

Quarterly Report

2021 **Q1**

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- Sustained strong customer growth, especially attracting high-value customers: +37,000 Mobile postpaid cards, +12,000 Internet and +13,000 TV subscriptions.
- Increasing Fiber Consumer customer base by +12,000, reaching 77,000 by end-March 2021.
- Fast-tracking Fiber rollout with +73,000 homes passed, Fiber footprint nearing 9% of premises.
- Underlying Domestic revenue -1.7% year-on-year, largely due to residual Covid-19 effects.
- Underlying Group EBITDA totaled EUR 446 million, -3.9% compared to the year before.
- Solid normalized FCF of EUR 143 million, incl. Fiber investments and equity injection in Fiberklaar.
- Proximus reiterates its full-year 2021 guidance.

1 Highlights Q1 2021

- Proximus closed the first quarter of 2021 with a **strong commercial performance for its core Telecom services**, adding for the Group: +37,000 Mobile postpaid cards, +12,000 Internet and +13,000 TV subscriptions. **Within the Consumer segment, the traction for higher value offers continued**, growing the convergent base by +21,000 customers to a total of 1,145,000, + 6.1% compared to 12 months ago. An additional 12,000 customers signed up for a Fiber product, bringing the total to 77,000. Over the first three months, 160,000 customers opted for a Flex offer, bringing the total Flex subscriber base to 477,000. Reflecting changing customer needs, the Fixed Voice line base erosion accelerated to a net loss of -53,000 in the first quarter of 2021.
- Proximus posted **underlying Domestic revenue of EUR 1,084 million, down -1.7%**, chiefly reflecting the residual Covid-19 related headwinds impacting all customer segments. Consumer revenue was up by 0.8% and the Enterprise segment moderated its decline to -1.2%. Wholesale revenue was down by -22.0%, facing next to roaming pressure an ongoing erosion in interconnect revenue from SMS traffic (margin neutral).
- **Proximus' Domestic EBITDA totaled EUR 418 million for the first quarter of 2021, -2.4% below the year before**, resulting from lower direct margin and higher expenses, and includes a net adverse effect related to Covid-19.
- **TeleSign continued a strong revenue trajectory, posting revenue of EUR 77 million, + 31.6% or +43.5% on constant currency.** In view of its growth ambitions, additional skilled headcount was recruited, which is reflected in its EBITDA.
- **BICS, still impacted by the temporary effects of Covid-19 and MTN insourcing, posted EUR 235 million revenue, -8.7% and sequentially improving.** The revenue progress in Core and Growth services partly offset the eroding legacy services. **BICS' EBITDA for the first quarter of 2021 totaled EUR 22 million.** The sanitary crisis effects aside, BICS showed good resilience in a competitive market.
- In aggregate, the **underlying Group EBITDA for the first quarter of 2021 totaled EUR 446 million, -3.9% or EUR -18 million** compared to the year before, including some remaining Covid-19 headwinds. The underlying Group EBITDA margin for the first quarter 2021 was 32.6%.
- Proximus **invested EUR 225 million**, excluding spectrum and football broadcasting rights, with the -2.7% year-on-year decrease due to the timing of content contract renewals. The capex related to the company transformation, IT developments and especially capex related to Fiber increased, with the latter representing 28% of the total capex. Over the first quarter, Proximus deployed Fiber for an additional 73,000 premises, which brought its Fiber footprint to 533,000 homes and businesses, representing a coverage of close to 9% of premises.
- **Solid normalized first quarter 2021 FCF of EUR 143 million** resulting from a favorable evolution in Business Working Capital and lower year-on-year cash out for ongoing transformation plans, partly offset by a decrease in underlying EBITDA, more cash-out related to capex and a EUR 30 million equity injection in Fiberklaar, the new entity created together with EQT infrastructure to deploy fiber in the Flanders region.

Market situation

Q1 2021, Covid-19 still continued to limit traveling, especially non-EU and hence related roaming traffic. Soft-lockdown effects led to some new easing measures for customers, yet in a more limited way. Overall, the telco market moved closer to a back-to-normal situation. The **Consumer market** continued to benefit from solid fixed Internet market growth. Belgium remains a convergent market, with offers addressing all customer segments, from fully-fledged convergent offers including multi-mobile cards and entertainment propositions over skinny bundles to stand-alone offers. Mobile data allowances remain on the rise, and temporary aggressive promotional offers were put on the market, while there is a tendency to keep headline pricing stable. The **Enterprise market** remains very competitive, translated into continued pricing pressure. While legacy Fixed Telecom and IT Infrastructure services face an ongoing erosion, Fiber connectivity and Professional IT services represent opportunities.



Guillaume Boutin, CEO

“We kept a strong pace in executing our #inspire2022 strategy: fastmoving on our Fiber rollout, keeping up a good commercial performance while managing the transformation in our Enterprise segment.”

It’s been over a year since the first lock-down measures were introduced in Belgium, and I’m very proud that Proximus has managed to contribute and play an important role in the Belgian society through each step of this difficult journey. While we are still continuing our targeted Covid-19 easing initiatives towards customers and society, during this quarter, we specifically focused on the set up of an effective vaccination campaign. At Proximus, we had the privilege to be on the front line, providing the vaccination centers with connectivity, IT support, as well as advanced IoT solutions to monitor the temperature of the vaccines. With the vaccination campaign steadily accelerating, we are now looking forward to a gradual return to a new normal.

Looking back on the first quarter, we continue to see strong commercial traction for our products and services. In a highly competitive setting, we delivered solid customer growth for our main telecom customer bases and have seen especially good traction for our higher value offers. Firstly, we continued to grow our TV customer base with +13,000 TV subscriptions over the first 3 months of the year. Secondly, our convergent customer base increased by +21,000 to a total of 1,145,000, with these customers characterized by a higher-than-average ARPC and lower churn. These results demonstrate the success of our Flex range (+160,000 subscriptions in the first quarter of 2021), compensating the Fixed Voice decline by other value-adding services. Finally, Fiber is becoming an increasingly relevant selling point, also attracting higher value customers. The number of consumer customers that signed up for one of our Fiber offers increased by +12,000 over the first 3 months of the year.

We are well underway with regards to our ambition to build the best gigabit network for Belgium. We added +73,000 Fiber homes passed (HP) during the first quarter of 2021, doubling the volume of last year, to reach 533,000 HP end-March 2021. With the creation of Fiberklaar, a new company jointly owned by EQT infrastructure and Proximus, we are fully on track to realize our ambition to pass 4.2 million homes and businesses with Fiber throughout Belgium by 2028.

As for our Enterprise segment, the Fixed and Mobile telecom business continues to be managed carefully. By balancing volume and pricing, we have moderated the structural headwinds from legacy services. The move to convergent Telecom-ICT services progressed on plan and we grew our managed and consultative services over the first quarter of 2021. Besides, we are pursuing our B2B transformation efforts aiming at becoming the preferred partner for Enterprises’ digital transformation. Specifically, Proximus launched a dedicated 5G co-creation platform to support professional customers in exploring the full potential of this technology through specific use cases, in a secure, innovative and cost-efficient way.

Our domestic consumer and enterprise services revenues grew if we exclude Roaming-out revenue, which is still affected by Covid-19 related headwinds. Beyond domestic operations, TeleSign continued its explosive growth trajectory, with a +43.5% revenue growth rate on constant currency.

Overall, our Domestic revenue, Group EBITDA and Capex are on track to meet our expectations, and we are therefore comfortable in reiterating our 2021 full-year guidance.”

Table 1:

Key figures

Operational ('000)	Net adds in the quarter			Park at end of quarter		
	2020	2021	%	2020	2021	%
Fiber Home Passed	35	73		307	533	73.3%
Consumer customers						
Convergent	12	21		1,079	1,145	61%
Fiber (activated)	5	12		44	77	75.1%
Group (subscriptions/SIM cards)						
Internet	1	12		2,090	2,148	2.8%
TV	1	13		1,641	1,690	2.9%
Fixed Voice	-52	-65		2,349	2,148	-8.6%
Mobile Postpaid (excl. M2M)	30	37		4,133	4,314	4.4%
M2M	123	173		1,910	2,527	32.3%
Prepaid	-19	-22		691	596	-13.7%
Financials (EUR million)						
				1st Quarter		
				2020	2021	% Change
Group Revenue (underlying)				1,393	1,367	-1.9%
of which Domestic				1,103	1,084	-1.7%
of which BICS				257	235	-8.7%
of which TeleSign				58	77	31.6%
Group Direct Margin (underlying)				906	894	-1.3%
of which Domestic				828	825	-0.4%
of which BICS				61	53	-12.3%
of which TeleSign				19	18	-2.7%
Group Expenses (underlying)				-442	-448	1.4%
of which Domestic				-400	-407	1.8%
of which BICS				-33	-31	-6.1%
of which TeleSign				-11	-13	17.0%
Group EBITDA (underlying)				464	446	-3.9%
as % of revenue				33.3%	32.6%	-0.7 p.p.
of which Domestic				428	418	-2.4%
of which BICS				28	22	-19.7%
of which TeleSign				8	6	-28.7%
Group EBITDA (reported)				495	460	-7.0%
Net income				158	123	-22.1%
Accrued capex (excl. spectrum & football rights)				232	225	-2.7%
FCF (normalized)				152	143	-6.2%
Net Debt (end of period)				-2,038	-2,431	-19.3%

Notes:

Group revenue, Direct margin, Operating Expenses and EBITDA include intersegment eliminations.

Normalised FCF excludes M&A impacts but includes Fiber equity injections.

Group operational cover Consumer, Enterprise, Scarlet, Luxembourg Telco and Wholesale.

Note - This report includes reporting changes compared to the latest Proximus Group results disclosure. Further information on these reporting changes is included in section 9.1. In this report, all figures for 2020 have been restated to allow for a correct comparable base.

2 Proximus Group financial review

2.1 Group financials

Table 2:
Underlying
Group P&L

(EUR million)	1st Quarter		
	2020	2021	% Change
Revenue ¹	1,393	1,367	-1.9%
Net Revenue	1,380	1,357	-1.7%
Other Operating Income	13	10	-25.3%
Cost of Sales ²	-487	-473	-2.9%
Direct Margin	906	894	-1.3%
Direct Margin %	65.0%	65.4%	0.4 p.p.
Expenses	-442	-448	1.4%
EBITDA ³	464	446	-3.9%
EBITDA Margin %	33.3%	32.6%	-0.7 p.p.

¹ Corresponds to "Total Income" excluding Incidentals.

² Corresponds to "Cost of materials and charges to revenues" excluding Incidentals.

³ Corresponds to "Operating income before depreciation and amortization" excluding Incidentals.
See section 8 for reported figures and section 9.2 for incidental details.

2.1.1 Underlying Group revenue

Q1 2021 Over the first three months of 2021, Proximus posted **Domestic underlying revenue of EUR 1,084 million, -1.7% or EUR -19 million down from the preceding year.** This included lower Roaming-out revenue for EUR -8 million due to the remaining negative year-on-year effect from the Covid-19 crisis. Moreover, the pandemic also negatively impacted roaming-in (visitor roaming), caused ICT contract delays and accelerated the SMS Interconnect/inbound decline (margin neutral).

In spite of this headwind, the **Consumer segment** grew its revenue by 0.8% to EUR 670 million. The year-on-year progress was driven by the growing customer bases for Proximus' main Consumer products, with especially an increase in the convergence customer base supported by the continued strong traction of the Flex offer. Deploying Fiber in 17 cities, an increasing number of customers have signed up for one of the Proximus Fiber offers, pushing the total of Fiber activations within the Consumer segment to 77,000 by end-March 2021. Furthermore, the revenue benefitted from a price indexation on a range of legacy products since 1 January 2021. Proximus' Luxembourg telecom revenue came in strong over the first 3 months for the Consumer side compared to the previous year, up by 7.2% to EUR 30 million revenue, mainly resulting from higher mobile devices sales.

The **Enterprise segment** resisted well in a challenging setting, with its 2021 first quarter revenue totaling EUR 339 million, moderating to a -1.2% decrease from one year back. Revenue from Fixed Services were stable year-on-year, supported by the January price indexation, the Enterprise segment growing its Internet customer base and keeping a well-balanced transition within Data Connectivity services. The first quarter 2021 revenue from Mobile postpaid was down by -2.9%, continuing its sequential improvement from prior quarters. Proximus added +5,000 mobile cards in its Enterprise segment over the first 3 months of 2021, leading to a 2.7%

increase in its Mobile customer base compared to one year back. This partly offset the Covid-19 roaming effect and competitive pricing pressure. Revenue from ICT was -1.7% below the previous year on low-margin products while Proximus grew high-value service revenue.

For the first quarter of 2021, **Proximus' Wholesale segment reported revenue of EUR 67 million**, -22.0% lower than in 2020 and therefore continuing the trend from prior quarters. Besides a negative effect of Covid-19 on visitor and instant roaming revenue, the Wholesale revenue is also highly exposed to the ongoing erosion of interconnect (inbound) revenue following decreasing regular SMS usage, though without meaningful margin effect.

TeleSign posted for the first quarter of 2021 **EUR 77 million revenue, a year-on-year increase by +31.6% or +43.5%** on constant currency, fueled by both Programmable Communication and Digital Identity services.

BICS posted revenue of **EUR 235 million** for the first quarter of 2021, **-8.7% year-on-year**. This was largely driven by low-margin revenue from legacy services (mainly Voice) and from mobility-dependent (roaming, signaling) services. The eroding trend in legacy services was reinforced by Covid-19 effects, and some remaining impact from the insourcing by MTN. In contrast, BICS posted a 7.2% increase in its Core revenue and +12.7% in Growth services, namely cloud communication and IOT.

In aggregate, the **Proximus Group underlying revenue totaled EUR 1,367 million** for the first quarter of 2021, -1.9% below the comparable period of 2020.

Table 3:

(EUR million)	1st Quarter		
	2020	2021	% Change
Group Underlying by Segment	1,393	1,367	-1.9%
Domestic	1,103	1,084	-1.7%
Consumer	665	670	0.8%
Enterprise	343	339	-1.2%
Wholesale	86	67	-22.0%
Other (incl. eliminations)	9	8	-12.5%
BICS	257	235	-8.7%
TeleSign	58	77	31.6%
Eliminations	-25	-28	-13.4%

2.1.2 Underlying Group direct margin

Table 4:

(EUR million)	1st Quarter		
	2020	2021	% Change
Group Underlying by Segment	906	894	-1.3%
Domestic	828	825	-0.4%
BICS	61	53	-12.3%
TeleSign	19	18	-2.7%
Eliminations	-2	-3	-41.4%

Q1 2021 The **first-quarter 2021** underlying direct margin of the **Proximus Group totaled EUR 894 million, a -1.3% decrease** compared to the first quarter of last year. **Proximus' Domestic operations posted a direct margin of**

EUR 825 million, -0.4% or EUR -3 million, including Covid-19 headwinds, mainly on the remaining loss of Roaming traffic compared to the virtually non-affected first quarter of 2020. This excluded, the domestic direct margin progressed year-on-year, driven by the company's continued growth in its core customer bases, Internet, TV and Mobile Postpaid, and progressing convergence rate. This was further supported by the price indexation on 1 January 2021.

For the first quarter of 2021, **BICS posted a direct margin of EUR 53 million, down -12.3%** or EUR -8 million. The decline improved from prior quarters' trend in spite of the first quarter 2021 still being affected by the pandemic impact on travel and some further MTN insourcing effects.

TeleSign's direct margin over the first 3 months of 2021 totaled EUR 18 million. The direct margin ended -2.7% below that of the comparable period in 2020, resulting from an unfavorable Foreign Exchange (FX) impact. Excluding this effect, TeleSign's direct margin progressed by 6.3%, despite an unfavorable impact from some significant customer repricing effects and an exceptional EUR -0.5M credit note.

2.1.3 Underlying Group expenses¹

Table 5:

(EUR million)	1st Quarter		
	2020	2021	% Change
Group Underlying	442	448	1.4%
Workforce expenses	284	291	2.8%
Non Workforce expenses	158	157	-1.2%
Domestic Underlying	400	407	1.8%
Workforce expenses	258	264	2.3%
Non Workforce expenses	142	143	0.8%
BICS Underlying	33	31	-6.1%
TeleSign Underlying	11	13	17.0%
Eliminations	-2	-3	-42.6%

Q1 2021 The Proximus **Group underlying operating expenses** increased for the first quarter of 2021 to EUR 448 million, **up by +1.4%**.

For the first quarter of 2021, Proximus' **Domestic operating expenses** ended 1.8% above the comparable base in 2020. Within the mix, the Domestic non-workforce expenses **were slightly up, +0.8 %, totaling EUR 143 million**. The **Domestic workforce expenses** totaled EUR 264 million, a year-on-year increase of 2.3%.

The benefit from cost efficiencies on the Domestic expenses continued (a.o. the Fit for Purpose plan of 1 March 2020) and Covid-19 still had a slight favorable effect. This was more than offset by, amongst others, an inflation-based salary indexation (1 April 2020) and higher costs related to customer interaction calls (triggered by a.o. the Flex offer and technical support in view of increased home working). Moreover, the first quarter of 2021 included higher costs related to its ongoing transformation, the operations of Mwingz and cloudification effects.

End-March 2021, Proximus' Domestic operations counted 10,538 FTEs, -44 FTEs below its headcount base of end-March 2020. This is the combined result of regular retirement and natural outflow, partly offset by new hiring.

The addressable base for the company's cost reduction ambitions are the **indirect expenses of Proximus' Domestic operations**. This is the Domestic cost base excluding the billable ICT workforce expenses in the B2B

¹ Before D&A; excluding Cost of Sales; excluding incidentals.

segment, given the company's growth ambitions in this area. For the first quarter of 2021, the **indirect² Domestic expenses were year-on-year up by 1.6%**.

BICS' first-quarter 2021 operating expenses were down year-on-year by -6.1% resulting from lower non-workforce expenses (-16.1%), including several cost reduction initiatives and due to a favorable Covid-19 effect on a.o. company travel expenses.

TeleSign's operating expenses totaled EUR 13 million for the first quarter of 2021, with the year-on-year increase of EUR 2 million reflecting investments in its growth development. This covered, amongst other things, additional hiring to support TeleSign's go-to-market and new product development.

2.1.4 Group EBITDA - reported and underlying

Table 6:

(EUR million)	1st Quarter		
	2020	2021	% Change
Group reported EBITDA	495	460	-7.0%
Lease depreciations	-20	-20	nr
Lease interest	-1	-1	nr
Incidentals	-11	6	nr
Group Underlying EBITDA	464	446	-3.9%
Domestic	428	418	-2.4%
BICS	28	22	-19.7%
TeleSign	8	6	-28.7%

Q1 2021 Underlying Group EBITDA

The **underlying Group EBITDA for the first quarter of 2021 totaled EUR 446 million**, down by -3.9% or EUR -18 million compared to the prior year, including some remaining headwinds related to Covid-19 for the Group.

For its **Domestic operations, Proximus posted an EBITDA of EUR 418 million** for the first quarter of 2021, -2.4% below the prior year, a combination of the lower direct margin with higher expenses. The Domestic EBITDA margin as percentage of revenue was year-on-year down by 0.3 p.p. at 38.5% for the first quarter of 2021.

BICS' EBITDA for the first quarter of 2021 totaled EUR 22 million, a decrease of -19.7% compared to the prior year, fully driven by its lower direct margin, in part offset by lower expenses for the first quarter 2021. The EBITDA margin as a percentage of revenue was 9.6% over the first three months of 2021, -1.3 p.p. on the prior year.

TeleSign posted over the first quarter of 2021 an **EBITDA of EUR 6 million**, with the year-on-year decrease of EUR -2 million explained by its higher cost base, following the anticipated headcount investments to support its growth development.

Total Reported Group EBITDA

With incidentals included and operating lease expenses excluded, the Proximus Group reported EUR 460 million EBITDA for the first quarter of 2021. The decrease of EUR -35 million from the comparable period in the previous year resulted for EUR -17 million from a negative year-on-year variance for recorded incidentals, mainly due to a positive provision reversal on Pylon taxes in 2020 (see section 9.3 for an overview of the incidentals).

² Domestic expenses excluding Enterprise ICT billable workforce expenses

2.1.5 Net income

Depreciation and amortization

The first-quarter 2021 depreciation and amortization (including lease depreciation) equaled EUR 289 million, compared to 278 million for the same period of 2020. The 3.9% increase was mainly due to the accelerated depreciation of some network components and an increasing asset base.

Net finance cost

The net finance cost for the first quarter of 2021 totaled EUR 11 million including lease interests, versus last year's level of EUR 8 million which included a EUR 4 million positive impact from a reassessment of tax on pylons accruals, following a favorable court decision.

Tax expenses

The first quarter 2021 tax expenses amounted to EUR 36 million, leading to an effective tax rate of 22.5%. The difference with the Belgian statutory tax rate of 25% results from the application of general principles of Belgian tax law such as the patent income deduction and other R&D incentives.

Net income (Group share)

The first quarter 2021 net income (Group share) totaled EUR 122 million versus EUR 153 million for 2020. The decrease resulted mainly from a lower underlying EBITDA, lower incidentals and higher depreciation and amortization in 2021 partially offset by lower income taxes.

Q1 2021

Table 7:

From Group EBITDA to net income

(EUR million)	1st Quarter		
	2020	2021	% Change
Group reported EBITDA	495	460	-7.0%
Depreciation and amortization	-278	-289	3.9%
Operating income (EBIT)	217	172	-21.0%
Net finance costs	-8	-11	34.4%
Share of loss on associates	-1	-1	n.r.
Income before taxes	208	159	-23.4%
Tax expense	-49	-36	-27.4%
Net income	158	123	-22.1%
Non-controlling interests	6	1	-74.5%
Net income (Group share)	153	122	-20.2%

2.1.6 Investments

Excluding spectrum and football broadcasting rights, Proximus' accrued **capex over the first quarter 2021 totaled EUR 225 million**. The year-on-year decrease by -2.7% resulted from the timing of content contract renewals. This aside, Proximus' investment level increased in comparison with the same period of 2020. This mainly resulted from the announced acceleration in its Fiber deployment with the Fiber capex representing 28% of the total capex. End-March, Proximus was deploying Fiber in 17 cities and municipalities, and further ramped-up its rollout speed. Over the first three months of 2021, Proximus deployed Fiber for an additional 73,000 premises, boosting its weekly average to 6,100 HP. This brought its Fiber footprint to 533,000 homes and businesses, representing a coverage of close to 9%.

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

2.1.7 Cash flows

(EUR million)	1st Quarter		
	2020	2021	% Change
Cash flows from operating activities	429	486	13.4%
Cash paid for Capex (*)	-258	-293	13.6%
Cash flows used and provided in other investing activities	1	-30	<-100%
Cash flow before financing activities	172	162	-5.6%
Lease payments	-20	-21	8.3%
Free cash flow	152	141	-7.4%
Cash flows used and provided in financing activities other than lease payments	-162	-176	8.5%
Exchange rate impact	1	1	-22.5%
Net increase/(decrease) of cash and cash equivalents	-9	-34	>100%

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

Over the first three months of 2021, Proximus Group posted a **solid Free Cash Flow of EUR 141 million**. **Excluding net cash-out related to acquisitions³, the normalized first quarter 2021 FCF of EUR 143 million** ended EUR -9 million below the comparable period in 2020. Proximus posted higher Cash flow from operating activities, as a result of a favorable evolution in Business Working Capital⁴ and lower year-on-year cash out for its ongoing transformation plans⁵, partly offset by a decrease in underlying EBITDA and other cash-out⁶ related to the company's operating activities. The first quarter cash-out related to capex was up year-on-year by EUR 35 million, driven, amongst other things, by the payment for the 6-months extension of existing spectrum licenses awaiting the final spectrum auction, and TV content renewal (partly timing). Moreover, Proximus completed an equity injection of EUR 30 million in the company Fiberklaar, the newly created entity set up together with EQT infrastructure to deploy fiber in the Flanders region.

In the first quarter of 2021, Proximus completed the acquisition of the minority shares in BICS, held by Swisscom and MTN. This equity transaction of EUR 217 million was recorded in "Dividends to and transactions with non-controlling interests" and was partly offset by an increase in short-term debt. This resulted in a net of EUR 176 million of "Cash flow used and provided in financing activities other than lease payments".

2.1.8 Balance sheet and shareholders' equity

Compared to year-end 2020, the goodwill increased by EUR 6 million to EUR 2,471 million due to the USD/EUR conversion of the TeleSign goodwill.

Tangible and intangible fixed assets amounted to EUR 4,186 million and decreased by EUR 30 million, the amount of capex being lower than the depreciation and amortization charge of the year.

The shareholders' equity increased from EUR 2,903 million end of December 2020 to EUR 2,946 million end of March 2021. This mainly results from the net income Group Share (EUR 122 million) partially offset by the impact from the purchase of non-controlling interests of BICS (EUR 91 million). As Proximus already controlled BICS before this transaction, the negative difference between the consideration paid (EUR 217 million) and the carrying value of non-controlling interests (EUR 126 million) has been recorded as a deduction from the shareholder's equity attributable to parent.

End-March 2021, Proximus' outstanding long-term debt (excluding lease liabilities) amounted to EUR 2,510 million, and its adjusted net financial position to EUR -2,431 million.

³ Cedit earn-out

⁴ Account payable, receivable and inventory

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

⁶ Aggregate of smaller items. First quarter year-on-year variance mainly reflecting higher pension fund contributions

(EUR million)	As of 31 December	As of 31 March
	2020	2021
Investments, Cash and cash equivalents	313	276
Derivatives	4	4
Assets	318	280
Non-current liabilities (*)	-2,727	-2,227
Current liabilities (*)	-230	-770
Liabilities	-2,957	-2,998
Net financial position (*)	-2,639	-2,718
of which Leasing liabilities	-284	-287
Adjusted net financial position (**)	-2,356	-2,431

(*) Including derivatives and leasing liabilities
(**) The adjusted financial position excludes leasing liabilities

2.2 Regulation

Fiber wholesale pricing

Concerning the wholesale fiber pricing, in a decision adopted on 9 March 2021, the BIPT concludes that the rates that Proximus currently applies are fair, i.e. they do not exceed the costs of an efficient operator including a reasonable margin and are in line with the regulation it set in 2018.

Spectrum

The **multi-band spectrum auction**, which should include the renewal of the existing 2G/3G spectrum licenses (900MHz, 1800MHz and 2100MHz) as well as the granting of new 5G spectrum (700MHz, 1400MHz and 3500MHz), **is still on hold**. The draft legislations were approved by the Government on 15 January 2021.

The Concertation Committee with the Regions agreed on 12 February to conduct a new impact assessment of a 4th entrant and to ask the Council of State if the draft legislation is compatible with the new European Telecommunication Code. The Council of State has communicated that it will not provide its advice concerning the secondary legislation and their conformity with the European Code before the package is approved at Parliament level. A new meeting of the Concertation Committee is expected to take place in May to assess these elements. The final conditions and timing of the future auction remain uncertain for the moment.

Concerning the **current 2G (900MHz and 1800MHz) and 3G (2100MHz)** licenses which expired on 15 March 2021, the BIPT decided on 23 February 2021 to extend these licenses by a six-month period (until 14 September 2021). Based on a Royal Decree of 3 December 2020 modifying the 2G/3G existing Royal Decrees and to ensure business continuity, such extensions may be granted until new rights are auctioned. Extensions are granted at the same conditions as the current licenses (including financial conditions).

Awaiting the upcoming multiband auction, BIPT granted temporary licenses in the 3600-3800 MHz frequency band to Proximus, Orange and Telenet, each operator receiving 50MHz. These rights will run until new rights are granted following the auction. Operators had the obligation to put their spectrum in service before 1 March 2021. They have to pay a yearly fee of EUR 105,000 per block of 10 MHz. No unique fee is due, and these rights are not subject to any specific coverage obligation. Given the importance of 5G to build a digital Belgium, Proximus welcomes the BIPT's initiative related to temporary licenses; however, a prompt decision on the definitive allocation of the spectrum in the framework of an auction remains a necessity. An association of users appealed the BIPT allocation decision. On 14 April, the Brussels Appeal Court rejected this action stating that the case had not been brought before the right court.

In Luxembourg, four bidders have successfully secured 5G spectrum in the auction that took place in mid-July 2020 for 700 MHz and 3,600 MHz frequencies.

	Proximus Luxembourg	Orange Luxembourg	Post Luxembourg	Luxembourg Online SA
700 MHz	2X10 MHz	2X10 MHz	2X10 MHz	-
3600 MHz	100 MHz	110 MHz	110 MHz	10 MHz

In total, the licenses were sold for EUR 41.3 million, of which Proximus Luxembourg is progressively paying its part. Usage rights will be granted for an initial period of 15 years and the licenses will be renewable at least once for a period of five years. A number of coverage obligations apply to license holders.

Termination rates

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

The Commission adopted on 18 December 2020 a binding decision setting single maximum EU-wide wholesale mobile and fixed termination rates (also referred to as Eurorates). This Act sets a 3-year glidepath for mobile termination rates (MTR) and a transition period for fixed termination rates (FTR).

(€cent/minute)	Current	01/07/2021	01/01/2022	01/01/2023	As from 1/1/2024
MTR	0.99	0.70	0.55	0.40	0.2
FTR	0.116	0.093	0.07	0.07	0.07

Traffic originating from outside the EU is subject to the regulated EU-wide wholesale caps in cases where the non-EU termination rates are equal to or below the Euro rate.

This regulation will enter into force on 1 July 2021, with minor impact expected on Wholesale revenue and neutral on Direct Margin.

2.3 ESG update

During this period of unprecedented health crisis, Proximus fully took up its social responsibility. Its role is crucial in fighting digital exclusion and discrimination and in meeting the need for connectivity that has been stressed by the pandemic. Furthermore, it made Proximus even more sensitive to the importance of protecting the environment.

Proximus has set itself ambitious environmental, social and corporate governance (ESG) goals. In view of this, it measures and monitors its performance and progress. Certain ESG KPIs are reported on a quarterly basis and can be consulted on the website ([Factbook – ESG KPIs](#)).

This section of the quarterly report puts the spotlight on a selection of achievements, along with recent launches and other company news in the ESG domain.

In the spotlight

Over the first three months of 2021, Proximus progressed on its ambition to create an inclusive, safe, sustainable and prosperous digital Belgium. In particular, it made positive headway towards achieving the following targets:

- **Don't miss the call** – 15,570 mobile phones were collected in the Proximus shops for reuse and recycling in the first quarter of 2021, a 70% increase versus the last quarter of 2020 in which 9,163 mobile phones were collected.
- **Refurbished devices** – 122,026 modems and decoders were returned and refurbished to give them a second life, slightly more compared to the 120,812 returned modems and decoders in the last quarter of 2020.
- **Copper Recycling** – Proximus is recovering copper on a grand scale, with 135 Tons recovered over the first three months of 2021.
- **Circular manifestos** – 15 manifestos were signed in the first quarter of 2021, on top of the 21 manifestos already signed in 2020. Proximus wants to contribute to the environment by helping to reduce the carbon footprint of its supply chain on top of ensuring its own carbon neutrality for the activities under its direct control.

A circular manifesto reflects the commitment of Proximus and the suppliers to work together to reduce their carbon footprint and produce more circular products.

- **Remuneration** – New for the Executive Committee are the adapted key performance indicators for short-term variable remuneration. These have been redefined and adapted to the Proximus ESG ambitions. In addition to the financial and operational KPIs, there are now explicit performance indicators for the "green & digital society" in 2021. It concerns:
 - the number of recycled mobile phones: 150,000
 - the number of tons of recycled copper: 500 Tons
 - the degree of resilience against cybercrime: 90%⁷

Recently launched

A **modular mobility portal** was launched in December 2020 to encourage the use of sustainable mobility by the Proximus employees. They manage their mobility budget according to their personal preferences: how and when they want to travel and by what means of transport. This way, employees can easily try out new mobility services. The choice of public transport mode and management of the parking budget form the basis, along with fuel for the company car. But newer options, such as charging solutions for electric cars, and leasing a bike are also possibilities. In addition, Proximus gradually switched to more CO₂-friendly vehicles, to make indispensable travel greener and turn our fleet fully electric by 2025.

In February, Proximus and Signpost launched Academic Connect. This in response to the digital revolution in education, which is going through a quick acceleration, partly due to the current health situation, and in order to unburden schools' completely in the area of ICT. Academic Connect is an offer that brings together all the aspects of connectivity and ICT in a single integrated, digital solution. A first concrete ambition is to be able to connect almost all secondary schools in Belgium to fiber by the end of 2023. Proximus is putting its expertise in the field of Wi-Fi solutions and security at the schools' disposal.

Recognition for sustainability

Proximus is proud to have received the "A" label from the CDP agency for the sixth time, which rewards its actions on climate change. The 'CDP A List' celebrates those companies who are preparing themselves to excel in the economy of the future by taking action today.

2.4 Outlook 2021 and Shareholder return

Based on the first quarter 2021 results and taking into account its best estimate for the remainder of the year, Proximus reiterates its 2021 full-year guidance.

Table 10:
2021
Outlook

Guidance metric	FY20 Actuals	FY21 Guidance	Q1'21 Actuals
Underlying Domestic revenue	€ 4,356M	Close to the 2020 level	€ 1,084M
Underlying Group EBITDA	€ 1,836M	€ 1,750-1,775M	€ 446M
Capex (excluding Spectrum & football rights)	€ 1Bn	Close to € 1.2Bn	€ 225M
Net debt / EBITDA	1.28X	< 1.6X	nr

Note: following the reporting changes (see section 9.1), the full-year 2020 underlying Domestic revenue was adjusted accordingly. The full -year 2021 guidance remains unchanged.

Proximus reiterates its intention to return over the result of 2021 and 2022 an annual gross dividend of EUR 1.2 per share, to be considered as a floor.

⁷ Percentage of the number of major cyber security incidents for which a visible business impact was prevented thanks to adequate security controls or for which Proximus CSIRT was able to quickly mitigate the impact on the total number of major incidents.

3 Consumer

- Continued strong commercial performance with especially good traction for higher value offers.
- Adding 31,000 Mobile postpaid cards, 10,000 Internet and 12,000 TV subscriptions in Q1'21.
- Success for Flex offers ongoing, reaching 477,000 Flex subscriptions end-March '21.
- Total convergent customer base grew +21,000 in Q1'21, convergent revenue up by +2.7% year-on-year.
- Customers mainly opting for 3-Play convergent offers, driving changing customer product mix.
- Total Consumer revenue +0.8% YoY, including a stable Customer services revenue. Overall, the ARPC was up year-on-year by +0.4% to EUR 58.8.

Revenue continues to be supported by solid growth in customer base.

Proximus posted for its Consumer segment a first quarter 2021 revenue of **EUR 670 million, a 0.8% or EUR 5 million increase from the year before**. Over the first three months of the year, the Consumer segment kept up a strong commercial performance, solidly growing its core subscriber bases. Especially high-value offers, combining Fixed with multiple mobile subscriptions, and Fiber-based offers kept good traction.

In the first quarter of 2021, the Consumer segment added net +10,000 internet lines, growing its total internet base to 1,975,000 lines, a 2.8% increase from 12 months back. With Proximus' rollout of Fiber ongoing in 17 cities, an increasing part of the Belgian population has access to its Fiber offers. Areas covered with Fiber typically allow more acquisitions, lower churn level and higher ARPCs. Over the first quarter of 2021, an additional +12,000 customers subscribed to a Fiber product, namely a mix of onboarding new customers and migrating copper customers. This brought the total consumer Fiber customer base to 77,000 by end-March 2021. As for TV-offers, the number of subscribers grew by +12,000 over the first 3 months of the year, reaching a total TV base of 1,678,000, a growth of +2.9% from end-March 2020. The Consumer segment continued its strong Mobile postpaid trajectory, adding 31,000 Mobile postpaid cards over the first quarter of 2021. The total Mobile postpaid base therefore reached a total of 2,937,000 mobile postpaid cards by end-March 2021, up by 5.0% over the past 12 months. Reflecting changing customer needs, the Fixed Voice line base erosion accelerated to a net loss of -53,000 Fixed Voice lines in the first quarter of 2021.

A stable EUR 550 million revenue generated by Customer services (X-Play).

The revenue generated by customers subscribing to these different product lines is referred to as Customer services revenue or X-Play revenue. **82% of the total Consumer revenue, i.e. EUR 550 million was generated by Customer services (X-play), a fairly stable year-on-year evolution (-0.1%)**. The overall Average Revenue per Customer (ARPC) was up by 0.4% to EUR 58.8, with the remaining Covid-19 headwind on roaming revenue more than offset by the ongoing favorable move of customers to convergent offers at higher ARPC, and further supported by the 1 January 2021 price indexation. Moreover, Proximus attracted more multi-mobile customers, driving an increase in the overall RGU, up by 1.9% to reach 2.66 RGUs for the first quarter of 2021. This resulted from the continued success of Proximus' convergent Flex offers since their launch mid-2020. By end-March 2021, Proximus counted a total of 477,000 subscriptions for one of its Flex combinations, adding 160,000 in the first quarter of 2021, a mix of onboarding new customers and migrating customers from legacy packs.

Adding +21,000 Convergent customers in Q1'21.

In the mix, **revenue from Convergent customers was up year-on-year by +2.7% to reach EUR 320 million**. Over the first 3 months of the year, Proximus grew its convergent base by +21,000 customers, reaching a total of 1,145,000, up by 6.1% from 12 months back.

Convergent 3-Play
main revenue
driver, +28.4%
YoY

The **growth driver of the Convergent revenue is the boost in convergent 3-Play customers**. Over the first quarter of 2021, the total convergent 3-Play base grew by +31,000 customers, to reach 378,000 customers by end-March. As result, the 3-Play convergent revenue grew by 28.4% to reach EUR 100 million for the first quarter of 2021. The ARPC of a convergent 3-Play customer was EUR 91.2. This is -3.5% below the ARPC of the first quarter of 2020, including lower roaming revenue (Covid-19 related). Moreover, in view of simplifying the range of marketed customer offers, Proximus is proactively seeking to migrate customers still on legacy packs towards the Flex offers. This migration changed the customer product mix within the 3-Play convergent base, with more customers opting for an Internet/TV/multi-Mobile offer instead of a combination including a Fixed Voice line.

The high uptake of 3-Play convergent offers largely explains the 4-Play customer decrease, down by -8,000 for this first quarter of 2021 and the trends in the Fixed -and Mobile-only customer bases.

With more and more customers subscribing to Proximus' convergent offers, with a EUR 94.1 ARPC, Proximus' base of **Fixed-only customers** further decreased. The remaining base of Fixed-only customers, 1,118,000 end-March 2021, generated a fairly stable ARPC of EUR 47.7 (+0.2%). The total of **Mobile postpaid only customers** was down by -21,000 in the first quarter of 2021. This brought the total Mobile postpaid only base to 841,000 customers, generating an ARPC of EUR 26.4, +0.5% up from the previous year.

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. The **revenue from Terminals** totaled over the first quarter of 2021 EUR 63 million, an increase of EUR 5 million from the comparable period in 2020.

Revenue from Mobile Prepaid continued its eroding trend, with revenues down to EUR 8 million for the first quarter of 2021. This was driven by the ongoing decrease in the Prepaid base, with a decline of -21,000 prepaid cards over the first 3 months of 2021, to total 576,000 prepaid cards in total.

Proximus' Luxembourg telecom revenue came in strong over the first 3 months for the Consumer side compared to the previous year, up by 7.2% to EUR 30 million revenue, mainly resulting from higher mobile devices sales.

(EUR million)	1st Quarter		
	2020	2021	% Change
Revenue	665	670	0.8%
Other Operating Income	5	5	0.0%
Net Revenue	660	665	0.8%
Customer services revenues (X-play)	550	550	-0.1%
Prepaid	10	8	-17.8%
Terminals (fixed and mobile)	59	63	8.1%
Of which revenue from joint offer devices (IFRS15 impact)	25	25	0.9%
Luxembourg Telco	28	30	7.2%
Others*	12	13	6.6%

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

Table 11:
Consumer
revenue

Table 12:
Consumer
operationals
by product

	1st Quarter		
	2020	2021	% Change
Park (000's)			
Fixed voice lines	1,818	1,653	-9.0%
Broadband lines	1,921	1,975	2.8%
TV unique customers	1,631	1,678	2.9%
Mobile postpaid cards excl. M2M	2,797	2,937	5.0%
M2M	4	3	-18.2%
Mobile prepaid cards	668	576	-13.7%
Net adds (000's)			
Fixed voice lines	-40	-53	
Broadband lines	0	10	
TV unique customers	0	12	
Mobile postpaid cards excl. M2M	18	31	
M2M	1	0	
Mobile prepaid cards	-18	-21	
Average Mobile data usage user/month (Mb)	3,930	4,489	14.2%

Table 13:
Consumer
X-Play
Financials

		1st Quarter		
		2020	2021	% Change
Customer Services Revenues (EUR million)		550	550	-0.1%
Convergent		312	320	2.7%
	4-Play	217	203	-6.4%
	3-Play	78	100	28.4%
	2-Play	17	17	2.2%
Fixed only		170	162	-4.9%
	3-Play	85	77	-8.7%
	2-Play	50	49	-1.6%
	1P Fixed Voice	19	17	-8.5%
	1P internet	17	18	8.5%
Mobile Postpaid only		68	67	-1.2%
ARPC (in EUR)		58.5	58.8	0.4%
Convergent		96.7	94.1	-2.7%
	4-Play	101.3	99.2	-2.1%
	3-Play	94.5	91.2	-3.5%
	2-Play	65.6	65.8	0.2%
Fixed only		47.6	47.7	0.2%
	3-Play	58.1	57.2	-1.6%
	2-Play	56.4	56.7	0.5%
	1P Fixed Voice	27.2	29.2	7.3%
	1P internet	31.2	31.3	0.2%
Mobile Postpaid only		26.2	26.4	0.5%

Table 14:
Consumer
X-Play
Operationals

		1st Quarter		
		2020	2021	% Change
Customers - Total (000's)		3,127	3,104	-0.7%
Convergent		1,079	1,145	6.1%
	4-Play	713	680	-4.6%
	3-Play	280	378	35.0%
	2-Play	86	86	0.0%
Fixed only		1,181	1,118	-5.3%
	3-Play	480	441	-8.2%
	2-Play	294	291	-1.2%
	1P Fixed Voice	228	193	-15.1%
	1P internet	179	193	8.0%
Mobile Postpaid only		867	841	-3.0%
% Convergent Customers - Total *		58%	61%	2.8 p.p.
Fiber Customers -Total (000's)		44	77	75.1%
Average #RGUs per Customer - Total		2.61	2.66	1.9%
Convergent		4.31	4.29	-0.3%
	4-Play	4.78	4.83	1.0%
	3-Play	3.67	3.75	2.3%
	2-Play	2.44	2.43	-0.5%
Fixed only		2.09	2.08	-0.8%
	3-Play	3.02	3.03	0.1%
	2-Play	2.06	2.06	-0.3%
	1P Fixed Voice	1.05	1.05	-0.4%
	1P internet	1.00	1.00	0.0%
Mobile Postpaid only		1.21	1.22	0.4%
Annualized full churn rate (Customer) - Total		14.4%	15.5%	1.1 p.p.
	4-Play	4.9%	5.0%	0.1 p.p.
	3-Play	12.1%	12.0%	-0.1 p.p.
	2-Play	14.7%	15.2%	0.5 p.p.
	1-Play	21.1%	23.7%	2.6 p.p.

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

4 Enterprise

- First quarter revenue erosion limited to -1.2%, in challenging operating environment.
- Stable revenue from Fixed services: Fixed Data revenue grew; Fixed Voice revenue was down with higher ARPU partly offsetting the Fixed voice park erosion.
- Mobile services revenue decline further limited. Mobile Postpaid customer base grew further by a net +5,000 cards, Mobile Postpaid ARPU mostly down on Covid-19 related decrease in roaming traffic and some continued competitive pricing pressure.
- ICT revenue -1.7%, mainly on low-margin products while Proximus grew high-value service revenue.

Q1 revenue decline of -1.2%, incl. some remaining Covid-19 effects.

The first quarter 2021 revenue of the Enterprise segment totaled EUR 339 million, i.e. -1.2% down from the 2020 comparable base, holding up quite well in a challenging operating environment. The Enterprise revenue decline mainly reflected the remaining year-on-year effect of Covid-19 on roaming traffic, an unfavorable year-on-year variance for low-margin ICT products, while service revenue was up, and less revenue from Advanced Business Services mainly resulting from a Covid-19 impact on automotive and parking services revenue. In contrast, revenue from Fixed data was up by 1.9% and compensated for the Fixed Voice revenue erosion, resulting in stable Fixed services revenue.

Mobile revenue decline further contained, with solid customer growth partly offsetting ARPU impacts.

Over the first quarter of 2021, the **Mobile Services revenue totaled EUR 69 million**, down year-on-year by -2.9%, a significant slow-down from prior quarters' erosion. While Covid-19 still negatively impacted the revenue, be it somewhat less, this was partly offset by mobile managed services and network services⁸, on top of higher revenue from M2M.

The Mobile ARPU declined by -7.4% to EUR 19.6, remaining significantly impacted by lower roaming traffic and, to a lesser extent, due to ongoing competitive pricing pressure.

The ARPU pressure was for a large part offset by an ongoing growth of the Enterprise Mobile customer base. Over the past twelve months, the Enterprise segment grew its mobile customer base by +29,000 Postpaid SIM cards. This includes a net growth over the first quarter of 2021 by +5,000 Mobile cards, reaching a total of 1,100,000 cards, excl. M2M, a year-on-year growth of 2.7%. The first-quarter churn level remained 1.5 p.p. below the prior year at 10.5%.

+172,000 M2M cards activated.

The Enterprise segment posted another strong volume increase in M2M for the first quarter of 2021, with an additional 172,000 M2M cards activated. This was mainly related to the Smart metering⁹ project with Fluvius, in addition to an ongoing growth in regular M2M cards. This brought the total number of M2M cards to 2,515,000 at end-March 2021, or a 32.4% increase from the prior year.

The total revenue from **Fixed Telecom Services**, including Voice and Data, **remained stable year-on-year**, totaling EUR 104 million for the first quarter of 2021.

Limited Fixed Voice revenue decline, ARPU +5.4% YoY

The **Fixed Voice revenue erosion was limited to -2.7%** for the first quarter 2021. The Covid-19 related rise in traffic volumes (especially Fixed to Mobile and call routing via VAS¹⁰ numbers) sustained over the first 3 months of the year. Moreover, a price indexation on January 1 provided some support, as well as a positive year-on-year effect from the March 2020 free offers during the lockdown, resulting in an Fixed Voice ARPU increase of 5.4% on the previous year to EUR 31.3. The Fixed Voice line erosion remained

⁸ Network services focuses on optimizing the interaction between Enterprise customers and its stakeholders.

⁹ As announced on 8 May 2018, Proximus launched its NB-IoT network for the connection of the digital meters of Fluvius. Commissioned by IBM and Sagemcom, Proximus will connect 1.3 million digital meters for gas and electricity, which Fluvius intends to roll out in Flanders by the end of 2022.

¹⁰ VAS – Value Added Services, e.g. 0800 numbers and VMS – Value Managed Services, i.e. call routing to ensure business continuity

sequentially stable at -13,000 lines, bringing the total Fixed Voice base to 450,000 by end-March 2021, i.e. a year-on-year decrease of -8.0%.

Fixed data revenue +1.9%, driven by both data connectivity and internet

The Enterprise revenue from **Fixed Data services totaled EUR 61 million, +1.9%** on the prior year. This includes the continued support from the contract signed with Eleven Sports, with Proximus providing the necessary connectivity, and no major contract repricing effects in the first quarter of 2021. This aside, the usual trend continued with a growing Fiber park for Business customers, supporting Proximus' Explore solutions, being more than offset by the ongoing legacy out phasing and more attractive customer pricing in a competitive market.

Revenue from Internet services were slightly positive, driven by a slightly better Broadband ARPU of EUR 43.6 for the first quarter of 2021, 0.3% up from the previous year, benefitting from the 1 January price indexation. This was reinforced by a 1.4% increase in the Internet customer base compared to one year back, totaling 134,000 lines end-March 2021, in spite of a competitive setting.

ICT revenue - 1.7%, mainly on low-margin product deals.

For the first quarter of 2021, **Proximus' Enterprise segment posted EUR 132 million in ICT revenue**, including a growth in high-value services revenue (managed, integration and consultative services). With ICT revenue unfavorably impacted by Covid-19 in terms of some contract-delays and less low-margin product deals, the 2021 first quarter ICT revenue remained -1.7% below the previous year. Proximus' specialized ICT affiliates continued to provide support by bringing digital transformation solutions for professional customers and, as such, they also help to secure core connectivity services.

Proximus' Enterprise segment posted a decrease in its revenue from **Advanced Business Services, down to EUR 8 million** for the first quarter of 2021. This contains Proximus' convergent solutions, and Smart mobility revenue from Be-Mobile, among which automotive and parking revenues with Covid-19 exposure.

(EUR million)	1st Quarter		
	2020	2021	% Change
Revenue	343	339	-1.2%
Other Operating Income	2	1	-26.6%
Net Revenue	341	338	-1.0%
Telecom Revenue	195	195	-0.3%
Service Revenue	175	173	-1.2%
Fixed Services	104	104	0.0%
Voice	44	43	-2.7%
Data	60	61	1.9%
Mobile Services	71	69	-2.9%
Terminals (fixed and mobile)	14	15	11.2%
Luxembourg Telco	6	6	1.7%
ICT	134	132	-1.7%
Advanced Business Services	10	8	-16.5%
Other Products	2	3	49.8%

Table 15:
Enterprise revenue by product

Table 16:
Enterprise
operational

	1st Quarter		
	2020	2021	% Change
Park (000's)			
Fixed voice lines	489	450	-8.0%
Broadband lines	132	134	1.4%
Mobile postpaid cards excl. M2M	1,072	1,100	2.7%
M2M cards	1,900	2,515	32.4%
Net adds (000's)			
Fixed voice lines	-12	-13	
Broadband lines	0	1	
Mobile postpaid cards excl. M2M	8	5	
M2M cards	122	172	
ARPU (EUR)			
Fixed voice	29.7	31.3	5.4%
Boadband	43.4	43.6	0.3%
Mobile postpaid	21.2	19.6	-7.4%
Annualized mobile postpaid churn rate	12.0%	10.5%	-1.5 p.p.
Average Mobile data usage/user/month (Mb)	2,366	2,511	6.1%

5 Wholesale

Table 17:
Wholesale
revenue

(EUR million)	1st Quarter		
	2020	2021	% Change
Revenue*	86	67	-22.0%
Fixed & Mobile wholesale services	34	27	-21.3%
Interconnect	52	41	-22.5%

* Refers to total income

For the first quarter of 2021, Proximus' **Wholesale segment reported revenue of EUR 67 million**, EUR -19 million compared to the same period of 2020.

The largest part of the revenue decline was related to margin-neutral revenue from Interconnect, down by EUR -12 million on the previous year resulting from the ongoing shift from regular SMS usage to the usage of OTT applications and reduced SMS usage during Covid-19 lockdowns.

In addition, the revenue from Fixed and Mobile wholesale services decreased to a total of EUR 27 million for first quarter of 2021, mainly as a result of the continued effect of Covid-19-driven travel reluctance and bans impacting visitor and instant roaming revenue. This was reinforced by new price renegotiations, benefitting direct margin.

Lower
interconnect
and roaming
impacting
revenue

6 TeleSign

- Strong revenue performance sustained, fueled by both Programmable Communication and Digital Identity services.
- Direct margin variance significantly impacted by unfavorable Foreign Exchange effect.
- In view of its growth ambitions, TeleSign recruited additional skilled headcount, impacting EBITDA.

TeleSign posted EUR 77 million of revenue over the first three months of 2021, a year-on-year increase of 31.6% (+43.5% on constant currency¹¹). Strong year-on-year revenue growth was achieved for both Digital Identity and Programmable communications (CPAAS). CPAAS volumes were up significantly, in a highly competitive market.

TeleSign's first quarter 2021 direct margin decreased by -2.7% year-on-year to EUR 18 million resulting from an unfavorable Foreign Exchange (FX) impact. Excluding this effect, TeleSign's direct margin progressed by 6.3%, despite an unfavorable impact from some significant customer repricing effects and an exceptional EUR -0.5M credit note.

Following the anticipated headcount investments to support its growth development, with among others additional hiring to support TeleSign's go-to-market and R&D, the operating expenses increased year-on-year by 17.0% or nearly EUR 2 million. This impacted the EBITDA, totaling for the first quarter 2021 EUR 6 million, -28.7% (on constant currency the EBITDA was down by -21.9%)

(EUR million)	1st Quarter		
	2020	2021	% Change
TeleSign Revenue*	58	77	31.6%
TeleSign Costs of Sales	-39	-58	48.1%
TeleSign Direct Margin	19	18	-2.7%
TeleSign Direct Margin %	32.6%	24.1%	-8.5 p.p.
TeleSign Expenses	-11	-13	17.0%
Workforce Expenses	-8	-9	16.5%
Non Workforce Expenses	-3	-3	18.5%
TeleSign EBITDA	8	6	-28.7%
TeleSign EBITDA Margin %	14.0%	7.6%	-6.4 p.p.

* Refers to total income

¹¹ Using a constant currency, applying the ECB exchange rate of 31 March 2021 (0.8529 EUR/USD).

7 BICS (International Carrier Services)

- Q1'21 revenue -8.7% due to Legacy services, while Core and Growth services revenue progressed.
- Natural Legacy revenue erosion amplified by Covid-19 and MTN insourcing effects, both temporary in nature.
- Strong performance in A2P messaging on a favorable destination mix in the first quarter of 2021.
- Revenue from Growth services Cloud and IOT up by 12.7% YoY.
- Direct margin pressure partly offset by lower Operating Expenses.
- Q1'21 Ebitda down to EUR 22 million, with Ebitda margin at 9.6%.

For the first quarter of 2021, BICS (ex-TeleSign) posted revenue of EUR 235 million. The revenue erosion sequentially improved to a -8.7% decline for the first quarter of 2021.

Legacy revenue impacted by Covid-19 and MTN insourcing.

The year-on-year revenue decrease was driven by BICS' Legacy services (mainly Voice services), down by -17.6% or EUR -29 million from the previous year. The first quarter variance for legacy revenue was still impacted by Covid-19 effects and some further headwind from MTN's insourcing of the transport and management of its traffic. Besides these temporary effects, the Legacy revenue continues to be pressured by a decrease in Voice volumes in a declining market.

Revenue from Core services +7.2% YoY.

In contrast, BICS posted a 7.2% increase in its Core revenue to total EUR 87 million, representing revenue from messaging, mobility and infrastructure. This year-on-year increase resulted from a good performance in the first quarter of 2021 from messaging, especially driven by higher A2P volumes with a favorable destination mix. This was partly offset by revenue pressure on signaling and roaming, with these mobility services being significantly exposed to the very limited travel across the globe.

+12.7% revenue from Growth services.

For BICS' Growth services, namely cloud communication and IOT, a total revenue of EUR 9 million was posted, up by 12.7% from the comparable period in 2020. In contrast to most of BICS' services, the global sanitary crisis positively affected cloud communication services, with for example the set-up of vaccination centers increasing the demand for local toll-free numbers.

Direct margin -12.3%, impacted by Covid-19 and MTN insourcing.

The first quarter 2021 underlying Direct margin of BICS totaled EUR 53 million. With a -12.3% or EUR -8 million year-on-year decline, the trend somewhat improved from prior quarters. A part of this decline is related to a remaining net adverse effect from Covid-19 on BICS services. In addition, the Direct Margin was further impacted by MTN's insourcing process, emphasizing the structural Voice margin decline. In contrast, growth in direct margin was noted for in the numbering¹² business.

The overall direct margin as a percentage of revenue declined by -0.9 p.p. from the prior year to reach 22.8% in the first quarter of 2021.

Underlying business trend resilient in competitive market.

BICS' EBITDA for the first quarter of 2021 totaled EUR 22 million. This compares to EUR 28 million for this first quarter 2020, which was not yet impacted by Covid-19 effects. The sanitary crisis effects aside, BICS did show good resilience in a competitive market.

The year-on-year decrease in Direct Margin was in part offset by lower operating expenses. The non-workforce expenses for the first quarter 2021 were EUR -2 million below those of the comparable period in 2020, including several cost reduction initiatives and due to a favorable Covid-19 effect on a.o. company travel expenses.

The EBITDA margin as a percentage of revenue for the first quarter of 2021 was 9.6%, -1.3 p.p. from the previous year.

¹² Numbering refers to the sale of local dial-in numbers to cloud players (Skype, Zoom, Twilio...), included in Growth services.

Table 19:
BICS P&L

(EUR million)	1st Quarter		
	2020	2021	% Change
BICS Revenue*	257	235	-8.7%
Legacy	167	138	-17.6%
Core	81	87	7.2%
Growth	8	9	12.7%
BICS Costs of Sales	-196	-181	-7.6%
BICS Direct Margin	61	53	-12.3%
BICS Direct Margin %	23.7%	22.8%	-0.9 p.p.
BICS Expenses	-33	-31	-6.1%
Workforce Expenses	-18	-18	2.3%
Non Workforce Expenses	-15	-13	-16.1%
BICS EBITDA	28	22	-19.7%
BICS EBITDA Margin %	10.9%	9.6%	-1.3 p.p.

* Refers to total income

8 Consolidated Financial Statements

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union. They have not been subject to a review by the independent auditor.

8.1 Accounting policies

The accounting policies and methods of the Group used as of 2021 are consistent with those applied in the 31 December 2020 consolidated financial statements, with the exception that the Group applied the new standards, interpretations and revisions that became mandatory for the Group on 1 January 2021. These have only a limited impact.

8.2 Judgements and estimates

In the context of Covid-19, the Group reassessed judgements and estimates in preparing these condensed consolidated financial statements. It concluded that Covid-19 had limited impact on the significant judgements mentioned under note 2 in the 31 December 2020 consolidated financial statements and that no new judgements and estimates are to be reported other than those mentioned below in this report.

8.3 Significant events or transactions in 2021

Acquisition of minority interest in BICS

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

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

Cash contribution in the capital of Fiberklaar

Proximus reached an agreement in 2020 with EQT infrastructure, through its portfolio company Delta Fiber, to build jointly a fiber network in Flanders. As part of the agreement, a new entity named Nexus Midco BV was set up in December 2020, with the aim of designing, building and maintaining that network. The name of the entity was changed in Q1 to Fiberklaar Midco BV and Proximus contributed EUR 30 million in cash to its capital. End-March 2021 the company was not yet operational. Proximus owns 49.9% of the entity, which is accounted for under the equity method.

8.4 Consolidated income statement

(EUR million)	1st Quarter		
	2020	2021	% Change
Net revenue	1,380	1,357	-1.7%
Other operating income	13	10	-25.1%
Total income	1,393	1,367	-1.9%
Costs of materials and services related to revenue	-486	-472	-2.9%
Workforce expenses	-287	-295	2.6%
Non workforce expenses	-125	-140	12.0%
Total operating expenses before depreciation & amortization	-898	-907	0.9%
Operating income before depreciation & amortization	495	460	-7.0%
Depreciation and amortization	-278	-289	3.9%
Operating income	217	172	-21.0%
Finance income	1	2	>100%
Finance costs	-9	-14	51.5%
Net finance costs	-8	-11	34.4%
Share of loss on associates	-1	-1	19.5%
Income before taxes	208	159	-23.4%
Tax expense	-49	-36	-27.4%
Net Income	158	123	-22.1%
Attributable to:			
Equity holders of the parent (Group share)	153	122	-20.2%
Non-controlling interests	6	1	-74.5%
Basic earnings per share	0.47	0.38	-20.1%
Diluted earnings per share	0.47	0.38	-20.1%
Weighted average number of outstanding shares	322,919,556	322,737,538	-0.1%
Weighted average number of outstanding shares for diluted earnings per share	322,934,552	322,737,538	-0.1%

8.5 Consolidated statements of other comprehensive income

(EUR million)	1st Quarter	
	2020	2021
Net income	158	123
Other comprehensive income:		
Items that may be reclassified to profit and loss:		
Exchange differences on translation of foreign operations	6	10
Other	-1	0
Total before related tax effects	5	10
Income tax relating to items that may be reclassified	0	0
Total of items that may be reclassified to profit and loss, net of related tax effects	5	10
Total comprehensive income	163	133
Attributable to:		
Equity holders of the parent	155	131
Non-controlling interests	8	2

8.6 Consolidated balance sheet

(EUR million)	As of 31 December	As of 31 March
	2020	2021
ASSETS		
Non-current assets	7,120	7,132
Goodwill	2,465	2,471
Intangible assets with finite useful life	1,047	1,025
Property, plant and equipment	3,169	3,161
Right-of-use asset	285	290
Lease receivable	7	6
Contract costs	108	110
Investments in associates	0	30
Equity investments	1	1
Deferred income tax assets	12	12
Other non-current assets	24	27
Current assets	1,660	1,641
Inventories	106	124
Trade receivables	868	867
Lease receivable	4	0
Contract assets	111	113
Current tax assets	119	86
Other current assets	139	175
Investments	3	0
Cash and cash equivalents	310	276
TOTAL ASSETS	8,779	8,774
LIABILITIES AND EQUITY		
Equity	3,026	2,946
Shareholders' equity attributable to the parent	2,903	2,946
Non-Controlling interests	123	0
Non-Current liabilities	3,639	3,130
Interest-bearing liabilities	2,511	2,010
Lease liabilities	216	218
Liability for pensions, other post-employment benefits and termination benefits	559	548
Provisions	139	148
Deferred income tax liabilities	115	110
Other non-current payables	99	96
Current liabilities	2,114	2,697
Interest-bearing liabilities	163	701
Lease liabilities	68	69
Liability for pensions, other post-employment benefits and termination benefits	86	76
Trade payables	1,213	1,226
Contract liabilities	157	159
Tax payables	11	16
Other current payables	416	450
TOTAL LIABILITIES AND EQUITY	8,779	8,774

8.7 Consolidated cash flow statement

(EUR million)	1st Quarter		
	2020	2021	Change
Cash flow from operating activities			
Net income	158	123	-22.1%
Adjustments for:			
Depreciation and amortization	278	289	3.9%
Impairment on current and non-current assets	0	-1	-
Increase/(decrease) of provisions	1	5	>100%
Deferred tax expense	3	-5	<-100%
Loss from investments accounted for using the equity method	1	1	19.5%
Gain on disposal of property, plant and equipment	-1	0	-60.6%
Operating cash flow before working capital changes	440	412	-6.4%
Decrease/(increase) in inventories	-6	-18	>100%
Decrease/(increase) in trade receivables	-16	5	>100%
Decrease/(increase) in other assets	-33	2	>100%
(Decrease)/increase in trade payables	33	65	94.0%
(Decrease)/increase in other liabilities	70	40	-43.5%
(Decrease)/increase in net liability for pensions, other post-employment benefits and termination benefits	-61	-20	-67.3%
(Decrease)/increase in working capital, net of acquisitions and disposals of subsidiaries	-12	74	>100%
Net cash flow provided by operating activities (1)	429	486	13.4%
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment	-258	-293	13.6%
Cash paid for acquisitions of other participating interests	0	-31	>100%
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-2	-
Net Cash received from sales of property, plant and equipment and other non-current assets	1	3	71.2%
Net cash used in investing activities	-256	-323	26.1%
Cash flow before financing activities	172	162	-5.6%
Lease payments (excl. interest paid)	-20	-21	8.3%
Free cash flow (2)	152	141	-7.4%
Cash flow from financing activities other than lease payments			
Dividends paid to shareholders	0	0	<-100%
Dividends to and transactions with non-controlling interests	0	-217	-
Net sale of treasury shares	-4	3	>100%
Remeasurement reserve	-1	0	-82.9%
Repayment of long term debt	0	-1	-
Issuance/(repayment) of short term debt	-156	39	>100%
Cash flows used in financing activities other than lease payments	-162	-176	8.5%
Exchange rate impact	1	1	-22.5%
Net increase/(decrease) of cash and cash equivalents	-9	-34	>100%
Cash and cash equivalents at 1 January	323	310	-4.0%
Cash and cash equivalents at the end of the period	314	276	-12.2%
(1) Net cash flow from operating activities includes the following cash movements :			
Interest paid	-13	-13	
Interest received	0	0	
Income taxes paid	-1	-4	
(2) Free cash flow: cash flow before financing activities and after lease payments			

8.8 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other remeasurement reserve	Foreign currency translation	Stock Compensation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance per 1 January 2020	1,000	-421	100	6	-194	5	4	2,356	2,856	142	2,998
Total comprehensive income	0	0	0	-1	0	4	0	153	155	8	163
Treasury shares											
Sale of treasury shares	0	-4	0	0	0	0	0	-1	-5	0	-5
Total transactions with equity holders	0	-3	0	0	0	0	0	-1	-4	0	-4
Balance at 31 March 2020	1,000	-424	100	5	-194	9	3	2,508	3,007	150	3,157
Balance per 1 January 2021	1,000	-423	100	4	-208	-8	3	2,434	2,903	123	3,026
Total comprehensive income	0	0	0	0	0	9	0	122	131	3	133
Changes in shareholders' equity	0	0	0	0	0	0	0	-91	-91	-126	-217
Treasury shares											
Sale of treasury shares	0	2	0	0	0	0	0	1	3	0	3
Total transactions with equity holders	0	2	0	0	0	0	0	-90	-88	-126	-214
Balance at 31 March 2021	1,000	-421	100	4	-208	1	3	2,466	2,946	0	2,946

8.9 Segment reporting

See reconciliation of reported and underlying figures in section 9.2

(EUR million)	As of 31 March 2021											
	Group Proximus				Underlying by segment							
	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	1,357	0	0	1,357	234	77	-27	1,073	665	338	67	3
Other operating income	10	0	0	10	1	0	-2	11	5	1	0	4
Total income	1,367	0	0	1,367	235	77	-28	1,084	670	339	67	8
Costs of materials and services related to revenue	-472	-1	0	-473	-181	-58	25	-259				
Direct margin	895	-1	0	894	53	18	-3	825				
Workforce expenses	-295	0	3	-291	-18	-9	0	-264				
Non workforce expenses	-140	-20	3	-157	-13	-3	3	-143				
Total other operating expenses	-434	-20	6	-448	-31	-13	3	-407				
Operating income before depreciation & amortization	460	-20	6	446	22	6	0	418				
Depreciation and amortization	-289											
Operating income	172											
Net finance costs	-11											
Share of loss on associates	-1											
Income before taxes	159											
Tax expense	-36											
Net income	123											
Attributable to:												
Equity holders of the parent (Group share)	122											
Non-controlling interests	1											

(EUR million)	As of 31 March 2020											
	Group Proximus				Underlying by segment							
	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	1,380	0	0	1,380	256	58	-24	1,089	660	341	86	2
Other operating income	13	0	0	13	1	0	-1	14	5	2	0	6
Total income	1,393	0	0	1,393	257	58	-25	1,103	665	343	86	9
Costs of materials and services related to revenue	-486	-1	0	-487	-196	-39	23	-275				
Direct margin	907	-1	0	906	61	19	-2	828				
Workforce expenses	-287	0	4	-284	-18	-8	0	-258				
Non workforce expenses	-125	-19	-14	-158	-15	-3	2	-142				
Total other operating expenses	-412	-19	-11	-442	-33	-11	2	-400				
Operating income before depreciation & amortization	495	-20	-11	464	28	8	0	428				
Depreciation and amortization	-278											
Operating income	217											
Net finance costs	-8											
Share of loss on associates	-1											
Income before taxes	208											
Tax expense	-49											
Net income	158											
Attributable to:												
Equity holders of the parent (Group share)	153											
Non-controlling interests	6											

8.10 Disaggregation of revenue

As of 31 March 2021									
(EUR million)	Group	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	1,357	234	77	-27	1,073	665	338	67	3
Net revenue (incidentals)	0	0	0	0	0	0	0	0	0
Net revenue (reported)	1,357	234	77	-27	1,073	665	338	67	3
Other operating income (underlying)	10	1	0	-2	11	5	1	0	4
Other operating income (incidentals)	0	0	0	0	0	0	0	0	0
Other operating income (reported)	10	1	0	-2	11	5	1	0	4
Total income (underlying)	1,367	235	77	-28	1,084	670	339	67	8
Total income (incidentals)	0	0	0	0	0	0	0	0	0
Total income (reported)	1,367	235	77	-28	1,084	670	339	67	8

As of 31 March 2020									
(EUR million)	Group	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	1,380	256	58	-24	1,089	660	341	86	2
Net revenue (incidentals)	0	0	0	0	0	0	0	0	0
Net revenue (reported)	1,380	256	58	-24	1,089	660	341	86	2
Other operating income (underlying)	13	1	0	-1	14	5	2	0	6
Other operating income (incidentals)	0	0	0	0	0	0	4	0	-4
Other operating income (reported)	13	1	0	-1	14	5	6	0	3
Total income (underlying)	1,393	257	58	-25	1,103	665	343	86	9
Total income (incidentals)	0	0	0	0	0	0	4	0	-4
Total income (reported)	1,393	257	58	-25	1,103	665	347	86	5

8.11 Group financing activities related to interest-bearing liabilities

(EUR million)	As of 31 December 2020	Cash flows	Non-cash changes	As of 31 March 2021
Non-current				
Unsubordinated debts (bonds, notes)	2,104	0	-499	1,605
Credit institutions	401	0	0	401
Other loans	1	-1	0	0
Derivatives held for trading	4	0	0	3
Current portion of amounts payable > one year				
Unsubordinated debentures	0	0	500	500
Credit institutions held to maturity	1	0	0	1
Other financial debts				
Unsubordinated debts (bonds, notes)	150	-50	0	100
Credit institutions	0	100	0	100
Other loans	12	-11	0	1
Total liabilities from financing activities excluding lease liabilities	2,673	38	0	2,711
Lease liabilities current and non current	284	-21	24	287
Total liabilities from financing activities including lease liabilities	2,957	17	24	2,998

(EUR million)	As of 1 January 2020	Cash flows	Non-cash changes	As of 31 March 2020
Non-current				
Unsubordinated debentures	1,953	0	0	1,954
Credit institutions	402	0	0	402
Derivatives held for trading	5	0	0	5
Current portion of amounts payable > one year				
Credit institutions held to maturity	1	0	0	1
Other financial debts				
Other loans	156	-156	0	0
Total liabilities from financing activities excluding lease liabilities	2,517	-156	1	2,362
Lease liabilities current and non current	307	-20	16	303
Total liabilities from financing activities including lease liabilities	2,824	-176	17	2,664

8.12 Financial instruments

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

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

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The Group has an interest rate and currency swap (IRCS) to manage its exposure to interest rate risk and to foreign currency risk on its remaining non-current interest-bearing liability yielded in foreign currency. The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

Fair Value and Fair Value Hierarchy

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

(EUR million)	As of 31 March 2021			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	Level 3
Other non-current assets				
Other derivatives	FVTPL	4	4	Level 2
Other financial assets	Amortized cost	9	9	
Current assets				
Trade receivables	Amortized cost	867	867	
Interest bearing				
Other receivables	Amortized cost	2	2	
Non-interest bearing				
Other receivables	Amortized cost	13	13	
Derivatives held for trading	FVTPL	1	1	Level 1
Cash and cash equivalents				
Short-term deposits	Amortized cost	74	74	
Cash at bank and in hand	Amortized cost	202	202	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	1,605	1,763	Level 2
Credit institutions	Amortized cost	401	431	Level 2
Other derivatives	FVTPL	3	3	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	96	96	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	Amortized cost	500	503	Level 2
Credit institutions	Amortized cost	1	1	Level 2
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	100	100	Level 2
Credit institutions	Amortized cost	100	100	Level 2
Other loans	Amortized cost	1	1	Level 2
Trade payables	Amortized cost	1,226	1,226	
Other current payables				
Other debt	FVTPL	1	1	Level 3
Other amounts payable	Amortized cost	236	236	

FVTPL : fair value through profit and loss

FVTOCI : fair value through other comprehensive income

(EUR million)	As of 31 March 2020			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	
Other non-current assets				
Other derivatives	FVTPL	6	6	Level 2
Other financial assets	Amortized cost	10	10	
Current assets				
Trade receivables	Amortized cost	997	997	
Interest bearing				
Other receivables	Amortized cost	8	8	
Non-interest bearing				
Other receivables	Amortized cost	3	3	
Investments	Amortized cost	3	3	
Cash and cash equivalents				
Cash at bank and in hand	Amortized cost	314	314	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	1,954	2,044	Level 2
Credit institutions	Amortized cost	402	401	Level 2
Other derivatives	FVTPL	5	5	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	118	118	
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions	Amortized cost	1	1	Level 2
Interest-bearing liabilities				
Trade payables	Amortized cost	1,295	1,295	
Other current payables				
Other debt	FVTPL	6	6	Level 3
Other amounts payable	Amortized cost	296	296	

FVTPL : fair value through profit and loss

FVTOCI : fair value through other comprehensive income

Valuation technique

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

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

Other derivatives in Level 2

Other derivatives include the interest rate swaps (IRS) and interest rate and currency swaps (IRCS) the Group entered into to reduce the interest rate and currency fluctuations on some of its long-term debentures (including their current portion). The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.

Unsubordinated debentures

The unsubordinated debentures are recognized at amortized costs.

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

Other debts in level 3

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

8.13 Contingent liabilities

Compared to the 2020 annual accounts, no change occurred in 2021 in the contingent liabilities other than those mentioned below:

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

On 14 December 2020, Proximus signed a binding agreement with DPG Media to acquire Mobile Vikings, which also includes the Jim Mobile brand, for a consideration of EUR 130 million. With this transaction, Proximus brings on board a major Belgian mobile virtual network operator that primarily targets the segment of youngsters. Completion of the deal is still subject to the approval of the Belgian Competition Authority.

In 2020, the Group has concluded a partnership agreement with Eurofiber to jointly build a fiber network in the Walloon region. The entity has not been created yet. In the context of the partnership agreements with Eurofiber and EQT the Group has committed to certain capital injections in Fiberklaar Midco BV and the entity to be established with Eurofiber.

8.14 Post balance sheet events

The Annual General Meeting of April 2021 approved the dividend distribution for the year 2020, which will impact the cash flow of the Group in the second quarter of 2021 for EUR 226 million.

8.15 Others

There has been no material change to the information disclosed in the 2020 annual consolidated financial statements in connection with related parties that would require disclosure under the Financial Reporting Framework.

9 Additional information

9.1 Reporting changes and rounding of numbers

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

Consumer

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

Wholesale

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

BICS

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

Domestic

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

Direct margin

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

Rounding

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

9.2 From Reported to Underlying

(EUR million)	GROUP Revenue		GROUP EBITDA	
	Q1 '20	Q1 '21	Q1 '20	Q1 '21
Reported	1,393	1,367	495	460
Lease Depreciations	0	0	-20	-20
Lease Interest	0	0	-1	-1
Incidentals	0	0	-11	6
Underlying	1,393	1,367	464	446
Incidentals	0	0	-11	6
Early Leave Plan and Collective Agreement			1	
Fit For Purpose Transformation Plan			2	2
M&A-related transaction costs			2	5
Pylon Tax provision update (re. past years)			-16	

9.3 Definitions

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: international carrier activities, a joint venture of Proximus, Swisscom and MTN in which Proximus owns 57.6%.

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: segment 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: defined as the Proximus Group excluding BICS.

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: segment 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: Proximus' 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 fix 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).

9.4 Management statement

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

9.5 Financial calendar

(dates could be subject to change)

12 July 2021	Start of quiet period ahead of Q2 2021 results
30 July 2021	Announcement of Q2 2021 results
11 October 2021	Start of quiet period ahead of Q3 2021 results
29 October 2021	Announcement of Q3 2021 results

9.6 Contact details

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9.7 Investor and Analyst Conference Call

Analyst conference call details

Proximus will host a conference call for investors and analysts on Friday 30 April 2021.

Time: 02:00pm Brussels – 01:00pm London – 08:00am New York

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