A1 Group

Report for the first half and second quarter 2024

Highlights

Revenues:	+1.3% versus Q2 2023, despite decline in equipment revenues.
Service revenues:	+3.9%, driven by value-protecting measures and strong fixed-line performance in CEE.
OPEX:	Included negative one-off effects totaling EUR 21 mn in Q2 2024, increase in core OPEX resulting mainly from higher total workforce costs.
EBITDA:	+3.8% to EUR 504 mn with a margin improvement from 37.4% to 38.3%. +8.3% adjusted for one-offs, restructuring and FX.
Net result:	+9.1% on a proforma basis in H1 2024 and -12.5% on a reported basis due to higher D&A for towers.
CAPEX:	-20.8% yoy in H1 due to lower spectrum CAPEX and CAPEX savings.
Free Cashflow:	+42.1% in H1 2024 due to lower CAPEX and better operational result.
Dividend:	EUR 0.36/share (in total EUR 239 mn) paid to shareholders in July 2024.
Rating:	In May 2024, S&P confirmed its credit rating for Telekom Austria AG with 'A-'.
Outlook confirmed:	Total revenue growth of 3-4%, CAPEX ex. spectrum of around EUR 800 mn

In this report, rounding differences may occur in the summing of rounded amounts due to the use of automatic calculation tools.

Please note that this report, besides reported values, also contains values on a pro forma basis, due to the towers spin-off in September 2023. Pro forma means, data of the comparison period has been adjusted, as if the towers have already been spun-off in the respective period.

Content

Key financial data

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	1,316	1,299	1.3%	2,583	2,557	1.0%
Service revenues	1,124	1,082	3.9%	2,195	2,120	3.5%
Equipment revenues	168	194	-13.4%	344	389	-11.6%
Other operating income	24	23	3.3%	44	47	-6.5%
Wireless revenues	774	760	1.9%	1,525	1,513	0.8%
Service revenues	627	603	3.9%	1,223	1,186	3.1%
Equipment revenues	147	156	-6.1%	303	327	-7.5%
Wireline revenues	519	517	0.4%	1,013	996	1.7%
Service revenues	497	478	3.9%	972	934	4.1%
Equipment revenues	22	38	-43.5%	41	62	-33.5%
EBITDA before restructuring	522	503	3.9%	998	960	3.9%
EBITDA margin before restructuring	39.7%	38.7%	1.0pp	38.6%	37.5%	1.1pp
EBITDA [1]	504	486	3.8%	959	922	4.0%
EBITDA margin	38.3%	37.4%	0.9pp	37.1%	36.1%	1.1pp
EBITDAaL [2]	400	436	-8.3%	753	825	-8.7%
EBITDAaL margin	30.4%	33.6%	-3.2pp	29.1%	32.3%	-3.1pp
Depreciation, amortization, impairments	286	245	16.7%	563	486	15.8%
EBIT [3]	218	241	-9.3%	396	436	-9.1%
EBIT margin	16.6%	18.5%	-1.9pp	15.3%	17.0%	-1.7pp
Net result	146	166	-11.9%	263	301	-12.5%
Net margin	11.1%	12.8%	-1.7pp	10.2%	11.8%	-1.6pp
Capital expenditures	247	359	-31.2%	480	606	-20.8%
Tangible	180	215	-16.2%	377	421	-10.3%
Intangible	66	144	-53.7%	103	185	-44.4%
Free cash flow	123	30	309.4%	175	123	42.1%

	Jun. 30, 2024	Dec. 31, 2023	Δ
Net debt / EBITDA (12 months)	1.3	1.3	-0,1x
Net debt (excl. leases) / EBITDAaL (12 months)	0.3	0.4	-0,1x

Customer indicators (thousand)	Jun. 30, 2024	Jun. 30, 2023	Δ
Mobile subscribers	25,949	24,486	6.0%
Postpaid	22,233	20,679	7.5%
Prepaid	3,716	3,807	-2.4%
RGUs [4]	6,283	6,249	0.5%

	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
ARPU (in EUR) [5]	8.1	8.3	-1.8%	8.0	8.2	-2.5%
ARPL (in EUR) [6]	27.4	26.4	3.9%	26.8	26.0	3.0%
Mobile churn	1.2%	1.2%	0.0pp	1.2%	1.3%	-0.0pp

	Jun.30, 2024	Jun. 30, 2023	Δ
Employees (full-time equivalent)	17,491	17,757	-1.5%

1) Earnings Before Interest, Tax, Depreciation and Amortization
2) EBITDA after Leases: EBITDA – depreciation of lease assets according to IFRS 16 – interest expenses pursuant to IFRS 16
3) Operating income according to IFRS
4) Revenue Generating Unit
5) Average Revenue Per User incl. M2M Subscriber
6) Average Revenue Per Line

Q2 2024 in a nutshell

In Q2 2024, total revenues increased on the back of higher service revenues. Service revenue growth was mainly driven by value-protecting measures and growth in fixed-line RGUs in the international business. All markets contributed to service revenue growth except for Slovenia and Belarus, the latter declined due to negative exchange rate effects.

Total operating expenses included one-off effects, totaling EUR 21 mn in Q2 2024, while there were no one-off effects in Q2 2023:

- EUR 24 mn negative effect stemming from a provision due to a legal case in Belarus (for more details see section 'Segments – Belarus')
- EUR 3 mn positive net effect related to accruals (including a reversal of a provision and a new provision) in Austria.

Excluding these effects, the increase in core OPEX resulted to a large extent from higher total workforce costs, amidst increases on the back of high inflation in the last reporting year. Besides that, product-related costs rose, while a certain tailwind came from a positive electricity cost development versus last year.

Still, EBITDA increased by 3.8% on a reported basis. Excluding one-off and FX effects, as well as restructuring, EBITDA increased by 8.3%.

CAPEX was lower mainly due to lower CAPEX for spectrum (EUR 31 mn for frequencies in Bulgaria (900 Mhz, 1,800 Mhz) in Q2 2024, versus EUR 110 mn in Croatia in the comparison period.)

In Q2 2024, the Belarusian government has imposed temporary restrictions on the payment of dividends to foreign investors residing in European Union and other countries considered 'unfriendly'.

The Annual General Meeting on June 27, 2024 approved a dividend of EUR 0.36 per share. Beginning of July, Telekom Austria AG paid a total dividend of EUR 239 million to its shareholders. https://a1.group/investor-relations/shareholders-meetings/

In May 2024, S&P confirmed its credit rating for Telekom Austria AG with 'A-'. https://a1.group/investor-relations/debt/

Mobile subscribers and fixed-line RGUs

In mobile communications, the number of subscribers rose by 6.0% to a total of around 25.9 million. As in previous quarters, the growth was driven by the strong increase in the M2M business. Excluding M2M customers, the number of subscribers remained largely stable (-0.2%).

In the fixed-line business, the number of revenue generating units (RGUs) increased slightly by 0.5% year-on-year. While the number of voice RGUs decreased, the number of broadband RGUs and TV RGUs increased. The RGU growth in international operations, especially in Belarus and Bulgaria, more than compensated for the decline in Austria.

The internet@home customer base increased by 2.2% to 3.85 million in the Group, driven both by the increase in broadband RGUs and mobile WiFi routers. Broadband RGUs increased in all markets except for Austria and Slovenia, while the number of mobile WiFi routers rose in all markets except for Croatia.

Outlook for the financial year 2024

The management board confirms the guidance for the financial year 2024 (total revenues +3-4% year-on-year, CAPEX excluding frequencies and M&A of around EUR 800 mn).

Group results (Q2 and First Half 2024)

Total revenues increased by 1.3% in Q2 2024 and by 1.0% in H1 2024. In both periods, the growth was entirely driven by the rise in service revenues, while equipment revenues declined versus last year. Service revenue growth was driven by value-protecting measures, fixed-line RGU growth in the international business due to solid demand for broadband and TV products and growth in the solutions and connectivity business. Altogether that compensated for lower interconnection revenues and losses in the fixed voice business.

All markets contributed to service revenue growth, both in H1 and Q2 despite Slovenia and Belarus, the latter declined due to negative FX effects.

On the OPEX side, core OPEX increased both in Q2 and H1. Excluding the EUR 21 mn total negative one-off effects in Q2 as mentioned above, the core OPEX increase was to a large extent driven by the increase in total workforce costs. Besides that, the core OPEX increase resulted from higher product-related costs, namely licenses, content and commissions. A certain tailwind came from lower electricity costs, which were both down in Q2 and the first half of 2024 compared to the same period last year.

Negative FX effects in EBITDA amounted to EUR 1 mn in Q2 and EUR 9 mn in H1 and were registered in Belarus.

Overall, this resulted in EBITDA growth of 3.8% in Q2 2024 and 4.0% in H1 2024. Excluding restructuring, the negative one-off and FX effects, EBITDA increased by 8.3% in Q2 and by 7.1% in H1 2024 respectively.

In Q2 and the first half of 2024, EBIT decreased by 9.3% and 9.1% respectively, as D&A on the use of rights assets increased substantially after the tower spin-off.

The financial result improved to a negative EUR 23 mn in Q2 2024 versus negative EUR 27 mn in Q2 2023 as lower interest on financial liabilities offset higher interest expenses for the tower leases. In the first half of 2024, the financial result amounted to a negative EUR 49 mn versus EUR 48 mn in H1 2023.

Consequently, the period result declined by 11.9% in Q2 and 12.5% in H1 2024, while it increased by 8.0% and 9.1% respectively on a pro forma basis.

Capital Expenditures decreased by 31.2% in Q2 and by 20.8% in H1 2024 compared to last year. In both periods, the decline was primarily driven by lower spectrum investments compared to previous year (EUR 38 mn in total, thereof EUR 7 mn in Austria and EUR 31 mn in Bulgaria versus EUR 110 mn in Croatia in H1 2023). Excluding spectrum, CAPEX declined primarily due to lower fixed investments in CEE compared to a higher level last year, as well as lower mobile CAPEX. Investments for the fiber roll-out in Austria are higher than last year in H1 2024.

Free Cashflow

In the first half of 2024, free cash flow increased by 42%. Besides the better operational result, the main driver was the substantially lower CAPEX due to lower spectrum payments compared to the same period last year (EUR 39 mn including interest in H1 2024 versus EUR 110 mn in H1 2023) as well as CAPEX savings in 2024. That more than offset the higher lease paid and the unfavorable changes in working capital. The latter resulted mainly from negative impacts from accounts payable, as last year they increased due to broadband subsidies granted in H1 2023.

	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
EBITDA	504	486	3.8%	959	922	4.0%
Restructuring charges and cost of labor obligations	19	18	5.2%	41	41	1.4%
Lease paid (principal, interest and prepayments)	-96	-42	127.6%	-193	-108	78.9%
Income taxes paid	-31	-31	-0.2%	-54	-48	11.6%
Net interest paid	4	-7	n.m.	7	-9	n.m.
Change working capital and other changes	-11	-15	-25.4%	-63	-26	143.8%
Capital expenditures	-247	-359	-31.2%	-480	-606	-20.8%
Social plans new funded [1]	-19	-20	-4.3%	-42	-43	-2.4%
FCF after social plans new	**123**	**30**	**309.4%**	**175**	**123**	**42.1%**

[1] Cost for social plans granted in the respective period

Balance sheet and net debt

As of June 30, 2024, the total assets amounted to EUR 9,790 mn, 2.4% higher than at December 31, 2023. This was primarily driven by higher cash and cash equivalents and the increase in PPE amidst the fiber roll-out.

Liabilities increased mainly due to the increase in payables to related parties which is attributable to the approved dividend of EUR 239 mn, paid on July 4, 2024.

The 'net debt/EBITDA'- ratio was 1.3x and on the same level as of December 31, 2023. Net debt (excl. leases) decreased to EUR 477 mn due to the repayment of EUR 60 mn short term debt in the first half of 2024 as well as the higher cash and cash equivalents. That also drove the 'net debt (excl. leases)/EBITDA after leases'-ratio slightly down to 0.3x from 0.4x as of December 31, 2023.

in EUR million	June 30, 2024	Dec 31, 2023	Δ
Long-term debt	748	748	0%
Lease liability long-term	1,668	1,672	-0%
Short-term debt	0	60	n.m.
Lease liability short-term	308	284	9%
Cash and cash equivalents	-271	-169	61%
Net debt (incl. leases)	2,454	2,595	-5%
Net debt (incl. leases) / EBITDA	1.3x	1.3x	-0,1x
Net debt (excl. leasing)	477	639	-25%
Net debt excl leasing / EBITDAaL	0.3x	0.4x	-0,1x

Reported vs. proforma view

in EUR million	Reported Q2 2024	Reported Q2 2023	Δ	pro forma Q2 2024	pro forma Q2 2023	Δ
Total revenues	1,316	1,299	1.3%	1,316	1,297	1.5%
EBITDA	504	486	3.8%	504	491	2.7%
EBITDA after leases	400	436	-8.3%	400	396	1.1%
EBIT	218	241	-9.3%	218	219	-0.3%
Net result	146	166	-11.9%	146	136	8.0%

in EUR million	Reported H1 2024	Reported H1 2023	Δ	pro forma H1 2024	pro forma H1 2023	Δ
Total revenues	2,583	2,557	1.0%	2,583	2,552	1.2%
EBITDA	959	922	4.0%	959	930	3.1%
EBITDA after leases	753	825	-8.7%	753	742	1.5%
EBIT	396	436	-9.1%	396	389	1.7%
Net result	263	301	-12.5%	263	241	9.1%

Underlying performance

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	**1,316**	1,299	**1.3%**	**2,583**	2,557	**1.0%**
FX effects	9	-	n.m.	27	-	n.m.
One-off effects	-	-	-	-	-	-
Total revenues adjusted	**1,325**	1,299	**2.0%**	**2,610**	2,557	**2.1%**
Group EBITDA	**504**	486	**3.8%**	**959**	922	**4.0%**
FX effects	1	-	n.m.	9	-	n.m.
One-off effects	21	-	n.m.	21	-	n.m.
Restructuring charges	18	17	6.9%	39	38	2.6%
EBITDA adjusted	**544**	503	**8.3%**	**1,028**	960	**7.1%**

Segment overview

Segment Austria

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	693	702	-1.3%	1,372	1,379	-0.5%
Service revenues	622	620	0.4%	1,227	1,214	1.0%
Equipment revenues	56	70	-19.9%	117	141	-16.8%
Other operating income	14	12	17.8%	28	24	18.3%
Wireless revenues	319	318	0.4%	636	632	0.6%
Service revenues	273	267	2.3%	539	524	3.0%
Equipment revenues	46	51	-9.7%	97	108	-10.9%
Wireline revenues	360	372	-3.4%	709	723	-2.1%
Service revenues	349	353	-1.0%	688	691	-0.4%
Equipment revenues	11	20	-45.9%	21	33	-36.6%
Total revenues excl. international business*	656	663	-1.0%	1,303	1,302	0.0%
Service revenues excl. international business*	586	580	0.9%	1,158	1,138	1.8%
EBITDA before restructuring	291	286	1.4%	548	539	1.5%
EBITDA margin before restructuring	41.9%	40.8%	1.1pp	39.9%	39.1%	0.8pp
EBITDA	272	270	1.1%	508	501	1.4%
EBITDA margin	39.3%	38.4%	0.9pp	37.0%	36.3%	0.7pp
EBITDAaL	216	246	-12.2%	397	456	-12.9%
EBITDAaL margin	31.2%	35.1%	-3.9pp	28.9%	33.1%	-4.1pp
EBIT	112	132	-15.1%	191	227	-15.8%
EBIT margin	16.2%	18.8%	-2.6pp	13.9%	16.5%	-2.5pp

Customer indicators (thousand)				June 30, 2024	Jun. 30, 2023	Δ
Mobile subscribers				5,102	5,134	-0.6%
RGUs				2,782	2,892	-3.8%

	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
ARPU (in EUR)	17.9	17.3	3.1%	17.6	17.0	3.8%
Mobile churn	1.3%	1.3%	0.0pp	1.3%	1.2%	0.1pp

* International business revenues (mainly comprising transit and connectivity revenues) as reported in Austria, shown separately as it is not reflecting Austrian business performance

Value-protecting measures were again implemented in 2024 effective as of April 1st and are linked to the 7.8% CPI increase after 8.6% increase on April 1st, 2023. On one hand that continued to benefit results in the first half of 2024. On the other hand, a certain price sensitivity continued amidst the inflationary environment in the previous reporting year. Inflation however came down in Austria in June to 3%[1)], the lowest value since July 2021.

In this context, also in the first half of the year, the competitive market dynamics remained challenging. In the mobile communications market, a certain shift towards SIM only continues, and promotion activities increased on the mobile hardware tariff market. In the low-value segment, MVNOs continued with competitive offers and intense communication pressure. In the fixed-line business, promotional activities launched last year were prolonged and dominate the broadband internet market. A1 tackles these challenges with a granular customer segmentation. Its multi-brand strategy with its A1 high value brand and the no-frills brands Bob and YESSS! allow to address different customer segments with a different approach. With a high focus on safeguarding the base, A1 focuses on the entire household, with loyalty programs and attractive offers for existing customers and differen-

[1)] According to estimate of Statistik Austria, July 2, 2024 https://www.statistik.at/fileadmin/announcement/2024/07/20240702VPIFlashEstimateJuni2024.pdf tiating itself with value added services. Security for example plays an increasing role here. Also, A1 in Austria continues with its accelerated fiber roll-out, increasing the potential for further upselling opportunities.

Overall, the number of mobile subscribers decreased by 0.6% in Q2 compared to the same period last year, with declines both in the postpaid and prepaid segment. Gross additions came in positive in both periods, both in the mobile core and mobile WIFI router segments. Churn remained higher than last year in H1 but decreased in Q2 versus Q1.
On the fixed-line market, total RGUs declined by 3.8%, mainly driven by the losses in voice RGUs. The number of broadband RGUs also declined as the increase in high-bandwidth RGUs could not fully compensate for the decline in low-bandwidth RGUs. In Q2 2024, gross adds and churn were higher than in the same period in 2023, whereas gross adds are dominated by higher broadband and TV RGUs and churn by higher broadband and Voice RGUs.
Internet@home, comprising pure fixed-line internet, mobile WIFI routers and hybrid modems showed higher net additions.

In Q2 total revenues declined by 1.3% and by 0.5% in H1 2024, entirely driven by the decline in equipment revenues (-20% in Q2), mostly as last year's results profited from large ICT deals. In Q2 2024, service revenues increased slightly in a year-on-year comparison and profited mainly from value-protecting measures.

Mobile service revenues rose by 2.3% driven by the retail mobile business, more than offsetting regulatory driven declines in interconnection revenues. Fixed-line service revenues declined in Q2 and H1. In Q2, the slight growth in retail fixed-line revenues was offset by losses in interconnection due to regulation and a slight decline in the solutions and connectivity business due to big projects in Q2 last year. Retail fixed-line revenues profited from the value-protecting measures mitigating the subscriber decline.

Total operating expenses both in Q2 and H1 declined only due to the lower cost of equipment. Core OPEX increased though, driven by the increase in total workforce costs, mainly attributable to the collective bargaining agreement while the number of FTEs decreased versus last year. Other cost drivers in Q2 and H1 were costs for cloud due to internal application migrations and product-related costs like content, but also higher network maintenance costs. On a positive note, electricity costs decreased versus the same period last year, offsetting some of the cost increases. In Q2, OPEX included positive one-off effects in the amount of in total net EUR 3 mn stemming from the reversal of an accrual but also a new accrual.

Restructuring expenses were higher in Q2 2024 compared to the same period last year.

Overall, this resulted in EBITDA growth of 1.1% (+0.4% adjusted for the one-off effect and restructuring).

There have not been any significant new developments regarding the lawsuits of the Austrian Federal Chamber of Labor (Bundesarbeitskammer) received in January 2024, which was reported in the Q4 2023 results report. The Chamber of Labor demands that service fees shall no longer be charged in future and that payments already collected shall be refunded.
The Chamber of Labor has initiated two separate collective claims as model cases against A1 Austria, namely with regard to the A1 and Bob brands. A1 Group is confident to be able to convince the courts of the legality of the service fee, especially as the Supreme Court recently ruled that service fees are also permissible for ticket providers. Since 2011, the Telecommunications Regulatory Authority has regularly reviewed and accepted the regulations on service fees. In addition, there are special legal provisions in the telecommunications industry, also based on European law, which allow different fees to be charged. Therefore, as of June 30, 2024, no provisions were booked for these lawsuits. To avoid risk, service fees have no longer been agreed with customers since February 2024.

International segments

International segments comprise the segments Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia. In Q2 and H1 2024, total revenues grew driven by higher service revenues clearly overcompensating the losses in equipment revenues. Service revenues rose on the back of value-protecting measures taken in the years 2023 and 2024, successful upselling, high demand for high-bandwidth broadband solutions and the growing solutions and connectivity business. Service revenue growth translated into EBITDA growth of 2.9% in Q2 and 4.1% in H1 2024. Exluding the negative one-off effect in Belarus and negative FX effects, total revenues, service revenues and EBITDA from the international business rose by 5.2%, 9.6% and 13.8% year-on-year, respectively in Q2, and by 4.6%, 8.7% and 11.5% in H1.

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	626	604	3.7%	1,219	1,191	2.4%
Service revenues	507	468	8.1%	977	917	6.5%
Equipment revenues	112	124	-9.7%	226	248	-8.7%
Other operating income	8	12	-31.7%	16	26	-38.1%
Wireless revenues	457	444	2.9%	894	884	1.1%
Service revenues	357	339	5.3%	688	666	3.4%
Equipment revenues	101	106	-4.6%	206	219	-5.9%
Wireline revenues	161	148	8.8%	309	281	10.0%
Service revenues	150	130	15.6%	289	252	14.6%
Equipment revenues	11	18	-39.7%	20	29	-29.5%
EBITDA	236	230	2.9%	466	448	4.1%
EBITDA margin	37.8%	38.0%	-0.3pp	38.2%	37.6%	0.6pp
EBITDAaL	188	203	-7.3%	372	396	-6.2%
EBITDAaL margin	30.1%	33.7%	-3.6pp	30.5%	33.3%	-2.8pp
EBIT	111	123	-9.6%	223	238	-6.2%
EBIT margin	17.8%	20.4%	-2.6pp	18.3%	20.0%	-1.7pp

Customer indicators (thousand)				June 30, 2024	Jun. 30, 2023	Δ
Mobile subscribers				15,062	14,975	0.6%
RGUs				3,501	3,357	4.3%

	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
ARPU (in EUR)	7.9	7.6	4.7%	7.7	7.4	2.7%
Mobile churn	1.5%	1.5%	0.0pp	1.6%	1.6%	0.0pp

Bulgaria

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	191	183	4.3%	368	348	5.8%
Service Revenues	157	143	9.8%	301	271	11.1%
EBITDA	88	80	10.7%	165	148	11.6%
EBITDA margin	46.1%	43.5%	2.6pp	44.9%	42.5%	2.3pp

In Bulgaria, trends on both the mobile and fixed-line market remained mostly unchanged in the first half of 2024. Value-protecting measures related to inflation (9.5% in March) were implemented in 2024. In the mobile business, the number of subscribers declined only slightly, while in the fixed-line business TV and broadband RGUs increased.

Total revenues increased both in Q2 and H1 and were driven by growth in mobile and fixed-line service revenues, as well as solid growth in the ICT solutions business. Mobile service revenues grew by 5.3% in Q2 on the back of value-protecting measures and successful upselling. Fixed-line service revenues were 16.9% higher and profited from positive trends in TV and broadband as well as value-protecting measures. The increase in core OPEX was driven by revenue-related cost positions such as content cost and licenses and software for resale as well as by a rise in employee costs, besides others amidst the launch of the Group-wide competence delivery center (CDC). Overall, strong service revenue growth translated into double-digit EBITDA growth, both in Q2 and H1 2024.

In Bulgaria, existing frequencies in the 900 Mhz and 1,800 Mhz band were prolonged in June 2024 for 10 years for a total of EUR 26.8 mn. Additional 5 MHz in 1,800 MHz band were acquired in June 2024 for a total of EUR 3.8 mn.

Croatia

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	139	125	10.6%	267	245	8.9%
Service Revenues	116	102	14.0%	221	198	11.9%
EBITDA	59	45	32.2%	108	85	27.7%
EBITDA margin	42.5%	35.6%	6.9pp	40.5%	34.5%	6.0pp

A1 in Croatia posted revenue growth both in Q2 and H1 2024, attributable to growth both in mobile and fixed-line service revenues. A1 Croatia continues to focus on the monetization of higher network investments for fiber and 5G done last year. Results profited from value-protecting measures taken in July 2023 as well as subscriber growth in the mobile business and the increase in RGUs, especially in TV RGUs. In 2024 value-protecting measures amounted to 6.9% and became effective as of June, 1. Total OPEX declined due to lower equipment costs. Core OPEX increased entirely due to higher workforce costs. In total, EBITDA showed strong double-digit growth rates both in Q2 and H1 2024 compared to last year.

Belarus

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	106	109	-2.9%	207	225	-7.8%
Service Revenues	82	82	-0.5%	159	170	-6.5%
EBITDA	24	48	-50.8%	69	101	-32.1%
EBITDA margin	22.3%	44.1%	-21.8pp	33.2%	45.0%	-11.9pp

in BYN million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	369	350	5.4%	720	690	4.3%
Service Revenues	284	263	7.9%	553	523	5.8%
EBITDA	82	155	-46.8%	239	311	-23.2%
EBITDA margin	22.3%	44.2%	-21.9pp	33.2%	45.0%	-11.9pp

A1 continued to face numerous challenges in Belarus in the first half of the year, due to both the geopolitical and regulatory environment. As in the previous reporting year, the sanction framework still exhibits disrupting effects on the supply chain, even though there are exemptions for telcos. Additionally, a strict price policy on regulated tariffs is in place to address inflation, restricting A1's ability to adjust prices. A1 Belarus was able to implement an inflation-linked price adjustment in Q2 for the albeit smaller unregulated portion of fixed-line customers. Also, in this challenging environment, A1 Belarus leverages its market position as the only convergent player on the market with attractive bundles and more-for-more offers, resulting in higher broadband and TV RGUs as well as mobile subscribers.

The Belarusian ruble depreciated against the euro by 8.1% on period average in Q2 2024 and 11.6% in H1 2024 compared to the same period last year but remains more or less stable since the end of the year 2023.

In the context of the State Control Audit, an administrative violation triggered a penalty of BYN 83,7 mn. Despite the 2nd out of 3 possible appeal instances left this amount unchanged, A1 believes that the fact that no damage occurred neither to the state, nor to customers out of this administrative violation, could be reflected in the decision of the 3rd and final instance to lower the penalty. The full amount of BYN 83.7 mn (EUR 24 mn) has been accrued in June 2024, directly reducing Q2 and H1 bottom-line result.

Also, in Q2 2024, the Belarusian government has imposed temporary restrictions on payment of dividends to foreign investors residing in European Union and other countries considered 'unfriendly'.

Overall, results included negative FX effects of EUR 9 mn in revenues and EUR 1 mn in EBITDA in Q2 2024, while they amounted to EUR 27 mn and EUR 9 mn in H1 2024. Additionally, the negative one-off effect mentioned above amounted to EUR 24 mn in Q2 2024 in OPEX.

Excluding the one-off effect and negative FX effects, operational results were growing in Q2 and H1 2024. While total revenues decreased in Euro terms, they rose in local currency both in Q2 and H1, mainly driven by the increase in service revenues. Fixed-line revenues in particular contributed to the growth on the back of the subscriber increase as mentioned above. Mobile service revenues also grew.

In local currency, total operating expenses increased. Besides the provision mentioned above, main cost drivers were total work-force costs and corporate network costs.
In Euros, EBITDA dropped sharply in Q2 and H1 respectively but increased by 1.0% and 0.6% excluding the negative one-off and FX effects.

Slovenia

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	57	59	-4.6%	113	121	-6.8%
Service Revenues	44	45	-3.1%	87	89	-2.5%
EBITDA	13	14	-1.8%	27	28	-2.7%
EBITDA margin	23.6%	22.9%	0.7pp	23.9%	22.9%	1.0pp

In Slovenia, the market environment remained highly competitive. Competitors are pushing for market share and product offers center around promotions with unlimited data for low pricing points. In this environment, A1 Slovenia tackles these challenges by leveraging both the high value brand A1 and the no-frills brand bob and focuses on convergent propositions.
In Q2 and H1 2024, total revenues decreased, both due to the declining service and equipment revenues. Service revenues declined due to the lower subscriber base and customers' optimization. Core OPEX improved due to lower costs for advertising, electricity and lower bad debt. Overall, however, this resulted in a decline in EBITDA.

Serbia

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	97	92	5.3%	190	183	3.5%
Service Revenues	78	68	13.6%	147	133	10.1%
EBITDA	38	31	21.5%	70	62	12.3%
EBITDA margin	39.3%	34.0%	5.3pp	36.8%	33.9%	2.9pp

In Serbia, total revenues increased in Q2 and H1 2024, entirely due to growth in service revenues. Results in Serbia benefitted from pricing measures related to inflation effective as of April, 1st 2024 with an increase of 10% for certain customer segments. Also, A1 Serbia increased its postpaid share in the mobile customer base, the latter staying stable. The increase in core OPEX is mainly due to higher total workforce costs and electricity costs. Equipment margin declined. Nevertheless, overall EBITDA grew strongly both Q2 and H1 2024, as a result of solid service revenue growth.

North Macedonia

in EUR million	Q2 2024	Q2 2023	Δ	H1 2024	H1 2023	Δ
Total revenues	38	37	5.0%	77	72	7.5%
Service Revenues	33	30	8.4%	65	59	10.5%
EBITDA	14	12	16.1%	27	24	14.3%
EBITDA margin	37.2%	33.7%	3.6pp	35.5%	33.4%	2.1pp

In North Macedonia, the increase in total revenues was primarily driven by the strong development of mobile service revenues on the back of postpaid subscriber growth, effective upselling with renewals and monthly fee increases on older tariff models. Fixed-line service revenues also grew, supported by the higher broadband RGUs base and the increase in ARPL. The solutions and connectivity business also supported results positively. Core OPEX in Q2 increased mostly due to the increase in total workforce costs, in the first half on top due to product related costs, especially linked to ICT revenue growth. Overall, this resulted in double-digit EBITDA growth both in Q2 and H1 2024.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q2 2024 unaudited	Q2 2023 unaudited	H1 2024 unaudited	H1 2023 unaudited
Service revenues	1,124	1,082	2,195	2,120
Equipment revenues	168	194	344	389
Other operating income	24	23	44	47
Total revenues (incl. other operating income)	**1,316**	**1,299**	**2,583**	**2,557**
Cost of service	-360	-363	-726	-718
Cost of equipment	-163	-186	-337	-380
Selling, general & administrative expenses	-264	-261	-534	-531
Other expenses	-25	-3	-27	-5
Total cost and expenses	**-812**	**-813**	**-1,624**	**-1,635**
Earnings before interest, tax, depreciation and amortization – EBITDA	**504**	**486**	**959**	**922**
Depreciation and amortization	-202	-198	-398	-397
Depreciation of right-of-use assets	-84	-44	-165	-86
Impairment	0	-3	0	-3
Operating income – EBIT	**218**	**241**	**396**	**436**
Interest income	4	3	8	6
Interest expense	-25	-21	-49	-41
Interest on employee benefits and restructuring and other financial items, net	-4	-7	-9	-11
Foreign currency exchange differences, net	0	-2	-1	-3
Equity interest in net income of associated companies	1	0	1	0
Financial result	**-23**	**-27**	**-49**	**-48**
Earnings before income tax – EBT	**195**	**214**	**346**	**387**
Income tax	-49	-48	-83	-86
Net result	**146**	**166**	**263**	**301**
Attributable to:				
Equity holders of the parent	146	166	263	301
Non-controlling interests	0	0	0	0
Earnings per share attributable to equity holders of the parent in euro*	**0.22**	**0.25**	**0.40**	**0.45**
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	664,084,841	664,084,841
Other comprehensive income items:				
Items that may be reclassified to profit or loss:				
Effect of translation of foreign entities	7	-13	8	-28
Unrealized result on hedging activities, net of tax	0	0	0	0
Realized result on hedging activities, net of tax	0	1	0	2
Unrealized result on debt instruments at fair value, net of tax	0	0	0	1
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations, net of tax	1	-2	-0	-2
Total other comprehensive income (loss)	**8**	**-13**	**8**	**-27**
Total comprehensive income (loss)	**154**	**153**	**271**	**274**
Attributable to:				
Equity holders of the parent	154	153	271	273
Non-controlling interests	0	0	0	0

* Basic and diluted, weighted-average number of ordinary shares outstanding was constantly 664,084,841

Condensed Consolidated Statement of Financial Position

in EUR million	Jun. 30, 2024 unaudited	Dec. 31, 2023 audited
Current assets		
Cash and cash equivalents	271	169
Short-term investments	87	85
Accounts receivable: Subscribers, distributors and other, net	867	843
Receivables due from related parties	16	22
Inventories, net	114	105
Income tax receivable	2	11
Other current assets, net	244	223
Contract assets	83	88
Total current assets	**1,683**	**1,545**
Non-current assets		
Property, plant and equipment, net	3,136	3,029
Right-of-use assets, net	1,974	1,961
Intangibles, net	1,625	1,655
Goodwill	1,089	1,089
Investments in associated companies	2	1
Long-term investments	208	207
Deferred income tax assets	49	47
Other non-current assets, net	25	22
Total non-current assets	**8,108**	**8,012**
TOTAL ASSETS	**9,790**	**9,557**
Current liabilities		
Short-term debt	0	60
Lease liabilities short-term	308	284
Accounts payable	943	927
Accrued liabilities and current provisions	253	253
Income tax payable	103	81
Payables due to related parties	239	24
Contract liabilities	229	216
Total current liabilities	**2,076**	**1,845**
Non-current liabilities		
Long-term debt	748	748
Lease liabilities long-term	1,668	1,672
Deferred income tax liabilities	60	59
Other non-current liabilities	15	22
Asset retirement obligation and restructuring	402	423
Employee benefits	189	187
Total non-current liabilities	**3,082**	**3,111**
TOTAL LIABILITIES	**5,158**	**4,956**
STOCKHOLDERS' EQUITY		
Common stock	1,449	1,449
Treasury shares	-8	-8
Additional paid-in capital	1,100	1,100
Retained earnings	2,845	2,821
Other comprehensive income (loss) items	-756	-764
Equity attributable to equity holders of the parent	**4,630**	**4,598**
Non-controlling interests	2	2
TOTAL STOCKHOLDERS' EQUITY	**4,633**	**4,601**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**9,790**	**9,557**

Condensed Consolidated Statement of Cash Flows

in EUR million	Q2 2024 unaudited	Q2 2023 unaudited	H1 2024 unaudited	H1 2023 unaudited
Earnings before income tax - EBT	**195**	**214**	**346**	**387**
Depreciation	135	136	265	270
Amortization of intangible assets	67	63	133	127
Depreciation of right-of-use assets	84	44	165	86
Impairment/Reversal of impairment PPE	0	3	0	3
Equity interest in net income of associated companies	-1	-0	-1	-0
Result on sale/measurement of investments	-0	-1	-0	-1
Result on sale of property, plant and equipment	2	1	2	1
Net period cost of labor obligations and restructuring	23	23	50	50
Foreign currency exchange differences, net	-0	2	1	3
Interest income	-4	-3	-8	-6
Interest expense	25	25	50	43
Other adjustments	-0	-1	-1	-1
Non-cash and other reconciliation items	**330**	**291**	**655**	**575**
Accounts receivable: Subscribers, distributors and other, net	-2	-37	-21	-27
Prepaid expenses	-12	-7	-25	-20
Due from related parties	-1	-0	1	-0
Inventories	4	-11	-9	-27
Other assets	-2	-2	-3	-20
Contract assets	3	6	6	7
Accounts payable and accrued liabilities	14	17	-7	15
Due to related parties	2	0	3	0
Contract liabilities	-4	9	13	23
Working capital changes	**1**	**-26**	**-42**	**-49**
Employee benefits and restructuring paid	-28	-27	-57	-55
Interest received	4	3	8	6
Income taxes paid	-31	-31	-54	-48
Net cash flow from operating activities	**471**	**424**	**856**	**817**
Capital expenditures paid	-261	-352	-504	-587
Proceeds from sale of property, plant and equipment	1	4	3	6
Purchase of investments	-5	-56	-46	-81
Proceeds from sale of investments	4	56	44	75
Net cash flow from investing activities	**-260**	**-348**	**-503**	**-588**
Interest paid	-23	-15	-44	-25
Repayments of short-term debt	0	-1,373	-100	-2,889
Issuance of short-term debt	0	1,569	40	2,987
Dividends paid	-0	-213	-0	-213
Lease principal paid	-72	-36	-147	-96
Net cash flow from financing activities	**-95**	**-69**	**-251**	**-237**
Adjustment to cash flows due to exchange rate fluctuations, net	0	1	0	0
Net change in cash and cash equivalents	**116**	**8**	**103**	**-7**
Cash and cash equivalents beginning of period	155	134	169	150
Cash and cash equivalents end of period	271	143	271	143

Condensed Consolidated Statement of Changes in Stockholders' Equity

In EUR million	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Other comprehen-sive items	Total	Non-controlling interests	Total stock-holders' equity
At January 1, 2024	**1,449**	**-8**	**1,100**	**2,821**	**-764**	**4,598**	**2**	**4,601**
Net Result	0	0	0	263	0	263	0	263
Other comprehensive income (loss)	0	0	0	0	8	8	0	8
Total comprehensive income (loss)	**0**	**0**	**0**	**263**	**8**	**271**	**0**	**271**
Distribution of dividends	0	0	0	-239	0	-239	-0	-239
At June 30, 2024	**1,449**	**-8**	**1,100**	**2,845**	**-756**	**4,630**	**2**	**4,633**
At January 1, 2023	**1,449**	**-8**	**1,100**	**1,763**	**-714**	**3,590**	**2**	**3,593**
Net Result	0	0	0	301	0	301	0	301
Other comprehensive income (loss)	0	0	0	0	-27	-27	-0	-27
Total comprehensive income (loss)	**0**	**0**	**0**	**301**	**-27**	**273**	**0**	**274**
Distribution of dividends	0	0	0	-213	0	-213	-0	-213
At June 30, 2023	**1,449**	**-8**	**1,100**	**1,852**	**-742**	**3,651**	**2**	**3,653**

Capital Expenditures

in EUR million	Q2 2024 unaudited	Q2 2023 unaudited	H1 2024 unaudited	H1 2023 unaudited
Capital expenditures paid	**261**	**352**	**504**	**587**
Reconciliation of additions in accounts payable	-17	11	-27	19
Reconciliation of assets of government grants	4	-4	6	1
Reconciliation of right-of-use assets paid	-1	-1	-3	-1
Total capital expenditures	**247**	**359**	**480**	**606**
Thereof tangible	180	215	377	421
Thereof intangible	66	144	103	185

Capital expenditures include additions to intangible and tangible assets including interest capitalized, but do neither include additions related to asset retirement obligations nor additions to right-of-use assets according to IFRS 16.
In accordance with IAS 7.43, the reconciliation of additions to accounts payable includes the adjustment of capital expenditures of the current period not yet paid as well as capital expenditures of prior periods paid in the current period. The reconciliation of assets of government grants contains grants not yet paid, which have already been deducted from capital expenditures as well as grants of prior periods paid in the current period. The reconciliation of right-of-use assets paid contains prepayments and other direct costs, which are paid before the commencement date of the lease and are reported in the cash flow from investing activities.

Net Debt

in EUR million	Jun. 30, 2024 unaudited	Dec. 31, 2023 audited
Net debt (excl. leases)		
Long-term debt	748	748
Short-term debt	0	60
Cash and cash equivalents	-271	-169
Net debt (excl. leases)	**477**	**639**
Net debt/EBITDA after leases (last 12 months)	**0.3x**	**0.4x**
EBITDA after leases (last 12 months)	1,599	1,671
Net debt (incl. leases)		
Long-term debt (incl. lease liability)	2,416	2,420
Short-term debt (incl. lease liability)	308	344
Cash and cash equivalents	-271	-169
Net debt (incl. leases)	**2,454**	**2,595**
Net debt/EBITDA (last 12 months)	**1.3x**	**1.3x**
EBITDA (last 12 months)	1,961	1,924

Condensed Operating Segments

in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consoli-dated
					H1 2024				
External revenues	1,365	365	264	207	112	185	74	10	2,583
Intersegmental revenues	7	3	3	0	1	4	3	-22	0
Total revenues (incl. OOI)	**1,372**	**368**	**267**	**207**	**113**	**190**	**77**	**-12**	**2,583**
Segment expenses	-864	-203	-159	-138	-86	-120	-50	-4	-1,624
EBITDA	**508**	**165**	**108**	**69**	**27**	**70**	**27**	**-16**	**959**
Depreciation and amortization	-317	-73	-58	-23	-33	-40	-16	-2	-563
Reversal of impairment	0	0	0	0	0	0	0	0	0
Operating income - EBIT	**191**	**92**	**50**	**46**	**-6**	**29**	**11**	**-18**	**396**
Interest income	10	10	1	0	0	1	0	-14	8
Interest expense	-52	-6	-9	-3	-2	-5	-2	30	-49
Other financial result	-8	0	-0	0	-0	0	-0	-1	-9
Equity interest in net income of associated companies	1	0	0	0	0	0	0	0	1
Earnings before income tax - EBT	**142**	**96**	**42**	**44**	**-8**	**25**	**10**	**-4**	**346**
Income taxes									-83
Net result									**263**
EBITDA margin	37.0%	44.9%	40.5%	33.2%	23.9%	36.8%	35.5%	k.A.	37.1%
Capital expenditures - intangible	52	38	4	1	2	3	1	2	103
Capital expenditures - tangible	270	33	42	5	7	10	7	2	377
Total capital expenditures	**322**	**72**	**46**	**7**	**10**	**12**	**8**	**4**	**480**

in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consoli-dated
					H1 2023				
External revenues	1,371	344	242	225	120	178	70	7	2,557
Intersegmental revenues	8	4	3	0	1	6	2	-24	0
Total revenues (incl. OOI)	**1,379**	**348**	**245**	**225**	**121**	**183**	**72**	**-17**	**2,557**
Segment expenses	-878	-200	-161	-123	-94	-121	-48	-10	-1,635
EBITDA	**501**	**148**	**85**	**101**	**28**	**62**	**24**	**-27**	**922**
Depreciation and amortization	-274	-58	-48	-27	-29	-32	-13	-2	-483
Impairment	0	0	0	-3	0	0	0	0	-3
Operating income - EBIT	**227**	**90**	**36**	**71**	**-1**	**30**	**11**	**-29**	**436**
Interest income	8	4	0	0	0	1	0	-8	6
Interest expense	-25	-2	-4	-3	-1	-1	-1	-3	-41
Other financial result	-9	2	0	-2	0	0	-0	-5	-14
Equity interest in net income of associated companies	0	0	0	0	0	0	0	0	0
Earnings before income tax - EBT	**202**	**93**	**33**	**66**	**-2**	**30**	**10**	**-45**	**387**
Income taxes									-86
Net result									**301**
EBITDA margin	36.3%	42.5%	34.5%	45.0%	22.9%	33.9%	33.4%	k.A.	36.1%
Capital expenditures - intangible	55	9	113	1	2	3	1	2	185
Capital expenditures - tangible	258	48	40	15	21	25	12	2	421
Total capital expenditures	**313**	**57**	**152**	**17**	**23**	**28**	**13**	**4**	**606**

* Other includes: Corporate, Other & Eliminations

Selected Explanatory Notes to the Consolidated Interim Financial Statements

Basis of Presentation

The consolidated interim financial statements as of June 30, 2024 and for the first six months of 2024 (“H1 2024”) include, in the opinion of Management, all adjustments necessary for a fair presentation of the financial position and performance and are not audited or reviewed and should be read in connection with the audited A1 Group’s annual consolidated financial statements according to IFRS for the year ended December 31, 2023. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

The use of automated calculation systems may give rise to rounding differences. Values of 0/-0 shown in tables result from amounts lower than EUR 0.5/-0.5 million.

The preparation of the interim financial statements in conformity with IAS 34 “Interim Financial Reporting” requires making estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The significant judgments and the key sources of estimation uncertainty are the same as those described in the latest annual financial statements. Actual results could differ from these estimates.

Compared to other economic sectors, the telecommunications industry is in general less cyclical. Within the telecommunication sector, the seasonality of the A1 Group’s segments shows the same pattern as other European incumbents, having lower margins in the year-end quarter due to Christmas promotions and increases in sales commissions.

Changes in Accounting Policies

A1 Group has applied the same accounting policies and methods of computation in the interim financial statements as in the annual financial statements as of and for the year ended December 31, 2023, except the following standards respectively amendments to standards which are effective from January 1, 2024:

IFRS 16	Amendments: Lease Liability in a Sale and Leaseback
IAS 1	Amendments: Classification of Liabilities as Current or Non-Current
IAS 7 and IFRS 7	Amendments: Disclosure Supplier Finance Arrangements

The standards respectively the amendments to standards do not have a material impact on the condensed consolidated interim financial statements.

Related Party Transactions

As a consequence of the tower spin-off on September 22, 2023 the following lease payments were made to the EuroTeleSites ("ETS") Group:

in EUR million (unaudited)	H1 2024	H1 2023
Lease principal paid	82	0
Lease interest paid	33	0
Lease paid to ETS Group total	**115**	**0**

Revenues

The following table shows the disaggregated revenues per product line and segment:

in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consoli-dated
					H1 2024				
Mobile service revenues	539	178	147	121	60	135	50	-7	1,223
Fixed-line service revenues	688	123	74	38	27	12	15	-5	972
Service revenues	**1,227**	**301**	**221**	**159**	**87**	**147**	**65**	**-12**	**2,195**
Mobile equipment revenues	97	47	41	40	25	42	11	0	303
Fixed-line equipment revenues	21	14	3	3	0	0	1	0	41
Equipment revenues	**117**	**62**	**43**	**43**	**25**	**42**	**12**	**0**	**344**
Other operating income	**28**	**5**	**3**	**5**	**1**	**1**	**1**	**0**	**44**
Total revenues (incl. OOI)	**1,372**	**368**	**267**	**207**	**113**	**190**	**77**	**-12**	**2,583**
					H1 2023				
Mobile service revenues	524	168	131	133	64	126	45	-5	1,186
Fixed-line service revenues	691	103	66	37	25	7	14	-9	934
Service revenues	**1,214**	**271**	**198**	**170**	**89**	**133**	**59**	**-14**	**2,120**
Mobile equipment revenues	108	45	42	46	28	47	12	-1	327
Fixed-line equipment revenues	33	23	2	3	0	0	1	1	62
Equipment revenues	**141**	**67**	**44**	**49**	**29**	**47**	**13**	**-0**	**389**
Other operating income	**24**	**10**	**4**	**5**	**3**	**3**	**0**	**-2**	**47**
Total revenues (incl. OOI)	**1,379**	**348**	**245**	**225**	**121**	**183**	**72**	**-17**	**2,557**

* Other includes: Corporate, Other & Eliminations

Cost and Expenses

The cost of equipment corresponds to material expense. Employee expenses are shown in the following table:

in EUR million (unaudited)	H1 2024	H1 2023
Employee expenses, including benefits and taxes	-510	-487

Regarding the increase in other expenses see "Other accrued liabilities".

Depreciation of right-of-use assets

The recognition of right-of-use assets for the Master Lease Agreements concluded with the ETS Group in 2023, resulted in an increase in depreciation of right-of-use assets in 1H 2024 compared to 1H 2023.

Cash and Cash Equivalents

In Q2 2024, the Belarusian government has imposed temporary restrictions on payment of dividends to foreign investors residing in European Union and other countries considered "unfriendly". As of June 30, 2024 cash and cash equivalents of the Belarusian subsidiaries amount to EUR 35 million.

Intangibles and Property, Plant and Equipment

In June 2024, A1 Bulgaria acquired frequencies for EUR 31 million in the 900 Mhz and 1800 Mhz band for a period of ten years. In April 2024, 400 MHz in the 26 GHz band as well as additional regional frequencies in the 3.5 GHz spectrum were acquired in Austria for a total of EUR 7 million. The new licenses for the 26 GHz and 3.5 GHz spectrum are valid until December 31, 2046, and December 31, 2039, respectively.

In April 2023, A1 Croatia acquired frequencies in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz bands for a total of EUR 110 million, including acquisition-related costs capitalized. The frequencies will be used for a period of 15 years starting in October 2024.

Debt and Current Liabilities

In H1 2024, total short-term bank debt in the amount of EUR 60 million was repaid.

For the increase in payables due to related parties and accounts payable related to the declared dividend, see "Stockholders' Equity".

Provisions and Accrued Liabilities

Restructuring

The provision for restructuring (employees who will no longer provide services) and social plans as well as for civil servants who voluntarily changed to the Austrian government to take on administrative tasks and the discount rates applied are disclosed in the following table:

	Jun. 30, 2024	Dec. 31, 2023
in EUR million	unaudited	audited
Restructuring and social plans	348	357
Civil servants transferred to the government	4	5
Total restructuring	**352**	**362**
Discount rate	3.50%	3.00%

In H1 2024, the provision for restructuring was reduced due to usage and the effect of the change in estimate of discount rates. This reduction was mostly offset by additions due to the acceptance of new social plans and the accretion of the provision.

Employee benefit obligations

The following table discloses the discount rates applied to measure employee benefit obligations:

	Jun. 30, 2024	Dec. 31, 2023
Discount rate	unaudited	audited
Service awards	3.50%	3.25%
Severance	3.50%	3.25%
Pensions	3.50%	3.25%

The effect of the above mentioned increase in discount rates in H1 2024 resulted in a decrease in employee benefit obligations of EUR 4 million (H1 2023: no change in parameters). The main effect relates to the provisions for severance and pensions, which was recognized in other comprehensive income. Regarding the provision for service awards, the effect was recognized in employee expenses.

Asset retirement obligation

In H1 2024, the parameters used for calculating the asset retirement obligation were adjusted to current market expectations in each operative segment and are summarized in the following table:

	Jun. 30, 2024	Dec. 31, 2023
Discount rate	3,3% - 24,0%	2,9%-22,5%
Inflation rate	2,1% - 5,8%	2,2%-5,1%

In essence, the change in the specified parameters as well as the change in the estimated outflow of resources resulted in a decrease in the obligation with no impact on income due to an adjustment in the carrying amount of the related item of property, plant and equipment of EUR 6 million (1H 2023: increase of EUR 10 million).

Other accrued liabilities

In the context of State Control Audit in Belarus an administrative violation triggered a penalty of EUR 24 million which was accrued at June 30, 2024. Despite the 2nd out of three possible appeal instances left this amount unchanged, A1 believes that the fact that no damage occurred neither to the state, nor to customers out of this administrative violation, could be reflected in the decision of the 3rd and final instance to lower the penalty.

Income Taxes

	H1 2024	H1 2023
Effective income tax rate	24.0%	22.3%

The increase in the effective tax rate is mainly due to the above mentioned penalty, which is non-tax deductible. Additionally A1 Group became subject to the global minimum top-up tax under Pillar Two tax legislation from January 1, 2024.The top-up tax relates to the operations A1 Bulgaria and A1 North Macedonia, where the statutory tax rates are 10% each. In Bulgaria a domestic top-up tax was implemented as of January 1, 2024, therefore A1 Bulgaria is liable for the top-up tax and recorded the corresponding current tax expense in H1 2024. For North Macedonia A1 Group recognized a current tax expense related to the top-up tax which is levied on the ultimate parent company in H1 2024. Total top-up tax recognized in H1 2024 amounted to EUR 5 million.

Stockholders' Equity

The following dividends were declared by the shareholders at the Annual General Meeting and distributed by Telekom Austria AG:

	H1 2024	H1 2023
Date of Annual General Meeting	Jun. 27, 2024	Jun. 7, 2023
Dividend per share in euro	0.36	0.32
Total dividend paid in Mio. EUR	239	213
Date of payment	Jul. 4, 2024	Jun. 15, 2023

The declared dividend as of June 30, 2024 payable to the main shareholders América Móvil and Österreichische Beteiligungs AG resulted in an increase in payables due to related parties in the amount of EUR 211 million. The remaining dividend of EUR 28 million due to the owners of the free floated shares was recognized in accounts payable.

Other comprehensive income (loss) items in the Condensed Consolidated Statements of Changes in Stockholders' Equity include the remeasurement of defined benefit obligations (IAS 19 reserve), remeasurement of investments at fair value through other comprehensive income (FVOCI reserve) and the translation reserve. In H1 2024, EUR 8 million of the effect of translation of foreign entities in other comprehensive income relate to the appreciation of the Belarusian ruble (H1 2023: depreciation of EUR 28 million).

Share-based Compensation

On May 22, 2024, the 15th tranche of the long-term incentive program (LTI 2024) was granted. LTI 2024 is based on the new remuneration policy which was approved at the Annual General Meeting on 27 June 2024. Compared to previous tranches, the Management Board does not have a shareholding obligation for LTI anymore as this was replaced by shareholding obligation according employment contracts. The target achievement corridor amounts to 0% – 200% (former LTI programs 0% – 175%)

LTI 2024 has a performance period from January 1, 2024 to December 31, 2026. EBITDA growth and Free Cashflow (weighted with 25% each), the revenue market share of A1 Group (weighted with 20%) and two Environmental, Social & Corporate Governance goals ("ESG", reduction of gender pay gap and reduction of the carbon footprint by year-end 2026, weighted with 15% each) were defined as key performance indicators.

Financial Instruments

The following tables show the classification as well as the carrying amounts and fair values of financial assets and financial liabilties (debt). Fair values are not disclosed in case the carrying amount is a reasonable approximation of the fair value:

	Jun. 30, 2024		Dec. 31, 2023	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
in EUR million	unaudited	unaudited	audited	audited
Cash and cash equivalents	271	n.a.	169	n.a.
Accounts receivable: Subscribers, distributors and other	867	n.a.	843	n.a.
Receivables due from related parties	16	n.a.	22	n.a.
Other current financial assets	12	n.a.	11	n.a.
Other non-current financial assets	4	n.a.	4	n.a.
Investments at amortized cost	217	214	210	207
Financial assets at amortized cost	**1,387**	**n.a.**	**1,257**	**n.a.**
Equity instruments at fair value through profit or loss*	3	3	3	3
Debt instruments at fair value through other comprehensive income*	39	39	38	38
Debt instruments at fair value through profit or loss*	37	37	40	40
Financial assets at fair value	**78**	**78**	**82**	**82**

* mandatory
n.a. - Not applicable as the practical expedient of IFRS 7.29 (a) was applied.

Financial assets at fair value mainly include quoted bonds, quoted shares and investment funds and are thus mainly classified as Level 1 of the fair value hierarchy.

	Jun. 30, 2024		Dec. 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
in EUR million	unaudited	unaudited	audited	audited
Short-term bank debt	0	0	60	60
Bonds	748	719	748	723
Payables due to related parties	239	k.A.	24	k.A.
Current financial liabilities	833	k.A.	842	k.A.
Other non-current financial liabilities	15	15	22	21
Financial liabilities at amortized cost	**1,836**	**k.A.**	**1,696**	**k.A.**
Lease liabilities	**1,976**	**k.A.**	**1,956**	**k.A.**

n.a. - Not applicable as the practical expedients of IFRS 7.29 (a) respectively IFRS 7.29 (d) for lease obligations were applied.

The fair value of the quoted bond equals the face value multiplied by the price quotation at the reporting date and is thus classified as Level 1 of the fair value hierarchy. The fair values of the bank debt are measured at the present values of the cash flows associated with the debt, based on the applicable yield curve. The fair values of the other non-current financial liabilities are measured at the present values of the cash flows, discounted based on current interest rates, and are thus classified as Level 2 of the fair value hierarchy.

Contingent Liabilities

There have not been any significant new developments regarding the lawsuits of the Austrian Federal Chamber of Labor (Bundesarbeitskammer) received in January 2024, which was reported in the Consolidated Financial Statements 2023. The Chamber of Labor demands that service fees shall no longer be charged in future and that payments already collected shall be refunded. The Chamber of Labor has initiated two separate collective claims as model cases against A1 Austria, namely with regard to the A1 and Bob brands. A1 Group is confident to be able to convince the courts of the legality of the service fee, especially as the Supreme Court recently ruled that service fees are also permissible for ticket providers. Since 2011, the Telecommunications Regulatory Authority has regularly reviewed and accepted the regulations on service fees. In addition, there are special legal provisions in the telecommunications industry, also based on European law, which allow different fees to be charged. Therefore, at June 30, 2024, no provisions were booked for these lawsuits. To avoid risk, service fees have no longer been agreed with customers since February 2024.

Subsequent and other Events

On April 4, 2024 A1 Austria agreed to acquire 100% of the shares in NTT Austria GmhH ("NTT") for approximately EUR 8 million. Closing is expected in Q3 2024 after approval by the respective authorities. NTT supports customers with managed infrastructure services along the entire value chain. The IT service provider is a specialist in the Intelligent Workplace with cloud-based solutions and infrastructure and security services. The acquisition is expected to support the strategy to fulfill the increasing demands of the market for digitalization.

As a consequence of the dividend payment on July 4, 2024 (see "Stockholder's Equity"), EUR 175 million short-term bank debt was drawn.

Vienna, July 16, 2024

The Management Board of Telekom Austria Aktiengesellschaft

CEO Alejandro Plater

Deputy CEO Thomas Arnoldner

Statement of All Legal Representatives

Declaration of the Management Board according to §125 Para 1 Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the International Financial Reporting Standards (IFRS) and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, July, 16 2024

The Management Board of Telekom Austria Aktiengesellschaft

CEO Alejandro Plater

Deputy CEO Thomas Arnoldner

Financial calendar

Oct 15, 2024 Results Q3 / Q1-Q3 2024

Risks and uncertainties

A1 Group faces various risks and uncertainties that could affect its results. For further details about these risks and uncertainties, please refer to the latest A1 Group Annual Financial Report.

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Disclaimer

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