

Consolidated Management Report



Management discussion and analysis of financial results

1. Introductory remarks

Underlying revenue and EBITDA

Proximus' management discussion is focused on underlying figures, i.e. after deduction of the incidentals and including operating lease expenses. The underlying company figures are reported to the chief operating decision makers in view of resource allocation and performance assessment.

Proximus provides a transparent view of the operational drivers of the business by isolating incidentals, i.e. revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant impact on the year-on-

year variance of the Proximus Group revenue or EBITDA. In addition, following the application of the IFRS 16 accounting standard, the definition of "underlying" was adjusted to include lease depreciation & interest as of 2019. The adjusted revenue and EBITDA are referred to as "underlying" and allow for a meaningful year-on-year comparison.

Definitions can be found in section 6 of this document.

(EUR million)	Revenues		Ebitda	
	2020	2021	2020	2021
Reported	5.481	5.579	1.922	1.828
Lease depreciations			-82	-80
Lease interests			-2	-2
Incidentals	-2	-1	-1	26
Underlying	5.479	5.578	1.836	1.772
Total incidentals	-2	-1	-1	26
Capital gains on building sales	-2		-2	
Early Leave Plan and Collective Agreement			-3	-2
Fit For Purpose Transformation Plan			-12	10
M&A-related transaction costs		-1	21	13
Pylon Tax provision update (re. past years)			-6	-3
Litigation provisions				6
Other				1

Reporting changes as from 2021

As of January 2021, the reporting changes below have been implemented. The figures for 2020 have been restated accordingly to allow for a meaningful year-on-year comparison.

- Following the acquisition of 100% of BICS by the Proximus Group early 2021, the financial results from the TeleSign segment are reported separately from the BICS segment, reflecting the individual management and future trajectory of both segments.

- The new BICS revenue, excluding TeleSign, is categorized in legacy, core & growth services

- As from 2021, and restated for 2020, the Domestic segment revenue no longer includes the eliminations between Domestic & BICS. These are now reported separately in the "Eliminations" category.

- With management's focus on Direct margin on Domestic level, for which interconnect effects are neutral, the Direct margin for Consumer, Enterprise and Wholesale is no longer reported.

Rounding

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

Covid-19 impacts

Proximus Group proved to be resilient to the sanitary crisis, with its exposure concentrated around reduced Roaming activities following the worldwide limited traveling in 2021. This affected Proximus' Domestic segment, as well as BICS.

In comparison with 2020, the loss of Roaming revenue and direct margin was limited to the first quarter of the year, after which this negative effect annualized for the remainder of the

year. While there was no negative impact over the last nine months, there has also not been a meaningful rebound yet.

The remaining adverse Covid-19 impact on the company's EBITDA was in part contained through continued active management of its expenses, in addition to a direct favorable cost impact from a very high degree of homeworking of Proximus employees, leading to lower fuel and energy consumption as well as travel expenses.

Key Figures - 10-year overview

	2012	2013	2014	2015	2016	2017	IFRS 15	IFRS 15&16	IFRS 15&16	IFRS 15&16
	2018	2019	2020	2021						
Income Statement (EUR million)										
Reported income	6.462	6.318	6.112	6.012	5.873	5.802	5.829	5.697	5.481	5.579
Revenue incidentals	N/A	N/A	248	17	3	24	21	11	2	1
Underlying revenue	N/A	N/A	5.864	5.994	5.871	5.778	5.807	5.686	5.479	5.578
Reported EBITDA (1)	1.786	1.699	1.755	1.646	1.733	1.772	1.794	1.676	1.922	1.828
Lease depreciation and interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84	84	82
EBITDA incidentals	N/A	N/A	102	-88	-63	-51	-70	-278	1	-26
Underlying EBITDA (1)	N/A	N/A	1.653	1.733	1.796	1.823	1.865	1.870	1.836	1.772
Depreciation and amortization	-748	-782	-821	-869	-917	-963	-1.016	-1.120	-1.116	-1.183
Operating income (EBIT)	1.038	917	933	777	816	809	778	556	805	645
Net finance income / (costs)	-131	-96	-96	-120	-101	-70	-56	-47	-48	-54
Share of loss on associates	0	0	-2	-2	-1	-2	-1	-1	-1	-10
Income before taxes	907	822	835	655	715	738	721	508	756	581
Tax expense	-177	-170	-154	-156	-167	-185	-191	-116	-174	-137
Non-controlling interests	19	22	27	17	25	30	22	19	18	1
Net income (Group share)	712	630	654	492	523	522	508	373	564	443
Cash flows (EUR million)										
Cash flows from operating activities	1.480	1.319	1.447	1.386	1.521	1.470	1.558	1.655	1.515	1.621
Cash paid for Capex	-773	-852	-916	-1.000	-962	-989	-1.099	-1.091	-1.089	-1.137
Cash flows from / (used in) other investing activities	-16	38	180	22	0	-189	-8	12	9	-168
Lease payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-78	-82	-79
Free cash flow (2)	691	505	711	408	559	292	451	498	352	237
Cash flows from / (used in) financing activities other than lease payments	-809	-353	-364	-608	-764	-256	-444	-515	-363	-299
Net increase / (decrease) of cash and cash equivalents	-118	152	347	-200	-205	36	7	-17	-13	-62
Balance sheet (EUR million)										
Balance sheet total	8.243	8.417	8.522	8.283	8.117	8.527	8.671	8.978	8.779	9.233
Non-current assets	6.192	6.254	6.339	6.386	6.372	6.735	6.850	7.160	7.120	7.548
Investments, cash and cash equivalents	285	415	710	510	302	338	344	327	313	249
Shareholders' equity	2.881	2.846	2.779	2.801	2.819	2.857	3.005	2.856	2.903	2.978
Non-controlling interests	211	196	189	164	162	156	148	142	123	0
Liabilities for pensions, other post-employment benefits and termination benefits	570	473	504	464	544	568	605	864	645	508
Net financial position (incl. lease liability)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2.492	-2.639	-3.013
Net financial position (excl. lease liability as from 2019)	-1.601	-1.815	-1.800	-1.919	-1.861	-2.088	-2.148	-2.185	-2.356	-2.740
Proximus share										
Weighted average number of ordinary shares (3)	318.011.049	318.759.360	320.119.106	321.767.821	322.317.201	322.777.440	322.649.917	322.918.006	322.752.015	322.751.990
Basic earnings per share - as reported (EUR) (4)	2,24	1,98	2,04	1,50	1,62	1,62	1,58	1,16	1,75	1,37
Total dividend per share (EUR) (5)	2,49	2,18	1,50	1,50	1,50	1,50	1,50	1,50	1,20	1,20
Data on employees										
Number of employees (full-time equivalents)	15.859	15.699	14.187	14.090	13.633	13.391	13.385	12.931	11.423	11.532
Average number of employees over the period	15.952	15.753	14.770	14.040	13.781	13.179	13.161	13.007	11.544	11.445
Underlying revenue per employee (EUR)	N/A	N/A	410.746	426.958	425.997	438.413	441.238	437.173	474.647	487.381
Total income per employee (EUR)	405.084	401.080	413.826	428.194	426.201	440.240	442.870	438.005	474.783	487.451
Underlying EBITDA per employee (EUR)	N/A	N/A	111.923	123.467	130.315	138.325	141.681	143.801	159.057	154.814
Total EBITDA per employee (EUR)	111.973	107.851	118.798	117.251	125.743	134.483	136.342	128.856	166.467	159.721

Ratios - on reported basis	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Return on Equity	24,7%	22,1%	23,5%	17,2%	18,6%	18,3%	16,9%	13,1%	19,4%	14,9%
Direct margin	59,6%	59,5%	60,4%	60,5%	61,8%	62,7%	63,5%	64,6%	65,3%	64,2%
EBITDA Margin	27,6%	26,9%	28,7%	27,4%	29,5%	30,5%	30,8%	29,4%	35,1%	32,8%
Net debt/ EBITDA (6)	0,90	1,07	1,03	1,17	1,07	1,18	1,20	1,30	1,23	1,50
Ratios - on underlying basis	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Return on Equity	N/A	N/A	21,8%	18,9%	19,4%	19,2%	18,4%	19,9%	19,5%	15,5%
Direct margin	N/A	N/A	57,8%	59,6%	61,8%	62,5%	63,4%	64,6%	65,3%	64,2%
EBITDA Margin	N/A	N/A	28,2%	28,9%	30,6%	31,6%	32,1%	32,9%	33,5%	31,8%
Net debt/ EBITDA (6)	N/A	N/A	1,09	1,11	1,04	1,15	1,15	1,17	1,28	1,55
CAPEX	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total CAPEX	753	972	994	1.002	949	1.092	1.019	1.035	1.053	1.279
Capex excl Spectrum and Football right	753	852	912	927	949	1.002	1.019	1.027	1.000	1.203

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

(2) Cash flow before financing activities but after lease payments.

(3) i.e. excluding Treasury shares

(4) No difference between basic and diluted earnings per share

(5) Accounting view (no cash view)

(6) Net debt excluding lease liabilities

- Solid customer growth over 2021 of main customer bases.
- Underlying Domestic revenue was up by 0.6% to a total of EUR 4,381 million and was kept stable on organic basis. (-0.2%)
- As anticipated for 2021, the Domestic OPEX increased from the previous year, +2.9% on organic basis.
- BICS closed 2021 with EBITDA up 0.6% to total EUR 102 million.
- TeleSign showing initial success of strategy to become Digital Identity leader, posting strong revenue growth, while increased investments are reflected in lower EBITDA.
- The underlying Group EBITDA for the year 2021 totaled EUR 1,772 million, down by -4.0% on organic basis
- FCF of EUR 237 million, or EUR 376 million on normalized basis i.e. + 6.4% compared to 2020.

2. Proximus Group

Revenue

The Proximus Group ended the year 2021 with total underlying revenue of EUR 5,578 million, an increase from the prior year of +1.8% or EUR 99 million. On organic basis the Group revenue was up by +1.2%.

Group underlying revenue
EUR 5,578M

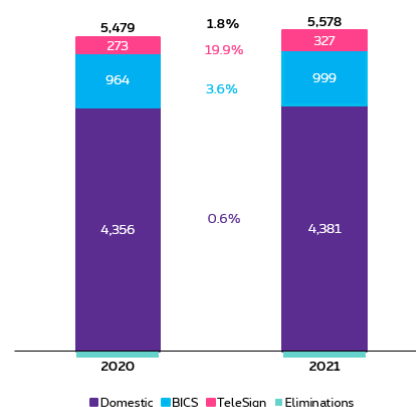
Within the mix, the underlying Domestic revenue was up by 0.6% to a total of EUR 4,381 million. This includes a non-organic revenue contribution from Mobile Vikings, consolidated as of 1 June 2021 in the Proximus Consumer revenue. On organic basis, and in spite of some remaining Covid-19 headwinds over the first months of the year, the organic Domestic revenue was kept nearly stable at EUR 4,347 million (-0.2%). The support from the solid operational results from both the Consumer and Enterprise units was offset by the loss in low-margin Wholesale Interconnect revenue, following the continued decrease in regular SMS usage with customers moving to OTT services.

In 2021, BICS grew its revenue by 3.6% to EUR 999 million, with a gradual improvement as from the second quarter 2021 with the negative effect of the pandemic on worldwide travel

starting to annualize. The pick-up in European international travel was in particular reflected in the core revenue of BICS, showing a 16.7% increase from 2020. BICS also noted a strong traction for Cloud communication services. This offset the eroding lower-margin legacy revenue.

TeleSign posted a strong sales year, with revenue up by 19.9% (including a negative currency effect). The growth was driven by both Programmable Communications and Digital Identity services.

Group revenue by segment (underlying, M€)



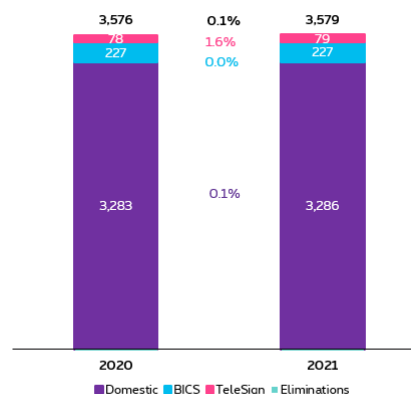
Direct Margin

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

Group underlying direct margin

EUR 3,579M

Direct Margin (underlying, M€)



Operating expenses (OPEX)

The operating expenses for the Proximus Group were up from the year before, reaching a total of EUR 1,807 million, +3.9% more compared to 2020.

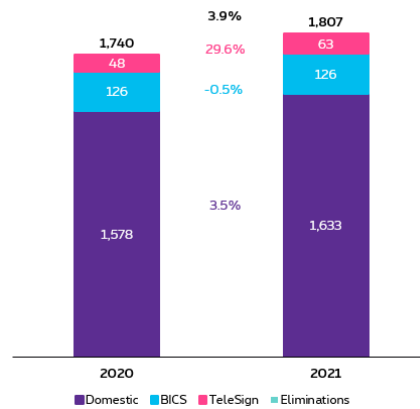
The **Domestic OPEX** totaled EUR 1,633 million, a +3.5% increase. The OPEX from Mobile Vikings aside, the organic Domestic OPEX increased by +2.9%. Proximus' ongoing cost efficiency program partly offset the anticipated higher OPEX for 2021.

BICS kept its level of OPEX to EUR 126 million for 2021, a fairly stable amount to the year before, as a result of strong cost management.

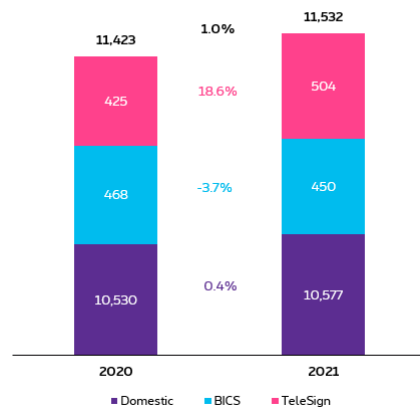
TeleSign's operating expenses totaled EUR 63 million, EUR 14 million higher versus 2020, driven by the significant investments in its growth trajectory.

The Operating Expenses increased for 2021, reaching a total of EUR 1,807M for the Proximus Group.

Operating expenses (underlying, M€)



Headcount evolution (in FTE per YE)



Underlying EBITDA

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

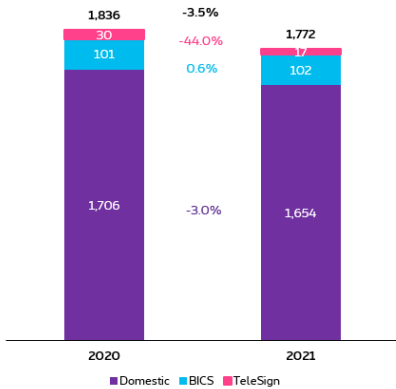
Domestic underlying EBITDA
€ 1,654M

The **Domestic operations** of Proximus posted EUR 1,654 million EBITDA, a year-on-year decline of -3.0%, or -3.5% on organic basis.

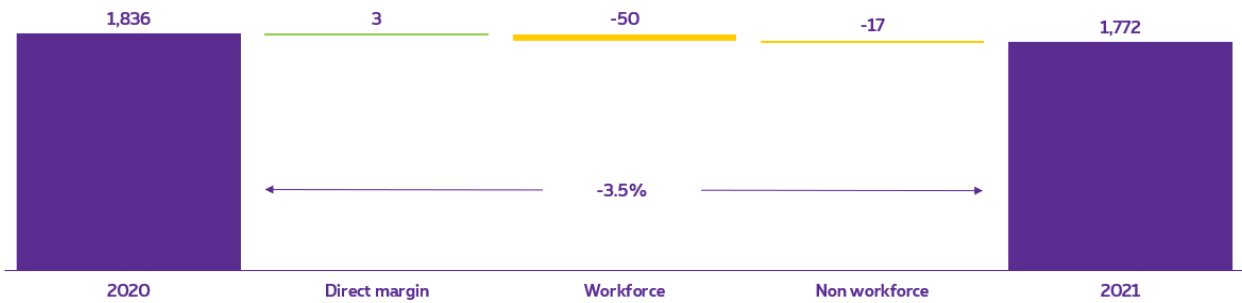
BICS closed 2021 with EBITDA up 0.6% to total EUR 102 million, with both its Direct margin and Operational costs relatively in line with 2020. BICS' segment margin as percent of revenue for 2021 was 10.2%, compared to 10.5% the previous year.

TeleSign kept a positive EBITDA for 2021, totaling EUR 17 million, with the year-on-year decline reflecting the significant investments to support its growth ambitions

Group EBITDA by segment (underlying, M€)



Group EBITDA evolution (underlying, M€)



Reported EBITDA

Incidentals included, and operating lease excluded, the Proximus Group reported EBITDA of EUR 1,828 million, compared to EUR 1,922 million in 2020.

In 2021, the Proximus Group recorded a net of EUR 26 million in incidentals, compared to EUR 1 million net positive EBITDA incidentals for 2020. For 2021, the incidentals included, amongst others, costs related to M&A transactions and headcount-related transformation costs (e.g. Proximus' Fit for Purpose Plan).

The lease depreciation and interest for 2021 were EUR -2 million lower year-on-year, totaling EUR 82 million. (As from 2019, following the application of IFRS 16, these expenses are excluded from the reported EBITDA).

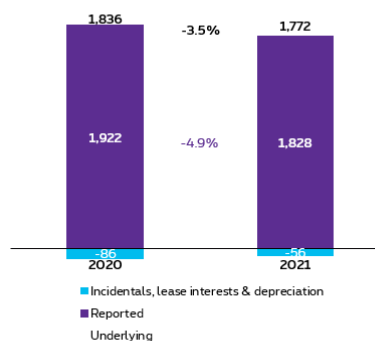
Depreciation and amortization

In 2021, the depreciation and amortization totaled EUR 1,183 million, including lease depreciation. This compares to EUR 1,116 million for 2020. The 6% increase is mainly due to the review of the useful life of some network components and an increasing asset base.

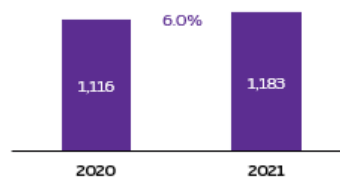
Net finance cost

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

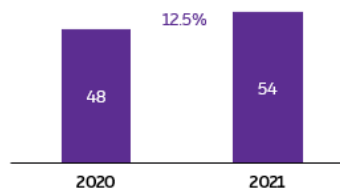
Reported and underlying EBITDA (M€)



Depreciation and amortization incl. lease depreciation (M€)



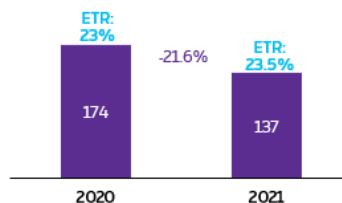
Net finance cost incl. lease interest (M€)



Tax expense

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

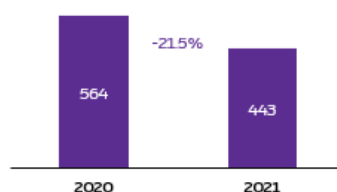
Tax expense (M€) and ETR



Net income

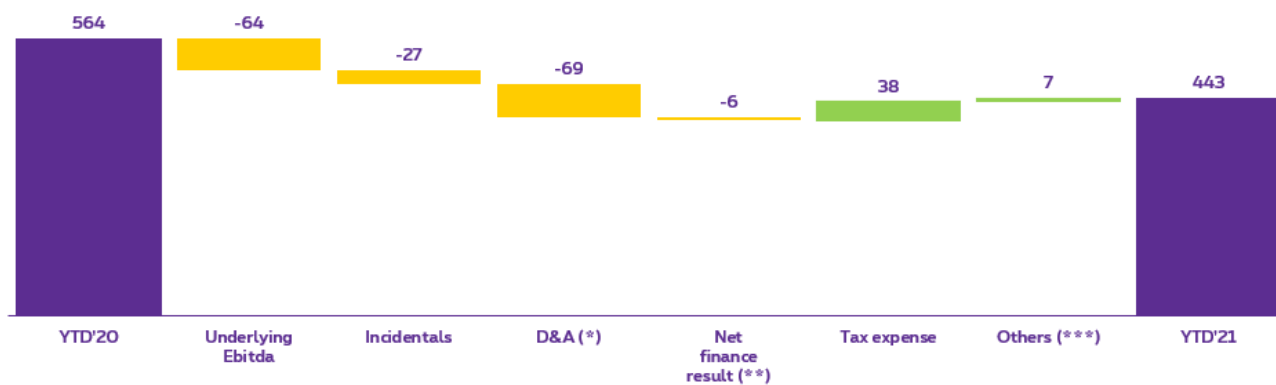
The 2021 full-year net income (Group share) totaled EUR 443 million versus EUR 564 million for 2020. The decrease of EUR -121 million is mainly explained by lower EBITDA, as well as higher depreciation and amortization, partially offset by a decrease in tax expenses.

Net income (Group Share) (M€)



€ 443M
Net income

Net income evolution (M€)



(*) excluding lease depreciation; (**) excluding lease interest; (***) includes Non-controlling interests and Share of loss from associates

CAPEX (excl. spectrum & football broadcasting rights)

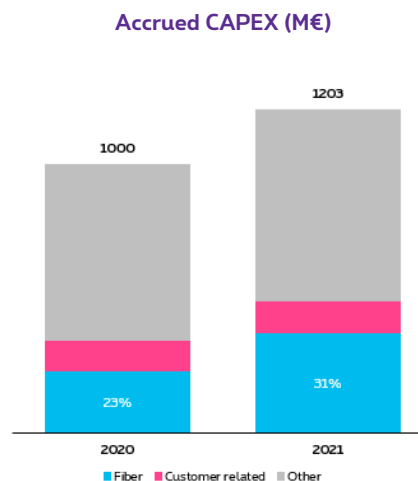
Excluding spectrum and football broadcasting rights, the Proximus Group accrued CAPEX over the year 2021 totaled EUR 1,203 million. All included, Proximus Group accrued CAPEX totaled EUR 1,279 million, compared to EUR 1,053 million for 2020.

The year-on-year increase of EUR 203 million from the 1 billion for 2020 was in large part driven by Proximus' investments in its Gigabit networks. In 2021, the announced Mobile network (RAN) consolidation between Proximus and Orange Belgium started, led by the created joint-operation Mwingz.

Fiber related investments counted for 31% of the total CAPEX. By end-2021, Proximus was deploying Fiber in 35 cities and municipalities in Belgium¹. By end 2021, Proximus' Fiber footprint totaled 813,000 premises, representing a Fiber coverage of nearly 14%.

Following an increased level of customer installations over 2021 compared to the previous year, the customer-related CAPEX increased, covering customer equipment and activation costs for both Fiber and Copper customers.

Moreover, in line with its strategy, Proximus increased its investments in Digitalization and IT transformation.



Free Cash Flow

Proximus Group generated a total FCF over the year 2021 of EUR 237 million, or EUR 376 million on normalized basis. The normalization is chiefly related to the acquisition of Mobile Vikings. On normalized basis, the FCF increased by 6.4% or EUR 23 million compared to 2020.

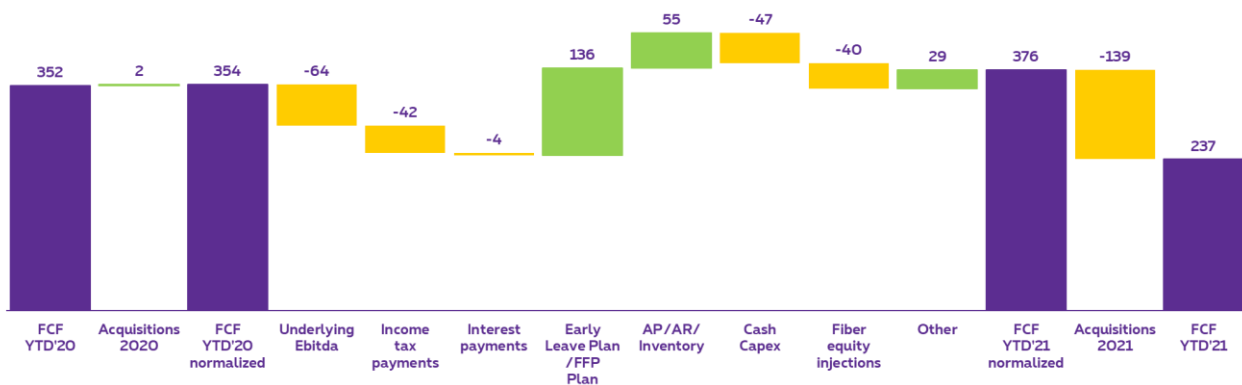
Over the year 2021, Proximus posted higher cash flow from operating activities, mainly as a result of a lower year-on-year cash out for its ongoing transformation plans and lower

business working capital needs. This was partly offset by a decrease in the underlying EBITDA and a higher level of income tax pre-payments. The cash out related to CAPEX was up by EUR 47 million year-on-year, largely driven by Proximus' Fiber roll-out. Furthermore, the 2021 cash-flow includes a EUR 40 million equity injection in the Fiber joint-ventures Fiberklaar and Unifiber, the two entities created to deploy Fiber in the Flanders and Walloon regions, respectively.

€ **376M** normalized FCF

¹ Fiber partners Fiberklaar and Unifiber also started civil works in 10 cities.

Free Cash Flow evolution (M€)

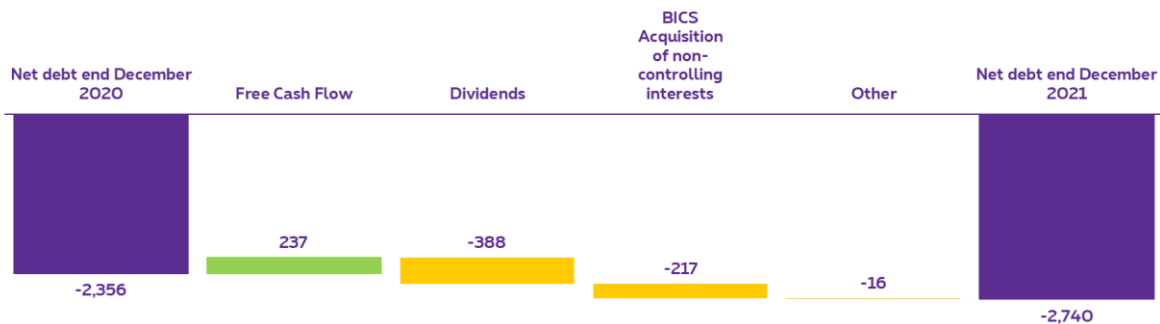


Net financial position

Proximus' adjusted² net debt level increased to EUR 2,740 million by end-2021. The underlying net debt/EBITDA ratio of

1.55 for 2021 remains one of the lowest in the European Telecom sector.

Adjusted net debt evolution (M€)



Sustainable finance

Sustainable finance framework

Sustainability has become increasingly important to customers, suppliers and employees, but also to both private and institutional investors. To provide them with clear and transparent information about its green & social investment strategy, Proximus published its Sustainable Finance Framework in May 2021.

Proximus believes that green, social and sustainable finance instruments are an effective tool to channel investments to projects that have demonstrated climate and social benefits and thereby contribute to the achievement of the sustainable development goals (SDGs).

By issuing green, social and sustainable finance instruments, Proximus intends to align its funding strategy with its mission, sustainability and climate strategy and targets.

Green bond

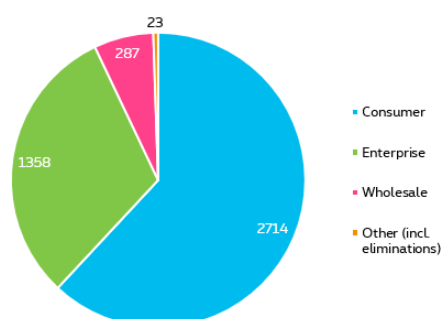
In November 2021, Proximus released its first EUR 750 million Green Bond to finance or refinance projects with a positive effect on energy efficiency, renewable energy, clean transportation, green buildings, circular economy, and social & digital inclusion.

² Net debt excluding lease liabilities

- Domestic revenue of EUR 4,381 million in 2021, up by 0.6% from 2020.
- Consumer revenue over 2021 totaled EUR 2,714 million, up by 1.7% or +0.1% on organic basis.
- Enterprise revenue increased to EUR 1,358 million for 2021, a +0.6% growth from 2020.
- Wholesale revenue of EUR 287 million in 2021, a -8.4% decline compared to 2020, largely related to Interconnect revenue erosion, with no material margin impact.
- Proximus posted EUR 1,654 million Domestic EBITDA, a year-on-year decline of -3.0%, or -3.5% on organic basis.

3. Domestic

Domestic revenue by unit (underlying, M€)



For its Domestic operations, Proximus posted revenue of EUR 4,381 million in 2021, an increase of 0.6% or EUR 25 million from the year 2020. The Consumer unit accounted for about 62% of the total Domestic revenue, the Enterprise unit 31% and the Wholesale segment 7%.

Consumer revenue

The Consumer revenue over 2021 totaled EUR 2,714 million, up by 1.7% or EUR 46 million compared to 2020. Excluding the contribution from Mobile Vikings, the organic Consumer revenue variance remained positive at +0.1%.³

2,004,000
Fixed Internet customers
+ 39,000 in 2021

1,709,000
TV subscribers
+ 43,000 in 2021

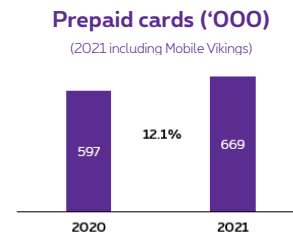
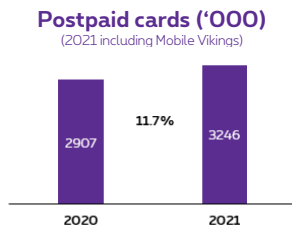
The Consumer revenue was supported by another strong growth for Proximus' main customer bases: TV, Internet and Mobile

Postpaid, while the Fixed Voice base continued its eroding trend as a consequence of changing customer needs.

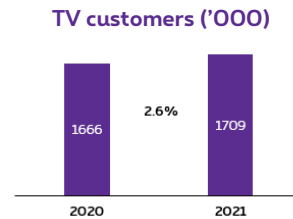
The organic Proximus Mobile Prepaid base also continued its declining track in a shrinking prepaid market. With the Prepaid base of Mobile Vikings consolidated in June 2021, the total number of Prepaid cards was raised to 669,000.

The targeted price indexation on 1 January 2021 brought some relief and encouraged the customer to move out of older offers into more recent commercialized offers such as the Flex combinations.

³ Revenue from Mobile Vikings is included in Other revenue. The Postpaid and Prepaid mobile base is consolidated in the total of Consumer revenue.

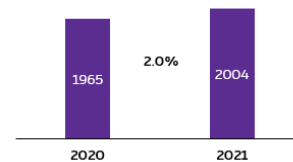


The customer traction for Internet, TV and Mobile benefitted from Proximus' convergent strategy and its multi-brand approach. The Proximus and Scarlet brands address different customer segments in the Belgian market. With the acquisition of Mobile Vikings in June 2021, the Consumer offer was further completed by a brand addressing the more tech-savvy part of the market. On 1 June 2021, the Postpaid base of Mobile Vikings for a total of 191,000 Postpaid cards, was consolidated in the total Proximus consumer base.

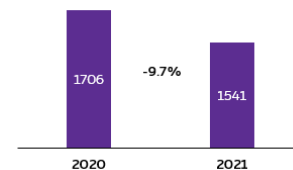


In a highly competitive market, the Consumer segment managed to grow its TV customer base by +43,000 TV subscriptions over the course of 2021, to a total of 1,709,000 and its Internet customer base by +39,000 to a total of 2,004,000 by end-2021. This is a mix of customers on the historical copper network, and a growing number of customers on the new Fiber technology.

Fixed Internet customers ('000)



Fixed Voice customers ('000)



With Proximus deploying Fiber in 35 cities, the product superiority of Fiber becomes an increasingly relevant sales proposal. Over the year 2021, the number of activated Fiber customers increased by an additional +58,000, comprised of a mix of onboarding new customers and migrating copper customers. This compares to +26,000 activated Fiber customers in 2020. By end-2021 the total Consumer Fiber base totaled 123,000.

continued to grow, with the ARPC for 2021 up by +0.7% from one year back, reaching EUR 59.0.

The revenue generated by customers subscribing to Proximus' different product lines is referred to as Customer services revenue or **X-Play revenue**. For 2021, 81% of the total Consumer revenue, i.e. **EUR 2,188 million was generated by Customer services (X-play)**. This is **-0.7% or EUR -15 million below 2020**, including some unfavorable year-on-year effect from higher Voice usage during the 2020 (soft-) lockdowns and some remaining negative impact over the first months of the year following the Covid-19 related world-wide downturn in travel, reducing roaming volumes. This headwind started to lapse in March 2021.

Proximus' convergent Flex offers continued their success over 2021, with Proximus counting a total of 832,000 Flex subscriptions by year-end. This is an increase of 515,000 from twelve months back, comprised of a mix of onboarding new customers and migrating customers from legacy packs.

The traction of Flex further boosted the number of multi-mobile customers, driving a gradual increase in the overall RGU over the year to 2.71 RGUs for the last quarter of 2021, an increase of +2.8% from the comparable period in 2020.

As a result of the ongoing move of customers to convergent offers at higher Average Revenue per Customer (ARPC), and further supported by the 1 January 2021 price indexation, the overall ARPC

In the mix, **revenue from Convergent customers increased further, up by +2.7% year-on-year reaching EUR 1,292million**. In 2021, Proximus grew its convergent base by +68,000 customers, reaching a total of 1,192,000, up by 6.1% from 12 months back. The growth driver of the Convergent revenue is the ongoing strong increase in convergent 3-Play customers. Proximus grew its convergent 3-Play base by +99,000 customers, to reach 447,000 customers by end-2021. As result, the 3-Play convergent revenue grew by 29.3% to a total of EUR 432 million. The 2021 ARPC of a

convergent 3-Play customer was EUR 90.1, -3.4% below that of 2020. The 3-Play convergent ARPC shows a steady decrease, reflecting the ongoing trend of customers waiving the fixed voice line when migrating to one of the Proximus Flex offers. The high uptake of 3-Play convergent offers largely explains the downward trend in the number of 4-Play customers, down by -27,000 to a total base of 661,000 by end-2021, as well as the decrease in the Fixed -and Mobile postpaid-only customer bases. With the number of customers subscribing to Proximus' convergent offers rising, Proximus' base of Fixed-only customers decreased to 1,063,000 by end-2021. These customers generated in 2021 an ARPC of EUR 47.4, -0.3% below the previous year. Likewise, the number of customers only having a Mobile subscription at Proximus further came down, to the benefit of Convergent packages. By end-2021, the Consumer unit counted a Mobile postpaid-only base of 812,000 customers, a year-on-year decrease of -5.8%. These customers generated an ARPC of EUR 27.0, +2.1% up from the previous year driven by a favorable price tiering.

In addition to the above-described revenue from Customer services, the Consumer segment revenue also includes revenue from

Terminals, Mobile Prepaid, its Luxembourg telecom business and Other revenue, with the latter including revenue from Mobile Vikings.

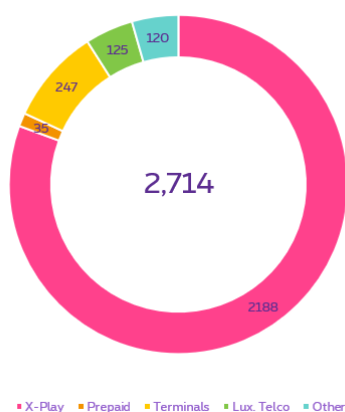
For 2021, the total revenue from Terminals totaled EUR 247 million, EUR 17 million above 2020, which was impacted by Covid-related store closure.

Driven by the ongoing decrease in the Proximus Prepaid base, revenue from Mobile Prepaid continued its eroding trend, with revenues down to EUR 35 million for 2021. Proximus' total Prepaid base totaled 669,000 by end-2021, including Prepaid cards from Mobile Vikings.

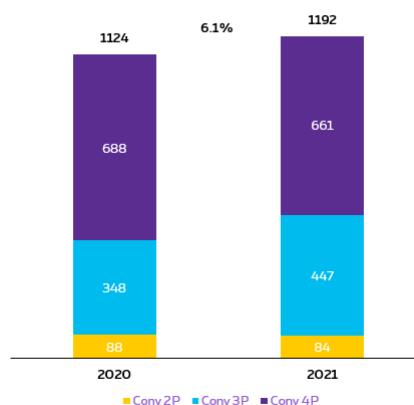
Proximus' Luxembourg telecom revenue came in strong over 2021 for the Consumer side, up by +7.2% to EUR 125 million revenue, mainly resulting from a higher number of mobile and fixed subscriptions, and an increase in mobile device sales.

Proximus Consumer posted EUR 98 million in its Other revenue. The year-on-year increase of EUR 42 million fully resulted from the consolidation of Mobile Vikings in June 2021.

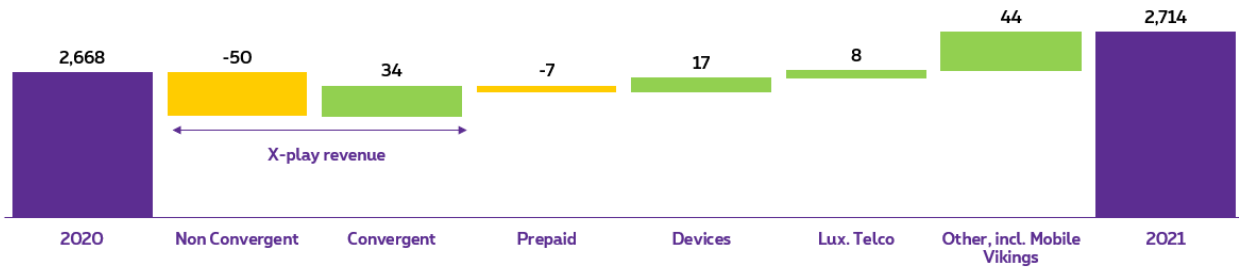
81% Consumer revenue generated by X-Play Customers



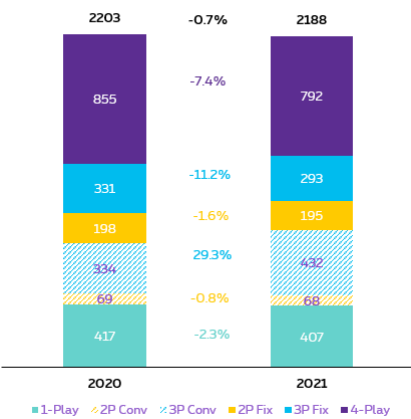
Convergent Customers ('000)



Consumer revenue build up (underlying, M€)



Customer revenue per X-Play (M€)



+2.7%
Convergent revenue

Customer trend to move to 3-Play convergent offers drives strong increase in multi-mobile, while reducing Fixed Voice

Average revenue per Customer
€59.0

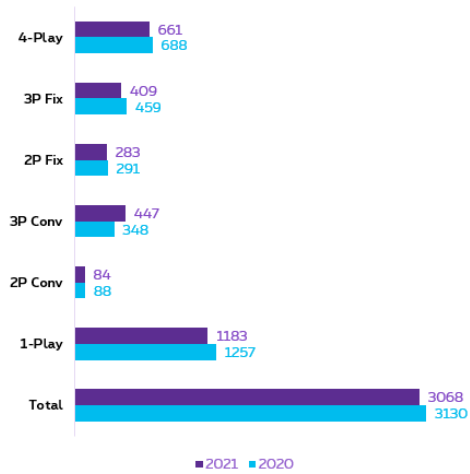
3-Play convergent ARPC
€ 90.1

Total Convergent customers
+6.1%

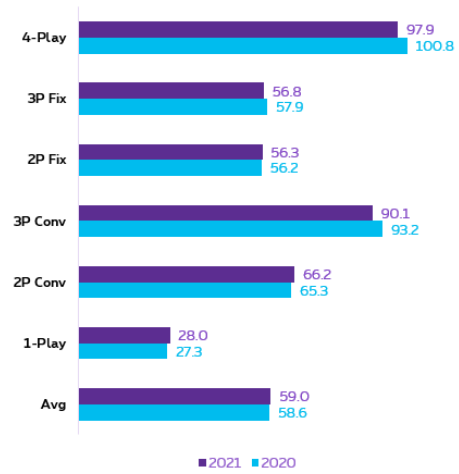
Convergence rate
63.3%

Average RGU
2.71

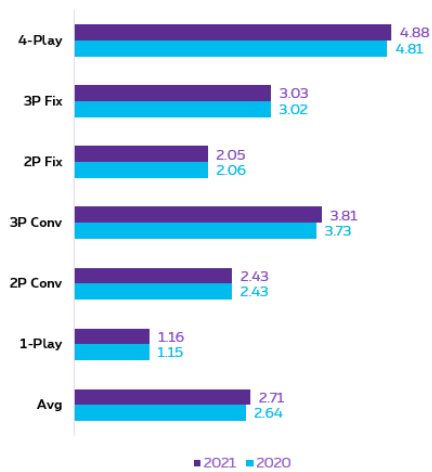
Customers per X-play ('000)



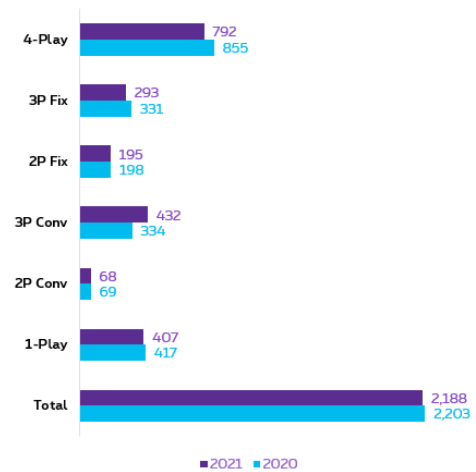
Average Revenue per Customer (€)



Average Revenue Generating Units per Customer



Customer Revenues (M€)



Enterprise revenue

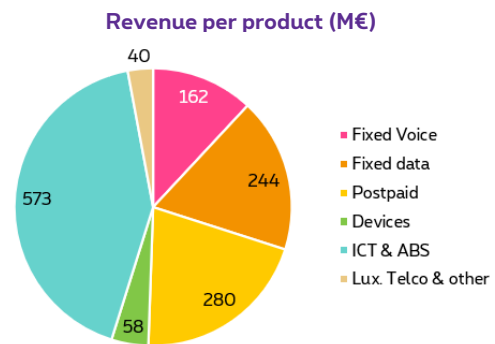
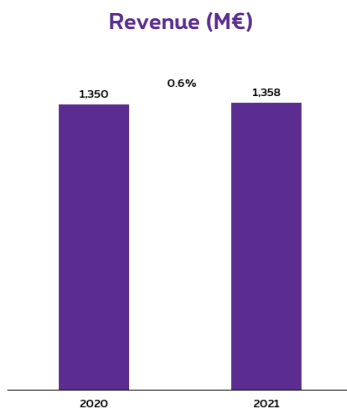
Proximus' Enterprise segment increased its revenue to EUR 1,358 million for 2021, +0.6% growth from 2020. The business market remained a challenging competitive environment, whereby Proximus' Enterprise unit is transforming into a convergent player.

The 2021 revenue growth was, besides higher revenue from devices, mainly driven by a positive revenue evolution in Mobile Services, Fixed Data Services, and especially strong progress in revenue from high-value ICT services, even though this was more than offset by lower revenue from ICT products at lower margin. Moreover, the erosion of the Fixed Voice line base weighed on the

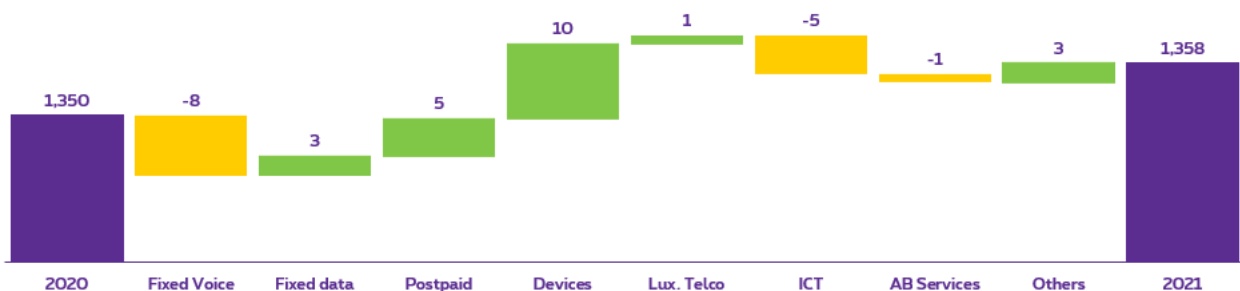
revenue, though the associated revenue loss remained significantly below the loss of 2020.

The start of the year reflected some remaining Covid-19 effects, especially limited business travel affecting the Roaming revenue. This negative year-on-year impact started to annualize in the second quarter of the year.

The sanitary crisis accelerated the digital transformation in enterprises which led to growth in IT services such as Advanced Workplace, Security services, Application & Data Integration and Cloud services, which did well during the course of 2021. Moreover, with Proximus being a partner in Belgium's vaccination campaign, the Enterprise segment benefitted from a non-structural increase related to Voice traffic to vaccination centers, i.e. call routing via VAS numbers (toll-free).



Revenue evolution per product group (underlying, M€)



Mobile services (Postpaid)

The Enterprise mobile service revenue for 2021 totaled EUR 280 million, an increase of +1.9% from the previous year. The start of the year still included a substantial negative Covid-19 effect with reduced traveling weighing on the Mobile Roaming revenue. The annualization of this effect in the second quarter 2021 was

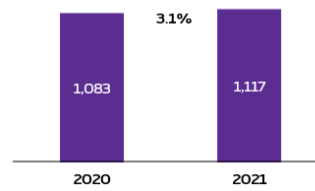
translated in a significant improvement in the Mobile ARPU trend. The ongoing competitive pricing pressure in the B2B unit was compensated for by a favorable evolution in mobile managed services and network services such as increased A2P messaging.

Over the full-year 2021, the Mobile ARPU was EUR 20.0, -2.2% down from 2020, compared to a -9.7% decrease for 2020.

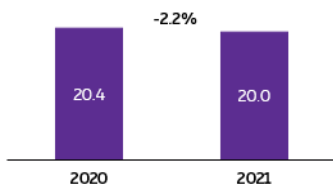
Mobile postpaid cards added
(excluding M2M)
+34,000

The main revenue driver remains the solid year-on-year growth in the Enterprise Mobile customer base, up by 34,000 postpaid SIM cards over the past twelve months or +3.1%. The annualized churn level was maintained at a low 9.4%, -0.7p.p. from one year ago.

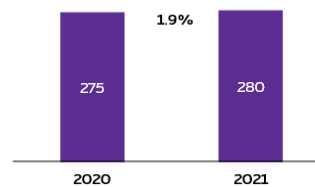
Mobile postpaid cards ('000)



Mobile postpaid ARPU (€)

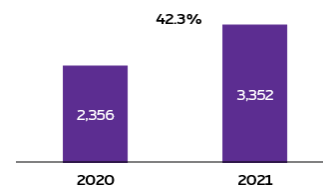


Mobile services revenue (M€)



The Enterprise Mobile Service revenue was supported by a favourable M2M revenue evolution, driven by continued growth in its M2M park, boosted by the last phase of Fluvius' Smart metering project. With over 996,000 additional M2M cards activated in 2021, Proximus closed the year with a total of 3,352,000 M2M cards. This is an increase of +42.3% from one year back.

Machine-to-Machine cards ('000)

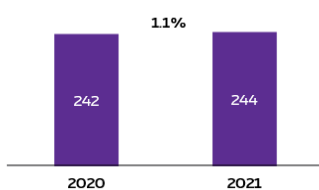


Fixed data

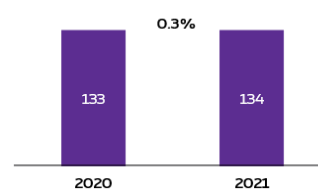
The 2021 revenue from Fixed Data services was +1.1% up from the previous year, totaling EUR 244 million for 2021. Revenue from the Data Connectivity Services, the largest portion of this product category, was slightly up, due to a positive balance between eroding legacy and growing new data connectivity services, supported by Proximus' growing point-to-point fiber park.

In a competitive setting for Business Internet, the Internet ARPU was up by 1.2% to EUR 43.7, mainly benefitting from the 1 January 2021 price indexation and a growing share of Fiber in the total internet park. Moreover, Proximus maintained a slight favorable trend in its Enterprise Internet base, +0.3% up compared to one year back, closing the year 2021 with 134,000 Internet lines.

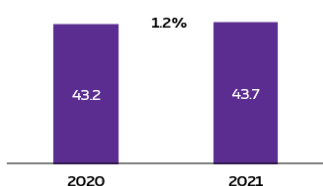
Fixed Data revenue (M€)



Fixed Internet subscriber base ('000)



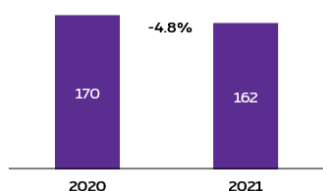
Fixed Internet ARPU (€)



Fixed Voice

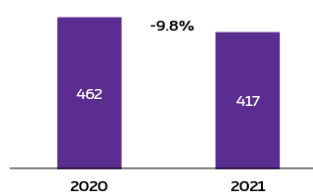
The Enterprise segment posted EUR 162 million in Fixed Voice revenue for 2021, a year-on-year decline of -4.8%, slowing down from the -8.0% in 2020.

Fixed Voice revenue (M€)



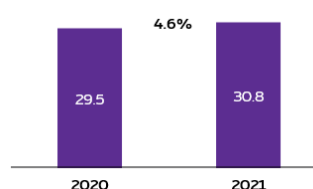
The cause for the Fixed Voice revenue erosion remains the decrease of the Fixed Voice park, by -9.8% in 2021. Over the year, the Enterprise Fixed Voice base was lowered by -45,000 Fixed Voice lines, resulting in a total base of 417,000 by end-2021. This was driven by an ongoing rationalization by customers on Fixed-line connections, lower usage and technology migrations to VoIP.

Fixed Voice park ('000)



The unfavorable revenue impact was partly offset by a positive ARPU evolution, up by +4.6% to EUR 30.8, supported by the 1 January 2021 price indexation and a non-structural increase related to Voice traffic to Covid-19 vaccination centers, i.e. call routing via VAS numbers (toll-free).

Fixed Voice ARPU (€)

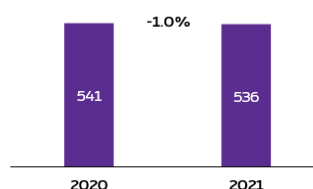


ICT

Proximus' Enterprise unit posted for ICT revenue of EUR 536 million, -1% below the previous year.

Within the revenue mix, revenue from high-value services was up from 2020, with an especially good performance in Advanced Workplace, Cloud services, Security services, and Application & Data Integration. The good performance of ICT services reflects the initial successful transformation of the Enterprise business unit into a convergent player, with a high focus on higher-margin next gen ICT services. Revenue from products with a lower margin were down from 2020, with the global chip shortage affecting some of Proximus' hardware suppliers.

ICT Revenue (M€)

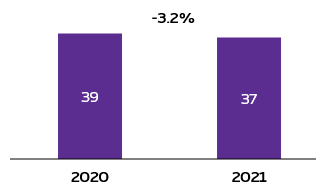


Advanced Business Services

Revenue from Advanced Business Services totaled EUR 37 million for 2021, showing a EUR -2 million decrease compared to the previous year.

Advanced Business Services contains both Proximus' growing convergent solutions, and Smart mobility revenue from Be-Mobile, occupying a unique position in the field. Revenue from Smart Mobility came under light pressure with declining legacy technology revenues in transition towards other emerging technologies.

Advanced Business Services revenue (M€)



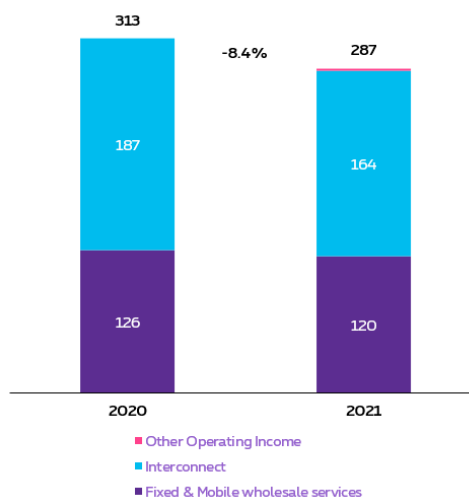
Wholesale revenue

For its Wholesale operations, Proximus posted EUR 287 million revenue in 2021, a -8.4% or EUR -26 million decline compared to 2020.

The revenue decline was for EUR -23 million related to the erosion in Interconnect revenue, with no material margin impact. Part of this reflects the EU regulation which lowered the Fixed & Mobile Termination rates as from 1 July 2021. The largest part however is the result of an ongoing decrease in SMS usage, mainly attributable to the COVID 19 impact in the first quarter of 2021, while there was no COVID 19 impact yet in the first quarter of 2020.

Revenue generated by Fixed and Mobile wholesale services was down by -4.2%, totaling EUR 120 million. Within the mix, wholesale roaming and legacy connectivity services were lower year-on-year partly offset by higher revenue from Wholesale Internet and Mobile services.

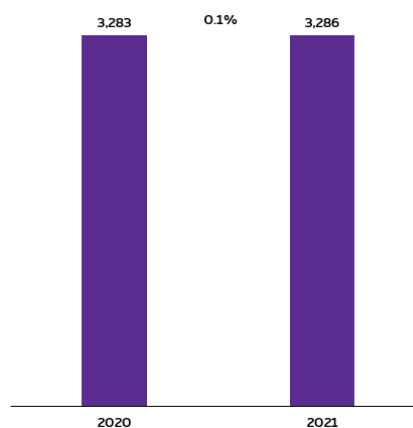
Revenue (M€)



Domestic Direct Margin

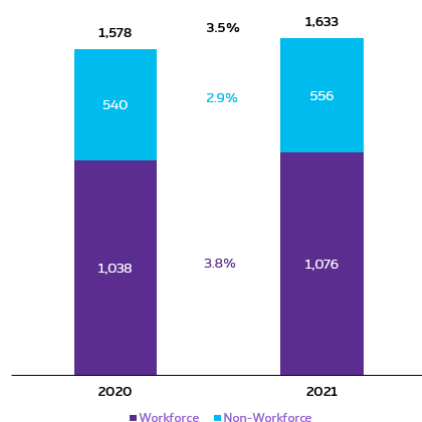
Proximus' Domestic operations posted a direct margin of EUR 3,286 million, +0.1% or EUR 3 million above the prior year. On an organic basis the Domestic Direct margin was slightly down by -0.5%. This reflected, amongst others, the ongoing downward trend of the Fixed Voice line base, at higher margin, offsetting the solid customer growth for Proximus' other main services, including TV, Internet, Mobile and ICT.

Domestic direct margin (underlying, M€)



Domestic OPEX

Domestic operating expenses (underlying, M€)



The full-year 2021 Domestic Operating Expenses totaled EUR 1,633 million, a +3.5% increase from 2020, or +2.9% on organic basis.

The organic increase by EUR45 million resulted from a combination of : 1-less exceptional cost benefits compared to 2020 which included a higher degree of Covid-19 related cost containment; 2- higher OPEX of temporary nature such as operational costs related to the mobile network consolidation by MWingz and company transformation expenses; and 3- structural higher costs related to the Fiber deployment and initial cloudification effects whereby the nature changes from capitalized expenses to operational costs.

The Domestic workforce expenses were up by 3.8% to EUR 1,076 million, in line with the company's expectations set for the year. The increase from 2020 includes the year-on-year effect of inflation-based salary increases. (1 April 2020 and 1 October 2021).

Moreover, external workforce expenses were up year-on-year, amongst others providing support for the company's growth ambitions in the B2B domain and Fiber-related expenses.

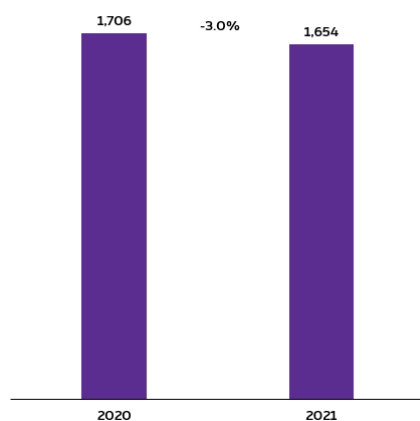
End-2021 Proximus' Domestic headcount counted 10,577 FTEs, including the 69 Mobile Vikings employees who joined the Proximus Group as of 1 June 2021. The limited net increase compared to the 10,530 FTEs end-2020 resulted from natural outflow and pensioning offsetting new hiring.

The Domestic non-workforce expenses were up by +2.9% for 2021. The ongoing tight cost control as part of Proximus' Domestic cost program compensated partly for the higher costs related to Proximus' ongoing transformation, the rising number of Fiber activations, and the increasing effect of cloudification.

The indirect expenses of Proximus' Domestic operations, i.e. excluding the billable ICT workforce expenses in the B2B domain, were up for 2021 by +2.5%, on organic basis.

Domestic EBITDA

Domestic EBITDA (underlying, M€)



The **Domestic operations** of Proximus posted EUR 1,654 million EBITDA, a year-on-year decline of -3.0%, or -3.5% on organic basis.

This resulted from the higher operating expenses in 2021, whereas the Direct Margin was kept positive year-on-year (+0.1%). The Domestic EBITDA margin as percentage of revenue was down by -1.4 pp from the year before, reaching 37.7% for 2021.

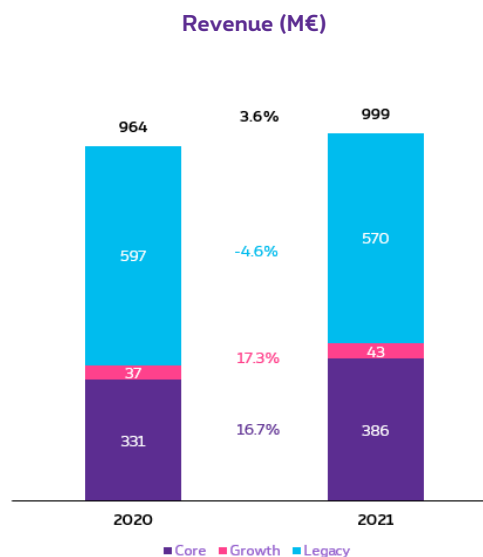
4. BICS

Revenue

The revenue of BICS for 2021 amounted to EUR 999 million, a year-on-year revenue increase of +3.6%. This was mainly driven by its Core services (messaging, mobility and infrastructure), up from the previous year by 16.7% or EUR 55 million. The year-on-year growth resulted from strong Messaging revenue driven by high A2P volumes combined with a favorable destination mix for 2021. Moreover, Mobile Services were supported by the gradual comeback in International travel.

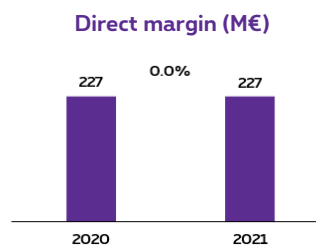
For BICS' Growth services, namely cloud communication, IoT and fraud prevention services, a total revenue of EUR 43 million was posted. The 17.3% increase from 2020 resulted from a strong traction for cloud communication specifically in cloud-based voice services for a number of leading digital enterprises.

In an inherently declining Legacy market, BICS focused on growing its volumes, limiting the revenue erosion and preserving margins. For 2021, BICS' legacy services totaled EUR 570 million, down by -4.6%, with limited impact on the Direct Margin.



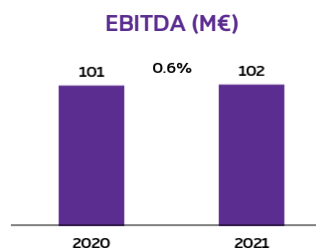
Direct margin

For 2021, BICS posted a direct margin of EUR 227 million, stable compared to 2020. The remaining negative Covid-19 effects on Mobility services (pandemic-related travel drop) started to fade in the second quarter, after the trend changed into a year-on-year growth for the second half of the year. The headwind from MTN's ongoing insourcing started to fade in the course of 2021 as well.



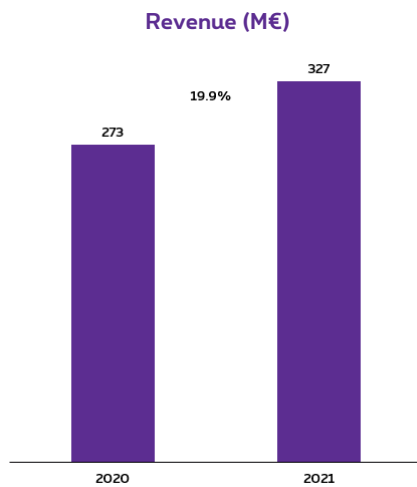
EBITDA

The 2021 EBITDA of BICS amounted to EUR 102 million, +0.6% compared to the previous year, following strong cost control. The EBITDA margin as a percentage of revenue was slightly down to 10.2%, -0.3 p.p.



5. TeleSign

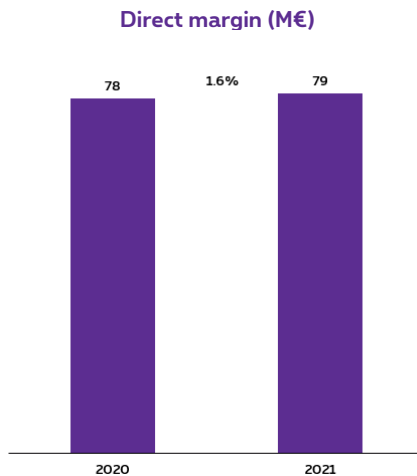
Revenue



TeleSign posted EUR 327 million of revenue over 2021, a year-on-year increase of +19.9% (including a negative year-on-year currency effect).

In 2021, TeleSign progressed well on its growth ambitions in the domain of high-margin Digital Identity Services, showing a strong year-on-year revenue growth. Programmable Communications (CPaaS) was the largest revenue contributor in the total and closed the year with a strong double-digit revenue growth.

Direct Margin

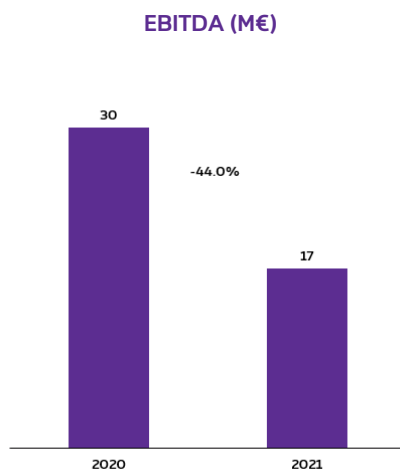


TeleSign's 2021 direct margin was up by 1.6% year-on-year to EUR 79 million⁴ (including a negative currency impact). The increase was driven by strong growth in high-margin Digital Identity services, benefitting from newly signed contracts in the course of 2021.

⁴ TeleSign benefitted in 2021 in a limited way from the transfer of number of Digital Services customers previously buying A2P messaging services from BICS. These customer contracts were migrated to TeleSign in view of a more coherent split between the two companies. The customer

migration started in the fourth quarter 2021, with the concerned CPAAS direct margin being less than EUR 0.5 million.

EBITDA



Following the anticipated headcount investments to support TeleSign's growth ambitions, with among others additional hiring in TeleSign's go-to-market and R&D, as well as the development of its products and marketing, operating expenses increased by EUR 14 million year-on-year, to a total of EUR 63 million for 2021.

These investments in TeleSign's growth strategy were reflected in its EBITDA, totaling EUR 17 million for 2021, a decrease by EUR-13 million from one year ago.

6. Definitions

A2P: stands for Application to Person messages

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

Advanced Business Services: new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions

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

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

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

ARPU: Average Revenue per Unit.

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

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

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

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

BICS legacy: represents mainly voice services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reported Revenues: this corresponds to the TOTAL INCOME.

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

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

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

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

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

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

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

Risk Management Report

The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value and enhance customer satisfaction by effectively balancing risk and reward. Effective risk management is a key success factor in the realization of our objectives. The aim of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation by allowing to take risks in a controlled manner.

Proximus has implemented a risk management methodology that follows ISO 31000 – Risk Management Guidelines and integrates adapted processes, techniques, and tools to identify, assess and manage in due time, risks and opportunities in various domains.

Financial risk management objectives and policies are reported in Note 32 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 34 of these statements.

The enterprise, financial and ESG (including climate) reporting risks are detailed below, together with the related mitigating factors and control measures. However, this is not an exhaustive analysis of all potential risks that Proximus might be facing.

Enterprise-wide risks

Proximus' Enterprise Risk Management (ERM) is a structured and consistent framework for assessing, responding to and reporting on risks that could affect the achievement of Proximus' strategic development objectives. The Group's ERM covers the spectrum of business risks ('potential adverse events') and uncertainties that Proximus could encounter. It seeks to maximize value for shareholders by aligning risk management with the corporate strategy.

It does this by assessing emerging risks (e.g. from regulation and new technologies on the market) and developing mitigating strategies in line with its risk tolerance. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the

Executive Committee, the CEO and the Audit and Compliance Committee. The main findings are communicated to the Board of Directors. Among the risks identified by the last ERM exercise, the following risk categories were prioritized (in the following order):

- Monetization of fiber investments
- Business model and servicing evolution
- Employee employability, new ways of working and engagement
- Competitive market dynamics
- Customer experience
- Impact of Covid-19 pandemic and resulting economic crisis

Monetization of fiber investments

During the past years, Proximus has launched the deployment of an open, non-discriminatory and performant fiber network for residential and professional customers. This is of major importance for Proximus and while we are confident that this strategy provides the right answer to the increasing need for reliable, fast and low-latency connectivity in Belgium (especially with the rise of homeworking), it can't be excluded that part of our initiatives do not achieve the expected benefits or lead to lower revenues or profitability than anticipated.

Seen that copper technology has typically lower speed than cable, the larger the Fiber footprint, the better the business perspectives for Proximus. Therefore, Proximus will strive to deploy Fiber in 70% of Belgium and even beyond as far as it still makes economic sense, in order to:

- Support current and future customer needs (connected homes, next generation videos, gaming, ...) and enable ARPU uplift
- Retain current market-share across residential and enterprise customers
- Target market-share win-backs, especially in Flanders
- Attract new Wholesale market opportunities
- Simplify our operating model and get cheaper cost to operate, by stop selling copper as soon as Fiber is available and ultimately phase out copper at the latest 5Y after Fiber Deployment.

This long-term Fiber strategy is the right decision, endorsed by the market and similarly applied in many other countries.

However, it remains challenging to achieve the monetization results in the next few years.

At first, there is an operational risk related to a smooth migration of Proximus and OLO's customers to Fiber, while ensuring best-in-class customer experience to avoid migration churn. In that matter, during the COVID-19 lock-down period of spring 2020, the application of strength social constraints has largely complexified and delayed customer activations (e.g.: difficulty in accessing buildings for the installation of vertical cabling; no entry to customers' premises). At the same time, these heavy restrictions have also impacted Fiber sales channels by closing Proximus shops and by stopping local marketing activities. There is a risk that a potential intensification of COVID-19 contamination in the future may lead to the same "idle period".

Secondly, we have observed that the Belgian telecom sector regularly announces consolidations (e.g. acquisition Base by Telenet; the recent acquisition of VOO by Orange Belgium) and partnerships (e.g. ongoing discussion for a Netco Fluvius/Telenet), and even the possibility to welcome a 4th operator after 5G spectrum auction in 2022. A potential new entrant in the low-cost segment may put pressure on market pricing, leading the Operators to trade-off between market-share retention and pricing preservation. In this context, a monetization through price tiering would be more difficult and would require for a larger differentiation in the offers (e.g. by including multi Gigabit services).

A third monetization risk may be driven by the multiplication of FTTH roll-out initiatives. Today, Proximus is the only player rolling out FTTH at large scale in Belgium. Plans by competition and utility companies (e.g. Fluvius) to roll-out a competing FTTH network could reduce the profitability of Proximus investments, reduce wholesale prices in the market and impact prices that CBU and EBU can charge for their Fiber products.

In dense city areas, it is possible to overbuild and have 2 fiber networks. But when leaving the city centers, the construction costs will rapidly increase making two Fiber networks economically not profitable. Therefore, Proximus has joined forces with two experienced industrial and financial Partners (EQT Infrastructure and Eurofiber) to accelerate and expand the Fiber rollout in less dense areas and as such ensuring the first mover advantage. Meaning to be the quickest to deploy where the density remains sufficient high (and consequently benefit from lower unit costs) and being the first to provide Fiber technology on the market with the aim to win as much market-share as possible. Let's also re-iterate that Proximus fiber network will be fully open and non-discriminatory with the ability to co-use fiber assets with competition and maximize the network utilization.

Business model and servicing evolution

Proximus operates in a fast-changing industry. In order to be future-proof Proximus needs to constantly adapt to new technologies, deploy improved servicing approach and launch new products. We are confident that our strategy is focusing on the right answers to handle these evolutions. However, it cannot be excluded that some of our initiatives do not achieve the expected outcome in terms of revenues or profitability. This could have a negative impact on our overall financial performance.

Proximus' business model has been and continues to be impacted by (disruptive) technologies, such as SD-WAN, 5G and over-the-top (OTT) services. Our response as a group to these new technologies and market developments and its ability to introduce new competitive products or services, which are meaningful to its customers, will be essential to our performance and profitability in the long run.

Proximus, and the industry as a whole, is evolving towards a more individualized approach to servicing its customers. For example, for ultra-broadband, fiber-based connectivity Proximus adopts a local marketing approach, in which the sales forces, technical staff and local partners join forces for its fiber deployment project. Proximus also continues to develop the capacity to support business customers in their digital transformation with its industry-tailored support and convergent products combining connectivity, hybrid cloud and managed security solutions. For example, we embarked on a massive proactive migration of our enterprise customers to next-gen connectivity solutions.

On the residential front, we also increase our relevance by developing and expanding new local ecosystems, such as our partnerships with press conglomerates to develop our ePress offering, or our partnership with Belfius leading to development of Banx and Beats offering. These collaborations allow us to develop relevant local solutions for and together with our customers, in order to provide competitive products and services to the Belgian market.

Even if Proximus is successful in launching these new technologies and mitigating initiatives are effective, the risk remains significant, as those new technologies could generate lower revenues and/or lower profitability than existing / past products and services, and consequentially negatively impact Proximus' top and bottom line. The risk can therefore not be fully mitigated.

Competitive market dynamics

Proximus' business is primarily focused on Belgium, a small country with a few large telecom players, with Proximus being the incumbent. Proximus operates in growing markets (e.g. enterprise campus networks, security, smart mobility and Application Programming Interface (API) platforms), maturing markets (e.g. smartphones), saturated markets (e.g. fixed Internet, postpaid mobile and fixed voice) and even declining markets (e.g. prepaid mobile and enterprise voice).

The market is in constant evolution, with competitive dynamics at play (e.g. frequent new product launches and competitors entering new segments of the market) which might impact market value going forward. The recent sale of VOO to Orange creates a new leader in the consumer market in Wallonia, creating commercial convergence and network synergies. Commercial pressure in Wallonia will likely continue due to the higher market shares of both Proximus and Orange Group. The sale also means that the scenario of a potentially aggressive PE fund entering the market is off the table. Meanwhile the B2B market consolidation continues and competition is intensifying, e.g. in December 2020 Cegeka joined forces with Citymesh to cover the connectivity layer, with Citymesh acquiring Engie's IoT network in 2021. A number of new MVNOs have been entering the market in 2021, such as Youfone and OneBillGlobal.

In the coming years, the market structure could further evolve with the possible entry of a new mobile operator, in addition to the three existing operators and supported by favorable conditions that could be set in the upcoming spectrum auction.

Sector federation Agoria estimated, in a study published in 2018, that the possible arrival of a 4th mobile entrant could impact the total mobile market in Belgium with a reduction of 6,000-8,000 jobs and a reduced sector contribution to the state of EUR 200 million – EUR 350 million. The timing of that depends on the execution of the spectrum auction, which is now planned for June 2022. New entrants could potentially push prices down and put pressure on Proximus' pricing model.

The upcoming spectrum allocation procedures, or auctions, also create significant uncertainty in the market. Specifically, the regulator BIPT/IBPT has proceeded with a temporary allocation of 3.6 GHz spectrum, to be used for new 5G services. This procedure saw Cegeka obtain a license for 5G services (prior to its acquisition of CityMesh), further outlining its ambitions in the B2B space. These rights will be valid until the auction of this spectrum. As part of the spectrum auction planned for June 2022, other parties with similar interests to Cegeka/CityMesh, with a focus on the B2B market, and especially "Mobile Private Network" type of solutions, could also

try to obtain spectrum rights. In all cases, the acquisition of spectrum usage rights for telecom services by new operators could put pressure on Proximus' pricing of current and new products and services.

On the residential side, substitution of fixed line services by OTT services (e.g. by apps and social media such as Skype, Facebook, WhatsApp, etc.) and TV content (e.g. Netflix, Amazon Prime Video, Disney+) could put further pressure on revenues and margins as these OTT services continue to gain ground.

As a result of its long-term strategy and continued network investments (e.g. Fiber, 5G, VDSL/Vectoring, and 4G/4G+), Proximus has been consistently improving its multi-play value propositions by, among other things, putting more customers on the latest technologies, keeping the lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (e.g. Champions League, Disney+, Netflix, etc.). This, in addition to developing an omnichannel strategy and improving digital customer interfaces (e.g. launch of the new Pickx+ channel and roll-out of new TV decoder v7 based on AndroidTV). In order to best meet the needs of its customers, Proximus launched a new convergent portfolio in the Summer of 2020 targeted at families, Flex, which aims to provide the right solution in a flexible "build your own pack" approach. Through this successful launch, Proximus has continued to build up an advantageous and solid competitive position providing the company with other levers than just price, reducing the risk to churn and price disruption exposure. Nevertheless, Proximus constantly has to adjust to this moving market. Failure to come up with competitive offers can result in the loss of customers.

The price-sensitive segment, which has continued to rise in 2021 as more consumers seek 'no frills' offers at a lower price, is successfully addressed via Proximus' subsidiaries Scarlet and Mobile Vikings, offering attractively priced mobile and triple-play products.

In the corporate large-company market, the scattered competitive landscape drives price competition, which may further impact revenue and margins.

Since the drivers of these risks are mainly beyond Proximus' control, mitigating measures are mainly targeted at limiting the impact.

While we are confident about our ability to compete against a possible increase of competition, the risk remains high overall for Proximus, with a potential impact on both Proximus' top line and bottom line.

Customer Experience

In the digital and disrupting era of today, being able to offer superior customer experience is a key challenge and a core strategic mission. The evolution of our customers' expectations with this regard is extremely fast; new benchmarks are emerging every day and the increasing use of digital technology is accelerating the process.

In that matter, understanding clearly what our customers' expectations are is a competitive asset to build strong foundations. This allows us to effectively meet their needs and eventually go beyond, using strong analytics to proactively predict next best action or offer.

This superior experience we target to offer to our customers includes a consistent, effortless and intuitive experience across all interactions in all customer journeys, a high-quality stable network and easy-to-use products and services. In this digitalizing and fast-moving environment, we're making efforts at Proximus, to offer our customers the right balance between digital effortless interactions and human empathy.

Key transformational initiatives such as Customer experience teams, e2e journeys redesign, Voice of the Customer and CX analytics were further enhanced to address root causes of pain points and to take charge of transformation projects participating in Proximus' brand promise: "Think possible".

Despite these efforts, providing a superior customer experience remains a key challenge due to the fast-evolving market and competition. Furthermore, the influence of GAFA and OTT actors on customer expectations is challenging Proximus' ability to proactively adapt and develop new digital products and services. These being considered as competitive edges through user-friendly digital user interfaces and end-to-end customer journeys. Side by side with the ever-present risk of a bold move from the competition, Proximus might miss new revenue streams and, in a worst case lose its premium positioning.

Employee employability, new ways of working and engagement

Failure to recruit, sustainably employ and engage a talented workforce could impact the Group's ability to successfully deliver services and products to its customers.

In today's digital and disrupting era, knowledge workers are a competitive asset if they have the right skills and mindset, and remain sustainably employable and engaged. The workplace is also changing faster than ever, in terms of job content, work

environment, compositions of teams and new ways of working especially. Proximus could face a shortage of skilled resources in specific domains, such as cybersecurity, digital frontends, data science and agile IT or could face a shortage of resources that are motivated to adopt the changes in their workplace and new ways of working in their daily habits. This shortage could hamper the realization of its ambition to become a truly customer-centric organization and delay some of its objectives in innovation and digital transformation. To make this happen, we need the contribution and engagement of all our employees.

This is why Proximus is focusing so hard on training programs, internal mobility, the hiring of young graduates from relevant fields and employer branding. We give our employees the opportunity to continuously upskill and develop, particularly in the digital field. Because we want to have the right skills in-house to shape the digital economy and society of the future, and to guarantee the employability of our employees. We set up a tailored approach with programs and campaigns for all employees to create awareness and understanding of the impact of digital transformation, and to raise digital savviness. We also offer them challenging and ambitious learning tracks to upskill in fields that are critical to stay relevant in their job. In 2021, employees participated on average 41.3 hours of training, representing an investment of €32.34 million for Proximus.

This is also why we foster a culture of empowerment where autonomous and effective collaboration and sharing information is a natural behavior. Enabling this new way of working requires the right digital tools. We therefore offer our employees a coherent set of user-friendly and secure digital tools that can be used on any device. In 2021 we continued to roll out the Microsoft O365 applications, such as MS Teams for more efficient and interactive digital meetings. To get employees on board in these continuous digital workplace changes, we provide training in hard skills and we ensure that our team leaders have strong change-management skills.

Continued initiatives on building resilience also enabled employees to better cope with the changes and initiatives to stay connected to one another promoted team cohesion to show recognition to team members. New ways of working, such as Agile and Design Thinking, leverage employee autonomy and a more accountable way of working. This allows us to create added value for our customers more quickly. We also support a more agile culture by encouraging internal mobility, as we want to ensure that all employees keep on learning and doing a job they like. In 2021, 782 employees changed jobs internally.

The remaining risks rely on Proximus' ability to effectively upskill its workforce in line with future needs, to keep our

employees engaged and motivated to learn and be at their best at work. They also rely on Proximus' ability to attract the required talents which could result in impairing its ability to deliver its promise to customers in terms of products, as well as services required to stay relevant versus competition. If the efforts to increase organization flexibility and agility are not successful, it could lead to a reduction of Proximus' competitiveness.

Impact of Covid-19 pandemic and resulting economic crisis

The COVID-19 pandemic still has a significant impact on the world economy in 2021 despite global vaccination campaigns. While the impact of the COVID-19 pandemic is less for Proximus in 2021 versus 2020, it remains sizeable with an impact on roaming revenues due to reduction in especially non-EU travel, limited supply chain disruptions and an impact on the ways of working of our employees. On top of these direct impacts, there is an indirect impact via our customers' financial stability, which if impacted by COVID-19 could lead to potential delayed payments or, in the worst case, a default.

A delayed return to normality might impact a share of Proximus' customer base, especially in the SE and Enterprise segments. An increase in bankruptcies, decrease in revenues for a number of them, and continuing uncertainty regarding the "back-to-normal" timelines could impact the willingness of our customers to invest, and may therefore impact our revenues, though we, at this stage, do not expect any substantial impact on our 2022 revenues.

Finally, it is widely reported that the situation impacts the overall morale of employees. So, it cannot be excluded that this leads to higher absenteeism or a decrease in motivation among our employees. Proximus has deployed a number of measures to provide support for isolated employees, and to ensure that teams remain connected. We are also starting a phased, safe return to the office depending on the evolution of the situation.

BICS

Longer impact of Covid-19 has accelerated the disruption of traditional communications together with fierce competition in all segments, while also accelerating digital transformation globally.

The COVID-19 pandemic continues to disrupt trade and international travel, significantly impacting certain business lines of BICS, a wholly-owned subsidiary of Proximus since February

2021. The roaming related activities (spread over various products lines such as signaling, data roaming enablement, roaming voice and IoT) have suffered a material decrease in volumes. In some cases, BICS managed to limit the impact on revenues thanks to fixed pricing and maintained regional / cross-border traffic.

However, thanks to its diversification strategy initiated in 2016, BICS has also enjoyed some benefit of the crisis. By accelerating its Cloud Communications business, enabling a number of collaboration and customer service use cases, BICS has been able to maintain double digit growth for this business line.

Despite this crisis and the fierce competition in all market segments, BICS managed to maintain its position among the top international voice carriers and as the number one provider of signaling and roaming data services.

The performance of BICS over the past years also has been strongly impacted by the new commercial contract with MTN, combined with the effect of Covid-19. Despite these, the underlying trend for the business remains resilient, demonstrating the success of BICS' diversification strategy. However, BICS expects full recovery from the Covid-19 impact to take several years and for the recovery to be sporadic across various international markets.

On the longer term, disruptive technologies (Voice over LTE/5G, "Over the Top" Omnichannel engagement, etc.) and related charging models for communications and roaming services are requiring BICS to develop new ways to monetize its assets to address these trends. Therefore, BICS will continue to invest in new growth domains, diversify its customer base, and digitalize its operation to reduce costs. At the same time, BICS will develop new charging models and will continue to pursue organic and inorganic market consolidation opportunities to realize substantial cost synergies.

BICS' business remains important for Proximus and contributes materially to the Proximus Group's revenues.

Telesign

TeleSign is one of the leading players at the intersection of complementary markets where it prevents and protects business from fraudulent and malicious activity, authenticates users and provides controlled access across applications based on the user's account and delivers reliable, secure messaging and voice via an API. Today, TeleSign supports 8 of the 10 world's largest digital enterprises and, as it consistently grows

its customer base, it continues to successfully expand its existing customers' adoption of its platform.

TeleSign operates in a highly dynamic industry and its operating results and rates of growth could vary significantly in the future based upon a number of factors, including some over which TeleSign has little or no control. The digital identity and secure programmable communications markets are intensely competitive, and TeleSign expects competition to increase in the future from established competitors and new market entrants.

If TeleSign or its third-party service providers experience a data security breach or network incident that allows, or is perceived to allow, unauthorized access to TeleSign's solutions or TeleSign's customers' personal data, it could lead to negative publicity and TeleSign's reputation, business, financial condition, and results of operations could be adversely affected. Additionally, it could lead to enforcement actions, litigation, regulatory or governmental audits, investigations, inquiries and possible significant liability, and increased requests by individuals regarding their personal data.

TeleSign relies on data acquired from third parties, such as carriers and data brokers, to build its models, design and improve its products. If there's a substantial increase in the cost of data acquisition, TeleSign may not be able to pass that cost increase on to its customers. That would result in reduced profit margin for TeleSign. Additionally, TeleSign has no direct control over the data quality it acquires from its suppliers which are needed to provide its digital identity services. If the data quality it acquires deteriorates over time, TeleSign's coverage may decrease and become irrelevant for the customer.

The ongoing COVID-19 pandemic and efforts to mitigate its impact have significantly curtailed the movement of people, goods and services worldwide, including in the geographic areas or verticals in which TeleSign conducts its business operations and from which it generates its revenue.

Environmental risk and climate change

Climate change is high on the agenda due to growing awareness on global warming. The Group Corporate Affairs, responsible for legal, regulatory, public affairs, internal audit and risk management, compliance, group communications, reputation and sustainability and security governance & investigations, closely follows the evolution of regional, national, EU and worldwide climate related guidelines,

directives, standards and laws. Proximus has a clear strategy to reduce CO2 emissions and has integrated its ambition in the #inspire2022 strategy (see Chapter 2: #inspire2022).

Group Internal Services (responsible for buildings) and Risk Management, together with the Network Engineering and Operations department, regularly assess how extreme climate events could impact Proximus' operations.

Proximus has a corporate risk management department, analysing risks in several domains. The same process is used for direct operation, downstream and upstream risks. This department has developed a risk management framework based on the ISO31000 standard.

In the context of climate change risks, the standard Proximus risk management method is being applied involving relevant stakeholders from the Technical, Tax, Legal, Regulatory and Facilities domains.

In short the process is similar to the general risk management process and goes as follows:

- Phase one is a set of workshops and independent work, leading to a prioritization of risks. This process is documented in the risk register.
- In the second phase the sources of each risk (likelihood) and the potential consequences (impact) are analyzed and documented. The consequences with direct financial, reputational, or strategic impact are mapped to a scale on the basis of the Business Impact Reference Table. This is a matrix designed to evaluate the impact of an event on the company. It defines categories in monetary value and "translates" operational and reputational value to monetary value. All risks are quantified and receive a qualitative rating, documented in the risk register.
- Finally, all prioritized risks are assigned to an owner (responsible for implementation, control and regular review). Business continuity plans have been developed. This information is submitted annually to the Audit and Compliance Committee.

In 2022, the Group will start integrating climate risk structurally into the ERM processes and will conduct a separate climate risk process in the years when the ERM is not taking place.

The time horizons for the risk management process are as follows: short-term (0-3 years), medium term (3-10 years) and long-term (10-25years).

In this way, the risk management directly informs financial planning. Some examples: we take into account the increasing In

this way, the risk management directly informs financial planning. Some examples: we take into account the increasing energy costs and the potential increase they will have if a carbon tax is introduced. Also, we have removed/replaced and are removing/replacing technical buildings to newer, more compact and energy-efficient equipment and we are starting up partnerships in smart mobility and smart buildings.

In 2022, the Group will start integrating climate risk structurally into the ERM processes, and will conduct a separate climate risk process in the years when the ERM is not taking place.

The time horizons used in the risk assessment are defined as follows: short-term (0-3 years), medium term (3-10 years) and long-term (10-25years). The magnitude of impact scales from “low” (less than 100.000 € to “very high” for impacts that exceed 12.5 M€.

An overview of the climate change risks that could have a material financial impact:

Type	Climate-related risk	(potential) financial impacts	Time horizon	Magnitude of impact
Transition risks	Policy/legal - carbon pricing - more reporting obligations	Price increases due to possible taxes on sectors on which we depend plus augmented resource and auditing costs for compliancy with emerging legislation.	Short-term	Medium
	Technology - changing to lower-emissions options	Cost related to early transition to clean energy.	Short-term Medium-term & long-term	Medium
	Market - increased cost of raw materials	Increase in energy prices, increased production costs due to high demand for electronic commodities.	Short-term	Medium
	Reputation - increased stakeholder concern	Augmenting costs and resources with regards to communications and reporting, such as life cycle assessment costs.	Short-term	Medium
Physical risks	Acute - more extreme weather events	Increased capital costs, early write-off of assets potentially impacted by heat waves/flooding, reduced revenue and higher costs from negative impacts. In 2021: flooding in Wallonia.	Short-term	Medium - high
	Chronic - rising temperatures - changing weather patterns - rising sea level	More frequent occurrence of acute risks to be expected – see costs mentioned in acute risks.	Medium –term & long-term	Medium-high

An overview of the climate change opportunities that could have a material financial impact:

Resource efficiency	Investments into energy efficiencies throughout all networks and reduced operating costs.	Short-term	Medium-low
Eco smart products & services	Solutions to decarbonize other sectors create existing and new business opportunities.	Short-term	low
Energy sources	Our renewable energy plans will enable us to reduce carbon emissions and the energy costs of our network. We are already at 100% renewable electricity, but will source more local and move away from all fossil fuel.	Medium-term	medium
Market	Shift in consumer preferences.	Short-term	low
Resilience	Climate change predictions provide input for strategy and business decisions. For example, early phase-out of infrastructure from potential flood areas.	Short-term	low

Approach of Proximus regarding the identified risks:

Policy/legal risks:

We track regulatory development to be able to comply with existing laws, such as the relevant aspects of the EU green deal. We assess the impact of these emerging regulations, across operations, supply chains and jurisdictions. In 2021, we made progress towards assessing EU taxonomy alignment and started implementing the recommendations of the Task Force on Climate-Related Financial Disclosures. This information can be found respectively at page 169 and 171

Technology risks:

We regularly assess the maturity and readiness of technology, such as hydrogen. We perform cost-benefit analyses associated with key technologies.

Market risks:

We analyze trends in supply and demand for products and services and adapt our offers accordingly. We scan the market for products and services that could help Proximus in reaching its climate targets. In this regard, we evaluate future acquisitions. We also engage with suppliers and customers.

Reputation risks:

We regularly monitor the evolution of our reputation among the Belgian population, in particular by using the RepTrak program. We provide many products and services that can help companies and public authorities reduce their environmental footprint. Striking examples are our cloud services and Internet of Things solutions such as Smart energy, Smart buildings or Smart mobility. In order to preserve our reputation, all such claims must be supported by credible and verified calculation procedures.

Acute & chronic physical risks + actual case flooding in July 2021:

We use expert input from scientists, such as the OFDA/CRED International Disaster Database ([http:// www.emdat.be](http://www.emdat.be)) and Université Catholique de Louvain. We'll start using climate related scenario analysis as of 2022.

Actual case:

Flooding in July caused major damage to our network: backbone cable destroyed, KVD /ROP destroyed, streets and buildings unstable, damage at customers in-home, local cables damaged. Although this is the first crisis of this magnitude, national and local teams managed it admirably, restoring our infrastructure in record time and providing mobile alternative to our customers. Our processes will be reviewed based on the lessons learned.

Operational risk

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of Proximus' businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain; and other risks, including human resources and reputation risks. Depending on the nature of the risk involved and the particular business or function affected, Proximus uses a wide variety of risk mitigation strategies, including adverse scenario stress tests, back-up/business-continuity plans, business process reviews, and insurance. Proximus' operational risk measurement and management relies on the Advanced Measurement Approach (AMA) methodology. A dedicated "as-if" adverse scenario risk register has been developed to make the stress tests relevant.

Proximus is covered by extended general and professional liability, property damage and business interruption insurance, as well as by a dedicated cyber security insurance program. Nevertheless, these insurance programs may not provide indemnification should the traditional insurance exclusions (non-accidental event) apply.

The most prominent examples of operational risk factors are explained below:

- Resilience and business continuity
- Security (confidentiality, integrity, availability)
- Data protection and privacy
- Sourcing and supply chain reliability
- Legacy network infrastructure

Resilience and business continuity

Business interruptions due to internal or external threats could seriously impact our customers, our internal operations, our revenues or our brand reputation.

The development of business continuity plans is a way to manage risks to ensure appropriate response and solutions are in place in the event of major incidents. Building and ensuring the resilience of our network, platforms and IT systems remains a top priority to minimise the customer impact in case of incidents.

Proximus closely follows the international standards best practices guidelines. The level of preparedness (relevant KPIs and score cards) is submitted annually to the Audit and Compliance Committee.

Security

Increased global cyber security vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of Proximus as well as its customers, partners, suppliers and third-party service providers in terms of products, systems and networks.

The confidentiality, availability and integrity of the data of Proximus and its customers are also at risk. We're taking the necessary actions and making investments to mitigate those risks by employing several measures, including employee awareness and training, security-by-design, security testing, protective measures, detective measures and maintenance of contingency plans.

Besides that, Proximus invests in threat intelligence and security incident response. Moreover, Proximus operates several Malware Information Sharing Platforms (MISP) that enable the collection and sharing of structured information on cybersecurity threats on a national level with the CERT.be and on an international level with other European telecom operators and the GSMA (an association of 750 operators worldwide).

All the information collected on threat intelligence is centralized in an Intelligence Broker developed by Proximus, which allows Indicators of Compromise (IoC's) to be fed directly into Proximus' preventive and detective security controls. In addition to structured threat intelligence, Proximus actively participates in various cross-industry and international expert groups to stay updated on the latest threats. Collaboration is established in the expert groups of GSMA, Europol, Interpol, Belgian Cyber Security Coalition, ETIS, NATO NCIA, CCB, FIRST and Trusted Introducer.

Data protection and privacy

Data protection laws exist to strike a balance between the rights of individuals to privacy and the ability of organizations to use personal data for business purposes. Keeping personal data confidential and secure remains a top priority for Proximus.

In 2021, Proximus continued improving its GDPR compliance. Proximus has been using the functionalities and capabilities of the Collibra data governance tool to meet certain compliance requirements under GDPR - e.g. register of processing activities.

To ensure that privacy considerations are embedded within its business activities, Proximus has appointed Privacy Ambassadors within the different business units to provide support to the legal department and DPO office in screening privacy sensitive initiatives. In view of the privacy by design principle, Proximus has improved the structured privacy review process by clarifying each step of the process, establishing templates, defining roles and responsibilities, etc.

As part of rendering the management of data subject requests more efficiently, Proximus has implemented the use of semi-automated solutions. Our customers can continue to indicate their privacy preferences within the privacy settings of the MyProximus app and website.

Sourcing & Supply chain

Proximus depends on the partnership with its suppliers to provide the equipment needed to ensure business continuity and a sustainable supply chain.

Supplier Risk & Relationship Management (SRRM) is defined as “the implementation of strategies to manage both everyday and exceptional risks along the supply chain, based on continuous risk assessment together with the partnering supplier reducing vulnerability and ensuring continuity”.

The following actions have been taken to keep the supply chain risk at an acceptable level:

- The relationship with key suppliers is assessed and documented by means of Supplier Relationship Management (SRM) meetings, which lay down the common strategies and ensure an optimal business continuity.
- Critical suppliers and their sub-suppliers are monitored through a third party-recognized tool,

enabling us to quickly react to any kind of disturbance in the supply chain.

- CSR risk assessments and audits by EcoVadis and in the frame of the Joint Audit Corporation (JAC) and for national direct suppliers.
- Strict follow-up of critical suppliers’ contractual liability through a holistic Supplier Code of Conduct (SCoC) and rigid Service Level Agreement (SLA) clauses.
- Signing Circular Manifestos with key suppliers to ensure the alignment of our suppliers with our Science Based Target of 1.5°.

Legacy Network Infrastructure

In 2004, Proximus was the first operator in Europe to launch an ambitious fiber-to-the-curb program, paving the way to subsequent national Fiber-to-the-Home network roll-out. And today, we are among the world’s top five operators for the proportion of fiber in its VDSL network, with tens of thousands of kilometers of optical fiber connecting its street cabinets and massively ramping up the amount of kilometers in the access part of the network.

With the rise in customers’ needs, we see for the coming year a continuous increase of data consumption on our networks and this at far higher speeds than in the past. This is why Proximus is pursuing an aggressive multi-gigabit strategy, with the ambition to leverage more and more fiber and 5G to deliver relevant services to our customers. In this context, the relevance of copper will gradually decrease.

The fast pace of fiber deployment and adoption allows us to consider decommissioning our copper in the future and, as such, be in a position to realize substantial savings in terms of power consumption and maintenance, and to avoid having to replace this aging technology.

Risk Management & Compliance Committee

In 2021, the Risk Management and Compliance Committee (RMC) held four sessions. The related decisions were reported to the Executive Committee and the Audit & Compliance Committee. RMC meetings provide an opportunity to review files in which decisions have to be taken by finding a balance between risk taking and cost, in line with the Group's risk appetite.

Proximus has general response strategies for managing risks, which categorize them according to whether the company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable Proximus' risk and compliance guidelines.

The RMC's objectives are:

- To oversee the company's most critical enterprise and operational risks and how management is monitoring and mitigating those risks.
- To enhance pending/open internal audit action points which remain open for more than six months.

A disciplined approach to risk is key in a fast-moving technological and competitive environment, in order to ensure that Proximus only accepts risk for which it is adequately compensated (risk/return optimization).

As of 2022, sustainability topics including climate change risks will be a recurrent topic on the agenda of the Risk Management Committee.

Internal Audit

In line with international best practices requirements, Proximus' internal audit function forms an integral part of the Internal Risk Management and Control System and provides assurance to the Audit and Compliance Committee concerning the "in-control status" of the Proximus Group segments/units/entities and processes. Internal Audit provides independent analyses, appraisals, recommendations, counsel, and information to both the Audit and Compliance Committee and Proximus Management. Therefore, the objectives of the Internal Audit, using COSO, The Institute of Internal Auditors standards and other professional frameworks, are to ensure:

- Effectiveness and adequacy of internal controls
- Operational effectiveness (doing it right) and/or efficiency (doing it well)
- Compliance with laws, regulations and policies
- The reliability and the accuracy of the information provided

Internal Audit helps us to accomplish these objectives through our systematic, disciplined approach to evaluating and

improving the effectiveness of risk management and control and governance processes.

Internal Audit's activities are based on a continuous evaluation of perceived business risks, and it has full and unrestricted access to all activities, documents/records, properties and staff. The Director Audit, Risk and Compliance (Chief Auditor) has a reporting line to the Chairman of the Audit Committee.

Quarterly Audit activity reports are submitted and discussed with the Audit and Compliance Committee.

End 2020, Proximus Internal Audit department has been certified by IFACI/IIA. Internal Audit has successfully undertaken an IIA Standard 1312 external quality assessment.

Financial reporting risks

In the area of financial reporting, besides the general enterprise risks impacting the financial reporting (e.g. staff), the main risks identified include new transactions and evolving accounting standards, changes in tax law and regulations, and the financial statement closing process.

New transactions and evolving accounting standards

New transactions can have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment can result in financial statements which fail to provide a true and fair view anymore. Changes in legislation (e.g. pension age, customer protection) can also significantly impact the reported financials. New accounting standards can require the gathering of new information and the adaptation of complex (billing) systems. If not adequately foreseen, the timeliness and reliability of the financial reporting could be jeopardized.

It is the responsibility of the Corporate Accounting department to follow developments in the area of evolving standards (both local General Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)).

Changes are identified and the impact on Proximus' financial reporting is proactively analyzed.

For each new type of transaction (e.g. new product, new employee benefit, business combination), an in-depth analysis is conducted from the point of view of financial-reporting, risk-management, treasury, and tax. In addition, the development requirements for the financial systems are defined in a timely manner and compliance with internal and external standards is systematically analyzed. Emphasis is on the development of preventive controls and setting up reporting tools that enable a posteriori control. The Audit and Compliance Committee (A&CC) and the Executive Committee are informed on a regular basis about new and upcoming financial reporting standards and their potential impact on Proximus' financials.

Changes in tax law and regulations

Changes in tax laws and regulations (corporate income tax, VAT, etc.) or in their application by the tax authorities can significantly impact the financial statements. To ensure compliance, it is often necessary to set up additional

administrative processes within a short timeframe, to collect relevant information or run updates on existing IT systems (e.g. billing systems).

The tax department continuously monitors potential changes in tax law and regulations, as well as interpretations of existing tax laws by the tax authorities. Based on laws, doctrine, case law and political statements as well as available draft laws, etc., a financial and operational impact analysis is performed. The outcome of the analysis is reflected in the corresponding financial statements, in accordance with the applicable framework.

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.

Financial statement closing process

The delivery of timely and reliable financial statements remains dependent on an adequate financial statement closing process.

Clear roles and responsibilities in the closing process of the financial statements have been defined. During the monthly, quarterly, half-yearly and annual financial statement closing processes, there is continuous monitoring of the various steps. In addition, different controls are performed to ensure quality and compliance with internal and external requirements and guidelines.

For Proximus and its major subsidiaries, a highly detailed closing calendar is drawn up, which includes a detailed overview of cross-divisional preparatory meetings, deadlines for ending specific processes, exact dates and hours when IT sub-systems are locked, validation meetings and reporting deliverables.

For every process and sub-process, different controls are performed, including preventive controls, where information is tested before being processed, and detective controls, where the outcome of the processing is analyzed and confirmed. Special attention is paid to reasonableness tests, where financial information is analyzed against underlying operational drivers,

and coherence tests, where financial information from different areas is brought together to confirm results or trends, etc. Tests on individual accounting entries are performed for material or

non-recurrent transactions and on a sample basis for others. The combination of all these tests provides sufficient assurance on the reliability of the financials.

Internal control system

The Proximus Board of Directors is responsible for the assessment of the effectiveness of the systems for internal control and risk management.

Proximus has set up an internal control system based on the COSO model, i.e. the integrated internal control and enterprise risk management framework published by the Committee of Sponsoring Organisation of the Treadway Commission ("COSO") for the first time in 1992 and updated in May 2013. This COSO methodology is based on five areas: the control environment, risk analysis, control activities, information & communication and monitoring.

Proximus' internal control system is characterized by an organization with a clear definition of responsibilities, next to sufficient resources and expertise, and also appropriate

information systems, procedures and practices. Proximus cannot guarantee that this internal control will be sufficient in all circumstances as risks of misuse of assets or misstatements can never be totally eliminated. However, Proximus organizes a continuous review and follow-up of all the components of its internal controls and risk management systems to ensure they remain adequate.

Proximus considers the timely delivery to all its internal and external stakeholders of complete, reliable and relevant financial information in conformity with International Financial Reporting Standards (IFRS) and Belgian Generally Accepted Accounting Principles (BGAAP). Therefore, Proximus has organized its internal control and risk management systems over its financial reporting in order to ensure this objective is met.

Control environment

Organization of internal control

In accordance with the bylaws, Proximus has an Audit & Compliance Committee (A&CC) (see caption Independence and expertise in the accounting and audit domain of at least one member of the Audit and Compliance Committee'). Its role is to assist and advise the Board of Directors in its oversight on (i) the financial reporting process, (ii) the efficiency of the systems for internal control and risk management of Proximus, (iii) the Proximus' internal audit function and its efficiency, (iv) the quality, integrity and legal control of the Proximus statutory and the consolidated financial statements, including the follow up of questions and recommendations made by the auditors, (v) the relationship with the Group's auditors and the assessment and monitoring of the independence of the auditors, (vi) Proximus compliance with legal and regulatory requirements, (vii) the compliance within the organization with the Proximus' Code of Conduct and the Dealing Code.

The A&CC meets at least once every quarter.

Ethics

The Board of Directors has approved a Corporate Governance Charter and a Code of Conduct "A Socially Responsible Company".

All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles, using the Group values (Collaboration, Agility and Accountability) as guiding principle.

The Code "A Socially Responsible Company", which is available on www.proximus.com, sets out the above-mentioned principles, and aims to inspire each employee in his or her daily behaviour and attitudes. The ethical behaviour is not limited to the text of the Code. The Code is a summary of the main principles and is thus not exhaustive.

In addition, Proximus in general, and the Finance department in particular, has a tradition of a high importance to compliance and a strict adherence to a timely and qualitative reporting.

Policies and procedures

The principles and the rules in the Code “A Socially Responsible Company” are further elaborated in the different internal policies and procedures. These Group policies and procedures are available on the Proximus intranet-sites. Every policy has an owner, who regularly reviews and updates if necessary. Periodically, and at moment of an update, an appropriate communication is organized.

In the financial reporting domain, general and more detailed accounting principles, guidelines and instructions are summarized in reference material available on the Proximus intranet-sites. In addition, the Corporate Accounting department regularly organizes internal accounting seminars to update finance and non-finance staff on accounting policies and procedures.

Roles & responsibilities

Proximus’ internal control system benefits from the fact that throughout the whole organization, roles and responsibilities are clearly defined. Every business unit, division and department has its vision, mission and responsibilities, while on individual level everybody has a clear job description and objectives.

The main role of the Finance Division is to support the divisions and affiliates by providing accurate, reliable and timely financial information for decision making, to monitor the business profitability and to manage effectively corporate financial services.

The team of the Corporate Accounting department assumes this accounting responsibility for the mother company Proximus and the major Belgian companies. They also provide the support to the other affiliates. For this centralized support, the organization is structured according to the major (financial) processes. These major processes include capital expenditures and assets, inventories, contracts in progress & revenue recognition, financial accounting, operational expenditures, provisions & litigations, payroll, post-employment benefits and taxes. This centralized support, organized around specific processes and IFRS standards, allows for in depth accounting expertise and ensures compliance with group guidelines.

The consolidation of all different legal entities into the Consolidated Financial Statements of the Proximus Group is done centrally. The Consolidation department defines and distributes information relating to the implementation of accounting standards, procedures, principles and rules. It also monitors changes in regulations to ensure that the financial

statements continue to be prepared in accordance with IFRS, as adopted by the European Union. The monthly instructions for consolidation set forth not only the schedules for preparing accounting information for reporting purposes, but also includes detailed deadlines and items requiring particular attention, such as complex issues or new internal guidelines.

Skills & expertise

Adequate staffing is a matter to which Proximus pays careful attention. This requires not only sufficient headcount, but also the adequate skills and expertise. These requirements are taken into account in the hiring process, and subsequently in the coaching and formation activities, facilitated and organized by the Proximus Corporate University.

For financial reporting purposes, a specific training cycle was put in place, whereby junior as well as senior staff have to participate mandatory. These internally and externally organized accounting seminars cover not only IFRS but local accounting rules & regulations, Tax and Company law & regulations as well. In addition, the knowledge and expertise is also kept up to date and extended for more specific domains for which staff is responsible (revenue assurance, pension administration, financial products, etc.) through attendance to seminars and self-study. Furthermore, employees also attend general training session on Proximus new business products & services.

Risk analysis

Major risks and uncertainties are reported in the caption ‘Risk Management’.

Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption ‘Risk management’.

Information and communication

Financial reporting IT systems

The accounting records of Proximus and most of its affiliates are kept on large integrated IT systems. Operational processes are often integrated in the same system (e.g. supply chain management, payroll). For the billing systems, which are not integrated, adequate interfaces and a monitoring system have been developed. For the consolidation purposes, a specific consolidation tool is used.

The organizational set-up and access management are designed to support an adequate segregation of duties, prevent unauthorized access to the sensitive information and prevent unauthorized changes. The set-up of the system is regularly subject to the review by the internal audit department or external auditors.

Effective Internal communication

Most of the accounting records are kept under IFRS as well as local GAAP. In general, financial information delivered to management and used for budgeting, forecasting and controlling activities is established under IFRS. A common financial language used throughout the organization positively contributes to an effective and efficient communication.

Reporting and validation of the financial results

The financial results are internally reported and validated on different levels. On the level of processes, there are validation meetings with the business process owners. On the level of the major affiliates, a validation meeting is organized with the accounting and controlling responsible. On Proximus group level, the consolidated results are split per segment. For every segment, the analysis and validation usually include comparison with historical figures, as well as budget-actual and forecast-

actual analysis. Validation requires (absences of) variances to be analyzed and satisfactorily explained.

Afterwards, the financial information is reported and explained to the Executive Committee (monthly) and presented to the A&CC (quarterly).

Supervision and assessment of internal control

The effectiveness and efficiency of the internal control are regularly assessed in different ways and by different parties:

- Each owner is responsible for reviewing and improving its business activities on a regular basis: this includes a.o. the process documentation, reporting on indicators and monitoring of those.
- In order to have an objective review and evaluation of the activities of each organization department, Proximus' Internal Audit department conducts regular audits across the Group's operations. The independence of Internal Audit is ensured via its direct reporting line to the Chairman of the A&CC. Audit assignments performed may have a specific financial processes scope but will also assess the effectiveness and efficiency of the operations and the compliance towards the applicable laws or rules.
- The A&CC reviews the quarterly interim reporting and the specific accounting methods. The main disputes and risks facing the Group are considered; the recommendations of internal audit are followed-up; the compliance within the Group with the Code of Conduct and Dealing Code is regularly discussed.
- Except for some very small foreign affiliates, all legal entities of the Proximus Group are subject to an external audit. In general, this audit includes an assessment of the internal control, and leads to an opinion on the statutory financials and on the (half-yearly and annual) financials reported to Proximus for consolidation. In case the external audit reveals a weakness or identifies opportunities to further improve the internal control, recommendations are made to management. These recommendations, the related action plan and implementation status are at least annually reported to the A&CC.

Expertise of the Audit & Compliance Committee members

Proximus has an Audit & Compliance Committee which consists of five non-executive directors, the majority of whom must be independent. In line with its charter, it is chaired by an independent director.

A majority of the members of the Audit & Compliance Committee has extensive expertise in accounting and audit.

The Chairwoman of the Audit & Compliance Committee, Mrs. Catherine Vandendorre holds a degree in Business Economics as well as degrees in Tax and Financial Risk Management. The Chairwoman and the majority of the members exercised several board or executive mandates in large Belgian or international companies.

Evolution in research and development activities

The world around us is changing faster than ever before. We are ready for this as research on new technologies and innovation is in the DNA of Proximus.

Fiber as solution for customers' future needs

To prepare customers' future needs, we continuously invest in an innovative high speed fiber network using the newest state of the art fiber technologies. In the frame of our #inspire2022 strategy, we committed to connect 4.2 million homes and businesses to fiber by 2028. The ambition is also to expand our fiber roll-out with the goal of covering the entire Brussels-Capital Region by the end of 2026.

Proximus is the first operator to add 25G capabilities to its commercial network in Belgium. Together with Nokia, we have deployed the first live network based on Nokia's 25G Passive Optical Network (PON) technology. 25 Gigabit PON is the latest generation, boosting both download and upload speeds on fiber networks to unprecedented levels around 200 times faster than the most advanced broadband networks of ten years ago. This technological breakthrough shows the virtually unlimited capacity of fiber. In fact, the innovation makes our network the fastest in the world, earning Proximus the global award for Fiber Operator of the Year, an acknowledgement issued by the Broadband World Forum (BBWF). This confirms the potential of our fiber network to become a key driver of the digital economy and the society we stand for.

Mobile Leadership

We have a strong track record in pioneering mobile communications, delivering the best possible mobile experience for our customers and we will continue to do so. In 2021, we started the consolidation of our Radio Access Network (RAN), which has already shown positive results in terms of coverage gain, throughput and customer experience. In parallel we continued our investments to improve the quality of our legacy mobile network by adopting advanced technical solutions to optimize network performance based on automation and autonomy.

Our 5G ambition is to be recognized as the go-to partner for 5G products and services by offering the broadest 5G coverage and highest performing network in Belgium. In order to further accelerate the development of 5G use cases, we launched a dedicated 5G innovation platform offering a better insight into the possibilities of 5G. It allows us to cocreate with our technological, wholesale partners and enterprise customers, both public and private, towards the development of relevant innovative solutions that answer today's societal and business needs. A variety of 5G use cases have been successfully developed and demonstrated in multiple domains, such as industrial applications, construction, entertainment, healthcare, agriculture.

The capabilities to innovate within the 5G domain have been expanded, 2 additional 5G innovation incubators have been launched, one in the industry 4.0 domain, the other one in the Logistics domain.

Customer experience

To continuously improve the experience of all our customers, we launched multiple projects in 2021 to boost the VDSL performance of our customers directly connected to the central offices and who didn't enjoy yet the latest improvements of VDSL technologies. We also implemented machine learning techniques to predict performance of VDSL lines and, as such, for instance, provide HD TV services to households who didn't have yet access to it.

Data driven company to the benefit of our customers

The use of automation, advanced analytics and artificial intelligence enables us to offer highly qualified services.

With strong personalization and authentication approach, we make our customer smile. We embed digital in everything we do and guide our customers through their journey to become digital, cloud enabled, data driven and end-to-end secure.

We have set up a partnership with Tourism Wallonia to stimulate tourism in Wallonia through better understanding and analysis of touristic sites (e.g. Villers-la-Ville and le Pays des Lacs). Here we use a unique combination of both data from on-site sensors (Internet of Things) and more macro data like our own network data, financials partner and open data

The Proximus data centres are evolving to green data centres with high availability using the newest cloud technologies and the most advanced security concepts.

We use advanced analytic and AI too, based on real time performance measurements, assess the stability and quality of our platforms and services, allowing fast detection, root cause analysis and even prevention of degradation

Trusted curator of TV content

We are a trusted curator of TV content, presenting it through a multiscreen content navigator and delivering novel personalized recommendations. We excel in user experience on our Pickx TV platform by differentiating and keeping a close relationship with our customers. The Proximus decoders have been enriched with several new features.

Thanks to the collaboration with Apple TV, Proximus customers can use the Apple TV app to buy or rent movies, subscribe to Apple TV+ and Apple TV channels, as well as enjoy Apple Music, Apple Arcade and thousands of other apps, including games,

fitness and education, all through one device. Thanks to the integration of the Proximus Pickx app, customers get access to the Pickx TV platform, offering a personalized content experience available on every screen.

Analytics, the Internet of Things and other applications

Proximus is Belgium's leading Internet of Things (IoT) connectivity provider using different wireless technologies (LTE, LoRa, NB-IoT, LTE-M). However, Proximus does not limit its use of IoT to connectivity. With our data-driven solutions, we help our customers to innovate by connecting applications and devices, aggregating different data streams, providing insights into their data, or automating processes.

With our smart end-to-end ICT solutions, we do more than just tailor our offerings to different segments. We strongly believe technology can act as a force for good. That's why we continuously leverage our technology to address critical societal and environmental challenges, aiming to improve the lives of people everywhere while delivering true value.

Together with partners, we develop smart solutions in specific domains such as:

Smart health

Proximus has strengthened its strategic focus on the healthcare market. Through connectivity, ICT and security solutions and services, Proximus aims to become a major partner in the digital transformation and innovation of the medical industry.

Smart building and smart energy

Responding to the issue of climate change, Proximus offers IoT solutions and data analytics to help customers make smarter use of energy and reduce their carbon footprints. The energy transition, particularly the contribution of buildings to a more sustainable world, is at the heart of our initiatives. That is why we onboarded new partners (such as MeetDistrict, Mapwize and Be-Park) that enable us to offer our customers a large range of smart building solutions.

E-education

To respond to the growing need for better connectivity in education, Proximus and Signpost, the Belgian market leader for ICT solutions in education, signed a strategic cooperation agreement in April 2021. End 2021, we already provided 44 schools with a fiber connection. Ten other schools signed a DSL contract.

Smart cities

Cities such as Antwerp, Brussels, Genk, Ghent and the coastal cities were eager to call on our Realtime Crowd Management during the COVID-19 pandemic. This service monitors crowd flows based on anonymized and aggregated data from cell phones.

Proximus affiliate Be-Mobile specializes in smart solutions for sustainable mobility. Be-Mobile connects vehicles with road infrastructure. An example would be smart traffic lights that are tuned to real-time traffic volumes to enable better traffic flow. Be-Mobile also connects vehicles with other road users. These can be passenger cars, but also logistics transport or public transport.

Open innovation

Proximus believes in open innovation where, together with partners, we combine our assets to create new ecosystems and products which achieve a higher value for all parties involved

In B2B, we partnered with Besix (smart buildings) and i.Leco (energy transition) to create Aug.e, a smart building application platform.

In the field of drones, in addition to the 6th network partnership between Proximus, SkeyDrone and DroneMatrix, we are developing a partnership with Helicus for the implementation of BVLOS medical drone flights. Recently, we have also begun to explore the area of image and video processing, analytics and edge computing.

Besides healthcare, Azure Cloud, edge computing, smart retail and smart energy are just a few examples of the wide range of topics and technical innovations we are collaborating on with our partners.

One example of B2C is our partnership with Belfius that has given birth to Banx, the digital app for sustainable banking.

Next to these corporate partnerships, Proximus collaborates intensively with universities and university colleges. This way we gain access to academic insights and innovative technologies. In return, academic institutions can use our data, infrastructure and resources to put their ideas into practice. We have ongoing collaboration projects at the ULB/VUB (Brussels), UCLouvain (Louvain-la-Neuve), KU Leuven (Leuven) and UGent (Ghent) in the domains of security, mobile and fixed networking, AI, IoT and digital inclusion.

Thanks to exclusive partnerships, we continuously extend and trigger our own research & development carried out in the various Proximus labs and mastered by our innovation teams.

Sustainability

Digital innovations will shape the future of our economy and society. Besides increasing the digital possibilities of our customers, we also want to have an impact on societal and ecological challenges.

Sustainability is one of the 4 pillars of our business strategy. This has ensured that Proximus is internationally regarded as a 'best practice' company for its own sustainability efforts but also for the strict social, ethical and environmental standards that we impose to our suppliers. Proximus has received a gold medal from EcoVadis for its efforts and activities in the field of sustainable development/sustainability for the fifth time in a row and our current score even places us in the top 5% of companies evaluated by EcoVadis

Also, climate change is one of the most pressing issues of our time and a major concern of society. Our ambition is to be a leading company in the fight against climate change and we are committed to further reducing our impact on the environment and enabling our customers to reduce theirs through our products & services.

We have made it a priority to provide our customers with a green, reliable network that allows for the best connection quality while reducing its impact on the environment as much as possible by applying the principles of circular economy in the design of the network itself. Our network, like our buildings for that matter, operates exclusively with electricity from renewable sources. And this since we joined RE100, a global initiative bringing together the world's most influential businesses and driving the transition to 100% renewable energy.

In order to adapt to technological developments and to its users' needs, our network is constantly evolving. The accelerated optical fiber roll-out allows to recover copper cables for recycling or reuse for other purposes. Fiber is also beneficial for the environment as it is more energy efficient than copper and has a longer lifespan.

International operations

We operate internationally through BICS and TeleSign.

BICS

BICS continuously invests in advancing its global communication solutions portfolio addressing both telco, enterprise and cloud segments. Today, BICS is focusing its R&D on delivering 5G services, (e-)SIM and IoT technology, digital communication services and a strong fraud, security and analytics offering. BICS continues to monitor market evolution and customer needs to enhance its services, features and overall product portfolios.

TeleSign

TeleSign has invested considerable time and resources into building a world-class research and development organization that continually enhances its market-leading services.

Today, its research and development efforts are focused primarily on building industry leading digital identity solutions, addressing all primary use cases, enhancing deployment flexibility, and providing seamless integration across cloud and on-premises applications. TeleSign regularly releases updates to its services which incorporate new features and enhance existing ones

Other information

Rights, commitments and contingencies as of 31 December 2021

Disclosures related to rights, commitments and contingencies are reported in note 34 of the consolidated financial statements.

Diversity & Inclusion Statement

Diversity & Inclusion Statement is reported in chapter CH3.1 Governance & Compliance of the Annual report.

Use of financial instruments

Disclosures related to the use of financial instruments are reported in note 32 of the consolidated financial statements.

Circumstances which may considerably impact the development of the Group

Circumstances which may considerably impact the development of the Group are reported in the sections "Risk

On behalf of the Board of Directors,

Brussels, 17 February 2022



Guillaume Boutin
Chief Executive Officer

Management" and "Internal Control" of this management report.

Treasury shares

Disclosures related to treasury shares are reported in note 18 of the consolidated financial statements.

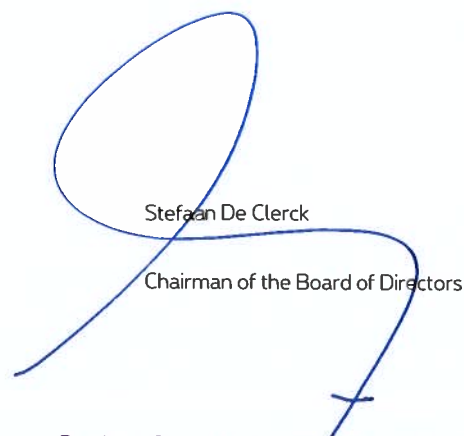
Capital management

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders.

Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Post-balance sheet events

Disclosures related to post-balance sheet events are reported in note 39 of the consolidated financial statements.



Stefaan De Clerck
Chairman of the Board of Directors