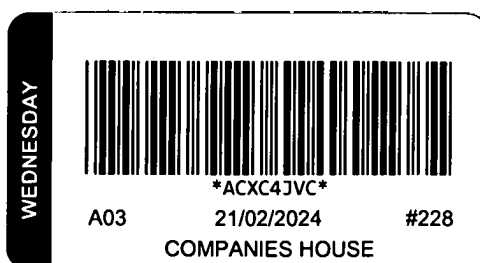


Registered Number: 3051335

England and Wales

Orange Business Holdings UK Limited

Annual report and financial statements for the year ended 31 December 2022



Orange Business Holdings UK Limited

Annual report and financial statements for the year ended 31 December 2022

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Orange Business Holdings UK Limited

Annual report and financial statements for the year ended 31 December 2022

Directors and other information

Board of Directors

S Ranyard (appointed 12th April 2022)
K Van den Eynde
G Brady (appointed 19th May 2021, resigned 11th April 2022)

Company Secretary

T Dhillon (resigned 30th of Jun 2022)
A Sharpe (appointed 30th of Jun 2022)

Registered Office

4th Floor
The Porter Building
1 Brunel Way
Slough
SL1 1FQ

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Orange Business Holdings UK Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report of the company for the year ended 31 December 2022.

Principal activities

Orange Business Holdings UK Limited is the main trading company of Orange Business Services for activities in the UK. It provides telecommunications services, telecommunications related consultancy, equipment supply and installation, maintenance and other services to UK customers of the Orange SA group and also to other members of the Orange SA group.

The directors do not anticipate any significant changes in the company's activities in the foreseeable future.

Business review and future outlook

During the year, the company pursued its strategy of becoming a global player in digital transformation and accelerated its growth in the digital services market. The company's priority will continue to be offering our customers the best networks, services and new information and communication technologies thereby position itself as a trusted partner to support its customers in their digital transformation. In addition to its traditional role as a supplier of connectivity, the company will continue to focus on four key areas:

- providing digital work solutions to allow employees to become more mobile, more connected and more collaborative;
- improving business line processes, particularly through applications and connected objects, which provide companies with new possibilities;
- providing its customers with private and hybrid Cloud solutions;
- security solutions for the protection of all areas of companies' vital activities, which represent an increasingly important challenge today.

The activities of the company are consolidated into the Enterprise Division of Orange SA. For more information, see the published annual report of Orange SA following the below link.

<http://www.orange.com/en/Investors/Financial-presentations>

The management reviews the below key performance indicators specific to Orange Business Holdings UK Limited on a standalone basis via year on year comparison. Other key performance indicators are set and reviewed at the Enterprise division level as the company's results are consolidated in the Enterprise segment of Orange SA.

	2022 (£000)	2021 (£000)
Turnover	145,626	135,434
Operating profit	2,946	6,033
Profit for the financial year	2,800	5,593
Shareholders' funds	34,426	41,742
Current assets as % of current liabilities	136.0 %	133.3%
Average number of employees	428	451

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Principal risks and uncertainties facing the business

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The activities of the company are consolidated into the Enterprise Division of Orange SA. The company applies the same internal control mechanism as adopted by Orange SA. The risks and uncertainties facing the business are also similar to those which face the Enterprise Division of Orange SA and these risks are discussed in the Orange SA group's Annual Report which does not form part of this report but is publically available.

The company is financed by other group companies and has no third party borrowings.

Economic risk

Market shifts are natural evolutions in any market, and these days they are frequently technology driven. Covid-19 accelerated such a market shift in Orange Business' Telco Services, beyond original projections. During the Covid-19 period, certain areas were identified and were addressed proactively, however, the more than anticipated accelerated change resulted in a significant financial gap that required immediate attention. Orange Business recognised a significant opportunity to capture on digital services which required reinvestment and reorganisation. Management identified the many assets already under our control that, if organised differently, or combined, could achieve a sustainable growth, and continued profitability.

Accordingly, a restructuring program was initiated globally with the following aims;

- Simplify, scale, and develop further our capabilities for tomorrow's markets.
- Address the integrated services and outcome-based/digital opportunities.
- Create and further develop new skills in Orange Business, specifically consulting, cloud & data.
- Adapt Orange Business' cost structure to enable reinvestment and create a sustainable future.

The business areas of fixed data, voice and satellite, IT consulting, infrastructure and network management have evolved considerably over the past few years, in particular with the evolution towards cloud services and more digital & automation. This has a direct impact on the ways we advise and support our customers. Therefore, the companies will invest in new roles and skills to evolve them for the future.

The associated impacts were absorbed in OBHUK in FY 2022 with a reduction in headcount of 40 across the impacted departments, costing £4.5m.

Financial risk management objectives and policy

The risks are similar to those of the Enterprise Division of Orange SA. These risks are discussed in the group's Annual Report which does not form part of this report.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the “**Regulations**”) have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. The Regulations require the Orange Business Holdings UK Limited (the “**Company**”) to report how the directors of the Company have considered their duties (“**Section 172**”) under section 172 of the Companies Act 2006 (the “**Act**”) during the reporting period.

Section 172 is owed by the directors to the Company. The Board recognises that the overall framework that Section 172 promotes is to drive the long term success and economic viability of the Company for the benefit of its sole shareholder and stakeholders. The directors are also mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of their Section 172 duties under the Act. Success for a commercial company is often defined as long term value creation and the Company’s directors always consider whether the decision they are about to take leads to a positive long-term increase in the value of the Company for the benefit of its shareholder and the Company’s wider stakeholder base.

The directors consider that its employees, customers, suppliers, other companies within the Orange group (“**Orange Group**”) and shareholder to be its key stakeholders. For details of the issues, factors and stakeholders the directors consider relevant in complying with Section 172 of the Act, and the main methods the directors have used to engage with key stakeholders and understand the issues to which they must have regard, refer to the Statement of engagement with Employees Statement and Engagement with Suppliers, Customers and Others Statement in the Company’s Annual Report and Financial Statements for the year ended 31 December 2022.

The Board delegates day to day activities and stakeholder engagement to the senior management team (“**SMT**”), which constitutes senior representatives from a broad range of teams including HR, Legal, Finance, Sales, Solutions, Customer and Service Operations, Sourcing, General Services and Marketing. The Board holds bi-weekly governance meetings and quarterly leadership meetings with the SMT (together, “**Leadership Meetings**”), each of whom provide detailed reports to the Board concerning the business, HR, strategic, financial, legal, governance and other matters that concerns its key stakeholders. The SMT will continue to have delegated responsibility to ensure active engagement with key stakeholders is undertaken prior to the consideration of any principal decision, in order to understand and evaluate the stakeholders’ perspective. Where a principal decision is to be made, an impact assessment will be undertaken by the SMT or on its behalf, the results of which will be documented for recommendation to the Board. The impact assessment will provide an assessment of the impact of the principal decision on key stakeholders, how each key stakeholder’s interest was considered throughout the assessment process, details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks. Consideration will also be given to any potential impacts on the Company’s reputation and how that impact will be monitored.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Section 172(1) Statement (continued)

Stakeholder Relationships and Engagement

To support effective decision-making, the directors and the SMT take into account Orange Group-wide governance policies and practices, including the Orange Directors' Programme, Code of Ethics, Fraud Ethics and Compliance Programme, Whistleblowing Policy, Group Societal Engagement, Speak Up Policy, Group Ethics and Compliance Day, Gifts & Hospitality Policy, Group Conflicts of Interest Policy and the Group Anti-Corruption Policy (the "**Orange Policies**"), when making decisions on behalf of the Company, together with local and good industry practices.

During each Board meeting, the directors consider standing agenda items, with the Board receiving a reminder of their Section 172 duties with every Board pack: this is embedded in our decision making process, enabling effective and consistent decision making, applying consideration to the Section 172 duties each time. Board papers are prepared on a template, providing the Board with the right levels of information to consider all relevant issues before making a decision. In addition, where necessary, the company secretary provides a corporate governance update to the Board on new and amended legislation, including the steps taken to comply.

In addition, the Company engages with its employees regularly to discuss employee-related matters and to provide information via the Orange Group's intranet, webinars, social media channels, surveys and meetings and with our other stakeholders through collective CSR and employee activities including volunteering and donations, the provision of regular reports, business reviews and presentations, among other things.

The reports and results of all such engagements are taken into consideration by the Board when making principle decisions.

Principle Decisions

Principal decisions, defined as those which: (i) are linked to matters of strategic importance; (ii) are commercially material matters of financial or operational importance; and (iii) impact key stakeholders, are reserved for the Board and include without limitation:

- dividends, where any are to be issued;
- substantial changes to the company structure; and
- matters that will substantially affect the Company's employees.

In making its decisions, the Board is required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making that principal decision.

The Company hereby confirms that, for the purposes of this Statement, no principle decisions were made during this reporting period.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Suppliers, Customers and Others Statement

The Company considers its employees, customers, suppliers, other companies with Orange Group and the shareholder to be its key stakeholders. The Company aims to build enduring relationships with its key stakeholders in the countries where it operates. The Company engages with its key stakeholders and considers their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making.

The table below describes how the directors have had regard to the need to foster relationships with stakeholders in a business relationship with the Company, and the effect of that regard, including on the decisions taken during the reporting period (if any):

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Suppliers, Customers and Others Statement (continued)

Key stakeholders	Stakeholders' interests	How we have fostered relationships	How the fostering of relationships impacted decision making
Customers^{1 2}	The high quality provision of services by the Company in accordance with the terms its contractual obligations. Being experts and thought-leaders in global telecommunications, networking and Information and Communications Technology (ICT) service sector. Successful management of subcontractors in provision of end to end services. Successful incident resolutions Regular service reviews and introduction of new service and product offerings in the market Compliance with all applicable laws and standards, and good industry practice.	The Company engages and fosters relationship with its customers by a variety of means, including the following: engagement with its existing customers in regular relationship and service management meetings; engagement with prospective customers using information available to Orange in the public domain; releasing regular updates through news, marketing materials and articles; engaging with customer through introductions and referrals made by its existing customers, suppliers and distribution channels; and holding and attending a wide range of regular networking events in the telecommunications, technology and ICT sectors.	During the reporting period no principal decisions have been made that impact the Company's customers. The SMT provide the Board with regular reports relating to customer engagements and outcomes, including without limitation the following: prospective customers deals (e.g. Requests for Proposals); renewals of existing customer contracts; wins and/or losses or prospective customer deals; financial reports in respect of the Company's customers; significant reported incidents and the status as to their resolutions; new legal and regulatory compliance requirements and advice as to the steps the Company must take to ensure compliance. The information received supports effective decision making by the Board. Only the directors or their official delegates (appointed under a power of attorney) are authorised to execute any legally binding documents with respect to customers.

¹ Those stakeholders which are likely to be affected by the actions of the Company

² Those stakeholders whose actions can affect the operation or business model of the Company

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Suppliers, Customers and Others Statement (continued)

Key stakeholders	Stakeholders' interests	How we have fostered relationships	How the fostering of relationships impacted decision making
Suppliers ^{1 2}	Orange engages suppliers for the purposes of: (i) purchasing products and services for use within its own business; and (ii) where suppliers' services constitute whole or part of the Company's end-to-end services to its customers (e.g. where the Company is a reseller or distributor of whole or part of a supplier's products or services). Accordingly, suppliers' interests include: compliance with the terms and conditions of sourcing agreements; financial stability and capability to pay invoices when due; market growth and economic stability; ensuring the Company maintains its global footprint of customers; continued strength of the Orange global brand; fair and reasonable forecasting of potential business opportunities and growth; compliance with applicable laws standards and good industry practice.	Suppliers are engaged by the Company's representatives from many departments including Sourcing, Sales, Legal, Customer and Service Operations to ensure that the right suppliers are procured for the Company's business requirements. The following represents the typical means by which suppliers are engaged: direct communication in respect all correspondence and negotiations where Orange is seeking to procure certain specific products or services; regular service management meetings; incident reporting and discussions relating to mutual management of incident resolutions. The Company also ensures substantial engagement with its suppliers during networking events and seminars. For instance, where Orange is providing training to its supplier chain to ensure compliance with applicable service and regulatory standards.	During the reporting period no principal decisions have been made that impact the Company's suppliers. The Board are kept informed by its SMT of all significant and important matters concerning suppliers (including potential relationships and incidents) and are involved in the decision making process of such supplier contracts. The Board is provided with rationale and support documentation by relevant members of the SMT to assist in the decision making process. Only the directors or their official delegates (appointed under a power of attorney) are authorised to execute any legally binding documents with respect to suppliers.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Suppliers, Customers and Others Statement (continued)

Key stakeholders	Stakeholders' interests	How we have fostered relationships	How the fostering of relationships impacted decision making
Orange Group Companies	The Company is a member of the Orange Group and implements a process of regular engagement with relevant Group companies based internationally in order to ensure its business continues to operate successfully and efficiently on a global basis. Accordingly, other Orange Group companies have the same stakeholder interests as described for customers and suppliers above. Furthermore, the Company would be required to ensure its accounting and financial records are fair, accurate and sufficiently complete to achieve compliance with all applicable legal and regulatory requirements, as well as ensuring the successful completion of global audits.	The Company's business units and service delivery teams engage regularly with other Orange Group company divisions and departments through bespoke transactions-specific meetings, global management meetings and attendance by key representatives at various Orange Group-wide events such as annual Sales kick-off seminars. Such engagements are held throughout each year and consistently scheduled during the lifecycle of customer and supplier relationships. In addition, the Company's Finance team participates in a number of Orange group meetings which are held on a monthly basis for the purposes of reviewing global financial performance and results. All significant issues, risk or action points from such Orange Group-wide engagements are reported to the directors.	The Board are regularly provided with strategic, management and financial updates impacting the Orange Group The information, data and feedback received from the Orange Group engagements supports effective decision making by the Board. During the reporting period no principal decisions have been made that impact the Orange Group companies.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Suppliers, Customers and Others Statement (continued)

Key stakeholders	Stakeholders' interests	How we have fostered relationships	How the fostering of relationships impacted decision making
Shareholder^{1 2}	The Company is 100% owned by Orange S.A.	The Company reports to its shareholder on a regular basis in the form of its financial statements, monthly and quarterly Board reports and business reviews, presentations to the Board of the Group, review of key strategic bids, business plans and strategic plans as well as risk reporting.	The Company's strategy is to pursue strategic growth to create long term value for its shareholder. The receipt of this information, and the coordination with Orange Group functions, aids the Board when considering the amount of dividend (if any) and impact at local level. During the reporting period no principal decisions have been made that impact the Company's shareholder.

Engagement with Employees Statement

The Company considers its employees to be a key stakeholder. Throughout the year, the directors engaged with the Company's employees in various ways to provide information on matters of concern to them as employees, to take into account their views in making decisions likely to affect their interests, to encourage involvement in the Company's performance and to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

The table below describes how the directors engaged with the Company's employees, how the directors had regard to those employees' interests, and the effect of that regard, including on the decisions taken during the reporting period (if any):

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Employees Statement (continued)

Employees' interests	How have the directors engaged with employees	How the directors have had regard to employee interests, and the effect of that regard
Providing information on matters of concern to them as employees and to achieve an awareness of factors affecting the performance of the Company, such as quarterly results, strategy, sustainability, training, bi-annual performance related bonus scheme, career development and diversity and inclusion.	Orange has made a commitment to its employees with the goal of creating conditions that enable each employee to become a committed and enthusiastic player in the Company. To this effect, the Company continuously engages with its employees through a variety of means, including the following: Benefits: optional surveys asking employees to rate the benefits made available to them, the quality of the benefits, and any other benefits they would like the Company to consider providing. Social Barometer: another optional survey which is sent to all employees to test the temperature of feeling regarding the Company, the results of which are made available to all employees. Employee Representatives Meetings: These are employee-led meetings held monthly where elected representatives discuss a variety of matters that affect employees of the Company. The employee representatives engage with employees as necessary to provide support through times of change, act as a medium to highlight issues of concern to the wider group of employees and disseminate information to employees. This channel enables employees to anonymously raise concerns, ideas and feedback by approaching one of the employee representatives who will action those items or issues on their behalf.	Results from the various surveys are provided to the Board by the HR director. Workforce-related issues are considered, addressed and the workforce is updated on the actions taken. Elected employee representatives from various areas of the business meet regularly with the SMT to discuss items of employee interest and provide updates as to the issues arising from business proposals and changes. The SMT act on matters that are fed back to them from employee engagements, and will refer to the Board as necessary. The Company strives to promote inclusivity and does not discriminate between employees on grounds of race or ethnic origin, disability, gender, sexual orientation, age, religion or belief. The Company is committed to valuing the diversity of its people and it monitors and reports internally on aspects such as gender and age equality. During the reporting period no principal decisions have been made that impact the Company's employees.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with Employees Statement (continued)

Employees' interests	How have the directors engaged with employees	How the directors have had regard to employee interests, and the effect of that regard
	Employee Assistance Program: This program involves providing all employees with a support line under which they can obtain free counselling and support in a wide range of personal matters. In addition, the Company offers free webinars, which are readily accessible, which focusses on a wide range of topics designed to support employees in their personal and professional development. International Women's Day: The Company participates annually in this internationally run event, which is hosted by senior management representatives at the Orange Group. The Company arranges the event to be broadcasted in a communal area for all employees. Other engagements: • Group's intranet, webinars, social media channels, regular team and one-to-one meetings • Provision of training and development for various career pathways. Annual company social events where all employees and directors interact in a social environment and discuss work related and non-work related matters.	

Engagement with the Community

The Company engages with the community through local schemes and initiatives. All employees are encouraged to participate and are granted leave to participate in volunteering activities. The Company, where possible, also seeks to donate refurbished computer equipment to local schools.

Orange Business Holdings UK Limited

Strategic report (continued) for the year ended 31 December 2022

Engagement with the Environment

The Company is committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to the Company has been compiled, with a view to implementing these measures in the next 5 years.

Measures undertaken during the financial year to 31 December 2022 and intended to continue in future years:

- Installation of LED lighting and Motion Sensors
- Heating, Ventilation and Air Conditioning (HVAC) Review and Consolidation
- Hot Water Supply Review and Consolidation

By order of the Board

 *Kris Van den Eynde*

K Van den Eynde
Director

16th of February 2024

Orange Business Holdings UK Limited

Directors' report (continued) **For the year ended 31 December 2022**

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Results and dividends

The net profit of the company for the year ended 31 December 2022 is £2,800,000 (2021: £5,593,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: £ nil).

Going concern basis

After making enquiries, the directors have performed a going concern assessment, at the time of approving these financial statements, taking into account global impacts and risks such as the ongoing global 'chipset' shortages and slowdown of the global economy, and have concluded that the company does not face any material risks and has access to adequate resources to continue in operation for at least 12 months from approval of the financial statements (the going concern period). The Directors note that the company participates in the Group's centralised funding and cash pooling arrangements with its ultimate parent (Orange SA) and fellow subsidiaries. Under the centralised funding and cash pool arrangement, the cash generated from the company's operations are transferred regularly to the cash pool and there are no restrictions on the company getting the cash resources it requires to meet its liabilities as they become due. The company does not have any external borrowing.

The company is not reliant on support from the ultimate parent company, Orange SA, for the funding it may require in the going concern period, however the company has access to such support for continued operational existence under the centralized funding agreement. Orange SA has indicated that the centralised funding agreement will not be terminated before 31 December 2024. As with any company placing reliance on other group entities for financial and other support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Orange Business Holdings UK Limited

Directors' report (continued) For the year ended 31 December 2022

Streamlined Energy and Carbon Reporting (SECR) disclosure

The following figures reflect the total consumption and emissions figures for energy supplies reportable by the Company and its subsidiary, Orange Business UK Limited, for the year ending 31st of Dec 2022.

Utility and Scope	2022 Consumption (kWh)	2021 Consumption (kWh)	YoY change
Grid-Supplied Electricity (Scope 2)	5,897,598	6,211,824	-5.06%
Gaseous and other fuels (Scope 1)	92,373	88,727	4.11%
Transportation (Scope 1 and 3)	1,114,286	1,340,913	-15.98%
Total	7,104,257	7,641,464	-7.03%
Utility and Scope	2022 Emissions (tCO ₂ e)	2021 Emissions (tCO ₂ e)	YoY change
Grid-Supplied Electricity (Scope 2)	1,140.48	1,318.96	-13.53%
Gaseous and other fuels (Scope 1)	18.80	17.45	7.74%
Transportation (Scope 1 and 3)	260.59	313.37	-16.84%
Total	1,419.87	1649.78	-13.94%

Streamlined Energy and Carbon Reporting (SECR) disclosure (continued)

Consumption (kWh) and Greenhouse Gas emissions (tCO₂e)

- Scope 1: direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets.
- Scope 2: indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.
- Scope 3: emissions resulting from sources not directly owned by the company. This is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

An intensity metric of kgCO₂e per m² occupied floor area has been applied for the annual total emissions of the Company.

Intensity Metric	2022	2021	YoY change
tCO ₂ e / m ² occupied floor area	0.2	0.23	-13.04%
Total occupied floor area (m ²)	7,245.17	7,245.17	-

The Company is committed to year-on-year improvements in their operational energy efficiency. Details of such are provided in the strategic report (page 13).

Orange Business Holdings UK Limited

Directors' report (continued) For the year ended 31 December 2022

Directors

The directors who held office during the year and subsequently are given below:

G Brady (appointed 19th May 2021, resigned 11th April 2022)

S Ranyard (appointed 12th April 2022)

K Van den Eynde

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditor is unaware. Having made enquiries of fellow directors and of the company's auditor, each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section s485 of the Companies Act 2006, the auditors, KPMG LLP will cease to hold office with effect following the approval of these financial statements. KPMG (Ireland) will be appointed as auditor for fiscal year 2023 in accordance with Section 383 of the Companies Act 2014".

By order of the Board

 *Kris Van den Eynde*

K Van den Eynde

Director

16th of February 2024

Orange Business Holdings UK Limited

Statement of directors' responsibilities in respect of the ANNUAL REPORT and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Orange Business Holdings UK Limited (continued)

Opinion

We have audited the financial statements of Orange Business Holdings UK Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Profit and Loss and Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORANGE BUSINESS HOLDINGS UK LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, as well as other management, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

The audit team remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries;
- the risk that revenue is overstated through recording revenues in the wrong period.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual entries to revenue and cash and by users who infrequently post journals.
- For a sample of revenue transactions close to year-end, we have performed testing over post year end credit notes, deferred income and accrued income to assess whether revenue had been recognised in the correct period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with those charged with governance (as required by auditing standards), and discussed with relevant management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent auditor's report to the members of Orange Business Holdings UK Limited (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Orange Business Holdings UK Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 17, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew R E Green (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants 15 Canada Square London
E14 5GL
16th of February 2024

Orange Business Holdings UK Limited

Registered Number: 3051335

**Statement of total comprehensive income
for the year ended 31 December 2022**

	Notes	2022 £000	2021 £000
Turnover	3	145,626	135,434
Cost of sales		<u>(67,940)</u>	<u>(56,485)</u>
Gross profit		77,686	78,949
Administrative expenses		<u>(74,740)</u>	<u>(72,916)</u>
Operating profit	4	2,946	6,033
Interest receivable and similar income	7	129	24
Interest payable and similar cost	8	<u>(250)</u>	<u>(460)</u>
Profit on ordinary activities before taxation		2,825	5,597
Tax (charge)/credit on profit on ordinary activities	9	<u>(25)</u>	<u>(4)</u>
Profit for the financial year		2,800	5,593
Other comprehensive income: items that will not be reclassified to profit or loss			
Re-measurement gains/(loss) on defined benefit pension plans	18	(10,491)	14,197
Share based payments		<u>57</u>	<u>251</u>
Other comprehensive income/(loss) for the year, net of tax		(10,434)	14,448
Total comprehensive income/(loss) for the year		<u>(7,634)</u>	<u>20,041</u>

All the above amounts are in respect of continuing activities.

There were no recognised gains and losses for 2022 or 2021 other than those results above.

The notes on pages 25 to 51 form part of these financial statements.

Orange Business Holdings UK Limited

Registered Number: 3051335

Statement of financial position at 31 December 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Intangible assets	10	0	1
Tangible assets	11	17,208	23,952
Investments	12	12,618	12,618
Net pension asset	18	1,728	4,183
		<u>31,554</u>	<u>40,754</u>
Current assets			
Stocks	13	1,753	1,126
Debtors	14	66,789	56,202
Cash at bank		-	-
		<u>68,542</u>	<u>57,328</u>
Creditors: amounts falling due within one year	15	<u>(50,405)</u>	<u>(42,988)</u>
Net current assets		<u>18,136</u>	<u>14,340</u>
Total assets less current liabilities		<u>49,690</u>	<u>55,094</u>
Creditors: amounts falling due after more than one year	16	<u>(7,706)</u>	<u>(7,785)</u>
Non-current liabilities			
Provision for liabilities	17	(1,931)	(1,846)
Net pension liability	18	(5,945)	(3,721)
		<u>(7,876)</u>	<u>(5,567)</u>
Net assets		<u>34,108</u>	<u>41,742</u>
Capital and reserves			
Called-up share capital	20	219,735	219,735
Share premium account		105	105
Accumulated losses		(185,732)	(178,098)
Total shareholders' funds		<u>34,108</u>	<u>41,742</u>

The notes on pages 25 to 51 form part of these financial statements.

Approved by the Board

 *Kris Van den Eynde*

K. Van den Eynde
Director

16th of February 2024

Orange Business Holdings UK Limited

Registered Number: 3051335

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital £000	Share Premium £000	Accumulated losses £000	Total Equity £000
As at 31 December 2020	219,735	105	(198,139)	21,701
Profit for the year 2021	-	-	5,593	5,593
Other comprehensive income	-	-	14,448	14,448
Total comprehensive income for the year	-	-	20,041	20,041
As at 31 December 2021	219,735	105	(178,098)	41,742
Profit for the year 2022	-	-	2,800	2,800
Other comprehensive income	-	-	(10,434)	(10,434)
Total comprehensive income for the year	-	-	(7,634)	(7,634)
As at 31 December 2022	219,735	105	(185,732)	34,108

Share premium represents the excess of proceeds over the nominal value of issued share capital.

The notes on pages 25 to 51 form part of these financial statements.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Orange Business Holdings UK Limited for the year ended 31 December 2022 were authorised for issue by the board of directors on 16th of February 2024 and the statement of financial position was signed on the board's behalf by Kristiaan Van den Eynde. Orange Business Holdings UK Limited is a private company limited by shares incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Orange SA. The results of Orange Business Holdings UK Limited are included in the consolidated financial statements of Orange SA which are available from Orange SA, 78 rue Olivier de Serres, Paris 75015, France. The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 39(c), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) paragraph 17 of IAS 24 Related Party Disclosures relating to key management compensation.
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (i) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity
- (j) the requirements of paragraph 58 of IFRS 16
- (k) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The accounting policies in Note 2.3 below set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

2.2 Judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation (note 9)

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Tangible fixed assets (note 11)

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments (note 12)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments which are reviewed for impairment on an annual basis.

Provisions for liabilities (note 17)

These are recognised at the financial reporting date and include amounts for restructuring provisions. Although these amounts are reviewed on a regular basis and adjusted to reflect the management's best current estimates, the judgement nature of these items means that future amounts settled may be different from those provided.

Defined benefit pensions (note 18)

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future pension increases are based on expected future inflation rates.

There has been a presentation reclassification of the prior year numbers whereby the net assets are presented under non current assets instead of current assets.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Key accounting policies

Going concern

After making enquiries, the directors have performed a going concern assessment, at the time of approving these financial statements, taking into account global impacts and risks such as the ongoing global 'chipset' shortages and slowdown of the global economy, and have concluded that the company does not face any material risks and has access to adequate resources to continue in operation for at least 12 months from approval of the financial statements (the going concern period). The Directors note that the company participates in the Group's centralised funding and cash pooling arrangements with its ultimate parent (Orange SA) and fellow subsidiaries. Under the centralised funding and cash pool arrangement, the cash generated from the company's operations are transferred regularly to the cash pool and there are no restrictions on the company getting the cash resources it requires to meet its liabilities as they become due. The company does not have any external borrowing.

The company is not reliant on support from the ultimate parent company, Orange SA, for the funding it may require in the going concern period, however the company has access to such support for continued operational existence under the centralized funding agreement. Orange SA has indicated that the centralised funding agreement will not be terminated before 31 December 2024. As with any company placing reliance on other group entities for financial and other support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Group financial statements

These financial statements present information about the Company as an individual undertaking and not about its group. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

Assets in the course of construction

Costs that are directly attributable to the development of new assets and which are incurred during the year prior to the date that the asset is placed into operational use, are capitalised. No depreciation is charged on assets in the course of construction until the asset is brought into operational use.

Finance costs directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Key accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the date of the statement of financial position.

Deferred corporation tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred corporation tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred corporation tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the date of the statement of financial position.

The carrying amount of deferred corporation tax assets is reviewed at each date of the statement of financial position. Deferred corporation tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred corporation taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Corporation tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, corporation tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise corporation tax is recognised in the income statement.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Fixed asset investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. After initial recognition, intangible assets are carried at cost less provision for amortisation and any impairment. Amortisation is provided to write off the cost less the estimated residual value on a straight-line basis over the useful economic life, being 5 to 10 years.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Key accounting policies (continued)

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Fixed assets, excluding assets in the course of construction, are depreciated at rates calculated to write off their cost, less estimated residual value, over their expected useful lives as follows:

	Method	Rate
Leasehold improvements	Straight-line	Period of lease
Motor Vehicles	Straight-line	25%
Network assets	Straight-line	20%
Computer equipment and software	Straight-line	20% - 33%
Office equipment and furniture	Straight-line	20% - 33%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Turnover

Turnover, which excludes VAT and trade discounts, represents the fair value of the consideration received or receivable for goods and services supplied. Turnover is recognised when control of goods and services is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The company estimates transfer of control on the basis of satisfaction of relevant performance obligations (e.g. services rendered, labour hours delivered or direct expense incurred).

IFRS 15 Revenue from Contracts with Customers requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets.

The Company has disclosed contract assets (note 15 and 16) and contract liabilities (note 14) in the notes to the accounts.

Some Corporate market contracts include two phases: a build phase followed by the management of the IT platforms. Revenue recognition requires an analysis of the facts and circumstances of each contract in order to determine whether distinct performance obligations exist. Depending on the contract, the Company recognizes build phase revenue at completion if this phase is qualified as distinct. These contracts are generally multi-year, with scalable offers. On each contract modification, we assess the scope modification or its impact on the contract price in order to determine whether the amendment must be treated as a distinct contract, as if the existing contract were terminated and a new contract signed, or whether the amendment must be considered as a change to the existing contract.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Key accounting policies (continued)

Financial Instruments

Financial assets include primarily trade debtors which are amounts due from customers and group undertakings for goods sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade debtors are recognised initially at fair value and subsequently valued at amortised cost less provision for impairment.

Financial liabilities primarily include trade creditors which are obligations to pay for goods or services that have been acquired in ordinary course of business from suppliers, group undertakings and government authorities. Creditors are initially recognized at fair value and subsequently measured at amortised cost.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the date of the statement of financial position. All exchange differences are taken to the statement of total comprehensive income.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Key accounting policies (continued)

Leases

The Company classifies as a lease, a contract that conveys to the lessee the right to control the use of an identified asset for a given period, including a service contract if it contains a lease component.

The Company has defined four major lease contract categories.

Leases are recognized in the statement of financial position via an asset reflecting the right to use the leased assets and a liability reflecting the related lease obligations (see Notes 11 and 21). In the income statement, lease depreciation of the right-of-use asset (see Note 4).

The Company 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 the Company is reasonably certain to pay at the end of the lease, such as the exercise price of a purchase option (where it is reasonably certain to be exercised), or penalties payable to the lessor for terminating the lease (where the termination option is reasonably certain to be exercised).

The Company systematically determines the lease term as the period during which leases cannot be cancelled, plus periods covered by any extension options that it is reasonably certain to exercise and by any termination options that it is reasonably certain not to exercise.

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

For each contract, the Company applies a discount rate determined based on the government loan yield, specific to each contract, according to its currency, term and the lessee country, plus the Orange Group's credit spread.

The carrying values of leased assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

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 assessment of whether a purchase option will be exercised;

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2.3 Key accounting policies (continued)

Employee benefits

The company operates various post-employment schemes, including defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age at retirement, years of service and compensation.

The net asset recognised in the statement of financial position in respect of defined benefit pension plans is the excess of the fair value of plan assets over the present value of the defined benefit obligation at the end of the reporting period. The net liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate based on high-quality corporate bonds which are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the income statement.

For defined contribution plans, the company pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company has an unconditional right to a refund of surplus of defined benefit assets.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Turnover

Turnover recognised in the statement of total comprehensive income is analysed as follows.

	2022 £000	2021 £000
Sale of goods	14,033	9,348
Rendering of services	131,593	126,086
	<u>145,626</u>	<u>135,434</u>

4 Operating profit

	2022 £000	2021 £000
Operating profit is stated after charging/(crediting):		
Amortisation of intangible fixed assets	1	3
Depreciation of tangible fixed assets	5,768	6,679
Depreciation of leased assets	3,595	3,645
Loss on disposal of tangible fixed assets	446	1
Operating lease rentals – land and buildings	674	845
Operating lease rentals – other	132	103
Auditor's remuneration – audit of the company's financial statements	44	44
Foreign exchange losses / (gains)	700	(161)

5 Directors' emoluments

The remuneration paid to directors was:	2022 £000	2021 £000
Aggregate emoluments	405	372
Compensation for loss of office	0	0
Pension contributions	19	14
	<u>424</u>	<u>386</u>

During the year three directors (2021: three) received remuneration in respect of qualifying services.

During the year retirement benefits were accruing to no director (2021: none) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £159,000 (2021: £158,000), compensation for loss of office of £nil (2021: £ nil) and the company made £9,000 (2021: £nil) pension contributions on his behalf.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Employee information

Staff costs, including directors' remuneration, were as follows:

	2022 £000	2021 £000
Wages and salaries	42,648	42,237
Social security costs	5,167	4,924
Pension costs - Defined contribution scheme (see note 19)	2,509	2,663
	<u>50,324</u>	<u>49,824</u>

Included in wages and salaries is a total expense arising from transactions accounted for as equity-settled share-based payment transactions including social charges of £69,000 (2021: £59,000).

The average monthly number of employees, including directors, during the year was as follows:

	2022 Number	2021 Number
Distribution	201	205
General and administration	71	69
Sales and marketing	156	177
Total	<u>428</u>	<u>451</u>

7 Interest receivable

	2022 £000	2021 £000
Interest receivable from group undertakings	79	24
Interest on defined benefit pension scheme	50	0
	<u>129</u>	<u>24</u>

8 Interest payable

	2022 £000	2021 £000
Interest on defined benefit pension scheme	0	248
Finance Lease interest	193	212
Other interest	57	-
	<u>250</u>	<u>460</u>

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Taxation

a) Tax charged in the income statement	2022 £000	2021 £000
Current tax:		
UK corporation tax at 19% (2021: 19%)	25	4
Tax (over) provided in previous years	0	0
Total tax charge/(credit) in the income statement	25	4

b) Tax relating to items charged or credited to other comprehensive income	2022 £000	2021 £000
Current tax:		
Tax on defined benefit pension plans	-	-
Tax expense in the statement of other comprehensive income	-	-

c) Reconciliation of the total tax (credit) / charge

The tax charge in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: lower). The differences are reconciled below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	2,825	5,597
Profit on ordinary activities at the UK tax rate of 19% (2021: 19%)	537	1,063
Effects of:		
Expenses not deductible for tax purposes	30	16
Excess of capital allowances over depreciation	759	858
Other timing differences	59	65
Allowable defined benefit pension scheme payments	(1,104)	(1,048)
Tax (over) provided in previous years	0	0
Utilisation of brought forward tax losses	(256)	(950)
Total current tax charge / (credit)	25	4

The prior year tax charge / (credit) relates to the revision of previously estimated tax.

d) Deferred tax	2022 £000	2021 £000
Excess of capital allowances over depreciation	10,705	6,975
Tax losses carried forward	328	877
Other short term timing differences	380	229
Deferred tax asset not recognised	11,413	8,081

The deferred tax asset is not recognised due to uncertainty of future profitability. Deferred tax assets have been measured at the rate of 25% (2021: 19%). UK government decided that the tax rate will increase to 25% from 1 April 2023.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Intangible fixed assets

	IRUs £000	Licences £000	Total £000
Cost			
At 1 January 2022	87	29	116
Disposals	-	-	-
At 31 December 2022	87	29	116
Amortisation			
At 1 January 2022	87	28	115
Charge for the year	-	1	1
Disposals	-	-	-
At 31 December 2022	87	29	116
Net book value at 31 December 2022	-	-	-
Net book value at 31 December 2021	-	1	1

11 Tangible fixed assets

	Leasehold buildings and improvements £000	Network buildings and assets £000	Computer equipment and software £000	Office equipment and furniture £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
Cost							
At 1 January 2022	18,905	62,693	8,378	2,350	142	338	92,806
IFRS16 additions	-	2,207	-	-	-	-	2,207
Additions	-	-	-	-	-	2,401	2,401
Reclassification	122	2,292	83	179	-	(2,676)	-
Disposals	(530)	(3,203)	(1,111)	(991)	-	-	(5,738)
IFRS16 Disposals	-	(98)	-	-	-	-	(98)
IFRS16 Impairment	(1,460)	-	-	-	-	-	(1,460)
At 31 December 2022	17,037	63,988	7,350	1,538	142	63	90,118
Depreciation							
At 1 January 2022	10,173	48,683	8,080	1,850	68	-	68,854
Charge for the year	1,719	7,202	169	234	39	-	9,363
Disposals	(522)	(2,615)	(1,083)	(989)	-	-	(5,209)
IFRS16 Disposals	-	(98)	-	-	-	-	(98)
At 31 December 2022	11,370	53,172	7,166	1,095	107	-	72,910
Net book value							
At 31 December 2022	5,667	10,816	184	443	35	63	17,208
At 31 December 2021	8,732	14,010	298	500	74	338	23,952

The balance of fixed assets over which pledges or liens exist in 2022 is nil (2021: nil). The directors have reviewed the fixed assets for indicators of impairment and identified cases in relation to

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

IFRS16 were included in the schedule above.

12 Investments

Shares in subsidiary undertakings	2022 £000	2021 £000
Cost		
At 1 January	39,635	39,635
Addition	-	-
Disposal	-	-
At 31 December	<u>39,635</u>	<u>39,635</u>
Provisions for impairment		
At 1 January	27,017	27,017
Addition	-	-
Disposal	-	-
At 31 December	<u>27,017</u>	<u>27,017</u>
Net book value	<u>12,618</u>	<u>12,618</u>

The unlisted investments, in subsidiaries and other group companies, held by the company as at 31 December 2022 (and 31 December 2021) are as follows:

Entity	Country of incorporation	Shareholding	% shares held	Nature of business
Orange Business UK Limited	England	39,622,100 ordinary shares of £1 each	100%	Network Services
Equant Istanbul Telekom Anonim Sirketi	Turkey	651,328 ordinary shares of TL 0.01	0.63%	Network Services
Orange Business Arabia LLC	Saudi Arabia	25,000 SAR	5%	Network Services
Equant Morocco Inc	Morocco	10 ordinary shares of 100 MAD	0.01%	Network Services
Orange Business Services UAE FZCO	UAE	50 ordinary shares of 100 AED	5%	Network Services

13 Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	2,202	1,334
Stock provisions	<u>(449)</u>	<u>(208)</u>
Total stocks	<u>1,753</u>	<u>1,126</u>

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Debtors

	2022 £000	2021 £000
Trade debtors and accrued income	37,208	27,888
Amounts owed by group undertakings	9,351	13,468
Other debtors	3,818	2,013
Prepayments	16,412	12,833
	<u>66,789</u>	<u>56,202</u>

Included in the amounts owed by group undertakings is (£nil) (2021: £13,003,000) owed by Orange SA, which carries interest at SONIA (2021: LIBOR). The other amounts owed by group undertakings are non-interest bearing and repayable on demand. Management believes that the carrying values are a fair approximation of fair values.

Prepayments include costs to complete for ongoing revenue contracts recognised under IFRS 15. Included in the amount of prepayments is £4,330,000 (2021: £2,024,000) due after more than one year.

15 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	3,324	4,096
Amounts owed to group undertakings	5,276	18
Other taxation and social security	2,465	1,935
Current lease liabilities	2,818	3,477
Amounts payable in respect of group tax relief	71	51
Accruals	12,523	11,223
Deferred income	23,928	22,188
	<u>50,405</u>	<u>42,988</u>

The amounts owed to group undertakings are non-interest bearing and repayable on demand.

Included in the amounts owed by group undertakings is £552,531 (2021: £nil) owed to Orange SA, which carries interest at SONIA (2021: LIBOR). Management believes that the carrying values are a fair approximation of fair values.

Deferred income for ongoing contracts is recognised under IFRS 15.

16 Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Non-current lease liabilities	7,529	7,715
Deferred income	177	70
	<u>7,706</u>	<u>7,785</u>

Management believes that the carrying values are a fair approximation of fair values.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Deferred income for ongoing contracts is recognised under IFRS 15.

17 Provisions for liabilities

	2022 Dilapidations £000	2022 IR35 Tax £000	2022 Employee £000	2022 Total £000
At 1 January	956	743	147	1,846
Amounts provided	59	-	769	828
Amounts utilised	-	(743)	-	(743)
At 31 December	1,015	-	916	1,931

The dilapidations provision represents a leasehold premises exit obligation to return buildings to their original condition. These are expected to be utilised on exit of individual leases. The provision is estimated using estimates provided by professional third party valuers and a discount rate of 0.58%. The obligation is created on entry to the leasehold premises with a regular review of the exit obligation undertaken.

The pensions are shown in note 18 below.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Defined benefit provision

During the year the company provided pensions through two defined benefit pension schemes and one defined contribution pension scheme. The defined benefit schemes, the Equant Pension Scheme ('Equant Scheme') and the Sprint International (UK) Limited Retirement Benefits Plan ('Sprint Plan'), both of which are multi-employer defined benefit schemes spanning a number of UK entities, were terminated on 31 July 2011. The assets and liabilities of the two schemes at 31 December are as follows:

Year ending 31 December 2022	Equant Scheme £000	Sprint Plan £000	Total £000
Net defined benefit asset/(obligation) at start of the year	(3,721)	4,183	462
Employer contributions	4,245	1,517	5,762
Changes recognised in profit and loss account	(34)	84	50
Re-measurement loss recognised in OCI	(6,435)	(4,056)	(10,491)
Net defined benefit asset/(obligation) at end of year	(5,945)	1,728	(4,217)
Year ending 31 December 2021	Equant Scheme £000	Sprint Plan £000	Total £000
Net defined benefit asset/(obligation) at start of the year	(19,705)	456	(19,249)
Employer contributions	4,245	1,517	5,762
Changes recognised in profit and loss account	(266)	18	(248)
Re-measurement loss recognised in OCI	12,005	2,192	14,197
Net defined benefit asset/(obligation) at end of year	(3,721)	4,183	462

a) Equant Pension Scheme

The Company contributes to the Equant Pension Scheme, a defined benefit scheme spanning two UK entities under common control. Orange Business Holdings UK Limited is the principal employer and recognises the total relevant accounting liability on its statement of financial position. The other entity is Orange Business UK Limited.

Each participating employer is responsible for their own liabilities and any apportioned debt allocated to them from the orphan liabilities within the Scheme. Although Orange Business Holdings UK Limited recognises the liability on its balance sheet in full as principal employer, if a wind up were to take place, the surplus/deficit would be allocated to each participating employer based on their liabilities and apportioned debt from the orphans of the Scheme.

The Scheme provides benefits based on final pensionable pay and service at 31 July 2011 (the date the accrual of future benefits ceased). It is set up under a trust which holds the assets of the Scheme separately from the Company.

Responsibility for governance of the Scheme, including setting contribution rates, lies jointly with the Company and the Trustees. However, investment decisions are the responsibility of the Trustees only. The Trustees are comprised of nominations from the Company and members, in accordance with the Trust Deed and Rules. Scheme assets are held in trusts which are governed by UK regulation and benefit payments are made from these funds.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The Pensions Act 2004 requires that every pension scheme is subject to a Statutory Funding Objective such that it has sufficient and appropriate assets to cover its Technical Provisions. Technical Provisions are described as the amount required, based on an actuarial calculation, to make provision for the pension scheme's liabilities. The last formal actuarial valuation of the Equant Pension Scheme was completed as at 1 January 2020 by independent consulting actuaries, Buck. At the date of that valuation the actuarial value of the assets in the Scheme was sufficient to cover 83% of the accrued benefits of the members (corresponding to a deficit of £41.7m). Funding levels are monitored on an annual basis and the next triennial valuation with an effective date of 1 January 2023 is currently underway.

The Scheme is funded in advance by Company contributions. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the Scheme. Under the Schedule of Contributions in force over the financial year, the Company contributed £4,245,000 in total, of which £3,925,000 was paid to address the deficit and £320,000 was paid to meet administration costs. The recovery plan agreed in April 2021 maintains these deficit contributions until 31 March 2027. Orange Business Holdings UK Limited currently pays 100% of the amount due under the deficit recovery plan and 100% of the payments to cover the expenses of running the Scheme.

Disclosures in accordance with FRS101 are set out below.

The assets and liabilities for the year ended 31 December 2022 are as follows:

	2022	2021
	£'000s	£'000s
Fair value of assets at end of year	142,761	244,086
Present value of obligations at end of year	(148,706)	(247,807)
Funded status at end of year	(5,945)	(3,721)
Adjustment in accordance with the asset ceiling	-	-
Net defined benefit asset/(obligation)	(5,945)	(3,721)

The amounts recognised in the Statement of Comprehensive Income for the year are analysed as follows:

	2022	2021
	£'000s	£'000s
Past service cost	-	-
Net interest on the net defined benefit obligation/(asset)	34	266
Interest cost/(income) on adjustment of the asset ceiling	-	-
Total charge/(income) recognised in Statement of Comprehensive Income	34	266

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The movement in defined benefit obligations over the year was as follows:

	2022 £'000s	2021 £'000s
Present value of obligations at start of year	247,807	244,171
Past service cost	-	-
Interest on benefit obligation	4,660	3,629
Distributions	(5,399)	(6,579)
Actuarial (gains)/losses arising from experience	3,682	-
Actuarial (gains)/losses arising from change in financial assumptions	(97,648)	2,881
Actuarial (gains)/losses arising from change in demographic assumptions	(4,396)	3,705
Present value of obligations at end of year	<u>148,706</u>	<u>247,807</u>

The movement in the fair value of assets over the year was as follows:

	2022 £'000s	2021 £'000s
Fair value of assets at start of year	244,086	224,466
Employer contributions	4,245	4,245
Interest income	4,626	3,363
Return on Scheme assets excluding interest income	(104,797)	18,591
Distributions	(5,399)	(6,579)
Fair value of assets at end of year	<u>142,761</u>	<u>244,086</u>

The movement in the assets and liabilities over the year was as follows:

	2022 £'000s	2021 £'000s
Net defined benefit asset/(obligation) at start of the year	(3,721)	(19,705)
Employer contributions	4,245	4,245
Income/(charges) recognised in profit and loss account	(34)	(266)
Remeasurement gain/(loss) recognised in OCI	(6,435)	12,005
Net defined benefit asset/(obligation) at end of the year	<u>(5,945)</u>	<u>(3,721)</u>

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The remeasurement effects recognised in other comprehensive income (OCI) were:

	2022 £'000s	2021 £'000s
Return on Scheme assets excluding interest income	(104,797)	18,591
Experience gains/(losses) on obligations	(3,682)	-
Gains/(losses) on changes in assumptions - financial	97,648	(2,881)
Gains/(losses) on changes in assumptions - demographic	4,396	(3,705)
Change in adjustment of the asset ceiling in excess of interest	-	-
Total gains/(losses) recognised in OCI	<u>(6,435)</u>	<u>12,005</u>

An analysis of fair value of assets at end of year is provided below.

There are no transferable financial instruments of the Company held as Scheme assets; nor is there property occupied by, or other assets used by, the Company. The following tables provide information on the composition and fair value of assets of the Scheme. All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by the UK government and are AAA or AA rated (unless held within a general investment fund). All other Scheme assets are quoted in an active market, with the exception of real estate.

31 December 2022 (£000's)	Quoted	Unquoted	Total
UK Equities	14,851	-	14,851
Overseas Equities	39,626	-	39,626
Sterling Extra Yield Bonds	1,855	-	1,855
Corporate bonds	36,323	-	36,323
Real Estate	-	7,506	7,506
Property Income	21,460	-	21,460
Alternative Credit	10,848	-	10,848
Liability Driven Investments	7,852	-	7,852
Cash and cash equivalents	2,440	-	2,440
Total assets	135,255	7,506	142,761

31 December 2021 (£000's)	Quoted	Unquoted	Total
UK Equities	35,572	-	35,572
Overseas Equities	58,665	-	58,665
Sterling Extra Yield Bonds	2,080	-	2,080
Corporate bonds	43,912	-	43,912
Real Estate	-	8,559	8,559
Property Income	23,888	-	23,888
Alternative Credit	-	-	-
Liability Driven Investments	51,636	-	51,636
Cash and cash equivalents	19,774	-	19,774
Total assets	235,527	8,559	244,086

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The following are the principal actuarial assumptions at the reporting date

	2022	2021
Discount rate (p.a.)	4.80%	1.90%
RPI inflation (p.a.)	3.05%	3.15%
CPI inflation (p.a.)	2.50%	3.15%
Pension increases – RPI max 5% (p.a.)	3.00%	3.05%
Life expectancy at 65 for male aged 65	22.0	22.0
Life expectancy at 65 for female aged 65	24.0	24.0
Life expectancy at 65 for male in 15 years	22.9	22.9
Life expectancy at 65 for female in 15 years	25.1	25.0

In light of recent high inflation, the reported obligations for the year ended 31 December 2022 make allowance for known inflation experience up to 31 December 2022.

Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below.

	2022 %	2022 £'000s
Discount rate reduced by 0.50% p.a.	7.8	160,281
Discount rate increased by 0.50% p.a.	(7.0)	138,373
Inflation reduced by 0.50% p.a.	(5.4)	140,696
Inflation increased by 0.50% p.a.	4.8	155,815

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity to inflation, corresponding movements in other inflation-related assumptions have also been considered. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The key risks of the Scheme are as follows:

- Asset volatility - If Scheme assets do not move in line with Scheme liabilities then a deficit may arise.
- Longevity - Increases in life expectancy will increase the period over which the benefits are expected to be payable, which increases the value placed on the Scheme's liabilities.
- Inflation - The Scheme has some benefits that are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

The duration of the Scheme's liabilities is around 15 years

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

b) Sprint International (UK) Retirement Benefits Plan

The Company contributes to the Sprint International (UK) Retirement Benefits Plan, a defined benefit scheme spanning two UK entities under common control. Orange Business Holdings UK Limited is the principal employer and recognises the total relevant accounting liability on its statement of financial position. The other entity is Orange Business UK Limited.

Each participating employer is responsible for their own liabilities and any apportioned debt allocated to them from the orphan liabilities within the Plan. Although Orange Business Holdings UK Limited recognises the liability on its balance sheet in full as principal employer, if a wind up were to take place, the surplus/deficit would be allocated to each participating employer based on their liabilities and apportioned debt from the orphans of the Plan.

The Plan provides benefits based on final pensionable pay and service at 31 July 2011 (the date the accrual of future benefits ceased). It is set up under a trust which holds the assets of the Plan separately from the Company.

Responsibility for governance of the Plan, including setting contribution rates, lies jointly with the Company and the Trustees. However investment decisions are the responsibility of the Trustees only. The Trustees are comprised of nominations from the Company and members, in accordance with the Trust Deed and Rules. Plan assets are held in trusts which are governed by UK regulation and benefit payments are made from these funds.

The Pensions Act 2004 requires that every pension scheme is subject to a Statutory Funding Objective such that it has sufficient and appropriate assets to cover its Technical Provisions. Technical Provisions are described as the amount required, based on an actuarial calculation, to make provision for the pension scheme's liabilities. The last formal actuarial valuation of the Sprint International (UK) Retirement Benefits Plan was completed as at 6 April 2021 by independent consulting actuaries, Mercer. At the date of that valuation the actuarial value of the assets in the Plan was sufficient to cover 94% of the accrued benefits of the members (corresponding to a deficit of £3.0m). Funding levels are monitored on an annual basis and the next triennial valuation will be due as at 6 April 2024.

The Plan is funded in advance by employer contributions. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the Plan. Under the Schedules of Contributions in force over the financial year, the employers contributed £1,517,340 in total, of which £1,304,040 was in respect of deficit contributions and £213,300 was in respect of administration costs. The recovery plan agreed following the formal valuation as at 6 April 2021 requires deficit contributions of £1,304,040 p.a. from 1 July 2022 until 31 August 2023 inclusive. No further liability or contributions are due. Orange Business Holdings UK Limited currently pays 100% of the amount due under the deficit recovery plan and 100% of the payments to cover the expenses of running the Plan.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Disclosures in accordance with FRS101 are set out below.

The assets and liabilities for the year ended 31 December 2022 are as follows:

	2022	2021
	£'000s	£'000s
Fair value of assets at end of year	33,387	51,079
Present value of obligations at end of year	(31,659)	(46,896)
Funded status at end of year	1,728	4,183
Adjustment in accordance with the asset ceiling	-	-
Net defined benefit asset/(obligation)	1,728	4,183

The amounts recognised in the Statement of Comprehensive Income for the year are analysed as follows:

	2022	2021
	£'000s	£'000s
Past service cost	-	-
Net interest on the net defined benefit obligation/(asset)	(84)	(18)
Interest cost/(income) on adjustment of the asset ceiling	-	-
Total charge/(income) recognised in profit and loss account	(84)	(18)

The movement in defined benefit obligations over the year was as follows:

	2022	2021
	£'000s	£'000s
Present value of obligations at start of year	46,896	50,227
Past service cost	-	-
Interest on benefit obligation	878	741
Distributions	(1,400)	(1,933)
Actuarial (gains)/losses arising from experience	2,609	(955)
Actuarial (gains)/losses arising from change in financial assumptions	(17,311)	(1,103)
Actuarial (gains)/losses arising from change in demographic assumptions	(13)	(81)
Present value of obligations at end of year	31,659	46,896

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The movement in the fair value of assets over the year was as follows:

	2022 £'000s	2021 £'000s
Fair value of assets at start of year	51,079	50,683
Employer contributions	1,517	1,517
Interest income	962	759
Return on Plan assets excluding interest income	(18,771)	53
Distributions	(1,400)	(1,933)
Fair value of assets at end of year	<u>33,387</u>	<u>51,079</u>

The movement in the assets and liabilities over the year was as follows:

	2022 £'000s	2021 £'000s
Net defined benefit asset/(obligation) at start of the year	4,183	456
Employer contributions	1,517	1,517
Income/(charges) recognised in profit and loss account	84	18
Remeasurement gain/(loss) recognised in OCI	(4,056)	2,192
Net defined benefit asset/(obligation) at end of the year	<u>1,728</u>	<u>4,183</u>

The remeasurement effects recognised in other comprehensive income (OCI) were:

	2022 £'000s	2021 £'000s
Return on Plan assets excluding interest income	(18,771)	53
Experience gains/(losses) on obligations	(2,609)	955
Gains/(losses) on changes in assumptions - financial	17,311	1,103
Gains/(losses) on changes in assumptions - demographic	13	81
Change in adjustment of the asset ceiling in excess of interest	-	-
Total gains/(losses) recognised in OCI	<u>(4,056)</u>	<u>2,192</u>

An analysis of fair value of assets at end of year is provided below.

There are no transferable financial instruments of the Company held as Plan assets; nor is there property occupied by, or other assets used by, the Company. The following tables provide information on the composition and fair value of assets of the Plan. All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by the UK government and are AAA or AA rated (unless held within a general investment fund). All other Plan assets are quoted in an active market.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

31 December 2022 (£000's)	Quoted	Unquoted	Total
Overseas Equities	4,627	-	4,627
Corporate bonds	4,613	-	4,613
Property Income	-	6,478	6,478
Other Marketable securities	13,934	-	13,934
Cash and cash equivalents	3,735	-	3,735
Total assets	26,909	6,478	33,387

31 December 2021 (£000's)	Quoted	Unquoted	Total
Overseas Equities	8,107	-	8,107
Corporate bonds	11,918	-	11,918
Property Income	-	5,367	5,367
Other Marketable securities	22,679	-	22,679
Cash and cash equivalents	3,008	-	3,008
Total assets	45,712	5,367	51,079

The following are the principal actuarial assumptions at the reporting date

	2022	2021
Discount rate (p.a.)	4.80%	1.90%
RPI inflation (p.a.)	3.05%	3.20%
CPI inflation (p.a.)	2.50%	3.10%
Pension increases – RPI max 5% (p.a.)	3.00%	3.10%

	2022	2021
Life expectancy at 65 for male aged 65	23.2	23.1
Life expectancy at 65 for female aged 65	25.4	25.3
Life expectancy at 65 for male in 15 years	23.8	24.1
Life expectancy at 65 for female in 15 years	26.4	26.7

In light of recent high inflation, the reported obligations for the year ended 31 December 2022 make allowance for known inflation experience up to 31 December 2022.

Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below.

	2022	2022
	%	£000's
Discount rate reduced by 0.50% p.a.	6.4	33,694
Discount rate increased by 0.50% p.a.	(5.8)	29,814
Inflation reduced by 0.50% p.a.	(3.0)	30,702
Inflation increased by 0.50% p.a.	2.9	32,568

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The key risks of the Plan are as follows:

- Asset volatility - If Plan assets do not move in line with Plan liabilities then a deficit may arise.
- Longevity - Increases in life expectancy will increase the period over which the benefits are expected to be payable, which increases the value placed on the Plan's liabilities.
- Inflation - The Plan has some benefits that are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

The duration of the Plan's liabilities is around 13 years.

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

18 Defined contribution scheme

The company contributes to the Equant Defined Contribution Payment Plan. The pension cost for the year ended 31 December 2022 was £2,509,000 (2021: £2,663,000). Accrued pension costs at 31 December 2022 were £218,000 (2021: £218,000).

19 Called-up share capital

	2022 Number	2021 Number	2022 £000	2021 £000
Authorised				
Ordinary shares of £1 each	<u>219,735,101</u>	<u>219,735,101</u>	<u>219,735</u>	<u>219,735</u>
Allotted, called-up and fully paid				
Ordinary shares of £1 each	<u>219,735,100</u>	<u>219,735,100</u>	<u>219,735</u>	<u>219,735</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20 Obligations under finance leases

Tangible fixed assets comprise owned and leased assets that do not meet the definition of investment property.

	2022 £000	2021 £000
Tangible fixed assets owned	9,244	13,141
Right of use assets	<u>7,964</u>	<u>10,811</u>
	<u>17,208</u>	<u>23,952</u>

Note 11

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

Right of use assets 2022	Leasehold buildings and improvements £000	Network buildings and assets £000	Motor vehicles £000	Total £000
Balance at 1 January 2022	6,589	4,148	74	10,811
Additions during the year	-	2,208	-	2,208
Depreciation charge for the year	(1,413)	(2,143)	(39)	(3,595)
Impairment	(1,460)	-	-	(1,460)
Balance at 31 December 2022	<u>3,716</u>	<u>4,213</u>	<u>35</u>	<u>7,964</u>

Lease liabilities included in the statement of financial position:

	2022 £000	2021 £000
Current	2,818	3,477
Non-current	<u>7,529</u>	<u>7,715</u>
Balance at 31 December 2022	<u>10,347</u>	<u>11,192</u>

Orange Business Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21 Capital commitments

The company had network and customer premises equipment capital commitments at 31 December 2022 of £338,000 (2021: £566,000).

22 Ultimate parent undertaking and controlling party

The immediate parent undertaking and parent of the smallest group in which the results of the company are consolidated, for the year ended 31 December 2022, was Orange Business Services Participations SA, a company incorporated in France.

The financial statements of this company can be obtained from Orange Business Services Participations SA, 111 quai du Président Roosevelt, 92130 Issy-les-Moulineau, France.

The largest group which includes the results of Orange Business Holdings UK Limited and for which consolidated financial statements have been prepared is Orange SA, a company incorporated in France.

In the directors' opinion this is also the ultimate parent and controlling party. The financial statements of this company can be obtained from Orange SA, 111 quai du Président Roosevelt, 92130 Issy-les-Moulineau, France.

Orange Business Holdings UK Limited is using the exemption from disclosing the transactions with fully owned subsidiaries of the group and there are no other transactions with related parties