

CONSOLIDATED ACCOUNTS IN IFRS AND OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE WITH THE COMPANIES CODE

IDENTIFICATION DETAILS (on the date of deposition)

NAME: PROXIMUS.....
 Legal form: Société anonyme de droit public/Naamloze vennootschap van publiek recht.....
 Address: Boulevard du Roi Albert II – Koning Albert II laan N°.: 27 Box:
 Postal Code: 1030 City: Brussels.....
 Country: Belgium
 Register of Legal Persons (RLP) – Office of the Business Court at Brussels
 Internet address¹: <http://www.proximus.com>.....

Company number BE 0202.239.951

DATE of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

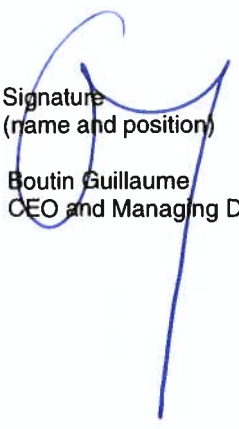
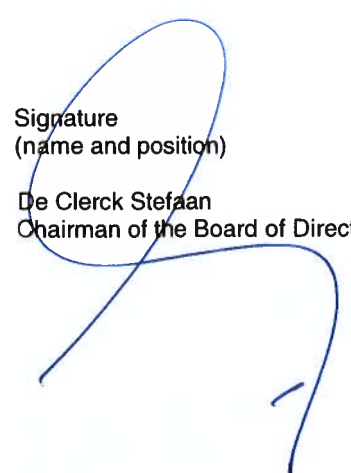
CONSOLIDATED ACCOUNTS IN MILLIONS OF EUR²

Approved by the General Meeting of 20/04/2022

Concerning the financial year covering the period from 01/01/2021 to 31/12/2021

Previous period from 01/01/2020 to 31/12/2020

The amounts of the previous financial year ~~are~~ / ~~are not~~³ identical to those which have been previously published.

 Signature (name and position) Boutin Guillaume CEO and Managing Director	 Signature (name and position) De Clerck Stefaan Chairman of the Board of Directors
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¹ Optional statement
² If necessary, change to currency in which the amounts are expressed.
³ Delete what does not apply

**LIST OF DIRECTORS, MANAGERS AND AUDITORS AND
DECLARATION REGARDING A COMPLIMENTARY REVIEW OR
CORRECTION ASSIGNMENT**

LIST OF DIRECTORS, MANAGERS AND AUDITORS

BOUTIN Guillaume, Chief Executive Officer and Managing Director
Avenue Maréchal Ney 155, 1180 Brussels, BELGIUM
Chief Executive Officer and Managing Director

DE CLERCK Stefaan, Chairman of the Board of Directors
Damkaai 7, 8500 Kortrijk, BELGIUM
Chairman of the Board of Directors

DE GUCHT Karel, President of the Brussels School of Governance (BSoG) and Director of Companies
Hoogstraat 9, 9290 Berlare, BELGIUM
Director

DUREZ Martine, Director of Companies
Avenue de Saint-Pierre 34, 7000 Mons, BELGIUM
Director

OUASSARI Ibrahim, CEO MolenGeek (as of 21/04/2021)
Meiselaan 36, 1880 Kapelle-op-den-Bos, BELGIUM
Director

SANTENS Isabelle, Director of Companies
Wannegem-Ledestraat 36, 9772 Kruisem, BELGIUM
Director

VAN de PERRE Paul, CEO Five Financial Solutions
Leliestraat 80, 1702 Dilbeek, BELGIUM
Director

Representatives of shareholders other than the Belgian State:

DEMUELENAERE Pierre, Director of Companies
Rue des Couteliers 24, 1490 Court Saint-Etienne, BELGIUM
Director

DE PRYCKER Martin, Managing Partner Qbic Fund
De Cauwerstraat 41, 9100 Sint-Niklaas, BELGIUM
Director

RUTTEN Catherine, Vice-President International, Government Affairs & Public Policy Vertex Pharmaceuticals
Avenue Emile Van Becelaere 107, 1170 Watermael-Boitsfort, BELGIUM
Director

SONNE Joachim, Finance Advisor
12 Tyrawley Road, London SW6 4QQ, UNITED KINGDOM
Director

TOURAIN Agnès, Chef d'entreprise
5 Rue de Budé, 75004 Paris, FRANCE
Director

VANDENBORRE Catherine, Chief Financial Officer Elia
Clos du Champ de Bourgeois 11, 1330 Rixensart, BELGIUM
Director

VAN DEN HOVE Luc, President & CEO imec
Jachthuislaan 29, 3210 Lubbeek, BELGIUM
Director

**LIST OF DIRECTORS, MANAGERS AND AUDITORS AND
DECLARATION REGARDING A COMPLIMENTARY REVIEW OR
CORRECTION ASSIGNMENT**

LIST OF DIRECTORS, MANAGERS AND AUDITORS

DELOITTE, Réviseurs d'entreprises S.C.R.L

Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, BELGIUM

Chairman of the Board of Auditors

Company number: BE 0429.053.863

Number of membership with the Institute of Auditors: B00025

Represented by VERSTRAETEN Geert

Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, BELGIUM

Auditor

Number of membership with the Institute of Auditors: A01481

CDP Petit & Co SRL

Square de l'Arbalète 6, 1170 Watermael-Boitsfort, BELGIUM

Auditor

Company number: BE 0670.625.336

Number of membership with the Institute of Auditors: B00938

Represented by PETIT Damien

Avenue Princesse Paola 6, 1410 Waterloo, BELGIUM

Auditor

Number of membership with the Institute of Auditors: A01500

DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

The annual accounts ~~were~~**were not** audited or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, mention here after name, first names, profession, address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement:

- A. Bookkeeping of the company**;
- B. Preparing the annual accounts**;
- C. Auditing the annual accounts and/or
- D. Adjusting the annual accounts

If the assignment mentioned either under A or B is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and address of each authorised accountant or accountant-tax consultant, his number of membership with the Professional Institute of Accountants and tax consultants and the nature of this engagement.

Name, first names, profession and address	Number of membership	Nature of the engagement (A, B, C and/or D)

* Delete where appropriate
 ** Optional disclosure

Consolidated Financial Statements

Prepared under International Financial Reporting Standards for each of the two years ended 31 December 2021 and 2020.

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Consolidated Balance Sheet

(EUR million)

As at 31 December

ASSETS	Note	2020	2021
NON-CURRENT ASSETS		7,120	7,548
Goodwill	3	2,465	2,588
Intangible assets with finite useful life	4	1,047	1,113
Property, plant and equipment	5	3,169	3,311
Right-of-use assets	6	285	274
Lease receivable		7	6
Contract costs	7	108	110
Investments in associates and joint ventures	8	0	34
Deferred income tax assets	10	12	6
Equity investments measured at fair value	9	1	1
Pension assets	11	0	80
Other non-current assets	12	24	24
CURRENT ASSETS		1,660	1,685
Inventories	13	106	132
Trade receivables	14	868	879
Lease receivable		4	0
Contract assets	14	111	120
Current tax assets	10	119	166
Other current assets	15	139	140
Investments	16	3	0
Cash and cash equivalents	17	310	249
TOTAL ASSETS		8,779	9,233
LIABILITIES AND EQUITY	Note		
EQUITY	18	3,026	2,978
Shareholders' equity attributable to the parent	18	2,903	2,978
Non-Controlling interests	18	123	0
NON-CURRENT LIABILITIES		3,639	3,779
Interest-bearing liabilities (1)	19	2,507	2,737
Lease liabilities	6	216	204
Liability for pensions, other post-employment benefits and termination benefits	11	559	447
Provisions	20	139	153
Deferred income tax liabilities	10	115	136
Other non-current payables (1)	21	102	102
CURRENT LIABILITIES		2,114	2,475
Interest-bearing liabilities	19	163	252
Lease liabilities	6	68	69
Liability for pensions, other post-employment benefits and termination benefits	11	86	62

Trade payables		1,213	1,515
Contract liabilities	22	157	135
Tax payables	10	11	11
Other current payables	22	416	432
TOTAL LIABILITIES AND EQUITY		8,779	9,233

(1) "Derivatives held for trading" were reclassified from "interest-bearing liabilities" to "non interest-bearing liabilities". The reclass amounted to 4 million in 2020 and 3 million in 2021.

Consolidated Income Statement

As at 31 December

(EUR million)	Note	2020	2021
Net revenue	23	5,443	5,537
Other operating income	24	38	42
Total income		5,481	5,579
Costs of materials and services related to revenue	25	-1,901	-1,997
Workforce expenses	26	-1,128	-1,200
Non-workforce expenses	27	-530	-554
Total operating expenses before depreciation and amortization		-3,559	-3,751
Operating income before depreciation and amortization		1,922	1,828
Depreciation and amortization	28	-1,116	-1,183
Operating income		805	645
Finance income		8	4
Finance costs		-56	-58
Net finance costs	29	-48	-54
Share of loss on associates		-1	-10
Income before taxes		756	581
Tax expense	10	-174	-137
Net income		582	445
Attributable to:	18		
Equity holders of the parent (Group share)		564	443
Non-controlling interests		18	1
Basic earnings per share (in EUR)	30	1.75	1.37
Diluted earnings per share (in EUR)	30	1.75	1.37
Weighted average nb of outstanding ordinary shares	30	322,752,015	322,751,990
Weighted average nb of outstanding ordinary shares for diluted earnings per share	30	322,755,758	322,751,990

Consolidated Statement of Comprehensive Income

(EUR million)	Note	As at 31 December	
		2020	2021
Net income		582	445
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		-22	15
Cash flow hedges:			
Gain taken to equity		0	-13
Transfer to profit or loss for the period		-2	-2
Other		-1	0
Total before related tax effects		-24	1
Cash flow hedges:			
Loss taken to equity		0	3
Income tax relating to items that may be reclassified		0	4
Total of items that may be reclassified to profit and loss - net of related tax effects		-24	4
Items that will not be reclassified to profit and loss			
Remeasurement of net defined benefit obligations	11	-19	142
Total before related tax effects		-19	142
Related tax effects			
Remeasurement of net defined benefit obligations		5	-35
Income tax relating to items that will not be reclassified		5	-35
Total of items that will not be reclassified to profit and loss, net of related tax effects		-15	106
Total comprehensive income		543	555
Attributable to:			
Equity holders of the parent		536	553
Non-controlling interests		8	3

Consolidated Cash Flow Statement

As at 31 December

(EUR million)	Note	2020	2021
Cash flow from operating activities			
Net income		582	445
Adjustments for:			
Depreciation and amortization	4/5/6	1,116	1,183
Impairment on current and non-current assets	3/4/5	0	2
Increase of provisions	20	3	9
Deferred tax expense/ (income)	10	14	-12
Loss from investments accounted for using the equity method	8.3	1	10
Fair value adjustments on financial instruments	29	0	1
Adjustments for finance cost (1)		2	-2
Gain on disposal of property, plant and equipment	24	-3	-1
Other non-cash movements		-1	0
Operating cash flow before working capital changes		1,715	1,634
Decrease / (increase) in inventories		27	-26
Decrease in trade receivables		123	11
Decrease/(increase) in other assets		5	-54
Decrease/ (increase) in trade payables		-68	144
Decrease in other liabilities		-50	-15
Decrease in net liability for pensions, other post-employment benefits and termination benefits	11	-238	-74
Decrease in working capital, net of acquisitions and disposals of subsidiaries		-201	-13
Net cash flow provided by operating activities		1,515	1,621
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment	4/5	-1,089	-1,137
Cash paid for investments in associates and joint ventures	8.4	0	-44
Cash paid for acquisition of consolidated companies, net of cash acquired	8.5	-2	-130
Net Cash received from sales of property, plant and equipment and other non-current assets		11	6
Net cash used in investing activities		-1,081	-1,305
Cash flow before financing activities			
Lease payments excluding interest paid	6	-82	-79
Free cash flow		352	237
Cash flow from financing activities other than lease payments			
Dividends paid to shareholders	31	-485	-388
Dividends to and transactions with non controlling interests	18.2	-26	-217

Net Sale/ (purchase) of treasury shares		-5	2
Decrease of shareholders' equity		-1	-1
Cash paid for matured cash flow hedge instrument related to long term debt		-2	-13
Issuance of long term debt	19.3	150	730
Repayment of long term debt	19.3	0	-502
Issuance of short term debt	19.3	6	89
Cash flows used in financing activities other than lease payments		-363	-299
Exchange rate impact		-2	1
Net change of cash and cash equivalents		-13	-62
Cash and cash equivalents at 1 January		323	310
Cash and cash equivalents at the end of the period	17	310	249

(1) Net cash flow from operating activities includes the following cash movements :

Interest paid		-42	-46
Interest received		0	1
Income taxes paid		-155	-198

(2) Free cash flow: cash flow before financing activities and after lease payments

(1) The recycling of gains and losses on interest rate swaps from OCI to P&L is reported as non cash movement

Consolidated Statement of Changes in Equity

(EUR million)	Issued capital	Treasury shares	Restric'd reserve	Equity instruments and hedge reserve	Other re-measur-ement reserve	Foreign currency translation	Stock Compensation	Retained Earnings	Share's Equity	Non-control interests	Total Equity
Balance as at 1 January 2020	1,000	-421	100	6	-194	5	4	2,356	2,856	142	2,998
Total comprehensive income and expense	0	0	0	-2	-14	-13	0	564	536	8	543
Dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-323	-323	0	-323
Interim dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-26	-26
Treasury shares											
Net sale of treasury shares	0	-3	0	0	0	0	0	-2	-5	0	-5
Total transactions with equity holders	0	-3	0	0	0	0	0	-486	-489	-26	-515
Balance as at 31 December 2020	1,000	-423	100	4	-208	-8	3	2,434	2,903	123	3,026
Total comprehensive income	0	0	0	-11	106	14	0	443	553	3	555
Dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-226	-226	0	-226
Interim dividends to shareholders (relating to 2021)	0	0	0	0	0	0	0	-161	-161	0	-161
Acquisition of Non-Controlling interests	0	0	0	0	0	0	0	-92	-92	-126	-218
Treasury shares											
Net purchase of treasury shares	0	1	0	0	0	0	0	1	2	0	2
Stock options											
Stock forfeited	0	0	0	0	0	0	-3	3	0	0	0
Total transactions with equity holders	0	1	0	0	0	0	-3	-475	-477	-126	-603
Balance as at 31 December 2021	1,000	-422	100	-7	-102	7	0	2,403	2,978	0	2,978

Notes to the consolidated financial statements

Note 1. Corporate information

The consolidated financial statements at 31 December 2021 were authorized for issue by the Board of Directors on 17th February 2022. They comprise the financial statements of Proximus SA, its subsidiaries, as well as the Group's interest in associates and joint ventures accounted for under the equity method and joint operations (hereafter "the Group").

Proximus SA is a "Limited Liability Company of Public Law" registered in Belgium. The transformation of Proximus SA from "Autonomous State Company" into a "Limited Liability Company of Public Law" was implemented by the Royal Decree of 16 December 1994. Proximus SA headquarters are located at Boulevard du Roi Albert II, 27 1030 Brussels, Belgium. Proximus' shares are listed on Euronext Brussels.

Proximus Group (Euronext Brussels: PROX) is a provider of digital services and communication solutions operating in the Belgian and international markets. Delivering communication and entertainment experiences for residential consumers and enabling digital transformation for enterprises, we open up a world of digital opportunities, so people live better and work smarter. Thanks to advanced interconnected fixed and mobile networks, the Group provides access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. The Group is a pioneer in ICT innovation, with integrated solutions based on IoT, Data analytics, cloud and security. The Group has the ambition to become the reference operator in Europe through next generation networks, a truly digital mindset and a spirit of openness towards partnerships and ecosystems, while contributing to a safe, sustainable, inclusive and prosperous digital Belgium. In Belgium, the core products and services of the Group are offered under the Proximus and Scarlet brands. The Group is also active in Luxembourg as, under the brand names Tango and Telindus Luxembourg, and in the Netherlands through Telindus Netherlands. The Group's international carrier activities are managed by BICS, a leading international communications enabler, one of the key global voice carriers and the leading provider of mobile data services worldwide. With TeleSign, the Group also encompasses a fast-growing leader in digital identity services, serving the world's largest internet brands, digital champions and cloud native businesses.

The number of employees of the Group (in full time equivalents) amounted to 11,423 at 31 December 2020 and 11,532 at 31 December 2021. For the year 2020, the average headcount of the Group was 161 management personnel 10,667 employees and 716 workers; for the year 2021 the average headcount of the Group is 169 management personnel 11,276 employees and no workers. In the "collective bargaining agreement 19/20" it was agreed with the social partners that all personnel members with a worker contract would receive an employee contract.

Note 2. Significant accounting policies

Basis of preparation

The accompanying consolidated financial statements as of 31 December 2021 and for the year then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The Group did not early adopt any IASB standards or interpretations.

Changes in accounting policies

The Group does not anticipate the change in the application of standards and interpretations. The accounting policies applied are consistent with those of the previous financial years except that the Group applied the new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2021 and that are detailed as follows:

New standards and Amendments to standards:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform Phase 2
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)

The adoption of these new and amended standards has no impact on the financial statements of the Group.

Changes in operating segments

The Group's operating segments are the Group's components whose operating results are regularly reviewed by its Executive Committee (EXCO), the Group's chief operating decision makers (CODM), to make decisions about resources to be allocated to the segment and assess the performance.

Until 2020 this review was based on a customer-oriented organization structured around: the Consumer Business Unit (CBU), the Enterprise Business Unit (EBU), Carrier & Wholesale Services (CWS) and International Carrier Services (BICS).

In 2021, the former ICS segment, which included BICS and TeleSign activities, has been split into two separate segments (BICS and TeleSign), to reflect their individual management and future trajectories. Also, the way the business is monitored by the CODM has changed. Accordingly, the internal profitability reports, that are regularly reviewed by the CODM to allocate resources to segments and assess performance, were organised based on the nature of products and services provided and geographical area. As a result, the Group operating segments were redefined as follow:

- **Domestic:** segment providing communication and ICT services to residential, business and telecom wholesale markets in Belgium / BeNeLux. This operating segment regroups a.o. the former business units CBU, EBU and CWS.
- **International Carrier Services (BICS)** is responsible for international carrier activities on the international communications market.
- **TeleSign:** is specialized in international delivery authentication and digital identity services to the world's largest internet brands, digital champions and cloud native businesses.

As there was a change in reporting segments in 2021, corresponding amounts for 2020 were restated.

Alternative Performance Measures

The Group uses so called “Alternative Performance Measures” (“APM”) in the financial statements and notes. An APM is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework (IFRS). A glossary describing these is included in the section “Management Discussion” of the Consolidated Management Report. They are consistently used over time and when a change is needed, comparable information is restated.

Basis of consolidation

Note 8 lists the Group’s subsidiaries, joint operations, joint ventures and associates. Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Intercompany balances and transactions and resulting unrealized profits or losses between Group companies are eliminated in full in consolidation. When subsidiaries accounting policies are not aligned with the Group ones, the Group performs the necessary adjustments to ensure that the consolidated financial statements are prepared using uniform accounting policies.

Changes in Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transaction. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company. Transaction costs associated with the purchase or sale of a non- controlling interest in a subsidiary, when control is maintained, is recognized as a deduction from equity only if they are incremental costs directly attributable to the equity transaction.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangements. Arrangements of which the design and purpose is such that the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement are recognized as joint operations.

When the Group undertakes its activities under joint operations, the Group recognizes based on its ownership interest, net off intercompany eliminations its share in the assets and liabilities and its share in the costs and revenue. Revenue is only recognized when the joint operation sells its output to third parties.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangements. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. Joint ventures are incorporated in these consolidated financial statements using the equity method.

Associated companies are companies in which the Group has a significant influence, defined as an investee in which the group has the power to participate in its financial and operating policy decisions (but not to control the investee). These investments are also accounted for using the equity method.

Under the equity method, the investments held in associates or joint ventures are initially recognized at cost and the carrying amount is subsequently adjusted to recognize the Group’s share in the profit or losses or other comprehensive income of the associate or joint venture as from the date of acquisition. These investments and the equity share of results for the period are shown in the balance sheet and income statement as respectively, investments in associates and joint ventures, and share in the result of the associates and joint ventures.

Business Combinations

Acquisitions of businesses are accounted using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued in exchange for control of the acquiree. Acquisition related costs are accounted for as expenses in the periods in which the costs are incurred.

At acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at that date. This includes fair valuing the unrecognized assets and liabilities in the balance sheet of the acquiree, which concerns mainly customer bases and trade names.

Non-controlling interests are initially measured at the proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Judgments and estimates

In preparing the consolidated financial statements, management is required to make judgments and estimates that affect amounts included in the financial statements.

Judgments and estimates that are made at each reporting date reflect conditions that existed at those dates (e.g. market prices, interest rates and foreign exchange rates, as well as existing accounting rules and guidance in domains where there is limited authoritative literature). Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

The group evaluated the direct and indirect impact of climate change on its business risks, its operations and its financial reporting and has currently not identified material judgments and estimates affected by climate change.

Critical judgments in applying the Group accounting policies

The following are the critical judgments, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Revenue recognition under IFRS 15

Under IFRS 15, the transaction price is allocated to the identified performance obligations in the contract based on their relative standalone selling prices. Judgment is required in determining the stand-alone price and the transaction price considering the contract duration.

- **Determination of the contract duration**

To define the duration of its contracts the Group considered the contractual period in which the parties to the contract have present enforceable rights and obligations. A contract has a duration when it includes a substantive termination payment. The duration runs until the termination payment is not due anymore. If there is no substantive termination payment clause, the contract has no duration (i.e. open-ended contracts).

- **Determination of the stand-alone selling price**

In situations where the stand-alone selling price is not directly observable, the Group assesses it using all information (including market conditions, Proximus-specific factors and information about the customer or class of customer) that is reasonably available to it. This situation occurs mainly in the context of combined offers with subsidized devices, for which a cost-plus approach method is applied to one of the components.

Discounts granted because a customer entered into a contract, are allocated to all performance obligations triggering the granting of the discount.

- **Identification of performance obligations**

Identifying the performance obligations requires judgment and a thorough understanding of the contract promises and how they interact with each other

Leases under IFRS 16

- **Determining whether an arrangement contains a lease**

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control use of an identified asset for a period of time in exchange for consideration. For some contracts, significant judgment is required to assess whether a contract conveys the right to control the use of an asset or is instead a contract for a service that is provided using that asset. When a contract does not qualify as a lease under IFRS 16, any amounts prepaid under such contracts are treated as prepaid expense (service), which is the case for certain fibre-related capacity acquired by the Group.

- **Lease term**

When the Group acts as lessee the lease term consists of the non-cancellable period of a lease, together with periods covered by options to extend the lease if the Group is reasonably certain to exercise these options, and periods covered by options to terminate the lease if the Group is reasonably certain not to exercise these options.

Significant judgment is required in assessing whether these options will be exercised or not, considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Functional currency of the Group entities

The individual financial statements of each subsidiary are prepared in the currency of the primary economic environment in which the entity operates. When the factors set out by IAS 21 to determine the functional currency are mixed and the functional currency is not obvious, management judgment is used to determine which functional currency most faithfully represents the economic effects of its underlying transactions, events and conditions. The functional currency of the Proximus Group entities is EUR except for the wholly owned US subsidiary TeleSign, for which US Dollar is assessed by management to be the functional currency.

Tax proceedings

- **Excess profit ruling**

On 11 January 2016, the European Commission announced its decision to consider Belgian tax rulings granted to multinationals with regard to "Excess Profit" as illegal state aid (hereafter "Decision").

BICS applied such tax ruling for the period 2010-2014 and paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the European Court. The EU General Court ruled in its decision of 14 February 2019 in favour of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against the aforementioned decision with the Court of Justice of the EU (CJEU) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened a separate in-depth investigation into 39 individual excess profit rulings, including the excess profit rulings obtained by BICS. The individual opening decisions were eventually published on 31 August 2020. BICS submitted its comments to the Commission on 29 September 2020. On 16 September 2021, the CJEU held that the Decision correctly found that the excess profit ruling system constitutes an "aid scheme" and referred the case back to the General Court, for a decision on whether or not the EPR "scheme" also amounted to illegal State aid, as no decision has

yet been taken in this respect (neither by the EU General Court or the CJEU). Management assesses that the position as recognized in the financial statements still reflects the best estimate of the probable outcome.

- **Indian case**

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2012. BICS filed appeals against the assessments for the period 1 April 2007 to 31 March 2012 with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS is opposing the assessments in relation to the periods from 1 April 2008 to 31 March 2011 on procedural grounds. The amount of the contingent liability including late payment interest should not exceed EUR 33 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in the financial statements reflects the best estimate of the probable outcome.

Key sources of estimation uncertainty

Claims and contingent liabilities (see note 34)

Related to claims and contingencies, judgment is necessary in assessing the existence of an obligation resulting from a past event, in assessing the probability of an economic outflow, and in quantifying the probable outflow of economic resources. This judgment is reviewed when new information becomes available and with support of outside experts advises.

Recoverable amount of cash generating units including goodwill

In the context of the impairment test, the key assumptions that are used for estimating the recoverable amounts of cash generating units to which goodwill is allocated are discussed in note 3 (Goodwill).

Actuarial assumptions related to the measurement of employee benefit obligations and plan assets

The Group holds several employee benefit plans such as pension plans, other post-employment plans and termination plans. In the context of the determination of the obligation, the plan asset and the net periodic cost, the key assumptions that are used are discussed in note 11 (Assets and liabilities for pensions, other post-employment benefits and termination benefits).

Estimation of useful life

Items of Property, Plant and Equipment are depreciated using a straight-line method to allocate their depreciable amount on a systematic basis over their useful life. The depreciable amount is the cost less its estimated residual value

Useful life of an asset is estimated on a realistic basis based on the experience of the Group with similar assets and reviewed at least annually. The effect of changes in useful life are recognized prospectively.

Foreign currency translation

Foreign currency transactions are recognized in functional currency on initial recognition, at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the balance sheet date using the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are not remeasured. Net exchange differences on the translation of monetary assets and liabilities are classified in “non-workforce expenses” in the income statement in the period in which they arise.

Foreign operations

The Group determines the functional currency (i.e. the currency of the primary economic environment in which the subsidiary operators) of each individual subsidiary included in its consolidated figures. An operation that is integral to the parent (Proximus SA) i.e. carries on business as if it were an extension of the parent's operation, has Euro as functional currency

Results and financial position of entities with a functional currency other than Euro are included in the Proximus Group accounts as follows:

- Assets and liabilities (including comparatives) are translated at the closing rate at the reporting date.
- Income and expenses are translated at exchange rates at the date of the transaction.
- Non-controlling interests are translated at exchange rates at the date of the transaction.
- All resulting exchange differences are recognized in other comprehensive income. On disposal of such entity, the deferred cumulative amount recognized in other comprehensive income relating to that foreign operation is recognized in profit or loss.

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, over the net fair value of identifiable assets, liabilities and contingent liabilities acquired in business combination. When the Group obtains control, the previously held interest in the acquiree, if any, is re-measured to fair value through profit or loss.

Changes in a contingent consideration included in the consideration transferred are adjusted against goodwill when they arise during the provisional purchase price allocation period and when they relate to facts and circumstances existing at acquisition date. In other cases, depending if the contingent consideration is classified as equity or not, changes are taken into equity or in profit or loss.

Acquisition costs are expensed, and non-controlling interests are measured at acquisition date at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Goodwill is stated at cost and not amortized but subject to an annual impairment test at the level of the cash generating unit to which it relates and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired. The Group monitors the goodwill at the level of the operating segments as this reflects the way the Group manages its operations.

Intangible assets with finite useful life

Intangible assets consist primarily of the Global System for Mobile communication ("GSM") license, the Universal Mobile Telecommunication System ("UMTS") license, 4G licenses, customer bases, patents and trade names acquired in business combinations, internally and externally developed software and other intangible assets such as football rights and broadcasting rights.

Intangible assets with finite life acquired separately are measured on initial recognition at cost. Only the fixed portion of the consideration is capitalized. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

The Group capitalizes certain costs incurred in connection with developing or purchasing software for internal use when they are identifiable, when the Group controls the asset and when future economic benefits from the asset are probable.

The Group enters into SaaS arrangement and pays a fee in exchange for a right to receive access to the supplier's application software for a specified term. The Group recognizes a software asset in a cloud-computing arrangement at the contract commencement date if it obtains control of software at that date. This is when, at the inception of the arrangement:

- The Group has the contractual right to take possession of the software during the hosting period without significant penalty, and
- It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software

The Groups' accounting policy is to capitalize broadcasting rights of life sport seasons as intangible asset at the start of each new season as this is the moment at which the content is identifiable. Future payment commitments related to future seasons are disclosed as contractual commitments in the notes (see note 34).

For contracts with other TV channels, the Group capitalizes the costs for the total contract duration, as the content is deemed to be sufficiently identifiable (the major part of the content is already produced) for the non-cancellable duration of the contract (generally 18 months-3 years).

The company continues to monitor the related accounting rules and guidance in this domain where there is limited authoritative literature.

Intangible assets with finite useful life are stated at cost less accumulated amortization and impairment losses. The residual value of such intangible assets is assumed to be zero.

Customer bases and trade names acquired in business combinations are straight-line amortized over their estimated useful life (3 to 20 years). Except if the useful life is based on the contractual limits or reflecting management intention, it is set consistently with the expected cash flows used in the valuation model for such an asset. It is defined in such a way that the expected cumulated discounted cash flows generated by the concerned asset over its useful life represent approximately 90% of the total cumulated discounted cash flows expected from the asset.

GSM, UMTS and 4 G licenses, other intangible assets and internally generated assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization commences when the intangible asset is ready for its intended use. The licenses' useful lives are fixed by Royal Decree and they range from 5 to 20 years.

The useful lives are assigned as follows:

	Useful life (years)
GSM, UMTS, 4G and other network licenses	Over the license period
GSM (2G)	5 to 6
UMTS (3G)	16
LTE (4G)	15
800 Mhz (4G)	20
Customer bases, trade names, patents and software acquired in a business combination	3 to 20
Software	5
Broadcasting rights for sport seasons	Over the duration of the season
Rights to use, and other broadcasting rights	Over the contract period (usually from 2 to 5)

The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment

Property, plant and equipment including assets rented to third parties through operating leases, are presented according to their nature and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses when it does not extend the life of the asset or does not significantly increase its capacity to generate revenue. The cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the item.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation of an asset begins when the asset is ready for its intended use. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The useful lives are assigned as follows:

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

The asset's residual values, useful life and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Costs of material, workforce and non-workforce expenses are shown net of work performed by the enterprise that is capitalized in respect of the construction of property, plant and equipment.

Contract costs

Contract costs eligible for capitalization as incremental costs of obtaining a contract comprise commission paid to dealers relating to postpaid contracts. Contract costs are recognized as non-current assets as the economic benefits from these assets are expected to be received in the period longer than twelve months.

Contract costs relating to postpaid contracts are deferred on a systematic basis that is consistent with the transfer to the customer of the services, being the time, at which related revenue is recognized. The group adopted a portfolio approach for the contract costs. Contract costs relating to the residential market are deferred over three years and for the professional market five years.

All other commissions are expensed when incurred.

Impairment of non-financial assets

The Group reviews the carrying value of its non-financial assets at each balance sheet date for any indication of impairment.

The Group compares at least once a year the carrying value with the estimated recoverable amount of intangible assets under construction and cash generating units including goodwill. The Group performs this annual impairment test during the fourth quarter of each year.

An impairment loss is recognized when the carrying value of the asset or cash generating unit exceeds the estimated recoverable amount, being the higher of the assets or cash generating unit's fair value less costs to sell and its value in use for the Group.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their respective taxation bases.

Deferred tax assets associated to deductible temporary differences and unused tax losses carried forward are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Pensions, other post-employment benefits and termination benefits

The Group operates several defined benefit pension plans to which the contributions are made through separately managed funds. The Group also agreed to provide additional post-employment benefits to certain employees. The cost of providing benefits under the plans is determined separately for each plan using the projected credit unit actuarial valuation method.

Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) and any change in the effect of asset ceiling – if applicable, are recognized through Other Comprehensive Income. Any past service cost and gain or loss on settlement is recognized in profit and loss when they occur.

The Group classifies the periodic cost in operating and financing activities for their respective components.

The Group also operates several defined contribution plans. For plans with guaranteed minimum return management applied the 'Projected Unit Credit' method.

The discount rate used to calculate the present value of the defined benefit obligation of the plans is determined by reference to the yield on high-quality corporate bonds (at the end of the reporting period) of currency and term consistent with the liabilities. The net defined benefit liability is defined as the present value of the defined benefit obligation less the fair value of the plan assets (if any).

The Group operates several restructuring programs that involve termination benefits or other forms of additional compensation. Voluntary termination benefits to encourage employees to leave service are recognized when employees accept the offer of those benefits. Involuntary termination benefits are recognized when the Group has communicated its plan of termination to the affected employees and the plan meets specified criteria. Related provisions are recognized when valid expectations are raised in those affected by the plans and implementation is started i.e. an agreement is reached with the unions on the features of the plans and those features are communicated to those affected.

Benefits conditional on future service being provided do not qualify as termination benefits but as long-term employee benefits. The liability for those benefits is recognized over the period of the future service.

For certain participants of the restructuring plans, benefits are paid until the earliest retirement date. Assumptions used to make a reliable estimate of the ultimate cost to the Group are pension age, the discount rate and future price inflation. Assumptions are reviewed at the end of the reporting period. The actuarial gains and losses on the liabilities for restructuring programs are recognized in profit or loss when incurred.

Short-term and long-term employee benefits

The cost of all short-term and long-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service. The Group recognizes those costs only when it has a present legal or constructive obligation to make such payment and a reliable estimate of the liability can be made.

Financial instruments

Classification

The Group classifies its financial assets in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At fair value through other comprehensive income ("FVTOCI"); or

- At amortized cost.

The Group classifies its financial liabilities in the following categories:

- At fair value through profit and loss ("FVTPL"); or
- At amortized cost.

Financial assets

The Group determines the classification of the financial assets at initial recognition. The classification is driven by the Group's business model for managing the financial assets ('hold to collect', 'hold to collect and sell' and 'other') and their contractual cash flow characteristics (Solely payments of Principal and Interest "SPPI" test i.e. whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding).

If a non-equity financial asset fails the SPPI test, the Group classifies it at Fair Value Through Profit or Loss (FVTPL). If it passes the SPPI test, it will either be classified at amortized cost if the 'hold to collect' business model test is met, or at Fair Value Through Other Comprehensive Income (FVTOCI) if the 'hold to collect and sell' business model test is met.

For equity financial assets other than interests in subsidiaries, associates and joint ventures, the Group makes at initial recognition an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI or FVTPL.

The equity investments held for trading are always designated at FVTPL.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Measurement

- **Financial assets at FVTOCI**

Investments in equity instruments designated at FVTOCI are initially recognized at fair value plus directly attributable transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, with no subsequent recycling to profit or loss.

Accumulated remeasurements on disposal or settlements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

The Group holds no other investment measured at FVTOCI.

Dividend income is recognized in profit or loss.

- **Financial assets and liabilities at amortized cost**

Financial assets, other than trade receivables, and liabilities at amortized cost are initially recognized at fair value plus or minus directly attributable transaction costs. Trade receivables are measured at their transaction price if the trade receivables do not contain a significant financing component.

These financial instruments are subsequently carried at amortized cost using the effective interest rate method less any impairment, if applicable.

- **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities are included in the consolidated net (loss) income in the period in which they arise. The Group has not designated financial liabilities at FVTPL (FV option).

Derivatives are measured at FVTPL.

Expected credit losses

The Group applies the forward-looking expected credit loss (ECL) model.

The ECL model considers all losses that result from all possible default events over the expected life of the financial instrument (lifetime expected credit losses) or that result from possible default events over the next 12 months (12-month expected credit losses), depending on whether the credit risk of the financial asset has increased significantly since initial recognition or not (the general ECL model).

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs. Same treatment is applied to contract assets resulting from the application of IFRS 15 and lease receivables, even though these are not classified as financial assets.

At each reporting date, the Company measures the loss allowance for these assets.

The Group has limited trade receivables with financing component. The Group applies a simplified method and measures the loss allowance at an amount equal to the lifetime expected credit losses, for all trade receivables, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including information that is forward-looking.

For receivables on residential and professional market, the payment delays compared to the contractual due dates and the status of the legal actions taken to recover the receivables due are the main information considered to assess whether credit risk has increased significantly since initial recognition. A provision matrix is used.

For the BICS and TeleSign segment, the Group considers experience and reasonable and supportable information about future expectations to define provision rates on an individual rate" base.

Following indicators are used:

- an actual or expected significant deterioration of the customer's external (if available) or internal credit rating.
- significant deterioration of the country risk in which the customer is active.
- existing or forecasted adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The same methodology is applied for contract assets.

For financial assets at amortized costs, contract assets and lease receivables, allowances and impairment are recognized in profit or loss.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are assumed not recoverable by external recovery agency, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Criteria for initial recognition and for de-recognition of financial assets and liabilities

Financial assets and liabilities are initially recognized when the Group becomes party to the contractual terms of the instruments. "Regular way" ("spot") purchases and sales of financial assets are accounted for at their settlement dates.

Financial assets (or a portion thereof) are derecognized only when the contractual rights to cash flows from the financial assets expire. For equity investments, the accumulated remeasurements to fair value in other comprehensive income are reclassified to retained earnings on de-recognition.

Financial liabilities (or a portion thereof) are de-recognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments:

- Investments in non-quoted companies are measured at Fair value. Fair value is estimated by reference to recent sale transactions on the shares of these non-quoted companies and, in the absence of such transactions, by using different valuation techniques such as discounted future cash flow models and multiples methods.
- For long-term debts carrying a floating interest rate, the amortized cost is assumed to approximate fair value.
- For long-term debts carrying a fixed interest rate, the fair value is determined based on the market value when available or otherwise based on the discounted future cash flows.
- For derivatives, fair values are estimated by either considering their quoted price on an active market, and if not available by using different valuation techniques, in particular the discounting of future cash flows.

Criteria for offsetting financial assets and liabilities

Where a legally enforceable right of offset currently exists for recognized financial assets and liabilities, and the Group has the intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all amounts in the statement of financial position are offset.

Trade receivables

Trade receivables are measured in the balance sheet at amortized costs (SPPI model applies) less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash, current bank accounts and term accounts with a maturity on acquisition of less than three months. These assets are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortized cost.

Interest-bearing liabilities

All loans and borrowings are initially recognized at their cost which generally corresponds to the fair value of the consideration received (net of issuance costs associated with the borrowings).

After initial recognition, debts are measured at amortized cost using the effective interest rate method, with amortization of discounts or premiums through profit or loss.

Derivatives

The Group does not hold or issue derivative financial instruments for trading purposes but some of its derivative contracts do not meet the criteria set by IFRS 9 to be subject to hedge accounting and are therefore treated as derivatives held for trading, with changes in fair value recorded in profit or loss.

The Group makes use of derivatives such as IRS, IRCS, forward foreign exchange contracts and currency options to reduce its risks associated with foreign currency fluctuations on underlying assets, liabilities and anticipated transactions. The derivatives are carried at fair value under the caption's other assets (non-current and current), non-interest-bearing liabilities (non-current and current) and other payables (non-current and current).

An IRCS is used to reduce the Group exposure to interest rate and foreign currency fluctuations on a long-term debt denominated in JPY. The Group does not apply hedge accounting for this derivative.

This long-term debt expressed in JPY includes an embedded derivative. Such derivative is separated from its host contract and carried at fair value with changes in fair value recognized in profit or loss. The mark-to-market effects on this derivative are offset by those on the IRCS.

The group used interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge is recognized in other comprehensive income and gradually reclassified to profit or loss through financial result, in the same period as the hedged item.

The Group contracts derivatives (forward foreign exchange contracts) to hedge its exposure to currency fluctuations for highly probable forecasted transactions. The Group applies cash flow hedge accounting; the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The other forward exchange contracts do not qualify for hedge accounting and are consequently carried at fair value, with changes in fair value recognized in profit or loss through financial result except when the underlying is recognized in the balance sheet and relates to costs recorded in operating income or to capitalized expenditures. In this case, changes in fair value are recognized in profit or loss as operating income.

The Group applies IAS 32 to option contracts that are share-based payments not granted in exchange for goods or services nor granted to employees in their capacity as employees. Option contracts, such as warrants, that qualify as derivatives and financial liabilities are classified as financial liabilities at fair value through profit and loss (financial result).

Net gains and losses on financial instruments

Dividends, interest income and interest charges arising from financial instruments are posted to the finance income (costs).

Remeasurements of financial instruments carried at FVTPL are accounted for as finance income (costs) when the instruments relate to financing activities.

Remeasurements of the financial instruments carried at FVTPL that relate to operating or investing activities (other than mentioned above), are accounted for as other operating income (expenses).

Accumulated remeasurements of equity instruments carried at FVOCI are reclassified from OCI to retained earnings.

Net gains and losses on derivatives used to manage foreign currency exposure on operating activities that do not qualify for hedge accounting under IFRS 9 are recorded as operating expenses.

Net gains and losses resulting from fair value measurement of derivatives used to manage interest rate exposure on interest-bearing liabilities that do not qualify for hedge accounting under IFRS 9 are recorded in finance income/(costs).

Contract assets

A contract asset is the Group's right to consideration in exchange for goods or services that it has already transferred to a customer and arise essentially in the context of contracts containing mobile and fix joint offer with a subsidized handset and services to be delivered over 24 months. The contract asset corresponds to the excess of revenue allocated to the devices over the cash received. The "contract asset" is transferred to "trade receivable" over the contract term. The assets are classified as current as they are expected to be realized as part of the Group normal operating cycle.

In case of early termination, the customer has to pay a penalty which corresponds to the prorata of the discount offered in the joint offer for the remaining contract duration. This penalty is always higher than the remaining balance of the contract asset. The difference between the reversal of the contract asset and the penalty is recognized as device revenue.

Contract assets is a conditional right recognized on the balance sheet at cost less loss allowance, as defined on the lifetime expected credit loss model.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined based on the weighted average cost method except for IT equipment (FIFO method) and goods purchased for resale as part of specific contracts containing a performance obligation involving the construction of an asset (individual purchase price).

For inventory intended to be sold in joint offers, calculation of net realizable value considers the future margin expected from the telecommunications services in the joint offer, with which the item of inventory is offered.

For contracts including performance obligation involving the construction of an asset, the revenue for that performance is recognized over time based on an input method. That method measures the progress towards complete satisfaction of the related performance obligation by reference to the amount of contract costs incurred for work performed at balance sheet date in proportion to the estimated total costs for the contract. Contract cost includes all expenditures directly related to the specific contract and an allocation of fixed and variable overheads incurred in connection with contract activities based on normal operating capacity.

Lease agreements

The Group assesses whether a contract is or contains a lease, at inception of the contract. Under IFRS 16 a contract is, or contains, a lease if it conveys the right to control the use of an identified asset (the underlying asset) for a period of time in exchange for consideration.

Group as a lessee (receives a right to use an asset from a supplier)

When the Group is lessee it applies a single recognition and measurement approach for all leases. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The Group does not apply the short-term lease recognition exemption nor the low-value recognition exemption. The Group has defined four major categories of leases:

- Buildings: mainly concern commercial (point of sale) or service activity (office and head office) leases, as well as leases of technical buildings not owned by the Group
- Mobile sites: only includes site rentals for mobile antennas and leases of R-layers (i.e. well identified area of a pylon) on pylons of another operator
- Fleet: contains the lease of vehicles (management, sales, and utility cars)
- Other: primarily consists of ICT equipment

- **Lease liabilities**

The Group recognizes a liability (i.e. a lease liability) at the date the underlying asset is made available. The lease liability is equal to the present value of the lease payments not paid at that date, plus any amounts that the Group is reasonably certain to pay at the end of the lease such as the exercise price of a purchase option (where it is reasonably certain to be exercised) or penalties payable to the lessor for terminating the lease (where such termination option is reasonably certain to be exercised).

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

The lease liability is measured using the interest rate implicit in the contract. If the rate cannot be readily determined, the Group uses its Incremental Borrowing Rate (IBR) which it assumes to be the theoretical interest rate the Group would need to pay when issuing funding over a similar term as in the lease.

The applicable rate per contract is primarily dependent on the total expected term of a lease at its commencement date (new leases) or the total expected remaining lease term in case of a remeasurement of a lease.

The amount of lease liability is reassessed after the lease commencement date to reflect changes introduced in the following main cases:

- a change in term resulting from a contract amendment or a change in assessment of the reasonable certainty that a renewal option will be exercised or a termination option will not be exercised.
- a change in the amount of lease payments, for example following application of a new index or rate in the case of variable payments.
- a change in the assessment of whether a purchase option will be exercised.
- any other contractual change, for example a change to the scope of the lease or the underlying asset.

The lease liabilities are included in Interest-bearing loans and borrowings (see Note 19).

- **Right-of-use assets**

A right-of use is recognized as an asset, with a corresponding lease liability. Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which the underlying asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Group as a lessor (grants a right to use an asset to a customer)

A contract by which the Proximus customer does not obtain substantially all of the benefits of the identified asset or where the customer has not the right to direct the use of the asset does not qualify as a lease-out. This is the case for modems and decoders used by Proximus to deliver the services to the customer. Income for these contracts is accounted for on a straight-line basis over the period of use by the customer and is included in revenue in the statement of profit or loss due to its operating nature.

Leases whereby the Group transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee are classified as finance lease. For finance leases the Group recognizes a receivable at an amount equal to the net investment in the lease, this is the gross investment in the lease discounted at the interest rate implicit in the lease. The Group did not enter into material finance lease out contracts

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A past event is deemed to give rise to a present obligation if, considering the available evidence, it is more likely than not that a present obligation exists at the balance sheet date. The amount recognized as provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted where the effect of the time value of money is material. The unwinding is recognized via the finance expense.

The estimated costs associated with dismantling and restorations to its original condition are recorded under property, plant and equipment and depreciated over the useful life of the asset. This total cost, discounted to its present value, is recorded under provisions. Where discounting is used, the increase in the provision due to the passage in time is recognized in financial expense in profit or loss.

Share based payment

Equity and cash settled share-based payments to employees are measured at the fair value of the instrument at the grant date taking into account the terms and conditions upon which the rights are granted.

For equity settled arrangement the fair value is recognized in workforce expenses over their vesting period, together with an increase of the caption "stock compensation" of the shareholders' equity for the equity part and an increase of a dividend liability for the dividend part. When the share options give right to dividends declared after granting the options, the fair value of this right is re-measured regularly.

For cash settled arrangement the fair value is recognized in workforce expenses over their vesting period together with an increase in the liabilities. The liabilities are regularly re-measured to reflect the evolution of the fair values.

We refer to Note 35 for the explanation of the valuation techniques used.

Contract liabilities

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due.

Revenue

The Group assesses at contract inception the goods or services promised in a contract with a customer and identifies as performance obligation each promise to transfer to the customer either a good or service (or a bundle of) that is distinct, either a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Performance obligations are identified when following criteria are met

- Capable of being distinct: the customer can benefit from the goods and services on its own or together with other resources readily available to the customer
- Distinct within the context of the contract: a promise within the context of the contract is distinct from other promises in the contract if the Group considers that it fulfills its contractual obligations by delivering the concerned promise independently from the others. Promises in a context of a contract are not distinct within the context of the contract when their nature is to be transferred in combination with other promises.

Following promises can be performance obligations, depending on their natures and interdependencies with the other promises in the contract:

- Traffic and data usage services: revenue is recognized on usage
- TV services: revenue is recognized over the contractual term
- Maintenance services: recognized over the contractual term
- Sale of equipment: revenue is recognized when the customer obtains control over the equipment
- Rent of equipment: rental revenue is recognized over the contractual period
- Setup/installation/activation fees: recognized when delivered
- License of intellectual property: revenue recognized when transferred to the customer.

When these promises are not distinct, the Group combines them with other promises in the arrangement until the combined promises form a promise that is distinct (i.e. a performance obligation). Timing of revenue recognition for a Performance Obligation is based on the pattern of transfer to the customer of the predominant promise in that bundle.

When the "series guidance" applies i.e. when goods and services are distinct and substantially the same, the Group considers them as one performance obligation. Each pricing plan – postpaid and prepaid (mobile voice, fix voice, internet, TV) is therefore considered as single performance obligation.

When contracts include different performance obligations that are not substantially the same, the transaction price is allocated to the different performance obligations of the arrangements based on their relative stand-alone selling prices. When contracts include customer options (i.e. unilateral rights granted to the customer) to acquire additional goods or services with a discount, including sales incentives, customer award points, contract renewal options or other discounts on future goods or services, revenue is allocated to these options when they provide the customer with a material right i.e. an unilateral right for the customer to obtain an advantage because he enters the contract.

When another party is involved in providing goods or services to a customer, the Group assesses for each performance obligation whether the nature of its promise is to provide the specified goods or services itself (ie the Group is a principal) or to arrange for those goods or services to be provided by the other party (ie the Group is an agent). When the Group acts as agent only the commission is recognized in revenue.

Operating expenses

The costs of materials and services related to revenues include the costs for purchases of materials and services directly related to revenue.

Work force expenses are expenses related to own employees (personnel expenses and pensions) as well as to external employees.

Operating expenses are reported net of work performed by the Group, which is capitalized. They are reported by nature.

Incremental costs to obtain a contract are deferred on a straight-line basis over 3 years for contract for the residential market and 5 years for the professional market.

Note 3. Goodwill

(EUR million)	Goodwill
As at 31 December 2019	2,477
Effect of movements in foreign exchange	-13
As at 31 December 2020	2,465
Purchase price allocation of Mobile Vikings	114
Effect of movements in foreign exchange	9
As at 31 December 2021	2,588

Compared to year-end 2020 the goodwill increased by EUR 123 million because of the acquisition in 2021 of Mobile Vikings (EUR 114 million), and due to the USD/EUR conversion of the TeleSign goodwill (EUR 9 million). TeleSign has US Dollar as functional currency.

Goodwill is tested for impairment at the level of the operating segments as the performance and allocation of resources within the group are monitored at operating segment level.

In 2021 the operating segments of the Group were redefined as being Domestic, International Carrier Services and TeleSign (see note 2).

Following the changes in operating segments (as explained in Note 2):

- The goodwill previously allocated to CBU and EBU was reallocated to the Domestic segment, as this segment will benefit from the business combinations that affected CBU and EBU (which were incorporated into Domestic) and generated the goodwill.
- The goodwill previously allocated to BICS, when it acquired the control of TeleSign was reallocated to BICS and TeleSign on a pro rata basis of the synergies expected from the business combination for each of the two companies taken individually. These synergies were identified at the date of the takeover of TeleSign by BICS.

As at 31 December 2021, all businesses acquired were fully allocated to one single operating segment, to the exception of the goodwill resulting from the acquisition of control of TeleSign by BICS, that was reallocated in 2021 to BICS and TeleSign, as explained here above.

The carrying amount of the goodwill is allocated to the operating segments as follows:

(EUR million)	As at 31 December	
	2020	2021
Domestic	2,074	2,188
International Carrier Services	252	298
TeleSign	139	102
Total	2,465	2,588

Results Goodwill Impairment Test

TeleSign and North Atlantic Acquisition Corporation announced in December 2021 they had entered into a business combination agreement with the intention to go public. The transaction is expected to be closed in 2022. TeleSign Enterprise Value considered in this future transaction amounts to \$ 1.3 billion. This value, less costs of disposal, was considered by the Group as the entity's recoverable amount for the purpose of testing for impairment the goodwill allocated to TeleSign.

TeleSign fair value less costs to sell was categorised within Level 3 of fair value hierarchy, as resulting from a valuation technique for which all inputs, which have a significant effect on the recorded fair value, are not based on observable market data. The fair valuation of the entity resulted from negotiations between the parties concerned and was further substantiated by a valuation based among others, on trading multiples of TeleSign listed peers. Commonly used equity multiples in the CPaaS and Digital Identity space include Enterprise Value on revenue and/or gross profit.

The recoverable amount of the other operating segments was estimated based on their value in use obtained through a discounted free cash flow model. The key variables used in determining the value in use are:

- The operating income before depreciation and amortization for Domestic and the direct margin for BICS.
- The capital expenditures.
- The long-term growth rate.
- The post-tax weighted average cost of capital.

Domestic operating income before depreciation and amortization is highly sensitive to following operational parameters: number of customers by type of service (TV, fix...), traffic (if applicable), net ARPU by customer for each type of service and manpower unit cost. The value attached to these operational parameters is the result of an internal process, conducted throughout the segment and at group level, by confronting data from the market, market perspectives, and the strategies the Group intends to implement to be adequately prepared for upcoming challenges.

BICS direct margin is highly sensitive to the voice and messaging business to the transaction volumes together with mobile network termination prices and market prices for terminating the traffic per country, and for the mobility and capacity products, to the pricing.

The calculation of the operating segments value in use are based on the Five-Year Plan (2022 to 2026), as presented by the management to the Group Board of Directors. Subsequent years were extrapolated based on a growth rate of 0.4% for Domestic and 0.0% for BICS. Domestic growth rate for subsequent years corresponded to the blended growth rates considered in the impairment test performed in 2020 for the operating segments now regrouped under the Domestic segment. The growth rates for the different segments were within the range of 0.0% and 1.0% in 2020.

The free cash flows considered for calculating the value in use are estimated for the concerned assets in their current condition and exclude the cash inflows and outflows that are expected to arise from any future restructuring to which the Group is not yet committed and from improving or enhancing the assets performance.

The Five-Year Plan assumes no or almost no impact any more from Covid.

The Free cash flows of each operating segment were discounted with specific post-tax weighted average cost of capital. The estimation of these weighted average costs of capital takes into consideration:

- The specificities of the operating segments activities which were different enough from one segment to another to justify separate calculations.
- The relative weight of their capital structure components and include a risk premium specific to their inherent risks.

- Other risks, such as the country risk, market risk & industry risk (and how the Group compares to the other companies in the same country and industry), the credit risk and the company size risk. These latest risks are captured in the weighted average cost of capital, through the careful selection of a risk-free interest rate, a beta, a market risk premium and a credit spread attached to the entity.

The calculated post-tax weighted average costs of capital for the operating segments were:

- Domestic: 3.65% in 2021 and 4.23% in 2020
- BICS: 7.73% in 2021 and 7.99% in 2020

The operating segments respective weighted average pre-tax costs of capital, derived from the post-tax weighted average cost of capital via an iterative method, were comprised between 5.2% and 8.9% in 2021 and 5.6% and 5.7% in 2020. The range of pre-tax costs of capital did not include BICS in 2020. The Group reviews annually the growth rate and the weighted average costs of capital in the light of the market economics.

The reliability of the impairment test outcome also depends on the accuracy of the budgeting exercises on which it is based. The Group's Five-Year Plan represents management's view of the most likely scenario, based on its understanding of the evolution of the business and the company's long-term strategy.

The comparison of the values budgeted in 2020 for the 2021 operating income before depreciation and amortization for Domestic and the direct margin for BICS with the actual figures led to the conclusion that the estimates were realistic or even slightly conservative.

None of the goodwill was impaired at 31 December 2021.

A sensitivity analysis performed on the WACC and the growth rate in the terminal value taken separately (-0.5% / +0.5%) did not reveal any impairment risk.

Note 4. Intangible assets with finite useful life

(EUR million)	Licenses	Customer base & trade name	TV rights	Fixed&Mobile network	Software applications	Other intangibles and Intangibles under construction	Total
Cost							
As at 1 January 2020	391	919	363	424	2,138	39	4,273
Additions	13	0	114	67	223	8	425
Derecognition	0	0	-136	-10	-65	1	-210
Reclassifications	0	-10	0	-4	6	11	3
Foreign exchange adjustment	0	-7	0	0	0	0	-8
As at 31 December 2020	404	901	341	476	2,301	59	4,483
Additions	23	0	156	77	253	15	523
Acquisition of subsidiary	0	27	0	0	12	1	40
Derecognition	0	-2	-97	-18	-43	25	-134
Reclassifications	0	0	1	31	-4	-1	27
Effect of movements in foreign exchange	0	7	0	0	1	0	8
As at 31 December 2021	427	934	401	566	2,521	98	4,946
Accumulated amortization and impairment							
As at 1 January 2020	-263	-705	-253	-308	-1,650	-14	-3,193
Amortization charge for the year	-33	-52	-117	-44	-204	-5	-456
Derecognition	0	0	136	9	65	0	210
Reclassifications	0	10	0	2	-2	-10	0
Foreign exchange adjustment	0	2	0	0	0	0	3
As at 31 December 2020	-296	-745	-234	-341	-1,791	-29	-3,435
Amortization charge for the year	-30	-52	-134	-51	-211	-11	-489
Impairment	0	0	0	0	-1	0	-1
Acquisition of subsidiary	0	0	0	0	-8	0	-8
Derecognition	0	2	97	17	42	-25	132
Reclassifications	0	0	2	-28	1	-2	-27
Foreign exchange adjustment	0	-3	0	0	-1	0	0
As at 31 December 2021	-326	-797	-269	-404	-1,969	-68	-3,833
Carrying amount as of 31 December 2020	108	157	107	135	510	30	1,047
Carrying amount as of 31 December 2021	101	137	133	162	551	30	1,113

The GSM and UMTS licenses acquisition value include the costs related to the Global System for Mobile communication (“GSM”) and Universal Mobile Telecommunication System (“UMTS”).

The Group possesses the following licenses in Belgium:

Year of acquisition	Description	Acquisition value	Net book value	Period	Payment method	Start of Amortization
(EUR million)						
1998	ILT 2238	2	0	1998 -	completed	01/01/1998
2015	900 MHz spectrum	75	0	2015-2021	over the period	08/04/2015
2021	900 MHz spectrum	15	3	2021-2022	completed	15/03/2021
2001	UMTS	150	0	2001-2021	completed	01/06/2004
2021	UMTS	7	2	2021-2022	completed	15/03/2021
2011	4G	20	7	2012-2027	completed	01/07/2012
2013	800 Mhz spectrum	120	71	2013-2033	over the period	30/11/2013
2014	900 MHz spectrum	16	0	2015-2021	over the period	27/11/2015
2019	800 Mhz sepctrum	2	1	2019-2027	bi-annual	01/01/2019
2019	900 MHz spectrum	2	1	2019-2027	bi-annual	01/01/2019
2019	1800 Mhz spectrum	2	1	2019-2027	bi-annual	01/01/2019
2019	2100 Mhz spectrum	2	1	2019-2033	bi-annual	01/01/2019
2019	2600Mhz spectrum	1	0	2019-2027	bi-annual	01/01/2019
2020	800Mhz spectrum	6	5	2020-2035	upfront+yearly	01/10/2020
2020	3600Mhz spectrum	8	7	2020-2035	upfront+yearly	01/10/2020
Total		427	101			

Intangible assets acquired in a business combination relate to customer bases, trade names and patents recognized mainly as a result of the purchase price allocation performed when the Group acquired control over BICS and TeleSign. Following the businesses combination in 2021 with Mobile Vikings, the Group recognized the fair value of its customer base and brand for EUR 27 million.

In 2021 the Group acquired TV rights for an amount of EUR 156 million mainly broadcasting rights. In July 2020 Proximus and Eleven entered into an agreement whereby Proximus acquired the right to broadcast to its customers Eleven’s Pro League specific channels (national). The contract was signed for a duration of 5 years. The contract with Eleven related to international football events was extended until 2025. An intangible asset is capitalized for the broadcasting rights related to the season 2021/2022. Future payment commitments related to future seasons are disclosed as capital expenditures commitments in the note 34.

Note 5. Property, Plant and Equipment

(EUR million)	Land and buildings	Fixed Network	Mobile Network	Network for converged services	Technical equipment	Other tangible assets and assets under construction	Total
Cost							
As at 1 January 2020	546	8,421	1,415	33	1,552	287	12,254
Additions	7	421	57	8	113	22	628
Derecognition	-8	-206	-21	0	-140	-12	-388
Reclassifications	-6	-1	2	1	28	-26	-3
As at 31 December 2020	538	8,634	1,453	43	1,553	270	12,490
Additions	6	553	82	6	100	9	756
Acquisition of subsidiary	0	0	0	0	1	-1	0
Derecognition	-3	-95	-5	-1	-303	-2	-407
Reclassifications	0	-1	6	-11	-10	-12	-27
Exchange adjustment	0	0	0	0	1	0	1
As at 31 December 2021	541	9,091	1,535	37	1,342	265	12,812
Accumulated depreciation							
As at 1 January 2020	-311	-6,300	-1,005	-15	-1,254	-241	-9,127
Depreciation charge for the year	-20	-316	-117	-5	-113	-8	-579
Derecognition	7	206	21	0	139	12	385
Reclassifications	2	0	0	-1	-1	0	0
As at 31 December 2020	-322	-6,409	-1,101	-21	-1,229	-238	-9,320
Depreciation charge for the year	-17	-321	-141	-6	-122	-7	-614
Acquisition of subsidiary	0	0	0	0	-1	0	-1
Derecognition	2	95	5	1	304	2	408
Reclassifications	0	1	0	2	24	0	27
As at 31 December 2021	-337	-6,634	-1,237	-24	-1,025	-244	-9,500
Carrying amount as of 31 December 2020	216	2,225	352	22	323	32	3,169
Carrying amount as of 31 December 2021	204	2,457	298	13	316	22	3,311

The carrying amount of tangible fixed assets increased by EUR 142 million to EUR 3,311 million, mainly driven by the strong ramp-up of fiber deployment, the start of the Mobile network upgrade and consolidation, and the increase of investments in IT Transformation, supporting the Group growth and efficiency ambitions.

Per December 2021 the gross carrying amount of fully depreciated property, plant and equipment that is still in use amounts to EUR 6,820 million. Note that the major part is related to technical and network equipment.

Note 6. Leases

The Group leases several assets including buildings (offices, shops, technical rooms, ...), mobile sites (i.e., facilities to install mobile communication equipment) and fleet (management & utility cars). These leases generally have lease terms between 4 and 15 years. The average lease term is 9 years.

The carrying amounts of right-of-use assets recognized and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Total
As at 1 January 2020	153	93	54	6	307
New contracts	11	6	14	0	31
Depreciations	-26	-29	-23	-4	-82
Contract modifications/disposals/reassessments	7	20	0	2	29
As at 31 December 2020	145	91	45	4	285
New contracts	5	6	21	2	34
Depreciations	-25	-33	-22	0	-80
Contract modifications/disposals/reassessments	10	25	-1	0	34
As at 31 December 2021	135	89	43	7	274

In 2020 the contract modifications are mainly related to mobile sites contracts. For the buildings the modifications are linked to the extension of the Courcelles warehouse contract.

In 2021 the mobile site contracts continue to be extended. As a result of the digitalization process, the number of stores has further decreased, while other building contracts were extended. Car contracts are generally not extended but replaced by new contracts.

The carrying amounts of lease liabilities and the movements during the period are disclosed below

(EUR million)	Buildings	Mobile sites	Fleet	Other	Sub-leases	Total
As at 1 January 2020	148	91	54	7	8	307
New contracts	11	6	14	0	0	31
Contract modifications/disposals/reassessments	11	15	0	1	1	28
Interest expense	1	1	0	0	0	2
Reimbursements	-27	-30	-24	-4	0	-84
As at 31 December 2020	144	83	44	5	8	284
New contracts	5	6	21	2	0	34
Contract modifications/disposals/reassessments	10	24	1	1	0	35
Interest expense	1	1	0	0	0	2
Capital Reimbursements	-25	-28	-24	-3	0	-80
Interests Reimbursements	-1	-1	0	0	0	-2
As at 31 December 2021	134	85	42	5	8	273
Current portion	23	23	19	2	3	69
Non current portion	111	62	24	3	5	204

There is no material cash outflow in 2021 relating to leases that have not commenced on 31 December 2021.

(EUR million)	2020	2021
The following are the amounts recognized in profit or loss:		
Depreciation	-82	-80
Interest expenses	-2	-2
Total	-84	-82
The Group had total cash outflows for leases of		
Repayment of lease liabilities (cash out for financing activities)	-82	-79
Interest expenses (in the operating cash flow)	-2	-2
Total	-84	-82

The maturity table of the undiscounted expected future cashflows to the lease liabilities are disclosed below:

As at 31 December 2020 (EUR million)	2021	2022	2023	2024	2025	2026	2027- 2048	Total
Undiscounted lease payments	71	55	44	32	25	19	50	296
As at 31 December 2021								
Undiscounted lease payments		71	54	41	31	24	60	281

Note 7. Contract cost

Contract costs include mainly the asset recognized in relation to commissions paid to dealers for the acquisition of post-paid contracts. These costs directly related to contracts, are incurred only because the Group entered into contracts and are expected to be recovered over the contract duration. Contract costs include also the expenses activated to ensure the matching principle with revenue. These activated expenses are taken to profit and loss at the same pace as the recognition of the related revenue.

For commissions related to the acquisition of mobile prepaid customers, the Group applies the practical expedient provided for in IFRS 15, allowing to expense as incurred incremental costs to obtain a contract if otherwise would have been deferred over one year or less.

The asset is deferred on a straight-line basis over 3 years for contracts belonging to residential market and 5 years for the enterprise market. The deferral of these costs is recognized according to their nature being 'cost of material and services related to revenue'.

Movements on contract costs are as follows:

(EUR million)	As at 31 December	
	2020	2021
Balance as at 1 January	113	108
Decrease/ Increase in contract assets relating to existing contracts in the opening balance		
Normal evolution	-68	-66
New contract costs	63	68
Balance as at 31 December	108	110

The portion of the balance as at 31 December 2020 and 2021 of the contract costs deferred less than one year and deferred more than one year are as follows:

(EUR million)	As at 31 December	
	2020	2021
Contract costs	108	110
Deferred within 12 months	55	55
Deferred beyond 12 months	54	55

Note 8. Investments in subsidiaries, joint operations, joint ventures and associates

Note 8.1. Investments in subsidiaries

The consolidated financial statements include the financial statements of Proximus SA and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	2020	2021
Proximus SA under Public Law	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0202.239.951	Belgium		Mother company
PXS Re	Rue de Merl 74 2146 Luxembourg	Luxemburg	100%	100%
Connectimmo SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0477.931.965	Belgium	100%	100%
Proximus Media House (PmH)	Rue Carli 2 1140 Evere VAT BE 0875.092.626	Belgium	100%	100%
Telindus - ISIT BV	Krommewetering 7 3543 AP UTRECHT	The Netherlands	100%	100%
Proximus Luxembourg SA	18 rue du Puits Romain 8070 Bertrange	Luxemburg	100%	100%
Proximus ICT SA	Koning Albert II laan 27 1030 Brussels VAT BE 0826.942.915	Belgium (2)	100%	100%
Proximus ICT - Expert Community CVBA	Ferdinand Allenstraat 38 3001 Heverlee VAT BE 0841.396.905	Belgium	82%	100%
Proximus Opal SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0861.585.672	Belgium	100%	100%
Be-Mobile SA	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0881.959.533	Belgium	93%	93%
Mediamobile Nordic OY	Ayritie 8B 01510 Vantaa, Finland FI 23364202	Finland	100%	100%
Mediamobile SA	Rue du Gouverneur Général Eboué 24 F-92130 Issy Les Moulineaux	France	100%	100%
Flitsmeister BV	Landjuweel 24 3905 PG Veenendaal	The Netherlands	93%	93%
Cascador BV	Kardinaal Mercierlaan 1, bus A 9090 Melle VAT BE 0648 964 048	Belgium	100%	100%

Name	Registered office	Country of incorporation	2020	2021
Scarlet Belgium NV	Carlstraat 2 1140 Evere VAT BE 0447.976.484	Belgium	100%	100%
Clearmedia NV	Merksemsesteenweg 148 2100 Deurne VAT BE 0831.425.897	Belgium	100%	100%
Davinsi Labs NV	Borsbeeksebrug 28/2verd 2600 Antwerpen VAT BE 0550.853.793	Belgium	100%	100%
Unbrace BV	Merksemsesteenweg 148 2100 Deurne VAT BE 0867.696.771	Belgium (3)	100%	0%
Belgacom International Carrier Services Mauritius Ltd	Chancery House 5th floor , Lislet, Geoffrey Street Port Louis 1112-07	Mauritius (1)	58%	100%
Belgacom International Carrier Services SA	Bld du Roi Albert II 27 1030 Brussels VAT BE 0866.977.981	Belgium (1)	58%	100%
Belgacom International Carrier Services Deutschland GMBH	Eichweisenring 11 70567 Stuttgart	Germany (1)	58%	100%
Belgacom International Carrier Services UK Ltd	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom (1)	58%	100%
Belgacom International Carrier Services Nederland BV	Wilhelminakade 173, unit 41 32 3072 AP Rotterdam	The Netherlands (1)	58%	100%
Belgacom International Carrier Services North America Inc	Corporation trust center - 1209 Orange street USA - 19801 Willington Delaware	United States (1)	58%	100%
Belgacom International Carrier Services Asia Pte Ltd	80 Robinson Road #02-00 Singapore 068898	Singapore (1)	58%	100%
Belgacom International Carrier Services (Portugal) SA	Avenida da Republica, 50, 10th floor 1069-211 Lisboa	Portugal (1)	58%	100%
Belgacom International Carrier Services Italia Srl	Via della Moscova 3 20121 Milano	Italy (1)	58%	100%
Belgacom International Carrier Services Spain SL	Calle Salvatierra, 4, 2c 28034 Madrid	Spain (1)	58%	100%
Belgacom International Carrier Services Switzerland AG	Gesellschaftsstrasse 27 3001 Bern	Switzerland (1)	58%	100%
Belgacom International Carrier Services Austria GMBH	Wildpretmarkt 2-4 1010 Wien	Austria (1)	58%	100%
Belgacom International Carrier Services Sweden AB	Drottninggatan 30 411-14 Goteborg	Sweden (1)	58%	100%
Belgacom International Carrier Services JAPAN KK	#409 Raffine Higashi Ginza, 4-14 Tsukiji 4 - Chome - Chuo-ku Tokyo 104-0045	Japan (1)	58%	100%

Name	Registered office	Country of incorporation	2020	2021
Belgacom International Carrier Services China Ltd	Hopewell Centre - Level 54 183, Queen's road East Hong Kong	China (1)	58%	100%
Belgacom International Carrier Services Ghana Ltd	20 Jones Nelson Road, Adabraka, PO Box GP 821 Accra	Ghana (1)	58%	100%
Belgacom International Carrier Services Australia Pty Ltd	1 Margaret Street - Level 11 Sydney NSW 2000 Australia	Australia (1)	58%	100%
Belgacom International Carrier Services Dubai FZ-LLC	Dubai Internet City Premises 306 - Floor 03- Building 02 -PO box 502307 Dubai	United Arab Emirates (1)	58%	100%
Belgacom International Carrier Services South Africa Proprietary Ltd	Central Office Park n°5 257 Jean Avenue, Centurion Gauteng 0157	South Africa (1)	58%	100%
Belgacom International Carrier Services Kenya Ltd	5th Floor, West Wing, ICEA Lion Center Riverside Park, PO Box 10643 00100 Nairobi	Kenya (1)	58%	100%
Belgacom International Carrier Services France SAS	Rue du Colonel Moll 3 75017 Paris	France (1)	58%	100%
Belgacom International Carrier Services Malaysia	Level 6, Menara 1 Dutamas Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur No. 202001015524 (1371844-D)	Malaysia (1)	58%	100%
TeleSign Holdings Inc	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States	58%	100%
TeleSign Corporation	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States	58%	100%
TeleSign UK	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	58%	100%
TeleSign Mobile Ltd	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	58%	100%
TeleSign Doo	Tresnjnog cveta 1 11070 Novi Beograd	Serbia	58%	100%
TeleSign Netherlands B.V.	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	58%	100%
TeleSign Singapore Pte. Ltd.	1 Robinson Road, #17-00 AIA Tower Singapore (048542)	Singapore	58%	100%
TeleSign (Beijing) Technology Co., Ltd.	Office 1551, 15/F, Office Building A, Parkview Green, 9 Dongdaqiao Road, Chaoyang District Beijing 100020	P.R. China	58%	100%
Codit Holding BV	Gaston Crommenlaan 14, box 301 9050 Ledeborg VAT BE 662.946.401	Belgium	100%	100%
Codit BV	Gaston Crommenlaan 14, box 301 9050 Ledeborg VAT BE 0471.349.823	Belgium	100%	100%

Name	Registered office	Country of incorporation	2020	2021
Codit Switzerland AG	The Circle 6 8058 Zurich VAT CHE-335.776.516	Switzerland	100%	100%
Codit Integration Ltd.	Landmark House, Station Road RG27 9HA Hook (Hampshire) VAT GB 241.5781.10	United Kingdom	100%	100%
Codit Managed Services BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 0835.734.875	Belgium	100%	100%
Codit Mare Limited	International House, Mdina Road BKR 3000 Mriehel C55412	Malta	100%	100%
Codit Nederland B.V	Atoomweg 350, 3542AB Utrecht	The Netherlands	100%	100%
Votijnit Lda. (Codit Portugal)	Rua de Igreja n° 79-Aveiro Business Center N Senhora de Fatima 3810-744 Aveiro NIPC 510.595.251	Portugal	100%	100%
Codit Software Limited	International House, Mdina Road BKR 3000 Mriehel C64225	Malta	100%	100%
Codit France S.A.S.	18, Boulevard Malesherbes 75008 Paris 08 VAT FR 0478.300.189	France	100%	100%
UMBRiO Holding BV	Bisonspoor 3002-A501 3605 LT Maarssen	The Netherlands	100%	100%
Mobile Vikings NV	Kempische Steenweg 309 - box1 3500 Hasselt VAT BE 0886,946,917	Belgium (4)	0%	100%

(1) Entity of BICS Group

(2) Previously named Proximus Spearit SA

(3) Entity merged with Codit BV

(4) Entity acquired in 2021

Note 8.2. Details of non-wholly owned subsidiaries that have material non-controlling interests

In February 2021 the Group acquired 42.4% minority interest in BICS from MTN and Swisscom. As Proximus already controlled BICS before this transaction, the negative difference between the consideration paid (EUR 217 million) and the carrying value of non-controlling interests (EUR 126 million) has been recorded as a deduction from the shareholder's equity attributable to the parent.

Minority shareholders hold 7.26% non-controlling interest in Be-Mobile. The Group granted those minority shareholders a put option on their interests and holds a call option under the same conditions and the same price. The Group recorded a gross debt up to the expected exercise price of the put option. This financial liability is valued at the fair value through P&L.

In July 2021 the Group concluded a new shareholder's agreement with Be-Mobile, which led to a remeasurement of the put option (increase from EUR 1 million to EUR 3 million), due to the change in the methodology for calculating the exercise price of the put option awarded to former non-controlling interest. As was the case in the previous agreement, Proximus has a call option on these shares, with the same exercise conditions as the put option.

Note 8.3. Investments in joint operations

The Group has a material joint operation in Mwingz located Bld Simon Bolivar 34 in 1000 Brussels (VAT BE 0738 987 372). In November 2019, Proximus and Orange Belgium entered into a strategic agreement to share a part of their mobile access networks. The shared mobile access network is planned, built and operated by this joint company, owned 50/50 by Proximus and Orange Belgium which started its services to the shareholders in April 2020. The agreement is based on the following principles:

- The operators contractually share control of the agreement, i.e. decisions about the relevant activities require unanimous consent of the parties.
- Mwingz exclusively delivers services to the parents.

In its consolidated financial statements, the Group accounts Mwingz as a joint operation and recognizes its share in the assets and liabilities based on its ownership interest and its share in Mwingz costs from third parties. Revenues from the sale of joint operation services to Proximus and Orange Belgium are eliminated.

Note 8.4. Investments in joint ventures and associates

The Group had interests in the following joint ventures and associates:

Name	Registered office	Country of incorporation	Group's participating interests	
			2020	2021
Belgian Mobile ID SA/NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 541.659.084	Belgium	15%	15%
Synductis CV	Brusselsesteenweg 199 9090 Melle VAT BE 502.445.845	Belgium	17%	17%
Experience@work CV	Minderbroedersgang 12 2800 Mechelen VAT BE 627.819.632	Belgium	30%	30%
Tessares SA/NV	Avenue Jean Monnet 1 1348 Ottignies-Louvain-la-Neuve VAT BE 600.810.278	Belgium	23%	23%
Co.station Belgium NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 599.786.434	Belgium	20%	20%
Fiberklaar Midco BV	Raymonde de Larocheaan 13 9051 Sint-Denijs-Westrem VAT BE 760.489.106	Belgium	50%	50%
Fiberklaar BV	Raymonde de Larocheaan 13 9051 Sint-Denijs-Westrem VAT BE 760.540.475	Belgium	50%	50%
I.Leco NV	Kleinhoefstraat 6 2440 Geel VAT BE 471.967.356	Belgium (4)	0%	38%
Belgian Parking Register NV	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0778.406.687	Belgium (4)	0%	50%
Unifiber Midco SA	Waterloo Office Park Drève Richelle 161 D, Boite 20 1410 Waterloo 0771.814.647 RPR/RPM	Belgium (4)	0%	50%
Unifiber SA	Waterloo Office Park Drève Richelle 161 D, Boite 20 1410 Waterloo 0771.870.372 RPR/RPM	Belgium (4)	0%	50%
Ads&Data	Harenssesteenweg 226 1800 Vilvoorde VAT BE 0809.309.701	Belgium (4)	0%	50%

(4) Entity acquired in 2021

As part of the Delta Fiber agreement for the northern part of Belgium, a new entity named Nexus Midco BV was set up in December 2020, with the aim of designing, building, and maintaining that network. The name of the entity was changed in the first quarter to Fiberklaar Midco BV, and Proximus contributed EUR 30 million in cash to its capital. Proximus owns 49.9% of the entity, which is accounted for under the equity method.

The fiber partnership for the southern part of Belgium was cleared by the European authorities in July 2021 and the new entity Unifiber was immediately created. Proximus contributed EUR 10 million in cash to its capital and owns 49.99% of the entity. Unifiber is also accounted for under the equity method.

Per 31 December 2021, the aggregate information on all individually immaterial associates is as follows:

(EUR million)	2020	2021
Carrying amount	0	34
Loss of continuing operations	-1	-10

Note 8.5. Acquisitions and disposal of subsidiaries, joint ventures and associates

Acquisitions in 2021

Mobile Vikings

Following the positive decision of the Belgian competition authority in June 2021, the Group acquired in June 2021 a 100% stake in Mobile Vikings NV for an amount of EUR 128 million net of cash acquired.

The completion of the purchase price allocation led to the recognition, at their acquisition-date fair value, of non-current assets, consisting of the customer base and the brand, for an amount of EUR 27 million. The carrying amount of the other assets acquired and liabilities assumed correspond to their acquisition date fair values.

As a result, the group recognized a goodwill of EUR 114 million.

The fair value of the identifiable assets and liabilities of Mobile Vikings as at the date of acquisition is detailed as follows (in Million Euro):

	Fair Value recognized at acquisition
Intangible assets with finite useful life	31
Deferred income tax assets	1
Trade receivables	6
Investments and cash and cash equivalents	24
Total assets	63
Deferred income tax liabilities	-7
Trade payables	-15
Income tax payables	-1
Other current payables & other amounts payables	-2
Total non-controlling interests and liabilities	-24
Net assets acquired	39
Consideration	153
Goodwill from acquisition	114
Consideration paid	153
Net cash acquired of the subsidiary (after deduction of loan)	24
Net cash outflow	128

The “cash paid for acquisition of consolidated companies net of cash acquired” in the Cash Flow Statement reported as “cash flow from investing activities” amounts to EUR 130 million. EUR 2 million relates to earn outs paid for other historical acquisitions.

Control in BICS/TeleSign

The Group held until February 2021, 57.6% of the BICS/TeleSign shares and 57.6% of the voting rights to the BICS shareholders' meeting. The Group concluded that it controlled BICS/TeleSign thanks to the decision-making rules and deadlock procedures foreseen in the shareholders' agreement in force as from 1 January 2010.

In accordance with the agreement entered on 9 February 2021 Proximus acquired on 23 February 2021 the 42.4% stake from the minority shareholders of BICS/TeleSign, (MTN 20% and Swisscom 22.4%) for a total cash consideration of EUR 217 million and owns now 100% of the shares.

This EUR 217 million is reported in the cash flow statement as Cash used for financing activities.

Fiberklaar and Unifiber

Proximus and DELTA Fiber signed a partnership agreement in March 2021 with a view to ramping up the roll-out of fiber in Flanders. Proximus owns 49.9% of Fiberklaar, which is accounted for under the equity method (see note 8.3).

In July 2021, the same project was developed in Wallonia thanks to the creation of the joint venture Unifiber, which is created through a partnership between Proximus and Eurofiber. Proximus owns 49.99% of Unifiber, which is accounted for under the equity method (see note 8.3).

The "cash paid for acquisition of other participating interests" reported in the net cash used in investing activities includes EUR 40 million for Fiberklaar and Unifiber and EUR 4 million for investments in other associates.

Acquisitions in 2020

In April 2020, Mwingz a joint company, owned 50/50 by Proximus and Orange Belgium started its services to its shareholders (see note 8.3).

Note 9. Equity investments measured at fair value

At 31 December 2021 and 2020, the group held participating interests in non-quoted companies, the fair value of which was inferior to € 1 million.

The group elected to classify at initial recognition these interests at fair value through other comprehensive income as they are not held for a purpose of trading but acquired with a long-term strategic view.

Note 10. Income taxes

(EUR million)	As at 31 December	
	2020	2021
Accelerated depreciation	-60	-45
Fair value adjustments on acquisition	-35	-33
Statutory provision not retained under IFRS	-6	-7
Remeasurement of financial instruments to fair value	-1	-2
Deferred taxation on sales of property, plant and equipment	-8	-7
Post-employment, termination and other benefits	0	-7
Deferred taxation on contract assets & contract costs	-52	-56
Other	-4	-2
Gross deferred income tax liabilities	-166	-159
Fair value adjustment on fixed assets	14	12
Post-employment, termination and other benefits	30	0
Tax losses carried forward	6	3
Provisions for liabilities and charges	11	12
Other	2	2
Gross deferred income tax assets	63	29
Net deferred income tax assets / (liabilities), when grouped per taxable entity, are as follows :		
Net deferred income tax liability	-115	-136
Net deferred income tax asset	12	6

The movements in 2021 of the deferred tax position are as follows

(EUR million)	
As at 31 December 2020	-103
Decrease as the result of the purchase price allocation	-6
Decrease recognized through other comprehensive income	-32
Increase recognized in income statement	12
As at 31 December 2021	-129

The movements in 2020 of the deferred tax position are as follows:

(EUR million)	
As at 31 December 2019	-95
Decrease recognized through other comprehensive income	6
Increase recognized in income statement	-15
As at 31 December 2020	-103

The 2021 deferred tax expense in the profit or loss is mainly the consequence of the accelerated depreciation of some network components and the annual declining depreciation method on the tangible assets and broadcasting intangible assets acquired in 2018 and 2019 applied by Proximus SA in BGAAP. This expense is partially offset by the decrease of the deferred tax liability on fair value adjustments on acquisitions.

The deferred income tax assets on fair value adjustment of fixed assets relate mainly to the elimination of the gain resulting from the intercompany sale at fair value of certain fixed assets.

Deferred tax assets have not been recognized in respect of the losses of subsidiaries that have been loss-making for several years. Cumulative tax losses carried forward and tax deductions available for such companies amounted to EUR 50 million at 31 December 2021 (EUR 25 million in 2020) of which EUR 39 million has no expiration date and EUR 10 million has an expiration date after 2023.

In the income statement, deferred tax income/ (expense) relate to the following:

(EUR million)	Year ended 31 December	
	2020	2021
Accelerated depreciation	-21	14
Fair value adjustments on acquisition	12	10
Remeasurement of financial instruments to fair value	-1	-4
Deferred taxation on sales of property, plant and equipment	3	1
Fair value adjustment on fixed assets	-2	-2
Post-employment, termination and other benefits	0	-2
Tax losses carried forward	1	-4
Contract assets and contract cost	-5	-4
Other	-3	3
Deferred tax expense of the year	-15	12

The consolidated income statement includes the following tax expense:

(EUR million)	As at 31 December	
	2020	2021
Current income tax		
Current income tax expense	-160	-149
Deferred income tax	-15	12
Income tax expense reported in consolidated income statement	-174	-137

The reconciliation of income tax expense at the statutory income tax rate to income tax expense at the group's effective income tax rate for each of the two years ended is as follows:

(EUR million)	2020	2021
Income before taxes	756	581
At Belgian statutory income tax rate of 25%	189	145
Non-taxable income from subsidiaries	-23	-20
Non-deductible expenditures for income tax purposes	10	10
Non-deductible losses from subsidiaries	1	7
Other	-3	-6
Income tax expense	174	137
Effective income tax rate	23.04%	23.51%

The 2021 effective income tax rate amounts to 23.51% which is higher compared to the effective income tax rate of 23.04% in 2020. This mainly results from the loss of deferred tax assets on the tax losses carried forward of group entities.

The non-taxable income from subsidiaries mainly relates to the application of general principles of tax law such as the patent- and innovation income deduction applicable in Belgium.

The 2021 non-deductible expenditures for income tax purposes primarily relate to various expenses that are disallowed for tax purposes.

Note 11. Assets and liabilities for pensions, other post-employment benefits and termination benefits

The Group has several plans that are summarized below:

(EUR million)	As at 31 December	
	2020	2021
Termination benefits and additional compensations in respect of restructuring programs	209	140
Defined benefit plans for complementary pension plans net liability / (net asset)	67	-79
Other pension plans	0	1
Post-employment benefits other than pensions	368	365
Net asset recognized in the balance sheet	0	79
Net liability recognized in the balance sheet	645	508
Net liability (current)	86	62
Net liability (non-current)	559	447

The calculation of the liability is based on the assumptions established at the balance sheet date. The assumptions for the various plans have been determined based on both macro-economic factors and the specific terms of each plan relating to the duration and the beneficiary population.

The discount rate used for the valuation of pension plans, other post-employment benefit plans and termination benefits is based on the yield of Eurozone high quality corporate bonds with a duration matching the duration of such plans.

The cash flow increase resulting from the liability for pensions, other postemployment and termination benefits reported in the net cash flow from operating activities results from lower payment in 2021 vs 2020 for the early leave plan and fit for purpose plan.

Note 11.1. Termination benefits and additional compensations in respect of restructuring programs

Termination benefits and additional compensations included in this chapter relate to employee restructuring programs. No plan assets are accumulated for these benefits.

In 2007, the Group implemented a voluntary external mobility program to the Belgian State for its statutory employees and a program for unfit statutory employees. Under the terms of this plan, the Group will pay benefits until retirement date of the participant.

In 2016, the Group implemented a voluntary leave program allowing for early termination from the age of 60 (or 58 for a small group). For certain participants to the early leave restructuring plan, benefits are paid from the age of 60 until the earliest retirement date. For those entering in the plan before the age of 60 and therefore required to render service until 60, the cost of the plan was recognized for the period of service still to be delivered between the moment of entering in the program and 60. The cost evolves with the index. Discount rate and turnover are assumed to be zero.

In 2019, Proximus launched its Fit for Purpose (FFP) transformation plan. An analysis based on the company's future challenges has led to the identification of areas of activity that either are being modified or that are disappearing. In this context, 1,347 FTEs were leaving Proximus. The provision for termination benefits (EUR 288 million) was entirely booked in 2019 as a result of a detailed and formal communication to those affected by the plan and as these benefits were not conditional to future service. The provision includes all benefits that are paid to the participants either at dismissal date or until earlier pensionable date. The provisions also include outplacement costs. The costs of reskilling and upskilling of employees are not included in the provision. The long-term part of the provision relates to the payments to be made after more than one year (mainly until pensionable date). This evolves with the index. The staff turnover assumption is considered to be zero in the calculation. The provision has been reduced by EUR 27 million in 2020 and by EUR 1 million in 2021.

Any subsequent re-measurement of the liability for termination benefits and additional compensations is recognized immediately in the profit or loss.

The funded status of the plans for termination benefits and additional compensations is as follows :

(EUR million)	As at 31 December	
	2020	2021
Benefit Obligation	209	140
Benefit obligation in excess of plan assets	209	140

The movement in the net liability recognized in the balance sheet is as follows :

	As at 31 December	
	2020	2021
At the beginning of the year	447	209
Total expense for the period	-30	-3
Payment to the participants	-208	-66
At the end of the year	209	140

The liability for termination benefits and additional compensations was determined using the following assumptions:

(EUR million)	As at 31 December	
	2020	2021
Discount rate	0%	0%
Future price inflation	2.00%	2.15%

Sensitivity analysis

An increase or decrease of 0.5% in the effective discount rate involves a fluctuation of the liability by approximately EUR 2 million.

The Group expects to pay an amount of EUR 46 million for termination benefits and additional compensations in 2022. The payments in 2021 amounted to EUR 65 million.

Note 11.2. Defined contribution and benefit plans for complementary pensions

Defined benefit plans of Proximus SA and some subsidiaries

Proximus SA and some of its Belgian subsidiaries offer defined benefit pension plans for their employees. These plans provide pension benefits, for services as of 1 January 1997 at the earliest. They provide benefits based on salary and years of service. They are financed through the Proximus Pension Fund, a legally separate entity created in 1998 for that purpose.

The financing method is intended to finance the current value of future pension obligations (defined benefit obligation – DBO) relating to the years of service already rendered in the company and taking into account future salary increase. The financing method is derived from calculations under IAS 19. The annual contribution is equal to the sum of the service cost, the net financial cost (interest cost on DBO minus the expected return on assets) and the amortization of the difference between the assets and the DBO exceeding 10% of the higher of the DBO or the assets. Therefore, the amount contributed may differ from the amount recognized in the income statement.

At 31 December 2021, the assets of the Pension Fund exceed the minimum required by the pension regulator, being the technical provision. The technical provision represents the amount needed to guarantee the short-term and long-term equilibrium of the Pension Fund. It is constituted of the vested rights increased with an additional buffer amount in order to guarantee the long-term durability of the pension financing. The vested rights represent the current value of the accumulated benefits relating to years of service already rendered in the company and based on current salaries. They are calculated in accordance with the pension regulation and applicable law regarding actuarial assumptions.

As for most of defined benefit plans, the pension cost can be impacted (positively or negatively) by parameters such as interest rates, future salary increases and inflation. These risks are not unusual for defined benefit plans.

For the complementary defined benefit pension plan, actuarial valuations are carried out at 31 December by external independent actuaries. The present value and the current service cost and past service cost are measured using the projected unit credit method.

The funded status of the pension plans is as follows :

(EUR million)	As at 31 December	
	2020	2021
Defined Benefit Obligation	837	825
Plan assets at fair value	-770	-904
Deficit / (surplus)	67	-79

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December	
	2020	2021
Current service cost - employer	52	52
Past service cost recognized	3	0
Recognized in the income statement	56	52
Remeasurements		
Actuarial losses from changes in financial assumptions	14	-40
Actuarial (gains) / losses arising from experience adjustments	3	-11
Actuarial (gains) / losses related to return on assets, excluding amounts included in the net interest cost	1	-95

Recognized in other comprehensive income	18	-146
Total	74	-93

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	Year ended 31 December	
	2020	2021
At the beginning of the year	46	67
Expense for the period recognized in the income statement	56	52
Remeasurement recognized in other comprehensive income	18	-146
Payment to the participants	-52	-52
Net deficit/ (Net surplus)	67	-79

Change in plan assets :

(EUR million)	As at 31 December	
	2020	2021
At the beginning of the year	729	770
Interest income	7	6
Return on assets, excluding amounts included in the net interest expense	-1	95
Payment to the participants	52	52
Benefits payments and expenses	-18	-20
At the end of the year	770	904

Change in the defined benefit obligation :

(EUR million)	As at 31 December	
	2020	2021
At the beginning of the year	776	837
Service cost	52	52
Interest cost	7	7
Past service cost - vested benefits	3	0
Benefits payments and expenses	-18	-20
Actuarial losses/ (gain)	17	-51
At the end of the year	837	825

The pension liability was determined using the following assumptions :

(EUR million)	As at 31 December	
	2020	2021
Discount rate	0.80%	1.05%
Future price inflation	1.90%	2.15%
Nominal future salary increase	3.10% - 3.40%	3.30%-3.40%
Nominal future baremic salary increase	3.00% - 3.05%	3.15%-3.30%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The turnover is considered in the calculation of the pension liability. For statutory employees it is assumed to be zero and for contractual employees is based on a degressive withdrawal rate based on the age.

The pension liability is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 14.4 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation and real salary increase. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the estimated impact on the defined benefit obligation would be a decrease (or increase) by around 7% to 8%.

If the inflation rate increases (or decreases) by 0.25%, the defined benefit obligation would increase (or decrease) by around 3%. If the real salary increases (decreases) by 0.25%, the defined benefit obligation would increase (decrease) by around 5% to 6%.

Plan assets

The assets of the pension plans are detailed as follows:

(EUR million)	As at 31 December	
	2020	2021
Equity instruments	45.5%	49.8%
Debt instruments	38.2%	34.8%
Convertible bonds	6.3%	5.2%
Other (property, infrastructure, Private equity funds, insurance deposits)	10.0%	10.2%

The actual return on plan assets is as follows:

(EUR million)	As at 31 December	
	2020	2021
Actual return on plan assets	6	101

The investment strategy of the Pension Fund is defined to optimize the return on investment within strict limits of risk control and taking into account the profile of the pension obligations. The relatively long duration of the pension obligations (14.4 years) allows to allocate a reasonable portion of its portfolio to equities. Over the last five years, the pension fund has significantly increased the diversification of its investment portfolio across asset classes, regions and currencies in order to reduce the overall risk and improve the expected return.

At the end of 2021 the portfolio was invested by about 49.8% in listed equities (in Europe, US and Emerging Markets), about 34.8% in fixed income (government bonds, corporate bonds, and senior loans) and about 5.2% in convertible bonds (World ex US), the remaining part being invested in European infrastructure, global private equity, European non-listed real estate and cash. The actual implementation of the investments is outsourced to specialized asset managers.

Nearly all investments are done via mutual investment funds. Direct investments amount for less than 1% of the assets. Equity instruments, debt instruments and convertible bonds have quoted prices in active markets. The other assets, amounting for 10.0% of the portfolio are not quoted. The Pension Fund does not directly invest in Proximus shares or bonds, but it is not excluded that some Proximus shares, or bonds are included in some of the mutual investment funds in which the pension Funds invests.

The Proximus Pension Fund has taken a proactive approach about the inclusion of ESG criteria in its investment policy. As almost all investments are made through collective funds managed by external managers, this approach involves an ongoing dialogue with the managers, inviting them to take these criteria into account.

The Group expects to contribute an amount of EUR 50 million to the Proximus Pension Fund in 2022.

Other pension plans

The Group also operates another defined benefit plan with a more limited amplitude, being a Defined Benefit Obligation EUR 7 million and plan assets of EUR 6 million resulting in a net liability of EUR 1 million.

The Group operates some plans based on contributions for qualifying employees. For the plans operated abroad, the Group does not guarantee a minimum return on the contribution. For those operated in Belgium a guaranteed return is provided. All plans (operated in Belgium and abroad open and closed) are not material at Group level and do not present any net liability material for the Group.

Note 11.3. Post-employment benefits other than pensions

Historically, the Group grants to its retirees post-employment benefits other than pensions in the form of socio-cultural aid premium, train tickets and other social benefits including a subsidized hospitalization plan. There are no plan assets for such benefits.

The subsidy to the hospitalization plan is based on an indexed fixed amount per beneficiary.

The funded status of the plans is as follows :

(EUR million)	As at 31 December	
	2020	2021
Defined Benefit Obligation	368	365
Net liability recognized in the balance sheet	368	365

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December	
	2020	2021
Current service cost - employer	4	4
Interest cost	3	3
Expense recognized in the income statement, before curtailment, settlement and special termination benefits	7	7
Curtailment or settlement loss / (gain) and past service cost	2	0
Recognized in the income statement	9	7
Remeasurements		
Actuarial losses from changes in financial assumptions	5	6
Effect of experience adjustments	-4	-1
Recognized in other comprehensive income	1	4
Total	10	11

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	As at 31 December	
	2020	2021
At the beginning of the year	371	368
Expense for the period recognized in the income statement	9	7
Remeasurement recognized in other comprehensive income	1	4
Payment to the participants	-13	-14
At the end of the year	368	365

The liability for post-employment benefits other than pensions was determined using following assumptions :

	As at 31 December	
	2020	2021
Discount rate	0.75%	1.00%
Future cost trend (index included)	1.90%	2.15%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

The liability for post-employment benefits other than pensions is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.

The duration of the obligation is 14.4 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation, future cost trend and mortality. The sensitivity analysis has been performed based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 0.5%, the defined benefit obligation would decrease (or increase) by around 7% .

If the future cost trend increases (or decreases) by 1%, the defined benefit obligation would increase (or decrease) by around 13% to 16% and for 0.5% of change by 7%.

If a 1-year age correction would be applied to the mortality tables, the defined benefit obligation would change by around 4% to 5%.

The Group expects to contribute an amount of EUR 16 million to these plans in 2022.

Note 11.4. Other liabilities

The Group participates in a State Defined Benefit plan. On 31 December 2003, Proximus transferred to the Belgian State its legal pension obligation for its statutory employees and their survivors, in exchange of a payment of EUR 5 Billion to the Belgian State. The transfer of the statutory pension liability to the Belgian State in 2003 was coupled with an increased employer social security contribution for civil servants as from 2004 and included an annual compensation mechanism to off-set certain future increases or decreases in the Belgian State's obligations as a result of actions taken by Proximus. Following a change in law (Program Law of 25 December 2017), as from 2018, the obligation to off-set stopped for the Belgian State.

Note 12. Other non-current assets

(EUR million)	Note	As at 31 December	
		2020	2021
Other derivatives	32.1	4	3
Other financial assets at amortized cost		20	20
Total		24	24

Other financial assets concern LT cash guarantees and LT receivables non-trade.

Note 13. Inventories

(EUR million)	As at 31 December					
	2020			2021		
	Gross amount	Written off	Net amount	Gross amount	Written off	Net amount
Raw materials, consumables and spare parts	36	-6	29	46	-6	40
Work in progress and finished goods	19	0	19	20	0	20
Goods purchased for resale	61	-4	58	75	-4	71
Total	116	-10	106	142	-10	132

The gross value of inventory amounts to EUR 142 million and consists mainly of following products: consumer purchased equipment (63%) and network materials (37%).

The most important subcategory within consumer purchased equipment are smartphones and its related accessories (38%), followed by equipment for internet and TV at home (decoders (20%), modems (13%), TV's (6%)).

Another part of the consumer purchased equipment stock is intended for the professional market: ICT (14%) and PABX (7%).

Note 14. Trade receivables and contract assets

14.1 Trade receivables

(EUR million)	As at 31 December	
	2020	2021
Trade receivables	868	879
Trade receivables - gross amount	967	977
Loss allowance	-99	-98

Trade receivables are amounts due by customers for goods sold or services performed in the ordinary course of business. Most trade receivables are non-interest bearing and are usually on 30-90 days terms. For TeleSign most customers have a 30-day term, with few exceptions which have a 60-day term. Terms are somewhat longer for the receivables of the International Carrier Services segment (BICS), since major part of its trade receivables relates to other Telco operators. Given the bilateral nature of BICS business, netting practice is very common, but this process can be quite long. The related netting agreements are not legally enforceable.

BICS business being rather volatile, therefore when analysing variances in the cashflow those related to trade receivables and trade payables should be considered together.

For the Domestic business, the netting payment is also applied with some other telecom operators.

For the years presented, no trade receivables were pledged as collaterals. In 2021, Proximus Group received bank and parent guarantees of EUR 2 million (in 2020, EUR 2 million) as securities for the payment of outstanding invoices.

14.2 Contract assets

(EUR million)	As at 31 December	
	2020	2021
Contract assets gross	118	127
Settled within 12 month of the reporting period	86	92
Settled after 12 month of the reporting period	32	35
Loss allowance	-7	-7
Contract assets net	111	120

The evolution of the gross amount of the contract assets during the year, can be explained as follows

(EUR million)	2020	2021
Balance at 1 Jan	103	118
Decrease in contract assets relating to existing contracts in the opening balance	-113	-131
Normal evolution	-98	-112
Anticipated termination	-15	-19
New contract assets	128	140
Balance at 31 Dec	118	127

14.3 Loss allowance on trade receivables and contract assets

The group applies the IFRS 9 simplified approach for measuring the expected credit losses. This approach uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets of residential and corporate markets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to a right to consideration in exchange of goods and services that have already transferred and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables of the residential and corporate markets are a reasonable approximation of the loss rates for the contract assets. These expected loss rates correspond to historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The group updated in the course of 2021 the expected credit loss for the outstanding trade receivables in the context of Covid-19 based on the same criteria as in 2020: the sector in which customers operate, the relationship with the customer and their respective ageing. This update had a very small impact on the bad debt provision.

For the BICS and TeleSign segments expected credit losses for trade receivables have been determined on individual basis considering different factors determining a credit scoring such as micro and macro-economic criteria as well as credit rating, country risk, customer history, possible compensation in order to net the risk and other internal and external sources.

The analysis of trade receivables that were past due but not impaired is as follows:

As at 31 December

(EUR million)	Gross receivables / contract assets	Allowance for doubtful debtors	Net carrying amount	Not past due	Past due					
					< 30 days	30-60 days	60-90 days	90-180 days	180-360 days	> 360 days
Trade receivables										
2019	1,084	-99	985	569	100	41	29	58	63	126
2020	967	-99	868	512	79	35	21	44	43	133
2021	977	-98	879	519	77	44	26	46	45	123
2021 % loss allowance on trade receivables			10%	2%	2%	4%	6%	15%	15%	34%
Contract assets										
Contract assets	127	-7	120	120						
2021 % loss allowance on contract asset			6%	6%						

The closing loss allowances for trade receivables and contract assets as at 31 December 2021 reconciles to the opening loss allowances as follows:

The evolution of the allowance for doubtful debtors is as follows:

(EUR million)	Trade receivables	Contract assets	Total
As at 31 December 2020	99	7	106
Increase in loss allowance through income statement	26	1	27
Receivables written off as uncollectible	-29	0	-29
Acquisition of subsidiary	2	0	2
Other movements	-1	0	-1
As at 31 December 2021	98	7	105

Note 15. Other current assets

(EUR million)		As at 31 December	
		2020	2021
VAT receivables		12	7
Derivatives	31.1	0	1
Prepaid expenses		113	109
Accrued income		2	2
Other receivables		12	22
Total		139	140

Prepaid expenses are mainly composed of ICT fees (EUR 67 million in 2021 versus EUR 74 million in 2020), renting expenses on real estate, software and mobile sites (EUR 8 million in 2021 versus EUR 11 million in 2020), SAAS contracts (EUR 4 million in 2021 versus EUR 2 million in 2020), hardware-, software- and infrastructure maintenance expenses (EUR 11 million in 2021 versus 11 million in 2020) and consultancy fees (EUR 3 million in 2021 versus 2 million in 2020).

Note 16. Investments

(EUR million)	Note	As at 31 December	
		2020	2021
Term account at amortized costs	32.4	3	0
Total		3	0

Investments include deposits with an original maturity greater than three months but less than one year.

Note 17. Cash and cash equivalents

(EUR million)	Note	As at 31 December	
		2020	2021
Term account at amortized costs	32.4	115	10
Cash at bank and in hand	32.4	195	239
Total		310	249

Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements of the Group, and earn or pay interest at the respective short-term deposit rates. Interest rates applied on cash with banks are floating as corresponding to the daily bank deposit rates.

The cash and cash equivalents are held with banks and financial institutions counterparties with a high long-term credit rating between A- and A+ with a minimum of A-. Therefore, the expected credit loss on cash and cash equivalents is deemed immaterial.

Note 18. Equity

Note 18.1 Shareholders' equity

At 31 December 2021, the share capital of Proximus SA amounted to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares. The Board of Directors of Proximus SA is entitled to increase the capital for a maximum amount of EUR 200 million.

The Company may acquire its own shares and transfer the shares thus acquired in accordance with the provisions of the Commercial Companies Code. The Board of Directors is empowered by article 13 of the Articles of Association to acquire the maximum number of own shares permitted by law. The price paid for these shares must not be more than five percent above the highest closing price in the thirty-day trading period preceding the transaction nor more than ten percent below the lowest closing price in that same thirty-day period. Said authorization is renewed and granted for a period of five years as of 21 April 2021.

Proximus SA has a statutory obligation to distribute 5% of the parent company income before taxes to its employees. In the accompanying consolidated financial statements, this profit distribution is accounted for as workforce expenses.

In December 2015, a new law was adopted by the Belgian Parliament with the purpose of modernizing the 1991 Law reforming certain economic public companies, especially by the flexibility of certain organizational constraints in order to create a level playing field with competing companies, by aligning the corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease their participation below 50%. The General Shareholders Meeting of 2016 decided to change the bylaws in order to incorporate the amendments made to the 1991 Law.

On 31 December 2021, the number of treasury shares amounts to 15,283,771.

In 2021 and 2020, the Group sold respectively 6,438 and 3,092 treasury shares to its senior management for less than EUR 1 million under share purchase plans at a discount of 16.70% (see note 35).

In 2020, employees exercised 16,583 share options. To honor its obligation in respect of these exercises, Proximus used treasury shares (see note 35). All share options plans ended in 2020.

Number of shares (including treasury shares):	2020	2021
As at 1 January	338,025,135	338,025,135
As at 31 December	338,025,135	338,025,135
Number of treasury shares:	2020	2021
As at 1 January	15,042,626	15,335,109
Sale under a discounted share purchase plan	-3,092	-6,438
Purchase / (Sale) of treasury shares	312,158	-44,900
Exercise of stock option	-16,583	0
As at 31 December	15,335,109	15,283,771

Note 18.2 Non-controlling interests

In accordance with the agreement entered on February 9th 2021 Proximus acquired on 23 February 2021 the 42.4% stake from the minority shareholders of BICS, (MTN 20% and Swisscom 22.4%) for a total cash consideration of EUR 217 million.

As Proximus already controlled BICS before this transaction, this acquisition qualifies as an equity transaction. This means that the negative difference between (1) the amount by which the non-controlling interests are adjusted, and (2) the fair value of the consideration paid is deducted directly from the shareholders' equity attributable to the parent.

Note 19. Interest-bearing liabilities

Note 19.1 Non-current interest-bearing liabilities

(EUR million)	Note	As at 31 December	
		2020	2021
Unsubordinated debt (bonds, notes)		2,104	2,337
Credit institutions		401	401
Other loans		1	0
Total		2,507	2,737

On 22nd December 2021, the Group repaid anticipately and without penalty, the EUR 500 million bond maturing on 22nd March 2022 with an annual fixed coupon of 0.5%.

On 10th November 2021, the Group issued its first EUR 750 million Green Bond starting on 17th November 2021 and maturing on 17th November 2036 with an annual fixed coupon of 0.75%.

The Group granted a new 20-year Private Placement Note (under EMTN) of EUR 150 million starting 14th May 2020 with an annual fixed coupon of 1.5% with maturity date on 14th May 2040.

All long-term debt is unsecured. During 2021 and 2020 there have been no defaults or breaches on loans payables.

Over the two years presented, an interest rate and currency swaps (IRCS) were used to manage the currency and interest rate exposure on the JPY unsubordinated debentures. The swaps enabled the Group to transform the interest rate on these debentures which are fully hedged economically, from a fixed interest rate to a floating interest rate- and converting the remaining liability in JPY into fixed rate liability in EUR (see note 32).

Unsubordinated debentures in EUR and in JPY are issued by Proximus SA. The capital is repayable in full on the maturity date.

The group used interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. The effective interest rates of the debts concerned by these hedges reflect the effects of these hedges.

Non-current interest-bearing liabilities as at 31 December 2021 are summarised as follows:

	Carrying amount	Nominal amount	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
	(EUR million)	(EUR million)			(b)		
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	11	11	Amortized cost	Dec-26	Semi-annually	-0.72%	-0.72%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%

EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	599	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	497	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	150	150	Amortized cost	May-40	Annually	1.50%	1.52%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
EUR	730	750	Amortized cost	Nov-36	Annually	0.75%	1.05%

Credit institutions

Fixed rate borrowings

EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	1	1	Amortized cost	Oct-23	Monthly	0.60%	0.60%

Total **2,737** **2,762**

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2021

(c) average duration

(d) monthly, quarterly, half yearly, yearly

Non-current interest-bearing liabilities as at 31 December 2020 are summarized as follows:

	Carrying amount	Nominal amount	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
	(EUR million)	(EUR million)			(b)		
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.70%	-0.70%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	598	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	496	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	499	500	Amortized cost	Mar-22	Annually	0.50%	0.34%
EUR	149	150	Amortized cost	May-40	Annually	1.50%	1.52%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
EUR	1	1	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Other loans							
EUR	1	1	Amortized cost	2024	Different patterns (d)	0%-6%	0%-6%
Total	2,507	2,514					

(a) converted into a floating rate borrowing in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2020

(c) average duration

(d) monthly, quarterly, half yearly, yearly

Note 19.2 Current interest-bearing liabilities

(EUR million)	As at 31 December	
	2020	2021
Current portion of amounts payable > 1 year		
Credit institutions	1	1
Credit institutions	0	150
Unsubordinated debt (bonds, notes)	150	100
Other loans	12	1
Total	163	252

The tables below detail the current portion of the unsubordinated debentures maturing within one year.

Current interest-bearing liabilities as at 31 December 2021 are summarized as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost	Dec-22	Monthly	0.60%	0.60%
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	100	100	Amortized cost	Jan-22	At inception	0.60%	0.60%
Credit institutions							
Fixed rate borrowings							
EUR	150	150	Amortized cost	Jan-22	Annually	0.61%	0.61%
Other loans							
Fixed rate borrowings							
EUR	1	1	Amortized cost	Jan-22	Annually	0.00%	0.00%
Total	252	252					

(a) monthly, quarterly, half yearly, yearly

Current interest-bearing liabilities as at 31 December 2020 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost		Monthly	0.60%	0.60%
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	150	150	Amortized cost	Feb-21	At inception	-0.40%	-0.40%
Other loans							
Fixed rate borrowings							
EUR	12	12	Amortized cost	Jan-21		0.43%	0.43%
Total	163	163					

(a) monthly, quarterly, half yearly, yearly

Note 19.3 Information about the Group financing activities related to interest bearing liabilities

(EUR million)	As at 31 December 2020	Cash flow issuance	Cash flow repayments	Non-cash changes	As at 31 December 2021
Long-term					
Unsubordinated debt (bonds, notes)	2,104	730	0	-498	2,337
Credit institutions	401	0	-1	0	401
Other loans	1	0	-1	0	0
Derivatives held for trading	4	0	0	-1	3
Current portion of amounts payable > one year					
Unsubordinated debt (bonds, notes)	0	0	-500	500	0
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Credit institutions	0	150	0	0	150
Unsubordinated debt (bonds, notes)	150	100	-150	0	100
Other loans	12	0	-11	0	1
Total liabilities from financing activities excluding lease liabilities	2,673	980	-663	1	2,992
Lease liabilities current and non current	284	0	-79	68	273
Total liabilities from financing activities including lease liabilities	2,957	980	-742	69	3,265

	As at 31 December	Cash flow issuance	Cash flow repayments	Non-cash changes	As at 31 December
(EUR million)	2019				2020
Long-term					
Unsubordinated debt (bonds, notes)	1,953	149	0	2	2,104
Credit institutions	402	0	-1	0	401
Other loans	0	1	0	0	1
Derivatives held for trading	5	0	0	-1	4
Current portion of amounts payable > one year					
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Unsubordinated debt (bonds, notes)	156	-6	0	0	150
Other loans	0	12	0	0	12
Total liabilities from financing activities excluding lease liabilities	2,517	157	-1	1	2,673
Lease liabilities current and non current	307	0	-82	59	284
Total liabilities from financing activities including lease liabilities	2,824	157	-82	60	2,957

The non-cash changes refer to the transfer of the EUR 500 million bond, repaid anticipately in December 2021 (see note 19.1), from non-current to current and the remeasurement to fair value of the embedded derivative related but separated from the long-term debt expressed in JPY, its host contract.

Note 20. Provisions

(EUR million)	Workers' accidents	Litigation	Illness days	Dismantling pylons	Other risks	Total
As at 1 January 2020	29	19	17	39	34	137
Additions	0	9	0	6	3	18
Utilisations	-2	-1	0	0	-6	-9
Withdrawals	0	-4	-1	0	-2	-7
Unwinding	1	0	0	0	0	1
As at 31 December 2020	28	23	16	45	28	139
Additions	0	20	0	0	5	25
Utilisations	-3	-2	0	0	-1	-6
Withdrawals	0	-6	-1	0	0	-7
Unwinding	1	1	0	0	0	2
As at 31 December 2021	26	36	15	44	32	153

The provision for workers' accidents relates to compensation that Proximus SA should pay to members of personnel injured (including professional illness) when performing their job and on their way to work. Until 31 December 2002, according to the law of 1967 (public sector) on labour accidents, compensation was funded and paid directly by Proximus. This provision (annuities part) is based on actuarial data including mortality tables, compensation ratios, interest rates and other factors defined by the law of 1967 and calculated with the support of a professional insurer. Considering the mortality table, it is expected that most of these costs will be paid out until 2062. As from 1 January 2003, contractual employees are subject to the law of 1971 (private sector) and statutory employees remain subject to the law of 1967 (public sector). For both the contractual and statutory employees, Proximus is covered as from 1 January 2003 by insurance policies for workers' accidents and therefore will not directly pay members of personnel.

The provision for litigation represents management's best estimate for probable losses due to pending litigation where the Group has been sued by a third party or is subject to a judicial dispute. The expected timing of the related cash outflows depends on the progress and duration of the underlying judicial procedures. The addition of 2021 to the provisions for litigations mainly relates to supplier claims.

The provision for illness days represents management's best estimate of probable charges related to the granting by Proximus of accumulating non-vesting illness days to its statutory employees.

The provision for dismantling of pylons includes the expected costs for dismantling and restoration of the sites on which the antennas are located. It is expected that most of these costs will be paid during the period 2022-2050. The provision for restoration costs is estimated at current prices and discounted using a discount rate of 1.05% based on the expected timing to settle the obligation.

The provision for other risks includes mainly the environmental risks and sundry risks.

Note 21. Other non-current payables

(EUR million)	As at 31 December	
	2020	2021
Other non-current payables -trade	95	98
Other non-current payables- non trade	7	5
Total	102	102

All other non-current payables are non-interest-bearing liabilities.

Non-current payables-trade include licenses (see note 4), broadcasting and content rights payable over the part of the contract duration that is more than one year (mostly less than 5 years).

Non-current payables – non trade include the embedded derivative related but separated from the long-term debt expressed in JPY, its host contract (see Derivatives in note 2). Figures as at 31 December 2020 were restated to include this liability, which was previously classified under the interest bearing non-current liabilities.

Note 22. Other current payables

(EUR million)	As at 31 December	
	2020	2021
VAT payables	6	6
Payables to employees	115	113
Accrual for holiday pay	77	87
Accrual for social security contributions	45	46
Advances received on contracts	9	8
Other taxes	102	108
Deferred income	4	2
Accrued expenses	27	25
Other debts	30	37
Subtotal Other current payables	416	432
Contract Liability	157	135
Total	573	567

Contract liabilities comprise the Group's obligation to transfer goods or services in the future to a customer for which the Group has received consideration from the customer or the amount is due.

The decrease of this caption in 2021 compared to 2020 was due to:

Business decrease for MediaMobile and BICS (less customers entering in long term capacity contracts).

Ending of ICT contracts and renegotiations of these contracts in 2022.

Note 23. Net revenue

Net revenue corresponds to the revenue from contracts with customers. The group derives revenue from the transfer of goods and services over time and at a point in time as follows:

(EUR million)	As at 31 December	
	2020	2021
Net revenue recognized at one point in time	542	560
Net revenue recognized over time	4,901	4,977
Total	5,443	5,537

The disaggregation of net revenue is based on types of goods and services delivered and market and type of customers as follows:

(EUR million)	As at 31 December	
	2020	2021
Domestic		
Consumer		
	Customer services revenues (X-play)	2,203
	Prepaid	42
	Terminals	235
	Lux. Telco (1)	116
	Other	52
	<i>Total Consumer</i>	<i>2,648</i>
Enterprise		
	Telecom Revenue	758
	ICT (2)	541
	Advanced Business Services (3)	39
	Other Products	6
	<i>Total Enterprise</i>	<i>1,344</i>
Wholesale		
	Fixed & Mobile wholesale services	126
	Interconnect (4)	187
	<i>Total Wholesale</i>	<i>313</i>
Other		9
Total Domestic	4,313	4,333
BICS	962	997
TeleSign	273	326
Eliminations	-105	-120
Total Net Revenue	5,443	5,537

(1) Lux. Telco: including fixed & mobile services, terminals & other

(2) ICT: Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. Proximus' ICT solutions include, but are not limited to, Security, Cloud, "Network & Unified Communication", "Enterprise Mobility Management" and "Servicing and Sourcing".

(3) Advanced Business services: new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions.

(4) Wholesale Interconnect: the process of connecting an operator network with another operator network. This then allows the customers of one operator to communicate with the customers of another operator. Interconnect includes fixed voice, mobile voice and mobile SMS/MMS services.

The following table presents the transaction price assigned to unfulfilled performance obligations at December 31, 2021. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract and consideration received from customers before satisfying performance obligations such as advances for airtime.

(EUR million)	Expected timing of recognition		
	2022	2023	> 2024
Transaction price allocated to performance obligations that are unsatisfied at reporting date	169	54	39

Note 24. Other operating income

(EUR million)	As at 31 December	
	2020	2021
Gain on disposal of intangible assets and property, plant and equipment	3	1
Gain on disposal of financial fixed assets	0	0
Miscellaneous re invoicing and recovery of expenditures	31	36
Other income	4	4
Total	38	42

“Miscellaneous re invoicing and recovery expenditures “includes compensation for network damage by third parties (EUR 9 million in 2021 and EUR 9 million in 2020) as well as employee and third-party contributions for sundry services.

Increase of EUR 5 million in 2021 compared to 2020 is mainly due to the refund of the insurance company linked to the water damage of July 2021 for EUR 7 million.

Note 25. Costs of materials and services related to revenue

(EUR million)	As at 31 December	
	2020	2021
Purchases of materials	421	444
Purchases of services	1,480	1,554
Total	1,901	1,997

Goods and services directly related to revenue are external variable costs incurred in the context of a sales transaction, and that changes in proportion to sales. In the Proximus Group, it mainly includes traffic expenses (interconnection costs, termination costs...), subscriber acquisition and retention costs, external costs directly related to ICT contracts such as equipment, maintenance, vendor support being recharged to the customers and costs related to Proximus TV such as content costs and variable broadcasting rights. It includes also cost of goods and work in progress being invoiced to customers.

Purchases of materials are shown net of work performed by the enterprise that is capitalized for an amount of EUR 63 million in 2021 and of EUR 64 million in 2020. It includes mainly modems and set up boxes installed on client premises.

Note 26. Workforce expenses

(EUR million)	As at 31 December	
	2020	2021
Salaries and wages	648	661
Social security expenses	166	162
Pension costs	55	51
Post-employment benefits other than pensions and termination benefits	-24	3
External Workforce	218	256
Other workforce expenses	65	66
Total	1,128	1,200

Workforce expenses are expenses related to own employees as well as to external working parties (included in other workforce expenses).

Salaries and wages and social security expenses are shown net of work performed by the enterprise that is capitalized for an amount of EUR 119 million in 2020 and EUR 128 million in 2021.

Post-employment benefits other than pensions and termination benefits includes the impact of the FFP transformation plan (2020 EUR -27 million, 2021 EUR 1 million) and other termination benefits (2020 EUR -3 million, 2021 EUR 1 million). It also includes the current service cost and past service cost of other post-employment benefits (2020 EUR 6 million, 2021 4 million EUR).

External workforce expenses include consultancy and outsourcing costs.

Other workforce expenses include costs relating to internal workforce (such as meal vouchers, social activities, workers accident insurance, train tickets for actives).

Note 27. Non-Workforce expenses

(EUR million)	As at 31 December	
	2020	2021
Service and capacity contracts and non lease components of renting contracts	40	43
Maintenance and utilities	166	170
Advertising and public relations	71	86
Administration, training, studies and fees	130	137
Telecommunications, postage costs and office equipment	29	28
Loss allowance	33	26
Taxes other than income taxes	26	28
Other Non-Workforce expenses	36	35
Total	530	554

Taxes other than income tax: Tax on pylons

In 2020 there were both positive and negative evolutions in case law which resulted in a review of the provisions with a limited net impact. In 2021, there are no material changes in case law. The position as recognized in the Financial Statements reflects management's best estimate of the probable final outcome.

Note 28. Depreciation and amortization

(EUR million)	As at 31 December	
	2020	2021
Amortization of licenses and other intangible assets	456	489
Depreciation of property, plant and equipment	579	614
Depreciation of right of use	82	80
Total	1,116	1,183

Note 29. Net finance cost

(EUR million)	As at 31 December	
	2020	2021
Finance income		
Interest income on financial instruments		
At amortized costs	2	2
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	6	0
Other finance income	1	2
Finance costs		
Interests and debt charges on financial instruments at amortized costs		
Unsubordinated debentures	-42	-43
Lease interests	-3	-2
Short term debt	-1	0
Long term payables	-2	-4
Discounting charges		
On pensions and other post-employment benefits	-4	-4
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	0	-2
Other finance costs	-4	-2
Total	-48	-54

The remeasurement to fair value of the liability relating to the put option granted to the former owners of Be-Mobile on their own shares led to a gain of EUR 6 million in 2020. In 2021, this remeasurement led to a loss of EUR 2 million.

Note 30. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares.

The following table reflects the income and share data used in the computation of basic and diluted earnings per share.

	As at 31 December	
	2020	2021
Net income attributable to ordinary shareholders (EUR million)	564	443
Adjusted net income for calculating diluted earnings per share (EUR million)	564	443
Weighted average number of outstanding ordinary shares	322,752,015	322,751,990
Adjustment for share options	3,742	0
Weighted average number of outstanding ordinary shares for diluted earnings per share	322,755,758	322,751,990
Basic earnings per share (EUR)	1.75	1.37
Diluted earnings per share (EUR)	1.75	1.37

In 2020, all stock options granted were dilutive and hence included in the calculation of diluted earnings per share. All stock option plans were closed in 2021. The sale of shares to the company management under share purchase plans at a discount of 16.70% had a dilutive effect, but this was insignificant in 2021 and 2020.

Note 31. Dividends paid and proposed

	2020	2021
Dividends on ordinary shares:		
Proposed dividends (EUR million)	387	387
Number of outstanding shares with dividend rights	322,690,026	322,741,364
Dividend per share (EUR)	1.2	1.2
Interim dividend paid to the shareholders (EUR million)	161	161
Interim dividend per share (EUR)	0.5	0.5

The proposed dividends for 2020 have been effectively paid in April 2021. The interim dividends for 2021 have been paid in December 2021.

Note 32. Additional disclosures on financial instruments

Note 32.1. Derivatives

The Group makes use of derivatives such as interest rate swaps (IRS), interest rate and currency swaps (IRCS), forward foreign exchange contracts and currency options.

(EUR million)	Note	2020	2021
Non-current assets			
Derivatives held for trading	12	4	3
Current assets			
Derivatives held for trading	15	0	1
Total assets		4	4
Non-current liabilities			
Derivatives held for trading	21	4	3
Current liabilities			
Derivatives held for trading	22	0	1
Total liabilities		4	3

The tables below show the positive and negative fair value of derivatives, included in the balance sheet respectively as current/non-current assets or liabilities.

As at 31 December 2021	Fair value	
	Asset	Liability
(EUR million)		
Interest rate and currency swaps	3	0
Interests and currency related - other derivatives	0	-3
Forward foreign exchange contracts	1	-1
Derivatives not qualifying for hedge accounting	4	-3

As at 31 December 2020	Fair value	
	Asset	Liability
(EUR million)		
Interest rate and currency swaps	4	0
Interests and currency related - other derivatives	0	-4
Derivatives not qualifying for hedge accounting	4	-4

Interest rate and currency swaps (IRCS) are used to manage the currency and interest rate exposure on outstanding JPY 1.5 billion unsubordinated debentures (see note 18).

Note 32.2. Financial risk management objectives and policies

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The main risks arising from the Group's use of financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

All financial activities are subject to the principle of risk minimization. To achieve this, all matters related to funding, foreign exchange, interest rate and counterparty risk management are handled by a centralized Group Treasury department. Simulations are performed using different market (including worst case) scenarios with a view to estimating the effects of varying market conditions. All financial transactions and financial risk positions are managed and monitored in a centralized treasury management system.

Group Treasury operations are conducted within a framework of policies and guidelines approved by the Executive Committee and the Board of Directors. Group Treasury is responsible for implementing these policies. According to the policies, derivatives are used to hedge interest rate and currency exposures. Derivatives are used exclusively as hedging instruments, i.e., not for trading or other speculative purposes. Derivatives used by the Group mainly include forward exchange contracts, interest rate swaps and currency options.

The table below provides a reconciliation of changes in equity and statement of OCI by hedge type for 2021

(EUR million)	Note	Transfer to profit or loss for the period
Interest rate swap instruments	OCI	-13
Amortization of cumulated remeasurements of settled interest rate swap	OCI	2
Changes in other comprehensive income in relation with cash flow hedges		-11

The Group's internal auditors regularly review the internal control environment at Group Treasury.

Interest rate risk

The Group's exposure to changing market interest rates primarily relates to its long-term financial obligations. Group Treasury manages exposure of the Group to changes in interest rates and the overall cost of financing by using a mix of fixed and variable rate debts, in accordance with the Group's financial risk management policies. The aim of such policies is to achieve an optimal balance between total cost of funding, risk minimization and avoidance of volatility in financial results, whilst considering market conditions and opportunities as well as overall business strategy.

The tables below summarize the non-current interest-bearing liabilities (including their current portions, excluding leasing and similar obligations) per currency, the interest rate and currency swap agreements (IRCS), and the net obligations of the Group at 31 December 2021 and 2020.

As at 31 December 2021								
Direct borrowing			IRCS agreements			Net obligations		
Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR								

Fixed	2,750	1.42%	8				2,750	1.42%	8
Variable				11	-0.72%	4.96	11	-0.72%	5
JPY									
Fixed	11	5.04%	5	-11	-5.04%	4.96			
Total	2,761	1.43%	8	0			2,761	1.41%	8

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

As at 31 December 2020

	Direct borrowing			IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	2,500	1.72%	5				2,500	1.77%	5
Variable				11	-0.70%	6	11	-0.70%	6
JPY									
Fixed	11	5.04%	6	-11	-5.04%	6			
Total	2,511	1.73%	5	0			2,511	1.70%	5

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

On June 29, 2021 the Group entered into an interest rate swap to hedge its exposure to the variability in cash flows attributable to the long-term interest rate risk associated with the issuance of a highly probable fixed rate long-term debt of EUR 750 million, expected to be issued in November 2021 and which effectively materialized on November 10, 2021 for that amount. The hedge, for a nominal amount of EUR 600 million fixed at 0.44%, was unwound at that date and resulted in the payment of an amount of EUR 12.9 million to the hedge counterparties.

Foreign currency risk

The Group's main currency exposures result from its operating activities. Such exposure arises from sales or purchases by operating units in currencies other than euro. Transactions in currencies other than euro mainly occur in the International Carrier Services ("BICS") segment, even more so following the acquisition of TeleSign. Indeed, international carrier activities generate payments to and receipts from other telecommunications operators in various foreign currencies. Next to these, Proximus as well as a number of its affiliates also engage in international activities (ICT, roaming, capital and operating expenditure) giving rise to currency exposures.

Risks from foreign currencies are hedged to the extent that they are liable to influence the Group's cash flows. Foreign currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) as a rule are not hedged. However, the Group could envisage hedging such so-called translation differences should their potential impact become material to the Group's consolidated financial statements.

The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

In 2021 and 2020, the Group only incurred currency exposures relative to its operating activities. Foreign currency transactions are recognized in functional currency on initial recognition at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at balance sheet date using the exchange rate at that date. The net exchange difference on the translation of these monetary assets and liabilities are recorded via the

income statement. However, in a limited number of cases, hedge accounting has been applied, the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The Group performed a sensitivity analysis on the exchange rates EUR/USD, EUR/GBP, EUR/GBP, EUR/CHF, EUR/CDR, EUR/ZAR, EUR/AUD and EUR/HKD, currency pairs to which it is exposed in its operating activities, for the year 2021.

Foreign currency Group's net position as at 31/12/2021 (In KEUR)	(In KEUR)	Effect in P&L (in EUR) if foreign currency against EUR moves by :								Closing rate (in EUR) 1 EUR = xxx
		-15.0%	-10.0%	-5%	-2.5%	2.5%	5%	10%	15%	
-4,640	USD	615	410	205	102	-102	-205	-410	-615	1.13
-318	GBP	57	38	19	9	-9	-19	-38	-57	0.84
-672	CHF	98	65	33	16	-16	-33	-65	-98	1.03
696	SDR	-129	-86	-43	-22	22	43	86	129	0.81
4,459	ZAR	-37	-25	-12	-6	6	12	25	37	18.06
925	AUD	-89	-59	-30	-15	15	30	59	89	1.56
2,189	HKD	-37	-25	-12	-6	6	12	25	37	8.83
	Total	476	318	159	79	-79	-159	-318	-476	

Notes :

- +15% means when foreign currency wins 15% vs. EUR
- -15% means when foreign currency loses 15% vs. EUR
- A positive sign means a profit in P&L
- A negative sign means a loss in P&L

Credit risk and significant concentrations of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to Proximus in relation to lending, hedging, settlement and other financial activities.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations in relation to each class of recognized financial assets, including derivatives with positive market value, is the carrying amount of those assets in the balance sheet and bank guarantees granted.

To reduce the credit risk in respect of financing activities and cash management of the Group, transactions are only entered into with leading financial institutions whose long-term credit ratings equal at least A- (S&P).

The Group applies the IFRS 9 simplified approach for measuring the expected credit losses for trade receivables and contract assets, meaning the lifetime expected credit loss. The determination of this loss allowance might be at portfolio or individual level, depending on the assessed risk related to the customer.

Credit risk on operating activities with significant clients is managed and controlled on an individualized basis. When needed, the Group requests additional collaterals. These significant customers are however not material to the Group, since the client portfolio of the Group is mainly composed of a large number of small customers. Hence, credit risk and concentration of credit risk on trade receivables

is limited. For amounts receivable from other telecommunication companies, the concentration of credit risk is also limited due to netting agreements (see note 14.3) with accounts payable to these companies, prepayment obligations, bank guarantees, parent guarantees and the use of credit limits obtained via credit insurance.

The Group is exposed to credit loss in the event of non-performance by counterparty on short-term bank deposits and financial derivatives (see note 32.1). However, the Group does not anticipate non-performance by any of these counterparties, seeing it only deals with prime financial institutions, makes very limited use of derivatives on debt instruments as shown in table 32.1, and, as a rule, only invests in highly liquid and short-term securities (mainly cash and cash equivalents), for which, seen the excellent rating of the counterparties, the Group do not calculate loss allowances provisions.

Moreover, the Group monitors potential changes in credit risk on counterparties by tracking their external credit ratings on an ongoing basis as well as evolutions in its bank's credit default swap rates (a leading indicator often anticipating on future rating changes).

In addition, the Group is exposed to credit risk by occasionally granting non-recourse bank guarantees in favor of some of its institutional or governmental clients. At 31 December 2021, it had granted bank guarantees for an amount of EUR 49 million and EUR 57 million at 31 December 2020.

Finally, the Group has not pledged any financial assets, nor does it hold any collateral against any of its counterparties.

Liquidity risk

In accordance with the treasury policy, Group Treasury manages its overall cost of financing by using a mix of fixed and variable rate debts.

A liquidity reserve in the form of credit lines and cash is maintained to guarantee the solvency and financial flexibility of the Group at all times. For this purpose, Proximus entered into committed bilateral credit agreements with different maturities and into a committed sustainable linked Syndicated Revolving Facilities for a total amount of EUR 751 million. For medium to long-term funding, the Group uses bonds and medium-term notes. The maturity profile of the debt portfolio is spread over several years. Group Treasury frequently assesses its funding resources considering its own credit rating and general market conditions.

The table below summarizes the maturity profile of the Group's leasing and interests bearing liabilities, derivatives excluded, as disclosed on note 19 at each reporting date. This maturity profile is based on contractual undiscounted interest payments and capital reimbursements and takes into account the impact on cash flows of interest rate derivatives used to convert fixed interest rate liabilities into floating interest rate liabilities and vice versa. For floating rate liabilities, interest rates used to determine cash outflows are the ones prevailing at their last price fixing date before reporting date (as of 31 December 2021 and 2020, respectively).

The cash outflows expected in 2021 for the reporting year 2020 and the cash outflows expected in 2022 for the reporting year 2021 are impacted by Proximus short term commercial papers and treasury loans.

(EUR million)	2021	2022	2023	2024	2025	2026-2048
As at 1 January 2021						
Capital	163	502	101	600	500	811
Interests	43	43	40	38	24	74
Total	206	545	141	638	524	885
As at 31 December 2021						
Capital		252	101	600	500	1,550
Interests		46	46	44	29	147
Total		297	146	644	529	1,697

Bank credit facilities at 31 December 2021

In addition to the interest-bearing liabilities disclosed in notes 19.1 and 19.2, the Group is backed by committed credit facilities of EUR 751 million. These facilities are provided by a diversified group of Belgian and international banks. As at 31 December 2021, there were no outstanding balances under any of these facilities. A total of EUR 751 million of credit lines was therefore available for drawdown as at 31 December 2021.

The Group also uses a EUR 3.5 billion Euro Medium-term Note ("EMTN") Program and a EUR 1 billion Commercial Paper ("CP") Program. As at 31 December 2021, there was an outstanding balance under the EMTN Program of EUR 2,350 million, whereas the CP Program showed a drawn and outstanding amount of EUR 100 million.

Note 32.3. Net financial position of the Group and capital management

The Group defines the net financial position as the net amount of investments, cash and cash equivalents minus any interest-bearing financial liabilities and related derivatives, including re-measurement to fair value and lease liabilities. The net financial position does not include non-current trade payables.

Adjusted Net Financial Position refers to the total interest-bearing debt (short term + long term) minus cash and cash equivalents, excluding lease liabilities.

(EUR million)	Note	As at 31 December	As at 31 December
		2020	2021
Investments, Cash and cash equivalents	16 / 17	313	249
Derivatives	12	4	3
Assets		318	252
Non-current liabilities (*)	19.1	-2,727	-2,944
Current liabilities (*)	19.2	-230	-321
Liabilities		-2,957	-3,265
Net financial position (*)		-2,639	-3,013
Of which Leasing liabilities		-284	273
Adjusted financial position (**)		-2,356	-2,740

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that always allow for security of liquidity via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders. Over the two years presented, the Group did not issue new shares or any other dilutive instruments, except for the shares sold to senior management of the group at a discount of 16.7%.

Note 32.4 Categories of financial instruments

The Group occasionally uses interest rate (IRS) and/or currency swaps (IRCS) to manage the exposure to interest rate risk and to foreign currency risk on its non-current interest-bearing liabilities (see note 32).

The following tables present the Group's financial instruments per category defined under IFRS 9, as well as gains and losses resulting from re-measurement to fair value. Based on market conditions at 31 December 2021, the fair value of the unsubordinated debentures and of the loan granted by the European Investment Bank (EIB), which are accounted for at amortized cost, exceeded by EUR 145 million, or 5.3%, their carrying amount.

The fair values, calculated for each debenture separately, were obtained by discounting the cumulated cash outflows generated by each debenture with the interest rates at which the Group could borrow at 31 December 2021 for similar debentures with the same remaining maturities.

The Group did not reclassify, during the period, financial instruments from one category to another.

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2021.

As at 31 December 2021 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Equity investments	9	FVOCI	1	1
Other non-current assets				
Other derivatives	32	FVTPL	3	3
Other financial assets		Amortized cost	10	10
Current assets				
Trade receivables	14	Amortized cost	879	879
Interests bearing				
Other receivables		Amortized cost	2	2
Non-interests bearing				
Other receivables		Amortized cost	19	19
Derivatives held for trading		FVTPL	1	1
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	10	10
Cash at bank and in hand	17	Amortized cost	239	239
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,337	2,456
Credit institutions	19.1	Amortized cost	401	423
Non interest-bearing liabilities				
Other derivatives	32	FVTPL	3	3
Other non-current payables	21	Amortized cost	100	100
Current liabilities				

Interest-bearing liabilities, current portion				
Credit institutions	19.2	Amortized cost	1	1
Interest-bearing liabilities				
Credit institutions		Amortized cost	150	150
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	100	100
Other loans	19.2	Amortized cost	1	1
Trade payables				
		Amortized cost	1,515	1,515
Other current payables				
Derivatives held for trading	33	FVTPL	1	1
Other debt		FVTPL	3	3
Other amounts payable		Amortized cost	286	286

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2020.

As at 31 December 2020 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Equity investments	9	FVOCI	1	1
Other non-current assets				
Other derivatives	32	FVTPL	4	4
Other financial assets		Amortized cost	7	7
Current assets				
Trade receivables	14	Amortized cost	868	868
Interests bearing				
Other receivables		Amortized cost	3	3
Non-interests bearing				
Other receivables		Amortized cost	10	10
Investments	16	Amortized cost	3	3
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	115	115
Cash at bank and in hand	17	Amortized cost	195	195
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,104	2,286
Credit institutions	19.1	Amortized cost	401	434
Other loans	19.1	Amortized cost	1	1
Non interest-bearing liabilities				
Other derivatives	32	FVTPL	4	4
Other non-current payables	21	Amortized cost	99	99
Current liabilities				

Interest-bearing liabilities, current portion				
Credit institutions	19,2	Amortized cost	1	1
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19,2	Amortized cost	150	150
Other loans	19,2	Amortized cost	12	12
Trade payables		Amortized cost	1,213	1,213
Other current payables				
Other debt		FVTPL	1	1
Other amounts payable		Amortized cost	276	276

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Note 32.5 Fair value of financial assets and liabilities

Financial instruments measured at fair value are disclosed in the table below according to the valuation technique used. The hierarchy between the techniques reflects the significance of the inputs used in making the measurements:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly.

Level 3: valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data.

The Group holds financial instruments classified in Level 1, 2 and 3.

The valuation techniques for fair value measuring the Level 2 financial instruments are:

- Other derivatives in Level 2
Other derivatives include mainly the interest rate swaps and interest rate and currency swaps (IRCS) the Group entered to reduce the interest rate and currency fluctuations on some of its long-term debentures. The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.
- Unsubordinated debentures
The unsubordinated debentures are recognized at amortized cost. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2021 for similar debentures with the same remaining maturities.

The financial instrument classified among the level 3 category is fair valued based on cash outflows in different scenarios, each one being weighted for its chance of occurrence. The weights are either based on statistical data that are very stable over time, either based on Proximus best estimate of the scenario occurrence. The instrument fair value is very depending but proportionate to changes in estimated cash outflows.

As at 31 December 2021		Classification under IFRS 9	Balance at 31 December 2021	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments		FVOCI	1			1
Other non-current assets						
Other derivatives	32.1	FVTPL	3		3	
Current assets						
Non interest-bearing receivables						
Derivatives held for trading	33.1	FVTPL	1	1		

LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,337	2,456
Credit institutions	19.1	Amortized cost	401	423
Non interest-bearing liabilities				
Other derivatives	33.1	FVTPL	3	3
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions	19.2	Amortized cost	1	1
Interest-bearing liabilities				
Credit institutions	19.1	Amortized cost	150	150
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	100	100
Other loans	19.2	Amortized cost	1	1
Non interest-bearing liabilities				
Other derivatives	33.1	FVTPL	1	1
Other debt		FVTPL	3	3

FVTPL: Financial assets/liabilities at fair value through profit and loss
FVTOCI: Financial assets at fair value through other comprehensive income

As at 31 December 2020

(EUR million)	Note	Classification under IFRS 9	Balance at 31 December 2020	Fair values measurement at end of the reporting period using :		
				Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments		FVOCI	1			1
Other non-current assets						
Other derivatives	32.1	FVTPL	4		4	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,104		2,286	
Credit institutions	19.1	Amortized cost	401		434	
Other loans	19.1	Amortized cost	1		1	
Non interest-bearing liabilities						
Other derivatives	33.1	FVTPL	4		4	
Current liabilities						
Interest-bearing liabilities, current portion						
Credit institutions	19.2	Amortized cost	1		1	
Interest-bearing liabilities						

Unsubordinated debt (bonds, notes)	192	Amortized cost	150	150
Other loans	192	Amortized cost	12	12
Non interest-bearing liabilities				
Other debt		FVTPL	1	1

FVTPL: Financial assets/liabilities at fair value through profit and loss

FVTOCI: Financial assets at fair value through other comprehensive income

Note 33. Related party disclosures

Note 33.1. Consolidated companies

Subsidiaries, joint-operations, joint-ventures and associates are listed in note 8.

Commercial terms and market prices apply for the supply of goods and services between Group companies.

The transactions between Proximus SA and its subsidiaries, being related parties, are eliminated for the preparation of the consolidated financial statements. The transactions between Proximus SA and its subsidiaries are as follows:

Proximus SA transactions with its subsidiaries and joint operations (EUR million)	As at 31 December	
	2020	2021
Revenues	156	154
Costs of materials and services related to revenue	-140	-137
Net finance costs	1	1
Dividends received	391	220
Gain on contribution of financial fixed assets	94	0

Proximus SA transactions with its subsidiaries and joint operations (EUR million)	As at 31 December	
	2020	2021
Trade receivables	27	34
Trade payables	-33	-30
Interest-bearing receivables/liabilities	-767	-684
Other receivables and liabilities	-1	0

Note 33.2. Relationship with shareholders and other State-controlled enterprises.

The Belgian State is the majority shareholder of the Group, with a stake of 53.51%. The Group holds treasury shares for 4.52%. The remaining 41.97% are traded on the First Market of Euronext Brussels.

Relationship with the Belgian State

The Group supplies telecommunication services to the Belgian State and State-related entities. State related enterprises are those that are either State-controlled or State-jointly-controlled or State-influenced. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favourable than those available to other customers and suppliers. The services provided to State-related enterprises do not represent a significant component of the Group's net revenue, meaning less than 5%.

Relationship with Belfius Bank NV

Proximus and Belfius Bank NV have the same majority shareholder, the Belgian State. Hence, Belfius is considered as a "related party" in accordance with the International Financial Reporting Standards as adopted by the European Union. Consequently, the cooperation agreement with Belfius related to the Banx service has been approved by the Board of Directors on the 29th of April 2021 in line with the conclusion of the special report prepared by three independent directors in accordance with the Art. 7.97 of the Belgian Code for

Companies and Associations. In 2021 the Banx project had no impact on the consolidated figures, the project will start as from 2022 onwards.

Note 33.3. Relationship with key management personnel

The remuneration of the Board of Directors was decided by the General Shareholders' Meeting of 2004.

The principles of this remuneration remained applicable in 2021 and no substantial change of the policy is expected: it foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors, with the exception of the CEO. All members of the Board of Directors, with the exception of the CEO, have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors, with the exception of the CEO. For the Chairman of the respective advisory committee, these attendance fees are doubled.

The members also receive EUR 2,000 per year for communication costs. For the Chairman of the Board of Directors, the communication costs are also doubled.

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund. Mrs Catherine Vandendorre is member of the Board of the Pension Fund. They do not receive any fees for these board mandates. For the execution of their Board mandates, the non-executive Directors do not receive any variable performance-based remuneration such as bonuses or long-term incentive plan, nor do they receive benefits linked to complementary pension plans or any other group insurance.

The total remuneration for the Directors amounted to gross EUR 1,192,366 for 2021 to gross EUR 1,231,116 for 2020. The directors have not received any loan or advance from the Group.

The number of meetings of the Board of Directors and advising committees are detailed as follows:

	2020	2021
Board of Directors	10	9
Audit and Compliance Committee	5	5
Nomination and Remuneration Committee	9	6
Transformation & Innovation Committee	2	2

In its meeting of 24 February 2011, the Board adopted a "related party transactions policy" which was updated in September 2016, which governs all transactions or other contractual relationships between the company and its board members. Proximus has contractual relationships and is also a vendor for telephony, Internet and/or ICT services for many of the companies in which Board members have an executive or non-executive mandate. These transactions take place in the ordinary course of business and are arm's length of nature.

For the year ended 31 December 2021, a total gross amount (long-term performance-based payments) of EUR 6,993,891 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2021, the members of the Executive Committee were Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Jan Van Acoleyen, Anne-Sophie Lotgering, Jim Castele, Antonietta Mastroianni (9 months) and Mark Reid (8 months).

For the year ended 31 December 2020, a total gross amount (long-term performance based payments) of EUR 6,612,523 (before employer social security costs) was paid or granted in aggregate to the members of the Executive Committee, Chief Executive Officer included. In 2020, the members of the Executive Committee were Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans,

Jan Van Acoleyen, Anne-Sophie Lotgering (6 months), Jim Castele (10 months), Sandrine Dufour (5 months) and Bart Van Den Meersche (6 months).

These total amounts of key management compensation include the following components:

- Short-term employee benefits: annual salary (base and short-term variable) as well as other short-term employee benefits such as medical insurance, private use of management cars, meal vouchers, and excluding employer social security contributions paid on these benefits;
- Post-employment benefits: insurance premiums paid by the Group in the name of members of the Executive Committee. The premiums cover mainly a post-retirement complementary pension plan;
- Performance Value based payments (long-term): gross amounts granted under the Performance Value Plan, which creates pay-out rights in May 2023 (granted in 2020) or in May 2024 (granted in 2021) depending on the achievement of 3 company driven performance criteria which consist of the Group free cash flow, the reputation index and the company's Total Shareholder Return compared to a predefined group of other European telecom operators.

EUR	As at 31 December	
	2020	2021
Short-term employee benefits	5,130,490	4,965,866
Post-employment benefits	546,825	726,326
Performance based payments	935,208	1,301,699
Total	6,612,523	6,993,891

* All these amounts are gross amounts before employer's social contribution

Note 33.4. Regulations

The telecommunications sector is regulated by European legislation, Belgian federal and regional legislation and by decisions of sectors specific regulators (the Belgian Institute for Postal services and Telecommunications, commonly referred to as the "BIPT/IBPT" and the regional regulators competent for media) or administrative bodies such as the Competition authorities.

Note 34. Rights, commitments and contingent liabilities

Claims, legal and tax proceedings

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labour laws.

The complexity of the legal and regulatory environment in which we operate and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in damage to our reputation, liability, fines and penalties, increased tax burden or cost of regulatory compliance and impacts of our financial statements.

The telecommunications industry and related service businesses are characterised by the existence of a large number of patents and trademarks. Litigation based on allegations of patent infringement or other violations of intellectual property rights is common. As the number of entrants into the market grows and the overlap of product functions increases, the possibility of an intellectual property infringement claim against Proximus increases.

Proximus is currently involved in various claims and legal proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications ("BIPT"), appeals against decisions taken by the BIPT, and proceedings with the tax administrations.

Broadband/Broadcast Access Related Cases

Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a dawn raid in Proximus's offices in Brussels. This investigation concerns allegations by Mobistar and KPN regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years.)

During the investigation of October 2010, a large numbers of documents were seized (electronic data such as a full copy of mail boxes and archives and other files). Proximus and the prosecutor of the Competition authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in house counsel advices are guaranteed. Moreover, Proximus sought to prevent the Competition authority from having access to (sensitive) data that were out of scope. Not being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Court of Appeal and one before the President of the Competition Council, in order to have the communication to the investigation teams of LPP data and data out of scope suspended. On 5 March 2013, the Court of Appeal issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advices of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure in itself and not on the merit of the case.

On 14 October 2013, the Competition authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the Judgment of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is up to the Court of Appeal now to take a new decision on this restriction.

In March 2014, KPN has withdrawn its complaint; Mobistar remaining the sole complainant.

Based on the facts and information available per end December 2021, management recorded no provision for this case.

Mobile On-net cases related

In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (=termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in profit or loss of the second quarter 2009.

Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Mobistar filed an appeal against said ruling.

Following the settlement agreement dated 21 October 2015, the appeals of Base and Mobistar against the decision of the Belgian Competition Authority are withdrawn. Proximus will continue its appeal procedure against this decision.

In its interim judgment of 7th of October 2020, the Brussels Court of Appeal partially annulled the decision of 26th of May 2009 of the Competition Council, based on the reasoning that (i) the Belgian Competition Authority could not have established the existence of an abuse of a dominant position for 2004 without the document seized during the illegal dawn raid, while (ii) the documents seized during the illegal dawn raid were not indispensable for the establishment of the abuse of a dominant position for 2005. Consequently, Court decided that the procedure should only be continued for the latter period (both for other procedural issues and on merits). Proximus launched a "pourvoi en cassation" against this judgment in so far, according to Proximus, the decision should not have been annulled partially (2004), but totally (2004 and 2005), exactly because of the illegality of the dawn raid.

In October 2009, seven parties (Telenet, KPN Group Belgium (former Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Belgian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period.

Following the settlements with Telenet, KPN, BASE Company and Orange, the only remaining claimants are BT, Verizon and Colt Telecom. Per end December 2021, management recorded a provision for this case based on their best estimate and information available.

MWingz - mobile radio access network sharing case

On 22nd of November 2019, Orange Belgium and Proximus concluded a mobile radio access network (RAN) sharing agreement. Telenet, which contests the agreement, lodged a complaint with the Belgian Competition Authority and made a request for preliminary measures. On 8th of January 2020, the Belgian Competition Authority, whilst acknowledging the benefits of the agreement, decided to suspend the agreement for 2 months, giving Orange Belgium and Proximus the time to have discussions with the telecommunications regulator. In the meantime, several preparatory actions can still be taken. In the absence of new initiative from the prosecutors of the Belgian Competition Authority, the suspension took an end after the 2 months period allowing Proximus to fully implement the radio access network (RAN) sharing agreement. In the meantime, the prosecutors of the Belgian Competition Authority continue to investigate the agreement. A decision on the merits, if any, may take several years.

Gial case

On 19 June 2019, Proximus was indicted by a Brussels investigating judge following a complaint on the grounds of corruption and offences relating to industry, commerce and public auctions in the so-called "GIAL" case. Proximus formally contests having committed any offence in this case. Due to the confidentiality of the investigation, the details of this case cannot be set out in this report.

Nevertheless, Proximus would like to mention the existence of this case to ensure transparency.

For information purposes: if, contrary to its analysis of its role in this case, Proximus were to be found guilty of the acts which it is accused of and in view of the indictment by the investigating judge, the maximum fine that could be imposed to Proximus in the context of this case would be EUR 972,000. At the present time and on the basis of the information available to Proximus in connection with this case, Proximus has not set aside any amount for the payment of any fine.

Finally, insofar as necessary, Proximus recalls that the indictment does not in any way imply that there are any charges or evidence of guilt against it and insists that it is presumed innocent and has solid elements for a favorable outcome to this case.

Tax proceedings

BICS is engaged in tax proceedings with the Indian tax authority. See note 2

Capital expenditure commitments

At 31 December 2021, the Group had contracted commitments of EUR 866 million (intangible assets EUR 155 million; tangible assets EUR 710 million). The commitments related to the intangible assets contain those related to the Eleven Sports' contracts (See Note 4).

The tangible assets are mainly related to commitments related to technical and network equipment related to the further accelerated investment plan for Fiber.

Purchase commitments of shares

In the context of various acquisitions, there are contingent commitments (earn outs & put options & purchase commitments) for a total amount of EUR 12 million per end of 2021. Main part of these obligations are payable in 2022 to the extent that the agreed conditions are met.

Mobtexting Commitment

BICS Singapore has conditionally committed to acquire a specialist in Communications Platform as a Service (CPaaS), 3m Digital Networks Pvt Ltd. The deal will accelerate the BICS Group strategy to become a communications platform company, delivering a suite of cloud-based omnichannel communications services alongside its existing portfolio. This will significantly enrich BICS' value proposition towards both the telecommunications and enterprise markets, with the ambition to expand its Software-as-a-Service (SaaS) solutions to support businesses in their digital transformation. The acquisition was closed per 10th February 2022.

Commitments related to Fiberklaar and Unifiber

Fiberklaar and Unifiber will maximize their funding via debt and operating cash flows. Shareholders will complement remaining required funding needs via equity injection, prorata their share.

Other rights and commitments

At 31 December 2021, the Group has the following other rights and commitments:

Guarantees

The Group received guarantees for EUR 2 million from its customers to guarantee the payment of its trade receivables and guarantees for EUR 26 million from its suppliers to ensure the completion of contracts or works ordered by the Group. The Group granted guarantees for an amount of EUR 125 million (including the bank guarantees mentioned in note 32.2) to its customers and other third parties to guarantee, among others, the completion of contracts and works ordered by its clients and the payment of rental expenses related to buildings and sites for antenna installations.

Universal Services

In accordance with the law of 13 June 2005 on electronic communication, Proximus is entitled to claim compensation for the social tariffs that it has offered since 1 July 2005 as part of its universal service provision. For every operator offering social tariffs, the BIPT is required to assess whether or not there is a net cost and an unreasonable burden. In May 2014, the BIPT, together with an external consultant, started to analyze the net costs Proximus bore in providing the social discounts, which were offered over the period 2005-2012, the aim being to assess the possibility of there being an unreasonable burden on Proximus, and hence the possibility of a contribution being due by the operators liable to pay a contribution. On 1 April 2015, however, Proximus withdrew its request for compensation, referring to the legal opinion of 29 January 2015 of the Advocate General of the European Court of Justice, following the prejudicial question that the Belgian Constitutional Court submitted regarding the law of 10 June 2012 (case C-1/14), more precisely regarding the possibility of classifying mobile social tariffs as an element of the universal service. Proximus reserved its right to introduce a new request for compensation once the implications of the Court's decision would be clear. In a judgment of 11 July 2015, the European Court of Justice stated that mobile social tariffs cannot be financed by means of a compensation mechanism to which specific undertakings have to contribute.

In its judgment of 3 February 2016 (no. 15/2016), the Constitutional Court, taking into account the Judgment of the Court of Justice, indicated that since the Member States are free to consider mobile communication services (voice and internet) as additional mandatory services, the Legislator could impose the obligation on mobile operators to provide mobile tariff reductions to social subscribers.

However, it specified that a financing mechanism for such services involving specific undertakings cannot be imposed. It is up to the Legislator to decide whether, for the provision of such services, compensation should be calculated by means of another mechanism which does not involve specific undertakings.

In its communication of 27 December 2017 regarding the monitoring of the universal service, the BIPT states the following: 'Following this, the Constitutional Court has decided on 3 February 2016 that Belgium cannot oblige the telecom operators to grant social tariffs for mobile telephony and mobile internet. However, the government could decide to make the services accessible to the public as 'additional obligatory services', however without a possibility to have a financing from the sectorial compensation fund.' Given this reading of the BIPT, it has been decided not to grant any longer social tariffs on standalone mobile internet formulas. Social reductions on bundles for mobile internet are being maintained.

In 2015, the Minister competent for electronic communications announced a reform of the legal system of social tariffs, prioritizing a simplification of the current system as well as an evolution towards a system based on voluntary engagement.

So far, the Minister has not yet transformed his intention into a concrete draft law. The claim for compensation for the social tariffs has not been renewed. The transposition of the European Electronic Communication Code into Belgian law might possibly bring changes to the definition of the social tariffs. The recent federal Government Agreement 2020 announces an innovation of the system of social tariffs. Presently, Minister De Sutter consults the sector on the subject of a new social tariffs system that addresses more beneficiaries with more important advantages.

TeleSign Business Combination

Proximus' fully owned subsidiary TeleSign, a leading provider of digital identity and CPaaS Software Solutions for Global Enterprises, intends to go public at an Enterprise Value of 1.3 Billion USD via a business combination with Corporation ("NAAC"). North Atlantic Acquisition Corporation is a special-purpose acquisition company (SPAC) focusing on global opportunities in the technology space. The total capital raised will be up to approximately 487 million USD, including a committed Private Investment in Public Equity (PIPE) of \$107.5 million from SFPI-FPIM, Finance Brussels and a group of Belgian investors and up to 379.5 million USD from NAAC. Subject to closing conditions, the transaction is expected to close in 2022.

Partnership with HCL Technologies

Proximus entered into a partnership with HCL Technologies whereby the company will operate and maintain Proximus' private cloud infrastructure and support its transition to a hybrid cloud solution provider. The infrastructure remains in Proximus' data centers and under Proximus control. Any new assets acquired, and related development performed by HCL Technologies in the context of this contact will fall under an IFRS lease model. Proximus anticipates that these will be of a limited magnitude going forward.

The partnership foresees a transition phase, that started in October 2021, during which HCL Technologies will gradually assume responsibility for the transition of Proximus' relevant services and prepare itself to deliver the services to be provided under the partnership with the highest quality standards.

Note 35. Share-based Payment

Discounted Share Purchase Plans

In 2020 and 2021, the Group launched Discounted Share Purchase Plans.

Under the 2020 and 2021 plans, Proximus sold respectively 3,092 and 6,438 shares to the senior management of the Group at a discount of 16.66% compared to the market price (discounted price for EUR 15.54 per share in 2020 and for EUR 14.14 in 2021). The cost of the discount is below EUR one million in 2020 and in 2021 and was recorded in profit or losses workforce expenses (see note 26). This has a dilutive effect.

Performance Value Plan

In 2013, 2014, 2015, 2016, 2017 and 2018, Proximus launched different tranches of the "Performance Value Plan" for its senior management. Under this Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights are dependent on the achievement of market conditions based on Proximus' Total Shareholder Return compared to a group of peer companies.

After the vesting period rights can be exercised for four years. In case of voluntary leave during the vesting period, all the non-vested rights and the vested rights not exercised yet are forfeited. In case of involuntary leave (except for serious cause) or retirement the rights remain and continue to vest during the normal 3-year vesting period.

The Group determines the fair value of the arrangement at inception date and the cost is linearly spread over the vesting period with corresponding increase in equity for equity settled (currently not material) and liability for cash settled shared based payments.

For cash settled share-based payment the liability is periodically re-measured.

The fair value of the tranches 2017 and 2018 amounted to EUR 0 for each tranche as of 31 December 2021.

The annual charge of these tranches amounted to EUR 0 million. The calculation of simulated total shareholder return for those tranches under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of 31 December 2021.

	As at 31 December	
	2020	2021
Weighted average risk free of return	-0.55%	-0.38%
Expected volatility - company	26.53%-27.05%	24.27%-24.84%
Expected volatility - peer companies	15.33%-41.43%	12.03%-49.51%
Weighted average remaining measurement period	2.15	1.65

In 2019, 2020 and 2021, Proximus launched tranches of the new "Performance Value Plan" for its senior management. Under this new Long-Term Performance Value Plan, the granted awards are blocked for a period of 3 years after which the Performance Values vest. The final paid amount depends on the results of 3 KPI's which are: the Proximus' Total Shareholder Return compared to a group of peer companies (40%), the group Free Cash Flow (40%) and the Reputation Index (20%). The final KPI is the average of the intermediary results of the 3 calendar years.

The fair value of the tranches 2019, 2020 and 2021 amounted respectively to EUR 6,3 and 1 million as of 31 December 2021 based on actual calculation. The annual charge of these tranches amounted to EUR 1 million.

Employee Stock Option Plans

In 2012, Proximus launched a last yearly tranche of the Employee Stock Option Plan to the key management and senior management of the Group. The Plan rules were adapted early 2011 according to the Belgian legislation. Therefore, as from 2011, the Group launched two different series: one for the Executive Committee, Chief Executive Officer included and one for the other key management and senior management. Black&Scholes was used as option pricing model.

The annual charge is recognized as workforce expenses and was below EUR 0.1 million in 2020. Unexercised or forfeited stock options generated a gain of EUR 0.2 million in 2020.

All tranches granted from 2004 to 2012 were closed in 2020.

In 2020, 16,583 stock options were exercised and 7,474 expired for the last remaining plan.

Note 36. Relationship with the auditors

The Group expensed for the Group's auditors during the year 2021 for an amount of EUR 2,652,218 for audit mandate and control missions and EUR 97,682 other missions.

This last amount is detailed as follows:

EUR	Auditor	Network of auditor
Audit mandate	1,028,577	577,270
Other Control Missions	171,371	875,000
Other missions	55,436	42,246
Total	1,255,384	1,494,516

Note 37. Segment reporting

The Group's operating segments are established based on those components that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Group has determined the chief operating decision maker to be the Proximus Executive Committee.

The operating segments are largely organized according to the nature of products and services provided and geographical area and are:

- **Domestic:** segment providing communication and ICT services to residential, businesses and telecom wholesale markets in Belgium.
- **International Carrier Services (BICS)** is responsible for international carrier activities on the international communications market.
- **TeleSign:** specialized in delivery authentication and digital identity services to the world's largest internet brands, digital champions and cloud native businesses.

The Chief Operating Decision Maker assesses performance and makes decisions about resource allocation and performance based on the EBITDA net of incidentals. Within Domestic net revenue is reviewed by the chief operating decision maker by market being residential (CBU component), professional (EBU component) and wholesale markets (CWS component).

Capex information is not provided to the CODM by operating segment but by key domain being e.g. fiber, mobile, content..

Group financing (including finance expenses and finance income) and income taxes were managed on a group basis and are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements but are disclosed excluding "incidentals" and including lease depreciation and interest. The Group defines "incidentals" as material items that are out of usual business operations.

Intercompany transactions between legal entities of the Group are invoiced on an arm's length basis.

As of January 2021, following changes have been made in the segment reporting:

- The former ICS segment has been split into “BICS” and “TeleSign” and “Domestic” is the operating segment mainly for Belgian markets.
- Domestic revenue no longer includes the eliminations between Domestic & BICS. These are now reported separately in the “Eliminations” category.

As at 31 December 2021

(EUR million)	Proximus Group							
	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,537	0	-1	5,537	4,333	997	326	-120
Other operating income	42	0	0	41	48	2	1	-10
TOTAL INCOME	5,579	0	-1	5,578	4,381	999	327	-130
Costs of materials and services related to revenue	-1,997	-2	0	-1,999	-1,095	-772	-248	115
Direct margin	3,582	-2	-1	3,579	3,286	227	79	-14
Workforce expenses	-1,200	0	9	-1,191	-1,076	-75	-42	3
Non workforce expenses	-554	-80	18	-616	-556	-51	-20	12
TOTAL OPERATING EXPENSES	-1,754	-80	26	-1,807	-1,633	-126	-63	14
OPERATING INCOME before depreciation & amortization	1,828	-82	26	1,772	1,654	102	17	0
Depreciation and amortization	-1,183							
OPERATING INCOME	645							
Net finance costs	-54							
Share of loss on associates	-10							
INCOME BEFORE TAXES	581							
Tax expense	-137							
NET INCOME	445							
Attributable to:								
Equity holders of the parent (Group share)	443							
Non-controlling interests	1							

As at 31 December 2020

	Proximus Group				underlying by segment			
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,443	0	0	5,443	4,313	962	273	-105
Other operating income	38	0	-2	36	43	2	0	-9
TOTAL INCOME	5,481	0	-2	5,479	4,356	964	273	-115
Costs of materials and services related to revenue	-1,901	-2	0	-1,904	-1,073	-737	-195	102
Direct margin	3,580	-2	-2	3,576	3,283	227	78	-13
Workforce expenses	-1,128	0	-13	-1,141	-1,038	-71	-34	2
Non workforce expenses	-530	-82	13	-599	-540	-55	-14	11
TOTAL OPERATING EXPENSES	-1,658	-82	0	-1,740	-1,578	-126	-48	13
OPERATING INCOME before depreciation & amortization	1,922	-84	-1	1,836	1,706	101	30	0
Depreciation and amortization	-1,116							
OPERATING INCOME	805							
Net finance costs	-48							
Share of loss on associates	-1							
INCOME BEFORE TAXES	756							
Tax expense	-174							
NET INCOME	582							
Attributable to:								
Equity holders of the parent (Group share)	564							
Non-controlling interests	18							

In respect of geographical areas, the Group realized EUR 3,858 million net revenue in Belgium in 2021 (IFRS 15 basis) and EUR 3,837 million in 2020 based on the country of the customer. The net revenue realized in other countries amounted to EUR 1,679 million in 2021 and EUR 1,606 million in 2020. More than 90% of the segment assets are located in Belgium.

Note 38. Recent IFRS pronouncements

The Group does not early adopt the standards or interpretations that are not yet effective at 31 December 2021.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

This means that the Group did not apply the following standards or interpretations that are applicable for the Group as from 1 January 2022 or later:

Newly issued standards, Interpretations and amendments:

- Amendments to IFRS 3 – Business Combination – Reference to the Conceptual Framework (2022);
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds Before Intended Use (2022);
- Amendments to IAS 37 – Provisions, Contingent liabilities, Contingent assets – Onerous Contract – Cost of Fulfilling a Contract (2022);
- Annual Improvements to IFRS Cycle 2018-2020 (2022);
- IFRS 17 – Insurance Contracts (and related amendments such as Amendments to IFRS 4 Insurance contracts) (2023)
- Extension of the Temporary Exemption from Applying IFRS 9) (2023);
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (2023);
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (2023)
- Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (2023)
- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (2023)

The Group will continue investigating the possible impacts of the application of these new standards and interpretations on the Group's financial statements in the course of 2022.

The Group does not anticipate material impacts from the initial application of those IFRS

Note 39. Post balance sheet events

There are no significant post balance sheet events.