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

IDENTIFICATION DETAILS (on the date of deposition)

NAME: Proximus..

....

Legal form: Société anonyme de droit public/Naamloze vennootschap van publiek recht..............................

Address: Boulevard du Roi Albert II – Koning Albert II laan..........................N°.: 27.................. Box: ....

Postal Code: 1030 .... City: Brussels...

Country: Belgium ....

Register of Legal Persons (RLP) – Office of the Business Court at Brussels ....

Internet address[1]: http://www.proximus.com...

Business number: BE 0202.239.951

CONSOLIDATED ACCOUNTS IN MILLIONS OF EUR[2]

Approved by the General Meeting of: 17/04/2024

Concerning the financial year covering the period from 01/01/2023 to 31/12/2023

Previous period from 01/01/2022 to 31/12/2022

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

Documents attached to these consolidated financial statements:
- the consolidated management report
- the audit report on the consolidated accounts

TO BE COMPLETED IF THE CONSOLIDATED ACCOUNTS ARE FILED BY A BELGIAN SUBSIDIARY
Name of the filing Belgian subsidiary (article 3 26, §2 4°, a) of the Companies and Associations Code).
....
....

Company Number of the filing Belgian subsidiary

Total number of pages filed................ Numbers of the sections of the standardized document not filed because without Object..

Signature (name and position)	Signature (name and position)
BOUTIN Guillaume	DE CLERCK Stefaan
CEO and Managing Director	Chairman of the Board of Directors

1 Optional statement
2 If necessary, change to currency in which the amounts are expressed.
3 Delete what does not apply
4 Mention optional
5 If necessary, adapt the currency and the unit in which the amounts are expressed

Nr.		CONSO 2

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

LIST OF DIRECTORS, MANAGERS AND AUDITORS

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

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

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

de MAHIEU Béatrice, CEO BeCode
Pierre Marchandstraat 51, 1970 Wezembeek-Oppem, BELGIUM
Director

HANARD Audrey, Chairwoman of the Board of Directors of bpost
94 Clapham Common South Side, Ground Flat, SW49DN London, UK
Director

OUASSARI Ibrahim, CEO MolenGeek
Meiselaan 36, 1880 Kapelle-op-den-Bos, BELGIUM
Director

TILLEKAERTS Claire, Director of companies
Ter Ramenlaan 11, 9070 Destelbergen, BELGIUM
Director

Representatives of shareholders other than the Belgian State:

COUNE Cécile, Director of Companies
Rue du Duc 68, 1150 Brussels, BELGIUM
Director (Appointment on 19 April 2023)

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

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

SONNE Joachim, Finance Advisor
29 Perrymead Street, UK - London SW6 3SN, UNITED KINGDOM
Director

TOURAINE Agnès, Chef d’entreprise
5 Rue de Budé, 75004 Paris, FRANCE
Director (Has resigned on 1 December 2023)

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

LIST OF DIRECTORS, MANAGERS AND AUDITORS

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

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

DELOITTE, Réviseurs d'entreprises SRL
Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, BELGIUM
Chairman of the Board of Auditors
Company number: BE 0429.053.863
Number of membership with the Institute of Auditors: B00025

Represented by Koen Neijens
Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, BELGIUM
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Number of membership with the Institute of Auditors: A02022

Luc CALLAERT SRL
Zwaluwstraat 117, 1840 Londerzeel (Malderen), BELGIUM
Auditor
Company number : BE 0463.716.022
Number of membership with the Institute of Auditors : B00342

Represented by Luc Callaert
Zwaluwstraat 117, 1840 Londerzeel (Malderen), BELGIUM
Number of membership with the Institute of Auditors : A01123

Consolidated Financial Statements

Prepared under International Financial Reporting Standards for each of the two years ended 31 December 2023 and 2022.

Note 1. Corporate information 10

Note 2. Material accounting policy information 11

Note 3. Goodwill 31

Note 4. Intangible assets with finite useful life 35

Note 5. Property, Plant and Equipment 37

Note 6. Leases 38

Note 7. Contract cost 40

Note 8. Investments in subsidiaries, joint operations, joint ventures and associates 41

Note 9. Equity investments measured at fair value 50

Note 10. Income taxes 51

Note 11. Assets and liabilities for pensions, other post-employment benefits and termination benefits 53

Note 12. Other non-current assets 61

Note 13. Inventories 61

Note 14. Trade receivables and contract assets 62

Note 15. Other current assets 65

Note 16. Non-current assets held for sale 65

Note 17. Cash and cash equivalents 66

Note 18. Equity 66

Note 19. Interest-bearing liabilities 68

Note 20. Provisions 75

Note 21. Other non-current payables 76

Note 22. Other current payables 76

Note 23. Net revenue 77

Note 24. Other operating income 80

Note 25. Costs of materials and services related to revenue 80

Note 26. Workforce expenses 81

Note 27. Non-Workforce expenses 82

Note 28. Depreciation and amortization 82

Note 29. Net finance cost 83

Note 30. Earnings per share 84

Note 31. Dividends paid and proposed 85
Note 32. Additional disclosures on financial instruments 85
Note 33. Related party disclosures 99
Note 34. Rights, commitments and contingent liabilities 102
Note 35. Share-based Payment 106
Note 36. Relationship with the auditors 107
Note 37. Segment reporting 107
Note 38. Recent IFRS pronouncements 110
Note 39. Post balance sheet events 110

Consolidated Balance Sheet

(EUR million)		As at 31 December	
ASSETS	Note	2022	2023
NON-CURRENT ASSETS		8,589	8,932
Goodwill	3	2,595	2,592
Intangible assets with finite useful life	4	1,779	1,702
Property, plant and equipment	5	3,531	3,834
Right-of-use assets	6	277	307
Lease receivable		7	10
Contract costs	7	111	111
Investments in associates and joint ventures	8	43	90
Deferred income tax assets	10	5	4
Equity investments measured at fair value	9	1	3
Pension assets	11	140	187
Other non-current assets	12	99	92
CURRENT ASSETS		1,952	2,220
Inventories	13	187	159
Trade receivables	14	938	866
Contract assets	14	137	167
Current tax assets		24	12
Other current assets	15	269	202
Cash and cash equivalents	17	299	716
Non-current assets held for sale	16	99	99
TOTAL ASSETS		10,541	11,153

LIABILITIES AND EQUITY	Note		
EQUITY	18	3,308	3,300
Shareholders' equity attributable to the parent	18	3,307	3,300
Non-Controlling interests	18	1	0
NON-CURRENT LIABILITIES		4,231	4,794
Interest-bearing liabilities	19	2,676	3,308
Lease liabilities	6	199	210
Liability for pensions, other post-employment benefits and termination benefits	11	361	337
Provisions	20	136	137
Deferred income tax liabilities	10	181	197
Other non-current payables non-interest-bearing	21 (*)	86	45
Other non-current payables interest-bearing	21 (*)	592	559
CURRENT LIABILITIES		3,002	3,059
Interest-bearing liabilities	19	588	611
Lease liabilities	6	73	88
Liability for pensions, other post-employment benefits and termination benefits	11	52	40
Trade payables	(**)	1,483	1,433
Contract liabilities	22	127	126
Tax payables		16	58
Other current payables non-interest-bearing	22 (*)	638	666
Other current payables interest-bearing	22 (*) (**)	25	37
TOTAL LIABILITIES AND EQUITY		10,541	11,153

(*) "Other non-current payables" have been split into "Other non-current payables non-interest-bearing and interest-bearing"; "Other current payables" have been split into "Other current payables non-interest-bearing and interest-bearing"

(**) The "Trade payables" that are interest-bearing payables have been reclassified into "Other current payables Interest-bearing"

Consolidated Income Statement

(EUR million)	Note	2022	2023
Net revenue	23	5,853	5,993
Other operating income	24	60	56
Total income		**5,914**	**6,048**
Costs of materials and services related to revenue	25	-2,186	-2,198
Workforce expenses	26	-1,301	-1,343
Non-workforce expenses	27	-601	-722
Total operating expenses before depreciation and amortization		**-4,088**	**-4,262**
Operating income before depreciation and amortization		**1,826**	**1,786**
Depreciation and amortization	28	-1,179	-1,185
Operating income		**647**	**601**
Finance income		4	10
Finance costs		-53	-119
Net finance costs	29	-49	-110
Share of loss on associates	8.3	-20	-30
Income before taxes		**578**	**461**
Tax expense	10	-128	-104
Net income		**450**	**357**
Attributable to:	18		
Equity holders of the parent (Group share)		450	357
Basic earnings per share (in EUR)	30	1.40	1.11
Diluted earnings per share (in EUR)	30	1.40	1.11
Weighted average nb of outstanding ordinary shares	30	322,552,465	322,442,197
Weighted average nb of outstanding ordinary shares for diluted earnings per share	30	322,552,465	322,442,197

Consolidated Statement of Comprehensive Income

(EUR million)	Note	2022	2023
Net income		450	357
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		10	-5
Cash flow hedges:			
Gain/(Loss) taken to equity		204	-14
Transfer to profit or loss for the period		0	-4
Total before related tax effects		215	-22
Cash flow hedges:			
Gain/(Loss) taken to equity		-51	3
Transfer to profit or loss for the period		0	1
Income tax relating to items that may be reclassified		-51	4
Total of items that may be reclassified to profit and loss - net of related tax effects		163	-18
Items that will not be reclassified to profit and loss			
Remeasurement of net defined benefit obligations	11	125	50
Total of items that will not be reclassified to profit and loss		125	50
Total before related tax effects		125	50
Related tax effects			
Remeasurement of net defined benefit obligations		-19	-12
Income tax relating to items that will not be reclassified		-19	-12
Total of items that will not be reclassified to profit and loss, net of related tax effects		106	38
Total comprehensive income		719	377
Attributable to:			
Equity holders of the parent		719	378

Consolidated Cash Flow Statement

(EUR million)	Note	As at 31 December 2022	2023
Cash flow from operating activities			
Net income		450	357
Adjustments for:			
Depreciation and amortization	4/5/6	1,179	1,185
Increase / (decrease) of provisions	20	-19	2
Deferred tax expense/ (income)	10	-24	8
Loss / (gain) from investments accounted for using the equity method	8.3	20	30
Fair value adjustments on financial instruments	29	1	-2
Adjustments for finance cost and (income) (1)	29	0	-1
Loss / (gain) on disposal of other participating interests and enterprises accounted for using the equity method		0	9
Loss / (gain) on disposal of property, plant and equipment	24	-4	-6
Operating cash flow before working capital changes		1,602	1,581
Change in:			
Inventories		-55	28
Trade receivables		-62	74
Other assets		120	-78
Trade payables		52	10
Other liabilities		92	37
Net liability for pensions, other post-employment benefits and termination benefits	11	-31	-32
Decrease/(increase) in working capital, net of acquisitions and disposals of subsidiaries		116	39
Net cash flow provided by operating activities		1,717	1,620
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment	4/5	-1,441	-1,453
Cash paid for acquisitions of, and loan granted to other participating interests	8.4	-30	-90
Cash paid for acquisition of consolidated companies, net of cash acquired	8.4	-3	0
Net Cash received from sales of property, plant and equipment and other non-current assets		13	33
Net cash used in investing activities		-1,461	-1,510
Cash flow before financing activities		256	110
Lease payments excluding interest paid	6	-89	-92
Free cash flow		167	18
Cash flow from financing activities other than lease payments			
Dividends paid to shareholders	31	-387	-387
Dividends to and transactions with non-controlling interests	18.2	2	0
Net Sale/ (purchase) of treasury shares		-5	2

Asset financing arrangement issuance	19.3	65	0
Asset financing arrangement repayment	19.3	-18	-10
Cash received for matured cash flow hedge instrument related to long term debt		0	132
Debt issuance (2)	19.3	477	1,239
Debt repayment (2)	19.3	-252	-577
Cash flows used in financing activities other than lease payments		-119	399
Exchange rate impact		1	-1
Net change of cash and cash equivalents		50	417
Cash and cash equivalents at 1 January		249	299
Cash and cash equivalents at the end of the period	17	299	716

Additional information		
(A) Net cash flow from operating activities includes the following cash movements :		
Interest paid	-51	-101
Interest received	2	8
Income taxes paid	-4	-49
(B) Free cash flow: cash flow before financing activities and after lease payments		

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

(2) Debt includes non-current and current debts

Consolidated Statement of Changes in Equity

(EUR million)	Issued capital	Treasury shares	Restric'd reserve	Equity instruments and hedge reserve	Other remeasur-ement reserve	Foreign currency trans- lation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-control. interests	Total Equity
Balance as at 1 January 2022	1,000	-422	100	-7	-102	7	0	2,403	2,978	0	2,978
Total comprehensive income and expense	0	0	0	154	106	10	0	450	719	0	719
Dividends to shareholders (relating to 2021)	0	0	0	0	0	0	0	-226	-226	0	-226
Interim dividends to shareholders (relating to 2022)	0	0	0	0	0	0	0	-161	-161	0	-161
Acquisition of Non-Controlling interests	0	0	0	0	0	0	0	2	2	1	3
Treasury shares											
Sale of treasury shares	0	-3	0	0	0	0	0	-2	-5	0	-5
Stock options											
Stock forfeited	0	0	0	0	0	0	0	0	0	0	0
Total transactions with equity holders	0	-3	0	0	0	0	0	-388	-390	1	-390
Balance as at 31 December 2022	1,000	-425	100	147	4	16	0	2,465	3,307	1	3,308
Total comprehensive income	0	0	0	-13	38	-5	0	357	378	0	377
Dividends to shareholders (relating to 2022)	0	0	0	0	0	0	0	-226	-226	0	-226
Interim dividends to shareholders (relating to 2023)	0	0	0	0	0	0	0	-161	-161	0	-161
Treasury shares											
Sale of treasury shares	0	6	0	0	0	0	0	-4	2	0	2
Total transactions with equity holders	0	6	0	0	0	0	0	-391	-385	0	-385
Balance as at 31 December 2023	1,000	-419	100	134	42	11	0	2,432	3,300	0	3,300

Notes to the consolidated financial statements

Note 1. Corporate information

The consolidated financial statements at 31 December 2023 were authorized for issue by the Board of Directors on 22th February 2024. They comprise the financial statements of Proximus SA, its subsidiaries, as well as the Group's interest in associates and joint ventures accounted for under the equity method and joint operations (hereafter "the Group").

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

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

The number of employees of the Group (in full time equivalents) amounted to 11,654 at 31 December 2023 and 11,634 at 31 December 2022. For the year 2023, the average headcount of the Group was 160 management personnel and 11,490 employees; for the year 2022 the average headcount of the Group was 168 management personnel and 11,361 employees.

Note 2. Material accounting policy information

Note 2.1. Basis of preparation

The accompanying consolidated financial statements as of 31 December 2023 and for the year then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The Group did not early adopt any IASB standards or interpretations.

Note 2.2. Changes in accounting policies

The Group does not anticipate the change in the application of standards and interpretations. The accounting policies applied are consistently with those of the previous financial years and applied the new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2023 and that are detailed as follows.

New standards and Amendments to standards:

- IFRS 17 - Insurance Contracts (and related amendments such as Amendments to IFRS 4 Insurance contracts)
- Extension of the Temporary Exemption from Applying IFRS 9)
- Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 – International tax reform - Pillar Two Model Rules

The adoption of these new and amended standards has limited impact on the financial statements of the Group.

The Group has adopted the amendments to IAS 1 with regard to disclosures of accounting policies with material accounting policy information. The amendments replace significant accounting policies by material accounting policy information. The amended standard considers that an accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not to be disclosed.

According to IFRS 17, the Group is mainly self-insurer except for the handsets insured that meet the criteria of fixed fee contracts for which IFRS 15 is applied.

Pillar Two

The Pillar Two Model Rules released on 20 December 2021 are part of the Two-Pillar Solution to address the tax challenges of the digitalisation of the economy that were agreed by 137 member jurisdictions of the OECD/G20 Inclusive Framework on BEPS and endorsed by the G20 Finance Ministers and Leaders in October 2021. The Pillar Two Model Rules are designed to ensure large multinational enterprises (MNEs) pay a minimum level of tax on the income arising in each jurisdiction where they operate.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group is active, including in Belgium where the Group is headquartered. The legislation will be effective for the Group's financial year beginning 1 January 2024.

IAS 12 has been amended and now includes a temporary exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law that is enacted or substantively enacted to implement the Pillar Two legislation. The Group applies this temporary exception.

The Group assessed the Group's potential exposure to Pillar Two income taxes using the most recent tax filings, Country-by-Country Reporting and financial statements for the constituent entities in the Group. Considering final FY23 data was not yet available at the moment of the assessment, the Group made an assessment of the Group's potential exposure to Pillar Two using the FY22 tax filings, Country-by-Country Reporting and financial statements for the constituent entities in the Group excluding future acquisitions, including the potential Route Mobile transaction. This potential transaction, which would bring new jurisdictions into the Group with potential impacts, is not part of the current assessment.

The Group's assessment indicates that:

- The Group is in scope of the enacted or substantively enacted legislation, given its consolidated revenues.
- In most of the jurisdictions, the Simplified Pillar Two effective tax rate is above 15% and/or at least one of the other Transitional CbCR Safe Harbour tests is met (Routine Profits test and/or the Simplified De-Minimis test).
- There are only a limited number of jurisdictions where the Transitional CbCR Safe Harbour relief does not apply. However, the Group does not expect a material Pillar Two top-up tax exposure in those jurisdictions.

Note 2.3. Operating segments

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

The internal profitability reports, that are regularly reviewed by the CODM to allocate resources to segments and assess performance, are organised based on the nature of products and services provided and geographical area. As a result, the Group operating segments are defined as follow:

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

Note 2.4. Alternative Performance Measures

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

Note 2.5. Basis of consolidation

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

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

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

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

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

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

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

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

Note 2.6. Business Combinations

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

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

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

Note 2.7. Judgments and estimates

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

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

The potential risks and opportunities associated with climate change to which the Group is exposed, as well as broader sustainability considerations, are presented in the Group's non-financial statements. Based on the information currently available to it, management has exercised its judgment in concluding that the main areas potentially affected by climate change, i.e. the useful life of the Group's assets and provisions, are currently and in the short term not significantly affected. These judgments are monitored on an ongoing basis as part of the Group's risk management process, given that the future impacts of climate change depend on environmental, regulatory, and other factors beyond the Group's control, not all of which are currently known.

Note 2.8. Critical judgments in applying the Group accounting policies

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

- Assessment of control on entities incorporated in the context of fiber network deployment

In the context of its ultimate objective of connecting Belgium through an open, future-proof network that brings high or very high-speed connectivity to every home and business, including those in less densely populated areas, Proximus co-created three separate companies, Fiberklaar, Unifiber and Glasfaser Ostbelgien, to help it accelerating the fiber roll-out in respectively Flanders, Wallonia and in the German-speaking Community.

These three companies have for business to engineer, design, build, maintain, upgrade, own, deploy, run and market a passive wholesale Point-to-Point Fiber-To-The-Home network in the Footprint (the "FTTH Network"), with a minimum rollout speed, a coverage ambition for the defined footprint, certain technical qualities (speed, capacity…). The networks to be built will be open and neutral, i.e. available to all Service Providers under non-exclusive and non-discriminatory terms to allow Service Providers (Proximus for instance) to compete on downstream markets.

In its assessment of the type of control its exercises on these companies (control alone, joint control or significant influence), Proximus identified what the companies' relevant activities were, how the decisions about these activities were taken and whether it obtained variable return from its interaction with them, via, among others, the exercise of its voting rights. Other facts and circumstances were also considered in the assessment, such as the companies' social purposes, the nature of the companies' other shareholders, the existence of pre-agreed and negotiated contexts and the companies' dependency to their shareholders as sources of cash flows contributing to the continuity of their operations.

Proximus concluded that it was not controlling alone those three entities as the decisions about the activities identified as relevant within the context of the arrangements signed with the co-investors are not taken alone by Proximus. These decisions were about essentially the approval of the budget, the appointment and dismissal of senior management, the commercialization of the offer, the building of the network. Furthermore, Proximus expected, based on the information available to it when it concluded that it was not controlling these entities, that it would not substantially be the only source of cash flows contributing to the continuity of the operations of the arrangements by these entities.

On that basis, the Group concluded that the investments in Fiberklaar, Unifiber and Glasfaser Ostbelgien, qualify currently and respectively as associate, joint venture and associate. These conclusions are monitored periodically to the light of those criteria, underlying facts, governance and existing agreements between shareholders or with the companies.

Note 2.9. Key sources of estimation uncertainty

- Claims and contingent liabilities and assets (see note 34)

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

- Recoverable amount of cash generating units including goodwill

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

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

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

- Estimation of useful life

Items of Property, Plant and Equipment are depreciated using a straight-line method to allocate their depreciable amount on a systematic basis over their useful life. The depreciable amount is the cost less its estimated residual value. Useful life of an asset is estimated on a realistic basis based on the experience of the Group with similar assets and reviewed at least annually. The Group considers that estimating useful life is a major source of uncertainty, particularly for tangible and intangible assets whose useful life is particularly sensitive to technological evolution and the Group's strategic decisions. The Group regularly monitors economic, strategic and technological indicators in order to adjust useful lives where necessary. The effect of changes in useful life are recognized prospectively.

Note 2.10. Foreign currency translation

The individual financial statements of each subsidiary are prepared in the currency of the primary economic environment in which the entity operates. When the factors set out by IAS 21 to determine the functional currency are mixed and the functional currency is not obvious, management judgment is used to determine which functional currency most faithfully represents the economic effects of its underlying transactions, events and conditions.

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

Note 2.11. Foreign operations

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

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

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

Note 2.12. Goodwill

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

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

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

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

Note 2.13. Intangible assets with finite useful life

Intangible assets consist primarily of the Global System for Mobile communication ("GSM") license, the Universal Mobile Telecommunication System ("UMTS") license, 4G and 5G spectrum licenses, customer bases, patents and trade names acquired in business combinations, internally and externally developed software and other intangible assets such as football rights and broadcasting rights.

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

The residual value of such intangible assets is assumed to be zero.

The Group capitalizes:

- The football broadcasting rights, and all other multi-seasonal sport broadcasting rights, for the full contract duration together with the recognition of the corresponding liability (for the full contract duration)

- For contracts with other TV channels, the costs for the total contract duration, as the content is deemed to be sufficiently identifiable (the major part of the content is already produced) for the non-cancellable duration of the contract (generally 18 months-3 years)
- Certain costs incurred in connection with developing or purchasing software for internal use and certain media production costs when they are identifiable, when the Group controls the asset and when future economic benefits from the asset are probable
- The unique licence fee (fixed amount) due in connection with the spectrum licences granted to Proximus.

The Group considers the annual fees due in connection with the spectrum licences granted to Proximus to be variable (contingent) payments and therefore expenses them as incurred. The net present value of these annual fees is disclosed in note 34.

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

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

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

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

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

The useful lives are assigned as follows:

	Useful life (years)
GSM, UMTS, 4G and other network licenses	Over the license period
SPECTRUM 2600 MHZ	15
SPECTRUM 800 MHZ	20
SPECTRUM 1800 MHZ 2G	20
SPECTRUM 2100 MHZ 3G	20
SPECTRUM 900 MHZ	20
SPECTRUM 1400 MHZ	20
SPECTRUM 700 MHZ	20
SPECTRUM 3600 MHZ	17 years 8 months
Customer bases, trade names, patents and software acquired in a business combination	3 to 20
Software	5
Broadcasting rights for sport seasons	Over the contract period
Rights to use, and other broadcasting rights	Over the contract period (usually from 2 to 5)

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

Note 2.14. Property, plant and equipment

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

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

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

The useful lives are assigned as follows:

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

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

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

Assets and associated liabilities classified as held for sale

The Group classifies assets (or disposal group) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through a continuing use. This condition is met when the asset (or disposal group) is available for immediate sale in its present condition, the sale is highly probable and expected to occur within one year. Assets and associated liabilities held for sale (or disposal group) are recorded at the lower of their carrying value or fair value less costs to sell and are classified as current assets. The Group no longer amortizes non-current assets classified as held for sale.

Note 2.15. Contract costs

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

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

All other commissions are expensed when incurred.

Note 2.16. Impairment of non-financial assets

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

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

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

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

Note 2.17. Deferred taxation

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

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

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

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

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

Note 2.18. Pensions, other post-employment benefits and termination benefits

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

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

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

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

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

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

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

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

Note 2.19. Short-term and long-term employee benefits

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

Note 2.20. Financial instruments

Note 2.20.1. Classification

The Group classifies its financial assets in the following categories:

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

The Group classifies its financial liabilities in the following categories:

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

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

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

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

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

Financial liabilities

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

Note 2.20.2. Measurement

- Financial assets at FVTOCI

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

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

  The Group holds no other investment measured at FVTOCI.

  Dividend income is recognized in profit or loss.

- Financial assets and liabilities at amortized cost

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

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

- Financial assets and liabilities at FVTPL

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

  Derivatives are measured at FVTPL, except for those to which hedge accounting is applied.

Note 2.20.3 Expected credit losses

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

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

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

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

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

- For receivables on residential and professional market, the payment delays compared to the contractual due dates and the status of the legal actions taken to recover the receivables due are the main information considered to assess whether credit risk has increased significantly since initial recognition. A provision matrix is used.
  The same methodology is applied for contract assets.
- TeleSign calculates the expected credit losses for trade receivables based on a combination of factors considering historical losses adjusted for current market conditions, customer's financial condition, disputes, the current aging and incorporating relevant forward-looking data.
- BICS considers experience and reasonable and supportable information about future expectations to define provision rates on an individual case basis. Following indicators are used by BICS:
  - An actual or expected significant deterioration of the customer's external (if available) or internal credit rating
  - Significant deterioration of the country risk in which the customer is active
  - Existing or forecasted adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
  - An actual or expected significant deterioration in the operating results of the debtor
  - An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtorthat results in a significant decrease in the debtor's ability to meet its debt obligations

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

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

Note 2.20.4. Criteria for initial recognition and for de-recognition of financial assets and liabilities

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

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

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

Note 2.20.5. Fair value of financial instruments

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

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

Note 2.20.6. Criteria for offsetting financial assets and liabilities

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

Note 2.21. Trade receivables

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

Note 2.22. Cash and cash equivalents

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

Cash and cash equivalents are carried at amortized cost.

Note 2.23. Interest-bearing liabilities

All loans and borrowings are initially recognized at their cost which generally corresponds to the fair value of the consideration received (net of issuance costs associated with the borrowings). After initial recognition, debts are measured at amortized cost using the effective interest rate method, with amortization of discounts or premiums through profit or loss.

Note 2.24. Derivatives

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

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

The group used:

- An IRCS to reduce the Group exposure to interest rate and foreign currency fluctuations on a long-term debt denominated in JPY
- Interest rate swaps to mitigate the risk of Interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts
- A zero cost collar swaption to protect the value of its existing pre-hedging interest rate swap against interest rates fluctuations

When these hedging instruments are designated in a cash flow hedge relationship, the effective portion of changes in their fair value is recognized in other comprehensive income and gradually reclassified to profit or loss through financial result, in the same period during which the hedged item hits the Group profit or loss through the interests paid. The derivatives to which the Group does not apply hedge accounting are consequently carried at fair value, with changes in fair value recognized in profit or loss through financial result.

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

- The group used contingent foreign exchange forward transaction to limit its exposure to the variability in cash flows that is attributable to the currency risk related to a highly probable future transaction (business combination) that will be settled in foreign currency. The Group applies hedge accounting to this hedging transaction. The changes in intrinsic value are recognized in the cash flow hedge reserve (OCI), while the changes in time value and forward element are recognised in the cost of hedging reserve (OCI).

The Group contracted derivatives (forward foreign exchange contracts) to hedge its exposure to currency fluctuations for highly probable forecasted transactions. The Group applied cash flow hedge accounting for part of these hedging transactions.

- For hedging transactions to which the Group does not apply hedge accounting, the derivatives are consequently carried at fair value, with changes in fair value recognized in profit or loss through financial result. When the underlying is recognized in the balance sheet and relates to costs recorded in operating income or to capitalized expenditures, the changes in fair value recognized in profit or loss are reclassified to the operating income when the hedging instrument matures.
- For hedging transactions to which hedge accounting is applied, the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged transaction occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition is adjusted with the amount previously recognized via other comprehensive income. If the hedge transaction relates to costs recorded in operating income, the amount previously recognized via other comprehensive income are reclassified in operating income when the costs related to the underlying service are recognized in profit and loss. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

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

The Group entered into a Virtual Power Purchase Agreement where it pays a fixed price and receives the spot price for a contractually specified part of the electricity produced by a specific offshore wind farm. The purchase of the electricity is virtual meaning that there is no physical delivery of the power being purchased (net settlement in cash). The objective of the transaction is to reduce the Group's exposure to the volatility of the electricity price and at the same time to receive several Energy Attribute Certificates (EACs) corresponding to the agreed upon green electricity volume. Derivatives embedded in non-derivative host contracts that are not financial assets are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss. The Group considers the VPPA as a hybrid instrument with a non-financial host contract for the purchase of the EACs and an embedded derivative related to power. As the power component of the hybrid contract is not closely related to the host contract, it is measured separately and at Fair Value through P&L. The purchase of EACs qualify for own use exemption and the related costs are expensed as the EACs are received.

Note 2.25. Net gains and losses on financial instruments

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

Note 2.26. Contract assets

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

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

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

Note 2.27. Inventories

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

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

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

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

Note 2.28. Lease agreements

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

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

Note 2.28.1. Group as a lessee (receives a right to use an asset from a supplier)

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

The lease term consists of the non-cancellable period of a lease, together with periods covered by options to extend the lease if the Group is reasonably certain to exercise these options, and periods covered by options to terminate the lease if the Group is reasonably certain not to exercise these options. Judgment is required in assessing whether these options will be exercised or not, considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

The Group has defined four major categories of leases:

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

Lease liabilities

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

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

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

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

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

- A change in term resulting from a contract amendment or a change in assessment of the reasonable certainty that a renewal option will be exercised or a termination option will not be exercised.
- A change in the amount of lease payments, for example following application of a new index or rate in the case of variable payments.
- A change in the assessment of whether a purchase option will be exercised.
- Any other contractual change, for example a change to the scope of the lease or the underlying asset.
- Advances paid on top of the scheduled reimbursements are deducted for the long term debt

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

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

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

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

Note 2.28.2. Group as a lessor (grants a right to use an asset to a customer)

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

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

Note 2.29. Provisions

The amount recognized as provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted where the effect of the time value of money is material. The unwinding is recognized via the finance expense.

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

Note 2.30. Share-based payment

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

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

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

Note 2.31. Contract liabilities

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

Note 2.32. Revenue

When Proximus enters a new contract, it determines the contract duration, the transaction price, the performance obligations included in the contract and the stand-alone selling price for each promise identified.

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

The Group assesses at contract inception the goods or services promised in a contract with a customer and identifies as performance obligation each promise to transfer to the customer either a good or service (or a bundle of) that is distinct, either a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Identifying the performance obligations requires judgment and a thorough understanding of the contract promises and how they interact with each other.

Performance obligations are identified when following criteria are met

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

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

- Traffic and data usage services: revenue is recognized on usage
- TV services: revenue is recognized over the contractual term
- Maintenance services: recognized over the contractual term
- Sale of equipment: revenue is recognized when the customer obtains control over the equipment
- Rent of equipment: rental revenue is recognized over the contractual period

- Setup/installation/activation fees: recognized when delivered
- License of intellectual property: revenue recognized when transferred to the customer.

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

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

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

When another party is involved in providing goods or services to a customer, the Group assesses for each performance obligation whether the nature of its promise is to provide the specified goods or services itself (ie the Group is a principal) or to arrange for those goods or services to be provided by the other party (ie the Group is an agent). To assess whether it acts as principal or agent in a transaction, when another party is involved, Proximus determines whether it controls the goods and services before they are transferred to its end customer. To this extent, Proximus analyses the legal terms of the contracts and their substance through the prism of the indicators of control. Proximus takes also into consideration other facts and circumstance to complete its understanding of the situation.

When the Group acts as agent the commission only is recognized in revenue.

Determination of the stand-alone selling price: in situations where the stand-alone selling price is not directly observable, the Group assesses it using all information (including market conditions, Proximus-specific factors and information about the customer or class of customer) that is reasonably available to it. This situation occurs mainly in the context of combined offers with subsidized devices, for which a cost-plus approach method is applied to one of the components. Discounts granted because a customer entered into a contract, are allocated to all performance obligations triggering the granting of the discount.

Note 2.33. Operating expenses

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

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

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

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

Note 3. Goodwill

(EUR million)	Goodwill
As at 31 December 2021	2,588
Purchase price allocation of Mobile Vikings	1
Effect of movements in foreign exchange	6
As at 31 December 2022	2,595
Effect of movements in foreign exchange	-4
As at 31 December 2023	2,592

Compared to year-end 2022 the goodwill decreased by EUR 4 million due to the USD/EUR conversion of the TeleSign. TeleSign has US Dollar as functional currency.

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

As at 31 December 2023, all businesses acquired were fully allocated to one single operating segment, to the exception of the goodwill allocated to BICS and TeleSign. The goodwill arising on the acquisition of control of TeleSign by BICS has been allocated in 2021 between BICS and TeleSign in proportion to the synergies expected from the business combination for each of the two companies individually. These synergies were identified at the date of the takeover of TeleSign by BICS.

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

	As at 31 December	
(EUR million)	2022	2023
Domestic	2,188	2,188
International Carrier Services	299	299
TeleSign	109	105
Total	2,595	2,592

Goodwill Impairment Test outcome

General comments

The valuation of the different segments is performed essentially on basis of a discounted free cash flow method (income valuation technique). The cash flows considered are those of the FCF Three-Year Plan (2024 - 2026) presented by the management to the December 2023 Group Board of Directors for approval. Subsequent years were extrapolated based on growth rates that are specific to each segment.

Some of the markets in which the Group operates are undergoing significant change. Extrapolating cash flow projections beyond the three-year period using a steady rate might not accurately reflect mid to long term benefits. If deemed appropriate, the Group extends its three-year plan by subsequent years to capture all relevant impacts.

Management is confident that its projections are reliable and can demonstrate its ability, based on past experience, to accurately forecast cash flows over longer periods. Management is, however, aware that events outside its control may affect the accuracy of its projections.

The Group reviews annually the growth rate and the weighted average costs of capital in the light of the market economics.

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

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

The Group estimates a separate post-tax weighted average cost of capital for each segment. It takes into consideration:

- The specificities of the segment activities. These specificities are different enough from one segment to another one to justify separate calculations.
- The relative weight of the segment capital structure components, including a risk premium specific to its inherent risks.
- Other risks, such as the country risk, market risk & industry risk, the credit risk and the company size risk. These latest risks are captured in the weighted average cost of capital, through the careful selection of a risk-free interest rate, a beta, a market risk premium and a credit spread attached to the segment, considered for the purpose of the exercise as a separate entity.

TeleSign

The recoverable amount of TeleSign has been estimated based on its value in use.

The cash flows considered are those of the Free Cash Flows (FCF) Three-Year Plan (2024 - 2026) presented by the management to the December 2023 Group Board of Directors. TeleSign operates in a growing market in both CPaaS and Digital Identity and management believes the medium-term growth is higher than the long term-growth. Consequently, for the purposes of impairment testing, the valuation exercise was extended by a further six years (until 2032). The cash flows generated over these six additional years were assumed to grow at a Compound Annual Growth Rate (CAGR) of 33 %, The terminal value, calculated from 2032 onwards, assumed a growth rate of 2.0%. All these assumptions taken together result in an implicit growth rate of 8.52% applied to the terminal value calculated from 2027 onwards.

The Free Cash Flows for the period 2024 to 2032 were discounted on basis of a post-tax weighted average costs of capital of 10.86% (9.70 % in 2022).

The key variables influencing Telesign value in use are

- The direct margin and EBITDA, which are mainly impacted by the transaction volumes for identity and communication solutions and the mobile network termination prices, as these affect production costs and the overall pricing of TeleSign solutions.
- The long-term growth
- The post-tax weighted average cost of capital (WACC).

Sensitivity analyses performed revealed that no reasonable possible changes in the key assumptions would reduce the value in use to be equal to the carrying amount.

The pre-tax weighted average costs of capital were 12.15% in 2023 and 12.36 % in 2022.

BICS

The recoverable amount of BICS has been estimated based on its value in use.

The key variables used in determining BICS value in use were:

- The direct margin
- The capital expenditures
- The long-term growth rate
- The post-tax weighted average cost of capital (WACC)
- BICS direct margin is highly sensitive to its voice and messaging activities, transaction volumes, mobile network termination prices and market prices for terminating the traffic in the different countries, as well as to the pricing of mobility and capacity products.

The valuation model assumes a growth rate of 0.0%, unchanged compared to 2022, for the years beyond the years covered by the FCF Three-Year Plan (2024 - 2026) presented by the management to the December 2023 Group Board of Directors.

The calculated post-tax weighted average costs of capital for BICS were 10.26% in 2023 and 9.70 % in 2022. The pre-tax weighted average costs of capital were 13.52 % in 2023 and 12.36 % in 2022.

Sensitivity analyses performed revealed that no reasonable possible changes in the key assumptions would reduce the value in use to be equal to the carrying amounts.

Domestic

The recoverable amount of Domestic has been estimated based on its value in use.

The cash flows considered are those of the Free Cash Flows (FCF) Three-Year Plan (2024 - 2026) presented by the management to the October 2023 Group Board of Directors for approval. However, to better capture the expected long-term positive effects of the ongoing roll-out fibre project, management considered a period of 14 years for the fibre related free cash flows, followed by a terminal value for the years thereafter. This extended period takes into account the time required to deploy the fibre optic network and to realize the positive effects of customer migration to the new network. These free cash flows are mainly a mix between the direct result of the long-term business plans negotiated with the co-owners of the entities specifically created to accelerate the rollout of optical fibre (see note 8.3) and the two most likely scenarios for the continued rollout of optical fibre, with or without consideration of the BIPT council communication of 10 October 2023 on possible cooperation agreements to roll out of a fiber network in Belgium. The weights assigned to each of the two scenarios reflect their probability of occurrence.

The free cash flows projections are impacted by following key parameters:

- The fiber deployment speed
- The speed of customer migration to the fiber network
- The Group ability to monetize the fiber investments (ability to upsell the average revenue per customer, to win-back market share and to attract other OLOs as wholesale customers)
- The size and importance of comparable fiber networks
- Fiber roll-out building costs, including impact of inflation and level of interest rates
- The funding policy of the JVs and the related equity injections from their shareholders

The free cash flow is also dependent to

- The post-tax weighted average cost of capital (WACC)
- The growth rate in the terminal value

The valuation model assumes following growth rates for the Domestic EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) segment:

- For the years 2024 to 2026, a compound annual growth rate of 1.10% (0.24 % in 2022 for the years 2023 to 2027)
- For the years 2027 to 2037, for the fibre related activities, a compound annual growth rate of 1.52% (1.96% in 2022 for the years 2028 to 2037)

The terminal value (calculated for the years after 2027 for the non-fiber activities and after 2037 for the fiber related activities) was based on a free cash growth rate of 0.43 %, unchanged from 2022. The combination of all these assumptions resulted in an implied free cash flows growth rate for the years beyond the FCF Three-Year Plan (fiber and non-fiber related activities) of 1.36%.

Assumptions made regarding these parameters are based on Proximus experience, the learning curve and available market information (interest rates, inflation, and European benchmarks on "Fiber-To-The-Home" networks).

Based on the information available to it, management is confident that its projections beyond the Three-Year Plan are reliable because they are based on realistic and achievable assumptions. The evolution of these parameters will be closely monitored. Management understands that, in the current volatile market environment, deviations could occur despite the remedies that will be taken to address them.

To capture these risks, an additional 1.0 % size risk premium (0.5% in 2022) was included in the cost of equity. These changes were taken to reflect the current exceptional market conditions but do not constitute a permanent change in the calculation methodology per se. As a result, the calculated post-tax weighted average costs of capital for Domestic amounted to 5.55% in 2023 (5.63 % in 2022). The pre-tax weighted average costs of capital were 6.82% in 2023 and 6.86 % in 2022.

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

Taking into account all the inputs and assumptions listed above, the impairment test of the Domestic segment showed an excess of EUR 1.4 billion at December 31, 2023 of the segment recoverable amount over its carrying amount.

A sensitivity analysis performed on following key parameters, each taken separately (i.e. all other variables being unchanged), show that Domestic recoverable value equals its carrying amount with

- a post-tax weighted average costs of capital of 6.5%
- an implied growth rate in the terminal value of 0.46%

While each of these parameters taken in isolation is unlikely to lead to an impairment of the goodwill allocated to the Domestic segment, an unfavourable combination of several of these parameters could result in an impairment. Such as, if WACC would increase by 0.5% and the implied growth rate would decrease to 1%, there would be an immaterial impairment.

Note 4. Intangible assets with finite useful life

(EUR million)	Licenses	Customer base & trade name	TV rights	Intangible Fixed & Mobile network	Software applications	Other intangibles and Intangibles under construction	Total
Cost							
As at 1 January 2022	427	934	553	566	2,521	98	5,098
Additions	618	2	29	86	281	15	1,032
Acquisition of subsidiary	0	3	0	0	0	0	3
Derecognition	-150	0	-21	-4	-83	-9	-268
Reclassifications	0	0	0	-11	14	-1	2
Foreign exchange adjustment	0	5	0	0	1	0	6
As at 31 December 2022	895	945	561	637	2,734	103	5,874
Additions	0	0	106	61	264	19	450
Derecognition	-134	0	-43	-31	-48	-6	-261
Reclassifications	0	0	0	1	2	-2	0
Foreign exchange adjustment	0	-3	0	0	-1	0	-4
As at 31 December 2023	761	941	624	667	2,951	113	6,058
Accumulated amortization and impairment							
As at 1 January 2022	-326	-797	-269	-404	-1,969	-68	-3,833
Amortization charge for the year	-35	-54	-137	-63	-225	-11	-525
Derecognition	150	0	21	4	83	9	267
Reclassifications	0	0	0	11	-12	0	-1
Foreign exchange adjustment	0	-2	0	0	0	0	-3
As at 31 December 2022	-211	-854	-384	-452	-2,124	-70	-4,095
Amortization charge for the year	-37	-21	-142	-74	-240	-11	-525
Derecognition	134	0	43	31	48	6	261
Foreign exchange adjustment	0	2	0	0	1	0	3
As at 31 December 2023	-114	-873	-483	-495	-2,316	-75	-4,356
Carrying amount as of 31 December 2022	684	91	176	185	610	32	1,779
Carrying amount as of 31 December 2023	647	69	141	172	635	38	1,702

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

The Group possesses the following licenses in Belgium and Luxembourg.

Year of acquisition	Description	Acquisition value (EUR million)	Net book value	Period	Payment method	Start of Amortization
2011	4G	20	5	2012-2027	completed	7/1/2012
2013	800 Mhz spectrum	120	59	2013-2033	completed	11/30/2013
2022	SPECTRUM 1800 MHZ 2G	110	104	2023-2043	over the period	1/1/2023
2022	SPECTRUM 2100 MHZ 3G	145	137	2023-2043	over the period	1/1/2023
2022	SPECTRUM 900 MHZ	57	55	2023-2042	over the period	1/1/2023
2022	SPECTRUM 1400 MHZ	109	106	2023-2043	over the period	7/1/2023
2022	SPECTRUM 700 MHZ	123	115	2022-2042	over the period	9/1/2022
2022	SPECTRUM 3600 MHZ	56	52	2022-2040	over the period	9/1/2022
2019	800 Mhz sepctrum	2	1	2019-2027	bi-annual	1/1/2019
2019	900 MHz spectrum	2	1	2019-2027	bi-annual	1/1/2019
2019	1800 Mhz spectrum	2	1	2019-2027	bi-annual	1/1/2019
2019	2100 Mhz spectrum	2	1	2019-2033	bi-annual	1/1/2019
2019	2600Mhz spectrum	1	0	2019-2027	bi-annual	1/1/2019
2020	800Mhz spectrum	6	4	2020-2035	upfront+yearly	10/1/2020
2020	3600Mhz spectrum	8	6	2020-2035	upfront+yearly	10/1/2020
	Total	761	647			

The first phase of the spectrum auction, organized by regulator BIPT, concluded on 20th June, 2022. Proximus acquired substantive spectrum rights in the 900 MHz, 1800 MHz and 2100 MHz band, as well as in the newly auctioned 700 MHz and 3600 MHz bands, essential for a large-scale 5G deployment. These spectrum licenses represent a total investment of EUR 491 million for a period of 20 years (18 years for the 3600 MHz band) which is recognized as intangible fixed asset and payable by annual installments over the same period. In addition to this spectrum package Proximus secured on the 20th of July, 2022 45 Mhz of spectrum in the 1400 MHz band for a total investment of EUR 109 million for a period of 20 years.

The customer bases, trade names and patents were recognized mainly as a result of the purchase price allocation performed when the Group acquired control over Bics, Telesign and Mobile Vikings.

In 2023, the Group acquired TV rights for an amount of EUR 106 million mainly broadcasting rights. In July 2020, Proximus and Eleven entered into an agreement whereby Proximus acquired the right to broadcast to its customers Eleven's Pro League specific channels (national). The contract was signed for a duration of 5 years. The contract with Eleven related to international football events was extended until 2025.

Note 5. Property, Plant and Equipment

(EUR million)	Land and buildings	Fixed Network	Mobile Network	Network for converged services	Technical equipment	Other tangible assets and assets under construction	Total
Cost							
As at 1 January 2022	541	9,091	1,535	37	1,342	265	12,812
Additions	6	682	100	3	85	13	891
Derecognition	-18	-446	-158	0	-88	-10	-720
Classified as held for sale	-364	0	0	0	-18	0	-383
Reclassifications	0	0	0	0	4	-5	-2
Exchange adjustment	0	0	0	0	1	0	1
As at 31 December 2022	166	9,327	1,477	40	1,325	263	12,599
Additions	6	669	103	2	88	12	878
Derecognition	-17	-541	-593	0	-122	-130	-1,402
Reclassifications	0	0	4	0	5	-9	0
As at 31 December 2023	155	9,455	991	43	1,296	136	12,075
Accumulated depreciation and impairment							
As at 1 January 2022	-337	-6,634	-1,237	-24	-1,025	-244	-9,500
Depreciation charge for the year	-9	-335	-103	-4	-111	-7	-569
Derecognition	16	449	158	0	84	10	717
Subsidiaries reclassified as held for sale	272	0	0	0	12	0	284
Reclassifications	0	0	0	0	1	0	1
As at 31 December 2022	-59	-6,519	-1,182	-28	-1,040	-240	-9,068
Depreciation charge for the year	-9	-353	-90	-5	-110	-5	-572
Derecognition	15	541	593	0	122	130	1,400
As at 31 December 2023	-53	-6,332	-679	-33	-1,028	-116	-8,241
Carrying amount as of 31 December 2022	107	2,808	295	12	286	23	3,531
Carrying amount as of 31 December 2023	102	3,123	312	10	268	20	3,834

(*) see note 16

The carrying amount of tangible fixed assets increased by EUR 304 million to EUR 3,834 million, mainly driven by the strong ramp-up of fiber deployment, and the Mobile network upgrade and consolidation, supporting the Group growth and efficiency ambitions.

Per December 2023, the gross carrying amount of fully depreciated property, plant and equipment that is still in use amounts to EUR 5,740 millionthe majority of which is related to technical and network equipment..

Note 6. Leases

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

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

(EUR million)	Buildings	Mobile sites	Fleet	Other	Total
As at 1 January 2022	135	89	43	7	274
New contracts	12	8	24	20	63
Depreciations	-25	-30	-25	-4	-84
Contract modifications/disposals/reassessments	4	25	-1	-3	25
As at 31 December 2022	126	91	41	20	277
New contracts	40	10	37	16	103
Depreciations	-27	-29	-26	-6	-88
Contract modifications/disposals/reassessments	-2	16	1	-1	16
As at 31 December 2023	137	89	53	29	308

In 2022 two new asset groups had emerged: bikes on the one hand (in category 'Fleet') and cloud infrastructure from our partnership with HCL on the other hand (in category 'Other'). The bikes (representing 1% of the Fleet figures) are optional leases for employees meeting specific criteria (like opting for an electric or hybrid company car).

In 2023 the increase in new building contracts is driven by the lease of 'Boreal', the office that will serve as Group headquarters during the makeover of the 'Towers'. This contract makes 2023 an exception in the year-over-year downward trend of building leases. The breakthrough of electric cars leads to a significant increase in the purchase price of new fleet contracts.

Partnership with HCL Technologies

In 2021 Proximus entered a partnership with HCL Technologies whereby that company operates and maintains Proximus' private cloud infrastructure. The partnership foresaw a transition phase, that started in October 2021 and that was finished in February 2022.

HCL and Proximus concluded an asset financing arrangement (nominal amount of EUR 65 million) for the infrastructure that remains in the Proximus data centres and under Proximus control. On 31 December 2023 the carrying amount of the concerned assets is EUR 41 million (see Note 5, "Technical Equipment").

New cloud infrastructure that has been purchased by HCL (nominal amount of 18 million in 2022 and 13 million in 2023) and used by it in the context of the partnership, qualified as a lease. On 31 December 2023 the carrying amount of the right of use is EUR 25 million and is reported under the caption "Other" in the table above.

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

(EUR million)	Buildings	Mobile sites	Fleet	Other	Sub-leases	Total
As at 1 January 2022	134	85	42	5	8	273
New contracts	12	8	24	20	0	63
Contract modifications/disposals/reassessments	4	21	0	-1	1	25
Interest expenses	1	1	0	0	0	2
Capital Reimbursements	-25	-30	-25	-10	0	-90
Interest Reimbursements	-1	-1	0	0	0	-2
As at 31 December 2022	126	83	40	13	9	272
New contracts	40	10	37	15	0	103
Contract modifications/disposals/reassessments	-2	16	2	-1	0	16
Interest expenses	3	3	1	0	0	7
Capital Reimbursements	-26	-29	-26	-14	2	-93
Interest Reimbursements	-3	-2	-1	0	0	-5
As at 31 December 2023	138	82	53	14	11	298
Current portion	27	25	22	10	5	90
Non-current portion	111	57	31	4	6	208

There is no material cash outflow in 2023 relating to leases that have not commenced on 31 December 2023.

(EUR million)	2022	2023
The following are the amounts recognized in profit or loss:		
Depreciation	-84	-88
Interest expenses	-2	-7
Total	-86	-95
The Group had total cash outflows for leases of		
Repayment of lease liabilities (cash out for financing activities)	-90	-93
Interest expenses (in the operating cash flow)	-2	-5
Total	-92	-98

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

(EUR million)	2023	2024	2025	2026	2027	2028	2029- 2048	Total
As at 31 December 2022								
Undiscounted lease payments	86	50	40	30	19	13	41	277
As at 31 December 2023								
Undiscounted lease payments		96	65	54	32	18	54	318

Note 7. Contract cost

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

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

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

Movements on contract costs in 2023 and 2022 are as follows:

	As at 31 December	
(EUR million)	**2022**	**2023**
Balance as at 1 January	110	111
Decrease/ Increase in contract assets relating to existing contracts in the opening balance		
Normal evolution	-67	-68
New contract costs	67	68
Balance as at 31 December	111	111

The portion of the balance as at 31 December 2023 and 2022 of the contract costs deferred within the year and deferred more than one year are as follows:

	As at 31 December	
(EUR million)	**2022**	**2023**
Contract costs	111	111
Deferred within 12 months	56	56
Deferred beyond 12 months	55	55

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

Note 8.1. Investments in subsidiaries

The consolidated financial statements include the financial statements of Proximus SA and the subsidiaries listed in the following table (the percentage in the table below represents the percentage of shares held by the Group):

Name	Registered office	Country of incorporation	2022	2023
Proximus SA under Public Law	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0202.239.951	Belgium	Parent company	
PXS Re	Rue de Merl 74 2146 Luxembourg	Luxemburg	100%	100%
Connectimmo SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0477.931.965	Belgium	100%	100%
Proximus Media House (PmH)	Rue Carli 2 1140 Evere VAT BE 0875.092.626	Belgium	100%	100%
Telindus - ISIT BV	Krommewetering 7 3543 AP UTRECHT VAT NL 30135115	The Netherlands	100%	100%
Proximus Luxembourg SA	18 rue du Puits Romain 8070 Bertrange VAT LU 15605033	Luxemburg	100%	100%
Proximus ICT SA	Koning Albert II laan 27 1030 Brussels VAT BE 0826.942.915	Belgium	100%	100%
Proximus Opal SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0861.585.672	Belgium	100%	100%
Be-Mobile SA	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0881.959.533	Belgium	93%	93%
Mediamobile SA	Rue du Gouverneur Général Eboué 24 F-92130 Issy Les Moulineaux	France (3)	100%	0%
Flitsmeister BV	Landjuweel 24 3905 PG Veenendaal VAT NL 55408567	The Netherlands	93%	93%
Cascador BV	Koning Albert II laan 27 1030 Brussels VAT BE 0648 964 048	Belgium	100%	100%

Name	Registered office	Country of incorporation	2022	2023
Clearmedia NV	Merksemsesteenweg 148 2100 Deurne VAT BE 0831.425.897	Belgium	100%	100%
Davinsi Labs NV	Borsbeeksebrug 28/2verd 2600 Antwerpen VAT BE 0550.853.793	Belgium	100%	100%
Belgacom International Carrier Services Mauritius Ltd	Chancery House 5th floor , Lislet, Geoffrey Street Port Louis 1112-07	Mauritius (1)	100%	100%
Belgacom International Carrier Services SA	Bld du Roi Albert II 27 1030 Brussels VAT BE 0866.977.981	Belgium (1)	100%	100%
Belgacom International Carrier Services Deutschland GMBH	Eichweisenring 11 70567 Stuttgart VAT DE 812.710.228	Germany (1)	100%	100%
Belgacom International Carrier Services UK Ltd	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom (1)	100%	100%
Belgacom International Carrier Services Nederland BV	Wilhelminakade 173, unit 41 32 3072 AP Rotterdam VAT NL 808.026.628.B01	The Netherlands (1)	100%	100%
Belgacom International Carrier Services North America Inc	Corporation trust center - 1209 Orange street USA - 19801 Willington Delaware	United States (1)	100%	100%
Belgacom International Carrier Services Asia Pte Ltd	C/O Tricor Singapore Pte Ltd 9 Raffles Place, #26-01 Singapore 048619	Singapore (1)	100%	100%
Belgacom International Carrier Services (Portugal) SA	Avenida da Republica, 50, 10th floor 1069-211 Lisboa VAT PT 505.146.720	Portugal (1)	100%	100%
Belgacom International Carrier Services Italia Srl	Via della Moscova 3 20121 Milano VAT IT 13276650150	Italy (1)	100%	100%
Belgacom International Carrier Services Spain SL	Calle Salvatierra, 4, 2c 28034 Madrid	Spain (1)	100%	100%
Belgacom International Carrier Services Switzerland AG	Gesellschaftsstrasse 27 3001 Bern VAT CHE-109.559.886	Switzerland (1)	100%	100%
Belgacom International Carrier Services Austria GMBH	Wildpretmarkt 2-4 1010 Wien	Austria (1)	100%	100%
Belgacom International Carrier Services Sweden AB	Drottninggatan 30 411-14 Goteborg	Sweden (1)	100%	100%
Belgacom International Carrier Services JAPAN KK	#409 Raffine Higashi Ginza, 4-14 10-10 Shirokanedai 3-Chome, Minato-ku Tokyo 108-0071	Japan (1)	100%	100%
Belgacom International Carrier Services China Ltd	5/F Manulife Place 348 Kwun Tong Road, Kowloon Hong Kong	China (1)	100%	100%

Name	Registered office	Country of incorporation	2022	2023
Belgacom International Carrier Services Australia Pty Ltd	1 Margaret Street - Level 11 Sydney NSW 2000 Australia VAT AU93.604.062.900	Australia (1)	100%	100%
Belgacom International Carrier Services Dubai FZ-LLC	Dubai Internet City Premises 306 - Floor 03- Building 02 -PO box 502307 Dubai	United Arab. Emirates (1)	100%	100%
Belgacom International Carrier Services South Africa Proprietary Ltd	Highveld Technopark 119 Witch-Hazel Avenue Highveld Technopark	South Africa (1)	100%	100%
Belgacom International Carrier Services Kenya Ltd	5th Floor, West Wing, ICEA Lion Center Riverside Park, PO Box 10643 00100 Nairobi	Kenya (1)	100%	100%
Belgacom International Carrier Services France SAS	Rue du Colonel Moll 3 75017 Paris VAT FR87.422.588.285	France (1)	100%	100%
Belgacom International Carrier Services Malaysia	Level 6, Menara 1 Dutamas Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur No. 202001015524 (1371844-D)	Malaysia (1)	100%	100%
TeleSign Holdings Inc	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States	100%	100%
TeleSign Corporation	13274 Fiji Way , Suite 600 Marina del Rey, CA 90292	United States	100%	100%
TeleSign UK	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	100%	100%
TeleSign Mobile Ltd	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	100%	100%
TeleSign Doo	Tresnjinog cveta 1 11070 Novi Beograd	Serbia	100%	100%
TeleSign Netherlands B.V.	2 New Bailey, 6 Stanley Street, Salford Greater Manchester M3 5GS	United Kingdom	100%	100%
TeleSign Singapore Pte. Ltd.	1 Robinson Road, #17-00 AIA Tower Singapore (048542)	Singapore	100%	100%
TeleSign (Beijing) Technology Co., Ltd.	Office 1551, 15/F, Office Building A, Parkview Green, 9 Dongdaqiao Road, Chaoyang District Beijing 100020	P.R. China	100%	100%
Codit Holding BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 662.946.401	Belgium	100%	100%
Codit BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 0471.349.823	Belgium	100%	100%
Codit Switzerland AG	The Circle 6 8058 Zurich VAT CHE-335.776.516	Switzerland	100%	100%

Name	Registered office	Country of incorporation	2022	2023
Codit Integration Ltd.	25 Cabot Square E14 4QZ London VAT GB 241.5781.10	United Kingdom	100%	100%
Codit Managed Services BV	Gaston Crommenlaan 14, box 301 9050 Ledeberg VAT BE 0835.734.875	Belgium	100%	100%
Codit Mare Limited	International House, Mdina Road BKR 3000 Mriehel C55412	Malta	100%	100%
Codit Nederland B.V	Krommewetering 7 3543 AP Utrecht VAT NL 30246968	The Netherlands	100%	100%
Votijnit Lda. (Codit Portugal)	Edificio LACS Anjos, Rua Febo Moniz, 27 1150-152 Lisboa NIPC 510.595.251	Portugal	100%	100%
Codit Software Limited	International House, Mdina Road BKR 3000 Mriehel C64225	Malta	100%	100%
Codit France S.A.S.	18, Boulevard Malesherbes 75008 Paris 08 VAT FR 0478.300.189	France	100%	100%
UMBRiO Holding BV	Bisonspoor 3002-A501 3605 LT Maarssen VAT NL 58566317	The Netherlands	100%	100%
Mobile Vikings NV	Kempische Steenweg 309 - box1 3500 Hasselt VAT BE 0886,946,917	Belgium	100%	100%
Telesign Belgium	Koning Albert II laan 27 1030 Brussels VAT BE 0781.957.877	Belgium (2)	100%	100%
3M Digital Networks Private Limited (Mobtexting)	45/B, Subam Complex, 1st A Main 3rd Floor, Rear Wing, Sarakki Indl Layout, J P Nagar, Phase-3, Bengaluru, Karnataka 560 078 U72200KA2012PTC066750	India (1) (2)	100%	100%
Proximus Ada	Koning Albert II laan 27 1030 Brussels VAT BE 0781.848.902	Belgium (2)	100%	100%
Doktr	Koning Albert II laan 27 1030 Brussels VAT BE 0787.949.212	Belgium (2)	80%	80%
Proximus Luxembourg Infrastructure	18 rue du Puits Romain 8070 Bertrange VAT LU 34353281	Luxemburg (2)	100%	100%
Proximus d.o.o	Tresnjinog Cveta 1/9 Beograd-Novi Beograd	Serbia (4)		100%
BICS South Korea LLC	#401, 4F, 23 Jong-ro 12-gil (Gwancheol-dong), Jongno-gu, Seoul	South Korea (4)		100%
Telesign Colombia S.A.S	Cr71 B N°49 A27- Sec 2 Bogota DC Tax ID 9016318595	Colombia (4)		100%

(1) Entity of BICS Group
(2) Entity created/acquired in 2022
(3) Entity liquidated in 2023
(4) Entity created in 2023

Note 8.2. Investments in joint operations

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

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

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

Note 8.3. Investments in joint ventures and associates

(EUR million)	2022	2023
Carrying amount	43	90
Profit / (loss) of continuing operations	-20	-30

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

Name	Registered office	Country of incorporation	Group's participating interests 2022	Group's participating interests 2023
Associates				
Belgian Mobile ID SA/NV	Markiesstraat 1 1000 Brussel VAT BE 541.659.084	Belgium (2)	15%	15%
Synductis CV	Brusselsesteenweg 199 9090 Melle VAT BE 502.445.845	Belgium (2)	17%	17%
Experience @ work CVBA	Minderbroedersgang 12 2800 Mechelen VAT BE 627.819.632	Belgium	30%	30%
Tessares SA/NV	Avenue Jean Monnet 1 1348 Ottignies-Louvain-la-Neuve VAT BE 600.810.278	Belgium	23%	23%
Co.station Belgium NV	Sinter-Goedeleplein 5 1000 Brussel VAT BE 599,786,434	Belgium (3)	20%	0%
Fiberklaar Midco BV	Raymonde de Larochelaan 13 9051 Sint-Denijs-Westrem VAT BE 760,489,106	Belgium	50%	50%
Fiberklaar BV	Raymonde de Larochelaan 13 9051 Sint-Denijs-Westrem VAT BE 760,540,475	Belgium	50%	50%
aug.e NV (former I.Leco NV)	Berkenlaan 8C 1831 Machelen VAT BE 471,967,356	Belgium	38%	48%
Belgian Parking Register NV	Kardinaal Mercierlaan 1A 9090 Melle VAT BE 0778.406.687	Belgium	50%	50%
Ads&Data	Harensesteenweg 226 1800 Vilvoorde VAT BE 0809.309.701	Belgium (2)	11%	11%
Glasfaser Ostbelgien	Klötzerbahn 24 4700 Eupen VAT BE 0791.811.295	Belgium (1)	50%	50%
FTI NV (Flanders Technology&Innovation)	Green Energy Park Research Park 160 1731 Zellik VAT BE 11003,648,706	Belgium (4)		11%
Clarence S.A.	202, Z.A.E.Wolser F. 3290 Bettembourg VAT LU 35.288.286	Luxemburg (4)		40%
Joint ventures				
Unifiber Midco SA	Waterloo Office Park Drève Richelle 161 D, Boite 20 1410 Waterloo 0771.814.647 RPR/RPM	Belgium	50%	50%
Unifiber SA	Waterloo Office Park Drève Richelle 161 D, Boite 20 1410 Waterloo 0771.870.372 RPR/RPM	Belgium	50%	50%

(1) Entity created in 2022
(2) Significant influence as proximus has a board member
(3) Entity liquidated in 2023
(4) Entity created in 2023

Fiberklaar was co-created in March 2021 with EQT Infrastructure to accelerate the roll-out of fiber in Flanders. Fiberklaar works to design, build, maintain, and upgrade the fiber network across the region to accelerate super fast and stable fiber connectivity in Flanders. Fiberklaar's target is to connect 1.5 million homes and businesses in Flanders by 2028. Proximus holds 49.66% of Fiberklaar and the arrangement qualifies as an associate under IAS 28.

Unifiber was co-created in July 2021 with Eurofiber to accelerate the roll-out of fiber in Wallonia. Unifiber works to design, build, maintain, and upgrade the fiber network across the region to accelerate super fast and stable fiber connectivity in Wallonia. Unifiber's target is to connect 0.6 million homes and businesses in Wallonia by 2028. Proximus holds 49.99% of Unifiber and the arrangement qualifies as joint venture under IAS 28.

In September 2022, Proximus co-created "Glasfaser Ostbelgien" or GO Fiber, a public-private partnership with the German-speaking Community and Ethias. Its objective is to connect almost all of the 40,000 homes and businesses in this region, including in the so-called "white zones". Proximus owns 49.96% of Glasfaser Ostbelgien. The arrangement qualifies as associate under IAS 28.

Contingencies and commitments in relation with the joint-ventures and associates fiber entities (Fiberklaar, Unifiber and Glasfaser Ostbelgien):

Imposed to the fiber entities

- After the roll-out period, Fiberklaar and Unifiber are required to meet the net debt/EBITDA target ratios defined in their shareholders' agreements. Available cash must be used to meet these targets as a matter of priority before any distribution to shareholders.

Imposed to the fiber entities' shareholders

- Proximus has a contractual obligation to financially support entities Fiberklaar and Unifiber by acquiring a predefined volume of fiber connections for the already deployed areas. This will be done by the complete migration of its customer base and the phasing out of its copper network within a few years after the completion of the fiber rollout. For Glasfaser Ostbelgien, there is no predefined volume, but there is still the migration commitment.
- Upon the occurrence of a "Flip Over Event" (such as the achievement of the deployment of the network on a targeted number of households, a predefined date, etc.), the shareholders of the fiber entities are obliged to transfer the minimum number of shares required to Proximus for the latter to obtain control by having the majority of the shareholding. If necessary, and in the most limited way possible, adaptations could be made to the shareholders' agreements in order to ensure control at Proximus after Flip Over. The earliest change of control is expected to occur in 2028.
- At the timing of the Flip Over, Proximus has the right to acquire the number of shares necessary to own at least 50% plus one and up to 75% minus one of Glasfaser Ostbelgien Shares. It is also granted a call option to extend its shareholding to 60% of Fiberklaar Midco shares.
- Fiberklaar,Unifiber and and Glasfaser Ostbelgien will maximize their funding through debt and operating cash flows. The shareholders will supplement the remaining financing needs with a capital injection, pro rata to their share.
- All shares held by Midco Unifiber and Midco Fiberklaar in Unifiber and Fiberklaar are pledged to financial institutions as part of the financing arrangements obtained by Unifiber and Fiberklaar. The same applies to the shares held in Glasfaser Ostbelgien

Changes in associates and joint venture:

(EUR million)	Unifiber SA	Fiberklaar BV	Other Associates	Total
Carrying amount				
As at 1 January 2022	9	22	3	34
Investments	0	30	-1	29
Profit for the year	-7	-13	0	-20
As at 31 December 2022	2	39	2	43
Investments	15	60	2	77
Loss for the year	-7	-21	-2	-30
As at 31 December 2023	11	77	2	90

Summary of balance sheet, profit and loss and other comprehensive income of the material joint venture and associate

	Unifiber		Fiberklaar	
(EUR million)	**2022**	**2023**	**2022**	**2023**
Non-current assets	54	188	223	492
Current assets	32	26	33	31
Cash and cash equivalents	21	14	32	26
Total assets	86	214	256	523
Equity	10	26	88	180
Non-current liabilities	57	153	120	290
Interest-bearing liabilities	57	151	120	290
Current liabilities	18	35	48	53
Total liabilities and equity	86	214	256	523
Total income	0	1	1	2
Total operating expenses before depreciation and amortization	-3	-4	-11	-15
Depreciation and amortization	0	-1	-1	-1
Finance income	0	1	0	3
Interests and debt charges on financial instruments at amortized costs	-5	-18	-4	-18
Profit or loss from continuing operations	-8	-21	-16	-28
Total comprehensive income	-8	-21	-16	-28
% ownership	50%	50%	50%	50%
Share held in Equity	5	13	44	90
Harmonization and retreatment	-3	-2	-5	-12
Carrying amount	2	11	39	77

Note 8.4. Acquisitions and disposal of subsidiaries, joint ventures and associates

Entities incorporated in 2023.

Clarence

Clarence is a joint-venture between Proximus and LuxConnect with the objective of creating a disconnected sovereign, cloud solution.

Acquisitions and disposals of 2023

EDPNET

In March 2023 Proximus acquired the activities and assets of Belgian and Dutch EDPNET. Immediately after this acquisition, the Belgian Competition Authority (BCA) however informed Proximus of the opening of an ex officio investigation into a possible abuse of dominance by Proximus by means of the acquisition. Proximus, which contested the allegations of abuse of dominance, cooperated in good faith with the investigators of the BCA. Eventually and to avoid a lengthy procedure, Proximus and Citymesh entered in November 2023 into and completed an agreement pursuant to which Proximus divested EDPNET Belgium to Citymesh. Further to this agreement, the BCA has terminated its abuse of dominance proceeding. The appeal filed by Citymesh against the assignment of EDPNET to Proximus was terminated.

Acquisitions in process in 2023 with high probability of finalization in 2024

Route Mobile

Proximus Group has signed a definitive agreement to acquire through Proximus Opal, a ~58% interest in Route Mobile, a global company specialized in CPaaS services, listed on NSE and BSE in India with a market capitalization of EUR 1.1 billion. As part of the agreement, some of the founding shareholders of Route Mobile will reinvest in a minority stake in Proximus Opal, a subsidiary of the Proximus Group and the holding company of Telesign, Proximus' US-based affiliate. Building on the combined strengths of Route Mobile and Telesign, the Group is paving the way to become one of the worldwide leaders in the fields of digital communications (CPaaS) and digital identity.

More specifically:

- Proximus Group will acquire 57.56% of the shares (on a fully diluted basis) in Route Mobile through Proximus Opal, for an initial INR 59,224 million (EUR ~643,0 million) cash consideration for a price per share of INR 1,626.40
- The acquisition of the majority stake in Route Mobile will, in accordance with Indian regulations, trigger a mandatory takeover offer ("MTO") for up to 26% of the total shares outstanding of Route Mobile at the same price per share. Depending on the outcome of the MTO, the stake held by Proximus Opal could further increase to around 75% of Route Mobile's shares. If MTO is fully adopted, the stake could rise to around 84%, but as Indian regulator SEBI prescribes a minimum threshold of 25% public shareholding for all listed companies, Proximus Opal would need to sell stakes back to 75% within 12 months

Total cash consideration for this part of the operation, will be determined by the effective MTO take-up. The acquisition of the majority stake in Route Mobile and the MTO will be followed by a reinvestment of EUR ~299.6 million by some of the founding shareholders of Route Mobile, for up to 14.5% of the shares of Proximus Opal. Considering the reinvestment, the net cash consideration for Proximus prior to MTO amounts to EUR ~343.4 million.

The agreement remains conditional upon realization of the conditions provided for in the agreement, including the receipt of regulatory and anti-trust approvals and the completion of the MTO on certain shares of Route Mobile. Proximus expects to close the transaction during the first semester of 2024.

Entities incorporated in 2022

Proximus Ada

In March 2022 Proximus established the wholly owned subsidiary Ada, an innovation and expertise centre dedicated to artificial intelligence and cybersecurity. The entity started its activities in April 2022. Proximus Ada employed around 52 experts in artificial intelligence and cybersecurity on 31 December 2022.

Doktr

On 1 July 2022, Proximus transferred the activities related to the Doktr application to this new company, Doktr SRL. Doktr aims to become an integral part of the healthcare offering, facilitating video consultations in an accessible, secure and user-friendly manner.

Glasfaser Ostbelgien

See note 8.3.

Acquisition of 2022

BICS-3m Digital Networks Pvt Ltd

BICS acquired 100% of the shares of a Communications Platform as a Service (CPaaS) specialist, 3m Digital Networks Pvt Ltd, an international communications enabler, by its fully owned Singaporean subsidiary. The acquisition will add a range of cloud-native communications solutions to BICS portfolio, including AI-enabled voice, multi-channel messaging and advanced analytics services.

Note 9. Equity investments measured at fair value

At 31 December 2023 and 2022, the group held participating interests in non-quoted companies, the fair value amounted to EUR 1 million in 2022 and EUR 3 million in 2023.

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

Note 10. Income taxes

(EUR million)	As at 31 December	
	2022	2023
Accelerated depreciation	-40	-37
Fair value adjustments on acquisition	-20	-18
Statutory provision not retained under IFRS	-8	-10
Remeasurement of financial instruments to fair value	-52	-51
Deferred taxation on sales of property, plant and equipment	-7	-8
Post-employment, termination and other benefits	-19	-37
Deferred taxation on contract assets & contract costs	-61	-69
Gross deferred income tax liabilities	-209	-229
Fair value adjustment on fixed assets	11	11
Provisions for liabilities and charges	11	12
Other	10	13
Gross deferred income tax assets	32	36
Net deferred income tax assets / (liabilities), when grouped per taxable entity, are as follows :		
Net deferred income tax liability	-181	-197
Net deferred income tax asset	5	4

The movements in 2023 of the deferred tax position are as follows
(EUR million)

As at 31 December 2022	-176
Decrease recognized through other comprehensive income	-7
Increase recognized in income statement	-10
As at 31 December 2023	-193

The 2023 deferred tax expense in the profit or loss is mainly the consequence of the increase in the post-employment and termination benefits, the increase of the revenue from contracts with customers (IFRS15) and the remeasurement to FV of the financial instruments. This expense is partially offset by the decrease of the deferred tax on temporary differences.

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

Deferred tax assets have not been recognized in respect of the losses of subsidiaries that have been loss-making for several years. Cumulative tax losses and other assets carried forward available for such companies amounted to EUR 46 million at 31 December 2023 (EUR 22 million in 2022) of which 41 million have no expiration date. The use of the Belgian tax losses carried forward is limited in use of 1 million per year and 70% for the surplus in the same year. The offset of US tax losses is generally limited to 80% of the taxable income.

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

(EUR million)	Year ended 31 December 2022	2023
Accelerated depreciation	5	3
Fair value adjustments on acquisition	14	2
Remeasurement of financial instruments to fair value	0	-3
Deferred taxation on sales of property, plant and equipment	0	-1
Fair value adjustment on fixed assets	-1	0
Post-employment, termination and other benefits	7	-5
Tax losses carried forward	-3	0
Contract assets and contract cost	-5	-8
Other	7	2
Deferred tax expense of the year	25	-10

The consolidated income statement includes the following tax expense:

(EUR million)	As at 31 December 2022	2023
Current income tax expense	-153	-94
Deferred income tax	25	-10
Income tax expense reported in consolidated income statement	-128	-104

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

(EUR million)	2022	2023
Income before taxes	578	461
At Belgian statutory income tax rate of 25%	145	115
Lower income tax rates of other countries	1	2
Non-taxable income	-24	-27
Non-deductible expenditures for income tax purposes	5	11
Non-deductible losses from joint ventures and associates	8	7
Other	-5	-4
Income tax expense	128	104
Effective income tax rate	22.22%	22.61%

The 2023 effective income tax rate amounts to 22.61% which is higher compared to the effective income tax rate of 22.22% in 2022.

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

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

The Group has several plans that are summarized below:

	As at 31 December	
(EUR million)	2022	2023
Termination benefits and additional compensations in respect of restructuring programs	116	82
Defined benefit plans for complementary pension plans net liability / (net asset)	-140	-187
Other pension plans	1	1
Post-employment benefits other than pensions	295	293
Net asset recognized in the balance sheet	140	187
Net liability recognized in the balance sheet	413	377
Net liability (current)	52	40
Net liability (non-current)	361	337

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

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

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

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

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

In 2019, Proximus launched its Fit for Purpose (FFP) transformation plan. An analysis based on the company's future challenges has led to the identification of areas of activity that either are being modified or that are disappearing. The provision for termination benefits was entirely booked as a result of a detailed and formal communication to those affected by the plan and as these benefits were not conditional to future service. The provision includes all benefits that are paid to the participants either at dismissal date or until earlier pensionable date. The provisions also include outplacement costs. The costs of reskilling and upskilling of employees are not included in the provision. The long-term part of the provision relates to the payments to be made after more than one year (mainly until pensionable date). This evolves with the index and discount rate. The staff turnover assumption is considered to be zero in the calculation. In 2022, the liability for termination benefits has also been updated to reflect the fact that Proximus can de facto no longer withdraw to offer certain benefits to employees in existing programs. The provision has been increased by EUR 22 million in 2022..

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

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

	As at 31 December	
(EUR million)	2022	2023
Benefit Obligation	116	82
Benefit obligation in excess of plan assets	116	82

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

	As at 31 December	
	2022	2023
At the beginning of the year	140	116
Total expense (income) for the period	22	2
Payment to the participants	-46	-35
At the end of the year	116	82

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

	As at 31 December	
(EUR million)	2022	2023
Discount rate	3.20%	3.20%
Future price inflation	3.00%	2.60%

Sensitivity analysis

An increase or decrease of 0.5% in the effective discount rate involves a fluctuation of the liability by approximately EUR1 million.

The Group expects to pay an amount of EUR 21 million for termination benefits and additional compensations in 2024. The payments in 2023 amounted to EUR 35 million.

Note 11.2. Defined contribution and benefit plans for complementary pensions

Defined benefit plans of Proximus SA and some subsidiaries

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

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

At 31 December 2023, the assets of the Pension Fund exceed the minimum required by the pension regulator, being the technical provision. The technical provision represents the amount needed to guarantee the short-term and long-term equilibrium of the Pension Fund. It is constituted of the vested rights increased with an additional buffer amount in order to guarantee the long-term durability of the pension financing. The vested rights represent the current value of the accumulated benefits relating to years of service already rendered in the company and based on current salaries. They are calculated in accordance with the pension regulation and applicable law regarding actuarial assumptions.

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

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

The funded status of the pension plans is as follows :

	As at 31 December	
(EUR million)	2022	2023
Defined Benefit Obligation	716	785
Plan assets at fair value	-857	-971
Deficit / (surplus)	-140	-187

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

	Year ended 31 December	
(EUR million)	2022	2023
Current service cost - employer	52	45
Net interest	-1	-6
Recognized in the income statement	50	39
Remeasurements		
Actuarial (gains)/losses from changes in financial assumptions	-192	-19
Actuarial (gains)/losses from changes in demographic assumptions	20	0
Actuarial (gains) / losses arising from experience adjustments	22	38
Actuarial (gains) / losses related to return on assets, excluding amounts included in the net interest cost	88	-69
Recognized in other comprehensive income	-61	-50
Total	-11	-12

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

	Year ended 31 December	
(EUR million)	2022	2023
At the beginning of the year	-79	-140
Expense for the period recognized in the income statement	50	39
Remeasurement recognized in other comprehensive income	-61	-50
Contributions paid	-50	-35
Net deficit/ (Net surplus)	-140	-187

Change in plan assets :

	As at 31 December	
(EUR million)	2022	2023
At the beginning of the year	904	857
Interest income	10	30
Return on assets, excluding amounts included in the net interest expense	-88	69
Contributions paid	50	35
Benefits payments and expenses	-19	-20
At the end of the year	857	971

Change in the defined benefit obligation :

(EUR million)	As at 31 December 2022	As at 31 December 2023
At the beginning of the year	825	716
Service cost	52	45
Interest cost	9	24
Benefits payments and expenses	-19	-20
Actuarial losses/ (gain)	-150	19
At the end of the year	716	785

The pension liability was determined using the following assumptions :

(EUR million)	As at 31 December 2022	As at 31 December 2023
Discount rate	3.50%	3.30%
Future price inflation	3.00%	2.60%
Nominal future salary increase	4.15%-4.25%	3.10%-3.85%
Nominal future baremic salary increase	4.00%-4.15%	3.60%-3.75%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

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

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

The duration of the obligation is 13.36 years.

Sensitivity analysis

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

We expect, that considering the current uncertainties on the market, the level of discount rate to remain comparable in 2024 and that the inflation will slightly evolve but remain relatively high still for a relatively long period of time,

If the discount rate increases (or decreases) by 0.5%, the estimated impact on the defined benefit obligation would be a decrease (or increase) by around 6% to 7%.

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

Plan assets

The assets of the pension plans are detailed as follows:

(EUR million)	As at 31 December 2022	2023
Equity instruments	48.2%	49.9%
Debt instruments	36.2%	35.8%
Convertible bonds	4.8%	4.5%
Other (property, infrastructure, Private equity funds, insurance deposits)	10.8%	9.8%

The actual return on plan assets is as follows:

(EUR million)	As at 31 December 2022	2023
Actual return on plan assets	-79	100

The investment strategy of the Pension Fund is defined to optimize the return on investment within strict limits of risk control and taking into account the profile of the pension obligations. The relatively long duration of the pension obligations (13.36 years) allows to allocate a reasonable portion of its portfolio to equities. Over the last five years, the pension fund has significantly increased the diversification of its investment portfolio across asset classes, regions and currencies in order to reduce the overall risk and improve the expected return.

At the end of 2023 the portfolio was invested by about 49.9% in listed equities (in Europe, US and Emerging Markets), about 35.8% in fixed income (government bonds, corporate bonds, and senior loans) and about 4.5% in convertible bonds (World ex US), the remaining part being invested in European infrastructure, global private equity, European non-listed real estate and cash. The actual implementation of the investments is outsourced to specialized asset managers.

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

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

The Group expects to contribute an amount of EUR 33 million *to this Defined Benefit Plan in 2024*.

Other pension plans

The Group also operates another defined benefit plan with a more limited amplitude, being a Defined Benefit Obligation EUR 6 million and plan assets of EUR 5 million resulting in a net liability of EUR 1 million.

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

Note 11.3. Post-employment benefits other than pensions

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

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

The funded status of the plans is as follows :

	As at 31 December	
(EUR million)	2022	2023
Defined Benefit Obligation	295	293
Net liability recognized in the balance sheet	295	293

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

	Year ended 31 December	
(EUR million)	2022	2023
Current service cost - employer	4	3
Interest cost	3	10
Recognized in the income statement	7	13
Remeasurements		
Actuarial losses from changes in financial assumptions	-61	1
Effect of experience adjustments	-3	-1
Recognized in other comprehensive income	-63	0
Total	-56	13

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

	As at 31 December	
(EUR million)	2022	2023
At the beginning of the year	365	295
Expense for the period recognized in the income statement	7	13
Remeasurement recognized in other comprehensive income	-63	0
Payment to the participants	-14	-15
At the end of the year	295	293

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

	As at 31 December	
	2022	2023
Discount rate	3.50%	3.30%
Future cost trend (index included)	3.00%	2.60%
Mortality	BE Prospective IA/BE	BE Prospective IA/BE

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

The duration of the obligation is 11.88 years.

Sensitivity analysis

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

If the discount rate increases (or decreases) by 0.5%, the defined benefit obligation would decrease (or increase) by around 6%.

If the future cost trend increases (or decreases) by 0.5%, the defined benefit obligation would increase (or decrease) by around 6%.

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

The Group expects to contribute an amount of EUR 16 million to these plans in 2024.

Note 11.4. Other liabilities

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

Note 12. Other non-current assets

(EUR million)	Note	As at 31 December 2022	As at 31 December 2023
Other derivatives	32.1	83	71
Other financial assets at amortized cost		16	21
Total		99	92

Other derivatives relate essentially to

- A 10-year forward starting interest rate swap for a notional amount of EUR 500 million entered on February 2022 to cover the Group exposure to the variability in cash flows attributable to the long-term interest rate risk associated with a highly probable forecasted transactions, being a 10-year bond to be issued in April 2025. The Group applies hedge accounting to this swap. The fair value of this financial instrument amount to EUR 58 million as at 31 December 2023 and EUR 82 million at year end of 2022.
- A zero-cost collar swaption entered by the group in 2023 to protect the value of its existing pre-hedging interest rate swap against interest rates fluctuations. The fair value of this financial instrument amount to EUR 13 million as at 31 December 2023.

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

Note 13. Inventories

(EUR million)	As at 31 December 2022			2023		
	Gross amount	Written off	Net amount	Gross amount	Written off	Net amount
Raw materials, consumables and spare parts	62	-6	56	55	-6	48
Work in progress and finished goods	23	0	23	21	0	21
Goods purchased for resale	111	-3	108	95	-5	89
Total	196	-9	187	171	-12	159

'Raw materials, consumables, and spare parts' are mainly materials for the gigabit network, like cables and installation tools.

'Work in progress and finished goods' contain mainly projects which are not yet completed.

Goods purchased for resale are CPE's (customer premises equipment), like smartphones/tablets and their related accessories (43%), equipment for internet and TV at home (decoders (13%), modems (23%), TV's (2%)), ICT equipment (11%), terminals (5%) and PABX (3%).

Note 14. Trade receivables and contract assets

14.1 Trade receivables

	As at 31 December	
(EUR million)	**2022**	**2023**
Trade receivables	938	866
Trade receivables - gross amount	1,025	952
Loss allowance	-87	-86

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

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

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

For the years presented, no trade receivables were pledged as collaterals. In 2023, Proximus Group received bank and parent guarantees of EUR 7 million (in 2022, EUR 2 million) as securities for the payment of outstanding invoices.

14.2 Contract assets

	As at 31 December	
(EUR million)	**2022**	**2023**
Contract assets gross	145	176
Settled within 12 month of the reporting period	104	127
Settled after 12 month of the reporting period	40	49
Loss allowance	-8	-10
Contract assets net	137	167

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

	As at 31 December	
(EUR million)	**2022**	**2023**
Balance at 1 Jan	127	145
Decrease in contract assets relating to existing contracts in the opening balance	-143	-165
Normal evolution	-122	-142
Anticipated termination	-21	-23
New contract assets	161	197
Balance at 31 Dec	145	176

Contract assets are mainly generated by contracts containing joint mobile and fixed-line telephony offers with a subsidized handset and services to be provided over a 24-month period (see note 2). The increase in the balance of contract assets compared with 2022 is mainly due to the increase in the number of Proximus SA contracts in force at the end of 2023, and to the increase in the price of handsets included in the offers.

14.3 Loss allowance on trade receivables and contract assets

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

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

For TeleSign, the expected credit losses for trade receivables are based on a combination of factors considering historical losses adjusted for current market conditions, customer's financial condition, disputes, the current aging and incorporating relevant forward-looking data.

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

As at 31 December					Past due					
(EUR million)	Gross receivables / contract assets	Loss allowance	Net carrying amount	Not past due	< 30 days	30-60 days	60-90 days	90-180 days	180-360 days	> 360 days
Trade receivables										
2021	977	-98	879	519	77	44	26	46	45	123
2022	1,025	-87	938	593	86	42	25	60	10	123
2023	952	-86	866	557	85	25	16	49	25	110
2023 % loss allowance on trade receivables			9%	2%	2%	7%	11%	16%	21%	34%
The loss allowance on contract assets was as follow :										
Contract assets	176	-10	167	167						
2023 % loss allowance on contract asset			6%	6%						

The closing loss allowances for trade receivables and contract assets as at 31 December 2023 reconciles to the opening loss allowances as follows:

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

(EUR million)	Trade receivables	Contract assets	Total
As at 31 December 2022	87	8	95
Increase in loss allowance through income statement	34	2	36
Receivables written off as uncollectible	-33	0	-33
Other movements	-1	0	-1
As at 31 December 2023	86	10	96

Note 15. Other current assets

(EUR million)	Note	As at 31 December 2022	2023
VAT receivables		7	6
Derivatives	32.1	125	2
Prepaid expenses		103	153
Accrued income		8	4
Other receivables		26	36
Total		269	202

In 2023, derivatives relate essentially to a contingent foreign exchange forward transaction entered by the Group to limit its exposure to the variability in cash flows that is attributable to the currency risk related to a highly probable future transaction (business combination) that will be settled in foreign currency. The Group applies hedge accounting to this transaction.

In 2022, derivatives relate essentially to a 10-year and a 7-years forward starting interest rate swaps for a total notional amount of EUR 1.1 billion entered on February and November 2022 to cover the Group exposure to the variability in cash flows attributable to the long-term interest rate risk associated with two highly probable forecasted transactions, being respectively a 10-year bond to be issued in November 2023 and a 7-year bond to be issued in March 2023. The bonds were issued as planned and the Group applied hedge accounting to these swaps.

Prepaid expenses are mainly composed of ICT fees (EUR 75 million in 2023 versus EUR 66 million in 2022), spectrum interests (EUR 35 million in 2023 versus EUR 3 million in 2022) (see also Note 29 and 32.2 for P&L impact of spectrum interests), renting expenses on real estate, software and mobile sites (EUR 8 million in 2023 versus EUR 8 million in 2022), hardware-, software- and infrastructure maintenance expenses (EUR 8 million in 2023 versus 9 million in 2022), SaaS contracts (EUR 6 million in 2023 versus EUR 5 million in 2022) and consultancy fees (EUR 3 million in 2023 versus 4 million in 2022).

Note 16. Non-current assets held for sale

In March 2022, Proximus and Immobel have reached binding agreements regarding the redevelopment of Proximus' headquarters in Brussels. As a result of these agreements, Proximus acquired rights and gave commitments to cede the Proximus headquarters for approximately EUR 143 million in December 2023, and to enter into a lease-back agreement of a part of the renovated buildings.

Due to concerns raised by Immobel related to the current macro-economic situation, both parties have agreed after further negotiations to extend the initially foreseen closing period by nine months, whereby Immobel has the sole right to call the transaction in Q3 2024.

Immobel has agreed to an irrevocable payment of EUR 30 million in December 2023. In case Immobel decides to exercise the call option, this amount will be deducted from the acquisition price. In the meantime, Proximus maintains full ownership of the headquarter building.

In the event that Immobel decides not to confirm the transaction, Proximus will re-evaluate at that moment the appropriateness of qualifying the property as held for sale.

The assets of Proximus Towers are classified as held for sale at December 2023 for their book value (EUR 99 million).

(EUR million)	Land and buildings	Technical equipment	Total
Cost	364	18	383
Depreciation	-272	-12	-284
Carrying amount as of 31 December 2023	92	6	99

Note 17. Cash and cash equivalents

		As at 31 December	
(EUR million)	Note	2022	2023
Term account at amortized costs	32.4	10	488
Cash at bank and in hand	32.4	288	227
Total		299	716

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

The cash and cash equivalents are held with financial institutions, sovereign & supranational agencies, money market funds counterparties with a long-term credit rating of minimum A-. Therefore, the expected credit loss on cash and cash equivalents is deemed immaterial.

Note 18. Equity

Note 18.1 Shareholders' equity

At 31 December 2023, the share capital of Proximus SA amounted to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares. The Board of Directors of Proximus SA is entitled to increase the capital for a maximum amount of EUR 200 million.

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

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

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

On 31 December 2023, the number of treasury shares amounts to 15.401.433 (15,632,628.in 2022).

In 2023 and 2022, the Group sold respectively 2,746 and 10,229 treasury shares to its senior management for less than EUR 1 million under share purchase plans at a discount of 16.70% (see note 35).

Number of shares (including treasury shares):	2022	2023
As at 1 January	338,025,135	338,025,135
As at 31 December	338,025,135	338,025,135
Number of treasury shares:	2022	2023
As at 1 January	15,283,771	15,632,628
Sale under a discounted share purchase plan	-10,229	-2,746
Purchase / (Sale) of treasury shares	359,086	-228,449
As at 31 December	15,632,628	15,401,433

Note 18.2 Non-controlling interests

In 2023 and 2022, the non-controlling interests related to Doktr only.

Note 19. Interest-bearing liabilities

Note 19.1 Non-current interest-bearing liabilities

		As at 31 December	
(EUR million)	Note	2022	2023
Unsubordinated debt (bonds, notes)		2,239	2,881
Credit institutions		400	400
Other loans		37	27
Total		2,676	3,308

In 2021, Proximus entered a partnership with HCL Technologies whereby that company operates and maintains Proximus' private cloud infrastructure. Other loans consist in the long-term part of the asset financing arrangement (nominal amount of EUR 65 million received by Proximus in 2022. As at 31 December 2023, Proximus had already repaid this financial liability for EUR 28 million (EUR 18 million by year-end 2022) resulting from the partnership, for the infrastructure that remains in the Proximus datacenters and under its control.

On March 2023, Proximus issued an EUR 500 million bond carrying an annual fixed coupon of 4.00% with a 7-year maturity due 8 March 2030. The cash flow hedge for a nominal amount of EUR 500 million was unwound at that date and resulted in a payment of EUR 20 million received from the hedge counterparty.

On the 10th of November 2023, Proximus successfully priced a EUR 750 million bond transaction. The bond carries a coupon of 4.125% and has a 10-year maturity due on the 17th of November 2033. The related cash flow hedge for a nominal amount of EUR 600 million was unwound at that date and resulted in a payment of EUR 111 million received from the hedge counterparty.

A bond of EUR 600 million will mature in April 2024 and was transferred from non-current to current interest-bearing liabilities.

All long-term debt is unsecured. During 2023 and 2022 there have been no defaults or breaches on loans payables.

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

Over the two years presented, an interest rate and currency swap (IRCS) was used to manage the currency and interest rate exposure on the JPY unsubordinated debentures. The swap enabled the Group to transform the interest rate on these debentures which are fully hedged economically, from a fixed interest rate to a floating interest rate. and converting the remaining liability in JPY into fixed rate liability in EUR (see note 32.1).

The group used interest rate swaps to mitigate the risk of interest rate variations between the hedge inception date and the issuance date of highly probable fixed rate long-term debts. In the tables below, the effective interest rates of the debts concerned by these hedges incorporates the effects of these hedges when they matured.

Non-current interest-bearing liabilities as at 31 December 2023 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	11	11	Amortized cost	Dec-26	Semi-annually	3.76%	3.76%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	499	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	150	150	Amortized cost	May-40	Annually	1.50%	1.52%
EUR	733	750	Amortized cost	Nov-36	Annually	0.75%	1.05%
EUR	495	500	Amortized cost	Mar-30	Annually	4.00%	3.60%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
EUR	743	750	Amortized cost	Nov-33	Annually	4.13%	2.75%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
Other loans							
EUR	27	27	Amortized cost	Nov-28	Monthly	3.04%	3.04%
Total	3,308	3,338					

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

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2023

Non-current interest-bearing liabilities as at 31 December 2022 are summarized as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	11	11	Amortized cost	Dec-26	Semi-annually	2.34%	2.34%
Fixed rate borrowings							
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	599	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	498	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
EUR	150	150	Amortized cost	May-40	Annually	1.50%	1.52%
EUR	100	100	Amortized cost	Sep-31	Annually	1.75%	1.78%
EUR	732	750	Amortized cost	Nov-36	Annually	0.75%	1.05%
Credit institutions							
Fixed rate borrowings							
EUR	400	400	Amortized cost	Mar-28	Annually	1.23%	1.04%
Other loans							
EUR	37	37	Amortized cost	Nov-28	Monthly	3.04%	3.04%
Total	2,676	2,698					

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

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2022

Note 19.2 Current interest-bearing liabilities

	As at 31 December	
(EUR million)	2022	2023
Current portion of amounts payable > 1 year		
Unsubordinated debt (bonds, notes)	100	600
Credit institutions	1	0
Other loans	10	10
Credit institutions	0	1
Unsubordinated debt (bonds, notes)	477	0
Total	588	611

A bond of EUR 600 million will mature in April 2024 and was transferred from non-current to current interest-bearing liabilities.

The Group repaid in May 2023 a bond of EUR 100 million which was transferred from non-current to current interest-bearing liabilities in 2022.

The other loan represents the current portion part of the asset financing arrangement with HCL.

In 2022, the other unsubordinated debt represented a drawn and outstanding amount of EUR 477 million euros of the Commercial Paper program. As at 31 December 2023, this Commercial Paper was unused.

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

Current interest-bearing liabilities as at 31 December 2023 are summarized as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Unsubordinated debentures							
Fixed rate borrowings							
EUR	600	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
Other loans							
EUR	10	10	Amortized cost	Nov-28	Monthly	3.04%	3.04%
Interest-bearing-liabilities							
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost	Daily	Daily	8.90%	8.90%
Total	611	611					

Current interest-bearing liabilities as at 31 December 2022 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IFRS 9	Maturity date	Interest payment / repriceable	Interest rate payable	Effective interest rate
Current portion of interest-bearing-liabilities > 1 year							
Unsubordinated debentures							
Fixed rate borrowings							
EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
Other loans							
Fixed rate borrowings							
EUR	10	10	Amortized cost	Nov-28	Monthly	3.04%	3.04%
Credit institutions							
Fixed rate borrowings							
EUR	1	1	Amortized cost	Oct-23	Monthly	0.60%	0.60%
Interest-bearing-liabilities							
Unsubordinated debt (bonds, notes)							
Fixed rate borrowings							
EUR	477	477	Amortized cost	Jan & Feb 2023	At inception	1.55%-1.97%	1.55%-1.97%
Total	588	588					

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

(EUR million)	As at 31 December 2022	Cash flow issuance	Cash flow repayments	Non-cash changes	As at 31 December 2023
Long-term					
Unsubordinated debt (bonds, notes)	2,239	1,238	0	-597	2,881
Credit institutions	400	0	0	0	400
Other loans	37	0	0	-10	27
Derivatives held for trading	1	0	0	1	3
Current portion of amounts payable > one year					
Unsubordinated debt (bonds, notes)	100	0	-100	600	600
Credit institutions held to maturity	1	0	-1	0	0
Other current interest-bearing liabilities					0
Credit institutions	0	1	0	0	1
Other loans	10	0	-10	10	10
Unsubordinated debt (bonds, notes)	477	0	-477	0	0
Total liabilities from financing activities excluding lease liabilities	3,265	1,239	-587	5	3,921
Lease liabilities current and non-current	272	0	-92	119	298
Total liabilities from financing activities including lease liabilities	3,536	1,239	-679	123	4,219

(EUR million)	As at 31 December 2021	Cash flow issuance	Cash flow repayments	Non-cash changes	As at 31 December 2022
Long-term					
Unsubordinated debt (bonds, notes)	2,337	0	0	-97	2,239
Credit institutions	401	0	-1	0	400
Other loans	0	65	0	-28	37
Derivatives held for trading	3	0	0	-2	1
Current portion of amounts payable > one year					
Unsubordinated debt (bonds, notes)	0	0	0	100	100
Credit institutions held to maturity	1	0	0	0	1
Other current interest-bearing liabilities					
Credit institutions	150	0	-150	0	0
Other loans	0	0	-19	28	10
Unsubordinated debt (bonds, notes)	100	477	-100	0	477
Other loans	1	0	-1	0	0
Total liabilities from financing activities excluding lease liabilities	2,992	543	-270	1	3,265
Lease liabilities current and non-current	273	0	-89	87	272
Total liabilities from financing activities including lease liabilities	3,265	543	-359	88	3,536

The cash flow issuance of EUR 1,238 million corresponds to the cash obtained by Proximus from the two bonds emissions (March and November 2023), net of all directly related costs of issuance.

The non-cash changes in 2023 refer to the transfer of a EUR 600 million bond from non-current to current.

The non-cash changes in 2022 refer to the transfer of a EUR 100 million bond from non-current to current and the remeasurement to fair value of the embedded derivative related but separated from the long-term debt expressed in JPY, its host contract.

The cash flow movements in relation with the current and non-current other loans in 2023 and 2022 relate to the short-term and long-term part of the asset financing arrangement (nominal amount of EUR 65 million) foreseen in the context of that partnership with HCL Technologies (see note 19.1).

Note 20. Provisions

(EUR million)	Workers' accidents	Litigation	Illness days	Dismantling pylons	Other risks	Total
As at 1 January 2022	26	36	15	44	32	153
Additions	2	5	0	0	9	15
Utilisations	-2	-6	0	-1	-6	-16
Withdrawals	0	-7	-1	-4	-4	-17
Unwinding	1	0	0	0	-2	0
Transfer	0	0	0	3	-3	0
As at 31 December 2022	26	29	14	41	25	136
Additions	1	7	0	0	7	15
Utilisations	-2	-1	0	-2	-1	-6
Withdrawals	0	-4	-1	0	-6	-11
Unwinding	1	1	0	0	1	3
As at 31 December 2023	26	32	13	40	27	137

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

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

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

The provision for dismantling of pylons includes the expected costs for dismantling and restoration of the sites on which the antennas are located. It is expected that most of these costs will be paid during the period 2024-2050. The provision for restoration costs is estimated at current prices and discounted using a discount rate of 3.3% based on the expected timing to settle the obligation.

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

Note 21. Other non-current payables

	As at 31 December	
(EUR million)	**2022**	**2023**
Other non-current payables non-interest-bearing	86	45
Other non-current payables interest-bearing	592	559
Total	679	604

The interest-bearing liabilities include spectrum licenses. This non-current interest-bearing payable is settled through annual instalments over the life of the license (note 4 and 29). The interest on the payable is calculated on the outstanding long-term debt. The legal interest rate used is equal to the average of the 1-year EURIBOR interest rate for the month of December of the previous year, rounded up to the nearest quarter % and increased by 2%.

The non-interest-bearing liabilities include broadcasting and content rights payable over the part of the contract duration that is more than one year (mostly less than 5 years), the fair value of the part of the Virtual Power Purchase Agreement (see note 2) that will settle in more than one year (EUR 2.6 million) and the part of the spectrum licenses that is non-interest-bearing.

The transfer of long-term debts to short-term debts was greater than the new additions in 2023, which explains the decrease in the balance of other non-current debts.

Note 22. Other current payables

	As at 31 December	
(EUR million)	2022	2023
VAT payables	48	42
Payables to employees	121	121
Accrual for holiday pay	94	97
Accrual for social security contributions	51	51
Advances received on contracts	15	41
Other taxes	141	108
Deferred income	3	11
Accrued expenses	25	44
Other debts non-interest-bearing	139	150
Other debts interest-bearing	25	37
Subtotal Other current payables	663	703
Contract Liability	127	126
Total	790	829

Contract liabilities comprise the Group's obligation to transfer goods or services in the future to a customer for which the Group has received consideration from the customer or the amount is due. The part of the contract liability as of 31 December 2022 recognized in revenue in 2023 is disclosed in Note 23.

The decrease of the caption "other taxes" is linked to a decrease of withholding tax, property tax and tax on pylons. The increase of the accrued expenses is due to the increase of the accrued interest payables. The irrevocable payment from Immobel (30 million) is included in the "advances received".

The other debts interest and non-interest-bearing are mainly payables linked to broadcasting and spectrum.

Tax on pylons

Local taxes on mobile network equipment have been levied by certain provinces and municipalities for over 20 years in Belgium.

Proximus has consistently challenged the legality of these taxes in all regions, based on a variety of legal arguments. The European Court of Justice ruled in two Proximus cases of December 2015 that a tax on pylons is not, per se, in contradiction with European law. Proximus continues to launch legal proceedings with respect to taxes on pylons received from municipalities and provinces in the three regions based on other arguments.

Provisions are recorded based on assessments of the legal proceedings of outside counsel based on prevailing case law. Interest charges for unpaid tax bills are recorded monthly at the legal tax rate.

The position recognized in the Financial Statements reflects management's best estimate of the probable outcome.

Note 23. Net revenue

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

	As at 31 December	
(EUR million)	**2022**	**2023**
Net revenue recognized at one point in time	622	710
Net revenue recognized over time	5,231	5,283
Total	5,853	5,993

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

(EUR million)		As at 31 December 2022	2023
Domestic			
Residential			
	Customer services revenues (X-play) (1)	1,782	1,880
	Prepaid	41	35
	Terminals (2)	231	279
	Lux. Telco (3)	131	135
	Other	56	46
	Total Residential	*2,241*	2,375
Business			
	Services (4)	1,587	1,622
	Products (5)	272	299
	Lux. Telco (3)	27	25
	Total Business	*1,887*	*1,945*
Wholesale			
	Fixed & Mobile wholesale services (6)	140	142
	Interconnect (7)	140	116
	Total Wholesale	*280*	*258*
Other		*9*	*32*
Total Domestic		4,416	4,610
BICS		1,130	1,050
TeleSign		473	496
Eliminations		-166	-163
Total Net Revenue		5,853	5,993

(1) Customer services revenues (X-play): 'Play' is a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards).

A 4-Play customer subscribes to all four services. 'X-Play' is the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

(2) Terminals: corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, IT products and TV CPE.

(3) Luxembourg Telco: including Fixed & Mobile services, Terminals & Other

(4) Business Services: corresponds to Fixed Data, Fixed Voice, Mobile & IT

(5) Business Products: corresponds to Terminals & IT

(6) 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)

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

The following table presents the transaction price assigned to unfulfilled performance obligations at December 31, 2023 and 2022. Unfulfilled performance obligations are the services that the Group is obliged to provide to customers during the remaining fixed term of the contract and consideration received from customers before satisfying performance obligations such as advances for airtime.

Unfulfilled performance obligations at 31 December 2023

	Expected timing of recognition		
(EUR million)	2024	2025	> 2025
Transaction price allocated to performance obligations that are unsatisfied at reporting date	201	66	36
Related to contract liabilities	74	17	36
Related to contract assets	127	49	0

Unfulfilled performance obligations at 31 December 2022

	Expected timing of recognition		
(EUR million)	2023	2024	> 2024
Transaction price allocated to performance obligations that are unsatisfied at reporting date	172	54	45
Related to contract liabilities	68	14	45
Related to contract assets	104	40	0

The increase in the balance of contract assets (see note 14.2) compared with 2022 is mainly due to the increase in the number of Proximus SA contracts in force at the end of 2023, and to the increase in the price of handsets included in the offers.

Note 24. Other operating income

	As at 31 December	
(EUR million)	2022	2023
Gain on disposal of intangible assets and property, plant and equipment	5	6
Miscellaneous reinvoicing and recovery of expenditures	50	45
Other income	5	4
Total	60	56

“Miscellaneous reinvoicing and recovery expenditures” includes compensation for network damage by third parties as well as employee and third-party contributions for sundry services.

Note 25. Costs of materials and services related to revenue

	As at 31 December	
(EUR million)	2022	2023
Purchases of materials	487	554
Purchases of services	1,699	1,644
Total	2,186	2,198

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

Purchases of materials are shown net of work performed by the enterprise that is capitalized for an amount of EUR 88 million in 2023 and of EUR 68 million in 2022. It includes mainly modems, WIFI boosters and set top boxes installed on client premises.

Note 26. Workforce expenses

(EUR million)	As at 31 December 2022	2023
Salaries and wages	717	766
Social security expenses	173	177
Pension costs	51	45
Post-employment benefits other than pensions and termination benefits	25	3
External Workforce	259	282
Other workforce expenses	76	71
Total	1,301	1,343

Workforce expenses are expenses related to own employees as well as to external working parties.

Salaries & wages and social security expenses are shown net of work performed by the enterprise that is capitalized for an amount of EUR 152 million in 2023 and EUR 142 million in 2022. The lower increase of social security expenses, compared to salaries & wages, is partially linked to post-covid discounts granted by the government (until medio 2023).

Post-employment benefits other than pensions and termination benefits include the impact of the FFP transformation plan that was implemented in 2019 (2023 EUR 1 million, 2022 EUR 24 million).

External workforce expenses include consultancy and outsourcing costs.

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

Note 27. Non-Workforce expenses

(EUR million)	As at 31 December 2022	As at 31 December 2023
Service and capacity contracts and non-lease components of renting contracts	59	83
Maintenance	109	116
Utilities	75	111
Advertising and public relations	103	105
Administration, training, studies and fees	144	156
Telecommunications, postage costs and office equipment	25	28
Loss allowance	27	34
Taxes other than income taxes	29	15
Other Non-Workforce expenses	29	73
Total	601	722

The increase in Other Non-Workforce expenses is mainly related to mergers & acquisitions.

Note 28. Depreciation and amortization

(EUR million)	As at 31 December 2022	As at 31 December 2023
Amortization of licenses and other intangible assets	525	525
Depreciation of property, plant and equipment	569	572
Depreciation of right of use	84	88
Total	1,179	1,185

Note 29. Net finance cost

(EUR million)	As at 31 December 2022	2023
Finance income	4	10
Interest income on financial instruments		
At amortized costs	3	7
Other finance income	1	2
Finance costs	-53	-119
Interests and debt charges on financial instruments at amortized costs		
Unsubordinated debentures	-48	-51
Lease interests	-4	-8
Short term debt	-1	-9
Long term payables	-2	-32
Discounting charges		
On provisions	0	-2
On pensions and other post-employment benefits	5	-7
Impairment losses		
On investments in associate and joint ventures	-1	0
Fair value adjustments of financial instruments		
Not in a hedge relationship - FVTPL	0	-9
Other finance costs	-2	-3
Total	-49	-110

The increase of the interests on the unsubordinated debentures by EUR 3 million resulted from the issuance of new bonds in March and November 2023 (EUR 19 million). This increase was largely offset by the positive remeasurement to fair value of the zero collar swaption (EUR 13 million) entered by the Group to protect the value of its existing pre-hedging interest rate swap against interest rates fluctuations and by the positive impact of the amortization of the two interest-rates hedges which were unwound in March and November 2023 when the corresponding bonds were issued (EUR 4 million).

Interest charges on long-term payables is mainly due to the acquisition of new spectrum licences in 2022 (see note 4 and 32.2), for which the Group has opted for deferred payment, and from the higher interest rates, which are variable and revised annually (see note 21).

The increase in short term debt compared to 2022 results from more intensive use of the commercial papers throughout 2023 and higher interest rates paid on these balances.

The loss on pensions and other post-employments benefits (EUR - 7 million) results mainly from the effect of the changing market conditions, notably the increase in discount rates on the obligations. In 2022, the effect of the changing market conditions led to a gain of EUR 5 million.

The loss on the fair value adjustment of financial instruments not in a hedge relationship results mainly from the negative remeasurement to fair value of the Virtual Power Purchase Agreements (EUR - 6 million), the remeasurement to fair value of the liability relating to the put option granted to the former owner of Be-Mobile on their own shares (EUR - 2 million).

Note 30. Earnings per share

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

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

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

	As at 31 December	
	2022	2023
Net income attributable to ordinary shareholders (EUR million)	450	357
Adjusted net income for calculating diluted earnings per share (EUR million)	450	357
Weighted average number of outstanding ordinary shares	322,552,465	322,442,197
Weighted average number of outstanding ordinary shares for diluted earnings per share	322,552,465	322,442,197
Basic earnings per share (EUR)	1.40	1.11
Diluted earnings per share (EUR)	1.40	1.11

The sale of shares to the company management under share purchase plans at a discount of 16.70% had a dilutive effect, but this was insignificant in 2023 and 2022.

Note 31. Dividends paid and proposed

	2022	2023
Dividends on ordinary shares:		
Proposed dividends (EUR million)	388	388
Number of outstanding shares with dividend rights	323,086,209	323,317,404
Dividend per share (EUR)	1.2	1.2
Interim dividend paid to the shareholders (EUR million)	161	161
Interim dividend per share (EUR)	0.5	0.5

The proposed dividends for 2022 have been effectively paid in April 2023, net of the interim dividend paid in December 2022. The interim dividends for 2023 have been paid in December 2023.

Note 32. Additional disclosures on financial instruments

Note 32.1. Derivatives

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

		As at 31 December	
(EUR million)	**Note**	**2022**	**2023**
Non-current assets			
Derivatives held-for-hedging	12	82	58
Derivatives held-for-trading		0	13
Other derivatives	12	2	0
Current assets			
Derivatives held-for-hedging	15	123	2
Derivatives held-for-trading	15	1	2
Total assets		208	76
Non-current liabilities			
Derivatives held-for-trading		0	3
Other derivatives	21	1	0
Current liabilities			
Derivatives held-for-hedging		1	1
Derivatives held-for-trading		1	2
Total liabilities		3	5

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

As at 31 December 2023	Fair value	
(EUR million)	Asset	Liability
Forward foreign exchange contracts	2	-1
Interest rate swaps	58	0
Derivatives qualifying for hedge accounting	60	-1
Virtual Power Purchase Agreement (VPPA)	0	-3
Zero collar swaption	13	0
Forward foreign exchange contracts	2	0
Non-deliverable currency option	0	-1
Derivatives not qualifying for hedge accounting	16	-5
Total	76	-5

As at 31 December 2022	Fair value	
(EUR million)	Asset	Liability
Forward foreign exchange contracts	0	-1
Interest rate swaps	205	0
Derivatives qualifying for hedge accounting	205	-1
Interest rate and currency swaps	2	0
Interests and currency related - other derivatives	0	-1
Forward foreign exchange contracts	1	-1
Derivatives not qualifying for hedge accounting	3	-2
Total	208	-3

The group entered a forward interest rate swap for a notional amount of EUR 500 million on February 2022 to cover the Group exposure to the variability in cash flows attributable to the long-term interest rate risk associated with a highly probable forecasted transactions, being a 10-year bond to be issued in April 2025 (Note 12). The Group applies hedge accounting to this swap (cash flow hedging). The fair value of this instrument amounted to EUR 58 million in 2023 and EUR 82 million in 2022.

The group entered forward interest rate swaps for a total notional amount of EUR 1.1 billion on February and November 2022 to cover the Group exposure to the variability in cash flows attributable to the long-term interest rate risk associated with two highly probable forecasted transactions, being respectively a 10-year bond to be issued in November 2023 and a 7-year bond to be issued in March 2023 (Note 15). The Group applied hedge accounting to these swaps (cash flow hedging). The bonds were issued, and the hedges settled in 2023, as planned. The fair value of these hedges amounted to EUR 123 million as at 31 December 2022 and were settled in 2023 for a total amount of EUR 131 million.

In order to preserve the positive Mark-to-Market value of the existing pre-hedge for April 2025, Proximus entered in May 2023 a swaption collar. The trade was structured as a zero-cost collar swaption, so that there was no upfront premium to be paid. The Group does not apply hedge accounting to this transaction. The fair value of this financial instrument amounted to EUR 13 million as at 31 December 2023.

On 17 July 2023, Proximus Group has signed a definitive agreement to acquire through Proximus Opal, a 58% interest in Route Mobile, a global company specialized in CPaaS services, listen on NSE and BSE in India with a market capitalization of EUR 1.1billion. At the signing of the deal the Group entered a derivative foreign exchange forward contract in a hedge accounting relationship, in order to hedge against exposure to changes in the Indian rupee exchange rate for the purchase consideration between signing and closing. The Group applies hedge accounting to this hedging transaction.

The acquisition of the majority stake in Route Mobile will, in accordance with Indian regulations, trigger a Mandatory Takeover Offer (MTO) for up to 26% of the total shares outstanding. Proximus Group entered an EUR/INR option for this MTO process. The Group does not apply hedge accounting to this hedging transaction. This hedging instrument is remeasured to Fair Value through P&L (financial result).

Interest rate and currency swaps (IRCS) are used to manage the currency and interest rate exposure on outstanding JPY 1.5 billion unsubordinated debentures (see note 19). The value of the IRCS was immaterial in 2023.

Note 32.2. Financial risk management objectives and policies

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

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

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

The table below provides a reconciliation of changes in equity and statement of OCI by hedge type for 2023

(EUR million)	Note	Gain taken to equity	Transfer to profit or loss for the period
Cash flow hedge on foreign currency transactions	OCI	2	0
Interest rate swaps	OCI	-12	0
Amortization of cumulated remeasurements of settled interest rate swap	OCI	0	-3
Changes in other comprehensive income in relation with cash flow hedges		-10	-3

The amount of EUR – 12 million corresponds to the negative remeasurement to fair value of the interest rate hedges during the year, two of which settled respectively in March and November 2023.

Interest rate risk

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

Proximus' non-current interest-bearing liabilities (including their current portions) as at 31 December 2023 and 2022 were mainly fixed-rate debts, as shown in the tables below. These tables also show the average interest rate of these debts, as well as their average time to maturity and the effect of the interest rate and currency swap agreements (IRCS) on the bond labelled in JPY. Lease liabilities and current interest-bearing liabilities are not considered in these two tables.

As explained in note 32.1, the Group entered forward interest rate swap in 2022 to cover its exposure to the variability in cash flows attributable to the long-term interest rate risk associated with bonds to be issued in 2023 and 2025. The weighted average interest rates shown in the tables below include the effects of the settled hedges on the corresponding bonds.

As at 31 December 2023

	Direct borrowing			IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	3,900	1.97%	7				3,900	1.97%	7
Variable				11	3.76%	2.96	11	3.76%	3
JPY									
Fixed	11	5.04%	3	-11	-5.04%	2.96			
Total	3,911	1.98%	7	0			3,911	1.98%	7

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

As at 31 December 2022

	Direct borrowing			IRCS agreements			Net obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR									
Fixed	2,750	1.37%	7				2,750	1.37%	7
Variable				11	2.34%	4	11	2.34%	4
JPY									
Fixed	11	5.04%	4	-11	-5.04%	4			
Total	2,761	1.38%	7	0			2,761	1.37%	7

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

The Group issued two bonds in 2023 for a notional amount of EUR 1,250 million and repaid a maturing bond for an amount of EUR 100 million.The Group acquired spectrum licences in 2022 (see Note 4) and the corresponding unique fees (fixed amounts) are payable in annual instalments over the duration of the contractual rights acquired. The interest rate applicable to the outstanding liabilities is variable (see note 21) and revised annually. The Group does not hedge its exposure to the variability in cash flows attributable to changes in this interest rate.

Foreign currency risk

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

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

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

In 2023 and 2022, the Group only incurred currency exposures relative to its operating activities. Foreign currency transactions are recognized in functional currency on initial recognition at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at balance sheet date using the exchange rate at that date. The net exchange difference on the translation of these monetary assets and liabilities are recorded via the income statement. However, in a limited number of cases, hedge accounting has been applied, the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition incorporates the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The Group performed a sensitivity analysis on the exchange rates EUR/USD, EUR/GBP EUR/CHF, EUR/SDR, EUR/ZAR, EUR/AUD and EUR/HKD, currency pairs to which it is exposed in its operating activities, for the year 2023.

Foreign currency Group's net position as at 31/12/2023	(in EUR)	Effect in P&L if foreign currency against EUR moves by :								Closing rate
		-15.0%	-10.0%	-5.0%	-2.5%	2.5%	5.0%	10.0%	15.0%	1 EUR = xxx
-	USD	-80,466	-53,644	-26,822	-13,411	13,411	26,822	53,644	80,466	1.11
-831,755	GBP	143,563	95,709	47,854	23,927	-23,927	-47,854	-95,709	-143,563	0.87
-1,813,552	CHF	293,772	195,848	97,924	48,962	-48,962	-97,924	-195,848	-293,772	0.93
-592,694	SDR	108,243	72,162	36,081	18,041	-18,041	-36,081	-72,162	-108,243	0.82
2,336,372	ZAR	-17,223	-11,482	-5,741	-2,871	2,871	5,741	11,482	17,223	20.35
1,484,197	AUD	-136,893	-91,262	-45,631	-22,816	22,816	45,631	91,262	136,893	1.63
4,973	HKD	-86	-58	-29	-14	14	29	58	86	8.63
	Total	310,909	207,273	103,636	51,818	-51,818	-103,636	-207,273	-310,909	

Notes:

- Net position, in the table above, is defined as the sum, for all Group entities whose functional currency is the euro, of cash positions in foreign currencies, customers' and suppliers' invoices expressed in foreign currencies, and forward currency purchase and sale contracts. Foreign currency positions are expressed in their respective currencies (not translated in EUR).
- +15% means when foreign currency wins 15% vs. EUR
- -15% means when foreign currency loses 15% vs. EUR
- A positive sign means a profit in P&L
- A negative sign means a loss in P&L

Credit risk and significant concentrations of credit risk

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

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

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

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

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

Credit risk on operating activities with significant clients is managed and controlled on an individualized basis. When needed, the Group requests additional collaterals. These significant customers are however not material to the Group, since the client portfolio of the Group is mainly composed of a large number of small customers. Hence, credit risk and concentration of credit risk on trade receivables is limited. For amounts receivable from other telecommunication companies, the concentration of credit risk is also limited due to netting agreements (see note 14.3) with accounts payable to these companies, prepayment obligations, bank guarantees, parent guarantees and the use of credit limits obtained via credit insurance.

The Group is exposed to credit loss in the event of non-performance by counterparty on short-term bank deposits and financial derivatives (see note 32.2). However, the Group does not anticipate non-performance by any of these counterparties as it only deals with prime financial institutions, and, as a rule, only invests in highly liquid and short-term securities (mainly cash and cash equivalents), for which, seen the excellent rating of the counterparts, the Group do not calculate loss allowances provisions.

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

In addition, the Group is exposed to credit risk by occasionally granting non-recourse bank guarantees in favor of some of its institutional or governmental clients. It had granted bank guarantees for an amount of EUR 102 million as at 31 December 2023 (EUR 40 million at 31 December 2022), including an guarantee of USD 46 million in connection for the Route Mobile acquisition.

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

Liquidity risk

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

A liquidity reserve in the form of credit lines and cash is maintained to guarantee the solvency and financial flexibility of the Group at all times. For this purpose, Proximus entered into committed bilateral credit agreements with different maturities and into a committed sustainable linked Syndicated Revolving Facilities for a total amount of EUR 750 million (EUR 751 million in 2022). For medium to long-term funding, the Group uses bonds and medium-term notes. The maturity profile of the debt portfolio is spread over several years. Group Treasury frequently assesses its funding resources considering its own credit rating and general market conditions.

The table below summarizes the maturity profile of the Group's non-current (and related current portions) interest-bearing liabilities at each reporting date. This maturity profile is based on contractual undiscounted interest payments and capital reimbursements. For floating rate liabilities, interest rates used to determine cash outflows are the ones prevailing at their last price fixing date before reporting date (as of 31 December 2023 and 2022, respectively). Lease liabilities (for the leasing liabilities maturity profile, see note 6), derivatives and current interests-bearing liabilities are not considered in this table.

(EUR million)	2023	2024	2025	2026	2027	2028-2040
As at 31 December 2022						
Capital	111	610	509	18	7	1,555
Interests	47	44	30	20	20	97
Total	158	654	539	38	27	1,652
As at 31 December 2023						
Capital		610	509	18	7	2,805
Interests		95	81	71	71	342
Total		705	590	89	77	3,147

The cash outflows expected in 2023 for the reporting year 2022 are impacted by Proximus short term commercial papers and treasury loans.

The table below summarizes the repayment of spectrum liabilities (see note 4 and 21) and interest payments on the outstanding balance. The interest shown in this table is calculated based on a rate of 5.75% for 2024 and 5% for the remaining maturities. Spectrum liabilities are included in the current and non-current interest-bearing liabilities.

Bank credit facilities at 31 December 2023

In addition to the interest-bearing liabilities disclosed in notes 19.1 and 19.2, the Group is backed by committed credit facilities of EUR 750 million (EUR 751 million in 2022). These facilities are provided by a diversified group of Belgian and international banks. As at 31 December 2023, there were no outstanding balances under any of these facilities. A total of EUR 750 million (EUR 751 million in 2022) of credit lines was therefore available for drawdown as at 31 December 2023.

To secure the funding of the announced Route Mobile acquisition, Proximus has entered into a bridge facility of EUR 850 million with an international bank for a period of 12 months (with the option to extend for another 6 months).

The Group also uses a EUR 5 billion Euro Medium-term Note ("EMTN") Program and a EUR 1 billion Commercial Paper ("CP") Program. As at 31 December 2023, there was an outstanding balance under the EMTN Program of EUR 3,500 million, whereas the Commercial Paper Program was fully undrawn with an outstanding amount of EUR 0 million.

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

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

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

		As at 31 December	As at 31 December
(EUR million)	Note	2022	2023
Investments, Cash and cash equivalents	16 / 17	299	716
Derivatives (current and non-current)	12	208	72
current assets		2	0
Assets		509	787
Non-current liabilities (*)	19.1	-2,876	-3,518
Current liabilities (*)	19.2	-662	-699
Liabilities		-3,538	-4,217
Net financial position (*)		-3,030	-3,429
Of which Leasing liabilities		272	298
Adjusted financial position (**)		-2,758	-3,131

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

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

Note 32.4 Categories of financial instruments

The following tables present the Group's financial instruments per category defined under IFRS 9, as well as gains and losses resulting from re-measurement to fair value. Based on market conditions at 31 December 2023, the carrying amount of the unsubordinated debentures and of the loan granted by the European Investment Bank (EIB), which are accounted for at amortized cost, exceeded by EUR 268 million, or 7%, their fair value (EUR 401 million in 2022, or 17%).

The 2023 and 2022 fair values, calculated for each debenture separately, were obtained by discounting the cumulated cash outflows generated by each debenture with the interest rates at which the Group could borrow at respectively 31 December 2023 and 31 December 2022 for similar debentures with the same remaining maturities.

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

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2023:

As at 31 December 2023 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Equity investments	9	FVOCI	3	3
Other non-current assets				
Derivatives held for trading	32.1	FVTPL	13	13
Derivatives held-for-hedging	32.1	Hedging instrument	58	58
Other financial assets		Amortized cost	6	6
Current assets				
Trade receivables	14	Amortized cost	866	866
Interests bearing				
Other receivables		Amortized cost	15	15
Non-interests bearing				
Other receivables		Amortized cost	19	19
Derivatives held for trading	32.1	FVTPL	2	2
Derivatives held-for-hedging	32.1	Hedging instrument	2	2
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	488	488
Cash at bank and in hand	17	Amortized cost	227	227
LIABILITIES				
32.1				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,881	2,684
Credit institutions	19.1	Amortized cost	400	370
Other loans	19.1	Amortized cost	27	27
Non-interest-bearing liabilities				
Derivatives held for trading	32.1	FVTPL	3	3
Other non-current payables	21	Amortized cost	43	43
Other amounts payable, interest-bearing		Amortized cost	559	559
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debt (bonds, notes)	18	Amortized cost	600	597
Other loans	19.1	Amortized cost	10	10
Interest-bearing liabilities				
Credit institutions		Amortized cost	1	1
Trade payables		Amortized cost	1,433	1,433
Other current payables				
Derivatives held for trading	32.1	FVTPL	1	1
Derivatives held for trading	32.1	FVTPL	1	1
Derivatives held-for-hedging	32.1	Hedging instrument	1	1
Other debt		FVTPL	5	5
Other amounts payable		Amortized cost	453	453
Other amounts payable, interest-bearing		Amortized cost	37	37

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

FVTOCI: Financial assets at fair value through other comprehensive income

The following table shows the classifications under IFRS 9 for each class of assets and financial liabilities as at 31 Dec 2022:

As at 31 December 2022 (EUR million)	Note	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value
ASSETS				
Non-current assets				
Equity investments	9	FVOCI	1	1
Other non-current assets				
Other derivatives	32.1	FVTPL	2	2
Derivatives held-for-hedging	32.1	Hedging instrument	82	82
Other financial assets		Amortized cost	7	7
Current assets				
Trade receivables	14	Amortized cost	938	938
Interests bearing				
Other receivables		Amortized cost	8	8
Non-interests bearing				
Other receivables		Amortized cost	17	17
Derivatives held for trading	32.1	FVTPL	1	1
Derivatives held-for-hedging	32.1	Hedging instrument	123	123
Cash and cash equivalents				
Short-term deposits	17	Amortized cost	10	10
Cash at bank and in hand	17	Amortized cost	288	288
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.1	Amortized cost	2,239	1,887
Credit institutions	19.1	Amortized cost	400	352
Other loans	19.1	Amortized cost	37	37
Non-interest-bearing liabilities				
Other derivatives	32.1	FVTPL	1	1
Other non-current payables	21	Amortized cost	85	85
Other amounts payable, interest-bearing		Amortized cost	592	592
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	100	99
Credit institutions	19.2	Amortized cost	1	1
Other loans	19.2	Amortized cost	10	10
Interest-bearing liabilities				
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	477	477
Trade payables		Amortized cost	1,483	1,483
Other current payables				
Derivatives held for trading	32.1	FVTPL	1	1
Derivatives held-for-hedging	32.1	Hedging instrument	1	1
Other debt		FVTPL	3	3
Other amounts payable		Amortized cost	415	415
Other amounts payable, interest-bearing		Amortized cost	25	25

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

FVTOCI: Financial assets at fair value through other comprehensive income

Figures for 2022 have been adjusted to bring them into line with the presentation of figures for 2023. The adjustments are as follows:

- Other non-current payables that are interest-bearing have been isolated from the other non-current payables.
- Trade payables that are interest-bearing payables have been reclassified into "Other current payables Interest-bearing".

Note 32.5 Fair value of financial assets and liabilities

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

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

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

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

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

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

- Derivatives in Level 2
  These derivatives include mainly the interest rate swaps and interest rate and currency swaps (IRCS) the Group entered to reduce the interest rate and currency fluctuations on some of its long-term debentures and also the zero-collar swaption entered into to preserve the positive Mark-to-Market value of the existing pre-hedge for April 2025. The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.

- Unsubordinated debentures
  The unsubordinated debentures are recognized at amortized cost. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2023 for similar debentures with the same remaining maturities.

The financial instruments classified among the level 3 category include:

- Virtual Power Purchase Agreement
  The power component of the Virtual Power Purchase Agreement, entered into in 2023, is an embedded derivative instrument where Proximus has agreed to pay a fixed price for the associated electricity and to receive the electricity spot price with a monthly net settlement in cash. There is no physical delivery of the electricity.

  The valuation of the power component of the VPPA is considered as a 'level 3' fair value. It is determined using a discounted cash flow model. The main factors determining the fair value of the VPPA agreement are the discount rates (level 2), the estimated electricity volume based on the historical power production of the windfarm (level 3) and the forward market prices of electricity (level 2 & level 3).

- Put option
  The put option is the right granted to the former owner of Be-Mobile to sell its own remaining shares to Proximus at specific times for a price to be determined in accordance with contractually agreed terms. The elements on which the valuation is based are not directly or indirectly observable on the market. The instrument fair value is very depending on Be-mobile realistic present and future performances.

As at 31 December 2022		Classification under IFRS 9	Fair value	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments	9	FVOCI	1			1
Other non-current assets						
Derivatives held for trading	32.1	FVTPL	2		2	
Derivatives held-for-hedging	32.1	Hedging instrument	82		82	
Current assets						
Non-interest-bearing receivables						
Derivatives held for trading	32.1	FVTPL	1	1		
Derivatives held-for-hedging	32.1	Hedging instrument	123		123	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,239		1,887	
Credit institutions	19.1	Amortized cost	400		352	
Other loans	19.1	Amortized cost	37		37	
Non-interest-bearing liabilities						
Other derivatives	32.1	FVTPL	1		1	
Current liabilities						
Interest-bearing liabilities, current portion						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	19.2	Amortized cost	100		99	
Credit institutions	19.2	Amortized cost	1		1	
Other loans	19.2	Amortized cost	10		10	
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	477		477	
Non-interest-bearing liabilities						
Other derivatives	32.1	FVTPL	1	1		
Derivatives held-for-hedging	32.1	Hedging instrument	1	1		
Other debt		FVTPL	3			3

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

As at 31 December 2023		Classification under IFRS 9	Fair value	Fair values measurement at end of the reporting period using :		
(EUR million)	Note			Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Equity investments	9	FVOCI	3			3
Other non-current assets						
Derivatives held for trading	33.1	FVTPL	13		13	
Derivatives held for hedging	32.1	Hedging instrument	58		58	
Current assets						
Non-interest-bearing receivables						
Derivatives held for trading	32.1	FVTPL	2	2		
Derivatives held-for-hedging	33.1	Hedging instrument	2		2	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debt (bonds, notes) except for their "non-closely related" embedded derivatives	19.1	Amortized cost	2,881		2,684	
Credit institutions	19.1	Amortized cost	400		370	
Other loans	19.1	Amortized cost	27		27	
Non-interest-bearing liabilities						
Other derivatives	32.1	FVTPL	2.54			2.54
Current liabilities						
Interest-bearing liabilities, current portion						
Unsubordinated debt (bonds, notes)	19.2	Amortized cost	600		597	
Other loans	19.2	Amortized cost	10		10	
Interest-bearing liabilities						
Credit institutions	19.2	Amortized cost	1		1	
Non-interest-bearing liabilities						
Other derivatives	32.1	FVTPL	2	1		
Derivatives held-for-hedging	33.1	Hedging instrument	1	1		
Other debt		FVTPL	5			5

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

FVTOCI: Financial assets at fair value through other comprehensive income

Note 33. Related party disclosures

Note 33.1. Consolidated companies

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

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

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

Proximus SA transactions with its subsidiaries and joint operations	As at 31 December	
(EUR million)	2022	2023
Revenues	151	97
Costs of materials and services related to revenue	-132	-121
Net finance costs	0	-26
Dividends received	340	245

Proximus SA position with its subsidiaries and joint operations	As at 31 December	
(EUR million)	2022	2023
Trade receivables	24	21
Trade payables	-33	-26
Interest-bearing receivables/liabilities	-801	-695
Other receivables and liabilities	0	-551

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

The Belgian State is the majority shareholder of the Group, with a stake of 53.51%. The Group holds treasury shares for 4.62%. The remaining 41.86% are traded on the First Market of Euronext Brussels.

Relationship with the Belgian State

The Group supplies telecommunication services to the Belgian State and State-related entities. The Group also acquired substantive spectrum rights (note 4 intangible assets with finite useful life) in the spectrum auction organised by regulator BIPT, a State-related entity;. State related enterprises are those that are either State-controlled or State-jointly-controlled or State-influenced. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favourable than those available to other customers and suppliers. The services provided to State-related enterprises do not represent a significant component of the Group's net revenue, meaning less than 5%.

Relationship with Belfius Bank NV

Proximus and Belfius Bank NV have the same majority shareholder, the Belgian State. Hence, Belfius is considered as a "related party" in accordance with the International Financial Reporting Standards as adopted by the European Union. Consequently, the cooperation agreement with Belfius related to the Banx service has been approved by the Board of Directors on the 29th of April 2021 in line with the conclusion of the special report prepared by three independent directors in accordance with the Art. 7.97 of the Belgian Code for Companies and Associations. In 2022 the Banx project was started up and had a minor impact on the consolidated figures,

Banx is a fully digital Belgian banking experience, imagined by Proximus, powered by Belfius. Banx raises the bar for digital banking and allows users to monitor the impact of their purchases on the planet. The banking app aims to encourage users to make more conscious and sustainable choices.

Note 33.3. Relationship with key management personnel

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

The principles of this remuneration remained applicable in 2023 and no substantial change of the policy is expected: it foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors, with the exception of the CEO. All members of the Board of Directors, with the exception of the CEO, have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an advisory committee of the Board of Directors, with the exception of the CEO. For the Chairman of the respective advisory committee, these attendance fees are doubled.

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

The Chairman of the Board of Directors is also Chairman of the Joint Committee and of the Pension Fund and Proximus ART. He is member of the Board of Connectimmo, our immo-affiliate; He does not receive any fees for these mandates.

For the performance of their Board mandates, the non-executive Directors do not receive any variable performance-based remuneration, nor do the receive benefits linked to complementary pension plans or any other group insurance.

The total remuneration for the Directors amounted to gross EUR 1,491,432for 2023 to gross EUR 987,723 for 2022. The directors have not received any loan or advance from the Group.

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

	2022	2023
Board of Directors	7	14
Audit and Compliance Committee	4	6
Nomination and Remuneration Committee	4	5
Transformation & Innovation Committee	2	2

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

For the year ended 31 December 2023, a total gross amount (included the long-term performance-based payments) of EUR 9,110,937 (before employer social security costs) was paid or granted in aggregate to the members of the Leadership Squad, Chief Executive Officer included. In 2023, the members of the Leadership Squad were Guillaume Boutin, Dirk Lybaert (until 1 September 2023), Ben

Appel (as of 16 August 2023), Geert Standaert, Renaud Tilmans, Jan Van Acoleyen, Anne-Sophie Lotgering, Jim Casteele, Antonietta Mastroianni and Mark Reid.

For the year ended 31 December 2022, a total gross amount (included the long-term performance-based payments) of EUR 7,885,081 (before employer social security costs) was paid or granted in aggregate to the members of the Leadership Squad, Chief Executive Officer included. In 2022, the members of the Leadership Squad were Guillaume Boutin, Dirk Lybaert, Geert Standaert, Renaud Tilmans, Jan Van Acoleyen, Anne-Sophie Lotgering, Jim Casteele, Antonietta Mastroianni and Mark Reid.

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

- Short-term employee benefits: annual salary (base and short-term variable) as well as other short-term employee benefits such as medical insurance, private use of management cars, meal vouchers, and excluding employer social security contributions paid on these benefits
- Post-employment benefits: insurance premiums paid by the Group in the name of members of the Executive Committee. The premiums cover mainly a post-retirement complementary pension plan
- Performance Value based payments (long-term): gross amounts granted under the Performance Value Plan, which creates pay-out rights in May 2025 (granted in 2022) or in May 2026 (granted in 2023) depending on the achievement of company driven performance criteria which consist of the Group free cash flow, the reputation index, the company's Total Shareholder Return compared to a predefined group of other European telecom operators and an Environmental, Social and Governance KPI.

	As at 31 December	
EUR	2022	2023
Short-term employee benefits	5,702,296	6,411,511
Post-employment benefits	820,712	1,186,739
Performance based payments	1,362,073	1,512,687
Total	7,885,081	9,110,937

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

Note 33.4. Regulations

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

Note 34. Rights, commitments and contingent liabilities

Note 34.1. Claims, legal and tax proceedings

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

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

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

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

Note 34.1.1. Broadband/Broadcast Access Related Cases

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

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

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

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

Based on the facts and information available per end December 2023, management recorded no provision for this case.

Note 34.1.2. Mobile On-net cases related

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

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

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

In its interim judgment of 7th of October 2020, the Brussels Court of Appeal partially annulled the decision of 26th of May 2009 of the Competition Council, based on the reasoning that (i) the Belgian Competition Authority could not have established the existence of an abuse of a dominant position for 2004 without the document seized during the illegal dawn raid, while (ii) the documents seized during the illegal dawn raid were not indispensable for the establishment of the abuse of a dominant position for 2005. Consequently, Court decided that the procedure should only be continued for the latter period (both for other procedural issues and on merits). Proximus launched a "pourvoi en cassation" against this judgment in so far, according to Proximus, the decision should not have been annulled partially (2004), but totally (2004 and 2005), exactly because of the illegality of the dawn raid. This "pourvoi en cassation" was rejected on 12th of January 2023, meaning that the procedure before the Brussels Court of Appeal further continues.

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

Following the settlements with Telenet, KPN, BASE Company and Orange, the only remaining claimants are BT, Verizon and Colt Telecom.

Per end December 2023, management kept a provision for this case based on their best estimate and information available.

Note 34.1.3. GDPR case Telesign

On 23rd June 2023, NOYB (a non-profit privacy activist organisation) representing 9 (currently unnamed) complainants has made public that it has filed a complaint in connection with the activities of Telesign before the Belgian Data Protection Authority (BDPA).

In its complaint, NOYB alleges that Proximus failed to answer adequately and timely the access requests of 2 complainants, that BICS did not properly inform data subjects about the processing of their personal data, misused electronic communication data for other purposes than those allowed by the regulatory framework and transferred personal data to a US company without respecting the conditions set after the so-called "Schrems II decision", and that Telesign did not properly inform data subjects about the processing of their personal data, lacks a valid legal basis, applies unlawful profiling and automated decision making, and does not respect the conditions of the aforementioned "Schrems II decision" when transferring personal data to the US and further to their customers.

To date, Proximus neither any of its subsidiaries has received any communication from the BDPA in relation to this complaint.

Nonetheless, Proximus Group wishes to stress its continued commitment to act in accordance with relevant data protection regulation, and it can already state that Telesign and BICS have a data privacy program in place that considers global laws and regulations, including the General Data Protection Regulation (GDPR) and the California Consumer Protection Act (CCPA). Proximus, BICS and Telesign also constantly review internal policies and practices, for compliance with the evolving regulatory landscape.

Proximus, BICS and Telesign believe that they have objective arguments to counter the complaint on the merits. Based on the facts and information available, management recorded no provision for this case.

Note 34.1.4. Tax proceedings

Indian case

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2018. BICS filed appeals against the assessments with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS opposed the assessments in relation to the periods from 1 April 2008 to 31 March 2011 on procedural grounds. The amount of the contingent liability including late payment interest should not exceed EUR 33 million. BICS has not paid the assessed amounts and has not recorded a tax provision. For the period 1 April 2007 to 31 March 2008 and the period 1 April 2011 to 31 March 2012, the Income Tax Appellate Tribunal annulled the withholding tax assessment and referred the case back to the Indian tax authorities which may initiate new withholding tax assessments for those years by 31 March 2024. For the other periods, the Indian competent Courts issued positive judgments, annulling the withholding tax assessments. The Indian tax authorities have not appealed against the court decisions yet. Though the limitation to file an appeal has lapsed, the tax authorities can still file an appeal along with an application for condonation of delay. Such an application for condonation of delay is generally allowed by the Indian Courts. Management assesses that the position as recognized in the financial statements reflects the best estimate of the probable outcome.

Excess profit ruling

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

BICS applied such tax ruling for the period 2010-2014 and paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the EU General Court. The EU General Court ruled in its decision of 14 February 2019 in favour of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against this decision with the Court of Justice of the EU (hereafter CJEU) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened a separate in-depth investigation into 39 individual excess profit rulings, including the excess profit rulings obtained by BICS. The individual opening decisions were eventually published on 31 August 2020. BICS submitted its comments to the Commission on 29 September 2020. On 16 September 2021, the CJEU held that the Decision correctly found that the excess profit ruling system constitutes an "aid scheme" and referred the case back to the General Court, for a decision on whether or not the EPR "scheme" also amounted to illegal State aid. On 20 September 2023, the EU General Court determined that the European Commission was correct to find, in 2016, that the Belgian tax scheme relating to excess profit infringes EU State aid rules. On 30 November 2023, BICS introduced an appeal before the CJEU against the decision of the EU General Court. Management assesses that the position as recognized in the financial statements still reflects the best estimate of the probable outcome.

Note 34.2. Capital expenditure commitments

At 31 December 2023, the Group had contracted commitments of EUR 708 million (intangible assets EUR 35 million; tangible assets EUR 673 million). Investments will occur mainly during the year 2024 (€565 million).

At 31 December 2022 the contracted commitments amounted EUR 977 million (intangible assets EUR 19 million; tangible assets EUR 958million)

In addition, by acquiring certain spectrum rights in 2022, the group committed to pay annual fees, that it considers to be variable and contingent, for a net present value of EUR 270 million. The "annual fee" is a spectrum availability fee and is subject to an annual indexation adjustment.

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

Note 34.3. Purchase commitments of shares

In the context of various acquisitions, there are contingent commitments (earn outs & put options & purchase commitments) for a total amount of EUR 5,2 million per end of 2023.

Note 34.4. Other rights and commitments

At 31 December 2023, the Group has the following other rights and commitments:

Note 34.4.1. Guarantees

The Group received guarantees for EUR 7 million from its customers to guarantee the payment of its trade receivables and guarantees for EUR 30 million from its suppliers to ensure the completion of contracts or works ordered by the Group. The Group granted guarantees for an amount of EUR 204 million (including the bank guarantees mentioned in note 32.2) to its customers and other third parties to guarantee, among others, the completion of contracts and works ordered by its clients and the payment of rental expenses related to buildings and sites for antenna installations.

Note 34.4.2. Partnership with HCL Technologies

In 2021 Proximus entered a partnership with HCL Technologies whereby that company operates and maintains Proximus' private cloud infrastructure. The partnership foresaw a transition phase, that started in October 2021 and that was finished in February 2022.

HCL and Proximus concluded an asset financing arrangement (nominal amount of EUR 65 million, carrying amount of EUR 40 million, see Note 5) for the infrastructure that remains in the Proximus datacenters and under Proximus control which is recognized as a finance lease for which Proximus has an obligation to repurchase the assets. On top of that financing for existing assets the partnership includes a lease for the renewal of infrastructure (nominal amount of €31 million, carrying amount of €25 million, see Note 6).

Note 34.4.3. Partnership between BICS and Ooredoo Group

BICS has entered into multiyear contractual agreements whereby BICS will manage end-to-end traffic for operators. These agreements include a commitment (subject to satisfying certain conditions on ongoing basis) from BICS to send inbound traffic to certain operators for an aggregated amount not exceeding EUR 50 million per annum with a maximum duration of 3 years, of which 2 years remaining.

Note 35. Share-based Payment

Discounted Share Purchase Plans

In 2023 and 2022, the Group launched Discounted Share Purchase Plans.

Under the 2023 and 2022 plans, Proximus sold respectively 2,746 and 10,299 shares to the senior management of the Group at a discount of 16.66% compared to the market price (discounted price for EUR 6.12 per share in 2023 and for EUR 13.47 in 2022). The cost of the discount is below EUR one million in 2023 and in 2022 and was recorded in profit or losses workforce expenses (see note 26). This has a dilutive effect.

Performance Value Plan

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

In 2022 and 2023, Proximus launched tranches of the "Performance Value Plan" for its senior management. Under this Cash-Settled Long-Term Performance Value Plan, the granted awards are blocked for a period of 3 years after which the Performance Values vest. The final paid amount depends on the results of 4 KPI's which are: the Proximus' Total Shareholder Return compared to a group of peer companies (25%), the group Free Cash Flow (25%), the Reputation Index (25%) and the Environmental, Social and Governance (ESG) (25%). The final KPI is the average of the intermediary results of the 3 calendar years.

The fair value of the tranches 2021, 2022 and 2023 amounted respectively to EUR 5, 4 and 5 million as of 31 December 2023 based on actual calculation. The annual charge of these tranches amounted to respectively EUR 2 million each.

Note 36. Relationship with the auditors

The Group expensed for the Group's auditors during the year 2023 for an amount of EUR 2.621.416 for audit mandate and control missions and EUR 127.050 for other missions.

This last amount is detailed as follows:

EUR	Auditor	Network of auditor
Audit mandate	1,289,967	601,603
Other Control Missions	151,838	578,008
Other missions	113,460	13,590
Total	1,555,265	1,193,200

Note 37. Segment reporting

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

The Group has determined the chief operating decision maker to be the Proximus Leadership Squad.

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

- Domestic:
  Segment providing communication and ICT services to residential, businesses and telecom wholesale markets in Belgium.

- International Carrier Services (BICS)
  Responsible for international carrier activities on the international communications market.

- TeleSign:
  Specialized in delivery authentication and digital identity services to the world's largest internet brands, digital champions and cloud native businesses.

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

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

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

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

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

	As at 31 December 2023							
	Proximus Group				underlying by segment			
(EUR million)	**Reported (IFRS 16)**	**Lease depreciation and interest**	**Incidental**	**Underlying**	**Domestic**	**BICS**	**TeleSign**	**Eliminations**
Net revenue	5,993	0	0	5,993	4,610	1,050	496	-163
Other operating income	56	0	-7	49	55	1	2	-9
TOTAL INCOME	6,048	0	-7	6,042	4,665	1,051	497	-172
Costs of materials and services related to revenue	-2,198	-1	6	-2,193	-1,184	-783	-380	154
Direct margin	3,851	-1	-1	3,849	3,481	268	117	-18
Workforce expenses	-1,343	0	14	-1,329	-1,166	-82	-84	3
Non workforce expenses	-722	-89	49	-762	-679	-60	-38	15
TOTAL OPERATING EXPENSES	-2,064	-89	62	-2,091	-1,845	-142	-122	17
OPERATING INCOME before depreciation & amortization	1,786	-90	62	1,757	1,636	127	-5	0
Depreciation and amortization	-1,185	0	0	-1,185	-1,123	-43	-19	0
OPERATING INCOME	601	-90	62	572	513	84	-25	0
Net finance costs	-110							
Share of loss on associates	-30							
INCOME BEFORE TAXES	461							
Tax expense	-104							
NET INCOME	357							
Attributable to:	0							
Equity holders of the parent (Group share)	357							
Non-controlling interests	0							

	As at 31 December 2022							
	Proximus Group				underlying by segment			
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	5,853	0	0	5,853	4,416	1,130	473	-166
Other operating income	60	0	5	56	62	2	1	-9
TOTAL INCOME	5,914	0	5	5,909	4,478	1,132	473	-174
Costs of materials and services related to revenue	-2,186	1	0	-2,187	-1,118	-869	-360	159
Direct margin	3,728	1	5	3,722	3,360	263	114	-15
Workforce expenses	-1,301	0	-36	-1,265	-1,111	-85	-71	2
Non workforce expenses	-601	83	-13	-671	-584	-58	-41	13
TOTAL OPERATING EXPENSES	-1,902	83	-49	-1,936	-1,695	-143	-112	15
OPERATING INCOME before depreciation & amortization	1,826	84	-44	1,786	1,665	120	1	0
Depreciation and amortization	-1,179	0	0	-1,179	-1,085	-76	-18	0
OPERATING INCOME	647	84	-44	607	580	44	-17	0
Net finance costs	-49							
Share of loss on associates	-20							
INCOME BEFORE TAXES	578							
Tax expense	-128							
NET INCOME	450							
Attributable to:	0							
Equity holders of the parent (Group share)	450							
Non-controlling interests	0							

In respect of geographical areas, the Group realized EUR 3,912 million net revenue in Belgium in 2022 and EUR 4,080 million in 2023 based on the country of the customer. The net revenue realized in other countries amounted to EUR 1,942 million in 2022 and EUR 1,913million in 2023. More than 90% of the segment assets are located in Belgium.

Note 38. Recent IFRS pronouncements

The Group does not early adopt the standards or interpretations that are not yet effective at 31 December 2023.

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

This means that the Group did not apply the following standards or interpretations that are applicable for the Group as from 1 January 2024 or later:

Newly issued standards, interpretations and amendments:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current (2024)
- Amendments to IAS 1 – Non-current liabilities with covenants (2024)
- Amendments to IFRS 16 – Lease liability in a sale and lease back (2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (2024)
-

The Group will continue investigating the possible impacts of the application of these new standards and interpretations on the Group's financial statements in the course of 2024.

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

Note 39. Post balance sheet events

There are no significant post balance sheet events.