(188)	-	-
o/w Orange Vision 2020 free share award plan		-	-	(27)
Capital increase (decrease) - non-controlling interests		5	2	79
Changes in ownership interests with no gain / loss of control		(403)	(3)	(7)
Dividends paid to owners of the parent company	15.3	(2,127)	(1,595)	(1,857)
Dividends paid to non-controlling interests	15.6	(218)	(226)	(243)
Net cash used in financing activities (c)		(4,834)	(5,410)	24
Net change in cash and cash equivalents (a) + (b) + (c)		427	1,724	844
Net change in cash and cash equivalents				
Cash and cash equivalents in the opening balance		8,145	6,481	5,634
Cash change in cash and cash equivalents		427	1,724	844
Non-cash change in cash and cash equivalents		50	(59)	3
o/w effect of exchange rates changes and other non-monetary effects		50	(59)	3
Cash and cash equivalents in the closing balance		8,621	8,145	6,481

(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 (120) million euros in 2021, (131) million euros in 2020 and (104) million euros in 2019 and interests paid on financed asset liabilities for (1) million euro in 2021, 2020 and 2019.

(4) Acquisitions of financed assets for 40 million euros in 2021, 241 million euros in 2020 and 144 million euros in 2019 have no effect to the net cash used in investing activities.

(5) Including proceeds from sale and lease-back transactions for 10 million euros in 2021, 227 million euros in 2020 and 381 million euros in 2019.

(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). In 2019, mainly included net repayments of debt securities of Orange Bank for 277 million euros.

(7) Including TDIRA buy-backs (see Note 13.4)

Note 1 Segment information

1.1 Segment revenue

(in millions of euros)	France			
	Spain	Other European countries	Eliminations Europe	
December 31, 2021				
Revenue⁽³⁾	18,092	4,720	5,870	(11)
Convergent services	4,697	1,870	850	-
Mobile-only services	2,276	880	2,007	-
Fixed-only services	3,872 ⁽⁴⁾	435	652	-
IT & integration services	-	14	338	-
Wholesale	5,313	900	998	(11)
Equipment sales	1,226	621	869	-
Other revenue	708	1	155	0
<i>External</i>	<i>17,489</i>	<i>4,672</i>	<i>5,776</i>	<i>-</i>
<i>Inter-operating segments</i>	<i>603</i>	<i>48</i>	<i>94</i>	<i>(11)</i>
December 31, 2020				
Revenue⁽³⁾	18,461	4,951	5,638	(9)
Convergent services	4,559	1,984	733	-
Mobile-only services	2,245	1,012	2,026	-
Fixed-only services	3,959 ⁽⁴⁾	471	611	-
IT & integration services	-	8	301	-
Wholesale	5,866	916	1,017	(9)
Equipment sales	1,187	547	828	-
Other revenue	644	12	122	-
<i>External</i>	<i>17,794</i>	<i>4,908</i>	<i>5,559</i>	<i>-</i>
<i>Inter-operating segments</i>	<i>667</i>	<i>43</i>	<i>79</i>	<i>(9)</i>
December 31, 2019				
Revenue⁽³⁾	18,154	5,280	5,783	(12)
Convergent services	4,397	2,092	623	-
Mobile-only services	2,324	1,161	2,143	-
Fixed-only services	4,086 ⁽⁴⁾	501	644	-
IT & integration services	-	6	232	-
Wholesale	5,487	901	1,071	(12)
Equipment sales	1,351	620	898	-
Other revenue	509	0	173	-
<i>External</i>	<i>17,492</i>	<i>5,230</i>	<i>5,695</i>	<i>-</i>
<i>Inter-operating segments</i>	<i>662</i>	<i>50</i>	<i>88</i>	<i>(12)</i>

(1) 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. Including, in 2019, revenue of 5,233 million euros in France, 21 million euros in Spain, 1,077 million euros in other European countries and 1,489 million euros in other countries.

(2) Including revenue of 1,353 million euros in France in 2021, 1,305 million euros in 2020 and 1,374 million euros in 2019.

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

(4) 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. Including, in 2019, fixed only broadband revenue of 2,699 million euros and fixed only narrowband revenue of 1,387 million euros.

(5) 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. Including, in 2019, revenue of 1,289 million euros from voice services and revenue of 2,674 million euros from data services.

<i>Europe</i>	<i>Africa & Middle-East</i>	<i>Enterprise⁽¹⁾</i>	<i>International Carriers & Shared Services⁽²⁾</i>	<i>Eliminations</i>	<i>Total telecom activities</i>	<i>Mobile Financial Services</i>	<i>Eliminations telecom activities / mobile financial services</i>	<i>Orange consolidated financial statements</i>
Total								
10,579	6,381	7,757	1,515	(1,795)	42,530	-	(7)	42,522
2,720	-	-	-	-	7,417	-	-	7,417
2,887	4,884	636	-	(31)	10,652	-	(0)	10,652
1,087	664	3,633 ⁽⁵⁾	-	(168)	9,089	-	(1)	9,088
352	31	3,195	-	(167)	3,411	-	(4)	3,407
1,886	654	42	1,056	(1,249)	7,702	-	-	7,702
1,490	112	250	-	(8)	3,070	-	(0)	3,070
157	36	-	460	(172)	1,188	-	(2)	1,186
10,449	6,216	7,371	998	-	42,522	-	-	42,522
131	165	386	517	(1,795)	7	-	(7)	-
10,580	5,834	7,807	1,450	(1,855)	42,277	-	(7)	42,270
2,717	-	-	-	-	7,276	-	-	7,276
3,038	4,420	649	-	(35)	10,317	-	(0)	10,317
1,083	562	3,851 ⁽⁵⁾	-	(177)	9,278	-	(0)	9,277
310	25	3,086	-	(164)	3,256	-	(4)	3,252
1,924	695	45	1,038	(1,313)	8,255	-	-	8,255
1,375	89	175	-	(5)	2,821	-	(0)	2,821
134	43	-	412	(160)	1,073	-	(2)	1,072
10,467	5,660	7,405	944	-	42,270	-	-	42,270
113	175	402	506	(1,855)	7	-	(7)	-
11,051	5,646	7,820	1,498	(1,926)	42,242	-	(4)	42,238
2,714	-	-	-	-	7,111	-	-	7,111
3,304	4,230	727	-	(40)	10,545	-	(0)	10,544
1,145	493	3,963 ⁽⁵⁾	-	(178)	9,509	-	(0)	9,508
239	14	2,909	-	(155)	3,006	-	(3)	3,004
1,959	780	34	1,077	(1,404)	7,933	-	-	7,933
1,518	96	187	-	(6)	3,146	-	(0)	3,146
173	32	-	421	(142)	992	-	(1)	991
10,925	5,430	7,437	955	-	42,238	-	-	42,238
126	216	383	543	(1,926)	4	-	(4)	-

1.2 Segment revenue to consolidated net income in 2021

(in millions of euros)	France	Europe			
		Spain	Other European countries	Elimina- tions Europe	Total
Revenue	18,092	4,720	5,870	(11)	10,579
External purchases	(7,081)	(2,768)	(3,330)	11	(6,087)
Other operating income	1,274	161	192	(0)	353
Other operating expenses	(526)	(171)	(179)	0	(350)
Labor expenses	(3,657)	(268)	(665)	-	(932)
Operating taxes and levies	(838)	(163)	(96)	-	(259)
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)
Impairment of right-of-use assets	-	-	-	-	-
Interests on debts related to financed assets ⁽³⁾	(1)	-	-	-	-
Interests on lease liabilities ⁽³⁾	(8)	(14)	(15)	-	(29)
EBITDAaL⁽¹⁾	6,867	1,251	1,579	0	2,830
Significant litigations ⁽¹⁾	(128)	-	-	-	-
Specific labour expenses ⁽¹⁾	(959)	-	(2)	-	(2)
Fixed assets, investments and businesses portfolio review ⁽¹⁾	(2)	-	359	-	359
Restructuring programs costs ⁽¹⁾	(10)	(180)	(31)	-	(211)
Acquisition and integration costs ⁽¹⁾	(7)	-	(25)	-	(25)
Depreciation and amortization of fixed assets	(3,108)	(1,107)	(1,097)	-	(2,204)
Reclassification of translation adjustment from liquidated entities	-	-	0	-	0
Impairment of goodwill	-	(3,702)	-	-	(3,702)
Impairment of fixed assets	(1)	-	(13)	-	(13)
Share of profits (losses) of associates and joint ventures	(8)	-	5	-	5
Elimination of interests on debts related to financed assets ⁽³⁾	1	-	-	-	-
Elimination of interests on lease liabilities ⁽³⁾	8	14	15	-	29
Operating Income	2,653	(3,724)	791	(0)	(2,933)
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 1.9. 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.

Africa & Middle-East	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
6,381	7,757	1,515	(1,795)	42,530	-	(7)	42,522	-	42,522
(2,502)	(3,967)	(2,000)	3,786	(17,849)	(112)	10	(17,950)	(23)	(17,973)
52	173	2,096	(3,328)	620	114	(4)	730	53	783
(243)	(640)	(71)	1,336	(493)	(44)	2	(535)	(165)	(700)
(535)	(2,119)	(1,298)	-	(8,542)	(84)	-	(8,626)	(1,291)	(9,917)
(644)	(80)	(66)	-	(1,887)	(3)	-	(1,890)	(36)	(1,926)
-	-	-	-	-	-	-	-	2,507	2,507
-	-	-	-	-	-	-	-	(331)	(331)
-	-	-	-	(84)	-	-	(84)	-	(84)
(176)	(147)	(407)	-	(1,478)	(3)	-	(1,481)	-	(1,481)
-	-	0	-	0	-	-	0	(91)	(91)
-	-	-	-	(1)	-	-	(1)	1	n/a
(67)	(7)	(8)	-	(119)	(0)	-	(120)	120	n/a
2,265	970	(237)	(0)	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
2	3	2,146	-	2,507	-	-	2,507	(2,507)	n/a
(41)	(5)	(145)	-	(412)	(11)	-	(422)	422	n/a
-	(1)	(16)	-	(49)	(2)	-	(51)	51	n/a
(1,012)	(378)	(335)	-	(7,038)	(36)	-	(7,074)	-	(7,074)
-	(0)	-	-	(0)	-	-	(0)	-	(0)
-	-	-	-	(3,702)	-	-	(3,702)	-	(3,702)
(1)	0	(2)	-	(17)	-	-	(17)	-	(17)
10	1	(5)	-	3	-	-	3	-	3
-	-	-	-	1	-	-	1	(1)	n/a
67	7	8	-	119	0	-	120	(120)	n/a
1,291	474	1,217	(0)	2,702	(182)	1	2,521	(0)	2,521
									(829)
									(1)
									(3)
									65
									(120)
									106
									(782)
									(962)
									778

1.3 Segment revenue to consolidated net income in 2020

(in millions of euros)	France			Europe	
		Spain	Other European countries	Eliminations Europe	Total
Revenue	18,461	4,951	5,638	(9)	10,580
External purchases	(7,101)	(2,774)	(3,194)	9	(5,959)
Other operating income	1,303	141	153	(0)	293
Other operating expenses	(592)	(185)	(173)	0	(358)
Labor expenses	(3,663)	(280)	(632)	-	(912)
Operating taxes and levies	(955)	(148)	(90)	-	(238)
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)
Impairment of right-of-use assets	-	-	-	-	-
Interests on debts related to financed assets ⁽³⁾	(1)	-	-	-	-
Interests on lease liabilities ⁽³⁾	(8)	(12)	(19)	-	(30)
EBITDAaL⁽¹⁾	7,163	1,433	1,499	-	2,932
Significant litigations ⁽¹⁾	(199)	-	-	-	-
Specific labour expenses ⁽¹⁾	(7)	-	2	-	2
Fixed assets, investments and businesses portfolio review ⁽¹⁾	21	22	14	-	36
Restructuring programs costs ⁽¹⁾	(5)	(0)	(2)	-	(2)
Acquisition and integration costs ⁽¹⁾	(1)	-	(7)	-	(7)
Depreciation and amortization of fixed assets	(3,157)	(1,059)	(1,129)	-	(2,187)
Reclassification of translation adjustment from liquidated entities	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-
Impairment of fixed assets	(15)	0	(8)	-	(8)
Share of profits (losses) of associates and joint ventures	(1)	-	0	-	0
Elimination of interests on debts related to financed assets ⁽³⁾	1	-	-	-	-
Elimination of interests on lease liabilities ⁽³⁾	8	12	19	-	30
Operating Income	3,809	407	389	-	796
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 1.9. 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.

Africa & Middle-East	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
5,834	7,807	1,450	(1,855)	42,277	-	(7)	42,270	-	42,270
(2,443)	(4,019)	(1,951)	3,891	(17,582)	(108)	6	(17,684)	(6)	(17,691)
76	161	2,076	(3,371)	539	75	(9)	604	-	604
(212)	(646)	(51)	1,335	(524)	(47)	11	(560)	(229)	(789)
(514)	(2,027)	(1,274)	-	(8,390)	(75)	-	(8,465)	(25)	(8,490)
(552)	(102)	(75)	-	(1,923)	(1)	-	(1,924)	-	(1,924)
-	-	-	-	-	-	-	-	228	228
-	-	-	-	-	-	-	-	(25)	(25)
-	-	-	-	(55)	-	-	(55)	-	(55)
(158)	(145)	(410)	-	(1,380)	(3)	-	(1,384)	-	(1,384)
-	-	-	-	-	-	-	-	(57)	(57)
-	-	-	-	(1)	-	-	(1)	1	n/a
(67)	(5)	(9)	-	(120)	(0)	-	(120)	120	n/a
1,964	1,023	(244)	-	12,839	(160)	1	12,680	6	n/a
-	-	(13)	-	(211)	-	-	(211)	211	n/a
(0)	2	(9)	-	(12)	(0)	-	(12)	12	n/a
6	14	151	-	228	-	-	228	(228)	n/a
(5)	(9)	(59)	-	(80)	(3)	-	(83)	83	n/a
(2)	(6)	(15)	-	(32)	(5)	-	(37)	37	n/a
(1,011)	(410)	(342)	-	(7,106)	(28)	-	(7,134)	-	(7,134)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(0)	-	(7)	-	(30)	-	-	(30)	-	(30)
8	1	(9)	-	(2)	-	-	(2)	-	(2)
-	-	-	-	1	-	-	1	(1)	n/a
67	5	9	-	120	0	-	120	(120)	n/a
1,027	621	(538)	-	5,715	(195)	1	5,521	-	5,521
									(1,099)
									(1)
									(1)
									(103)
									(120)
									11
									(1,314)
									848
									5,055

1.4 Segment revenue to consolidated net income in 2019

(in millions of euros)	France			Europe	
		Spain	Other European countries	Eliminations Europe	Total
Revenue	18,154	5,280	5,783	(12)	11,051
External purchases	(7,036)	(2,907)	(3,318)	12	(6,213)
Other operating income	1,392	221	148	(0)	369
Other operating expenses	(553)	(207)	(173)	0	(380)
Labor expenses	(3,730)	(271)	(678)	-	(949)
Operating taxes and levies	(893)	(160)	(84)	-	(244)
Gains (losses) on disposal of fixed assets, investments and activities	-	-	-	-	-
Restructuring costs	-	-	-	-	-
Depreciation and amortization of financed assets	(14)	-	-	-	-
Depreciation and amortization of right-of-use assets	(175)	(298)	(168)	-	(466)
Impairment of right-of-use assets	-	-	-	-	-
Interests on debts related to financed assets ⁽³⁾	(1)	-	-	-	-
Interests on lease liabilities ⁽³⁾	(9)	(12)	(21)	-	(32)
EBITDAaL⁽¹⁾	7,135	1,646	1,489	-	3,136
Significant litigations ⁽¹⁾	-	-	-	-	-
Specific labour expenses ⁽¹⁾	(32)	-	2	-	2
Fixed assets, investments and businesses portfolio review ⁽¹⁾	4	56	63	-	120
Restructuring programs costs ⁽¹⁾	(45)	(12)	(55)	-	(67)
Acquisition and integration costs ⁽¹⁾	-	-	(5)	-	(5)
Depreciation and amortization of fixed assets	(3,179)	(1,076)	(1,119)	-	(2,195)
Reclassification of translation adjustment from liquidated entities	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-
Impairment of fixed assets	(1)	-	(15)	-	(15)
Share of profits (losses) of associates and joint ventures	-	-	1	-	1
Elimination of interests on debts related to financed assets ⁽³⁾	1	-	-	-	-
Elimination of interests on lease liabilities ⁽³⁾	9	12	21	-	32
Operating Income	3,892	626	383	-	1,009
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					
Effects resulting from BT sale					
Finance costs, net					
Income Taxes					
Consolidated net income					

(1) See Note 1.9. for EBITDAaL adjustments.

(2) Mobile Financial Services's net banking income is recognized in other operating income and amounts to 40 million euros in 2019. The cost of risk is included in other operating expenses and amounts to (10) million euros in 2019.

(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.

Africa & Middle-East	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
5,646	7,820	1,498	(1,926)	42,242	-	(4)	42,238	-	42,238
(2,451)	(3,991)	(2,041)	3,962	(17,769)	(96)	5	(17,860)	-	(17,860)
72	169	2,088	(3,396)	694	43	(17)	720	-	720
(245)	(634)	(63)	1,360	(515)	(29)	17	(527)	(72)	(599)
(507)	(1,949)	(1,261)	-	(8,397)	(73)	-	(8,470)	(24)	(8,494)
(495)	(115)	(80)	-	(1,827)	(1)	-	(1,827)	-	(1,827)
-	-	-	-	-	-	-	-	277	277
-	-	-	-	-	-	-	-	(132)	(132)
-	-	-	-	(14)	-	-	(14)	-	(14)
(135)	(104)	(391)	-	(1,272)	(3)	-	(1,274)	-	(1,274)
-	-	-	-	-	-	-	-	(33)	(33)
-	-	-	-	(1)	-	-	(1)	1	n/a
(72)	(4)	(10)	-	(128)	-	-	(129)	129	n/a
1,814	1,191	(261)	-	13,015	(160)	1	12,856	144	n/a
-	-	(49)	-	(49)	-	-	(49)	49	n/a
-	1	6	-	(23)	-	-	(23)	23	n/a
(19)	-	172	-	277	-	-	277	(277)	n/a
(4)	(16)	(31)	-	(163)	(2)	-	(165)	165	n/a
-	(11)	(8)	-	(24)	-	-	(24)	24	n/a
(972)	(399)	(340)	-	(7,086)	(24)	-	(7,110)	-	(7,110)
2	-	10	-	12	-	-	12	-	12
(54)	-	-	-	(54)	-	-	(54)	-	(54)
89	1	(1)	-	73	-	-	73	-	73
12	1	(7)	-	8	-	-	8	-	8
-	-	-	-	1	-	-	1	(1)	n/a
72	4	10	-	128	-	-	129	(129)	n/a
940	772	(499)	-	6,114	(186)	1	5,930	-	5,930
									(1,108)
									(1)
									5
									76
									(129)
									15
									(119)
									(1,261)
									(1,447)
									3,222

1.5 Segment investments

(in millions of euros)	France			
		Spain	Other European countries	Eliminations Europe
December 31, 2021				
eCapex ⁽¹⁾	4,117	980	913	-
Elimination of proceeds from sales of property, plant and equipment and intangible assets	49	1	65	-
Telecommunications licenses	264	618	32	-
Financed assets	40	-	-	-
Total investments⁽⁴⁾	4,471	1,598	1,010	-
December 31, 2020				
eCapex ⁽¹⁾	3,748	969	878	-
Elimination of proceeds from sales of property, plant and equipment and intangible assets	136	75	22	-
Telecommunications licenses	876	6	67	-
Financed assets	241	-	-	-
Total investments⁽⁴⁾	5,001	1,050	967	-
December 31, 2019				
eCapex ⁽¹⁾	4,052	812	869	-
Elimination of proceeds from sales of property, plant and equipment and intangible assets	95	185	103	-
Telecommunications licenses	0	298	9	-
Financed assets	144	-	-	-
Total investments⁽⁴⁾	4,291	1,296	982	-

(1) See Note 1.9 for eCapex definition.

(2) Including investments in intangible assets and property, plant and equipment in France for 206 million euros in 2021, 218 million euros in 2020 and 254 million euros in 2019.

(3) Including investments in intangible assets and property, plant and equipment in France for 271 million euros in 2021, 303 million euros in 2020 and 336 million euros in 2019.

(4) 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.

Including 2,385 million euros for other intangible assets and 6,181 million euros for tangible assets in 2019.

Europe Total	Africa & Middle-East	Enterprise ⁽²⁾	International Carriers & Shared Services ⁽³⁾	Eliminations telecom activities and unallocated items	Total telecom activities	Mobile Financial Services	Eliminations telecom activities/ mobile financial services	Orange consolidated financial statements
1,893	1,064	318	243	-	7,636	24	-	7,660
66	5	7	36	-	163	-	-	163
650	12	-	-	-	926	-	-	926
-	-	-	-	-	40	-	-	40
2,609	1,082	325	279	-	8,766	24	-	8,789
1,847	1,036	339	133	-	7,102	30	-	7,132
97	9	23	180	-	444	-	-	444
73	20	0	0	-	969	-	-	969
-	-	-	-	-	241	-	-	241
2,017	1,065	362	313	-	8,757	30	-	8,787
1,681	987	404	141	-	7,265	28	-	7,293
289	13	5	208	-	610	-	-	610
308	212	0	0	-	519	-	-	519
-	-	-	-	-	144	-	-	144
2,277	1,211	410	348	-	8,538	28	-	8,565

1.6 Segment assets

(in millions of euros)	France			
		Spain	Other European countries	Eliminations Europe
December 31, 2021				
Goodwill	14,364	3,170	2,910	-
Other intangible assets	4,543	2,259	1,727	-
Property, plant and equipment	16,975	3,834	3,967	-
Right-of-use assets	2,014	1,093	1,104	-
Interests in associates and joint ventures	1,061	-	303	-
Non-current assets included in the calculation of net financial debt	-	-	-	-
Other	9	16	15	-
Total non-current assets	38,966	10,372	10,025	-
Inventories	438	61	176	-
Trade receivables	2,125	643	1,147	1
Other customer contract assets	379	176	407	-
Prepaid expenses	35	417	69	-
Current assets included in the calculation of net financial debt	-	-	-	-
Other	737	72	183	-
Total current assets	3,713	1,368	1,982	1
Total assets	42,679	11,740	12,007	1
December 31, 2020				
Goodwill	14,364	6,872	2,640	-
Other intangible assets	4,957	1,852	1,795	-
Property, plant and equipment	16,038	3,750	3,903	-
Right-of-use assets	1,523	1,129	1,052	-
Interests in associates and joint ventures	9	-	5	-
Non-current assets included in the calculation of net financial debt	-	-	-	-
Other	9	17	25	-
Total non-current assets	36,900	13,619	9,421	-
Inventories	361	57	162	-
Trade receivables	1,975	645	1,046	(0)
Other customer contract assets	386	154	367	-
Prepaid expenses	53	492	51	-
Current assets included in the calculation of net financial debt	-	-	-	-
Other	803	117	79	-
Total current assets	3,578	1,465	1,705	(0)
Total assets	40,477	15,085	11,126	(0)
December 31, 2019				
Goodwill	14,364	6,872	2,665	-
Other intangible assets	3,968	1,961	1,941	-
Property, plant and equipment	15,308	3,673	4,109	-
Right-of-use assets	1,174	1,123	1,068	-
Interests in associates and joint ventures	3	-	5	-
Non-current assets included in the calculation of net financial debt	-	-	-	-
Other	10	17	22	-
Total non-current assets	34,827	13,645	9,811	-
Inventories	463	61	149	-
Trade receivables	1,477	667	1,210	3
Other customer contract assets	432	150	380	-
Prepaid expenses	41	401	43	-
Current assets included in the calculation of net financial debt	-	-	-	-
Other	699	62	74	-
Total current assets	3,113	1,341	1,855	3
Total assets	37,940	14,986	11,666	3

(1) Including intangible and tangible assets for 564 million euros in France in 2021, 573 million euros in 2020 and 642 million euros in 2019.

(2) Including intangible and tangible assets for 1,687 million euros in France in 2021, 1,731 million euros in 2020 and 1,736 million euros in 2019. Intangible assets also include the Orange brand for 3,133 million euros.

Europe	Africa & Middle-East	Enterprise	International Carriers & Shared Services	Eliminations telecom activities and unallocated items	Total telecom activities	Mobile Financial Services	Eliminations telecom activities / mobile financial services	Orange consolidated financial statements
Total								
6,079	1,465	2,237	18	-	24,163	28	-	24,192
3,985	1,974	622 ⁽¹⁾	3,728 ⁽²⁾	-	14,852	88	-	14,940
7,801	4,113	466 ⁽¹⁾	1,125 ⁽²⁾	(0)	30,479	5	-	30,484
2,197	918	478	2,074	-	7,681	21	-	7,702
303	67	2	6	(0)	1,440	-	-	1,440
-	-	-	-	709	709	-	-	709
31	32	43	39	1,725	1,878	919 ⁽⁴⁾	(27)	2,769
20,396	8,569	3,848	6,990	2,433	81,202	1,062	(27)	82,236
237	93	70	114	(0)	951	0	-	952
1,791	833	1,162	904	(774)	6,040	91	(103)	6,029
583	13	485	-	-	1,460	-	-	1,460
486	200	95	53	(30)	839	14	(1)	851
-	-	-	-	10,462	10,462	-	-	10,462
255	1,484	214	389	163	3,241	2,848 ⁽⁵⁾	(9)	6,080
3,351	2,623	2,026	1,460	9,821	22,994	2,953	(113)	25,834
23,747	11,192	5,873	8,450	12,255	104,196	4,015	(140)	108,071
9,512	1,443	2,225	18	-	27,561	35	-	27,596
3,647	2,046	640 ⁽¹⁾	3,753 ⁽²⁾	-	15,042	93	-	15,135
7,653	3,751	488 ⁽¹⁾	1,139 ⁽²⁾	-	29,069	6	-	29,075
2,181	921	456	1,898	-	6,979	30	-	7,009
5	70	2	12	0	98	-	-	98
-	-	-	-	774	774	-	-	774
42	26	31	20	1,576 ⁽³⁾	1,704	1,219 ⁽⁴⁾	(27)	2,896
23,040	8,257	3,840	6,840	2,350	81,226	1,383	(27)	82,582
219	77	57	100	-	814	-	-	814
1,691	769	1,081	890	(761)	5,645	30	(55)	5,620
521	13	317	-	-	1,236	-	-	1,236
542	131	77	66	(28)	841	9	(1)	850
-	-	-	-	11,260	11,260	-	-	11,260
197	1,196	200	386	155	2,937	2,381 ⁽⁵⁾	(4)	5,313
3,170	2,185	1,733	1,442	10,627	22,734	2,421	(61)	25,094
26,210	10,442	5,573	8,282	12,977	103,961	3,804	(88)	107,676
9,537	1,481	2,245	18	-	27,644	-	-	27,644
3,903	2,318	695 ⁽¹⁾	3,766 ⁽²⁾	-	14,649	88	-	14,737
7,782	3,674	526 ⁽¹⁾	1,128 ⁽²⁾	-	28,418	5	-	28,423
2,190	1,107	387	1,815	-	6,674	26	-	6,700
5	84	1	10	0	103	-	-	103
-	-	-	-	685	685	-	-	685
39	22	25	19	2,052 ⁽³⁾	2,168	1,268 ⁽⁴⁾	(27)	3,409
23,456	8,686	3,878	6,757	2,736	80,342	1,387	(27)	81,701
211	76	60	96	-	906	-	-	906
1,879	720	1,067	974	(773)	5,343	1	(24)	5,320
529	11	237	-	-	1,209	-	-	1,209
444	87	143	26	(16)	725	5	(0)	730
-	-	-	-	10,820	10,820	-	-	10,820
136	968	216	330	145	2,494	3,511 ⁽⁵⁾	(3)	6,002
3,199	1,862	1,723	1,426	10,176	21,498	3,517	(28)	24,987
26,655	10,549	5,601	8,182	12,912	101,840	4,904	(55)	106,689

(3) 2019 and 2020 figures have been restated of the IFRS IC decision on the calculation of obligations relating to certain defined benefit pension plans (see Note 2.3.1).

(4) Including 900 million euros of non-current financial assets related to Mobile Financial Services in 2021, 1,210 million euros in 2020 and 1,259 million euros in 2019 (see Note 17.1.1).

(5) Including 2,385 million euros of current financial assets related to Mobile Financial Services in 2021 (of which 433 million euros related to trade receivables sold by Orange Spain), 2,077 million euros in 2020 (of which 183 million euros related to trade receivables sold by Orange Spain) and 3,098 million euros in 2019 (see Note 17.1.1).

1.7 Segment equity and liabilities

(in millions of euros)	France			
		Spain	Other European countries	Elimina- tions Europe
December 31, 2021				
Equity	-	-	-	-
Non-current lease liabilities	1,668	1,015	941	-
Non-current fixed assets payables	639	462	165	-
Non-current employee benefits	1,643	5	21	-
Non-current liabilities included in the calculation of net financial debt	-	-	-	-
Other	578	57	327	-
Total non-current liabilities	4,528	1,539	1,454	-
Current lease liabilities	312	193	198	-
Current fixed assets payables	1,402	551	450	-
Trade payables	2,804	782	992	1
Customer contracts liabilities	942	182	518	-
Current employee benefits	1,210	43	111	-
Deferred income	-	84	20	-
Current liabilities included in the calculation of net financial debt	-	-	-	-
Other	795	218	266	-
Total current liabilities	7,465	2,053	2,555	1
Total equity and liabilities	11,993	3,592	4,009	1
December 31, 2020				
Equity	-	-	-	-
Non-current lease liabilities	1,238	977	904	-
Non-current fixed assets payables	613	339	186	-
Non-current employee benefits	1,007 ⁽³⁾	9	15	-
Non-current liabilities included in the calculation of net financial debt	-	-	-	-
Other	583	65	302	-
Total non-current liabilities	3,442	1,389	1,407	-
Current lease liabilities	240	277	186	-
Current fixed assets payables	1,564	655	413	-
Trade payables	2,646	987	880	(0)
Customer contracts liabilities	940	103	303	-
Current employee benefits	1,166	38	101	-
Deferred income	2	114	5	-
Current liabilities included in the calculation of net financial debt	-	-	-	-
Other	670	131	242	-
Total current liabilities	7,229	2,304	2,129	(0)
Total equity and liabilities	10,670	3,692	3,536	(0)
December 31, 2019				
Equity	-	-	-	-
Non-current lease liabilities	961	945	902	-
Non-current fixed assets payables	35	366	251	-
Non-current employee benefits	1,309 ⁽³⁾	17	34	-
Non-current liabilities included in the calculation of net financial debt	-	-	-	-
Other	574	80	301	-
Total non-current liabilities	2,878	1,409	1,487	-
Current lease liabilities	170	284	192	-
Current fixed assets payables	1,144	563	407	-
Trade payables	2,682	1,051	935	3
Customer contracts liabilities	1,015	98	335	-
Current employee benefits	1,224	33	110	-
Deferred income	2	-	6	-
Current liabilities included in the calculation of net financial debt	-	-	-	-
Other	781	178	268	-
Total current liabilities	7,017	2,207	2,252	3
Total equity and liabilities	9,894	3,616	3,739	3

(1) Including in 2021, 86 million euros of non-current financial liabilities, 102 million euros in 2020 and 101 million euros in 2019.

(2) Including in 2021, 3,161 million euros of current financial liabilities related to Mobile Financial Services activities, 3,128 million euros in 2020 and 4,280 million euros in 2019 (see Note 17.1).

(3) 2019 and 2020 figures have been restated of the IFRS IC decision on the calculation of obligations relating to certain defined benefit pension plans (see Note 2.3.1).

Europe	Africa & Middle-East	Enterprise	International Carriers & Shared Services	Eliminations telecom activities and unallocated items	Total telecom activities	Mobile Financial Services	Eliminations telecom activities / mobile financial services	Orange consolidated financial statements
Total								
-	-	-	-	35,806	35,806	(445)	-	35,361
1,956	805	378	1,863	-	6,669	27	-	6,696
627	104	-	-	-	1,370	-	-	1,370
26	80	277	760	(0)	2,787	11	-	2,798
-	-	-	-	32,083	32,083	-	-	32,083
385	74	20	52	1,312	2,421	93 ⁽¹⁾	(27)	2,487
2,993	1,063	676	2,675	33,395	45,330	131	(27)	45,434
391	181	106	375	-	1,364	4	-	1,369
1,001	543	58	107	(0)	3,110	1	-	3,111
1,774	1,139	771	969	(774)	6,684	157	(103)	6,738
700	130	599	170	(28)	2,513	-	(1)	2,512
154	82	446	395	(0)	2,289	27	-	2,316
104	31	35	9	(2)	176	3	(0)	180
-	-	-	-	3,549	3,549	-	(4)	3,545
485	1,833	278	570	(587)	3,374	4,136 ⁽²⁾	(5)	7,505
4,609	3,939	2,294	2,595	2,158	23,060	4,329	(113)	27,276
7,602	5,002	2,970	5,270	71,360	104,196	4,015	(140)	108,071
-	-	-	-	37,413 ⁽³⁾	37,413	(213)	-	37,200
1,881	825	346	1,553	-	5,843	31	-	5,875
525	153	-	-	-	1,291	-	-	1,291
23	72	216 ⁽³⁾	656 ⁽³⁾	0	1,975	8	-	1,984
-	-	-	-	30,858	30,858	-	-	30,858
367	69	39	44	990	2,092	110 ⁽¹⁾	(27)	2,175
2,796	1,119	602	2,253	31,847	42,059	150	(27)	42,182
463	141	118	529	-	1,491	5	-	1,496
1,068	523	60	135	(1)	3,349	-	-	3,349
1,867	1,066	745	848	(761)	6,411	120	(55)	6,475
405	126	422	119	(27)	1,985	-	(1)	1,984
138	72	415	374	(0)	2,166	27	-	2,192
119	36	1	6	(0)	165	-	-	165
-	-	-	-	5,207	5,207	-	(2)	5,205
373	1,435	257	900	80	3,714	3,715 ⁽²⁾	(2)	7,427
4,432	3,398	2,019	2,911	4,498	24,488	3,867	(61)	28,294
7,229	4,517	2,622	5,165	73,757	103,960	3,804	(88)	107,676
-	-	-	-	34,577 ⁽³⁾	34,577	(16)	-	34,561
1,847	979	288	1,490	-	5,564	29	-	5,593
616	166	-	-	-	817	-	-	817
51	68	240 ⁽³⁾	676 ⁽³⁾	-	2,343	9	-	2,353
-	-	-	-	33,562	33,562	-	-	33,562
382	55	39	55	849	1,954	109 ⁽¹⁾	(27)	2,035
2,896	1,268	566	2,221	34,411	42,240	147	(27)	44,360
477	157	110	422	-	1,335	4	-	1,339
970	529	72	135	(1)	2,848	-	-	2,848
1,989	1,136	784	763	(773)	6,581	125	(24)	6,682
433	123	412	126	(15)	2,094	-	(0)	2,093
142	71	407	411	-	2,254	6	-	2,261
6	36	1	7	(0)	51	-	-	51
-	-	-	-	3,950	3,950	-	(3)	3,947
446	1,211	283	846	341	3,908	4,638 ⁽²⁾	(0)	8,545
4,461	3,264	2,068	2,711	3,501	23,021	4,773	(28)	27,767
7,357	4,532	2,635	4,933	72,488	101,839	4,904	(55)	106,689

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

	2021			
	Telecom activities	Mobile Financial Services	Eliminations telecom activities / mobile financial services	Orange consoli- dated financial statement
<i>(in millions of euros)</i>				
Operating activities				
Consolidated net income	958	(181)	0	778
Non-monetary items and reclassified items for presentation	14,504	86	1	14,592
<i>Changes in working capital and operating banking activities</i>				
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)
<i>Other net cash out</i>				
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				
<i>Cash flows from financing activities</i>				
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
<i>Other cash flows</i>				
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
	2020			
	Telecom activities	Mobile Financial Services	Eliminations telecom activities / mobile financial services	Orange consoli- dated financial statement
<i>(in millions of euros)</i>				
Operating activities				
Consolidated net income	5,252	(196)	-	5,055
Non-monetary items and reclassified items for presentation	10,238	70	1	10,309
<i>Changes in working capital and operating banking activities</i>				
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)
<i>Other net cash out</i>				
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				
<i>Cash flows from financing activities</i>				
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
<i>Other cash flows</i>				
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)
Other 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

	Telecom activities	Mobile Financial Services	Eliminations telecom activities / mobile financial services	Orange consoli- dated financial statement
<i>(in millions of euros)</i>				
Operating activities				
Consolidated net income	3,407	(185)	-	3,222
Non-monetary items and reclassified items for presentation	12,128	91	1	12,221
<i>Changes in working capital and operating banking activities</i>				
Decrease (increase) in inventories, gross	69	-	-	69
Decrease (increase) in trade receivables, gross	(34)	(1)	(10)	(45)
Increase (decrease) in trade payables	(92)	(3)	10	(85)
Changes in other customer contract assets and liabilities	(59)	-	(0)	(60)
Changes in other assets and liabilities	(87)	(726)	-	(813)
<i>Other net cash out</i>				
Operating taxes and levies paid	(1,939)	(0)	-	(1,939)
Dividends received	17	-	-	17
Interest paid and interest rates effects on derivatives, net	(1,317) ⁽¹⁾	(0)	(1)	(1,318)
Income tax paid	(1,079)	0	-	(1,079)
Net cash provided by operating activities (a)	11,014⁽²⁾	(824)	-	10,190
Investing activities				
Purchases (sales) of property, plant and equipment and intangible assets ⁽³⁾	(7,555)	(28)	-	(7,582)
Purchases of property, plant and equipment and intangible assets	(8,394)	(28)	-	(8,422)
Increase (decrease) in fixed assets payables	179	(0)	-	179
Investing donations received in advance	32	-	-	32
Sales of property, plant and equipment and intangible assets	628	-	-	628
Cash paid for investment securities, net of cash acquired	(559)	-	-	(559)
Investments in associates and joint ventures	(2)	-	-	(2)
Purchases of equity securities measured at fair value	(39)	(5)	-	(44)
Sales of investment securities, net of cash transferred	529	-	-	529
Decrease (increase) in securities and other financial assets	(2,082)	368	3	(1,711)
Net cash used in investing activities (b)	(9,707)	335	3	(9,370)
Financing activities				
<i>Cash flows from financing activities</i>				
Medium and long-term debt issuances	8,351	-	-	8,351
Medium and long-term debt redemptions and repayments	(4,650) ⁽⁴⁾	-	-	(4,650)
Increase (decrease) of bank overdrafts and short-term borrowings	(1,082)	140	(3)	(945)
Decrease (increase) of cash collateral deposits	609	(19)	-	590
Exchange rates effects on derivatives, net	26	-	-	26
<i>Other cash flows</i>				
Repayments of lease liabilities	(1,426)	(4)	-	(1,429)
Subordinated notes issuances (purchases) and other related fees	419	-	-	419
Coupon on subordinated notes	(276)	-	-	(276)
Purchases of treasury shares	(34)	-	-	(34)
Capital increase (decrease) - non-controlling interests	14	65	-	79
Capital increase (decrease) - telecom activities / mobile financial services ⁽⁶⁾	(122)	122	-	-
Changes in ownership interests with no gain / loss of control	(7)	-	-	(7)
Dividends paid to owners of the parent company	(1,857)	-	-	(1,857)
Dividends paid to non-controlling interests	(243)	-	-	(243)
Net cash used in financing activities (c)	(278)	305	(3)	24
Cash and cash equivalents in the opening balance	5,081	553	-	5,634
Cash change in cash and cash equivalents (a) + (b) + (c)	1,029	(185)	-	844
Effect of exchange rates changes on cash and cash equivalents and other non-monetary effects	3	-	-	3
Cash and cash equivalents in the closing balance	6,112	369	-	6,481

(1) Including interests paid on lease liabilities for (119) million euros in 2021, (131) million euros in 2020 and (104) million euros in 2019 and interests paid on financed asset liabilities for (1) million euro in 2021, 2020 and 2019.

(2) Including significant litigations paid and received for (306) million euros in 2021, 2,217 million euros in 2020 and 5 million euros in 2019.

(3) Including telecommunication licenses paid for (717) million euros, (351) million euros in 2020 and (334) million euros in 2019.

(4) Including repayments of debts relating to financed assets for (80) million euros in 2021, (60) million euros in 2020 and (17) million euros in 2019.

(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 300 million euros in 2021, 197 million euros in 2020 and 122 million euros in 2019.

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.

	2021	2020	2019
Net cash provided by operating activities (telecom activities)	11,636	12,961	11,014
Purchases (sales) of property, plant and equipment and intangible assets	(8,557)	(7,146)	(7,555)
Repayments of lease liabilities	(1,621)	(1,394)	(1,426)
Repayments of debts relating to financed assets	(80)	(60)	(17)
Elimination of telecommunication licenses paid	717	351	334
Elimination of significant litigation paid (and received) ⁽¹⁾	306	(2,217)	(5)
Organic cash flow from telecom activities	2,401	2,494	2,345

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

1.9 Definition of operating segments and performance indicators

Accounting policies

Segment information

The decisions regarding the allocation of resources and the assessment of Orange's performance (hereinafter referred to as "the Group") are made by the Chairman and 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 business segments Poland, Belgium and Luxembourg and each of the Central European countries). The Europe aggregate thus presents all the business segments in this region;
- the Sonatel subgroup (grouping together Sonatel in Senegal, Orange Mali, Orange Bissau, Orange in Guinea and Orange in Sierra Leone), the Côte d'Ivoire subgroup (including the Orange Côte d'Ivoire entities, Orange in Burkina Faso and Orange in Liberia) and each of the other countries in Africa and Middle East. The Africa and Middle East aggregate thus presents all the business segments in this region;
- Enterprise, which brings together dedicated communication solutions and services for businesses in France and around the world (including the Cyberdefense activity);
- the activities of International Carriers & Shared Services (IC&SS), which contain 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 the Orange Bank entity.

The use of shared resources, mainly provided by IC&SS, 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 other revenues of the service provider, and the use of these resources is included in 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 disclosed 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 (loss) before depreciation and amortization of fixed assets, effects resulting from business combinations, reclassification of translation adjustment from liquidated entities, impairment of goodwill and fixed assets, share of profits (losses) of associates and joint ventures, and after interests on debts related to financed assets and on lease liabilities, adjusted for:

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

- 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 litigations. Associated procedures are based on third-party decisions (regulatory authority, court, etc.) and occur over a different period to 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: independent of any departure plans included in the costs of restructuring programs, 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;
- fixed assets, investments and business portfolio review: the Group conducts an ongoing review of its portfolio of fixed assets, investments and businesses. 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 legal and advisory fees, registration fees and earn-outs;
- where appropriate, other specific items that are systematically specified in relation to income and/or expenses.

EBITDAaL is not a financial indicator 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 as a substitute for operating income or cash flow provided by operating activities.

eCapex relates to acquisitions of property, plant and equipment and intangible assets excluding telecommunication licenses and financed assets, minus the disposal price 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 provided by telecom activities minus (i) repayment of lease liabilities and debts related to financed assets, (ii) purchases and disposals 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 principal litigations paid and received. Organic cash flow is not a financial indicator 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 for telecom activities mainly include external financial debt, external cash and cash equivalents, current and deferred tax assets and liabilities, as well as equity. Financial debt and investments between these segments are presented as non-allocated elements.

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.

1.10 Change in segment information expected in 2022

In February 2021, Orange announced the creation of TOTEM, a European TowerCo that will operate a tower portfolio consisting of approximately 26,000 sites in France and Spain at December 31, 2021. The TowerCo entered the operational phase at the end of 2021 and will require changes to the internal reporting followed by the Group and the presentation of segment information as of January 1, 2022.

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

2.1 Description of business

Orange provides B2C customers, businesses and other telecommunication operators with a wide range of services including fixed telephony and mobile telecommunications, data transmission and other value-added services, including mobile financial services. In addition to its role as a supplier of connectivity, the Group provides business 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' Meeting of February 16, 2022 and will be submitted for approval at the Shareholders' Meeting of May 19, 2022.

The 2021 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as endorsed by the European Union. Comparative figures are presented for 2020 and 2019 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 accounts. Consequently, the Group financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB.

The principles applied to prepare the 2021 financial data are based on:

- all the standards and interpretations endorsed by the European Union compulsory at December 31, 2021;
- options taken relating to date and methods of first application (see 2.3 below);
- the recognition and measurement alternatives allowed by the IFRSs:

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 determined by the weighted average unit cost method
IAS 7	Interest paid and received dividends	Classification as net operating cash flows
IAS 16	Property, plant and equipment	Measurement at amortized historical cost
IAS 38	Intangible assets	Measurement at amortized historical cost
IFRS 3	Non-controlling interests	At the acquisition date, measurement either at fair value or at the portion of the net identifiable asset 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:

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

2.3 New standards and interpretations applied from January 1, 2021

2.3.1 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

2.3.2 Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR reform phase 2

The amendments to the standards for this phase 2 provide in particular practical expedients for the modification of financial instruments or leases related to the IBOR reform. For debt instruments affected by the IBOR reform, it will not be necessary to apply the provisions of IFRS 9 to determine whether the modification of the instrument is substantial. These amendments propose that modifications to financial instruments related to the reform be treated prospectively as an update to the interest rate with no impact on profit or loss. With regard to hedge accounting, the amendments introduce an exemption allowing hedge accounting to be maintained despite the change in future cash flows impacted by the change in rates due to the reform.

Discussions with the counterparties to negotiate the replacement of the indices with the new ones have been finalized. At December 31, 2021, the Group's exposure to financial instruments indexed to variable rates that are due to expire and maturing after the reform's implementation date is now nil.

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 could 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.

2.4 Main standards and interpretations compulsory after December 31, 2021 with no early application elected by the Group

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 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 profit or loss. This amendment should have no effect on the Group's financial statements. The amendment is applicable from January 1, 2022.

2.4.3 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 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 potential provisions of this amendment are currently being analyzed. The amendment is applicable from January 1, 2022.

2.4.4 Amendment to IAS 12: Taxes — Deferred taxes related to an asset or liability 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 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.

2.5 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 non-current assets	X	X
8.4	Other intangible assets	X	X
8.5	Property, plant and equipment financial liabilities	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	
10.2	Income taxes	X	X
11	Interests in associates and joint ventures	X	X
12	Transactions with related parties	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 (<i>TDIRA</i>)	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 (<i>TDIRA</i>)	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

(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	Requiring judgment in certain circumstances with respect to the existence or not of the control 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	Revenue	Splitting transaction price between mobile and service Identification of distinct or non-distinct performance obligations
Notes 5, 10 and 18	Purchases and other expenses, tax and litigation	Litigation and tax: measurement of technical merits of the interpretations and legislative positions and qualification of the facts and circumstances 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 Separation of service and lease components of leases "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) 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, 2021 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 claims and litigation and to tax legislation Onerous contracts	Underlying assumptions of the assessment of legal and fiscal positions Identifying and releasing of uncertain legal and tax positions 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, investments accounted for under the equity method)	Sensitivity to discount rates, perpetual growth rate and business plans' assumptions which affect the expected cash flows (revenues, EBITDAaL and investments) 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 deferred tax assets' recovery timeline when a tax entity reverts to profitability or when the tax legislation limits the use of tax loss carryforwards
Note 8	Fixed assets	Assessing assets' useful life according to the change 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) Provision for dismantling and restoring sites: dismantling timeframe, 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 Determination of the term of certain leases
Note 6.2	Employee benefits	Sensitivity to discount rates 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, evaluation 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 as well as 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, heat waves) continue to increase, which could aggravate disasters and increase 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 situation and prospects.

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 indication of impairment loss or on the eventual possibility of obtaining financing. Consideration of climate risks is also reflected in the Group's commitment to be carbon neutral by 2040. This commitment changes certain choices in terms of investments 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. At December 31, 2021, the Group has not identified any significant impact on its financial statements at the stage of completion of the projects in progress.

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)	2021	2020	2019
Gains (losses) on disposal of fixed assets (see Note 8.1)	52	221	303
Gains (losses) on disposal of investments and activities (see Note 3.2)	2,455	7	(26)
Gain (losses) on disposal of fixed assets, investments and activities	2,507	228	277

The results of the disposal of BT shares in 2019 are presented in net finance costs in the income statement and detailed in Note 13.6.

3.2 Main changes in the scope of consolidation

Changes in the scope of consolidation during 2021

Disposal of 50% of the capital of Orange Concessions

On 3 November 2021, after receiving final approvals of the antitrust and local authorities, the Orange group sold a 50% stake of Orange Concessions to the HIN consortium (gathering 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% co-owned by Orange and 50% by the consortium which have joint control over this entity, which comprises 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) amounts to 1,053 million euros (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").

Takeover of Telekom Romania Communications

On September 30, 2021, Orange Romania completed the acquisition of a 54% majority stake 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 at accelerating 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 is subject to price adjustments in the months following the transaction.

(in millions of euros)	At acquisition date
Acquisition cost	296
Cash acquired	(90)
Cash paid for investment securities, net of cash acquired	206

In accordance with IFRS 3 — Business Combinations, the Group has one year from the acquisition date to measure the fair value of identifiable assets acquired and liabilities assumed. This work has not yet been finalized. The amounts disclosed below at December 31, 2021 are therefore provisional and will be reviewed during the first half of 2022.

(in millions of euros)	At acquisition date
Purchase price related to the acquisition of the 54% share	296
Fair value of the non-controlling interests	251
Acquisition cost (a)	547
Net book value acquired before purchase price allocation (b)	275
Preliminary goodwill (a)-(b)	272

In 2021, Telekom Romania Communications' contribution to Group revenues, from the date of acquisition, amounts to 139 million euros.

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 on 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 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 amounts 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 results in an effect of (316) million euros on shareholders' equity (including (172) million euros relating to the portion attributable to the owners of the parent company and (144) million euros relating to the portion attributable to non-controlling interests).

This change in the percentage share held by Orange is shown in the financing flows in the statement of cash flows.

Ongoing transactions as at December 31, 2021

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 less 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 the customary conditions precedent, including the approval of the European Commission expected in 2022. 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 stake 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 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 shares of 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.

Changes in the scope of consolidation during 2019

Acquisitions of SecureLink and SecureData

On January 31, 2019, Orange acquired a 100% equity interest in SecureData, a provider of cyber security solutions in the United Kingdom for 100 million euros.

On July 8, 2019, the Group acquired 100% of SecureLink, an independent cyber security operator in Europe, for 377 million euros.

At acquisition date	SecureLink	SecureData
(in millions of euros)		
Acquisition cost	377	100
Cash acquired net of transaction costs	(6)	(5)
Cash paid for investment securities, net of cash acquired	371	95

Goodwill was recognized in the amount of 392 million euros as a result of the acquisition of Securelink and 97 million euros as a result of the acquisition of SecureData, after allocation of the purchase price to identifiable assets acquired and liabilities assumed.

At acquisition date	SecureLink	SecureData
(in millions of euros)		
Acquisition cost (a)	377	100
Net book value acquired	(153)	(32)
Effects of fair value measurement:		
Customer relationship ⁽¹⁾	181	43
Trademark	-	-
Other intangibles	-	-
Net deferred tax	(43)	(8)
Net asset remeasured at fair value (b)	(15)	3
Goodwill (a)-(b)	392	97

(1) Depreciation between 12 and 16 years according to the type of clients.

Fair values were measured using the excess earnings method for the customer base. Goodwill was primarily related to the acquisition of future customers.

The SecureLink and SecureData acquisition effect on revenue, in 2019, amounted to 154 million euros and 47 million euros, respectively.

Business & Decision

Since December 31, 2018, Orange has acquired 5.4% of the capital of Business & Decision for 3 million euros. At December 31, 2019, Orange owned 93.6% of the capital of Business & Decision. This change in the percentage share held by Orange with no gain, or loss, of control, was shown in the financing flows in the statement of cash flows.

Sale of Orange Niger

On November 22, 2019, Orange sold its 95.5% holding in Orange Niger to Zamani Com S.A.S, a company that is wholly owned by Orange Niger minority shareholders. This sale had no material impact on the Group's financial statements.

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 the investor's returns.

When assessing control, IFRS 10 requires judgment and continuous assessment.

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 is 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 contingent consideration are accounted for either through profit or loss or through other comprehensive income, in accordance with the applicable standards;
- goodwill is the difference between the consideration transferred and the fair value of the identifiable assets and liabilities assumed at the acquisition date, and is recognized as an asset in the statement of financial position. Considering the Group's activity, the fair values of the identifiable assets relate mainly to licenses, customer bases and brands (which cannot be capitalized when developed in-house), generating induced deferred taxes. 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 business combination with an ownership interest below 100%, non-controlling interest 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 share acquired.

Acquisition-related costs are directly recognized in operating income in the period in which they are incurred.

When a business combination is achieved in stages, the previously held equity interest is re-measured at fair value at the acquisition date through 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 of a capital gain or loss on the disposal, and in the revaluation at fair value of the residual share retained in accordance with the requirements of IFRS 10 applicable in the event of a loss of control.

Internal transfer of consolidated shares

IFRS do not address the accounting treatment for the 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 the transfer is fully eliminated in the acquirer's accounts;
- the non-controlling interests are adjusted to reflect the change in their share in the 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 sale is highly probable, 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 entities concerned under 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 represents a major line of an operating segment, its contribution to the income statement is presented separately below "consolidated net income of continuing operations" and its cash flow contribution is presented in the statement of cash flows.

Note 4 Sales

4.1 Revenue

The presentation of revenue is disaggregated by category and segment in Note 1.1 "Segment information." The breakdown of revenue by type is as follows:

- Convergence services: these include revenue from convergence services for the B2C market (combined Internet + Mobile products);
- Mobile only services: mobile only services revenue is generated by incoming and outgoing calls (voice, SMS and data), mainly outgoing, excluding convergent services (details below);
- Fixed only services: revenue from fixed only services includes retail sales of broadband and narrowband fixed services, excluding convergent services (see below) and fixed network business solution 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, as well as sales of equipment related to the above products and services;
- Services to carriers (wholesale): wholesale revenue includes roaming revenue from customers of other networks (national and international), revenue from Mobile Virtual Network Operators (MVNO) and from network sharing, among others;
- Equipment sales: Equipment sales include all sales of equipment (mobile terminals, broadband equipment, connected objects and accessories) with the exception of sales of equipment related to integration and information technology services (presented in the "IT & integration services" line), sales of network equipment related to the operation of voice and data services in the Enterprise segment (presented in the "Fixed only services" line) and sales of equipment to external distributors or brokers (presented in the "Other revenues" line);
- Other revenues: these revenues include, in particular, equipment sales to external distributors and brokers, revenues from portals, online advertising and the Group's cross-functional activities and other miscellaneous 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 service-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, added-value 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).

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

Contracts with customers generally do not include a material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the specific scope (e.g. additional consumption, options, etc.) generally reflect their standalone selling prices. 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 service contract and

communication. It is not generally separable from the service contract and communication offer and 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 phones): equipment sales may be separate from or bundled with a service offer. When separate from a service offer, the amount invoiced is recognized in revenue on delivery and receivable immediately or in 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 net finance costs.

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 handset) and services (e.g. a communication contract).

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 a build and run phase**

For business clients, 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 construction 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 under construction, then revenue for this phase is recognized upon completion. These contracts are generally multi-year, with scalable offers. On each contract modification, we assess the scope of the modification or its impact on the contract price in order to determine whether the modification should be treated as a distinct 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 Carrier customers for domestic wholesale activities and 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. Related 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 billed or cross-billed (free peering) and are therefore not recognized in revenue.

– **Service level 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, service reinstatement time). If the Group fails to comply with one of these commitments, it then pays compensation to the customer, which is usually a tariff 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 as counterparty to a right to receive a consideration from either a public entity or users of the public service. This right is accounted for as:

- an intangible asset in respect of 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 in respect of 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 income is related either to its regulatory obligations to lease technical sites to its competitors, to the supply of equipment in certain contracts with business clients, 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 revenues are recognized on a straight-line basis over the contract term, except for certain equipment leases to business clients, 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)	2021	2020	2019
Net banking income (NBI)	119	79	55
Income from client collection	89	101	110
Rebilling of network sharing costs	87	54	50
Tax credits and subsidies	44	31	33
Income from universal service	4	4	5
Other income	441	336	466
Total	783	604	720

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 expenses from banking operations). It is prepared in accordance with accounting practices that are commonly used in France in the banking sector.

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

Other income is predominantly comprised of rebilling of network sharing costs, income received from litigation and income relating to line damages.

4.3 Trade receivables

(in millions of euros)	2021	2020	2019
Net book value of trade receivables - in the opening balance	5,620	5,320	5,295
Business related variations	(53)	379	1
Changes in the scope of consolidation ⁽¹⁾	389	4	50
Translation adjustment	36	(90)	28
Reclassifications and other items	36	7	(53)
Net book value of trade receivables - in the closing balance	6,029	5,620	5,320

(1) Changes in the scope of consolidation in 2021 include 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 receivables sold mainly concern Spain, France and Poland and amounted to approximately 740 million euros in 2021, 640 million euros in 2020 and 690 million euros in 2019.

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, 2021	December 31, 2020	December 31, 2019
Net trade receivables, depreciated according to their age	1,204	1,145	1,233
Net trade receivables, depreciated according to other criteria	422	400	579
Net trade receivables past due	1,627	1,544	1,812
Net trade receivables not past due⁽¹⁾	4,402	4,076	3,508
Net trade receivables	6,029	5,620	5,320
o/w short-term trade receivables	5,793	5,382	5,044
o/w long-term trade receivables ⁽²⁾	236	238	276

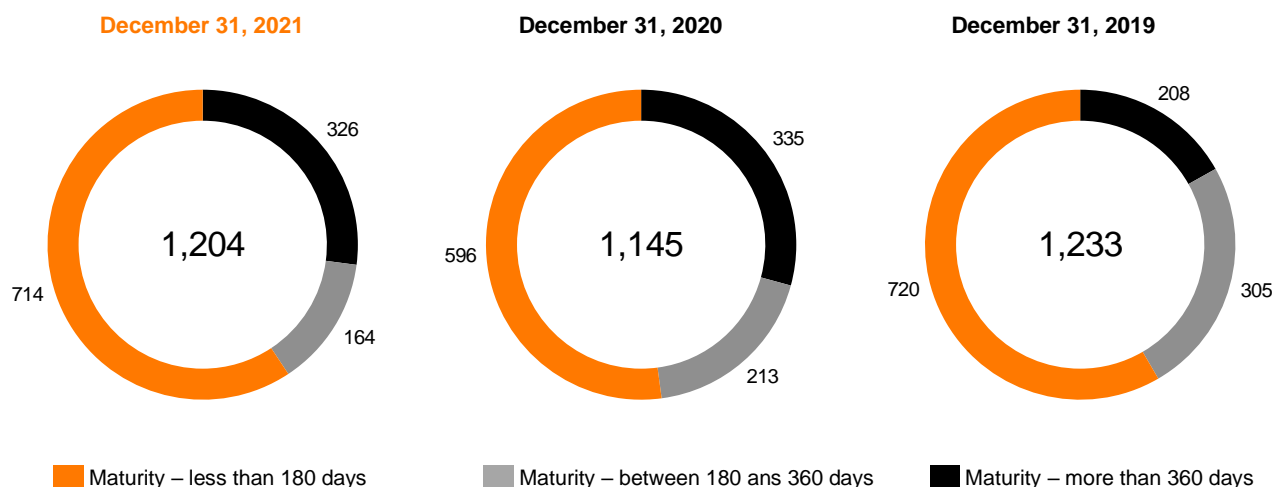
(1) Not past due receivables are presented net of the balance of expected losses on trade receivables, which amounted to (54) million euros at December 31, 2021, (56) million euros at December 31, 2020 and (23) million euros at December 31, 2019.

The increase is mainly due to the integration of Telekom Romania Communications and the externalization of Orange SA's receivables from concession contracts resulting from the loss of sole control over Orange Concessions.

(2) Includes receivables from sales of handsets with payment on instalments that are payable in more than 12 months and receivables from equipment financial lease offers for business (see accounting policies).

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, 2021 and recognized impairment and losses on trade receivables in the income statement for an amount of (212) million euros over the period.

In the 2021 fiscal year, the Group did not experience a major deterioration in the collectability of trade receivables, due in particular to the increased monitoring of trade receivables since the beginning of the health crisis in 2020 in order to manage and adapt the recovery measures.

The health crisis has resulted in the provision of economic support measures for companies and individuals in a number of countries. Such measures have helped to partially reduce the risk of non-recovery of trade receivables at December 31, 2021, but further reduce visibility on the evolution of the economic environment (in particular on the risk of business failures).

There is no change compared to December 31, 2020 in Orange's belief that the concentration of counterparty risk related to customer accounts is limited due to the large number of customers, their diversity (residential, professional and large companies) and their various sectors of the economy, as well as their wide geographic distribution in France and abroad.

For Mobile Financial Services, the effects of the health crisis on bank credit risk are 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)	2021	2020	2019
Allowances on trade receivables - in the opening balance	(983)	(888)	(816)
Net addition with impact on income statement ⁽¹⁾	(212)	(383)	(332)
Losses on trade receivables	283	275	271
Changes in the scope of consolidation ⁽²⁾	(91)	0	(1)
Translation adjustment	(7)	13	(5)
Reclassifications and other items	(1)	0	(5)
Allowances on trade receivables - in the closing balance	(1,012)	(983)	(888)

(1) The change in the provision for expected losses, in accordance with IFRS 9, amounts to 2 million euros in 2021, (33) million euros in 2020 and 2 million euros in 2019. 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) The change in scope of consolidation is mainly related to the integration of Telekom Romania Communications in 2021.

Accounting policies

Trade receivables are mainly short-term with no stated interest rate and are measured in the statement of financial position at original invoice amount, in accordance with IFRS 15. Those trade receivables which include deferred payment terms over 12 or 24 months for the benefit of customers buying a mobile telephone are discounted and classified as current items in the statement of financial position. Receivables from financial leases on equipment leased to companies 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 ageing 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 (ageing of late payment, other balances with the counterpart, 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 large business service accounts;
- a provisioning method based on anticipated loss: IFRS 9 requires recognition of expected losses on receivables immediately upon recognition of the financial instruments. In addition to the pre-existing provisioning system, the Group applies a simplified approach of anticipated impairment at the time the asset is recognized. The rate applied depends on the maximum revenue non-recoverability rate.

Identification of impairment losses for a group of receivables represents the step preceding identification of impairment for individual receivables. As soon as information is available (clients in bankruptcy or subject to equivalent judicial proceedings), 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 sold 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, 2021	December 31, 2020	December 31, 2019
Customer contract net assets ⁽¹⁾	740	709	771
Costs of obtaining a contract	294	262	258
Costs to fulfill a contract	426	265	181
Total customer contract net assets	1,460	1,236	1,209
Prepaid telephone cards	(186)	(197)	(212)
Connection fees	(563)	(589)	(665)
Loyalty programs	(29)	(25)	(38)
Other deferred revenue ⁽²⁾	(1,717)	(1,158)	(1,163)
Other customer contract liabilities	(17)	(15)	(15)
Total deferred revenue related to customer contracts	(2,512)	(1,984)	(2,093)
Total customer contract net assets and liabilities	(1,052)	(748)	(884)

(1) Assets net of remaining performance obligations.

(2) Includes in particular subscription contracts. The variation of 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 them in the financial statements.

(in millions of euros)	2021	2020	2019
Customer contract net assets - in the opening balance	709	771	784
Business related variations ⁽¹⁾	30	(60)	(13)
Changes in the scope of consolidation	4	-	-
Translation adjustment	0	(3)	1
Reclassifications and other items	(3)	(0)	0
Customer contract net assets - in the closing balance	740	709	771

(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)	2021	2020	2019
Costs of obtaining a contract - in the opening balance	262	258	233
Business related variations	20	11	21
Changes in the scope of consolidation	12	-	1
Translation adjustment	(1)	(7)	1
Reclassifications and other items	-	-	1
Costs of obtaining a contract - in the closing balance	294	262	258

(in millions of euros)	2021	2020	2019
Costs to fulfill a contract - in the opening balance	265	181	149
Business related variations	31	21	30
Changes in the scope of consolidation	-	-	-
Translation adjustment	11	(12)	2
Reclassifications and other items	118	75	-
Costs to fulfill a contract - in the closing balance	426	265	181

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

(in millions of euros)	2021	2020	2019
Deferred revenue related to customer contracts - in the opening balance	1,984	2,093	2,002
Business related variations ⁽¹⁾	220	(73)	(20)
Changes in the scope of consolidation ⁽²⁾	183	-	101
Translation adjustment	13	(31)	13
Reclassifications and other items	112	(6)	(3)
Deferred revenue related to customer contracts - in the closing balance	2,512	1,984	2,093

(1) In 2021, business related variations mainly concern contracts for the provision of the Orange network in Spain and submarine cable contracts in France.

(2) In 2021, changes in the scope of consolidation mainly concern the prepayment of network construction services from FiberCo in Poland to Orange Polska and the integration of Telekom Romania Communications. In 2019, the changes mainly concerned maintenance services paid in advance as part of the acquisition of SecureLink.

Accounting policies

Customer contract net assets and liabilities

The timing of revenue recognition may differ from 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 transferred.

In contrast, contract assets mainly refer to amounts allocated under IFRS 15 as compensation for goods or services provided to customers, but for which the right to collect payment is subject to providing other services or goods under that same contract (or group of contracts). This is the case in a bundled offer combining the sale of a mobile phone and mobile communication services for a fixed period, where the mobile phone is invoiced at a reduced price leading to the reallocation of a portion of amounts invoiced for telephone communication services to the supply of the mobile phone. The excess of the amount allocated to the mobile phone over the price invoiced is recognized as a contract asset and transferred to trade receivables as the service is invoiced.

Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted. Recoverability may also be impacted by a change in the legal environment governing offers.

Contract liabilities represent amounts paid by customers to Orange before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not yet transferred, such as contracts payable in advance or prepaid 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.

Cost 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 contract or invoice-indexed commission. Where the Group considers the commission incremental and believes that it 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 contracts as an expense at the time they are incurred if the amortization period of the asset that the Group would have recognized in respect of them, does not exceed one year.

The costs of obtaining fixed-period mobile service contracts are capitalized and recognized prorata temporis 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 prorata temporis 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

Contract fulfillment costs 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 recognized prorata temporis over the enforceable period of the contract.

At Group level, these costs mainly concern contracts for business clients, with, for example, design, installation, connection and migration fees 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 book 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, 2021. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract. As allowed by the simplification 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, 2021
Less than one year	6,558
Between 1 and 2 years	2,729
Between 2 and 3 years	931
Between 3 and 4 years	510
Between 4 and 5 years	206
More than 5 years	182
Total remaining performance obligations	11,115

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, 2021	December 31, 2020	December 31, 2019
Advances and downpayments	147	116	101
Submarine cable consortiums ⁽¹⁾	194	258	168
Security deposits paid	105	93	93
Orange Money - isolation of electronic money ⁽¹⁾	1,030	825	613
Other ⁽²⁾	654	545	408
Total	2,130	1,837	1,383

(1) These receivables are offset by the liabilities of the same amount (see accounting policies below and Note 5.7).

(2) Includes receivables from the disposal of FiberCo shares in 2021 for 91 million euros and a receivable to be received under an agreement to provide capacity on an FTTH network in Spain in 2020.

(in millions of euros)	2021	2020	2019
Other assets - in the opening balance	1,837	1,383	1,281
Business related variations ⁽¹⁾	236	495	97
Changes in the scope of consolidation	24	0	0
Translation adjustment	28	(32)	3
Reclassifications and other items	5	(9)	2
Other assets - in the closing balance	2,130	1,837	1,383
o/w other non-current assets	254	136	125
o/w other current assets	1,875	1,701	1,258

(1) Includes receivables from the disposal of FiberCo shares in 2021 for 91 million euros and a receivable to be received under an agreement to provide capacity on 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)	2021	2020	2019
Commercial, equipment expenses and content rights	(7,385)	(6,868)	(7,293)
o/w costs of terminals and other equipment sold ⁽¹⁾	(3,942)	(3,575)	(4,042)
o/w advertising, promotional, sponsoring and rebranding costs	(783)	(736)	(823)
Service fees and inter-operator costs	(4,349)	(4,529)	(4,608)
o/w interconnexion costs	(2,956)	(3,186)	(3,212)
Other network expenses, IT expenses	(3,530)	(3,503)	(3,253)
Other external purchases	(2,709)	(2,791)	(2,706)
o/w building cost for resale	(1,047)	(883)	(701)
o/w overhead	(1,044)	(1,099)	(1,254)
o/w rental expenses	(147)	(151)	(241)
Total	(17,973)	(17,691)	(17,860)

(1) The decline in the cost of terminals and other equipment sold in 2020 is mainly due to the closure of stores during the lockdown, which led to a sharp decline in equipment sales throughout the Group.

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)	2021	2020	2019
Litigation	(218)	(238)	(107)
Allowances and losses on trade receivables - telecom activities	(213)	(382)	(315)
Cost of bank credit risk	(48)	(31)	(10)
Expenses from universal service	(22)	(19)	(21)
Operating foreign exchange gains (losses)	(20)	19	(4)
Acquisition and integration costs	(14)	(18)	(17)
Other expenses	(165)	(119)	(124)
Total	(700)	(789)	(599)

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

The cost of credit risk exclusively 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. In the context of the health crisis, Orange Bank has reviewed its estimate of credit risks, taking into account the uncertainties, and considered whether the sectoral provisions used in the calculation of provisions should be renewed (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)	2021	2020	2019
Provisions for litigation - in the opening balance	525	643	572
Additions with impact on income statement	162	119	99
Reversals with impact on income statement	(10)	(29)	(8)
Discounting with impact on income statement	0	0	-
Utilizations without impact on income statement ⁽¹⁾	(317)	(205)	(22)
Changes in consolidation scope	(0)	-	1
Translation adjustment	1	(2)	0
Reclassifications and other items	44	-	1
Provisions for litigation - in the closing balance	405	525	643
o/w non-current provisions	51	46	45
o/w current provisions	353	479	598

(1) Corresponds 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 staff, 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)	2021	2020	2019
Departure plans ⁽¹⁾	(241)	(15)	(68)
Lease property restructuring ⁽²⁾	(6)	2	5
Distribution channels ⁽³⁾	(22)	(5)	(26)
Other	(63)	(8)	(43)
Total restructuring costs	(331)	(25)	(132)

(1) Mainly voluntary departure plans for Orange Spain (around 400 people) and Orange Polska (around 1,400 people) in 2021, and Orange Polska in 2019 (around 2,100 people).

(2) Essentially related to onerous contracts due to vacant leases in France.

(3) Essentially concerns the closure of sales outlets in Spain in 2021.

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

(in millions of euros)	2021	2020	2019
Restructuring provisions - in the opening balance	117	216	389
Additions with impact on income statement	277	12	97
Reversals releases with impact on income statement	(17)	(17)	(13)
Discounting with impact on income statement	(1)	4	1
Utilizations without impact on income statement	(191)	(95)	(124)
Translation adjustment	(0)	(3)	1
Reclassifications and other items ⁽¹⁾	(1)	-	(135)
Restructuring provisions - in the closing balance	185	117	216
o/w non-current provisions	61	53	96
o/w current provisions	124	64	120

(1) Starting January 1, 2019, following IFRS 16 application, restructuring provisions related to leases are presented in "Impairment of right-of-use assets". Only rental charges and taxes are presented in restructuring provisions.

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 Broadcasting rights and equipment inventories

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Handset inventories ⁽¹⁾	593	485	534
Other products/services sold	77	75	78
Available broadcasting rights	102	93	89
Other supplies	242	223	270
Gross value	1,015	874	970
Depreciation	(64)	(60)	(63)
Net book value	952	814	906

(1) Of which inventories treated as consignment with distributors amounting to 68 million euros as at December 31, 2021, 40 million euros as at December 31, 2020 and 35 million euros as at December 31, 2019.

(in millions of euros)	2021	2020	2019
Net balance of inventories - in the opening balance	814	906	965
Business related variations	125	(70)	(64)
Changes in the scope of consolidation	9	-	2
Translation adjustment	3	(8)	2
Reclassifications and other items	(1)	(14)	1
Net balance of inventories - in the closing balance	952	814	906

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, 2021	December 31, 2020	December 31, 2019
Prepaid external purchases	611	651	678
Other prepaid operating expenses	240	199	52
Total	851	850	730

(in millions of euros)	2021	2020	2019
Prepaid expenses - in the opening balance	850	730	571
Business related variations ⁽¹⁾	5	171	127
Changes in the scope of consolidation	0	-	65
Translation adjustment	10	(12)	5
Reclassifications and other items ⁽²⁾	(13)	(40)	(38)
Prepaid expenses - in the closing balance	851	850	730

(1) In 2020, the change includes 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 contracts (see Note 4.4).

5.6 Trade payables

(in millions of euros)	2021	2020	2019
Trade payables - in the opening balance	6,475	6,682	6,736
Business related variations	41	(122)	(85)
Changes in the scope of consolidation ⁽¹⁾	125	1	36
Translation adjustment	47	(80)	27
Reclassifications and other items	49	(6)	(32)
Trade payables - in the closing balance	6,738	6,475	6,682
o/w trade payables from telecoms activities	6,652	6,395	6,580
o/w trade payables from Mobile Financial Services	86	80	102

(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 rules 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 requirements at the end of the period, amounted to approximately 460 million euros at December 31, 2021, 435 million euros at December 31, 2020, and 525 million euros at the end of 2019.

Accounting policies

Trade payables resulting from trade transactions and settled in the normal operating cycle are classified as current items. They include those that have been financed by the supplier (with or without notification of transfer to financial institutions) under 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 carry the characteristics of trade payables, in particular due to the ongoing trade relationship, the payment schedules ultimately consistent with the operational cycle of a telecommunications operator in particular for the purchase of primary infrastructures, 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.

For payables without specified interest rates, they are measured at nominal value if the interest component is negligible. For interest bearing payables, the measurement is at amortized cost.

5.7 Other liabilities

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Provisions for litigations ⁽¹⁾	405	525	643
Cable network access fees (URI)	38	59	103
Submarine cable consortium ⁽²⁾	191	258	168
Security deposits received	128	134	147
Orange Money - units in circulation ⁽²⁾	1,030	823	613
Other	852	775	774
Total	2,644	2,574	2,448
o/w other non-current liabilities	306	307	353
o/w other current liabilities	2,338	2,267	2,095

(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)	2021	2020	2019
Other liabilities - in the opening balance	2,574	2,448	2,250
Business related variations	54	176	190
Changes in the scope of consolidation	9	-	12
Translation adjustment	29	(35)	4
Reclassifications and other items	(22)	(15)	(8)
Other liabilities - in the closing balance	2,644	2,574	2,448

Note 6 Employee benefits

6.1 Labor expenses

(in millions of euros)	Note	2021	2020	2019
Average number of employees (full-time equivalents) ⁽¹⁾		132,002	133,787	135,619
Wages and employee benefit expenses		(9,587)	(8,331)	(8,240)
o/w wages and salaries		(6,232)	(6,224)	(6,199)
o/w social security charges		(2,148)	(2,118)	(2,079)
o/w French part-time for seniors plans	6.2	(1,209)	23	6
o/w capitalized costs ⁽²⁾		849	866	848
o/w other labor expenses ⁽³⁾		(847)	(879)	(816)
Employee profit sharing		(145)	(142)	(181)
Share-based compensation⁽⁴⁾	6.3	(185)	(18)	(73)
o/w employee shareholding plan Together 2021		(172)	-	-
o/w free share award plans		(13)	(18)	(73)
Total in operating income		(9,917)	(8,490)	(8,494)
Net interest on the net defined liability in finance costs		(10)	(12)	(20)
Actuarial (gains)/losses in other comprehensive income ⁽⁵⁾		59	(13)	(62)

(1) Of whom 31% were Orange SA's French civil servants (34% at December 31, 2020 and 36% at December 31, 2019).

(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 contributions of (13) million euros in 2021, 5 million euros in 2020 and (15) million euros in 2019 with corresponding entries in consolidated balance sheet not presented in equity.

(5) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

6.2 Employee benefits

(in millions of euros)	December 31, 2021	December 31, 2020 ⁽¹⁾	December 31, 2019 ⁽¹⁾
Post-employment benefits ⁽²⁾	881	930	904
Other long-term benefits	2,318	1,407	1,867
o/w French part-time for seniors plans	1,720	802	1,233
Provisions for employment termination benefits	2	1	2
Other employee-related payables and payroll taxes due	1,862	1,779	1,782
Provisions for social risks and litigation	50	58	59
Total	5,113	4,176	4,614
o/w non-current employee benefits	2,798	1,984	2,353
o/w current employee benefits	2,316	2,192	2,261

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

(2) Does not include defined contribution plans.

The payments to be made in respect of post-employment benefits and other long-term benefits are presented below. These are estimated based on Group headcounts as at December 31, 2021, including rights acquired and not acquired at December 31, 2021, but for which it is assumed the rights will be acquired by the year 2040 approximately:

(in millions of euros)	Schedule of benefits to be paid, undiscounted					
	2022	2023	2024	2025	2026	2027 and beyond
Post-employment benefits	70	42	49	50	59	2,717
Other long-term benefits ⁽¹⁾	417	488	481	351	211	108
o/w French part-time for seniors plans	344	415	406	310	178	77
Total	487	530	530	401	270	2,825

(1) Provisions for Time Saving Account (CET) and long-term leave and long-term sick 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 (727) million euros in 2021 ((729) million euros in 2020 and (724) million euros in 2019);
- the Group is committed to a limited number **of annuity-based defined-benefit plans**: notably the Equant plans in the United Kingdom for 352 million euros and a plan for senior management staff in France for 191 million euros. 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 the acquisition of rights;
- 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 (688 million euros for Orange SA, equal to 80% of the capital-based plans) and for civil servants (23 million euros, equal to 3% 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 (*TPS*) detailed below.

French part-time for seniors plans

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

The part-time for seniors plans are accessible to civil servants and employees under private contract from the French entities who will retire no later than January 1, 2028, and who have at least 15 years service within the Group.

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

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

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

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

At December 31, 2021, 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 approximately at 11,900 employees.

6.2.2 Key assumptions used to calculate the amount of 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.

The discount rates used for the euro zone (which accounts for 88% of Orange's pension and other long-term employee benefit obligations as at December 31, 2021) are as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
More than 10 years	0.80% to 1.05%	0.55% to 0.90%	0.70% to 0.90%
Less than 10 years	-0.15% to 0.40% ⁽¹⁾	-0.35% to 0.70%	-0.33% to 0.70%

(1) A -0.15% rate has been used to value the obligation regarding the French part-time for seniors plans (-0.25% as at December 31, 2020 and December 31, 2019).

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 (3.15% 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 staff at retirement age). The estimated increase in the capital of this plan is based on a long-term inflation assumption of 2% associated with the effect of a higher "GVT" (acronym for Wage drift – Seniority – Job-skills). "Wage drift – Seniority – Job-skills" refers to annual change in total payroll costs independent of general or categorical increases in wages and salaries, due to in-grade promotions, out of grade promotions and the aging of existing staff.

The impacts on pension benefit obligations of changes in key assumptions would be as follows:

(in millions of euros)

	Rate increase by 50 points	Rate decrease by 50 points
Discount rates ⁽¹⁾	(101)	111
	Rate decrease by 5%	Rate increase by 5%
Sign-up rates for French part-time for seniors plans ⁽²⁾	(85)	85

(1) Includes 20 million euros for the French part-time for seniors plans (short term duration).

(2) Sensitivity is performed on future entries in French part-time for seniors plans (TPS).

6.2.3 Commitments and plan assets

(in millions of euros)	Post-employment benefits			Long-term benefits		2021	2020 ⁽¹⁾	2019 ⁽¹⁾
	Annuity-based plans	Capital-based plans	Other	French part-time for seniors plans (TPS)	Other			
Total benefit obligations in the opening balance	529	859	17	802	605	2,812	3,229	3,684
Service cost	0	63	0	1,242 ⁽²⁾	74	1,379	150	146
Net interest on the defined benefit liability	5	11	0	(2)	0	15	17	27
Actuarial losses/(gains) arising from changes of assumptions	9	(41)	(0)	27	(0)	(5)	102	82
<i>o/w arising from change in discount rate</i>	(24)	(51)	(0)	(1)	(0)	(76)	63	182
Actuarial losses/(gains) arising from experience	7	6	-	(59)	(1)	(47)	(121) ⁽³⁾	(43)
Benefits paid	(23)	(44)	(1)	(290)	(81)	(439)	(555)	(687)
Translation adjustment and other	23	2	(0)	(0)	0	25	(11)	20
Total benefit obligations in the closing balance (a)	550	856	16	1,720	598	3,740	2,811	3,229
o/w benefit obligations in respect of employee benefit plans that are wholly or partly funded	550	21	-	-	-	571	549	562
o/w benefit obligations in respect of employee benefit plans that are wholly unfunded	-	835	16	1,720	598	3,169	2,262	2,667
Weighted average duration of the plans (in years)	13	12	18	2	4	6	8	9

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

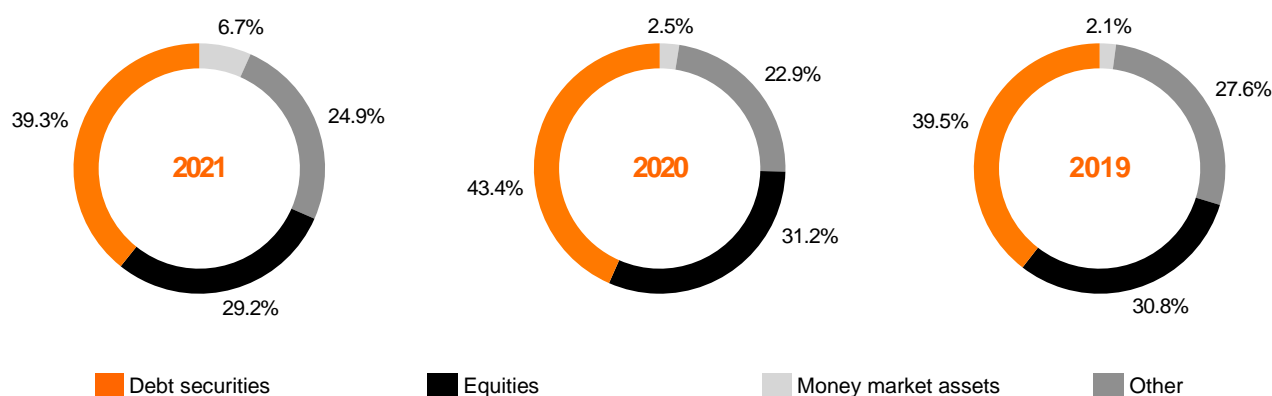
(2) Of which 1,225 million euros related to the new French part-time for seniors plan signed on December 17, 2021.

(3) In 2020, actuarial gains related to experience effects take into account a slowdown in the number of entries into the TPS plans.

(in millions of euros)	Post-employment benefits			Long-term benefits		2021	2020	2019
	Annuity-based plans	Capital-based plans	Other	French part-time for seniors plans (TPS)	Other			
Fair value of plan assets in the opening balance	473	1	-	-	-	474	458	414
Net interest on the defined benefit liability	4	0	-	-	-	4	6	8
(Gains)/Losses arising from experience	40	(0)	-	-	-	40	25	26
Employer contributions	20	-	-	-	-	20	18	16
Benefits paid by the fund	(20)	-	-	-	-	(20)	(18)	(19)
Translation adjustment and other	23	-	-	-	-	23	(16)	13
Fair value of plan assets in the closing balance (b)	540	1	-	-	-	541	474	458

Funded annuity-based plans represent 15% of Group social commitments.

The funded annuity-based plans are primarily located in the United Kingdom (66%) and France (32%) 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 asset ceiling adjustment for the periods presented.

(in millions of euros)	Post-employment benefits			Long-term benefits		2021	2020 ⁽¹⁾	2019 ⁽¹⁾
	Annuity-based plans	Capital-based plans	Other	French part-time for seniors plans (TPS)	Other			
Employee benefits in the opening balance	56	858	17	802	605	2,337	2,771	3,270
Net expense for the period	1	74	1	1,208	73	1,356	105	117
Employer contributions	(20)	-	-	-	-	(20)	(18)	(16)
Benefits directly paid by the employer	(3)	(44)	(1)	(290)	(81)	(419)	(538)	(668)
Actuarial (gains)/losses generated during the year through other comprehensive income	(25)	(34)	(0)	-	-	(59)	13	62
Translation adjustment and other	1	2	(0)	(0)	0	3	4	7
Employee benefits in the closing balance - Net unfunded status (a) - (b)	10	855	16	1,720	598	3,199	2,337	2,771
o/w non-current	8	806	16	1,375	594	2,799	1,955	2,195
o/w current	2	50	1	344	4	400	382	575

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

The following table discloses the net expense:

	Post-employment benefits			Long-term benefits		2021	2020	2019
	Annuity-based plans	Capital-based plans	Other	French part-time for seniors plans (TPS)	Other			
(in millions of euros)								
Service cost	(0)	(63)	(0)	(1,242) ⁽¹⁾	(74)	(1,379)	(151)	(146)
Net interest on the net defined benefit liability	(0)	(11)	(0)	2	(0)	(10)	(11)	(19)
Actuarial gains/(losses)	-	-	-	32	1	33	57	48
Total	(1)	(74)	(1)	(1,208)	(73)	(1,356)	(105)	(117)
o/w expenses in operating income	(0)	(63)	(0)	(1,210)	(73)	(1,346)	(94)	(98)
o/w net interest on the net defined liability in finance cost	(0)	(11)	(0)	2	(0)	(10)	(11)	(19)

(1) Of which (1,225) million euros related to the new 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, rate of 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). Its computation is based on external indices commonly used as 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 generally not financed. In the rare cases where they are, hedging 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 administrated 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 the market opportunities. Assets are measured at fair value, determined by reference to quoted prices, since they are mostly invested in listed securities (primarily shares and bonds) and the use of other asset categories is limited.

Other **long-term benefits may be granted** such as seniority awards, long-term compensated absences and French part-time for seniors plan (TPS) 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 profit or loss when they arise.

Termination benefits are subject to provisions (up to the related obligation). For all commitments where termination of employment contracts would trigger payment of an indemnity, actuarial gains and losses are recognized in profit or loss for the period when modifications take place.

6.3 Share-based payment

Employee shareholding plan Together 2021

On April 21, 2021, the Board of Directors approved the implementation of an employee shareholding plan, Together 2021, designed to strengthen the Group's employee shareholding. The offering relates to a maximum of subscriptions, including matching contributions, of a value of 260 million euros expressed in the reference price before discount and is 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% compared to the reference market price) amounts to 12 million shares, to which are 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 stands at 6.47 euros per share allocated (including free shares), i.e. an expense of (172) million euros (including social contributions) recognized through equity for 169 million euros and through social debts for 3 million euros.

Free share award plans in force at December 31, 2021

The Board of Directors approved the implementation of free share award plans (Long Term Incentive Plan – LTIP) reserved for the Executive Committee, Corporate Officers, and Senior Management holding the positions of "Executives" and "Leaders".

Main characteristics

	LTIP 2021 - 2023	LTIP 2020 - 2022	LTIP 2019 - 2021
Implementation date by the Board of Directors	July 28, 2021	July 29, 2020	July 24, 2019
Maximum number of free share units ⁽¹⁾	1.8 million	1.7 million	1.7 million
Estimated number of beneficiaries	1,300	1,300	1,200
Acquisition date of the rights by the beneficiaries	December 31, 2023	December 31, 2022	December 31, 2021
Delivery date of the shares to the beneficiaries	March 31, 2024	March 31, 2023	March 31, 2022

(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 exchange-traded price of Orange stock at the delivery date of the shares.

Condition of continued employment

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

	LTIP 2021 - 2023	LTIP 2020 - 2022	LTIP 2019 - 2021
Assessment of the employment continuation	From January 1, 2021 to December 31, 2023	From January 1, 2020 to December 31, 2022	From January 1, 2019 to December 31, 2021

Performance conditions

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

- the organic cash flow from telecom activities internal performance condition, as defined in the plan regulations, assessed (i) annually against the budget for the LTIP 2019-2021, and (ii) at the end of the three years of the plan against the objective set by the Board of Directors for the LTIP 2020-2022 and LTIP 2021-2023;
- the Corporate Social Responsibility (CSR) internal performance condition, half of which relates to the change in the level of CO₂ per customer use and (i) half to the Group's renewable electricity rate for LTIP 2019-2021 and LTIP 2020-2022, and (ii) half to the proportion of women in the Group's management networks for the LTIP 2021-2023, assessed at the end of the three years of the plan in relation to the objectives set by the Board of Directors;
- the Total Shareholder Return (TSR) external performance condition. The performance of the TSR 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 Stoxx Europe 600 Telecommunications index 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 2021 - 2023	LTIP 2020 - 2022	LTIP 2019 - 2021
Organic cash-flow from telecom activities	50%	40%	50%
Total Shareholder Return (TSR)	30%	40%	50%
Corporate Social Responsibility (CSR)	20%	20%	-

All performance conditions have been met or 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 LTIP 2019-2021.

Valuation assumptions

	LTIP 2021 - 2023	LTIP 2020 - 2022	LTIP 2019 - 2021
Measurement date	July 28, 2021	July 29, 2020	July 24, 2019
Vesting date	December 31, 2023	December 31, 2022	December 31, 2021
Price of underlying instrument at measurement date	9.63 euros	10.47 euros	13.16 euros
Price of underlying instrument at closing date	9.41 euros	9.41 euros	9.41 euros
Expected dividends (% of the share price)	7.3%	6.7%	5.3%
Risk free yield	- 0.68%	- 0.61%	- 0.70%
Fair value per share of benefit granted to employees	6.33 euros	6.06 euros	7.80 euros
o/w fair value of internal performance condition	7.74 euros	8.58 euros	11.10 euros
o/w fair value of external performance condition	3.04 euros	2.27 euros	4.50 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, 2021. 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, at December 31, 2021, fair value was determined based on the market price of Orange shares at the closing date.

Accounting effect

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

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

In 2019, an expense of (10) million euros (including social contributions) was recognized with corresponding entries in equity (8 million euros) and in social debts (2 million euros).

Closure of the free share award plan LTIP 2018–2020

In 2018, 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, 2021.

Main characteristics

	LTIP 2018 - 2020
Implementation date by the Board of Directors	July 25, 2018
Maximum number of free share units ⁽¹⁾	1.7 million
Number of free share units delivered at delivery date ⁽¹⁾	1.2 million
Estimated number of beneficiaries	1,200
Acquisition date of the rights by the beneficiaries	December 31, 2020
Delivery date of the shares to the beneficiaries	March 31, 2021

(1) In countries where the regulations, tax codes or labor laws do not permit awards of stock, the beneficiaries of the plan received a cash value based on the exchange-traded price of Orange stock at the delivery date of the shares, on March 31, 2021.

Condition of continued employment

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

	LTIP 2018 - 2020
Assessment of the employment continuation	From January 1, 2018 to December 31, 2020

Performance conditions

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

- 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 performance of the TSR was 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 Stoxx Europe 600 Telecommunications index 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 2018 - 2020
Organic cash-flow from telecom activities	50%
Total Shareholder Return (TSR)	50%

Performance was assessed for the years 2018, 2019 and 2020 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 telecoms activities was met for 2019 and 2020 but not for 2018. In addition, the condition relating to the TSR was not met for the period 2018-2020.

Valuation assumptions

	LTIP 2018 - 2020
Measurement date	July 25, 2018
Vesting date	December 31, 2020
Price of underlying instrument at measurement date	13.98 euros
Price of underlying instrument at vesting date	9.73 euros
Price of underlying instrument at delivery date	10.51 euros
Expected dividends (% of the share price)	5.0%
Risk free yield	-0.33%
Fair value per share of benefit granted to employees	11.23 euros
o/w fair value of internal performance condition	11.94 euros
o/w fair value of external performance condition	10.51 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 date of award and the expected dividends discounted to December 31, 2020. 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 that part of the plans remitted in the form of cash, the fair value was determined on the basis of the Orange share price at March 31, 2021.

Accounting effect

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

(in millions of euros)	2021	2020	2019	2018
LTIP 2018 - 2020 ⁽¹⁾	2	(7)	(7)	(3)

(1) With corresponding entries in equity for 14 million euros and in employee-related payables for 1 million euros settled on delivery of the shares in 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 bonus 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 as counterparty:

- employee benefit liabilities for cash-settled plans, re-measured against 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, 2021	December 31, 2020 ⁽⁴⁾	December 31, 2019
Short-term benefits excluding employer social security contributions ⁽¹⁾	(14)	(16)	(13)
Short-term benefits: employer's social security contributions	(5)	(5)	(4)
Post-employment benefits ⁽²⁾	(0)	(0)	(0)
Share-based compensation ⁽³⁾	(2)	(2)	(2)

(1) Includes all compensation: gross salaries including the variable component, bonuses, attendance fees and benefits in kind, incentive scheme and profit-sharing, cash settled Long Term Incentive Plan (LTIP).

(2) Service cost.

(3) Includes employee shareholding plans and shares settled Long Term Incentive Plan (LTIP).

(4) In 2020, an amount of (2) million euros relating to termination benefits was paid. These termination benefits are not presented in the compensation table above.

The total amount of retirement benefits (contractual retirement bonuses and defined-benefit supplementary pension plan) provided in respect of persons who were members of the Board of Directors or Executive Committee at the end of the year was 4 million euros (4 million euros in 2020 and 6 million euros in 2019).

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). Stéphane Richard, Chairman and Chief Executive Officer, has no employment contract, and the employment contracts of Deputy CEOs were suspended on the date of their appointment as corporate officers. These employment contracts may be reinstated at the end of their terms of office, with recovery of rights.

Orange has not acquired any other goods or services from persons who are or were at any time during the year or 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)	2021	2020	2019
Spain	(3,702)	-	-
Jordan	-	-	(54)
Total of impairment of goodwill	(3,702)	-	(54)

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

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.

At December 31, 2019

In Jordan, the (54) million euros impairment of goodwill reflected the effects of an uncertain political and economic climate and heavy competitive pressure on the fixed and mobile data markets. The net book value of tested assets was brought down to the value in use of current and long-term assets at 100% at December 31, 2019 (0.8 billion euros).

In Egypt, the reversal of 89 million euros of impairment on fixed assets primarily reflected an improvement in the country's economic situation (see Note 8.3).

7.2 Goodwill

(in millions of euros)	December 31, 2021			December 31, 2020	December 31, 2019
	Gross value	Accumulated impairment losses	Net book value	Net book value	Net book value
France	14,377	(13)	14,364	14,364	14,364
Europe	13,712	(7,633)	6,079	9,512	9,537
Spain	6,986	(3,816)	3,170	6,872	6,872
Romania	2,074	(570)	1,504	1,236	1,236
Slovakia	806	-	806	806	806
Belgium	1,049	(713)	336	336	350
Poland	2,650	(2,515)	135	136	140
Moldova	80	-	80	76	83
Luxembourg	68	(19)	50	50	50
Africa & Middle East	2,605	(1,140)	1,465	1,443	1,481
Burkina Faso	428	-	428	428	428
Côte d'Ivoire	417	(42)	375	375	375
Morocco	265	-	265	253	257
Sierra Leone	114	-	114	118	134
Jordan	277	(166)	111	103	112
Cameroon	134	(90)	44	44	44
Other	971	(843)	128	122	131
Enterprise International Carriers & Shared Services	18	-	18	18	18
Mobile Financial Services	28	-	28	35	-
Goodwill	33,626	(9,435)	24,192	27,596	27,644

(in millions of euros)	Note	December 31, 2021	December 31, 2020	December 31, 2019
Gross Value in the opening balance		33,273	33,579	32,949
Acquisitions ⁽¹⁾		266	26	520
Disposals		(4)	-	(4)
Translation adjustment		91	(331)	111
Reclassifications and other items		-	-	3
Gross Value in the closing balance		33,626	33,273	33,579
Accumulated impairment losses in the opening balance		(5,678)	(5,935)	(5,775)
Impairment	7.1	(3,702)	-	(54)
Disposals		(0)	-	4
Translation adjustment		(55)	257	(110)
Accumulated impairment losses in the closing balance		(9,435)	(5,678)	(5,935)
Net book value of goodwill		24,192	27,596	27,644

(1) The change corresponds mainly to the preliminary goodwill of Telekom Romania Communications amounting to 272 million euros in 2021 (see Note 3.2).

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 book value tested (see Note 7.4) and result in impairment losses on goodwill and fixed assets.

In 2021, the Group updated its strategic plan during the first semester (for the period 2021–2025). 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 2021:

- the discount rates (which may incorporate a specific premium reflecting an assessment of the performance risks of certain business plans or country risks) experienced a slight increase as a result, on one hand, of the revision of one of their calculation parameters during the second half of 2021, and on the other hand, of the recognition of a precaution on the Enterprise CGU with a view to integrating the effects of the accelerated decline in fixed voice into the valuation used at December 31, 2021.

- perpetual growth rates were maintained in most regions, with the effects of the health crisis not leading to any change in the long-term outlook of the service markets offered by the Group.

At December 31, 2021, business plans and key operating assumptions were sensitive to the following:

- the consequences of the Covid-19 pandemic: deterioration in the situation compared to December 31, 2020 in certain geographical areas in terms of the return to an economic situation deemed normal (such as in Spain or Romania);
- the tradeoffs to be made by regulatory and competition authorities between reducing prices to consumers and stimulating business investment, or in terms of rules for awarding 5G operating licenses or market concentration;
- the fiercely competitive nature of the markets in which the Group operates, where price pressure is strong, particularly in Spain;
- the Group's ability to adjust costs and capital expenditure to changes in revenue;
- and specifically in the Middle East and the Maghreb (Jordan, Egypt, 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, 2021	France	Spain	Poland	Enterprise	Romania		
Basis of recoverable amount				Value in use			
Source used				Internal plan			
Methodology				Discounted cash flow			
Perpetuity growth rate	0.8 %	1.5 %	1.5 %	0.3 %	2.5 %		
Post-tax discount rate	5.8 % ⁽¹⁾	6.8 %	7.3 %	8.3 %	7.0 %		
Pre-tax discount rate	7.6 %	8.4 %	8.5 %	11.1 %	7.9 %		

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

December 31, 2019	France	Spain	Poland	Enterprise	Sierra Leone	Liberia	Belgium
Basis of recoverable amount				Value in use			
Source used				Internal plan			
Methodology				Discounted cash flow			
Perpetuity growth rate	0.8 %	1.5 %	1.5 %	0.3 %	3.8 %	3.8 %	0.5 %
Post-tax discount rate	6.0 % ⁽¹⁾	7.3 %	8.3 %	7.5 %	13.0 %	13.0 %	7.5 %
Pre-tax discount rate	8.1 %	9.1 %	9.7 %	10.0 %	15.9 %	15.9 %	9.6 %

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

At December 31, 2021, the fair value of the Belgium/Luxembourg entity was defined on the basis of the conditional voluntary public tender offer for the shares of Orange Belgium 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) and Sonatel (Regional Stock Exchange (BRVM)). The aggregated share of these subsidiaries, which publish their own regulated information, is less than or equal to 20% of the consolidated revenue, operating income and net income excluding non-recurring transactions.

7.4 Sensitivity of recoverable amounts

Because of the correlation between operating cash flow and investment capacity, a sensitivity of net cash flow is used. Cash flow for the terminal year forming a significant part of the recoverable amount, a change of plus or minus 10% in these cash flows is presented as a sensitivity assumption.

Cash flow is cash provided by operating activities net of acquisitions and disposals of property, plant and equipment and intangible assets (including tax at a standard rate, repayment of lease liabilities and debts related to financed assets, related interest expenses and excluding other interest expenses).

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 flow, 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, 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	n/a	n/a	n/a
December 31, 2019			
France	+252 bp	(243) bp	-34%
Spain	+54 bp	(63) bp	-11%
Poland	+200 bp	(178) bp	-24%
Enterprise	+1,130 bp	(1,783) bp	-74%
Belgium	+856 bp	(711) bp	-69%
Sierra Leone	+50 bp	(86) bp	-9%
Liberia	+83 bp	(154) bp	-15%

Spain

In 2021, the value in use of the Spain CGU was revised based on the key valuation assumptions established by the local governance. The revision of the assumptions resulted in (3,702) million euros impairment of goodwill.

A sensitivity analysis was carried out at December 31, 2021 on each of the following criteria, taken individually:

- increase of 0.25% in the discount rate;
- decrease of 0.25% in the perpetual growth rate;
- decrease of 5% in cash flow in the terminal year.

This sensitivity analysis identified a risk of impairment of up to 3% of the net book value of goodwill.

Belgium

At December 31, 2021, the fair value of the Belgium/Luxembourg entity was defined based on the conditional voluntary public tender offer for all shares of Orange Belgium SA closed on May 4, 2021 (see Note 3.2). Sensitivity analyzes, calculated on cash flows and financial parameters, are therefore not relevant for these CGUs at December 31, 2021. A change of one euro in the reference price per share used to calculate the fair value of the Belgium/Luxembourg entity would have an effect on the recoverable amount of 0.1 billion euros.

Other

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

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

This sensitivity analysis identified a risk of impairment of up to 16% of the net book 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 in the region of the net book 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.

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)	2021	2020	2019
Transfer price	163	444	610
Net book value of assets sold	(111)	(223)	(307)
Proceeds from the disposal of fixed assets⁽¹⁾	52	221	303

(1) In 2021, the gains on disposal of fixed assets related to the sale and leaseback transactions amount to 10 million euros and mainly comprise property asset disposals in France. The gains on disposal of fixed assets related to the sale and leaseback amounted to 143 million euros in 2020 and 195 million euros in 2019 and mainly comprise property asset disposals in France and mobile site disposal in Spain.

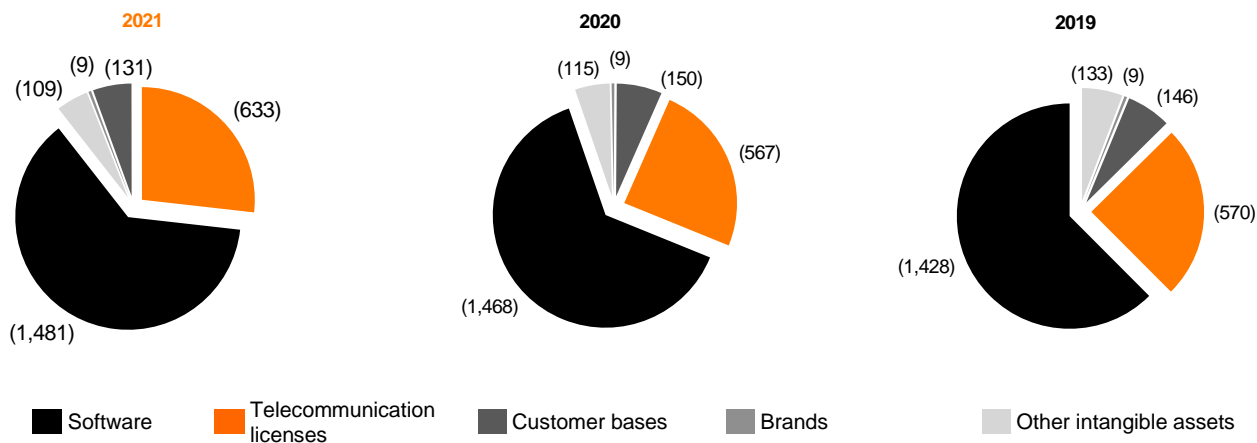
8.2 Depreciation and amortization

(in millions of euros)



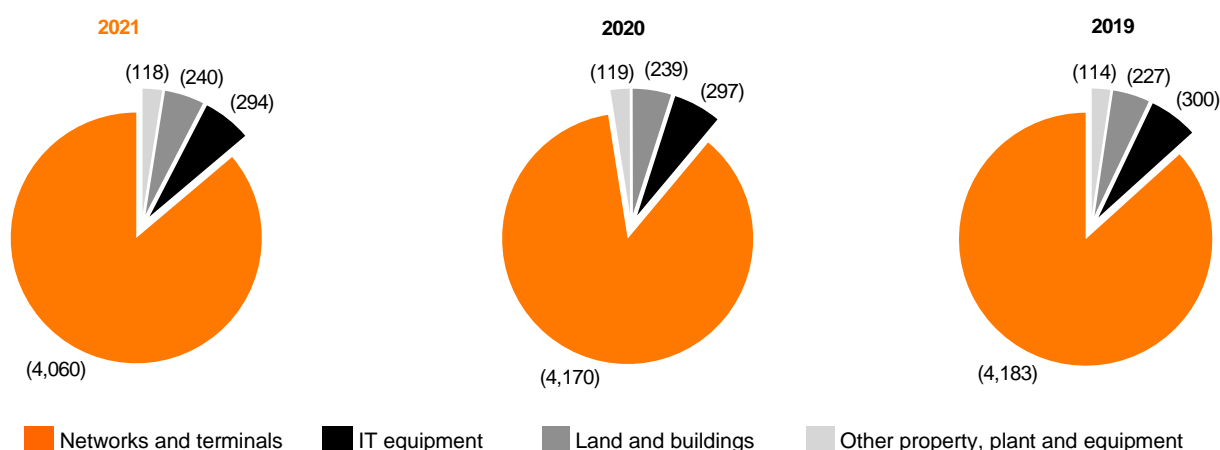
Depreciation and amortization of intangible assets

(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)	2021	2020	2019
France	(1)	(15)	-
International Carriers & Shared Services	(2)	(7)	-
Poland	(11)	(7)	(12)
Egypt	1	1	89
Other	(2)	(2)	(4)
Total of impairment of fixed assets	(17)	(30)	73

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, 2021	December 31, 2020	December 31, 2019
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	1.3%	1.2%	1.1%
Post-tax discount rate	7.7%	6.9%	7.4%
Pre-tax discount rate	9.8%	8.3%	8.8%

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 flow independent of the cash flows generated by 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 (and included in the business plan) discounted in perpetuity, less the costs attributable to the brand's owner.

8.4 Other intangible assets

	December 31, 2021			December 31, 2020	December 31, 2019
	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value	Net book value
(in millions of euros)					
Telecommunications licenses	12,116	(5,374)	(51)	6,691	6,043
Software	13,796	(9,418)	(47)	4,331	4,250
Orange brand	3,133	-	-	3,133	3,133
Other brands	1,104	(133)	(901)	69	88
Customer bases	5,297	(4,939)	(12)	346	597
Other intangible assets	2,304	(1,730)	(204)	370	626
Total	37,749	(21,594)	(1,215)	14,940	15,135

(in millions of euros)	2021	2020	2019
Net book value of other intangible assets - in the opening balance	15,135	14,737	14,073
Acquisitions of other intangible assets	2,842	2,935	2,385
<i>o/w telecommunications licenses⁽¹⁾</i>	926	969	519
Impact of changes in the scope of consolidation ⁽²⁾	(888)	31	328
Disposals	(4)	(4)	(10)
Depreciation and amortization	(2,363)	(2,309)	(2,286)
Impairment ⁽³⁾	(40)	(24)	88
Translation adjustment	92	(176)	106
Reclassifications and other items ⁽⁴⁾	165	(55)	52
Net book value of other intangible assets - in the closing balance	14,940	15,135	14,737

(1) In 2021, includes 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, related to the acquisition of the 5G license in France for 875 million euros and in Slovakia for 37 million euros. In 2019, related to licenses in Spain for 296 million euros, in Burkina Faso for 119 million euros and in Guinea for 82 million euros.

(2) In 2021, mainly relates to the effects of the loss of sole control over Orange Concessions. In 2019, mainly relates to the effects of SecureLink and SecureData acquisitions.

(3) Includes impairment detailed in Note 7.1.

(4) In 2021, mainly relates to 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 relate to labor expenses and amounted to 399 million euros in 2021, 405 million euros in 2020 and 389 million euros in 2019.

Information on telecommunications licenses at December 31, 2021

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 (1 license)	875	811	13.9
LTE (4 licenses) ⁽²⁾	2,180	1,473	9.8 to 14.9
UMTS (3 licenses)	342	175	8.4 and 9.7
GSM (2 licenses)	207	191	9.3
France	3,604	2,650	
5G (4 licenses)	1,070	1,037	9.0 and 19.7
LTE (3 licenses)	536	305	9.0 to 9.3
GSM (2 licenses)	285	111	10.0
Spain	1,891	1,453	
LTE (3 licenses)	739	441	6.0 to 9.1
UMTS (1 license)	355	22	1.0
GSM (2 licenses)	130	40	5.6 to 7.5
Poland	1,224	503	
LTE (1 license)	444	301	10.0
UMTS (1 license)	153	50	10.0
GSM (2 licenses)	431	113	10.0
Egypt	1,028	464	
LTE (1 license)	62	45	13.1
UMTS (1 license)	29	10	9.3
GSM (1 license)	770	159	10
Morocco	861	214	
LTE (1 license)	184	89	7.3
UMTS (1 license)	100	52	9.0
GSM (1 license)	292	105	7.3
Romania	576	246	
LTE (1 license)	89	50	8.4
UMTS (3 licenses)	143	70	3.2 to 11.3
GSM (1 license)	191	82	7.0
Jordan	423	202	
LTE (2 licenses)	140	82	5.4 and 11.9
UMTS (1 license)	4	2	0.3
GSM (1 license)	7	3	0.2
Belgium	151	87	
5G (2 licenses)	38	37	3.7 and 19
LTE (3 licenses)	76	38	3.7 to 7
UMTS (1 license)	46	10	4.7
GSM (1 license)	66	12	4.0
Slovensko	226	97	
Other	2,132	775	
Total	12,116	6,691	

(1) In number of years, at December 31, 2021.

(2) Comprises the 700 MHz license of which the spectrum is technologically neutral.

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.

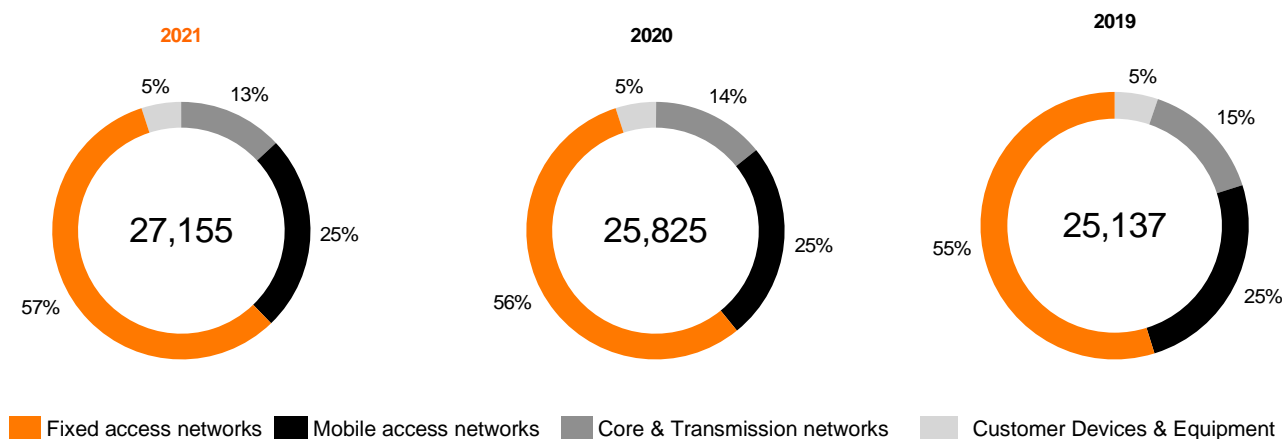
Intangible assets are initially recognized at acquisition or production cost. The payments indexed to revenue, especially for some telecommunications licenses, are expensed in the relevant periods.

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

8.5 Property, plant and equipment

	December 31, 2021				December 31, 2020	December 31, 2019
	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value	Net book value	Net book value
(in millions of euros)						
Networks and terminals	97,426	(69,900)	(371)	27,155	25,825	25,137
Land and buildings	7,821	(5,470)	(234)	2,117	2,018	2,026
IT equipment	3,963	(3,178)	(1)	784	801	803
Other property, plant and equipment	1,721	(1,286)	(6)	428	431	456
Total property, plant and equipment	110,931	(79,834)	(612)	30,484	29,075	28,423

The networks and terminals are broken down as follows:



(in millions of euros)	2021	2020	2019
Net book value of property, plant and equipment - in the opening balance	29,075	28,423	27,119
Acquisitions of property, plant and equipment	5,947	5,848	6,181
<i>o/w financed assets</i>	40	241	144
Impact of changes in the scope of consolidation ⁽¹⁾	130	0	(52)
Disposals and retirements	(102)	(154)	(164)
Depreciation and amortization	(4,796)	(4,880)	(4,838)
<i>o/w fixed assets</i>	(4,712)	(4,825)	(4,824)
<i>o/w financed assets</i>	(84)	(55)	(14)
Impairment ⁽²⁾	(5)	(6)	(15)
Translation adjustment	129	(319)	115
Reclassifications and other items	105	164	78
Net book value of property, plant and equipment - in the closing balance	30,484	29,075	28,423

(1) Mainly relates, in 2021, to the effects of the acquisition of Telekom Romania Communications and the loss of sole control over FiberCo in Poland (see Note 3.2).
Mainly relates, in 2019, to the disposal of Orange Niger.

(2) Includes impairment detailed in Note 7.1.

Financed assets

Financed assets include at December 31, 2021 the set-up boxes in France which are financed by an intermediary bank: they meet the standard criterion of a tangible asset according to IAS 16. The debts associated 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 relate to labor expenses and amount to 450 million euros in 2021, 462 million euros in 2020 and 459 million euros in 2019.

Accounting policies

Property, plant and equipment are made up of tangible fixed assets and financed assets. They mainly comprise network facilities and equipment.

The gross value of property, plants and equipment is made up of their 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, removing and restoring the site occupied due to the obligation incurred by the Group.

The roll-out of assets by stage, especially for 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 optical fiber 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 terminal section of networks is classified as a joint operation in accordance with IFRS 11 "Partnerships": Orange only recognizes as an asset its share of the network assets self-built or purchased to other co-financing operators.

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

8.6 Fixed assets payables

(in millions of euros)	2021	2020	2019
Fixed assets payable - in the opening balance	4,640	3,665	3,447
Business related variations ⁽¹⁾	(206)	1,002	200
Changes in the scope of consolidation ⁽²⁾	(199)	(0)	(14)
Translation adjustment	31	(50)	29
Reclassifications and other items ⁽³⁾	216	23	3
Fixed assets payable - in the closing balance	4,481	4,640	3,665
o/w long-term fixed assets payable	1,370	1,291	817
o/w short-term fixed assets payable	3,111	3,349	2,848

(1) Includes, in 2021, the disbursement of the 5G license for (150) million euros in France. Included, in 2020, 725 million euros for the acquisition of the 5G license in France.

(2) Includes (241) million euros in 2021 as a result of the removal of Orange Concessions from the Group's scope of consolidation (see Note 3.2).

(3) In 2021, mainly relates to incentive bonus fees on penetration rates and business continuity payable by the public initiative networks to the local authorities in the amount of 195 million euros.

Accounting policies

These payables are generated from trading activities. The payment terms can be over several years in the case of infrastructure roll-out and license acquisition. The payables due in more than 12 months are presented in non-current items. For payables without specified interest rates, they are measured at nominal value if the interest component is negligible. For interest bearing payables, the measurement is at amortized cost.

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

Firm purchase commitments are disclosed as unrecognized contractual commitments (see Note 16), net of any prepayment, which are recognized as prepayment on fixed assets.

8.7 Dismantling provisions

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

(in millions of euros)	2021	2020	2019
Dismantling provisions - in the opening balance	901	827	776
Provision reversal with impact on income statement	(0)	(0)	(0)
Discounting with impact on income statement	11	2	5
Utilizations without impact on income statement	(18)	(12)	(24)
Changes in provision with impact on assets	3	79	67
Changes in the scope of consolidation	-	-	-
Translation adjustment	(0)	(10)	2
Reclassifications and other items	-	16	2
Dismantling provisions - in the closing balance	897	901	827
o/w non-current provisions	876	885	812
o/w current provisions	21	16	15

Accounting policies

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

When the obligation arises, a dismantlement asset is recognized in compensation for the dismantling provision.

The provision is based on dismantling costs (on a per-unit basis for telephone poles, terminals 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 of the commitment settlement. This estimate is revised annually and adjusted where appropriate against the asset to which it relates. The provision is present-discounted at a rate set by geographical area and equal to the average rate of risk-free investments in 15-year State bonds.

In case of extinguishment of the obligation, the provision is reversed in compensation for the net carrying value of the dismantling asset and of the net carrying value of the underlying assets if the dismantling asset is less than the reversal of the provision.

Note 9 Lease agreements

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

- Land and buildings
- Networks and terminals
- IT equipment
- Other

Accounting policies

IFRS 16 "Leases," the application of which is mandatory, has been applied within the Group since January 1, 2019.

IFRS 16 defines a lease as a contract that grants 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 liabilities (see Notes 9.1 and 9.2). In the income statement, depreciation of right-of-use assets (see Note 9.1) is presented separately from the interest expenses on lease liabilities. In the statement of cash flows, cash outflows relating to interest expenses impact operating cash flows, while repayment of lease liabilities impacts financing cash flows.

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

When the Group carries out a transaction qualified 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 as counterparty to a lease liability. A gain (or loss) on disposal of fixed assets is recognized in the income statement in proportion to the rights transferred to the buyer-lessor. The adjustment of the gain (or loss) on disposal recognized in the income statement for the share on which the Group retains its user rights via the lease relates 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, concerning leases with a term of 12 months or less that are not tacitly renewable and leases where the value, when new, 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 four major categories of leases:

- land and buildings: these leases mainly concern commercial (point of sale) or service activity (office and head office) 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 terminals: the Group is required to lease a certain number of assets in connection with its mobile activities. This is notably the case of land on which to install antennas, mobile sites leased to third-party operators and certain "TowerCos" contracts (companies operating telecom towers). 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 (total or partial unbundling), as well as the lease of land transmission cables;
- IT equipment: this asset category primarily comprises the lease of servers and hosting space in data centers;
- other: this asset category primarily comprises the lease of vehicles and technical equipment.

9.1 Right-of-use assets

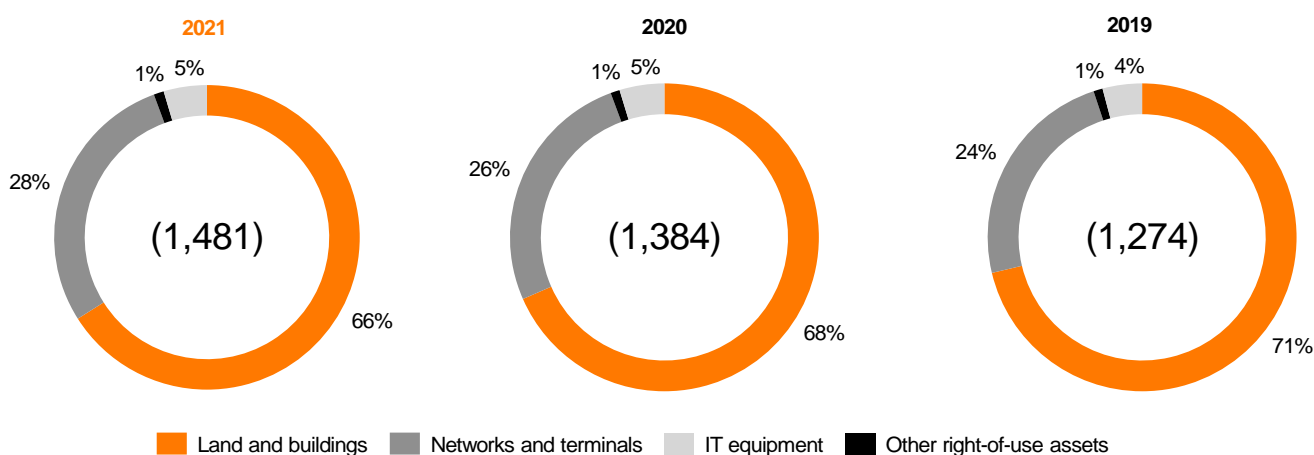
(in millions of euros)	December 31, 2021			December 31, 2020	December 31, 2019
	Gross value	Accumulated depreciation and amortization	Accumulated impairment	Net book value	Net book value
Land and buildings	7,743	(2,489)	(324)	4,930	4,959
Networks and terminals	3,442	(926)	-	2,516	1,524
IT equipment	166	(111)	(0)	55	29
Other right-of-use	360	(159)	(0)	201	188
Total right-of-use assets	11,711	(3,685)	(324)	7,702	6,700

(in millions of euros)	2021	2020	2019
Net book value of right-of-use assets - in the opening balance	7,009	6,700	6,790
Increase (new right-of-use assets) ⁽¹⁾	2,172	1,529	1,014
Impact of changes in the scope of consolidation	34	1	18
Depreciation and amortization	(1,481)	(1,384)	(1,274)
Impairment ⁽²⁾	(91)	(57)	(33)
Impact of changes in the assessments	74	331	187
Translation adjustment	46	(104)	26
Reclassifications and other items	(62)	(7)	(28)
Net book value of right-of-use assets - in the closing balance	7,702	7,009	6,700

(1) Comprises in 2021, 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 qualified as onerous contracts.

Depreciation and amortization of right-of-use assets



In 2021, the rental expense recognized in external purchases in the income statement amounts to (147) million euros compared to (151) million euros in 2020 and (241) million euros in 2019 (see Note 5.1). It includes lease payments on contracts of 12 months or less

which are not tacitly renewable, contracts where the new value of the underlying asset is less than 5,000 euros, and variable lease payments which were not figured into the measurement of the lease liability.

Accounting policies

A right-of use is recognized as an asset, 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 amortized 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

At December 31, 2021, lease liabilities amount to 8,065 million euros, including non-current lease liabilities of 6,696 million euros and current lease liabilities of 1,369 million euros.

(in millions of euros)	2021	2020	2019
Lease liabilities - in the opening balance	7,371	6,932	6,531
Increase with counterpart in right of use	2,158	1,582	1,580
Impact of changes in the scope of consolidation	34	1	18
Decrease in lease liabilities following rental payments	(1,624)	(1,400)	(1,429)
Impact of changes in the assessments	74	326	187
Translation adjustment	47	(96)	24
Reclassifications and other items	4	26	21
Lease liabilities - in the closing balance	8,065	7,371	6,932
O/w non-current lease liabilities	6,696	5,875	5,593
O/w current lease liabilities	1,369	1,496	1,339

The following table details the undiscounted future cash flows of lease liabilities as known at December 31, 2021:

(in millions of euros)	Total	2022	2023	2024	2025	2026	2027 and beyond
Undiscounted lease liabilities	8,755	1,546	1,346	1,163	971	859	2,871

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 such termination option is reasonably certain to be exercised).

The Group only takes the lease component 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 canceled, plus periods covered by any extension options that the lessee is reasonably certain to exercise and by any termination options that the lessee is reasonably certain not to exercise. In the case of "3/6/9" leases in France, the term adopted is assessed on a contract-by-contract basis.

This period is also defined taking into account any laws and practices specific to each jurisdiction and business sector regarding the firm lease commitment term granted by lessors. The Group nonetheless assesses the enforceable period, based on the circumstances of each lease, taking into account certain indicators such as the existence of more than insignificant 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 period of the lease.

When a lease includes a purchase option, the Group considers the enforceable period 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 rate on government bonds in the lessee country, in accordance with the lease term and currency, to which the Group's credit spread is added.

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

- a change in term resulting from a contract amendment or a change in assessment of the reasonable certainty that a renewal option will be exercised or a termination option will not be exercised;
- a change in the amount of lease payments, for example following application of a new index or rate in the case of variable payments;
- 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 the 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 the States and Local Authorities.

10.1.1 Operating taxes and levies recognized in the income statement

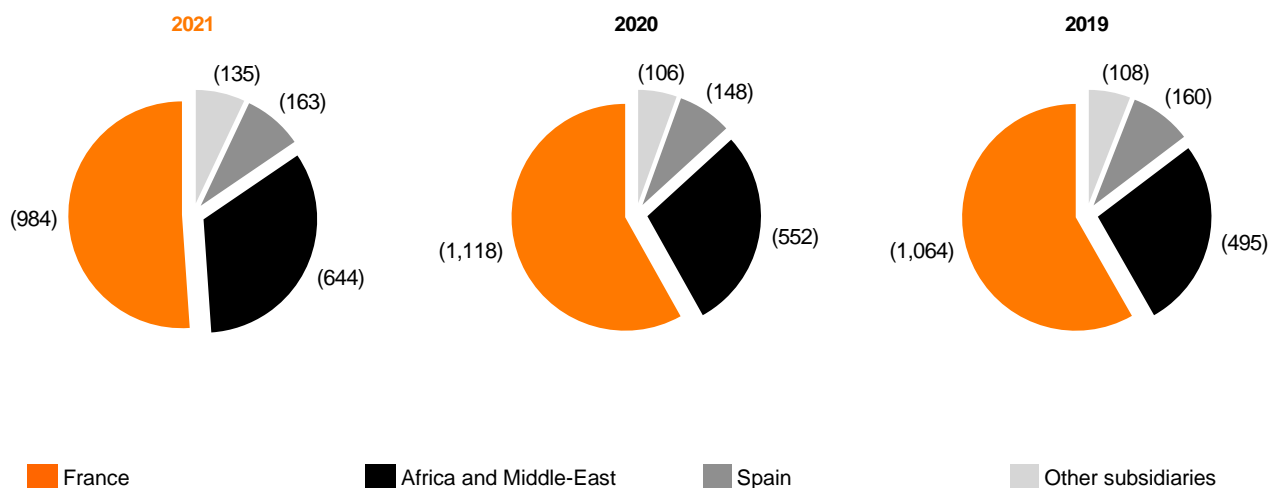
(in millions of euros)	2021	2020	2019
Territorial Economic Contribution, IFER and similar taxes ⁽¹⁾	(652)	(795)	(758)
Spectrum fees	(360)	(341)	(329)
Levies on telecommunication services	(329)	(319)	(276)
Other operating taxes and levies	(586)	(469)	(465)
Total	(1,926)	(1,924)	(1,827)

(1) Including in 2021 a reduction of the territorial economic contribution (TEC) for (139) million euros. This decrease is explained by the reduction of the applicable rate of the company value-added contribution (CVAE), which is the main component of the TEC.

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 the following:

(in millions of euros)



10.1.2 Operating taxes and levies in the statement of financial position

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Value added tax (VAT)	1,025	966	996
Other operating taxes and levies	138	138	94
Operating taxes and levies - receivables	1,163	1,104	1,090
Value added tax (VAT)	(682)	(652)	(649)
Territorial Economic Contribution, IFER and similar taxes	(89)	(87)	(90)
Spectrum fees	(18)	(21)	(22)
Levies on telecommunication services	(143)	(128)	(118)
Other operating taxes and levies	(504)	(391)	(408)
Operating taxes and levies - payables	(1,436)	(1,279)	(1,287)
Operating taxes and levies - net	(273)	(175)	(197)

Changes in operating taxes and levies

(in millions of euros)	2021	2020	2019
Net tax liabilities and operating taxes and levies - in the opening balance	(175)	(197)	(295)
Operating taxes and levies recognized in profit or loss	(1,926)	(1,924)	(1,827)
Operating taxes and levies paid ⁽¹⁾	1,914	1,929	1,939
Changes in the scope of consolidation	(67)	-	3
Translation adjustment	(19)	20	(16)
Reclassifications and other items	(1)	(3)	(1)
Net tax liabilities and operating taxes and levies - in the closing balance	(273)	(175)	(197)

(1) Including in 2021 the reclassification in the consolidated statement of cash flows of 34 million euros as investing activities corresponding to the VAT disbursement made by Orange Polska as part of the FiberCo transaction in Poland.

Accounting policies

Value Added Tax (VAT) receivables and payables correspond to the VAT collected or deductible from the various states. Collections and repayments 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 the tax assets, liabilities and accruals recognized in the statement of financial position based on the technical merits of the positions it defends versus that of the tax authorities.

10.2 Income taxes

10.2.1 Income taxes

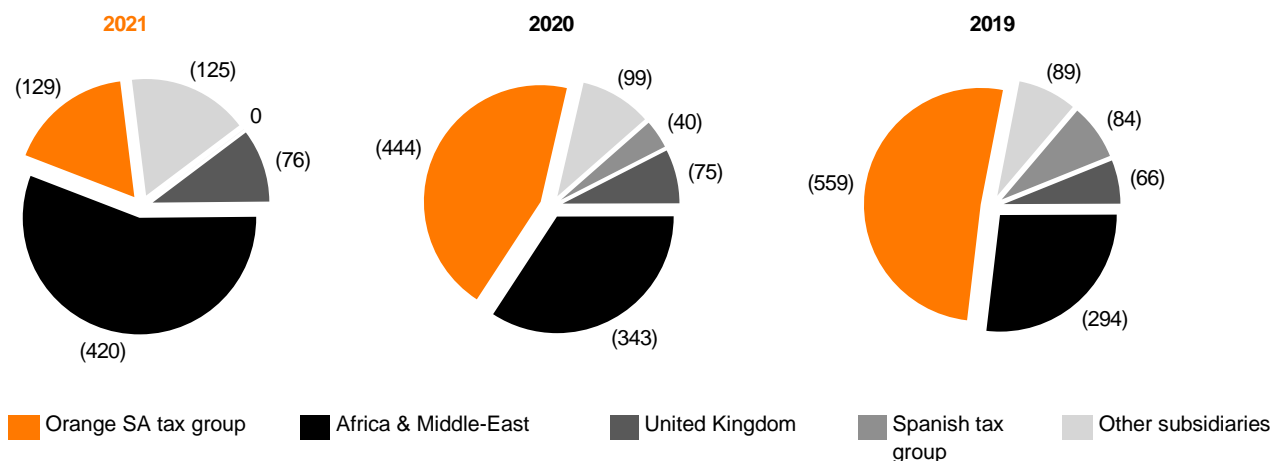
(in millions of euros)	2021	2020	2019
Orange SA tax group	3	1,556	(875)
• Current tax	(129)	1,801	(559)
<i>o/w tax income related to the 2005-2006 tax dispute</i>	-	2,246	-
<i>o/w current tax excluding the tax income related to the 2005-2006 tax dispute</i>	(129)	(444)	(559)
• Deferred tax	133	(246)	(316)
Spanish tax group	(115)	(146)	(123)
• Current tax	(0)	(40)	(84)
• Deferred tax	(115)	(106)	(39)
Africa & Middle East	(431)	(341)	(296)
• Current tax	(420)	(343)	(294)
• Deferred tax	(11)	2	(1)
United Kingdom	(264)	(137)	(66)
• Current tax	(76)	(75)	(66)
• Deferred tax	(188)	(63)	(0)
Other subsidiaries ⁽¹⁾	(156)	(83)	(86)
• Current tax	(125)	(99)	(89)
• Deferred tax	(31)	16	3
Total Income taxes	(962)	848	(1,447)
• Current tax	(750)	1,245	(1,093)
<i>o/w tax income related to the 2005-2006 tax dispute</i>	-	2,246	-
<i>o/w current tax excluding the tax income related to the 2005-2006 tax dispute</i>	(750)	(1,001)	(1,093)
• Deferred tax	(212)	(396)	(354)

(1) In 2021, include an income tax expense of (74) million euros related notably to the gain arising from the loss of sole control over the FiberCo (see Note 3.2)

In 2020, the Orange group's current tax was an income amounting to 1,245 million euros and included a tax income of 2,246 million euros related to the tax dispute in France for fiscal years 2005–2006.

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

(in millions of euros)



Orange SA tax group

Current tax expense

Over the last three years, the income tax rate applicable in France gradually decreased from 34.43% in 2019 to 32.02% in 2020, and then to 28.41% in 2021.

The decrease in the tax rate in France from 32.02% to 28.41% resulted in a reduction in the current tax expense of 61 million euros in 2021.

The reduction in the tax rate from 34.43% to 32.02% resulted in a reduction in the current tax expense of 36 million euros in 2020.

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

In 2021, the current tax expense includes 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.

The 2018 French Finance Act included a gradual reduction in the corporate income tax rate with an expected tax rate of 25.83% as of 2022. The 2022 French Finance Act passed in December 2021 confirms the trajectory initially planned, i.e. a rate of 25.83% in 2022.

Spanish tax group

Current tax expense

The corporate tax rate applicable is 25% for all the 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% restriction on the utilization of tax loss carry forwards.

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 2021, a deferred tax expense of (162) million euros was recognized to reflect the negative impact on the recoverable amount of deferred taxes of updated business plan projections in a market that remains highly competitive with significant price pressure.

In 2020, a deferred tax expense of (102) million euros was recognized to reflect the negative impact on the recoverable amount of deferred taxes of updated business plan projections.

In 2019, a deferred tax expense of (42) million euros was recognized to reflect evolution of future perspectives for the recoverability of the deferred tax assets.

Africa & Middle East

The main contributors to the income tax expense are Côte d'Ivoire, Mali, Guinea and Senegal:

- in Côte d'Ivoire, the corporate tax rate is 30% and the current tax expense stands at (91) million euros in 2021, (77) million euros in 2020 and (52) million euros in 2019;

- in Mali, the corporate tax rate is 30% and the current tax expense stands at (67) million euros in 2021, (62) million euros in 2020 and (55) million euros in 2019;
- in Guinea, the corporate tax rate is 35% and the current tax expense stands at (63) million euros in 2021, (47) million euros in 2020 and (42) million euros in 2019;
- in Senegal, the corporate tax rate is 30% and the current tax expense stands at (53) million euros in 2021, (54) million euros in 2020 and (56) million euros in 2019.

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 includes an increase of (188) million euros in relation to deferred tax liabilities recognized for 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 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	2021	2020	2019
Profit before tax		1,740	4,207	4,669
Statutory tax rate in France		28.41 %	32.02 %	34.43 %
Theoretical income tax		(494)	(1,347)	(1,608)
<i>Reconciling items:</i>				
Tax income related to the 2005-2006 tax dispute ⁽¹⁾		-	2,246	-
Impairment of goodwill ⁽²⁾	7.1	(1,052)	-	(19)
Impairment of BT shares	13.7	-	-	(34)
Impact related to the loss of sole control over Orange Concessions		557	-	-
Share of profits (losses) of associates and joint ventures		1	(1)	3
Adjustment of prior-year taxes		(23)	1	10
Recognition / (derecognition) of deferred tax assets		(149)	(98)	(36)
Difference in tax rates ⁽³⁾		85	157	192
Change in applicable tax rates ⁽⁴⁾		(235)	(92)	43
Other reconciling items ⁽⁵⁾		348	(18)	2
Effective income tax		(962)	848	(1,447)
Effective tax rate (ETR)		55.31 %	(20.17) %	30.99 %

(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'Etat* on the tax dispute in respect of fiscal years 2005-2006. The impact of this tax income on the effective tax rate is (53.3) basis points. Excluding this item, the Group ETR would be 33.2% in 2020.

(2) Reconciling item calculated based on the tax rate applicable to the parent company of the Group. The difference between the tax rate of the parent company and the local tax rate of subsidiaries is presented below in "Difference in tax rates". In 2021, the (3,702) million euros impairment loss recorded on goodwill in Spain generates a reconciling item at the Group tax rate of (1,052) million euros. Excluding this effect, the Group ETR is 17.7% in 2021.

(3) The Group is present in jurisdictions in which tax rates are different from the French tax rate. This mainly includes the United Kingdom (tax rate of 19%) and Spain (tax rate of 25%).

(4) Takes into account the remeasurement of the deferred tax due to change of tax rate in tax legislation, as well as the impact of the booking over the period of deferred tax at tax rates that differ from the rate applicable in the current fiscal year.

(5) Includes in 2021 a tax income recorded resulting from the reassessment of an income tax charge booked in periods before those presented.

10.2.2 Income tax on other comprehensive income

(in millions of euros)	2021		2020		2019	
	Gross amount	Deferred tax	Gross amount	Deferred tax	Gross amount	Deferred tax
Actuarial gains and losses on post-employment benefits ⁽¹⁾	59	(14)	(13)	1	(62)	18
Assets at fair value	11	-	94	-	(16)	-
Cash flow hedges	317	(84)	22	(10)	144	(47)
Translation adjustment	200	-	(414)	-	78	-
Other comprehensive income of associates and joint ventures	1	-	-	-	-	-
Total presented in other comprehensive income	587	(98)	(311)	(9)	145	(29)

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

10.2.3 Tax position in the statement of financial position

(in millions of euros)	December 31, 2021			December 31, 2020 ⁽¹⁾			December 31, 2019 ⁽¹⁾		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Orange SA tax group									
• Current tax	26	-	26	-	359	(359)	-	385	(385)
• Deferred tax ⁽²⁾	362	-	362	327	-	327	581	-	581
Spanish tax group									
• Current tax	13	-	13	12	-	12	-	32	(32)
• Deferred tax ⁽³⁾	-	211	(211)	-	95	(95)	11	-	11
Africa & Middle East									
• Current tax	62	328	(266)	45	228	(183)	43	212	(168)
• Deferred tax	127	93	34	103	55	48	92	55	37
United Kingdom									
• Current tax	-	5	(5)	-	4	(4)	-	30	(30)
• Deferred tax ⁽⁴⁾	-	787	(787)	-	600	(600)	1	539	(538)
Other subsidiaries									
• Current tax	80	92	(12)	70	82	(12)	76	90	(14)
• Deferred tax	202	94	109	244	105	139	255	108	147
Total									
• Current tax	181	425	(244)	128	673	(545)	120	748	(629)
• Deferred tax	692	1,185	(493)	674	855	(181)	940	703	238

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

(2) Mainly includes deferred tax assets on employee benefits.

(3) The recognized deferred tax assets are offset by the deferred tax liabilities on the goodwill which is tax deductible.

(4) Mainly deferred tax liabilities on the Orange brand.

Change in net current tax

(in millions of euros)	2021	2020	2019
Net current tax assets / (liabilities) in the opening balance	(545)	(629)	(636)
Cash tax payments / (reimbursements) ⁽¹⁾	1,028	(1,160)	1,079
Change in income statement ⁽¹⁾	(750)	1,245	(1,093)
Change in other comprehensive income	-	-	-
Change in retained earnings ⁽²⁾	29	(2)	48
Changes in the scope of consolidation	1	(0)	(1)
Translation adjustment	(7)	4	(1)
Reclassification and other items	0	(4)	(24)
Net current tax assets / (liabilities) in the closing balance	(244)	(545)	(629)

(1) In 2021, include disbursements and income tax expenses on gain arising from losses 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 Group statement of cash flows. In 2020, include the reimbursement and tax income of 2,246 million euros in respect of the tax dispute for 2005-2006.

(2) Mainly corresponds to the tax effect relating to 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)	2021	2020 ⁽¹⁾	2019 ⁽¹⁾
Net deferred tax assets / (liabilities) in the opening balance	(181)	238	735
Change in income statement	(212)	(396)	(354)
Change in other comprehensive income	(98)	(9)	(30)
Change in retained earnings	5	-	(35)
Change in the scope of consolidation	(1)	(2)	(76)
Translation adjustment	(5)	(10)	0
Reclassification and other items	(1)	(2)	(3)
Net deferred tax assets / (liabilities) in the closing balance	(493)	(181)	238

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

Deferred tax assets and liabilities by type

	December 31, 2021			December 31, 2020			December 31, 2019		
	Assets	Liabilities	Income statement	Assets	Liabilities	Income statement	Assets	Liabilities	Income statement
(in millions of euros)									
Provisions for employee benefit obligations ⁽¹⁾	705	-	218	499	-	(154)	652	-	(169)
Fixed assets	528	1,476	(218)	552	1,275	(111)	614	1,216	(68)
Tax losses carryforward	3,958	-	37	3,887	-	8	3,895	-	8
Other temporary differences	2,673	2,960	(76)	2,690	2,821	(71)	2,812	2,858	(83)
Deferred tax	7,865	4,436	(38)	7,629	4,096	(327)	7,973	4,074	(312)
Depreciation of deferred tax assets	(3,922)	-	(174)	(3,714)	-	(69)	(3,661)	-	(41)
Netting	(3,251)	(3,251)	-	(3,241)	(3,241)	-	(3,372)	(3,372)	-
Total	692	1,185	(212)	674	855	(396)	940	703	(354)

(1) 2019 and 2020 figures have been restated of the IFRS IC agenda decision on calculation of some retirement indemnities plans (see Note 2.3.1).

At December 31, 2021, tax loss carryforwards mainly related to Spain and Belgium.

At December 31, 2021, the unrecognized deferred tax assets mainly related to Spain for 2.2 billion euros and Belgium (Belgian subsidiaries other than Orange Belgium) for 0.8 billion euros, and mostly included tax losses that can be carried forward indefinitely. In Spain, tax losses carryforwards for which a deferred tax asset has been recognized are expected to be fully utilized by 2026, unless affected by changes in tax rules and changes in business projections. The deferred tax assets recognized for Spain amounted to 0.4 billion euros at December 31, 2021.

Most of the other tax losses carryforwards for which no deferred tax assets have been recognized will expire beyond 2026.

10.3 Developments in tax disputes and audits

Developments in tax disputes and audits in France

Tax audits

Orange SA was the subject of tax audits for the years 2017 and 2018 for which amending proposals were issued in 2021 for a total amount of approximately 430 million euros (default penalties and interest included). These adjustments mainly relate to the calculation of VAT on digital offerings, tax on electronic communications services on the same digital offerings, research tax credit, tax on television services, a portion of trademark fees paid by Orange SA to the British company Orange Brand Services Ltd for reasons similar to the adjustments notified during the previous audits and the reconsideration of previous tax loss carryforwards used for fiscal years 2017 and 2018.

All of these adjustments are contested 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.

Orange SA was subject to a tax audit covering fiscal years 2015 and 2016. An amending proposal was issued in 2019 covering the calculation of trademark fees paid by Orange SA to the British 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 rectification request is contested by Orange SA, which has requested the opening of out-of-court proceedings and arbitration between the French and British tax authorities. The additional tax charge 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 Spain

In the same way as other telecom operators, the Group regularly deals with disagreements concerning the taxation of its network in various countries.

Orange in Spain is involved in various tax disputes related to local taxes on mobile and fixed services:

- regarding mobile services, in May 2016, the Supreme Court of Spain considered admissible some terms and conditions of taxation, based on the value of the use. Since then, some municipalities sent out tax bills in accordance with such Supreme Court sentence. Orange continues to challenge the amount of the tax base, especially in Madrid, despite it was reduced by the municipality due to an error of the latter in the calculation of the tax base.
- regarding fixed services, in January 2021, the Court of Justice of the European Union (CJUE), in response to an interpretative question raised, has ruled on the 1.5% charge on fixed retail services. Since then, Orange Espagne has paid this tax when it is imposed by the municipalities. The application of this charge to fixed wholesale services is contested by Orange. At this stage, Orange estimates that the decision of the CJUE does not lead to a modification of its accounting position.

Developments in tax disputes and audits in the rest of the Group

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 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-shareholders	% interest	December 31, 2021	December 31, 2020	December 31, 2019
Entities jointly controlled						
Orange Concessions and its subsidiaries	Operation / maintenance related to Public Initiative Networks	Consortium HIN (50%)	50%	1,049	-	-
Swiatlowod Inwestycje Sp. z o.o. (FiberCo in Poland)	Construction / operation in Poland	APG Group (50%)	50%	298	-	-
Mauritius Telecom	Telecommunications operator in Mauritius	Mauritius government (34%)	40%	65	70	83
Other				10	10	5
Entities under significant influence						
Orange Tunisie	Telecommunications operator in Tunisia	Investec (51%)	49%	2	-	-
Savoie connectée	Fiber infrastructure operator	Covage (70%)	30%	7	5	-
IRISnet	Telecommunications operator in Belgium	MRBC (54%)	22%	6	5	5
Odyssey Music Group (Deezer)	Streaming platform	AI European Holdings SARL (45%)	11%	-	5	7
Other				3	2	3
TOTAL				1,440	98	103

The change in interests in associates and joint ventures is as follows:

(in millions of euros)	2021	2020	2019
Interests in associates - in the opening balance	98	103	104
Dividends	(3)	(4)	(2)
Share of profits (losses)	3	(2)	8
Impairment	-	(0)	(0)
Change in components of other comprehensive income	3	-	-
Changes in the scope of consolidation ⁽¹⁾	1,345	0	2
Translation adjustment	(4)	(12)	(4)
Reclassifications and other items	(3)	13	(5)
Interests in associates - in the closing balance	1,440	98	103

(1) Changes in the scope of consolidation mainly relate to Orange Concessions and Swiatlowod Inwestycje Sp. z o.o. (FiberCo in Poland) as described in Note 3.2.

The main operations between the Group and associates and joint ventures are presented in Note 12.

11.2 Main figures of associates and joint ventures

The main figures relating to Orange Concessions and Swiatlowod Inwestycje Sp. z o.o. (FiberCo in Poland) are as follows (figures presented at 100% from financial statements):

(in millions of euros)	December 31, 2021	
	Orange Concessions	Swiatłowod Inwestycje Sp. z o.o.
Assets⁽¹⁾		
Non-current assets	3,029	168
Current assets	519	171
Total assets	3,548	339
Liabilities⁽²⁾		
Shareholder's equity	1,991	257
Non-current liabilities	1,054	45
Current liabilities	502	36
Total equity and liabilities	3,548	339
Income statement		
Revenue	112	7
Operating income	(16)	(3)
Finance costs, net	(5)	16
Net income	(14)	10

(1) The assets are recognized by Orange Concessions in accordance with the provisions of IFRIC 12 "Service Concession Arrangements."
(2) Orange Concessions has contracted bank loans during the period to finance the activity.

11.3 Contractual commitments on interests in associates and joint ventures

Commitments related to Public Initiative Networks

As part of the deployment of the High and Very High Speed network in France, the Group entered into contracts via Public Initiative Networks (mainly public service delegation 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 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 now jointly controlled with the consortium and is consolidated in the accounts of the Orange group under the equity method. The Group continues to have obligations under network construction, concession and operation contracts in proportion to its shareholding, resulting in a significant decrease in off-balance sheet commitments which now amount to 1,980 million euros at December 31, 2021, versus 4,423 million euros at December 31, 2020.

The recoverable amount of interests in associates and joint ventures is based on the fair value of recent transactions.

Accounting policies

The carrying amount accounted for under the equity method corresponds to the initial acquisition cost increased by the share of profit or loss in the period. If an associate incurs losses and the carrying amount 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 when there is objective evidence of impairment, for instance a decrease in the quoted price when the investee is listed, significant financial difficulty of the entity, observable data indicating that there is 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 amount, the recoverable amount being the higher of the value in use and the fair value less costs to sell. The unit of account is the whole investment. Any impairment is recognized as "Share of profits (losses) of associates and joint ventures". Impairment losses shall be reversed once the recoverable amount exceeds the carrying amount.

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 done so as part of a competitive process held for each service 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 the use of spectrum resources. These resources are allocated after a competitive process.

Transactions with the main associates and joint ventures

The main operations between the Group and the interests in associates and joint ventures are reflected as follow in Orange's consolidated financial statements:

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Assets			
Non-current financial assets	43	9	-
Trade receivables	417	39	37
<i>o/w Orange Concessions⁽¹⁾</i>	372	-	-
Current financial assets	12	5	2
Other current assets	52	-	1
Liabilities			
Current financial liabilities	0	0	-
Trade payables	14	5	10
Other current liabilities	1	0	0
Customer contract liabilities	153	3	0
<i>o/w Swiatlowod Inwestycje Sp.z o.o.⁽²⁾</i>	151	-	-
Income statement			
Revenue	139	14	10
<i>o/w Orange Concessions</i>	124	-	-
Operating income	135	(7)	7
Finance costs, net	1	0	1
Net income	129	(7)	8

(1) Operations between the Group and Orange Concessions mainly comprise receivables of Orange SA towards Orange Concessions in relation with fiber deployment and maintenance activities operated by the Group.

(2) Customer contract liabilities correspond mainly to the recognition of deferred income by Orange Polska in connection with the prepayment of services provided to FiberCo.

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 to be able to 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, 2021.

(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	900	-		900	17.1.1	-
Non-current financial assets	950	977	13.7	-		(27) ⁽¹⁾
Non-current derivatives assets	683	682	13.8	0	17.1.3	-
Current financial assets related to Mobile Financial Services activities	2,381	-		2,385	17.1.1	(4)
Current financial assets	2,313	2,313	13.7	-		-
Current derivatives assets	7	7	13.8	-	17.1.3	-
Cash and cash equivalents	8,621	8,188	14.3	433		-
Non-current financial liabilities related to Mobile Financial Services activities	-	-		28	17.1.2	(27) ⁽¹⁾
Non-current financial liabilities	31,922	31,922	13.3	-		-
Non-current derivatives liabilities	220	161	13.8	59	17.1.3	-
Current financial liabilities related to Mobile Financial Services activities	3,161	-		3,161	17.1.2	-
Current financial liabilities	3,421	3,426	13.3	-		(4)
Current derivatives liabilities	124	124	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 related to the components of net financial debt correspond mainly to the revaluation in euros of bonds denominated in foreign currencies (Note 13.5) as well as to the symmetrical revaluation of associated hedges as defined by IFRS 9.

Foreign exchange financial income (loss) is mainly due to revaluation of the 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 comprise interest on lease liabilities for (120) million euros in 2021, (120) million euros in 2020 and (129) million euros in 2019 (see Note 9.2) and the effects resulting from the Group's stake in BT corresponding to the impairment loss, net of the impact from the foreign exchange risk hedge and of the dividends of (119) million euros in 2019.

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 the operating income (foreign exchange gains and losses on trade receivables, trade payables and the associated derivative hedges) for (19) million euros in 2021, versus 16 million euros in 2020 and (7) million euros in 2019.

	Finance costs, net						Other comprehensive income
	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 ⁽²⁾	Finance costs, net	Reserves
(in millions of euros)							
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 ⁽³⁾
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
2019							
Financial assets	-	5	5	31	(65)		(25)
Financial liabilities	(1,255)	-	(1,255)	(351)	-		-
Lease liabilities	-	-	-	-	(129)		-
Derivatives	146	-	146	397	-		144
Discounting expense	-	-	-	-	(39)		-
Total	(1,109)	5	(1,104)	76	(233)	(1,261)	119

(1) Includes interests on debt relating to financed assets for (1) million euros in 2021, 2020 and 2019.

(2) Includes interest on lease liabilities in the amount of (120) million euros in 2021, (120) million euros in 2020 and (129) million euros in 2019 and the effects resulting from BT stake for (119) million euros in 2019.

(3) Includes the amount of retained earnings in other comprehensive income in respect of derivatives held by associates and joint ventures amounting to 5 million euros in 2021.

13.3 Net financial debt

The definition of the net financial debt excludes the lease liabilities included in the scope of IFRS 16 (see Note 9.2) and includes the debts relating 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 entitled indicators used by other companies. It is provided as additional information only and should not be considered as 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 in particular items that are not included therein, 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, 2021	December 31, 2020	December 31, 2019
<i>TDIRA</i>	13.4	636	636	822
Bonds	13.5	29,010	29,848	30,893
Bank loans and from development organizations and multilateral lending institutions	13.6	3,206	3,671	4,013
Debt relating to financed assets		245	295	125
Cash collateral received	14.5	389	31	261
NEU Commercial Paper ⁽¹⁾		1,457	555	158
Bank overdrafts		342	154	203
Other financial liabilities		64	70	602
Current and non-current financial liabilities (excluding derivatives) included in the calculation of net financial debt		35,348	35,260	37,076
Current and non-current Derivatives (liabilities)	13.8	285	804	436
Current and non-current Derivatives (assets)	13.8	(689)	(294)	(573)
Other comprehensive income components related to unmaturing hedging instruments	13.8	(192)	(541)	(542)
Gross financial debt after derivatives (a)		34,751	35,229	36,397
Cash collateral paid ⁽²⁾	14.5	(27)	(642)	(123)
Investments at fair value ⁽³⁾	14.3	(2,266)	(3,206)	(4,696)
Cash equivalents	14.3	(5,479)	(5,140)	(3,651)
Cash		(2,709)	(2,751)	(2,462)
Assets included in the calculation of net financial debt (b)		(10,481)	(11,740)	(10,931)
Net financial debt (a) + (b)		24,269	23,489	25,466

(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, are 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 mostly carried by the group's parent company, Orange SA, in the amount of 24,215 million euros, representing over 99.7% of the Group's net financial debt.

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 1.8):

(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	
<i>TDIRA</i>	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 interests 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 consolidation	Foreign exchange movement	Other	
<i>TDIRA</i>	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 interests not yet due.

(in millions of euros)	December 31, 2018	Cash flows	Other changes with no impact on cash flows			December 31, 2019
			Changes in the scope of consolidation	Foreign exchange movement	Other	
<i>TDIRA</i>	822	-	-	-	-	822
Bonds	27,070	3,391	148	346	(63) ⁽¹⁾	30,893
Bank loans and from development organizations and multilateral lending institutions	3,664	335	(30)	36	8	4,013
Finance lease liabilities	584	-	-	-	(584)	-
Debt relating to financed assets	-	(17)	-	-	143	125
Cash collateral received	82	179	-	-	(0)	261
NEU Commercial Paper	1,116	(958)	-	-	(1)	158
Bank overdrafts	318	(123)	(4)	5	7	203
Other financial liabilities	363	(10)	9	10	229	602
Current and non-current financial liabilities (excluding derivatives) included in the calculation of net financial debt	34,019	2,797	123	398	(261)	37,076
Net derivatives	460	26	(2)	(376)	(246)	(138)
Cash collateral paid	(555)	430	-	(0)	-	(123)

(1) Mainly corresponding to changes in accrued interests not yet due.

Net financial debt by currency

The net financial debt by currency is presented in the table below, after foreign exchange effects of hedging derivatives (excluding instruments set up to hedge operational 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	25,267	3,786	3,034	7	261	151	401	1,845	34,751
Financial assets included in the calculation of net financial debt	(9,049)	(140)	(33)	(63)	(106)	(58)	-	(1,032)	(10,481)
Net debt by currency before effect of foreign exchange derivatives⁽¹⁾	16,218	3,646	3,001	(56)	155	92	401	813	24,269
Effect of foreign exchange derivatives	7,233	(3,861)	(3,564)	871	-	-	-	(678)	-
Net financial debt by currency after effect of foreign exchange derivatives	23,451	(215)	(564)	815	155	92	401	135	24,269

(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 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 redeem non-controlling interests are recognized at fair value in 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 book 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 relates mostly to borrowings hedged against the exposure of their future cash flows to foreign exchange risk (cash flow hedge).

13.4 TDIRA

The perpetual bonds redeemable for shares ("*TDIRAs*") with a par value of 14,100 euros are listed on Euronext Paris. Their issuance was described in a securities note approved by the *Commission des Opérations de Bourse* (French Securities Regulator, renamed *Autorité des Marchés Financiers* (French Financial Markets Authority)) on February 24, 2003. At December 31, 2021, taking into account redemptions made since their issuance, 44,880 *TDIRAs* remain outstanding for a total par value of 633 million euros.

The *TDIRAs* are redeemable in 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 607.027 shares to one *TDIRA* (i.e., conversion price of 23.228 euros), as 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 information memorandum.

Since January 1, 2010, the interest rate on the *TDIRAs* has been the three-month Euribor +2.5%.

The *TDIRA* are subject to split accounting between equity and liabilities. For the securities outstanding at December 31, 2021, the "equity" component before deferred tax stood at 152 million euros.

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Number of securities	44,880	44,880	57,981
Equity component before deferred taxes	152	152	196
Debt component	636	636	822
<i>o/w accrued interests not yet due</i>	3	3	4
Paid interest	13	14	18

Accounting policies

Some Group financial instruments include both a liability component and an equity component. This relates to perpetual bonds redeemable for shares (*TDIRAs*). On initial recognition, the liability 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 or redeem in shares. This liability component is subsequently recognized at amortized cost.

The book value of the equity component is determined at inception by deducting the fair value of the financial liability from the notional value of the instrument. This does not change throughout the life of the instrument.

13.5 Bonds

In 2021, 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	35	January 15, 2022	0.500	Orange SA	Re-Issuance	35
EUR	700	June 29, 2026	0.000	Orange SA	Issuance	700
EUR	800	June 29, 2034	0.750	Orange SA	Issuance	800
EUR	1,000	December 16, 2033	0.625	Orange SA	Issuance	1,000
Total of issuances						2,535
EUR	1,250	January, 14, 2021	3.875	Orange SA	Repayment at maturity	(1,250)
GBP	517	June 27, 2021	0.375	Orange SA	Repayment at maturity	(602)
USD	1,000	September, 14, 2021	4.125	Orange SA	Early repayment	(851) ⁽¹⁾
EUR	255	October, 13 2021	10Y CMS + 0.69	Orange SA	Repayment at maturity	(255)
EUR	272	December 21, 2021	10Y TEC + 0.50	Orange SA	Repayment at maturity	(272)
EUR	650	January 15, 2022	0.500	Orange SA	Early repayment	(650)
MAD	1,090	December 18, 2025	3.970	Médi Telecom	Regular annual basis repayment	(15)
MAD	720	December 18, 2025	1Y BDT + 1.00	Médi Telecom	Regular annual basis repayment	(10)
MAD	1,002	December 10, 2026	3.400	Médi Telecom	Regular annual basis repayment	(14)
MAD	788	December 10, 2026	1Y BDT + 0.85	Médi Telecom	Regular annual basis repayment	(11)
Total of repayments						(3,929)

(1) The early redemption of the bond with an initial maturity of September 2021 was carried out on April 1, 2021.

The Group issued bonds exchangeable for BT securities for a notional amount of 517 million pounds sterling (i.e. 585 million euros at the ECB daily reference rate) bearing a coupon of 0.375% and having as underlying 133 million BT shares. The Bonds matured in June 2021 and were redeemable on demand by investors since August 7, 2017, in cash, BT securities or a combination of the two, at Orange's choice. The group redeemed the exchangeable bonds at maturity for 602 million euros. Under IFRS, this operation was split between a financial liability at amortized cost and a derivative instrument (sale of call option) revalued at fair value through profit or loss. In the first half of 2019, Orange purchased call options with the same characteristics as the sale of call options included in the bonds exchangeable for BT securities. The purchase of calls offsets the sale of the initial call options, so the Group is no longer exposed to any change in value of BT securities linked to the bonds exchangeable for BT shares.

Unmatured bonds at December 31, 2021, presented below, were all issued by Orange SA, with the exception of two obligations (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, 2021, the bonds issued by the Group were 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, 2021	December 31, 2020	December 31, 2019
Bonds matured before December 31, 2021				-	3,782	6,405
EUR	500	September 16, 2022	3.375	500	500	500
EUR	500	March 1, 2023	2.500	500	500	500
EUR	750	September 11, 2023	0.750	750	750	750
HKD	700	October 6, 2023	3.230	79	74	80
HKD	410	December 22, 2023	3.550	46	43	47
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	50	48	51
CHF	400	November 24, 2025	0.200	387	370	369
GBP	350	December 5, 2025	5.250	312	292	308
MAD ⁽¹⁾	1,090	December 18, 2025	3.970	59	72	87
MAD ⁽¹⁾	720	December 18, 2025	1Y BDT + 1.00	39	47	57
EUR	700	June 29, 2026	0.000	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	68	79	93
MAD ⁽¹⁾	788	December 10, 2026	1Y BDT + 0.85	54	62	73
EUR	750	February 3, 2027	0.875	750	750	750
EUR	750	July 7, 2027	1.250	750	750	-
XOF	100,000	July 15, 2027	6.500	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	80	76	81
GBP	500	November 20, 2028	8.125	595	556	588
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	97	93	92
EUR	500	September 16, 2029	0.125	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	0.091 ⁽²⁾	100	100	100
USD	2,500	March 1, 2031	9.000 ⁽³⁾	2,173	2,006	2,191
EUR	300	May 29, 2031	1.342	300	300	300
EUR	50	December 5, 2031	4.300 (zero coupon)	75	72	69
EUR	50	December 8, 2031	4.350 (zero coupon)	77	73	70

(1) Bonds issued by Médi Telecom. Bonds bearing 1Y BDT rate corresponds to 52 weeks Moroccan treasury bonds 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 (0.327% until November 2022), but the variable rate is floored at 0% and capped at 4% until 2023 and at 5% beyond.

(3) Bond with a Step-up clause (clause that triggers a change in interest payments of 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, 2021	December 31, 2020	December 31, 2019
EUR	50	January 5, 2032	4.450 (zero coupon)	74	71	68
GBP	750	January 15, 2032	3.250	893	834	882
EUR	750	April 7, 2032	1.625	750	750	-
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	-	-
GBP	500	January 23, 2034	5.625	595	556	588
HKD	939	June 12, 2034	3.070	106	99	107
EUR	300	July 11, 2034	1.200	300	300	300
EUR	800	June 29, 2034	0.750	800	-	-
EUR	50	April 16, 2038	3.500	50	50	50
USD	900	January 13, 2042	5.375	795	733	801
USD	850	February 6, 2044	5.500	750	693	757
EUR	750	September 4, 2049	1.375	750	750	750
GBP	500	November 22, 2050	5.375	595	556	588
Outstanding amount of bonds				28,737	29,524	30,537
Accrued interest				445	487	532
Amortized cost				(172)	(163)	(176)
Total				29,010	29,848	30,893

13.6 Loans from development organizations and multilateral lending institutions

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Sonatel	244	292	380
Orange Mali	207	227	203
Médi Telecom	167	220	282
Orange Côte d'Ivoire	140	172	237
Orange Egypt	137	163	213
Orange Cameroon	78	111	82
Orange Jordanie	49	61	77
Orange Burkina Faso	42	56	46
Other	41	81	104
Bank loans	1,105	1,384	1,625
Orange SA ⁽¹⁾	2,101	2,288	2,356
Orange Espagne	-	-	33
Loans from development organizations and multilateral lending institutions⁽²⁾	2,101	2,288	2,389
Total	3,206	3,671	4,013

(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. In 2019, Orange SA had taken out a loan for 350 million euros maturing in 2026.

(2) Entirely the European Investment Bank.

13.7 Financial assets

The financial assets break down as follows:

(in millions of euros)	December 31, 2021			December 31, 2020	December 31, 2019
	Non-current	Current	Total	Total	Total
Financial assets at fair value through other comprehensive income that will not be reclassified to profit or loss	431	-	431	431	277
Investments securities	431	-	431	431	277
Financial assets at fair value through profit or loss	230	2,266	2,496	3,990	4,953
Investments at fair value ⁽¹⁾	-	2,266	2,266	3,206	4,696
Investments securities	203	-	203	141	133
Cash collateral paid ⁽²⁾	27	-	27	642	123
Financial assets at amortized cost	317	47	363	382	772
Receivables related to investments ⁽³⁾	82	23	105	55	70
Other	234	24	258	327	702
Total financial assets	977	2,313	3,290	4,803	6,001

(1) NEU Commercial paper and bonds only (see Note 14.3).

(2) See Note 14.5.

(3) Including loan from Orange SA to Orange Bank for 27 million euros.

Investment securities

Investment securities measured at fair value through other comprehensive income that may not be reclassified to profit or loss

(in millions of euros)	2021	2020	2019
Investment securities measured at fair value through other comprehensive income that may not be reclassified to profit or loss - in the opening balance	431	277	254
Acquisitions	85	81	52
Changes in fair value	11	94	(25)
Sales	(95)	(20)	(2)
Other movements	0	(2)	(2)
Investment securities measured at fair value through other comprehensive income that may not be reclassified to profit or loss - in the closing balance	432	431	277

Investment securities measured at fair value through other comprehensive income that may not be reclassified to profit or loss include numerous shares in companies held by investment funds.

Investment securities measured at fair value through profit or loss

(in millions of euros)	2021	2020	2019
Investment securities measured at fair value through profit or loss - in the opening balance	141	133	805
Changes in fair value	34	8	17
Sale of BT shares	-	-	(659)
Other movements	27	(0)	(29)
Investment securities measured at fair value through profit or loss - in the closing balance	203	141	133

BT shares

On January 29, 2016, following the disposal of EE, Orange received 4% of the share capital of BT Group Plc (BT), i.e. approximately 399 million shares for the equivalent of 2,462 million euros.

In 2017, the Orange group sold 1.3% of the share capital of BT for a net amount of 433 million euros with a fair value of 570 million euros at December 31, 2016.

In 2018, the Orange group sold 0.2% of the share capital of BT for a net amount of 53 million euros with a fair value of 55 million euros at December 31, 2017.

On June 28, 2019, the Group sold its residual stake of 2.49% in the share capital of BT, i.e. a net amount of 543 million euros. At December 31, 2018 the fair value of these securities amounted to 659 million euros. The impact on the income statement in 2019 amounted to (119) million euros.

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 mutual funds (UCITS), which are compliant with the Group's liquidity risk management policy, may be designated by Orange as being recognized at fair value through profit or loss. These assets are recognized at fair value at inception and subsequently. All changes in fair value are recorded in net financial expenses.

- Financial assets at fair value through other comprehensive income that may 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 may not be reclassified to profit or loss. They are recognized at fair value at inception and subsequently. Temporary changes in value and gains (losses) on disposals are recorded in other comprehensive income that may not be reclassified to profit/loss.

- Financial assets at amortized cost (AC)

This category mainly includes loans and receivables. These instruments are recognized at fair value at inception and are subsequently measured at amortized cost using the effective interest method. If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognized in the income statement when impairment tests demonstrate that the financial asset book 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 instruments

13.8.1 Market value of derivatives

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Hedging derivatives	484	(311)	324
Cash flow hedge derivatives	484	(311)	328
Fair value hedge derivatives	-	(0)	(4)
Derivatives held for trading⁽¹⁾	(79)	(199)	(187)
Net derivatives⁽²⁾	405	(510)	138

(1) Mainly due to 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 (165) million euros in 2021, (210) million euros in 2020 and (136) million euros in 2019.

(2) Of which foreign exchange effects of the cross-currency swaps (classified as hedging or held for trading) hedging foreign exchange risk on gross debt notional for 657 million euros in 2021, 251 million euros in 2020 and 822 million euros in 2019. 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 case of new instrument).

The risks hedged by these derivative instruments 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

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

Derivatives are classified as a separate line item in the statement of financial position.

Trading derivatives are non-qualified economic hedges. Changes in the value of these instruments are recognized directly in profit and 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 element to be almost fully offset by changes in the fair value of the hedged instrument.

There are three types of hedge accounting:

- the fair value hedge is a hedge of the exposure to changes in 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 re-measured at fair value in the statement of financial position. Change in this fair value is booked in the income statement and offset by symmetrical changes in the fair value hedging of financial hedging instruments up to the limit of the hedge effectiveness;
- the cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular interest rate and/or currency risk associated with a recognized asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and which could affect profit or loss. As the hedged item is not recognized in the statement of financial position, the effective portion of change in fair value of the hedging instrument is booked 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;

- the net investment hedge is a hedge of the exposure to changes in values attributable to exchange risk of a net investment in a foreign operation, and 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 upon the disposal of the net investment.

For transactions qualified as fair value hedges and economic hedges, the foreign exchange impact of changes in the fair value of derivatives is booked in operating income when the underlying hedged item results from operational transactions and in net finance costs 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 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, cross-currency swaps designated as cash flow hedges, the Group has chosen to designate them as costs of hedge. This option enables recognizing these effects in other comprehensive income and amortizing the cost of the Basis Spread to profit/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 switch floating-rate debt to fixed-rate debt.

The ineffective portion of cash flow hedges recognized in net income is not significant during the periods presented. 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 Option
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 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, 2019, 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	328	Cross Currency Swap	Forward FX swap Option	Interest rate swap
Carrying amount - asset	557	554	2	1
Carrying amount - liability	(229)	(190)	(3)	(36)
Change in cash flow hedge reserve	144	148	(10)	7
Gain (loss) recognized in other comprehensive income	179	184	(12)	7
Reclassification in financial result	(38)	(36)	(1)	(1)
Reclassification in operating income	1	-	1	-
Reclassification in initial carrying amount of hedged item	2	-	2	-
Cash flow hedge reserve	(123)	(95)	(6)	(22)
o/w related to unmatured hedging instruments	(542)	(513)	(6)	(22)
o/w related to discontinued hedges	418	418	-	-
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, 2021 are presented below.

	Notional amounts of hedging instruments per maturity (in millions of hedged currency units)				
	2022	2023	2024	2025	2026 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⁾
FT Immo H					
Interest rate swaps					
EUR	22	-	25	-	-

(1) 100 million Swiss francs with a maturity 2029.

(2) 500 million pounds sterling with a maturity 2028, 750 million pounds sterling with a maturity 2032, 500 million pounds sterling with a maturity 2034 and 500 million pounds sterling with a maturity 2050.

(3) 939 million Hong Kong dollars with a maturity 2034.

(4) 800 million Norwegian kroner with a maturity 2028.

(5) 2,450 million US dollars with a maturity 2031, 900 million US dollars with a maturity 2042 and 850 million US dollars with a maturity 2044.

(6) 100 million euros with a maturity 2030.

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 realized, financial results).

The health crisis has not called 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, was estimated at 94% at December 31, 2021, 89% at December 31, 2020 and 91% at December 31, 2019.

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 improve the annual cost of gross financial debt by 86 million euros, while a decrease of 1% would reduce it by 86 million euros.

Sensitivity of cash flow hedge reserves

A 1% rise in euro interest rates would increase the market value of derivatives designated as cash flow hedges and the associated cash flow hedge reserves by approximately 1,116 million euros. A 1% fall in euro interest rates would lead to a decrease in their market value and in the cash flow hedge reserves of approximately 1,114 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 terminals and equipment sold or leased to customers, purchases from or sales to international operators.

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 as 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.

Lastly, the Group economically hedges foreign exchange risk on its subordinated notes denominated in pounds sterling that are recorded in equity at their historical value (see Note 15.4), with cross currency swaps, for a notional amount of 426 million pounds sterling.

The table below shows the main exposures to foreign exchange fluctuations of the net financial debt in foreign currencies of Orange SA, excluding the hedging effects of the subordinated notes described above and of Orange Polska 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 is the entity bearing the major foreign exchange risk, including internal operations which generate a net foreign exchange gain or loss in the consolidated financial statements.

(in millions of currency units)	Exposure in currency units ⁽¹⁾					Total translated	Sensitivity analysis	
	EUR	USD	GBP	PLN	CHF		10% gain in euro	10% loss in euro
Orange SA	-	1	(17)	1	(5)	(24)	2	(3)
Orange Polska	(146)	(7)	-	-	-	(151)	14	(17)
Total (euros)	(146)	(5)	(20)	0	(5)	(176)		

(1) Excluding FX hedge of subordinated notes denominated in pounds sterling.

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 subsidiaries' assets and equity interests 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 the activities of Mobile Financial Services (activities mainly in euros).

(in millions of euros)	Contribution to consolidated net assets								Sensitivity analysis		
	EUR	USD	GBP	PLN	EGP	JOD	MAD	Other currencies	Total	10% gain in euro	10% loss in euro
Net assets excluding net debt (a) ⁽²⁾	49,817	58	(478) ⁽¹⁾	3,203	1,059	558	963	4,451	59,630	(892)	1,090
Net debt by currency including derivatives (b) ⁽³⁾	(23,451)	215	564 ⁽⁴⁾	(815)	(155)	(92)	(401)	(135)	(24,269)	74	(91)
Net assets by currency (a) + (b)	26,366	274	86	2,388⁽⁵⁾	904	465	562	4,316	35,361	(818)	999

(1) Negative net asset correspond mainly to subordinated notes in pounds sterling.

(2) Excluding components of net financial debt.

(3) 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).

(4) Of which economic hedge of subordinated notes denominated in pounds sterling for 426 million pounds sterling (i.e. 507 million euros).

(5) Share of net assets attributable to owners of the parent company in zlotys amounts to 1,210 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	31,501	1,035	284	2,578	949	389	634	5,153	42,522	(1,002)	1,225
EBITDAaL	9,354	206	39	653	285	156	162	1,712	12,566	(292)	357
Operating income	584	152	21	497	97	70	17	1,085	2,521	(176)	215

14.3 Liquidity risk management

Diversification of sources of funding

Orange has diversified sources of funding:

- regular issues in the bonds 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 December 21, 2016, Orange had entered into a 6 billion euro syndicated loan with 24 international banks in order to refinance the previous syndicated loan maturing in January 2018. The new loan, with initial maturity in December 2021, includes two options to extend for one more year each, exercisable by Orange and subject to the banks' approval. Orange exercised both of its options, the first one in 2017 and the second in 2018, allowing it, after agreement of the lenders, to extend the initial maturity first until December 2022 and then December 2023.

Liquidity of investments

Orange invests its cash surpluses in cash equivalents that meet IAS 7 cash equivalent criteria or in 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 the maturities of debt 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 euro at the year-end closing rate;
- future variable-rate interest is based on the last fixed coupon, unless a better estimate is available;
- *TDIRA* being necessarily redeemable in new shares, no redemption is taken into account in the maturity analysis. In addition, interest payable on the bonds is due over an undetermined period of time (see Note 13.4) therefore, only interest payable for the first period is included (including interest payments for the other periods would not provide relevant information);
- the maturity dates of revolving credit facilities are the contractual maturity dates;
- the "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, 2021	2022	2023	2024	2025	2026	2027 and beyond	Other items ⁽¹⁾
<i>TDIRA</i>	13.4	636	3	-	-	-	-	-	633
Bonds	13.5	29,010	994	1,445	1,985	2,385	1,609	20,765	(172)
Bank loans and from development organizations and multilateral lending institutions	13.6	3,206	406	1,105	251	735	355	354	(1)
Debt relating to financed assets	13.3	245	74	81	64	24	2	-	-
Cash collateral received	13.3	389	389	-	-	-	-	-	-
NEU commercial papers ⁽²⁾	13.3	1,457	1,457	-	-	-	-	-	-
Bank overdrafts	13.3	342	342	-	-	-	-	-	-
Other financial liabilities	13.3	64	43	2	1	1	1	16	-
Derivatives (liabilities)	13.3	285	116	61	-	11	-	99	-
Derivatives (assets)	13.3	(689)	(3)	(19)	(22)	(31)	(6)	(491)	-
Other Comprehensive Income related to unexpired hedging instruments	13.3	(192)	-	-	-	-	-	-	-
Gross financial debt after derivatives		34,751	3,821	2,675	2,280	3,125	1,960	20,742	459
Trade payables		11,163	9,793	239	113	110	486	421	-
Total financial liabilities (including derivatives assets)		45,914	13,614 ⁽³⁾	2,913	2,394	3,235	2,447	21,163	459
Future interests on financial liabilities ⁽⁴⁾		-	1,628	843	792	734	829	4,896	-

(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 Papers (formerly called "commercial papers").

(3) Amounts presented for 2022 correspond to notional and accrued interests for 461 million euros.

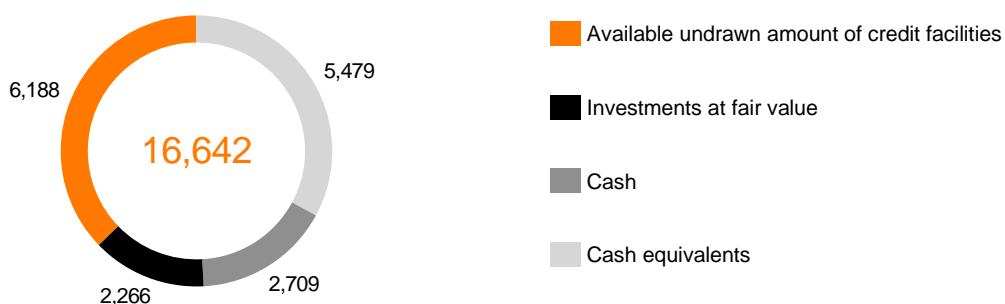
(4) Mainly future interests on bonds for 9,199 million euros, on bank loans for 151 million euros and on derivatives instruments for (1,279) million euros.

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 entitled indicators used by other groups.

At December 31, 2021, the liquidity position of Orange's telecoms activities amounts to 16,642 million euros and exceeds the repayment obligations of its gross financial debt in 2021. It breaks down as follows:

Liquidity position

(in millions of euros)



At December 31, 2021, 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. Available undrawn amount of credit facilities amounts to 6,188 million euros (including 6,000 million euros for Orange SA).

Cash equivalents amounted to 5,479 million euros, mainly at Orange SA for 4,925 million euros in UCITS, 200 million euros in term deposits and 125 million euros in negotiable debt securities.

Investments at fair value amounted to 2,266 million euros exclusively at Orange SA, with 2,029 million euros in NEU Commercial Paper and 237 million euros in 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 have an effect on 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 compensation 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 2.2 billion euros at December 31, 2021) is subject to a Step-up clause in the event that Orange's rating changes. This clause was triggered in 2013 and early 2014: the coupon due in March 2014 was thus computed on the basis of an interest rate of 8.75% and since then the bond bears interest at the rate of 9%.
- The margin of the syndicated credit line of 6 billion euros signed on December 21, 2016 might be modified in light of changes to Orange's credit rating, upward or downward. At December 31, 2021, the credit facility was not drawn.

At December 31, 2021, neither Orange's credit ratings nor the outlook had changed compared with December 31, 2020.

	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 obligations are as follows:

- Orange Egypt: in respect of bank financing contracts signed in 2018, of which the total nominal amount outstanding at December 31, 2021 was 2,450 million Egyptian pounds (i.e. 137 million euros), Orange Egypt must comply with a "net senior debt to reported EBITDA" ratio;
- Médi Telecom: in respect of its bank financing contracts signed in 2012, 2014 and 2015, of which the total nominal amount outstanding at December 31, 2021 was 1,755 million Moroccan dirhams (i.e. 167 million euros), Médi Telecom must 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 contracts signed in 2016 and 2019, of which the total nominal amount outstanding at December 31, 2021 was 91 billion CFA francs (i.e. 139 million euros), Orange Côte d'Ivoire must comply with a "net debt to reported EBITDA" ratio;
- Orange Cameroon: in respect of its bank financing contracts signed in 2015 and 2018, of which the total nominal amount outstanding at December 31, 2021 was 50 billion CFA francs (i.e. 76 million euros), Orange Cameroon must comply with a "net debt to reported EBITDA" ratio.

These ratios were complied with at December 31, 2021.

Clauses related to instances of default or material adverse changes

Most of Orange's financing agreements, including in particular the 6 billion euros syndicated credit facility set up on December 21, 2016, as well as bond issues, are not subject to early redemption obligations in the event of a material adverse change, or cross default provisions. Most of these contracts include cross acceleration provisions. Thus, the mere occurrence of events of default in other financing agreements would not automatically trigger an accelerated repayment under such contracts.

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 book 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 derivatives agreements. This selection takes particular note of the institutions' credit ratings. Therefore:

- For each non-banking counterparty selected for investments, limits are based on ratings and maturities of the investments.
- For each counterparty bank selected for investments and derivatives, limits are based on equity, rating, CDS (Credit Default Swap, 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 a net settlement of debts and receivables, in case of failure of one of the parties, as well as for 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 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 the derivatives

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Collateralised Derivatives (net) (a)	408	(520)	144
Fair value of collateralised derivatives assets	690	283	570
Fair value of collateralised derivatives liabilities	(282)	(803)	(426)
Amount of cash collateral paid/(received) (b)	(362)	611	(138)
Amount of cash collateral paid	27	642	123
Amount of cash collateral received	(389)	(31)	(261)
Residual exposure to counterparty risk (a) + (b) ⁽¹⁾	46	91	7
Non collateralised Derivatives (net)	(3)	10	(6)
Fair value of non collateralised derivatives assets	-	11	3
Fair value of non collateralised derivatives liabilities	(3)	(1)	(10)

(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.

Changes in net cash collateral between 2020 and 2021 stem mainly from the appreciation of the US dollar and 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 euro) of +/-1% would affect the fair value of interest rate hedging derivatives as follows:

(in millions of euros)	Rate decrease of 1%	Rate increase of 1%
Change of fair value of derivatives	(1,221)	1,224
Amount of cash collateral received (paid)	1,221	(1,224)

The effects of a 10% increase or decrease in the euro exchange rate on the fair value of derivatives hedging foreign exchange risk would be as follows:

(in millions of euros)	10% loss in euro	10% gain in euro
Change of fair value of derivatives	1,405	(1,149)
Amount of cash collateral received (paid)	(1,405)	1,149

14.6 Equity market risk

Orange SA had no options to purchase its own shares, no forward purchase of shares and at December 31, 2021, held 2,009,500 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 mutual funds (UCITS) in which Orange invests for cash management purposes contain no equities.

The Orange group is also exposed to equity risk through certain retirement plan assets (see Note 6.2).

At December 31, 2021, the Group was not significantly exposed to market risk on the shares of listed companies. The Group's prior exposure had been significantly reduced in 2019, with the disposal in June 2019 of its residual 2.49% stake in the share capital of BT (see Note 13.7).

14.7 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.

14.8 Fair value of financial assets and liabilities

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 ⁽¹⁾	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)⁽²⁾	13.8		405	405	-	405	-

(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, 2020	247	(14)
Gains (losses) taken to profit or loss	-	4
Gains (losses) taken to other comprehensive income	52	-
Acquisition (sale) of securities	80	-
Other	(1)	-
Level 3 fair values at December 31, 2021	377	(9)

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.

(in millions of euros)	Note	Classification under IFRS 9	December 31, 2020				
			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)	-
Bonds at fair value		FVR	-	-	-	-	-
Other		FVR	(14)	(14)	-	-	(14)
Derivatives (net amount)	13.8		(510)	(510)	-	(510)	-

The market value of the net financial debt carried by Orange was estimated at 30.8 billion euros at December 31, 2019, for a book value of 25.5 billion euros.

(in millions of euros)	Note	Classification under IFRS 9	December 31, 2019				
			Book value	Estimated fair value	Level 1 and cash	Level 2	Level 3
Trade receivables		AC	5,343	5,343	-	5,343	-
Financial assets	13.7		6,001	6,002	79	5,725	198
Equity securities		FVOCI	277	277	79	-	198
Equity securities		FVR	133	134	-	134	-
Investments at fair value		FVR	4,696	4,696	-	4,696	-
Cash collateral paid		FVR	123	123	-	123	-
Financial assets at amortized cost		AC	772	772	-	772	-
Cash and Cash equivalents	13.3		6,112	6,112	6,112	-	-
Cash		AC	2,462	2,462	2,462	-	-
Cash equivalents		FVR	3,651	3,651	3,651	-	-
Trade payables		AC	(10,246)	(10,246)	-	(10,246)	-
Financial liabilities	13.3		(37,076)	(42,455)	(34,554)	(7,837)	(64)
Financial debts		AC	(37,007)	(42,386)	(34,554)	(7,811)	(21)
Bonds at fair value		FVR	(26)	(26)	-	(26)	-
Other		FVR	(43)	(43)	-	-	(43)
Derivatives (net amount)	13.8		138	138	-	138	-

Accounting policies

The financial assets and liabilities measured at fair value in the statement of financial position have been classified based on the 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 present value of future cash flows).

For **financial assets at amortized cost ("AC")**, the Group considers that the book value of cash, trade receivables and various deposits provide a reasonable approximation of fair value, due to the high liquidity of these elements.

Among **financial assets at fair value through profit or loss ("FVR")**, with respect to very short-term investments such as deposits, certificates of deposit, commercial paper or negotiable debt securities, the Group considers that the nominal value of the investment and any related accrued interest represent a reasonable approximation of fair value.

The fair value of mutual funds (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 present value of 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 book value of trade payables and deposits received from customers to be a reasonable approximation of fair value, due to the high liquidity of these elements.

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.

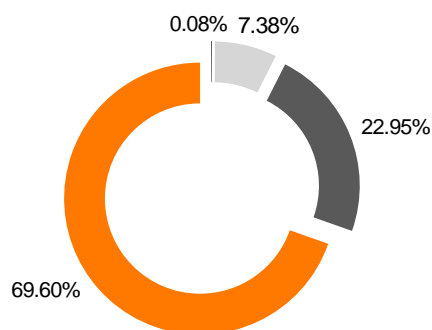
When there are no reliable market data which identify the probability of default, the CVA (Credit Value Adjustment) and the DVA (Debit Value Adjustment) are measured based on historical default charts and CDS (Credit Default Swap) trends. Counterparty credit risk and the Group's own specific default 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 indebtedness and liquidity risk described in Note 14, CVA and DVA estimates are not material compared to the measurement of the related financial instruments.

Note 15 Equity

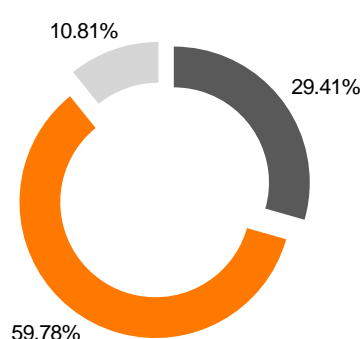
At December 31, 2021, Orange SA's share capital, based on the number of issued shares at this date, amounted to 10,640,226,396 euros, divided into 2,660,056,599 ordinary shares with a par value of 4 euros each.

At December 31, 2021, the share capital and voting rights of Orange SA broke down as follows:

Breakdown of share capital



Breakdown of voting rights



Float

Treasury shares

State, directly or in concert with Bpifrance Participations

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 2021 fiscal year.

15.2 Treasury shares

As authorized by the Shareholders' Meeting of May 18, 2021, the Board of Directors instituted a new share buyback program (the 2021 Buyback Program) and canceled the 2020 Buyback Program, with immediate effect. This authorization is granted for a period of 18 months as from the aforementioned Shareholders' Meeting. The 2021 Buyback Program is described in the Orange Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on March 17, 2021.

During the 2021 fiscal year, Orange bought and delivered treasury shares to the beneficiaries of the "Together 2021" Employee Offering. At the same time, share buybacks were carried out by Orange mainly in respect of the free share award plans (Long Term Incentive Plan — LTIP) LTIP 2019-2021, 2020-2022 and 2021-2023 and in particular to service the delivery of LTIP 2019-2021 (see Note 6.3).

At December 31, 2021, the Company held 2,009,500 treasury shares (exclusively under the LTIP 2019-2021, 2020-2022 and 2021-2023 free share award plans).

At December 31, 2020, the Company held 1,265,099 treasury shares (of which 170,000 shares in respect of the liquidity contract and 1,095,099 in respect of the LTIP 2018-2020, 2019-2021 and 2020-2022 free share award plans).

At December 31, 2019, the Company held 9,742,968 treasury shares (of which 853,500 shares in respect of the liquidity contract and 8,889,468 in respect of the Orange Vision 2020 and LTIP 2018-2020 and 2019-2021 free share award plans).

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	How paid	Total (in millions of euros)
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
2018	Board of Directors Meeting on July 25, 2018	2018 interim dividend	0.30	December 6, 2018	Cash	796
	Shareholders' Meeting on May 4, 2018	Balance for 2017	0.40	June 7, 2018	Cash	1,064
Total dividends paid in 2018						1,860

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 purchases 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, 2019 (in millions of euros)	Issue Redemption	December 31, 2020 (in millions of euros)	Issue Redemption	December 31, 2021 (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%	782	(268)	514	(514)	-	-
10/1/2014	1,000	1,000	EUR	4.00%	500	(382)	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%	771	(50)	721	(174)	547	426
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
Issues and purchases of subordinated notes					5,803	-	5,803	(306)	5,497	

- On February 7, 2014, as part of its EMTN 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 re-measured through the life of the note.

- 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 (under visa nos. 14-036, 14-525, 19-152 and 19-442 respectively).

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 is 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 Friday, 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).

All notes, listed on Euronext Paris, are deeply subordinated notes (senior compared to ordinary shares): 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, settlement 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/redemptions 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.

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:

Initial issue date	Initial nominal value (in millions of currency)	Initial nominal value (in millions of euros)	Initial currency	Rate	2021		2020		2019	
					(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%	-	-	(21)	(21)	(46)	(46)
2/7/2014	1,000	1,000	EUR	5.25%	(53)	(53)	(53)	(53)	(52)	(52)
2/7/2014	650	782	GBP	5.88%	(32)	(36)	(47)	(55)	(38)	(44)
10/1/2014	1,000	1,000	EUR	4.00%	(3)	(3)	(21)	(21)	(31)	(31)
10/1/2014	1,250	1,250	EUR	5.00%	(63)	(63)	(63)	(63)	(63)	(63)
10/1/2014	600	771	GBP	5.75%	(33)	(38)	(36)	(39)	(35)	(39)
4/15/2019	1,000	1,000	EUR	2.38%	(24)	(24)	(24)	(24)	-	-
9/19/2019	500	500	EUR	1.75%	(9)	(9)	(4)	(4)	-	-
10/15/2020	700	700	EUR	1.75%	(12)	(12)	-	-	-	-
5/11/2021	500	500	EUR	1.375%	-	-	-	-	-	-
Subordinated notes remuneration paid						(238)		(279)		(276)
Coupons on subordinated notes reclassified as short-term borrowings at the end of 2019 and paid in 2020						-		21		(21)
Subordinated notes remuneration classified in equity						(238)		(258)		(297)

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 29 million euros in 2021, (2) million euros in 2020, and 51 million euros in 2019.

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 re-measured. 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 (TDIRAs) (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 adjustment

(in millions of euros)	2021	2020	2019
Gain (loss) recognized in other comprehensive income during the period	196	(414)	90
Reclassification to net income for the period	4	0	(12)
Total translation adjustments	200	(414)	78

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Polish zloty	645	668	807
Egyptian pound	(444)	(503)	(455)
Slovak koruna	220	220	220
Leone	(150)	(143)	(120)
Other	(155)	(327)	(123)
Total translation adjustments	116	(85)	329
o/w share attributable to the owners of the parent company	(96)	(256)	78
o/w share attributable to non-controlling interests	211	171	251

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 entities in Romania – euros and in the Democratic Republic of the Congo – US 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.

The 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 abandon of all, or part of, that activity. The reduction in the carrying value of a foreign operation, either because of its own losses or because of the recognition of an impairment loss, does not lead to a reclassification through profit or loss of the accumulated translation adjustments.

Recycling of translation adjustments is presented in profit or loss within:

- consolidated 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 translation adjustment from liquidated entities, in the event of the liquidation or abandonment 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)	2021	2020	2019
Credit part of net income attributable to non-controlling interests (a)	577	297	290
o/w sub-group Sonatel	243	197	191
o/w group Orange Polska	222	-	11
o/w sub-group Orange Côte d'Ivoire	53	43	36
o/w Médi Telecom	19	10	14
o/w Jordan Telecom	16	11	12
o/w group Orange Belgium	12	26	16
Debit part of net income attributable to non-controlling interests (b)	(33)	(63)	(71)
o/w Orange Bank	(22)	(51)	(65)
o/w group Orange Polska	-	(3)	-
Total part of net income attributable to non-controlling interests (a) + (b)	545	233	218
Credit part of comprehensive income attributable to non-controlling interests (a)	612	256	299
o/w sub-group Sonatel	263	176	181
o/w group Orange Polska	215	-	12
o/w sub-group Orange Côte d'Ivoire	55	39	36
o/w Jordan Telecom	27	-	15
o/w Médi Telecom	23	-	-
o/w group Orange Belgium	13	25	16
Debit part of comprehensive income attributable to non-controlling interests (b)	(31)	(98)	(69)
o/w Orange Bank	(22)	(50)	(62)
o/w group Orange Polska	-	(35)	-
o/w Jordan Telecom	-	(3)	-
Total part of comprehensive income attributable to non-controlling interests (a) + (b)	580	158	230

(in millions of euros)	2021	2020	2019
Dividends paid to minority shareholders	218	225	248
o/w sub-group Sonatel	166	165	192
o/w sub-group Orange Côte d'Ivoire	29	9	4
o/w Jordan Telecom	11	9	13
o/w group Orange Belgium	7	14	14
o/w Médi Telecom	-	24	22

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Credit part of equity attributable to non-controlling interests (a)	3,030	2,653	2,700
o/w group Orange Polska	1,170	953	986
o/w sub-group Sonatel	826	755	736
o/w sub-group Orange Côte d'Ivoire	257	230	200
o/w Telekom Romania Communications	267	-	-
o/w Jordan Telecom	171	154	166
o/w Médi Telecom	148	127	148
o/w group Orange Belgium	138	285	275
Debit part of equity attributable to non-controlling interests (b)	(10)	(10)	(13)
Total equity attributable to non-controlling interests (a) + (b)	3,020	2,643	2,687

The main movements at December 31, 2021 on non-controlling interests are related to the buyback of Orange Belgium minority interests mainly under the Public Tender Offer launched in April 2021, as well as the buyback 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 re-measured 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 owners

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

Net income, Group share, used for calculating basic and diluted earnings per share is determined according to the following method:

(in millions of euros)	2021	2020	2019
Net income - basic	233	4,822	3,004
Effect of subordinated notes	(225)	(255)	(268)
Net income attributable to the owners of the parent company - basic (adjusted)	8	4,567	2,736
<i>Impact of dilutive instruments:</i>			
TDIRA	-	9	12
Net income attributable to the owners of the parent company - diluted	8	4,577	2,747

Number of shares

The weighted average number of shares used for calculating the basic and diluted earnings per share is presented below:

(number of shares)	2021	2020	2019
Weighted average number of ordinary shares outstanding	2,656,981,542	2,656,122,534	2,652,532,564
<i>Impact of dilutive instruments on number of ordinary shares:</i>			
TDIRA	-	26,945,386	33,780,544
Free share award plan (LTIP)	776,743	720,936	1,662,103
Weighted average number of shares outstanding - diluted	2,657,758,285	2,683,788,856	2,687,975,211

The average market price of the Orange share in 2021 was higher than the fair value adopted under the LTIP 2019-2021, 2020-2022 and 2021-2023 free share award plans (see Note 6.3). The number of shares corresponding to this difference is dilutive at December 31, 2021.

The average market price of the Orange share in 2020 and 2019 was higher than the fair value adopted under the Orange Vision 2020, LTIP 2018-2020, 2019-2021 and 2020-2022 free share award plans (see Note 6.3). The number of shares corresponding to this difference was dilutive at December 31, 2020 and December 31, 2019.

The *TDIRAs* were not included in the calculation of diluted net earnings per share at December 31, 2021 since they are anti-dilutive, in contrast to December 31, 2020 and December 31, 2019 when they were dilutive.

Earnings per share

(in euros)	2021	2020	2019
Earnings per share - basic	0.00	1.72	1.03
Earnings per share - diluted	0.00	1.71	1.02

In 2021 basic earnings per share were 0.002953 euro per share and diluted earnings per share were 0.002952 euro per share.

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 equity holders 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 to be 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)

At December 31, 2021, Orange is not aware of having entered into any commitment involving entities controlled by the Group that may have a material effect on its current or future financial position, other than the commitments described 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	12,837	3,580	5,840	3,417
Operating leases commitments	179	54	85	40
Handsets purchase commitments	3,850	1,558	2,286	6
Transmission capacity purchase commitments	1,714	213	519	982
Other goods and services purchase commitments	4,635	1,190	1,626	1,819
Investment commitments	1,081	430	640	10
Public initiative networks commitments ⁽¹⁾	82	14	56	12
Guarantees granted to third parties in the ordinary course of business	1,296	120	629	548

(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 real estate leases relating to contracts for which the underlying asset will be available after December 31, 2021 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	139
<i>o/w technical activities</i>	22
<i>o/w shops/offices activities</i>	117

Maturities are set forth below:

(in millions of euros)	Minimum future lease payments	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	More than five years
Property lease commitments	139	33	24	15	20	11	37

The 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.

Real estate lease commitments in France represent 51% of all real estate lease commitments.

Handsets purchase commitments

Following the signing of new handset purchase commitments at the end of July 2021 for a three-year period, the total amount of handset purchase commitments was 3,850 million at year-end 2021

Transmission capacity purchase commitments

Transmission capacity purchase commitments as at December 31, 2021 represented 1,714 million euros. They included 397 million euros for the provision of satellite transmission capacity (the term of these commitments extends until 2026 depending on the contracts) as well as an agreement on the use of an FTTH network in Spain in the amount of 878 million euros.

Other goods and services purchase commitments

The Group's other goods and services purchase commitments mainly relate to network maintenance and management, as well as the acquisition of content.

At December 31, 2021, these commitments include:

- commitments relating to the co-financed and leased lines for an amount of 950 million euros;
- the purchase of broadcasting rights for an amount of 685 million euros;
- energy purchase commitments for an amount of 555 million euros;
- hosting services for active equipment for mobile sites under a "Built-to-suit" agreement for an amount of 435 million euros;
- site management service contracts ("TowerCos") signed in Africa: the amount of these commitments represents 337 million euros;
- the maintenance of submarine cables for which Orange has joint ownership or user rights, for an amount of 227 million euros;
- the network maintenance for an amount of 194 million euros;
- commitments to partners in the field of sports for an amount of 170 million euros.

Investment commitments

At the end of December 2021, investment commitments amounted to 1,081 million euros.

In addition to these commitments, which are expressed in monetary terms, the Group made certain commitments to the national regulatory authorities such as ensuring certain coverage of the population regarding fixed or mobile networks, particularly in the context of assignment of licenses and quality of service. These commitments will require investment expenditure in future years to roll out and enhance the networks. They are not shown in the table above 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:

- the obligations included in the authorization to use 5G frequencies in the 3.4-3.8 GHz band issued to Orange on November 12, 2020 are as follows:
 - the rollout 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), of which 25% 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 Mbps per sector 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, major roads by the end of 2027;
 - the provision of differentiated services and activation of the IPv6 network protocol (Internet Protocol version 6).

In addition, the commitments made by Orange to participate in the first stage of the procedure and which made it possible 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 the 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 rollouts.
- pursuant to the provisions of Article L.33-13 of the French Postal & Electronic Communications Code regarding coverage in lightly inhabited areas:
 - Orange proposed that it commit to ensuring that, within its FTTH deployment scope in the AMII area, unless refused by third parties, that 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 the Arcep opinion, these proposals were accepted by the government in July 2018;
 - outside of the AMII area, Orange proposed that it make deployment commitments regarding AMEL 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 French territory, particularly rural areas. This agreement includes enhanced coverage obligations, which are included for the period 2018-2021 in our licenses in force in the bands 900 MHz, 1,800 MHz and 2,100 MHz, and for the post 2021 period, in the new licenses for 900 MHz, 1,800 MHz and 2,100 MHz awarded on November 15, 2018:
 - targeted programs for the improvement of coverage, with the coverage of 5,000 areas by operator by 2029;
 - the generalization of 4G by the end of 2020 on almost all existing mobile sites;

- the acceleration of the coverage of the transport routes, ensuring that the main road and rail routes 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 use of telephone coverage inside buildings, proposing voice over Wi-Fi and SMS over Wi-Fi offers and offers involving the indoor coverage of buildings upon request;
- the improvement of reception quality throughout the country, particularly in rural areas, with good coverage (according to the Arcep decision No. 2016-1678 relative to publications giving information on mobile coverage) by 2024/2027.
- in 2015, in France, when the frequencies in the 700 MHz band were allocated:
 - coverage obligations in “priority deployment areas” (40% of the country within 5 years, 92% within 12 years and 97.7% within 15 years) and in “white area” not yet covered by a broadband network (100% within 12 years), at the level of priority road routes (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 frequencies in the 2.6 GHz and 800 MHz bands were allocated:
 - an optional commitment to host mobile virtual network operators (MVNOs) on certain technical and pricing terms under Full MVNO schemes;
 - an obligation to provide mobile coverage with theoretical maximum download speeds of at least 60 Mbps 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 frequencies and other frequencies;
 - 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:

- in 2021 in Spain, when the two license blocks in the 700 MHz band were allocated:
 - an obligation to provide network coverage of the municipalities with a population of more than 50,000 (30% in one year, 70% in three years and 100% in four years);
 - an obligation to provide network coverage of airports, ports, railway stations and 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 two years of the award;
 - an obligation to cover 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:

- in 2016, in Senegal, when the 4G license was awarded and the license for mobile 2G and 3G was renewed:
 - a coverage obligation of 90% of the population in 3 years;
 - an obligation to cover in 5 years all territory in the inhabited border areas of Senegal whose number of inhabitants is equal to or greater than 200;
 - a coverage obligation on national roads and highways in 2 years.
- in 2016, in Egypt, when the 4G license was granted, an obligation to provide 4G coverage of 11% of the population in one year, 42.5% in four years, 69.5% in six years and 70% within ten years.
- in 2020, in Burkina Faso, when the 4G license was granted and the 2G and 3G licenses renewed, an obligation to cover 60 new localities over eight years and roads over six 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 has the ability to fulfill these commitments towards 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 1,296 million euros at December 31, 2021. They include 642 million euros of performance guarantees granted to some of its Enterprise 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 significant. 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 in comparison to 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 agreements between certain Group companies and the acquirers of certain assets, the Group is subject to warranty clauses relating to assets and liabilities. Nearly all material sale agreements provide for ceilings on these warranties.

At December 31, 2021, the main warranties in effect were the following:

- the uncapped warranties granted to the EE joint venture when contributing the operations in the United Kingdom, concerning the restructuring of equity investments and assets done prior to the contribution expiring in 2022;
- a warranty given to BT as part of the EE sale, backed 50/50 by Orange Group and Deutsche Telekom as tax and operating warranties, except for events ascribable solely to one or the other, and capped at the contractually set disposal price of 5.1 billion pounds sterling (6.1 billion euros converted at the exchange rate at December 31, 2021) for Orange's share, which will expire in 2023;
- standard uncapped warranties granted to Vivendi as part of the additional disposal of Dailymotion (completed in 2017 for the remaining 10% of the share capital). These warranties will expire at the end of the statutory limitation period;
- warranties granted to the HIN consortium in connection with the disposal of Orange Concessions (50% of the capital sold in 2021), which will expire at the end of 12 months, with the exception of the tax and fundamental warranties, which will expire after 60 days and 3 years, respectively;
- warranties granted to the APG group in connection with the disposal of FiberCo 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 these warranties being enforced is remote and that the potential consequences of their being called 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 received warranty clauses relating to assets and liabilities. Nearly all material acquisition agreements provide for ceilings on these warranties.

At December 31, 2021, the main warranties in effect were the following:

- 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 the general representations and warranties) and September 30, 2028 (with respect to the 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 and that the potential consequences of their being called 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, 2021 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 to be 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 Invest), Orange has a call option that can be exercised in fiscal year 2025 enabling it to acquire at market value 1% of the voting rights of Orange Concessions, subject to the award of the authorizations.

FiberCo 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 borrowings are set out in Note 14.

Orange has pledged (or given as guarantees) certain investment securities and other assets to financial institutions or used them as collateral to cover bank loans and credit facilities.

Guarantees granted to some lending institutions 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, 2021 Orange has no material pledge on its subsidiaries' securities.

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Assets held under leases	998	716	636
Non-current pledged, mortgaged or receivership assets ⁽¹⁾	21	20	366
Collateralized current assets	2	2	2
Total	1,021	739	1,004

(1) Non-current pledged, mortgaged or receivership assets are shown excluding cash collateral deposits, which are presented in Note 9.

Non-current pledged or mortgaged assets comprise the following assets given as guarantees:

December 31, 2021	Total in statement of financial position (a)	Amount of asset pledged, mortgaged or receivership (b)	Percentage (b)/(a)
(in millions of euros)			
Intangibles assets, net (excluding goodwill)	14,852	19	0%
Property, plant and equipment, net	30,479	2	0%
Non-current financial assets	977	-	-
Other ⁽¹⁾	34,894	-	-
Total	81,202	21	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 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 be able to 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, 2021.

(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	900	-		900	17.1.1	-
Non-current financial assets	950	977	13.7	-		(27) ⁽¹⁾
Non-current derivatives assets	683	682	13.8	0	17.1.3	-
Current financial assets related to Mobile Financial Services activities	2,381	-		2,385	17.1.1	(4)
Current financial assets	2,313	2,313	13.7	-		-
Current derivatives assets	7	7	13.8	-	17.1.3	-
Cash and cash equivalents	8,621	8,188	14.3	433		-
Non-current financial liabilities related to Mobile Finance Services activities	-	-		28	17.1.2	(27) ⁽¹⁾
Non-current financial liabilities	31,922	31,922	13.3	-		-
Non-current derivatives liabilities	220	161	13.8	59	17.1.3	-
Current financial liabilities related to Mobile Financial Services activities	3,161	-		3,161	17.1.2	-
Current financial liabilities	3,421	3,426	13.3	-		(4)
Current derivatives liabilities	124	124	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 the Mobile Financial Services segment and a fortiori of the Group was not material, only Orange Bank data is presented in detail below.

Accounting policies

Since the concept of current or non-current is non-existent 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 instance, 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 recognized in current financial assets.

17.1.1 Financial assets related to Orange Bank transactions (excluding derivatives)

The financial assets in connection with the transactions of Orange Bank break down as follows:

(in millions of euros)	December 31, 2021			December 31, 2020	December 31, 2019
	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	2	2
Investments securities	3	-	3	2	2
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	439	2	441	540	656
Debt securities	439	2	441	540	656
Financial assets at fair value through profit or loss	73	-	73	94	179
Investments at fair value	-	-	-	-	79
Cash collateral paid	59	-	59	74	76
Other	14	-	14	20	25
Financial assets at amortized cost	385	2,366	2,752	2,651	3,519
Fixed-income securities	385	2	387	579	506
Loans and receivables to customers	-	2,297	2,297	2,000	1,937
Loans and receivables to credit institutions	-	66	66	70	1,073
Other	-	1	1	2	3
Total financial assets related to Orange Bank activities	900	2,369	3,268	3,288	4,357

Debt securities at fair value through other comprehensive income that may be reclassified subsequently to profit or loss

(in millions of euros)	2021	2020	2019
Debt securities measured at fair value through other comprehensive income that may be reclassified to profit or loss - in the opening balance	540	656	925
Acquisitions	732	386	165
Repayments and disposals	(839)	(500)	(442)
Changes in fair value	-	1	9
Other items	7	(3)	(1)
Debt securities measured at fair value through other comprehensive income that may be reclassified to profit or loss - in the closing balance	441	540	656

(in millions of euros)	2021	2020	2019
Profit (loss) recognized in other comprehensive income during the period	1	1	8
Reclassification in net income during the period	0	0	1
Other comprehensive income related to Orange Bank	1	1	9

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, 2021	December 31, 2020	December 31, 2019
Overdrafts	828	802	869
Housing loans	914	869	876
Investment loans	86	129	163
Installment receivables ⁽¹⁾	422	183	-
Current accounts	5	10	17
Other	42	7	12
Total loans and receivables to customers	2,297	2,000⁽²⁾	1,937
Overnight deposits and loans	2	-	945
Loans and receivables	45	52	85
Other	19	18	43
Total loans and receivables to credit institutions	66	70	1,073

(1) Purchase of Orange Spain receivables.

(2) Since October 2020, Orange Bank is engaged in a self-subscribed securitization program of a portfolio of French personal loans for approximately 600 million euros.

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 mutual funds (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 inception and subsequently. All changes in fair value are recorded in profit or loss.

- Financial assets at fair value through other comprehensive income that may 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 may not be reclassified to profit or loss. They are recognized at fair value at inception and subsequently. Temporary changes in value and gains (losses) on disposals are recorded in other comprehensive income that may not be reclassified to profit/loss.

- Financial assets at fair value through other comprehensive income that are or may be reclassified subsequently to profit or loss (FVOCIR)

Assets at fair value through other comprehensive income that are or may be reclassified to profit or loss mainly include investments in debt securities. They are recognized at fair value at inception 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 profit (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 miscellaneous loans and receivables as well as fixed-income securities held with the aim of collecting contractual flows. These instruments are recognized at fair value at inception 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, rental receivables, financing commitments and financial guarantees given are systematically subject to impairment or a provision for expected credit loss. These impairments and provisions are recorded as soon as loans are granted, commitments are concluded or bond securities are acquired, without waiting for the appearance of an objective indication of impairment.

To do this, the financial assets concerned are split into three categories according to the change in credit risk observed since their initial recognition and a depreciation is recorded on the amount outstanding of each of these categories as follows:

- Performing loans: the calculation of losses expected is made on a 12-months basis, and the financial income (interest) is calculated on the basis of the instrument's gross amount;
- Impaired loans: if the credit risk has significantly worsened since the debt has been booked to the balance sheet, the expected losses, estimated over the duration of the loan, are recognized and the financial income (interest) is calculated based on the gross amount of the instrument;
- Doubtful loans: the expected loss, estimated over the duration of the loan, is depreciated. The financial income is calculated on the basis of the amount of the instrument net of the depreciation.

17.1.2 Financial liabilities related to Orange Bank transactions (excluding derivatives)

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Payables to customers	1,796	1,883 ⁽¹⁾	3,357
Debts with financial institutions	1,009	885	448
Deposit certificate	356	358	475
Other	27	30	28
Total Financial liabilities related to Orange Bank activities⁽²⁾	3,188	3,155	4,307

(1) The decrease on payables to customers between 2019 and 2020 is mainly due to the discontinuation of Groupama group companies' account-holding activities.

(2) Including 28 million euros of non-current financial liabilities in 2021, 2020 and 2019.

Debts related to Orange Bank transactions are composed of customer deposits and bank debts with financial institutions.

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Current accounts	764	949	2,546
Passbooks and special savings accounts	995	908	781
Other	37	26	30
Total payables to customers	1,796	1,883	3,357
Term borrowings and advances	667	615	448
Securities delivered under repurchase agreements	331	270	-
Other	11	-	-
Total debts with financial institutions	1,009	885	448

17.1.3 Derivatives of Orange Bank

Derivatives qualified as fair value hedges

The main unmatured fair value hedges at the end of 2021 and set up by Orange Bank concern the following interest rate swaps:

- 679 million euros in notional value (of which 4 million euros maturing in 2022, 210 million euros maturing between one and five years and 465 million euros at more than five years), macro-hedging a portion of the real estate loan portfolio. The fair value of these derivatives at December 31, 2021 was (0.07) 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 — OAT*) of the same amount and maturity, i.e. 2023. The fair value of these swaps at December 31, 2021 was (39) million euros;
- 150 million euros in notional value (of which 26 million euros maturing in 2022, 24 million euros maturing between one and two years and 100 million euros at more than five years), hedging a portfolio of French fungible Treasury bonds (*Obligations Assimilables du Trésor — OAT*) of the same amount and maturity. The fair value of these swaps at December 31, 2021 was 0.3 million euros;
- 20 million euros in notional value hedging a portfolio of French Treasury bonds (*Obligations Assimilables du Trésor indexées sur l'estimation — OATie*) indexed to inflation of the same amount and maturity, i.e. 2030. The fair value of these swaps at December 31, 2021 was (6) million euros;
- 5 million euros in notional value hedging a portfolio of securities maturing in 2028 whose fair value at December 31, 2021 was (0.3) million euros.

The ineffective portion of these hedges recognized in profit or loss in 2021 was not material.

Cash flow hedge derivatives

At January 1, 2020, Orange Bank had documented a micro-hedge of its issues with interest rate swaps which, at the end of 2021, represented:

- 218 million euros in notional value (of which 135 million euros maturing in 2022 and 83 million euros maturing between one and two years) hedging negotiable debt securities issued by the bank, the fair value of which at December 31, 2021 was almost zero.

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 (0.25) million euros at December 31, 2021. The net effects of this hedging strategy on the income statement are not material.
- Orange Bank has a portfolio of trading swaps with a total notional value of 28 million euros (of which 18 million euros maturing between two and five years and 10 million euros at more than five years) and a total fair value at December 31, 2021 of (0.4) million euros. The net effects of this hedging strategy on the income statement are not material.
- Orange Bank has set up interest rate futures with a notional amount of 202 million euros. The notional amount of these derivatives gives only 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 nominal value of the hedged instruments. The net effects of this hedging strategy 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 capital requirements in order to withstand the risks associated with its activities.

Orange Bank's activities expose it to all 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:

- credit risk and counterparty risk: risk of loss incurred in the event of the default of a counterparty or counterparties considered as the same beneficiary;

- consolidation risk: risk arising from an excessive exposure to a counterparty, to a group of counterparties operating in the same economic sector or the same geographic area, or the application of credit risk reduction techniques, particularly collateral issued by a single entity;
- market risk: risk of loss due to movements in market prices;
- operational risk: risk resulting from an inadequacy or a failure due to procedures, staff, 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 risks of internal and external fraud and IT risk;
- interest rate risk: 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 risks;
- liquidity risk: risk that the company would not be able to meet its commitments or not be able to unwind or offset a position due to the market situation;
- non-compliance risk: risk of judicial, administrative or disciplinary sanction, significant financial loss or damage to reputation, arising from non-compliance with provisions specific to banking and financial activities.

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 on June 26, 2013.

Orange Bank is not involved with complex products. For market operations, the Risk Department defines, on one hand, the limits implemented and controlled and, on the other hand, 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, the identification and assessment of 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, upon recommendation of the Risk Management Department, sets the institution's risk policy, which is formalized through the risk appetite framework and is guarantor of its proper implementation.

The Risk Management Department analyzes and monitors risks, carries out the necessary controls and produces reports for various committees: The Credit Committee (management of credit and counterparty risk), Risks and Audit Committee (management of operational risks), Financial Security and Compliance Committee (management of non-compliance risk), ALM Committee (management of market, interest rate and liquidity risks) and the Executive Committee.

17.2.1 Credit and counterparty risk management

Against the backdrop of the health crisis, Orange Bank continued to maintain a cautious provisioning policy.

In France, Orange Bank reviewed its credit risk estimate by taking into account the uncertainties surrounding the economic situation due to the health crisis and considered that segment provisions (i.e. around 5 million euros on the hotel, commercial real estate and private bank loans) and the input stress measures (i.e. approximately 6 million euros on consumer credit) used to calculate provisions should be renewed.

Furthermore, the retail bank, consumer credit and demand accounts asset category, is a statistical method for calculating expected losses. In this respect, the inputs estimated internally by Orange Bank (probability of default (PD), exposure at default (EAD) and loss given default (LGD)) were back tested in 2021 in order to check the performance of the model in production and to take account of the new definition of default (NDOD) that came into force on January 1, 2021. These works led to the recalibrating of inputs for all products. The new recalibrated inputs take into account a more recent data history to estimate the probability of default and loss given default.

To take into account the review of these inputs, a provision of 7 million euros was recognized at December 31, 2021, 6 million euros of which pertain to consumer credit and 1 million euros to demand deposit accounts.

In Spain, Orange Bank maintained its prudent provisioning policy on the receivables disposal program with Orange Spain. Thanks to a second year of production of short loans, Orange Bank has gained more perspective, leading to a revision of its provisioning rates in 2021. This rates adjustment, based on a preliminary statistical study, has made it possible to estimate new risk inputs for the calculation of expected loss, more conservative than the hedging rates recommended by the Bank of Spain on the consumer credit asset category. In this respect, an additional provision of 8 million euros was recognized at December 31, 2021. With a view to 2022, works are in progress for a finer analysis and to build statistical models enhanced with data from ongoing observations of portfolio behavior.

At end-December 2021, cost of risk for Orange Bank amounted to 38 million euros (i.e. 1.7% of average outstanding) of which 14 million euros in France (i.e. 0.8% of average outstanding) and 24 million euros in Spain (i.e. 7% of average outstanding).

Excluding methodological adjustments, cost of risk would amount to 23 million euros (i.e. 1% of average outstanding) of which 7 million euros in France (i.e. 0.4% of average outstanding) and 16 million euros in Spain (i.e. 4.6% of average outstanding).

17.2.2 Market and interest rate risk management

Orange Bank does not carry out trading operations on its own behalf, its market activity mainly concerns investments to optimize liquidity management and purchases of interest rate hedges.

The outstanding securities portfolio continues to decrease in line with the bank's strategy, market risk indicators remain almost stable and the associated risks are immaterial.

Fixed interest securities in investment portfolios are hedged. At December 2021, 28% of investment portfolio securities had a maturity below one year. Orange Bank has no exposure classified in trading portfolio. Interest rate risk, after the capital increase that occurred in October 2021, is less than 5% of CET1. The basic risk is immaterial.

Orange Bank finalized its transition plan from Eonia benchmark indices toward €ster (iBor) in 2021; the novation of contracts with the bank counterparties was carried out and the documentation of updated hedging relations.

17.2.3 Liquidity risk management

In 2021, Orange Bank continued to prudently manage its liquidity. At December 2021, Net Funding Stable Funding Ratio (NSFR) was 137% and LCR (short-term liquidity coverage ratio) ratio reached 1,033%. Nevertheless, 2021 was characterized by the increase in the liquidity deficit associated with customer operations. The latter rose from (300) million euros in early 2021 to (650) million euros at December 2021. The changes in this deficit can be mainly explained by loan production while customer deposits are down, due to the extensive management of certain portfolios (especially the enterprise activity).

Orange Bank intensified the diversification of its financing sources and in order to anticipate loan production growth and the slowdown of TLTRO programs of the ECB.

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, Controls and Compliance Director, who in turn is directly under the authority of an Orange Bank effective manager.

A system is in place for identifying all of the bank's operational incidents (proven risks) including non-compliance. Incidents are reported as soon as they are detected by all bank employees in a dedicated IT tool.

In the event of the identification of non-compliance incidents, the operational risks department notifies the compliance department to ensure monitoring and management of such incidents.

The operational losses sustained by the bank amounted to 1.3 million euros in 2021. They amounted to 1.4 million euros in 2020 and 1.3 million euros in 2019. The bulk of operational losses were related to external fraud (means of payment and credit).

17.2.5 Non-compliance risk management

Orange Bank has a Compliance department, which reports to the Risk, Control and Compliance director. In addition, the bank is equipped with a system that enables it to guarantee regular monitoring of changes that may occur in the texts applicable to its activity. The presentation of major regulatory amendments is also carried out in the Compliance, Financial Security and Fraud Committees.

The Financial Security and Compliance Committee meets every quarter to examine the actions and situation of bank with respect to compliance, in particular in the light of its customer protection obligations.

The Human Resources Department training unit, in conjunction with the compliance unit, handles the establishing and monitoring of employee training procedures, the foundation of the compliance system. Mandatory training programs are organized for all new arrivals. In 2021, 105 new employees participated in mandatory training provided in person (or via video conference due to the COVID crisis) by the Compliance Manager.

Furthermore, training programs dedicated to mortgages and to consumer credit and to the claims management system are given to the employees concerned.

Lastly, the compliance unit contributes its expertise in the preparation of answers to address sensitive customer complaints as well as those sent to us directly the supervisory authorities.

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 derivatives are interest rate swaps, they are not subject to any exchange of notional. Their fair value has been broken down by maturity.

(in millions of euros)	Note	December 31, 2021	2022	2023 to 2026	2027 and beyond
Investments securities	17.1.1	3	-	3	-
Debt securities	17.1.1	441	127	307	8
Investments at fair value	17.1.1	-	-	-	-
Fixed-income securities	17.1.1	387	80	160	147
Loans and receivables to customers	17.1.1	2,297	586	1,058	653
Loans and receivables to credit institutions	17.1.1	66	66	-	-
Other financial assets and derivatives		74	60	-	14
Total financial assets		3,268	918	1,528	822
Payable to customers	17.1.2	1,796	1,796	-	-
Debts with financial institutions	17.1.2	1,009	346	663	-
Deposit certificate	17.1.2	356	273	83	-
Other financial liabilities and derivatives		87	1	53	33
Total financial liabilities		3,247	2,416	799	33

17.2.7 Fair value of financial assets and liabilities of Orange Bank

(in millions of euros)			December 31, 2021				
		Classification under IFRS g ⁽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⁾	17.1	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⁾	17.1.3		(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 instruments depends on their hedging qualification.

(in millions of euros)			December 31, 2020				
		Classification under IFRS g ⁽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 instruments depends on their hedging qualification.

(in millions of euros)

			December 31, 2019				
		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	3,010	3,010	-	3,010	-
Financial assets at amortized cost	17.1.1	AC	509	501	501	-	-
Financial assets at fair value through profit or loss	17.1.1	FVR	179	179	179	-	-
Debt securities	17.1.1	FVOCIR	656	656	628	28	-
Investments securities	17.1.1	FVOCI	2	2	2	-	-
Cash and cash equivalent ⁽²⁾		AC	369	369	369	-	-
Financial liabilities related to Orange Bank activities	17.1.2	AC	(4,307)	(4,307)	-	(4,307)	-
Derivatives (net amount)⁽³⁾			74	(74)	-	(74)	-

(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 instruments depends on their hedging qualification.

17.3 Orange Bank's unrecognized contractual commitments

As at December 31, 2021, 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, 2021	December 31, 2020	December 31, 2019
Financing commitments⁽¹⁾	88	87	421
Guarantee commitments	6	8	8
On behalf of financial institutions	4	4	4
On behalf of customers	2	3	4
Property lease commitments	-	-	23
Total	94	94	452

(1) Corresponds to credit commitments granted to customers, credits granted but not yet released and unused portion of financing granted. As at December 31, 2019, these commitments also included a financing commitment for Groupama of 320 million euros, a commitment which ended in 2020 due to the discontinuation of the account-keeping activity that Orange Bank provided with entities of the Groupama group.

Commitments received

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Received from financial institutions ⁽¹⁾	871	770	747
Received from customers	88	102	149
Total	959	872	896

(1) Corresponds to guarantees received from *Crédit Logement* to counter-guarantee the mortgages distributed.

Assets covered by commitments

(in millions of euros)	December 31, 2021	December 31, 2020	December 31, 2019
Assets pledged as security to lending financial institutions as guarantees for bank loans	848	1,160	1,126
Total	848	1,160	1,126

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 administrations in relation to operational or income taxes or social contributions. These disputes are described, respectively, in Notes 6.2 and 10.3, as appropriate.

At December 31, 2021, the provisions for risks recorded by the Group for all the disputes (except those presented in Notes 6.2 and 10.3) amounted to 405 million euros (versus 525 million euros at December 31, 2020 and 643 million euros at December 31, 2019). 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 on provisions are presented in Note 5.2.

France

Mobile services

- In parallel to the judicial inquiry for which a final decision was handed down on December 17, 2015 a final verdict was reached by the French Competition Authority fining Orange 350 million euros for having implemented four anti-competitive practices in the "Enterprise" market segment and imposing injunctions, SFR brought an action on June 18, 2015, for damages suffered because of Orange's practices. After several successive increases in April 2016 and September 2018, SFR raised its claim to 3 billion euros in July 2019. In the wake of this decision, Céleste and Adista also brought actions against Orange before the Paris Commercial Court for damages. Orange and SFR entered into a memorandum of understanding, notably putting an end to their dispute. SFR withdrew its claim for damages from the Paris Commercial Court which duly noted this withdrawal on April 2, 2021. This dispute is now closed. The investigation of the cases of Céleste and Adista versus Orange are ongoing. To date, the overall claims of Céleste and Adista represent a total of 47 million euros.
- Concurrently to their complaints filed with the French Competition Authority, regarding the practices of Orange in the mobile and fixed-to-mobile markets in the French Caribbean and in French Guiana, for which Orange received a definitive sentence, Digicel and Outremer Telecom initiated before the Paris Commercial Court legal actions for alleged damages stemming from these practices. After being sentenced by the Paris Commercial Court in March 2015, the Paris Court of Appeal decreased the amount of the fine to be paid to Outremer Telecom to 3 million euros in May 2017, noting inter alia that the damages should be discounted at the statutory rate of interest. On December 18, 2017 the Paris Commercial Court ordered Orange to pay Digicel the sum of 180 million euros, to which should be added interest calculated from March 2009 until the date of payment at a higher interest rate than the rate ordered by the Paris Court of Appeal in the Outremer Telecom litigation, i.e. a total amount of 346 million euros. On June 17, 2020, the Paris Court of Appeal overturned judgment and in particular the discounting method applied to the damages set forth in the judgment rendered by the Paris Commercial Court on December 18, 2017, which ordered Orange to pay Digicel 180 million euros in principal. Following this judgment, Orange was refunded 97 million euros. Orange appealed to the French Supreme Court and re-assessed the risk related to the possible reversal of the Court of Appeal's judgment, which would return the parties to the situation following the first-instance court's decision.

Fixed services

- In 2010, SFR and then Verizon summoned Orange SA to appear before the Paris Commercial Court demanding the reimbursement of alleged overpayments on interconnection services provided by Orange, the price of which allegedly did not reflect their cost. On June 18 and 25, 2013, the Paris Commercial Court dismissed their claims but ordered Orange to pay Verizon 1 million euros in damages with respect to services provided in 2008. Orange paid this amount in 2013. SFR and Verizon filed appeals against these decisions. In December 2015, the Paris Court of Appeal dismissed in full the claims made by SFR and in September 2017, the French Supreme Court rejected SFR's appeal. Furthermore, in April 2017, the Paris Court of Appeal dismissed Verizon completely and reversed the compensation of 1 million euros granted for services provided in 2008. On June 5, 2019, the French Supreme Court annulled the decision of the Paris Court of Appeal and restored the parties to the situation they were in following the first instance court's decision rendered on June 25, 2013. The proceedings are still ongoing.
- In 2012, SFR brought an action against Orange SA before the Paris Commercial Court denouncing its retail offers for the secondary residences market. In February 2014, the trial court ruled that Orange had abused its dominant position but in October 2014, the Paris Appeal Court annulled this ruling. This decision was then overturned by the French Supreme Court in 2016 and Orange had to pay 53 million euros to SFR pursuant to the trial court's ruling. SFR had raised its claims to 257 million euros before the Court of Appeal. In 2018, the Court of Appeal sentenced Orange to pay 54 million euros and Orange appealed to the French Supreme Court. On September 16, 2020, the French Supreme Court overturned the judgment handed down by the Court of Appeal and restored the parties to the situation they were in following the Paris Commercial Court's decision. Orange applied to the Court of Appeal and obtained through a ruling on September 24, 2021, a reversal of its conviction and the return of the full amount of the sums awarded to SFR, which SFR returned at the end of 2021. SFR appealed to the French Supreme Court again on October 5, 2021.
- On April 16, 2021, Bouygues Telecom brought an action against Orange before the Paris Civil Court concerning the service quality of its wholesale offers for an amount of 78 million of euros for alleged losses. Orange considers these claims to be without merit.

Other proceedings in France

- In June 2018, Iliad brought summary proceedings against Orange SA 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. On October 16, 2020, Iliad, for the first time, assessed its loss at 790 million euros.
- In December 2018 the administrators of former UK retailer Phones 4U, (which is in administration and no longer trading), filed a claim against the three main UK mobile network operators, including EE, and their respective existing or former parent companies, including Orange. The Phones 4U claim (of an unquantified amount) is currently being disputed before the High Court of England and Wales. Orange vigorously challenges the allegations raised by Phones 4U which include collusion between various operators.
- Orange Bank is the object of two historic lawsuits whereby the plaintiffs claim in total about 350 million euros in financial damages that they allege to have suffered. In March 2021, the plaintiffs in one of these two lawsuits withdrew from the case. Orange Bank continues to be the target of the other lawsuit whereby the plaintiffs are claiming in total about 310 million euros in financial damages that they allege to have suffered. As the Group believes these claims to be without merit and is strenuously contesting them, it has not recognized any financial liability.

- In August 2020, ASSIA brought proceedings against Orange SA before the Paris Civil Court for infringement of two dynamic xDSL line management patents. ASSIA claims a total of around 500 million euros for the financial damage it claims to have suffered. Orange SA considers its claims to be unfounded and challenges them. The proceedings are currently being examined by the judges deciding on the merits of the case.
- The Evaluation and Compensation Committee, set up as part of the France Telecom employee-related crisis trial, to examine individual claims submitted by individuals present in the company between 2007 and 2010 and their beneficiaries, extended the period for submitting files until December 31, 2020. This Committee is continuing to analyze and process the requests received. At the end of December 2021, 1,751 individual requests had been received, about 1,100 of which had been closed subsequent to an agreement and just under 300 requests are being processed. The Committee is expected to finish its work by the first half of 2022.

Poland

- In 2013, the UOKiK opened an investigation on the country's three main mobile operators, including Orange Polska, for abuse of a dominant position in relation with the retail rates imposed by these three operators on the calls made to the network of the Polish operator P4. On January 2, 2018, UOKiK halted proceedings against the three operators due to no basis on anti-competitive grounds.
- In addition, in 2015 P4 issued two claims for damages for a total amount of 630 million zlotys (138 million euros) against the three operators jointly (one of which Polkomtel), as compensation for the loss it alleged to have suffered in relation to the contested pricing practices. In 2018, the Court of First Instance dismissed in its entirety the first P4 compensation claim in the amount of 316 million zlotys (70 million euros). P4 has appealed against this decision. On December 28, 2020, the Court of Appeal dismissed the judgment rendered by the Court of First Instance and referred the parties to the Court of First Instance. On August 25, 2021, Orange Polska received the ruling from the Appeal Court. Polkomtel (one of the three operators) has appealed to the Supreme Court. Orange Polska has joined the Polkomtel lawsuit. Regarding the second claim for damages by P4 for 314 million zlotys (69 million euros), it has been suspended pending the settlement of the first claim.

Romania

- On March 29, 2016, investigators from the Romanian Competition Council made an investigation at the headquarters of Orange Romania, concerning possible discriminatory practices in the mobile payment and advertising markets. Following the investigation, the Competition Council fined Orange Romania 65 million leu (13 million euros) in December 2018 for refusal to sell on the relevant markets. Orange Romania was notified of this decision which it appealed in May 2019. On June 24, 2021, the Court of Appeal reversed the decision of the Competition Council. The Parties are still awaiting the notification of the ruling.

Middle East and Africa

- 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-contentious 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 Directorate of 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 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 telecom operator Zain brought an 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 Zain and Orange Jordan pursuant to which Zain considers that it has suffered an estimated loss of 250 million Jordanian dinars (288 million euros). On September 30, 2021, the Amman Court of First Instance (judiciary order) ordered the performance of a forensic audit to verify 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. On June 22, 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. This ruling was confirmed by the Appeal Court on November 11, 2021 which rejected Zain's petition. Zain has filed another appeal with the Supreme Court. The proceedings are ongoing.
- In Mali, a lawsuit had been brought against the telecoms operators to challenge the billing of communications ending up on voicemail. In 2013, the Court of First Instance had dismissed the case of the plaintiffs, and the Malian Regulatory Authority (AMRTP) confirmed the compliance of this billing. At the end of 2021, following an appeal by the plaintiffs, the Bamako Court of Appeal sentenced the telecoms operators, and in particular Orange Mali to pay the sum of 176 million euros. Orange Mali has filed several appeals against this decision, on the one hand on the grounds of the foreclosure period of the appeal, and on the other hand for illegality and annulment of the appeal. As the ruling has been notified, Orange Mali has filed an appeal with the Malian Supreme Court.

In order to provide its telecommunication services, the Group sometimes uses fixed assets of other parties. 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 legal complexities involved.

Other than proceedings that may be initiated in respect of tax, income taxes and social audits (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

Appointment of the new Chief Executive Officer

The Orange Board of Directors met on January 28 and appointed Christel Heydemann as the Chief Executive Officer of Orange as from April 4, 2022. As the Board noted a separation of the positions of Chairman and Chief Executive Officer, at the arrival of the new Chief Executive Officer, Stéphane Richard will continue to carry out the duties of non-executive Chairman until the arrival of a new Chairperson and until May 19, 2022, at the latest, the date of the Orange Shareholders' Meeting.

Note 20 Main consolidated entities

As at December 31, 2021, the scope of consolidation consisted of 397 entities.

The main changes in the scope of consolidation in 2021 are presented in Note 3.2.

Regarding subsidiaries with minority interests:

- financial statements for Orange Polska Group, Sonatel Group, Jordan Telecom Group and Orange Belgium Group are respectively published to the Warsaw Stock Exchange, the Regional Stock Exchange (BRVM), the Amman Stock Exchange and the Brussels Stock Exchange, those companies being quoted;
- the other subsidiaries are not significant compared to Orange's financial data. Consequently, financial information is not presented for these subsidiaries in the notes to Orange's consolidated financial statements.

Pursuant to ANC Regulation No. 2016-09 of December 2, 2016 of the French Accounting Standards Authority, the full list of the companies included in the scope of consolidation, the companies excluded from the scope of consolidation and the non-consolidated equity investments, 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 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 - Business Unit France	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 Communications Luxembourg	78.32	Luxembourg
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 Slovensko	100.00	Slovakia
Telekom Romania Communications and its subsidiary	53.58	Romania
Africa & Middle-East	% Interest	Country
Jordan Telecom and its subsidiaries	51.00	Jordan
Médi Telecom ⁽²⁾	49.00	Morocco
Orange Bissau ⁽³⁾	38.04	Guinea-Bissau
Orange Botswana	73.68	Botswana
Orange Burkina Faso	85.80	Burkina Faso
Orange Cameroon	94.40	Cameroon
Orange Côte d'Ivoire and its subsidiaries	72.50	Côte d'Ivoire
Orange Egypt for Telecommunications and its subsidiaries	99.96	Egypt
Orange Guinée ⁽³⁾	37.64	Guinea
Orange Mali ⁽³⁾	29.38	Mali
Orange RDC	100.00	Congo
Sonatel ⁽³⁾	42.33	Senegal
Enterprise	% Interest	Country
Orange SA - Business Unit Enterprise	100.00	France
Orange Business Services Participations and its subsidiaries	100.00	United Kingdom
Orange Business Services SA and its subsidiaries	100.00	France
Business & Decision and its subsidiaries	100.00	France
Basefarm and its subsidiaries	100.00	Norway
Globecast Holding and its subsidiaries	100.00	France
SecureData and its subsidiaries	100.00	United Kingdom
SecureLink and its subsidiaries	100.00	Netherlands
International Carriers & Shared Services	% Interest	Country
Orange SA - Business Unit IC&SS	100.00	France
FT IMMO H	100.00	France
Orange Marine	100.00	France
OCS	66.67	France
Orange Brand Services	100.00	United Kingdom
Mobile Financial Services	% Interest	Country
Orange Bank	100.00	France

(1) Orange Concessions is consolidated using the equity method.

(2) Orange SA controls Medi Telecom and its subsidiaries, which are fully consolidated, following the acquisition in December 2010 of 40% and the acquisition in July 2015 of additional interests for 9% and 1.1% of usufruct (Orange SA owns and controls 100% of Orange MEA, which owns and controls, via its subsidiary Atlas Country Support, 49% of Medi Telecom)..

(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 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				Sub-total	Other services rendered by auditors' networks to fully-consolidated subsidiaries	Total
		Statutory audit fees, certification, auditing of the accounts o/w issuer	Services required by the law o/w issuer					
Deloitte								
2021		8.2	4.6	0.0	-	8.2	0.1	8.4
	%	98 %	55 %	0 %	-	99 %	1 %	100 %
KPMG								
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 %
2019		9.8	5.1	0.4	0.2	10.2	0.1	10.3
	%	95 %	49 %	4 %	2 %	99 %	1 %	100 %
EY								
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 %
2019		10.2	5.1	0.3	-	10.5	0.4	10.8
	%	94 %	48 %	3 %	0 %	97 %	3 %	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.