Quarterly Report

Q4 2021

proximus

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- Strong commercial quarter: +53,000 Mobile Postpaid, +15,000 Internet, and +14,000 TV subscriptions.
- Closing 2021 with nearly 14% Fiber footprint, i.e. a total of 813,000 homes and businesses passed.
- Underlying Domestic revenue of EUR 1,132 million, +2.4% year-on-year.
- Internationally, TeleSign and BICS posted revenue growth of +15.1% and 9.0% respectively.
- Underlying Group EBITDA totaled EUR 409 million, -3.8% compared to the year before.
- Solid full-year 2021 normalized FCF of EUR 376 million, including significant Fiber investments.
- 2021 guidance achieved on all metrics.
- For 2022, underlying Domestic revenue ex. Terminals and EBITDA to grow up to 1%, Group EBITDA around -1%.
- Board proposes gross dividend of EUR 1.20 per share, of which EUR 0.70 to be paid in April 2022.

1 Highlights Q4 2021

- Proximus Group closed the year 2021 with a **strong commercial quarter,** adding a total of +53,000 Mobile postpaid cards, +15,000 Internet subscriptions and +14,000 TV subscriptions. Within the Consumer segment, the traction for higher-value offers continued, growing the convergent base by +18,000 customers to a total of 1,192,000, +6.1% compared to 12 months ago. On an enlarging footprint, Fiber offers gained further traction, adding +19,000 Consumer customers, bringing the total up to 123,000. Over the fourth quarter, +93,000 customers opted for a Flex offer, bringing the total Flex subscriptions to 832,000. Reflecting changing customer needs, the steady erosion in the Consumer base for Fixed Voice lines continued, with -36,000 over the last three months of 2021.

- Proximus grew its **Domestic underlying revenue by +2.4% to EUR 1,132 million**. Excluding the revenue contribution from Mobile Vikings, the organic Domestic revenue was up by 1.0%. The Consumer unit grew its revenue +2.7%, with convergent revenue further growing, while the customer trend to forego Fixed voice line continued. The Enterprise unit grew revenue by +1.9%, mainly as a result of higher Mobile and ICT services revenue.

- The fourth quarter 2021 **Domestic EBITDA totaled EUR 382 million, -3.9%** on the previous year. The increase in Direct margin (+0.4%) was more than offset by higher expenses. The Domestic EUR 400 million gross cost program 2019-2025 remains on track, compensating partly for higher costs related to inflation, transformation, rising customer activations, a phasing impact of employee benefits and program setup costs.

- **TeleSign posted EUR 87 million of revenue** over the last quarter of 2021, i.e. +15.1% year on year (+10.3% on a constant currency basis), driven by high single-digit growth in Programmable Communications (CPaaS), and a mid-double-digit growth for Digital Identity Services. TeleSign's ongoing investments it its growth strategy were reflected in its EBITDA, which totaled EUR 2 million for the fourth quarter of 2021.

- For the fourth quarter of 2021, **BICS posted revenues of EUR 259 million, an increase of 9.0%** from the comparable period in 2020, supported by its three product groups Growth, Legacy and especially Core services. **BICS' EBITDA totaled EUR 25** million for the last quarter of 2021, a **6.8% year-on-year increase**.

- In aggregate, the underlying **Group Revenue was up by +3.8% to EUR 1,441 million. The Group underlying EBITDA** for the fourth quarter of 2021 **totaled EUR 409 million, down by -3.8%** compared to the year before, or –4.7% on an organic basis.

- Excluding spectrum and football broadcasting rights, **Proximus Group's CapEx over the fourth quarter 2021 totaled EUR 467 million, bringing the total over 2021 to EUR 1,203 million**. The year-on-year increase was in large part driven by Proximus' investments in its Gigabit networks. Fiber related investments accounted for 31% of the total CapEx. An additional 126,000 premises were passed with Fiber over the last three months of the year, bringing the Fiber footprint to 813,000 premises. This represents a Fiber coverage of nearly 14%.

- Proximus' **FCF over the year 2021 totaled EUR 237 million, or EUR 376 million on a normalized basis**. This is an increase of +6.4% or EUR 23 million compared to the 2020 normalized FCF of EUR 354 million.

- **The 2021 guidance achieved**, with an organic Domestic revenue of EUR 4,347 million, or -0.2% year on year. The full-year organic underlying Group EBITDA totaled EUR 1,763 million, i.e. in the mid-guidance range of EUR 1,750 - 1,775 million. CapEx totaled EUR 1,203 million excl. spectrum and football rights, i.e. close to EUR 1.2 billion. The 2021 net debt-to-EBITDA ratio reached 1.55X on an underlying basis.

Market situation

The fourth quarter of the year is typically marked by intense year-end campaigns with all operators having promotional offers in the **Consumer market.** Belgium remains very much a convergent market, with offers addressing all customer segments, from fully-fledged convergent offers including multi-mobile cards and entertainment propositions over skinny bundles to stand-alone offers. While there is a tendency of Belgian households to waive the Fixed Voice line, cord cutting remains limited and shows a stable trend. Mobile data allowances remain on the rise, while there is a tendency to keep headline pricing stable. The **Enterprise market** remains very competitive, translated into continued pricing pressure. Fiber connectivity and Professional IT services represent opportunities, while legacy Fixed Telecom services face ongoing erosion. IT hardware remained exposed to the global semi-conductor supply shortage.

Guillaume Boutin, CEO

We have made great progress with our #Inspire 2022 strategy and reiterate our intention to return to Domestic growth in 2022.

The past year has once more been severely marked by the COVID pandemic, which continued to impact our lives. I am very proud of the work our employees have managed to do in such difficult times. Indeed, even in these tough circumstances, we reached major milestones in our #inspire2022 strategy. First, we were able to engage in completely new areas such as improving access to healthcare through our teleconsultation solution Doktr, better protecting our customers in an ever-digitized world by developing expertise in cybersecurity, and helping consumers and enterprises to achieve carbon reductions through different applications and services we propose.

At the same time, we have also continued to play a societal role during the crises faced by our country the past year: from quickly restoring the mobile network after July's devastating floods in Wallonia, to providing technological support for the setting-up of COVID centers. We also launched several programs to decrease the digital divide, focusing on accessibility and education. Furthermore, climate change has remained a key concern: while we aim to embed green ideas into every decision-making process, we have taken specific actions to reduce our own carbon footprint and are pleased to announce further progress on this front. In 2021, we managed to reduce our carbon emissions by 4.4k tons, avoided a total of 502k tons of carbon at our business customers and recycled 89% of our waste.

As a prosperous digital society is built on future-proof networks, I am particularly proud of how our Gigabit strategy is developing. Over the last three months of 2021 we managed to step up our Fiber roll-out significantly, passing an additional 126,000 homes and businesses. This brought our footprint to 813,000 homes and businesses, or almost 14% of all Belgian premises – by the end of 2021. Looking to the near future, we are ready to further accelerate our build capacity with the aim of increasing our footprint by 10% each year from end-2022 onwards. Our goal is to be the undisputed network leader in Belgium, so we are also investing in the rolling out of 5G networks with the aim of covering 99% of Belgium by 2024.

On the commercial side, I am also happy to announce a strong momentum on all fronts over the fourth quarter, starting with solid traction for Fiber - we attracted 19,000 new customers to one of our Fiber offers. Our convergent customer base grew by 18,000 over the last three months of 2021, boosted by the strong performance of our Flex packs. This also led to a significant uptake of our Internet base by 15,000 and TV by 14,000. Including good momentum in the Enterprise segment, we grew the Group mobile postpaid base by 53,000 cards, which represents the strongest growth in 10 years.

Our Enterprise segment is showing good progress towards its transformation translating into sequential growth in revenue from ICT services, including a strong performance in Advanced Workplace, Security services, Application & Data Integration and Cloud services.

On the international front, I am also delighted with the great progress we made in 2021. TeleSign continues its strong growth and is on its way to becoming the global leader in Digital Identity. In December, we announced our agreement with NAAC, and we are intending to list the company in the second quarter of 2022. Turning to BICS, our second international platform, I am really pleased with the revenue and growth in EBITDA, which resulted from a strong A2P messaging and cloud communication performance.

After having met our guidance in 2021, we are entering the final year of our #inspire2022 strategic cycle on a solid trajectory, even though this year will bring fresh challenges – starting with inflation at rates not seen in decades. Nonetheless, we have stated high ambitions for 2022: We will continue to focus on our domestic growth, for which we expect both revenues, excluding terminals, and underlying EBITDA, to grow by up to 1%, compared with 2021. Including TeleSign and BICS, we anticipate the underlying Group EBITDA to be down by around -1%. In line with the announced Fiber roll-out strategy, our Group CAPEX for 2022 is expected to rise to close to EUR 1.3 billion, and our debt ratio to be around 1.6X EBITDA.

To conclude, our Board of Directors approved to propose to the Annual General Shareholders' Meeting, to return a gross dividend of EUR 1.20 per share over the result of 2021. We remain committed to an attractive shareholder return, with the aim of paying an annual gross dividend of EUR 1.20 per share for the 2022 result as well, which is in line with our announced 3-year dividend policy over the 2020-2022 period.

Table 1: **Key Figures**

Operationals ('000)	Net adds in the quarter			Park at end of quarter		
	2020	2021	%	2020	2021	%
Fiber Home Passed	69	126	84.3%	460	813	76.7%
Consumer customers						
Convergent	17	18		1,124	1,192	6.1%
Fiber (activated)	8	19		65	123	89.6%
Group (subscriptions/SIM cards)						
Internet	15	15		2,137	2,178	1.9%
TV	14	14		1,677	1,721	2.6%
Fixed Voice	-60	-45		2,213	2,004	-9.4%
Mobile Postpaid (excl. M2M)	43	53		4,264	4,651	9.1%
M2M	162	154		2,367	3,365	42.2%
Prepaid	-22	-20		617	689	11.6%

Financials (EUR million)	4th Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Group Revenue (underlying)	**1,389**	**1,441**	**3.8%**	**5,479**	**5,578**	**1.8%**
of which Domestic	1,105	1,132	2.4%	4,356	4,381	0.6%
of which BICS	237	259	9.0%	964	999	3.6%
of which TeleSign	75	87	15.1%	273	327	19.9%
Group Direct Margin (underlying)	**890**	**900**	**1.2%**	**3,576**	**3,579**	**0.1%**
of which Domestic	820	823	0.4%	3,283	3,286	0.1%
of which BICS	54	58	7.6%	227	227	0.0%
of which TeleSign	20	23	15.7%	78	79	1.6%
Group Expenses (underlying)	**-464**	**-491**	**5.7%**	**-1,740**	**-1,807**	**3.9%**
of which Domestic	-422	-441	4.5%	-1,578	-1,633	3.5%
of which BICS	-31	-33	8.2%	-126	-126	-0.5%
of which TeleSign	-15	-20	38.0%	-48	-63	29.6%
Group EBITDA (underlying)	**426**	**409**	**-3.8%**	**1,836**	**1,772**	**-3.5%**
as % of revenue	**30.7%**	**28.4%**	**-2.3 p.p.**	**33.5%**	**31.8%**	**-1.7 p.p.**
of which Domestic	397	382	-3.9%	1,706	1,654	-3.0%
of which BICS	24	25	6.8%	101	102	0.6%
of which TeleSign	5	2	-50.5%	30	17	-44.0%
Group EBITDA (reported)	**435**	**425**	**-2.3%**	**1,922**	**1,828**	**-4.9%**
Net income	**113**	**87**	**-23.3%**	**582**	**445**	**-23.6%**
Investments (Capex, excl. spectrum & football rights)	**372**	**467**	**25.6%**	**1,000**	**1,203**	**20.3%**
FCF (normalized)	**-153**	**-32**	**79.1%**	**354**	**376**	**6.4%**
Adjusted Net Debt (excl. lease liabilities)	**n.r.**	**n.r.**		**-2,356**	**-2,740**	**-16.3%**

- Group revenue, Direct margin, Operating Expenses and EBITDA include intersegment eliminations
- Normalized FCF excludes M&A impacts but includes Fiber equity injections.
- Mobile Vikings has been included in the Proximus Group consolidated financial statements as a fully consolidated subsidiary since 1 June 2021. This transaction affects the comparability of the figures for the current period with the prior-year figures. Where relevant, the comments in the report refer to the organic variance.
- The mobile park includes customers acquired on 1 June 2021 related to the acquisition of Mobile Vikings, raising the Mobile Postpaid base by 191,000 and the Prepaid base by 144,000.

2 Proximus Group financial review

2.1 Group financials (underlying)

Table 2: Underlying Group P&L

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Revenue[1]	**1,389**	**1,441**	**3.8%**	**5,479**	**5,578**	**1.8%**
Net Revenue	1,381	1,428	3.4%	5,443	5,537	1.7%
Other Operating Income	8	13	77.3%	36	41	13.8%
Cost of Sales[2]	**-499**	**-541**	**8.4%**	**-1,904**	**-1,999**	**5.0%**
Direct Margin	**890**	**900**	**1.2%**	**3,576**	**3,579**	**0.1%**
Direct Margin %	*64.1%*	*62.5%*	*-1.6 p.p.*	*65.3%*	*64.2%*	*-1.1 p.p.*
Expenses	**-464**	**-491**	**5.7%**	**-1,740**	**-1,807**	**3.9%**
EBITDA[3]	**426**	**409**	**-3.8%**	**1,836**	**1,772**	**-3.5%**
EBITDA Margin %	*30.7%*	*28.4%*	*-2.3 p.p.*	*33.5%*	*31.8%*	*-1.7 p.p.*

[1] Corresponds to "Total Income" excluding Incidentals
[2] Corresponds to "Cost of materials and charges to revenues" excluding Incidentals
[3] Corresponds to "Operating income before depreciation and amortization" excluding Incidentals
See Section 6 for reported figures and section 7.2 for incidental details

2.1.1 Underlying Group revenue

Q4 2021

The **Proximus Group underlying revenue totaled EUR 1,441 million** for the fourth quarter of 2021, a +**3.8% growth** from the comparable period of 2020. On an organic basis, i.e. excluding the revenue contribution from Mobile Vikings[1], the Group's underlying revenue was up by +2.8%.

For its **Domestic** segment, Proximus grew its **underlying revenue to EUR 1,132 million, an increase of +2.4% or EUR 27 million compared to the preceding year**. On an organic basis, this was +1.0%.

All three customer units of the Domestic segment posted a positive underlying revenue for the last quarter of the year. The **Consumer** revenue was up year-on-year by +**2.7% totaling EUR 699 million.** On an organic basis the Consumer revenue remained stable, with growing revenue from the convergent customer base and higher revenue from devices being offset by the ongoing customer trend to waive the Fixed voice line.
For the **Enterprise unit**, Proximus posted **EUR 352 million in revenue, a +1.9%** or EUR 7 million increase from the preceding year. This mainly resulted from ICT services continuing their positive revenue trajectory, and higher revenue from Mobile services in a competitive environment that remains challenging. The Enterprise unit too benefited from higher revenue from terminals.
Proximus' **Wholesale unit** posted a Q4 2021 **revenue of EUR 75 million, a +1.1%increase** compared to the same period in 2020, including a +6.4% increase in **Fixed and Mobile wholesale services**.

TeleSign posted EUR 87 million of revenue over the last quarter of 2021. The year-on-year increase by +15.1% (+10.3% on a constant currency basis), was mainly driven by a high single digit growth in Programmable Communications (CPaaS), and a strong progress on its growth ambition for Digital Identity Services at higher margin, showing a mid-double-digit year-on-year growth for the last quarter of 2021.

[1] Following the approval of the Belgian Competition Authority, Proximus announced on 7 June 2021 having finalized the procedure with DPG Media to acquire Mobile Vikings.

For the fourth quarter of 2021, **BICS posted revenues of EUR 259 million, an increase by 9.0%** from the comparable period in 2020, supported by its three product groups Growth, Legacy and especially Core services (messaging, mobility, and infrastructure), which was up by +13.1% from the previous year.

YTD 2021 Over the **full-year 2021**, the **Proximus Group posted EUR 5,578 million underlying revenue**, **+1.8%** above that of 2020. On an organic basis, the underlying Group revenue was up by +1.2%.

Proximus' Domestic segment posted for the year 2021 a total underlying revenue of EUR 4,381 million, +0.6% compared to 2020. On an organic basis, the Domestic revenue remained close the last year's level, -0.2% year-on-year, in spite of some remaining COVID-19 related headwinds in the first quarter of 2021 impacting all segments of the Proximus Group. Revenue from Roaming, especially, was still affected at the start of 2021 because of the reduced travel worldwide during the pandemic. The support stemming from the solid operational results of both the Consumer and Enterprise units was offset by the loss of Wholesale Interconnect revenue, with no meaningful margin impact.

The BICS segment posted for the full year 2021 a +3.6% revenue growth, largely driven by a 16.7% increase in revenue for its Core services. Proximus' affiliate TeleSign, posted a +19.9% revenue growth, including a negative currency effect. Both Digital Identity and CPaaS revenue grew year-on-year.

Table 3: Underlying Group Revenue

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Group Underlying	**1,389**	**1,441**	**3.8%**	**5,479**	**5,578**	**1.8%**
Domestic	1,105	1,132	2.4%	4,356	4,381	0.6%
Consumer	680	699	2.7%	2,668	2,714	1.7%
Enterprise	345	352	1.9%	1,350	1,358	0.6%
Wholesale	74	75	1.1%	313	287	-8.4%
Other (incl. eliminations)	5	6	15.8%	25	23	-9.6%
BICS	237	259	9.0%	964	999	3.6%
TeleSign	75	87	15.1%	273	327	19.9%
Eliminations	-29	-36	-24.2%	-115	-130	-13.0%

2.1.2 Underlying Group direct margin

Table 4: Underlying Group Direct Margin

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Group Underlying by Segment	**890**	**900**	**1.2%**	**3,576**	**3,579**	**0.1%**
Domestic	820	823	0.4%	3,283	3,286	0.1%
BICS	54	58	7.6%	227	227	0.0%
TeleSign	20	23	15.7%	78	79	1.6%
Eliminations	-4	-4	-10.6%	-13	-14	-9.3%

Q4 2021 The **fourth quarter 2021** underlying direct margin of the **Proximus Group totaled EUR 900 million, an increase of +1.2%** from the comparable period last year. Proximus' **Domestic operations posted a direct margin of EUR 823 million, +0.4%** or EUR 3 million above the prior year. On an organic basis this was -0.6%.

BICS maintained a positive Direct Margin, posting for the fourth quarter of 2021, a growth of 7.6%, reaching EUR 58 million, driven by its Core and Growth services.

TeleSign posted a direct margin of EUR 23 million over the fourth quarter of 2021. This represents a +15.7% growth from the comparable period in 2020. On a constant currency basis, this was +2.1%.

YTD 2021

Over the full year 2021 **Proximus Group posted an underlying direct margin of EUR 3,579 million, i.e. +0.1% up** from full-year 2020, seeing COVID-19 headwinds over the first months, which gradually annualizing as of mid-March 2021. The year-on-year increase by EUR 3 million was mainly coming from the **Domestic direct margin**, up by 0.1% to total of EUR 3,286 million. On organic basis, the Domestic direct margin was down -0.5%. **BICS** maintained its twelve-month **direct margin stable at EUR 227 million**. For **TeleSign** the year-to date December Direct margin totaled EUR 79 million, +1.6% from the preceding year, including a significant negative currency effect.

2.1.3 Underlying Group expenses[2]

Table 5: Underlying Group expenses

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Group Underlying	**464**	**491**	**5.7%**	**1,740**	**1,807**	**3.9%**
Workforce expenses	298	314	5.4%	1,141	1,191	4.4%
Non-workforce expenses	167	177	6.4%	599	616	2.8%
Domestic	**422**	**441**	**4.5%**	**1,578**	**1,633**	**3.5%**
Workforce expenses	271	282	4.1%	1,038	1,076	3.8%
Non-workforce expenses	151	159	5.1%	540	556	2.9%
BICS	**31**	**33**	**8.2%**	**126**	**126**	**-0.5%**
TeleSign	**15**	**20**	**38.0%**	**48**	**63**	**29.6%**
Eliminations	**-4**	**-4**	**-10.8%**	**-13**	**-14**	**-9.5%**

Q4 2021

The Proximus **Group underlying operating expenses** grew to EUR 491 million in the fourth quarter of 2021, **up by +5.7% or EUR 27 million from the comparable base in 2020.** The fourth quarter 2021 **Domestic operating expenses totaled EUR 441 million, +4.5%** above the 2020 level, or +3.4% on an organic basis.

BICS fourth quarter operating expenses totaled EUR 33 million, an increase by 8.2%. **TeleSign** posted EUR 20 million of operating expenses, **up by EUR 6 million** year on year, reflecting increased investments in its growth development.

Overall, including BICS and TeleSign, the Proximus Group employed 11,532 FTEs at the end of 2021, 109 FTEs more than twelve months ago, with the Domestic headcount including Mobile Vikings employees, and TeleSign hiring essential skills to realize its announced growth ambitions.

YTD 2021

Over the full year 2021, the Proximus **Group underlying operating expenses** grew to EUR 1,807 million, **up by +3.9%** from 2020. This includes an increase for the **Domestic OpEx to EUR 1,633 million,** up by +3.5% or +**2.9% on an organic basis**. TeleSign's operating expenses totaled EUR 63 million, EUR 14 million higher versus 2020, driven by the significant investments in their growth trajectory. BICS kept its full-year 2021 operating expenses stable at EUR 126 million

[2] Before D&A; excluding Cost of Sales; excluding incidentals.

2.1.4 Group EBITDA - reported and underlying

Table 6: From reported to underlying EBITDA

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Group reported EBITDA	**435**	**425**	**-2.3%**	**1,922**	**1,828**	**-4.9%**
Lease depreciations	-22	-20	nr	-82	-80	nr
Lease interest	-1	0	nr	-2	-2	nr
Incidentals	13	4	nr	-1	26	nr
Group Underlying EBITDA	**426**	**409**	**-3.8%**	**1,836**	**1,772**	**-3.5%**
Domestic	397	382	-3.9%	1,706	1,654	-3.0%
BICS	24	25	6.8%	101	102	0.6%
TeleSign	5	2	-50.5%	30	17	-44.0%

Q4 2021

Underlying Group EBITDA

The **underlying Group EBITDA for the fourth quarter of 2021 totaled EUR 409 million,** down by -3.8% compared to the prior year, or -4.7% on an organic basis.

For its **Domestic operations, Proximus posted an EBITDA of EUR 382 million** for the fourth quarter of 2021, -3.9% or EUR -15 million below the prior year. On an organic basis, the Domestic EBITDA was down by -4.8%, primarily due to higher operating costs.

Driven by the growth in direct margin, **BICS** posted a solid **6.8%** growth in EBITDA compared to the fourth quarter of 2020, totaling EUR 25 million. **TeleSign** posted over the fourth quarter of 2021, an **EBITDA of EUR 2 million**, with the year-on-year decrease explained by the higher cost base, following the anticipated headcount investments to support its growth.

Total Reported Group EBITDA

With incidentals included and operating lease expenses excluded, the Proximus Group reported EUR 425 million EBITDA for the fourth quarter of 2021. The decrease of EUR -10 million from the comparable period in the previous year resulted in EUR -8 million from a negative year-on-year variance for recorded incidentals (see section 7.2 for an overview of the incidentals).

YTD 2021

The **underlying Group EBITDA for the year 2021 totaled EUR 1,772 million,** down by -3.5%, or EUR -64 million, compared to the prior year, with the largest part resulting from a -3.0% decline in Domestic EBITDA. On an organic basis, the year-to-date underlying Group EBITDA was down by -4.0%, totaling EUR 1,763 million.

2.1.5 Net income

YTD 2021

Depreciation and amortization

The fourth-quarter 2021 **depreciation and amortization** (including lease depreciation) amounts to EUR 295 million, bringing the total for 2021 to **EUR 1,183** million. This compares to EUR 1,116 million for 2020. The 6% increase is mainly due to the review of useful life of some network components and an increasing asset base.

Net finance cost

The full-year 2021 **net finance cost** totaled **EUR 54** million including lease interests, 12.5% up from one year ago, mainly due to the put liability remeasurement of BeMobile shares.

Tax expenses

The 2021 **tax expenses** of **EUR 137 million**, represent an **effective tax rate of 23.5%.** The ETR is below the Belgian statutory tax rate of 25% following the application of general principles of Belgian tax law, such as the innovation income deduction and other R&D incentives.

Net income (Group share)

The 2021 full-year **net income (Group share) totaled EUR 443 million,** versus EUR 564 million for 2020. The decrease is mainly explained by lower EBITDA, as well as higher depreciation and amortization, partially offset by a decrease in tax expenses and lower net income attributed to non-controlling interests.

Table 7: From Group EBITDA to net income

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Group reported EBITDA	**435**	**425**	**-2.3%**	**1,922**	**1,828**	**-4.9%**
Depreciation and amortization	-281	-295	4.9%	-1,116	-1,183	6.0%
Operating income (EBIT)	**154**	**130**	**-15.3%**	**805**	**645**	**-19.9%**
Net finance costs	-12	-16	38.7%	-48	-54	12.5%
Share of loss on associates and JV	0	-5	n.r.	-1	-10	>100%
Income before taxes	**142**	**110**	**-22.9%**	**756**	**581**	**-23.1%**
Tax expense	-29	-23	-21.6%	-174	-137	-21.6%
Net income	**113**	**87**	**-23.3%**	**582**	**445**	**-23.6%**
Non-controlling interests	3	0	<-100%	18	1	-92.0%
Net income (Group share)	**110**	**87**	**-21.1%**	**564**	**443**	**-21.5%**

2.1.6 Investments (CAPEX)

Excluding spectrum and football broadcasting rights, the Proximus Group's CapEx over the fourth quarter 2021 totaled EUR 467 million, **bringing the total over 2021 to EUR 1,203 million**. All included, the Proximus Group's CapEx totaled EUR 1,279 million for 2021, compared to EUR 1,053 million for 2020.

The year-on-year increase by EUR 203 million from the 1 billion for 2020 was in large part driven by Proximus' investments in its Gigabit networks. Fiber-related investments accounted for 31% of the total CapEx. By end-2021, Proximus was deploying fiber in 35 cities and municipalities in Belgium, and stepped up its pace in the fourth quarter of 2021 and passing an additional 126,000 premises with Fiber over the last three months of the year. This compares to 69,000 Homes and Businesses passed in the last quarter of 2020. By the end of 2021, Proximus' Fiber footprint totaled of 813,000 premises, representing a Fiber coverage of nearly 14%[3].

[3] Assuming a total of 6 million premises in Belgium.

Following an increased level of customer installations over 2021 compared to the previous year, the customer-related CapEx increased, covering customer equipment and activation costs for both Fiber and Copper customers. Moreover, the consolidation of the Mobile network (RAN) with Orange Belgium started in 2021, and in line with its strategy, Proximus increased its investments in Digitalization and IT transformation.

2.1.7 Cash flows

Table 8: Cash flows

	4th Quarter			Year-to-date		
(EUR million)	2020	2021	% Change	2020	2021	**% Change**
Cash flows from operating activities	208	256	22.9%	1,515	1,621	7.0%
Cash paid for Capex (*)	-342	-277	-19.1%	-1,089	-1,137	4.4%
Cash flows used and provided in other investing activities	4	3	-24.2%	9	-168	<-100%
Cash flow before financing activities	**-130**	**-18**	**-85.9%**	**434**	**316**	**-27.2%**
Lease payments	-23	-21	-10.9%	-82	-79	-3.4%
Free cash flow	**-153**	**-39**	**-74.5%**	**352**	**237**	**-32.7%**
Cash flows used and provided in financing activities other than lease payments	4	131	>100%	-363	-299	-17.4%
Exchange rate impact	-1	0	>100%	-2	1	>100%
Net increase/(decrease) of cash and cash equivalents	**-151**	**92**	**>100%**	**-13**	**-62**	**>100%**

*Cash paid for acquisitions of intangible assets and property, plant and equipment.

Over the fourth quarter of 2021, Proximus Group posted a Free Cash Flow of EUR -39 million, bringing the **total FCF over the year 2021 to EUR 237 million, or EUR 376 million on a normalized[4] basis.** The normalization is chiefly related to the acquisition of Mobile Vikings and some M&A transaction costs. This is an increase by 6.4% or EUR 23 million compared to the 2020 normalized FCF of EUR 354 million.

Over the year 2021, Proximus posted higher cash flow from operating activities, mainly as a result of a lower year-on-year cash out for ongoing transformation plans[5] and lower business working capital needs. This was partly offset by a decrease in the underlying EBITDA and a higher level of income tax pre-payments. The cash out related to CapEx was up by EUR 47 million year-on-year, largely driven by the Proximus' Fiber roll-out. The 2021 cash flow includes the acquisition of Mobile Vikings for EUR 128 million net of cash acquired, and a EUR 40 million equity injection in the Fiber joint ventures Fiberklaar and Unifiber, the two entities created to deploy Fiber in the Flanders and Walloon regions, respectively.

[4] The normalized FCF over 2021 excludes adjustments for a total of EUR 139 million, related to the acquisition of Mobile Vikings and M&A transaction costs. For 2020 this was EUR 2 million.

[5] Headcount plans ahead of retirement: Early leave plan and Fit for Purpose plan.

2.1.8 Balance sheet and shareholders' equity

Following the favorable decision of the Belgian Competition Authority, in June 2021 the Group completed the deal with DPG to acquire Mobile Vikings, a major Belgian mobile virtual network operator that primarily targets the digital savvy segment.

A purchase allocation was made on the acquisition date. Compared to year-end 2020 the goodwill increased by EUR 123 million, mainly as a consequence of this acquisition (EUR 114 million) and due to the USD/EUR conversion of the TeleSign goodwill (EUR 9 million).

Tangible and intangible fixed assets amounted to EUR 4,425 million, an increase by EUR 208 million, as the amount of investments and of assets acquired from Mobile Vikings were higher than the depreciation and amortization charges for the year.

Shareholders' equity increased from EUR 2,903 million at the end of December 2020 to EUR 2,978 million at the end of 2021, mainly due to the Total Comprehensive Income (Group Share) of EUR 553 million being higher than the payment of dividends (EUR 387 million) and the impact from the purchase of non-controlling interests of BICS (EUR 92 million). As Proximus already controlled BICS before this transaction, the 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.

At the end of December 2021, Proximus' outstanding long-term debt (excluding lease liabilities) amounted to EUR 2,737 million, and its adjusted net financial position to EUR -2,740 million.

Table 9: Net financial position

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

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

2.2 Regulation

Spectrum

On 23 December 2021, the legislative package for the multi-band auction (which will include the renewal of the existing 2G/3G spectrum licenses (900 MHz, 1800 MHz and 2100 MHz) as well as the granting of new 5G spectrum (700 MHz, 1400 MHz and 3500 MHz) was published. The package includes the reservation of spectrum for new entrants (30 MHz duplex in the 700, 900, 1800 and 2100 MHz bands). The applications by the candidates were due by 16 February 2022. Proximus has introduced its applications within the deadline. The auction is expected to be organized mid-2022.

Concerning the current 2G (900 MHz and 1800 MHz) and 3G (2100 MHz) licenses which expired in March 2021, BIPT decided on 31 August 2021 on a second extension of these licenses until 15 March 2022 (a first extension was granted in February for the period 15 March until 15 September). The same conditions apply as for the current licenses. Such extensions may be granted until new rights are auctioned.
Awaiting the upcoming multiband auction, BIPT granted temporary licenses in the 3600-3800 MHz frequency band to Proximus, Orange and Telenet, each operator receiving 50MHz. The operators will retain these rights until new rights are granted following the auction. Operators were under the obligation to put their spectrum in service before 1 March 2021. They have to pay a yearly fee of EUR 105,000 per block of 10 MHz. No unique fee is due, and these rights are not subject to any specific coverage obligation.

Termination rates

In the context of the new Telecom Code, the EU institutions have agreed new rules concerning caps on wholesale mobile and fixed voice termination.

On 18 December 2020, the Commision adopted a binding decision setting single maximum EU-wide wholesale mobile and fixed termination rates (also referred to as Eurorates). This act establishes a three-year glidepath for mobile termination rates (MTR) and a transition period for fixed termination rates (FTR).

(€ cent/minute)	Previous	01/07/2021	01/01/2022	01/01/2023	As from 1/1/2024
MTR	0.99	0.70	0.55	0.40	0.20
FTR	0.116	0.093	0.070	0.070	0.070

Traffic originating from outside the EU is subject to the regulated EU-wide wholesale caps in cases where the non-EU termination rates are equal to or below the Euro rate. This regulation entered into force on 1 July 2021, with a minor impact expected on Wholesale revenue and neutral on Direct Margin.

International roaming

The "Roam Like At Home" (RLAH) policy that completely abolished the roaming surcharges has been applicable since June 2017 within the "Fair Use Policy" (FUP) aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the EU.

The current Roaming Regulation including RLAH expires on 30 June 2022. The Commission made a proposal to extend the Regulation, and the text was submitted to the co-decision procedure between the Commission, the Parliament and the Council. A final political agreement was reached. RLAH will be extended until 2032. In addition, the wholesale roaming charges, the prices that operators charge each other when their customers use other networks when roaming in the EU, will be capped at € 2 per Gigabyte (Gb) from 2022 progressively down to € 1 in 2027. Furthermore, wholesale caps for voice and SMS will be lowered based on a two-step glidepath in 2022 and 2025. If consumers exceed their contract limits when roaming, any additional charges cannot be higher than the wholesale roaming caps.

Additional quality and transparency measures will also be introduced.

Universal service – social tariffs

The Belgian Government intends to review the social tariffs for telecom services. On 25 November 2021, BIPT, on request of the Telecom Minister, launched a public consultation in this respect. The proposals built upon the existing system with legally defined reductions. An increased effort would be asked from the sector: the automatic granting of the reductions for people with low income, the indexation of the reductions and the introduction of a mobile plan at a reduced rate, targeting specifically hearing or visual impaired people who require specific assistance. The consultation ran until 18 January 2022. The final proposals are expected in 2022.

Transposition of EU Code – new telecom law

The law transposing the new EU Code established at the end of 2018 has been finalized and was published on 31 December 2021. Some obligations will have an impact on the business (e.g. the prepaid mobile consumers having the facility to claim the residual credit in case of change of operator or the scope of end-users' protection being extend for several provisions to business clients). Concerning the regulatory-technical matters (e.g. numbering, spectrum), for the most part, the text follows closely the European Code. The new rules have been applicable since 10 January 2022. However, certain provisions will require the publication of Royal decrees before entering into force.

2.3 ESG Update

Proximus is strongly committed to a green, digital, and inclusive society, a commitment that is at the heart of its #Inspire2022 strategy. This section of the quarterly report puts the spotlight on a selection of achievements, along with recent launches and other company news in the Environmental, Social, and corporate Governance (ESG) domain.

In the spotlight

In the fourth quarter of 2021, Proximus continued to make progress towards its ambition to create an inclusive, safe, sustainable, and prosperous digital Belgium:

- Cyber Security Resilience – In the last quarter of 2021, 100% of the number of major cyber security incidents which could have a visible impact on the business were prevented; a further improvement from the 93% achieved twelve months back.
- Don't miss the call – 15,007 mobile phones were collected for reuse and recycling in the fourth quarter of 2021; 5,844 more versus the fourth quarter of 2020.
- Circular manifestos – 13 manifestos were signed in the fourth quarter of 2021, bringing the total to 74 by end-December 2021. Proximus wants to contribute to the environment by helping to reduce the carbon footprint of its supply chain, in addition to ensuring its own carbon neutrality for the activities under its direct control. A circular manifesto reflects the commitment of Proximus and its suppliers to work together to reduce their carbon footprint and produce more circular products.

Over the year 2021, Proximus made positive headway towards achieving the following targets:

- **Planet** - Becoming net zero by 2040 and truly circular by 2030.
  - ✓ 80,044 mobile phones were collected for reuse and recycling in 2021; 15,103 more versus 2020 during which 64,941 mobile phones were collected.
  - ✓ 826,788 devices (excl. mobile phones) were refurbished in 2021; 265,302 more versus 2020, during which 561,486 devices were refurbished. By acting circularly, Proximus was able to limit the impact of chip shortages.
  - ✓ 89% of waste was recycled, reused or composted in 2021; 1% more than in 2020, when 88% was recycled.
  - ✓ 4.4ktons less CO_2 emissions in 2021 compared 2020: -0.8ktons Scope 1&2, -3.6ktons Scope 3. Slight decline versus 2020, which was exceptionally low due to Covid-19 related energy savings (e.g., Working From Home and Virtual Meetings). Through our ICT solutions we also avoided 502Ktons at our business customers in 2021, 37ktons more versus 2020.
- **Employees** - Offering a challenging and inspiring work environment with specific focus on diversity, collaboration and empowerment.
  - ✓ 41 training hours/employee on average, one hour more than in 2020, when 40 was the average number of training hours/employee. 55% of training hours were taken through a digital platform or in a virtual classroom.
  - ✓ Good work life balance for 73% of employees, 5% better than in 2020, when the equivalent percentage was 68%.
- **Belgian society** - Bringing essential connectivity while contributing to an inclusive digital society.
  - ✓ Supported Belgium during COVID-19 and floods in Wallonia.
  - ✓ 55% of tested devices accessible for at least five disability categories. On top of the existing offering, new devices from new suppliers have been added, which are admittedly less

accessible. As a result, the proportion of accessible devices in 2021 decreased compared to 2020.

- ✓ 5G available at 137 sites.
- ✓ Fiber coverage – additional 353,000 homes passed in 2021.

Recently launched

Green bond. Proximus successfully issued its first EUR 750 million Green Bond in November. This allows Proximus to sustainably invest in its future proof and energy friendly Fiber and 5G networks. The transaction resulted in a fixed rate coupon of 0.75% per annum. The issuance was very well received with an order book in excess of EUR 4 billion (more than 5 times oversubscribed) and was placed with more than 160 European institutional investors of which a vast majority are green investors. This 15-year tenor, maturing on 17 November 2036, will enable Proximus to increase its average debt maturity from 4.2 years to more than 8 years.

Charging points. In November 2021, Proximus and the city of Mechelen joined forces to start a four-month pilot project in which charging stations for electric vehicles are connected to street cabinets equipped with the telecom equipment of Proximus. Proximus' street cabinets are often located in key places in city centers, where there is a great need for public charging points and where part of the population lacks easy access to charging infrastructure. Moreover, making maximum use of existing infrastructure can accelerate the deployment; the street cabinets are already powered by an electrical supply, which means that minimal excavation works are required.

Electrification of the vehicle fleet. In the run-up to its goal of ordering only electric company cars by 2025, Proximus has already resolutely opted for the electrification of its company car fleet. The new ordering campaign for company cars was launched in November 2021. Among the vehicles on offer, there are diverse options for choosing an electric or plug-in hybrid vehicle. 20% of the car orders were fully electric cars and 30% were plug-in hybrids. The campaign's success is due to the possibility of charging installations at the employees' premises financed by the mobility plan. The cooperation with the selected car brands is in line with Proximus' objectives relating to the reduction of CO2 emissions, sustainability, and circularity. The reference company cars are no longer cars with an internal combustion engine.

Recognition for sustainability

CDP Supplier Engagement Leader 2021. CDP, an international non-profit organization that encourages companies and governments to reduce their greenhouse gas emissions and protect forests and water resources, has included Proximus on its Supplier Engagement Leader Board. Thanks to this recognition, Proximus belongs to a select group of companies that are specifically commended for their efforts to reduce carbon emissions and address climate-related issues in their supply chain. In 2021, Proximus also received an 'A-' from CDP for Climate Change. Our ambition for 2022 is to be integrated in the CDP 'A'-list.

2.4 Outlook & Shareholder return

Outlook 2021 achieved

Proximus kept its organic Domestic revenue close to that of 2020, posting for 2021 a revenue of EUR 4,347 million excluding the contribution of Mobile Vikings, or -0.2% year-on-year. The full-year organic underlying Group EBITDA totaled EUR 1.763 million, landing in the mid-guidance range of EUR 1,750- 1,775 million.

With the Fiber rollout progressing well, Proximus ended 2021 with CapEx of EUR 1.203 million excl. spectrum and football rights, i.e. close to EUR 1.2 billion. The 2021 net debt-to-EBITDA ratio reached 1.55X on an underlying basis.

Table 10.1: outlook 2021

Guidance metric	FY20 Actuals	FY21 Guidance	FY21 Actuals (excl. Mobile Vikings)
Underlying Domestic revenue	€ 4,356 m	Close to the 2020 level	€ 4,347 m
Underlying Group EBITDA	€ 1,836 m	€ 1,750-1,775 m	€ 1,763 m
CapEx (excluding Spectrum & football rights)	€ 1 bn	Close to € 1.2 bn	€ 1203 m
Net debt / EBITDA	1.28X	< 1.6X	1.55X

<u>Dividend for 2021</u>

On 17 February 2022, the Board of Directors approved the decision to propose to the Annual General Shareholders' Meeting of 20 April 2022 to return, based on the result of 2021 a gross dividend of EUR 1.20 per share, of which EUR 0.50 interim dividend per share was paid in December 2021.

After approval by the Annual Shareholders' Meeting, the normal dividend of EUR 0.70 per share will be paid on 29 April 2022, with record date on 28 April 2022 and ex-dividend date on 27 April 2022.

Outlook 2022

In line with the announced #Inspire2022 strategy, Proximus expects its underlying Domestic revenue excluding Terminals to grow up to 1% from the preceding year. The return to revenue growth, supported by the Consumer unit's commercial momentum including the migration of Mobile Viking customers on to the Proximus network, are expected to drive higher Domestic Direct Margin.

Through its ongoing cost efficiency program, Proximus aims to partially offset projected additional customer growth costs, IT transformation expenses and headwinds from inflation driven costs increases. Nonetheless, supported by the anticipated growth of the Direct Margin, Proximus expects to grow its underlying Domestic EBITDA up to 1% in 2022.

For BICS, the 2022 EBITDA will be comparing to a high 2021, which benefitted from a favorable exceptional destination mix. This mix effect aside, BICS expects its Direct Margin to continue to benefit from positive underlying trends whereby its Growth and Core segments are expected to compensate for the erosion in Legacy voice at lower margin. BICS, as well, will face inflationary cost headwinds and will invest in the acceleration of its Growth segment.

As part of TeleSigns' listing process, announced 16 December 2021, the company disclosed a multi-year strategy and financial projection in its investor presentation: www.telesign.com/investors. This includes an estimated EBITDA of USD -23 million for 2022 (USGAAP). Proximus reports Telesign figures in EUR, under IFRS, and with the underlying EBITDA adjusted for TeleSign's share based remuneration. For 2022 the difference between TeleSign's view and Proximus' underlying EBITDA is estimated to add up to a positive of about USD 7-8 million.

In aggregate, Proximus expects its 2022 Group underlying EBITDA to be down around -1.0% from 2021.

In line with Proximus' announced accelerated Fiber deployment strategy, the Group CapEx for 2022 is expected to go up to close to EUR 1.3 billion. The debt ratio for 2022 is expected to be around 1.6X underlying EBITDA.

Table 10.2: outlook 2022

Guidance metric	FY21 Actuals	FY22 Guidance
Underlying Domestic revenue (excluding terminals)	€ 4,072 m	Growing up to 1% YoY
Domestic underlying EBITDA	€ 1,654 m	Growing up to 1% YoY
Underlying Group EBITDA	€ 1,772 m	Around -1%
CapEx (excluding Spectrum & football rights)	€ 1,203 m	Close to € 1.3 bn
Net debt / EBITDA	1.55X	Around 1.6X

Dividend for 2022

Proximus remains committed to an attractive remuneration for its shareholders and intends to return, based on the result of 2022 an annual gross dividend of € 1.2 per share, in line with Proximus' announced 3-year dividend policy over the period 2020-2022.

The proposed dividend is reviewed and submitted to the Board of Directors on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

The shareholder remuneration policy is based on a number of assumptions regarding future business and market evolutions and may be subject to change in case of unforeseen risks or events outside the company's control.

3 Domestic

Table 11: Domestic P&L

(EUR million)	4th Quarter 2020	4th Quarter 2021	4th Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Revenue*	**1,105**	**1,132**	**2.4%**	**4,356**	**4,381**	**0.6%**
Consumer	680	699	2.7%	2,668	2,714	1.7%
Enterprise	345	352	1.9%	1,350	1,358	0.6%
Wholesale	74	75	1.1%	313	287	-8.4%
Other (incl. eliminations)	5	6	15.8%	25	23	-9.6%
Cost of Sales	**-286**	**-309**	**8.1%**	**-1,073**	**-1,095**	**2.0%**
Direct Margin	**820**	**823**	**0.4%**	**3,283**	**3,286**	**0.1%**
Direct Margin %	*74.2%*	*72.7%*	*-1.4 p.p.*	*75.4%*	*75.0%*	*-0.4 p.p.*
Expenses	**-422**	**-441**	**4.5%**	**-1,578**	**-1,633**	**3.5%**
Workforce expenses	-271	-282	4.1%	-1,038	-1,076	3.8%
Non Workforce expenses	-151	-159	5.1%	-540	-556	2.9%
EBITDA	**397**	**382**	**-3.9%**	**1,706**	**1,654**	**-3.0%**
EBITDA Margin %	*35.9%*	*33.7%*	*-2.2 p.p.*	*39.2%*	*37.7%*	*-1.4 p.p.*

** refers to total income*

3.1 Consumer revenue

- Successful year-end campaign and growing Fiber footprint driving strong commercial momentum.
- With +19,000 Fiber activations the Fiber customer park reaches 123,000, +90% year-on-year.
- Added +37,000 Mobile postpaid cards, +14,000 Internet subscriptions and +13,000 TV subscriptions.
- Convergent customer base +18,000 in Q4 '21, convergent revenue up by +2.5% year-on-year.
- Overall, the ARPC was up by +0.7% year on year, at EUR 59.0.

Fourth quarter revenue +2.7%, stable on an organic basis.

For the last quarter of 2021 Proximus posted for its Consumer unit, a revenue of **EUR 699 million, a +2.7% or EUR 18 million increase from the year before**. Excluding the contribution of Mobile Vikings (included in Other revenue), the organic Consumer revenue remained stable at EUR 681 million. Typical for the last quarter of the year, Proximus launched several year-end promotions, especially attracting new internet customers to one of its convergent Flex offers. The successful campaign led to a good growth in its core subscriber bases, especially in combinations of Fixed Internet, TV, and multiple mobile subscriptions, with Fiber playing an increasing role.

Solid growth in core customer bases.

In the fourth quarter of 2021, the Consumer unit sequentially improved its pace, adding net +14,000 internet lines. This brought Proximus' Consumer internet base to 2,004,000 lines, a +2.0% increase from 12 months back. With Proximus deploying Fiber in 35 cities, the product superiority of Fiber becomes an increasingly relevant sales proposal. Over the last three months of 2021, the number of activated Fiber customers went up by an additional +19,000, being a mix of onboarding new customers and migrating copper customers. This brought the total Consumer Fiber customer base to

123,000 by end-2021. As for TV-offers, the number of subscriptions grew by +13,000 over the fourth quarter of 2021, bringing the total TV base to 1,709,000, a growth of +2.6% from end-2020.
The Consumer unit kept up a strong pace in its Mobile Postpaid growth, with +37,000 Mobile postpaid cards sold over the fourth quarter of 2021. In a competitive setting, the performance of the Proximus brand remained strong, supported by the Mobile Vikings brand which addresses the tech-savvy segment in the market. By the end of 2021, Proximus' Mobile postpaid base reached a total of 3,246,000 mobile postpaid cards.
Reflecting the ongoing change in customer needs, the Fixed Voice line continued its steady decline, with the fourth quarter 2021 posting a loss of -36,000 lines.

Customer services revenue -1.3%. Overall ARPC +0.7%.

The revenue generated by customers subscribing to Proximus' different product lines is referred to as Customer services revenue or X-Play revenue. In total, 78% of the **Consumer revenue, i.e. EUR 544 million was generated by Customer services (X-play).** This is -1.3% below the comparable period in 2020, including some residual unfavorable year-on-year effect from higher Voice usage during the soft-lockdown end of 2020.
As a result of the ongoing move of customers to convergent offers at higher ARPC and further supported by the 1 January 2021 price indexation, the overall ARPC continued to grow, with the fourth quarter ARPC up by +0.7% from one year back, reaching EUR 59.0.
The continued success of Proximus' convergent Flex offers further grew the number of multi-mobile customers, driving a +2.8% increase in the overall RGU thus reaching 2.71 RGUs for the last quarter of 2021. By end-2021, Proximus counted a total of 832,000 Flex subscriptions, up from 317,000 twelve months back, being a mix of onboarding new customers and migrating customers from legacy packs.

+18,000 convergent customers in Q4'21

In the mix, **revenue from Convergent customers increased further, up by +2.5% year-on-year reaching** EUR 326 million. Over the fourth quarter of the year, Proximus grew its convergent base by +18,000 customers, reaching a total of 1,192,000, up by 6.1% from 12 months back.

Convergent 3-Play revenue +26.1% YoY

The **growth driver of the Convergent revenue is the ongoing strong increase in convergent 3-Play customers**. Over the last quarter of 2021, the total convergent 3-Play base grew by +25,000 customers, reaching 447,000 customers by end-2021. As result, the 3-Play convergent revenue grew by 26.1% reaching EUR 116 million in the fourth quarter of 2021. The ARPC of a convergent 3-Play customer was EUR 89.3, -3.4% below the last quarter of 2020. The steady decrease reflects the ongoing trend of customers migrating from packs with a fixed voice line at higher ARPC to Flex offers without fixed voice.

The high uptake of 3-Play convergent offers largely explains the 4-Play customer decrease, down by -7,000 for the fourth quarter of 2021 and the decreasing trend in the Fixed -and Mobile postpaid-only customer bases.

Rise in Convergence continuous to lower 1P- Fixed and 1P-Mobile customer basis.

With the number of customers subscribing to Proximus' convergent offers rising, Proximus' base of **Fixed-only customers** decreased further. The remaining base of Fixed-only customers, 1,063,000 at the end of 2021, generated an ARPC of EUR 47.2, -1.3% below the previous year.
The total of **Mobile postpaid-only customers** was down by -12,000 in the fourth quarter of 2021. This brought the total Mobile postpaid-only[6] base to 812,000 customers, generating an ARPC of EUR 27.2, +2.8% up from the previous year driven by a favorable price tiering and some returning roaming revenue.

In addition to the above-described revenue from Customer services, the Consumer segment revenue also includes revenue from Terminals, Mobile Prepaid, its Luxembourg telecom business and Other revenue, with the latter including revenue from Mobile Vikings.
The total **revenue from Terminals** totaled EUR 74 million over the last quarter of 2021, with especially good traction for high-end devices. This compares to a lower 2020 which was impacted by a temporary COVID-related closure of the Proximus shops.

[6] This does not include the Mobile Viking customers which are excluded from this Customer/X-Play view.

Revenue from Mobile Prepaid continued its eroding trend, with revenues down to EUR 8 million for the fourth quarter of 2021. This was driven by the ongoing decrease in the Prepaid base, with a decline of -20,000 prepaid cards over the fourth quarter of 2021. Proximus' total Prepaid base totaled 669,000 by end-2021, including Prepaid cards from Mobile Vikings.

Proximus' Luxembourg telecom revenue came in strong over the fourth quarter of 2021 for the Consumer side compared to the previous year, up by +8.0% to EUR 34 million revenue, mainly resulting from higher number of mobile and fixed subscriptions, and an increase in mobile device sales.

Proximus Consumer posted **EUR 33 million** in its Other revenue. The year-on-year increase by EUR 16 million included the EUR 18 million revenue of Mobile Vikings. On an organic basis, the Other revenue was down from the previous year by about EUR -2 million.

Table 12: Consumer revenue

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Revenue	**680**	**699**	**2.7%**	**2,668**	**2,714**	**1.7%**
Other Operating Income	**5**	**5**	**20.4%**	**20**	**22**	**9.8%**
Net Revenue	**676**	**693**	**2.6%**	**2,648**	**2,692**	**1.7%**
Customer services revenues (X-play)	*551*	*544*	*-1.3%*	*2,203*	2,188	-0.7%
Prepaid	9	8	-10.2%	42	35	-17.4%
Terminals (fixed and mobile)	67	74	9.8%	230	247	7.3%
O/w revenue from joint offer devices (IFRS15 impact)	*29*	*31*	*6.7%*	*99*	*107*	*7.9%*
Luxembourg Telco	32	34	8.0%	116	125	7.2%
Others*	17	33	99.4%	56	98	74.3%

** relates to other products and non recurring/non customer related revenues (e.g. decoder penalties, TV Enterprise, web advertising, ...)*

Table 13: Consumer operationals by product

	4th Quarter			Year-to-date		
	2020	**2021**	**% Change**	**2020**	**2021**	**% Change**
Park (000's)						
Fixed Voice	1,706	1,541	-9.7%	1,706	1,541	-9.7%
Internet	1,965	2,004	2.0%	1,965	2,004	2.0%
TV	1,666	1,709	2.6%	1,666	1,709	2.6%
Mobile Postpaid excl. M2M*	2,907	3,246	11.7%	2,907	3,246	11.7%
M2M	3	2	-12.3%	3	2	-12.3%
Mobile prepaid*	597	669	12.1%	597	669	12.1%
Net adds (000's)						
Fixed Voice	-48	-36		-152	-165	
Internet	13	14		44	39	
TV	14	13		36	43	
Mobile Postpaid excl. M2M*	31	37		127	148	
M2M	0	0		0	0	
Mobile prepaid*	-21	-20		-89	-72	
Average Mobile data usage/user/month (Mb)	4,340	5,414	25.0%	N/A	N/A	N/A

Table 14: Consumer X-Play financials

	4th Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Customer Services Revenues (EUR million)	**551**	**544**	**-1.3%**	**2,203**	**2,188**	**-0.7%**
Convergent	**317**	**326**	**2.5%**	**1,258**	**1,292**	**2.7%**
4-Play	208	193	-7.4%	855	792	-7.4%
3-Play	92	116	26.1%	334	432	29.3%
2-Play	17	17	-2.9%	69	68	-0.8%
Fixed only	**165**	**152**	**-8.1%**	**669**	**625**	**-6.6%**
3-Play	80	70	-13.3%	331	293	-11.2%
2-Play	49	48	-2.5%	198	195	-1.6%
1P Fixed Voice	18	15	-15.5%	73	64	-12.3%
1P internet	18	19	7.3%	68	74	7.8%
Mobile Postpaid only	**69**	**67**	**-3.0%**	**276**	**270**	**-2.2%**
ARPC (in EUR)	**58.6**	**59.0**	**0.7%**	**58.6**	**59.0**	**0.7%**
Convergent	**94.9**	**91.9**	**-3.2%**	**95.9**	**92.9**	**-3.1%**
4-Play	99.8	96.8	-3.1%	100.8	97.9	-2.8%
3-Play	92.4	89.3	-3.4%	93.2	90.1	-3.4%
2-Play	65.4	66.6	1.9%	65.3	66.2	1.5%
Fixed only	**47.8**	**47.2**	**-1.3%**	**47.6**	**47.4**	**-0.3%**
3-Play	57.8	56.1	-2.9%	57.9	56.8	-1.9%
2-Play	56.4	56.3	-0.1%	56.2	56.3	0.3%
1P Fixed Voice	28.4	28.6	0.8%	27.5	28.6	4.0%
1P internet	31.1	31.7	1.7%	31.0	31.4	1.2%
Mobile Postpaid only	**26.5**	**27.2**	**2.8%**	**26.5**	**27.0**	**2.1%**

Table 15: Consumer X-Play operationals

	4th Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Customers - Total (000's)	**3,130**	**3,068**	**-2.0%**	**3,130**	**3,068**	**-2.0%**
Convergent	**1,124**	**1,192**	**6.1%**	**1,124**	**1,192**	**6.1%**
4-Play	688	661	-3.9%	688	661	-3.9%
3-Play	348	447	28.6%	348	447	28.6%
2-Play	88	84	-4.4%	88	84	-4.4%
Fixed only	**1,144**	**1,063**	**-7.1%**	**1,144**	**1,063**	**-7.1%**
3-Play	459	409	-10.8%	459	409	-10.8%
2-Play	291	283	-2.8%	291	283	-2.8%
1P Fixed Voice	203	170	-16.3%	203	170	-16.3%
1P internet	192	201	5.0%	192	201	5.0%
Mobile Postpaid only	**862**	**812**	**-5.8%**	**862**	**812**	**-5.8%**
% Convergent Customers - Total *	**60%**	**63%**	**3.3 p.p.**	**60%**	**63%**	**3.3 p.p.**
Fiber Customers -Total (000's)	**65**	**123**	**89.6%**	**65**	**123**	**89.6%**
Average #RGUs per Customer - Total	**2.64**	**2.71**	**2.8%**	**2.64**	**2.71**	**2.8%**
Convergent	**4.29**	**4.31**	**0.4%**	**4.29**	**4.31**	**0.4%**
4-Play	4.81	4.88	1.4%	4.81	4.88	1.4%
3-Play	3.73	3.81	2.2%	3.73	3.81	2.2%
2-Play	2.43	2.43	0.1%	2.43	2.43	0.1%
Fixed only	**2.08**	**2.06**	**-1.0%**	**2.08**	**2.06**	**-1.0%**
3-Play	3.02	3.03	0.2%	3.02	3.03	0.2%
2-Play	2.06	2.05	-0.2%	2.06	2.05	-0.2%
1P Fixed Voice	1.05	1.05	-0.2%	1.05	1.05	-0.2%
1P internet	1.00	1.00	0.0%	1.00	1.00	0.0%
Mobile Postpaid only	**1.22**	**1.23**	**0.4%**	**1.22**	**1.23**	**0.4%**
Annualized full churn rate (Customer) - Total	**15.1%**	**15.0%**	**-0.1 p.p.**	**13.4%**	**14.5%**	**1.1 p.p.**
4-Play	4.9%	5.3%	0.5 p.p.	4.2%	4.7%	0.5 p.p.
3-Play	11.1%	10.3%	-0.8 p.p.	10.4%	10.7%	0.3 p.p.
2-Play	14.4%	14.2%	-0.2 p.p.	13.1%	13.9%	0.8 p.p.
1-Play	23.4%	23.8%	0.4 p.p.	20.3%	22.6%	2.3 p.p.

* (i.e. % of Customers having Mobile + Fixed component)

3.2 Enterprise Revenue

- B2B transformation continued to deliver ICT Services revenue growth.
- Total ICT revenue +2.7% in spite of continued global supply issues impacting IT hardware deals.
- Fixed Voice revenue down on an eroding base, while ARPU trend remains positive at +3.5%.
- Mobile services revenue growth continued, +3.6% on a higher base and slight increase in ARPU.
- Internet base kept stable in a competitive setting, while Internet ARPU rose +1.6%.

The fourth quarter 2021 **revenue of the Enterprise unit totaled EUR 352 million**, a +1.9% increase from the 2020 comparable base. This mainly resulted from higher ICT revenue, with especially ICT services continuing their positive trajectory. Moreover, revenue from Mobile services was up year-on-year in spite of the continued challenging competitive environment, as well as some increase in revenue from terminals.

Mobile revenue +3.6%, growing base by 3.1% YoY, ARPU +0.4%.

Revenue from Mobile Services grew year on year for a third time in a row. Over the fourth quarter of 2021, the Enterprise segment grew its **Mobile Services revenue to EUR 70 million, an increase by +3.6% from the previous yea**r. The ongoing competitive pricing pressure in the B2B unit was compensated for by a favorable evolution in mobile managed services and network services in the context of COVID-19. This resulted in the ARPU turning slightly positive, +0.4%[7], to total EUR 19.8 for the last quarter of 2021 . The main revenue driver remains the solid year-on-year growth in the Mobile customer base, up by 34,000 postpaid SIM cards over the past twelve months or +3.1%. Over the last three months of 2021, the postpaid base increased with 12,000 cards, bringing the total to 1,117,000 cards, excl. M2M. The annualized churn level was maintained at a low 8.9%, -1.4p.p. from one year ago.

Strong rise in M2M cards support the Mobile Services revenue.

The Mobile Services revenue remains also supported by a favorable M2M revenue evolution. The Enterprise unit continued to grow its M2M park with the fourth quarter still benefitting from the last phase of the Fluvius Smart metering project. With an additional 153,000 M2M cards activated over the past three months, Proximus closed the year 2021 with a total of 3,352,000 M2M cards. This is an increase of 42.3% from one year back.

The fourth quarter revenue from **Fixed Telecom Services totaled EUR 100 million, down by -3.8%** year-on-year, with the main driver remaining the eroding Fixed Voice base.

Fixed Voice revenue down on base erosion. ARPU +3.5%.

Revenue **from Fixed Voice declined by -6.9%** or EUR -3 million for the fourth quarter of 2021. The driver of the revenue erosion was the decrease of the Fixed Voice park by -9.8% over the past 12 months, including a line loss by -9,000 for the fourth quarter of 2021. The ARPU evolution remained positive, up by +3.5% to EUR 30.5, supported by the 1 January 2021 price indexation and the non-structural increase related to Voice traffic to vaccination centers, i.e. call routing via VAS[8] numbers (toll-free). This traffic started to come back in the framework of the COVID-19 booster campaign.

Fixed data revenue sequentially flattish at EUR 61 million.

The Enterprise revenue from **Fixed Data services remained sequentially stable at EUR 61 million**. Compared to the fourth quarter of 2020 this was -1.7% down, with last year's fourth quarter benefitting from higher installation revenue. The Fiber park for Business customers continued its growth trend, supporting Proximus' Explore solutions, being partly offset by the ongoing legacy outphasing and offering more attractive customer connectivity pricing in a competitive market.

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[7] Mobile base adjusted by about 13,000 circuit switching data (CSD) cards, moving out of the mobile postpaid base and going into M2M, with minor impact on ARPU. (section 7. Reporting changes)

[8] VAS – Value Added Services, e.g. 0800 numbers and VMS – Value Managed Services, i.e. call routing to ensure business continuity

Internet ARPU +1.6%, Internet base fairly stable.

Within the Fixed Data revenue mix, **revenue from Internet services remained slightly positive**. This was driven by a better Broadband ARPU of EUR 43.6 for the fourth quarter of 2021, +1.6% up from the previous year, mainly benefitting from the 1 January price indexation and a growing share of Fiber in the total internet park. Moreover, Proximus sustained a slight favorable trend in its Enterprise Internet base, +0.3% up compared to one year back, closing the year 2021 with 134,000 Internet lines.

ICT revenue up +2.7%, driven by high-value services.

Proximus' Enterprise unit posted a strong quarter for ICT, with revenue of EUR 145 million, an increase of +2.7% compared to the previous year. This was fully related to revenue growth from high-value services, with an especially a good performance by Advanced Workplace, Security Services, Application & Data Integration and Cloud Services. This sequential good performance of ICT services reflects the initial successful transformation of the Enterprise business unit into a convergent player, with focus on higher-margin next gen ICT services. Revenue from products with a lower margin remained fairly stable, with the global chip shortage still affecting some of Proximus' hardware suppliers.

Advanced Business Services +10.1% YoY.

Proximus' Enterprise segment posted a **10.1% increase in its revenue from Advanced Business Services, totaling EUR 11 million for the fourth quarter of 2021.** This includes growing Proximus convergent solutions and stable Smart mobility revenue from Be-Mobile.

Table 16: Enterprise revenue by product

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Revenue	**345**	**352**	**1.9%**	**1,350**	**1,358**	**0.6%**
Other Operating Income	**2**	**1**	**-28.7%**	**6**	**5**	**-12.9%**
Net Revenue	**343**	**350**	**2.1%**	**1,344**	**1,352**	**0.6%**
Telecom Revenue	190	191	0.6%	758	769	1.4%
Service Revenue	171	170	-0.9%	687	687	-0.1%
Fixed Services	104	100	-3.8%	412	407	-1.3%
Voice	41	39	-6.9%	170	162	-4.8%
Data	62	61	-1.7%	242	244	1.1%
Mobile Services	68	70	3.6%	275	280	1.9%
Terminals (fixed and mobile)	13	15	15.3%	48	58	21.2%
Luxembourg Telco	6	7	12.7%	23	24	5.0%
ICT	141	145	2.7%	541	536	-1.0%
Advanced Business Services	10	11	10.1%	39	37	-3.2%
Other Products	2	3	61.1%	6	10	62.1%

Table 17: Enterprise operationals

	4th Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Park (000's)						
Fixed Voice	462	417	-9.8%	462	417	-9.8%
Internet	133	134	0.3%	133	134	0.3%
Mobile Postpaid excl. M2M	1,083	1,117	3.1%	1,083	1,117	3.1%
M2M cards	2,356	3,352	42.3%	2,356	3,352	42.3%
Net adds (000's)						
Fixed Voice	-13	-9		-38	-45	
Internet	1	0		2	0	
Mobile Postpaid excl. M2M	10	12		33	34	
M2M cards	162	153		566	996	
ARPU (EUR)						
Fixed voice	29.5	30.5	3.5%	29.5	30.8	4.6%
Broadband	42.9	43.6	1.6%	43.2	43.7	1.2%
Mobile postpaid	19.7	19.8	0.4%	20.4	20.0	-2.2%
Annualized mobile postpaid churn rate	10.3%	8.9%	-1.4 p.p.	10.1%	9.4%	-0.7 p.p.
Average Mobile data usage/user/month (Mb)	2,506	3,226	28.8%	N/A	N/A	N/A

3.3 Wholesale Revenue

Table 18: Wholesale revenue

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Revenue	**74**	**75**	**1.1%**	**313**	**287**	**-8.4%**
Other Operating Income	**0**	**2**	**nr**	**0**	**2**	**nr**
Net Revenue	**74**	**73**	**-1.7%**	**313**	**284**	**-9.1%**
Fixed & Mobile wholesale services	30	32	6.4%	126	120	-4.2%
Interconnect	44	41	-7.2%	187	164	-12.4%

Proximus posted for Wholesale a fourth quarter 2021 **revenue of EUR 75 million, a +1.1% increase** compared to the same period of 2020. The revenue generated by **Fixed and Mobile wholesale services** was up from the previous year by +6.4%, totaling EUR 32 million. Within the mix, Visitor roaming revenue remained positive year-on-year and was further supported by wholesale Mobile services, partly offset by the ongoing erosion in legacy services.

Revenue from **Interconnect** decreased to EUR 41 million, **-7.2%** or EUR -3 million compared to the same period of 2020, with no material margin impact. The revenue decline reflects the EU regulation which lowered the Fixed & Mobile Termination rates as from 1 July 2021.

Furthermore, the fourth-quarter 2021 included other operating income of EUR 2 million, related to the release of a one-off longstanding provision.

3.4 Domestic OpEx and EBITDA

The fourth-quarter 2021 **Domestic EBITDA totaled EUR 382 million, down by -3.9% from the comparable period in 2020**. On an organic basis, this was -4.8%.

The year-on-year decrease by EUR 15 million in underlying Domestic EBITDA was fully driven by higher operational expenses, partially offset by a +0.4% increase in Direct margin.

The **Domestic underlying expenses increased by +4.5% year on year** to EUR 441 million, or a +3.4% on an organic basis.

Domestic **workforce expenses were up by 4.1% to EUR 282 million**. In addition to the seasonal higher level of workforce expenses for the last quarter of the year, the fourth quarter of 2021 was affected by an inflation-based salary increase since 1 October 2021 as well as by a phasing impact of employee benefits, amongst others resulting from the collective labor agreement signed with the social partners.
Moreover, external workforce expenses were up year-on-year, supporting the company's growth ambitions in the B2B domain and Fiber-related expenses.

At the end of 2021, Proximus' Domestic headcount counted 10, 577 FTEs, including the Mobile Vikings employees, who joined the Proximus Group as of 1 June 2021. The limited net increase compared to the 10,530 FTEs at end-2020 resulted from natural outflow and pensioning offsetting, in large part, the new hiring.

Domestic non-workforce expenses were up by +5.1% for the fourth quarter of 2021[9]. The ongoing Domestic cost program remains on track and compensated partly for the higher costs related to Proximus' ongoing transformation, the rising number of Fiber activations, and the increasing effect of cloudification. In the last quarter of 2021, the signed agreement with HCL entered into its transition period, with Proximus starting to outsource the non-core part of its data center activities. Overall, this agreement will result in a lower Total Cost of Ownership (cash saving) of the related IT activities, with the higher operational expenses more than offset by a reduced CapEx need.

The **indirect expenses of Proximus' Domestic operations,** i.e. excluding the billable ICT workforce expenses in the B2B domain, were up by+2.5% for the fourth quarter, on an organic basis.

[9] The fourth quarter 2020 included an EUR 8 million one-off tax provision related to historical discontinued promotional arrangements. The fourth quarter 2021 included several provision updates adding up close to the same amount, leading to a nearly neutral year-on-year effect.

4 TeleSign

- **Fourth quarter revenue growing +15.5% (10.3% on a constant currency basis).**
- **Strong quarter for Digital Identity services, reflecting the initial success of growth strategy in this domain.**
- **Direct margin up 15.7% year on year, on constant currency basis this was +2.1%.**
- **Ongoing investments in growth ambitions increased TeleSign's operating expenses and translated into lower EBITDA.**

TeleSign posted EUR 87 million of revenue over the last quarter of 2021, **a year-on-year increase of +15.1%** or **+10.3% on a constant currency basis**[10]. The year-on-year growth was mainly driven by Communication Services, keeping a high single digit growth in Programmable Communications (CPaaS), balancing pricing discipline and top line growth. For Digital Identity Services at higher margin TeleSign made good progress towards its growth ambition, showing a strong mid-double digit growth compared to the last quarter of 2020.

TeleSign's fourth quarter 2021 **direct margin was up by 15.7% year on year reaching EUR 23 million. On a constant currency basis, this was +2.1%,** driven by strong growth in Digital Identity, which benefitted from newly signed contracts.

TeleSign's fourth quarter benefitted in a limited way from the transfer of a number of Digital Services customers previously buying A2P messaging services from BICS. These customer contracts were migrated to TeleSign in view of a more coherent split between the two companies. The CPAAS Direct margin concerned totals less than EUR 0.5 million over the last three months of 2021.

Following the anticipated headcount investments to support TeleSign's growth ambitions with, among others, additional hiring in TeleSign's go-to-market and R&D, as well as the development of its products and marketing, operating expenses increased by EUR 6 million year on year, to a total of EUR 20 million for the fourth quarter of 2021.

These investments in TeleSign's growth strategy were reflected in its **EBITDA**, **totaling EUR 2 million for the fourth quarter of 2021**, or EUR -3 million from one year ago.

Table 19: TeleSign P&L

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Revenue*	**75**	**87**	**15.1%**	**273**	**327**	**19.9%**
Costs of Sales	-56	-64	14.8%	-195	-248	27.2%
Direct Margin	**20**	**23**	**15.7%**	**78**	**79**	**1.6%**
Direct Margin %	*26.2%*	*26.4%*	*0.1 p.p.*	*28.6%*	*24.2%*	*-4.4 p.p.*
Expenses	**-15**	**-20**	**38.0%**	**-48**	**-63**	**29.6%**
Workforce Expenses	-10	-12	26.8%	-34	-42	23.0%
Non-workforce Expenses	-5	-8	60.2%	-14	-20	46.0%
EBITDA	**5**	**2**	**-50.5%**	**30**	**17**	**-44.0%**
EBITDA Margin %	*6.6%*	*2.8%*	*-3.8 p.p.*	*10.9%*	*5.1%*	*-5.8 p.p.*

* Refers to total income

[10] Provides a view on the business performance, filtering out the currency effects by using a constant currency.

5 BICS

- **Q4'21 revenue +9.0%, all product groups posting revenue growth.**
- **Revenue from Core services up by 13.1%, driven by sustained strong performance in messaging, combining high A2P volumes with a continued favorable destination mix in Q4.**
- **Cloud communication services was the main driver of Growth revenue, up by 25.3%.**
- **Q4'21 EBITDA up by 6.8% to EUR 25 million.**

For the fourth quarter of 2021, **BICS posted revenues of EUR 259 million, an increase of 9.0%** from the comparable period in 2020.

+13.1% in Core revenue on A2P messaging

BICS' total year-on-year revenue increase was supported by its three product groups Growth, Legacy, and especially, Core services. The revenue from **Core services** (messaging, mobility and infrastructure), was up by EUR +11 million or +13.1% compared to the previous year. The year-on-year growth resulted from strong Messaging revenue, driven by high A2P volumes combined with a favorable destination mix, which continued in the fourth quarter. International travel continued its gradual come back, driven in part by the re-opening of international travel to the US.

Growth revenue +25.3%.

For BICS' **Growth services**, namely cloud communication, IoT and fraud prevention services, a total revenue of EUR 13 million was posted. The **EUR 3 million increase** from the comparable period in 2020 resulted from a strong traction for cloud communication, specifically in cloud-based voice services for a number of leading digital enterprises.

Legacy revenue up in declining market.

The revenue from BICS's **legacy services,** totaling EUR 148 million was **up by 5.4%**, in part driven by strong volume growth. This translated into a stable direct margin over the period, reflecting the continued market pressure in this inherently declining market.

Direct margin +7.6%

BICS grew its fourth-quarter 2021 underlying **Direct margin to EUR 58 million, +7.6%**[11] from the previous year, in particular from Core and Growth services.

EBITDA up by 6.8%

BICS' EBITDA totaled EUR 25 million for the last quarter of 2021. This compares to EUR 24 million with the 6.8% year-on-year increase resulting from the higher Direct margin, in part offset by higher operating costs resulting, largely from non-structural increase in HR provisions.

Table 20: BICS P&L

	4th Quarter			Year-to-date		
(EUR million)	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Revenue*	**237**	**259**	**9.0%**	**964**	**999**	**3.6%**
Core	86	97	13.1%	331	386	16.7%
Growth	10	13	25.3%	37	43	17.3%
Legacy	141	148	5.4%	597	570	-4.6%
Costs of Sales	-183	-200	9.4%	-737	-772	4.7%
Direct Margin	**54**	**58**	**7.6%**	**227**	**227**	**0.0%**
Direct Margin %	*22.9%*	*22.6%*	*-0.3 p.p.*	*23.6%*	*22.7%*	*-0.8 p.p.*
Expenses	**-31**	**-33**	**8.2%**	**-126**	**-126**	**-0.5%**
Workforce Expenses	-18	-20	13.1%	-71	-75	5.4%
Non-workforce Expenses	-13	-13	1.6%	-55	-51	-8.2%
EBITDA	**24**	**25**	**6.8%**	**101**	**102**	**0.6%**
EBITDA Margin %	*9.9%*	*9.7%*	*-0.2 p.p.*	*10.5%*	*10.2%*	*-0.3 p.p.*

* Refers to total income

[11] Including the limited effect of A2P messaging customer transfers to TeleSign.

6 Consolidated Financial Statements

The statutory auditor confirmed that the audit of the company's consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, is substantially completed. The statutory auditor confirmed the condensed consolidated financial statements are derived from the consolidated financial statements at 31 December 2021, which were authorized for issue by the Board of Directors on 17 February 2022. The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

6.1 Accounting policies

The accounting policies and methods of the Group used as of 2021 are consistent with those applied in the 31 December 2020 consolidated financial statements, with the exception that the Group applied the new standards, interpretations, and revisions that became mandatory for the Group on 1 January 2021. These have no impact on the Group's financial statements.

6.2 Judgements and estimates

The Group does not make any significant judgments and estimates other than those mentioned under note 2 in the 31 December 2020 consolidated financial statements, and other than those mentioned below in this report.

6.3 Significant events or transactions in 2021

Acquisition of minority interest in BICS

In accordance with the agreement entered into force on 9 February 2021 Proximus acquired on 23 February 2021 a 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.

Cash contribution to the capital of Fiberklaar and Unifiber

In 2020 Proximus reached a partnership agreement with EQT infrastructure (through its portfolio company Delta Fiber) and with Eurofiber to build jointly a fiber network in Flanders and Wallonia, respectively.

As part of the Delta Fiber agreement, 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.

Acquisition of Mobile Vikings

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

The allocation of the purchase price is included in the balance sheet as per end December 2021. The fair value of the identified assets and liabilities of Mobile Vikings NV, at the acquisition date amounted to EUR 32 million for non-current assets, mainly the customer base and brand, EUR 27 million for cash and cash equivalents, EUR 6 million for other current assets, and EUR 16 million for current liabilities.

The transaction resulted in a EUR 114 million goodwill, mainly as a result of the premiums paid for synergies expected to be achieved. The acquisition took place early June 2021. The revenues and expenses of Mobile Vikings have been incorporated into the Proximus Group financial statements starting 1 June 2021, contributing EUR 43 million to the total revenue and EUR 18 million to the Direct margin as per the end of December on a stand-alone basis.

Interest rate swap and green bond

On 29 June 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 10 November 2021 for that amount. The Group applied hedge accounting to this derivative.

On 10th November 2021 the Group issued an EUR 750 million 15-years green bond bearing an annual fixed coupon of 0.75%.

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 totaling EUR 13 million to the hedge counterparties.

The effective portion of changes in the fair value of hedging instruments that was designated in a cash flow hedge was recognized in other comprehensive income and henceforth will be gradually reclassified to Profit or Loss in the same period as the hedged item.

On 22 December 2021, the Group repaid, anticipatedly and without penalty, an EUR 500 million bond maturing on 22 March, 2022.

6.4 Consolidated income statement

(EUR million)	4th Quarter 2020	4th Quarter 2021	4th Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Net revenue	1,381	1,428	3.4%	5,443	5,537	1.7%
Other operating income	9	13	57.5%	38	42	9.9%
Total income	**1,390**	**1,441**	**3.7%**	**5,481**	**5,579**	**1.8%**
Costs of materials and services related to revenue	-499	-541	8.4%	-1,901	-1,997	5.0%
Workforce expenses	-296	-316	6.9%	-1,128	-1,200	6.4%
Non workforce expenses	-160	-159	-0.7%	-530	-554	4.5%
Total operating expenses before depreciation & amortization	**-955**	**-1,016**	**6.4%**	**-3,559**	**-3,751**	**5.4%**
Operating income before depreciation & amortization	**435**	**425**	**-2.3%**	**1,922**	**1,828**	**-4.9%**
Depreciation and amortization	-281	-295	4.9%	-1,116	-1,183	6.0%
Operating income	**154**	**130**	**-15.3%**	**805**	**645**	**-19.9%**
Finance income	6	0	-92.8%	8	4	-48.5%
Finance costs	-18	-17	-7.3%	-56	-58	3.8%
Net finance costs	**-12**	**-16**	**38.7%**	**-48**	**-54**	**12.5%**
Share of loss on associates and JV	0	-5	-	-1	-10	>100%
Income before taxes	**142**	**110**	**-22.9%**	**756**	**581**	**-23.1%**
Tax expense	-29	-23	-21.6%	-174	-137	-21.6%
Net Income	**113**	**87**	**-23.3%**	**582**	**445**	**-23.6%**
Attributable to:						
Equity holders of the parent (Group share)	110	87	-21.1%	564	443	-21.5%
Non-controlling interests	3	0	<-100%	18	1	-92.0%
Basic earnings per share	0.34	0.27	-21.2%	1.75	1.37	-21.5%
Diluted earnings per share	0.34	0.27	-21.2%	1.75	1.37	-21.5%
Weighted average number of outstanding shares	322,657,835	322,731,647	0.0%	322,752,015	322,751,990	0.0%
Weighted average number of outstanding shares for diluted earnings per share	322,657,835	322,731,647	0.0%	322,755,758	322,751,990	0.0%

6.5 Consolidated statements of other comprehensive income

(EUR million)	4th Quarter 2020	4th Quarter 2021	Year-to-date 2020	Year-to-date 2021
Net income	**113**	**87**	**582**	**445**
Other comprehensive income:				
Items that may be reclassified to profit and loss:				
Exchange differences on translation of foreign operations	-12	4	-22	15
Cash flow hedges:				
Gain/(Loss) taken to equity	0	-11	0	-13
Transfer to profit or loss for the period	0	-1	-2	-2
Other	0	0	-1	0
Total before related tax effects	**-12**	**-7**	**-24**	**1**
Related tax effects				
Cash flow hedges:				
Gain/(Loss) taken to equity	0	0	0	3
Income tax relating to items that may be reclassified	**0**	**0**	**0**	**4**
Total of items that may be reclassified to profit and loss, net of related tax effects	**-12**	**-7**	**-24**	**4**
Items that will not be reclassified to profit and loss:				
Remeasurement of net defined benefit obligations	-19	142	-19	142
Total before related tax effects	**-19**	**142**	**-19**	**142**
Related tax effects				
Remeasurement of defined benefit obligations	5	-35	5	-35
Income tax relating to items that will not be reclassified	**5**	**-35**	**5**	**-35**
Total of items that will not be reclassified to profit and loss, net of related tax effects	**-15**	**106**	**-15**	**106**
Total comprehensive income	**87**	**186**	**543**	**555**
Attributable to:				
Equity holders of the parent	89	189	536	553
Non-controlling interests	-2	0	8	3

6.6 Consolidated balance sheet

(EUR million)	As of 31 December 2020	As of 31 December 2021
ASSETS		
Non-current assets	**7,120**	**7,548**
Goodwill	2,465	2,588
Intangible assets with finite useful life	1,047	1,113
Property, plant and equipment	3,169	3,311
Right-of-use asset	285	274
Lease receivable	7	6
Contract costs	108	110
Investments in associates and JV	0	34
Equity investments measured at fair value	1	1
Deferred income tax assets	12	6
Pension assets	0	80
Other non-current assets	24	24
Current assets	**1,660**	**1,685**
Inventories	106	132
Trade receivables	868	879
Lease receivable	4	0
Contract assets	111	120
Current tax assets	119	166
Other current assets	139	140
Investments	3	0
Cash and cash equivalents	310	249
TOTAL ASSETS	**8,779**	**9,233**
LIABILITIES AND EQUITY		
Equity	**3,026**	**2,978**
Shareholders' equity attributable to the parent	**2,903**	**2,978**
Non-controlling interests	**123**	**0**
Non-current liabilities	**3,639**	**3,779**
Interest-bearing liabilities	2,507	2,737
Lease liabilities	216	204
Liability for pensions, other post-employment benefits and termination benefits	559	447
Provisions	139	153
Deferred income tax liabilities	115	136
Other non-current payables	102	102
Current liabilities	**2,114**	**2,475**
Interest-bearing liabilities	163	252
Lease liabilities	68	69
Liability for pensions, other post-employment benefits and termination benefits	86	62
Trade payables	1,213	1,515
Contract liabilities	157	135
Tax payables	11	11
Other current payables	416	432
TOTAL LIABILITIES AND EQUITY	**8,779**	**9,233**

6.7 Consolidated cash flow statement

(EUR million)	4th Quarter 2020	4th Quarter 2021	4th Quarter Change	Year-to-date 2020	Year-to-date 2021	Year-to-date Change
Cash flow from operating activities						
Net income	113	87	-23.3%	582	445	-23.6%
Adjustments for:						
Depreciation and amortization	281	295	4.9%	1,116	1,183	6.0%
Impairment on current and non-current assets	0	1	>100%	0	2	>100%
Increase/(decrease) of provisions	10	-2	<-100%	3	9	>100%
Deferred tax expense/ (income)	10	-3	<-100%	14	-12	<-100%
Loss from investments accounted for using the equity method	0	5	-	1	10	>100%
Fair value adjustments on financial instruments	0	1	>100%	0	1	>100%
Adjustments for finance cost	0	-2	<-100%	2	-2	<-100%
Gain on disposal of property, plant and equipment	-1	-1	-21.7%	-3	-1	-49.5%
Other non-cash movements	0	0	<-100%	-1	0	<-100%
Operating cash flow before working capital changes	**414**	**381**	-7.8%	**1,715**	**1,634**	-4.8%
Decrease/(increase) in inventories	32	-1	<-100%	27	-26	<-100%
Decrease/(increase) in trade receivables	73	-11	<-100%	123	11	-91.4%
Decrease/(increase) in other assets	-117	-141	20.1%	5	-54	<-100%
Increase in trade payables	-76	92	>100%	-68	144	>100%
Increase in other liabilities	-84	-48	-42.6%	-50	-15	-71.1%
(Decrease) in net liability for pensions, other post-employment benefits and termination benefits	-34	-17	-48.3%	-238	-74	-68.8%
Increase in working capital, net of acquisitions and disposals of subsidiaries	**-206**	**-126**	**-38.9%**	**-201**	**-13**	**-93.4%**
Net cash flow provided by operating activities (1)	**208**	**256**	**22.9%**	**1,515**	**1,621**	**7.0%**
Cash flow from investing activities						
Cash paid for acquisitions of intangible assets and property, plant and equipment	-342	-277	-19.1%	-1,089	-1,137	4.4%
Cash paid for investments in associates and joint ventures	0	0	-55.6%	0	-44	>100%
Cash paid for acquisition of consolidated companies, net of cash acquired	0	0	-	-2	-130	>100%
Net cash received from sales of property, plant and equipment and other non-current assets	4	3	-21.2%	11	6	-41.8%
Net cash used in investing activities	**-338**	**-274**	**-19.0%**	**-1,081**	**-1,305**	**20.7%**
Cash flow before financing activities	**-130**	**-18**	**-85.9%**	**434**	**316**	**-27.2%**
Lease payments (excl. interest paid)	-23	-21	**-10.9%**	-82	-79	**-3.4%**
Free cash flow (2)	**-153**	**-39**	**-74.5%**	**352**	**237**	**-32.7%**
Cash flow from financing activities other than lease payments						
Dividends paid to shareholders	-161	-161	0.0%	-485	-388	-20.0%
Dividends to and transactions with non-controlling interests	0	0	-	-26	-217	>100%
Net sale/(purchase) of treasury shares	3	0	<-100%	-5	2	>100%
Decrease of shareholders' equity	-1	0	-98.3%	-1	-1	-43.2%
Cash paid for matured cash flow hedge instrument related to long term debt	0	-12	>100%	-2	-13	>100%
Issuance of long term debt	1	730	>100%	150	730	>100%
(Repayment) of long term debt	0	-500	-	0	-502	-
(Repayment) of short term debt	162	74	-54.2%	6	89	>100%
Cash flows used in financing activities other than lease payments	**4**	**131**	**>100%**	**-363**	**-299**	**-17.4%**
Exchange rate impact	-1	0	>100%	-2	1	>100%
Net increase/(decrease) of cash and cash equivalents	**-151**	**92**	**>100%**	**-13**	**-62**	**>100%**
Cash and cash equivalents at 1 January				323	310	-4.0%
Cash and cash equivalents at the end of the period				310	249	-19.9%
(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						

6.8 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other remeasure-ment reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Shareholders' Equity	Non-controlling 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	**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											
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											
Sale of treasury shares	0	1	0	0	0	0	0	1	2	0	2
Stock options											
Stock options 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**

6.9 Segment reporting

As from 2021, segmental information used for internal decision-making and performance assessment is provided at the level of Domestic, BICS and TeleSign. In addition, compared with the 2020 segment reporting, eliminations are now reported separately.

See reconciliation of reported and underlying figures in Section 7.2.

	As at 31 December 2021							
	Proximus Group				Underlying by segment			
(EUR million)	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 other 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 other 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							

6.10 Disaggregation of revenue

(EUR million)		As at 31 December 2020	2021
Domestic			
Consumer			
	Customer services revenues (X-play)	2,203	2,188
	Prepaid	42	35
	Terminals	230	247
	Luxembourg Telco	116	125
	Other	56	98
	Total Consumer	*2,648*	*2,692*
Enterprise			
	Telecom Revenue	758	769
	ICT	541	536
	Advanced Business Services	39	37
	Other Products	6	10
	Total Enterprise	*1,344*	*1,352*
Wholesale			
	Fixed & Mobile wholesale services	126	120
	Interconnect	187	164
	Total Wholesale	*313*	*284*
Other		*9*	*4*
Total Domestic		**4,313**	**4,333**
BICS		**962**	**997**
TeleSign		**273**	**326**
Eliminations		**-105**	**-120**
Total Net Revenue		**5,443**	**5,537**

6.11 Group financing activities related to interest-bearing liabilities

(EUR million)	As at 31 December 2020	Cash flows issuance	Cash flows repayments	Non-cash changes	As at 31 December 2021
Non-current					
Unsubordinated debts (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 debentures	0	0	-500	500	0
Credit institutions held to maturity	1	0	0	0	1
Other current interest-bearing liabilities					
Subordinated loan	0	150	0	0	150
Credit institutions	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**

(EUR million)	As at 31 December 2019	Cash flows issuance	Cash flows repayments	Non-cash changes	As at 31 December 2020
Non-current					
Unsubordinated debentures	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
Other current interest-bearing liabilities					
Credit institutions held to maturity	1	0	0	0	1
Other financial debts					
Credit institutions	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**

6.12 Financial instruments

IAS 34 16 A (j) requires the interim reporting to provide specific fair value disclosures and in particular the following information:

- the carrying amounts and fair values of the financial instruments;
- the categorization of the fair valued financial instruments within the fair value hierarchy;
- the fair valuation techniques used.

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The Group has an interest rate and currency swap (IRCS) to manage its exposure to interest rate risk and to foreign currency risk on its remaining non-current interest-bearing liability yielded in foreign currency. The Group entered in 2021 into interest rate swaps (IRS), to mitigate the risk of interest rate variations between the hedge inception dates and the issuance date of a highly probable fixed-rate long-term debt that materialized in November 2021, as initially planned. The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

Fair Value and Fair Value Hierarchy

The following table shows the measurement categories under IFRS 9 for each class of assets and financial liabilities. It also includes the fair value hierarchy of the financial instruments and the valuation levels.

(EUR million)	As at 31 December 2021			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	Level 3
Other non-current assets				
Other derivatives	FVTPL	3	3	Level 2
Other financial assets	Amortized cost	10	10	
Current assets				
Trade receivables	Amortized cost	879	879	
Interest bearing				
Other receivables	Amortized cost	2	2	
Non-interest bearing				
Other receivables	Amortized cost	19	19	
Derivatives held for trading	FVTPL	1	1	Level 1
Cash and cash equivalents				
Short-term deposits	Amortized cost	10	10	
Cash at bank and in hand	Amortized cost	239	239	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	2,337	2,456	Level 2
Credit institutions	Amortized cost	401	423	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	100	100	
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions	Amortized cost	1	1	Level 2
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	100	100	Level 2
Credit institutions	Amortized cost	69	69	Level 2
Other loans	Amortized cost	1	1	Level 2
Trade payables	Amortized cost	1,515	1,515	
Other current payables				
Other derivatives	FVTPL	1	1	Level 1
Other debt	FVTPL	3	3	Level 3
Other amounts payable	Amortized cost	286	286	

FVTPL : fair value through profit and loss
FVTOCI : fair value through other comprehensive income

(EUR million)	As at 31 December 2020			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	Level 3
Other non-current assets				
Other derivatives	FVTPL	4	4	Level 2
Other financial assets	Amortized cost	7	7	
Current assets				
Trade receivables	Amortized cost	868	868	
Interest bearing				
Other receivables	Amortized cost	3	3	
Non-interest bearing				
Other receivables	Amortized cost	10	10	
Investments	Amortized cost	3	3	
Cash and cash equivalents				
Short-term deposits	Amortized cost	115	115	
Cash at bank and in hand	Amortized cost	195	195	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	2,104	2,286	Level 2
Credit institutions	Amortized cost	401	434	Level 2
Derivatives held for trading	FVTPL	1	1	Level 2
Other derivatives	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	99	99	
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions	Amortized cost	1	1	Level 2
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	150	150	Level 2
Other loans	Amortized cost	12	12	Level 2
Trade payables	Amortized cost	1,213	1,213	
Other current payables				
Other debt	FVTPL	1	1	Level 3
Other amounts payable	Amortized cost	276	276	

FVTPL : fair value through profit and loss

FVTOCI : fair value through other comprehensive income

Valuation technique

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

The valuation techniques for fair value measuring the Level 2 & 3 financial instruments are:

Other derivatives in Level 2

Other derivatives include the interest rate swaps (IRS) and interest rate and currency swaps (IRCS) the Group entered into to reduce the interest rate and currency fluctuations on some of its long-term debentures (including their current portion). 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 costs.

In case of anticipated settlement, in the context of a Group portfolio restructuring, those debentures are measured at their transaction price once the transaction is binding for the Group. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at period end for similar debentures with the same remaining maturities.

Other debts in Level 3

Level 3 financial instruments valuation is not based on observable market data. Instead, their fair value is derived using financial models and other valuation methods. To the extent possible, the underlying assumptions take into account market pricing information. Valuation changes due to new information could impact the income statement.

6.13 Contingent liabilities and commitments

Compared to the 2020 consolidated financial statements, no change occurred in 2021 in the contingent liabilities and commitments other than those mentioned below:

Claim from the Indian tax authorities

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 period from 1 April 2008 to 31 March 2011 on procedural grounds. The amount of the contingent liability, including late payment interest relating to this case 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.

Business combination TeleSign

Proximus' fully owned subsidiary TeleSign , a leading provider of digital identify and CPaaS Software Solutions for Global Enterprises, intends to go public at an Enterprise Value of $1.3 billion via a business combination with North Atlantic Acquisition Corporation (NAAC). NAAC 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, 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 from NAAC. Subject to closing conditions, the transaction is expected to close in 2022.

Mobtexting commitment

BICS Singapore has conditionally committed to acquire a specialist in the 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 10 February 2022.

HCL partnership

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.

6.14 Post balance sheet events

There are no other significant post balance sheet events.

6.15 Others

There has been no material change to the information disclosed in the 2020 annual consolidated financial statements in connection with related parties that would require disclosure under the Financial Reporting Framework, other than those mentioned below:

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 of 29 April 2021, in line with the conclusion of the special report prepared by three independent directors in accordance with Art. 7.97 of the Belgian Code for Companies and Associations. In 2021, the Banx project had no impact on the consolidated figures of the company. The project will start as from 2022 onwards.

7 Additional information

7.1 Reporting changes and remarks

Rounding
In general, all figures are rounded. Variances are calculated from the source data before rounding, and therefore some variances may not add up.

Change in fourth quarter 2021 - Minor restatement for the Enterprise Mobile customer base
The historical Mobile customer base of the Enterprise busines unit was adjusted by about 13,000 circuit switching data (CSD) cards, moving out of the mobile postpaid base and going into M2M. These cards are old technology (running on 2G), which in the past were also used to send faxes. Currently the only remaining use for these cards is M2M. Because of their nature, these CSD cards generate only a small ARPU, hence this restatement resulted in a minor impact on the previously reported Mobile Postpaid ARPU. Restated figures and are published on the Proximus website (link).

Change since start of 2021
As of January 2021, some reporting changes have been implemented in order to better reflect the organizational and strategic steering of the company. The quarterly results of 2020 and 2019 have been restated accordingly and are published on the Proximus website (link).

Consumer
- The consumer reporting is now fully based on the consumer Customer Services (X-play) view. This better reflects the focus on the multi-play and especially convergence strategy and avoids IFRS accounting allocation effects on revenue. Revenue/ARPU for Fixed and Mobile services are no longer reported.

Wholesale
- Wholesale revenues are split between “Fixed & Mobile wholesale services” and “Interconnect”. This way, inbound revenues, on which there is no influence, are isolated (neutral margin impact on Domestic level).
- Very minor change: Wholesale MVNO customers now only reflect the active customers and are categorized under a separate category (instead of under Prepaid).

BICS
- The former BICS segment has been split into “BICS” and “TeleSign”, reflecting their individual management and future trajectory.
- The new BICS revenue is categorized into legacy, core and growth services.

Domestic
- Domestic revenue no longer includes the eliminations between Domestic & BICS. These are now reported separately in the “Eliminations” category.

Direct margin
- With management’s focus on direct margin on Domestic level, for which interconnect effects are neutral, the Direct margin per segment is no longer reported.

7.2 From Reported to Underlying

GROUP - Incidentals	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	Q4 '20	Q4 '21	Q4 '20	Q4 '21	YTD '20	YTD '21	YTD '20	YTD '21
Reported	**1,390**	**1,441**	**435**	**425**	**5,481**	**5,579**	**1,922**	**1,828**
Lease Depreciations	0	0	-22	-20	0	0	-82	-80
Lease Interest	0	0	-1	0	0	0	-2	-2
Incidentals	-1	0	13	4	-2	-1	-1	26
Underlying	**1,389**	**1,441**	**426**	**409**	**5,479**	**5,578**	**1,836**	**1,772**
Incidentals	**-1**	**0**	**13**	**4**	**-2**	**-1**	**-1**	**26**
Capital gains on building sales	-1		-1		-2		-2	
Early Leave Plan and Collective Agreement			-3	-2			-3	-2
Fit For Purpose Transformation Plan				5			-12	10
M&A-related transaction costs			12	3		-1	21	13
Pylon Tax provision update (re. past years)			5	-3			-6	-3
Litigation provisions								6
Others				1				1

7.3 Definitions

A2P: stands for Application to Person messages

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

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

Annualized full churn rate of X-play: a cancellation of a customer is only taken into account when the household cancels all its plays.

Annualized Mobile churn rate: the total annualized number of SIM cards disconnected from the Proximus Mobile network (including the total number of port-outs due to Mobile number portability) during the given period, divided by the average number of customers for that same period.

ARPC: Average underlying revenue per customer (including Small Offices).

ARPU: Average Revenue per Unit.

Average Mobile data usage: calculated by dividing the total data usage of the quarter by the number of data users of the quarter.

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also includes Scarlet.

Broadband ARPU: total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.

BICS: Fully owned subsidiary of Proximus, providing international wholesale solutions for voice and mobile data providers worldwide, with an expertise in security and CPaaS solutions.

BICS legacy: represents mainly voice services.

BICS core: represents messaging, mobility (roaming, signaling & Mobile IP) and infrastructure services.

BICS growth: represents cloud communication enablement, SIM for things (travel SIM & IOT services) and fraud services.

CapEx: this corresponds to the acquisitions of intangible assets and property, plant, and equipment, excluding Right of Use assets (leasing).

Consumer: unit addressing the residential and small businesses (< 10 employees) market, including the Customer Operations Unit.

Convergence rate: convergent customers/small offices take both Fixed and Mobile services of Proximus. The convergence rate refers to the percentage of convergent customers/small offices on the total of multi-play customers/small offices.

Cost of Sales: the costs of materials and charges related to revenues.

Direct margin: the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.

Domestic: segment defined as the Proximus Group excluding BICS, TeleSign & Eliminations.

EBITDA: Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce, and non-workforce expenses.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations.

Enterprise: unit addressing the professional market including small businesses with more than 10 employees.

Fixed Services Revenue: total underlying revenue from Fixed services (Fixed Voice, Broadband and TV).

Fixed Voice access channels: PSTN, ISDN and IP lines. For Enterprise specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network).

Free Cash Flow: this is cash flow before financing activities, but after lease payments as from 2019.

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 & Sourcing.

Incidental: adjustments for material (**) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, and other items that are outside the scope of usual business operations. These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments etc.), deferred M&A purchase price, pre-identified one-shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

(**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings, and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.

Instant roaming: reselling of wholesale roaming agreements to third parties in order to allow them to have roaming coverage without negotiating individual local agreements per country.

Mobile customers: refers to active Voice and Data cards, excluding free Data cards. Postpaid customers paying a monthly subscription are by default active. Prepaid customers are considered active when having made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month.

Mobile ARPU: monthly ARPU is equal to total Mobile Voice and Mobile Data revenues (inbound and outbound, visitor roaming excluded), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNOs but excludes M2M.

Multi-play customer (including Small Offices): two or more Plays, not necessarily in a Pack.

Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash, and cash equivalents, including related derivatives.

Non-workforce expenses: all operating expenses excluding workforce expenses and excluding depreciation and amortization and non-recurring expenses.

Other Operating Income: this relates to income from, for example, reimbursements from damages, employees, insurances, gain on disposal, etc.

Luxembourg Telco: including fixed & mobile services, terminals & other

Play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.

Revenue-Generating Unit (RGU): for example, a customer with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-Play customer with 3 RGUs.

Reported Revenues: this corresponds to the TOTAL INCOME.

Terminals: this corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, ICT products and TV CPE.

Underlying: refers to Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) adjusted for lease depreciations and interest as from 2019 and for incidentals in order to properly assess the ongoing business performance.

Wholesale: unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.

Wholesale fixed & mobile services includes all solutions that Proximus offers to other operators. These services include fixed internet and data connectivity services, fixed telephony and mobile (incl. MVNO and Roaming) services (excl. Interconnect)

Wholesale Interconnect is 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.

Workforce expenses: expenses related to own employees (personnel expenses and pensions) as well as to external employees.

X-Play: the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

7.4 Management statement

The Proximus Executive Committee declares that, to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU, give a true and fair view of the assets, financial position and results of Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Guillaume Boutin, Chief Executive Officer, Mark Reid, Chief Financial Officer, Anne-Sophie Lotgering, Chief Enterprise Market Officer, Jim Casteele, Chief Consumer Market Officer, Geert Standaert, Chief Technology Officer, Antonietta Mastroianni, Chief Digital & IT Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer, and Dirk Lybaert, Chief Corporate Affairs Officer.

7.5 Financial calendar

(dates could be subject to change)

18 March 2022	Publication of the Annual Report 2021
20 April 2022	Annual General Shareholders Meeting (AGM)
29 April 2022	Announcement of Q1 2022 results
29 July 2022	Announcement of Q2 2022 results
28 October 2022	Announcement of Q3 2022 results

7.6 Contact details

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7.7 Investor and Analyst Conference Call

Analyst conference call details

Proximus will host a conference call for investors and analysts on Friday, 18 February 2022.
Time 2:00 p.m. Brussels / 1:00 p.m. London / 8:00 a.m. New York

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