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Proximus NV van publiek recht / Proximus SA de droit public

Statutory report of the joint auditors to the shareholders' meeting for the year ended 31 December 2019 - Annual accounts

The original text of this report is in Dutch and French

Statutory report of the joint auditors to the shareholders' meeting of Proximus van publiek recht / Proximus SA de droit public for the year ended 31 December 2019 - Annual accounts

In the context of the statutory audit of the annual accounts of Proximus NV van publiek recht / Proximus SA de droit public (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts and the other legal and regulatory requirements. These parts should be considered as integral to the report.

As Required by law and the company's articles of association, and more specifically by article 25 of the law of 21 March 1991 reforming certain economic public corporations applicable to Proximus NV van publiek recht / Proximus SA de droit public, the statutory auditors, members of the joint auditors, were appointed in their capacity as statutory auditor by the shareholder's meeting of 20 April 2016 for a period of six years, in accordance with the proposal of the board of directors issued upon recommendation of the audit and compliance committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2021. Based on article 25, §3 of the law of 21 March 1991, two members of the Belgian Court of Audit were appointed as members of the joint auditors by the General assembly of the Belgian Court of Audit dated 11 March 2015 and 20 January 2016.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises has performed the statutory audit of the annual accounts of Proximus NV van publiek recht / Proximus SA de droit public for 10 subsequent years. CDP Petit & Co has performed the statutory audit of the annual accounts of Proximus NV van publiek recht / Proximus SA de droit public for 4 subsequent years.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2019 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 7 774 985 (000) EUR and the income statement shows a profit for the year ended of 378 226 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2019 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the joint auditors for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on telecommunications activities	
The accuracy of revenue is an inherent risk in the telecommunications industry. This is driven by the complexity of billing systems, the magnitude of volumes of data in combination with different products on the market and price changes in the year. The correct application of revenue recognition accounting standards to the separate elements of a customer's contract are complex and require judgement by management. The details on revenue recognition are included in the explanatory notes 6.19 'Valuation rules' and 6.10 'Net turnover' to the annual accounts.	We addressed this key audit matter by applying the following controls and substantive test procedures to the material revenue streams: • We tested the design and operating effectiveness of the relevant key controls in place in the revenue cycle, as well as in the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that support material revenue streams; • We performed tests of details on a sample of individual revenue transactions, tracing these back to order documentation and cash receipts; and • We performed a substantive analytical review. Additionally we assessed the appropriateness of the company's accounting policies with respect to revenue recognition and assessed compliance with the applicable accounting standards.
Liabilities for termination benefits	
In 2019 Proximus announced its #shifttodigital strategy, which included a transformation plan in which 1300 functions were identified as being redundant. The implementation of the strategy started in November 2019 and all employees were notified before year-end. The determination of the liabilities for termination benefits is based on the effective number of employees opting for voluntary leave and other assumptions. Considering the overall significance of the termination benefits and its importance for the users' understanding of the current year accounts, we consider the employee restructuring program to be a significant matter in our audit. The details on valuation for termination benefits are included in the explanatory notes 6.19 'Valuation rules' and 6.8 'Provisions for other liabilities and charges' to the annual accounts.	With respect to the related liabilities: • We assessed whether the accounting treatment of the employee restructuring program was appropriate based on the terms and conditions included in the plan and whether the disclosures in the notes to the financial statements were accurate and complete. • In testing the company's estimates: – we performed test of details on the accuracy of personnel data by reconciling such data on a sample basis to underlying evidence and by verifying mathematical accuracy of calculations; – we challenged the assumptions used in management's estimate for the restructuring provision; and • We audited the impact of the restructuring to the existing obligations for other post-employment benefits.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the joint auditors for the audit of the annual accounts

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

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of annual accounts in Belgium. The scope of the audit of annual accounts does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and compliance committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and compliance committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and compliance committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the directors' report, for the documents to be filed according to the legal and regulatory requirements, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Companies Code, the Code of companies and associations and the company's articles of association.

Responsibilities of the joint auditors

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the annual accounts, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the directors' report, those documents to be filed according to the legal and regulatory requirements and compliance with certain obligations referred to in the Companies Code, the Code of companies and associations and the articles of association, as well as to report on these matters.

Aspects regarding the directors' report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for that same year and has been established in accordance with the requirements of article 3:5 and 3:6 of the Code of companies and associations.

In the context of our statutory audit of the annual accounts we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

The non-financial information as required by article 3:6, § 4 of the Code of companies and associations, has been disclosed in a separate report, attached to the directors' report, except for the information on diversity which was integrated in the corporate governance statement. This statement on non-financial information includes all the information required by article 3:6, § 4 of the Code of companies and associations and is in accordance with the annual accounts for the financial year then ended. The non-financial information has been established by the company in accordance with the GRI Standards reporting principles. In accordance with article 3:75, § 1, 6° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI Standards reporting principles mentioned in the directors' report.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 3:12, § 1, 8° of the Code of companies and associations, includes, both in form and in substance, all of the information required by the Companies Code and is free from any material inconsistencies with the information available to us in the context of our mission.

Statements regarding independence

- No services, incompatible with the statutory audit of the annual accounts as referred to by the law, have been performed and our audit forms and, if applicable, our networks of audit firms remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Companies Code or, as from 1 January 2020, the Code of companies and associations.
- We are required to report on the following transactions where article 523 of the Companies Code was applied and which have taken place between 1 January 2019 and 31 December 2019:
  - The decision of the board of directors on 28 February 2019 relating to the short-term incentive granted to the CEO for the performance evaluation of 2018 represented a conflict of interest for the CEO, Mrs. D. Leroy. The board of directors determined the financial consequences for the company at a total amount of 216 (000) EUR.
  - The Decision of the board of directors on 29 July 2019 relating to the co-optation of the board members' expiring mandates of Stefaan De Clerck, Martine Durez, Laurent Levaux, Isabelle Santens and Paul Van de Perre until the annual general meeting of April 2020.
  - The decision of the board of directors on 14 September 2019 relating to the end of the contract of the CEO, Mrs. D. Leroy.

- An interim dividend was distributed during the financial year for which the statutory auditors, members of the joint auditors have issued the attached report in accordance with the legal requirements.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.

Brussels, 21 February 2020

The joint auditors

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Geert Verstraeten

CDP Petit & Co BV / SRL
Represented by Damien Petit

The Belgian Court of Audit
Represented by

Pierre Rion
Counselor

Jan Debucquoy
Counsel

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
Coöperatieve vennootschap met beperkte aansprakelijkheid /
Société coopérative à responsabilité limitée
Registered Office: Gateway Building,
Luchthaven Brussel Nationaal 1 J, 1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles -
IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

SPRL CDP PETIT & Co
Square de l'Arbalète 6
1170 Brussel/Bruxelles
België
Tel. + 32 2 660 70 46
Fax + 32 2 663 25 59
www.cdp-partners.be

Rekenhof/Cour des comptes
Regentschapsstraat 2
2 Rue de la Régence
1000 Brussel/Bruxelles
België
Tel. + 32 2 551 81 11
Fax + 32 2 551 86 22
www.ccrek.be

Deloitte.

CdP Partners

Proximus SA under public law

Report on the review of the statement of assets and liabilities for the period ended 30 September 2019 of company Proximus SA under public law in the context of the distribution of an interim dividend

The original text of this report is in Dutch/French.

Report on the review of the statement of assets and liabilities for the period ended 30 September 2019 of company Proximus SA under public law in the context of the distribution of an interim dividend

In accordance with article 618 of the Companies Code and with article 45 of the articles of association of Proximus SA under public law ("the company"), the board of directors proposes the distribution of an interim dividend, based on the results of the current period. In accordance with article 618 of the Companies Code and in the context of our appointment as statutory auditor, we hereby report to the board of directors on the review of the statement of assets and liabilities for the period ended 30 September 2019.

We have conducted our review of the company's enclosed statement of assets and liabilities for the period ended 30 September 2019, prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of 7 644 374 (000) EUR.

Board of directors' responsibility for the preparation of the statement of assets and liabilities

The board of directors is responsible for the preparation of the statement of assets and liabilities for the period ended 30 September 2019 in accordance with the financial reporting framework applicable in Belgium, in accordance with article 92, § 1, first section, of the Companies Code, as well as for compliance with the conditions set by article 618, second section, of the Companies Code.

Statutory auditor's responsibility

Our responsibility is to express a conclusion on the statement of assets and liabilities, based on the review conducted by us.

We conducted our review in accordance with ISRE 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and administrative matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on this statement of assets and liabilities.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the enclosed statement of assets and liabilities of Proximus SA under public law for the period ended 30 September 2019 showing total assets of 7 644 374 (000) EUR and a profit for the period then ended of 138 771 (000) EUR, has not been prepared, in all material respects, in accordance with the financial reporting framework applicable in Belgium.

Restrictions on the use and distribution of our report

This report is solely intended for use by the board of directors and the shareholders of the company in accordance with article 618 of the Companies Code and may therefore not be used for any other purpose.

Zaventem, 23 October 2019

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA /SCRL | **CDP Petit & CO BVBA/SPRL**

Represented by Geert Verstraeten

Represented by Damien Petit

Enclosure: Statement of assets and liabilities for the period ended 30 September 2019 and accounting principles of the company

Proximus Board

October 23, 2019

Statement of assets and liabilities as per September 30, 2019 of Proximus S.A. under public law

(in EUR)

ANNUAL ACCOUNTS

BALANCE SHEET AFTER APPROPRIATION

	Notes	Codes	Period 01/01/19 - 30/09/19	Previous period 01/01/18 - 31/12/18
ASSETS				
FORMATION EXPENSES	6.1	20		
FIXED ASSETS		21/28	5.995.286.583	14.713.672.435
Intangible fixed assets	6.2	21	2.460.226.180	2.715.325.772
Tangible fixed assets	6.3	22/27	2.715.063.807	2.744.519.316
Land and buildings		22	112.646.179	118.763.289
Plant, machinery and equipment		23	2.570.360.949	2.587.351.840
Furniture and vehicles		24	15.055.642	16.502.032
Leasing and other rights		25	255.573	255.050
Other tangible fixed assets		26	16.745.464	21.647.105
Tangible assets under construction and advance payments made		27		
Financial fixed assets	6.4 / 6.5.1	28	819.996.596	9.253.827.347
Affiliated enterprises	6.15	280/1	811.230.775	9.245.493.584
Participating interests		280	811.230.775	9.245.493.584
Amounts receivable		281		
Other enterprises linked by participating interests	6.15	282/3	6.425.594	5.687.187
Participating interests		282	5.425.594	4.687.187
Amounts receivable		283	1.000.000	1.000.000
Other financial assets		284/8	2.340.227	2.646.576
Shares		284		322.500
Amounts receivable and cash guarantees		285/8	2.340.227	2.324.076

	Notes	Codes	01/01/19 - 30/09/19 Period	01/01/18 - 31/12/18 Previous period
CURRENT ASSETS		29/58	1.649.087.197	1.454.143.501
Amounts receivable after more than one year		29	361.013.383	144.013.383
Trade debtors		290		
Other amounts receivable		291	361.013.383	144.013.383
Stocks and contracts in progress		3	121.299.799	117.745.795
Stocks		30/36	92.346.231	94.580.543
Raw materials and consumables		30/31	34.341.560	32.613.936
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34	58.004.671	61.966.607
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37	28.953.568	23.165.252
Amounts receivable within one year		40/41	448.349.386	546.848.795
Trade debtors		40	438.704.703	480.346.482
Other amounts receivable		41	9.644.683	66.502.313
Current investments	6.5.1 / 6.6	50/53	508.671.541	545.867.761
Own shares		50	408.979.995	362.040.193
Other investments and deposits		51/53	99.691.546	183.827.568
Cash at bank and in hand		54/58	140.271.849	45.448.196
Deferred charges and accrued income	6.6	490/1	69.481.239	54.219.571
TOTAL ASSETS		20/58	7.644.373.780	16.167.815.936

	Notes	Codes	Period 01/01/19 - 30/09/19	Previous period 01/01/18 - 31/12/18
EQUITY AND LIABILITIES				
EQUITY		10/15	1.941.155.773	1.804.176.373
Capital	6.7.1	10	1.000.000.000	1.000.000.000
Issued capital		100	1.000.000.000	1.000.000.000
Uncalled capital[4]		101		
Share premium account		11		
Revaluation surpluses		12		
Reserves		13	531.369.526	486.520.464
Legal reserve		130	100.000.000	100.000.000
Reserves not available		131	422.716.828	377.376.025
In respect of own shares held		1310	408.979.995	362.040.194
Others		1311	13.736.833	15.335.831
Untaxed reserves		132	8.652.698	9.144.439
Available reserves		133		
Accumulated profits (losses) (+)/(-)		14	409.786.247	317.655.909
Investment grants		15		
Advance to associates on the sharing out of the assets[5]		19		
PROVISIONS AND DEFERRED TAXES		16	662.382.477	664.336.688
Provisions for liabilities and charges		160/5	661.017.342	662.764.172
Pensions and similar obligations		160		
Taxation		161		
Major repairs and maintenance		162		
Environmental liabilities		163	2.617.138	2.617.138
Other risks and costs	6.8	164/5	658.400.204	660.147.034
Deferred taxes		168	1.365.135	1.572.516

4 Amount to be deducted from the issued capital.

5 Amount to be deducted from the other components of equity.

	Notes	Codes	01/01/19 - 30/09/19 Period	01/01/18 - 31/12/18 Previous period
AMOUNTS PAYABLE		17/49	5.040.835.530	13.699.302.875
Amounts payable after more than one year	6.9	17	3.075.137.610	11.957.891.578
Financial debts		170/4	2.956.095.161	11.851.555.462
Subordinated loans		170		
Unsubordinated debentures		171	1.956.095.161	1.855.648.547
Leasing and other similar obligations		172		
Credit institutions		173	400.000.000	9.395.906.915
Other loans		174	600.000.000	600.000.000
Trade debts		175	116.386.684	103.680.351
Suppliers		1750	116.386.684	103.680.351
Bills of exchange payable		1751		
Advances received on contracts in progress		176		
Other amounts payable		178/9	2.655.765	2.655.765
Amounts payable within one year	6.9	42/48	1.870.981.214	1.613.056.274
Current portion of amounts payable after more than one year falling due within one year		42	77.864.446	93.025.069
Financial debts		43	794.950.549	231.000.000
Credit institutions		430/8		231.000.000
Other loans		439	794.950.549	
Trade debts		44	601.143.995	648.453.701
Suppliers		440/4	601.143.995	648.453.701
Bills of exchange payable		441		
Advances received on contracts in progress		46	3.412.118	4.850.000
Taxes, remuneration and social security	6.9	45	368.970.234	262.244.789
Taxes		450/3	189.297.428	95.967.993
Remuneration and social security		454/9	179.672.806	166.276.796
Other amounts payable		47/48	24.639.872	373.482.715
Accrued charges and deferred income	6.9	492/3	94.716.706	128.355.023
TOTAL LIABILITIES		10/49	7.644.373.780	16.167.815.936

VALUATION RULES

The valuation rules comply with the terms of Chapter II of the R.D. of Jan 30, 2001 modified by R.D. Dec 18, 2015.

These rules were approved and modified by the Board of Directors on May 27, 1993, Dec 4, 1997, Oct 22, 1998, Oct 28, 1999, Oct 26, 2000, April 25, 2002, Oct 23, 2003, Dec 13, 2004, Dec 18, 2008, Feb 24, 2011, March 1, 2012, February 27, 2014 and February 28th, 2019.

BALANCE SHEET

FORMATION EXPENSES

The debt issuance costs are charged to income statement in the year in which they are incurred.
Material formation expenses are capitalised and depreciated over a 5 year period. The acquisitions of the year are depreciated pro rata temporis.
Restructuring costs are expensed as incurred.

INTANGIBLE ASSETS

The intangible assets are measured at cost; this is the purchase price, production cost or the contribution value. General expenses are not included in the cost.

Intangible assets with an indefinite useful life are not amortized. An impairment loss on these assets is recorded in case of a permanent loss or durable decrease of value.

Intangible assets with a finite useful life are amortized on a straight line basis (except for broadcasting rights acquired in 2018 and 2019) at a fixed rate using the following plan, established on the basis of economic criteria:

- Goodwill: over the estimated useful life, if the useful life cannot be estimated reliably: 5 to 10 years
- Software: 5 years or the license period in case the latter one is shorter than 5 year
- Network licenses: over the license period
- Rights to use, football and broadcasting rights: over the contract period
- Customer bases and trademarks: 3 to 10 years

The acquisitions of the year are amortized pro rata temporis.

Broadcasting rights acquired in 2018 and 2019 are amortized using the double of the lineair depreciation rate with a maximum of 40% of the initial purchase value.

The goodwill resulting from the merger of early 2010 is depreciated over 15 years. This depreciation period is justified by the long life character of the expected profitability of all the merged companies.

The goodwill resulting from the merger of Wireless Technology in 2016 is depreciated over 10 years. This depreciation period reflects the useful life over which the economic benefits from the assets in the business combination are expected to be consumed by Proximus.

The goodwill resulting from the merger of Proximus Group Services NV in 2019 has been fully recognized in the income statement.

TANGIBLE ASSETS

Tangible assets are valued at cost; this is the purchase price, production cost or the contribution value. General expenses are not included.

Tangible assets with an indefinite useful life are not depreciated. An impairment loss on these assets is recorded in case of a permanent loss or durable decrease of value.

Tangible assets with a finite useful life are depreciated using the straight line method (except for tangible assets acquired in 2018 and 2019). The tangible assets acquired in 2018 and 2019 are depreciated using the annual declining method meaning the double of the linear rate with a maximum of 40% of the initial purchase value.

The determination of the depreciable amount takes into account a residual value if this can be determined accurately, is material and its realization is sufficiently certain.

They are depreciated at a fixed rate using the following plan, established on the basis of economic criteria:

	Useful life (years)
Land and buildings	
- Land	indefinite
- Buildings and building equipment	22 - 33
- Facilities in buildings	3 - 10
- Leasehold improvements	3 - 10
Technical and network equipment	
- Cables and ducts	15 – 20
- Switches	8 – 10
- Transmission equipment	6 – 8
- Radio Access Network	6 – 7
- Mobile sites and site facility equipment	5 – 10
- Equipment installed at client premises	2 – 8
- Data and other network equipment	2 - 15
Furniture and vehicles	
- Furniture and office equipment	3 – 10
- Vehicles	3 – 10

Fixed assets held under leasing or other similar rights are depreciated based on the useful life of the fixed asset as defined in the contract.

Assets under construction and advance payments are depreciated over the life term of the assets to which they relate.

Fixed assets that are put out of order are valued at net book value or at their expected realisation value if lower. They are no longer depreciated.

The acquisitions of the year are depreciated pro rata temporis.

The tangible assets as well as the assets related to the broadcasting rights acquired in 2018 and 2019 are depreciated using the annual declining method meaning the double of the linear rate with a maximum of 40%.

FINANCIAL ASSETS

Participating interests and shares are valued at their acquisition cost, which is the purchase price or the contribution value. Only the material ancillary costs are capitalised.

A write down is recorded if a durable permanent impairment or decrease in value of these assets is observed, based on the financial situation, the profitability or the perspectives of the company in which the participating interests or shares are held, taking into account the CBN/CNC advice n° 126-8.

Receivables are recognized at their nominal value. An allowance is recorded when, at the due date, the payment is partially or entirely uncertain.

AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

Amounts receivables are booked at nominal value. Amounts receivable expressed in foreign currencies are converted to EUR at the rate in force at the date of delivery and are translated at the year-end rate.

A bad debt allowance is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

STOCKS AND CONTRACTS IN PROGRESS

Inventories of consumables and goods for resale are booked at their cost.

At the time of the annual inventory, the Weighted Average Price method is used to assess the various subdivisions in this caption.

A write down is applied when the realisable value or market value is lower than the acquisition cost or to take into consideration the risks inherent to the nature of the products.

Contracts in progress and work in process are valued at production cost or at market price (if this is lower than the production cost).

The projects of the ICT activity (contracts in progress) are taken into result based on stage of completion.

AMOUNTS RECEIVABLE WITHIN ONE YEAR

These amounts appear on the balance sheet at nominal value.

A bad debt allowance is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

Amounts receivable expressed in foreign currencies are converted into EUR at the rate in force on the date of delivery. At balance date they are translated at closing rate.

CURRENT INVESTMENTS

Current investments are valued at nominal value when they concern funds held in financial institutions and at acquisition cost, acquisition price without ancillary costs, in the other case.

A write-down is recorded on the nominal value or on the acquisition cost when the sales value on the closing date of the balance sheet is less than the previously booked value.

For the determination of the realisable value of own shares the market value is taken into account on the one hand and the strike price of granted share options for which these shares are held on the other hand.

Current investments in foreign currencies are translated into EUR at the rate in force on the closing date of the balance sheet.

CASH AT BANK AND IN HAND

Cash at bank and in hand is valued at nominal value. A write-down is recorded on the nominal value when the realisation value on the closing date of the balance sheet is less than the previously booked value. Cash at bank and in hand in foreign currencies is translated into EUR at the rate in force on the closing date of the balance sheet.

PROVISIONS AND DEFERRED TAXES

On the closing date of the balance sheet, an inventory is made of all foreseeable liabilities and contingent losses arising during the current year or during prior years. Provisions are established based on a reliable estimate of the risk on the moment of the establishment of the annual accounts. Provisions reflect the best estimate of probable costs or, when it relates to an obligation, the best estimate of the amount necessary to settle this at year-end closing.

In the framework of the departure plans, provisions are made after approval by the Joint Committee. These provisions are determined as the present value of the benefits granted during the period of inactivity, both for current and future beneficiaries.

In the framework of post-employment benefits, a provision is made for the current and future beneficiaries of these benefits. For the current beneficiaries this provision is determined as the present value of the obligation resulting from the granted benefits. For future beneficiaries, this provision is built up gradually based on the number of years of service. As a consequence, at the pension date, the provision corresponds also to the present value of the obligation for the granted benefits.

The provision for damages concerning vehicles is built by the company as "own insurer" and is valued through an individualisation of all damages that occurred before 2014 and for which the costs will reasonably be bared by the company in future years.

Deferred taxes are booked in compliance with article 76 of the R.D. of January 30, 2001.

AMOUNTS PAYABLE WITHIN ONE YEAR AND AFTER MORE THAN ONE YEAR

Amounts payables are recognized on the balance sheet at nominal value.

Amounts payable in foreign currencies are converted into EUR as follows:

- loans in foreign currencies at the rate in force at the time the loan is concluded;

- trade debts at the exchange rate on the date of entry of the reception of the goods and services.

Trade debts and financial debts, not covered against exchange risks, expressed in foreign currencies are translated at closing rate.

TRANSLATION DIFFERENCES

Exchange gains and losses resulting from the translation are taken in the income statement.

INCOME STATEMENT

The items in the income statement are valued at nominal value. Own construction is booked at production cost excluding indirect costs.

TURNOVER

Revenue is recorded in the period to which they refer, regardless of their payment.
The turnover takes commercial and volume discounts into account.

Specific revenue streams and related recognition criteria are as follows:
- revenue from fixed line, mobile and carrier traffic is recognized on usage.
- revenue from connection fees and installation fees is recognized in income at the time of connection or installation.
- revenue from sales of communication equipment is recognized upon delivery to the third party distributors or upon delivery by the own Proximus shops to the end-customer.

- revenue relating to the monthly rent, the monthly subscription fee and access fees in the framework of fixed and mobile telephony, internet and digital television are recognized in the period in which the services are provided.
- prepaid revenue such as revenue from pre-paid fixed and mobile phone cards is deferred and recognized based on usage of the cards.
- maintenance fees are recognized as revenue over the maintenance period on a pro-rata basis.
- revenue from the ICT activity linked to projects is recognized in the result in function of the realization percentage.

RIGHT AND COMMITMENTS NOT ACCRUED IN THE BALANCE SHEET

The rights and commitments not accrued in the balance sheet are mentioned in the notes, per category, at the nominal value of the commitment in the contract, or failing that, at their estimated value.