Quarterly Report

Q2 2021

proximus

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- **Sustained solid subscriber growth in Q2'21: +48,000 Mobile postpaid, +10,000 Internet, +12,000 TV**
- **Accelerating growth in Fiber consumer base to +14,000 in Q2, total base of 90,000 end June.**
- **Fast-tracking Fiber roll-out: +89,000 HP, totaling 621,000. Footprint crossing 10% of total premises.**
- **Underlying Domestic revenue of EUR 1,080 million, +2.4% year-on-year.**
- **TeleSign continued double-digit revenue growth, +22.5% for Q2 on constant currency.**
- **BICS sees quarterly trend noticeably improving on annualizing Covid-19 headwind, Q2 revenue +2.5%.**
- **Underlying Group EBITDA totaled EUR 459 million, -3.7% compared to the year before.**
- **Solid six months normalized FCF of EUR 262 million.**
- **Full-year 2021 guidance confirmed.**

1 Highlights

- Proximus closed the second quarter of 2021 with another **strong commercial performance for its core Telecom services**, adding +48,000 Mobile postpaid cards, +10,000 Internet and +12,000 TV subscriptions to the Group. Within the Consumer segment, the traction for higher-value offers continued, growing the convergent base by +18,000 customers to a total of 1,163,000, +6.6% compared to 12 months ago. An additional +14,000 Consumer customers signed up for a Fiber product, bringing the total up to 90,000. Over the second quarter, +142,000 customers opted for a Flex offer, bringing the total Flex subscriptions to 619,000. Reflecting changing customer needs, the Consumer base for Fixed Voice lines eroded by -37,000 in the second quarter of 2021.

- Proximus **grew its underlying Domestic revenue by +2.4% to EUR 1,080 million**. On an organic basis, i.e. excluding the revenue contribution from Mobile Vikings, the Domestic revenue was up by +2.0%. The trend improvement from prior quarters was demonstrated across all Domestic customer segments: Consumer revenue +2.3% (+1.4% organic), Enterprise revenue +3.5% and Wholesale revenue +0.4% compared to one year back.

- **Proximus' Domestic EBITDA totaled EUR 430 million for the second quarter of 2021, -2.7% below the previous year,** with the increase in Domestic direct margin (+1.4%) more than offset by expenses which were up by +6.4%, lapping an exceptionally low 2020 baseline, which was impacted by Covid-19 restrictions (EUR 13 million) and a one-off provision release (EUR 6 million). Moreover, expenses were up because of higher customer interactions (a.o. Fiber migrations, Flex and technical support), Proximus' ongoing transformation and cloudification effects. This was in part offset by the ongoing cost efficiency program, focused on non-customer impacting areas. On an organic basis, the Domestic EBITDA was -3.0% lower year-on-year.

- **TeleSign** posted **EUR 77 million of revenue** over the second quarter of 2021, a year-on-year increase of +12.8% and **+22.5% on a constant currency basis** driven by both Programmable Communications and Digital Identity services. The **EBITDA totaled EUR 4 million**, including a ramp up of investments to support its growth strategy.

- **BICS grew its second-quarter revenue by 2.5%** to EUR 242 million, a noticeable trend improvement on the annualized Covid-19 headwind. BICS showed good resilience in a competitive market, with Core services revenue up by +26.4% on a lower comparable base, benefitting from high A2P volumes combined with a favorable destination mix. This was partly offset by the ongoing erosion in revenue from Legacy services. BICS' EBITDA totaled EUR 26 million for the second quarter of 2021, up by 2.6%.

- In aggregate, the underlying **Group EBITDA for the second quarter of 2021 totaled EUR 459 million**, -3.7% from the year before, with a Group EBITDA margin of 33.5%. On organic basis, the Group EBITDA was lower by -4.0%.

- Excluding spectrum and football broadcasting rights, **Proximus' accrued Capex over the second quarter of 2021 totaled EUR 272 million, bringing the total over the first six months of 2021 to EUR 497 million.** The year-on-year increase by EUR 79 million was in large part driven by the ongoing Fiber deployment. With Proximus' roll-out further accelerating, an additional +89,000 premises were passed with Fiber bringing the Proximus Fiber footprint to a total of 621,000 premises passed by end June 2021, representing a Fiber coverage of just over 10%.

- Over the second quarter of 2021, Proximus Group posted a Free Cash Flow of EUR -11 million, including the cash-out for the acquisition of Mobile Vikings. Excluding this, the second quarter 2021 normalized FCF totaled EUR 119 million, bringing the total normalized **FCF over the first six months of 2021 to EUR 262 million**. This compares to a normalized FCF of EUR 254 million over the first half of 2020.

Market situation

Covid-19 continued to limit travel, especially non-EU and hence impacting related roaming traffic. As this effect is annualizing, the headwind moderates. Overall, the telco market has gotten closer to a back-to-normal situation. The **Consumer market** continued to benefit from a growing fixed Internet market. 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, 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 ongoing erosion, Fiber connectivity and Professional IT services represent opportunities.

Guillaume Boutin, CEO

With continued solid customer growth, we are in well on track to deliver on our outlook for the year.

I would like to open this quarter's result looking back to the recent devastating floods in Belgium. My thoughts go to all the victims and their families in the affected regions. At the same time, over the past 2 weeks, I have been astonished by the commitment of many Proximus colleagues. These events have unveiled, once again, the important societal role we play, firstly through our infrastructure and the connectivity it provides, but also more broadly as a key part of the Belgian economic fabric of society. The last two weeks have also sent us a vivid reminder of our climate vulnerability and the relevance of our sustainability ambition as part of our #inspire2022 strategy.

Looking back at the second quarter, we saw strong continued commercial traction for our products and services. In a highly competitive setting, we delivered another consecutive quarter of customer growth for our main telecom customer bases. This is especially true for the premium segments of the market, as demonstrated by the nice increase in our TV base by +12,000 subscriptions. We also closed another strong quarter for Mobile, growing the Postpaid base by 48,000 subscriptions. These results demonstrate solid mobile growth on the Enterprise segment as well as the continued success of our Flex range, reaching 619,000 subscriptions. Our Consumer convergence base grew by 18,000 over the quarter, with customers generating a higher-than-average ARPC.

With the green light received from the Belgian Competition Authority, I am delighted to welcome Mobile Vikings to the Proximus family, the leading brand for the Belgian digital lovers and perfectly complementing our Scarlet and Proximus offers.

Our Fiber acceleration is delivering according to plan. During the second quarter, we brought the average weekly deployment up to 7,400 homes and business passed, leading to an additional 89,000 premises passed with Fiber and bringing our coverage to just over 10%. The superiority of Fiber was clearly demonstrated in June with a 25Gbps world-record in Antwerp, and this is also materializing in our customer numbers. Over the second quarter of 2021, we recorded 14,000 Fiber net adds, totaling 90,000 customers on our Consumer Fiber offers at end June 2021.

As announced yesterday, I'm happy that our Fiber partnership for the southern part of Belgium with Eurofiber has been cleared by the European authorities. The newly created joint-venture Unifiber will pass at least 500,000 premises with Fiber by 2028. With our two Fiber partnerships now being operational, and the ramp up of our own Fiber deployment, we are well on track to realize our ambition to pass a total of 4.2 million premises in Belgium by 2028.

As for our Enterprise segment, the ongoing transformation is being well-managed, with its effects offset by continued strong results for Telecom services. Specifically, for ICT, the increased digital adoption is bringing structural opportunities with a particular focus on cloud, security, IoT and collaboration. In that context, our converged Telco-ICT solutions and our emerging end-to-end servicing offers are leading to an increasing share of higher margin ICT Service revenues.

Beyond our domestic operations, TeleSign continued to show strong revenue growth, up by 22.5% on a constant currency basis, driven by both Programmable Communications and Digital Identity services. The second quarter ended with a strong sales pipeline, which will support a continued double-digit revenue trajectory in the second half of the year.

With the Covid-19-effect on worldwide travel annualized, our segment BICS showed a noticeable trend improvement from previous quarters. Especially revenue from BICS' core services showed a strong increase compared to the previous year, driven by solid growth in Application-to-Person messaging and Cloud Communications, both in the Telecom and Digital enterprise market.

Overall, we are very pleased with our strategic progress and the financial results achieved so far in 2021. For the remainder of the year there is still some uncertainty on the speed of recovery from Covid-19 restrictions. Despite this uncertainty we are confident to meet our full-year guidance, expecting for 2021 on an organic basis an Underlying Domestic revenue close the level of 2020, an Underlying Group EBITDA between EUR 1,750-1,775 million and Capex, excluding spectrum and football rights, close to EUR 1.2 billion. The level of Net debt/EBITDA is expected to remain below 1.6X.

Table 1:

Key figures

Operationals ('000)	Net adds in the quarter			Park at end of quarter		
	2020	2021	%	2020	2021	%
Fiber Home Passed	39	89		346	621	79.6%
Consumer customers						
Convergent	12	18		1,091	1,163	6.6%
Fiber (activated)	5	14		49	90	84.7%
Group (subscriptions/SIM cards)						
Internet	19	10		2,108	2,158	2.4%
TV	11	12		1,652	1,702	3.0%
Fixed Voice	-22	-49		2,327	2,099	-9.8%
Mobile Postpaid (excl. M2M)	45	48		4,178	4,553	9.0%
M2M	175	507		2,085	3,033	45.5%
Prepaid	-36	-11		655	728	11.3%

Financials (EUR million)	2nd Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Group Revenue (underlying)	1,330	1,370	3.0%	2,723	2,737	0.5%
of which Domestic	1,054	1,080	2.4%	2,158	2,164	0.3%
of which BICS	236	242	2.5%	493	477	-3.3%
of which TeleSign	68	77	12.8%	126	154	21.4%
Group Direct Margin (underlying)	880	890	1.1%	1,786	1,784	-0.2%
of which Domestic	808	819	1.4%	1,636	1,644	0.5%
of which BICS	56	55	-1.3%	117	109	-7.0%
of which TeleSign	20	18	-11.1%	39	37	-7.0%
Group Expenses (underlying)	-403	-430	6.7%	-845	-878	3.9%
of which Domestic	-366	-390	6.4%	-766	-797	4.0%
of which BICS	-31	-30	-4.5%	-64	-60	-5.3%
of which TeleSign	-10	-15	39.9%	-21	-27	28.2%
Group EBITDA (underlying)	477	459	-3.7%	941	905	-3.8%
as % of revenue	35.9%	33.5%	-2.3 p.p.	34.6%	33.1%	-1.5 p.p.
of which Domestic	442	430	-2.7%	870	848	-2.6%
of which BICS	25	26	2.6%	53	48	-9.1%
of which TeleSign	10	4	-63.8%	18	9	-48.1%
Group EBITDA (reported)	501	476	-5.0%	996	936	-6.0%
Net income	150	118	-21.4%	308	241	-21.8%
Accrued capex (excl. spectrum & football rights)	187	272	45.6%	418	497	18.9%
FCF (normalized)	102	119	17.1%	254	262	3.1%
Net Debt (end of period)	n.r.	n.r.		-2,289	-2,673	-16.8%

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

2 Proximus Group financial review

2.1 Group financials (underlying)

Table 2: Underlying Group P&L

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	2nd Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Revenue[1]	1,330	1,370	3.0%	2,723	2,737	0.5%
Net Revenue	1,321	1,361	3.1%	2,701	2,718	0.6%
Other Operating Income	9	9	-5.7%	22	18	-17.2%
Cost of Sales[2]	-449	-480	6.8%	-937	-953	1.8%
Direct Margin	880	890	1.1%	1,786	1,784	-0.2%
Direct Margin %	*66.2%*	*65.0%*	*-1.2 p.p.*	*65.6%*	*65.2%*	*-0.4 p.p.*
Expenses	-403	-430	6.7%	-845	-878	3.9%
EBITDA[3]	477	459	-3.7%	941	905	-3.8%
EBITDA Margin %	*35.9%*	*33.5%*	*-2.3 p.p.*	*34.6%*	*33.1%*	*-1.5 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 8.9 for incidental details.

2.1.1 Underlying Group revenue

Q2 2021

Over the **second quarter of 2021**, Proximus posted **Domestic underlying revenue of EUR 1,080 million, a +2.4% or EUR 26 million growth from the preceding year**. This includes a non-organic revenue contribution from Mobile Vikings[1], consolidated as of 1 June 2021 in the Proximus Consumer revenue. On an organic basis, the Domestic revenue was up by 2.0%, whereas this was -1.7% for the first quarter of 2021. The trend improvement was demonstrated across all of Proximus' Domestic customer segments, with revenue from Services now cycling against a Covid-19-impacted second quarter of 2020. Likewise, revenue from Terminals was up from a rather low comparable base in 2020.

The **Consumer segment** grew its revenue year-on-year by +**2.3% to EUR 666 million.** On an organic basis, the Consumer revenue grew by +1.4% on an easier comparable base, as the second quarter of 2020 was affected by Covid-19 related measures. The Customer Services revenue (+0.1%) was supported by a solid +3.3% growth in Convergent revenue. This resulted from a rapidly growing convergent customer base, +6.6% from end June 2020. In the second quarter of 2021, the Convergent base grew by +18,000, supported by the traction of Flex offers. Overall, the average number of RGUs per customer went up by +2.6% to reach 2.68 per customer, and the ARPC grew by +1.2% year-on-year to EUR 58.8, including the 1 January 2021 price indexation. At the same time, the Consumer segment continued to face the adverse trend in which more customers are opting for a product combination excluding a Fixed Voice line.
With the deployment of Fiber progressing well, an increasing number of customers have signed up for one of Proximus Fiber offers, pushing the total of Fiber activations within the Consumer segment to 90,000 by end of June 2021.

For the **Enterprise segment** the competitive headwinds continued, however overall, the segment performed well and **posted second-quarter revenue of EUR 339 million, +3.5% above the preceding year**. This was achieved through the combined effect of a +4.1% growth in Mobile services with annualized Covid-19 impacts on Mobile roaming, Fixed Telecom Services growing by +2.0% due to a low comparable base and large handset customer

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

contracts driving higher Terminals revenue. Revenue from ICT was -0.9% below the previous year, though within the mix, the higher-value ICT service revenue was up year-on-year with a good performance in all ICT services.

In contrast to the trend seen in previous quarters, Proximus' **Wholesale segment** posted for the second quarter of 2021 a rather **stable revenue of EUR 71 million, +0.4%** compared to the same period of 2020. With Covid-19-driven travel effects annualized, visitor roaming revenue turned positive year-on-year and was further supported by wholesale Mobile and Internet services. Revenue from **Interconnect** (margin-neutral) remained flattish year-on-year.

TeleSign's second quarter 2021 revenue totaled **EUR 77 million, a year-on-year increase of** + 12.8% or **+22.5%** on a constant currency[2] basis, fueled by growing Programmable Communication traffic and TeleSign's growing business in Digital Identity services. TeleSign's strong sales funnel is supportive of further growth in the business.

BICS posted a +**2.5% revenue increase** to **EUR 242 million** for the second quarter of 2021. The year-on-year revenue increase was driven by BICS' Core services, up by +26.4% from a lower comparable base, and benefitted from high A2P volumes combined with a favorable destination mix. This was partly offset by lower revenue from Legacy services, reflecting the effect of MTN's insourcing of the transport and management of its traffic as well as continued market pressure in this inherently declining market.

In aggregate, the **Proximus Group underlying revenue totaled EUR 1,370 million** for the second quarter of 2021, a **3.0% growth** from the comparable period of 2020, or 2.7% on an organic basis.

H1 2021

Over the **first six months of 2021**, the **Proximus Group posted EUR 2,737 million revenue**, +0.5% above that of the same period of 2020. On an organic basis, the revenue was up by 0.3%.

The first half of 2021 included the loss in Interconnect revenue (EUR -12 million) in the Wholesale segment, with no margin impact, and Covid-19 related headwinds in the first quarter of 2021 impacting all segments of the Proximus Group. Especially revenue from Roaming was still affected at the start of 2021 because of the ongoing reduced travel worldwide during the pandemic. The headwinds on Roaming gradually annualized mid-March 2021, supporting a positive turnaround in both the Domestic and BICS sequential revenue trend in the second quarter of 2021. Proximus' affiliate TeleSign, posted a 21.4% revenue growth over the first six months, or +32.0% in constant currency, resulting from both Digital Identity and CPaaS.

Table 3:

Underlying Group Revenue by Segment

	2nd Quarter			Year-to-date		
(EUR million)	2020	2021	% Change	2020	2021	% Change
Group Underlying by Segment	1,330	1,370	3.0%	2,723	2,737	0.5%
Domestic	1,054	1,080	2.4%	2,158	2,164	0.3%
Consumer	651	666	2.3%	1,316	1,336	1.5%
Enterprise	327	339	3.5%	670	678	1.1%
Wholesale	71	71	0.4%	157	139	-11.9%
Other (incl. eliminations)	6	5	-17.5%	14	12	-14.4%
BICS	236	242	2.5%	493	477	-3.3%
TeleSign	68	77	12.8%	126	154	21.4%
Eliminations	-30	-30	-1.8%	-54	-58	-7.2%

[2] Provides a more correct view on the business performance, filtering out the currency effects by using a constant currency for EUR-USD impacts. The method used has been finetuned from the first quarter to be aligned with the TeleSign management reporting.

2.1.2 Underlying Group direct margin

Table 4:

Underlying Group Direct margin

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	2nd Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Group Underlying by Segment	880	890	1.1%	1,786	1,784	-0.2%
Domestic	808	819	1.4%	1,636	1,644	0.5%
BICS	56	55	-1.3%	117	109	-7.0%
TeleSign	20	18	-11.1%	39	37	-7.0%
Eliminations	-4	-3	22.2%	-6	-6	1.8%

Q2 2021 The **second quarter of 2021** underlying direct margin of the **Proximus Group totaled EUR 890 million, a +1.1% growth** compared to the second quarter of last year. Proximus' **Domestic operations posted a direct margin of EUR 819 million, up 1.4%** or EUR 11 million from the prior year. This included a one-month contribution of Mobile Vikings (EUR 2 million). On an organic basis, the Domestic direct margin was up by +1.1%.

With the Covid-19 headwinds annualizing, the Domestic direct margin showed a significant trend improvement from the prior quarters. The organic Domestic direct margin growth was 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.

The lapping of the pandemic impact drove a substantial trend improvement for **BICS** as well, with the year-on-year **decline limited to -1.3%** to reach a second quarter direct margin of EUR 55 million. Moreover, the MTN insourcing had a limited impact on the year-on-year variance.

TeleSign posted a sequentially stable direct margin of EUR 18 million over the second quarter of 2021. This represents a 11.1% decrease from the comparable period in 2020. In constant currency, TeleSign's second-quarter direct margin ended +9.7% above the comparable period of 2020.

H1 2021 Over the first half of 2021 **Proximus Group posted direct margin of EUR 1,784 million, a -0.2% decrease** from the comparable period of 2020, including Covid-19 headwinds over the first months of year, gradually annualizing as of mid-March 2021. The **Domestic direct margin grew by +0.5%** to EUR 1, 644 million, or +0.3 on organic basis. The **direct margin of BICS totaled EUR 109 million** over the first six months of 2021, a -7% decrease from the preceding year. For **TeleSign** the Direct margin totaled EUR 37 million over the first half of 2021, -7.0% from the preceding year, reflecting a significant currency effect. On a constant currency basis, TeleSign's Direct margin increased by +13.7% from the comparable basis in 2020.

2.1.3 Underlying Group expenses[3]

Table 5: Underlying Group expenses

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	% Change	Year-to-date 2020	Year-to-date 2021	% Change
Group Underlying	403	430	6.7%	845	878	3.9%
Workforce expenses	271	289	6.3%	555	580	4.5%
Non Workforce expenses	132	142	7.6%	290	298	2.8%
Domestic Underlying	366	390	6.4%	766	797	4.0%
Workforce expenses	246	262	6.6%	504	526	4.4%
Non Workforce expenses	120	127	6.0%	262	271	3.1%
BICS Underlying	31	30	-4.5%	64	60	-5.3%
TeleSign Underlying	10	15	39.9%	21	27	28.2%
Eliminations	-4	-3	22.5%	-6	-6	1.8%

Q2 2021 The Proximus **Group underlying operating expenses** grew to EUR 430 million in the second quarter of 2021, **up by +6.7% from a low comparable base in 2020.**

Proximus' **Domestic operating expenses were +6.4% or EUR 23 million above the 2020 level**, which was exceptionally low due to a favorable cost effect of Covid-19 related measures[4] and positive one-offs of about EUR 6 million[5]. The latter was recorded in the Domestic non-workforce expenses and largely explains the year-on-year increase to EUR 127 million for the second quarter of 2021.

The Domestic workforce expenses totaled EUR 262 million, rather stable compared to the first quarter of 2021 (EUR 264 million). Compared to the second quarter of 2020, the workforce expenses were +6.6% higher, explained by non-repeated Covid-19 cost benefits and the year-on-year headcount increase by 113 FTEs to a total of 10,542 FTEs for Proximus' Domestic operations. This includes 69 FTEs from Mobile Vikings, who joined the Proximus Group as of 1 June 2021.

Moreover, external workforce expenses were up year-on-year because of higher customer interactions (Fiber migrations, Flex, technical support, etc…) and higher costs related to Proximus' ongoing transformation and the effect of cloudification.

At the same time, as part of its announced company-wide cost program, Proximus continued its tight cost control in other areas and worked on cost efficiencies through further digitalization, automation and simplification of its operations.

The **indirect expenses of Proximus' Domestic operations,** i.e. excluding the billable ICT workforce expenses in the B2B segment, were up by +6.2% in the second quarter of 2021.

BICS' strong cost control led to second-quarter 2021 operating expenses down by -4.5% year-on-year with lower non-workforce expenses (-6.4%) and workforce expenses (-3.1%).

TeleSign's operating expenses rose to EUR 15 million in the second quarter of 2021, with the year-on-year increase reflecting investments in its growth development. This covered, amongst other things, additional hiring to support TeleSign's go-to-market and new product development.

H1 2021 Over the first six months of 2021, the Proximus **Group underlying operating expenses** grew to EUR 878 million, **up by +3.9% from the comparable base in 2020.** This includes an increase for the Domestic opex by 4.0% to EUR 797 million and the investments of TeleSign in their growth trajectory, increasing their opex over the first-half of 2021 by EUR 6 million. This was somewhat offset by a 5.3% favorable opex evolution for BICS.

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

[4] The Group cost reduction related to Covid-19 measures was estimated a t EUR 13 million for Q2 2020, nearly fully in Domestic.

[5] The one-off in Q2 2020 resulted from a changed media buying practice, in part offset by a limited increase in Tax on Pylons provisions.

2.1.4 Group EBITDA - reported and underlying

Table 6:

From reported to underlying EBITDA

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	2nd Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Group reported EBITDA	501	476	-5.0%	996	936	-6.0%
Lease depreciations	-21	-20	nr	-41	-40	nr
Lease interest	-1	0	nr	-1	-1	nr
Incidentals	-2	4	nr	-13	10	nr
Group Underlying EBITDA	477	459	-3.7%	941	905	-3.8%
Domestic	442	430	-2.7%	870	848	-2.6%
BICS	25	26	2.6%	53	48	-9.1%
TeleSign	10	4	-63.8%	18	9	-48.1%

Q2 2021

Underlying Group EBITDA

The **underlying Group EBITDA for the second quarter of 2021 totaled EUR 459 million,** down by -3.7% or EUR -18 million compared to the prior year.

For its **Domestic operations, Proximus posted an EBITDA of EUR 430 million** for the second quarter of 2021, -2.7% or EUR -12 million below the prior year, with the direct margin improvement more than offset by higher expenses. This includes a 1-month EBITDA contribution of Mobile Vikings amounting to around EUR 1 million. The Domestic EBITDA margin as percentage of revenue was 39.8% for the second quarter of 2021, down from a high 41.9% for the second quarter of 2020.

BICS' EBITDA for the second quarter of 2021 totaled EUR 26 million, a +2.6% increase from the previous year. The lower second-quarter 2021 expenses more than offset the limited direct margin decline. The EBITDA margin as a percentage of revenue remained stable year-on-year at 10.7%.

TeleSign posted over the second quarter of 2021 an **EBITDA of EUR 4 million**, with the year-on-year decrease explained by the higher cost base, following the anticipated headcount investments to support its growth.

Total Reported Group EBITDA

With incidentals included and operating lease expenses excluded, the Proximus Group reported EUR 476 million EBITDA for the second quarter of 2021. The decrease of EUR -25 million from the comparable period in the previous year resulted for EUR -6 million from a negative year-on-year variance for recorded incidentals (see section 8.9 for an overview of the incidentals).

H1 2021

The **underlying Group EBITDA for the first half of 2021 totaled EUR 905 million,** down by -3.8% or EUR -36 million compared to the prior year, with the largest part resulting from the -2.6% decline in Domestic EBITDA.

2.1.5 Net income

H1 2021

Depreciation and amortization

The depreciation and amortization (including lease depreciation) over the first-half of 2021 totaled EUR 590 million. This compares to EUR 564 million for the same period of 2020. The 4.6% increase was mainly due to the accelerated depreciation of some network components and an increasing asset base.

Net finance cost

The year-to-date June 2021 net finance cost totaled EUR 24 million (including lease interests), EUR 1 million higher than one year back.

Tax expenses

The tax expenses over the first half year of 2021 amounted to EUR 77 million, leading to an effective tax rate of 24.2%. 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 Group reported a half-year net income (Group Share) of EUR 240 million. The year-on-year decrease by EUR -57 million is mainly explained by lower underlying EBITDA and a negative year-over-year impact from incidentals, as well as higher depreciation and amortization; this is partially offset by a decrease in tax expenses and lower income attributed to non-controlling interests.

Table 7:

From Group EBITDA to net income

	2nd Quarter			Year-to-date		
(EUR million)	2020	2021	% Change	2020	2021	% Change
Group reported EBITDA	501	476	-5.0%	996	936	-6.0%
Depreciation and amortization	-286	-301	5.4%	-564	-590	4.6%
Operating income (EBIT)	216	175	-18.7%	433	347	-19.9%
Net finance costs	-15	-13	-9.9%	-23	-24	5.9%
Share of loss on associates	0	-3	n.r.	-1	-4	>100%
Income before taxes	201	159	-20.7%	408	318	-22.1%
Tax expense	-51	-41	-18.8%	-100	-77	-23.0%
Net income	150	118	-21.4%	308	241	-21.8%
Non-controlling interests	5	0	<-100%	11	1	-86.8%
Net income (Group share)	145	118	-18.6%	297	240	-19.4%

2.1.6 Investments

Excluding spectrum and football broadcasting rights, Proximus' accrued **capex over the second quarter 2021 totaled EUR 272 million, bringing the total over the first six months of 2021 to EUR 497 million.**
The year-on-year increase by EUR 79 million from EUR 418 million in the first half of 2020 was in large part driven by the ongoing Fiber deployment across 18 cities and municipalities in Belgium. With Proximus' roll-out further accelerating over the second quarter, an additional 89,000 premises were passed with Fiber, bringing the Fiber-related capex to 32% of the total. The average weekly Fiber roll out scaled to 7,400, further increasing from 6,100 in the first quarter of 2021. This brought the Proximus Fiber footprint to a total of 621,000 homes and businesses passed by end June 2021, representing a Fiber coverage of just over 10%.

Following an increased level of customer installations, the customer-related capex increased from the previous year, covering customer equipment and activation costs for both Fiber and Copper customers. Moreover, in line with its strategy, Proximus increased over the first half of 2021 investments in Digitalization and IT transformation.

2.1.7 Cash flows

Table 8: Cash flows

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	% Change	Year-to-date 2020	Year-to-date 2021	% Change
Cash flows from operating activities	339	394	16.2%	768	880	14.6%
Cash paid for Capex (*)	-221	-257	16.4%	-478	-550	14.9%
Cash flows used and provided in other investing activities	1	-130	<-100%	3	-160	<-100%
Cash flow before financing activities	**120**	**8**	**-93.6%**	**292**	**170**	**-41.8%**
Lease payments	-20	-19	-5.1%	-40	-41	1.5%
Free cash flow	**100**	**-11**	**<-100%**	**252**	**130**	**-48.6%**
Cash flows used and provided in financing activities other than lease payments	97	-34	<-100%	-65	-210	>100%
Exchange rate impact	-1	0	-73.3%	0	0	>100%
Net increase/(decrease) of cash and cash equivalents	**196**	**-46**	**<-100%**	**187**	**-80**	**<-100%**

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

Over the second quarter of 2021, Proximus Group posted a Free Cash Flow of EUR -11 million, including the cash-out for the acquisition of Mobile Vikings. Excluding this, the second quarter 2021 normalized FCF totaled EUR 119 **million**, bringing the **total of normalized[6] FCF over the first six months of 2021 to EUR 262 million**. This compares to a normalized FCF of EUR 254 million over the first half of 2020.

Year-to-date June 2021, Proximus posted higher cash flow from operating activities, as a result of a favorable evolution in its Business Working Capital[7], mainly a timing effect, and lower year-on-year cash out for its ongoing transformation plans[8], partly offset by a decrease in the underlying EBITDA and other cash-outs[9] related to the company's operating activities. Over the first six months, the cash out related to capex was up by EUR 71 million year-on-year, largely driven by the Fiber roll-out. The first quarter included a EUR 30 million equity injection in the company Fiberklaar, the entity set up together with EQT infrastructure to deploy fiber in the Flanders region.

2.1.8 Balance sheet and shareholders' equity

Following the favorable decision of the Belgian competition authority, the Group completed in June 2021 the deal with DPG to acquire Mobile Vikings, a major Belgian mobile virtual network operator that primary targets the segment of the digital lovers.

A provisional purchase allocation was made on the acquisition date. Compared to year-end 2020 the goodwill increased by EUR 139 million, mainly as a consequence of this acquisition (EUR 134 million) and due to the USD/EUR conversion of the TeleSign goodwill (EUR 5 million).

Tangible and intangible fixed assets amounted to EUR 4,180 million, a decrease by EUR 37 million, as the amount of investments was lower than the depreciation and amortization charges during the year.

Shareholders' equity decreased from EUR 2,903 million end of December 2020 to EUR 2,827 million end of June 2021, mainly due to the net income (Group Share) of EUR 240 million being lower than the combination of the payment of dividends (EUR 226 million) and 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 the parent.

At end June 2021, Proximus' outstanding long-term debt (excluding lease liabilities) amounted to EUR 2,510 million, and its adjusted net financial position to EUR -2,673 million.

[6] The normalized FCF over the first six months of 2021 excludes M&A effects amounting to a total of EUR 132 million; for the same period in 2020 this was EUR 2 million.

[7] Accounts payable, receivable and inventory

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

[9] Aggregate of smaller items. Year to date variance mainly reflects deferrals.

Table 9: Net financial position

(EUR million)	As of 31 December 2020	As of 30 June 2021
Investments, Cash and cash equivalents	313	230
Derivatives	4	4
Assets	318	234
Non-current liabilities (*)	-2,727	-2,222
Current liabilities (*)	-230	-965
Liabilities	-2,957	-3,187
Net financial position (*)	-2,639	-2,953
of which Leasing liabilities	-284	-280
Adjusted net financial position (**)	-2,356	-2,673

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

2.2 Regulation

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.** Draft secondary legislations, setting the modalities for the auction have not been approved yet. Only article 30 of the Law, that defines the spectrum unique fee prices, have been approved and published.

In the meantime, BIPT launched on 16 July 2021 a new consultation on spectrum conditions for the auction of existing bands (900MHz, 1800MHz, 2100MHz in 2G/3G) and new bands (700MHz, 1400MHz and 3600MHz for 5G). The consultation on the draft royal decrees runs until 31 August. The draft submitted to consultation confirms the plan to issue reserved spectrum for a new operator in the market.

The final conditions and timing of the future auction still remain uncertain for the time being.

BIPT also consults on a second **extension of current 2G and 3G licenses** until 15 March 2022 (a first extension was granted in February for a six-month period starting 15th of March). The same conditions apply as in the current licenses.

Awaiting the upcoming multiband auction, BIPT granted temporary licenses in the 3600-3800 MHz frequency band to Proximus, Orange and Telenet, each operator receiving 50MHz. The operators will retain these rights until new rights are granted following the auction. Operators were under the obligation to put their spectrum in service before 1 March 2021. They have to pay a yearly fee of EUR 105,000 per block of 10 MHz. No unique fee is due, and these rights are not subject to any specific coverage obligation. 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.

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 establishes a three-year glidepath for mobile termination rates (MTR) and a transition period for fixed termination rates (FTR).

(€cent/minute)	Previous	01/07/2021	01/01/2022	01/01/2023	As from 1/1/2024
MTR	0.99	0.70	0.55	0.40	0.2
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 entered into force on 1 July 2021, with a minor impact expected on Wholesale revenue and neutral on Direct Margin.

2.3 ESG update

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

In the spotlight

In the second quarter of 2021, Proximus continued to make progress in its ambition to create an inclusive, safe, sustainable and prosperous digital Belgium. In particular, Proximus made positive headway in following initiatives:

- **Don't miss the call** – 31,858 mobile phones were collected for reuse and recycling in the second quarter of 2021; 16,288 more versus the first quarter of 2021 in which 15,570 mobile phones were collected.
- **Average trainings hours per employee** – 21 hours in the first half of 2021 versus 15 hours in the first half of 2020, a 40% increase. The training hours include both classroom and virtual classroom training, and digital self-learning.
- **Circular manifestos** – 19 manifestos were signed in the second quarter of 2021, bringing the total to 55 by end June 2021. Proximus wants to contribute to the environment by helping to reduce the carbon footprint of its supply chain, in addition to ensuring its own carbon neutrality for the activities under its direct control. A circular manifesto reflects the commitment of Proximus and the suppliers to work together to reduce their carbon footprint and produce more circular products.

Recently launched

With the publication of its **Sustainable Finance Framework** in May 2021, Proximus is the first Belgian telecom operator to outline the integration of sustainable development in its financing activities. This framework sets out strict sustainable criteria to be taken into account when securing project financing. It gives Proximus the opportunity to attract funding in the future for projects with a positive impact on the environment and society, such as projects in energy efficiency, renewable energy, green mobility, smart buildings, the circular economy or social and digital inclusion.

Together with Danone, Delhaize, Jacobs Douwe Egberts, Pro-Duo, Telenet and Schoenen Torfs, Proximus will participate in a project to organize the delivery of parcels to consumers and stores in a greener, more efficient, and more ethical way. They are doing this through CULT, an independent initiative that aims to bundle goods from companies in a smart way in warehouses on the outskirts of the city, thereby grouping and reducing the number of trips into the city. The first bundled deliveries to Antwerp using cargo bikes and electric delivery vans are planned after the summer holidays, but the ambition is to roll out the initiative in other cities at a later date. Proximus joined **project CULT** in June 2021

Recognition for sustainability

The Proximus distribution center in Courcelles has been awarded the prestigious **"Lean and Green 2 stars"** label, certifying that it has cut its CO_2 emissions from transport and logistics by 30% since 2015.

2.4 Outlook 2021 and Shareholder return

Based on the results for the first six months and taking into account its best estimate for the remainder of the year, with ongoing uncertainty around Covid-19, Proximus reiterates its 2021 expectations on organic basis, i.e. excluding the contribution of Mobile Vikings.

Table 10: 2021 Outlook

Guidance metric	**FY20 Actuals**	**FY21 Guidance**	**Q2'21 YTD Actuals (excl. Mobile Vikings)**
Underlying Domestic revenue	€ 4,356M	Close to the 2020 level	€ 2,160M
Underlying Group EBITDA	€ 1,836M	€ 1,750-1,775M	€ 904M
Capex (excluding Spectrum & football rights)	€ 1Bn	Close to € 1.2Bn	€ 497M
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.

3 Consumer

- Continued strong commercial performance, supported by Flex.
- With +14,000 Fiber activations Fiber park reaches 90,000, a +85% year-on-year growth.
- Added +37,000 Mobile postpaid cards, +10,000 Internet and +12,000 TV subscriptions in Q2'21.
- Convergent customer base +18,000 in Q2'21, convergent revenue up by +3.3% year-on-year.
- Traction for 3-Play convergent offers excl. Fixed Voice driving change in customer product mix.
- Total Consumer revenue +2.3% YoY, including a stable Customer services revenue. Overall, the ARPC was up by +1.2% year-on-year to EUR 58.8.

Second quarter revenue +2.3%, +1.4% on organic basis.

Proximus posted for its Consumer segment a second-quarter 2021 revenue of **EUR 666 million, a 2.3% or EUR 15 million increase from the year before**. Excluding the one-month revenue contribution of Mobile Vikings amounting to EUR 6 million, consolidated 1 June 2021 and included in Other revenue, the organic Consumer revenue was up by 1.4% year-on-year.
Over the second quarter of the year, the Consumer segment maintained a strong commercial performance, solidly growing its core subscriber bases. Especially high-value offers, combining Fixed Internet and TV with multiple mobile subscriptions, and Fiber-based offers kept good traction.

Solid growth in core customer basis continued.

In the second quarter of 2021, the Consumer segment added net +10,000 internet lines, growing its total internet base to 1,986,000 lines, a 2.4% increase from 12 months back. With Proximus' rollout of Fiber ongoing in 18 cities, an increasing part of the Belgian population has access to its Fiber offers. Areas covered with Fiber typically allow for more acquisitions, lower churn level and higher ARPCs. Over the second quarter of 2021, the number of activated customers picked up further, with an additional +14,000 customers that 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 90,000 by end-June 2021. As for TV-offers, the number of subscribers grew by a firm +12,000 over the second quarter of 2021, bringing the total TV base to 1,691,000, a growth of +3.0% from end-June 2020. The Consumer segment continued its strong Mobile postpaid trajectory, adding +37,000 Mobile postpaid cards over the second quarter of 2021. This includes a one-month growth (+2,000 cards) attributed to the Mobile Vikings brand. Following its acquisition on 1 June 2021, the Postpaid base of Mobile Vikings for a total of 191,000 Postpaid cards, was consolidated in the total Proximus consumer base. As a result, the Proximus Mobile postpaid base reached a total of 3,165,000 mobile postpaid cards by end June 2021. Reflecting the ongoing change in customer needs, the Fixed Voice line base eroded over the second quarter 2021 by -37,000 lines.

Overall ARPC +1.2%. Stable Customer services revenue.

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 546 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 1.2%, reaching EUR 58.8 as a result of the ongoing favorable move of customers to convergent offers at higher ARPC, further supported by the 1 January 2021 price indexation. This was slightly offset by receding Fixed and Mobile usage that started to come down from the elevated levels since the lock-down in March 2020.
The continued success of Proximus' convergent Flex offers since the launch mid-2020 further grew the number of multi-mobile customers, driving a +2.6% increase in the overall RGU to reach 2.68 RGUs for the second quarter of 2021. By end June 2021, Proximus counted a total of 619,000 Flex subscriptions, adding +142,000 in the second quarter of 2021, a mix of onboarding new customers and migrating customers from legacy packs.

+18,000 convergent customers in Q2'21

In the mix, **revenue from Convergent customers increased further, up by +3.3% year-on-year reaching** EUR 322 million. Over the second quarter of the year, Proximus grew its convergent base by +18,000 customers, reaching a total of 1,163,000, up by 6.6% from 12 months back.

Convergent 3-Play revenue +32.8% YoY

The **growth driver of the Convergent revenue is the boost in convergent 3-Play customers**. Over the second quarter of 2021, the total convergent 3-Play base grew by +23,000 customers, to reach 401,000 customers by end June 2021. As result, the 3-Play convergent revenue grew by 32.8% to reach EUR 105 million for the second quarter of 2021. The ARPC of a convergent 3-Play customer was EUR 90.0. This is -2.9% below the ARPC of the second quarter of 2020. While the annualizing Covid-19 impact on roaming brought some relief, the ongoing move of customers still on legacy packs, typically including a fixed voice line and at higher ARPC, towards Flex offers without fixed voice, translated in a lower 3-Play convergent ARPC.

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

Success convergent offers lowered 1P-Fixed and 1P-Mobile customer basis, ARPC's growing.

With more and more customers subscribing to Proximus' convergent offers, with a EUR 92.9 ARPC, Proximus' base of **Fixed-only customers** decreased further. The remaining base of Fixed-only customers, 1,097,000 end June 2021, generated an ARPC of EUR 47.4, +0.4% above the previous year.
The total of **Mobile postpaid only customers** was down by -12,000 in the second quarter of 2021. This brought the total Mobile postpaid[10] only base to 829,000 customers, generating an ARPC of EUR 26.9, +3.2% 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 EUR 55 million over the second quarter of 2021, an increase of EUR 6 million from the comparable period in 2020 and mainly related to the combined sales of high-end handsets and mobile subscriptions (joint offers).
Revenue from Mobile Prepaid continued its eroding trend, with revenues down to EUR 10 million for the second quarter of 2021. This was driven by the ongoing decrease in the Prepaid base, with a decline of -11,000 prepaid cards over the second quarter of 2021. Following the consolation of Mobile Vikings on 1 June 2021, the Mobile Prepaid base increased by 144,000 Prepaid cards, bringing Proximus' total base to 709,000 by end June 2021. The impact of Mobile Vikings on the -11,000 net adds loss in the second quarter was minor.
Proximus' Luxembourg telecom revenue came in strong over the second quarter of 2021 for the Consumer side compared to the previous year, up by +6.4% to EUR 30 million revenue, mainly resulting from higher number of mobile subscriptions.

Proximus Consumer posted **EUR 20 million in its Other revenue**. This includes EUR 6 million revenue of Mobile Vikings, covering the month of June. On an organic basis, the Other revenue was up from a low comparable base in 2020, with less reminder and reconnection fees posted in the second quarter of 2020 following the Covid-19 related temporary halt on the customer collection process.

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

Table 11:

Consumer revenue

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	2nd Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Revenue	651	666	2.3%	1,316	1,336	1.5%
Other Operating Income	7	5	-17.6%	12	11	-9.8%
Net Revenue	644	660	2.5%	1,304	1,325	1.6%
Customer services revenues (X-play)	*546*	*546*	*0.1%*	*1,096*	*1,096*	*0.0%*
Prepaid	13	10	-25.8%	23	18	-22.2%
Terminals (fixed and mobile)	48	55	13.3%	107	118	10.4%
Of which revenue from joint offer devices (IFRS15 impact)	*22*	*26*	*17.7%*	*47*	*51*	*8.8%*
Luxembourg Telco	28	30	6.4%	56	60	6.8%
Others*	9	20	124.6%	21	33	55.5%

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

Table 12:

Consumer operationals by product

	2nd Quarter 2020	2nd Quarter 2021	2nd Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Park (000's)						
Fixed Voice	1,800	1,616	-10.2%	1,800	1,616	-10.2%
Internet	1,939	1,986	2.4%	1,939	1,986	2.4%
TV	1,641	1,691	3.0%	1,641	1,691	3.0%
Mobile Postpaid excl. M2M*	2,829	3,165	11.9%	2,829	3,165	11.9%
M2M	3	3	19.8%	3	3	19.8%
Mobile prepaid*	633	709	12.1%	633	709	12.1%
Net adds (000's)						
Fixed Voice	-18	-37		-58	-90	
Internet	18	10		18	20	
TV	11	12		11	25	
Mobile Postpaid excl. M2M*	32	37		50	67	
M2M	-1	0		-1	0	
Mobile prepaid*	-35	-11		-53	-32	
Average Mobile data usage/user/month (Mb)	4,714	5,097	8.1%	na	na	na

* The mobile park includes customers acquired on 1 June 2021 related to the acquisition of Mobile Vikings, raising the Mobile Postpaid base by 191,000 and the Prepaid base by 144,000.

Table 13:

Consumer X-Play Financials

	2nd Quarter 2020	2nd Quarter 2021	% Change	Year-to-date 2020	Year-to-date 2021	% Change
Customer Services Revenues (EUR million)	546	546	0.1%	1,096	1,096	0.0%
Convergent	311	322	3.3%	623	642	3.0%
4-Play	215	199	-7.3%	432	403	-6.9%
3-Play	79	105	32.8%	157	205	30.6%
2-Play	17	17	0.9%	34	34	1.5%
Fixed only	167	157	-5.6%	337	319	-5.2%
3-Play	83	74	-10.5%	168	152	-9.6%
2-Play	49	49	-0.7%	99	98	-1.1%
1P Fixed Voice	18	16	-9.4%	37	33	-8.9%
1P internet	17	18	8.7%	33	36	8.6%
Mobile Postpaid only	68	67	-1.0%	136	135	-1.1%
ARPC (in EUR)	58.1	58.8	1.2%	58.3	58.8	0.8%
Convergent	95.7	92.9	-2.9%	96.2	93.5	-2.8%
4-Play	100.8	98.0	-2.7%	101.0	98.6	-2.4%
3-Play	92.7	90.0	-2.9%	93.6	90.6	-3.2%
2-Play	64.3	66.0	2.5%	65.0	65.9	1.4%
Fixed only	47.2	47.4	0.4%	47.4	47.6	0.3%
3-Play	57.8	57.1	-1.3%	58.0	57.1	-1.5%
2-Play	55.7	56.1	0.6%	56.1	56.4	0.5%
1P Fixed Voice	26.4	28.4	7.5%	26.8	28.8	7.4%
1P internet	30.7	31.1	1.2%	31.0	31.2	0.7%
Mobile Postpaid only	26.1	26.9	3.2%	26.2	26.6	1.8%

Table 14:

Consumer X-Play Operationals

	2nd Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Customers - Total (000's)	3,141	3,089	-1.7%	3,141	3,089	-1.7%
Convergent	1,091	1,163	6.6%	1,091	1,163	6.6%
4-Play	712	677	-5.0%	712	677	-5.0%
3-Play	290	401	38.1%	290	401	38.1%
2-Play	89	85	-3.5%	89	85	-3.5%
Fixed only	1,176	1,097	-6.7%	1,176	1,097	-6.7%
3-Play	479	429	-10.5%	479	429	-10.5%
2-Play	292	289	-1.3%	292	289	-1.3%
1P Fixed Voice	220	185	-16.1%	220	185	-16.1%
1P internet	184	195	6.1%	184	195	6.1%
Mobile Postpaid only	875	829	-5.2%	875	829	-5.2%
% Convergent Customers - Total *	59%	62%	3.3 p.p.	59%	62%	3.3 p.p.
Fiber Customers -Total (000's)	49	90	84.7%	49	90	84.7%
Average #RGUs per Customer - Total	2.62	2.68	2.6%	2.62	2.68	2.6%
Convergent	4.30	4.30	0.0%	4.30	4.30	0.0%
4-Play	4.79	4.85	1.3%	4.79	4.85	1.3%
3-Play	3.67	3.77	2.9%	3.67	3.77	2.9%
2-Play	2.44	2.43	-0.4%	2.44	2.43	-0.4%
Fixed only	2.09	2.07	-1.0%	2.09	2.07	-1.0%
3-Play	3.02	3.03	0.2%	3.02	3.03	0.2%
2-Play	2.06	2.06	-0.3%	2.06	2.06	-0.3%
1P Fixed Voice	1.05	1.05	-0.4%	1.05	1.05	-0.4%
1P internet	1.00	1.00	0.0%	1.00	1.00	0.0%
Mobile Postpaid only	1.22	1.22	0.4%	1.22	1.22	0.4%
Annualized full churn rate (Customer) - Total	8.5%	13.6%	5.1 p.p.	11.4%	14.5%	3.1 p.p.
4-Play	2.3%	4.3%	2.0 p.p.	3.6%	4.6%	1.0 p.p.
3-Play	6.4%	10.7%	4.3 p.p.	9.2%	11.3%	2.1 p.p.
2-Play	9.0%	12.6%	3.7 p.p.	11.8%	13.9%	2.1 p.p.
1-Play	13.0%	21.0%	8.0 p.p.	17.0%	22.3%	5.3 p.p.

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

4 Enterprise

- Second quarter revenue grew by 3.5% on a low comparable base, driven by solid Mobile customer growth, price indexation and large handset deals driving higher Terminals revenue.
- Mobile services revenue grew by +4.1% on a growing base, incl. + 8,000 Postpaid cards in Q2 '21 and limited YoY ARPU decline as Covid-19 headwinds annualized.
- Revenue from Fixed services +2.0%: Fixed Data revenue +3.9%; Fixed Voice revenue nearly stable with ARPU up by +8.9% on a low comparable base.
- ICT revenue -0.9%, better services revenue offset by decline in low-margin products.

Q2 revenue up by 3.5%

The second quarter 2021 **revenue of the Enterprise segment totaled EUR 339 million**, representing a 3.5% growth from the 2020 comparable base, in a continued challenging competitive environment whereby Proximus' B2B segment is transforming in a convergent player. The notable sequential improvement from prior quarters was driven by the annualization of Covid-19 impacts on Mobile roaming. Moreover, the revenue variance for Fixed Services improved to a 2.0% growth, on a low comparable base and revenue from Terminals was high during the second quarter of 2021 driven by large handset customer deals. Revenue from ICT remained -0.9% below the previous year, though higher-value service revenue was up year-on-year.

Mobile revenue +4.1%, growing base by 2.6% YoY, ARPU trend flattening.

Over the second quarter of 2021, the Enterprise segment grew its **Mobile Services revenue to EUR 70 million**, an increase by 4.1% from the previous year. With the effect on roaming of the Covid-19 pandemic annualizing, the ARPU decline was limited to -0.4% to total EUR 19.7 for the second quarter of 2021. The limited ARPU decline reflects the competitive pricing pressure in the B2B segment, partly offset by a favorable evolution in mobile managed services and network services[11]. The lower ARPU was more than offset by the solid growth in the Mobile customer base, up by 28,000 postpaid SIM cards over the past twelve months or +2.6%. With a well-controlled churn level of 8.8%, +0.6% from a low base, a net 8,000 Postpaid cards were added over the second quarter of 2021, bringing the total Postpaid base to 1,109,000 cards, excl. M2M. Moreover, the Mobile Service revenue was supported by a favorable M2M revenue evolution.

> 3 million M2M cards activated end-June'21.

The Enterprise segment boosted its M2M park, with an additional 507,000 M2M cards mainly related to an exceptional high level of M2M card activations within Fluvius' Smart metering[12] in the second quarter of 2021, in addition to an ongoing growth in regular M2M cards. This brought the total number of M2M cards to 3,022,000 at end June 2021.

The total revenue from **Fixed Telecom Services,** including Voice and Data**, was up by 2.0% year-on-year**, totaling EUR 103 million for the second quarter of 2021.

Fixed Voice revenue nearly stable. ARPU +8.9%.

The decline in **revenue from Fixed Voice was limited to -0.5%** for the second quarter of 2021, on a low comparable base[13]. The Covid-19 related rise in traffic volumes (especially Fixed to Mobile and call routing via VAS[14] numbers) was sustained over the second quarter of 2021, and the revenue was further supported by the 1 January 2021 price indexation. Moreover, the second quarter partially benefitted from a positive year-on-year effect of the 2020 free offers during the lockdown. In aggregate, this resulted in a sharp 8.9% year-on-year increase of the Fixed Voice ARPU to EUR 31.5. The number of Fixed Voice lines

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[11] Network services focuses on optimizing the interaction between Enterprise customers and its stakeholders.

[12] 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.

[13] Including Proximus' Covid-19 commercial gesture, offering customers free national traffic from mid-March 2020 to mid-May 2020.

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

lost over the quarter remained sequentially fairly stable at -12,000 lines, bringing the total Fixed Voice base to 438,000 by end June 2021, i.e. a year-on-year decrease of -9.5%.

Fixed data revenue +3.9%, driven by both data connectivity and internet

The Enterprise revenue from **Fixed Data services totaled EUR 61 million, +3.9%** compared to the prior year. This includes the benefit of the Eleven Sports contract signed in Q3 2020, with Proximus providing the necessary connectivity. The Fiber park for Business customers continued its growth trend, supporting Proximus' Explore solutions, being partly offset by the ongoing legacy outphasing and offering more attractive customer connectivity pricing in a competitive market.

Revenue from Internet services remained slightly positive, driven by a better Broadband ARPU of EUR 43.7 for the second quarter of 2021, +1.2% up from the previous year, benefitting from the 1 January price indexation and somewhat higher installation revenue. Moreover, the Internet customer base increased by 1.0% compared to one year back, totaling 133,000 lines end June 2021. This includes a net loss of -1,000 lines in the second quarter, in a competitive setting.

-0.9% ICT revenue driven by decline in low-margin products.

For the second quarter of 2021, **Proximus' Enterprise segment posted EUR 130 million in ICT revenue**, a -0.9% decrease from one year back. Within the mix, revenue from high-value services were up year-on-year, with a good performance in all ICT services, i.e. Cloud services, Smart Networks, Advanced Workplace, Security services and Application & Data Integration. This reflects the initial successful transformation of the Enterprise business unit into a convergent player, with a high focus on higher-margin next gen ICT services. In contrast, revenue from products with a lower margin decreased.

Advanced Business Services +5.3% YoY.

Proximus' Enterprise segment posted a **5.3% increase in its revenue from Advanced Business Services.** This contains Proximus' convergent solutions and Smart mobility revenue from Be-Mobile, for which the Covid-19 exposure on its automotive and parking revenues annualized.

Table 15:

Enterprise revenue by product

	2nd Quarter			Year-to-date		
(EUR million)	2020	2021	% Change	2020	2021	% Change
Revenue	327	339	3.5%	670	678	1.1%
Other Operating Income	1	1	4.5%	3	3	-14.4%
Net Revenue	326	337	3.5%	667	675	1.2%
Telecom Revenue	185	196	6.2%	380	391	2.9%
Service Revenue	168	173	2.9%	344	346	0.8%
Fixed Services	101	103	2.0%	205	207	1.0%
Voice	42	42	-0.5%	86	85	-1.6%
Data	59	61	3.9%	119	122	2.9%
Mobile Services	67	70	4.1%	139	139	0.5%
Terminals (fixed and mobile)	11	17	56.4%	25	33	31.3%
Luxembourg Telco	5	6	6.1%	11	12	3.8%
ICT	131	130	-0.9%	265	261	-1.3%
Advanced Business Services	9	10	5.3%	19	18	-6.1%
Other Products	1	2	45.8%	3	5	48.1%

Table 16:

Enterprise operationals

	2nd Quarter			Year-to-date		
	2020	2021	% Change	2020	2021	% Change
Park (000's)						
Fixed Voice	484	438	-9.5%	484	438	-9.5%
Internet	132	133	1.0%	132	133	1.0%
Mobile Postpaid excl. M2M	1,081	1,109	2.6%	1,081	1,109	2.6%
M2M cards	2,076	3,022	45.6%	2,076	3,022	45.6%
Net adds (000's)						
Fixed Voice	-4	-12		-16	-24	
Internet	0	-1		0	0	
Mobile Postpaid excl. M2M	9	8		17	13	
M2M cards	176	507		298	678	
ARPU (EUR)						
Fixed voice	29.0	31.5	8.9%	29.3	31.4	7.1%
Boadband	43.1	43.7	1.2%	43.3	43.6	0.8%
Mobile postpaid	19.8	19.7	-0.4%	20.5	19.7	-4.0%
Annualized mobile postpaid churn rate	8.2%	8.8%	0.6 p.p.	10.1%	9.7%	-0.4 p.p.
Average Mobile data usage/user/month (Mb)	2,499	3,040	21.6%	na	na	na

5 Wholesale

Table 17:

Wholesale revenue

(EUR million)	2nd Quarter 2020	2nd Quarter 2021	2nd Quarter % Change	Year-to-date 2020	Year-to-date 2021	Year-to-date % Change
Revenue*	71	71	0.4%	157	139	-11.9%
Fixed & Mobile wholesale services	29	29	0.7%	63	56	-11.2%
Interconnect	42	42	0.3%	95	83	-12.3%

* Refers to total income

In contrast to the trend of previous quarters, Proximus' Wholesale segment posted for the second quarter of 2021, rather **stable revenue of EUR 71 million, +0.4%** compared to the same period of 2020.

Revenue from **Fixed and Mobile wholesale services** totaled EUR 29 million for the second quarter of 2021, **+0.7%** up from one year back. With Covid-19-driven travel effects annualized, Visitor roaming revenue turned positive year-on-year and was further supported by wholesale Mobile and Internet services, partly offset by the ongoing erosion in legacy services.

Revenue from **Interconnect** (margin-neutral) remained flattish at EUR 42 million, **+0.3%** compared to a low revenue for the second quarter 2020 which was marked by the Covid-19 lockdown. During this period the shift from regular SMS usage to the usage of OTT applications accelerated.

6 TeleSign

- **Second-quarter 2021 revenue up +22.5% on a constant currency basis.**
- **Both Programmable Communication and Digital Identity services show revenue growth.**
- **Direct margin up year-on-year +9.7% on constant currency basis.**
- **In view of its growth ambitions, TeleSign's operating expenses increased, impacting EBITDA.**

TeleSign posted EUR 77 million of revenue over the second quarter of 2021, **a year-on-year increase of +12.8%** and **+22.5% on a constant currency basis**[15]. The growth was driven by both of TeleSign's business lines: Programmable Communications (CPaaS) and Digital Identity services. The year-over-year growth moderated sequentially as the business started to cycle against stronger revenue in 2020, reflecting the benefit from both solid customer acquisition and an overall favorable volume effect, amplified by the global sanitary crisis. The second quarter 2021 ended with a strong performance on new signed contracts, which will continue to support double-digit revenue growth for the second half of the year.

TeleSign's second quarter 2021 **direct margin decreased by -11.1%** year-on-year to EUR 18 million. **On a constant currency basis, this was +9.7%.** The underlying growth and overall margin profile of the business remains very solid.

Following the anticipated headcount investments to support TeleSign's growth ambitions, with among others additional hiring in TeleSign's go-to-market and R&D, as well as the development of its products and marketing, operating expenses increased by EUR 4 million year-on-year, to a total of EUR 15 million for the second quarter 2021.

TeleSign stepped up investments in its growth strategy, which was reflected in its **EBITDA**, **totaling EUR 4 million for the second quarter of 2021**, or -63.8%.

Table 18: TeleSign P&L

	2nd Quarter			Year-to-date		
(EUR million)	2020	2021	% Change	2020	2021	% Change
TeleSign Revenue*	68	77	12.8%	126	154	21.4%
TeleSign Costs of Sales	-48	-59	23.0%	-87	-117	34.3%
TeleSign Direct Margin	20	18	-11.1%	39	37	-7.0%
TeleSign Direct Margin %	*29.9%*	*23.6%*	*-6.3 p.p.*	*31.1%*	*23.8%*	*-7.3 p.p.*
TeleSign Expenses	-10	-15	39.9%	-21	-27	28.2%
Workforce Expenses	-8	-10	22.6%	-16	-19	19.6%
Non Workforce Expenses	-2	-4	107.5%	-5	-8	56.7%
TeleSign EBITDA	10	4	-63.8%	18	9	-48.1%
TeleSign EBITDA Margin %	*14.7%*	*4.7%*	*-10.0 p.p.*	*14.4%*	*6.2%*	*-8.2 p.p.*

* Refers to total income

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

7 BICS (International Carrier Services)

- **Noticeable trend improvement in Q2'21 due to annualized Covid-19 headwind.**
- **Q2'21 revenue +2.5% driven by 26.4% growth in Core services, while Legacy services revenue continued to decline.**
- **Sustained strong performance in messaging driven by high A2P volumes combined with a favorable destination mix.**
- **Q2'21 EBITDA up by 2.6% to EUR 26 million.**

For the second quarter of 2021, **BICS posted revenues of EUR 242 million.** Contrary to the year-on-year trend of the past quarters, the **revenue improved by +2.5% compared to the second quarter of 2020**.

+26.4% in Core revenue on A2P messaging

The year-on-year revenue increase was driven by BICS' **Core services** (messaging, mobility and infrastructure), up by EUR +20 million or +26.4% from the previous year. The year-on-year growth resulted from strong Messaging revenue driven by high A2P volumes combined with a favorable destination mix, reflecting the trading nature of this part of BICS' business. Worldwide international travel remained low in the second quarter of 2021.

Stable Revenue from Growth.

For BICS' **Growth services**, namely cloud communication, IoT and fraud prevention services, a total revenue of EUR 9 million was posted, **stable** from the comparable period in 2020. While cloud communication and IoT posted revenue growth, this was offset by fraud prevention services which suffered the loss of a top customer in July 2020.

Legacy services revenue down in declining market.

Revenue from BICS's **legacy services** for EUR 136 million was **down by -9.6%.** The sequential improvement from prior quarters resulted from annualizing Covid-19 effects. The year-on-year decrease reflects the effect of MTN's insourcing of the transport and management of its traffic as well as continued market pressure in this inherently declining market

Direct margin decline limited to -1.3%

The second-quarter 2021 underlying **Direct margin of BICS totalled EUR 55 million, down -1.3%** from the previous year. The Direct margin from Core services grew year-on-year, in spite of softness in mobility, which included an adverse one-time effect. This aside, BICS' Direct margin remained nearly stable to previous year. In contrast to flat revenues, Growth services noted high single digit growth in direct margin resulting from a more favorable revenue composition, with higher revenue from recurring fees. The higher Direct margin from Core and Growth services was more than offset by the erosion in Legacy direct margin, following the revenue trend.

Q2'21 EBITDA variance turning positive, + 2.6%

BICS' EBITDA totaled EUR 26 million for the second quarter of 2021. This compares to EUR 25 million for the second quarter of 2020. The limited year-on-year decrease in Direct Margin was more than compensated for by lower operating expenses. Both workforce and non-workforce expenses for the second quarter of 2021 were below those of the comparable period in 2020, reflecting an overall focus on cost control.

Table 19:
BICS P&L

(EUR million)	2020	2021	% Change	2020	2021	% Change
BICS Revenue*	236	242	2.5%	493	477	-3.3%
Core	77	97	26.4%	158	184	16.5%
Growth	9	9	-0.1%	18	19	5.9%
Legacy	150	136	-9.6%	318	274	-13.8%
BICS Costs of Sales	-180	-187	3.7%	-376	-368	-2.2%
BICS Direct Margin	56	55	-1.3%	117	109	-7.0%
BICS Direct Margin %	*23.8%*	*22.9%*	*-0.9 p.p.*	*23.7%*	*22.8%*	*-0.9 p.p.*
BICS Expenses	-31	-30	-4.5%	-64	-60	-5.3%
Workforce Expenses	-18	-17	-3.1%	-36	-35	-0.4%
Non Workforce Expenses	-13	-12	-6.4%	-28	-25	-11.6%
BICS EBITDA	25	26	2.6%	53	48	-9.1%
BICS EBITDA Margin %	*10.7%*	*10.7%*	*0.0 p.p.*	*10.8%*	*10.1%*	*-0.6 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. The cumulative half-year figures have been subject to a limited review by an independent auditor.

8.1 Accounting policies

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

8.2 Judgements and estimates

In the context of Covid-19, the Group reassessed its judgements and estimates in preparing these condensed consolidated financial statements. It concluded that Covid-19 had a 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 deducted directly from 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 the first quarter to Fiberklaar Midco BV, and Proximus contributed EUR 30 million in cash to its capital. Proximus owns 49.9% of the entity, which is accounted for under the equity method.

Acquisition of Mobile Vikings

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

The provisional allocation of the purchase price is included in the balance sheet per 30 June 2021. The fair value of the identified assets and liabilities of Mobile Vikings NV, at the acquisition date amounted to EUR 4 million for non-current assets, EUR 25 million for cash and cash equivalents and EUR 6 million for other current assets, and EUR 16 million for current liabilities.

The completion of the purchase price allocation in 2021 may result in further adjustments to the carrying amount of these assets and liabilities and the determination of any residual amount to be allocated to goodwill.

The transaction resulted in EUR 134 million goodwill at acquisition date, mainly as a result of the premiums paid for synergies expected to be achieved.

The acquisition took place early June 2021. The revenues and expenses of Mobile Vikings have been incorporated into the Proximus Group financial statements starting 1 June 2021, contributing for EUR 6 million to the total revenue and EUR 2 million to the Direct margin.

Interest rate swap

Proximus intends to issue a 15-year bond in the second half of 2021 to address its funding needs. To hedge its exposure to the variability in cash flows that is attributable to long-term interest rate risk associated with this highly probable forecasted transaction, the group entered into a forward starting paying-fixed receiving-floating interest rate swap for a notional of EUR 600 million. The group applied hedge accounting for this derivative.

8.4 Consolidated income statement

	2nd Quarter			Year-to-date		
(EUR million)	2020	2021	% Change	2020	2021	% Change
Net revenue	1,321	1,361	3.1%	2,701	2,718	0.6%
Other operating income	9	9	-3.4%	22	19	-16.1%
Total income	1,330	1,370	3.0%	2,723	2,737	0.5%
Costs of materials and services related to revenue	-449	-479	6.7%	-935	-952	1.7%
Workforce expenses	-262	-289	10.3%	-549	-584	6.3%
Non workforce expenses	-118	-125	6.7%	-242	-265	9.4%
Total operating expenses before depreciation & amortization	-829	-894	7.9%	-1,727	-1,801	4.3%
Operating income before depreciation & amortization	501	476	-5.0%	996	936	-6.0%
Depreciation and amortization	-286	-301	5.4%	-564	-590	4.6%
Operating income	216	175	-18.7%	433	347	-19.9%
Finance income	0	0	8.4%	1	3	>100%
Finance costs	-15	-14	-9.5%	-24	-27	13.1%
Net finance costs	-15	-13	-9.9%	-23	-24	5.9%
Share of loss on associates and JV	0	-3	>100%	-1	-4	>100%
Income before taxes	201	159	-20.7%	408	318	-22.1%
Tax expense	-51	-41	-18.8%	-100	-77	-23.0%
Net Income	150	118	-21.4%	308	241	-21.8%
Attributable to:						
Equity holders of the parent (Group share)	145	118	-18.6%	297	240	-19.4%
Non-controlling interests	5	0	<-100%	11	1	-86.8%
Basic earnings per share	0.45	0.37	-18.6%	0.92	0.74	-19.4%
Diluted earnings per share	0.45	0.37	-18.6%	0.92	0.74	-19.4%
Weighted average number of outstanding shares	322,775,110	322,793,089	0.0%	322,847,333	322,765,314	0.0%
Weighted average number of outstanding shares for diluted earnings per share	322,776,892	322,793,089	0.0%	322,855,418	322,765,314	0.0%

8.5 Consolidated statements of Comprehensive Income

	2nd Quarter		Year-to-date	
(EUR million)	2020	2021	2020	2021
Net income	150	118	308	241
Other comprehensive income:				
Items that may be reclassified to profit and loss:				
Exchange differences on translation of foreign operations	-6	-3	1	7
Available-for-sale investments:				
Cash flow hedges:				
Gain/(Loss) taken to equity	0	-5	0	-5
Transfer to profit or loss for the period	0	0	-1	-1
Other	0	0	-1	0
Total before related tax effects	-6	-8	-1	2
Related tax effects				
Cash flow hedges:				
Gain/(Loss) taken to equity	0	0	0	1
Income tax relating to items that may be reclassified	0	0	0	1
Total of items that may be reclassified to profit and loss, net of related tax effects	-6	-8	-1	3
Total comprehensive income	144	110	307	244
Attributable to:				
Equity holders of the parent	141	111	297	242
Non-controlling interests	3	0	11	2

8.6 Consolidated balance sheet

(EUR million)	As of 31 December 2020	As of 30 June 2021
ASSETS		
Non-current assets	7,120	7,249
Goodwill	2,465	2,603
Intangible assets with finite useful life	1,047	997
Property, plant and equipment	3,169	3,183
Right-of-use asset	285	282
Lease receivable	7	6
Contract costs	108	110
Investments in associates and JV	0	29
Equity investments	1	1
Deferred income tax assets	12	11
Other non-current assets	24	26
Current assets	1,660	1,527
Inventories	106	120
Trade receivables	868	841
Lease receivable	4	0
Contract assets	111	114
Current tax assets	119	56
Other current assets	139	166
Investments	3	0
Cash and cash equivalents	310	230
TOTAL ASSETS	8,779	8,776

LIABILITIES AND EQUITY		
Equity	3,026	2,828
Shareholders' equity attributable to the parent	2,903	2,827
Non-Controlling interests	123	0
Non-Current liabilities	3,639	3,108
Interest-bearing liabilities	2,511	2,010
Lease liabilities	216	212
Liability for pensions, other post-employment benefits and termination benefits	559	531
Provisions	139	148
Deferred income tax liabilities	115	108
Other non-current payables	99	99
Current liabilities	2,114	2,840
Interest-bearing liabilities	163	897
Lease liabilities	68	68
Liability for pensions, other post-employment benefits and termination benefits	86	71
Trade payables	1,213	1,208
Contract liabilities	157	150
Tax payables	11	7
Other current payables	416	439
TOTAL LIABILITIES AND EQUITY	8,779	8,776

8.7 Consolidated cash flow statement

		2nd Quarter			Year-to-date	
(EUR million)	2020	2021	Change	2020	2021	Change
Cash flow from operating activities						
Net income	150	118	-21.4%	308	241	-21.8%
Adjustments for:						
Depreciation and amortization	286	301	5.4%	564	590	4.6%
Impairment on current and non-current assets	0	1	>100%	0	0	>100%
Increase/(decrease) of provisions	-4	-1	-71.8%	-3	4	>100%
Deferred tax expense	-1	0	-64.9%	1	-6	<-100%
Loss from investments accounted for using the equity method	0	3	>100%	1	4	>100%
Adjustments for finance cost	0	0	<-100%	1	0	<-100%
Gain on disposal of property, plant and equipment	0	0	-	-1	-1	-42.2%
Other non-cash movements	0	0	<-100%	0	0	<-100%
Operating cash flow before working capital changes	430	420	-2.3%	871	832	-4.4%
Decrease/(increase) in inventories	0	4	>100%	-6	-13	>100%
Decrease/(increase) in trade receivables	36	39	6.7%	20	44	>100%
Decrease/(increase) in other assets	97	34	-65.1%	64	36	-43.5%
(Decrease/increase in trade payables	-42	-43	2.7%	-9	21	>100%
(Decrease)/increase in other liabilties	-79	-37	-52.8%	-8	3	>100%
(Decrease)/increase in net liability for pensions, other post-employment benefits and termination benefits	-103	-23	-78.1%	-164	-42	-74.1%
(Decrease)/increase in working capital, net of acquisitions and disposals of subsidiaries	-91	-26	-71.5%	-103	48	>100%
Net cash flow provided by operating activities (1)	339	394	16.2%	768	880	14.6%
Cash flow from investing activities						
Cash paid for acquisitions of intangible assets and property, plant and equipment	-221	-257	16.4%	-478	-550	14.9%
Cash paid for acquisitions of other participating interests	0	-2	-	0	-33	>100%
Cash paid for acquisition of consolidated companies, net of cash acquired	-2	-128	>100%	-2	-130	>100%
Net Cash received from sales of property, plant and equipment and other non-current assets	3	0	<-100%	4	2	-47.9%
Net cash used in investing activities	-219	-387	76.3%	-476	-710	49.3%
Cash flow before financing activities	120	8	-93.6%	292	170	-41.8%
Lease payments (excl. interest paid)	-20	-19	-5.1%	-40	-41	1.5%
Free cash flow (2)	100	-11	<-100%	252	130	-48.6%
Cash flow from financing activities other than lease payments						
Dividends paid to shareholders	-323	-226	-29.9%	-323	-226	-30.0%
Dividends to and transactions with non-controlling interests	-26	0	<-100%	-26	-217	>100%
Sale/(purchase) of treasury shares	0	-3	>100%	-5	0	>100%
Remeasurement reserve	0	0	-37.1%	-1	0	-67.7%
Issuance of long term debt	149	0	<-100%	149	0	<-100%
Repayment of long term debt	0	0	-	0	-2	-
Issuance/(repayment) of short term debt	297	196	-34.2%	141	235	66.6%
Cash flows used in financing activities other than lease payments	97	-34	<-100%	-65	-210	>100%
Exchange rate impact	-1	0	-73.3%	0	0	>100%
Net increase/(decrease) of cash and cash equivalents	196	-46	<-100%	187	-80	<-100%
Cash and cash equivalents at 1 January				323	310	-4.0%
Cash and cash equivalents at the end of the period				510	230	-54.9%
(1) Net cash flow from operating activities includes the following cash movements :						
Interest paid				-30	-31	
Interest received				0	0	
Income taxes paid				-26	-24	
(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 remeasure-ment reserve	Foreign currency translation	Stock Compen-sation	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	1	0	297	297	11	307
Dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-323	-323	0	-323
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-26	-26
Treasury shares											
Sale of treasury shares	0	-4	0	0	0	0	0	-1	-5	0	-5
Total transactions with equity holders	0	-3	0	0	0	0	0	-324	-327	-26	-354
Balance at 30 June 2020	1,000	-424	100	4	-194	6	3	2,329	2,825	126	2,952
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	-4	0	6	0	240	242	3	244
Dividends to shareholders (relating to 2020)	0	0	0	0	0	0	0	-226	-226	0	-226
Changes in shareholders' equity	0	0	0	0	0	0	0	-91	-91	-126	-217
Treasury shares											
Sale of treasury shares	0	0	0	0	0	0	0	1	0	0	0
Stock options											
Stock options forfeited	0	0	0	0	0	0	-3	3	0	0	0
Total transactions with equity holders	0	0	0	0	0	0	-3	-313	-317	-126	-443
Balance at 30 June 2021	1,000	-424	100	0	-208	-2	0	2,361	2,827	0	2,827

8.9 Segment reporting

Changes in segment reporting in 2021 versus 2020 are the following:

BICS

- The former BICS segment has been split into “BICS” and “TeleSign”, reflecting their individual management and future trajectory.

Domestic

- Domestic revenue no longer includes the eliminations between Domestic, BICS and TeleSign.
- Domestic includes 3 operating segments, Consumer, Enterprise and Wholesale and a reconciling item named ‘Others’.

Eliminations

- Eliminations are now reported separately.

	As of 30 June 2021											
	Group Proximus				Underlying by segment							
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS & TeleSign)	Consumer	Enterprise	Wholesale	Others
Net revenue	2,718	0	0	2,718	476	153	-54	2,143	1,325	675	139	4
Other operating income	19	0	0	18	1	1	-4	21	11	3	0	8
Total income	2,737	0	0	2,737	477	154	-58	2,164	1,336	678	139	12
Costs of materials and services related to revenue	-952	-1	0	-953	-368	-117	52	-520				
Direct margin	1,785	-1	0	1,784	109	37	-6	1,644				
Workforce expenses	-584	0	4	-580	-35	-19	1	-526				
Non workforce expenses	-265	-40	7	-298	-25	-8	5	-271				
Total other operating expenses	-849	-40	10	-878	-60	-27	6	-797				
Operating income before depreciation & amortization	936	-41	10	905	48	9	0	848				
Depreciation and amortization	-590											
Operating income	347											
Net finance costs	-24											
Share of loss on associates	-4											
Income before taxes	318											
Tax expense	-77											
Net income	241											
Attributable to :												
Equity holders of the parent (Group share)	240											
Non-controlling interests	1											

	As of 30 June 2020											
	Group Proximus				Underlying by segment							
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS & TeleSign)	Consumer	Enterprise	Wholesale	Others
Net revenue	2,701	0	0	2,701	492	126	-49	2,132	1,304	667	157	4
Other operating income	22	0	0	22	1	0	-5	26	12	3	0	10
Total income	**2,723**	**0**	**0**	**2,723**	**493**	**126**	**-54**	**2,158**	**1,316**	**670**	**157**	**14**
Costs of materials and services related to revenue	-935	-1	0	-937	-376	-87	48	-521				
Direct margin	**1,788**	**-1**	**0**	**1,786**	**117**	**39**	**-6**	**1,636**				
Workforce expenses	-549	0	-6	-555	-36	-16	1	-504				
Non workforce expenses	-242	-41	-7	-290	-28	-5	5	-262				
Total other operating expenses	**-791**	**-41**	**-13**	**-845**	**-64**	**-21**	**6**	**-766**				
Operating income before depreciation & amortization	**996**	**-42**	**-13**	**941**	**53**	**18**	**0**	**870**				
Depreciation and amortization	-564											
Operating income	**433**											
Net finance costs	-23											
Share of loss on associates	-1											
Income before taxes	**408**											
Tax expense	-100											
Net income	**308**											
Attributable to :												
Equity holders of the parent (Group share)	297											
Non-controlling interests	11											

The reconciliation between reported and underlying figures are the following:

	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	Q2 '20	Q2 '21	Q2 '20	Q2 '21	YTD '20	YTD '21	YTD '20	YTD '21
Reported	1,330	1,370	501	476	2,723	2,737	996	936
Lease Depreciations	0	0	-21	-20	0	0	-41	-40
Lease Interest	0	0	-1	0	0	0	-1	-1
Incidentals	0	0	-2	4	0	0	-13	10
Underlying	1,330	1,370	477	459	2,723	2,737	941	905
Incidentals	0	0	-2	4	0	0	-13	10
Early Leave Plan and Collective Agreement							1	
Fit For Purpose Transformation Plan			-9	1			-7	3
M&A-related transaction costs			2	3			4	8
Pylon Tax provision update (re. past years)			5				-11	

8.10 Disaggregation of revenue

(EUR million)	Group	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS & TeleSign)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	2,718	476	153	-54	2,143	1,325	675	139	4
Net revenue (incidentals)	0	0	0	0	0	0	0	0	0
Net revenue (reported)	**2,718**	**476**	**153**	**-54**	**2,143**	**1,325**	**675**	**139**	**4**
Other operating income (underlying)	18	1	1	-4	21	11	3	0	8
Other operating income (incidentals)	0	0	0	0	0	0	0	0	0
Other operating income (reported)	**19**	**1**	**1**	**-4**	**22**	**11**	**3**	**0**	**8**
Total income (underlying)	2,737	477	154	-58	2,164	1,336	678	139	12
Total income (incidentals)	0	0	0	0	0	0	0	0	0
Total income (reported)	**2,737**	**477**	**154**	**-58**	**2,165**	**1,336**	**678**	**139**	**12**

	As of 30 June 2020								
(EUR million)	Group	BICS	TeleSign	Eliminations	Domestic (Group excl. BICS & TeleSign)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	2,701	492	126	-49	2,132	1,304	667	157	4
Net revenue (incidentals)	0	0	0	0	0	0	0	0	0
Net revenue (reported)	**2,701**	**492**	**126**	**-49**	**2,132**	**1,304**	**667**	**157**	**4**
Other operating income (underlying)	22	1	0	-5	26	12	3	0	10
Other operating income (incidentals)	0	0	0	0	0	0	0	0	0
Other operating income (reported)	**22**	**1**	**0**	**-5**	**26**	**12**	**3**	**0**	**10**
Total income (underlying)	2,723	493	126	-54	2,158	1,316	670	157	14
Total income (incidentals)	0	0	0	0	0	0	0	0	0
Total income (reported)	**2,723**	**493**	**126**	**-54**	**2,158**	**1,316**	**670**	**157**	**14**

8.11 Group financing activities related to interest-bearing liabilities

(EUR million)	As of 31 December 2020	Cash flows	Non-cash changes	As of 30 June 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	-1	3
Current portion of amounts payable > one year				
Unsubordinated debentures	0	0	500	500
Credit institutions held to maturity	1	0	0	0
Other financial debts				
Unsubordinated debts (bonds, notes)	0	0	0	0
Credit institutions	150	245	0	395
Other loans	12	-10	0	2
Total liabilities from financing activities excluding lease liabilities	2,673	233	0	2,907
Lease liabilities current and non current	284	-41	37	280
Total liabilities from financing activities including lease liabilities	2,957	193	37	3,187

(EUR million)	As of 1 January 2020	Cash flows	Non-cash changes	As of 30 June 2020
Non-current				
Unsubordinated debentures	1,953	149	1	2,103
Credit institutions	402	0	0	402
Derivatives held for trading	5	0	0	5
Current portion of amounts payable > one year				
Unsubordinated debentures	0	0	0	0
Credit institutions held to maturity	1	0	0	0
Other financial debts				
Credit institutions	0	297	0	297
Other loans	156	-156	0	0
Total liabilities from financing activities excluding lease liabilities	2,517	290	1	2,808
Lease liabilities current and non current	307	-40	35	302
Total liabilities from financing activities including lease liabilities	2,824	250	36	3,109

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 30 June 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	841	841	
Interest bearing				
Other receivables	Amortized cost	3	3	
Non-interest bearing				
Other receivables	Amortized cost	15	15	
Derivatives held for trading	FVTPL	1	1	Level 1
Cash and cash equivalents				
Short-term deposits	Amortized cost	33	33	
Cash at bank and in hand	Amortized cost	197	197	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	1,605	1,746	Level 2
Credit institutions	Amortized cost	401	429	Level 2
Other derivatives	FVTPL	3	3	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	99	99	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	Amortized cost	500	503	Level 2
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	395	395	Level 2
Other loans	Amortized cost	2	2	Level 2
Trade payables	Amortized cost	1,208	1,208	
Other current payables				
Derivatives held-for-hedging	FVTPL	5	5	Level 1
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 30 June 2020			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	
Other non-current assets				
Other derivatives	FVTPL	5	5	Level 2
Other financial assets	Amortized cost	7	7	
Current assets				
Trade receivables	Amortized cost	964	964	
Interest bearing				
Other receivables	Amortized cost	1	1	
Non-interest bearing				
Other receivables	Amortized cost	13	13	
Investments	Amortized cost	3	3	
Cash and cash equivalents				
Short-term deposits	Amortized cost	201	201	
Cash at bank and in hand	Amortized cost	309	309	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	2,103	2,232	Level 2
Credit institutions	Amortized cost	402	417	Level 2
Other derivatives	FVTPL	5	5	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	103	103	
Current liabilities				
Interest-bearing liabilities				
Unsubordinated debts (bonds, notes)	Amortized cost	297	297	Level 2
Trade payables	Amortized cost	1,235	1,235	
Other current payables				
Other derivatives	FVTPL	1	1	Level 1
Other debt	FVTPL	6	6	Level 3
Other amounts payable	Amortized cost	249	249	

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

Other debts in level 3

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

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.

8.14 Post balance sheet events

In July 2021 several floods severely affected our network and installations in the South of the country. The financial impact on the Group financials is currently being assessed, with insurance policies expected to mitigate the damage.

In 2020, the Group concluded a partnership agreement with Eurofiber in Wallonia and EQT in Flanders to jointly build a fiber network. The entity in Flanders (Fiberklaar Midco BV) was operational at the end of the first quarter of 2021. The Fiber partnership for the southern part of Belgium was cleared by the European authorities in July and the new entity Unifiber was immediately created.

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, other than those mentioned below:

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

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 for 2020 and 2019 have been restated accordingly and have been 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 & TeleSign. 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, and therefore some variances may not add up.

9.2 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: an enabler of international communications for operators and enterprises, fully owned by Proximus.

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.

Constant currency: Filtering out the currency effects by using a constant currency. Applied exchange rate of 0.8529 EUR/USD on the USD reporting of TeleSign.

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 and TeleSign.

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).

9.3 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, Mark Reid, Chief Financial Officer, Anne-Sophie Lotgering, Chief Enterprise Market Officer, Jim Casteele, Chief Consumer Market Officer, Geert Standaert, Chief Technology Officer, Antonietta Mastroianni, Chief Digital & IT Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer, and Dirk Lybaert, Chief Corporate Affairs Officer.

9.4 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
18 February 2022	Announcement of Q4 2021 results
18 March 2022	Publication of the Annual Report 2021 on our website
20 April 2022	Annual General Shareholders Meeting (AGM)
29 April 2022	Announcement of Q1 2022 results
29 July 2022	Announcement of Q2 2022 results
28 October 2022	Announcement of Q3 2022 results

9.5 Contact details

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9.6 Investor and Analyst Conference Call

Analyst conference call details	
Proximus will host a conference call for investors and analysts on Friday 31 July 2021.	
Time: 02:00pm Brussels – 01:00pm London – 08:00am New York	
Dial-in UK	+44 20 7194 3759
Dial-in USA	+1 646 722 4916
Dial-in Europe	+32 2 403 5816
Code	77519873#