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Exclusive Networks SA

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2022

Exclusive Networks SA

Société anonyme

20, quai du Point du Jour, 92100 Boulogne-Billancourt

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Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2022

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of Exclusive Networks SA,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Exclusive Networks SA for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill and trademarks

Notes 7.1 “Goodwill”, 7.2 “Impairment tests”, 7.3 “Intangible assets” and 3.4 “Use of judgments and estimates”

Identified risk

As of December 31, 2022, goodwill and trademarks were recorded in the net amount of €295 million and €221 million, respectively, representing the most significant line items in the consolidated statement of financial position.

Goodwill represents the difference, on the acquisition date, between:

- the sum of (i) the fair value of the consideration transferred (including the earn-out), (ii) the amount of non-controlling interests in the acquiree, and
- the net amount of identifiable assets acquired and liabilities assumed measured at acquisition-date fair value.

The trademarks correspond to the “Exclusive Networks” trademark and have an indefinite life.

Goodwill and trademarks are allocated to Cash-Generating Units (CGUs) or groups of CGU that could benefit from the synergies arising from business combinations. A CGU is defined as the smallest identifiable group of assets for which management oversees its activities and determines the level used to monitor the return on investment.

In accordance with IAS 36, the CGUs or groups of CGU to which goodwill and trademarks are allocated must be tested annually for impairment to verify that their net carrying amount does not exceed their recoverable amount, bearing in mind that the recoverable amount of an asset or group of assets is defined as the higher of its fair value less costs of disposal and its value in use.

The value in use calculation of a CGU or group of CGU is based on the discounted future cash flows expected from the use of the assets. It involves significant management judgments and estimates, mainly to determine five-year business plans, the long-term growth rate and the discount rate based on the weighted average cost of capital. These assumptions were determined based on an assessment of the economic and financial context in which the various CGUs or groups of CGU operate.

An impairment loss is recognized if the net carrying amount of the CGU or group of CGU exceeds its recoverable amount.

The methodologies adopted in measuring goodwill and trademarks are presented in Notes 7.1, 7.2 and 7.3 to the consolidated financial statements.

We considered the measurement of the recoverable amount of goodwill and trademarks to be a key audit matter due to their materiality in the Group's consolidated financial statements and because the determination of the parameters used to implement impairment tests requires major judgments and estimates by management, especially with regard to the growth rate used for cash flow projections and the applicable discount rate.

Audit response

We obtained an understanding of the key procedures and controls set up by management to conduct impairment tests and particularly to identify the Group's CGUs or groups of CGU and determine the cash flows used to calculate the recoverable amounts.

We analyzed the compliance of the methodology used by the Group with prevailing accounting standards.

We verified the completeness of the items comprising the carrying amount of the CGUs or groups of CGU and the consistency of the carrying amount calculation with how cash flow forecasts were determined for the value in use. We compared the net carrying amount of the assets of each tested CGU or group of CGU with the consolidated financial statements.

We assessed the reasonableness of the cash flow forecasts for the CGUs or groups of CGU, in particular the preparation of the 5-year business plans by management with regard to the economic and financial context of the various geographical locations where the CGUs or groups of CGU operate, by analyzing the reasons for differences between forecasts and past results as well as the consistency of adjusted EBIT projections with management's most recent estimates validated by the Board of Directors.

Regarding the models used to determine the recoverable amounts, we called on our valuation experts to:

- test the mathematical reliability of the models and recalculate their significant values;
- assess the methodologies used to determine the discount and long-term growth rates, compare these rates with market data or external sources and recalculate these rates using our own data sources.

We assessed management's analyses of impairment test sensitivity to a change in the long-term growth rate and discount rates.

Finally, we verified the appropriateness of the disclosures in Notes 7.1, 7.2, 7.3, and 3.4 to the consolidated financial statements, and particularly Note 7.2 which describes the main assumptions used to determine the recoverable amounts and sensitivity analyses.

Revenue recognition

Note 5.1 “Revenue” and 3.4 “Use of judgments and estimates”

Identified risk

In 2022, consolidated revenues amount to 3,404 million euros.

Contracts with customers may include several distinct performance obligations (sales of licenses, software, hardware, maintenance and support, etc.) and may be negotiated for a global price. In this case, the transaction price is allocated to the various performance obligations.

The Group acts as principal or agent depending on the nature of the service obligations, as described in note 5.1. For software and hardware sales, the Group acts as principal and for maintenance and support services, it acts as agent.

In addition, the volume of sales in the last quarter of the year is significantly higher than in previous quarters, on a recurring basis.

In this context, the audit risk related to revenue recognition concerns mainly:

- the correct separation of fiscal years ;
- the correct allocation of the price of contracts to the various performance obligations, when they include maintenance and support services. The absence of an explicit allocation with certain customers implies estimates and judgments by Group Management in the context of the application of the provisions of IFRS 15.

Consequently, we considered that the recognition of revenue is a key point of the audit, this aggregate being, moreover, quantitatively significant with regard to the consolidated financial statements.

Audit response

We have reviewed the process implemented by the Group to determine the revenue recognition criteria and our work consisted in particular in:

- Assessing the compliance of the revenue recognition criteria with IFRS 15;
- Assessing the design and application of the internal control procedures relating to revenue flows implemented by the Group;
- Performing audit procedures on information systems and the database used to ensure the correct allocation of revenues to the various performance obligations, and in particular to maintenance and support services. Our information systems specialists have recalculated a portion of the revenue related to maintenance and support services as identified by the Group, which is accounted for in the net margin of transactions.
- Performing substantive testing of sales transactions during the year using sampling techniques to verify the occurrence, accuracy and measurement of the various performance obligations in

order to corroborate the estimates and judgments made by the Group within the same contract where applicable, as well as the correct segregation of periods based on evidence of performance of the obligations.

Specific Verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code is included in the Group management report, it being specified that, in accordance with Article L.823-10 of this code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verification or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to these consolidated financial statements, our work includes verifying that the tagging of the consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the statutory auditors

We were appointed statutory auditors of Exclusive Networks SA by the Shareholders' Meeting of June 4, 2019 for Deloitte & Associés and April 19, 2021 for Mazars.

As of December 31, 2022, Deloitte & Associés and Mazars were in the 5th and 2nd year of total uninterrupted engagement, respectively, which is the 2nd year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and Audit Approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of

the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, March 28, 2023

The Statutory Auditors

Mazars	Deloitte & Associés
Marc Biasibetti	Jean-Marie Le Guiner
Partner	Partner