



# Results for the Second Quarter and First Half 2022

Vienna, July 22, 2022 - Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its half year report including the results for the second quarter and the first half of 2022, ending June 30, 2022 as well as the condensed consolidated financial statements.

## Key performance indicators

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
<b>Total revenues</b>	1,208.4	1,165.8	3.7	2,374.9	2,301.3	3.2
Service revenues	1,025.7	976.4	5.0	2,013.9	1,932.1	4.2
Equipment revenues	161.6	166.8	-3.1	316.9	328.9	-3.6
Other operating income	21.1	22.6	-6.5	44.1	40.3	9.3
<b>Wireless revenues</b>	716.9	684.0	4.8	1,406.4	1,352.5	4.0
Service revenues	575.0	532.2	8.0	1,122.5	1,051.2	6.8
Equipment revenues	141.9	151.8	-6.5	284.0	301.4	-5.8
<b>Wireline revenues</b>	470.4	459.2	2.4	924.4	908.5	1.7
Service revenues	450.7	444.2	1.5	891.4	881.0	1.2
Equipment revenues	19.7	15.0	31.4	32.9	27.5	19.7
<b>EBITDA before restructuring</b>	477.1	448.6	6.3	929.7	868.0	7.1
% of total revenues	39.5%	38.5%		39.1%	37.7%	
<b>EBITDA</b>	456.9	427.7	6.8	888.5	826.0	7.6
% of total revenues	37.8%	36.7%		37.4%	35.9%	
<b>EBIT</b>	219.0	187.4	16.9	413.2	350.7	17.8
% of total revenues	18.1%	16.1%		17.4%	15.2%	
<b>Net result</b>	167.0	125.0	33.6	297.7	233.8	27.3
% of total revenues	13.8%	10.7%		12.5%	10.2%	
<b>Wireless indicators</b>	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Wireless subscribers (thousands)	23,274.6	22,324.6	4.3	23,274.6	22,324.6	4.3
Postpaid	19,352.5	18,368.5	5.4	19,352.5	18,368.5	5.4
Prepaid	3,922.1	3,956.1	-0.9	3,922.1	3,956.1	-0.9
ARPU (in EUR)	8.3	8.0	3.6	8.1	8.0	2.4
Mobile churn (%)	1.2%	1.2%		1.3%	1.3%	
<b>Wireline indicators</b>	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
RGUs (thousands)	6,134.5	6,071.6	1.0	6,134.5	6,071.6	1.0

All comparisons are given year-on-year. EBITDA is defined as net income excluding financial result, income taxes, depreciation and amortization and impairment charges.

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<sup>1</sup>Alternative performance measures are included in this report. For details, please refer to the section 'Detailed figures'.

## Q2 2022 Analysis

### Group Summary

In Q2 2022, positive market trends prevailed and A1 Telekom Austria Group continued on its growth path delivering a solid set of quarterly results. Service revenues increased in all geographies across the footprint and, despite a pressure on the cost side mainly coming from the energy market disruptions, Group EBITDA was again above the previous year's level.

Roaming traffic was comparatively higher and further supported solid development of the mobile core business, while growth momentum continued in the solution and connectivity business. In line with the latter, product-related costs increased while, at the same time, marketing activities in the footprint weighed on higher advertising expenses. Indexation of retail tariffs, triggered earlier in a number of markets as well as the appreciation of the Belarusian ruble versus the euro were both supportive to the results.

- Total revenues increased by 3.7%, as service revenue growth achieved in all the markets more than compensated for slightly lower equipment revenues.
- Equipment revenues declined, driven by the Bulgarian segment where the comparison period was positively impacted by a public customer deal and to a lesser extent by the Belarusian segment following a lack of high-value handsets.
- Mobile service revenues increased by 8.0% due to the solid performance of the mobile core business, improved roaming results as well as earlier implemented inflation-linked price adjustments.
- Fixed-line service revenues rose by 1.5% on the back of solid solution and connectivity business which more than compensated for lower interconnection revenues.
- The number of mobile subscribers rose by 4.3%, driven by the higher number of M2M subscribers as well as the higher number of mobile WiFi routers.
- The Internet@home customer base grew by 4.9%, mainly driven by mobile WiFi routers but also high-bandwidth broadband RGUs.
- Group total RGUs increased by 1.0% as growth in broadband subscribers outweighed the decline of voice RGUs.
- Roaming benefited results in Q2 2022 (positive impact yoy: ~ 1% of revenues; ~ 2.5% of EBITDA) amidst increased travel activities in the footprint, especially in Austria and Croatia.
- Group EBITDA before restructuring charges grew by 6.3% (reported: 6.8%) as higher service revenue more than compensated for increased core OPEX. Excluding FX and one-off effects, Group EBITDA before restructuring charges grew by 5.5%.
  - In Austria, EBITDA before restructuring charges increased by 3.1% (reported: 3.7%) owing to the successful translation of service revenues as total costs and expenses remained flat.
  - EBITDA in international operations rose by 10.3% with growing numbers in almost all segments and in particular strong contribution from Bulgaria and Belarus. Excluding FX and one-off effects, EBITDA in international operations grew by 8.3%.
- Net result improved by 33.6% year-on-year in the second quarter of 2022, as better operational result and better financial result more than compensated for higher income tax expense.
- A EUR 750 mn bond was repaid from existing cash and proceeds from bank loans on April 4, 2022.

The following factors should be considered in the analysis of A1 Telekom Austria Group's quarterly operating results:

- Positive FX effects amounted to EUR 8.9 mn in total revenues and EUR 4.4 mn in EBITDA, almost entirely coming from the Belarusian segment.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q2 2022') are available on the website at [www.a1.group](http://www.a1.group).

- There were no one-off effects in the reporting period, while there was a minor positive one-off effect in the comparison period in EBITDA (+0.6 mn in Serbia).
- Restructuring charges in Austria amounted to EUR 20.1 mn in Q2 2022 (Q2 2021: EUR 20.9 mn).

## Outlook

### Outlook confirmed

The Management of A1 Telekom Austria Group confirms the outlook for the financial year 2022 with total revenue growth of close to 3%. The initial outlook for 2022 included an assumption of depreciation of the Belarusian ruble versus the euro of 5-10% in 2022 (period average). After a sharp drop of the BYN in February and March, the currency appreciated again in April and May and closed slightly higher in June.

Going forward, and given the volatile nature of the Belarusian ruble, a potential adverse BYN development equivalent to a 2022 period-end depreciation of approx. 18 % versus the rate as of YE 2021 (or approx. 27 % period-end depreciation versus the rate as of June 30, 2022) would result in a zero 2022 period-average BYN depreciation and thus neutral currency effects on total revenues in 2022. However, it shall be noted that the probability of the above-mentioned or any other BYN outcome is very hard to predict, especially under the current circumstances.

Furthermore, equipment revenues might be stressed by supply chain challenges. Overall, the EBITDA margin is still expected to slightly increase. Capital expenditures, before spectrum investments and acquisitions are expected to increase by approximately 15% in 2022. The increase versus last year's CAPEX results mainly from higher investments in Austria dedicated to more fiber build, and to a small extent to more IT CAPEX and the 5G roll-out.

## Mobile Subscribers and Fixed-line RGUs

### Internet@home: +4.9% year-on-year in Q2 2022

In mobile communications, the number of subscribers of the A1 Telekom Austria Group rose by 4.3% to a total of 23.3 million in the second quarter of 2022. Growth was mainly driven by a strong increase in M2M subscribers. Also, the growth in contract customers (ex M2M) was driven by the mobile core business and the continued shift from prepaid to contract offers as well as continued solid demand for mobile WiFi routers. The number of A1 Digital M2M customers continued to increase in Q2 2022.

The number of revenue-generating units (RGUs) in the Group's fixed-line business increased (+1.0%) year-on-year. In Austria, the number of RGUs declined, driven by fewer voice-only and low-bandwidth broadband RGUs, which could not be offset by the continued solid demand for high-bandwidth products in Q2 2022. In the international markets, the number of RGUs rose mainly due to increasing high-bandwidth broadband RGUs while TV RGUs also grew in all the markets.

The Internet@home customer base increased by 4.9% in the Group, driven by the increase in mobile WiFi router numbers and higher number of high-bandwidth RGUs.

## Comments on Operating Segments for Q2 2022 – Revenues and EBITDA

### Austria

#### Key performance indicators

##### Financials

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Total revenues	676.1	666.2	1.5	1,339.8	1,323.6	1.2
Service revenues	602.7	590.6	2.1	1,191.2	1,171.7	1.7
Equipment revenues	61.5	61.2	0.6	121.7	126.3	-3.7
Other operating income	11.9	14.4	-17.8	26.9	25.6	5.3
Wireless revenues	302.0	291.2	3.7	603.7	585.1	3.2
Service revenues	255.2	240.3	6.2	504.3	476.9	5.8
Equipment revenues	46.8	50.9	-8.0	99.4	108.3	-8.2
Wireline revenues	362.2	360.5	0.5	709.1	712.9	-0.5
Service revenues	347.5	350.3	-0.8	686.9	694.8	-1.1
Equipment revenues	14.7	10.3	43.0	22.3	18.1	23.3
EBITDA before restructuring	278.6	270.1	3.1	544.2	520.0	4.7
% of total revenues	41.2%	40.5%		40.6%	39.3%	
EBITDA	258.5	249.2	3.7	503.0	478.1	5.2
% of total revenues	38.2%	37.4%		37.5%	36.1%	
EBIT	122.8	109.0	12.6	229.4	203.2	12.9
% of total revenues	18.2%	16.4%		17.1%	15.3%	
Wireless indicators	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Wireless subscribers (thousands)	5,112.5	5,023.1	1.8	5,112.5	5,023.1	1.8
ARPU (in EUR)				16.5	15.8	4.6
Mobile churn (%)	1.0%	1.8%		1.0%	1.5%	
Wireline indicators	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
RGUs (thousands)	2,994.5	3,096.1	-3.3	2,994.5	3,096.1	-3.3

In Q2 2022, market dynamics in Austria remained broadly unchanged compared to the first quarter of 2022. Mobile network operators launched Easter promotional campaigns in April that were mainly focused on convergent but also on mobile-only offers. While the availability of high value handsets posed a certain challenge, A1's mobile core business showed decent performance and was additionally supported by solid development in the SIM-only and the prepaid segments. A1's 5G tariffs continued to be sold with the premium over LTE tariffs, while the mobile low-value segment remained highly competitive. The Internet@home market was characterized by continued speed upgrades, mainly on the side of mobile WiFi routers, with somewhat abating dynamics compared to the same period last year. Fixed RGU losses, similar to the previous reporting periods, continued to be driven by voice-only and low-bandwidth customers. Solution and connectivity business, on the other hand, continued to grow in the reporting period, supported by additional projects in connectivity and security areas.

Total revenues in the Austrian segment increased by 1.5% year-on-year, mainly driven by higher service revenues. Equipment revenues increased only slightly as higher ICT equipment sales compensated for lower sales of mobile handsets, while other operating income came in lower. The latter is attributable to the parameter changes in the comparison period, which positively impacted the valuation of asset retirement obligations.

Mobile service revenues were higher compared to the same period last year, driven by improved roaming result in the reporting period, continued demand for mobile WiFi routers as well as solid performance of

Mobile WiFi routers continue to drive Internet@home market

the mobile core business. Additionally, growth was supported by the effects from inflation-linked price increases implemented in April 2022. Altogether, that also resulted in higher ARPU.

Fixed-line service revenues declined in the period under review as the growth in the solution and connectivity business could not fully compensate for lower retail fixed-line service revenues and lower interconnection revenues. While interconnection revenue decline was mainly regulation driven, retail fixed-line service revenues came in lower due to the loss of voice-only and low-bandwidth RGUs. The impact of the latter was partially mitigated by the effects of successful customer upselling to high-bandwidth products and the above-mentioned indexation measures. ARPL increased slightly, as the effects of the price measures as well as successful upselling activities outweighed negative effects from IC regulation.

EBITDA before restructuring charges increased by 3.1% year-on-year as higher service revenues more than outweighed slightly higher core OPEX. The latter increased mainly due to inflation-elevated energy costs but also due to higher advertising expenses as well as higher product related costs. While product related costs increased in line with the solid performance of solution and connectivity business, advertising expenses went up due to the increased marketing activity. On the other hand, workforce costs declined amidst lower provisions for employee long-term benefits and mitigated the core OPEX increase.

EBITDA before restructuring  
up +3.1% in Austria

### International operations

#### Key performance indicators

##### Financials

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Total revenues	543.7	506.8	7.3	1,052.1	990.5	6.2
Service revenues	432.3	392.4	10.2	836.9	772.4	8.4
Equipment revenues	100.1	105.5	-5.1	195.1	202.2	-3.5
Other operating income	11.3	8.9	27.5	20.1	15.9	26.3
Wireless revenues	417.1	394.7	5.7	805.9	770.4	4.6
Service revenues	321.9	293.7	9.6	621.2	577.5	7.6
Equipment revenues	95.2	100.9	-5.7	184.7	193.0	-4.3
Wireline revenues	115.2	103.2	11.6	226.1	204.2	10.7
Service revenues	110.4	98.7	11.8	215.7	194.9	10.7
Equipment revenues	4.8	4.5	6.7	10.4	9.3	12.1
EBITDA	210.6	190.9	10.3	409.3	373.5	9.6
% of total revenues	38.7%	37.7%		38.9%	37.7%	
EBIT	109.7	92.5	18.5	210.5	176.2	19.4
% of total revenues	20.2%	18.3%		20.0%	17.8%	

Wireless indicators	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Wireless subscribers (thousands)	14,968.9	14,840.6	0.9	14,968.9	14,840.6	0.9
Wireline indicators	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
RGUs (thousands)	3,139.9	2,975.5	5.5	3,139.9	2,975.5	5.5

EBITDA increased by 10.3%  
in CEE markets

In Q2 2022, service revenues and EBITDA in international operations rose 10.2% and 10.3% respectively. Service revenues increased in all CEE markets while EBITDA growth was particularly strong in the Bulgarian and Belarusian segment. Excluding FX and one-offs effects, EBITDA in international operations increased by 8.3%.

### *Bulgaria*

In Bulgaria, positive trends continued and shaped the market also in the second quarter of 2022. A1 continued to execute its convergent strategy which again resulted in a strong service revenue growth both in the fixed-line and the mobile business. Upselling to high-broadband products and a growing number of RGUs characterized the fixed-line market, while strong performance of high value tariffs and continued return of roaming traffic were instrumental in driving the mobile business. Supportive to the results were also inflation-linked pricing measures implemented earlier in March 2022. Additionally, ICT business remained an important growth factor due to the ongoing high demand for IT solutions and security services.

Total revenues increased by 4.3% as solid service revenue growth more than compensated for lower equipment revenues. The latter came in lower as the comparison period was positively impacted by a sizable transaction with a public customer. Total costs and expenses decreased compared to prior year as increases in electricity costs, content and license costs were outweighed by lower cost of equipment. On the back of strong service revenue growth, EBITDA grew by 14.2% in the reporting period.

### *Croatia*

In a still-competitive market environment, A1 Croatia continued to grow its mobile and fixed-line subscriber base as well as service revenues. Mobile core business showed a decent performance and was additionally supported by higher roaming traffic, while in the fixed-line business high-bandwidth RGUs growth more than compensated for a decline of low-bandwidth products.

Total revenues were 4.2% higher compared to the same period last year and were driven by higher mobile service revenues as well as to a lesser extent higher fixed-line service revenues. Higher equipment sales also added to the growth. Core OPEX increased, driven by higher content costs, higher advertising expenses but also elevated workforce costs. As higher service revenues and the improved equipment margin more than compensated for the above-mentioned cost increase, EBITDA grew by 2.7%.

### *Belarus*

In Belarus, all mobile network operators continued to focus on customer upselling activities while competitive environment remained broadly unchanged compared to the previous quarter. On the operational level, A1 business demonstrated solid performance in the reporting period, whereas certain macroeconomic challenges still remained present. Inflation in the country stood at 17.6% year-on-year in June 2022. Belarusian ruble appreciated versus the euro by 9.7% on a period-average basis, while the period-end appreciation was 13.2%. In a search to reconcile budgetary constraints, additional industry-wide regulatory measures have been implemented by the government, such as an additional advertising tax, a state-broadcast channel fee increase and a renewable energy sales multiplier reduction. All these placed an additional burden on telco providers and are set to weigh on their operating expenses going forward. A further set of EU sanctions adopted lately in 2022 did not cause major business continuity issues in A1 Belarus, however, the impact of the affected supply chain is increasing. A1 is working on the process to mitigate those effects and to re-establish deliveries compliant under the current sanction framework and telco exception rules.

Total revenues increased by 11.6% (in local currency + 2.1%), entirely driven by higher service revenues while equipment revenues declined due to fewer handsets sold. Service revenue growth was attributable to the attractive propositions both in the mobile and the fixed-line business, positive contribution from the inflation-linked price measures implemented earlier in 2021 and 2022 as well as a solid performance of the solution and connectivity business. Core OPEX went up due to higher workforce costs, higher content costs as well as increased network maintenance and capacity driven corporate network costs. Equipment margin improved and together with the strong service revenue growth more than compensated for

higher core OPEX which led to 16.4% higher EBITDA compared to the same period last year. In local currency, EBITDA grew by 6.6% in the period under review. Excluding the above-mentioned effects from the new industry regulation, EBITDA in local currency grew by approx. 10% in the period under review.

#### *Other segments*

The Slovenian market remained competitive in the second quarter of 2022. A1 continue to offer its redesigned mobile portfolio with attractive hardware and 5G propositions. Increased roaming traffic was supportive to the growth in mobile service revenues, while interconnection revenues came in lower. Total revenues increased by 4.0% year-on-year on the back of higher mobile service revenues and higher equipment revenues, while fixed-line service revenues declined. Increased electricity and workforce costs were main categories to weigh on costs and expenses. EBITDA declined (-3.4%) in the period under review as higher service revenues and the improved equipment margin could not fully outweigh the increase in costs and expenses.

In Serbia, market trends remained unchanged compared to the previous quarter and A1 achieved a strong service revenue growth of 10.2% amidst solid performance of its NEO tariffs and continued return of roaming traffic. Equipment revenues increased too, driven by higher sales of more expensive handsets and additional accessories. Core OPEX went up, mainly driven by higher workforce costs, while advertising expenses declined. Equipment margin improved slightly and together with the strong service revenue growth more than compensated for higher core OPEX which resulted in EBITDA growth of 14.2%.

In North Macedonia, mobile network operators continued to focus on more-for-more concept with increased data allowances. A1 enriched its mobile portfolio with 5G-ready tariff plans and focused on convergent offers. Total revenues increased by 7.2% driven mainly by higher mobile service revenues and higher interconnection revenues. EBITDA rose 2.4% as service revenue growth more than outweighed higher costs and expenses, in particular increased electricity costs.



## Half-year Highlights

- Group total revenues increased by 3.2%, driven by service revenue growth in all the markets.
- Equipment revenues declined, due to a certain lack and lower sales of high-values handsets in Austria and Belarus as well as a higher comparable in Bulgaria due to a sizable transaction with a public customer.
  - Mobile service revenues grew by 6.8%, driven by growth in all the markets, on the back of the improved roaming result, ongoing solid demand for mobile WiFi routers and inflation-linked price adjustments implemented in several markets.
  - Fixed-line service revenues rose by 1.2%, as solid momentum in solution and connectivity business as well as continued demand for high-bandwidth products across the footprint more than compensated for IC revenue decline and voice RGUs losses in Austria.
- Roaming benefited results in the first half of 2022 (positive impact yoy: ~ 1% of revenues; ~ 2% of EBITDA) as traveling activities in the footprint were comparatively higher versus the same period last year.
- Group EBITDA before restructuring charges increased by 7.1% (reported: 7.6%) as higher service revenues and improved equipment margin more than compensated for increased core OPEX.
  - In Austria, EBITDA before restructuring charges improved by 4.7% (reported: 5.2%) owing to successful translation of service revenues and better equipment margin.
  - In international markets, EBITDA grew by 9.6% which was driven by growth in all markets
- Net result increased by 27.3% in the first half of 2022, driven by the improved operational performance as well as a better financial result.
- Free cash flow grew by 23.6% in the first half of 2022 and amounted to EUR 368.0 driven by better operational result and lower capital expenditures.

The following factors should be considered in the analysis of A1 Telekom Austria Group's half-year operating results:

- Positive FX effects amounted to EUR 8.7 mn in total revenues and EUR 4.2 mn in EBITDA in the first half of 2022, stemming almost entirely from the Belarusian segment.
- There were no one-off effects in total revenues and EBITDA in the reporting period, while there was a minor positive one-off effect in Q2 2021 in EBITDA (+0.6 mn in Serbia).
- Restructuring charges in Austria amounted to EUR 41.2 mn in the first half of 2022 (H1 2021: EUR 41.9 mn).

### Segment Austria

In Austria, total revenues increased by 1.2% in the first half of 2022, as service revenue growth more than compensated for lower equipment revenues while other operating income increased only slightly. Equipment revenues declined amidst comparably lower market dynamics in the first quarter of 2022 and, to a lesser extent, due to a certain lack of high value handsets.

Fixed-line service revenues declined, as solid growth in the solution and connectivity business could not fully compensate for lower retail fixed-line service revenues as well as lower interconnection revenues. While the latter was EU IC regulation-driven, the former was lower due to the declining number of voice-only and low-bandwidth RGUs and could be mitigated by positive effects from customer upselling to high-bandwidth products and inflation-linked price adjustments implemented in April 2022.

Mobile service revenues rose on the back of the improved roaming result in the first six months of 2022, solid development in the mobile core business and continued demand for mobile WiFi routers. Additionally, growth was supported by the above-mentioned inflation-linked price measures as well as the increase in customer activation and annual service fees from February 2022.

EBITDA before restructuring charges increased by 4.7% in the period under review (reported: +5.2%) as higher service revenues more than compensated for the increased core OPEX, while equipment margin was also supportive mainly on the back of lower subsidies provided, especially in the first quarter of 2022. Core OPEX increase was driven by higher energy costs, increased product-related costs and higher advertising expenses. While product related costs rose in line with the solid performance of the solution and connectivity business, advertising expenses came in higher mainly due to the increased marketing activity in the second quarter of 2022. At the time, lower workforce costs mitigated the increase as changes in interest rate environment resulted in lower provisions for long-term employee benefits.

### **International operations**

In the first half of 2022, total revenues in the international operations increased by 6.2% (excluding FX & one-offs: +5.3%), driven by both fixed-line and mobile service revenue growth. Service revenues grew by 8.4% driven by the growth in all markets. EBITDA increased by 9.6% (excluding FX & one-offs: +8.7%), particularly driven by Belarus and Bulgaria.

#### ***Segment Bulgaria***

In the Bulgarian segment, total revenues increased by 4.0% in the first half of 2022, as strong service revenue growth more than compensated for lower equipment revenues. The latter came in lower, impacted by a higher comparable in 2021 stemming from a deal with public customer. Service revenue increased in both the mobile and the fixed-line business. Solid development in the fixed-line business was characterized by customer upselling to high-bandwidth products and RGU growth, while the mobile business benefited from a solid core business with 5G tariffs in place as well as increased roaming traffic. Additionally, the solution and connectivity business continued its growth path and was a stable positive contributor to the segment's performance in the period under review.

On the cost side, higher electricity costs and increased content costs were main drivers for higher core OPEX. While the former rose mainly due to higher prices, content costs increase was product demand-driven. EBITDA increased by 10.4% in the first six months of 2022 as service revenue growth more than outweighed higher core OPEX, while equipment margin declined only slightly.

#### ***Segment Croatia***

In Croatia, total revenues rose by 2.9% in the first six months of 2022, almost entirely driven by service revenue growth. Redesigned mobile portfolio with 5G offers and attractive hardware as well as comparatively higher roaming traffic were instrumental in the mobile service revenue growth, while fixed-line business also showed a solid traction with growing RGU numbers and successful customer shift to high-bandwidth products.

Core OPEX rose, following the increase in workforce costs, advertising expenses and also content costs. EBITDA grew by 4.4% in the period under review, as higher service revenues more than compensated for increased costs and expenses as well as for slightly lower equipment margin.

#### ***Segment Belarus***

In Belarus, A1 demonstrated solid operational performance in the first half of 2022. Total revenues increased by 9.2% yoy (local currency: +4.7%) on the back of strong service revenue growth while equipment revenues came slightly lower. Service revenues rose due to the strong performance of mobile high-

value tariffs, upselling to multi-play offers and higher broadband speeds in the fixed-line business as well as the solid contribution from the solution and connectivity business. Additionally, inflation-linked price measures implemented both in the fixed-line and mobile business earlier in 2021 and in January 2022, contributed to the growth. Core OPEX went up due to higher workforce costs, higher capacity driven corporate network costs as well as increased content costs. Equipment margin improved and together with the strong service revenue growth, more than compensated for higher core OPEX. That led to 14.7% higher EBITDA compared to the same period last year. In local currency, EBITDA grew by 9.9%.

On the macroeconomic side, certain challenges remained present in the country. Inflation stood at 17.6% yoy at the end of June 2022. The Belarusian ruble started the year on a positive note, but experienced a strong pressure as a consequence of the military conflict in the Ukraine. After a sharp drop in February and March, the currency appreciated again in April and May and closed slightly higher in June. The BYN appreciated by 4.3% against the euro (period average) on a yoy comparison resulting in a positive FX impact of EUR 8.5 mn on revenues and EUR 4.1 mn on EBITDA in the first half of 2022. In May 2022, the government decided to impose additional industry-wide regulatory measures, that will be an additional burden on telco providers and are set to weigh on their operating expenses going forward.

### *Other segments*

In Slovenia, the market remained competitive in the first half of 2022. A1 continued to offer its redesigned mobile portfolio, which includes 5G propositions, while successful customer acquisition continued in the fixed-line business. Total revenues increased by 2.6% on the back of higher service revenues and higher equipment revenues. Service revenue growth came mainly from the mobile business and the improved roaming result, while the contribution from the solution and connectivity business also supported. Total workforce costs and electricity costs increased, driving core OPEX higher. In a result, A1 Slovenia achieved a slight EBITDA growth of 1.3% in the reporting period.

In Serbia, the positive market trends continued throughout the first half of 2022. A1 successfully attracted customers by NEO tariffs and roaming traffic continued to return, resulting in a strong service revenue growth of 9.9%. Equipment revenues increased too, driven by higher sales of more expensive handsets as well as additional accessories. Core OPEX went up, mainly driven by higher workforce costs, while advertising expenses declined. Equipment margin improved and together with the strong service revenue growth, more than compensated for higher core OPEX. That resulted in a strong EBITDA growth of 14.7% in the first six months of 2022.

In North Macedonia, positive trends continued and the market environment was supportive throughout the first two quarters of 2022, with A1 growing in both the mobile and the fixed-line business yoy. A1 enriched its mobile portfolio with 5G-ready tariff plans and focused on convergent offers. Service revenues grew by 8.0%, while equipment revenues remained almost flat. EBITDA rose by 2.7% yoy in the first half of 2022 on the back of the above mentioned revenue growth, despite higher costs and expenses influenced mainly by increased electricity prices.

## **Group profit and loss – below EBITDA**

In the first half of 2022, **depreciation and amortization** (incl. rights of use) amounted to EUR 475.3 mn and remained stable compared to the same period last year.

**Operating income** increased by 17.8% from EUR 350.7 mn in the first half of 2021 to EUR 413.2 mn in the first half of 2022.

**Net result** increased by 27.3% to EUR 297.7 mn in the first half of 2022, as the improved operational result as well as the financial result more than outweighed higher income tax expenses. The latter came in higher mainly due to the above-mentioned improved operational performance.

**Net result increased by 27.3% in the first half of 2022**

## Balance Sheet

As of June 30, 2022, the balance sheet total decreased by 1.0% compared to December 31, 2021, due to lower current assets as well as slightly lower non-current assets. Current assets declined, mainly driven by lower cash and cash equivalents following the EUR 750 mn bond repayment in April 2022, while accounts receivable and inventories increased. Non-current assets declined slightly as higher property, plant and equipment could not compensate for lower other intangible assets and right-of-use assets.

Current liabilities were lower, as the decrease in short-term debt exceeded the increase in accounts payable and the below-described dividend payable. Short-term debt declined following the repayment of the above-mentioned bond, which more than outweighed the EUR 300 mn increase in short-term financing used for that bond repayment. Non-current liabilities also declined, mainly due to lower lease-liabilities owing to lease payments in the reporting period but also due to lower asset retirement obligation following the change in calculation parameters.

At the Annual General Meeting on June 27, 2022, a dividend 0.28 euro per share was declared resulting in a decrease in equity of EUR 185.9 million and an increase in current liabilities as of June 30, 2022. The dividend was paid on July 5, 2022.

## Net Debt

Net debt (excl. leases) declined by 16.2% year-to-date, driven by a decline of short-term debt. Net debt (excl. leases) / EBITDA after leases decreased from 1.3x as of December 31, 2021 to 1.1x as of June 30, 2022.

in EUR million	Jun 30, 2022	Dec 31, 2021	% change
Net debt (excl. leases)	1,730.8	2,064.9	-16.2
Net debt (excl. leases) / EBITDA after leases (12 months)	1.1x	1.3x	

in EUR million	Jun 30, 2022	Dec 31, 2021	% change
Long-term debt	1,046.6	1,046.1	0.0
Lease liability long-term	565.9	606.1	-6.6
Short-term debt	1,100.0	1,553.2	-29.2
Lease liability short-term	165.3	161.0	2.6
Cash and cash equivalents	-415.8	-534.4	22.2
Net debt (incl. leases)	2,462.1	2,832.0	-13.1
Net debt (incl. leases) / EBITDA (12 months)	1.4x	1.7x	

## Cash flow

(in EUR million)	1-6 M 2022	1-6 M 2021	% change
EBITDA	888.5	826.0	7.6
Restructuring charges and cost of labor obligations	38.1	44.0	-13.5
Lease paid (principal, interest and prepayments)	-104.3	-96.6	-7.9
Income taxes paid	-38.8	-25.6	-51.7
Net interest paid	-26.1	-31.3	16.7
Change working capital and other changes	58.4	70.6	-17.2
Capital expenditures	-390.7	-442.1	11.6
Free Cash Flow (FCF) before social plans	425.2	345.0	23.2
Social plans new funded*	-57.2	-47.2	-21.1
FCF after social plans new	368.0	297.8	23.6

\* Cost for social plans granted in the respective period.

In the first half of 2022, free cash flow rose by 23.6% and amounted to EUR 368.0 mn. The increase was mainly driven by improved operational performance and lower capital expenditures. The latter came in lower as the comparison period was impacted by frequency acquisitions in Slovenia and Bulgaria. Change in working capital and other changes in the reporting period were driven mainly by an increase in accounts payable, which overcompensated for higher inventory procurement.

### Capital expenditures

In the first half of 2022, capital expenditures declined by 11.6% and amounted to EUR 390.7 mn as higher comparable was impacted by frequency acquisitions in Slovenia and Bulgaria. Excluding spectrum, capital expenditures remained stable in the first half of 2022 versus the same period last year.

## Detailed Figures

### Revenues

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	676.1	666.2	1.5	1,339.8	1,323.6	1.2
Bulgaria	151.3	145.1	4.3	288.3	277.3	4.0
Croatia	113.3	108.7	4.2	220.8	214.7	2.9
Belarus	106.8	95.7	11.6	205.4	188.1	9.2
Slovenia	53.2	51.2	4.0	105.2	102.6	2.6
Serbia	85.7	74.7	14.7	166.6	145.4	14.6
North Macedonia	34.4	32.0	7.2	67.5	63.5	6.3
Corporate & other, eliminations	-12.3	-7.8	n.m.	-18.9	-13.8	n.m.
<b>Total revenues</b>	<b>1,208.4</b>	<b>1,165.8</b>	<b>3.7</b>	<b>2,374.9</b>	<b>2,301.3</b>	<b>3.2</b>

### Service Revenues

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	602.7	590.6	2.1	1,191.2	1,171.7	1.7
Bulgaria	121.5	108.0	12.5	236.4	213.9	10.5
Croatia	96.4	92.4	4.3	186.7	180.8	3.3
Belarus	84.5	70.5	19.7	158.5	138.1	14.8
Slovenia	39.1	38.4	1.9	77.8	76.5	1.7
Serbia	63.8	57.9	10.2	124.1	112.9	9.9
North Macedonia	28.1	25.8	8.9	55.0	51.0	7.9
Corporate & other, eliminations	-10.2	-7.1	n.m.	-15.8	-12.7	n.m.
<b>Total service revenues</b>	<b>1,025.7</b>	<b>976.4</b>	<b>5.0</b>	<b>2,013.9</b>	<b>1,932.1</b>	<b>4.2</b>

### Wireless Service Revenues

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	255.2	240.3	6.2	504.3	476.9	5.8
Bulgaria	79.3	71.9	10.3	154.1	142.7	8.1
Croatia	64.3	61.0	5.4	123.3	118.5	4.1
Belarus	68.4	58.4	17.2	128.7	114.5	12.5
Slovenia	28.1	27.7	1.6	55.7	55.1	1.1
Serbia	61.0	55.6	9.6	118.5	108.8	9.0
North Macedonia	21.7	19.6	10.7	42.4	38.7	9.6
Corporate & other, eliminations	-3.0	-2.3	n.m.	-4.7	-3.9	n.m.
<b>Total wireless service revenues</b>	<b>575.0</b>	<b>532.2</b>	<b>8.0</b>	<b>1,122.5</b>	<b>1,051.2</b>	<b>6.8</b>

### Wireline Service Revenues

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	347.5	350.3	-0.8	686.9	694.8	-1.1
Bulgaria	42.1	36.1	16.8	82.2	71.2	15.5
Croatia	32.1	31.4	2.3	63.4	62.3	1.8
Belarus	16.1	12.2	32.1	29.8	23.6	26.2
Slovenia	11.0	10.7	2.7	22.1	21.5	3.2
Serbia	2.8	2.2	23.0	5.6	4.1	34.5
North Macedonia	6.4	6.2	3.2	12.6	12.3	2.8
Corporate & other, eliminations	-7.2	-4.8	n.m.	-11.2	-8.8	n.m.
<b>Total wireline service revenues</b>	<b>450.7</b>	<b>444.2</b>	<b>1.5</b>	<b>891.4</b>	<b>881.0</b>	<b>1.2</b>

### Other Operating Income

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	11.9	14.4	-17.8	26.9	25.6	5.3
Bulgaria	3.5	1.1	229.8	4.7	2.3	110.5
Croatia	1.3	1.2	10.9	2.7	2.3	18.6
Belarus	3.9	4.6	-15.0	7.1	6.9	2.1
Slovenia	1.3	1.0	25.3	2.6	2.1	23.1
Serbia	1.2	1.0	25.3	2.7	1.9	38.5
North Macedonia	0.1	0.1	-11.0	0.4	0.5	-13.8
Corporate & other, eliminations	-2.1	-0.9	n.m.	-3.1	-1.3	n.m.
<b>Total other operating income</b>	<b>21.1</b>	<b>22.6</b>	<b>-6.5</b>	<b>44.1</b>	<b>40.3</b>	<b>9.3</b>

### EBITDA

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	258.5	249.2	3.7	503.0	478.1	5.2
Bulgaria	63.3	55.4	14.2	122.6	111.0	10.4
Croatia	40.4	39.3	2.7	78.4	75.1	4.4
Belarus	52.4	45.0	16.4	99.9	87.1	14.7
Slovenia	14.2	14.7	-3.4	29.8	29.4	1.3
Serbia	28.5	24.9	14.2	55.6	48.5	14.7
North Macedonia	11.9	11.6	2.4	23.1	22.5	2.7
Corporate & other, eliminations	-12.1	-12.4	2.6	-23.8	-25.6	6.8
<b>Total EBITDA</b>	<b>456.9</b>	<b>427.7</b>	<b>6.8</b>	<b>888.5</b>	<b>826.0</b>	<b>7.6</b>
before Restructuring	477.1	448.6	6.3	929.7	868.0	7.1

**EBITDA After Leases\***

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	237.8	229.3	3.7	462.2	438.5	5.4
Bulgaria	56.3	48.6	16.0	108.7	97.3	11.7
Croatia	36.6	35.6	3.0	70.7	67.6	4.5
Belarus	49.4	42.1	17.5	94.1	81.3	15.8
Slovenia	9.3	10.0	-6.7	20.1	19.9	0.6
Serbia	24.6	21.0	17.2	47.9	40.4	18.6
North Macedonia	10.2	10.0	2.1	19.9	19.4	2.8
Corporate & other, eliminations	-12.2	-12.5	2.1	-24.1	-25.8	6.4
<b>Total EBITDA after leases</b>	<b>412.0</b>	<b>384.0</b>	<b>7.3</b>	<b>799.4</b>	<b>738.7</b>	<b>8.2</b>

\* EBITDA after leases is defined as EBITDA plus depreciation of right-of-use assets and interest expense on lease liabilities

**EBITDA per segment - adjusted for FX-, one-off effects and restructuring charges**

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	278.6	270.1	3.1	544.2	520.0	4.7
Bulgaria	63.3	55.4	14.2	122.6	111.0	10.4
Croatia	40.5	39.3	2.9	78.3	75.1	4.3
Belarus	48.0	45.0	6.6	95.7	87.1	9.9
Slovenia	14.2	14.7	-3.4	29.8	29.4	1.3
Serbia	28.5	24.4	16.8	55.6	47.9	16.1
North Macedonia	11.9	11.6	2.5	23.1	22.5	2.8
Corporate & other, eliminations	-12.1	-12.4	n.m.	-23.8	-25.6	n.m.
<b>Total adjusted EBITDA</b>	<b>472.7</b>	<b>448.1</b>	<b>5.5</b>	<b>925.5</b>	<b>867.4</b>	<b>6.7</b>

**Group EBITDA - adjustments for FX-, one-off effects and restructuring charges**

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
<b>EBITDA</b>	<b>456.9</b>	<b>427.7</b>	<b>6.8</b>	<b>888.5</b>	<b>826.0</b>	<b>7.6</b>
FX translation effect	-4.4	0.0	n.a.	-4.2	0.0	n.a.
One-off effects	0.0	-0.6	n.a.	0.0	-0.6	n.a.
Restructuring charges	20.1	20.9	-3.8	41.2	41.9	-1.7
<b>EBITDA - excl. FX-, one off effects and restructuring charges</b>	<b>472.7</b>	<b>448.1</b>	<b>5.5</b>	<b>925.5</b>	<b>867.4</b>	<b>6.7</b>

**Austria EBITDA - adjustments for one-off effects and restructuring charges**

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
<b>EBITDA</b>	<b>258.5</b>	<b>249.2</b>	<b>3.7</b>	<b>503.0</b>	<b>478.1</b>	<b>5.2</b>
One-off effects	0.0	0.0	n.a.	0.0	0.0	n.a.
Restructuring charges	20.1	20.9	-3.8	41.2	41.9	-1.7
<b>EBITDA excl. one off effects and restructuring charges</b>	<b>278.6</b>	<b>270.1</b>	<b>3.1</b>	<b>544.2</b>	<b>520.0</b>	<b>4.7</b>



## EBITDA after leases – adjusted for FX-, one-off effects and restructuring charges

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
<b>EBITDA after leases</b>	<b>412.0</b>	<b>384.0</b>	<b>7.3</b>	<b>799.4</b>	<b>738.7</b>	<b>8.2</b>
FX translation effect	-4.4	0.0	n.a.	-4.2	0.0	n.a.
One-off effects	0.0	-0.6	n.a.	0.0	-0.6	n.a.
Restructuring charges	20.1	20.9	-3.8	41.2	41.9	-1.7
<b>EBITDA after leases - excl. FX-, one-off effects and restructuring charges</b>	<b>427.8</b>	<b>404.3</b>	<b>5.8</b>	<b>836.4</b>	<b>780.0</b>	<b>7.2</b>

## Depreciation and Amortization

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	135.7	134.8	0.7	273.6	274.9	-0.5
Bulgaria	28.9	28.9	-0.1	57.3	56.3	1.7
Croatia	22.7	24.5	-7.5	46.3	49.5	-6.4
Belarus	16.3	14.1	15.8	30.2	28.4	6.3
Slovenia	12.8	11.1	15.5	25.3	22.4	12.8
Serbia	13.5	13.5	0.7	26.5	27.2	-2.5
North Macedonia	6.8	6.9	-1.1	13.6	13.8	-1.2
Corporate & other, eliminations	1.1	1.2	-6.6	2.4	2.7	-11.0
<b>Total D&amp;A</b>	<b>237.9</b>	<b>235.0</b>	<b>1.2</b>	<b>475.3</b>	<b>475.3</b>	<b>0.0</b>

## EBIT

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Austria	122.8	109.0	12.6	229.4	203.2	12.9
Bulgaria	34.3	28.0	22.6	65.3	54.7	19.4
Croatia	17.7	14.4	22.9	32.1	25.6	25.4
Belarus	36.1	30.7	17.5	69.7	58.6	18.8
Slovenia	1.3	3.3	-59.6	4.5	6.9	-35.7
Serbia	14.9	11.2	33.6	29.1	21.2	36.8
North Macedonia	5.0	4.7	7.4	9.5	8.7	9.0
Corporate & other, eliminations	-13.2	-13.9	5.1	-26.3	-28.3	7.2
<b>Total EBIT</b>	<b>219.0</b>	<b>187.4</b>	<b>16.9</b>	<b>413.2</b>	<b>350.7</b>	<b>17.8</b>

## Reconciliation of Free Cash Flow

(in EUR million)	1-6 M 2022	1-6 M 2021	% change
FCF after social plans new	368.0	297.8	23.6
Social plans new funded*	57.2	47.2	
Total social plans paid*	-48.2	-49.7	
FCF - previously reported	377.0	295.3	27.7

\* Cost for social plans granted.

### Capital Expenditures

in EUR million	1-6 M 2022	1-6 M 2021	% change
Austria	229.9	252.6	-9.0
Bulgaria	48.5	55.5	-12.5
Croatia	40.2	32.5	23.8
Belarus	16.4	16.5	-0.5
Slovenia	15.9	55.5	-71.4
Serbia	19.0	19.0	0.1
North Macedonia	18.8	8.3	125.5
Corporate & other, eliminations	2.0	2.4	-16.8
<b>Total capital expenditures</b>	<b>390.7</b>	<b>442.1</b>	<b>-11.6</b>

### Capital Expenditures - Tangible

in EUR million	1-6 M 2022	1-6 M 2021	% change
Austria	185.0	197.6	-6.4
Bulgaria	42.1	40.5	4.2
Croatia	35.9	29.3	22.6
Belarus	11.6	13.8	-15.5
Slovenia	15.1	10.8	39.9
Serbia	17.3	17.4	-0.6
North Macedonia	10.1	7.0	45.0
Corporate & other, eliminations	0.3	0.9	-64.5
<b>Total capital expenditures - tangible</b>	<b>317.6</b>	<b>317.2</b>	<b>0.1</b>

### Capital Expenditures - Intangible

in EUR million	1-6 M 2022	1-6 M 2021	% change
Austria	44.9	55.0	-18.3
Bulgaria	6.4	15.0	-57.5
Croatia	4.3	3.2	35.2
Belarus	4.7	2.7	76.8
Slovenia	0.7	44.6	-98.4
Serbia	1.8	1.6	8.1
North Macedonia	8.7	1.4	n.m.
Corporate & other, eliminations	1.6	1.4	14.7
<b>Total capital expenditures - intangible</b>	<b>73.1</b>	<b>124.9</b>	<b>-41.4</b>

### Wireless subscribers

in thousands	Q2 2022	Q2 2021	% change
Austria	5,112.5	5,023.1	1.8
Bulgaria	3,788.3	3,737.1	1.4
Croatia	2,031.7	1,990.5	2.1
Belarus	4,889.1	4,935.3	-0.9
Slovenia	701.7	705.6	-0.5
Serbia	2,459.3	2,387.7	3.0
North Macedonia	1,098.8	1,084.4	1.3
<b>Total wireless subscribers</b>	<b>23,274.6</b>	<b>22,324.6</b>	<b>4.3</b>

## RGUs

in thousands	Q2 2022	Q2 2021	% change
Austria	2,994.5	3,096.1	-3.3
thereof broadband	1,327.5	1,365.5	-2.8
Bulgaria	1,147.6	1,099.7	4.4
Croatia	696.0	667.8	4.2
Belarus	718.5	643.8	11.6
Slovenia	221.7	213.2	4.0
North Macedonia	356.2	344.1	3.5
<b>Total RGUs</b>	<b>6,134.5</b>	<b>6,071.6</b>	<b>1.0</b>
thereof broadband	2,629.5	2,567.1	2.4

## ARPU

ARPU-relevant revenues are wireless service revenues, i.e. mobile retail revenues (incl. customer roaming) and mobile interconnection as well as visitor roaming and national roaming revenues. The ARPU is calculated based on ARPU-relevant revenues divided by the average subscribers in a certain period.

in EUR	1-6 M 2022	1-6 M 2021	% change
Austria	16.5	15.8	4.6
Bulgaria	6.9	6.4	7.8
Croatia	10.3	10.1	1.8
Belarus	4.4	3.9	12.7
Slovenia	13.2	13.0	1.5
Serbia	8.1	7.7	4.8
North Macedonia	6.5	6.0	8.1
<b>Group ARPU</b>	<b>8.1</b>	<b>8.0</b>	<b>2.4</b>

## ARPL

ARPL-relevant revenues are fixed retail revenues and fixed interconnection revenues. The ARPL is calculated by dividing ARPL-relevant revenues by average fixed access lines in a certain period. The difference to fixed-line service revenues represents interconnection transit revenues, solutions & connectivity revenues and other revenues.

in EUR	1-6 M 2022	1-6 M 2021	% change
Austria	33.6	33.4	0.7
Bulgaria	15.5	14.4	7.6
Croatia	31.0	31.9	-2.9
Belarus	6.8	5.7	19.3
Slovenia	30.8	32.6	-5.7
Serbia	n.a.	n.a.	n.a.
North Macedonia	10.9	11.0	-1.0

### Belarus Key Financial in EUR and BYN

Due to the impact on the consolidated results of occasionally substantial fluctuations in the Belarusian Ruble, the performance of the Belarusian segment is also presented in local currency.

in EUR million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Total revenues	106.8	95.7	11.6	205.4	188.1	9.2
Total costs and expenses	-54.3	-50.6	-7.3	-105.6	-101.0	-4.5
EBITDA	52.4	45.0	16.4	99.9	87.1	14.7

in BYN million	Q2 2022	Q2 2021	% change	1-6 M 2022	1-6 M 2021	% change
Total revenues	300.5	294.4	2.1	611.0	583.7	4.7
Total costs and expenses	-152.8	-155.8	1.9	-313.9	-313.5	-0.1
EBITDA	147.7	138.6	6.6	297.0	270.2	9.9

## Additional Information

### Risks and Uncertainties

A1 Telekom Austria Group faces various risks and uncertainties which could affect its results. For further details about these risks and uncertainties, please refer to the A1 Telekom Austria Group Annual Financial Report 2021, pp. 80 ff.

### Waiver of Review

This financial report of the A1 Telekom Austria Group contains quarterly and half-year results which have not been audited or reviewed by a certified public accountant.

### Other

The use of automated calculation systems may give rise to rounding differences.

The reported results include depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

n.m. - not meaningful, used for percentage changes >300% and others which are not meaningful.

n.a. - not applicable, e.g. for divisions by zero.

### Disclaimer

Disclaimer for forward-looking statements: This document contains forward-looking statements. These forward-looking statements are usually accompanied by words such as 'believe', 'intend', 'anticipate', 'plan', 'expect' and similar expressions. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither A1 Telekom Austria Group nor any other person accepts any liability for any such forward-looking statements. A1 Telekom Austria Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations. This report does not constitute a recommendation or invitation to purchase or sell securities of A1 Telekom Austria Group.

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# Condensed Consolidated Interim Financial Statements A1 Telekom Austria Group

## Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q2 2022 unaudited	Q2 2021 unaudited	1-6 M 2022 unaudited	1-6 M 2021 unaudited
Service revenues	1,025.7	976.4	2,013.9	1,932.1
Equipment revenues	161.6	166.8	316.9	328.9
Other operating income	21.1	22.6	44.1	40.3
<b>Total revenues (incl. other operating income)</b>	<b>1,208.4</b>	<b>1,165.8</b>	<b>2,374.9</b>	<b>2,301.3</b>
Cost of service	-347.5	-329.2	-685.6	-652.8
Cost of equipment	-156.1	-162.8	-303.7	-327.0
Selling, general & administrative expenses	-245.8	-243.5	-492.7	-490.2
Other expenses	-2.1	-2.5	-4.3	-5.2
<b>Total cost and expenses</b>	<b>-751.5</b>	<b>-738.1</b>	<b>-1,486.3</b>	<b>-1,475.3</b>
<b>Earnings before interest, tax, depreciation and amortization - EBITDA</b>	<b>456.9</b>	<b>427.7</b>	<b>888.5</b>	<b>826.0</b>
Depreciation and amortization	-195.8	-199.6	-391.6	-394.3
Depreciation of right-of-use assets	-42.2	-40.7	-83.7	-81.0
<b>Operating income - EBIT</b>	<b>219.0</b>	<b>187.4</b>	<b>413.2</b>	<b>350.7</b>
Interest income	3.1	1.2	4.3	2.2
Interest expense	-11.3	-24.5	-29.9	-49.5
Interest on employee benefits and restructuring and other financial items, net	-2.1	-1.6	-4.5	-3.1
Foreign currency exchange differences, net	6.2	3.1	1.0	2.6
Equity interest in net income of associated companies	0.1	0.0	-0.9	0.0
<b>Financial result</b>	<b>-4.0</b>	<b>-21.9</b>	<b>-30.0</b>	<b>-47.8</b>
<b>Earnings before income tax - EBT</b>	<b>215.0</b>	<b>165.5</b>	<b>383.3</b>	<b>303.0</b>
Income tax	-48.0	-40.5	-85.6	-69.2
<b>Net result</b>	<b>167.0</b>	<b>125.0</b>	<b>297.7</b>	<b>233.8</b>
Attributable to:				
Equity holders of the parent	166.9	124.9	297.4	233.5
Non-controlling interests	0.1	0.1	0.3	0.3
<b>Earnings per share attributable to equity holders of the parent in euro*</b>	<b>0.25</b>	<b>0.19</b>	<b>0.45</b>	<b>0.35</b>
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	664,084,841	664,084,841
<b>Other comprehensive income items:</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Effect of translation of foreign entities	58.3	8.0	20.5	13.4
Realized result on hedging activities, net of tax	1.1	1.1	2.2	2.2
Unrealized result on debt instruments at fair value, net of tax	-1.6	0.0	-2.2	0.0
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurement of defined benefit obligations, net of tax	7.6	-0.3	7.3	3.5
<b>Total other comprehensive income (loss)</b>	<b>65.4</b>	<b>8.8</b>	<b>27.7</b>	<b>19.1</b>
<b>Total comprehensive income (loss)</b>	<b>232.4</b>	<b>133.7</b>	<b>325.4</b>	<b>253.0</b>
Attributable to:				
Equity holders of the parent	232.2	133.6	325.1	252.7
Non-controlling interests	0.1	0.1	0.3	0.3

\* basic and diluted

## Condensed Consolidated Statement of Financial Position

in EUR million	June 30, 2022 unaudited	Dec. 31, 2021 audited
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	415.8	534.4
Short-term investments	105.8	87.4
Accounts receivable: Subscribers, distributors and other, net	806.7	782.4
Receivables due from related parties	3.4	4.1
Inventories, net	118.1	92.8
Income tax receivable	3.1	2.1
Other current assets, net	176.4	179.1
Contract assets	92.7	103.6
<b>Total current assets</b>	<b>1,721.9</b>	<b>1,785.8</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	2,908.2	2,875.8
Right-of-use assets, net	742.4	762.3
Intangibles, net	1,625.5	1,670.2
Goodwill	1,286.9	1,285.8
Investments in associated companies	1.0	0.0
Long-term investments	153.8	141.5
Deferred income tax assets	28.8	27.7
Other non-current assets, net	21.9	23.6
<b>Total non-current assets</b>	<b>6,768.6</b>	<b>6,786.8</b>
<b>TOTAL ASSETS</b>	<b>8,490.5</b>	<b>8,572.6</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Short-term debt	1,100.0	1,553.2
Lease liabilities short-term	165.3	161.0
Accounts payable	865.7	736.9
Accrued liabilities and current provisions	241.0	253.3
Income tax payable	80.1	29.8
Payables due to related parties	149.3	0.6
Contract liabilities	219.6	205.6
<b>Total current liabilities</b>	<b>2,821.1</b>	<b>2,940.4</b>
<b>Non-current liabilities</b>		
Long-term debt	1,046.6	1,046.1
Lease liabilities long-term	565.9	606.1
Deferred income tax liabilities	25.2	24.6
Other non-current liabilities	31.8	43.3
Asset retirement obligation and restructuring	535.8	573.6
Employee benefits	209.9	223.2
<b>Total non-current liabilities</b>	<b>2,415.1</b>	<b>2,516.8</b>
<b>Stockholders' equity</b>		
Capital stock	1,449.3	1,449.3
Treasury shares	-7.8	-7.8
Additional paid-in capital	1,100.1	1,100.1
Retained earnings	1,426.8	1,315.3
Other comprehensive income (loss) items	-716.0	-743.7
<b>Equity attributable to equity holders of the parent</b>	<b>3,252.4</b>	<b>3,113.3</b>
Non-controlling interests	1.9	2.1
<b>Total stockholders' equity</b>	<b>3,254.3</b>	<b>3,115.4</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>8,490.5</b>	<b>8,572.6</b>

## Condensed Consolidated Statement of Cash Flows

in EUR million	Q2 2022 unaudited	Q2 2021 unaudited	1-6 M 2022 unaudited	1-6 M 2021 unaudited
Earnings before income tax - EBT	215.0	165.5	383.3	303.0
Depreciation	133.3	136.3	267.6	266.0
Amortization of intangible assets	62.5	63.3	124.1	128.3
Depreciation of right-of-use assets	42.2	40.7	83.7	81.0
Equity interest in net income of associated companies	-0.1	0.0	0.9	0.0
Result on sale/measurement of investments	2.5	0.1	3.6	0.0
Result on sale of property, plant and equipment	0.9	1.4	1.7	2.9
Net period cost of labor obligations and restructuring	16.2	23.4	39.7	45.9
Foreign currency exchange differences, net	-6.2	-3.1	-1.0	-2.6
Interest income	-3.1	-1.2	-4.3	-2.2
Interest expense	10.6	25.1	29.5	50.6
Other adjustments	-0.5	-3.7	-1.7	-3.9
Non-cash and other reconciliation items	258.2	282.3	543.8	566.1
Accounts receivable: Subscribers, distributors and other, net	-13.3	-3.7	-15.0	8.4
Prepaid expenses	-4.4	-0.2	-4.2	-0.8
Due from related parties	0.1	2.4	0.7	2.3
Inventories	1.8	-9.8	-23.9	-12.7
Other assets	5.1	2.9	3.3	1.0
Contract assets	5.8	3.9	10.9	4.4
Accounts payable and accrued liabilities	9.4	-10.8	67.0	7.7
Due to related parties	0.6	0.4	0.9	0.4
Contract liabilities	7.4	5.0	13.7	20.1
Working capital changes	12.5	-9.8	53.4	30.8
Employee benefits and restructuring paid	-25.4	-26.1	-51.6	-52.5
Interest received	3.6	1.2	5.2	2.2
Income taxes paid	-22.3	-21.8	-38.8	-25.6
<b>Net cash flow from operating activities</b>	<b>441.7</b>	<b>391.4</b>	<b>895.4</b>	<b>824.0</b>
Capital expenditures paid	-198.7	-201.3	-392.9	-402.3
Proceeds from sale of plant, property and equipment	1.6	1.0	2.1	1.5
Purchase of investments	-54.7	-172.9	-78.4	-198.0
Proceeds from sale of investments	34.9	157.7	40.0	169.0
Investments in associated companies	0.0	0.0	-2.0	0.0
<b>Net cash flow from investing activities</b>	<b>-216.8</b>	<b>-215.5</b>	<b>-431.2</b>	<b>-429.7</b>
Repayments of long-term debt	-750.0	0.0	-750.0	0.0
Interest paid	-32.3	-34.5	-36.6	-40.1
Change in short-term debt	0.3	0.8	-2.7	1.6
Repayments of short-term debt	-100.0	0.0	-100.0	0.0
Dividends paid	-0.4	-166.5	-0.4	-166.5
Issuance of short-term debt	100.0	0.0	400.0	0.0
Acquisition of non-controlling interests	-0.1	0.0	-0.1	0.0
Deferred consideration paid for business combinations	0.0	0.0	-1.3	0.0
Lease principal paid	-33.1	-33.5	-91.0	-87.8
<b>Net cash flow from financing activities</b>	<b>-815.7</b>	<b>-233.7</b>	<b>-582.1</b>	<b>-292.9</b>
Adjustment to cash flows due to exchange rate fluctuations, net	0.1	0.7	-0.7	1.1
<b>Net change in cash and cash equivalents</b>	<b>-590.7</b>	<b>-57.2</b>	<b>-118.7</b>	<b>102.5</b>
Cash and cash equivalents beginning of period	1,006.5	370.6	534.4	210.9
Cash and cash equivalents end of period	415.8	313.4	415.8	313.4



## Capital Expenditures

in EUR million	Q2 2022 unaudited	Q2 2021 unaudited	1-6 M 2022 unaudited	1-6 M 2021 unaudited
<b>Capital expenditures paid</b>	<b>198.7</b>	<b>201.3</b>	<b>392.9</b>	<b>402.3</b>
Reconciliation of additions in accounts payable	11.5	9.7	-0.7	45.1
Reconciliation of government grants	3.9	6.5	6.5	-3.1
Reconciliation of right-of-use assets paid	-3.0	-0.4	-8.0	-2.2
Reconciliation deposit frequency auction Slovenia	0.0	21.0	0.0	0.0
<b>Total capital expenditures</b>	<b>211.1</b>	<b>238.1</b>	<b>390.7</b>	<b>442.1</b>
Thereof tangible	173.0	154.2	317.6	317.2
Thereof intangible	38.1	83.9	73.1	124.9

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 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.

In Q1 2021, a deposit of EUR 21 million paid for the frequency auction in Slovenia was included in capital expenditures paid, but not presented as capital expenditures yet. At June 30, 2021, this amount is included in intangible capital expenditures, see "Intangible Assets and Goodwill".

## Condensed Consolidated Statement of Changes in Stockholders' Equity

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Retained earnings	Other comprehensive items	Total	Non-controlling interests	Total stockholders' equity
<b>At January 1, 2022</b>	<b>1,449.3</b>	<b>-7.8</b>	<b>1,100.1</b>	<b>1,315.3</b>	<b>-743.7</b>	<b>3,113.3</b>	<b>2.1</b>	<b>3,115.4</b>
Net Result	0.0	0.0	0.0	297.4	0.0	297.4	0.3	297.7
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	27.7	27.7	0.0	27.7
<b>Total comprehensive income (loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>297.4</b>	<b>27.7</b>	<b>325.1</b>	<b>0.3</b>	<b>325.4</b>
Distribution of dividends	0.0	0.0	0.0	-185.9	0.0	-185.9	-0.4	-186.4
<b>At June 30, 2022</b>	<b>1,449.3</b>	<b>-7.8</b>	<b>1,100.1</b>	<b>1,426.8</b>	<b>-716.0</b>	<b>3,252.4</b>	<b>1.9</b>	<b>3,254.3</b>

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Retained earnings	Other comprehensive items	Total	Non-controlling interests	Total stockholders' equity
<b>At January 1, 2021</b>	<b>1,449.3</b>	<b>-7.8</b>	<b>1,100.1</b>	<b>1,026.9</b>	<b>-776.9</b>	<b>2,791.6</b>	<b>2.1</b>	<b>2,793.8</b>
Net Result	0.0	0.0	0.0	233.5	0.0	233.5	0.3	233.8
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	19.1	19.1	0.0	19.1
<b>Total comprehensive income (loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>233.5</b>	<b>19.1</b>	<b>252.7</b>	<b>0.3</b>	<b>253.0</b>
Distribution of dividends	0.0	0.0	0.0	-166.0	0.0	-166.0	-0.5	-166.5
<b>At June 30, 2021</b>	<b>1,449.3</b>	<b>-7.8</b>	<b>1,100.1</b>	<b>1,094.4</b>	<b>-757.7</b>	<b>2,878.3</b>	<b>1.9</b>	<b>2,880.2</b>

## Net Debt

in EUR million	June 30, 2022 unaudited	Dec. 31, 2021 audited
<b>Net debt (excl. leases)</b>		
Long-term debt	1,046.6	1,046.1
Short-term debt	1,100.0	1,553.2
Cash and cash equivalents	-415.8	-534.4
<b>Net debt (excl. leases)</b>	<b>1,730.8</b>	<b>2,064.9</b>
<b>Net debt/EBITDA after leases (last 12 months)</b>	<b>1.1x</b>	<b>1.3x</b>
EBITDA after leases (last 12 months)	1,591.7	1,530.9
<b>Net debt (incl. leases)</b>		
Long-term debt (incl. lease liability)	1,612.5	1,652.2
Short-term debt (incl. lease liability)	1,265.3	1,714.2
Cash and cash equivalents	-415.8	-534.4
<b>Net debt (incl. leases)</b>	<b>2,462.1</b>	<b>2,832.0</b>
<b>Net debt/EBITDA (last 12 months)</b>	<b>1.4x</b>	<b>1.7x</b>
EBITDA (last 12 months)	1,768.6	1,706.1

EBITDA after leases is defined as EBITDA plus depreciation of right-of-use assets and interest expense on lease liabilities .

## Condensed Operating Segments

in EUR million (unaudited)	1-6 M 2022								Consolidated
	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	
External revenues	1,328.5	283.3	217.4	205.4	104.1	163.9	65.8	6.4	2,374.9
Intersegmental revenues	11.2	5.0	3.5	0.0	1.1	2.7	1.7	-25.3	0.0
<b>Total revenues (incl. OOI)</b>	<b>1,339.8</b>	<b>288.3</b>	<b>220.8</b>	<b>205.4</b>	<b>105.2</b>	<b>166.6</b>	<b>67.5</b>	<b>-18.9</b>	<b>2,374.9</b>
Segment expenses	-836.8	-165.7	-142.4	-105.6	-75.5	-111.0	-44.4	-5.0	-1,486.3
<b>EBITDA</b>	<b>503.0</b>	<b>122.6</b>	<b>78.4</b>	<b>99.9</b>	<b>29.8</b>	<b>55.6</b>	<b>23.1</b>	<b>-23.8</b>	<b>888.5</b>
Depreciation and amortization	-273.6	-57.3	-46.3	-30.2	-25.3	-26.5	-13.6	-2.4	-475.3
<b>Operating income - EBIT</b>	<b>229.4</b>	<b>65.3</b>	<b>32.1</b>	<b>69.7</b>	<b>4.5</b>	<b>29.1</b>	<b>9.5</b>	<b>-26.3</b>	<b>413.2</b>
Interest income	1.4	0.1	0.5	0.1	0.1	0.3	0.2	1.6	4.3
Interest expense	-2.6	-1.1	-2.3	-2.4	-0.5	-1.0	-0.6	-19.3	-29.9
Other financial result	-5.9	1.0	-0.5	1.2	0.0	0.1	-0.1	0.7	-3.5
Equity interest in net income of associated companies	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.9
<b>Earnings before income tax - EBT</b>	<b>221.4</b>	<b>65.3</b>	<b>29.8</b>	<b>68.6</b>	<b>4.0</b>	<b>28.4</b>	<b>9.0</b>	<b>-43.3</b>	<b>383.3</b>
Income taxes									-85.6
<b>Net result</b>									<b>297.7</b>
EBITDA margin	37.5%	42.5%	35.5%	48.6%	28.3%	33.4%	34.2%	n.a.	37.4%
Capital expenditures - intangible	44.9	6.4	4.3	4.7	0.7	1.8	8.7	1.6	73.1
Capital expenditures - tangible	185.0	42.1	35.9	11.6	15.1	17.3	10.1	0.3	317.6
<b>Total capital expenditures</b>	<b>229.9</b>	<b>48.5</b>	<b>40.2</b>	<b>16.4</b>	<b>15.9</b>	<b>19.0</b>	<b>18.8</b>	<b>2.0</b>	<b>390.7</b>

  

in EUR million (unaudited)	1-6 M 2021								Consolidated
	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	
External revenues	1,314.7	273.5	212.6	188.1	101.4	143.0	62.9	5.1	2,301.3
Intersegmental revenues	8.8	3.7	2.1	0.0	1.2	2.3	0.7	-18.9	0.0
<b>Total revenues (incl. OOI)</b>	<b>1,323.6</b>	<b>277.3</b>	<b>214.7</b>	<b>188.1</b>	<b>102.6</b>	<b>145.4</b>	<b>63.5</b>	<b>-13.8</b>	<b>2,301.3</b>
Segment expenses	-845.5	-166.2	-139.6	-101.0	-73.2	-96.9	-41.0	-11.7	-1,475.3
<b>EBITDA</b>	<b>478.1</b>	<b>111.0</b>	<b>75.1</b>	<b>87.1</b>	<b>29.4</b>	<b>48.5</b>	<b>22.5</b>	<b>-25.6</b>	<b>826.0</b>
Depreciation and amortization	-274.9	-56.3	-49.5	-28.4	-22.4	-27.2	-13.8	-2.7	-475.3
<b>Operating income - EBIT</b>	<b>203.2</b>	<b>54.7</b>	<b>25.6</b>	<b>58.6</b>	<b>6.9</b>	<b>21.2</b>	<b>8.7</b>	<b>-28.3</b>	<b>350.7</b>
Interest income	0.9	0.1	0.7	0.1	0.1	0.2	0.2	-0.1	2.2
Interest expense	-11.6	-1.3	-2.7	-2.9	-0.6	-1.2	-0.6	-28.5	-49.5
Other financial result	-1.7	-0.1	1.1	1.2	0.0	0.0	0.0	-0.9	-0.4
<b>Earnings before income tax - EBT</b>	<b>190.8</b>	<b>53.3</b>	<b>24.8</b>	<b>57.0</b>	<b>6.4</b>	<b>20.2</b>	<b>8.3</b>	<b>-57.8</b>	<b>303.0</b>
Income taxes									-69.2
<b>Net result</b>									<b>233.8</b>
EBITDA margin	36.1%	40.0%	35.0%	46.3%	28.6%	33.3%	35.4%	n.a.	35.9%
Capital expenditures - intangible	55.0	15.0	3.2	2.7	44.6	1.6	1.4	1.4	124.9
Capital expenditures - tangible	197.6	40.5	29.3	13.8	10.8	17.4	7.0	0.9	317.2
<b>Total capital expenditures</b>	<b>252.6</b>	<b>55.5</b>	<b>32.5</b>	<b>16.5</b>	<b>55.5</b>	<b>19.0</b>	<b>8.3</b>	<b>2.4</b>	<b>442.1</b>

\*Other includes: Corporate, Other & Eliminations

## Selected Explanatory Notes to the Consolidated Interim Financial Statements

### Basis of Presentation

The consolidated interim financial statements, in the opinion of Management, include 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 Telekom Austria Group's annual consolidated financial statements according to IFRS for the year ended December 31, 2021. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

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 judgements 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 Telekom Austria Group's segments shows the same pattern as other European incumbents, having lower margins in the year-end quarter due to Christmas promotions, equipment provided to customers and increases in sales commissions.

### Changes in Accounting Policies

A1 Telekom Austria 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, 2021, except the following amendments to standards which are effective from January 1, 2022:

IAS 37	Amendments: Onerous Contracts - Cost to Fulfilling a Contract
IFRS 3	Amendments: Reference to the Conceptual Framework
IFRS 1, IFRS 9, IAS 41, IFRS 16	Annual improvements 2018 - 2020
IAS 16	Amendments: Proceeds before Intended Use

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

### Impacts of the Ukraine crisis

On February 24, 2022, troops of the Russian Federation invaded Ukraine, also via Belarussian territory. This led to sanctions imposed by the European Union, the United States of America and other countries. Sanctions were also imposed against Belarus. In the first half of 2022, the segment Belarus reported a solid operational result. The EU sanctions did not cause major business continuity issues, however, the impact of the affected supply chain has been increasing. A1 is working on the process to mitigate those effects and to re-establish deliveries compliant under the current sanction framework and exception rules for telecommunication companies.

The still solid operative performance of A1 in Belarus partly compensated the increased weighted average cost of capital (WACC) and thus there was no need for an impairment. Still there is a high degree of uncertainty regarding the future geopolitical development in the region and its possible impact on A1 in Belarus.

### Impacts of COVID-19

Due to eased COVID-19 measures in 2022, travelling returned bringing a considerable increase in the roaming traffic (positive impact year-over-year: approximately 1% of revenues; approximately 2% of EBITDA).

## Revenues

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

in EUR million (unaudited)	1-6 M 2022								Consolidated
	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	
Mobile service revenues	504.3	154.1	123.3	128.7	55.7	118.5	42.4	-4.7	1,122.5
Fixed-line service revenues	686.9	82.2	63.4	29.8	22.1	5.6	12.6	-11.2	891.4
<b>Service revenues</b>	<b>1,191.2</b>	<b>236.4</b>	<b>186.7</b>	<b>158.5</b>	<b>77.8</b>	<b>124.1</b>	<b>55.0</b>	<b>-15.8</b>	<b>2,013.9</b>
Mobile equipment revenues	99.4	41.5	30.0	37.5	24.4	39.9	11.5	-0.2	284.0
Fixed-line equipment revenues	22.3	5.7	1.4	2.4	0.3	0.0	0.6	0.2	32.9
<b>Equipment revenues</b>	<b>121.7</b>	<b>47.2</b>	<b>31.4</b>	<b>39.9</b>	<b>24.8</b>	<b>39.9</b>	<b>12.1</b>	<b>0.1</b>	<b>316.9</b>
<b>Other operating income</b>	<b>26.9</b>	<b>4.7</b>	<b>2.7</b>	<b>7.1</b>	<b>2.6</b>	<b>2.7</b>	<b>0.4</b>	<b>-3.1</b>	<b>44.1</b>
<b>Total revenues (incl. OOI)</b>	<b>1,339.8</b>	<b>288.3</b>	<b>220.8</b>	<b>205.4</b>	<b>105.2</b>	<b>166.6</b>	<b>67.5</b>	<b>-18.9</b>	<b>2,374.9</b>

in EUR million (unaudited)	1-6 M 2021								Consolidated
	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	
Mobile service revenues	476.9	142.7	118.5	114.5	55.1	108.8	38.7	-3.9	1,051.2
Fixed-line service revenues	694.8	71.2	62.3	23.6	21.5	4.1	12.3	-8.8	881.0
<b>Service revenues</b>	<b>1,171.7</b>	<b>213.9</b>	<b>180.8</b>	<b>138.1</b>	<b>76.5</b>	<b>112.9</b>	<b>51.0</b>	<b>-12.7</b>	<b>1,932.1</b>
Mobile equipment revenues	108.3	59.0	30.5	40.3	21.3	30.5	11.5	0.0	301.4
Fixed-line equipment revenues	18.1	2.2	1.1	2.8	2.7	0.0	0.6	0.2	27.5
<b>Equipment revenues</b>	<b>126.3</b>	<b>61.1</b>	<b>31.6</b>	<b>43.1</b>	<b>23.9</b>	<b>30.5</b>	<b>12.1</b>	<b>0.2</b>	<b>328.9</b>
<b>Other operating income</b>	<b>25.6</b>	<b>2.3</b>	<b>2.3</b>	<b>6.9</b>	<b>2.1</b>	<b>1.9</b>	<b>0.5</b>	<b>-1.3</b>	<b>40.3</b>
<b>Total revenues (incl. OOI)</b>	<b>1,323.6</b>	<b>277.3</b>	<b>214.7</b>	<b>188.1</b>	<b>102.6</b>	<b>145.4</b>	<b>63.5</b>	<b>-13.8</b>	<b>2,301.3</b>

\*Other includes: Corporate, Other & Eliminations

## Cost and Expenses

The cost of equipment corresponds to material expense. Employee expenses and the net amount of write-down (negative sign) of inventories are shown in the following table:

in EUR million	1-6 M 2022	1-6 M 2021
Write-down/ reversals of write-down of inventories	-4.0	-1.1
Employee expenses, including benefits and taxes	-473.7	-470.1

Inventories are measured at the lower of cost or net realizable value. Net realizable value of merchandise is the estimated selling price in the ordinary course of business less the estimated selling expense.

## Intangible Assets and Goodwill

The decrease in capital expenditures for intangibles is mainly due to last year's frequency acquisition in Slovenia for a total of EUR 43.6 million and Bulgaria for EUR 5.6 million.

Based on the solid half-year results there is no indication for impairment of goodwill in A1 Telekom Austria Group's cash-generating units even though interest rates have increased compared to December 31, 2021.

## Debt and Current Liabilities

On April 4, 2022, A1 Telekom Austria Group redeemed a bond with a face value of EUR 750 million. In the first half of 2022, A1 Telekom Austria Group increased its short-term bank debt by EUR 300 million.

For the increase in liabilities, see dividend distribution in "Stockholders' Equity".

## Provisions and Accrued Liabilities

The provision for restructuring (employees who will no longer provide services) and social plans and 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:

in EUR million	June 30, 2022 unaudited	Dec. 31, 2021 audited
Restructuring and social plans	376.1	381.7
Civil servants transferred to the government	5.9	7.0
<b>Total restructuring</b>	<b>381.9</b>	<b>388.7</b>
<b>Discount rate</b>		
Employees permanently leaving the service process	2.75%	0.25%
Social plans	2.50%	0.25%
Civil servants transferred to the government	2.75%	0.25%

In the first half of 2022, the provision for restructuring was reduced due to usage and a release resulting from the net effect of the above mentioned increase in discount rates and an increase in the compensation rates. This reduction was mostly offset by additions due to the acceptance of new social plans.

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

Discount rate	June 30, 2022 unaudited	Dec. 31, 2021 audited
Service awards	2.75%	0.25%
Severance	3.50%	1.00%
Pensions	3.25%	0.75%

The net effect of the above mentioned increase in discount rates and an increase in the compensation rates resulted in a decrease in the provisions for pensions and severance of EUR 9.9 million (1-6 M 2021: decrease of EUR 5.5 million), which was recognized in other comprehensive income. Regarding the provision for service awards, the effect of the increase in the discount rate resulted in a decrease of EUR 5.9 million (1-6 M 2021: decrease of EUR 0.8 million), which was recognized in employee expenses.

In the first half of 2022, 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:

	June 30, 2022	Dec. 31, 2021
Discount rate	2.3% - 13.9%	0.6% - 9.7%
Inflation rate	2.6% - 9.3%	1.9% - 5.8%

The change in the parameters specified above resulted in a decrease in the provision in the amount of EUR 25.1 million (1-6 M 2021: decrease of EUR 18.8 million). Thereof EUR 25.0 million (1-6 M 2021: EUR 17.4 million) led to a decrease of the underlying assets and EUR 0.1 million (1-6 M 2020: EUR 1.4 million) were recognized in other operating income as the related assets were already fully depreciated.

## Income Taxes

	1-6 M 2022	1-6 M 2021
Effective income tax rate	22.3%	22.8%

  

in EUR million	June 30, 2022	Dec. 31, 2021
Net deferred tax assets/liabilities	3.7	3.1

The higher effective income tax rate of 30.28% at year-end 2021 was mainly due to the reversal of impairments of investments in subsidiaries.

## Stockholders' Equity

At the Annual General Meeting of Telekom Austria AG on June 27, 2022, a dividend of EUR 185.9 million (0.28 euro per share) was declared, resulting in an increase in payables as the dividend was only paid on July 5, 2022. Dividends of EUR 147.8 million to be distributed to the main shareholders América Móvil and Österreichische Beteiligungs AG were recognized in payables due to related parties. The remaining dividends of EUR 38.2 million due to the owners of the free floated shares were recognized in accounts payable. In May 2021, Telekom Austria AG paid dividend to its shareholders in the amount of EUR 166.0 million, 0.25 euro per share.

Other comprehensive income (loss) items in the Condensed Consolidated Statements of Changes in Stockholders' Equity include the remeasurement of defined benefit obligations, remeasurement of investments at fair value through other comprehensive income, the hedging reserve and the translation reserve. In the first half of 2022, EUR 20.4 million (1-6 M 2021 : EUR 11.9 million) of the effect of translation of foreign entities in other comprehensive income related to the slight appreciation of the Belarusian ruble (1-6 M 2021 : appreciation).

## Share-based Compensation

On June 1, 2022, the 13<sup>th</sup> tranche of the long-term incentive program (LTI 2022) was granted and has a performance period from January 1, 2022 to December 31, 2024. Return on invested capital ("ROIC", weighted with 34%), the revenue market share of A1 Telekom Austria Group (weighted with 33%) and two Environmental, Social & Corporate Governance goals ("ESG", increase of energy efficiency until 2024, weighted with 20%, and increase in the training hours per employee, weighed with 13%) were defined as key performance indicators. At June 30, 2022 a liability amounting to EUR 0.1 million was recognized for LTI 2022, which was measured at the fair value of the portion of expected future expense which has already vested.

## Financial Instruments

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

in EUR million	June 30, 2022		Dec. 31, 2021	
	Carrying amount unaudited	Fair value unaudited	Carrying amount audited	Fair value audited
Cash and cash equivalents	415.8	n.a.*	534.4	n.a.*
Accounts receivable: Subscribers, distributors and other	806.7	n.a.*	782.4	n.a.*
Receivables due from related parties	3.4	n.a.*	4.1	n.a.*
Other current financial assets	8.6	n.a.*	10.5	n.a.*
Other non-current financial assets	6.8	n.a.*	9.0	n.a.*
Investments at amortized cost	198.8	193.2	164.4	164.3
<b>Financial assets at amortized cost</b>	<b>1,440.0</b>	<b>n.a.*</b>	<b>1,504.8</b>	<b>n.a.*</b>
Equity instruments at fair value through profit or loss	3.2	3.2	3.9	3.9
Debt instruments at fair value through other comprehensive income	31.2	31.2	30.4	30.4
Debt instruments at fair value through profit or loss	26.4	26.4	30.1	30.1
<b>Financial assets at fair value</b>	<b>60.8</b>	<b>60.8</b>	<b>64.4</b>	<b>64.4</b>

\* 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.

in EUR million	June 30, 2022		Dec. 31, 2021	
	Carrying amount unaudited	Fair value unaudited	Carrying amount audited	Fair value audited
Liabilities to financial institutions	1,100.0	1,097.5	803.5	803.9
Bonds	1,046.6	1,038.1	1,795.8	1,873.8
Payables due to related parties	149.3	n.a.*	0.6	n.a.*
Current financial liabilities	763.9	n.a.*	654.2	n.a.*
Other non-current financial liabilities	31.8	31.4	42.9	43.0
<b>Financial liabilities at amortized cost</b>	<b>3,091.6</b>	<b>n.a.*</b>	<b>3,297.0</b>	<b>n.a.*</b>
Lease liabilities	731.2	n.a.*	767.1	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 values of the quoted bonds (EMTN bonds and Eurobonds) equal the face value multiplied by the price quotations at the reporting date and are thus classified as Level 1 of the fair value hierarchy. The fair values of the bank liabilities 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.



## Subsequent and Other Events

On May 25, 2022, A1 Telekom Austria Group announced the acquisition of 100% in STEMO, a Bulgarian company in the field of information and communication technologies. As the transaction is subject to merger control clearance, the acquisition process is still ongoing.

On July 8, 2022, A1 Croatia received the information that it had lost in second instance a lawsuit regarding the termination of a legal representation contract. At June 30, 2022, a provision of EUR 5.6 million including interest had been recognized. However, the claim of the plaintiff was awarded fully and A1 Croatia was judged to pay approximately EUR 13 million. A1 Croatia is now evaluating further steps, in particular extraordinary revision.

Vienna, July 22, 2022

The Management Board of Telekom Austria Aktiengesellschaft



CEO Thomas Arnoldner



COO Alejandro Plater



CFO Siegfried Mayrhofer

## 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 22, 2022

The Management Board of Telekom Austria Aktiengesellschaft



CEO Thomas Arnoldner



COO Alejandro Plater



CFO Siegfried Mayrhofer