Quarterly Report

Q1 2023

proximus

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- Proximus Group Q1 underlying revenue growing by +5.9% YoY.
- Double-digit Direct Margin growth for international segments Telesign and BICS, respectively +14.2% and +12.7% in Q1.
- Domestic revenue +4.8% to EUR 1,149 million in Q1, with Residential revenue up +5.9% and Business revenue + 6.2%.
- Fiber strategy further scaling: 23% population coverage and 288,000 activated Fiber lines end-March 2023.
- Customer bases further growing for Internet (+11,000), Mobile postpaid (+ 10,000) and convergence (+14,000), net TV customer loss remains contained (-12,000).
- As anticipated, inflationary cost increases lowered underlying Domestic EBITDA, -3.4% year-on-year, with Group underlying EBITDA -3.5% YoY.
- Capex for the first quarter was EUR 312 million, adjusted FCF EUR -79 million.
- Reiterating guidance for full-year 2023.

1 Q1 2023 Highlights

- Proximus' Domestic segment closed the first quarter of 2023 with continued growth for its Internet base by +11,000 subscriptions, and +10,000 Mobile customers in a highly promotion driven competitive context. The success of Residential convergent offers continued, growing by +14,000 customers to a total of 1,061,000, a +5.0% year-on-year increase. Fiber offers gained further traction, with +36,000 active Residential and Business Fiber lines added, bringing the total to 288,000. Proximus managed to contain the net decrease of the TV subscriptions to -12,000 in the first quarter. The Fixed Voice line base further eroded by -51,000 lines.

- Proximus' **Domestic underlying revenue was up by +4.8% to EUR 1,149 million**. The **Residential unit posted a +5.9% revenue increase**, resulting from a +4.7% increase in Customer Services revenue and higher revenue from Terminals. Convergent revenue was up +9.2% driven by further customer growth and the inflation-based price adjustments. The first-quarter 2023 **revenue of the Business unit grew +6.2% year-on-year**. IT equipment revenue was up strongly for the third quarter in a row, following the continued catch-up in chip-supply affected customer installations. The Business Services revenue grew by +0.8% with eroding Fixed Voice revenue more than offset by higher Fixed Data (+3.3%), Mobile (+ 1.8%) and IT Services (+3.6%) revenue. Proximus' **Wholesale unit posted an overall -10.7% revenue decrease**, largely driven by interconnect revenue loss, with no meaningful margin impact.

- The first-quarter 2023 **Domestic EBITDA totaled EUR 405 million, a -3.4% decrease** from the same period in 2022. The support from higher direct margin, up by +2.4%, was more than offset by an increase in operating expenses by +8.3%. This was mainly due to cumulating inflationary cost effects on wages, and higher electricity costs. This was in part mitigated by continuing cost efficiencies.

- **Telesign** closed the first quarter with revenue growing +19.5% to EUR 120 million and direct margin + 14.2% to EUR 28 million, while currency tailwinds are starting to moderate. On constant currency basis, this was respectively +16.0% and +5.7%. Growth is continuing for both the Digital Identity and Communication segment. With investments in its growth strategy having increased operating costs, the Telesign first-quarter EBITDA was EUR -3 million.

- **BICS** closed the first quarter with **revenue +7.1%** to EUR 262 million. BICS' Core services revenue was up +11.3% driven by higher mobility services and messaging revenue. Growth services revenue was up +21.9% mainly on strong traction for Cloud services, and low-margin Legacy services revenue increased by +2.5%. BICS grew **direct margin by +12.7%,** supporting its **EBITDA increase of +15%,** despite an inflation-based wage indexation impacting the first quarter 2023.

- In aggregate, the Proximus **Group underlying revenue totaled EUR 1,486 million** for the first quarter of 2023, **up +5.9%**. The underlying **Group EBITDA totaled EUR 432 million, down by -3.5%.**

- The **Proximus Group CapEx** for the first quarter 2023 totaled EUR 312 million, compared to EUR 270 million one year back, excluding spectrum and football rights. Fiber related investments counted for 26% of the total CapEx, with capex for Proximus' own fiber build coming down from its peak in 2022, while the capex to connect and activate customers increases. Moreover, the Mobile network (RAN) consolidation between Proximus and Orange Belgium is ongoing, and the first quarter included timing effects of IT and Content investments.

- Over the first quarter of 2023, Proximus Group posted a **Free Cash Flow of EUR -99 million, or EUR -79 million when adjusted for M&A-related transaction costs**. The year-on-year decrease was largely the result of lower underlying EBITDA, higher tax related payments, higher cash paid for capex and the payment of interests on spectrum rights. First-quarter 2023 Business Working capital needs were lower year-on-year.

Market situation

For the Residential market, Belgium remains very much a convergent market, with offers addressing all customer segments, from fully-fledged convergent offers including multi-mobile cards and entertainment propositions over skinny bundles to stand-alone offers. The industry headwind of Fixed Voice decline continues and cord cutting emerged in Belgium. The growth in the Fixed internet market is moderating, down from its Covid19- driven peak, while Fiber connectivity increasingly creates opportunities. The current economic crisis increases the addressable market for price-seeker brands. At the same time, with the evident inflation pressures in the Belgian market as elsewhere in Europe, the Belgian Telecom market has seen selective pricing increases to mitigate these impacts to its overall margins. Whereas the Mobile headline pricing is keeping a more prudent approach, with data allowances remaining on the rise, the market has seen high promo-driven competition. The Business market remained very competitive, translated into continued pricing pressure, whilst there has been room for targeted pricing actions. Fiber connectivity and Professional IT Services represent opportunities, while legacy Fixed services face ongoing erosion.


Guillaume Boutin, CEO

"I am very pleased with the way we kicked off the year."

This first quarter marks the start of our new bold2025 strategy. Our Domestic operations are delivering good commercial traction in a competitive environment whilst the market growth is moderated. Effective value management of our customer base supported a 4.8% year-over-year increase in Domestic revenue. This encouraging momentum, combined with the effects of our cost reduction program, gives me every confidence that we will achieve our objectives for this year.

I'm also very pleased with how our International segments BICS and Telesign have started the year. Telesign continued to grow revenue of Communication and Digital Identity services, expanded its customers base into new geographies and in the first quarter of 2023 Telesign launched the Silent Verification product, which was released in 14 markets. BICS performed well on core Mobility services and high Cloud volumes. This translated into a combined revenue and direct margin increase by respectively 10.7% and 13.1%, contributing significantly to the growth of the Group.

The deployment of the best Gigabit network in the country remains one of the key priorities. In the Brussels region we already reach over 50% of the population, and we currently have Fiber works ongoing in 106 cities throughout the country. With nearly 1.4 million homes and businesses now connectable to Fiber we have reached a coverage of 23% at the end of March. We also successfully launched our Ultra Fiber proposal offering 10Gbps fiber technology in five Belgian cities, with a nationwide launch planned by this summer. The Ultra Fiber offer, the fastest Internet in Belgium, puts us clearly in the lead in terms of download, upload speeds and latency compared to our competitors.

We have continued to shift our customer base towards convergent offers, with residential customers combining Fixed and Mobile products increasing by +14,000 over the past 3 months.   For Mobile, as announced last week, we will launch a new portfolio of postpaid plans in May. These plans will allow for more customers, both in the residential and business segments, to benefit from 5G and higher data volumes. We are thereby further addressing the constantly changing customer needs, requiring to be connected anywhere and anytime, effortlessly and without having to worry about data usage.

In an increasingly digital world, data security, cyberdefense and privacy protection are paramount for our customers and are therefore essential elements of our bold2025 strategy. The launch of our sovereign cloud portfolio with Microsoft and Google will offer our customers all the advantages of the cloud while ensuring the necessary levels of security, adapted to the European sovereignty challenges. This clearly demonstrates Proximus' leadership in this domain. We are proud on the one hand Proximus is amongst ten companies in the world selected by Microsoft to co-develop a sovereign cloud solution based on confidential computing and on the other hand to announce a strategic partnership agreement with Google Cloud to provide sovereign disconnected cloud services in Belgium and Luxembourg, a first in Europe.

The impact that Proximus can have in building a more sustainable world is at the heart of bold2025.We want to be at the forefront. We were therefore delighted to sign up to the Brussels Green Deal last week. Proximus is definitely committed to extending zero-emission deliveries. Besides further reducing our own emissions, we want our suppliers to act accordingly. Today, these account for 80% of our carbon footprint (scope 3). To this end, we have reviewed our 'Supplier Code of Conduct' with a clear request: our suppliers, both existing and new ones, will have to demonstrate their future circularity and zero waste approach, measure their emissions and use renewable energy.

To conclude, the execution of our bold2025 strategy is well underway, and with the results achieved over the first 3 months, we reiterate our 2023 full-year guidance on all metrics. In a context of significant inflationary impacts for 2023 in our domestic markets, we will continue to seek further value optimization, including further price adjustments to be implemented in the second half of the year, across selected residential and business tariff plans.

Table 1: **Key Figures**

Operationals ('000)	**Net adds in the quarter**			**Park at end of quarter**		
	2022	**2023**	**%**	**2022**	**2023**	**%**
Fiber						
Homes Passed	95	91		909	1,373	51.0%
Activated retail lines	25	36		170	288	68.8%
Residential customers						
Convergent	15	14		1,011	1,061	5.0%
Group (subscriptions/SIM cards)						
Internet	15	11		2,193	2,227	1.6%
TV	11	-12		1,732	1,697	-2.0%
Fixed Voice	-53	-51		1,951	1,759	-9.9%
Mobile Postpaid (excl. M2M)	38	10		4,689	4,827	2.9%
M2M	182	92		3,547	4,069	14.7%
Prepaid	-25	-16		664	606	-8.8%

Financials (EUR million)	**1st Quarter**		
	2022	**2023**	**% Change**
Group Revenue (underlying)	**1,404**	**1,486**	**5.9%**
of which Domestic	1,097	1,149	4.8%
of which BICS	245	262	7.1%
of which Telesign	100	120	19.5%
Group Direct Margin (underlying)	**917**	**947**	**3.3%**
of which Domestic	836	857	2.4%
of which BICS	60	67	12.7%
of which Telesign	24	28	14.2%
Group Expenses (underlying)	**-469**	**-515**	**9.7%**
of which Domestic	-417	-452	8.3%
of which BICS	-33	-36	10.8%
of which Telesign	-22	-31	38.9%
Group EBITDA (underlying)	**448**	**432**	**-3.5%**
as % of revenue	**31.9%**	**29.1%**	**-2.8 p.p.**
of which Domestic	419	405	-3.4%
of which BICS	27	31	15.0%
of which Telesign	2	-3	nr
Group EBITDA (reported)	**465**	**445**	**-4.4%**
Net income	**120**	**94**	**-21.6%**
Accrued CapEx (excl. spectrum & football rights)	**270**	**312**	**15.6%**
FCF (adjusted)	33	-79	nr
Adjusted net fin position (excl. lease liabilities)	-2,674	-2,870	-7.3%

- Group revenue, Direct Margin, Operating Expenses and EBITDA include intersegment eliminations
- Adjusted FCF excludes M&A impacts but includes Fiber equity injections.

2 Proximus Group Financial Review

2.1 Group financials (underlying)

Table 2: Underlying Group P&L

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Revenue[1]	**1,404**	**1,486**	**5.9%**
Net Revenue	1,386	1,474	6.4%
Other Operating Income	18	12	-30.9%
Cost of Sales[2]	**-487**	**-539**	**10.8%**
Direct Margin	**917**	**947**	**3.3%**
Direct Margin %	*65.3%*	*63.7%*	*-1.6 p.p.*
Expenses	**-469**	**-515**	**9.7%**
EBITDA[3]	**448**	**432**	**-3.5%**
EBITDA Margin %	*31.9%*	*29.1%*	*-2.8 p.p.*

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

2.1.1 Underlying Group revenue

Q1 2023

The **Proximus Group underlying revenue totaled EUR 1,486 million** for the first quarter of 2023, **a year-on-year increase by +5.9%** or EUR 83 million including strong growth from both its Domestic and International operations.

For its **Domestic** segment, Proximus grew its **underlying revenue to EUR 1,149 million, an increase by +4.8%** or EUR 52 million compared to the preceding year.

The **Residential**[1] revenue **totaled EUR 585 million,** up year-on-year by **+5.9%,** a significant improvement from the previous quarters. Revenue from Customer Services was up by +4.7%, with customer growth and price indexations[2] driving a +9.2% increase in Convergent revenue. Moreover, revenue from Terminals was up by EUR 14 million from the year before.

The first-quarter 2023 revenue of the **Business unit ended +6.2% above the 2022** comparable basis. Business Services revenue turned positive in the quarter, up by +0.8%, with the steady ongoing Fixed Voice revenue erosion more than compensated for by higher revenue from Fixed Data (+3.3%), Mobile (+1.8%) and IT Services (+3.6%). Over the first 3 months of the year, Proximus continued to catch up on Customer installations of IT equipment, resulting in a strong year-on-year growth for Products revenue (+48.6%).

Proximus' **Wholesale unit** posted a first-quarter 2023 revenue of EUR 62 million, **-10.7% or EUR -7 million** down from the same period of 2022. This includes a EUR -7 million decrease in low-margin interconnect revenue. Revenue generated by **Fixed and Mobile wholesale services** came slightly down by -2.1%, including a small Group-neutral one off. This aside the services revenue was stable to the year before.

[1] See section 7.1 for the reporting changes as of January 2022, impacting the customer units within the Domestic segment.

[2] 1 May 2022 and 1 January 2023

Telesign posted EUR 120 million of revenue over the first quarter of 2023, a **year-on-year increase of +19.5%** (+16.0% on a constant currency basis[3]), resulting from growing revenue from both Digital Identity and Communications services.

For the first quarter of 2023, **BICS posted revenues of EUR 262 million, a +7.1% year-on-year increase**, driven by BICS' Enterprise customer revenue, up by +16.0% from the first quarter 2022, as well as by BICS' Telecom revenue which grew +4.5% on the year before. BICS' Growth and Core services achieved double digit revenue growth up by respectively +21.9% and +11.3%, while revenue from Legacy services slowed to a +2.5% increase from the comparable period in the previous year.

Table 3: Underlying Group Revenue

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Group Underlying	**1,404**	**1,486**	**5.9%**
Domestic	1,097	1,149	4.8%
Residential	553	585	5.9%
Business	459	487	6.2%
Wholesale	70	62	-10.7%
Other (incl. eliminations)	16	14	-9.9%
BICS	245	262	7.1%
Telesign	100	120	19.5%
Eliminations	-38	-45	-16.6%

2.1.2 Underlying Group Direct Margin

Table 4: Underlying Group Direct Margin

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Group Underlying by Segment	**917**	**947**	**3.3%**
Domestic	836	857	2.4%
BICS	60	67	12.7%
Telesign	24	28	14.2%
Eliminations	-3	-4	-40.7%

Q1 2023

The first quarter 2023 underlying Direct Margin of the **Proximus Group totaled EUR 947million, an increase by +3.3%** from the comparable period last year.

Proximus' **Domestic operations posted a Direct Margin of EUR 857 million, +2.4%** or EUR 20 million above the prior year. For **BICS** a strong year-on-year increase in Direct Margin was posted, up by +12.7%, reaching EUR 67 million, with all three service groups contributing. Resulting from good growth for both Digital Identity and Communication services, **Telesign posted** EUR 28 million **Direct Margin** for the first quarter of 2023, up year-on-year by +**14.2%** (on a constant currency basis, this was +5.7%).

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

2.1.3 Underlying Group expenses[4]

Table 5: Underlying Group expenses

(EUR million)	1st Quarter 2022	2023	% Change
Group Underlying	**469**	**515**	**9.7%**
Workforce expenses	305	330	8.3%
Non-workforce expenses	164	185	12.4%
Domestic	**417**	**452**	**8.3%**
Workforce expenses	272	288	5.8%
Non-workforce expenses	145	164	13.1%
BICS	**33**	**36**	**10.8%**
Telesign	**22**	**31**	**38.9%**
Eliminations	**-3**	**-4**	**-41.5%**

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The Proximus **Group underlying operating expenses** grew year-on-year to EUR 515 million in the first quarter of 2023, **up by +9.7 or EUR 46 million from the comparable basis in 2022.**

The **Domestic operating expenses totaled EUR 452 million, +8.3%** with the year-on-year rise mainly driven by inflationary cost increases. Besides higher electricity costs especially wages were impacted with the first quarter 2023 accumulating the effect of in total 6 inflation-based salary indexations[5]. This was partially offset by a lower Domestic headcount, down by -53 FTEs to a total of 10,437 FTEs, and by other efficiencies. Moreover, customer related costs were up, as well transformation costs, including the effect of the company's Datacenter transformation.

BICS' first quarter 2023 operating expenses **totaled EUR 36 million**, an increase by +10.8%, largely resulting from the inflation-based wage indexation on 1 January 2023 and higher headcount.

Telesign posted EUR 31 million of operating expenses, up by EUR 9 million from the year before, reflecting substantial investments to support its growth objectives with headcount increasing year-on-year by 198 FTEs

Overall, including BICS and Telesign, **the Proximus Group employed 11,695 FTEs end-March 2023**, 200 FTE's more than twelve months ago.

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

[5] Public wages in Belgium were automatically adjusted to the higher cost of living on 1 February 2022, 1 April 2022, 1 June 2022, 1 September, 1 December 2022 and 1 January 2023, with a 2% increase in each instance.

2.1.4 Group EBITDA - reported and underlying

Table 6: From reported to underlying EBITDA

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Group reported EBITDA	**465**	**445**	**-4.4%**
Adjustments	-18	-13	nr
Group Underlying EBITDA	**448**	**432**	**-3.5%**
Domestic	419	405	-3.4%
BICS	27	31	15.0%
Telesign	2	-3	nr

Underlying Group EBITDA

Q1 2023

The **underlying Group EBITDA for the first quarter of 2023 totaled EUR 432 million,** down by -3.5% compared to the prior year.

For its **Domestic operations, Proximus posted an EBITDA of EUR 405 million** for the first quarter of 2023, -3.4%, and resulting from the higher operating cost, partly offset by the year-on-year increase in Domestic Direct Margin.

Driven by continued strong growth in Direct Margin, **BICS posted EBITDA of EUR 31 million** for the first quarter of 2023, **+15.0%** year-on-year.

For Telesign, the year-on-year increase in Operating costs related to investment in their growth strategy, was not fully compensated by its increase in Direct Margin, leading to a **first quarter EBITDA negative by EUR -3 million**.

Q1 2023

Total Reported Group EBITDA

The Proximus Group reported EUR 445 million EBITDA for the first quarter of 2023, a decrease by -4.4% or EUR -20 million from the comparable period in the previous year. The underlying EBITDA for the first quarter of 2023 included EUR -13 million negative adjustments. The main adjustment is on lease depreciations, with EUR -20 million added back to the underlying EBITDA. This was partly offset by transformation (EUR 4 million) and acquisition, mergers and disposals (EUR 4 million). For an overview of all adjustments, see section 7.2.

2.1.5 Net income

Q1 2023

Depreciation and amortization

The first-quarter 2023 **depreciation and amortization** (including lease depreciation) amounted to EUR 292 million, stable to the previous year.

Net finance cost

The first-quarter 2023 **net finance cost** of **EUR 26 million** including lease interests, was up by EUR 16 million from the year before, mainly due to interests on spectrum rights and litigations for a total of EUR 11 million.

Tax expenses

The **tax expenses** amounted in the first quarter 2023 to **EUR 28 million**, leading to an **effective tax rate of 22.9%**. 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 **Proximus Net income** (Group share) over the first 3 months of 2023 **decreased by -21.5%,** due lower EBITDA and higher net finance costs, partly offset by lower tax expenses.

Table 7: From Group EBITDA to net income

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Group reported EBITDA	**465**	**445**	**-4.4%**
Depreciation and amortization	-292	-292	-0.1%
Operating income (EBIT)	**173**	**153**	**-11.6%**
Net finance costs	-10	-26	>100%
Share of loss on associates and JV	-5	-5	-13.9%
Income before taxes	**158**	**123**	**-22.5%**
Tax expense	-38	-28	-25.4%
Net income	**120**	**94**	**-21.6%**
Non-controlling interests	0	0	-
Net income (Group share)	**120**	**95**	**-21.5%**

2.1.6 Investments

The Proximus Group CapEx totaled EUR 312 million over the first quarter of 2023, EUR 42 million above the comparable period in 2022, excluding spectrum and football rights licenses.

Fiber related investments counted for 26% of the total CapEx against 33% for the first quarter of 2022. By end of March 2023, Proximus was deploying Fiber in 106 cities and municipalities in Belgium. Compared to first quarter of 2022, Proximus increased its footprint by 51%, reaching 1,373,000 premises with fiber, representing a 23% Fiber footprint in Belgium. While the CapEx for Proximus' own fiber build is coming down from its peak in 2022, the customer termination and activation costs are rising.

Moreover, the Mobile network (RAN) consolidation between Proximus and Orange Belgium is ongoing, led by the created joint-operation Mwingz with CapEx incurring following the pace of the mobile site consolidation. The first quarter 2023 also included some timing effects of IT and Content investments.

2.1.7 Cash flow

Table 8: Cash flow

(EUR million)	1st Quarter 2022	2023	% Change
Cash flows from operating activities	458	348	-24.1%
Cash paid for CapEx (*)	-406	-426	4.8%
Cash flows used and provided in other investing activities	-1	1	>100%
Cash flow before financing activities	**51**	**-77**	**<-100%**
Lease payments	-22	-22	1.7%
Free cash flow	**29**	**-99**	**<-100%**
Cash flows used and provided in financing activities other than lease payments	14	37	>100%
Net increase/(decrease) of cash and cash equivalents	**43**	**-63**	**<-100%**

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

Over the first quarter of 2023, Proximus Group posted a **Free Cash Flow** of EUR **-99 million**, **or EUR -79 million when adjusted for M&A-related transaction costs,** with for 2023 the acquisition of 100% of edpnet for an amount of EUR 20.5 million.

Compared to the first quarter 2022 the **adjusted Free Cash Flow** decreased by EUR 113 million. Apart from the lower underlying EBITDA (EUR -16 million), the Free Cash Flow movements were mainly related to higher tax related payments in the first quarter of 2023 (EUR -68 million), higher cash paid for CapEx (EUR -19 million) and the payment of interests on spectrum rights (EUR -21 million). First-quarter 2023 Business Working capital needs were lower year-on-year by EUR 7 million.

2.1.8 Balance sheet and shareholders' equity

Tangible and intangible fixed assets amounted to EUR 5,348 million increased by EUR 38 million due to CapEx higher than depreciation.

Current tax and other current assets increased from EUR 293 million to EUR 360 million at end of March 2023. The increase of EUR 67 million relates mainly to interests paid on spectrum rights (EUR 21 million) and the deposit for the acquisition of edpnet (EUR 20.5 million).

Shareholders' equity increased from EUR 3,307 million at the end of December 2022 to EUR 3,389 million at the end of March 2023. This mainly results from the **net income Group Share** (EUR 95 million) mitigated by re-measurements of cash-flow hedges (EUR-10 million) and foreign currency translation due to the variation of Euro/USD (EUR-3 million).

At the end of March 2023, Proximus' outstanding **long-term interest-bearing liabilities** (excluding lease liabilities and part maturing within one year) amounted to EUR 3,169 million, an increase by EUR 493 million, mainly resulting from issuance of a bond of EUR 500 million at end of March. **The Adjusted net financial position** reaches EUR 2,870 million (including re-measurements to fair value).

Table 9: Net financial position

(EUR million)	As at 31 December 2022	As of 31 March 2023
Investments, cash and cash equivalents	299	236
Derivatives	208	173
Current assets	2	2
Assets	**509**	**412**
Non-current liabilities (*)	-2,876	-3,372
Current liabilities (*)	-662	-181
Liabilities	**-3,538**	**-3,553**
Net financial position (*)	**-3,030**	**-3,142**
of which Leasing liabilities	-272	-272
Adjusted net financial position (**)	**-2,758**	**-2,870**

(*) Including derivatives and leasing liabilities

(**) The adjusted financial position excludes leasing liabilities

2.2 Regulation

Spectrum

The multi-band spectrum auction, including the renewal of the existing 2G/3G spectrum licenses (900 MHz, 1800 MHz and 2100 MHz) as well as the granting of new 5G spectrum (700 MHz, 1400 MHz and 3600 MHz), has been closed on 20 July 2022. In total, Proximus has been able to secure 285 MHz for € 600 million. All licenses will be valid for 20 years, except the 3600 MHz band which will expire by 7 May 2040.
The 900 MHz, 1800 MHz and 2100 MHz bands started on 1 January 2023 and the 1400 MHz band will start 6 months later, on 1 July 2023.

Termination rates

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

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

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

International roaming

The Roaming Regulation including RLAH expired on 30 June 2022. On 4 April 2022, the European Council adopted a new legislative act to extend the roaming regulation until 30 June 2032. In addition, the wholesale roaming charges, the prices that operators charge each other when their customers use other networks when roaming in the EU, are capped at EUR 2 per Gigabyte (Gb) from 2022 progressively down to EUR 1 in 2027. Furthermore, wholesale caps for voice and SMS are lowered based on a two-step glidepath in 2022 and 2025.

2.3 ESG Update

Proximus is strongly committed to an inclusive society and to sustainability in everything it does. As part of its bold2025 strategy, Proximus aims for net zero CO_2 emissions across its value chain by 2040 and commits to be truly circular by 2030. Proximus also acts as a digital catalyst by promoting digital trust and fighting the digital divide.

This section of the quarterly report highlights a selection of achievements and other company news in the area of sustainability, i.e. environmental, social and corporate governance (ESG).

In the spotlight

- **Don't miss the call** – 34,014 mobile phones were collected for reuse and recycling in Q1 2023, 14,756 more versus the same period in 2022.
- **Cyber Security Resilience** – 96% of the number of potential major cyber security incidents with a visible impact on the business were prevented in Q1 2023.
- **Average trainings hours per employee** – 7 hours in Q1 2023, 1 hour more versus 2022. The training hours include both classroom and virtual classroom training, and digital self-learning.

Recognition for sustainability

BEL ESG Index. Proximus is included in the BEL ESG index, introduced by Euronext Brussels on 15 February 2023. The BEL ESG Index is composed of 20 Brussels listed companies that score best on ESG criteria. Companies' ESG risks were rated by Sustainalytics, a leading global provider of ESG research and assessments. The applied rating methodology will evolve to incorporate new EU regulations and standards as they emerge. This new index confirms Proximus in its leading position on the ESG front.

Supporting communication with earthquake victims in Turkey and Syria.

Taking up its societal responsibility, Proximus has decided to make mobile and fixed calls and text messages from Belgium to Turkey and Syria free for all customers throughout February 2023. This applies to the three residential brands: Proximus, Scarlet and Mobile Vikings.

Together with telecom operators in Belgium, Proximus has also launched an SMS action to help the victims of the earthquakes in Turkey and Syria. There are no additional charges for a text message, the amount raised will be transferred in full to the Red Cross in the affected countries.

2.4 Outlook & Shareholder return

Shareholders return over the 2022 result

The Annual Shareholders' Meeting of April 2023 approved the return to the Proximus shareholders of gross EUR 1.2 per share. The normal dividend of EUR 0.70 per share is payable on 28 April 2023.

This brings the total paid dividend over the result of 2022 to EUR 387 million.

Coupon #: 36

Gross dividend:	EUR 0.70/share
Net dividend (30% withholding tax assumed):	EUR 0.49/share

- Ex-coupon date: 26 April 2023
- Record date: 27 April 2023
- Payment date: 28 April 2023

Reiterating 2023 full-year guidance

Based on the first quarter 2023 financial results and the company's best estimate for the remainder of the year, the guidance for full-year 2023 is reiterated.

- Domestically Proximus will deploy its multi-brand strategy, continued convergent leadership and value management to capture revenue growth, with 2023 Domestic revenue expected to grow by 1% to 3%.
- For 2023 a significant headwind from inflation is expected, leading to a year-on-year underlying Domestic EBITDA decline of around -3%. To mitigate the effects of inflationary pressure on OpEx, Proximus is activating its second wave of cost savings, with EUR 220 million over the 3-year period 2023-2025.
- The International activities provide a unique growth pathway for Proximus, allowing it to take leadership positions in double-digit growth markets. Proximus expects its International segments BICS and Telesign to deliver a high single digit Direct Margin growth for 2023
- In aggregate, Proximus expects to end the year 2023 with an inflation-driven decline in Group underlying EBITDA of around -3%.
- Proximus expects its Group CapEx to reach its peak of around EUR 1.3 billion in 2023, primarily due to Fiber CapEx to pass, connect and activate Fiber customers and investments in Mobile for the ongoing mobile network consolidation and 5G roll-out. Inflation impacts on CapEx will be managed through CapEx optimization and efficiency programs.
- The Net Debt/EBITDA ratio for 2023 is expected to be around 2.6X, allowing for sustained solid investment-grade credit ratings and near-term financing at low interest rates.

Table 10: outlook 2023

Guidance metric	FY22 Actuals	YTD23 Actuals	FY23 Outlook 1/16/2023
Underlying Domestic revenue	€ 4,478M	+4.8% YoY	+1% to +3% YoY
Domestic underlying EBITDA	€ 1,665M	-3.4% YoY	Around -3% YoY
International Direct Margin	€ 377M	+13.1% YoY	High single digit growth
Underlying Group EBITDA	€ 1,786M	-3.5% YoY	Around -3% YoY
CapEx (excluding Spectrum & football rights)	€ 1,3Bn	€312M	Peak at around € 1.3Bn
Net debt / EBITDA	1.5x (Proximus) 2.3X (S&P)		Around 2.6X (S&P)

Shareholders return policy 2023-2025

In line with the bold2025 strategy and deriving shareholder return policy, Proximus intends to return over the result of 2023 a stable gross dividend of EUR 1.2 per share, provided a financial performance delivery in line with its strategic plan.

Over the result of 2024 and 2025, Proximus will rebase its dividend level to EUR 0.60 per share. The rebased sustainable dividend level incorporates all currently known macro and inflationary headwinds, as well as expected changes in market structure. The proposed dividend is reviewed and submitted to the Board of Directors on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

3 Domestic

Table 11: Domestic P&L

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Revenue*	**1,097**	**1,149**	**4.8%**
Residential	553	585	5.9%
Business	459	487	6.2%
Wholesale	70	62	-10.7%
Other (incl. eliminations)	16	14	-9.9%
Cost of Sales	**-260**	**-292**	**12.3%**
Direct Margin	**836**	**857**	**2.4%**
Direct Margin %	*76.3%*	*74.6%*	*-1.7 p.p.*
Expenses	**-417**	**-452**	**8.3%**
Workforce expenses	-272	-288	5.8%
Non Workforce expenses	-145	-164	13.1%
EBITDA	**419**	**405**	**-3.4%**
EBITDA Margin %	*38.2%*	*35.2%*	*-3.0 p.p.*

** refers to total income*

3.1 Residential Revenue

- Continued to grow Internet and Mobile postpaid customer bases, respectively +11,000 and +9,000.
- Convergent customer base grew by +14,000 in Q1'23 and Convergent revenue was up +9.2% YoY.
- The overall ARPC increased by +5.3% year-on-year; benefitting from price increases.
- Total residential revenue was up by +5.9% for Q1'23, including a +4.7% revenue increase for Customer Services revenue.

For the first quarter of 2023 Proximus posted for its Residential unit a revenue of **EUR 585 million, a +5.9% or EUR 33 million increase from the year before**. The faster growth rate from the previous quarters was mainly the result of Terminals revenue and price indexations. The key Residential revenue driver, Customer Services revenue, was up for the first quarter 2023 by +4.7%, with customer growth and the price indexation of 1 May 2022 and 1 January 2023 driving a +9.2% increase in Convergent revenue.

Sustaining good customer growth in intense competitive environment.

In a slowly growing and competitive market, the Residential unit added over the first 3 months of the year +11,000 internet lines, bringing the total Proximus Residential internet base to 1,746,000 lines, a +1.9% increase from 12 months back, supported by the expanding Proximus' Fiber footprint and the multi-brand approach.

The Residential unit sustained a Mobile Postpaid growth, up +9,000 cards over the first quarter of 2023, in an intense promotion-driven competitive context. Proximus' mobile growth was supported by Flex, the Scarlet and Mobile Vikings brand and subscriptions combined with mobile devices. By end-March 2023, Proximus' Residential Mobile Postpaid base reached a total of 2,729,000 cards, a +3.3% increase versus end-March 2022.

Reflecting the ongoing change in customer needs, the Fixed Voice line continued its steady decline, with the first quarter of 2023 posting a loss of -32,000 lines.

Customer services revenue growth of +4.7% YoY.

Residential Customer Services[6] revenue amounted to EUR 460 million, +4.7% above the comparable period in 2022, and sequentially improving from the prior quarters.

Overall ARPC EUR 54.4, +5.3%.

For the first quarter of 2023, the overall ARPC rose to EUR 54.4, up by +5.3% from the same period in 2022, resulting from the price indexations coming on top of the ongoing benefit of customers moving to convergent offers at higher ARPC. In spite of the success of 2P-offers, combining internet and mobile, the overall RGU per customer remained stable at 2.51.

Total convergent revenue +**9.2%** YoY, with ARPC +4.0%.

The first quarter **revenue from Convergent customers increased by +9.2%** year-on-year reaching EUR 274 million. Proximus grew its convergent base by +14,000 customers, reaching a total of 1,061,000 or +5.0% from 12 months back. The convergent ARPC was up by +4.0% to EUR 86.7.

Convergent **3-Play ARPC +6.8%,** revenue +18.5% YoY.

Within the growing convergent revenue, the main contributor is the ongoing increase in **3-Play convergent** revenue. The convergent 3-Play customer base increased over the first quarter of 2023 by +9,000 customers, bringing the total to 431,000 customers by end-March 2023, a year-on-year growth by 9.3%. This was combined with a +6.8% increase in the 3-Play convergent ARPC, mainly reflecting the May 2022 and January 2023 price indexations. The increase in the customer base and ARPC drove the 3-Play convergent revenue +18.5% higher to reach EUR 111 million for the first quarter of 2023.

+13,000 Convergent **2-Play** customers in Q1. ARPC +8.7%.

Following the performance of **2-play** offers combining Mobile with Internet, the dual-play customer base continued to grow over the first quarter, adding +13,000 customers. The customer growth combined with a +8.7% rise in ARPC led to a +71.5% revenue increase from the same period in 2022, to total EUR 18 million for the first quarter of 2023.

Steady decrease of **4-Play** continued.

With the success of 3-Play and 2-Play offers, marking the decreasing relevance of the Fixed Voice line, the **4-Play** customer base continued its steady decline and was down by -8,000 for the first quarter of 2023. The 4-Play ARPC, supported by the increased pricing, was up by +4.2%. Overall, this resulted in a more limited decrease in revenue by -1.3%.

Rising convergence continued to lower the **Fixed-only** base.

With the number of customers subscribing to Proximus' convergent offers rising, the **Fixed-only customer base** decreased further. The remaining base of Fixed-only customers, 896,000 end-March 2023, generated an ARPC of EUR 46.7, +3.7% on the previous year.

Mobile-only revenue stable.

Over the first quarter of 2023, the Residential unit posted a stable EUR 59 million revenue from **Mobile-only customers**. With the domestic brands Proximus, Scarlet and Mobile Vikings all offering convergent solutions, the total base of Mobile-only customers contracted by -10,000 over the first quarter of the year. All brands combined, the residential Mobile-only base totaled 858,000 customers, generating an ARPC of EUR 22.8, +1.8% year-on-year, driven by a favorable price tiering.

In addition to the above-described revenue from Residential Customer Services, the Residential unit revenue also includes revenue from Terminals, Mobile Prepaid, its Luxembourg telecom business and Other revenue.

Terminals revenue EUR +14 million YoY.

First quarter **revenue from Terminals** totaled EUR 67 million, significantly up (EUR +14 million) from the comparable period in 2022, driven by the launch of a new high-end devices.

Over the first quarter of 2023, revenue from **Mobile Prepaid** totaled EUR 9 million, -15.9% year-on-year. The Prepaid base decreased by -15,000 cards over the first quarter, with the total at 589,000 end-March 2023.

[6] This is revenue generated by customers subscribing to Proximus' Residential different product lines, also referred to X-Play revenue.

Proximus' Luxembourg telecom revenue for the residential unit totaled for the first quarter of 2023 EUR 33 million, up by +5.6%, mainly resulting from a higher number of mobile and fixed subscriptions and a price increase.

Other revenue
EUR -3 million YoY.

Proximus Residential posted **EUR 12 million in Other revenue** mainly covering reminder, reconnection and installation fees. As from November 2022 Mobile Vikings interconnect revenue moved to the Wholesale business unit, explaining largely the year-on-year decrease by EUR -3 million.

Table 12: Residential revenue

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Revenue	**553**	**585**	**5.9%**
Other Operating Income	**5**	**5**	**13.3%**
Net Revenue	**548**	**580**	**5.8%**
Customer services revenues (X-play)	*439*	*460*	*4.7%*
Prepaid	11	9	-15.9%
Terminals (fixed and mobile)	53	67	26.2%
Luxembourg Telco	31	33	5.6%
Others*	15	12	-17.7%

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

Table 13: Residential operationals by product

	1st Quarter		
	2022	**2023**	**% Change**
Park (000's)			
Fixed Voice	1,220	1,104	-9.5%
Internet	1,713	1,746	1.9%
Mobile Postpaid excl. M2M	2,641	2,729	3.3%
Mobile prepaid	645	589	-8.7%
Net adds (000's)			
Fixed Voice	-32	-32	
Internet	11	11	
Mobile Postpaid excl. M2M	24	9	
Mobile prepaid	-24	-15	

Table 14: Residential X-Play financials

	1st Quarter		
	2022	2023	% Change
Customer Services Revenues (EUR million)	**439**	**460**	**4.7%**
Convergent	**251**	**274**	**9.2%**
4-Play	147	145	-1.3%
3-Play	93	111	18.5%
2-Play	11	18	71.5%
Fixed only	**129**	**126**	**-2.0%**
3-Play	61	57	-6.4%
2-Play	39	39	1.1%
1P Fixed Voice	12	10	-13.7%
1P internet	18	20	14.7%
Mobile Postpaid only	**59**	**59**	**0.1%**
ARPC (in EUR)	**51.6**	**54.4**	**5.3%**
Convergent	**83.4**	**86.7**	**4.0%**
4-Play	88.4	92.1	4.2%
3-Play	80.8	86.3	6.8%
2-Play	55.9	60.8	8.7%
Fixed only	**45.0**	**46.7**	**3.7%**
3-Play	53.9	56.1	4.2%
2-Play	52.4	55.7	6.3%
1P Fixed Voice	27.8	29.0	4.1%
1P internet	30.8	31.6	2.6%
Mobile Postpaid only	**22.4**	**22.8**	**1.8%**

Table 15: Residential X-Play operationals

		1st Quarter	
	2022	2023	% Change
Customers - Total (000's)	**2,832**	**2,815**	**-0.6%**
Convergent	**1,011**	**1,061**	**5.0%**
4-Play	553	523	-5.4%
3-Play	394	431	9.3%
2-Play	64	108	68.3%
Fixed only	**947**	**896**	**-5.5%**
3-Play	371	332	-10.3%
2-Play	246	232	-5.9%
1P Fixed Voice	138	114	-17.2%
1P internet	193	217	12.9%
Mobile Postpaid only	**873**	**858**	**-1.8%**
% Convergent Customers - Total *	**62%**	**65%**	**3.2 p.p.**
Average #RGUs per Customer - Total	**2.50**	**2.51**	**0.2%**
Convergent	**4.13**	**4.06**	**-1.8%**
4-Play	4.70	4.71	0.3%
3-Play	3.65	3.69	1.2%
2-Play	2.19	2.33	6.7%
Fixed only	**2.02**	**1.98**	**-2.3%**
3-Play	3.00	3.00	0.0%
2-Play	1.97	1.96	-0.4%
1P Fixed Voice	1.01	1.01	0.0%
1P internet	1.00	1.00	0.0%
Mobile Postpaid only	**1.14**	**1.14**	**0.3%**
Annualized full churn rate (Customer) - Total	**15.9%**	**16.2%**	**0.3 p.p.**
4-Play	5.8%	6.8%	1.1 p.p.
3-Play	11.1%	11.1%	0.0 p.p.
2-Play	14.6%	16.2%	1.7 p.p.
1-Play	23.8%	23.5%	-0.3 p.p.

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

3.2 Business Revenue

- Business posted a first quarter revenue of EUR 487 million, +6.2% year-on-year.
- IT Services driving a +3.6% revenue growth and another good quarter for IT equipment revenue driven by the supply chain backlog further catching up.
- Revenue Fixed Data Services +3.3% driven by Internet, with ARPU +7.5% and stable Internet base.
- Mobile revenue up by +1.8% on larger customer base, + 2.2% YoY, and nearly stable ARPU.
- Revenue growth in Fixed Data, Mobile and IT Services outpacing Fixed Voice revenue erosion.

The first-quarter 2023 **revenue of the Business unit totaled EUR 487 million, a +6.2% increase from the 2022 comparable basis.** Revenue from **Business Services totaled EUR 400 million, up by +0.8%** year-on-year. The eroding revenue from Fixed Voice was more than compensated for by higher revenue from Fixed Data, Mobile and IT Services. For a third quarter in a row, IT equipment revenue was up strongly, driven by a further catch-up in previously delayed customer installations due to the global chipset supply chain issues.

Fixed Data revenue +3.3%.

The Business Services revenue from **Fixed Data Services totaled EUR 118 million for the first-quarter 2023, continuing its positive trajectory with a +3.3% increase** compared to the first quarter of 2022.

Internet ARPU +7.5%, Internet base flat YoY.

Within the Fixed Data revenue mix, the revenue growth **was mainly driven by further improving revenue from Internet services**. This was explained by a progressing Broadband ARPU, EUR 45.4 for the first-quarter 2023, +7.5% up from the previous year, mainly benefitting from the price indexations, improved price tiering and a growing share of Fiber in the total internet park. The Business Internet base remained stable at 438,000.

Besides growing Internet revenue, **Data Connectivity revenue** remained relatively stable year-on-year. The growing Fiber park supported Proximus' Explore solutions, partly offset by the ongoing legacy outphasing and SDWAN offering more attractive customer connectivity pricing.

YoY +1.8% Mobile revenue. YoY growing base, ARPU stabilizing.

Over the first-quarter 2023, Proximus' Business unit posted **Mobile Services revenue of EUR 117 million, up +1.8% to the same period in 2022.** A main revenue driver remains the growth of the Mobile customer base, up by +39,000 Postpaid cards over the past twelve months or +2.2%. Over the first 3 months of 2023 the Mobile net adds were negatively impacted by a cleaning of unused cards (-4,000), keeping the total at 1,797,000 cards, excluding M2M. The mobile ARPU trend continued to improve, with for the first-quarter 2023 a nearly stable ARPU (-0.4%) of EUR 19.3.

Over 4 million active M2M cards.

The Business unit continued to grow its M2M park with an additional 92,000 M2M cards activated over the past three months. At end-March 2023, Proximus M2M base totaled 4,053,000 M2M cards. This is an increase by +14.6% from one year back.

IT Services revenue +3.6%.

Proximus' Business unit posted for its IT Services revenue of EUR 99 million, +3.6% compared to the previous year, with both recurring and one-shot services growing. Especially Cloud, Advanced workplace, Smart Mobility, Smart network services and Security recurring services closed a strong quarter.

Fixed Voice revenue down on base erosion.

Revenue **from Fixed Voice declined by -8.4%** or EUR -6 million compared to the first quarter of 2022. The favorable evolution of PABX services was more than offset by the Fixed Voice revenue decline. The Fixed Voice park continued its steady decrease, -11.3% year-on-year, including a line loss by -20,000 for the first-quarter of 2023. The ARPU was kept fairly stable (-0.2%) at EUR 28.1, with the ongoing lower usage of the Fixed Voice line and competitive price pressure offsetting the benefit from the price indexations.

Product revenue up by EUR 26 million YoY.

The **revenue from Products for the first quarter of 2023 was up by EUR 26 million** from the comparable period in 2022, or +48.6%. This increase came mainly from IT hardware revenue, showing for the third quarter in a row a significant year-on-year increase following the catch-up on some previously delayed product contracts related to the difficult worldwide chip supply chain.

Table 15: Business revenue

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Revenue	**459**	**487**	**6.2%**
Other Operating Income	**2**	**2**	**5.0%**
Net Revenue	**457**	**485**	**6.3%**
Services	397	400	0.8%
Fixed Voice	72	66	-8.4%
Fixed Data	114	118	3.3%
Mobile	115	117	1.8%
IT	95	99	3.6%
Products	53	79	48.6%
Terminals (fixed and mobile)	16	19	13.6%
IT	37	61	64.1%
Luxembourg Telco	7	6	-8.9%

Table 16: Business operationals

	1st Quarter		
	2022	**2023**	**% Change**
Park (000's)			
Fixed Voice lines	684	607	-11.3%
Broadband lines	438	438	0.0%
Mobile postpaid cards excl. M2M	1,758	1,797	2.2%
M2M cards	3,537	4,053	14.6%
Net adds (000's)			
Fixed Voice lines	-22	-20	
Broadband lines	3	0	
Mobile postpaid cards excl. M2M	12	0	
M2M cards	182	92	
ARPU (EUR)			
Fixed Voice	28.1	28.1	-0.2%
Broadband	42.3	45.4	7.5%
Mobile postpaid	19.4	19.3	-0.4%

3.3 Wholesale Revenue

Table 17: Wholesale revenue

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Revenue	**70**	**62**	**-10.7%**
Other Operating Income	**0**	**0**	**nr**
Net Revenue	**69**	**62**	**-10.4%**
Fixed & Mobile wholesale services	33	32	-2.1%
Interconnect	37	30	-17.9%

Proximus posted for its Wholesale unit a first quarter 2023 **revenue of EUR 62 million, a -10.7% or EUR -7 million decrease** compared to the same period of 2022. The decrease was nearly fully related to low-margin interconnect revenue.

For the first quarter of 2023 **Interconnect revenue totaled EUR 30 million** a **-17.9%** or EUR -7 million decrease compared to the same period of 2022, with no meaningful margin impact. The year-on-year revenue decline reflects the ongoing decrease in traditional messaging and the EU regulation which lowered the Mobile Termination rates as from 1 January 2023.

Revenue generated by **Fixed and Mobile wholesale services** slightly decreased down from the previous year by -2.1%, totaling EUR 32 million including a group neutral one-off, this aside the Fixed and Mobile wholesale services would have been stable year-on-year. Within the mix, revenue from wholesale Mobile services further moderated, reflecting the annualization of a large contract in the last quarter of 2022.

3.4 Domestic OpEx and EBITDA

Q1 2023

For its Domestic operations, Proximus posted an **EBITDA of EUR 405 million** for the first quarter of 2023 **-3.4%** from the comparable period in 2022, resulting from higher operating costs partly offset by the year-on-year increase in Domestic Direct Margin.

The first quarter **Domestic operating expenses totaled EUR 452 million, +8.3%** compared to Q1 2022. The year-on-year rise was mainly driven by inflationary cost increases, including the effect of 6 inflation-based salary indexations. This was partially offset by a lower Domestic headcount, down by -53 FTEs to a total of 10,437 FTEs, and by other efficiencies. Moreover, customer related costs were up, as well as transformation costs, including the company's Datacenter transformation.

4 Telesign

- **Q1'23 revenue +19.5% YoY, with continued growth for both Digital Identity and Communication.**
- **Telesign continued to post a double-digit Direct Margin growth of 14.2% currency tailwind included.**
- **Healthy Net Revenue Retention of 114% for the first quarter of 2023.**
- **Growth in Direct Margin more than offset for higher operating expenses following growth investments.**
- **Sales bookings, indicator of Direct Margin opportunity, continued to grow YoY.**

Q1 2023

Following a healthy performance of both Communications and Digital Identity segments, Telesign closed the first quarter with revenue of **EUR 120 million**, a **year-on-year increase of +19.5%** (+16.0% on a constant currency basis[7]) and **EUR 28 million direct margin, up by +14.2%** (on a constant currency basis, this was +5.7%). Telesign's **direct margin as a percentage of revenue** was 23.1%.

The Net Revenue Retention (NRR) rate remained at a healthy 114% compared with 124% in the same period of 2022 and coming down from a seasonally very strong fourth quarter 2022.

Revenue and direct margin from **Communications services** was positively impacted by a strong performance of Telesign's largest US customers while experiencing higher volatility within Telesign's Asian customer base. Furthermore, Telesign's growth was supported by price increases in certain markets, while currency tailwinds are starting to moderate.

The growth in the **Digital Identity segment** was driven by the expansion of the customers base into new geographies supporting the diversification of Telesign's clients base. In the first quarter 2023, Telesign launched the Silent Verification product, which was released in 14 markets.

Following the anticipated investments to support Telesign's growth ambitions, with hiring of specifically skilled talents, higher marketing expenses, and product investments for Digital Identity, Telesign's operating expenses increased by EUR 9 million year-on-year to a total of EUR 31 million for the first quarter of 2023.

These growth investments were partly offset by the direct margin growth, leading to the first quarter **EBITDA being negative by EUR -3 million.**

Table 18: Telesign P&L

	1st Quarter		
(EUR million)	**2022**	**2023**	**% Change**
Revenue*	**100**	**120**	**19.5%**
Costs of Sales	-76	-92	21.1%
Direct Margin	**24**	**28**	**14.2%**
Direct Margin %	*24.2%*	*23.1%*	*-1.1 p.p.*
Expenses	**-22**	**-31**	**38.9%**
Workforce Expenses	-15	-22	46.9%
Non-workforce Expenses	-7	-9	22.5%
EBITDA	**2**	**-3**	**nr**
EBITDA Margin %	*2.2%*	*nr*	*nr*

* Refers to total income

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

5 BICS

- **Q1'23 revenue +7.1%, driven by growing revenue from both Enterprise and Telecom customers.**
- **Core services revenue+11.3%, still benefitting from increased travelling versus Q1 2022.**
- **Cloud communication services main the driver of +21.9% increase in Growth revenue.**
- **Direct Margin +12.7%, including strong contribution of Core and Growth services.**
- **Q1'23 EBITDA up by +15.0%, reaching EUR 31 million.**

Q1 2023

For the first quarter of 2023, **BICS posted revenues of EUR 262 million. The year-on-year increase of +7.1%** from the comparable period in 2022 was driven by ongoing strong revenue from BICS' Enterprise customer revenue, up by +16.0% from the first quarter 2022, while BICS' Telecom revenue too showed a +4.5% growth compared to the year before.

BICS' total year-on-year revenue increase was driven by growth in all three services, Core, Growth and Legacy.

+11.3% Core revenue

The revenue from **Core services** increased by +11.3%; or EUR +11 million from its comparable basis in 2022, leading to a total of EUR 107 million. This was driven by year-on-year higher mobility services and messaging revenue, comparing to the first quarter 2022 still including Covid travel restrictions.

Growth revenue +21.9%

For BICS' **Growth services**, a total revenue of **EUR 17 million** was posted a **+21.9%** growth from the comparable period in 2022. In a competitive market, BICS achieved strong traction for cloud communication amongst world leading digital companies, further complemented by growing revenue from IoT and CPaaS.

Legacy revenue +2.5%

In an inherently declining market, BICS grew its low-margin Legacy services revenue to EUR 138 million, up by +2.5%, with the support on the year-on-year variance from last year's Covid-related travel restrictions further moderating.

Direct Margin +12.7%

BICS grew its first-quarter 2023 underlying **Direct Margin to EUR 67 million, up by +12.7%**, with the Direct Margin growth coming mostly from Core (travel-related mobility and messaging) and Growth Services (Cloud communication, IoT and CPaaS).

Q1 EBITDA +15.0%

BICS' **EBITDA totaled EUR 31 million** for the first quarter of 2023, a **+15.0% increase** from the same period in 2022 mainly due to workforce related OpEx. Whereas wage inflation was limited in 2022, the main impact of indexation has materialised as from January 2023.

Table 19: BICS P&L

(EUR million)	1st Quarter 2022	2023	% Change
Revenue by nature*	**245**	**262**	**7.1%**
Core	96	107	11.3%
Growth	14	17	21.9%
Legacy	135	138	2.5%
Revenue by customer segment*	**245**	**262**	**7.1%**
Enterprise	55	64	16.0%
Telecom	190	198	4.5%
Costs of Sales	-185	-195	5.3%
Direct Margin	**60**	**67**	**12.7%**
Direct Margin %	*24.3%*	*25.6%*	*1.3 p.p.*
Expenses	**-33**	**-36**	**10.8%**
Workforce Expenses	-18	-21	16.5%
Non-workforce Expenses	-15	-15	3.7%
EBITDA	**27**	**31**	**15.0%**
EBITDA Margin %	*10.9%*	*11.7%*	*0.8 p.p.*

* Refers to total income

6 Consolidated Financial Statements

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

6.1 Accounting policies

The accounting policies and methods of the Group used as of 2023 are consistent with those applied in the 31 December 2022 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 2023. These have no impact on the Group's financial statements.

6.2 Judgements and estimates

The Group does not make any significant judgments and estimates other than those mentioned under Note 2 in the 31 December 2022 consolidated financial statements, and other than those mentioned below in this report.

6.3 Significant events or transactions in 2023

Interest rate swap and new bond

On 1 March 2023, Proximus issued an EUR 500 million bond that carries an annual fixed coupon of 4.00% with a 7-year maturity due 8 March 2030. The cash flow hedge, for a nominal amount of EUR 500 million, was unwound at that date and resulted in the hedge counterparty paying EUR 20 million to Proximus. The effective portion of changes in the fair value of this hedging instrument, that was recognized in other comprehensive income, will be gradually reclassified to Profit or Loss in the same period as the hedged item.

Acquisition edpnet

Edpnet offers nationwide fixed internet connections, Fixed Voice solutions and mobile solutions in Belgium and the Netherlands and has been a wholesale customer of Proximus for years. It has grown to become the largest independent fixed internet player on the Belgian market, mainly appealing to the growing consumer segment of tech-savvy cord cutters and gamers, looking for high-quality product specifications (high internet speeds, extensive data volumes, …) at a favorable price. Edpnet serves around 46,000 fixed internet and 13,500 mobile customers (excl. M2M).

In October 2022, edpnet filed for protection from its creditors. As key service provider and one of edpnet's main creditors, Proximus closely followed the evolution of the file. The court decision of 12 January 2023 to open a judicial reorganization procedure type 3, with the prospect of organizing a potential transfer of activities under judicial authority, led Proximus to introduce a binding offer of EUR 20.5 million.

On the 21st of March 2023, the offer of Proximus to acquire the activities of edpnet in Belgium and the Netherlands has been validated by the Enterprise Court of Dendermonde at a Purchase Price of EUR 20.5 million. The closing of the transaction took place on the 1st of April 2023, with the activities related to edpnet being formally transferred to two newly created legal entities, Proximus Newco BV and Proximus Newco Nederland B.V

On the 22nd of March 2023, the Belgian Competition Authority (BCA) however informed Proximus of the opening of an ex officio investigation into a possible abuse of dominance by Proximus by means of the acquisition, in application of the "Towercast" Judgment of the Court of Justice of the European Union (Case C-449/21) of 16 March 2023.

Proximus, which contests the allegations of abuse of dominance, will cooperate in good faith with the investigators of the Belgian Competition Authority.

In light of the ongoing investigation by the BCA and given the uncertainty on final outcome, the decision was made to keep the activities of edpnet - lodged in Proximus Newco BV and Proximus Newco Nederland B.V - fully independent from of Proximus Group.

Proximus will assess in the second quarter 2023 the nature of its control over edpnet on the basis of the existing facts and circumstances and the resulting consolidation method to apply.

6.4 Consolidated income statement

	1st Quarter		
(EUR million)	2022	2023	% Change
Net revenue	1,386	1,474	6.4%
Other operating income	18	12	-33.5%
Total income	**1,405**	**1,486**	**5.8%**
Costs of materials and services related to revenue	-486	-539	10.8%
Workforce expenses	-309	-334	8.0%
Non workforce expenses	-144	-169	17.3%
Total operating expenses before depreciation & amortization	**-939**	**-1,041**	**10.9%**
Operating income before depreciation & amortization	**465**	**445**	**-4.4%**
Depreciation and amortization	-292	-292	-0.1%
Operating income	**173**	**153**	**-11.6%**
Finance income	1	1	-4.5%
Finance costs	-12	-28	>100%
Net finance costs	**-10**	**-26**	**>100%**
Share of loss on associates and JV	-5	-5	-13.9%
Income before taxes	**158**	**123**	**-22.5%**
Tax expense	-38	-28	-25.4%
Net Income	**120**	**94**	**-21.6%**
Attributable to:			
Equity holders of the parent (Group share)	120	95	-21.5%
Non-controlling interests	0	0	-
Basic earnings per share	0.37	0.29	-21.4%
Diluted earnings per share	0.37	0.29	-21.4%
Weighted average number of outstanding shares	322,797,598	322,405,062	-0.1%
Weighted average number of outstanding shares for diluted earnings per share	322,797,598	322,405,062	-0.1%

6.5 Consolidated statements of other comprehensive income

(EUR million)	1st Quarter 2022	1st Quarter 2023
Net income	**120**	**94**
Other comprehensive income:		
Items that may be reclassified to profit and loss:		
Exchange differences on translation of foreign operations	3	-3
Cash flow hedges:		
Gain/(Loss) taken to equity	38	-13
Total before related tax effects	**41**	**-16**
Related tax effects		
Cash flow hedges:		
Gain/(Loss) taken to equity	-4	3
Transfer to profit or loss for the period	-5	0
Income tax relating to items that may be reclassified	**-10**	**3**
Total of items that may be reclassified to profit and loss, net of related tax effects	**32**	**-13**
Items that will not be reclassified to profit and loss:		
Total of items that will not be reclassified to profit and loss, net of related tax effects	**0**	**0**
Total comprehensive income	**152**	**82**
Attributable to:		
Equity holders of the parent	152	82
Non-controlling interests	0	0

6.6 Consolidated balance sheet

(EUR million)	As of 31 December 2022	As of 31 March 2023
ASSETS		
Non-current assets	**8,589**	**8,612**
Goodwill	2,595	2,593
Intangible assets with finite useful life	1,779	1,774
Tangible assets: Property, plant and equipment	3,531	3,573
Right-of-use asset	277	279
Lease receivable	7	8
Contract costs	111	111
Investments in associates and JV	43	38
Equity investments measured at fair value	1	1
Deferred income tax assets	5	5
Pension assets	140	139
Other non-current assets	99	90
Current assets	**1,952**	**1,964**
Inventories	187	202
Trade receivables	938	925
Contract assets	137	142
Current tax assets	24	23
Other current assets	269	337
Cash and cash equivalents	299	236
Assets classified as held for sale	99	99
TOTAL ASSETS	**10,541**	**10,576**

(EUR million)	As of 31 December 2022	As of 31 March 2023
LIABILITIES AND EQUITY		
Equity	**3,308**	**3,390**
Shareholders' equity attributable to the parent	3,307	3,389
Non-controlling interests	1	0
Non-current liabilities	**4,231**	**4,707**
Interest-bearing liabilities	2,676	3,169
Lease liabilities	199	202
Liability for pensions, other post-employment benefits and termination benefits	361	359
Provisions	136	136
Deferred income tax liabilities	181	176
Other non current payables non-interest-bearing (*)	86	72
Other non current payables interest-bearing (*)	592	592
Current liabilities	**3,002**	**2,480**
Interest-bearing liabilities	588	112
Lease liabilities	73	70
Liability for pensions, other post-employment benefits and termination benefits	52	45
Trade payables (**)	1,484	1,402
Contract liabilities	127	139
Tax payables	16	42
Other current payables non-interest-bearing (*)	638	639
Other current payables interest-bearing (*)(**)	25	31
TOTAL LIABILITIES AND EQUITY	**10,541**	**10,576**

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

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

6.7 Consolidated cash flow statement

	1st Quarter		
(EUR million)	**2022**	**2023**	**Change**
Cash flow from operating activities			
Net income	120	94	-21.6%
Adjustments for:			
Depreciation and amortization	292	292	-0.1%
Deferred tax expense/ (income)	-2	-2	16.3%
Loss/(gain) from investments accounted for using the equity method	5	5	-13.9%
Fair value adjustments on financial instruments	0	1	>100%
Loss/(gain) on disposal of property, plant and equipment	-1	0	-82.6%
Operating cash flow before working capital changes	**415**	**389**	-6.2%
Decrease/ (Increase) in inventories	-20	-14	-30.0%
Decrease/ (Increase) in trade receivables	-61	17	>100%
Decrease/ (Increase) in other assets	10	-97	<-100%
Increase/(decrease) in trade payables	56	23	-58.5%
Increase/(decrease) in other liabilities	70	38	-46.3%
Increase/(decrease) in net liability for pensions, other post-employment benefits and termination benefits	-10	-7	-26.7%
Increase/(decrease) in working capital, net of acquisitions and disposals of subsidiaries	**44**	**-41**	**<-100%**
Net cash flow provided by operating activities (1)	**458**	**348**	**-24.1%**
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment	-406	-426	4.8%
Cash paid for acquisition of consolidated companies, net of cash acquired	-3	0	<-100%
Net cash received from sales of property, plant and equipment and other non-current assets	2	1	-56.2%
Net cash used in investing activities	**-408**	**-425**	**4.2%**
Cash flow before financing activities	**51**	**-77**	**<-100%**
Lease payments (excl. interest paid)	-22	-22	**1.7%**
Free cash flow (2)	**29**	**-99**	**<-100%**
Cash flow from financing activities other than lease payments			
Net sale/(purchase) of treasury shares	-1	0	>100%
Decrease/(increase) of shareholders' equity	1	0	-57.6%
Cash received/(paid) for matured cash flow hedge instrument related to long term debt	0	20	>100%
Asset financing arrangements issuance	65	0	<-100%
Asset financing arrangements repayment	-10	-2	-75.6%
Debt issuance	210	496	>100%
Debt repayment	-251	-477	90.0%
Cash flows used in financing activities other than lease payments	**14**	**37**	**>100%**
Exchange rate impact	0	0	<-100%
Net increase/(decrease) of cash and cash equivalents	**43**	**-63**	**<-100%**
Cash and cash equivalents at 1 January	249	299	20.1%
Cash and cash equivalents at the end of the period	292	236	-19.1%

(1) Net cash flow from operating activities includes the following cash movements:

Interest paid	-10	-31
Interest received	0	0
Income taxes paid	6	-3

(2) Free cash flow: cash flow before financing activities and after lease payments

6.8 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other remeasurement reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance as at 1 January 2022	**1,000**	**-422**	**100**	**-7**	**-102**	**7**	**0**	**2,403**	**2,978**	**0**	**2,978**
Total comprehensive income	**0**	**0**	**0**	**28**	**0**	**3**	**0**	**120**	**152**	**0**	**152**
Changes in shareholders' equity	0	0	0	0	0	0	0	1	1	0	1
Treasury shares											
Sale of treasury shares	0	-1	0	0	0	0	0	1	-1	0	-1
Total transactions with equity holders	**0**	**-1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**
Balance as at 31 March 2022	**1,000**	**-423**	**100**	**21**	**-102**	**10**	**0**	**2,524**	**3,131**	**0**	**3,131**
Balance at 1 January 2023	**1,000**	**-425**	**100**	**147**	**4**	**16**	**0**	**2,465**	**3,307**	**1**	**3,308**
Total comprehensive income	**0**	**0**	**0**	**-10**	**0**	**-3**	**0**	**95**	**82**	**0**	**82**
Treasury shares											
Sale of treasury shares	0	2	0	0	0	0	0	-2	0	0	0
Total transactions with equity holders	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**-2**	**0**	**0**	**0**
Balance as at 31 March 2023	**1,000**	**-423**	**100**	**137**	**4**	**13**	**0**	**2,558**	**3,389**	**0**	**3,390**

6.9 Segment reporting

See reconciliation of reported and underlying figures in section 7.2.

	1st Quarter 2023							
	Proximus Group				Underlying by segment			
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	Telesign	Eliminations
Net revenue	1,474	0	0	1,474	1,135	262	119	-42
Other operating income	12	0	0	12	14	0	0	-2
Total income	**1,486**	**0**	**0**	**1,486**	**1,149**	**262**	**120**	**-45**
Costs of materials and services related to revenue	-539	0	0	-539	-292	-195	-92	40
Direct Margin	**947**	**0**	**0**	**947**	**857**	**67**	**28**	**-4**
Workforce expenses	-334	0	-4	-330	-288	-21	-22	1
Non workforce expenses	-169	20	-4	-185	-164	-15	-9	3
Total other operating expenses	**-502**	**20**	**-8**	**-515**	**-452**	**-36**	**-31**	**4**
Operating income before depreciation & amortization	**445**	**21**	**-8**	**432**	**405**	**31**	**-3**	**0**
Depreciation and amortization	-292							
Operating income	**153**							
Net finance costs	-26							
Share of loss on associates	-5							
Income before taxes	**123**							
Tax expense	-28							
Net income	**94**							
Attributable to:	0							
Equity holders of the parent (Group share)	95							
Non-controlling interests	0							

	1st Quarter 2022							
	Proximus Group				Underlying by segment			
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	Domestic	BICS	TeleSign	Eliminations
Net revenue	1,386	0	0	1,386	1,078	245	100	-36
Other operating income	18	0	1	18	19	0	0	-2
Total income	**1,405**	**0**	**1**	**1,404**	**1,097**	**245**	**100**	**-38**
Costs of materials and services related to revenue	-486	0	0	-487	-260	-185	-76	35
Direct Margin	**918**	**0**	**1**	**917**	**836**	**60**	**24**	**-3**
Workforce expenses	-309	0	-4	-305	-272	-18	-15	1
Non workforce expenses	-144	20	1	-164	-145	-15	-7	2
Total other operating expenses	**-453**	**20**	**-4**	**-469**	**-417**	**-33**	**-22**	**3**
Operating income before depreciation & amortization	**465**	**20**	**-3**	**448**	**419**	**27**	**2**	**0**
Depreciation and amortization	-292							
Operating income	**173**							
Net finance costs	-10							
Share of loss on associates	-5							
Income before taxes	**158**							
Tax expense	-38							
Net income	**120**							
Attributable to:	**0**							
Equity holders of the parent (Group share)	120							
Non-controlling interests	0							

6.10 Disaggregation of net revenue

(EUR million)		1st Quarter 2022	1st Quarter 2023
Domestic			
Residential			
	Customer services revenues (X-play)	439	460
	Prepaid	11	9
	Terminals	53	67
	Luxembourg Telco	31	33
	Other	15	12
	Total Residential	*548*	*580*
Business			
	Services	397	400
	Products	53	79
	Luxembourg Telco	7	6
	Total Business	*457*	*485*
Wholesale			
	Fixed & Mobile wholesale services	33	32
	Interconnect	37	30
	Total Wholesale	*69*	*62*
Other		*3*	*7*
Total Domestic		**1,078**	**1,135**
BICS		**245**	**262**
Telesign		**100**	**119**
Eliminations		**-36**	**-42**
Total Net Revenue		**1,386**	**1,474**

6.11 Group financing activities related to interest-bearing liabilities

(EUR million)	As at 31 December 2022	Cash flows issuance	Cash flows repayments	Non-cash changes	As of 31 March 2023
Non-current					
Unsubordinated debts	2,239	495	0	1	2,735
Credit institutions	400	0	0	0	400
Other loans	37	0	0	-2	34
Derivatives held for trading	1	0	0	0	1
Current portion of amounts payable > one year					
Unsubordinated debentures	100	0	0	0	100
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Credit institutions	0	1	0	0	1
Unsubordinated debts	477	0	-477	0	0
Other loans	10	0	-2	2	10
Total liabilities from financing activities excluding lease liabilities	**3,265**	**496**	**-480**	**0**	**3,282**
Lease liabilities current and non-current	272	0	-22	23	272
Total liabilities from financing activities including lease liabilities	**3,536**	**496**	**-502**	**23**	**3,553**

(EUR million)	As at 31 December 2021	Cash flows issuance	Cash flows repayments	Non-cash changes	As of 31 March 2022
Non-current					
Unsubordinated debentures	2,337	0	0	1	2,337
Credit institutions	401	0	0	0	401
Other loans	0	54	-8	0	45
Derivatives held for trading	3	0	0	-1	2
Current portion of amounts payable > one year					
Credit institutions held to maturity	1	0	0	0	1
Other current interest bearing liabilities					
Credit institutions	150	0	-150	0	0
Unsubordinated debts	100	210	-100	0	210
Other loans	1	12	-3	0	10
Total liabilities from financing activities excluding lease liabilities	**2,992**	**275**	**-261**	**0**	**3,006**
Lease liabilities current and non current	273	0	-22	31	282
Total liabilities from financing activities including lease liabilities	**3,265**	**275**	**-283**	**31**	**3,288**

6.12 Financial instruments

Valuation techniques

The Group holds financial instruments classified in Level 1, 2 and 3. Compared to December 2022, no changes in the valuation techniques occurred. None of these instruments were reclassified from one level to another.

Financial instruments measured at fair value

The fair value of the financial assets measured at fair value in Proximus consolidated balance sheet decreased by EUR 34 million compared to their fair value as of December 2022. This decrease is mainly due to settlement in March 2023 of one of the three interest rates hedges the Group entered in 2022 and to the changes in the fair value of the remaining ones.

As of 31 March 2023, the carrying amounts of the other financial assets were not substantially different from their fair values.

The fair value of the non-current interest-bearing liabilities (including their current portions) increased by EUR 509 million essentially due to the bond of EUR 500 million issued in March 2023 (net proceed of EUR 495 million).

6.13 Contingent liabilities and commitments

Compared to the 2022 consolidated financial statements, no significant change occurred in 2023 in the contingent liabilities and commitments.

6.14 Post balance sheet events

There are no significant post balance sheet events.

6.15 Others

There has been no material change to the information disclosed in the 2022 annual consolidated financial statements in connection with related parties that would require disclosure under the Financial Reporting Framework.

7 Additional information

7.1 Rounding of figures

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

7.2 From Reported to Underlying

GROUP - Adjustments	GROUP Revenue		GROUP EBITDA	
(EUR million)	Q1 '22	Q1 '23	Q1 '22	Q1 '23
Reported	**1,405**	**1,486**	**465**	**445**
Adjustments	-1	0	-18	-13
Underlying	**1,404**	**1,486**	**448**	**432**
Adjustments	**-1**	**0**	**-18**	**-13**
Lease Depreciations			-20	-20
Lease Interest				-1
Transformation			4	4
Acquisitions, mergers and disposals	-1		1	4
Litigation/regulation			-3	

7.3 Definitions

A2P: Application to Person messages

Adjusted Net Financial Position: is the Net Financial Position from which lease liabilities are excluded.

ARPC: Average underlying revenue per (residential) customer.

Adjusted Free Cash Flow: Free Cash Flow adjusted to exclude M&A transactions related cash effects

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

ARPU: Average Revenue per Unit.

BICS: 100% subsidiary of Proximus. Global voice carrier and leading provider of mobile data services worldwide. Providing global mobile connectivity, seamless roaming experiences, fraud prevention and authentication, global messaging and the Internet of Things.

- **BICS legacy:** represents mainly voice services.
- **BICS core:** represents messaging, mobility (roaming, signaling & Mobile IP) and infrastructure services.

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

Business: unit addressing the professional market including Corporates, Medium and Small Enterprises (including businesses with less than 10 employees).

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

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

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

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

Direct OpEx: refers to billable OpEx, for example OpEx directly linked to revenues of a Business project.

Domestic: segment defined as the Proximus Group excluding BICS, Telesign and Eliminations.

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

Adjustments (Revenue/EBITDA):

o **The lease depreciation and interests in the Operating Expenses.**

o **Transformation**: costs of employee transformation programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, or pre-identified material(*) one-shot projects (such as rebranding costs)

o **Acquisitions, mergers and disposals**: gains and losses on disposal of buildings or consolidated companies, M&A-related transaction costs, deferred M&A purchase price

o **Litigation/regulation:** Material (*) financial impacts of litigation files, fines and penalties and of law changes (one-off impacts relative to previous years)

(*) The materiality threshold is met when exceeding individually EUR 5 million. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciation and amortization.

Fixed Data Services (Business): Total revenues from Fixed Data, consisting of Broadband, Data Connectivity (including Explore solutions and SD-WAN) and TV.

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

Fixed Voice Services (Business): Total revenues from Fixed Voice access lines and traffic, as well as fixed telephony systems installed at customer premise or serviced from the cloud.

Free Cash Flow: this is cash flow before financing activities and after lease payments (since 2019).

Internet ARPU (Business): 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.

Internet park: ADSL, VDSL and Fiber lines. For Residential, this also includes Scarlet and Mobile Vikings.

IT Services revenue (Business): Information Technology (IT) Services, including Managed, Integration and Consultative services, which enable users to access, store, transmit, and manipulate information, with the help of unified communications, computers, as well as necessary enterprise software, middleware, storage, and audio-visual systems. Proximus' IT solutions include, but are not limited to, Security, Cloud, Smart Network, Advanced Workplace and Smart Mobility solutions. It also includes recurring equipment sales to support these services.

IT Products revenue (Business): Revenues from one-shot IT products (boxes, hardware) or one-shot licenses, with the change of ownership towards the customer.

Mobile ARPU (Business): monthly ARPU is equal to total Mobile services revenues (excl. M2M & network services), divided by the average number of active cards for that period, divided by the number of months of that same period.

Mobile cards: 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-only (Residential): Refers to Mobile Postpaid whereby no other recurring subscriptions are bought. Mobile Prepaid is not included in the Customer services revenue but reported separately.

Mobile Services revenue (Business): Total revenues from Mobile Services including traditional mobile services, using the mobile network connectivity, as well as IoT (including M2M) and Next Generation Communication (including network services as well as new innovative solutions).

Multi-play customer: two or more Plays, not necessarily in a Pack.

Net Financial Position: refers to the net amount of investments, cash and cash equivalents minus any interest-bearing financial liabilities and related derivatives, including re-measurement to fair value and lease liabilities. The net financial position does not include the "other current & non-current payables interest-bearing".

Network Services (Business): focuses on optimizing the interaction between Enterprise customers and its stakeholders, for which revenues are independent from the number of Postpaid cards.

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

Net Revenue Retention rate (NRR): success indicator of the existing customer base, calculating the percentage of recurring revenue retained from existing customers compared to 12 months back.

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.

Reported revenues: this corresponds to the TOTAL INCOME.

Residential: unit addressing the residential market, including the Customer Operations Unit.

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.

Sales Booking: defined as the estimated monthly Direct Margin value of a won opportunity recorded within the CRM system. The nature of these bookings can vary between monthly recurring opportunities or short-term commercial opportunities.

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

Underlying: refers to revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) corrected for the EBITDA Adjustments in order to properly assess the ongoing business performance.

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

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

Wholesale Interconnect is the process of connecting an operator network with another operator network. This then allows the customers of one operator to communicate with the customers of another operator. Interconnect includes 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).

7.4 Management statement

The Proximus Executive Committee declares that, to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with 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 Proximus leadership squad is represented by Guillaume Boutin, CEO, Mark Reid, Finance Lead, Anne-Sophie Lotgering, Business Market lead, Jim Casteele, Residential Market Lead, Geert Standaert, Network and Wholesale Lead, Antonietta Mastroianni, Digital & IT Lead, Renaud Tilmans, Customer Operations Lead, Jan Van Acoleyen, Human Capital Lead, and Dirk Lybaert, Corporate Affairs Lead.

7.5 Financial calendar

(dates could be subject to change)

28 April 2023	Announcement Q1 2023 results
12 July 2023	Start of quiet period ahead of Q2 2023 results
28 July 2023	Announcement Q2 2023 results
11 October 2023	Start of quiet period ahead of Q3 2023 results
27 October 2023	Announcement Q3 2023 results

7.6 Contact details

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7.7 Investor and Analyst Webcast

Proximus will host a webcast for investors and analysts on Friday, 28 April 2023. Time 02.00pm Brussels – 01.00pm London – 08.00am New York	
Follow the webcast and register to ask questions in the Q&A session:	**https://www.proximus.com/investors/reports-and-results.html**