



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 2021 - Consolidated financial statements

The original text of this report is in Dutch and French

Statutory report of the joint auditors to the shareholders' meeting of Proximus NV van publiek recht/Proximus SA de droit public for the year ended 31 December 2021 - Consolidated financial statements

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

We, members of the joint auditors, were appointed in our capacity as statutory auditor by the shareholders' meeting of 17 April 2019, 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 financial statements for the year ending 31 December 2021.

Deloitte Bedrijfsrevisoren/réviseurs d'Entreprises has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht/Proximus SA de droit public for 12 consecutive years. CDP Petit & Co has performed the statutory audit of the consolidated financial statements of Proximus NV van publiek recht / Proximus SA de droit public for 3 consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 9 233 million EUR and the consolidated income statement shows a profit for the year then ended of 445 million EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2021 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements 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 consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Revenue recognition on telecommunication activities</p> <p>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 during the year. The correct application of revenue recognition accounting standards to the separate elements of a customer’s contract is complex and requires judgement by management.</p> <p>The details on revenue recognition are included in notes 2 ‘Significant accounting policies’, 14.2 ‘Contract Assets’, 22 ‘Other current payables and contract liabilities’ and 23 ‘Revenue’.</p>	<p>We addressed this key audit matter by applying the following controls and substantive test procedures to the material revenue streams:</p> <ul style="list-style-type: none"> • 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. <p>Additionally we assessed the appropriateness of the group’s accounting policies with respect to revenue recognition and assessed compliance with the applicable accounting standards.</p>

Goodwill impairment test

Per 31 December 2021, goodwill amounts to 2 588 million EUR and relates to the Group's three Cash Generating Units ('CGU'), respectively Domestic CGU (2 188 million EUR), International Carrier Services ('ICS') CGU (298 million EUR) and Telesign CGU (102 million EUR) .

The annual impairment testing of goodwill was important for our audit because it relies on a number of critical judgements, such as the determination of the CGU as well as estimates and assumptions used in a discounted free cash flow model to determine the CGU's recoverable value. The group uses a business plan reflecting the future strategy and using external sources for macro-economic assumptions such as inflation and long-term industry growth rate, as well as group specific assumptions on tax rates, capital spending and discount rates.

The details on the accounting for goodwill and the disclosure requirements under IAS 36 - *Impairment of assets* are included in note 2 'Significant accounting policies' and 3 'Goodwill' of the consolidated financial statements.

- We assessed the facts and circumstances with respect to the shareholding structure of Telesign and read the minutes of board of directors meetings regarding the US listing process to confirm our understanding.
- We assessed the available information with reference to the recoverable value of the CGU, both related to Fair Value Less Costs to Sell and through Value In Use.
- We challenged the key assumptions, methodologies and data used by the group in its determination of the recoverable value, for example by analysing sensitivities in the group's discounted cash flow model and benchmarking with external macro-economic data to determine if they were reasonable and consistent with the current economic climate.
- We assessed the historical accuracy of management's estimates.

Additionally, we assessed the sensitivities of assumptions on the CGU's headroom and verified whether a reasonable possible change in assumptions could cause the carrying amounts to exceed its recoverable value. We assessed the adequacy of the company's disclosures in the consolidated financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the joint auditors for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from 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 group'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 the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit 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 those 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 consolidated financial statements 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 consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the joint auditors

As part of our mandate and in accordance with the Belgian standard complementary 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 consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements 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 consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements are 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 3:32, § 2 of the Code of companies and associations, has been disclosed in a separate report, attached to the directors' report on the consolidated financial statements. This statement on non-financial information includes all the information required by article 3:32, § 2 of the Code of companies and associations and is in accordance with the consolidated financial statements for the financial year then ended. This non-financial information has been established by the company in accordance with the GRI Standards reporting principles. In accordance with article 3:80 § 1, 5° 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 GRI standards – Core Option reporting principles mentioned in this non-financial information.

Statements regarding independence

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

Single European Electronic Format (SEF)

In accordance with the draft standard on the audit of the compliance of the financial statements with the Single European Electronic Format ("ESEF"), we have also performed the audit of the compliance of the ESEF format and the tagging with the technical regulatory standards set out in the European Delegated Regulation No. 2019/815 of 17 December 2018 ("Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the digital consolidated financial statements as an electronic file in ESEF format ("digital consolidated financial statements") included in the annual financial report.

Our responsibility is to obtain sufficient and appropriate evidence to conclude that the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements as stipulated by the Delegated Regulation.

Based on our work, in our opinion, the format and the tagging of information in the digital consolidated financial statements included in the annual financial report of Proximus NV van publiek recht/Proximus SA de droit public as of 31 December 2021 are, in all material respects, prepared in accordance with the ESEF requirements as stipulated by the Delegated Regulation.

Other statements

- This report is consistent with our additional report to the audit and compliance committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Brussels.

The joint auditors

Digitally signed by
Geert Verstraeten
Signed By: Geert Verstraeten (Signature)
Signing Time: 10-Mar-2022 | 07:11 CET
C: BE
Issuer: Citizen CA
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Digitally signed by
Signé par : Damien Petit (Signature)
Heure de signature : 10-Mar-2022 | 08:12 CET
C: BE
Émetteur : Citizen CA
EE66BC86B0F64D6794E7F120CA2FB4E5

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Geert Verstraeten

CDP Petit & Co BV/SRL
Represented by Damien Petit